

COAL INDUSTRY COMMISSION.

VOL. I.

REPORTS AND MINUTES OF EVIDENCE ON THE FIRST STAGE OF THE INQUIRY.

Presented to Parliament by Command of His Majesty.



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[Cd. 9120] of Session 1917-18. Price 1s. (1s. 2½d.).

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[Cmd. 3] of Session 1919. Price 4d. (5d.).

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[Cmd. 4] of Session 1919. Price 3d. (4½d.).

PART IV. COLONIAL AND FOREIGN STATISTICS. (*Suspended during the War.*)

COAL INDUSTRY COMMISSION ACT, 1919.

FIRST STAGE.

INTERIM REPORT, March 20, 1919, by the Hon. Mr. Justice Sankey, G.B.E. (*Chairman*); Mr. Arthur Balfour; Sir Arthur Duckham, K.C.B., M.I.C.E.; and Sir Thomas Royden, Bart. M.P.

[Cmd. 84] of Session 1919. Price 1d. (2d.).

REPORT, March 20, 1919, by Messrs. R. Smillie, Frank Hodges, and Herbert Smith, Sir Leo Chiozza Money; Messrs. R. H. Tawney, and Sidney Webb.

[Cmd. 85] of Session 1919. Price 2d. (3d.).

INTERIM REPORT, March 20, 1919, by Messrs. R. W. Cooper; J. T. Forgie; and Evan Williams.

[Cmd. 86] of Session 1919. Price 1d. (1½d.).

COAL INDUSTRY COMMISSION.

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1919.

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

Interim Reports, dated 20th March, 1919, by :—

- (a) The Honourable Mr. JUSTICE SANKEY, G.B.E. (*Chairman*), Mr. ARTHUR BALFOUR, Sir ARTHUR DUCKHAM, K.C.B., M.I.C.E., and Sir THOMAS ROYDEN, BART., M.P. [Cmd. 84.]
- (b) Messrs. R. SMILLIE, FRANK HODGES and HERBERT SMITH, Sir LEO CHIOZZA MONEY, Messrs. R. H. TAWNEY and SIDNEY WEBB. [Cmd. 85.]
- (c) Messrs. R. W. COOPER, J. T. FORGIE and EVAN WILLIAMS. [Cmd. 86.]

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

The Minutes of Evidence on the Second Stage of the Inquiry are obtainable under Cmd. 360.

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

1. LIST OF COMMISSIONERS.

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

ARTHUR BALFOUR, ESQ.

R. W. COOPER, ESQ.

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

J. T. FORGIE, ESQ.

FRANK HODGES, ESQ.

SIR LEO CHIOZZA MONEY.

SIR THOMAS ROYDEN, BART., M.P.

ROBERT SMILLIE, ESQ.

HERBERT SMITH, ESQ.

R. H. TAWNEY, ESQ.

SIDNEY WEBB, ESQ.

EVAN WILLIAMS, ESQ.

ASSESSORS TO THE COMMISSION.

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

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

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

Secretary: Mr. ARNOLD D. McNAIR, C.B.E.

Assistant Secretary: MR. GILBERT STONE.

38854

2. COAL INDUSTRY COMMISSION ACT, 1919.

[9 GEO. 5. CH. 1.]

A.D. 1919.

ARRANGEMENT OF SECTIONS.

Section.

1. Appointment of Commissioners.
2. Powers of Commissioners.
3. Publicity of proceedings.
4. Disclosure of confidential information.
5. Reports.
6. Short title.

CHAPTER 1.

An Act to constitute a Commission to inquire into the position of and conditions prevailing in the Coal Industry. [26th February, 1919.]

BE it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1. His Majesty shall have power to appoint Commissioners, consisting of a chairman, who shall be a judge of the Supreme Court, a vice-chairman, and such other persons as His Majesty may think fit, for the purpose of inquiring into the position of, and conditions prevailing in, the coal industry, and in particular as to—

- (a) the wages and hours of work in the various grades of colliery workers, and whether and, if so, to what extent, and by what method, such wages should be increased and hours reduced, regard being had to a reasonable standard of living amongst the colliery workers, and to the effect of such changes on the economic life of the country;
- (b) any inequalities between different grades of colliery workers as regards wages, hours of work, and other conditions, and whether and, if so, to what extent any of these inequalities are unjustifiable and capable of remedy;
- (c) the cost of production and distribution in the coal industry, or any industry commonly carried on in connection therewith or as ancillary or incidental thereto, and the general organisation of the coalfield and the industry as a whole;
- (d) selling prices and profits in the coal industry, or any industry commonly carried on in connection therewith or as ancillary or incidental thereto;
- (e) the social conditions under which colliery workers carry on their industry;
- (f) any scheme that may be submitted to or formulated by the Commissioners for the future organisation of the coal industry, whether on the present basis, or on the basis of joint control, nationalisation, or any other basis;
- (g) the effect of the present incidence of, and practice in regard to, mining royalties and way-leaves upon the coal industry and the cost of coal, and whether any and what changes in these respects are desirable;
- (h) the effect of proposals under the above heads upon the development of the coal industry and the economic life of the country.

2.—(1) The Commissioners appointed under this Act (in this Act referred to as "the Commissioners") shall have all such powers, rights, and privileges as are vested in the High Court or in any judge thereof, on the occasion of any action, in respect of the following matters:—

- (a) discovery and production to the Commissioners of documents, and for the purposes thereof the Commissioners shall have power to appoint and employ accountants and other experts to make such investigations and reports as they shall order; and
- (b) enforcing the attendance of witnesses and examining them on oath, affirmation, or otherwise; and

Appoint-
ment of
Commis-
sioners.

Powers of
Commis-
sioners.

(c) compelling the production of documents; and

(d) punishing persons guilty of contempt;

and a summons signed by one or more of the Commissioners may be substituted for and shall be equivalent to any formal process capable of being issued in any action for enforcing the attendance of witnesses and compelling the production of documents.

(2) A warrant of committal to prison issued for the purpose of enforcing the powers conferred by this section shall specify the prison to which the offender is to be committed, but shall not authorise the imprisonment of an offender for a period exceeding three months.

(3) Persons interested in the inquiry shall not be entitled to appear before the Commissioners by counsel or solicitor unless it appears desirable to the Commissioners to allow any such appearance for special reasons.

(4) The Commissioners may act notwithstanding any vacancy in their number, and three shall be a quorum.

(5) Every document purporting to be an order or other instrument issued by the Commissioners may be authenticated by the signature of any one or more of the Commissioners.

(6) The Commissioners shall have power to appoint committees for the purpose of inquiring into and reporting to the Commissioners on any of the matters referred to the Commissioners under this Act, and any such Committee may include, if the Commissioners think fit, persons other than Commissioners, and the Commissioners may delegate to any such Committee, for the purposes of such inquiry and report, any of the powers conferred on the Commissioners under this Act.

3.—(1) The Commissioners may, in their discretion, refuse to allow the public or any portion of the public to be present at any proceedings of the Commissioners during the hearing of evidence of matters which, but for this Act, could not be disclosed, but, save as aforesaid, the sittings of the Commissioners at which evidence is taken shall be held in public; and a full and complete record in shorthand shall be kept of all evidence taken whether in public or in private.

Publicity of proceedings.

(2) If any person who is present at any proceedings of the Commissioners at which the public or any portion thereof are not allowed to be present discloses, without the authority of the Commissioners, either directly or indirectly, anything that has taken place at those proceedings, he shall be liable to punishment for contempt of court.

4. A person examined as a witness or summoned to produce documents by the Commissioners shall not be excused from producing any document or giving any information on the ground that such document or information is secret or confidential, or is entitled or required to be withheld under section two of the Official Secrets Act, 1911, or under the Coal Mines Control Agreement (Confirmation) Act, 1918, or the agreement thereto scheduled, or otherwise, and section four of the last-mentioned Act shall not apply to the Commissioners or any person concerned in the inquiry.

Disclosure of confidential information.
7 & 2 Geo. 5.
1 28.
c. & 8 Geo. 5.
c. 56.

5. Any report of the Commissioners and any minority report shall be laid as soon as may be before both Houses of Parliament, and the Commissioners may, if they think fit, make interim reports, and shall, as soon as practicable, make an interim report on the questions of the wages and hours of work of colliery workers, and the Commissioners may publish, or cause to be published, from time to time, in such manner as they think fit, any information obtained or conclusions arrived at by them as the result or in the course of their inquiry:

Reports.

Provided that there shall not be included in any report or publication made or authorised by the Commissioners any information obtained by them in the course of their inquiry as to any individual business (whether carried on by a person, firm or company) which but for this Act could not have been disclosed, nor shall any individual Commissioner or any person concerned in the inquiry disclose any such information.

6. This Act may be cited as the Coal Industry Commission Act, 1919.

Short title.

3. ROYAL WARRANTS OF APPOINTMENT.

GEORGE R.I.

(Stamp 10/-)

GEORGE THE FIFTH, by the Grace of God, of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the Seas, King, Defender of the Faith, to our Trusty and Well-beloved:—

Sir JOHN SANKEY, Knight Grand Cross of Our Most Excellent Order of the British Empire, one of the Judges of the King's Bench Division of Our High Court of Justice;
 Sir ARTHUR McDUGAL DUCKHAM, Knight Commander of Our Most Honourable Order of the Bath;
 Sir ALLAN MACGREGOR SMITH, Knight Commander of Our Most Excellent Order of the British Empire;
 Sir LEO CHIOZZA MONEY, Knight; and
 ARTHUR BALFOUR,
 ROBERT WATSON COOPER,
 JAMES TENNANT FORGIE,
 FRANK HODGES,
 ROBERT SMILLIE,
 HERBERT SMITH,
 RICHARD HENRY TAWNEY,
 SIDNEY WEBB, and
 EVAN WILLIAMS, Esquires,

Greeting.

(L.S.)

Whereas by an Act passed in the Ninth year of Our Reign, intituled " An Act to constitute a Commission to inquire into the position of and conditions prevailing in the Coal Industry " it is, amongst other things, enacted that We shall have power to appoint Commissioners for the purposes of the said Act:

Now know ye that We, pursuant to the powers so vested in Us, have appointed, and do by these Presents appoint you the said Sir John Sankey (Chairman), Sir Arthur McDougal Duckham, Sir Allan MacGregor Smith, Sir Leo Chiozza Money, Arthur Balfour, Robert Watson Cooper, James Tennant Forgie, Frank Hodges, Robert Smillie, Herbert Smith, Richard Henry Tawney, Sidney Webb and Evan Williams to be Commissioners for the purposes of the said Act.

Given at Our Court at Windsor the twenty-sixth day of April, 1919, in the Ninth Year of Our Reign.

By His Majesty's Command.

EDWARD SHORTT.

Warrant appointing Commissioners under the Coal Industry Commission Act, 1919.

GEORGE R.I.

(Stamp 10/-)

GEORGE THE FIFTH, by the Grace of God, of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the Seas, KING, Defender of the Faith, To Our Trusty and well-beloved Sir Adam Nimmo, Knight Commander of Our Most Excellent Order of the British Empire,

Greeting.

KNOW YE that We reposing great trust and confidence in your knowledge and ability do by these Presents appoint you the said Sir Adam Nimmo to be a Member of the Coal Industry Commission in the room of James Tennant Forgie, Esquire, who has resigned.

Given at Our Court at Windsor the Eighth day of May, 1919, In the Tenth Year of Our Reign.

(L.S.)

By His Majesty's Command.

EDWARD SHORTT.

Sir ADAM NIMMO, K.B.E.,
 To be a Member of the Coal
 Industry Commission.

4 (a) INTERIM REPORT.

4 (A). INTERIM REPORT BY THE HONOURABLE MR. JUSTICE SANKEY (*Chairman*),
MR. ARTHUR BALFOUR, SIR ARTHUR DUCKHAM, AND SIR THOMAS ROYDEN,
BART.

DATED 20TH MARCH, 1919.

TO THE KING'S MOST EXCELLENT MAJESTY.

MAY IT PLEASE YOUR MAJESTY.

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

The Report is divided into three parts:—

- (1) The Recommendations.
 - (2) The Report.
 - (3) The Evidence.
-

THE RECOMMENDATIONS.

AS TO HOURS AND WAGES.

I.

We recommend that the Coal Mines Regulation Act, 1908, commonly called the Eight Hours Act, be amended by the substitution, in the clauses limiting the hours of work underground, of the word "seven" for the word "eight" as and from July 16th, 1919, and, subject to the economic position of the industry at the end of 1920, by the substitution of the word "six" for the word "eight" as and from July 13th, 1921. Certain adjustments must be made in the hours of the classes of underground workers specifically mentioned in the Act.

II.

We recommend that as from July 16th, 1919, the hours of work of persons employed on the surface at or about collieries shall be forty-six and a half working hours per week, exclusive of meal-times, the details to be settled locally.

III.

We recommend an increase of wages of two shillings per shift worked or per day worked in the case of the classes of colliery workers, employed in coal mines or at the pit-heads of coal mines, whose wages have in the past been regulated by colliery sliding scales. In the case of workers under 16 years of age, the advance is to be one shilling.

IV.

We recommend the continuation of the Coal Mines Control Agreement (Confirmation) Act, 1918, subject to certain suggestions indicated in our Report.

V.

The result of these Recommendations will mean :—

- (1) A shortening of the working day underground by one hour from July 16th, 1919, and probably by a further hour from July 13th, 1921.
- (2) A distribution of an additional sum of £30,000,000 per annum as wages among the colliery workers.

VI.

It is thought that these results may be obtained, as explained in our Report, without raising the price of coal to the consumer.

AS TO NATIONALIZATION.

VII.

By Section 5 of the Coal Industry Commission Act, 1919, it is provided that the Commissioners shall as soon as practicable make an Interim Report on the questions of the wages and hours of work of colliery workers.

By Section 1 (f) it is provided that the Commissioners shall enquire into any scheme that may be submitted to or formulated by them for the future organisation of the coal industry, whether on the present basis, or on the basis of joint control, nationalization, or any other basis.

VIII.

The Prime Minister promised in the House of Commons on Tuesday, the 25th February, that a decision as to the two issues of wages and hours should be arrived at, if possible, by March 20th. (*See Hansard, Wednesday, 26th February—pages 1694, 1695 and 1698.*) The promise to furnish this Interim Report on wages and hours by March 20th has been redeemed.

IX.

Even upon the evidence already given, the present system of ownership and working in the coal industry stands condemned, and some other system must be substituted for it, either nationalization or a method of unification by national purchase and/or by joint control.

X.

To some of our colleagues whose opinion we greatly value, nationalization has been the study or ambition of a lifetime, and they are prepared at once to report in its favour.

XI.

We understand that to others, whose opinion we equally value, some scheme of joint control appears to be a solution of the problem.

XII.

No detailed scheme for nationalization has as yet been submitted to the Commissioners; nor has any scheme for joint control been placed before them.

XIII.

No sufficient evidence has as yet been tendered, and no sufficient criticism has as yet been made, to show whether nationalization or a method of unification by national purchase and/or by joint control is best in the interests of the country and its export trade, the workers, and the owners.

XIV.

We are not prepared to report now one way or the other upon evidence which is at present insufficient and after a time which is wholly inadequate, nor are we prepared to give now a momentous decision upon a point which affects every citizen in this country; nor, as appears from the report in Hansard above referred to, did our Chairman ever pledge himself to do so.

XV.

We are prepared, however, to report now that it is in the interests of the country that the colliery worker shall in the future have an effective voice in the direction of the mine. For a generation the colliery worker has been educated socially and technically. The result is a great national asset. Why not use it?

XVI.

We are further prepared to report now that the economies which should be effected by improved methods would be in the interests of the country and should result in the industry yielding even better terms for the colliery workers than those which we are at present able to recommend, and at the same time yielding a fair and just return to the capital employed.

XVII.

We think that the result of the colliery workers having an effective voice in the direction of the mine, coupled with the better terms just referred to, will enable them to reach a higher standard of living to which, in our view, they are entitled, and which many of them do not now enjoy.

XVIII.

We think nothing but good can come from public discussion between workers and owners, and also from private deliberations between them. There has been too much secrecy in the past.

XIX.

It must not, however, be forgotten that after all the question of nationalization or a method of unification by national purchase and/or by joint control, is ultimately one of policy to be determined by Parliament and not by this Commission, although this Commission will be able to consider and report upon the various schemes or suggestions which may be put forward as a final solution of the problem.

XX.

There is one further subject which, although it forms no part of the promised Interim Report, is of so urgent a character that we feel it our duty to draw public attention to it.

XXI.

Evidence has been placed before the Commission as to the housing accommodation of the colliery workers in various districts. Although it is true that there is good housing accommodation in certain districts—and to some extent—there are houses in some districts which are a reproach to our civilization. No judicial language is sufficiently strong or sufficiently severe to apply to their condemnation.

XXII.

It is a matter for careful consideration whether a 1d. per ton should not be at once collected on coal raised and applied to improve the housing and meanities of each particular colliery district.

A 1d. per ton on our present output means about £1,000,000 a year.

XXIII.

When this Commission meets again it ought, in our opinion, to continue to make Interim Reports with suggestions as to the different ways in which economies and improvements in the coal industry can be effected, and power should be given under which these reports could be immediately acted upon.

XXIV.

It would be impossible to present one final Report for some months, and then a similar period would probably elapse before Parliament would be able to deal with it.

XXV.

By a series of Interim Reports containing suggestions which could be immediately acted upon and tested, it would be possible to start at once a scheme for the reconstruction of the industry with a view to putting it eventually upon an efficient basis.

XXVI.

It is suggested that the best method of proceeding would be to make these reports as rapidly as possible, and at short intervals, so that at the end of a period, say of six months, it would be seen, after due trial, whether these suggestions are worthy of being permanently adopted in the Act of Parliament which must eventually be sought to secure the re-organisation of the industry.

THE REPORT.

1. The popular title—Eight Hours Act—of the Coal Mines Regulation Act, 1908, is to some extent misleading. The Bill as it originally left the House of Commons provided, after the lapse of five years, for eight hours exclusive of one winding, but the Act, as eventually passed, provides for eight hours exclusive of both windings. In other words, the time both for lowering and for raising the workmen is outside the eight hours. In the result many workmen are down the pit for a very much longer period than eight hours, the average for the whole country being eight hours and thirty-nine minutes.

2. The question of reducing the hours of colliery workers is a serious and difficult one: serious because it must admittedly reduce output, difficult because it is a matter almost of impossibility to estimate how much it would reduce output.

It would be, in our view, too dangerous an experiment in these circumstances to recommend a two hours' reduction at once, and we have had great difficulty in coming to the conclusion whether it is better to recommend at once a true Eight Hours Act as originally intended or the substitution, first, of seven hours and, later, of six hours for eight in the present Act.

We have come to the conclusion that the latter is the better course because it will not tempt persons to put men down and bring them up too rapidly—a system which might lead to more accidents.

The reason for recommending the further reduction in July, 1921, is that we think we are justified in assuming that in two years the output should have reached, by the united efforts of all concerned, the amount of coal raised in 1913, namely, 287 million tons.

3. The seven hours Act will mean that the men are underground, taking the average, seven hours and thirty-nine minutes, and relying upon the valuable and weighty advice of Sir Richard Redmayne, the Chief Inspector of Mines, the estimated decrease in output will be a little under 10 per cent. per annum.

4. We think that it is too dangerous to the consumer and to the country to recommend the full demand of 30 per cent., which would require £45,000,000, although it is a demand which, after a time, might, and probably could, be conceded.

5. We recommend an increase in wage to all colliery workers of two shillings and one shilling a day, respectively, for each day worked, and our reason for this and the result of the reduction of hours and the increase of wages will be found below. The reason two shillings and one shilling are recommended instead of a percentage is that it remunerates the lower paid worker in a fairer degree and, after all, the necessities of life are no cheaper to him than they are to his more highly paid comrade.

6. We do not think it is possible to recommend that the reductions in hours should come into immediate effect. It will be remembered that the Eight Hours Act did not come into force in Northumberland and Durham until after a year had elapsed, and elsewhere until after six months had elapsed. Consequently, we recommend the reductions in hours as above set out.

7. The estimated cost of this increase in wages and reduction in hours will be as follows for the remainder of this present year:—

Cost:—

Wages increase	= £30,000,000
Decreased output at 10 per cent. over six months, making, say, 250,000,000 tons for the present year	= £13,000,000

8. It will therefore be seen that to meet the decreased hours and the increased wage a sum of £43,000,000 is required this year. To meet this it is proposed, through the machinery of the Coal Mines Control Agreement, as amended for the purpose, to allow the coalowners to retain 1s. 2d. per ton of coal raised.

9. The difference between 1s. 2d. per ton thus allowed to the owners (which equals, on an output of 250,000,000 tons, £15,000,000) and the profit that might have been earned on the present basis of wages and hours, or £54,000,000, is £39,000,000.

10. It is, however, certain that the present price of coal to neutrals cannot be maintained, but that it will fall to an amount which may represent for the remainder of the year on the neutral tonnage a loss of about £9,000,000 on present prices. The £39,000,000, less £9,000,000, leaves £30,000,000 towards the £43,000,000 necessary to be provided this year for the decrease

in hours and the increase in wages; in other words, a deficit of £13,000,000. This deficit it is hoped to make up by various economies, *e.g.*—

- (i) The miners' leaders have pledged themselves to do their best to prevent voluntary absenteeism at the mines, and we rely, and we think we are right in relying, upon the honour of the miners to do in peace what they have already done in war, that is to say, to flock to the assistance of the country.
- (ii) If the 10 per cent. estimated reduction of output can be decreased and if the output of the first year of the war, namely, 1914, 266,000,000 tons, can be maintained, the difficulty of finding the money will be greatly minimised.

11. Again, the coal-owners in their turn should do everything in their power, by improved methods of coal-getting and underground travelling, to save labour and lengthen the actual time spent at the face.

12. Again, economies

- (a) in production,
- (b) in transit,
- (c) in distribution,

can undoubtedly be effected, although it is difficult to place any money value upon them at the present moment.

13. This Commission should not at its future meetings discuss questions at large, but should concentrate itself upon particular economies and improvements and make its report upon each, and have the suggestions carried into operation through the machinery of the Coal Control, so that they may be immediately tested.

It will probably be found necessary to have a short Act of Parliament for this purpose very much upon the lines of Section 3, sub-section (i) of the Bill to Establish a Ministry of Ways and Communications, which is now before the House of Commons.

14. One of the early problems to be taken in hand by the Commission should be the question of royalties and wayleaves.

15. Finally, it is strongly urged that these matters should be taken in hand at once by discussing and putting into operation units of economy and units of improvement without waiting months and months for a full and complete scheme to be placed before and passed by Parliament.

The following are indications of some of the units to be decided on immediately:—

- (i) Housing.
- (ii) Baths at the pit-head.
- (iii) Clearance.
- (iv) Continuity of transport from the colliery.
- (v) Reduction of voluntary absenteeism.
- (vi) Use of machinery in mines:—
 - (a) Coal-cutting.
 - (b) Coal-conveying.
 - (c) Underground transit.
- (vii) Pooling of wagons.
- (viii) Elimination of unnecessary distribution costs.
- (ix) Uniformity of accounting.

16. The Recommendations and Report do not refer to Ireland.

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

JOHN SANKEY (*Chairman*).
A. BALFOUR
ARTHUR DUCKHAM.
T. ROYDEN.

WITNESS:—

ARNOLD D. McNAIR (*Secretary*).
GILBERT STONE (*Assistant Secretary*).

20th March, 1919.

APPENDIX.

The following Table shows the various items of cost and profit on a ton of Derbyshire coal from its place underground to the time it reaches the consumer's cellar in London :—

	<i>s.</i>	<i>d.</i>	<i>s.</i>	<i>d.</i>
Royalties	0	4		
Wages	13	5		
Supplies and Stores	3	6		
Administration	0	5		
Depreciation	0	4		
Owner's Profit	2	5		
Coal Controller's Profit	0	9		
	—		21	2

This 21*s.* 2*d.* is for coal as it comes from the pit. For household purposes it is screened to some extent, which makes the price of the best coal 23*s.* 5*d.* at the pit.

	<i>s.</i>	<i>d.</i>	<i>s.</i>	<i>d.</i>
Pit-head price (screened)	23	5		
Railway Rate	6	3		
Wagon Hire	1	6		
Factor's charge	0	4		
Merchant's charge :—				
Labour	4	3		
Cartage	2	10		
Establishment Charges	3	4		
Wastage	0	7		
	<i>s. d.</i>			
Management and Interest	0	3		
Profit	1	3		
	—		1	6
	—		12	6
Total	—		44	0

4 (b) INTERIM REPORT.

4 (B) INTERIM REPORT SUBMITTED BY MESSRS. R. SMILLIE, FRANK HODGES, AND HERBERT SMITH, SIR LEO CHIOZZA MONEY, MESSRS. R. H. TAWNEY AND SIDNEY WEBB.

DATED 20TH MARCH, 1919.

TO THE KING'S MOST EXCELLENT MAJESTY.

MAY IT PLEASE YOUR MAJESTY.

SUMMARY OF CONCLUSIONS.

1. We find that the miners' claim for an advance in the standard of life is justified; and that the percentage of rise of wages asked for, namely 30 per cent. (on earnings apart from war wage), is not excessive.
2. We find justified the claim to a substitution in the Coal Mines Regulation Act of 1908 of six for eight (making the future maximum working day underground vary from about 6½ hours in some mines to 8½ hours in others, and averaging nearly 7 hours). A corresponding shortening of the working day should apply to the surface workers.
3. We find justified the miners' claim for a more efficient organisation of their industry—the individual ownership of collieries being officially declared to be “wasteful and extravagant,” whilst the method of retail distribution is unnecessarily costly; and in view of the impossibility of tolerating any unification of all the mines in the hands of a Capitalist Trust we think that, in the interest of the consumers as much as in that of the miners, nationalisation ought to be, in principle, at once determined on.
4. As to the claims in respect of miners demobilised from the Army, we think that it would be better for these to be dealt with along with the cases of men in other industries.

REPORT.

In presenting an Interim Report in accordance with Section 5 of the Statute, we have confined ourselves to wages and the hours of labour, including the considerations which in our judgment are necessarily involved therein, in order to enable the Government to come to a decision upon the proposals out of which the Commission arose. These proposals took the form of applications for—

- (a) the nationalisation of the coal supply for which the Miners' Federation has been pressing since 1910;
- (b) a reduction in the miners' hours of work;
- (c) a general increase in their remuneration; and
- (d) improved arrangements for the miners demobilised from the Army.

The applications were made in the first instance by the Miners' Federation of Great Britain, representing the desires and opinions of what is evidently the great majority, possibly nine-tenths, of the eleven hundred thousand men and youths normally employed in or about the 3,300 mines, who comprise with their families between four and five million persons. What we have to deal with—the most extensive single movement in the industrial history of this country—is, accordingly, scarcely to be classed with the sectional demands made on the employers in particular trades for particular concessions. It is a comprehensive appeal submitted to the Government and public opinion, by not less than one-tenth of the entire population of the United Kingdom—equalling in numerical magnitude the whole of Ireland, if not the whole of Scotland—not only for an advance in their standard of life, but also such re-organisation of their industry as may enable this advance to be granted without imposing any unfair charge upon the rest of the community.

THE EFFECT UPON OUTPUT.

The miners' plea is essentially one for justice. They claim that the conditions under which they live and work are not such as the conscience of the nation can approve; that their wages, reckoned in commodities, are now actually less than before the war; that the way in which they and their families are housed is, in the majority of cases, nothing less than scandalous; that in spite of their convincing public opinion and the House of Commons in 1908 that so much toil was excessive, the so-called Eight Hours Act of that year was, through Parliamentary exigencies, finally couched in such terms as practically to impose on them, unknown to the public, a working day underground of nine, and in some cases even more than ten hours, and that these are still their hours of labour; that thousands of them who have been totally incapacitated by accidents are existing on Workmen's Compensation Act allowances of no more than half their pre-war wages, with a statutory maximum of 20*s.* (now 25*s.*) per week, which the rise in the cost of living has made insufficient for maintenance; that during the war they have foregone all movements for an improvement in their conditions, although under the accustomed Conciliation Board arrangements some of the districts would have normally become entitled to advances even exceeding what is now asked for; and that taking into account the arduous and hazardous nature of their calling in comparison with workmen in other industries, whose hours of labour have lately been reduced, and whose rates of pay have been increased, they are equitably entitled to such an increased share of the product of their industry as will afford them a substantial advance in their standard of life.

We think that these claims are, broadly speaking, justified. Notwithstanding the fact that the miners' calling is one of those to which public opinion and the House of Commons readily concede exceptional consideration, we cannot avoid the conclusion that it has now fallen behind some other industries. But even in doing justice we cannot rightly ignore what may be the economic effects of our decisions upon the industry itself, upon the nation's trade, and upon the whole community of consumers. It is fair to say that the Miners' Federation does not overlook this point; and it is, we apprehend, very largely on this ground that its application for improvements in wages and hours is inextricably bound up with its claim that the existing methods of organisation, both of the production and distribution of coal, are so extravagant and wasteful, and result at present in so many unnecessary charges on the industry, as easily to permit both of greater productivity and of a lower cost per ton to the consumer. It is accordingly, in our judgment, impossible, in dealing with their claims, to separate nationalisation from hours and wages. We shall recur to the subject of the output of coal; but we now proceed to the several claims, beginning with that for a 30 per cent. advance on the existing earnings of all men and boys in or about the mines (apart from the flat-rate war wage of 3*s.* per day for adults and 1*s.* 6*d.* per day for boys under 16).

THE ADVANCE REQUIRED TO PREVENT A FALL IN WAGES.

We do not think that it is commonly realised that, taking all classes and districts together, the workers in and about coal-mines have not received any advance in their real wages since 1914, but have, on the contrary, actually suffered a diminution. The official statistics supplied to us show that the average money wages since 1914 have risen from £82 to £169 per head (in both cases subject to the reduction of a small sum for employers' deductions), or 106 per cent., whereas the Ministry of Labour report shows an estimated rise in food prices to March, 1919, of 120 per cent., and in the cost of living of the wage-earning class, assuming the same commodities and services to be purchased in the same quantities, of 115 per cent. From this should be deducted, in the case of most of the miners, the small part of this percentage which results from the increased cost of household coal. It is not generally understood that, in the case of the hewers and other grades receiving more than the average pay, the operation of the flat-rate war wage makes the percentage of increase much below this figure. Taking the average daily earnings of piecework coal-getters in all districts in 1914 at 8*s.* 10*d.* per day, and now at 14*s.* plus 3*s.* war wage, the percentage of increase in money wages is only 92½, as against 115 per cent. in the cost of living.

It was in recognition of this decline in real wages which the miners (and especially the hewers) have suffered, that the recent Government proposal was made of a general advance of a shilling per day all round—involving an annual charge of about thirteen million pounds—and that it was to be made retrospective to the 9th January last, involving an additional gift of a couple of million pounds. We do not think that this proposal was either adequate, or wisely conceived, but the fact that it was to be made retrospective (without the miners putting forward any such request) indicates how seriously the financial loss to the miners was estimated by the Government.

AN ADVANCE IN THE STANDARD OF LIFE.

But the miners ask not merely that their money wages should be adjusted to the cost of living, so as to prevent any retrogression in their standard of life, but also that an advance in that standard should be conceded to them. We find this request a reasonable one, in view not only of the circumstances of the miners' vocation, but also of the advance in the standard of life which has been secured by some other organised sections of the wage-earners, as compared

with five years ago. What is more important, such an advance, if it can be conceded without economic disaster, appears to us to be a positive advantage to the community as a whole. The public is constantly being misled in this connection by reports, usually exaggerated, of the large earnings of the hewers. It is not remembered that these earnings of hewers as reported (a) are frequently those, not of one but often of two, and occasionally of three, persons; (b) are subject to charges, varying in different districts, for such things as explosives, lights and tools, and the cost of pit clothes and pit boots; (c) are often the exceptional gains of a specially good "place," to be offset presently by the scanty returns of a bad place; (d) are never continuous throughout the year, practically no hewer getting employment for more than 270 days. But, apart from this, it is seldom remembered that the hewers, or other persons actually getting the coal, constitute only 30 per cent. of the persons employed in or about the mines, and fewer than half of the underground workers, whilst all the other classes receive considerably lower wages. Before the war, it has been proved to us, whilst the hewers earned, in the different districts on an average, from 5s. 9d. (in Somerset) to 10s. 3d. (in South Yorkshire) per day, the majority of other mine workers (adults) earned, on an average, only from 4s. 6d. to 7s. 2d. per day. The general average earnings of the eleven hundred thousand miners in 1913 (including all the hewers) is officially given as £82, or 31s. 6d. per week, less a few pence weekly for employers' deductions. We venture to assert that the nation will not consider that this is an adequate wage for the miner, or that it is such as to afford the miners' family a proper standard of life. *That average wage is, measured in commodities, actually lower to-day than it was in 1914, and in the case of the hewers much lower.*

The poverty which this implies is unfortunately very strikingly manifested in the house that our civilisation allows to the miner and his family. We cannot ascertain the statistics for England and Wales, but it seems clear that a large proportion of the miners in Scotland are living under the soul-destroying conditions of a single-room home, whilst probably a large majority of them have no more than two rooms. In England and Wales overcrowding, as defined by statute, is apparently much more prevalent in mining districts than elsewhere. Nor can it be said that, except in a few special cases, a mining village, as it exists to-day, is, in the standard of life that it permits to this not unimportant proportion of the nation's families, a credit to the community. Yet it is in these mining villages that one-tenth of all the nation's children are born and reared.

We suggest that this is of the essence of the question. No nation can, in these days, escape disaster which permits any large section of its people no more ennobling conditions of life, no nearer approach to civilisation, than many a village in the mining districts—to name only some—of South Wales or Lanarkshire, Warwickshire or Staffordshire. We grant, of course, that much else is required than a mere increase in wages, and that wages are not always wisely expended. But, taking all in all, the standard of life in this country has so far risen, step by step, with every general advance in wages; and, whilst much else needs to be done, there is no better or safer way of mitigating the narrow penury that to-day cramps the manual worker's life, and too often stands in the way of his children's development, than progressive advances in wages. The nation could make no better investment, even in these days of financial anxiety, than one which opens up to any considerable proportion of its children the chances of better education and longer training, and to any section of its manual workers the opportunities for a wider, fuller and freer life. As a matter of fact, we have it in evidence in the figures of the official statistician that, taking by itself the miners' claim to an advance of wages, the whole of it could be conceded, *if only all the concerns were financially unified*, when the full number of men are back at work in the mines, if the aggregate pre-war output is obtained, apart from any economies in production or distribution, *out of the excess profits of the colliery companies at their present rate* (allowing for a drastic fall in export prices), without trenching by a single penny on their quite substantial profits of the pre-war year.

A REDUCTION IN THE HOURS OF LABOUR.

The claim of the miners for a substantial reduction of their hours of labour evokes general sympathy, although some misapprehension has been caused by the phrase "six-hour day." It is not true that the miners already have an eight-hour day secured to them by Act of Parliament. The statute of 1908, not as introduced by the Government and passed by the House of Commons, but as altered at the very end of the Session by the House of Lords, made the eight hours date from the moment the *last* man of each shift entered the cage to descend the shaft, until the *first* man of the shift reached the surface; thus excluding all the "winding time," which normally consumes on an average something like an hour, and in the most extreme cases officially reported to us by the inspectors takes as much as two and a half hours per day. The underground worker is thus actually below ground, exposed to a special risk of accident, not for eight, but, as we are informed officially, for between 8½ and 10½ hours per day. What the Act of Parliament calls an eight-hours day is, in fact, on an average nearly a nine-hours day, and in not a few cases appreciably more than a ten-hours day. The miners' claim is to substitute in the statute six for eight, a reduction of 25 per cent. nominal, with such an advance in rates as will prevent a fall in earnings. Their actual day below the surface would then be, in the extreme cases, one of more than eight hours, and on an average one of nearly seven hours. The surface workers would have an equivalent reduction in their working day.

THE GENERAL SHORTENING OF THE WORKING DAY.

We are in the midst of a very general reduction of the hours of labour in nearly every industry. A reduction of hours to 47 per week has just come into force throughout the engineering and ship-building trades, whilst in some other industries a 40-hours week has been secured. It is significant that in the great industry of iron and steel manufacture, with which coal mining is so closely associated—often combined in the same industrial enterprise—a reduction of no less than 33 per cent., or proportionately much more than the miners are asking for, has just been conceded by the employers. In view of the specially arduous and hazardous nature of the work of the miner, we consider that the case for what is virtually a seven-hour day (called, for underground workers, a six-hour day)—which differs only by a few minutes (Q. 7598) from the coal-getting time already prevailing, with the full approval of the coalowners, among a considerable proportion of the hewers in Durham—cannot nowadays be resisted.

We suggest, indeed, that the reduction of the hours during which each individual miner is exposed to his exceptional risk of accident is not only justified, but also a positive advantage to the nation. There are at present between 160,000 and 176,000 casualties in the mines each year—more in number than all those suffered by the whole Gallipoli Expeditionary Force—between 1,500 and 1,700 of them fatal, making the miner's calling more hazardous than any other except that of the seaman. In the ten years from 1907 to 1916 actually 12,400 miners were killed by accidents occurring in the course of their work. We cannot confidently predict that a lessening of hours will, in itself, result in a diminution of accidents, because there has unfortunately been no study of the extent to which the accidents in mines are affected by the men's fatigue. In other industries that have been investigated, it has been proved that a reduction of working time leads to a more than proportionate lessening of accidents. But, however this may be in mining, each individual miner will certainly be a shorter time at risk. The miner, as it has been graphically put to us, is during the whole of his working time continuously "in the trenches." At present he goes on an average only six years before he meets with an accident, not necessarily fatal, but conspicuous enough to be reported, and severe enough to necessitate abstention from work for more than seven days. With a working day from bank to bank reduced by 28 per cent., it may be anticipated that the underground worker will go without an accident, on an average, more nearly eight years than six. It must be counted, indeed, a distinct social advantage of a shorter working day in trades exposed to exceptional risk of accident that it permits, on an average, to every worker (and, therefore, to every father of a family) a longer uncrippled life.

THE EFFECT OF A SHORTER WORKING DAY UPON INDIVIDUAL OUTPUT.

The question necessarily arises as to what reduction in the output of coal will be caused by the proposed shortening of the hours of labour. We have had put before us various estimates of the diminution in production per man employed, varying from 10 to 30 per cent. We cannot say that we place much faith in these estimates, which are nearly always worked out by simple arithmetic, and assume that methods and machinery will remain unchanged.

Sir Richard Redmayne, the Chief Inspector of Mines, in his valuable evidence, refused to accept the view that a reduction of output is necessarily in arithmetical proportion to a reduction in working time, and has told us that whereas he estimates the reduction of the effective working time at the face, through the proposed alteration of hours, as 24·3 per cent., the immediate reduction in output would not, in his opinion, be more than 19 per cent. It should be observed that Sir Richard Redmayne refers here to the *immediate* result of a reduction, without taking account of any one of numerous factors that he mentioned to us, each of which (even irrespective of the economies of unification discussed later) would certainly produce an increased output, and many of which could be brought into play within a very short period. Amongst these factors are the following:—

- (1) The making good of the loss of technical efficiency resulting from the abstraction of the most efficient miners for war service, and from the temporary worsening of the equipment of the mine through lack of supplies of timber, rails, sleepers, &c., caused by the war.
- (2) The possibility of reducing discontinuity of working by better "clearance" from the pithead, by the pooling of privately owned wagons, and by improved methods of stocking coal and filling from stock.
- (3) The reduction of voluntary absenteeism, as to which there is evidence that the shorter working day would cause considerable improvement.
- (4) The conveyance of underground workers to and from the face by mechanical haulage.
- (5) The utilization to a greater extent than at present of the upcast shaft for winding coal and for raising and lowering miners.
- (6) The greater use of two-deck cages.
- (7) The improvement of winding plant and engines.
- (8) The extension of the multiple shift system.

- (9) The greater use of mechanical coal-cutters, pneumatic drills, etc., as to which it may be remarked that at present only 10 per cent. of our coal output is got by machinery.
- (10) The fact that the shortening of working hours would increase (a) the health, and (b) the safety of the miner.

Here are ten factors of improvement which would operate to increase individual output, even should it be temporarily reduced by the shorter working day. As has been pointed out by many of the miners' leaders, however, there is reason to expect that the granting of the miners' programme would introduce a new spirit into the work; and there is ground for the belief that what Sir Richard Redmayne has called a man's "optimum" would be reached by the underground worker, in the long run, as well in a seven-hours day as in a nine-hours day.

However that may be, we think that, in view of the practical circumstances of the case, we should be wrong to base any estimate of reduction of output either upon arithmetical proportion to working time, or upon Sir Richard Redmayne's 19 per cent. "immediate" reduction. Our report, as we conceive it, is to have regard not to output in 1919 alone. Our view is that, taking all things into account, output will show at first a certain fall per hewer and will then, with the introduction of improved methods, presently recover to an extent to which it is impracticable to assign a definite figure.

THE RESULT OF OTHER REDUCTIONS IN THE HOURS OF LABOUR.

We notice that several of those who gave evidence before us, as to the considerable fall in output to be expected, gave very similar evidence also in 1908 on the reduction of hours from about 10 or 11 to 8 or 9; but that these prognostications were not fulfilled. The subsequent advances in output between 1908 and 1913 agreeably surprised the prophets of evil. But we have an even more significant case in Durham, where the hewers have for many years enjoyed a seven-hour day from bank to bank. Nevertheless, the output per underground worker in Durham is fully equal to that of the other districts where more than an extra hour is worked.

Mr. Samuel Hare, representing the Durham Coalowners' Association, who gave evidence before us, very frankly confessed that the Durham mining industry had successfully adjusted itself to the economic conditions of a shorter working day. Asked (Q. 7584) whether the experience of Durham did not show that the fears as to the results of a reduction of hours were groundless, he replied: "I would not go so far as that. I would say that the experience of Durham was that it paid us to work our hewers a shorter shift than in other districts in order to get the advantage of the multiple shift." Asked (Q. 7550) whether he thought it would pay them to go back to a longer day, he answered: "No, I do not."

In the United States the reduction of the hours of labour in coal mining from ten to eight presently led, as is officially reported, to a positively larger output for each workman per day than the highest output of the ten hours. The Industrial Commission of the Supreme Court (Final Report, Vol. II., 1902) reports that "in the industry of coal mining the shorter working day has increased the efficiency of both workmen and the management." We see no reason why a like increase in the efficiency of *both workmen and the management* should not be manifested in this country on the now projected reduction of hours from nine to seven per day.

THE RESULT ON THE AGGREGATE OUTPUT.

Moreover, even to the extent that the average output per workman falls off, we do not anticipate, on the resumption of business by the industrial world, that there will be, in fact, any reduction in the aggregate coal output of this country. We look forward to an increase in the total number of persons who will find employment in the mines—itsself in these days a distinct advantage, not only to the nation, but (in view of the payment of over a million per week in Unemployment Benefit) also to the Exchequer. We do not doubt that, with a quickening of the rate at which mechanical haulage, coal-getting machinery and better organisation of the working are being introduced, and with the working staff increased, the total output of coal, far from suffering any reduction, will be, to the special advantage of our export trade, in the coming years, steadily augmented.

THE ADVANTAGE TO THE NATION OF A HIGHER STANDARD OF LIFE AMONG THE MINERS.

We do not think that the nation is aware of what it has lost, and is still losing, owing to the unduly low standard of life of the miners. Whilst this has resulted in abundant profits to the principal colliery companies, and in the distribution of coal, to many other persons, the cost of labour has not been such as to bring about an efficient organisation of the industry. It has permitted a large number of the nation's collieries to go on, year after year, with machinery and equipment falling far short of the best that is available, and even of the best that is elsewhere in use. There are, it is officially reported, many mines on which the community is relying for its coal in which the shafts are too small, the roads are too narrow, the workings are too badly arranged, the winding engines are too slow, the machinery and plant are too antiquated, and the organisation of the shifts is too uneconomical for the production of coal otherwise than at a cost per ton which, compared with that of an up-to-date enterprise, is extravagant. The fact that the best equipped mines are much more efficient is not, in our view, an excuse

for this continued waste, but an aggravation of the offence. The very division of the 3,300 mines among 1,500 separate commercial enterprises (owned, be it observed, if we confine ourselves to coalmining, by less than 37,000 shareholders, and, if companies engaged in coalmining and allied industries be included, by less than 94,000 shareholders) (a) necessitates, as the Coal Conservation Committee has reported (to mention only a few of its bad results), the waste of masses of coal in boundary ribs; (b) in some districts, prevents the combined drainage, without which a vast amount of coal is lost to the nation; and (c) everywhere stands in the way of that absolute continuity of working throughout the year on which the most economical production depends. When the coal leaves the pithead, the lack of any deliberate organisation for distribution results, as has been proved during the war, in an unnecessary amount of railway haulage to the extent (even on an incomplete analysis) of no less than 700,000,000 coal ton miles, just as the separate ownership of the 700,000 coal trucks results in a waste of truckage, the cost of which runs into millions of pounds per annum. Finally, the failure to organise the sales has permitted the upgrowth, between pit-head and cellar, of tier after tier of factors, merchants, agents, dealers and trollymen, who have all to be maintained out of the price of the coal, at a cost (as has been proved to us) of several shillings per ton more than is now involved in the retail distribution of household coal through the Co-operative Movement; or (as we are convinced) greater than that of a distribution which might be undertaken by the local authorities in connection with their services of gas, electricity, water and tramways. It appears from the evidence put before us that the mere establishment charges of the firms engaged in distributing coal in London alone amount in the aggregate to over £800,000, and their total net profits to over £500,000 per annum.

There are, of course, various causes explaining, but not in our opinion excusing, the continuance to-day of so costly, extravagant and wasteful a method of supplying the nation with coal. But, in our judgment, one leading factor in the acquiescence, year after year, in so defective a system by those who are responsible for its continuance, is that they have been able to get the labour of miners at so low a rate as to permit, notwithstanding the inefficiency of the organisation of the industry, the sharing among those concerned of very considerable profits. We have, in fact, as a nation, got the mine workers' labour too cheap for our economic health. We have, as has been aptly said, wasted coal like water. It is high time, in our view, that such a temptation to social inefficiency should be brought to an end. It is only by putting miners' hours and wages at such a level that they cannot be paid without a really efficient organisation of the industry that we are likely to achieve either those manifold economies in the use of coal that are urged upon us by the experts, or such a reform in our methods of production as will effectually prevent this country falling behind in the competition with nations more quick to adopt the industrial improvements upon which any genuine lowering of cost depends.

WHAT THE INDUSTRY WILL BEAR.

It will, however, be said that, desirable as may be an improvement in the miners' condition, the industry will not bear the cost of a reduction in hours, even if the aggregate output is, by an increase in numbers and therefore in the wages bill, restored to its pre-war level, without involving a considerable advance in the price of coal, with possible adverse effects on our export trade, on manufacturing industry generally, and on the domestic consumer. We have to observe that if the improvement in the miners' standard of life is really required for the greater efficiency of the industry itself, or in the national interest, the fact that it might involve a temporary rise in the price of coal would not be conclusive against it. Moreover, if hours of labour have been reduced in other industries, and if the standard of life has been advanced among other sections of the community, it would hardly be equitable to withhold a corresponding improvement from the miners, merely because the others have got in first. The miners might argue that the large published profits of iron and steel companies and steamship companies indicate that, whilst the domestic consumer had been penalised, these industries had been getting their coal too cheap.

HOW THE COST OF THE SHORTER DAY MIGHT BE MET.

When it is said, which we do not admit, that the proposed reduction of hours would, in itself, necessarily raise the price of coal, *this is to assume that the existing conditions of the industry are to continue*. But there is no economic or other justification for such an assumption. We have already suggested that there is no reason why the profits of the colliery companies should stand after paying royalties, at an average of three to four shillings per ton (as compared with 1s. in the exceptionally prosperous year 1914), or between 30 and 40 per cent. on the standard capital of 10s. per ton—an extraordinary profit by which the Exchequer benefits to the extent of 80 per cent. of the excess, whilst the Coal Controller redistributed 15 per cent. among the less successful concerns. There is no reason why the miners should suffer because (owing merely to the separation of the industry into 1,500 financially distinct enterprises) the rate of wages has to be kept down, and the price of coal has to be kept up, to what will enable the worst mine in use—the worst situated, the worst equipped, the worst managed—to continue to work without loss. The Chairman of one of the most prosperous of the Scottish colliery companies, speaking to his shareholders this very month, observed that “they had been asked why, seeing the company was so prosperous, they did not do more for their employees. His answer was that they were members of the Coalowners' Association, and had to act loyally with

the other companies. Some of the other concerns could not possibly pay better wages." But this results in allowing a special profit, running up, as has been proved to us by the official figures, in some cases to no less than 12s. per ton, to enrich (except in so far as it is reclaimed in taxation) the proprietors of the better mines. There is no reason why the miners should bear the expense of the 700,000,000 coal ton miles of costly railway haulage that the Coal Controller has found to be wasted through the anarchy of our coal production by 1,500 separate colliery companies; or the cost of keeping each of the 700,000 colliery trucks strictly confined to the service of its particular owner, instead of pooling the whole—involving as the Minister of Ways and Communications informed the House of Commons, a loss of 20 per cent. on the total cost of railway carriage of coal. There is no reason why the miner should be blamed by the consumer for the high price of coal, in so far as this is due to the wholesale and retail distribution (which the Co-operative Movement already conducts at from 2 to 5 shillings per ton less than is now taken by the coal trade, and which the Local Authorities could undertake at bare cost) being abandoned to a fourfold series of middlemen, to each of whom profits, and opportunities for further profits, are allowed, over and above the necessary cost of the service. For all that may be wasted in these ways—to quote Sir Eric Geddes—"the community pays, the consumer pays and the workers pay, because they do not get paid enough." We cannot pretend that complete information is yet at our disposal; but, taking all the circumstances into consideration, we see no reason to conclude that, if the production and distribution of the nation's coal were undertaken as a unified service, without opportunity for any profits beyond the necessary interest on capital and wages of management, the whole improvement in the miners' conditions of life now asked for could not be carried out without increasing the price of coal, whether for export, for industrial use, or for domestic consumption. For household coal, indeed, as the experience of the Co-operative Movement indicates, there might even be a substantial "dividend to the customer" off the present high price, which, we may observe, has been brought about by other causes than any proportionate increase in the miners' wages.

We may observe in this connection—and notably in reference to any temporary financing of the transition period,—that we have ascertained from the official statisticians of the Inland Revenue and the Coal Controller that during the four years 1915–1918 the coal mining industry (including the associated coke-ovens) produced, in the aggregate, to the colliery proprietors and the Exchequer, after paying royalties, *and ten per cent. interest on all the capital employed*, nearly eighty millions sterling; and that the excess profits for 1919 alone are similarly estimated, *after paying ten per cent. on all capital*, at not less than 28 millions sterling.

THE NEED FOR NATIONALISATION.

The miners' claims for better conditions, and especially the reduction in the hours of labour—which we think cannot fairly be denied—are therefore bound up, *if we are to escape a rise in the price of coal*, with such an improvement in coal production as cannot be obtained without a complete unification of the ownership and management of the collieries, and with such a reorganisation of the local distribution of household coal as will place the coal supply on the most economical basis. We had the emphatic testimony of Sir Richard Redmayne, the Government's principal coal official, whose knowledge and experience are unrivalled, to the effect that a very large reduction in cost was practicable, and "that the present system of individual ownership of collieries is extravagant and wasteful, whether viewed from the point of view of the coal mining industry as a whole or from the national point of view, is, I think, generally accepted." The waste and extravagance pointed out by Sir Richard Redmayne have already been indicated by the Coal Conservation Committee. But any such unification as is forecasted must, in our judgment, necessarily involve public ownership. We cannot imagine that public opinion would permit the establishment in private capitalist ownership of any National Trust in coal, however specious might be the promises of moderation in profiteering, and however elaborate the system of checks and safeguards for the consumer placed in the hands of the Board of Trade. Nor does the scheme entitled "Joint Control," said to be projected by the Minerowners' Association but not produced for our examination—which seems essentially one of profit-sharing between the combined colliery owners and the miners, and which the Miners' Federation emphatically rejects—avoid a similar criticism. Little more, in the way of protection for the public, is to be expected from the Coal Controller. His work during war-time has, we are convinced, saved the consumer from a staggering rise in the price of household coal, and has affected various temporary economies. But any system of bureaucratic control of capitalist enterprise—which is sometimes mistaken for the very different proposition of public ownership and direct administration—is apt to be irksome and irritating, alike to those whose profits are controlled and to the consumer; and, however preferable to the absence of any regulation whatever, to combine, in fact, the drawbacks of both systems with the full advantage of neither. Moreover, unlike public ownership, control offers no prospect of any improvement in the conditions of safety in the mine, or the prevention of the special diseases to which the miners are subject. It affords, too, no means of bringing to the aid of wages and prices all the profits of the exceptionally productive enterprises. Further, there seems no way in which the very pressing scandal of the shocking housing of the miners—in many districts a special problem which, like extraordinary traffic on the roads, cannot fairly be made a charge on the local authority—can be effectually remedied, except in connection with such a scheme of unification of all the mining properties as would enable the Government to establish a special Miners' Housing Fund as a charge on the industry. Accordingly, once it is admitted that the present

system of individual ownership of the collieries cannot be continued, there is, in our judgment, no practical alternative to some form of National Ownership, alike of mines and royalties.

Sir Richard Redmayne put before us "the advantages which," in his view, "would result from Collective Production" (as he termed it) under the heads of—

- (a) Enhanced Production.
- (b) Diminished Cost of Production.
- (c) Prevention of Waste.

He gave it as his opinion that these advantages would accrue from the following improvements:—

- (1) Prevention of competition, leading to better selling prices for exported coal being secured.
- (2) Control of freights.
- (3) Economy of administration.
- (4) Provision of capital allowing of quicker and more extensive development of backward mines.
- (5) More advantageous purchase of materials.
- (6) Reduction of colliery consumption.
- (7) More harmonious relations between the workmen and the operators due to steadier work and adequate remuneration of workmen.
- (8) Obliteration to a great extent of vested interests and middlemen.
- (9) Unification of the best knowledge and skill leading to greater interchange of ideas and comparison of methods. If good results are obtained at one mine and bad in another, these results would be open to all to benefit therefrom.

We feel that without a decision upon this point of principle it is impossible to weigh the miners' claims on wages and hours. But no more is, for the moment, in question than a decision on the principle. We have not had time, as a Commission, to come to any opinion upon plans and methods of nationalisation. We refrain, therefore, in this Interim Report, from any consideration of the compensation to be paid to the present owners, or of the particular machinery by which the industry may be organised for the State, either nationally or locally, with due provision for ensuring that the industrial and other consumers shall obtain their share in the economies to be effected; and for obtaining the fullest possible co-operation in the administration of all the various classes of employees from whose technical knowledge the nation may rightly expect advantage. Apart from other considerations, a Government which has decided to undertake by direct public administration the generation of electricity in gigantic super-power stations, and which can hardly escape the public administration of a unified railway system, must necessarily secure itself against any "holding up" of the coal supply indispensable to both. This consideration, as it seems to us, cannot but facilitate a decision upon the principle of the public ownership of the coal mines. "In the past," observes the present Minister of Ways and Communications, with regard to the whole system of transportation and the supply of power, "private interest made for development, but to-day, I think, I may say, it makes for colossal waste."

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

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

20th March, 1919.

4 (c). INTERIM REPORT.

4 (c). INTERIM REPORT BY MESSRS. COOPER, FORGIE AND EVAN WILLIAMS.

DATED 20TH MARCH, 1919.

TO THE KING'S MOST EXCELLENT MAJESTY.

MAY IT PLEASE YOUR MAJESTY,

The questions which we were appointed by Your Majesty to investigate and report upon are set forth in the Act of Parliament constituting the Commission of which we form part, which received Your Majesty's assent on the 26th February last.

The Act requires that the Commissioners shall as soon as practicable make an Interim Report on the questions of the wages and hours of work of colliery workers, and it is to these questions that this Interim Report is intended to be directed.

WAGES.

The Miners' Federation of Great Britain demand that the wages at present paid to colliery workers exclusive of the war wage provided by the Order of the Board of Trade shall be increased by 30 per cent. on the ground that this increase is necessary to enable them to attain a higher standard of life and not merely to meet the increased cost of living at present resulting from the war, which it must be assumed will gradually be reduced as the war conditions disappear.

It was proved in evidence before us that the average annual earnings of all colliery workers both men and boys were, in the year 1913, £82, and in the September quarter of 1918 at the rate of £169, so that the increase of wages since the date of the outbreak of the war was 106 per cent.

According to the "Labour Gazette" of the 16th March, 1919, the increase in the cost of living amongst the working classes is at present 115 per cent., but in the case of colliery workers this percentage is reduced by the fact that they either receive a supply of coals and the use of a house free of charge or a supply of coals at a reduced rate, and except in rare cases no change was made in these respects during the war.

Your Majesty's Government have already offered the miners an increase of 1s. per day, which is equal to 10 per cent. on their earnings.

The question which we have had to decide is not what amount we would desire colliery workers to receive to enable them to attain a higher standard of living, but the amount to which their existing wages ought to be increased, regard being had to a reasonable standard of living amongst the colliery workers and the effect of any increase of their wages on the development of the coal industry and the economic life of the country.

The Commission has had placed before it in evidence by the principal Financial Adviser of the Coal Controller, Mr. Dickinson, statements in much detail. It was in our judgment conclusively proved by him that even if the effect of any reduction of the hours of labour was such as only to reduce the output of coal by 10 per cent. the claims of the miners would add no less than 5s. 4d. per ton to the cost of production (Q. 9382).

Mr. Dickinson's statements show that in the March, June and September quarters of 1918 (the results of the December quarter are not yet ascertained) the following were the average prices, costs and profits of the coal owners obtained from sales to inland consumers and exporters respectively.

In considering these figures it must be remembered that the profits received by the mine-owners are subject to the 80 per cent. Excess Profits Duty and the 15 per cent. Coal Mines Excess Payment, the combined effect of which is that the retainable profits can never exceed 5 per cent. above the profits standard prescribed for each colliery undertaking by the Finance (No. 2) Act,

1915, which is the average of any two out of the three trading years immediately preceding the war, or, in certain cases, of any four out of the six of such years.

The figures referred to are as follows:—

	Quarter ending 31st March, 1918.	Quarter ending 30th June, 1918.	Quarter ending 30th Sept., 1918.
Average receipts per ton of disposable coal ...	19s. 10·49d.	20s. 5·65d.	25s. 1·32d.
Average cost per ton including royalties ...	17s. 11d.	18s. 7·24d.	21s. 1·48d.
*Average profit per ton	1s. 11·49d.	1s. 10·41d.	3s. 10·41d.
Quantity of coal sold inland	31,069,341 tons.	28,073,037 tons	22,822,169 tons
Average price per ton	18s. 7·24d.	18s. 9·1d.	22s. 8·05d.
Profit per ton	8·24d.	1·86d.	1s. 6·57d.
Quantity of coal sold for export	9,217,210 tons.	9,911,600 tons	9,750,214 tons
Average price per ton	24s. 5·8d.	25s. 7·59d.	31s. 1·86d.
Profit per ton	6s. 6·8d.	7s. 0·35d.	10s. 0·38d.

* Note: "The average profit per ton" includes miscellaneous receipts not arising from the sale of coal to the following extent:—

March	3·16d. per ton.
June	3·65d. "
September	3·62d. "

From these figures it will be seen to what a large extent any profit realised by the coal owners has been obtained from the export trade, and it is to be borne in mind that all prices were fixed by the Coal Controller or the Board of Trade.

We are satisfied that the reduction of output of 10 per cent. assumed by Mr. Dickinson would be more than doubled if the reduction asked for by the miners were granted, and it must be apparent that even on the most moderate estimate the granting of the miners' demands must not only absorb all profit realised by the coal owners, but would also leave a heavy deficit unless the price of coals be substantially increased, or the deficit be made good under the terms of the Coal Mines Control Agreement (Confirmation) Act, 1918.

It remains for us to consider whether any increase of price can be made without seriously prejudicing the general trade of the country and particularly the consumers of household coal.

In our judgment no addition can be made to the present export prices. Upon the evidence before us we are of opinion that the existing abnormal prices of coals exported to neutrals cannot be maintained, and that if we are to maintain our trade with foreign markets there must be a substantial reduction in export prices. We can, therefore, only look to our home consumption for any increase of price.

After considering the question we have come to the conclusion that no greater increase than 1s. 6d. per day worked for persons 16 years of age and upwards and 9d. for persons under that age can be made in the existing wages of colliery workers without seriously affecting our home industries, which are dependent upon our coal supply. Such an advance will have the effect of bringing the present average earnings of the colliery workers to over 130 per cent. in excess of their earnings at the outbreak of the war.

HOURS OF LABOUR.

On the evidence placed before us in the short time at our disposal we can come to no other conclusion than that the reduction of hours demanded by the miners would, in the present state of the need of the nation for coal, be seriously prejudicial to the economic life of the country.

The immediate effect of the reduction from eight hours to six hours was estimated by Sir Richard Redmayne, the Chief Inspector of Mines, at over 24 per cent. loss of output, and by the coalowners' witnesses at over 26 per cent.

The former expressed the belief that by increased effort on the part of the individual worker, and by some speeding-up of transport underground, his estimate might be reduced to 19 per cent. This would mean a decrease in output at the rate of about 50,000,000 tons per annum.

The coalowners, on the other hand, were of opinion that there would be little of such mitigation. It was generally agreed that a gradual restoration of output could be attained by an increase in the number of men employed, by the introduction of more machinery at the face, and by the establishment of double shifts for coal-getting, but that the process would be slow.

It was alleged that in the past the workmen had in some districts not assisted in making coal-cutting machinery and conveyors a success, but rather the contrary.

It was admitted (Q. 9492) that so far, at least, as South Wales is concerned, there is no likelihood of the workmen agreeing to work double shift, and it was not denied by any witness called by the Miners' Federation that a reduction of hours would be attended by a decrease in output per man, and by an increase in cost.

A reduction in output of 50 million tons would involve, in our judgment, the entire cessation of export of coal, both to our allies and to neutrals, and besides would create a serious shortage in the home supplies.

Mr. Pick, the Head of the Household Fuel and Lighting Branch of the Coal Mines Department (Q. 1580), stated that he would not like to contemplate any reduction of output, and that the condition to-day is sufficiently serious from the home coal point of view.

We do not, however, lose sight of the fact that the hours of labour are being shortened in many industries at present and that it is only natural that the miners should expect to have some reduction in their hours of work. We therefore recommend that effect should be given to this aspiration as far as can be without inflicting injury upon the community and the industries of the country.

The utmost extent to which we feel that we can safely recommend a reduction in the hours of labour of colliery workers is that in the case of persons employed below ground, "seven" hours should be substituted for "eight" hours in the Coal Mines Regulation Act, 1908, and that the hours of all surface workers at or about mines should be fixed at eight hours per day.

For the safety and proper carrying on of the work of the workmen employed below ground it is essential that the hours of labour of the surface men should exceed those of the persons employed below ground.

If these changes were to take place at once there would be a decrease in output of at least 10 per cent.

If time be given preparations may be made to meet the changes so as to mitigate their effect, and with this end in view we recommend their postponement to July 1st next.

As regards the question of nationalisation or unification of ownership of collieries, such evidence as has been placed before us is insufficient to enable us to pronounce any judgment. We therefore refrain in this Interim Report from dealing with this or any of the other questions remitted to us but excluded from this Interim Report by Section 5 of the Coal Industry Commission Act, 1919.

All of which we humbly submit to Your Majesty's most gracious consideration.

R. W. COOPER.

JAMES T. FORGIE.

EVAN WILLIAM.

20th March, 1919.

5. ALPHABETICAL LIST OF WITNESSES EXAMINED.

Name.	Description.	Questions.	Pages.
Allen, S. ...	Coal Manager, Co-operative Wholesale Society, Ltd. ...	9,248-9,277	361-362
Bethell, W. ...	Manager of the Royal Arsenal Co-operative Society, Ltd. ...	10,138-10,157	403-404
Bowen, A. E. ...	Coal Exporter ...	3,747-3,915	154-159
Brain, Sir Francis	Mining Engineer ...	7,387-7,429	292-294
Bramwell, Hugh, O.B.E. ...	Mining Engineer ...	7,149-7,386	283-292
Brewis, Errington	Chairman of London Coal Merchants' Society ...	9,566-9,624	376-378
Burton, T. ...	Coal Manager, Scottish Wholesale Co-operative Society ...	9,148-9,247	358-361
Clark, E., C.B.E....	Deputy Chief Inspector of Taxes, Board of Inland Revenue...	10,158-10,255	404-414
Davies, A. E. ...	General Manager of the Banking Corporation ...	9,860-9,986	389-396
Davies, E. H. ...	Head of Distribution Branch, Coal Mines Department ...	1,885-2,124	79-89
		22-568	2-24
		569-763	25-34
Dickinson, A. L. ...	Financial Adviser, Coal Mines Department ...	6,202-6,204	243-244
		6,969-6,971	276- —
		8,015-8,059	318-319
		9,382-9,411	369-370
		4,791-5,115	189-199
Frowen, W. ...	General Secretary of the Federation of Firemen's, Examiners' and Deputies' Association of Great Britain.		
Gibson, Finlay A.	Secretary of the Monmouthshire and South Wales Coalowners' Association.	6,210-6,398	244-254
Guthrie, R. ...	Secretary to Northumberland and Durham Coalowners' Association }	1-21	1-2
		6,175-6,201	241-242
		6,205-6,209	244- —
Hare, S. ...	Mining Engineer ...	7,430-7,585	294-300
Hartshorn, Vernon, O.B.E. M.P., ...	Miners' Agent of the South Wales Miners' Federation ... }	9,278-9,381	362-368
		9,412-9,534	370-374
Hobson, A. J. ...	Representing Associated Chambers of Commerce and Sheffield Chamber of Commerce.	4,361-4,574	171-180
Hopkins, W. ...	General Secretary of the Monmouthshire and South Wales Colliery Enginemen, Stokers' and Craftsmen's Association.	9,824-9,859	388-389
Jenkins, W. St. D., C.B.E. ...	Deputy Director of Navy Contracts, Admiralty ...	1,761-1,884	75-79
Lee, W. A. ...	Secretary, Coal Mines Department ...	974-1,388	43-56
Louis, Henry ...	Professor of Mining ...	7,586-7,649	300-302
Mottram, T. H., O.B.E. ...	H.M. Divisional Inspector of Mines ...	2,125-2,669	91-109
Nugent, R. T. ...	Director of Federation of British Industries ...	10,003-10,102	398-401
Parker, Harper ...	General Secretary of the National Council of Mine Workers ...	9,688-9,817	382-387
Pawsey, R. F. ...	Secretary, Mineral Owners' Association of Great Britain ...	7,890-8,014	312-316
Pearson, F. J. ...	Assistant Accountant-General for the Post Office ...	4,575-4,617	181-182
Pease, A. F. ...	Chairman of Messrs. Pease & Partners, Ltd. ...	7,661-7,889	303-312
Pick, F. ...	Head of Household Fuel and Lighting Branch, Coal Mines Depart- ment.	1,389-1,760	57-75
Potts, J. ...	Treasurer of Yorkshire Miners' Association ...	9,044-9,147	354-358
Redmayne, Sir	H.M. Chief Inspector of Mines. Head of Production Branch, Coal }	5,116-6,174	201-240
Richard, A. S., K.C.B. ...	Mines Department, and Chairman of Imperial Mineral Resources { Bureau.	6,960-6,968	275-276
Richardson, R. ...	Mining Engineer ...	6,399-6,808	254-267
Robertson, J. ...	Chairman of Scottish Union of Mine Workers ...	8,834-9,043	345-354
Rose, G. ...	Chairman of National Council of Coal Traders ...	9,625-9,685	379-381
Shirkie, R. ...	Secretary of National Federation of Colliery Enginemen and Boiler- men.	9,535-9,565	374-376
Stamp, J. C., C.B.E. ...	Assistant Secretary Board of Inland Revenue ...	764-973	34-43
Stevenson, Sir D. M., Bart. ...	Coal Exporter ...	3,320-3,563	135-143
Straker, W. ...	Secretary of Northumberland Miners' Association ...	8,060-8,833	320-345
Strachan, J. ...	General Secretary of the National Federation of Colliery Under Managers.	10,103-10,137	401-403
Talbot, Benjamin	Representing National Federation of Iron and Steel Manufacturers }	2,830-2,956	118-124
		2,957-3,319	124-135
Tatlow, F. ...	General Manager, Midland Railway Company ...	2,670-2,829	110-118
Tennyson, C. A., C.M.G. ...	Assistant Director of Federation of British Industries ...	9,987-10,002	396-398
		6,809-6,959	267-273
		6,972-7,148	277-283
Thornycroft, Wallace... ...	Mining Engineer ...	7,650-7,660	302-303
		9,686-9,687	381- —
Warham, Ridley	General Manager, Ashington Coal Company ...	3,916-4,360	159-171
Watson, D. Milne	President of National Gas Council of Great Britain and Ireland ...	4,618-4,790	183-189
Watson, Sir T. E., Bart ...	Coal Exporter ...	3,564-3,746	143-152
Williams, J. W. ...	Agent of North Wales Surfacedmen's Union ...	9,818-9,823	387- —

COAL INDUSTRY COMMISSION.

The Proceedings of the Commission opened on Monday, the 3rd March, 1919,
when the Commissioners deliberated in private.

FIRST STAGE.—SECOND DAY.

TUESDAY, 4TH MARCH, 1919.

PRESENT:

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

MR. ARTHUR BALFOUR.

MR. R. W. COOPER.

SIR ARTHUR DUCKHAM.

MR. J. T. FORGIE.

MR. FRANK HODGES.

SIR LEO CHIOZZA MONEY.

SIR THOMAS ROYDEN.

MR. ROBERT SMILLIE.

MR. R. H. TAWNEY.

MR. SIDNEY WEBB.

MR. EVAN WILLIAMS.

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

MR. H. J. WILSON (*Assessor*).

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

MR. GILBERT STONE (*Assistant Secretary*).

Chairman: Gentlemen, the Commission sat yesterday for some hours and decided on its course of procedure. We shall sit daily, and for the present we shall sit from half-past ten to half-past one, and from half-past two to five o'clock. As we are determined to present an interim report on March 20th, I do not propose to waste time by an opening statement. Large numbers of documents have to be considered, and we hope to examine as many witnesses as possible in the time at our disposal. Any persons, companies, or bodies of persons who desire to give evidence, are requested to send a proof, or an epitome of their evidence, and any tables, or figures, or statistics, together with the name of their witness, to the Secretary, 2, Queen Anne's Gate Buildings, Westminster, S.W.1. The Secretary will then give them information as to when the attendance of the witness will be necessary. At the present moment we shall not require the assistance of Counsel or Solicitor.

I now propose at once to call the first witness, Mr. Arthur Lowes Dickinson.

Mr. R. W. Cooper: Sir, before Mr. Dickinson begins, may I refer to a matter which occurred yesterday? You may remember that Mr. Frank Hodges was anxious to have certain information with regard to Durham. I promised to ask Mr. Guthrie, the Secretary of the Durham Coalowners' Association, and also the Northumberland Coalowners' Association, as he was coming up last night, to come here this morning and ascertain exactly what information you desired to have. If it is within Mr. Guthrie's power either to give it or procure it, it will be cheerfully given. He is here now, and as he is somewhat busily engaged in another part of the town on this same Commission business, perhaps you will kindly settle that matter now before you begin with Mr. Dickinson.

Chairman: Yes.

Mr. REGINALD GUTHRIE, Called.

Chairman: I will ask Mr. Frank Hodges to ask Mr. Guthrie the exact information he requires. As I understand it, there has been for some years a custom or practice in the Durham Coalfield to have a seven-hour day from bank to bank, and therefore it will be advisable to compare the results in Durham with the results in the rest of the Kingdom. For that purpose, Mr. Frank Hodges desires certain information, and he has given me a list of the things he requires. I will ask him now to ask Mr. Guthrie about them.

Mr. Frank Hodges: I should like to know if it is possible to get some comparative statement between Durham and the rest of the United Kingdom; first, the comparative output per hewer in Durham as compared with the output of the hewer in the rest of the United Kingdom.

Mr. R. W. Cooper: Do you mean per hewer per shift?

Mr. Frank Hodges: Yes.

The Witness: Of course I cannot give the figures for other districts, but with respect to Durham I shall be able within the next few days to give you the average output per hewer per shift.

1. You can do that?—Yes. It is a better test than the average output per year, because, if it is taken per year, it is affected by the variation of the demand and the days the pit works. I gather the information you want is the productive capacity of the

hewer as measured by the production per shift worked.

2. That is the information I want?—I have statistics at the office at Newcastle which I can obtain. I put my papers hurriedly together yesterday and have not them all here, but I can easily get them in a few days.

3. Of course you cannot get the information of the output per hewer in the rest of the United Kingdom?—No.

Mr. Frank Hodges: That I suppose we shall have to get in another way?

Chairman: Yes, elsewhere.

Mr. Frank Hodges: From statistical tables.

Chairman: Yes.

4. *Mr. Frank Hodges:* (*To the Witness.*) With regard to wages per hewer in the Durham District, can you get that?—That I can obtain. We have what is recognised as a county average system, but that does not show the actual earnings of the hewers. I have statistics in my office from which I can obtain the earnings over a number of years—the actual average earnings of the coal hewers.

Mr. Arthur Balfour: That will be apart from war bonus.

Mr. Frank Hodges: Yes, exclusive of the war wage.

5. How far do you think you can go back to get the average wage?—I can go back to the time when the seven-hour arrangement was effected.

4 March, 1919.]

MR. REGINALD GUTHRIE.

[Continued.]

6. That is a good bit back, is it not?—Yes, about 1890.

7. Is it not longer than that?—Oh, no.

8. *Mr. R. H. Tawney*: Can you get beyond that?—Yes, I should think so. How far do you want to go back?

9. *Mr. Frank Hodges*: We would like you to go back to the time when the seven-hour shift began.—As I say, the seven-hour shift was arranged in 1890.

10. What was it before that?—It was undefined, really. What was known as the seven-hour agreement was made either in 1890 or 1891.

11. I think that that formal agreement simply put in writing the practice that had been in operation for some years before that?—No, it made a change in the practice. It limited the hours of the coal hewers to a seven-hour day, bank to bank, and they had not been so limited previously.

12. At any rate, you can get them to the period when you say this formal agreement was entered into?—Yes.

13. *Sir L. Chiozza Money*: It will be useful to get it for a considerable period before that; say to 1870?—Yes. I do not know that I have it so far back as 1870, but I can go a good way back. You want it back to 1870, if you can get it?

14. *Mr. Frank Hodges*: Yes, but in any case as far back as you say the formal agreement was entered into?—Yes, at any rate 1890.

15. Then, thirdly, I want a comparative statement of accidents between Durham and the rest of the United Kingdom, excluding explosion accidents?—Of course, it is very easy to exclude the large explosions, but with regard to explosions which are occurring from time to time, involving only one death, I am afraid I could not separate them. We have statistics as to accidents, but not as to the various kinds of accidents.

16. I expect you have statistics, have you not, giving the number of deaths in explosions as distinct from other accidents?—No.

17. Not even large explosions?—Yes, large explosions; I mean a very serious explosion such as we had at West Stanley where there were 168 deaths. But where it is only one death or even two or three, they are not specially noted in the statistics.

18. How do you make up your returns to the Home Office, because the Home Office appear to discriminate between explosion accidents, even if it only results in one death, and other fatal accidents?—The Home Office obtain their returns from the individual collieries and not the Associations. They will have the figures themselves. Sir Richard Redmayne will be able to put his finger upon them, I should think.

Chairman: Yes, Sir Richard Redmayne tells us he may be able to help us there.

(The Witness withdrew.)

Mr. ARTHUR LOWES DICKINSON, Sworn and Examined.

22. *Chairman*: I think you are a Fellow of the Institute of Chartered Accountants, and a member of the Council?—Yes.

23. Are you a partner in the firm of Messrs. Price, Waterhouse & Co., Chairman of the Finance Board and Financial Adviser to the Coal Controller?—Yes.

24. There are, I think, in the United Kingdom about 1,452 coal-owners?—Yes.

25. And out of those 1,452, 434 are somewhat small, dealing with an output of under 2,000 tons a year?—Yes.

26. In the figures which you are about to place before the Commission you are, therefore, dealing with about 1,018 coal-owners?—Yes.

27. I believe the number of mines in the United Kingdom is roughly about 3,300?—I understand so.

28. Soon after the beginning of the war a control began to be established over various mines, and, I think, the control in South Wales began upon the 1st December, 1916, did it not?—Yes.

29. I believe in the rest of the country the control began on 1st March, 1917?—Yes.

30. I think that there were negotiations between the late Controller of Coal Mines, Sir Guy Calthrop, whose loss we all so much deplore, and the Mining

19. *Mr. Frank Hodges*: Are you in a position to provide information as to the profits of the various Colliery Companies in the Durham Coalfield?—I have no knowledge whatever on that point beyond what I see in the Press as to the reports of public Companies.

20. Or royalty and wayleave charges in your county?—No, we keep no record of that.

Chairman: We must try and get that from some other source.

Mr. Frank Hodges: I think Mr. Guthrie will be able to help us on output, wages and accidents.

Chairman: Yes, I think so, if Mr. Guthrie will be kind enough to help us with regard to that. I know it is rather a difficult task but I want to fix a date for your convenience, Mr. Guthrie, and if you can tell me about when you will have the information ready we will fix that date to call you.

The Witness: I can have it ready some early day next week if that will suit the Commission. Will that be early enough?

21. Would you like to say Monday or Tuesday?—Tuesday would be more convenient for me than Monday if it is equally convenient to the Commission. I can attend either day.

Chairman: Then we will say Tuesday.

Mr. Evan Williams: I believe in Durham the hewer mainly gets coal and leaves his dead work to be done by other men. Could Mr. Guthrie give us the figures for Durham of output per man employed at the face and not only the hewer.

Chairman: (To the Witness.) Could you give us the figures for Durham for the output per hewer at the face?

Mr. Evan Williams: Per man.

Witness: Not per man at the face. I can give it per hewer. There are other classes of workmen. We do not separate them up at the face and otherwise.

Mr. Evan Williams: This is my point:—In other parts of the country the hewer or the collier does the dead work in his working place; he takes down the roof, or cuts the bottom, and makes his roadways. In Durham I think another staff of men who come in as a back shift do that class of work.

The Witness: What we call the stone men—and shifters.

Mr. Robert Smillie: You do not mean to say in the other districts the dead work is done by the hewers.

Mr. Evan Williams: In South Wales the dead work is done by the hewer in his working place.

Mr. Robert Smillie: It may be in South Wales, but not elsewhere.

Chairman: Very well. Then we will call Mr. Guthrie at half-past ten on Tuesday next.

Association of Great Britain with regard to the method of the control?—Yes.

31. That matured in an agreement of the 20th July, 1917, which was signed by Mr. Guy Calthrop, the Controller, Mr. Adam Nimmo, President of the Mining Association of Great Britain, and Mr. Reginald Guthrie, who was Secretary of the Consultative Committee of the Mining Association?—Yes.

32. Was that agreement scheduled to an Act of Parliament which is intitled "The Coal Mines Control Agreement (Confirmation) Act, 1918," and which came into operation upon the 6th February of last year?—Yes.

33. Under Clause 17 of the agreement which was so scheduled, I believe it was provided that "The owner of every undertaking shall keep and furnish to the Controller at such times and in such form as the Controller may determine such cost accounts, trading accounts and balance sheets and other accounts as the Controller may require, audited and verified in such manner as he may direct"?—Yes.

34. I think that has been done, and the result is that you have the returns from a great many, if not all, the collieries in the United Kingdom?—Yes, a great number.

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[Continued.]

35. Then by Clause 20 of the Coal Mines Control Agreement (Confirmation) Act, 1918, it was provided that "Any information obtained under clauses 17" (which I have just read, "18 or 19 shall be treated "as strictly confidential, and shall be used only for "the purposes of His Majesty's Government or any "department thereof, and no person who obtains any "such information shall disclose or make use of any "such information for any other purpose"?—Yes.

36. Then I think by the Act of Parliament which set up the present Commission it is provided in Section 4 that "A person examined as a witness or summoned "to produce documents by the Commissioners shall not "be excused from producing any document or giving "any information on the ground that such document "or information is secret or confidential, or is entitled "or required to be withheld under Section 2 of the "Official Secrets Act, 1911, or under the Coal Mines "Control Agreement (Confirmation) Act, 1918"?—Yes.

37. So you took off the embargo upon the secrecy of Clause 20 of the Act of 1918?—So I understand.

38. Now just one other general question before I come to your evidence. Soon after the beginning of the war the Government imposed an Excess Profits Tax. What was the first Act which imposed it?—The Finance Act (No. 2), 1915.

39. Was the amount varied to some extent by subsequent Acts?—Yes; it was 50 per cent. in the 1915 Act, 60 per cent. in the 1916 Act, and 80 per cent. in the Finance Act, 1917.

40. I think under those Acts the excess profits were ascertained in the way therein provided?—Yes.

41. Although the Commission know it, but in order that the general public may know it, will you tell us quite briefly how the excess profit was ascertained?—Each undertaking in the country was to have as its standard a selection of two out of three pre-war years, or, in certain cases, four out of six pre-war years. The profits were to be determined as determined for income tax purposes, with certain modifications, the principal of which were that royalties and interest, which are not deductions for the purpose of assessing income tax, were deductions for the purpose of assessing excess profits duty. Of the surplus above those profits £200 (modified in 1917 to a slightly larger figure in the case of small undertakings) was exempt, and of the balance the percentages which I have just named were taken by the Government.

42. Then the excess profit being ascertained in that way, am I right in thinking that 80 per cent. of the excess profits so ascertained went to the Inland Revenue?—Yes, since 1917.

43. And 15 per cent. went to the Coal Mines Department?—That is under the Coal Control Agreement.

44. And 5 per cent. to the owners?—Yes.

45. Now that is all I want to ask you generally. I now come to your particular evidence, and what I propose to do is this: I propose to ask you under headings, and in regard to the headings to ask you to tell the Commissioners of the financial condition of the industry before the control. Can you give me the pre-war results, giving the tonnage and profits for five years ending 1913?—Yes.

46. I think those figures are partly proved by Dr. Stamp, but we will call him later. You are in possession of them now and can give them, I think?—Yes. I should like to say before actually going to the figures, that there have been published every year for many years past certain statistics as regards coal mines. In the Home Office Reports every year are given the tonnage raised by every district in the country and the number of persons employed. In the Reports of the Commissioners of Inland Revenue have been given every year prior to the war by districts in the country the assessments for income tax, but as those are based upon a five-year average, it has never yet been possible up to the present to know what the profits of the coal mining industry for each year separately were. Consequently, any figures that could be deduced from public documents have not been available for the purpose of determining profits per ton or even the aggregate profits for any individual year. Quite recently (I think within the last year), Dr. Stamp, who, I think, is known to most of the Commissioners

as one of the chief officials of the Board of Inland Revenue, and is a very brilliant statistician, worked up on his own account from the Inland Revenue figures and produced, in a paper which he read, I think, before the Royal Statistical Society, figures of annual profits of coal mines for the whole industry for a number of years dating back some 15 years. Those figures, as you have just mentioned, Dr. Stamp will attend to and will put in evidence, but in the meantime I propose to use them as they are the basis of the deductions as to pre-war profits which I now want to give. I want further to say, if I may, that I have endeavoured to make those figures as simple as possible, so that the salient points might fix themselves in the minds of the members of the Commission, because it seems to me that if you go into a mass of figures it will simply create a good deal of confusion in the very short time that is available. Therefore I have dealt with these in round millions. Being a big industry in which the total output is at the present time somewhere about 200 to 250 millions a year a million here or there is a very small matter compared with the salient factors.

Now I want particularly to ask the members of the Commission, if they will, specially to note these figures, because I shall have to come back to them a little later on. To begin with I have taken the average of five years ending 1913, which seems to be a fair basis for the pre-war condition of the industry as regards profits and selling prices. The average output over those years was 270 million tons per annum. The average value of that output at the pit-head, as given in the Home Office Reports (and that includes the value of boiler consumption, coal to miners, and so on, so that it is on the total output), was 8s. 9d. per ton.

47. *Mr. Robert Smillie*: An average over how many years?—Five years ending 1913. The profits for the same period, after deducting depreciation and before charging royalties and interest (that is the income tax basis of profits) was 19 million pounds. That is the average of five years.

48. *Mr. R. W. Cooper*: Do you mean the income tax depreciation?—The depreciation figure taken off by Dr. Stamp is £750,000 a year. It is a comparatively small amount. A great many collieries do not charge depreciation but charge all their repairs instead.

49. *Sir L. Chiozza Money*: Does it include or exclude royalties?—It includes royalties, and I am coming to that. From that one has to deduct the royalties, and the royalties amounted, and still amount, although the actual rate per ton has varied somewhat, to six million pounds a year. Included in the 19 million pounds is six million pounds a year for royalties. So that there remained for that period as profits for the mine owners on share and loan capital, and on borrowed money of all kinds, 13 million pounds, which was equivalent to just under one shilling a ton on the 270 million tons raised. You have there figures which I shall have to refer to again—output, 270 million tons; and profit, one shilling a ton.

50. *Chairman*: Is that all you want to state on the first point?—No; in order to show how that is affected by the Excess Profits Duty Act, I have scheduled in the same way the average of the two years 1912 and 1913, which happen to be the two best years which the colliery undertakings have ever experienced, according to the figures of profits which Dr. Stamp will submit. Now the corresponding figures to those which I have given you for the five years to 1913 are for the two years 1912 and 1913 as follows:—

51. *Sir L. Chiozza Money*: An average again?—Yes, per annum. Output, 274 million tons. That is four millions in excess of the five-year average. Average value at the pithead 9s 7½d., which compares with 8s. 9d. for the average of five years. Profits, after deducting depreciation and before charging royalties and interest, 24½ millions as compared with 19 millions for the average of five years. There is the same deduction for royalties of six million pounds, leaving the profits to the mine owners on share and loan capital 18½ million pounds as compared with 13 million pounds for the five years, equivalent to 1s. 4½d. per ton as compared with one shilling per ton.

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[Continued.]

52. *Chairman*: Does that finish your remarks upon pre-war results?—Yes.

53. I want you to draw our attention to this point; the effect of the Finance Act showing how the selection of owners under the provisions of the Act tends to increase the pre-war rate standard of profits?—I have already mentioned that the owners of all undertakings in the country, including, of course, collieries, are given the option of selecting the two best out of the three pre-war years, or, in cases where abnormal depression has been proved, four years out of the last six pre-war years. In addition to that, under the provisions of the Finance Acts, any concern which has not earned the statutory rate of interest, which, in the case of coal mines, is 9 per cent. on its capital, is entitled to substitute for that profit standard of the average years 9 per cent. upon the capital employed in the pre-war period. I think you will easily see that the effect of that selection must necessarily tell against the Government and in favour of the owners; that is to say in place of the Government giving standards for the aggregate of profits for the whole industry profits for a certain definite two years out of a certain definite three years, they, really, in effect, give a standard which is very considerably in excess of that amount. I am not in a position at the present minute to do more than guess at what that figure is, and in view of the fact that the Inland Revenue Authorities are now preparing and will submit to you in the course of 10 days a complete statement of pre-war standards and of the profits assessed for Excess Profits Duty, and the amount of Excess Profits Duty paid, I think you will no doubt prefer that I should not give my deduction from the figures that we have got, but that that figure should be left to await the evidence of the Inland Revenue Department. I should like you to bear in mind that there is no doubt that pre-war standards of coal mines under the Finance Act will very materially exceed the figure of 18½ millions, which I have given you as the average of the two years, 1912-13.

54. I want to come to the third question, viz., the result of the years between the commencement of the war and the Control, giving us the tonnage profits and profits per ton?—I hoped to have had the complete statement of these figures ready to circulate; but, unfortunately, there has been delay with the printer. I am hoping to get them to-day. I have here three copies, at present.

55. Give one to Mr. Smillie, one to Mr. Cooper, and one you must keep yourself?—The delay of the printer was unavoidable. This statement deals with some other figures beyond those which I am dealing with at present, and which I should like, with your permission, to deal with later on. I am going to confine myself for the present to similar figures to those I have given you for the pre-war years. You will remember I gave you the results up to the end of 1913 in a series of averages. This statement shows the individual years which make that up. I propose, therefore, now to start with 1914, which may be called the first war year, and to compare that with the averages which I gave you for the five years up to 1913, which to my mind are the best average basis of the earning capacity of the industry before the war. In 1914 the output was just under 266 million tons, being about 4 millions less than the average of five years. The value at the pithead for that year was 9s. 11½d. as compared with 8s. 9d. for the average of the preceding five years, an increase of 1s. 2½d. The profits, including royalties, amounted for that year to £21,500,000, or deducting £6,000,000 for royalties bringing it down to £15,500,000 as compared with the five years' average of £13,000,000. The rate per ton, excluding royalties, rose to 1s. 1½d., that is 1½d. in excess of the five years' average. In 1915 the output was again considerably reduced owing, of course, to the splendid showing which the miners made in their enlistment in the Army and the large number of men who left the mines to flock to their country's defence when that crisis came. The output in 1915 fell to 253 million tons as compared with the five years' average of 270 million tons. The value at the pit-

head increased to just over 12s. 5½d., as compared with 8s. 9d. for the five years' average. That, of course, was largely the effect of the Price of Coal (Limitation) Act which was passed in that year and which limited the advance of the pithead price to a maximum of 4s a ton.

Chairman: We can exclude that.

56. *Mr. R. W. Cooper*: 4s. beyond the price of the corresponding period in the previous twelve months?—Yes, beyond the basic period which was that ending June, 1914. The profits for 1915, before deducting royalties, rose to £27,500,000, and deducting royalties that would be £21,500,000, as compared with the pre-war five years' average of £19,000,000. As far as I can ascertain that rise was due mainly to two causes, firstly, that owing to the shutting off of a certain amount of export trade by the shortage of coal and ships, the export prices rose; secondly, that owing to the large demand for munitions of war and particularly for the by-products of coke ovens and coke itself for the extension of steel works, the profits on that branch of the industry which were not brought under the Coal Controller at all and therefore will not appear in the Coal Mines Department's figures, increased very considerably; those profits accruing only to those coal undertakings which also had coke ovens and by-product works. I think, generally speaking—I may not be quite right on this point—the collieries which have these coke ovens and by-product works are mainly in the same district from which the largest export of coal takes place; so that these two factors I think must have both operated most favourably in the same districts and other districts did not share in them in any way.

Chairman: Does that conclude all you wish to say upon that?—No, there are two years more yet.

57. *Mr. Frank Hodges*: Will you give the profit per ton?—The profit per ton in 1915, after charging royalties, was approximately 1s. 8d. In 1916, when a number of the mines were helped again by a large number of people who went into the mines, and I think also like the whole country when the war started, everybody throughout without exception endeavoured to do more work than he had ever done before and continued to until everybody got rather tired, the output went up as compared with the year 1915. The output for the year 1916 was nearly 256½ million tons as compared with the five years' average of 270 million tons. The pithead price rose considerably to an average of 15s. 7½d. as compared with 8s. 9d. for the average of five years. The profits before charging royalties rose to £43·8 millions, and deducting royalties it was just under £38 millions as compared with £13 millions in the average of five years, that is to say, the profits in the year 1916 were just treble those of the average of the five pre-war years. The profit per ton for that year amounted to 2s. 11d., as compared with the pre-war figure of 1s. The profits of this year after deducting royalties were £38 millions as compared with £13 millions in the pre-war years; that is nearly three times the profit.

58. *Sir L. Chiozza Money*: Those five years being conspicuously the best period of the British coal industry?—I think the figures show that.

59. *Mr. R. W. Cooper*: You do not mean that altogether, do you? Not the best in the British coal industry?—Yes, it is so from the figures. My impression is those are the five best years, if you take any figure.

60. *Mr. R. W. Cooper*: We can easily get the figure.—You will have them before you. I want to take 1917, although that was the first controlled year, for this reason. There is a break between the figures I am now dealing with and the figures we deal with for the purpose of control; for the reason I have already mentioned, that the Control has no concern with coke ovens and by-product profits. We do not get those into our returns and we do not assess those for the coal mines contribution of 15 per cent. The figures I shall have to give you later on will not altogether tie up with these, but I have tied up as nearly as it is possible to do so, the figure given here for 1917 with a test summary that we made for the last

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two months of that year, of all the returns we had which are substantially quite sufficient, I think, for the purposes of your enquiry. I shall be prepared to give any further explanation of that that the Commission may require, but substantially there is no difference between them.

61. *Mr. Arthur Balfour*: The profits you have given us are the total profits?—Yes.

62. Including everything?—Yes.

63. *Mr. R. W. Cooper*: Including coke oven by-products?—I should mention that in 1916 the increase in profit is almost entirely due to the export prices that prevailed throughout that year, and to the fact that the coke ovens and by-products provided a far greater output than before at far higher prices. The same condition that affected 1915 affected 1916, but to a much greater degree.

64. *Sir L. Chiozza Money*: Those elements of advance were in the nature of war profits?—Yes.

65. One arose from the rise in the price of export coal; the other rising out of the needs of the nation for war materials?—Yes. The figures, to be produced by the Inland Revenue, will show the extent to which these profits were reduced by the effect of the Excess Profits Duty. The owners, of course, did not retain anything like this figure. For 1917, the output dropped to 248½ millions tons. The price at the pit-head increased to just under 16s. 8½d.; the profits amounted to £33·7 millions; £33½ millions before charging royalties and £27½ millions after charging royalties. The profit per ton was 2s. 2½d., as compared with 2s. 11d. in the previous year, and 1s. in the pre-war period.

66. *Mr. Robert Smillie*: Will you give us the explanation why it is 16s. 8½d.?—There are two reasons for that. Firstly, in June, 1917, the Controller made an Order making the 4s. limitation price (that is to say, the price at which the coal could be sold in excess of the pre-war standard fixed by the Act), a minimum as well as a maximum. That had something to do with it.

67. *Mr. R. W. Cooper*: For inland sales?—Yes; that is to say, before that the 4s. was a maximum increase and people were not obliged always to sell at that price. The general impression I know that was in the Controller's mind, and that of his advisers on the subject, was that in a great many cases owners were selling below the maximum when they might have sold at the maximum. The effect of the Order making it a minimum as well as a maximum was to bring that price up. The second disturbing factor in that year was this. On the 17th September a war wage was granted, as to which I shall give an explanation later on, and an additional 2s. 6d. per ton was put on to the price of coal dating, partly, from the 17th September and, partly, from the 17th October which raised the average for the whole year proportionately.

68. *Sir L. Chiozza Money*: What was the effect of the Coal Controller's Order making the increase the minimum as well as the maximum?—My understanding of it is this. There was a good deal of cutting of prices going on, and it was not considered fair and reasonable that that should be done. I think there ought to be some proper evidence of that. I should not be taken as giving more than an expression of opinion.

69. *Chairman*: Does that conclude your figures for those years?—That concludes them.

70. *Mr. R. W. Cooper*: In June, 1917, the export price was fixed, too?—In what is known as schedule prices for all coal for the Allies.

71. *Mr. Robert Smillie*: In 1917 the average price was 16s. 8½d. against 15s. 7½d. That is 1s. 1½d. per ton higher. The profit for that year on your output was very little less and it came to £33·7 millions. Why the drop from £43 millions to £33 millions while the price has gone up 1s. 1½d.—Is there any explanation of that?—I can give you two causes for that; one is that the effect of the rising prices for material and stores began to be felt more severely; stocks were getting exhausted and had to be replaced at higher prices; and, secondly, the much increased submarine activity, which caused a large amount of short time in the export districts through-

out that year. The result was as the tonnage fell off in those collieries, which form a very large proportion of the whole, the cost per ton rose steadily, and our returns, which you will have every opportunity, if you want, to see and investigate, show that that was a very material fact in the year 1917 in increasing cost.

72. *Mr. Sidney Webb*: Why the increased discontinuity?—I do not follow you.

73. Why did the fact that the submarine warfare destroyed a lot of coal increase the amount of short time in the different collieries?—In the export districts these collieries ship coal. There was no particular dearth of coal in the country, and the export was about one-third of that before the war.

74. *Mr. Sidney Webb*: There was the scarcity of coal in that year?—That is not as I understand it.

75. The point is, if the Coal Controller had worked the pits himself, he would have kept them all at work?—I do not think he could. He could not have got the coal away.

76. Why not?—He could have got the coal away?—In South Wales the natural run for the coal, is down to the ports.

77. Why naturally?—The railways cannot carry it. There is a bottle neck, and you cannot get through that.

78. If the railways will not carry it it must be because they are not under Government control?—There are two roads at that part of South Wales, one through the Severn Tunnel and the other over the grades going up to Abergavenny. I put the same question to our late lamented Coal Controller: why cannot they take the coal away this way instead of sending it through the tunnel? I was told that the grades over the line are so heavy that they cannot get the coal trains over them. The whole traffic to the Midlands as well as to the south of England has to go through the Severn Tunnel, and the Severn Tunnel could not take more coal, in addition to the ordinary normal traffic, because at this time they had to take the whole of the coal that formerly went sea-borne from South Wales to London. The submarines absolutely throttled the export trade. The result is the collieries were blocked with wagons. There being no storage in the valleys the wagons were used to store coal and I understand at one time there were no less than 11,000 wagons standing in South Wales full of coal that could not be got rid of owing to the absence of ships. That caused a great dearth of wagons. It was gradually remedied after the Transport Order was made by the Coal Controller, who took the coal to the nearest point instead of going indiscriminately all over the country as before.

79. It did not enlarge the Severn Tunnel?—No, but it made more wagons available. There was the shortage of wagons as well.

80. It is not the width of the Severn Tunnel that limited it?—It was both.

81. It was remedied when you had wagons enough?—There was a shortage of wagons all over the country.

82. The point is that it was because you had several dealings with other customers in all parts of the country that you had this extravagant use of wagons. The Controller by abolishing the separate control was able to remedy the grievance?—He remedied a good deal of it certainly.

83. The point is the discontinuity was due to the fact that there was not that united control?

Mr. R. W. Cooper: It was due to the absence of ships.

84. *Mr. Sidney Webb*: It was remedied when you got the united control?—To a certain extent.

85. If you had had the united control earlier there would not have been the discontinuity?—It is possible.

86. *Sir L. Chiozza Money*: In normal times that would go by export?—Yes, by coastal trade.

87. You could not apply that?—I would not like to express any opinion. I do not profess to be an expert on the subject.

88. *Mr. R. H. Tawney*: When you say export; do you mean export or coastal trade?—I had both in my mind.

Mr. Sidney Webb: The effect of the Coal Controller organising the distribution was to remedy the discontinuity.

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[Continued.]

89. *Mr. R. W. Cooper*: Not altogether?—It remedied to a great extent the shortage of wagons over the rest of the country where there were ample railway facilities, and it made up to some extent for the loss of wagons due to the huge accumulation of coal in wagons in South Wales, which wagons might have been running all over the country.

90. The effect was to remedy the excessive short time?—It had that effect.

91. That is what it was done for?—Yes.

Sir Arthur Duckham: May we not have this evidence from the Traffic Manager?

Chairman: I think the traffic expert is the next witness.

92. *Sir L. Chiozza Money*: I notice after all the production in 1917 was only 8 million tons less than in 1916. Does not that point to a very considerable remedying of the fact to which you have alluded; it was only 8 millions less?—That is correct.

93. Are we not rather ignoring the fall in output in 1917? Does not that bring us back to Mr. Smillie's point, why did the profit vary from 2s. 11d. to 2s. 2½d.?—I would rather deal with financial matters. I do not understand traffic matters except in a general way.

94. *Mr. Robert Smillie*: I can understand the value of coal coming down because of the export trade that pays best, but the price was up enormously and we find the profit per ton is considerably down that year?—Yes.

95. Your only answer up to the present time is stores had advanced immensely. That would possibly bring down the profit?—It did so. There was in addition to this in South Wales in particular, and to a great extent in Durham, Northumberland and Scotland a very large amount of short time, due to the submarine menace which resulted in greatly increased cost in those districts.

96. If the pits were only going two or three days a week, it is only down 8 million tons?—Yes.

97. *Mr. Evan Williams*: Was there not another cause?—I take it the cost of labour was considerably up in 1917?—Yes, there was an increase in wages in South Wales in December, 1916, when the Control started, and then a further increase, the war wage coming in during the last three months of the year.

98. *Sir L. Chiozza Money*: Do you say your figures for 1917 included or excluded the profits due to by-products?—Included those.

99. It is on these grounds a fair comparison?—All the figure I have given include the by-products and coke ovens.

100. *Mr. J. T. Forgie*: Except the last year?—The last year does, too.

101. *Chairman*: The next thing I want to ask you you to explain is the distribution of profits between different owners, showing the variations between the result of individual concerns?—I think I can best answer that by referring to a test summary that we made at the beginning of 1918 when we first began to get our accounts regularly in. We took out for the months of November and December the results of 675 colliery undertakings out of the 1,018 already mentioned. The reason we took November and December was because we wanted to get the results of collieries without any disturbing factors which would have been introduced if we had taken an earlier period due to the change in price and the imposition of the war wage. Those two months, November and December, included the full war wage and included the full increase of price that was put on to meet it. That was the reason for that selection. We divided them between collieries making profits and collieries making losses. We wanted to see whether an increase of price would be justified or not, for which at that time the colliery owners were asking. The result of that was that we dealt with 46 per cent. of the total number of undertakings, that is, including those that were ignored, and that 46 per cent. produced three-fourths of the total tonnage for the two months, which were fair average months in those respects. Of that 46 per cent., 31 per cent. in numbers produced 62 per cent. of the total output at a profit of 2s. 3d. per ton

The other 15 per cent. of the 46 per cent. produced only 13 per cent. of the output, but they made a loss of 2s. a ton.

102. *Mr. R. W. Cooper*: Before or after charging royalties?—After charging royalties.

103. *Mr. Sidney Webb*: Then the Controller put the price up?—Not at that time. I will explain why. Those results showed extraordinary variations between different collieries. These figures are on the rather conservative side. The profits run at least as high in individual cases as 6s. per ton. On the other side, the losses were at least as great as 6s. a ton in many cases. It became perfectly clear that any reasonable increase of price (if you call 2s. 6d. a ton reasonable or not, I do not know) would still leave a large proportion of these concerns losing money and gradually drifting to bankruptcy or disaster, and not much alleviation would be obtained from that. I am giving the reason why at that time the price was not put up. We felt after a good deal of discussion, it was better to leave the losing collieries and the collieries which were doing badly to be taken care of by the provisions of the Coal Mines Control Agreement, rather than at that time to increase the price of coal. To sum this section of the subject up, what it amounts to is this. It is perfectly clear that the price of coal that is a fortune for some collieries spells bankruptcy for a number of others.

104. Is not that because the collieries are in different ownerships?—Of course it is.

105. *Mr. R. W. Tawney*: When you say to leave the coal mines to take care of themselves under the Coal Mines Act, what do you mean?—Under the Act they are entitled to certain compensation bringing them up to their guaranteed standard.

106. Compensation from the Exchequer?—Yes, in effect.

107. That, in spite of the fact that other collieries were making a large surplus?—We took 15 per cent. of their surplus away from them, leaving them only 5 per cent. of it.

Chairman: We will come to that Act later on.

108. *Mr. R. W. Cooper*: In answer to Mr. Webb, you say these extraordinary variations were due, and he expected you to suggest they were exclusively due, to the fact that they were separate private ownerships?—No, I misunderstood.

109. Different ownership?—I want to be quite clear upon this. I said, or what I meant to say was, that as long as there were all these differences of ownership you are bound to have that principle prevailing that a selling price which is a fortune for one colliery is bankruptcy for another.

110. Do not the collieries differ in their natural conditions?—Yes.

111. The natural conditions may have as much to do with the result at the same price as anything else?—Yes.

112. *Mr. Sidney Webb*: It is the effect of the separate financial interest which involves the given price and makes a huge profit in one case, whereas it may be a loss for another?—Certainly.

113. *Mr. Robert Smillie*: As against the point of view that they are under private ownership which would necessitate their shutting down, you had to compensate them for going on?—If you had in peace time, without a coal mines agreement, the conditions that prevailed in 1917, a large number of those collieries would have had to shut down.

114. All the wages of workmen would go down to meet their ability to pay?—Yes.

Mr. R. H. Tawney: At the same moment other collieries make large profits.

115. *Mr. Sidney Webb*: The wages in these other collieries do not go up to share in the profits?—Not more than in any other case.

116. *Chairman*: Is there anything else you want to say upon that head?—No.

Chairman: I want to come now to quite a different thing.

Sir L. Chiozza Money: Shall we have this very interesting statement in a printed form?

117. *Chairman*: Yes. The next thing I want is the result of the operations of collieries first of all (a) for the period of control in comparison with the pre-

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war and pre-controlled periods.—The returns that I am now giving you I must ask you to take as quite a distinct set from those with which I have been dealing up to the present. They are taken from the returns sent in by colliery owners under the provisions of the Coal Mines Control Agreement, the clause of which you have already had read to you. We started these forms soon after the Control commenced. We started negotiations with the owners to get them to agree with us upon a form of return to show cost, selling prices and profits. The first return that we had, which is known as Form A*—the forms, I take it, will all be before you if you want to see them—was found by experience not to be good enough for our purposes. That form prevailed throughout the year 1917, or, rather, throughout the last part of the year. We did not get them started much before July. I am having a summary prepared of all these Forms A for the six months of 1917, which I shall be able to give you, I hope, before the end of the week.† The summaries I mentioned of November and December, 1917, were made up from those forms. The result of our experience of that form was that we prepared an amended form known as Form G,‡ which is very much more complete, and those forms went into force as from the 1st January, 1918.

118. Those are the ones that you circulated last November?—Yes. Instead of getting them monthly, in order to help the staff of the colliery owners, which had been very much depleted because of the war, and which made it difficult for them to get the returns in, we made a concession that in place of sending these returns every month (as we knew a little more of the collieries at that time) we had them made up for each quarter, and they are supposed to be sent in not later than 60 days after the close of the quarter. In practice it is most difficult to get them all in, although many collieries have sent them in in good time. There are generally 200 or 300 we have to circularise. One circular went out the other day for December, for which no reports have come in, urging upon them the importance of getting the returns in quickly. The result of that is for the last year—1918—we have only, so far, been able to summarise those for the quarters ending March, June, and September, the first two of which I now submit to you.§

119. Will you send them round before you go on?—September is not quite ready. I must explain first of all one thing which is one of those difficult points that we are always coming up against in connection with this industry. I mentioned we had one form of return for 1917 and a different form for 1918. There are two bases of arriving at the cost per ton. The one I have been using for the pre-war and pre-control figures is on the basis of tons raised. That we adopted at first, as it seemed at the early stage the best way of doing it. That involves taking the mine consumption and workmen's free coal and treating that as an expense and part of the cost of raising the coal. Later on we came to the conclusion we could get better returns and follow the practice adopted by the majority of the coalowners if we reverted to the other method of doing it, which is to take the total tonnage raised, to deduct from that the total tonnage of mine consumption and workmen's free coal and base the whole of the cost on the balance, which is the actual coal that is sold or available for sale in the market. That we have called and it is generally known, I think, as cost per ton disposable as against the cost per ton raised. To illustrate the difference it is quite easy to deduct one figure from the other. The mine consumption is approximately 8½ per cent. of the total tonnage. If you take your cost per ton disposable which is given there, and multiply by 91¼ per cent., you arrive at the cost per ton raised. In the figures I am giving you now I have reverted to the cost per ton raised basis in order to make them exactly comparable with the figures I have given you of the pre-war period on the same basis. I explain that so that you might not be surprised if you do not find quite the same figures as in the summaries which I put in. I will give these in exactly the

same form as those for the pre-war period. I shall have later similar sheets for September which are at the present time in the hands of the printers. The output of coal from January to June was based upon approximately 84 per cent. of the total tonnage raised, that is to say we had the return for 84 per cent., and we have assumed that the figures shown in that return may be safely applied to the total tonnage raised. The percentage is so great that you gentlemen will agree, I think, that that is a perfectly fair assumption. The balance of 16 per cent. is assumed to run with the 84 per cent. we have got. Also, in order to make the comparison clear, I have not given the half-yearly figures from January to June, but put them all on a yearly basis. In fact, it comes to this, that for the six months ending June the results are given on an annual basis, and similarly the three months ending September; and they will compare with the figures I gave before, which are also on an annual basis.

120. *Sir L. Chiozza Money*. Will they include profits of by-products?—No, they do not include the profits of by-products. I have made some calculation in comparing the 1917 results we had with the Inland Revenue figures, and the by-product and coke oven profits in excess of the pre-war period we shall never be able to get exact figures for, because the Inland Revenue say they cannot get them out. They are during the war period somewhere about sixpence per ton of coal produced in excess of the pre-war period. I think that in the pre-war period there was probably not very much more profit in coke and by-products than in coal. Taking January to June converted to an annual basis the output was 236 million tons. If I repeat the standard of five years we were dealing with before it may make it clear. That is 236 million tons as compared with 270 million tons for the pre-war five years average. The average value at the pithead was 20s. per ton as compared with the pre-war average of 8s. 9d. The profit after deducting depreciation and before charging royalties and interest and excluding excess coke ovens and by-product profits was £26 millions as compared with £19 millions before the war. You have the same £6 millions for royalties to take off. Curiously enough while the royalties per ton have gone up it is just about offset by the fall in the tonnage. For that period the net profits to the mine owner came to £20 millions as compared with the profits over five years of £13 millions, and the profit per ton to 1s. 8½d. as compared with 1s.

121. *Sir L. Chiozza Money*: To that we shall add 6d. for by-products. Then we add £6 million?—Roughly £6 million. I shall be obliged to explain the basis on which I arrive at that. It is more an expert guess than anything.

122. If we accept it it would raise the profit to £32 million in the five years selected for comparison?—*A propos* of coke oven profits, perhaps some of the gentlemen on the Chairman's right might know something about this. That £6 million, or 6d. per ton on coal, is, roughly, equivalent to 10s. a ton on the output of coke in the ovens which are attached to colliery undertakings. I think the Ministry of Munitions have some information, and they gave me to understand that that was not an out-of-the-way probability.

123. *Mr. R. W. Cooper*. You say equal to 10s. on the quantity of coal?—No, on the tonnage of output of coke.

124. That is a different thing to a ton of coal?—Yes.

125. *Mr. Evan Williams*: You know a good many of these coke ovens are not owned by colliery people?—Yes.

126. And they have no distinct connection with the colliery whatever?—Yes.

127. They are separate undertakings and the coal is sold to the coke oven people?—Yes. Those coke ovens are not assessed for income tax with the collieries. I am only dealing with the coke oven profits of the coke ovens attached to collieries and assessed for Income Tax with the Collieries.

* See Appendix 17.

† See Appendix 8.

‡ See Appendix 18.

§ See Appendices 9, 10 and 11.

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128. Some of them are distinctly apart from collieries? They may be under the same ownership but they are separate industries?—I understand from the Inland Revenue when there is a joint undertaking of steel works, coke ovens, and so on, as a rule they assess the coke ovens and the collieries as one and the steel works are taken separately.

Mr. J. T. Forgie: They do not do that in Scotland.

129. *Mr. Frank Hodges:* When you said "attached," do you mean geographically attached or attached in the Company sense?—In the Company sense.

130. *Sir L. Chiozza Money:* It is 1s. 8½d. per ton without the by-product, and 2s. 2½d. per ton with the by-product?—That is the best estimate I can get.

Sir Arthur Duckham: Can that 6d. be checked by the Inland Revenue? It is rather an extraordinary figure.

Chairman: It is being checked.

Mr. J. T. Forgie: I think it will be a good thing if no figure was mentioned unless it was verified.

Chairman: Mr. Dickinson said it was a guess.

Mr. J. T. Forgie: I think it is a pity it should be expressed unless it is verified.

Sir L. Chiozza Money: I suggest that we get the best value out of our witnesses. If it is an intelligent opinion, we ought to extract it.

Mr. J. T. Forgie: Figures are facts.

Mr. Robert Smillie: Figures are not facts by any means.

Mr. Sidney Webb: This differs very much from the fact. It is extremely hypothetical and very skilfully worked up and quite properly and admirably done, but it is only an opinion of the highest authority.

Mr. Evan Williams: Very near the truth all the same.

131. *Mr. J. T. Forgie:* It is only the 6d. I am raising a question upon?—At any time, if you want it, I am prepared to give you the two calculations I made to arrive at that. You had better get it first hand, if you can.

132. *Mr. Arthur Balfour:* 1s. 8½d. and 1s. are comparative?—Yes.

133. If you add 6d. to one you must add it to the other?—No, this 6d. is our best guess of the additional profits for coke ovens and by-products during the war period.

134. *Sir Arthur Duckham:* Owned by collieries?—I have also got something else, and that is very important because it shows the change. You remember on the 24th June an extra 2s. 6d. was put upon the price of coal?

135. *Chairman:* Are you coming to that 2s. 6d. now?—I think I had better leave that. I state the fact that it was put on. The figures for the September quarter shew the effect of it.

136. *Sir L. Chiozza Money:* May I ask what the Coal Controller in advancing this 2s. 6d. took into account?

137. *Chairman:* I thought we would get these figures and my next question is to the reason for and the effect of the increase?—The results for the September quarter merely expressed on an annual basis were as follows: Output, 218 million tons as compared with 236 million tons on the basis of the previous six months and 270 million tons for the pre-war period. The average value at the pit head was 24s. 10d. as compared with the pre-war figure of 8s. 9d. The profits, after deducting depreciation and before charging royalties and interest, were £45 million, and, deducting royalties £6 million, it left a profit of £39 million as compared with the five years average pre-war of £13 million. That being 3s. 6½d. per ton raised as compared with the 1s. per ton raised in the pre-war five years period.

138. I think it will be convenient now that we have those figures for you to give us the reason for and the effect of that increase of 2s. 6d. that was put on the price, I think, on June 24th. the situation was so altered that so far from collieries

139. *Mr. Robert Smillie:* That was the first 2s. 6d.? The first 2s. 6d. was put on for the war wage in

September. This 2s. 6d. is the one on the 24th June. It was 2s. 6d. on inland coal and 5s. to the Allies. The 2s. 6d. put on for the war wage in the previous September was not put on to the Allied coal.

140. *Mr. Robert Smillie:* 1s. 6d. went on that?—That was war wage again on July 7th.

141. *Sir L. Chiozza Money:* Do I understand the profit was £45,000,000 without royalties, and £39,000,000, and accepting for the moment the problematical £6,000,000 for by-products was raised again to £45,000,000?—That is so.

142. Without the problematical £6,000,000 it is 3s. 6½d. per ton?—Yes.

143. Although there was a total profit of 4s. 0½d. per ton including royalties and by-products the price of coal was raised?

144. *Chairman:* I understand that?—Of course, the main feature is the extra 2s. 6d. added to the pit head price. There was also this; the demand for coal by neutrals greatly increased all through the summer. The result was that the price to neutrals was forced up to a very high amount indeed. You will have some evidence before you as to what those prices were. I had better not try to give the figures; they were high. That had a large effect on the increase of the price of coal at the pits.

145. *Mr. Robert Smillie:* That is very small now? That is about 12,000,000 tons a year.

146. *Mr. J. T. Forgie:* The price is very much larger to France and Italy?—It always has been. They had the extra 2s. 6d. put on too.

147. *Mr. Robert Smillie:* The neutrals had to pay extraordinary high prices. The proportion was so small it would not raise very much the price of the total output?—There will be some evidence, I think, about that from another member of our Department.

148. *Chairman:* Now come to the question of the 2s. 6d. put on in 1918; the reason for it and the effect.—I have already explained that in the latter part of 1917 and in the early part of 1918, when the question of increased price was being pressed upon the Controller, the general view, which he approved, was that it was better to let the owners get their compensation under the agreement, which we shall come to later, than put up the price of coal, which might reflect right through every industry in the country. That was before or just about the time when the Coal Mines Agreement Bill came before the House of Commons. Some of you will, no doubt, remember the debates that took place on that Bill, and the discontent in certain quarters of the House with the absence of a financial resolution to meet whatever cost there might be under it; and a pledge was given by the Government at that time to the House that the Coal Control Department should be made self-supporting, either by increase of price or by any other method available. That changed the whole situation. That Bill was passed at the beginning of February, 1918; and, added to that, the submarine menace, as you all remember, was very bad at that time and was not expected to get any better. There was a large comb out of miners, which resulted eventually in reducing the number and in taking away 100,000 men from the numbers employed.

149. *Sir L. Chiozza Money:* You are speaking now of early in 1918?—Yes.

150. The submarine menace was getting decidedly better at that time, not worse?—I am speaking of the end of 1917.

151. *Mr. R. W. Cooper:* The collieries were losing badly up to the end of March. The ships did not come owing to the submarine.—Just about the beginning of March the whole situation changed round like a kaleidoscope. Up to that date coal was a drug in South Wales, so much so that we were considering at that time whether, because the coal was not wanted, we should not close up a lot of these losing collieries in South Wales to which we should have to make large payments. Suddenly the Admiralty found they were able to supply a large amount of extra tonnage, and within about two weeks the situation was so altered that so far from collieries wanting ships there were ships waiting for coal in the ports of South Wales, Durham and other places,

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and could not get it. The comb out came at the same time, and there was every prospect of a great shortage of coal and consequently of large increase in price. We came to the conclusion very reluctantly that in order to make this agreement as we were instructed to do by Parliament and by the pledge the Government had given with regard to self-supporting, it was absolutely essential we should put the price of coal up. Estimates were made for our own purposes from the returns we got in to give us some guide to the way the deficit on the agreement was running. We made them first on the basis of the November and December results as one and continued those on the basis of the March quarter results, the June quarter results, and the September quarter results. On the basis of the November and December results we estimated that we were getting behind on the agreement to the extent of £850,000 a month, that is to say, if we got all the accounts in on that basis we should have to pay out £850,000 a month more than the Inland Revenue were collecting. It does not mean it comes to that figure on the average because things were changing from day to day.

152. *Sir Arthur Duckham*: Were they collecting your 15 per cent.?—Yes. In the March quarter the situation was better. The estimate was £650,000 for the month and remained the same in June. In the September quarter, in spite of the increased prices, the results showed an estimated deficit at the rate of about £100,000 a month. There were only two justifications to my mind for the increase in price, and I think we are all agreed upon that. We know now a great deal more about the situation than we did at the time or could do. We had to take advice and do what we thought best. The two justifications for that were, firstly, the one I mentioned, viz., the necessity imposed by Parliament to make the Coal Mines Department self-supporting, and, secondly, the principle I mentioned before that there were a very large number of collieries losing money and that if you were to put them anywhere near being on the proper basis when the control came to an end (and nobody knew then when the war would be over at that time) you could not leave those people fairly under conditions in which they would immediately the control was off have to face bankruptcy. So the price, it was decided, should be brought up to something like the figure that would enable the collieries producing the requisite tonnage for the needs of the nation to be worked at a profit.

153. *Sir L. Chiozza Money*: You had to be very tender to the poorer colliery owners in the country?—Yes.

154. And we all had to pay for the tenderness?—Yes.

155. *Mr. Sidney Webb*: If there had been one great coal trust there would not be that?—If the profits had been pooled you need not have put the price up.

156. In short, if they belonged to the nation you would not put the price up?—That is my opinion. I do not know that I ought to give opinions.

157. *Sir L. Chiozza Money*: It is legitimate to say this. If these undertakings had been worked as one, even if by a Coal Dictator, there would have been no need to put the price up.

158. *Mr. Sidney Webb*: This 2s. 6d. might fairly be reckoned on 218 million tons for the whole year. That is on the basis of the December quarter?—The December output was a little less. The total output for that year 1918 was 228 million tons.

159. 2s. 6d. on that comes to 28½ million pounds?—You have to take your 8 per cent. off. Call it in round figures 190 million tons. There is 2s. 6d. on that and another 2s. 6d. on the proportion that went to the Allies.

160. £28½ millions on the price you put on for the whole year?—Yes.

161. You did that that you might be protected against paying out something like £100,000 a month?—No. £850,000 per month.

162. That would give you an amount of £10 millions for the year?—Yes.

163. The Controller felt compelled to fix on the whole community that £25 millions to make himself safe to the extent of £10 millions?—Yes, and I will tell you why. The Controller could only get 15 per cent. of the excess. The rest went to Excess Profits Duty.

164. *Sir L. Chiozza Money*: The profits per ton to the coal-owner including by-products and royalties had to be raised to 4s. 7d. a ton, to meet this position in which the industry found itself?—It is not quite fair to say the profits of the coal owner. Ninety-five per cent. of that excess came back either to the Inland Revenue or to the Coal Controller.

165. *Mr. Arthur Balfour*: How is it if the figures which are put by Mr. Webb are correct, you still have a deficit of £100,000 a month?—It is difficult to say.

166. It must be the amounts collected were not as great as expected?—We only got 15 per cent. of the excess but we had to pay out of it the whole of the deficits.

167. The amount you added was not sufficient?—It was not; we thought it would be.

168. *Mr. Robert Smillie*: The consumer had to pay £25 millions, out of which the Coal Controller got £10 millions and the Chancellor of the Exchequer got £15 millions?—Yes.

169. The next point is this, if the Chancellor of the Exchequer did not get that £15 millions that would have been added to the profits of the people who were already getting excess profits?—Yes.

170. It was in a sense justified?—Yes.

171. *Mr. R. W. Cooper*: The State and the Controller got 95 per cent.?—Yes.

172. *Mr. Robert Smillie*: The 5 per cent. was clearly thrown away. It was given to people who were already doing well. Why was it necessary to raise the price? Why should you not get that money in some other way? By raising the price you were putting the money into the pockets of the mine-owners who did not need it?—Another way would have meant another Act of Parliament.

173. To raise £25,000,000 out of the public out of which the Controller got £10,000,000 the Chancellor of the Exchequer got £14,000,000, and the coalowner got the balance, that might be called £1,000,000?—Yes.

174. Was not the motive that you wanted to make the worst mines a little more solvent?—Yes, that was one of the motives.

175. Therefore what you were proceeding to do was to put the price up to benefit the coal properties which did not pay, and to give an extra profit to the collieries that were paying their way. That was the consequence of the separate financial interests?—I do not want to answer in a way I ought not. I am doubtful if I have to give opinions, but the fact is it did add to the profits of the other companies.

176. *Mr. R. H. Tawney*: If the Act of Parliament had allowed you, would you not have subsidised the insolvent mines?—It is difficult to say what the Controller would have done. The financial advisers strongly held that it was very much better for the country to pay compensation under the Coal Mines Agreement than to put up the price, because the latter would re-act through every industry in the country.

177. *Mr. Arthur Balfour*: The increase was not uniform on the whole industry. Some were making a loss?—No. We want a uniform increase for the country.

178. *Mr. Robert Smillie*: It would not be put on the coal sent to neutrals because the neutrals were paying all the time the highest price?—Yes. As a matter of fact, what did happen was this. There was a great scrambling for coal among neutrals and the price went up a great deal more. This advance was a gain to the country.

179. *Mr. R. W. Cooper*: Then you say this price for Allies was fixed by the Controller?—Yes.

180. A scheduled fixed price for the Allies?—Yes.

181. The inland price was a fixed price governed by the Price of Coal (Limitation) Act.

182. *Chairman*: I think you want to make some observations on the Coal Mines Control Agreement.

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183. *Mr. Robert Smillie*: Are you going to come back to the increase issue?—The war wage increase.

184. *Chairman*: Take the Coal Mines Control Agreement?—The Coal Mines Control Agreement is a very complicated thing. It was the result of a compromise, and I suppose if you try to compromise on legal documents you are apt to get into difficulties. I do not want to go into more detail than necessary. I think it better to leave members of the Committee to ask questions and perhaps I may give the broad features. The broad features were these. The collieries were to have their pre-war standard of profits under the Finance Act, as to which I have already given you some indication, provided that they maintained their output at the pre-war figure. If the output fell 20 per cent., say, the pre-war standard was to be reduced 15 per cent.; that is to say the reduction in the standard was to be three-fourths of the reduction of the output. That was a compromise. Another compromise was that if the output fell below 65 per cent. of the pre-war output standard the case was to be judged on its merits and the guaranteed standard fixed by the Controller solely on the basis of what that colliery could have earned on that output if it had been working in the standard period under the same conditions it was working during the controlled period.

185. *Mr. R. W. Cooper*: Excluding war conditions?—Yes; so, in effect, it was a kind of modified guarantee dependant upon the output being maintained; and, of course, to that extent, was an inducement to the owners to keep the output as high as possible. On the other side, the owners were not to be allowed to keep more than 5 per cent. of the profits they earned in excess of the pre-war standard. The Inland Revenue, except for the last month in 1917, was to take 80 per cent., and, therefore, the Coal Controller took 15 per cent. and left 5 per cent. to the owners. The idea was there should be some inducement to those owners whose output was maintained (a great many of the Admiralty collieries suffered very little fall in output), and there should be some inducement to owners towards economy (I admit small), and to get the best output that could be got. Involved in that was the question of the percentage standard. Under the Finance Act, as I have already explained, colliery companies who did not earn 9 per cent. on the capital employed in the business were entitled to have that 9 per cent. as a standard. When we were negotiating the agreement we declined to admit that principle at all for the purpose of control, because it involved that a considerable amount of capital which might be sunk for future purposes, such as buying up large mineral areas or developments which were not expected to mature for several years, would obtain, in effect, a Government guarantee of 9 per cent. on any capital they expended, whether the capital had become remunerative or not. We said that in view of the fact that we were paying out Government money, we could not admit that principle. It remained in effect if the colliery company earned the money and paid Excess Profits Duty. In lieu of that, there were introduced a series of clauses which provided that either the colliery owner or the Controller could apply for a substitute for the profit standard, so as to give the benefit to the colliery owner of any improvement in earnings due to better mining conditions or increased capital expenditure which would, if they had been in force or in use during the pre-war period, have increased the standard of profits in that period. In the same way, the Controller had power, when a colliery had gone to the bad, where there had been a flood or breakdown, on his own motion to fix a substitute for the profit standard downwards. The only other point I need mention of a general character is this. In order to save expense in administration, and to enable us to run the Finance Branch of the Coal Control with a small staff, we threw the duty on to the Inland Revenue of collecting the 15 per cent. and made the standard for that purpose practically identical with the Finance Act standard except as to the percentage standard. By that means we saved a considerable amount of expense, as we should have had to have a large staff to do that work. Up to

date this is, if not to-day, we have paid, under clause 4 and the other compensation clause 14 of the agreement, £2,332,375, and the Inland Revenue have collected for us £340,947; leaving a balance against the Controller up to date of £1,991,428. That is the position at the present time. I should add that on the average the statements are pretty nearly from six to twelve months in arrear, because the accounts do not come in.

186. *Mr. R. W. Cooper*: Some of the colliery companies took advantage of the position given by the Finance Act, 1916, to make payments in anticipation?—Yes, there were payments on account made then.

187. On which interest was allowed by the Exchequer at 5 per cent. pending the settlement of the account.—I do not think it is allowed on the coal mines excess payments. The Inland Revenue had no authority to do so.

188. The owner gets receipts from time to time as he makes those payments?—And the Inland Revenue pay over to us.

189. *Mr. Sidney Webb*: We shall have details of these payments?—Yes.

190. We should like to have the whole accounts.—I have brought up two or three files to show you.

191. *Mr. Evan Williams*: Does this sum of £2,332,375 include the expense of running your establishment?—No, nothing to do with it at all.

192. *Chairman*: How is it paid out?—It is paid out as compensation.

193. *Mr. Robert Smillie*: How is this deficit met?—Out of the vote of credit.

194. *Mr. R. W. Cooper*: You said that you paid under Clause 4 and Clause 14. How much of that related to Clause 14?—£28,863 and another £50,000 we shall get back; £78,000 altogether on Clause 14. £50,000 was an advance for working capital on a mine we were running, because the owner refused to carry that on.

195. *Mr. Robert Smillie*: Your 15 per cent. does not meet the outlay?—Nothing like it at the moment.

196. *Chairman*: Does that conclude all you want to say on that?—Yes.

197. Come now to the war wage and divide that into three parts. First, how it was met before June 30th, 1918, how after June 30th, 1918, and give us the results during 1918.—The war wage, as you all know, first came up in September, 1917, and it dated from September 17th, 1917. An increased price of 2s. 6d. a ton was paid on at that time, which began, as to part of the trade, in September, 1917, and as to the balance in October, 1917, a month later. That 2s. 6d. we added was based on the best estimate we could get at the time. I am bound to say there was very little to go upon. Our accounts had hardly begun to come in. We had had considerable delay in settling the form and had very few returns in. It was based on the best estimates available, and I shall be pleased to produce those if they are wanted. I am not yet in a position to say what the effect of that was on the three months ending Christmas. In the form of return at that time which is the one in use we did not ask for the war wage payments to be shewn separately. We have asked for it since. The total amount of war wage paid out I hope we shall be able to give you. The submarine activity during that period was very bad, and I have very little doubt myself, and I think the figures will confirm this, that the actual cost of the war wage during the three months was certainly not less than 2s. 6d. I should not be surprised to find it was more. For the next 6 months during which the war wage was in operation conditions were better as to short time, owing to the improvement in the shipping conditions in March and April and onwards, and owing to the comb-out, and at that time there was much less short time being worked. The results for the June quarter were certainly better, and I have the approximate figure for that. You must remember the 2s. 6d. rate through those 9 months did not apply to allied coal, and I tried to get yesterday—I will get it for you—the tonnage of the allied coal to which it did not apply. My impression is it was 25 million tons a

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[Continued.]

year. The actual war wage payments made based on a tabulation of about 80 per cent. of the tonnage we have got in is approximately 9 millions. That is the first war wage.

198. *Mr. Frank Hodges*: Is that for 6 months ending June, 1918?—Yes.

199. *Sir L. Chiozza Money*: War wage cost 9 millions?—Yes.

200. The tonnage on saleable coal for that 6 months?—Yes, about 106 millions. I have taken off that 12 millions to represent the coal to the allies which did not pay the 2s. 6d. That leaves 94 millions. The income from that war wage for that 6 months would be 12 millions. It is 94 million tons for 6 months at 2s. 6d., which is roughly 12 million pounds.

201. *Mr. Sidney Webb*: What was the war wage?—1s. 6d. and 9d. 1s. 6d. a day for men and 9d. for boys.

202. The 2s. 6d., the 33 per cent. in excess of what was paid, would have paid for a war wage of 2s.?—For that period. I want you to take those 9 months altogether. I am inclined to think myself there was a deficit for the first three months. I will try and get the figures for you.

203. *Sir L. Chiozza Money*: I cannot understand it. I go back to the statement you gave us and find the profit of 1s. 8½d. a ton without royalties, 2s. 4d. with royalties, and 2s. 10d. with the by-products. I cannot understand why in view of these figures and the pre-war average you gave us it was necessary to put 2s. 6d. a ton on coal?—I must ask the Commission to remember we had not got these figures for more than a month or two. We had not got them and only have them now as a result of all the tabulation and returns we have got in since.

204. *Mr. Sidney Webb*: You granted 2s. 6d. extra on coal without knowing what the cost was?—Without knowing all these figures.

205. Would not the Coal Controller know these figures?—When the 2s. 6d. was granted in June we knew nothing about the quarter ending March. The last information we had as to the 2s. 6d., which was granted in June, were the returns for November and December, which I have referred to.

206. If you had known what you know now probably the Controller would not have recommended the 2s. 6d. in the face of the extraordinary profits?—That, again, is a matter of opinion.

207. *Sir L. Chiozza Money*: You did not know, and therefore could not tell His Majesty's Government?—No.

208. The War Cabinet did not know?—No.

209. The Prime Minister did not know?—No.

210. *Mr. Robert Smillie*: Have you attempted to make up during the first three months an estimate of whether they required the 2s. 6d. a ton to pay for the war wage?—You have mentioned that, and I said I should be pleased to submit the details to the Commission.

211. The return you have put in shows that you did not request the whole of the 2s. 6d. to pay war wage?—The estimate at the time we added the 2s. 6d. to the price showed that we required 1s. 9d. We excluded the allied tonnage and wanted a margin to be on the safe side. The figure just suggested was 2s. The Controller thought it better to increase that to 2s. 6d., because the future was uncertain and he did not want a deficit.

212. *Mr. Sidney Webb*: It did not show a deficit?—It was worked through the Coal Mines Agreement. We will take two collieries owned by A. and B. Colliery owner A. was making more money than his pre-war standard. If he made anything out of the war wage he could only keep 5 per cent. of it. Colliery owner B. was making less than his pre-war standard. We had to pay him something to make up the deficit. If he made a profit on the war wage the whole came back to our pockets.

213. If the two had amalgamated you would not have had the deficit to pay?—On the facts I have submitted I should say no.

214. If all the others amalgamated there would be no deficit to pay?—If everything was amalgamated things would be very different.

215. *Mr. Frank Hodges*: Do you say that when the 2s. 6d. was put on you were not aware of the profits earned in the industry?—Those figures of pre-war profits I only obtained from Dr. Stamp certainly not more than three or four months ago. I did not know that they existed.

216. *Mr. Sidney Webb*: Had the Coal Controller authority to get them from Dr. Stamp?—Dr. Stamp, as a matter of fact, read the paper in which he gave these facts before the Statistical Society.

217. The Statistical Society got them before the Government got them?—Dr. Stamp did not give them as a Government official.

218. *Mr. Robert Smillie*: If the first two quarters of 1918 had been the same as the last two quarters of 1917, in your view you would not have had more than the money necessary to pay?—Yes, I want to come to the September quarter, when there were exact figures. Feeling that we ought to have the whole of the surplus, if there was any, on the War Wage for the Control, when the second war wage was put on we made a new regulation under the Defence of the Realm Act in which the war wage paid by the collieries was to be charged to the Controller and not treated as part of the expenses, and on the other hand 4s. per ton, which was our estimate of the amount to be required to meet it, was to be credited by the collieries to the Controller and deducted from the selling price in their accounts. That is both war wages. I have the result of that based on 78 per cent. of the total tonnage.

Sir L. Chiozza Money: Will these statements be put in?

219. *Chairman*: Yes.—I take it the greater part of what I am giving you will appear in the proceedings.

220. *Chairman*: The shorthand notes will be available to-morrow morning?—Might I suggest to the Commission when they have seen the report they might decide which individual statements they would like to have and let me know and I will get them out.

221. We will leave it at that for the moment?—The actual amount paid in respect of 78 per cent. of the tonnage for war wage and war bonus was just over £7 millions.

222. *Mr. Arthur Balfour*: For the September quarter of 1918?—Yes. The figure you had better take is the contribution on that basis of the whole tonnage, which is practically £9,200,000. With regard to the war wage and war bonus, the war bonus is quite a small part of it. The contribution is on the basis of 4s. per ton, and we lost a week because the 1s. 6d. rise in price was only put on on the 7th July, whereas the war wage came into effect on the 30th June. There is an estimated surplus on that quarter on payments aggregating £9 millions of £200,000, which is about 1½d. per ton. That may be slightly increased for this reason, that when payments are to be received from the Government, those who are to receive money are more prompt in sending in their returns than those who have to pay the Government, so that the returns we have not got in all probably show a surplus and tend to swell that surplus. My impression is it will not exceed £300,000 or thereabout for that quarter.

223. *Sir L. Chiozza Money*: When the Coal Controller settled that contribution per ton had he within his knowledge this estimate of the profit per ton for that quarter?—No. I only got that within the last two or three weeks, I may say.

224. *Mr. Sidney Webb*: In respect of the extra wage which the Government agreed was to be taken out of the profits of the coal owner there has always been a compensating addition made to the buyer?—Yes.

Mr. R. H. Tawney: The profits are three times as much.

225. *Mr. Sidney Webb*: It is common ground they were very much greater?—I think, Mr. Webb, if you had been sitting, as I have, in the Coal Control, you would agree that I did not get any common knowledge of that sort, I can say I got rather the reverse.

Chairman: That finishes all about the war wage, I think.

226. *Mr. Robert Smillie*: Were those the only two increases that were put on to meet the war wage?—2s. 6d. and 1s. 6d.

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227. Was there not 2s. 6d. put on afterwards?—The only one was the 24th June, which I have already referred to. There was 2s. 6d. put on in two districts.

228. Is there not really two, two and sixpences, five shillings, and one shilling and sixpence; that is to say, 6s. 6d. put on to meet the war wage?—Not to meet the war wage. 4s. to meet the war wage, and 2s. 6d. to help to meet the general cost.

229. Were we not told that it was to meet the war wage, and the 4s. did not meet it?—We knew that 4s. was enough. Our estimate was 3s. 9d., and we put another 3d. on to make quite sure.

230. The next 2s. 6d. was what?—The general increase in cost to make the Coal Mines Agreement self-supporting.

231. On the employers' cost?—For timber and stores.

232. Were not they reduced long before that? There was no increase in stores after we had got our second war wage?—The figures show there has been a very considerable rise in the cost of stores and material continuously, and largely for this reason. The stores are on hand for some time; they are bought at a low price and you do not feel the effect on higher prices until the stores are bought to replace those used and they go into the cost.

233. That 2s. 6d. was put on to enable the employers to pay for the extra stores, fodder, &c.?—And partly to make the Coal Mines Agreement self-supporting.

234. *Mr. Sidney Webb*: Did the coalowners come and say they were making a loss?—A great many came and pointed out they were making a loss. The ones who are making a profit do not often come to see us.

235. *Mr. Frank Hodges*: When it came to putting 2s. 6d. on the ton to meet the war wage you were not in a position to judge the profits that were being made in the industry. On the other hand, when the coalowners came and said the cost had gone up you were in a position to ascertain to some extent the cost had gone up, and you put, with the full knowledge of the fact that the cost had gone up, an extra 2s. 6d. on. How did it come about you possessed the knowledge of the increased cost and not the knowledge of the increased profit?—We had the cost for November and December. The Limitation of Coal Prices Act came in in 1915. There had been no further increase in the price of coal after that date. The cost of stores and material, and so on, had risen considerably from that date and no addition to the price of coal had been put on to meet that. I am prepared to admit on the information we have now it is extremely improbable that that 2s. 6d. would have gone on.

236. That 2s. 6d. cost £25 million?—Yes, I agree.

237. There was another way to do it?—The cheaper way was under the agreement.

238. You say coal had not gone up in price since 1915?—I talk about inland coal.

239. The pit head price rose to 24s. 10d.?—That is largely the export price, I understand.

240. It must be very large to raise the price from 12s. 5d. in 1915 on the whole amount to 24s. 10d. on the whole amount merely by a rise in export prices?—We have put on 6s. 6d. a ton since that. Up to the time we put the 2s. 6d. on in September, 1917, for war wages, there was no increase in price except the 4s. under the Limitation Act.

241. *Sir L. Chiozza Money*: At what date did you become aware of the figures which you have given us with regard to the returns for the period July to September, 1918, showing a profit excluding royalties and by-products of 3s. 6½d. a ton?—Two days ago. I knew a week ago they were 3s. 3d. It was not until we got these figures out we knew what they were. We finished them off on Sunday.

242. This knowledge was not in the possession of His Majesty's Government last Monday?—It has not been in the possession of a soul outside myself and my assistants until this minute.

243. You mean a rise of 6s. 6d. in the South Western Counties?—There was an increase of 2s. 6d. in South Staffordshire and, I think, in the Forest of Dean. In South Wales they have not had the extra 2s. 6d. since the control. They had the extra 2s. 6d. before the control. They had 4s.; then 2s. 6d., and 6s. 6d. besides, making 13s.

244. *Mr. Robert Smillie*: They have had all those to meet the increase of works and stores. Has an attempt been made to find out whether it cost 13s. for that?—The figures we show you will show all that. You have the South Wales figures in front of you for two quarters. You can see what the figures were.

245. *Mr. R. H. Tawney*: How did it happen that you put up the price? Was it when representations were made by the coalowners?—It was when it was discussed by the Controller and the coalowners.

246. Did they submit written evidence?—You must ask Mr. Lee upon that. All I had to do was with the financial side.

247. On the financial side this extraordinary fact arose, that a rise in the price of coal has been made for which there appears to be no justification and for that the nation has been paying?—The nation has not been paying; it got it all back—it was the consumers.

248. What was the evidence upon which that extraordinary step was taken?—As I say, I have not got it actually here. I have a complete statement of the estimate I put to the Controller on which this 2s. 6d. was based.

249. I want the estimate put before us. You did not approach the coalowners and ask them if they wanted an advance in price; they approached you and said they did?—That is my recollection.

250. On what statement was that made?

Chairman: Mr. Dickinson is on the financial side.

Sir L. Chiozza Money: The seriousness of this cannot be exaggerated.

Chairman: This witness does not know.

251. *Mr. Frank Hodges*: Was Form G in operation then?—That came into operation on the 1st January, 1918.

252. If you had this form in operation earlier you could have seen quarter by quarter whether the costs were mounting up, and you would have seen it in the profit and loss account and made a compromise.—We had Form A, which is a similar one.

253. *Mr. Sidney Webb*: Did not Form A show it?—Yes.

254. Those were the only ones you had? You had the others in your office?—I am having the rest tabulated now, they were rather fragmentary for the first five or six months, and we have not been able to get them tabulated until now. We have been very short staffed. We did tabulate November and December sometime about February or March. Those statements showed that a small percentage of the collieries produced a large percentage of the output at a profit, and another percentage was running at a loss.

255. This tax of £25 million a year is an important thing. You had that confirmation in your office; you had tabulated those figures and you should have been in a position to form an estimate of the profits. That £25 millions was money which we think was not necessary?—From your point of view.

256. It was not necessary to enable the colliery owners to pay their way?—It was necessary to enable a large proportion of them to pay their way.

257. A small proportion. You have explained it was not necessary for that purpose. You have explained there was a cheaper method of doing it under the Coal Control Act?—Yes, we were precluded from using the other method by Parliament.

258. I think not. It is some portion of His Majesty's Government, not Parliament?—Somebody above us.

259. You were telling us you have only just got out those estimates of what the profits now are?—Not estimates, they are facts.

260. I think some weeks ago an offer was made to the Miners' Federation of an advance of 1s. a ton in wages. Could you tell me what information that was based upon?—I think it was based largely on the general idea I had that the results in September for the September quarter were very much better than we had anticipated they would be, and there was certainly enough then to meet the 1s. without any addition.

261. The shilling a ton was not based on exact information, it was merely you thought there was enough?—If you are living with a job like this day in and day out for 2 years you do get impressions

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into your mind which are not very far from the truth.

262. That is why I am surprised at the £25 millions?—It took me a year to learn the job to begin with.

263. That proposal of a shilling per day rise for the whole million workers was made on your suggestion that there would be enough out of the existing profits to meet it?—It was made on no estimate. It was proved apparently that the effect of the rise in the cost of living was such as to justify another shilling per ton. If that was a fair thing to give it should be given, and the means of meeting it should be found afterwards.

264. Was it suggested the coalowner should get permission to put that price up further to meet it?—We never reached that point; it was not considered.

265. Do you suggest it was open to the Government to put the price up?—The Controller can put the price up whenever he likes.

266. It would not be morally open to the Coal Controller to put the price up if he knew the coalowner was receiving one and three-quarters of the profits he was receiving in pre-war times.

Mr. H. W. Cooper: The coalowners were not receiving it. That industry was yielding it, but not to the coalowners.

Mr. Sidney Webb: That is true. They were compelled to give 95 per cent. back to the State. We shall have our bone to pick with the Chancellor of the Exchequer.

Mr. R. W. Cooper: I do not think it is fair to use the expression the coalowner was receiving it. It is not a fact!

Sir L. Chiozza Money: Mr. Dickinson has said he was looking to the time when the war conditions would pass, and wanted to leave the coal industry in a fair position.

Chairman: This is a matter for argument later on. Mr. Webb meant a coalowner got 5 per cent.

Mr. J. T. Forgie: They did not all get it. The £100,000 deficiency Mr. Dickinson has brought out shows that cannot be.

Sir L. Chiozza Money: We shall also get the dividends of the colliery companies.

Chairman: They are at your disposal.

267. *Mr. Frank Hodges:* In order to clear up one point I want to know how the Coal Controller came to his decision that the cost of production has risen. You said you had a Form A which was in operation before this Form G. Did not that show a Profit and Loss Account on every quarter's working?—Yes, substantially, but not quite as full as Form G.

268. Would that be coming in regularly every quarter?—It is supposed to come in every month. It came in irregularly. The first tabulation made was this tabulation of November and December, which were got about the end of March, 1918.

269. When that application was made for increased price was there a comparison between their application and their statement of increased cost on Form A which you had in your possession?—Would you like me to repeat what I said before? I have that estimate, and I will submit it, but I could not lay my hands upon it last night. I will place the whole of the estimate at the disposal of the Commission. I would rather not speak to it without that. I have not seen it for six months.

Chairman: That finishes the war wage, subject to the estimate for Mr. Hodges.

270. *Sir L. Chiozza Money:* Of course, Mr. Cooper is justified in saying at the present time the coal owners are not receiving this large profit which is now being revealed; but in the position, facing the miners' demand, was not the Coal Controller aware that there was a substantial balance of profit which would furnish more than the 1s. a day which was offered to the miners in satisfaction of that?—I do not think he was. The Controller, unfortunately, as we all know, was ill from the 1st January onwards. We were most of us engaged in doing our particular piece of work, which particular piece of work in the Finance Branch is to settle accounts with owners. These statistics are a secondary thing, and I had to get a staff in to do them.

271. Did you take counsel with the coal owner as to what could be offered out of those profits? Was any counsel taken in respect of that demand?—You must ask somebody else that. There were meetings between the Controller and the owners on this subject, but I was not there.

272. *Mr. Robert Smillie:* One question about the negotiations with the employers. Were you with the Coal Controller and the employers on the Bill?—All through.

273. Do you know whether or not the miners' representatives on the Coal Control Board were told anything about this arrangement the Coal Controller was about to come to with the employers, or did they settle that with the employers?—I cannot answer that. I was at the meeting with the Committee. I do not know what negotiations there were with the miners.

Chairman: Mr. Lee will be here this afternoon or to-morrow and will give this.

274. *Sir L. Chiozza Money:* Who can tell us, apart from the question of average price, the price of coal at the pit heads in several districts. From whom shall we get that information?—There never was any settlement of such prices. The price was fixed under the Price of Coal Limitation Act that the price of coal must not exceed 4s. a ton in excess of the standard price for the same quality. I do not remember the exact wording. I have not the Act itself before me.

Mr. R. W. Cooper: It is Section 1, Sub-section (1).

Sir L. Chiozza Money: There is no specific determination of the prices for different classes of coal at the pit head.

Mr. R. W. Cooper: The basic price was the actual price between the particular colliery company and the particular buyer in the prescribed standard trade gear. If I were selling coal to the London Gas Company they would say what was the price at a certain date of a corresponding class delivered under the same conditions. They said you cannot add more than 4s. to that. That applied to all coal consumed in London. The Act did not apply to export or bunker coal.

Mr. Frank Hodges: The buyer fixed it himself in the majority of cases.

Mr. R. W. Cooper: More than once the buyer asked for evidence with regard to the price. Suppose you quoted a price on the 4th March, 1916, the buyer said, "Produce evidence with regard to the price you were getting on the 4th March, 1914, for the same class of coal."

Mr. Evan Williams: There was a Committee set up which had the power of reviewing any price complained of by a buyer.

275. *Chairman:* You have some statistics of the production and earnings of persons employed during the pre-war and the controlled periods?—I have already given you the tonnage output. I must now explain a little bit of estimating in respect of the pre-war figures. You have this table before you.* It is marked "Table A. Statistics of Coal Industry." On that table, up to a point, there is the profit and royalties and the profits per ton. I have explained how we got those figures partly from the Home Office returns and partly from figures supplied by Dr Stamp. Then I was furnished with a pamphlet called "The Economics of Coal Production," by Professor Henry Louis, in which he gave for certain specific years the estimate and proportion of the selling price expended on wages, and certain other items. He apparently based his on the year 1913, and he said the wages for that year were 62.55 per cent. of the pit-mouth price given in the Home Office Report, which was 10s. 1½d. From that I deducted to total amount in money wages for that year. Dividing tonnage and wages by the number of men given by the Home Office, you get the tonnage raised, and the earnings per person employed. I tested that figure by comparing it with the result we had obtained ourselves from the colliery returns for the months of November and December, 1917, and I found that allowing for the variation due to the war wage imposed in those months that his estimate brought out the exact cost per ton in wages that

* See Appendices 1 and 5.

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[Continued.]

we had arrived at from the tabulated statistics for those two months. I then assumed, and I think it is a fair assumption, as there was not much variation in these 5 years that that 62.55 per cent. of Professor Louis which he had assumed for 1913 could be equitably and fairly applied to the intervening years up to 1917, as I had found that it could be applied to the wages cost for 1917, practically exactly. He also gave for two other periods figures that had been used by other people, a certain Dr. Simpson, who tabulated figures for the periods from 1866 to 1896. Lord Joicey based his calculations on the Board of Trade Report for 1907, and gave a percentage of 67.37 of the selling price at the time. This was for the year 1901. Years from before 1866 to 1896, Dr. Simpson gave a figure of 66 per cent. of the selling price.

276. *Mr. R. W. Cooper*: Would not that depend upon the amount of the selling price?—I imagine it would. I came to the conclusion when there was a jump in price of a shilling a ton in one year those percentages did not work. When there is a rise in price, the rise of wages follows, and does not accompany it. I did not like to put those figures to you except based on the three particular years and the period I had tested.

277. What is the pamphlet called?—The "Economies of Coal Production," by Professor Henry Louis, a paper read before the Society of Economic Industry on the 4th December, 1917. I think I had better get a sufficient number of copies for the members.

278. Professor Louis is a Professor of Mining in the College at Newcastle?—I will deal first with what those figures show of the earnings per person employed, that is, average yearly earnings for persons employed obtained by dividing the number of men given in the Home Office Report as employed in the mines with the wage arrived at in the manner I have described. Those figures are as follows:—For the year 1891 I have called that an average of 1889 to 1893, as that all comes into the period and it is £68 per annum per person employed, that is to say, all persons

in or about coal mines as given in the Home Office Report.

279. *Mr. R. W. Cooper*: That is both men and boys?—Yes.

280. Surface and underground?—Yes.

281. Is there any means of finding out the average adult wage of persons above 16 years of age?—At those periods?

282. Yes?—I do know of anything. I have come to the conclusion there is a mass of information tucked away in all kinds of blue books which appear to be buried, and unless somebody knows where to find it will not be found. The next period is the 1891 figure, that is to say the average from 1899 to 1903, and that works out at £85 per person employed.

283. *Mr. Robert Smillie*: The value of coal was about 7s. a ton more?—The value at the pithead was 8s. 8½d. The value in the first period was 7s. 4d.

284. That has included prosperous years?—Yes. I will leave the intervening years, because I could not be sure of them. Then 1913, the year Professor Louis worked upon, the pithead value was 10s. 0½d., and the average £82 per head per person employed. Then in 1914 there is a little uncertainty about which I enquired into. I find the Home Office in their published blue book gives the number of persons employed in that year, which is just in July before the war, whereas in other years it is supposed to be an average number for the year. The number by December had dropped very considerably. I made an adjustment for that and arrived at that year, when the output dropped, at £79 a year.

285. What was the coal price at the pithead in 1914?—A fraction under 10s. In 1915 the price was 12s. 5½d. And the average earning was £105.

286. *Mr. Robert Smillie*: When the price was 9s. 11d. the earnings were £79. In 1901 the price is 8s. 8½d., and the earnings £85?—Yes. In 1916 the average price at the pithead was 15s. 7½d. and the average earnings £127 per man. In 1917 the pithead price was 16s. 8½d. and the earnings per man £129. That includes in 1917 a piece of the war wage.

(Adjourned for a short time.)

287. *Chairman*: When we adjourned you were just giving me something with regard to the output and the wages per man and so forth. I want you to continue that. I think the last figure you gave, if I remember rightly, was for 1917, earnings per head £129 and pit-price of coal per ton 16s. 8½d. Will you take it up from there?—Yes. I think I had better complete the pre-war and pre-control period by giving you the "get" per person employed. That is taken straight from the Home Office returns which give each year the tonnage raised and the number of persons employed. I have just worked them out, and I want to divide them into two periods, namely, up to 1907 and since 1907.

288. *Mr. Sidney Webb*: When you say "person employed," that means the whole number of persons employed in and about the pits?—Yes, men and boys.

289. That has nothing to do with getting the coal?—Yes.

290. Because a great deal more is done in getting the coal?—Yes. I do not know of any statistics that deal with the amount of coal got per coal-getter; I have not seen them. The output per person employed in the five years ending 1893 was 282 tons; in the five years ending 1903, ten years later, it was 288 tons.

291. *Mr. R. W. Cooper*: Would you give the persons employed?—The persons employed for the average of those first five years were 631,600; the average get per person 282 tons. For the five years, 1899 to 1903, there were 776,680 persons employed and the average per person was 288 tons. Then I want to take you to 1907, four years later, which I believe was the year just before the Eight Hours Act came into force.

292. 1908, I think, is the year before the Act?—I will give you 1908 as well. For 1907 it was 925,097 persons employed and the "get" per person 289 tons, or practically the same. Then in 1908 it was 972,232 persons employed and the "get" per person dropped to 269 tons or 20 tons less.

Sir L. Chiozza Money: The Act was only passed in that year.

Chairman: The Act provides by section 8 that it shall come into operation as respects mines in the Counties of Northumberland and Durham on 1st January, 1910, and elsewhere on the 1st day of July, 1909.

293. *Mr. R. H. Tawney*: The last figures you gave were for 1908, were they not?—Yes. I was wrong when I said that was the year the Act came into force.

Mr. R. W. Cooper: It is merely a question of date.

Witness: Then for 1909 the figures are 992,333 persons employed and the average "get" was 266 tons. In 1910 it was 1,027,539 persons and the "get" is 257 tons.

294. *Mr. J. T. Forgie*: Do you know if there is any change in the composition of those figures, because there were one or two years in which the Home Office changed their figures from underground workers to underground and surface combined?—These figures are all underground and surface combined.

Mr. Sidney Webb: But they all include the new processes coming in increasingly of dealing with the coal on the surface.

Mr. J. T. Forgie: What I want to bring out is this: Are all these figures on one basis? You notice in 1907 it shows a number there very much less than the increase in 1909, and there is an increase of 60,000 the year before. I was wondering whether that had anything to do with it.

Sir Richard Redmayne: There has been no change in the method of keeping the figures in the last few years.

Mr. J. T. Forgie: I remember in one year the figures were based not on the total persons employed about the mines, but only persons employed underground.

Mr. Robert Smillie: You get both.

Sir Richard Redmayne: Not for the last 20 years. What I think you are really thinking about is this. There was some change in the output figures in which deductions were made for stones. The only change made in the figures at all has been at the

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[Continued.]

time at which they were taken, which was stated by Mr. Dickinson some time back. For the year before the war, owing to the very heavy recruiting which took place, we took the figures at a different date in the year.

Mr. J. T. Forgie: So long as they are on the same basis it is all right.

Sir Richard Redmayne: The figures of Mr. Dickinson are all on the same basis.

Mr. Arthur Balfour: The explanation is that the trade was very bad in 1909.

296. *Chairman*: Now, Mr. Dickinson, will you continue with your figures.—I do not know that I need go through these, because there is no material change to speak of between 1911 and 1914.

297. *Mr. R. W. Cooper*: There is a very heavy drop in 1912?—The coal strike accounts for that.

298. *Sir L. Chiozza Money*: Do you mean there is no visible effect of the Eight Hours Act?—No, but I mean the figures are very much the same until we come to where they begin to change again.

299. As a matter of fact there is no visible effect of the Eight Hours Act on production?—It does not seem there is, if that is the year it came in.

Sir L. Chiozza Money: I remember the most gloomy predictions in the Report of the Commissioners.

Sir Richard Redmayne: The effect in the decreased output or "get" per man, whichever way you look at it, was not anything like what was anticipated.

Sir L. Chiozza Money: It was in fact practically nil.

Sir Richard Redmayne: No, it fell, and it fell most during the year the Act became operative in the whole country and the next year, and there were improvements after that until just before the war the output per person nearly reached what it was before the Eight Hours Act came into operation, owing doubtless to organisation.

Mr. Sidney Webb: In the meantime there had been steady increase in the washing of coal and the other things done which meant an increased staff employed above ground.

Chairman: I think we can get these figures from Sir Richard Redmayne accurately without speculation.

Sir L. Chiozza Money: You will remember I have asked for a return which will exhibit that pretty clearly.

Chairman: Yes, it is being prepared now.

300. Now have you anything else?—I was going to give you two or three later years. In 1915 the number of men dropped by reason of the war to 939,000, having been in 1913 1,111,000, a drop of 160,000 men, but the "get" per man in 1913 was 259 tons; in 1915, 270 tons and in 1916 the numbers were up a little—984,796 men and a total per man of 260 tons. In 1917 the number employed was 1,006,000 odd and output 247 tons per man. Then when you come to 1918—these are the figures I want to give you now—for the six months ending June the tonnage raised was at the rate of 245 tons per person employed, as compared with 247 tons in 1917. Then for the three months to September it was 235 tons per man. Then may I finish the figures of earnings per person employed which I gave you up to 1917. In the first half of 1918 (six months) the earnings per person employed were at the rate of £149 per person and for the three months to September at the rate of £169 per person.

301. *Mr. R. H. Tawney*: May we have the price of coal?—From January to June it was 20s.

302. *Mr. Arthur Balfour*: At the pit mouth?—Yes, and July to September, 24s. 10d.

303. *Mr. R. H. Tawney*: And the wages for the last three months?—Do you mean the actual wages or cost?

304. Wages?—£169 per man.

Sir L. Chiozza Money: It is certainly true of the later periods as Mr. Webb has reminded us, that the number of persons employed in surface operations had very greatly increased. It would be unfortunate if it went out that the output per man had dropped to 235 tons per man without that being pointed out.

The Witness: I am afraid I do not know about that.

Sir Arthur Duckham: I speak from my own knowledge. The washings during the war period have been less than the washings before the war. There has been less washing done at the pit mouth during the war than before the war.

Chairman: It is useful to have that, but may we get it from the witnesses. I am reminded by the Secretary that there were circulated the Coal Tables down to 1912, and we shall find much of this information in those tables.

305. *Mr. Frank Hodges*: May I ask a question as to how these figures are made up. (*To the Witness.*) How do you arrive at the number of persons employed?—From the Home Office Returns.

306. Then you cannot say whether the Home Office gets them from the names on the colliery books or the number of days worked in a particular period?—Up to the time of control they come from the Home Office Returns. Since the control our Statistical Department has kept them for every 4 weeks, and the numbers for these periods are made up from these four weekly totals right through the year.

307. That is to say, if you have a colliery of 100,000 men you take that colliery and divide the output by 100,000 men; but supposing 500 of those men only work half time during that period, then how do you arrive at your output per person?—I think, Mr. Chairman, you will have to call the Statistical Official of the Coal Control Office on these because he knows how he made them up.

308. *Mr. R. W. Cooper*: You give the number of persons at the end of the period, that is the end of the quarterly period?—Yes. They are taken from the statistical figures kept by the Chief Statistical Official in the Coal Mines Department.

309. *Chairman*: Now is there anything further on that point—Statistics of Production and Earnings per man in the pre-war period?—No, I do not think there is anything more I need call attention to.

310. Now I want to come to another rather important matter. You, I think, have made an estimate of what will be the effect of an increased wage and lesser hours upon the cost of production. First of all will you tell me what increased wage you have taken and then what shorter hours you have taken?—I have worked this out on the basis of a 30 per cent. increase on the wages excluding war wage, and for the shorter hours, and as to the effect of the shorter hours, of which I have no knowledge at all, I have adopted a figure used by our technical advisers—that a reduction of hours from 8 to 6 would mean 20 per cent. reduction in output. Whether that is right or wrong, I do not know.

311. I want to be clear as to the figures you are going to give. Now, what are the effects on the cost of production of 30 per cent. increase of wages exclusive of war wage and the reduction of hours from eight to six?—Assuming that gives a 20 per cent. reduction?

312. Yes, will you please deal with that?—I think, perhaps, I had better give you the result first and answer questions about it afterwards.

313. Certainly.—What I find is that the reduction of hours will mean an increase in cost of 2s. 7d. per ton above the September 1918 figures, and that the increase of wages will mean an increase in cost of 4s. per ton. That is a total increase of 6s. 7d. per ton on that assumption.

314. I will leave the members of the Commission later on to ask you questions about that, but that is all you want to say on that particular point. No doubt you will be asked your reasons. Now I come to my last set of questions. I think you have certain summaries of statistical information prepared by the Department and some explanations to give with regard to them, and that will be all I have to ask you. Now, will you kindly explain these tables which you have been kind enough to hand to the Commission?—There are four tables there,* and I think if I explain one of them, as they are all the same but for different periods, that will be sufficient for the immediate purpose. In the course of our work in settling claims of owners under the Coal Mines Control Agreement we have to get the pre-war standards of the individual cases. There is a considerable delay in getting these,

* See Appendix 5A to 5D (ii).

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partly because of the congestion of work in the Inland Revenue Department owing to the war, and partly, and perhaps mainly, owing to the necessity in the case of composite undertakings for dividing the Excess Profits Duty standard between the Coal Mines portion of the undertaking and that portion which does not come within the provisions of the Coal Mines Agreement. The result is that we have not been able to get anything like as large a percentage of these cases of which we know the standards as we have of the total cases which we merely tabulate on the quarterly returns of current business. But they vary in number from 4 per cent. of the total in November and December, about the same in March, just under 42 per cent. in June, and 34 per cent. in September. Now these are based on tons raised, which are the figures I have been using all through, so that they are comparable. We have just set out shortly the number of cases. There are 407 in one quarter, dropping down to 329 in September last year. You have the standard output of those cases—that is to say, the output that corresponds to the standard output in the pre-war years. You have the standard profits aggregated. Then you have the amount per ton of coal raised and the actual output in the period designated at the top of each statement—that is to say, November and December and so on. You have the percentage of reduction in output, the actual profits that were earned in those periods and the profit per ton raised. Now, I should say that these figures are in one respect on a slightly different basis from the figures we have been talking about. For the purpose of Excess Profits Duty you have to deduct not only royalties but interest charged, which is an expense for that purpose. Now, in November and December we have not had the figures for interest charges; but in those months of November and December there was also omitted miscellaneous receipts—that is to say, wagon-rentals and miscellaneous farming profits and things of that sort, which were not included in our first form of Return A. We have since found that those miscellaneous profits come out each quarter at about 3d. a ton or a little over, and we have assumed that that 3d. per ton just about represents the interest on the other side, i.e., it may be off-set as against the interest on the other side. There is not very much in it, but I just wanted to mention it, because it may throw the figures out 2d. or 3d., or something of that sort.

315. *Mr. R. W. Cooper*: I suppose you have excluded income from investments?—Yes, that is always excluded.

316. *Chairman*: Before we go on what are these Divisions, 1 to 6?—Those are the six divisions into which the country is divided in the Home Office Returns. No. 1 is Scotland, and No. 2 is Northumberland, Durham and Cumberland, and so on.

Chairman: The Home Office Divisions are:—1, Scotland Division, comprising the whole of Scotland. 2, Northern Division, comprising Northumberland, Durham, Cumberland, Westmoreland, the North Riding of Yorkshire, the detached part of North Lancashire and the Isle of Man. 3, York and North Midland Division, comprising East and West Ridings of Yorkshire, and Counties of Lincoln, Nottingham and Derby (north of the River Trent). 4, Lancashire, North Wales and Ireland Division, comprising part of Lancashire (namely, so much of the County as is not included in No. 2 Division), part of Cheshire (namely, so much of the County as is not included in No. 6 Division), Anglesea, Carnarvon, Denbigh, Flint, Merioneth, Montgomery and Ireland. 5, the South Wales Division, comprising Brecon, Cardigan, Carmarthen, Glamorgan, Pembroke, Radnor and Monmouth. 6, Midland and Southern Division, comprising Bedford, Berks, Buckingham, Cambridge, part of Cheshire, Cornwall, Derby (south of the River Trent), Devon, Dorset, Essex, Gloucester, Hants, Hereford, Hertford, Huntingdon, Kent, Leicester, Middlesex, Norfolk, Northampton, Oxford, Rutland, Salop, Somerset, Stafford, Suffolk, Surrey, Sussex, Warwick, Wilts and Worcester. That is to be found at the beginning of "List of Mines in the United Kingdom."

Mr. L. W. Cooper: It comprises a good many counties where no coal exists.

317. *Mr. Robert Smillie*: Is this the output in the second column here, 4,083,292. Is that the output for Division 1?—That is the output for Scotland in the standard year—the standard output. It is not necessarily the output of that year. It is the standard output which is the average output of those years which happen to form the standard for all the collieries.

318. Take the next division, 2, which includes Durham, Northumberland, and Cumberland. Is that the output for those three months?—No, not the total output. The percentage of output is shown in the next line.

319. *Mr. R. W. Cooper*: 54 is the number of cases?—Yes. You have standard output in the next one. Take Scotland: The standard output of 81 cases tabulated was four million tons odd and that represented approximately 63 per cent. of the total output.

320. *Mr. Robert Smillie*: The next thing represents 26 per cent.?—Yes.

321. *Sir L. Chiozza Money*: Turning to the fourth sheet, the quarter ending September, 1918, what differentiates that figure from the figure you have already given or is it precisely related to the figure you have given us for September, 1918? If we turn to the 3s. 3d. in Item No. 9 on the sheet—the actual profit per ton raised, 8s. 3d.—is that comparable with the figure which you gave for the period ending September, 1918?—No, it is not. There are only 34 per cent. of the cases here. The other figures I gave you were based on 80 per cent. and the cases not included here are nearly all the big composite undertakings, which you may take it as a general rule, have better results than the others.

322. This is only supplemental?—Yes; it is more to show the effect of the Excess Profits Duty. The last line, No. 10, shows the excess profit or deficiency as compared with the standard and what that means per ton, the red figures being deficits.

323. *Chairman*: Is there anything more you want to say on that?—The only other thing I have to mention is that the September sheet tabulating the detached results of 78 per cent. of the total output is now in the hands of the printers, and I hope we shall have it to-morrow. It was only completed late last night.

Chairman: Now I have asked you all I desire to ask you and I will ask Mr. Cooper to ask you any questions he desires to put, and I will go round in that way.

324. *Mr. R. W. Cooper*: Just disposing of these last summaries for the moment the result appears to be this, that in every one of these tables there is a considerable lack of excess profits except in the last?—Yes.

325. That is the quarter ending September?—Yes.

326. There are one or two points I want to have cleared up. At the beginning of your evidence—I do not know whether it was a mere lapse of the tongue—you used the expression "so many coal-owners." I suppose you meant colliery undertakings?—Yes, I should have said that.

327. I am sure you meant to. You explained that in assessing profits for the purpose of the Excess Profits Duty Act the income from investments the undertakings is excluded?—Yes.

328. With regard to the five years' average ending December, 1913, on which you base a number of calculations, have you taken out an average for a corresponding period of previous years? That average begins, of course, in 1909, does it not?—Yes.

329. And ends, of course, in 1913?—I have not taken the average out, but the figures are all available and most of them are on the statement which you have in front of you, which is the Table 1.* I have given the five-year averages to 1893, 1898, 1903, and 1908, and then each year after that, so that the five-year average I gave you as pre-war compares with the four top lines of that table.

330. I heard an expression used early in our proceedings to-day about those particular five years being the best five years. Would you mind looking at Table 1 for a moment? We had better be clear about this, because I think that is a mistake. You see

* See Appendix 5.

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your average 1899 to 1903 (that I suppose is five years) shows ls. 8-54d. P.—Yes.

331. And then, when we come to 1909 it is ls. 1-55d.; 1910, ls. 2-43d.; 1911, ls. 1-50d.; 1912, ls. 7-54d.; and then comes what is undoubtedly a good year in 1913, ls. 11-38d. What is the average profit here of those five years, beginning 1909 and ending 1913?—It is ls. a ton, excluding royalties. That is what I gave you. Of course, these figures are including royalties. You can put 6d. on for royalties.

332. Making it eighteen pence?—Yes.

333. So that in that particular five years the profit, including royalties, was eighteenpence, whereas in the five years ending 1903 it was ls. 8d. P.—Yes, but the tonnage was much bigger. The figures which Dr. Stamp will give you give the value in millions of the profits including royalties for every year back to 1908 singly, and the biggest year of all years up to 1915 was 1900, the profits of which were 33 millions including royalties and 27 millions without, which was twice as great as anything either before or since.

334. What was the lowest?—The lowest in this series of years was 7 millions including royalties—of course, the royalties would be a good deal less as the tonnage was less. It went up to 15 millions in 1890. It dropped to 7 millions again in 1895. Then it went up to 11 millions in 1915, 33 millions in 1900, 23 millions in 1901, and then it dropped steadily to just under 12 millions in 1904, and went up again to 24 millions in 1907. The quantity raised you have got.

335. *Mr. J. T. Forgie*: With regard to that year 1888, when you deduct the royalties, £6,000,000, it would only leave £1,000,000 profit?—I do not think you can call the royalties £6,000,000, because the total was so much less.

336. Was it £4,000,000?—It would be a good deal less than that. The royalties, roughly, are 6d. a ton.

337. It would leave about £3,000,000?—Yes.

338. *Mr. R. W. Cooper*: The figures show, however, pretty plainly that the coal industry is a very fluctuating industry, and by no means what you and I would regard as a suitable investment?—Quite so.

339. Now I gather when you spoke of the 9 per cent. which was allowed under the Excess Profits Duty Act in fixing the percentage standard—the capital—you of course meant the capital employed as defined by the Act?—Yes.

340. And it had no reference to what is called the share capital?—No; capital as defined in the Act.

341. I gather your figures up to 1917 include all the profits made in coke-ovens and by-product plant?—Yes.

342. And after that date, for composite undertakings, you have given the coal profits as you got them in the Coal Control strictly so called?—Yes.

343. Have you made any note, or have you any table showing the rise in price of materials and stores, and more particularly timber, during the war?—No. We have rough figures that we go upon for the purpose of testing the claims by owners. I have not got them in my head, but I can get them for you.

344. What I mean is, it would be rather useful for the Commission to have before them an accurate idea, for example, of the cost of timber when the war broke out, and the cost of timber when the war was in its worst condition for this country, and possibly the cost of timber to-day?—I think I would like to suggest to the Chairman that you will get a lot of that kind of information very much better from Mr. Flux, the statistician of the Census of Production. He gave us the figures which I have in mind, and I think perhaps he could give them better.

345. You, of course, see the relevancy of the question about timber?—Certainly.

346. Have you any record—probably you have, because your form "G" provides for it—of the number of days worked at the pits during each year?—We have not tabulated it, because it is done by the Statistical Department of the Coal Mines Depart-

ment, and I think that department should give that figure.

347. I suppose it is an undoubted fact that with regard to export districts in 1917 the number of days the pits were able to work was much less than it has been, fortunately, in 1918?—That is my impression, but I do not know that I can absolutely speak to it.

348. You gave some rather remarkable figures showing how the profits and losses of the collieries vary in Great Britain when you told us, in these selected cases of yours, the profits range as high as 6s. a ton, and the losses also range as high as the same figure. I believe you have a good knowledge of the United States. Do you know whether in America the coal mining losses and profits vary as greatly as that?—I am afraid I do not. I have never had very much to do with them there.

349. You have explained the Coal Control Agreement so clearly that I do not know that I need ask you questions about it. The basis of the whole thing was that the colliery undertaking had a pre-war profit standard, or, if it had not a pre-war standard, then a standard fixed by yourselves under the provisions of the Agreement guaranteed to it subject to reduction proportionately to the reduction of output?—Yes.

350. Down to a reduction of 35 per cent?—Yes.

351. It was automatic down to that point, and after that point it became a matter of investigation by yourself and the Controller on the merits of each case under the terms of the Agreement?—Yes.

352. I suppose that generally speaking when a colliery was so unlucky as to have its output reduced below 65 per cent. of its standard output the result was so unfavourable to the colliery that it had a very marked effect upon the profit standard?—Oh, yes; undoubtedly.

353. In fact, in some cases it was practically negatived altogether?—Yes, very often; in fact, I think generally.

354. Practically in most cases there was no claim under the Agreement?—There was a claim for the difference between the loss it actually made and the negative standard, but it would still leave them with a loss even after they had their claim made up by us.

355. Have you any means of giving us an idea, for example, of the proceeds of disposable coal—how much came from inland coal and how much from export and bunkers?—We have that for the year 1918.

356. I should like to have for a given period the average price per ton for inland, and the average price per ton realised for exports and bunkers?—We tried to get that, and Form G provides for sales to customers being divided between inland and export, but in so many cases it has not been divided that I am afraid we are not in a position—I hoped we should be—to have it. I think we can take it out in all cases in which it is divided and show the proportions and take the percentage that that bears to the total cases. That is the best we can do, I think.

357. On that take the export districts, Scotland, Northumberland, Durham and South Wales. Do you think there that on the whole the returns show you fairly accurately the average price as compared with the export price?—May I look into that and let you know later? I will find out about it.

358. Thank you, if you will. You agree the average inland price for inland coal is a material point?—Quite; that is why we put it into the form.

359. In one of your tables, the first one I think I saw, you have shown what I call average profit per ton—surplus left after paying coal royalties and interest—the average left for the colliery owner carrying on the undertaking. Have you any idea of the number of undertakings above and below the average respectively?—Only those figures I gave you based on November and December divided between the collieries who made profits and the collieries who made losses.

360. Where the figures range between 6s. profit and 6s. loss?—Yes.

361. And you have no means of giving us apparently the average earnings of adults as distinguished from boys?—There are a lot of statistics being got in and summarised by the Ministry of Labour. Many of

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[Continued.]

them have come in and are being summarised and will be submitted to you as soon as they are completed.

362. I think I understand how you arrive at the figure of increased cost, counting an advance of 30 per cent. on wage excluding war wages and reduction from eight hours to six, but you say you depend upon your technical adviser for your 20 per cent. reduction of output?—Yes.

363. And on that you work out your estimate?—Yes.

364. The wages of 4s. simply means 30 per cent. of the average ascertained wages of the country?—Yes, £130 million is the wage exclusive of war wage at the present time.

365. And the 2s. 7d. represents the addition to wages cost arising from reduction of quantity?—Yes, wages and other cost. It is mainly wages.

366. Mr. Robert Smillie: Provided the output decreases 20 per cent.?—Yes.

Sir Arthur Duckham: Is that for all wages?

Mr. R. W. Cooper: Yes, all wages and all costs; in other words, wages and standing charges.

367. Mr. Arthur Balfour: I assume the 6s. 7d. increase due to the 30 per cent. increase is an increase on the 24s. 10d. which you gave us as being the third quarter's cost for 1918?—No, 24s. 10d. was the selling value of coal. 21s. 3d. is the cost for 1918. and it is 6s. 7d. on to that.

368. 27s. 10d. is the total cost of coal providing the hours are reduced and the wages increased 30 per cent.?—Yes.

369. Looking at your table No. 1, I notice in the earlier periods the "get" per person employed was 282 tons to about 285 tons?—Yes.

370. But that is steadily reduced?—Yes.

371. Is your basis of 6s. 7d. on the 238 tons which you were getting in the third quarter of 1918 or the 245 tons in the first half of 1918?—It is on the basis of 1918.

372. Of the nine months taken together?—It is based on this—that the number of men employed taking the whole year 1918 is roughly 950,000. The output for the whole of 1918 is 228 million tons. That is the start.

373. Should there be any further fall in the "get" per man that would materially increase the cost again?—Certainly. Then I have taken into account in getting the estimate that with the increased number of men coming back from the Army there will be an increased output over that 228, supposing no change takes place.

374. You have allowed for an increased number of men?—Yes, of 17½ per cent.

375. Is that on output per man?—No, on the total number of men.

376. Sir L. Chiozza Money: Is that as affecting the standing charges?—As affecting everything; that is to say, I assumed the output for 1918 without any changes at all would be 250 millions with practically 1,111,000 men.

377. Mr. Evan Williams: Coming to this question of your estimate of the increase in cost, will you tell me what you base your 4s. upon exactly? You get a cost of 21s. 3d., total cost?—Yes.

378. Is that the September quarter?—Yes.

379. That is for wages and stores?—Yes, wages and stores and management charges and everything.

380. How much of that is wages?—15s.

381. You have taken 30 per cent. of that 15s.?—No, because that includes the war wage. The 30 per cent. excludes war wage. It is 30 per cent. on 130 million pounds, which is the wage without war wage. These are easy figures to get in your head. Roughly the wages bill at the present time is 170 million pounds, of which 130 million pounds is ordinary wage and 40 million pounds war wage.

382. You arrive at 4s. as the increase in cost per ton, assuming there was nothing else but a demand for 30 per cent. upon the present earnings?—Yes. That 30 per cent. is an easy figure to remember. The 30 per cent. increase is practically the same figure as the war wage.

383. You have taken the extra costs on reduced hours at 2s. 7d. a ton, assuming a decrease of 20 per cent. in the output?—That is right.

384. Then you have assumed that the miners' demand comes to this, that taking an individual he is going to get 30 per cent. advance upon his present earnings, but he is still subject to any decrease that may result in his earnings from the reduction in his own particular output?—I have allowed for this. If there is 20 per cent. reduction in output, all the pieceworkers, who form 50 per cent. of the total employees, will suffer a reduction to that extent proportionate to the tonnage, because they are paid a tonnage rate, but on top of that they will get the 30 per cent. increase; so that there is a little offset to it where the output goes down by reason of the fact that pieceworkers must get less if rates do not change.

385. Mr. Robert Smillie: That 2s. 7d. does not anticipate the ton rates being re-arranged to bring the men's wages up to what they would earn prior to the reduction of hours?—No. I have assumed a reduction in output due to reduction in hours followed by reduction in wages.

386. Are you aware that that is the men's claim?—I did not know that.

Mr. Evan Williams: That is what I was leading up to. That figure of reduction is 14 millions on the total.

387. Mr. R. W. Cooper: Following Mr. Smillie, if that be the men's claim, that would increase your figures?—Yes, by 14 millions.

388. Mr. Robert Smillie: I do not know where you get your 2s. 7d. a ton increased cost merely if the output is reduced. I understood you were basing it on reduced output and the addition to ton rates of 20 per cent. increase to enable the man to earn their full wages. Would you anticipate the men who were paid day wages, if the hours are reduced by 20 per cent., would suffer a reduction in day rates?—I have not made any allowance for an increase on the piece rate.

389. But you anticipate the earnings of the pieceworkers—men paid on ton rates—would be less if their daily output was reduced by the shorter hours?—That is the assumption I have made.

390. If you could assume that the claim is that they want 30 per cent. on their present earnings minus war wage, and that the amount has to be earned with the shorter hours and the pieceworker would be asking a re-arrangement of rates so as to secure that, what would that add to it?—That would add 14 million pounds on, roughly, 170 million pounds.

391. Mr. Robert Smillie: If they secured an increase of 30 per cent. on present wage and lost almost that whole increase by revising their rates of labour they would be in the same position as they are at the present time?—Yes, that is so.

392. Mr. Evan Williams: Your figure of 6s. 7d. is simply got by adding 4s. to 2s. 7d. If you assume that 30 per cent. is upon the wages that would be earned—on the same wages in the reduced hours—that amount would be considerably increased?—Do you mean the same pieceworker wages?

393. Yes, for all men?—I have assumed it is the same wage, but I have taken into account a reduction of 14 millions. I will get that figure for you in a moment.

Sir L. Chiozza Money: There is only about a shilling in it.

Mr. Evan Williams: About 1s. 3d., is it not?

394. You are not responsible for the estimate of reduction of 20 per cent.?—No, I know nothing about it.

395. You said something to the effect that you estimated the profits of by-products represented 6d. a ton, on the total output of coal in the country?—Yes.

396. Could you tell us what quantity or what percentage of the total output is raised by colliery companies who have coke-ovens and by-product plants?—I can tell you roughly. I have the figures, but not here. Roughly, in 1917 there were 12,000,000 tons of coke produced from collieries owning coke-ovens.

397. Sir Arthur Duckham: That is the coke figure, not the coal?—Yes, coke.

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398. *Mr. Evan Williams*: It is not the quantity of coal made into coke that I want to get?—No. This is the quantity of coke made.

399. What I want is the quantity of coal raised altogether by colliery companies who make coke and by-products?—I can get it, but I have not got it here.*

400. They are the only companies who benefit, of course, from this profit on by-products?—Yes, I will get that out. What period do you want that for?

401. Take 1918 or 1917. It does not make very much difference?—I will take the three quarters for 1918.

402. The September quarter of 1918 shows a considerable increase of profit over the half year to June from 1s. 8½d. to 9s. 6½d. I think you said up to March, 1918, work was very irregular in certain districts?—Yes.

403. And that in some parts it was as low as two days a week?—I would not like to say what the number of days per week was. I only know they were slack.

404. That naturally increases the cost of working very much and reduces the profit?—Yes.

405. So that the 1s. 8½d. for the half-year ending June, 1918, is affected by the slack working?—To a certain extent, but, on the other hand, the working of the second quarter was so much better that the two together are probably a fair average for that period.

406. From my experience I do not agree with you.—You know more about it, perhaps, than I do.

407. From June to September practically all the collieries in the country were working full swing?—Yes, except for influenza.

408. So that, for what it is worth, that profit per ton is very much increased by the more regular working for that quarter, as compared with the previous half-year?—It may be; but I would not like to say, because there was a lot of irregular working owing to influenza.

409. Again, I suppose you are aware that the Admiralty only granted an increase in price on all the coal they took very late in that quarter?—I am not sure of the date. I think Mr. Lee can speak to it better than I can.

410. My point is that the price of 3s. 6½d. is swollen probably by the fact that a large amount of money was received during that quarter by colliery companies which was due to them for coal supplied even before the beginning of the quarter?—I think it was in some cases, but it is very difficult to find that out. In certain cases I have found it.

411. I think, to a considerable extent, practically it was so for the whole of the coal taken by the Admiralty from collieries throughout the country?—I cannot say.

412. *Mr. E. W. Cooper*: The Admiralty did not settle with the companies at all, and towards the end of the quarter or half-year they raised the price and made it operate backwards?—Yes, but I know many collieries kept their books open to get the price into the June half-year.

413. I am speaking now of the December half-year.—The same thing happened then. Some collieries kept their books open and brought the Admiralty prices into the half-year to which they belonged, and others brought it into the quarter to which they did not belong, and in some cases we found the profits showed a big jump and found it was due to the fact that they brought the arrears of the Admiralty prices into the quarter and not in the quarter they were sold. There was a diversity of practice in that.

414. Whatever it is worth, it is included in this increased profit?—Yes.

415. *Mr. Evan Williams*: During this quarter the neutral price of export coal went up very largely on the East Coast?—Yes.

416. As high as 70s. and 80s. per ton?—Yes, so I understand.

417. And I take it that the figure you have given of 12,000,000 tons of export every year to neutrals at a price of, say, 30s. a ton above the normal would naturally increase the average selling price very considerably over the whole country.—Certainly.

418. I suppose the collieries that do this neutral export business are collieries that ordinarily make a profit?—I should say they are probably the collieries that are making profits now: whether they made the same profits in pre-war times I do not know. There was no such variation in the export and inland prices in pre-war times.

419. Do you know, or not, generally speaking, whether they are collieries that generally do well that export their coal on the East Coast and other places?—I do not think I could go further than to say they do especially well now. Whether they did especially well before the war I have no figures to show.

420. Can you give us any information as to whether that increase in price from neutrals went to people who practically pay the whole of it, with the exception of 5 per cent., in excess profits and to the Coal Mines Control?—A good proportion of it undoubtedly did, but I could not say what.

421. You gave us the figure of the output per man employed for a period of six months from January to June, 1918, as 245 tons?—Yes.

422. During that period there was, at the early part, a considerable slack time?—Yes, for the first three months.

423. Which would have the effect of reducing the output per man for that period?—Yes.

424. Then in the three months, June to September, there was more regular working than over the average of the first six months?—There was the influenza, the effect of which I know from what I have heard was very great, but whether the better working during June to September offset or did not offset the slack-time working in March, I could not say. It had great effect on the outputs and on the short time, I know.

425. Do you think that that, in itself, was sufficient to account for the reduction to 235 tons per man during that period?—I do not think I have any opinion about it. Those are the figures I found. I do not know enough about it to know the reasons.

426. What I have in my mind was this: Assuming that the conditions are the same, there is a difference of 10 tons per annum per man employed in production at a time when wages had gone up pretty considerably?—All I can say is that wages had gone up and there was a reduction of 10 tons per man employed, and I do not think I can go any further.

427. We can draw our own conclusions?—Anybody can draw any conclusions.

Mr. Robert Smillie: Neither of you mean 10 tons per man per annum. You mean 10 tons per person. That applies to children, men and women.

428. *Mr. Evan Williams*: Undoubtedly. (*To the Witness*): You can give us—at least, the Home Office can—the output per person employed underground for this period?—I have not got the information; it is with the Home Office.

Mr. Evan Williams: The Home Office have them up to December, 1918, and it will be a convenience if we could have them produced.

Chairman: You want the output per person employed underground for the year ending 31st December, 1918?

429. *Mr. Evan Williams*: For a series of years. (*To the Witness*): Then you have particulars, I take it, of the output per shift worked?—Yes. That is all on what we call the War Wage forms, and those are now being summarised in our Department, and I hope they will be finished in a few days for the September quarter. That is all we have got them for. When we took over the War Wage, the War Wage forms had to show those particulars. They began on the 1st July, and those figures are now being summarised, and will be ready in a day or two.

430. They will give us no comparison with anything else?—No.

431. *Mr. J. T. Forgie*: I would like to take you back to the figure of 6d. per ton which you said was the profit per ton of coal produced in this country got by coking the coal and taking the by-products from it. I notice the figure of 6d. per ton has been used by some persons as profit per ton of coal. I suppose you will admit that to get that 6d. per ton there has been a

* See Appendix 21,

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[Continued.]

greater increase in expenditure required?—Most certainly.

432. That 6d. per ton has not been gained simply as an additional profit to the colliery without the expenditure of a very large sum of money indeed to get it?—My understanding—I do not know exactly, but I think we all know—is that there has been an enormous extension during the war period of coking ovens and by-products, which has involved large capital expenditure and has enormously increased the output of coke.

433. I simply want you to appreciate that your figure of 6d. increased profit on coal is a little misleading in this respect, that the gentlemen on the other side of the table may not have appreciated in the same way as you and I do that there has been an enormous expenditure of capital to get that 6d., as the initial profit on coal was only got by the sinking of the shaft and other matters. It is a profit derived from another separate industry entirely?—I should say that is probably true.

434. I would like to come now to the last part of your evidence, in which you bring out the case of this 30 per cent. demand and the reduced hours. Of course, the 30 per cent. on the wages spent in the country is quite a simple calculation to get at what it will cost per ton of coal, but when you come to the effect of the reduced hours I would like to know how you get at your actual figure of 20 per cent. After all, the reduction from 8 hours to 6 is 25 per cent. in time. I do not mean to say that that is the ultimate effect, but I point out that a reduction from 8 hours to 6, which is presently the demand of the men, is a reduction of 25 per cent., and I would like to know how you get at your figure?—I did not get at it; I was advised by our technical experts that that was the best figure to use for the purpose of making the estimate.

435. But a reduction from 8 hours to 6 is a reduction of 25 per cent?—Yes.

436. I do not think you could have used those figures without thinking something about them. The actual reduction in output, of course, would be equivalent to the actual reduction in the effective working hours producing coal?—At the face.

437. That is to say, a man is not producing coal when he is walking to his work?—No.

438. So that really the effective reduction in percentage is actually the percentage of the reduced time occupied at the face in effective work in producing coal?—It may be.

439. That may be less than 8 hours?—Yes.

440. And two hours off makes the percentage of reduction, unless there is some increased effort to produce coal, even more than 25 per cent., does it not?—I do not know.

441. I mean to say, 7 to 5 is more than 25 per cent., is it not?—I think you are rather asking me to express an opinion.

442. No, it is an arithmetical calculation.—No, I do not agree it is an arithmetical calculation at all; I think it is a great deal more.

443. 7 to 5 is a great deal more than 25 per cent.?—I told you I agreed six was three-quarters of 8 and I cannot go any further.

Mr. Robert Smillie: I thought Mr. Forgie did not want the Witness to give an opinion?

444. Mr. J. T. Forgie: It is not an opinion, it is an arithmetical calculation. I only want to bring out this, that Mr. Dickinson's 20 per cent., unless he has satisfied himself that that is really going to be the effect of the reduced hours, is hardly in keeping with the actual figures he has taken and given me, for instance?—I said I had accepted it from our technical experts.

445. It affects your figure of 20 per cent., does it not?—Yes, I agree.

446. Are there no other increased charges, do you think, besides the direct effect of increase in wages and reduction in hours of effective work producing coal?—What do you mean by "increased charges"?

447. There is fuel, for instance; standing charges?—I have allowed something for increased other charges as well as wages due to reduced output.

448. You have in this 2s. 7d.?—Yes. 7d. of that is other costs and 2s. 0d. wages.

449. I need not put to you the same questions as Mr. Williams put to you about the effect of the men's demand, wanting the same wages for the reduced number of hours. Of course, that is a very material increase?—Yes. That £14,000,000 is 1s. 6½d. on 180,000,000 tons.

450. That makes it really about 4s. 1½d.?—Yes, that is right.

451. A total of 8s. 1½d. altogether. There is one thing I would like if you could give it to us, that is the average profits per ton of coal for the Coal Trade of the whole country, or divided into sections, for a number of years?—I am afraid it is not possible to get that.

452. For so many years as you have command over?—You shall have it for all the control period from the 1st July, 1917, right up to date.

453. I want to go further back; about 20 years ago?—I am afraid we have not got the information.

454. I thought, perhaps, you had some figures?—I think it might be got from the Inland Revenue files.

Mr. J. T. Forgie: I think it would be necessary to have the average realised profit per ton of coal, either for the whole Kingdom or divided into districts, if it can be got.

Chairman: Over what period?

Mr. J. T. Forgie: Say for the last 20 or 25 years.

Witness: Had not you better add "per ton of coal raised," so as to compare with the other figures?

455. Mr. J. T. Forgie: Yes. I just want to bring out one other point, and then I have finished; it has been brought out by Mr. Cooper. There has been a good deal of talk about these large increased profits which the Coal Trade has been earning. I suppose, as a matter of fact, the pre-war earning was the standard of profit?—Yes.

456. And, if an undertaking earns that standard profit, it is allowed to keep it?—Yes.

457. If it makes more it only gets 5 per cent. on the addition it makes?—That is right.

458. But if its output goes back and it does not earn that standard, its standard is reduced by three-fourths of the reduction in output?—That is right.

459. Therefore, in fact, if it does not produce its previous output and does not make its standard, no matter what the price of coal is, it does not get anything like its pre-war standard of profits?—If it does not make its pre-war standard of profits and its output has gone down, it does not get its pre-war standard of profits; it gets something less.

460. Mr. R. W. Cooper: That is not quite the point. Mr. Forgie's question was: Supposing the output is maintained, if its profits go down, it does not get anything under the Controller?—Yes, it gets its guaranteed standard under the agreement.

461. Mr. J. T. Forgie: What I was wanting to bring out was this, that in your average overall, after you increase the profits by charging the extra price per ton of coal, you still were £100,000 short per month?—Yes.

462. That shows that the Coal Trade all over was not gaining very much. Some firms may have been getting the 5 per cent. of the increased profit earned, but that was all, and the other collieries were not getting it; they were not getting their pre-war standard, because you were still £100,000 short per month?—I think the reason of that was that the excess profits took all the rest.

463. I do not say what it was, but what I want to bring out is that the Inland Revenue got the excess profits and it was not the coalowner who got them?—No, the coal owner got his 5 per cent; that was all.

464. I am saying this for the benefit of Mr. Webb and Sir L. Chiozza Money, because I think they have been misunderstanding this, because they think the extra profits are all going into the pockets of the coal-owners, and I want to bring it out that the extra profits are all going into the Exchequer.—I think I must make one point here which I overlooked before, and that is this: If a colliery is making just below what we call in the Coal Mines Agreement the guaranteed standard, and the guaranteed standard, by the reduction in output, happens to be below the profit standard, any profit that arises out of the

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increased price of coal which goes to make up the profits of that colliery from the guaranteed standard up to the profit standard, it would keep the whole of.

Sir L. Chiozza Money: I do not want to interpolate, but since Mr. Forgie mentioned my name, may I ask one question on this?

Chairman: Certainly.

465. *Sir L. Chiozza Money*: Is it within your knowledge that there is a very great agitation for the entire abolition of Excess Profits Duty, and, if the Excess Profits Duty were abolished and these profits were made by the coalowners, the whole of these extra profits, which you have kindly told us of, would go into the pockets of the coalowner?—No, they would go into the pockets of the Coal Controller.

466. I am assuming the abolition of control, then they would go into the pockets of the coal owner?—Yes, if the control and excess profits were abolished.

467. *Mr. J. T. Forgie*: Assuming the Excess Profits were done away with and the Coal Control was done away with, I assume you would do away with the control of prices?—That has nothing to do with me.

Mr. Robert Smillie: And increase your profits.

Mr. J. T. Forgie: No, it might reduce prices.

468. *Sir L. Chiozza Money*: May I ask one more question on that? Do not you think it probable, in spite of any reflection that may have been made on the virtues of the Coal Controller's Department, that if there had been no control we should probably have been paying 60s. per ton for coal, or I will say a higher figure than the 44s.?—You must remember that, quite apart from the Coal Controller there is a limitation of prices, and the prices could not have been put up without the consent of the Board of Trade.

469. I will say, without Government control?—Without the limitation of prices?

470. Yes?—I think that is a fair assumption.

471. *Mr. Evan Williams*: In calculating the increase in cost due to the reduced output, did you take into consideration the fact that boiler consumption would practically remain the same at the collieries and that the reduction in the disposable coal, even on your assumption, would be very much in excess of 20 per cent.?—I did not get at it exactly in that way. I based my estimate simply on the total wages bill at the present time and the total production of coal, less the 20 per cent. reduction of output—while the wages would not be changed at all, except as to the £14,000,000 we are talking about—then I added on to that the effect of the 30 per cent. increase and I arrived at the total wages bill under the assumed circumstances. This I converted to cost per ton raised, and so arrived at the additional cost per ton raised.

472. We have been dealing with that all the time?—That additional cost is the additional cost per ton raised. Now if you want to see what the effect of that is you have to consider how much of that coal that is raised will be available for sale.

473. Exactly, that is my point?—And if the percentage of mine consumption, for instance, goes up, say from 8½ per cent. to 10 per cent., it means that, instead of having 183,000,000 tons for sale, you would only have 180,000,000 tons and of course, the additional selling price necessary to meet that increased cost would be correspondingly increased, but so far my figures are all on tonnage raised cost and the question of mine consumption does not come into it until you begin to convert that by determining what you must put on the coal to cover the increased cost, and then you have to take into account the possible increased percentage of mine consumption due to reduced output.

474. So that if you had calculated your figures on the disposable coal instead of gross output, the increase in cost would have been very considerably more than 2s. 7d., which you arrived at?—Yes, it would be rather more.

475. Considerably more?—I do not know how much increase the mine consumption would be.

476. The mine consumption would remain practically the same?—It does not always according to our

figures; sometimes it does, sometimes it does not. Sometimes it goes up; it varies very much. I have seen it go up with a reduced output in many cases: I have seen it go down with an increased output. I am talking simply of figures.

477. You mean individual cases?—Yes.

478. But taking averages it remains very much the same whether the output goes up or down, taking the country as a whole?—Yes, I suppose taking it broadly it would.

479. So that assuming the colliery consumption remained the same the reduction in the disposable coal would be a very much higher percentage than you have taken, and the increase in cost calculated on the disposable coal would be very much more than your figure of 2s. 7d.?—It would be higher; I do not know how much.

Mr. Robert Smillie: You are not examining Mr. Dickinson as a mine expert now, are you?

Mr. Evan Williams: No.

Mr. Robert Smillie: Surely you do not want to make him say that in the 12 hours at night, when there is no winding and no machinery going, you will use as much coal for firing purposes as you will during the day, when you are working your engines?

480. *Mr. Evan Williams*: The point is that the coal used for the engine winding, and so on, does not form such a large proportion of the total consumption of the colliery as would materially affect the consumption at the boilers if the winding hours were to remain the same. (*To the Witness*): On the same lines you have not taken into effect at all the increase in the cost of timber, management, and standing charges upon the production of disposable coal?—No, it is all covered by the explanation I gave. It is a question of how much of the coal raised is available for disposal when you get to it.

481. So that the actual increase in cost is, on the basis of disposable coal, considerably above, and that is the true commercial basis to take?—You are converting the whole thing on to a tonnage disposable basis instead of a wages basis.

482. Which is the commercial basis, is it not?—There is a great difference of opinion on that.

483. *Sir Arthur Duckham*: With regard, again, to the question of the 6d. on these by-products, I feel that is a question which we ought to have more information upon. Is it possible to get these figures exclusive of the by-products? I think it is an entirely different business, and I agree it is entirely extra capital, and if we had those figures separately we should have better figures for a coal mine than if they were inclusive?—I have tried very hard to get the information, but have not succeeded. I have tried the Ministry of Munitions and they could not give me any. I asked the Inland Revenue if when they were getting out figures, they could separate the profits between the coal mines and the coke ovens. They said they would try, but they were very much afraid they could not do it.

Sir Arthur Duckham: That is rather an important point.

Chairman: Yes, it is. I will send round again this evening to see if it cannot be done.

Witness: I would like to add on that, it is only because I found this enormous difficulty in arriving at anything, and it appears to me, as far as I can see at present, almost impossible to get any reliable figures, that I ventured with great hesitation to give the figures I did use because it is the only thing that we have got to give us any guide, and I would like you to take it with that reservation. If I had thought we could get it in any other way I would not have mentioned the figure at all.

484. *Sir Arthur Duckham*: It is rather an extraordinary figure to give showing the profit over the whole coal raised; there is no relation at all in any way?—I will give you, if you like, exactly the way in which I got it.

Chairman: I will try and have those figures by next Monday.

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[Continued.]

Mr. J. T. Forgie: Do coke ovens and by-products come within our province at all; is it part of our Reference?

Chairman: Yes, I think it is. If you will be good enough to look at the Act of Parliament you will see it says: "His Majesty shall have power to appoint Commissioners, consisting of a Chairman, who shall be a Judge of the Supreme Court, a Vice-Chairman, and such other persons as His Majesty may think fit, for the purpose of enquiring into the position of, and conditions prevailing in, the coal industry, and in particular as to"; then "(d) selling prices and profits in the coal industry, or any industry commonly carried on in connection therewith or as ancillary, or incidental thereto."

Sir L. Chiozza Money: Is not it the fact that all the time we have been including all the persons working at these industries?

Mr. J. T. Forgie: No, they are not included at all. The by-products and coke ovens works do not come under the Mines Regulation Act; they come under the Factory Act, and the figures which are brought out are simply for the mine workers working above and underground.

Mr. Robert Smillie: But the men in the washeries attached are included.

Mr. J. T. Forgie: The washeries are an entirely separate thing. You have to wash your coal for sale, but the washeries sometimes are not attached to the coke ovens. Very often the washeries are attached to the collieries.

Mr. Robert Smillie: I take it that the figures Mr. Dickinson was dealing with were for by-products and coke oven plants in colliery premises.

Witness: That is right.

485. *Mr. Robert Smillie:* Not away from the collieries?—No.

486. As a part of the colliery concerned?—All those which are assessed by the Income Tax Commissioners with the coal mines.

487. *Sir Arthur Duckham:* You do not take the labour from those coke oven plants and put them in your labour figures which you have given us for coal. You take the profit, but you do not take that labour in any calculation of your output?—There is no tie up between that number of men and the profits at all.

488. You have taken one figure, and you have given us the profits earned by these coke ovens added to the profits; in the other case you do not put in the workpeople?—1918 does not include any coke oven profits.

489. *Mr. Cooper:* But in estimating it per person employed the people employed on the by-product ovens are not included?—I understand not. The Home Office will be able to tell you.

Sir Richard Redmayne: In the coke oven figures the persons employed, and so forth, are quite extraneous to the coal mine figures; they are not included in any of those calculations as to output per person employed, or anything.

Chairman: It is a very important point. Will you kindly write down, and give to me, what information you require, and I will have it sent round this evening?

Mr. Robert Smillie: Where the coal is now being cleaned to prepare it for coke ovens the people who are on the cleaning and washing plant, and so on, are now included in the number by which they divided the output?

Mr. Cooper: They are included as surface workers?

Mr. Robert Smillie: Yes.

Mr. Cooper: But those actually on the by-product ovens are not?

Mr. Robert Smillie: They are not.

Mr. J. T. Forgie: All the preparation of coal is not for by-products, it is a very small proportion, and even the number of persons employed additional in recent years on the screening or picking or wash-

ing of coal has very little effect on the total effective number.

Mr. Robert Smillie: You are not to take that. It is a very considerable effect, 20 per cent. nearly.

Chairman: We will get it from the Witness if we may; you two gentlemen rather disagree with one another on that?

490. *Sir Arthur Duckham:* (To the Witness.) Have you got any figures to give us showing the increase in capital employed in these undertakings over these years for which you have given these figures?—No. I think the Inland Revenue will have capital figures for all the whole period.

491. The capital employed in these undertakings for the years quoted?—I am afraid they will not have them before the Excess Profits Duty came in. They have them from that date on. There is a general estimate up to that date of capital employed in the colliery undertakings of roughly 10s. per ton, which everybody seems to accept.

Mr. R. W. Cooper: No, I do not think that is so.

492. *Sir Thomas Royden:* I am not quite clear whether I have got the exact figures that the proposed increase in wages and the reduction in working hours would amount to. The original figure I think you gave us was about 6s. 7d. per ton, which in view of something Mr. Smillie said just now about the maintenance of the wages on the piece work, and some other smaller modifications, brought it up to a little over 8s. That 8s. is based on what output?—If Mr. Smillie's point is taken that the piece-work rates are put up to give the men the same earnings as before the reduction in hours you would bring the total increase altogether up to 8s. 2d., that is per ton raised.

493. On 250,000,000 tons?—On 200,000,000 tons, because 50,000,000 goes off in the reduction of output.

494. *Mr. Robert Smillie:* You divide the total output by the total number of persons employed?—No, I divide the total output into the total wages cost.

495. Perhaps it is only 50 per cent. of persons who are on ton rates—I took it as 50 per cent. for the piece workers.

496. *Sir Thomas Royden:* So that it would be 8s. 2d?—Then, of course, Mr. Evan Williams' point is, when you are converting that into the selling price on the disposable coal you have to make another allowance for the loss on the coal that is used?

497. *Mr. Evan Williams:* Disposable coal is the basis for your 1918 returns?—Yes.

498. *Sir L. Chiozza Money:* I would like to ask you a question with regard to the figures you gave us as to output. I do not want to question you on the technical side of the question, but merely upon its features as they present themselves to an enquirer like yourself: with regard to the Eight Hours Commission of 1907, have you had occasion to read the Report and Evidence lately?—No, I have not.

499. Are you aware that coal owners gave evidence before that Committee to the effect that there would be a very large reduction in output of coal owing to the operation of that Act?—I have been told so; I do not know it otherwise.

500. Are you aware that that so affected the Commissioners who were engaged in a task very similar to that in which we are engaged that they presented a Report which, if I remember rightly, contained the most gloomy forebodings as to what was to happen with regard to coal output?—I have not read the Report; I wish I had.

501. At any rate you have some knowledge that those things did occur to some extent?—I remember somebody saying so in conversation, that is all. I do not know it.

502. If we go to actual experience you have told us that in 1910 the output was 257 tons per man; that in 1913 it had risen to 259 tons, being an advance of 2 tons; and in 1915, 270 tons per man, being an advance of 13 tons from 1910, the year in which the Act actually came into real operation?—That is right.

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MR. ARTHUR LOWES DICKINSON.

[Continued.]

503. Assuming for a moment that those prophecies were made they were falsified by experience were they not?—Those are the figures as I find them.

504. Did you take that into account when you made this estimate of 20 per cent. reduction in output?—I did not make the estimate. I was asked to work something out on the effect of the demands of the miners and I was given by our technical advisers 20 per cent. as a fair figure to take. I do not know anything about it.

505. You do not know whether they took those facts into account?—I do not know at all.

506. You do not know whether they took into account in the amount of output the work which would be expected in the first six of the eight hours?—No, I do not know.

507. Neither can you say whether any improvement in machinery or equipment were taken into account?—No.

508. Or the increased use of coal-getting machinery?—No. I want to disclaim all responsibility of any sort or kind for that figure.

509. With regard to the point about by-products, you are aware that this industry has very greatly enlarged during the war owing to war necessities?—Yes.

510. Therefore, if we assume for a moment that this profit of 6d. per ton is made it may be regarded as a war profit?—Surely.

511. Are you aware also that this side of the industry has been greatly neglected in this country?—I have always understood so.

512. And we suffered greatly from it in the early stages of the war?—Yes.

513. That was very largely due to lack of enterprise?—It was supposed to be.

514. Is it also the fact now that the industry has been well established owing to the war, and is likely to continue?—I hope so.

515. Therefore, those profits are likely to continue?—That is a question of prices.

516. At any rate the industry is likely to continue on a considerable scale?—The demand will not be anything like so great unless there is going to be another war.

517. But still there will be a considerable increase over what was done before?—Yes, I hope so, if we are going to keep our end up.

518. With regard to your estimate of the effect upon the cost per ton of coal, it follows from what you have said that you are in no way responsible for this 20 per cent.?—No.

519. You simply took it from the technical advisers; we shall no doubt have an opportunity of hearing them?

Chairman: Yes. Mr. Dickinson simply takes that figure as one of his basic facts.

520. Sir L. Chiozza Money: Then assuming for the moment the 8s. at which, I think, you have now arrived, taking that as the basis of the argument, have you observed that this increased profit, with which you only became acquainted two days ago, and which, I understand, was made at the end of last year?—September of last year.

521. Amounts to 4s. 7d.?—3s. 7d.

522. No, it amounts altogether to 4s. 7d., does it not?—Do you mean 6d. for royalties?

523. And 6d. for by-products?—Yes, 4s. 7d.

524. And before the war it was 1s. 6d.—Yes.

525. So that there is there shown a margin of 8s. 1d. per ton on the actual product of the mine, simply taking the product at the pit-head and the operations on the surface, towards this sum of which you have made an estimate?—3s. 1d. per ton, of course, on a much reduced tonnage.

526. Quite. That is assuming this very big decrease in output of which you have spoken?—This 20 per cent., yes. The 4s. 7d. would not be there.

527. 3s. 1d., and it was 1s. 6d. pre-war?—Yes. In other words, you could use up 3s. 1d. in concessions of some sort and leave 1s. per ton profit, or 1s. 6d. on those figures on the output which, of course, is a greatly reduced output as compared with the standard period.

528. With regard to this calculation of your own, not on the technical side, when you estimated for a largely decreased output, did you reduce wages on the surface proportionately, seeing that there would be less product to deal with?—No.

529. Would that make a very serious difference to your calculation? I mean if it were really true that the production of coal was going down from about 270 tons in 1915 to only 200, would not it follow that there would be an enormous reduction in labour on the surface?—I started with an output of 228 million tons and a certain wages bill. Then I said that might be increased to 250 million by the return of men. 17½ per cent. increase in men on a conservative estimate might increase that output to 250 million tons; it might be more, but I put it at a safe figure. Then I added the 17½ per cent. on to the wages all round, because that would be the increased number of men, and that divided by the tonnage which would then be raised, which would be 200 on this assumption, would give you the wages cost per ton after the concessions were made, as compared with the wages cost before.

530. Then you assume that there would be as many men required on the surface to deal with the reduction of 50 millions of output?—Yes.

531. Is not that rather a fallacy?—It may be, I do not profess to know. I did not know whether it would reduce them or not. I assume it would be the same number, because they would be working shorter time.

532. Mr. R. H. Tawney: You gave us some figures about the increase in earnings. I think you said the average for the four years 1899 to 1903 was £85?—Yes.

533. And for the three months ending September, 1918, it was £169?—Yes.

534. That is to say, roughly, double?—Yes.

535. At the same time, you gave us some figures for the value at the pit-head from 1899 to 1903 of 8s. 8½d., was it not?—Yes.

536. And in 1918 it was 24s. 10d.?—That is right, for the quarter ending September.

537. That is to say, where wages on your estimate have doubled the price at the pit-head has trebled, or virtually trebled?—Yes.

538. Does not that suggest that the common statement that the advance in price is mainly due to a rise in wages is rather erroneous?—I am afraid I do not know; it is rather a question of opinion, is it not?

539. I beg your pardon for trying to get opinions, if it is so.—I do not want to burk the question in the least, but I really had not thought of it from that point of view particularly. The figures I give are figures as I see them.

540. They are the figures you gave?—Yes.

541. That is to say, the figures are that the prices have multiplied by three while wages have only doubled?—Yes.

542. Mr. R. W. Cooper: Mr. Dickinson is going to let us have tables showing the figures?—I think you want the figure that the total output per man has gone down to.

543. Mr. R. H. Tawney: You gave the total wage bill in 1918 as £130,000,000. Is that correct? I think that was what you based your estimate on?—That is without the war wage. £130,000,000 without the war wage and £40,000,000 for the war wage: that is for the last half of 1918, since the second war wage went on.

544. Can you give us the corresponding figure for 1913, or before the war?—Yes. The total wages bill in the year 1913, that is based on Professor Louis' hypothesis, which I have explained to you before, was £91,000,000.

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MR. ARTHUR LOWES DICKINSON.

[Continued.]

545. From £91,000,000 to £130,000,000, that is £40,000,000; that is to say it has increased by about 30 per cent., has it not, apart from the war wage?—No, it is more than that, because there is a reduction in numbers. That is why I said I would give you the figures. There is a 10 per cent. reduction in men. That brings it down to £81,000,000. Then there is an increase from £81,000,000 to £130,000,000, which is £49,000,000, which is just about 50 per cent. That is the increase, as I make it, due to the normal rise in wages by the Conciliation Board Awards, and so on. Then the rest of the increase is represented by the war wage.

546. In the meantime, unless I took down your figures wrongly, the profits in 1913 were £13,000,000, were they not?—Yes.

547. And in September, 1918, they were £39,000,000?—Yes.

548. That is to say they have been multiplied by three?—Yes.

549. After paying these advanced wages?—Yes.

550. I did not mean to overlook the point, but I am concerned with the productivity of the industry; I recognised that a large proportion of the profit is returned, of course. There is one point I want to ask you about the output. I think you said the output rose from about 259 tons in 1913 to 270 tons in 1915?—1913 was a very big output. That was 237,000,000 tons.

551. I beg your pardon, I was looking at the output in tons per man.—1913 was 259.

552. In the meantime the earnings rose, did they not, from £82 in 1913 to £105 in 1915?—Yes.

553. Therefore the suggestion that is sometimes made that a rise in wage tends to be followed by a falling off in output per man, which I think was made by Mr. Evans Williams, is not borne out by these figures, is it?—I do not know. There is another cause there that has to be considered. I do not want to give any opinion at all, but you must remember this cause, that that year, 1915, was the year when the whole population all over the country was in the most enthusiastic condition as to the war that they could possibly be; everybody, without exception, and miners naturally, equally with everybody else, if not more so, were putting their backs into their work and getting a great deal more output, and that is a factor which I think has to be reckoned with as well.

554. Mr. Sidney Webb: Putting it on the question of the reduction of hours, merely on the statistics without going into the technical question, you have been advised that there would be a certain reduction in output?—Yes.

555. Supposing there were no reduction in output, not necessarily because the same men produced it, but supposing there was an increased number of men employed, and therefore the actual coal brought up to the surface remained the same, apart from any increase in wages, there would be no increased cost due to reduction in hours, would there?—I would like to work that out. I have assumed a 17½ per cent. increase in men.

556. But, *prima facie*, apart from technical details, which we do not want to go into, the effect of a reduction of hours would be taken to be merely the reduction of output that was involved. If there

was no reduction of output there would be no increased cost due to the employment of additional men?—But if you have to increase the number of men to maintain the output you must have an increased wages bill.

557. I am assuming that the coal owner is paying the same price per ton for getting the coal in any case?—He could not be.

558. If the output remains the same he only pays for the tons which come up, and if the output remains the same he pays proportionately. What extra cost would there be at all?—Of the day men, a larger number of day men.

559. A larger number of day men, but only proportionately to the output. I am asking you, assuming that there was no reduction of output at all?—Would not you have to have a larger number of day men if you had shorter hours?

560. Let us separate, first of all, the piece-workers. Assuming as regards the piece-workers there was no reduction in the production there would seem to be, *prima facie*, no increase in cost at all?—That is right.

561. There may be an increase in cost with regard to the day men, assuming their labour were not more efficient?—That is right.

562. But, assuming that the product remains the same after the reduction of hours, the same number of day men might be able to deal with it?—Possibly.

563. We do not know that?—I do not know.

564. Therefore, it is not necessarily to be taken that, even if each man's production falls off, there is any reduction in the output, because you might have more men?—Yes.

565. Therefore, although your technical adviser has advised you that you may assume a 20 per cent. reduction in each man's output, that does not at all give you any inference as to what the total reduction of output is, because you do not know how many men will come on.

Mr. R. W. Cooper: Do you mean more men in coal getting?

Mr. Sidney Webb: Yes.

Mr. R. W. Cooper: You are aware that by Act of Parliament there is a restriction on the number of coal getters?

Mr. Sidney Webb: Yes.

Witness: I would like to put it in this way, for the sake of example; I do not want to start an argumentative point. It has been suggested, for instance, that a double shift might be worked and you might have a largely increased output without an increased cost for pieceworkers.

566. Therefore, the argument must necessarily be that the increase in cost, owing to the reduction of hours, is due to the reduced output?—You are asking me for an opinion again.

567. Your calculation is based on the assumption that there must be a reduction in the output?—It is based on a figure for a reduction of output which it was suggested I should use. I simply took a figure which was given to me, and nothing else.

568. Then the other point is, if I may assume for a moment that there is no reduction in output, that the extra cost is limited to the cost of increased wages demands?—That is right.

(Adjourned to to-morrow at 10.15.)

5 March, 1919.]

MR. ARTHUR LOWES DICKINSON.

[Continued.]

FIRST STAGE.—THIRD DAY.

WEDNESDAY, 5TH MARCH, 1919.

PRESENT:

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

MR. ARTHUR BALFOUR.

SIR THOMAS ROYDEN.

MR. R. W. COOPER.

MR. ROBERT SMILLIE.

SIR ARTHUR DUCKHAM.

MR. HERBERT SMITH.

MR. J. T. FORGIE.

MR. R. H. TAWNEY.

MR. FRANK HODGES.

MR. SIDNEY WEBB.

SIR LEO CHIOZZA MONEY.

MR. EVAN WILLIAMS.

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

MR. ARTHUR LOWES DICKINSON, recalled and further examined.

Chairman: I think, Mr. Dickinson, Mr. Hodges wants to ask you some questions.

569. *Mr. Frank Hodges:* Will you turn to Form G., the Form sent out by your Department? In section 2 of that Form I see you have provided for the various costs, and, under wages, you have provided for a statement of wages paid in development work.—Yes.

570. Have you any means of ascertaining whether, or have you had any means of ascertaining whether, that development work is work that should be legitimately charged against the capital instead of being charged as ordinary cost on the tonnage produced?—I will tell you what we do. That question is, of course, one for settlement by the Inland Revenue Commissioners and the Surveyors of Taxes, but we have asked in these forms to have that development set out because we thought we could in that way get much better information than it has been possible in the past for the Surveyor of Taxes to get. The plan we adopted was, whenever we had any particular item of development we have referred it to the Conjoint Officer of the Inland Revenue sitting in one department to satisfy himself and us as to whether under the Rules of the Commissioners of Inland Revenue for Income Tax and the Excess Profit Duty purposes those amounts were legitimately chargeable to revenue or capital. We were in close collaboration with the Inland Revenue Authorities in this matter, because, as you know, such items have a very important bearing upon the amount of compensation which would be due to collieries under the provisions of the Coal Mines Control Agreement. If they were allowed to charge large items for development to cost which should be capital it would at once increase the compensation to be paid by the Treasury. Then you will notice on the back of the form in section 5 particulars have to be given of all new work. In there they have to put particulars of any new work that is going on, and to state whether that is being charged into costs or to capital or into the half-way house of suspense, which at the end of the collieries' financial year is gone over and divided up, and the determination then made whether it is going to capital or to revenue. One of the most difficult things we have had to do in the Finance Department is to keep control and get knowledge about this development work. It was about a year ago nearly, I think, that in order to strengthen the heads of the Finance Branch and the Production Branch in that respect an Order was issued that all work of that character must first obtain the consent of the Controller or be

advised to the Controller at the time it was carried out. We have done our best, so far as possible, to ensure that no development work is charged into cost which should under the proper rule of accounting as laid down by the Inland Revenue Commissioners be really charged to capital.

571. I should like to follow that up and ask you whether in just getting the bare statement from the collieries of the wages as applied to development you have included that in the cost per ton yielded from the colliery?—In those statistics I frankly say certainly we have included whatever is put in here.

572. Whether you work in collaboration with the Inland Revenue or not, you have not got any machinery to enable you to go to the colliery to ascertain whether it is being properly charged to cost or to capital?—Yes. The Production Branch of the Coal Mines Department have a number of Inspectors all over the country, and whenever we in the Finance Branch think one of these things should be further inquired into we get them to send an Inspector down and make a report. We have had a large number of reports as to the nature of the work and all things are found out about it. Everyone of these development expenditures we come across are sent up to the Production Branch for the purpose of their reporting upon it either by direct inspection of the pit or any other method they think best.

573. I should like to have, if you can produce them, some complete sheets in which the cost of development is shewn?—Yes.

574. Then one might be in a position to judge whether such development should be legitimately charged to cost or capital?—Yes, I will produce those. I will get them by to-morrow for you, if I possibly can.

575. Turning to these large sheets you presented us with yesterday will you take the third column, Durham?—Which quarter have you got?

576. The March quarter, but you can take the three months ending June, if you like?—Very well, I will take the three months ending June.

577. Have you any data that you could put before the Commission showing the percentage of collieries in Durham that made a profit and the percentage of collieries that made a loss?—Based on the month of November and December, 1917, I have them here. We have not up to the present made that division in the other quarters. It can be done for all of them. It is only a question of getting the statistics out. I can give you the figures on the basis of November and December, 1917, at once for Durham.

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MR. ARTHUR LOWES DICKINSON.

[Continued.]

578. I should like to have them.—There are collieries making profits. I think I had better summarise them for you. I have the whole of the No. 2 division in one total. I have Durham divided into collieries of different sizes of tonnage production.

579. It would be an advantage if you would summarise them. I want you to give us particulars, comparative statements, shewing the percentage of collieries that have made profit and loss in Durham with the rest of the Kingdom.—I think it would save time if I gave you that to-morrow too, or would you like to have them done at once; it will not take long?

580. I should like to have them quickly. In line 13 I see Durham reveals that the total costs amount per ton disposable to the figure of 17/6.39, whereas in South Wales the total cost per ton is 21/8½d.—Yes.

581. Can you give any explanation for that reduced cost in Durham as compared with South Wales, remembering that in Durham the hewers' shift is a shift of 6 hours at the face, or 6½ hours from bank to bank?—I am afraid I can give you nothing except what is shewn here. The wages cost in South Wales is 3/6 in excess of that in Durham per ton, and that is the greater part of the difference. As to the reason for it I am afraid I cannot say. That is a technical matter I do not know anything about.

582. Your figures have revealed that fact, have they not?—Certainly.

583. With regard to the wages cost in Durham, is that based upon the total output?—It is based upon 95 per cent of the total output; it is very high in Durham. We had more reports in there.

584. What is it based upon in South Wales?—Just under 80 per cent., that is South Wales as distinct from Monmouthshire. Monmouthshire is rather less—62 per cent.

585. Do you know of any different practice between those two counties? Is it a fact that in South Wales they base the cost per ton upon the large coal?—In South Wales they do, but we do not. We have taken these costs on the total coal produced.

586. For your purpose they are the same in the different districts?—Yes.

587. With regard to Durham, the same remark applies to the proceeds of sale, item number 7?—Yes.

588. I want to make a further comparison to see how the figures are arrived at. In line 18 the output per person in Durham is 58.34 tons?—Yes.

589. Whilst in South Wales the output is 55.01?—Yes.

590. I suppose it would be a technical question to put to you how it comes about in a reduced working day in one county you have a higher output per man than in a county where there is a longer working day?—It is a thing I know nothing about.

591. You think it is a technical question?—Yes, I think so.

592. In giving that statement of yours yesterday you said the present demand for a 30 per cent. increase would put up the price of coal by 4s. per ton?—I said it would put up the cost by about 4s. per ton. That is the cost per ton raised. If you want to compare that with the selling price it would put up the selling price rather more, because there is a smaller amount of coal sold and you have to spread that over a smaller total.

593. I want to know how you arrive at that 4s.? What output did you take?—I started by assuming that with the additional men coming back from the Army the output for this year might be put at 250 million tons, as compared with 228 million tons for 1918. That on the technical figures given would be reduced by 20 per cent. by the shortened hours, bringing it down to 200 million tons.

594. That is only a figure?—That is only a figure. Any other figure would do as well.

595. That is just as speculative as the 4s. really?—What 4s. really?

596. The result of your division brings it to 4s. on your 200 million tons estimate?—The 4s. is not speculative. I can explain how we get that. The 4s. is arrived

at in this way. We take it that 200 million tons will be raised. The wages bill for 1918 adjusted on the last half-year for which we have had the full war-wage was 160 million. To that I add 17 per cent. for the increase in the number of men, assuming that 950,000 men, which is the approximate number employed in 1918 will be increased for 1919 by the return of the men from the Army to approximately the pre-war average, which was 1,111,000, that is an increase of 17 per cent. in the number of men employed. That would increase the wages bill from 160 million to 187 million. If there was no reduction in output there would be 250 million tons, which is almost exactly 15s. a ton for wages cost. Then I take this 187 million.

597. *Sir L. Chiozza Money*: That is to say you assumed that with 1,111,000 men your restored personnel would produce 250 million tons of coal, assuming the rate of output of 1918 under war conditions?—It was not exactly that. It was rather a technical point and I asked our technical advisers what it would be safe to assume the output would be for 1919. They advised me it would be safe to assume it would be 250 million tons but it might be more.

598. Do you mind telling us whether any allowance was made for the fact that during 1918 a considerable proportion of the young and most able-bodied men were withdrawn from the mines and that that had an effect upon the output?—Undoubtedly.

599. Can you tell me whether in the estimate that was furnished by the technical advisers they took account of the restoration of those young and able-bodied men to the ranks of the miners?—I think they did and took account of it in this way. It would take them some time to get back, they would not all get back at once, and it takes them some time again, so I am advised, to get into the full swing of working.

600. That would not be fair in the ultimate long run of output with regard to increase of wages; it would be unfair to normal conditions?—Yes.

601. *Mr. Frank Hodges*: The figure for 1914 is not 250 millions?—The pre-war average was 270 millions.

602. I think the pre-war figure was 265 millions if you restored your men?—Yes.

603. Should you not have worked out the amount per ton raised on that basis rather than 250 million tons if you take an imaginary figure at all?—Yes, I will work it out on that basis if you like.

604. That would reduce the amount?—Certainly, if the output was more, the effect of these concessions would be less.

605. *Sir L. Chiozza Money*: If you notice the division of 1,111,000 into the 250 million tons gives an output per man less than they actually realised in the war conditions of 1918?—No, I have not noticed that.

606. That certainly is very material.

607. *Mr. Frank Hodges*: Those people who were withdrawn from the industry in 1914 and 1915 were young men. If they come back now and they are in physical health they are in a better productive position than they were when they joined, so you cannot estimate their output on an average output before the war?—I do not know much about that; it is a technical point, and I cannot say.

608. They were boys when they were withdrawn largely of the age of 18, 19 and 20. They will be coming back at 25, 26 and 27 years of age, when their productive capacity is at the highest. Any increase from that source might affect the output rather differently than if you took an average principle to govern output?—It might certainly; but as I understand it, there is another factor, and that is the working places available; all these men cannot be restored at once to what they were before the war, and that must have some effect on output. It is a technical point, and I think you had better ask the technical people.

609. *Sir L. Chiozza Money*: You are basing your estimate on the average output per person employed?—I am basing it on what I was told might be expected to be the output for 1919.

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MR. ARTHUR LOWES DICKINSON.

[Continued.]

610. Of 1,111,000 hewers capable of producing coal going back to the mines, would you expect a larger output from 100,000 strong young men than you would if the 100,000 going back were boys?—I cannot say. It seems to me that I know so little about it that I cannot express an opinion.

611. *Mr. Frank Hodges*: Have you the machinery at your disposal to arrive at statistics which will give the ratio of figures between the number of men engaged as hewers and men who are engaged handling the coal after it has been got out from the pits?—No, I have no statistics.

612. Including underground men and surface workmen?—We have no statistics except the total number of men employed. The Home Office have some more statistics.

Chairman: Last night I sent for those figures, and I hope to have them here to-day or to-morrow. I sent for them last night after the Commission adjourned.

Mr. Frank Hodges: Did you ask for the ratio of increase between hewers and coal getters and the rest of the workmen at the colliery including all surface workmen?

Chairman: Do you want that separate for Durham and the United Kingdom, or will it do to have it over all of the districts?

Mr. Frank Hodges: That information ought to be obtained for the whole.

Chairman: Over how many years?

Mr. Frank Hodges: As far back as it can be obtained. You have to go back to get the difference between two classes of people.

Chairman: It shall be here some time. I will make every endeavour to have it here to-morrow.

Sir L. Chiozza Money: May I on that raise a point of some importance. Mr. Dickinson has, of course, told us what is within his knowledge. He has received certain technical advice as to the effect on wages and the effect on output. Working upon those data, for which he very properly disclaims any personal responsibility, he gives us again, very properly, an estimate as to the effect upon output and cost of production of the miners' demands. If we are to extract all the particulars of this working, first from Mr. Dickinson and then the technical advisers, it will take us a long time and we shall all have great confusion of mind after spending several days. May I suggest that a short memorandum be prepared, it could be very brief, giving the arithmetical technical factors upon which this output is based. It surely could be done during to-day and presented to us this afternoon after luncheon.

Chairman: I am obliged to Sir Leo for asking that. I think it is a very important question. I thought last night it was most important to have some explanation of that 20 per cent. If the Commission will allow me we will not wait until this afternoon. I will do it in the next minute. I think it is extremely important we should have it. It may be right or wrong; it is for you to judge. I do not think it is fair at the last moment to put down a calculation without giving people an opportunity of thinking it over before they ask their questions. If you will allow me, I will at this moment ask the gentleman who prepared that 20 per cent., Sir Richard Redmayne. I asked him to draw up a memorandum and he will read it out very slowly. I think it is fair you should have it now so as to have an opportunity of considering it and properly testing it.

Sir Richard Redmayne: I thought it was most desirable that the figure of 20 per cent. reduction in output quoted by Mr. Dickinson should be made quite clear and plain as to how it was arrived at. Mr. Dickinson asked me what sort of figure one would put in point of percentage reduction in output for the substitution of six hours for eight hours in the Coal Mines Act of 1908. After going rather carefully into the point, I put it at 20 per cent., and the manner in which I arrived at it was as follows. The time from the last man down to the first man up is 8 hours; but the winding time, the time

allowed by the inspectors for lowering and raising workmen varies according to various conditions at different collieries. The variation is very considerable, but I took a figure—it is all in the nature of a guess—of one hour at each end of the shift, so that if the men descended, which they do not do, in the same ratio day by day, and ascended in the same ratio day by day, the time that the middle man was underground would be 9 hours. Taking that 9 hours, that would be a reduction of 22 per cent. in point of time inasmuch as 2 hours is 22 per cent. of 9 hours; and, if the working were close to the shaft, you might take it that the man was at work round about something slightly less than 9 hours. That is the one extreme case. Taking the other extreme case, the last man down to the first man up is 8 hours; and, taking it that he has a considerable distance to travel to his working place and a considerable distance to travel back from his working place, I took the figure of 6 hours actually spent at the working place.

Sir L. Chiozza Money: Six hours under the present conditions?

Sir Richard Redmayne: I am taking 6 hours under the present conditions. The reduction of 2 hours in that time would be not 22 per cent. but 33 per cent, so you have what you would call two extreme cases. I say they are in the nature of a guess, necessarily. The average of 22 per cent. and 33 per cent. is 27½ per cent., but the reduction in point of output is not in arithmetical progression to the reduction in point of time.

Sir L. Chiozza Money: Or proportion?

Sir Richard Redmayne: Is not proportionate to the reduction in point of time. A lot of time and trouble and thought was expended during the sitting of the Eight Hours Committee, of which I was a member, and I think if you study the evidence you will find it is quite clear that the rate of productivity of the workman rises very considerably. I mean you cannot say he produces the same in the first hour as he produces in the last hour. It is a question, really, of intensity of effort; therefore, taking one thing and another, and drawing on my practical experience of the coal mines of the different coalfields in the United Kingdom, I came to the conclusion that a fair figure to take would be not 27½ per cent. reduction in output but 20 per cent. reduction in output. That figure is necessarily in the nature of a guess. The manner in which the guess was arrived at I told you.

Mr. Sidney Webb: Do those figures include Durham?—

Sir Richard Redmayne: Those figures were taking the whole of the United Kingdom, good, bad and indifferent.

Mr. Sidney Webb: Although perhaps no reduction in Durham.

Sir Richard Redmayne: There would be some reduction in Durham.

Mr. Sidney Webb: Have you allowed for the fact that there would be no great reduction in Durham?—

Sir Richard Redmayne: You have to take one field with another.

Sir L. Chiozza Money: I do not know if Sir Richard Redmayne is under examination?

Chairman: I do not trouble about that. We want to get at the truth.

Sir L. Chiozza Money: I want to ask whether in arriving at this figure, which Sir Richard Redmayne very fairly calls a guess, any allowance was made for improvement in technical equipment of the mines, improved winding machinery to get the men more quickly to their work, improved technical appliances, including coal cutting machinery and continuity of working. Was any allowance made for those factors?

Sir Richard Redmayne: None at all. That is a point upon which one could have a good deal to say. The point was that those improvements in point of winding, hauling, organisation, and so forth, all take time, and this was a figure taken to estimate what would be the immediate reduction.

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[Continued.]

Mr. Sidney Webb: It has no bearing at all on the future in the long run?

Sir Richard Redmayne: It only has some bearing.

Sir L. Chiozza Money: It comes to this. This estimate with which we are furnished is confessedly on the evidence of Mr. Dickinson, who is being examined before us, and Sir Richard Redmayne, who has given us this information, one based upon abnormal war conditions based upon an output which is actually less than the output in war, and further based upon what Sir Richard Redmayne very properly says, conditions which will only obtain for a short period. But our inquiry is not as to whether miners can be paid better wages in 1919, but whether the permanent long run conditions of the industry admit of larger wages without an undue increase to the consumer and without affecting our foreign trade.

Chairman: I am getting evidence for this Commission as completely as I can. We will not only have evidence with regard to it, but we will have a considered opinion upon it to get to the bottom of it.

Sir L. Chiozza Money: Might I repeat my request for a printed statement. All these statements that have been given to us orally should be reduced to a short memorandum that we might examine it in detail.

Chairman: That shall certainly be done. You shall certainly have it. I think the printers were working all last night.

Sir L. Chiozza Money: The Eight Hours Commission of 1907 took a lot of evidence upon this subject. Mineowners then alleged, you will find, that the Eight Hours Act would reduce production by thirty-three and a third per cent., and by 25 per cent. and 20 per cent.

Chairman: I have read the evidence myself and I think I know what you are going to say. I quite agree with you but we will not get into argument at present.

Sir L. Chiozza Money: I think those statements should be reduced to writing so as to be more conveniently before the Commission than they are in the form in which I refreshed my memory this morning.

Mr. J. T. Forgie: With regard to the evidence given before the Committee on the Eight Hours Act, the coalowners were giving evidence on the understanding that it was to be an eight hours' day from bank to bank.

Mr. Sidney Webb: That is why we are sitting here.

Chairman: I will do this. I will endeavour to get what Sir Leo wants, a sort of epitome of that, prefacing it with Mr. Forgie's suggestion, so that we will have both sides put so that we can judge of the matter.

Mr. Robert Smillie: As a matter of practice it may be taken that Mr. Dickinson has based most of his evidence, if not his figures, on the technical advisers.

Chairman: Yes.

Mr. Robert Smillie: We have the right to call Sir Richard Redmayne if we care to before this Commission is finished.

Chairman: Certainly.

Mr. Robert Smillie: And I think we ought to take an opportunity of doing so.

Chairman: Sir Richard will be called later on.

Mr. R. W. Cooper: Would it be too troublesome to get out a statement, a sort of tabular statement, showing for example, in the case of Durham, the various times at which different classes of labour go down, the various hours fixed for raising and showing the length of each shift?

Sir Richard Redmayne: We are getting that out.

Mr. R. W. Cooper: I happen to have something in my hand for my particular information. Of course, it is only in one particular case.

Chairman: I tried to get that last night; that is on the way.

Mr. Dickinson: May I give Mr. Hodges the figures about Durham? You asked the proportion of companies in Durham making a profit and a loss. I had better repeat the figures for the whole country so as to compare them. For the whole country 31 per cent. of the undertakings in number produced 62 per cent. of the output at a profit—this is based on November and December, 1917—and 15 per cent. of the under-

takings produced 13 per cent. of the output at a loss, so that the proportion for the whole country was two undertakings making a loss, to one making a profit, and the output approximately was five to one.

613. *Mr. Robert Smillie:* Two making a profit and one making a loss?—And the output of those making a profit was just under five times the output of those making a loss. In Durham we had 59 cases, 45 of those were earning a profit of just over 2s. and 14 were making a loss of just over 2s., so the proportion in number there was approximately three to one as compared with two to one for the rest of the country.

614. *Mr. Frank Hodges:* That is three to one making a profit as to two to one making a profit for the rest of the country?—Yes, the output of those 45 was 16 times the output of the 14.

615. *Mr. Sidney Webb:* Sixteen-seventenths of the output was being produced at a profit?—I am not sure of the total output for Durham compared with that for the whole country. I think perhaps it would be useful if I had this big sheet which has this information of the 75 per cent. for the whole country divided between the collieries producing different tonnages printed and submitted to the Commission.

616. *Chairman:* Yes, will you do that?—I can pass it round so that the members can see it and see if they would like to have it.

617. *Mr. Robert Smillie:* Cannot we get the facts with regard to the collieries?—How do you mean the facts?

618. Which collieries were making a profit and which not?—The detailed names and everything?

619. Yes?—Yes, certainly, but it will take a little time to get it. It can be done.

620. We know so many collieries that are said to have been losing money for the last four years—hundreds of them. We want to know really about it?—We have them all. It is merely a case of putting them together.

621. We have been told practically when the collieries were losing money?—I can produce a complete list of all the collieries making a profit and loss in detail. I should like to have the Commissioner's instructions as to whether they are to be given with the names or numbers only attached to them.

622. *Chairman:* That is a matter I think the Commission certainly is entitled to. They are entitled to have the numbers, names and everything. We want after all to get to the bottom of this matter. As far as those things are concerned put the numbers on the table and we will have the names as well. We will consider the position outside the Commission later?—Shall I put both into the table or give you a separate key to the names?

623. Put the numbers on the table and give each member of the Commission a key to the names?—That shall be done.

624. *Mr. Robert Smillie:* You mentioned in the course of your evidence yesterday that at one period there was an increase in output that was accounted for by the fact that there had been a considerable rush of outside labour into the mines. I do not think you suggested that that rush of labour into the mines was a rush of men to escape military service?—No.

625. That is the inference that will be drawn from it. And I think you know that was the feeling prevailing in the country outside mining circles that there had been a great rush of men to the mines to escape military service?—I heard that.

626. That appeared in the Press?—Yes.

627. You are aware that the comb-out supplied some 19,000 persons of military age?—I do not know those figures.

628. Are you aware that even of that 19,000 persons of military age a large number were examiners who had been miners before, and went back to the mines again?—I have no knowledge of it. I know a number of men went into the mines.

629. You did not intend to convey that as the reason for it?—No, absolutely not; I had no knowledge.

Mr. R. W. Cooper: I certainly never understood that for a moment. My own knowledge is very different.

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630. *Mr. Robert Smillie*: That is what the country would think. Do you know anything about the history of the Coal Organisation Committee?—I know nothing about it except its name.

631. Are you historically aware that at one time there was a likelihood, because of a reduced output of coal, that prices would soar up to a very high point?—I have no knowledge about that.

632. Then I will not take you upon that question any further. Are you aware of the fact that miners' wages previous to the control were regulated in districts by Conciliation Boards?—Yes.

633. Were you aware that increases in wages have been granted from time to time between 1914 and 1916, prior to the appointment of the Coal Controller?—Yes.

634. Do you know when increases in wages were demanded by the miners in any of the districts when they went before the neutral Chairman and the mine owners urged the enormous increase in cost of stores of all kind, pit timber, rails, fodder as a reason why they were not able to pay the increase in wages demanded?—I have no knowledge of that.

635. Take it from me that that was urged and that the neutral Chairman gave effect to it by saying the increase in the cost of stores made it impossible for you to secure an increase in wages; if that were so; if you could take that from me, if at any other time, say two years after that, the employers claimed an increase in the price of coal on the ground that stores had risen from the beginning of the war very much, that would not be a claim which ought to be given effect to. I mean if the miners' wages had already suffered to the extent that stores had increased in price the employers would not be entitled to again claim an increase in price to meet that?—I think that is a very material factor indeed.

636. If historically that can be put into writing and proved, would you say if stores had not advanced considerably from the time the wages were last fixed by the neutral Chairman, who had given effect to the previous increase in stores, there would be no justification, unless the stores might be shown to have advanced, for the 2s. 6d. put on which you said was put on ultimately for increased price of stores?—From a financial point of view I should have looked at it (it may be quite wrong), simply and solely from the point of view of what the profits of the colliery undertakings were at the time the advance was asked for as compared with the standard pre-war period.

637. I put it to you the wages were not guided by profits at all, but guided by realised values?—So I understand.

638. Suppose the profits of the colliery company had gone up enormously, the claim could not be legitimate unless it could be proved the realised values had gone up?—A claim for what?

639. A claim for increase in wages?—I appreciate that.

640. My point is if stores had already been met by miners' wages, which would have been 30 per cent. higher, and were kept down because of the increased price of stores, there could not arise at some other time a legitimate claim for increased cost to meet that when the miners' wages had been kept down?—I think you might legitimately say it had been off-set by not raising wages.

641. I suppose we may take it the output you are able to give from figures from time to time, and which varies, the output per man and the whole aggregate output of the country, depends upon many different things; it may rise and fall because of slackness in trade, the lack of shipping; it may fall because the collieries cannot be kept going because of the lack of shipping or through the inability of the railway companies to take away material?—Certainly.

642. I suppose that a full supply of railway trucks is rather an important thing in securing the highest possible output?—Certainly.

643. You are aware that during the war it was found that the railway companies, with depleted staffs, with their difficulty in carrying war material, were very hard put to keep the colliery going?—I know there was great difficulty in getting enough wagons for the collieries to get the coal away in many districts.

644. Are you aware that the different railway companies were advised to pool their wagons in order that the wagons on one railway might go on to the lines of another instead of going back empty to the company that owned them?—I know as a member of the public that has been discussed, but I have no knowledge as a witness of it.

645. Are you aware that the railway companies did pool their wagons?—I am not aware to what extent. I have a general idea there was some pooling; I have no knowledge of it myself.

646. Are you aware that the Central Committee of the Railway Companies, which was in charge of the railway companies, stated that there was a considerable improvement in output of coal because of their having pooled their wagons?—I think that is certain.

647. Are you aware that in some mining districts the individual mine owners own a considerable number of private wagons of their own?—Yes.

648. Are you aware that they were requested to pool their wagons in order to increase the output of coal?—Well, I am not aware of it in a way that I could give evidence of, because it has never come before me officially at all, and I do not know all the ins and outs of it. I merely know in a general way that there was some talk about it.

649. I think probably the Chairman will give us a witness who knows all about these things, so I will not trouble you about it.

Chairman: Yes, certainly.

650. *Mr. Robert Smillie*: I think you stated there was a difference of 6s. per ton between some collieries and others?—12s. a ton.

651. I understood you to say that some collieries were losing to the extent of 3s. per ton?—No, 6s. per ton. Some were losing to the extent of 6s. and some were making profits to the extent of 6s.

652. That is a difference of 12s.—That is right, a 12s. margin.

653. I put it to you that if generally speaking wages are controlled by the ability of the mines to go on paying the general rate of wages fixed and to continue working, would I be right in saying that all wages are bound to tend down to the point at which the worst constituted mine is able to go on?—I think it must to a certain extent, or else the price must go up. I think that is merely the corollary of saying this, that the price of coal has to be fixed so that a sufficient number of mines can produce a sufficient amount of coal to meet the needs of the country. The position is that if the price does not go up costs must go down, and the wages are far and away the biggest part of the costs.

654. Whether prices go up or not there will be 12s. between the worst constituted mine and the best constituted mine?—There would be a large difference. That 12s. is based on a two months summary, but there are these large differences all the time.

655. The 3s. or the 6s. difference would serve my purpose. If miners' wages are fixed according to the ability of the worst constituted mine to continue working, that is that if wages rise above a point at which they are able to pay a dividend, they must either shut down or pay wages at a loss to themselves?—Yes, one or the other.

656. Under these circumstances some mines well situated producing good coal near the point at which it is consumed might be earning profits of 50 per cent.?—They might be earning very large profits; I would not like to say what.

657. Supposing, I put it to you, that many of them have under those circumstances been earning 30 per cent. and putting away enormous sums into reserve which they have handed back to the shareholder in the shape of new shares; the other mines were all afraid of being shut down because they could not pay the wages?—I would rather confine that to the profit per ton they were making, because the percentage of capital, as I have found out, is a very misleading thing indeed, because in very many cases the capital on which dividends are paid does not begin to represent the capital invested in the undertaking.

658. *Mr. Sidney Webb*: Of course, when we are talking about capital we are meaning the real capital and not water?—I am talking of money from past

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his earnings, 50 tons at 2s. a ton. When he comes profits. In many cases it is put right back into developments and it never shows in the share capital.

659. In any case you would have to enquire before basing anything upon it as to what was actually the capital at stake in the working of the mine, would not you?—Clearly.

660. That has no relation to market value, of course?—It is not really the share capital.

Mr. Evan Williams: Therefore Mr. Smillie's assumption as to share percentage is very misleading.

661. *Mr. Smillie:* (To the Witness.) Do you say that collieries producing 14 per cent. of the output were not paying?—Collieries producing 13 per cent. of the output were not paying.

662. And they required to be assisted in order to keep them going?—Under the control. A great many more than that had to be assisted under the control, because many of those which were making profits still had to be assisted under the control under the terms of the agreement.

663. Had the mines not been controlled, that is, had they not been worked for some time as a national concern, and the same state of things arose, those mines that had to be assisted in order that they might live would have had to shut down?—With the same prices and conditions that have been existing a large number of mines in my opinion would have had to shut down altogether.

664. Is not that inevitable under any circumstances because of the point which I put before you that miners' wages are regulated by the ability of the worst constituted mine to pay?—Yes, unless you are free to put the price up.

665. But the price going up is neither here nor there. It does not change the situation between the worst constituted mine and the other one at all?—But it puts the worst constituted mine in a position to pay.

666. But does not it guarantee to the best constituted mine always the same relative dividend if you put up the prices? Supposing the miners ask for an increase of wages and the worst situated mine says: "We cannot pay, but the claim is quite justified by the circumstances." Supposing they said: "Several mines cannot pay and have to be shut down, and we say we will put up the price," does not that still keep the best situated mines relatively in the same position?—Yes, relatively, but it puts the worst in a position where they can keep on and pay their way where otherwise they might have to close.

667. Of course, under the competitive system such as a private ownership of mines in this country has produced, it is not possible always to keep up prices?—No.

668. And the other mineowners who are doing fairly well do not show any desire to keep up prices in order to save the worst constituted mine?—No, I daresay not.

669. If the mines were taken by the State and worked in the interests of the people of the country, rather than in the interests of private dividends, would not it be possible to assist the worst constituted mine rather than shut it down? You have taken it for granted that coal is a national asset which cannot be reproduced. Is not it right that even the worst constituted mine should be developed and worked rather than lose the mineral that is there?—That is a matter of opinion, is not it? I do not know that I ought to answer that question as a witness.

670. If the Chairman allows me I am going to ask you one or two questions upon which I want you to give an opinion?—I am in the hands of the Commission as to whether I am to answer or not. I am perfectly willing to do anything.

671. I think you made out here on Table IIIA* the average wages per quarter, £37 13s. 0d.?—Which quarter is that?

672. The March quarter. I find that is the average quarterly earnings per person?—Yes.

673. It ranges from £42 10s. 0d. Strange to say Scotland is the top of the list; I do not know why?—Yes.

674. The average is £37 13s. 0d.?—There is one thing I ought to mention in connection with this. You must remember that these are purely cash earnings and they do not take any account of the different conditions in the different districts as to housing, getting coal, or coal at reduced prices, or houses free, or houses at low rents. Those conditions vary in different districts and, of course, if you took in the whole value of this it might alter these proportions.

675. But as a matter of fact I take it that those figures are taken from the mine owners' sheets?—No, these figures are worked out by us by dividing the number of men employed in each district into the total wages value for that district for the period.

676. You took your wages value from the sheets supplied by the employers?—From the summary of those sheets.

677. Do you know whether or not the total wages which you receive from a colliery are the wages that they really have paid to the persons receiving them or are the wages which they earned?—It is the wages actually paid.

Mr. R. W. Cooper: Do you mean by that whether it is the actual cash payment or the cash payment plus estimated money value of the house provision?

677A. *Mr. Robert Smillie:* No. I want to know whether it is the money really that a person has earned and which appears on the pay sheets of the employers, or whether it is the money that is really paid to him when the explosives and other deductions are made?—I am afraid I could not say.

Mr. J. T. Forgie: I think I can accept what Mr. Smillie says. I think these wages include all the deductions in Scotland.

Mr. R. W. Cooper: I would rather challenge that as far as Durham is concerned. I am speaking, of course, with second-hand knowledge only, but our pay notes there always show the net amount received by the miner after deducting these things. I take it, therefore, that the amount that is brought in for which I sign a cheque every week is the net amount. It is the amount for which I sign a cheque every week that appears in these sheets.

Mr. Robert Smillie: I am inclined to think it is your pay sheets and not the workmen's earnings.

Mr. R. W. Cooper: That is money actually paid weekly in cash.

Chairman: Mr. Dickinson will tell us how he does it.

Mr. Robert Smillie: As a matter of fact we want the sheets produced from which you got your figures?—May I tell you where I got them from? On this form G. which you have and the form A. which preceded it there has to be stated as one of the items of cost the actual amount of wages. It is not pay sheets at all; it is the wages costs as kept by the company for the purpose of determining their profits. We have taken the total for each undertaking in each district of the money cost in wages that appears on those sheets. We have summarised the whole of those and we have arrived at the total money cost in wages for each district and divided that by the number of men employed in that district according to the records kept by our statistical department.

678. As a matter of fact No. 19 on this sheet says: "Earnings per quarter." Earnings and wages are two different things. You say "Earnings per quarter" and I take it that it is earnings per quarter?—It is intended to be the actual amount that a man received in cash on the average on that form.

Mr. R. W. Cooper: Into his pocket?

679. *Mr. Robert Smillie:* What he receives in cash?—Yes.

680. Are you sure of that?—As sure as I can be, short of my going and looking into every colliery's books.

681. That is exactly the point I am on?—If those figures do not represent this then the owners who have returned them in any other way, as I understand it, have committed a breach of the Defence of the Realm Act.

682. What you want to get at are the earnings of the colliery company that returns to you the total earnings. If a person puts out 50 tons of coal for a fortnight at 2s. a ton the employer has in his sheets

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to get his wages there may be 10s. off that for explosives; there may be 6d. for pick sharpening and other deductions of that kind, and his wages might be his earnings minus 15s.—I quite see your point.

683. But the employer has to return the earnings of the person?—I quite see your point, but if these accounts are properly kept, and I know a great many of the companies do keep them properly—I would not like to say they all did—those deductions should appear under other headings of cost, that is to say the wages should be the actual wages paid and deductions for explosives should come under stores and supplies; that is proper accounting.

684. No, they do not come under stores and supplies at all.

685. *Mr. R. W. Cooper*: Is not it a fact that at least in some cases you have had sent to you by the colliery owners on this quarterly form G, a certified detailed profit and loss account showing receipts and actual net expenditure certified by the auditor of the particular concern?—Yes.

686. And is not it a fact that form G. corresponded exactly with the quarterly profit and loss account as certified by the accountant?—There is no question about that.

Mr. Robert Smillie: That does not affect this in the slightest; it is a most important point.

Mr. R. W. Cooper: I see *Mr. Smillie's* second point, but I want to make the first one clear.

687. *Mr. Robert Smillie*: When a miner goes to the colliery office to complain about a number of men not getting fair wages he goes into the office and the manager is kind enough to present the pay sheets. He says, "These men have earned so much each," and we find in the pay sheet that they have. That is his earning. He divides it up per day and gets 10s. or 12s. per day as the case may be. We say, "That is all right—so many tons" is his earnings. Then we say, "How much is off for explosives and how much is off for all these other things? How much did the man really get?" and we reduce his average earnings by 6d. or 9d. or 1s. a day?—I quite see your point.

688. I believe that you have the earning here?

Mr. R. W. Cooper: You may take it from me that in cases within my own knowledge that is not so.

Mr. Robert Smillie: You mean not the case as far as rent is concerned?

Mr. R. W. Cooper: No, as far as wages are concerned. I quite see your distinction between the net wages received and the man's gross earnings, but the case I put to *Mr. Dickinson* is that in this yellow form G. the wages inserted are the net cash after making all deductions actually received by the men and paid by the employer.

Mr. Sidney Webb: That is not so in Scotland, apparently.

Mr. Robert Smillie: Certainly it ought to be national, and it was intended by the Government that it was to be national. It ought not to be made out on one line at one place and another line at another place.

Mr. R. W. Cooper: As *Mr. Dickinson* has said, if these form G. sheets are made up properly then your criticism would not apply.

Mr. Evan Williams: I think the only deductions made from these are payments to the doctor, the check weigher and any house coal that may have been received by the miner.

Mr. Robert Smillie: Deducted from the man's earnings.

Mr. Evan Williams: Yes, but I do not think that there have been deductions. This is the net wage after deducting anything the man uses in the course of his employment.

Mr. Robert Smillie: You are wrong there, you see.

689. I put it to you, a miner, generally speaking—it is not uniform over the whole coalfield—has to provide his own tools in a large number of cases?—Yes.

690. His boring machine, his picks and shovels and everything of that kind?—Yes.

691. All his expenditure on these things does not come into this at all. When he gets his wages he has to buy all these things out of his wages, but in addition to that the miner must buy his explosives from the mine owner, and at the end of a fortnight

when he is earning £5 there may be 10s. deducted from that £5 for explosives?—Yes. The doctor's allowance is a legitimate allowance, the pick sharpening may be a legitimate allowance, but the explosives are not earnings to him at all; that is expenditure to him. He cannot take them home.

Mr. R. W. Cooper: It is money spent by him in earning the other money. I quite see your point.

Witness: Of course, it is like the doctor; is not that the same thing?

Mr. R. W. Cooper: May I indicate what my position has been? Of course, I can only speak individually. On these yellow sheets, so far as my knowledge goes, the wages is the net balance after deducting explosives and everything else, the net cash actually paid over the counter week by week to the men. The case I am speaking of tallies exactly with the certified quarterly profit and loss account which is sent to *Mr. Dickinson* with the yellow forms.

Mr. Arthur Balfour: *Mr. Dickinson* cannot possibly know this. I suggest that the Coal Controller be asked to ascertain that for us in different districts. I do not see how we can possibly expect *Mr. Dickinson* to give it to us.

Chairman: Yes, if the Coal Controller can do that.

Mr. Arthur Balfour: I know how difficult it is to get the facts.

Chairman: I will see *Sir Evan Jones* this afternoon and ask him.

Mr. Sidney Webb: The custom varies very much in different districts.

Chairman: Yes. If you do not mind letting it stand for the moment, I will see *Sir Evan Jones* this afternoon and see if it can be done.

692. *Mr. Robert Smillie*: All that is only leading up to my next question. I take it that would mean an income of £150 per year per person?—You mean the £37 13s. 0d.?

693. Yes?—Yes, it is four times that.

694. And that at the present time has about the value of £75, under pre-war conditions?—I should say that is not far out.

695. Some people say it is a great deal less, but of course I am not putting it at the highest point. As a matter of fact, that earning is the highest point that wages have touched?—No, it is £170 now in the September quarter after the second war wage went on.

696. Have you put in that?—No, you have not got it yet.

697. That is not inclusive of the second war wage, then?—No. That adds another £20 a year.

698. This payment would give you about £170 at this period?—Yes.

699. I am going to ask the *Chairman* if he will allow me to put a few questions to you as a man, rather than as a financial expert?

Chairman: Certainly. If *Mr. Dickinson* is able to answer I am sure he will assist us in any way he can. We want the assistance of everybody in this Inquiry.

700. *Mr. Robert Smillie*: The miners are asking for a higher standard of life—that is a laudable thing if that can be secured?—Certainly.

701. If you had your life to begin again—and I wish you had ————So do I.

702. Would you prefer being a miner to a chartered accountant?—No, certainly not.

703. I do not want to put this to you impertinently at all, but do you think £200 a year would be a decent living wage for a chartered accountant?—I do not think you would get very many to stay in it for their lives at that figure. At the same time there are a great many who did not, before the war, get very much more—unqualified men.

704. I am putting it, mind you now, that a highly skilled man might earn £200 a year. A highly skilled chartered accountant, if he had a good post, could earn more than £200 a year, could he not?—Yes, but there are a very large number of them, young men between 20 and 30, who would start at a salary of £125 to £150 a year, and they would take a very long time to get up to £250 before the war.

705. *Mr. Arthur Balfour*: Ought not we to be quite clear that this figure of £150, and now £170, per person includes boys?—It includes everybody; it is an average for all.

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[Continued.]

Sir Thomas Royden: I thought Mr. Smillie took the figure of £200 for the highly paid?

Mr. Robert Smillie: I take the figure of £200 now and over a period of 40 years. I am £100 too much. I am not dealing with the present condition at all. I am dealing with the normal condition. The average earnings of the skilled miner at the coal face over a period of 40 years is £75 a year, but I put it at £200 just now because I was dealing with respectable people, and a respectable profession.

Mr. Arthur Balfour: I was taking £170 plus 30 per cent., which makes £211.

706. *Mr. R. W. Cooper:* Do you ever read the advertisements in the "Law Times," in which solicitors and graduates of universities are offered salaries?—No.

707. I recommend you to do so.

Mr. Sidney Webb: They are very cheap.

708. *Mr. Robert Smillie:* You may take it that the miners would desire that your profession should not be a sweated profession, and that every person in your profession ought to have a salary (because we dare not call it wages in your case) sufficiently high to enable a man and his family to live in comfort and decency?—Certainly.

709. That is all I say. Have you ever been down a mine?—I went down one in Wales a year ago, and I have been down one in Vancouver.

710. Did you reach the face on either occasion?—Yes.

711. You have seen the men at their work?—Yes.

712. I know you have been in mining districts because you were with me in mining districts?—Yes.

713. You had the opportunity of seeing the housing conditions under which the miners live?—Yes.

714. You were in some of the houses in Scotland, and other places?—Yes.

715. I would like to know whether you think that any man who had given a useful life to the State in the production of coal ought to be housed under the conditions which you have seen in Lanarkshire?—Well, I have seen both. I have seen some almost too bad to be described, and I have seen some of the most modern up-to-date houses that could hardly be improved upon.

716. In Lanarkshire?—I think it was Lanarkshire. You showed us some somewhere in Scotland anyway.

717. You have seen the best and the worst?—Yes, the best and the worst.

718. There was 5 per cent. of the whole the best and 95 per cent. the worst?—That I do not know of course.

719. The 5 per cent. are the latest cottages that have been built since the war?—Yes.

720. But 95 per cent. of the houses were built prior to the war, and a large number of them are single apartment houses which you have seen?—I saw some very bad ones, but I do not know what the proportion is. I have also seen some very good ones that were built 45 years ago in Lancashire or Yorkshire.

720a. *Mr. Herbert Smith:* In Yorkshire—I have been trying to find them?—I forgot which it was; it was one or the other.

721. *Mr. R. W. Cooper:* I fancy you did not get to Durham?—No.

Mr. R. W. Cooper: I thought not.

Mr. Robert Smillie: Yet you may see some back-to-back houses?

Mr. R. W. Cooper: I do not suggest they are all perfect in Durham.

Mr. Sidney Webb: One good one does not atone for a bad one.

Mr. R. W. Cooper: I can show you villages of very good houses.

722. *Mr. Robert Smillie:* I take it that you have been pleased to hear that the miners rushed to the Colours in practically hundreds of thousands at the outbreak of war?—I think everyone is pleased.

723. I think you have also heard the statement of the Prime Minister and the other Members of the Cabinet, that they are a very important part of the community, in so far as they produce coal, which is the chief thing on which our industry depends?—Yes.

724. Do you think it is an extraordinary thing that men who have shown the patriotism and the courage

that they have done, and without whom the nation cannot go on, should seek for a higher standard of life?—No.

725. Do you think, under the circumstances you have seen in some of our mining villages in Scotland, that it is possible to raise the highest class of men and women that we desire to raise under those circumstances?—Some that I have seen, certainly not.

Chairman: We are very glad to see Mr. Smith better and with us to-day. Have you any questions?

Mr. Herbert Smith: No.

726. *Mr. R. W. Cooper:* There are two points arising on the figures that have been given. Yesterday when you were describing to us the half-crown advance in price, which was ordered by the Controller in June, 1918, there was a figure suggested to you, perhaps argumentatively, by Mr. Webb of £25,000,000?—Yes.

727. That practically meant that 2s. 6d. applied to a quantity of 200,000,000 tons?—Yes.

728. That 2s. 6d., of course, has been in force since 24th June, 1918?—Yes.

729. It appears to have been imagined by some people that the whole of that 2s. 6d. went to the coalowners?—Yes.

730. I think it is very desirable that we should clear up that misconception. Will you kindly tell us how you consider that 2s. 6d. would go, assuming, of course, which is an erroneous assumption, that it amounts to £25,000,000; it does not, of course, but assuming that for the sake of illustration?—I do not think the £25,000,000 is far out. 200,000,000 would be, approximately, the amount of sale.

731. For two-thirds of the year?—It has been for over nine months.

732. No, eight months.

Mr. Sidney Webb: The figure of £25,000,000 was per annum?

733. *Mr. R. W. Cooper:* Yes, I know; I am taking it as an illustration?—It is a little complicated because of the terms of the Agreement. The best way perhaps to explain that is to take two or three cases. If all the collieries were earning more than their pre-war standard, the most they could get of that £25,000,000 would be 5 per cent.; that is one and a quarter millions. Collieries that are earning below their guaranteed standard under the Coal Mines Agreement, which is the pre-war standard reduced by output, would, in effect, get none of that because the whole of their part of it would go to the Coal Control. 80 per cent. in a great majority of cases of the £25,000,000, that is £20,000,000 of it, would go to the Inland Revenue and there is a small fraction—it is impossible to say how much—which would go to collieries earning between their guaranteed standard and the profit standard which those collieries would keep altogether, but the amount that would go to the collieries would be very far short indeed of £5,000,000, and the whole of the balance would go over to the Inland Revenue, or to the Coal Control.

734. And, therefore, this head-line which I see this morning in a well-known London newspaper—"How the money went: £15,000,000 to the owners, and £10,000,000 to the State" is absolutely misleading?—Absolutely.

Mr. R. W. Cooper: I may say at once that is the "Daily News."

Sir L. Chiozza Money: On that, may I ask a question arising out of it, which is rather important?

735. *Mr. R. W. Cooper:* I have not quite finished. I think we all understand, but I want to have it clear on the notes, and clear for the public as well. In all these figures of profits, the only allowance for depreciation you have made is the allowance permitted by the Income Tax Authorities?—Yes.

736. That is to say, simply what I may call the more or less statutory allowance on buildings, plant and machinery?—Yes.

737. And nothing of course in the nature of exhaustion of capital, or redemption of capital?—No.

Sir L. Chiozza Money: What I want to ask is this: I understand that Mr. Cooper is asking questions directed to the argument that is going on outside these walls. If that kind of question is to be permitted, I should like to ask one also,

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[Continued.]

Mr. R. W. Cooper: Let me tell you my reason at once. I have no desire to argue it—far from it. I only want the facts to be ascertained; that is all. I think it is an exceedingly disastrous thing in the public interest, when facts are so completely misrepresented, and therefore I was very anxious indeed that the facts should be distinctly stated. The arguments are a matter for us to discuss among ourselves hereafter, and I venture to suggest that the less time that is spent in argument the better. We had better address our minds to elucidate facts, and facts only.

738. *Sir L. Chiozza Money:* On the point of fact, may I ask Mr. Dickinson when the Coal Controller took the step of advancing coal by 2s. 6d. a ton—which I think you rather thought if he had had better evidence he would not have done?—If we had known all we know now I do not think it would have been done.

739. Did he have the advice of coalowners, or did he receive any protest from coalowners that the 2s. 6d. was unnecessary. Did they say to him: "You are merely giving 2s. 6d. to the Treasury"?—I never heard of any such suggestion: I do not know what the negotiations were.

Chairman: I am going to try and have a witness with regard to the negotiations.

740. *Mr. R. H. Tauney:* Yesterday you said you would supply us with information about the negotiations?—I should have got it this morning. I have found the memorandum and I am having it typed and you shall have it to-morrow. It is a lengthy memorandum and I will hand it round to the Members. It is a full statement made up at the time the 2s. 6d. was put on, and it gives the whole reasons for and against at that time.

741. *Sir L. Chiozza Money:* Are you aware that the demand of the miners has been represented—not in one paper alone but in the majority of papers—as a demand against the community, that is, whatever the sum is to be, 6s., 5s., or 8s.—we will call it "X"—that that X demand was a demand per ton which had got to be met by the community, and met by the export trade; are you aware of that?—No, I am not.

742. Just take it for the moment. Does not that argument assume that the profit which we have been shown as accruing to the industry was to be perpetuated, otherwise obviously the demand would not be a demand against the community; it would be, at least in part, a demand against the product of the industry?—I think the best way I can answer that is by saying that such a statement is merely trying to forestall what this Commission is sitting for.

743. But at any rate it has been shown that, as a matter of fact, there is as between the pre-war product of the industry (profit and royalties together) 1s. 6d. per ton and the present product of the industry 4s. 7d. per ton, a difference of 3s. 1d.—Yes.

744. And therefore, if that "X" share I have spoken of was 3s. 1d. it would not be a demand against the community but a demand against the products of the industry?—To some extent.

745. It would be to that extent?—To the extent of the difference.

746. Therefore, if that argument is true, it is only by the amount exceeding 3s. 1d. that the miners' demand, whatever it amounts to, will be a demand against the community, even if the argument as to the advance holds true?—Yes, assuming those facts.

747. *Mr. Evan Williams:* May I clear up one point with regard to the great divergence between collieries losing and collieries making profits. You say it is 6s. a ton on one side and 6s. a ton on the other. During control the distribution of the coal from different collieries has been in the hands of the Controller?—Yes.

748. Certain collieries that previously were allowed to export coal were prevented from doing so and were compelled to supply the whole of their output for inland purposes?—I think you had better get another witness on that point. I think there is a witness coming who is going to deal with the export conditions. I do not know it of my own knowledge; it is not my department.

749. But it is within your knowledge that certain collieries, for instance certain gas coal collieries in

South Wales have appealed to you because they are compelled to supply the whole of their output for inland purposes, are prevented from shipment, and therefore their losses are so much greater, and possibly there would not be losses at all if trade were allowed to follow its normal channel?—I am afraid I could not put it in that way. My answer is, that their complaint is that they have not been allowed to share in war profits. These high export profits are purely due to war conditions. If it had not been for the war the prices would not have been up and they would not have suffered. Their grievance is that they are not allowed to share in the high profits of the export trade which certain other collieries are getting.

750. But, in the absence of control, they would have been able to send their output to the markets that suited them best, and that would have given them a better price?—I take it so.

751. And there would not be the divergence between losses and profits shown at the present time?

752. *Mr. R. H. Tauney:* May I ask where the question of loss comes in? I see the profits of mines alone, January to June, 1918, was £20,000,000, and in the quarter ending September, £39,000,000. To what profits exactly is Mr. Williams alluding?—Those are the figures which I gave you yesterday, which show that out of the collieries of the whole country 31 per cent. produced 62 per cent. of the output at a profit and another 15 per cent. were producing 13 per cent. at a loss. Those figures have gone up since then, that is to say, there is probably less loss now than then, by reason of the higher prices.

753. So the aggregate profits are nearly double?—The aggregate profits have gone up.

Sir L. Chiozza Money: An accusation has been made generally arising out of the evidence yesterday against the Coal Controller that he advanced the price of coal too much, and, indeed, it has been, as it were, admitted by Mr. Dickinson that probably it would not have been advanced as much if the better evidence he now possesses had been in his possession at the time.

Chairman: Yes.

Sir L. Chiozza Money: Is it not the fact that although we seem to be clear that coal has been advanced more than it need have been, nevertheless the price of coal to the consumer in London has not advanced nearly as much as the advance in other commodities?

754. Are you aware that the price of coal in London is not advanced by more than about 55 or 60 per cent., whereas the price of other commodities has advanced about twice as much—at least 100 per cent.?—I was not aware of the actual figures, but I had a general idea.

755. At any rate, whatever may be said against the Coal Controller, that he has raised coal too much, as indeed I think he has, nevertheless in other industries where there has not been a measure of control the price has gone up more, and therefore it is a legitimate assumption that if coal had not been controlled it would have gone up, not merely 56 per cent. but probably 100 or 120 per cent. as other commodities have done.

Chairman: That is due to the Price of Coal (Limitation) Act.

756. *Mr. R. W. Cooper:* I asked you yesterday if you would give us information with regard to the inland prices and quantities, as distinct from the export and bunker prices and quantities; will you give that, or will somebody else give that?—Those figures will be given by somebody else.

757. *Sir Arthur Duckham:* There are two questions I should like to ask you about this 2s. 6d. rise that we have heard about to-day. Sometimes that is put down as in order to make the Coal Controller self-supporting and sometimes owing to the increase in the price of stores. Is there any difficulty in finding out the difference between those figures, because when the argument is one way it is for making the Act self-supporting?—The memorandum I propose to put in, which you shall have to-morrow morning, will give you everything.

758. *Mr. Hodges:* Is that the memorandum you said you were going to get yesterday showing the reasons on which you base your estimate of the 2s. 6d.?—It

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[Continued.]

is the memorandum made up prior to the increase of 2s. 6d. upon which it was decided to make the increase, and I am going to produce to you the exact memorandum.

759. *Sir Arthur Duckham*: Do you consider that the incidence of the Excess Profits Tax and the Coal Controller's levy has resulted in the consumer paying more for his coal, that is to say, have you taken money from the consumer and put it back into the Exchequer in one way?—There is no question about that.

760. If there had not been an Excess Profits Tax or a Coal Controller's levy, would the consumer have paid as much for his coal?—That is rather difficult to say, because the price must, necessarily, depend on the demand; it is quite conceivable.

761. Have the coalowners asked for higher prices because they only retain 5 per cent. of these Excess Profits? If they had retained more than 5 per cent., or retained the whole, would they have worried about the increase of their prices in the way they have?—I do not know whether they have asked for it; they certainly have not got it on that ground.

Dr. JOSIAH CHARLES STAMP, C.B.E., Sworn and Examined.

764. *Chairman*: I think you are a Doctor of Science in Economics of London University and Newmach Lecturer in Statistics, a Member of the Council of the Royal Statistical Society, and you are the author of "British Incomes and Property" dealing with official statistics relating to profits, and also of other economic and statistical works?—Yes.

765. I think you an Assistant Secretary to the Board of Inland Revenue, and you have been administering the Excess Profits Duty Act, and I think you also represented the Inland Revenue at the proceedings in the Coal Mines Control Agreement up to the passage of the Bill through the House of Lords?—Yes.

766. I propose to do with you what I did with Mr. Dickinson, to ask you certain key questions and to leave you to explain to the gentlemen of the Commission your views and actions upon the subject: I want you first of all to tell me generally the extent and nature of the official statistics of the profits of coal mining?—I understand that certain figures have been put in by the previous witness based upon figures that I have published. In so far as I am giving evidence about those figures I am giving evidence not in an official capacity, but I can answer in an official capacity a question relating to the official statistics. The particulars that are being prepared at your request by the Board of Inland Revenue another official will come and present and give evidence upon, but in the meantime I can speak as to the past official statistics. With regard to the extent and nature of the official statistics of the profits of coal mining, the income tax figures have been shown in the Inland Revenue Report separately for mines for many years. Occasionally coal mines and other mines have been shown separately. They were shown separately in 1914-15. The coal mines were shown as between £19,000,000 and £20,000,000, practically £20,000,000, and the other mines as about £1,500,000. Those figures are gross figures before the deduction of the allowances under the Act of 1878 for wear and tear. Those allowances for coal mines are not large. They amount to somewhere in the neighbourhood of £750,000 for the main reason that the upkeep of the assets that is allowed for taxation purposes is mainly allowed by way of renewals charged to revenue and not by way of an annual depreciation allowance. However, pit head machinery and such assets are allowed a depreciation allowance, and that is the figure that appears in the official reports, but not separately. It appears in bulk for the whole of industry, but I can give it to you as being somewhere in the neighbourhood of £750,000 for coal mines. The proportions between coal and other mines in other years where they are not shown in the official statistics have not varied greatly. These statistics are the statistics of assessments, and, under Statute, assessments of coal mines are made on the average of five preceding years. Therefore the assessments for 1914-15 which have been referred

762. It is rather an interesting point?—They have not been able to put their prices up since 1915. The prices have been regulated ever since 1915 by the Price of Coal (Limitation) Act. They were unable to put their prices up except for export to neutrals. Our view always was that the higher the price they could get for these the better it was for the country. Other prices have been strictly regulated all through. If they ever had a desire to put it up because of Excess Profits Duty they could not do it.

763. But would it have been necessary to put the prices up if there had not been an Excess Profits tax and the Coal Controller's levy; that is the point?—One of the main factors in putting the prices up certainly was to try and make the Coal Mines Control self-supporting, and one of the difficulties of making the Coal Mines Control self-supporting was that a large proportion of the excess profits arising out of high prices went in Excess Profits Duty.

Chairman: I am very much obliged to you. I know you have had to get up these figures at very short notice. I thank you for your evidence.

to by Mr. Dickinson really are based on the average in the case of each mine of five preceding years, 1909 to 1913 inclusive. It is not possible to tell by mere inspection of these figures what the actual profits of the separate years entering into the average were, but for statistical purposes and, of course, for your purposes in this Commission, it does assume considerable importance to know what the profit in each year was. It is a useful and necessary piece of information. I have from time to time for academic reasons made attempts to obtain a series from the official figures which would satisfy certain tests as to its probable accuracy. I tried to resolve the assessments into their constituent years. The series of official figures of mines slightly "cleaned up" is given in my book "British Incomes" from 1842 to 1913-14. The figures that I wanted to get at for the purpose upon which I was engaged were the analysis of each of those years of assessment to get years of profit.

767. *Mr. R. W. Cooper*: What page of your book are you looking at?—Page 220. The figures that Mr. Dickinson has quoted were unofficial figures. They were the results of my enquiries given in a paper to the Royal Statistical Society last May and published in their journal in July. In getting out that paper I had a very different object in view from the object in view before you to-day. I was not very greatly concerned in the accurate ascertainment of the total profit of the industry but I was greatly concerned in getting the correct relationship year by year, viz., the fluctuation. If I had established that to my satisfaction I was quite content, and I was not concerned greatly with total correctness, because I at once turned it into an index number based on a basis of 100, so that whether I had got half the profits or the whole profits it did not matter so long as I had the fluctuations correct. But to some extent, I did make the figures, of course, consistent with the figures of assessments. Therefore I believe up to the year 1914-15 those figures pretty accurately represent the actual figures of profits year by year. In that paper the figures ran only to 1915. Mr. Dickinson has given evidence for two years later. I should explain that he asked the Inland Revenue Conjoint Officer some months ago to see me in order to get me to give a continuation of my figures in that paper for those two years, and I did so to the best of my knowledge and belief from the information I had. I believe he has continued the figures that were given to the Statistical Society for those two more years that I gave him then, not knowing, of course, the use that would be made of them. I made the best estimate I could for those two years, but I would not like it to be thought that those two years can necessarily be as accurate as the preceding ones, because there are no official aggregates with which to mark them up and check them off. I have only the method of sampling with large samples to go upon. I should like to explain, if I may, what the object of the paper was, in order that I may clear myself of any attempt to arrive accurately at the

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[Continued.]

exact aggregate figures of the industry. The whole object of that paper was to find by scientific tests what the connection was between fluctuating output, fluctuating prices and fluctuating profits—that if the output in a given year went up X per cent., as compared with another year—

768. *Chairman*: Have you any spare copies of your paper?—I have three or four left.

769. Will you give one to Mr. Smillie, please, one to Mr. Cooper, and as many others as you can spare to other members of the Commission? (*Same handed.*)—The object was to ascertain if the output in industry generally increased by X per cent. what was the accompanying increase of profit or corresponding decrease. If the price increased X per cent., what was the corresponding increase in profit or the corresponding decrease. Before I made any attempt to ascertain that for industry as a whole I attempted the separate industries, and I started with the coal mining industry because the figures were more complete. There were very fair figures for output for many years and for prices, and I have my own part official figures for profits. Thus I elaborated my investigation on coal mines; that was the origin of these figures down to 1915 that I gave the Royal Statistical Society. My method briefly in getting at these figures was to note all the trading results that come under my notice, and by adding them together to make a large sample of the trade. That sample sometimes amounted in profits, though not in numbers, to nearly 50 per cent. and was tested by me for the purpose of finding probable error in ways that are familiar to statisticians. The first difficulty, of course, that meets one is that these never can be the profits of an identical trading year because different businesses make up their accounts to different dates. I have shown in "British Incomes" that rather under 50 per cent. of accounts are made up to December, and something like 30 per cent. to the following March, and a considerable number to the previous September and the remainder at various dates throughout the year. The net effect is that the average trading year does end at a date slightly after the calendar year. When you have weighted up all the numbers and taken the year to which they run it is something slightly after the calendar year. For all practical purposes these figures may be taken as fairly representing the calendar year. The samples would give on a five years' average a certain aggregate income tax assessment over all the cases included, and then the total income tax figure given in the revenue reports would be split up in the same proportions as those that I had ascertained from observation. The same method would be followed for other financial years, so I should get a number of different but closely approximating results for each trading year, and I would take the mean of those. Anybody who is interested in it can see the method more fully described in the paper. Those are the figures I have given from 1888, and they have been put in, I believe, by Mr. Dickinson to this Commission in his tables.

770. Does that finish what you want to say with regard to explaining the nature of the official statistics of profits?—Yes. I ought to go on to say what is included and excluded in those figures.

771. That is what I want; what is included and excluded in those figures?—Included in those figures for both the official statistics and my analysis of them into separate years. First of all we will look at the scope and definition of coal mine. It includes all concerns which, besides their collieries proper, run coke ovens and brickworks and other subsidiary undertakings. It is impossible for me to say how much that is in pre-war years and still more impossible in the war years, but my own feeling is that it did not exceed 10 per cent. of the whole. If it were possible to take out those subsidiaries and deal with the profits of coal mines separately, the figures would not be diminished by more than 10 per cent. The figures do not include the rental values of miners' cottages or of farm lands that are under farming separately assessed under Schedule A and Schedule B of the Income Tax, nor of the investments of mining companies and businesses in other concerns. Next as to the character

of the profits. Those assessments do not include the directors' fees in the case of companies, but they do include all partners' drawings and remuneration in the case of firms. Everything that a private owner takes out of the colliery by way of personal remuneration is added back as profit. That is not so in the case of companies. Therefore if you wanted to get the whole profit for companies and firms you would have to add back the remuneration paid to proprietary directors. The figure that is given includes the royalties paid. I think that figure has been put forward as £6,000,000, and that is the figure I estimated in "British Incomes." The estimate so derived, mainly from the Mineral Rights Duties Statistics and also other sources, shows that profits of coal owners apart from royalty owners have reached £13,000,000 to £14,000,000 in the five years before the war. The figures include interest on capital whether that capital is borrowed or owned by the colliery proprietor, except for certain cases of short dated bank interest. The reason, of course, is that the colliery proprietor's interest on his own capital is obviously a part of his profit for income tax purposes and the interest that he pays to other people he has to add back to his profits to deduct the tax from. He is used as a revenue agent for the collection of that tax. I question as to how much this interest on capital would be; the income tax assessments throw hardly any light at all upon it. The capital of the coal mining industry is not exactly known at any rate to the Inland Revenue, and I have never been able to ascertain it exactly. It was estimated for the Census of Production at £128,000,000 not including capital value of certain freehold royalties. Of course, I take it the capital for this purpose has no reference to the capital value of the concern as a going concern now, but would be merely the amount of money that had been put into the mines upon which a reasonable return might be expected. The figure that is commonly put forward by eminent colliery owners and others is a figure of 10s. a ton, which would have made £143,000,000 in 1913. It was a matter of importance when this industry came before the Board of Referees on excess profit duty in connection with its statutory percentage, for the Board of Inland Revenue to form some idea of what the capital really was, so a special test of a number of representative collieries was made with this result. The capital here is what you would take on excess profits duty lines, that is to say the hard money at stake. In 1913 it is £0.49; 1912, £0.54; 1911, £0.49; 1910, £0.48; 1909, £0.44; 1908, £0.65. The average for the five years is £0.51. That is just about 10s, so it will be seen that that estimate which has been used from time to time of 10s. a ton was very closely borne out by the balance sheets that I was able to have examined. On the output of the five years before the war the capital would therefore be about £135,000,000. Suppose we were to regard 5 per cent. as a minimum return thereon, there would be a charge of £6,750,000 out of the £13,000,000 to £14,000,000 that has been referred to as the profit of the coal-owners, leaving £7,250,000 as the profit over and above that minimum return. But there is another important fact about collieries that is different from nearly all other industries, and that is the very large element of wasting asset. All the capital that is sunk in the pit shafts and the initial development up to the time of winning coal is capital that is ultimately lost when the mine is worked out, but no allowance is made year by year from the profits at all. That all gets charged to income tax so that the income tax contains the whole of that wasting element. How much that is is a matter of some difficulty to get, but I made a resolute attempt to ascertain it and gave the result in "British Incomes and Property" as something rather under £2,000,000. I think that is a liberal figure.

772. *Sir Arthur Duckham*: Is that per annum?—Yes, but if the deduction were made not as a equated proportion of the total cost per annum, but by a sinking fund method, it would be smaller. It is probably somewhere between £1,000,000 and

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£2,000,000. It is a point to note that the income tax profits do include that element.

773. *Chairman*: That, I think, is all you want to say. Sir Richard Redmayne has asked me to ask you some questions. You have told us that the figures include coke ovens. Do the figures under coal mines include such subsidiary undertakings as blast furnaces on the premises of the coal mines and by-products recovered from such blast furnaces?—Generally where such subsidiary undertakings are in colliery accounts they are all taken together for income tax purposes.

774. *Mr. Arthur Balfour*: I should like to ask you whether you think, talking on the pre-war experience, that the return on a capital of £135,000,000 is sufficient to attract much further capital to the mining industry after allowing the depreciation of, say, £2,000,000 which you estimated?—The average return over all the mines in existence?

775. Yes?—Not if it were in the mind of a potential investor. He, of course, is looking at a proposition which at the moment looks better than the average generally.

776. So it does not leave very much margin for the improvement of the mines and the improvement of the housing of the workman on the mines, and so forth?—It did not leave a great margin, no.

777. I am taking it on the pre-war condition, assuming that some day we shall go back to something similar?—Of course, that five years average included two very good years and two not very good ones.

778. In the pre-war condition what was the income tax?—1s., 1s. 2d., and 1s. 3d.

779. And we now have 30 per cent. income tax practically?—You mean the normal standard rate—the 6s.?

780. I mean the rate at the present time?—The standard rate of 6s.

781. Therefore it is absolutely necessary that a greater profit should be made at the present time if coal mining is to be improved in this country?—Well, that raises a general question as to whether we can all expect to get our income tax paid for us.

782. That exactly raises my point. If you have to go back to the 1914 figures with a profit of £13,000,000 less £2,000,000 depreciation and to say 30 per cent. income tax you then arrive at a figure which would induce nobody to put any capital into coal mining at all?—I will return to the actual question, but I think it is necessary to say that although there is a standard rate of 6s. in the pound we are now living in a regime of a graduated tax on all classes which runs from 2s. 3d. to something like 10s. You speak of a 6s. rate as the rate; it is only the rate applicable to a certain point of income.

783. It is taking the extreme, I agree. It does seem necessary on these figures for coal mines to make more profit than if you have normal conditions, if they are to be able to do what we all want to do, that is improve the miners' wages, improve his housing conditions and improve his mode of living?—In the same sense that a Civil Servant must ask for a higher amount of salary on account of the large income tax and because he has to bring up his children and provide for his family.

784. *Sir L. Chiozza Money*: In other words, capital requires a very large inducement for it to do what is necessary and what the nation requires?—There has to be some inducement. The money must either go to the savings use or to the spendings use.

785. *Mr. R. H. Tawney*: Do people who invest in other concerns than coal mines escape income tax?—No.

786. Then the relative eligibility of coal mines and other industries is quite unaltered by the high income tax?—Yes, practically.

787. And the relative eligibility is the only point that matters when you are considering the investment?

788. *Mr. Arthur Balfour*: True, but the inducement to invest capital in the industry we are now considering is a thing I am very anxious about if we are to improve the industry?—To express my own unofficial opinion, I think the return on capital in the coal mining industry before the war was extraordinarily low.

789. *Mr. Sidney Webb*: Supposing that the Government chose to invest its money in the coal mining industry, what amount of remuneration would satisfy the Government in order to cover the expense of raising the money by loan. Let me put it in this way: I think the standard rate of profit allowed under the Excess Profits Duties Act for coal mining was 9 per cent. I do not want to pursue that any further but it was 9 per cent., was it not?—The best way to put it, perhaps, would be that the Referee has added 3 per cent. to the normal rate. It has always been contested by business men that 6 per cent. does not represent the rate of interest that they expect on their capital, but all special industries had to be put into relation to the 6 per cent. The 6 per cent. never was suggested as being the profits on industry, but it was a kind of bulwark or protection to a hard case. The point was if that was the proper figure for a "natural" industry what was to be added to it for the additional risks of coal mining, and the Referees decided that 3 per cent. represented three things, the additional risk of sinking shafts that led nowhere or led to water, the long time taken in getting a return upon one's capital at all, an initial period, and the wasting asset element. They gave 3 per cent. for those three things. I would not like to say that the Referees' 9 per cent. has any reference whatever to the proper profits of the industry.

790. *Mr. Arthur Balfour*: You would agree then, arising out of Mr. Webb's question, that if the coal mines were nationalised and there were big losses in sinking pits which failed, and so on, and the total result was a loss, they would simply draw on the taxes of the country to make good the deficiency?—Subject to any other arrangements.

791. Whereas in the other case the owner has to bear such losses?—If the State becomes the owner the State bears the losses which the owner now bears.

792. In the opposite case of a private owner, he has to take the risk of such losses?—Clearly.

793. Therefore you agree that he is entitled to some addition to the percentage for the risk he takes?—You mean for the purpose of Excess Profits Duty?

794. No, not for excess profits—as a return on the capital?—The market rate to attract capital in the coal mining industry, I think, must necessarily be higher than the other rate.

795. *Mr. Evan Williams*: Have you any figures at all which would give the number of shareholders in colliery companies throughout the country?—None.

796. Can they be got?—They could be got from the files.

797. There is a general impression that the coal owners are a very small select body. My own opinion is that it is a very large body extending to several hundred thousand?—It would be very difficult. You say small—do you mean relatively to the same capital in other industries?

798. No, I mean the number of persons who are interested in owning collieries compared with the number of persons who work in collieries?—I cannot say.

Chairman: I will try and get this from Somerset House.

799. *Mr. Evan Williams*: Composite undertakings who owned collieries and iron and steel works are assessed separately, I believe, for collieries and the iron and steel works?—If possible.

800. Are they not in all instances?—Not in all instances, no.

801. How do you deal with those?—They are generally big concerns that have both collieries and iron and steel works?—Generally speaking, if you have a gigantic concern that has dragged in a small coal proposition by the tail, so to speak, it might not come under collieries. They are very few. On the other hand, it is more often that the colliery companies have fought it in the assessment. It is a point as to the five-year average or the three-year average and the District Commissioners have to decide on the point.

802. I wanted you to separate the profits. Take a large concern that raises a couple of million tons of coal, say, and produces a large quantity of iron and steel as well. If the coal part is not completely separated from the iron and steel, how would you arrive at the profits of the coal industry in relation to those

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concerns; have you divided them in any way at all?—They are only divided for the official statistics in so far as the District Commissioners of Taxes have allowed them to be divided for the purpose of assessment. The idiosyncrasies of the District Commissioners are too great for me to summarise.

803. So it is quite possible that some iron and steel profits may be included in the figure you have given?—Quite possible, yes. There is a certain fluffiness about the results of these cases at the edges that you cannot avoid.

804. You have no idea of what the probable error might be?—No, it is not large.

805. The figure of profits on the coal industry given by Mr. Dickinson for 1917 was £27,500,000 as compared with an average of £13,000,000 for five pre-war years. Have you any figures at all which show how much in excess of that average profit is the excess profit standard, taking percentage standard and profit standard where each is applicable for the whole country?—Those figures are being got out precisely and will be presented to the Commission, and there will be a witness upon them next week. I would like to repeat that the figures given by Mr. Dickinson and obtained from me for 1916 and 1917 have only the roughest approximation to accuracy, the best I could do with the material that I had, but the actual work is now being done by the District Surveyors, that would give the very figures which you want.

806. So that we shall be able to know exactly what amount of excess profits have been retained by the colliery companies?—Yes. When I gave those figures to Mr. Dickinson I had two checks, the samples in my possession, the observations I had made and also the knowledge of roughly how much Excess Profits Duty had been paid in the year 1916 by the colliery industry. It was in the neighbourhood of £10,000,000, the amount of duty payable at 60 per cent.

807. Mr. J. T. Forgie: You stated that included in those figures which you have got up sometimes a colliery has been attached to the tail of an iron and steel works, or *vice versa*. Have any such cases as an iron and steel works being attached to a colliery and the possibility of the profits of that iron and steel works being included in your figures. Have you any one case in your mind?—Not that I can mention by name.

808. I cannot conceive the case myself?—I remember seeing one or two in assessments in the North of England.

809. When you come to the coke oven and by-product plants, there are a large number of those attached to collieries?—Yes.

810. You include them as part of the colliery concern?—Yes.

811. You include them in the total profits you give for these years of the collieries?—Yes.

812. Do you consider the profits from those things are entitled to be considered as profits at the collieries? Are they not separate undertakings, entirely separate industries? It is only by mere chance that the coal cokes and that it makes coke. A large number of collieries have no such industry attached to them?—A large number of them of course are collieries pure and simple.

813. Do you think it is fair to take the profits of those coke ovens and by-products and class them as part of the profits of the colliery? I know for your purpose it is quite good enough, but do you not think—I am sure you do not want to be unfair in a statement given before the Commission here which is dealing with an investigation into coal profits—that it would be advisable to give the coal profits as coal profits of the colliery itself, and not profits which are got by another industry entirely?—I think in view of the large part of the colliery industry that has no by-products attached to it at all it is advisable always to bear that fact in mind, and if possible to make allowance for it.

814. Could you give us any idea, of that figure of £13,000,000, what was due to the profits made from the coke ovens and the by-products?—I said I did not know exactly, but my feeling was that 10 per cent. before the war would cover it; that is only an impression.

815. So at least £1,300,000 of the £13,000,000 are not due to the industry at all?—I thought it would be covered by 10 per cent., and it might be considerably less.

816. At any rate there is a chance that £1,300,000 of that £13,000,000 is due to the profits of another industry entirely?—Interpreting my answer in that way, there is the chance of £1,300,000.

817. And over and above that there is £2,000,000 for the wasting asset coming to £3,300,000, which has to come off that £13,000,000 before you can really get at the profits of the coal trade for those years?—I think when you are getting at the real profits of the coal trade it is necessary to make allowance for the pit sinking capital, which is exhausted.

818. And for which you never get a return?—I am not prepared to stand by the figure of £2,000,000 as being the absolutely accurate figure; I think it might be as low as £1,000,000.

819. But you give the figure which might approach £2,000,000. I do not tie you down to figures. At all events it is something considerable which has got to be deducted from this £13,000,000?—Yes.

820. Probably varying from £2,000,000 to £3,000,000, as far as you can give the figures, just now somewhere between the two things?—Very likely.

821. So that very much reduces the profit really got from the collieries themselves?—Yes.

822. And if there were any other additional profits due to iron and steel that has still further to come off the £13,000,000?—Yes.

823. So it may reduce the £13,000,000 by much more than £3,000,000?—I do not think it will reduce it by much more than £3,000,000.

824. By something, at all events?—£3,000,000 will cover all those elements in my judgment.

825. Sir L. Chiozza Money: It has just been suggested to you that possibly there might be a reduction of several millions on the £13,000,000, but it is very much more than £13,000,000 now?—I am talking entirely in terms of pre-war figures in these answers.

826. What would be your relative estimate of the loss on the £45,000,000 profits and royalties as estimated for the period January—September, 1918, as an annual rate given by Mr. Dickinson?—That is something he has estimated from his own figures; I do not know the figures.

827. What would the relation of those particular items be to that figure?—I have no knowledge of how coke ovens and other by-products have moved in relation to coal in the war.

828. At any rate, it will be a much smaller proportion?—I would rather not say.

829. Dealing with the question of by-products, you are a close student of the industries and economics of the country?—Yes.

830. It has been suggested to you that it is rather unfair to take into account these by-product industries which have arisen since the war. May I suggest that having regard to the miners' demands, which we are really examining, it is a good deal unfair to the miners before the war, and to the nation before the war, that the coalowners did not develop these particular industries. I think, for example, coke ovens remained out-of-date until quite recent years, and that a large proportion of these coke ovens were of the old beehive pattern and not of the modern kinds that gave by-products?—In short, that the coalowners before the war ought to have been progressive?

831. Yes, and that owing to their lack of progress the country was in grave danger in the early part of the war because they lacked these by-products?—Well, I find it very difficult to pass an opinion on coal owners in general before the war.

832. It is the fact that the Ministry of Munitions had to take these things very seriously in hand, in some cases supply or lend capital, and generally invigorate and stimulate this backward industry in order to produce the by-products which were needed for the war.

833. Sir Arthur Throckmold: I should like to say we did it in many industries?—I am perfectly aware that the same arguments apply to other industries.

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Sir Arthur Duckham: To the whole of England.

884. *Mr. R. W. Cooper:* It applied to the case of the steel manufacturers?—It is the fact with regard to the coal industry, which we are now examining.

835. *Sir L. Chiozza Money:* There does lie against private ownership in the matter of that charge that it had neglected these industries, which were very important to us in the time of war, and which the Germans, for example, had developed?—I would be prepared to admit that if there was any sleepiness on the part of the capitalists with regard to their opportunities of making money and improving the position of the country, the coalowners probably shared it.

836. And that the miners who happened to be attached to these undertakings had rather a complaint against their employers that they did not develop these modern processes in order to gain more product for the industry, and therefore a larger remuneration for them?—I do not know that the miners had a greater grievance than the workers in other industries.

837. That is quite sufficient for my purpose. Now another question arising out of the general question of industry. You were asked some very interesting questions by Mr. Balfour with regard to what he represented as the inducement to private enterprise to continue in the coal industry. I rather think you expressed the opinion that before the war the return on coal was not excessive as compared with other industries.

Mr. R. W. Cooper: What the witness said was that it was extraordinarily low; those were his words.

Mr. Arthur Balfour: Might I just correct that. I said the inducement to put more capital into the industry, not the inducement to allow the present capital to remain in the industry.

838. *Sir L. Chiozza Money:* The inducement to come into the industry before the war was not as great as in some other industries?—For a man considering industry as a whole and not a particular proposition it was a very difficult industry to put money into. The average return of profit on capital as a whole before the war was between 9 and 10 per cent. taking industry all over on all classes of capital.

839. And in the mining industry it was rather less?—It was rather under 9, taking into account their specific incidents.

840. *Mr. R. W. Cooper:* By that you mean the special incidents of their trade?—Yes.

841. *Sir L. Chiozza Money:* That is to say, there was a lower return in your case in the coal mining industry than in other industries?—Not a lower absolute return perhaps, but a lower relative one economically.

842. But it happens that this industry, where the return was relatively lower, was the most important industry in the country?—Do you mean important in view of size?

843. From the point of view of national economy. You as an economist know that all economists have held from Jevons downwards, that this is the basic industry of the country?—Yes.

844. Therefore, it came about that under the conditions of the ownership of this industry as conducted by private enterprise there was actually a less inducement for any man with money to go into the most important industry of the country than there was to go into other industries of less importance—motor cars, for example. It was much more fruitful to put your money into motor cars or into Argentina than to put it into coal?—Yes. I do not think it was the practice of the coal industry to go to the public to anything like the same extent as other industries.

845. Therefore 1,100,000 persons engaged in this industry were from the national point of view suffering injury? There was not money to build them houses; there was not money to provide them with decent wages, largely because of the conditions under which the industry was carried on?

Chairman: Is that in the form of a question?

846. *Sir L. Chiozza Money:* It is.—I am afraid I had lost the note of interrogation, but I was an interested listener.

847. I am afraid it is a leading question, but still

it is an important one. My point is that here you had 1,100,000 persons engaged in this industry which we all agree to be one of the most important industries. We have had it on former evidence, indeed it is known to us all, that the conditions of that industry are very bad indeed. I put it to you that it is difficult to use terms that exaggerate the baldness of it?

Mr. R. W. Cooper: You really ought not to say that; there has not been one word of evidence to that effect.

Sir L. Chiozza Money: Well, it is very bad.

Mr. R. W. Cooper: You should not even say that.

Chairman: That is, no doubt, your opinion, and I daresay it may be proved, but just at the present moment do not put it in the form of a statement, because these gentlemen no doubt will dispute it. I am not saying you are right or wrong.

Mr. R. W. Cooper: So far in this Commission there has not been one word of evidence to that effect. We shall shorten our proceedings on both sides if we try to confine our questions to the issue.

Sir L. Chiozza Money: We had it from the last witness that the conditions in some cases he saw were deplorable; I will not go further.

Chairman: You know, Gentlemen, by March 20th we have to have an interim report.

848. *Sir L. Chiozza Money:* It is very important, because it bears on the conditions of the industry; we shall enquire into them?—I do not think my answer is important, because I do not know much about it.

849. At any rate, it is quite clear that the whole industry was conditioned by this fact which we have from you, that the relative return of the industry was less than it was for other industries?—I do not think that necessarily follows. You are talking now about putting up the miners' cottages. It might be that they intended to charge the miners such a rent, or make such a deduction from their wages, that there would be an ample return from that class of investment. That may have had no relation whatever to the return of the colliery. It appears to me quite distinct from the return on the colliery itself what they might get as a return on the capital invested in houses.

850. That is a very fair answer. Are you aware that it is held scientifically that there ought to be experimental borings all over the country; for example, to find new coal measures?—Yes.

851. Under those conditions under which the relative return to this industry is small, do you think it likely that you would get these experimental borings, from a national point of view, from the industry as it stands?—Not so likely.

852. *Mr. R. H. Tawney:* It was suggested by Mr. Arthur Balfour, unless I misunderstood him, that in considering the profits which the industry must yield in order to attract capital it was reasonable to take account of the increase in the rate of income tax. That seems to suggest that the greater the necessities of the nation, and the greater the amount of taxation which it must raise, the higher must the amount of profits be. As an economist, do you think that argument a sound one?—I have already said that the man who is deciding whether he will put his income to the savings use or to spendings use looks very largely to the net return that he gets, and if the net return is small there is a tendency for money not to go into the savings use to the same extent.

853. *Mr. Arthur Balfour:* I desired only to bring out what was the net return after deducting tax. I did not wish for a moment to suggest that the mining industry should be treated differently from any other industry?—When a man says, "Shall I put money in this 6 per cent. stock, or shall I have a motor-car?" he says, "It is not 6 per cent. any longer, it is only really 4," therefore he is not so inclined to put it into the investment as he is to have a motor-car.

854. *Mr. R. H. Tawney:* As things are at present, we leave the conduct of this indispensable industry to persons who have to choose between the relative desirability of a motor-car and investments?—As it is left to the question of the individual offers of capital.

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855. *Mr. Sidney Webb*: Can you think of any evidence which shows that the amount of savings has been decreased side by side with the increase of taxation of income tax?—Do you mean in recent years?

856. Yes?—No.

857. Or at any time?—I do not know of any what one would call scientific evidence.

858. You cannot say it is the economic theory that the amount of saving depends at all on the amount of return which you can get from investment?—Granted, if you take the whole fund of saved capital and split it up into classes as to the motives of action it may be that a decrease in the rate of interest increases savings. It does increase some classes of savings. Where a man has to save against a given contingency he has to save more.

859. And there are cases in which a decrease in interest promotes, *pro tanto*, the amount of savings?—Yes.

860. It is an old fashioned notion to say that the amount of saving depends on the amount of interest?—Quite so, I would not like to say that the total fund of accumulated capital will be less because the net rate of return is lower, because so much saving is carried on not according to the decision of the individual whether he will save or spend, but collectively. Take a public company run by directors. They have not got to decide whether they will spend the large funds at their disposal in riotous living or save them. They are thinking of the interest of the concern, and they will save them whether they are highly taxed or not.

861. And, of course, in many other things like the investment of savings banks where they go on accumulating in spite of the fact that they are not getting higher interest?—I was only thinking of that particular part of the whole fund of saved capital which is at the discretion of the individual will.

862. But as all capital, after all, goes into the same till, even if the individual does think he decides to invest in Argentina, it does not mean that more is invested in Argentina?—No.

863. Therefore my particular option does not affect the particular amount that is invested in coal mining, or anything else. That will be dealt with in the City in the financial centre, and therefore you cannot say that an increase in the rate of return will necessarily lead to an increase in the amount of saving?—Not necessarily in the total until you have analysed it.

864. *Mr. Herbert Smith*: Will you tell us how you ascertain the amount of money invested in mines?—I mentioned the Census of Production figures. I cannot speak as to that; the Board of Trade probably would. Then I said I wanted to ascertain myself approximately what the capital put into the industry upon which a fair return might be expected would be, and I find that an eminent colliery owner, Sir Hugh Bell, had mentioned a figure of 10s. a ton, and I knew that was a figure commonly talked about. It also got so far as appearing in a Bill—I forget exactly what it was.

865. The Coal Mines Nationalisation Bill, 1912?—Yes, it appeared in a Bill, 10s. a ton. I did not know whether this was a hoary tradition come down from ancient times, or whether there was anything in it, and I said "I will find out," so I got the best evidence I could from various sources. When a company showed their capital clearly and their output, I had the sample I read out to you which did confirm very closely that figure of 10s.

866. Will you tell us then if what Mr. Balfour wants to make us believe is true why 5s. to 9s. is being offered for £1 shares?—At present?

867. Yes?—Well, of course I do not know what the investor is thinking about the prospect of the £1 share at the present moment.

868. But it is a fact.

869. *Mr. Sidney Webb*: That before the appointment of this Commission?—In certain collieries.

870. *Mr. Herbert Smith*: In many collieries?—I do not think you can take a representative £1 share of the whole colliery industry and say it was selling at that.

871. As a matter of fact they were being offered before this Commission sat, and they are being offered to-day?—In certain collieries. It is not the average offer for the £1 share.

872. I would say the majority of collieries?—I should very much doubt the majority; I should say it was a distinguished minority.

873. Will you say why you did not put in these profits that they got from their cottage property, because they made more money out of building cottage property than they made out of sinking pits and getting coal—houses costing £125 a house to build before the war were letting at 7s. 6d. a week, that would yield a fair amount?—I can tell you why they are not in the amount I have given. The figures I have given are official figures of assessments which have to be made according to law, and the assessments of coal mines exclude these assessments of properties that are let. It is merely a question of the statutory form of assessment by which I was bound and we have no information as to the separate values of colliery cottages. It could be collected, perhaps, but we have not got it.

874. Can you give us any idea what is the general average of directors' fees, because some of us have strange ideas what they are and how it is you find it out?—The same answer; the statutory form of the assessment under Schedule D excludes remuneration assessable under Schedule E. Directors being assessable under Schedule E do not come under D; that is the same in other industries exactly.

875. As a matter of fact a man making his return of income would show his fees as a director?—When a man makes a return of income, yes, but our system is not a system of individual taxation at all; it is a system of taxation of profits at the source. We take a colliery and assess it as a whole and do not bother about individuals who receive money from it.

876. You know, as a matter of fact, what general fees are paid directors, do not you? Do not do as they do in Government Departments, tell me that I must go to No. 1 —?—I would tell you frankly if I knew, either officially or unofficially.

877. *Chairman*: Bearing on what Mr. Smith says, could you tell me where we could get them?—It is one of the things we have already asked for.

878. Of course it is most important?—We have got the total figures in the case of the firms; the whole remuneration is there, but we want to know what is paid to directors who are in a proprietary position, and we have asked the Surveyors to give us those figures.

879. *Chairman*: Very well, we will get those figures.

Mr. Herbert Smith: With regard to the point that somewhere about £2,000,000 a year goes in sinking pits which are of no further use, do you not know that each of these firms provide for depreciation?—It is not allowed for revenue purposes.

880. I know a particular firm that used to put on one side before the Excess Profits Tax £100,000 a year for depreciation and extensions and as soon as you put in the Excess Profits Tax they made it £200,000?—It did not make any difference to their liability. That is added back first and all the different things they are entitled to are considered on their merits. The particular thing that a firm or company adds back in the way of reserve is wholly ignored. It is added back to profits.

881. *Sir Arthur Duckham*: And they are taxed on it?—And they are taxed on it but they are allowed any particular things for which that was put aside.

882. *Mr. Herbert Smith*: How do you get at this I hold three shares, and because profits are going up fairly well they say: "We do not want to exceed 20 to 25 per cent.; we will call you 4 shares without your paying any more money." How do you arrive at that? That is being done?—The capitalisation of reserve you mean?

883. Yes?—We do not need to get at that because all the profits have been taxed before they are reserved; neither do they affect the Excess Profits Duty. The Excess Profits Duty is not based on the share capital, or the nominal capital or anything but what the hard assets have cost, so that if they put money in reserve and get more wagons and more assets with it, whatever they may call the capital on the left-

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hand side of their balance sheet it is valued on the assets side always.

884. *Mr. Sidney Webb*: Could you check your figure of 10s. per ton by taking what you call the hard assets on the assets side?—I did it as far as possible on the Excess Profits Duty idea of capital, which represents the golden sovereigns, so to speak, which have been put in and are at stake.

885. And that confirmed it, roughly speaking?—That confirmed it, roughly speaking. Of course, I did not know that the figure was going to be subjected to this strain. It was done just to satisfy myself, or I might have gone to much greater trouble.

886. *Mr. J. T. Forgie*: I suppose in a great many cases there is no deduction made from the gross profits before the assessment is made?—In respect of what?

887. In respect of income tax. In a great many cases there is no depreciation allowed?—No depreciation at all on any plant or machinery?

888. *Mr. Frank Hodges*: What percentage of the total number of firms in these colliery firms publish balance sheets?—When you speak of firms do you mean firms in a literal sense or in a common sense of "concern"?

889. The concern?—Do you mean dividing it into companies and firms?

Mr. R. W. Cooper: You mean companies, do you not?

890. *Mr. Frank Hodges*: Companies.—As to publication of balance sheets, you mean printed balance sheets for the shareholders?

891. Yes.—I could not say what proportion; I should not think more than about half.

892. So that there would be half who do not make public balance sheets?—But, of course, the Inland Revenue get a much larger proportion than that; for Excess Profits Duty they get balance sheets in all cases.

893. So that your estimate of 10s. is based upon information that is not public?—I would not like to say, speaking from memory, whether in my sample they were all published accounts or not. I should rather imagine that they would be published accounts, because we had to get from the report a statement of the tonnage of the year. It is not every report that does that. We had to find a particular report in which we were satisfied with the statement of the capital as being a clean statement for our purposes, but also where there was an accompanying statement of tonnage.

894. If only 50 per cent. of the balance sheets are available for the public your estimate of 10s. must have been based upon some other information which is not accessible to the public?—I might have based it entirely on those public accounts.

895. That would not have been a correct estimate?—I admit that it was a narrow sample, but I said just now it satisfied me at the moment that 10s. was not a wild figure.

896. I should accept that figure with considerable reserve if it were merely based upon 50 per cent. of the companies engaged in the industry?—I agree it should be accepted with reserve. It satisfied me for the purpose I had in hand at the time. I had to decide, when the coal industry went before the Board of Referees, what sort of figure upon capital was being returned by the profits, and that was the best sort of idea I could get in deciding whether the Board of Inland Revenue were to oppose the application or to what extent they were to oppose it.

897. Following on that question, could you give me an idea as to how you could estimate the increase in the value of colliery undertakings?—Do you mean for the purpose of Excess Profits Duty capital?

898. Yes, if you can only get that information from 50 per cent. of the companies?—I think we are a little at cross purposes. The 50 per cent. we are referring to with regard to this sample were public cases in which some had both the tonnage and the capital. Tonnage is not mentioned in the reports very often. The number got out in these later years quite probably may be more even than that, but on the question of how we got at the hard assets, that is a question of every balance sheet, for we have to make allowance for additional capital, or we have to make a deduction for diminished capital.

899. That is, balance sheets public or private?—Balance sheets public or private. We say there is the pre-war capital X. You claim that it has increased. How has it increased? They may say "I have more money at the bank and the total assets are looked up at what they have cost."

900. In the Inland Revenue Department you have a complete return from every colliery company in the Kingdom; would it include 1918?—We have them aggregated, you mean?

901. Yes?—No; 1914 to 1915 was the last published figure of aggregate profits of mining. Then our statistical staff went to the war and we had to cut down the surveyors' work, and we assembled no more of those detailed figures.

902. Do you think you would be in a position to give us an aggregate for 1918?—No.

903. Before this Commission closes?—We will give you an aggregate for 1917 next week. For 1918 the accounts have only just begun to dribble in. The accounts to March, 1919, are not yet ready, obviously. The year is to March, 1919. It is obvious that we cannot give you anything more than just a few cases. The Coal Controller, of course, has figures from the owners' books month by month, and he is in a much better position to show the profits in 1918.

904. He only gives profits per ton. He does not give the profits on the capital invested in the industry. If you have any objection to make to the costs as stated by the coalowners it may be revealed in the information we might get from you?—I am not sure that the Inland Revenue can give you satisfactorily the profits in relation to capital even when they have obtained the figures. It is not every concern in the coal industry that has been paying Excess Profits Duty, and where they have not been paying Excess Profits Duty it has not been necessary to ascertain exactly the capital.

905. What would be the value of these figures to this Commission if we cannot have revelation of profit in relation to the actual capital invested in the concern?—That will be for the Commission to say. You have the figures of profit as they stand, but if we have for taxation purposes in particular cases no capital we cannot give them. We do not get figures for statistical purposes; we get them for revenue purposes. In so far as the getting of revenue yields a by-product of statistics you have them in the reports or the special return, but we have never set out to be a storehouse of social facts.

906. So in short you have not in the Inland Revenue Department tabulated it?—It has never been done. We have not enquired into the capital since the beginning of the war, and we have had no statistical staff since then.

907. *Sir L. Chiozza Money*: As a matter of fact there has always been a resolute determination not to reveal capitals in this country?—In the case of balance sheets for firms paying the Excess Profits Duty where we have to ascertain increases and decreases of capital it is not necessary for Excess Profits Duty to arrive at the exact capital. If the pre-war capital is taken as X and you add to X a known figure it is only the known figure you have to bother about; it is the difference.

908. *Mr. Robert Smillie*: I am not sure whether you have been asked the question of how much the Government has received in Excess Profits out of the mining industry?—I have not been asked the question.

909. I would like to ask it now. Could you tell us how much the Government has received in their 80 per cent. excess profits from the mining industry?—Any figure that I give you would be a figure that I have arrived at in my mind at the moment. That figure is being got by the Surveyors now for presentation next week; it is being actually collected.

910. You cannot give us a figure now?—You want an impression now. In the year 1916 the amount assessed as excess profits was about £10,000,000. In the year 1917 it was considerably less—I am not sure of the figure, but £3,000,000 or £4,000,000, I think.

911. Have you the 1918 figures?—No, there are no 1918 assessments.

912. You cannot give us anything later than 1916, but you will get 1917?—I cannot give you anything

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out of my head later than 1916; the Returns that will be presented to you officially next week will show you 1917.

913. Supposing from 1916 up to 1918 the aggregate profits in the trade doubled themselves would there be any likelihood of the excess profits doubling or trebling themselves also?—Yes, the excess profits go up in a higher ratio, because you are deducting a constant standard.

914. I suppose we could not base on later figures than you have given us—1916?—Next week you will have the figures in correction of my impression that will carry you to 1917.

915. We shall get the figures?—For 1917, but you cannot have the figures for 1918 from the Inland Revenue.

916. I suppose it might be taken that the £10,000,000 for 1916 was either taken from the mine owners which would have gone in profits or from the miners or from the general public, the consumers, of course?—Of those three things one, or possibly a mixture.

917. But has the Government got £10,000,000 out of the mining industry which under normal conditions it would not have received?—Yes; it would have gone to the owners, I think.

918. This research, practically your life work, has been from the point of view of the economist and statistician rather than from the point of view of the social reformer?—None of the work that I have done in research has ever had any apparent object other than that of ascertaining facts for other people to use. The whole value of my work has been, and I think Sir Leo will agree, that it is unbiassed, that is to say it has never had an obvious point to prove.

919. It is amazingly useful to other people who are dealing with other work?—It does not get popular recognition, but it is appreciated by the few who want to use it.

920. I think you pointed out that taking invested capital as a whole, capital invested in mines did not come out well, that is, it averaged a safe 9 per cent. over a period of years, we will say 10, 11, or 12. Compared with what was received in other industries it was at the foot of the list almost?—It was somewhere about the general average, but it ought by its particular incidence to be more, in strict theory.

921. You think so?—It ought to be 2 per cent. or 3 per cent. more than the general average, when you take into account the risks of sinking, and the long period of development before you get in any of the wasting asset.

922. Supposing you took the life of a mine as 20 years and during that 20 years you get the redemption of the total amount invested?—If you charge as an expense the sinking fund, and reckon the rate of interest after that, but I am speaking of the rate of interest which includes a sinking fund.

923. I am somewhat surprised to know that it has brought in the average over 9 per cent. Those of us who have come into contact with colliery owners all over the country for 40 years in which they were losing money all the time are rather amazed to find that the industry as a whole has given 9 per cent?—I do not think it has given 9 per cent. over a long period of years; that is including two good years before the war.

924. *Mr. Hodges*: You said two good years and two bad years?—Two relatively bad years, 1909-10 and 1916-17, but if you go back to 1903-4 you will find it was 12 to 13, and if you go back to 1894 you will find it was 7 to 8.

925. *Mr. Robert Smillie*: You would not say that of the mining industry over a period of 40 years divided into five year periods, because I find from your table gradually the profits have been going up?—Yes, as the tonnage has been going up too.

926. And prior to 1914 your profits reached the highest point?—That is so, yes, except in 1900.

927. *Mr. Hodges*: 1913 and 1900?—The year 1900 is the peak.

928. *Mr. Robert Smillie*: Could you say off hand what profits your worst years would show during the period you have dealt with?—In the whole period of this table?

929. Yes?—In the years 1895-6-7, which were years

of great depression in industry, the turn of the tide as it were before the prices began to rise, it was as low as £7,000,000.

930. What percentage is that on the invested capital of that year?—Making the necessary allowances for the other mines, something like 5 per cent. or 6 per cent.

931. That is exactly the point. The mining industry in the worst year you could take, if it had been worked as a whole, would have shown 6 per cent.?—5 or 6 per cent.

932. On the invested capital?—Yes.

933. And if the State had been working it, even during the worst years and worked it as economically as those gentlemen had done and put as much brains into it as those gentlemen have done, there would still have been a return of 6 per cent. into the State in the worst years?—Not allowing for royalties and for the wastage of capital.

934. But supposing you had cut off the directors' fees for several hundred useless people who could be done without perfectly well, could not you save a considerable amount to the State in that way?—Now you are coming down to the yield of capital. In those early figures there is the question of royalties to come off that, which would reduce the profits of the industry in those years to something like £1,000,000 or £2,000,000 on a total capital of 90.

935. *Mr. R. W. Cooper*: How much per cent. is that?—About 1 per cent.

936. *Mr. Robert Smillie*: It does not become profit at all until the royalties are taken away. You do not get your profit until a deduction for royalty has been made?—The paper explains that in this particular column that has been used before the Commission the royalties are included, and they have been taken off for your purposes.

937. What year is that?—1894 to 1896.

938. But the royalties were not £6,000,000 then?—Very probably not as much as that.

939. The Royal Commission brought it out rather under £4,000,000.—That is possible. I do not know what the royalties were in those years. They have to come off those figures.

940. You are going to take £6,000,000 off those, and Mr. Cooper encouraged you in that direction, though he must have known that there was not £6,000,000 royalty rent in that year.

Mr. R. W. Cooper: No, I merely asked Dr. Stamp what it came to per cent.

Mr. Robert Smillie: I think the royalties in 1889 were put at £5,000,000 by one of the Royal Commissions.

Mr. R. W. Cooper: The total quantity at the end of Dr. Stamp's table is bigger than it was in 1893 and 1894. Look at page 576 of his pamphlet. In 1894 it was 188.3 and in 1914 or 1913 it was 288.4.

941. *Mr. Robert Smillie*: I prefer taking a long period in the life of the industry of the nation to see how it worked out, to see what the percentages on invested capital over a period of 10, 15, 20, 30 or 40 years. It gives bad periods and good periods. The employers call it the lean years and the fat years. I would like to know when lean and fat years are to be. In what it really meant in dividends on invested capital for that period?—I am obliged to say I have not addressed my mind to that problem as regards these past years. The problem I am dealing with in this paper is a totally different one, and these figures are prepared for the problem in hand. If I had to tackle that problem I could present these figures in a different form.

942. *Mr. Frank Hodges*: How would you get the amount of invested capital if you had no reliable information to go on?—I should only continue the rule of thumb of 10s. a ton, which anybody knows.

943. Which, as you yourself said, is not to be absolutely relied upon?—No, it is frankly the best case that one can make.

944. *Mr. Robert Smillie*: Have you access, in the position you are occupying now, to the internal affairs and balance sheets and statements of all private owners?—In my personal capacity?

945. No, in your capacity that you have of advising the Government?—Our surveyors have the balance sheets now; of course, they had not them in the past. The number of balance sheets rendered in the colliery

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sumer not having rail or wharf accommodation, but who makes his own cartage arrangements, and is delivered in railway wagon by the factor or merchant in quantities less than 30 tons, the amount chargeable in addition to the price at pit or washery and the transport charges as above defined shall be 2s. per ton unless the consumer has ordered not less than 500 tons of the coal in question for delivery over the following 12 months." I might explain that the case that that chiefly covered was, for example, the case of the large country house taking perhaps 200 tons of coal per year and buying direct from a factor and making its own cartage arrangements.

984. What does the wholesale merchant do there? He purchases from the colliery direct and he tells them to send it to a certain railway siding?—Yes.

985. Where the buyer makes his own arrangements for carting. What does the wholesale merchant in that case do for the 2s.?—He receives the order; he performs the service of obtaining the coal, and usually makes the transport arrangements, perhaps provides his own wagons.

986. Provides his own wagons?—I do not suggest the wagon hire is included in the 2s., but what I was going to explain was that the reason for the margin of 2s. as compared with that of 1s. or down to 3d. in the other case, is because this trade in small quantities is of a very troublesome character.

987. Let us stick to this, "in quantities of less than 30 tons"?—Yes, in other words, practically single wagon loads.

988. A person orders 28 tons of coal from a coal merchant, not a dealer. The coal merchant sends that order to the colliery, directs the colliery to send 28 tons of coal by wagon; it is delivered by wagon at a certain price and the consumer makes his own carting arrangements and, I take it, the wholesale merchant sends a letter or arranges with the agent of the colliery company that the 28 tons of coal are to be sent. He gets an advice note that it is to be sent and the colliery company arranges to send it by rail. He gets 2s. per ton on that?—Yes.

989. Is that all he does? Has he no other work to do? I want to know the distinction between a wholesale merchant and a retail merchant?—We have drawn a distinction between the wholesale merchant and the retail merchant in this, that the retail merchant provides cartage facilities. That is the line we have drawn between the wholesaler and the retailer.

990. *Chairman*: I do not want you to speak as to the retailer, because Mr. Pick will be coming to do that, but I want to direct your attention to the wholesaler first?—Yes.

991. *Mr. Sidney Webb*: Can you explain why it is the 2s. is allowed in this last case and only 1s. when it is sold to the retail merchant. We know that the retail merchant very often gets very much smaller quantities even than this?—Because, generally speaking, the trade of the retail merchant is a large concern: naturally he sells much larger quantities to a retail merchant than to an individual consumer of house coal.

992. Where does the industrial supply come in here, the factory?—1s. 3d. per ton is the margin allowed on factory coal.

993. Therefore the factory supply pays actually more than the supply to the retailer?—Yes, and that was done for a specific purpose. It was represented to us by the wholesale merchants that, as a matter of fact, the charge on house coal should be greater than 1s., but we made every effort possible to keep down the price of house coal and insisted that the charge for house coal should not exceed 1s. per ton, although we agreed to leave the industrial margin at 1s. 3d.

994. But apparently the wholesale merchant would have more trouble in dealing with the retail merchant than in dealing with a factory?—That is quite possible.

995. And yet he was allowed 3d. per ton more?—Yes.

996. That was a tax of 3d. per ton on the industry, because I take it the wholesale merchant has no vested right to make anything at all: he is merely being paid for the service. The service is less in this case, and why should he get 3d. per ton more?—Because, if

he had only got, say 1s. per ton instead of 1s. 3d., the result would have been that he would be receiving very much less remuneration than he was receiving in the pre-war period.

997. But that is not the point. There is no sanctity in what he was receiving in the pre-war period. Presumably you were only going to pay him for the service that he rendered?—Our method of determining the amount to which he was entitled for the service which he rendered was to see what the remuneration for the service had been in the pre-war period and to take that as our standard.

998. You took that as unquestioned?—No, we examined their books.

999. But still, having discovered what the pre-war standard was, you accepted that as the right standard?—Yes, undoubtedly.

1000. That is the whole question. What we want to know is how you justify having put on these margins, and you tell us in reply that these were what they were getting before the war, but that is the whole iniquity of it?—I am not, of course, expressing any opinion on that: I am only explaining.

1001. *Chairman*: Mr. Sidney Webb will, no doubt, have a good deal to say about that later on. You have told me the method of control of distribution. What I want to get at is this, and will you go slowly because you have not had time to have a table printed: What are approximately the costs of the wholesale distribution of coal for inland consumption?—On an average we found that the costs of wholesale distribution in 1917 were about 6d. per ton.

1002. What does that include?—It is made up of items like the rent of their premises, the salaries of their staffs, and so on.

1003. Are you quite sure of what you are saying? How much a ton?—6d. a ton.

1004. *Mr. Robert Smillie*: Is that really the average between the 3d. that you spoke of and the 2s. as the two extreme points? Is it 6d. per ton average over the whole transaction?—No, I am speaking of expenses now; this does not include their profit. This is their cost.

1005. *Chairman*: I will come to the profits later.—It was made up of items such as I have indicated, salaries to the staff, rent of offices, lighting, heating, telephones, postages and such items as those. I think I have indicated the general character of them.

1006. The Members of the Commission will ask you some questions with regard to that, but I now want to come to a table. Have you a table showing the average gross margin and net profit of a certain number of firms in the pre-war period and in 1917, assuming that the full maximum margin under the Wholesale Coal Prices Order is charged in all cases?—I have.

1007. I want you to give those figures and give them slowly, because we have not got the table printed yet. First of all, what was the gross margin in pence per ton pre-war?—That, as nearly as we were able to estimate it, was 9d. per ton.

1008. *Mr. R. H. Tawney*: What year is that for?—That would be for the last complete pre-war period.

1009. *Chairman*: Just explain what a completed period is; up to what date? Sometimes it is March and sometimes February, is it?—Sometimes December. Perhaps December, 1913, or March, 1914.

1010. That is the last complete period before the war?—Yes.

1011. Now will you give me what it was in 1917?—It was estimated that the effect of the margins which I have indicated as being those provided in the Wholesale Coal Prices Order would be to make the gross margin 10d. in 1917 as compared with 9d. in the pre-war period.

1012. I want you to give me the expenses in pence per ton for that same pre-war period. How much were they?—4d. per ton is the estimate that we made.

1013. How much in 1917?—6d. per ton.

1014. It is simply a deduction from those figures, but I would rather you gave it, what was the net profit in pence per ton pre-war?—Pre-war 5d. per ton.

1015. And in 1917?—4d. per ton.

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1016. Now I want you to give me one other figure with regard to prices. You might take some which apply to London. Take London gas coal from the Tyne. Pre-war what was the price f.o.b. in the Tyne?—About 12s. per ton f.o.b. I should explain that the prices naturally varied according to the classes of coal. There are several classes of gas coal in Durham.

1017. Certainly, but you are taking a particular figure?—Yes.

1018. Then freight and insurance?—3s. 6d. per ton would be the latest figure.

1019. *Mr. Robert Smillie*: Pre-war?—Yes.

1020. *Chairman*: Then wholesale merchants' charges?—Say 6d. per ton.

1021. And port dues?—Those would be a few pence per ton, perhaps 3d. or 6d.

1022. That makes, I think, 16s. 3d.?—Yes.

1023. Now I want to-day's price f.o.b. in the Tyne comparing like with like?—The corresponding f.o.b. price would be 22s. 6d. per ton.

1024. And freight and insurance?—17s.

1025. Wholesale merchants' charges?—9d.

1026. And port dues?—Those have been somewhat increased.

1027. Is there increased discharging cost too?—Yes. One perhaps might put it at 1s. for that.

1028. *Sir Thomas Rowden*: The port dues have been doubled, have they not?—Yes.

1029. The ship pays for the discharging?—The ship only puts it over the side; there are extra discharging costs.

1030. Have we the same basis in both cases?—I think so.

1031. *Mr. R. W. Cooper*: What do you put as the port dues in the total?—I could not give you the actual figure of the port dues.

1032. *Sir L. Chiozza Money*: Do you take the freight and insurance figure of 17s. as being operative at this present moment?—That is so.

1033. *Chairman*: Let me go through these figures again: 22s. 6d. f.o.b. in the Tyne; 17s. freight and insurance; 9d. wholesale merchants' charges, and what do you say the port dues are—I do not think you gave us that accurately?—No.

1034. *Mr. R. W. Cooper*: You will be able to get that information?—Yes.

1035. *Chairman*: Without the port dues it is 40s. 3d.?—Yes.

1036. *Mr. Evan Williams*: Do you agree that the 1s. you mentioned is included in the freight?—No. I understand that they have additional costs of discharging themselves after it is put over the ship's side.

1037. What was the corresponding figure to that in pre-war days?—The 1s. I put as representing the increase.

Chairman: We will get that figure accurately.

Mr. Frank Hodges: We are really comparing 16s. with 40s. 3d., leaving out the port dues.

1038. *Chairman*: That is so. (*To the Witness*.) I do not want you to touch the inland prices at all, because I want Mr. Pick to deal with them, but I want you to come now to the export trade. The first question which I want to ask you is how has the war affected the remuneration derived from the coal export trade, and what are the present prospects in regard to coal export prices?—There has been a very large and continuous increase in the price of coal sold for export, with the result that for the year 1918, although the total quantity of coal exported was less than half of the quantity exported during the last complete pre-war year, the financial return from that coal was approximately the same. At the present moment we are just beginning to feel the effect of American competition. In January the American War Trade Board, which had up to then agreed that American coal should not be exported to Europe for transport considerations, announced that licences would henceforth be issued for export to European countries and in most of the European countries now c.i.f. quotations are being received, which means that the Americans can supply tonnage, or purport to be able to supply tonnage, and coal quotations are being received on the basis of \$29 to \$30.

1039. *Mr. Robert Smillie*: You give us the gross figure and say while we are only exporting one-half of the amount, we are getting the same total amount of money, but what was the figure per ton, because you have to compare it with the American quotations?—I might explain first of all that the average figure per ton will hardly give exactly what is wanted, because we have two different sets of prices. We have the prices of coal that we supply to Allied countries and the prices of coal that we supply to neutrals only.

1040. *Mr. Arthur Balfour*: Can you give us a definite example in the case of gas coal?—Yes.

1041. *Mr. R. W. Cooper*: Can you give us the quantities that have gone to the Allies and the quantity that has gone to the neutrals?—Yes, I could prepare those figures. I could let you have them roughly now and let you have more exact statements later on. Roughly, the quantities that went to the Allies (with the Allies I should include British Possessions) over 1918 would be in the neighbourhood of 25,000,000 tons, and the quantities that went to neutral countries, that is to say at unlimited prices, I should put at about 5,000,000 tons.

1042. *Mr. Robert Smillie*: Did you require to put together the prices received for both classes of coal, those for coal that went to the Allies and the coal that went to neutral countries, to bring out the figure that you said was just about equal, although it was half the quantity?—Yes, that is so.

1043. We want to get, if you can give them to us, the prices pre-war and the latest prices?—I have got out the average price like this: The average price f.o.b. for exported coal in 1918—

1044. *Mr. R. W. Cooper*: By "exported" I suppose you mean exported overseas to some foreign country?—Yes, outside the United Kingdom.

1045. *Sir Thomas Rowden*: From all ports?—Yes. In 1913, 14s. per ton; in 1914, 13s. 6d.; in 1915, 17s.; in 1916, 24s.—and I would like to refer at that point to the important bearing that had on colliery profits—in 1917, 27s., and in 1918, 30s., and at the end of 1918 the average price was about 33s.; that is to say, it was continually increasing during 1918.

1046. *Mr. R. H. Tawney*: Is that the average price of coal exported to the Allies and neutrals?—Yes.

1047. *Sir L. Chiozza*: F.o.b.?—Yes.

1048. *Mr. Robert Smillie*: Could you give us the prices, because the most important price is the highest price we have touched. Could you give us the price to neutral countries, because if competition begins it will be competition at the highest prices we have charged?—Yes, undoubtedly.

1049. Could you give us the price of the coal sent?—A considerable tonnage of coal has been sold from the Tyne, the best Northumberland steam coal, on the basis of 90s. f.o.b. for large coal.

1050. *Mr. Frank Hodges*: That is to neutrals?—Yes.

1051. Which year is that?—1918.

1052. *Sir L. Chiozza Money*: That is large Northumberland steam coal?—Yes, and 70s. per ton for small.

1053. Have you any Durham figures?—Approximately the same figures have been obtained for the best Durham steam coals; gas coal would be somewhat lower.

1054. *Mr. Robert Smillie*: That is to say, the Northumberland steam coal to neutral countries is almost three times the price of the average of the total coal of the same year; it is 90 against 33?—Yes, that is so. With regard to most of the coal that we sell to neutral countries, I am speaking of steam coal, we sell two parts large and one part small, so that the way the price works out in, say, the case of Scandinavia, take Sweden for example, is two parts at 90s. and one part at 70s.

1055. The small coal goes at 70s.?—Yes. Those are approximately the highest figures that have been reached. I do not suggest that the whole of the coal we are selling to Scandinavia at the present time is realising those prices.

1056. *Mr. Frank Hodges*: Those were the prices over the whole of the year 1918?—No, not over the whole of 1918. I should explain that it was only after the recruitment of the miners from March onwards

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[Continued.]

that the shortage of coal enabled those high prices to be obtained.

1057. *Sir L. Chiozza Money*: But still the average for the whole of 1918 for all ports is 30s.—That is so.

1058. *Mr. Evan Williams*: There was a period when it was found necessary to fix minimum prices for neutrals because of competition between sellers in this country and others?—Yes. In the middle of 1917 the price for neutral countries had fallen considerably below 30s.

1059. *Mr. Arthur Balfour*: For the same Northumberland steam coal?—Yes; and therefore we constructed a schedule of prices and issued those as minimum prices, with the result that we immediately put up the neutral prices by practically 7s. per ton.

1060. 30s. for large steam coal?—Yes.

1061. And how much for small?—The corresponding price to the 30s. for large would be 20s. for small.

1062. *Mr. Robert Smillie*: You say that the price for large steam coal fell to 30s., that is the price that you give for all classes of coal exported to neutrals as well as Allies that year. Were the Allies getting coal at less than 30s. that year?—Yes, they were receiving a certain amount at less than 30s.

1063. Then how could Scandinavian and other coal come under 30s. if 30s. was the average for both?—But this is 1917 I am speaking of.

1064. *Sir L. Chiozza Money*: In 1917 the larger amount went to Allies. Surely it was France and Italy which was taking most of our exports in 1917?—Yes.

1065. *Chairman*: You have given those figures so far. What is the next figure you want to give?—The point that I proposed to make was in reply to Mr. Smillie, namely to indicate just where we were beginning to feel American competition. Taking two parts at 90s. and one part at 70s., that gives a price of between 83s. and 84s., call it 83s. To that is added 5 per cent. commission, making another 4s. per ton approximately.

1066. *Mr. R. W. Cooper*: That 5 per cent. is under the terms of your Order?—That 5 per cent. must be added under the terms of the Order. Then one-third of the 5 per cent. is charged for brokerage on the trade and the present freight to Sweden is about 40 kroner. 40 kroner one may call 47s. roughly, so that one-third of 5 per cent. means practically another 1s. per ton, making the f.o.b. price 83s. Add the freight of 47s., and you get 135s. per ton c.i.f. delivered in Sweden. Now the American price at the present time is \$29.

1067. *Mr. Robert Smillie*: Will you put that into shillings?—It is roughly 120s.; a trifle over 120s.

1068. As against what?—As against 135s.

1069. *Sir L. Chiozza Money*: How is the actual figure made up in cost, freight, and insurance?—That is quoted as a c.i.f. figure. The Americans are quoting at the present time on a basis of \$5 f.o.b.

1070. *Mr. Robert Smillie*: But you will admit that any competition which America at those prices could enter into with us would be on our 1918 90s. price. You do not presume that it will ever be able to keep up the 90s. price to deliver coal to those countries. What you require is to see whether America can enter into competition with us at anything like normal prices, say within 10s. or 20s. per ton of normal prices, but not on the 90s. I daresay America could, but will it be necessary to keep up the price of our coal to 90s. to neutral countries in order to carry on the mines in this country?—No.

1071. You say that American competition will come in here at this 90s. point?—I simply had to use this as a starting point and try to develop the argument as to how far America could follow us.

1072. *Mr. Arthur Balfour*: Did you not say that this American coal has cost \$5 f.o.b.?—Yes, that is so.

1073. *Sir L. Chiozza Money*: So you see the American freight is only 20s., whereas the freight across the North Sea is 40 kroner, or 47s.?—No, I am afraid I have not made myself clear. The f.o.b. price is 20s.

1074. You told us also that the c.i.f. price was 120s., therefore the freight is 20s.?—No, the f.o.b. price is 20s., so the freight is 100s.

1075. I beg your pardon.

1076. *Mr. Robert Smillie*: The f.o.b. price is 20s. where?—At Newport News.

Mr. Arthur Balfour: 20s. 10d., exactly.

1077. *Mr. Robert Smillie*: What part of America do the coals come from?—West Virginia.

1078. And they put them at 20s. a ton f.o.b.?—Yes, and I am informed that they can do it at \$4.

1079. Have you any printed or written matter to offer us which will carry that out?—Yes.

1080. Do you know how far they have to come from West Virginia to the port?—Yes, about 200 miles.

1081. They mine them and carry them 200 miles? How much would that cost per ton on the railways?—I believe on the American railways it costs about 7s.

1082. *Mr. Sidney Webb*: And how much on our railways?—I suppose on the British railways the cost is something just under a penny per ton per mile.

1083. Therefore, instead of 7s. for 200 miles, it would be 16s. 8d.?—Yes, something under that.

1084. You will have to nationalise the railways as well as the mines.

1085. *Mr. R. W. Cooper*: Is the coal to which you are referring the well-known American steam coal, Pocahontas?—Yes, Pocahontas and New River.

1086. That is a very first-class steam coal?—Yes. The Americans claim that with skilled firemen they can get the same results out of it as out of our Welsh coals.

1087. *Chairman*: Have you any further point you want to make, because as soon as I have finished I am going to ask each member of the Commission to ask you questions?—Yes. What I was going to say was that taking 7s. from that f.o.b. price of about 20s., gives the price of the best kind of American coal at about 13s. per ton. As a matter of fact, I am informed that they can sell at considerably less than that; they can sell, if they are put to it, at something like \$2½ a ton.

1088. *Sir Thomas Royden*: That is the long ton?—Yes.

1089. *Mr. Arthur Balfour*: At the pit?—Yes. I am afraid I have no printed evidence of actual prices at the moment in American mines.*

1090. *Chairman*: You said you were informed. Is that by word of mouth, or by some statistics that are in your possession?—That is by word of mouth from a gentleman connected with the American Supplies Department in this country.

1091. I want to ask you on that, is it possible to get from that gentleman any statistics?—I think we could get some statistics. I have some relating to 1916 and 1917.†

1092. May I look at them, because this is important?—The particulars in this volume relate to August and September.

1093. Is that the only copy you have?—Yes. It is the only copy I have here.

1094. *Sir L. Chiozza Money*: May I ask what it is?—This volume is entitled: "Method of Fixing Prices in Bituminous Coal; Adopted by the United States Fuel Administration," by Cyrus Garnsey, Junr., R. V. Norris and J. H. Allport, and it is dated September, 1918, American Institute of Mining Engineers.

1095. *Mr. Robert Smillie*: Mr. Lee is dealing with 90s. price. He says American competition may come in at 90s. Have you any fear that American competition could come in at a 60s. price?—Undoubtedly.

1096. 30s. a ton less?—Yes, I do not think there is any question of that.

1097. Have you any fear of American competition at 50s.?—Yes, May I go straight to the point, and say that there are fears of American competition at normal prices.

1098. In Scandinavia?—No, I would not say in Scandinavia.

1099. Do you mean in the South American markets?—No, in the Mediterranean markets particularly.

1100. *Sir L. Chiozza Money*: Can you give us any firm offers, I mean quite apart from any statistics, a firm business offer, c.i.f., Mediterranean ports, of American coal?—Yes, and I can also refer to

* See Appendix 58.

† See Appendix 59.

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[Continued.]

actual sales of coal, the coal having actually gone into Holland.

1101. Can we have them?—Yes. I have not the particulars by me at the moment, but I will put in whatever particulars I have of coal sales and actual quotations.

Mr. R. W. Cooper: Did you hear, Mr. Chairman, the last answer? Mr. Lee says he has actual particulars of sales.

1102. *Sir L. Chiozza Money:* The only actual figures he has given are 20s. f.o.b., the American port; freight 100s., making 120s. He tells us that the present f.o.b. price to Sweden from a British port is 88s., and a freight of 47s., which makes 135s. So that is only 15s. in excess of those American figures. It follows then, if the f.o.b. price fell to 70s., the freight remaining the same, a most unusual and abnormal freight, you get 3s. less than that for which the Pocahontas coal can be delivered in Sweden.—The whole point governing it is to what point freights from America can fall.

1103. *Chairman:* What I wanted to see if we could get is this: I quite appreciate the value of statistics, but have you any sort of firm quotations or firm offers. You said you had some information as to actual sales of Pocahontas coal to the Mediterranean. I should like to know if you could tell us something about a binding offer, if you have it?—I am afraid I would have to get the actual particulars.

1104. We will not waste time on that now, but will you kindly let me have those by to-morrow or the day after?—Yes. I might explain that in Denmark, the Danish importers are asking permission to buy, or perhaps I should not put it as strongly as that, they are asking for an assurance that on purchasing this American coal they will not be prejudiced in respect of British coal.

1105. What does that mean? I do not quite follow?—They are afraid that if they close with the American offers our people may refuse to supply them with British coal in retaliation.

1106. *Mr. R. W. Cooper:* With regard to this threatened competition of American coal in the Mediterranean, I presume that you are probably referring to the Italian market?—Yes, mainly.

1107. Have there been any indications of American gas or manufacturing coal, I mean comparable to Durham coal, competing with the Durham coal in the Mediterranean markets?—Do you mean pre-war?

1108. No, at the present time.—The difficulty at the present time is want of tonnage. I am not aware that substantial quantities of American coal can be delivered to Italy at the present moment, for that reason. As a matter of fact, the Italians asked us a short time ago whether we had any objection to their obtaining coal in America, and we replied no, so they went to the Americans, but are unable to get the necessary tonnage. Tonnage is really the determining factor in the consideration, and again I have been informed by gentlemen representing the American Supplies Department over here, who had no particular interest in distorting the information, that by June next they expected to be in a position to supply substantial quantities of coal c.i.f. to the European market.

1109. I suppose that meant that in June next they expected to have a considerable quantity of American tonnage at their command?—Yes. In November, of course, they put out 350,000 tons of shipping.

1110. Have you any information as to the extent to which American shipping is progressing in America, what I may call American tramp tonnage?—The only information I have is the figure I quoted, which is about three times the January figure, that is that in January, 1918, they only put out about one-third of that.

1111. Their shipping programme was only getting into shape in January?—Yes. There has been a continuous increase.

1112. In your department, apparently, you regard the American tonnage as a distinct menace?—Undoubtedly; and we are having to consider the question now as to whether we should have to alter our export regulations in order to meet the situation.

1113. *Mr. Arthur Balfour:* I have only one question to ask, and that is to make clear that the American price is 20s. 10d. f.o.b. Is that 20s. 10d. the cost, or is it the selling price f.o.b. on which there is a profit?—That is the selling price, including profit.

1114. Is the remaining 100s., bringing it to 120s. 10d., all absorbed in the freight, etc.?—That is so.

1115. It is all freight and insurance?—Including profit on freight.

1116. Including some more profit?—The profit on the freight; the profit on the ship.

1117. *Mr. Evan Williams:* Dealing with the American competition, you confine yourself in these figures to Durham and Northumberland coal?—Yes.

1118. Can you tell the Commission what the position is in regard to South Wales steam coal in regard to the American competition now, both in South America and in Italy? You see the price realised in neutral countries for South Wales large coal has been somewhere about 45s.?—45s. is the price for large coal, and with a correspondingly lower price for small, and the Americans are underselling us in the South American market on that basis, that is to say, at a price of 45s. a ton for large ordinary steam coal. The only reason for not reducing our price at the moment is that neither the Americans nor ourselves are capable of completely fulfilling the requirements of the South American market, but as tonnage and coal supplies increase we shall undoubtedly have to cut our prices there. I would like to call attention in that respect to the great difference there is between the increase in mining costs in this country, particularly in South Wales, and in the case of American coal. The prices which are shown in that volume indicate an increase of about \$1 per ton in mining costs as compared with the pre-war cost; that is to say, something between 4s. and 5s. per ton. Mr. Dickinson has, I think, already put in the figures indicating the increase in the cost of the South Wales coal. The point there is that the difference between the increase of cost of South Wales and American coal may be such as to make it worth while for the shipowner bringing grain from the Argentine, for example, to make a triangular trip and take coal from the United States, then to bring his grain to this country and to go in ballast to the United States.

1119. *Sir L. Chiozza Money:* You mean the private shipowner might do that and make a profitable voyage?—Yes.

1120. You mean a British shipowner?—I mean any shipowner.

1121. *Mr. Evan Williams:* You mean that the return cargo from the Argentine, for instance, would be to America?—Yes, possibly so.

1122. Or possibly to this country?—Yes, or we should have to pay considerably more for the grain to attract the cargo to this country, I take it.

1123. At the present moment the difference in price c.i.f. River Plate between American coal and South Wales coal, based upon two-thirds large and one-third small, is very nearly 20s. per ton?—It would work out at 45s. for large coal; two tons at 45s. makes 90s., plus one ton at 27s., which makes an average of 39s. f.o.b.

1124. It is more than 27s., is it not?—Coals are being sold at 27s. for that purpose, and I think 39s. about represents the price of the large and small.

1125. The mixture?—Yes, the mixture. Then with the commissions and the brokerage it brings it to a little more than 41s.; and freight of 50s. per ton makes 91s. per ton for British coal delivered in South America.

Sir L. Chiozza Money: I do again make an appeal to you, Mr. Chairman. With all respect, why cannot we have these figures? We have arrived now at the third day of our deliberations, and we have not many days remaining. Could we not have a proof in advance giving this information on paper, either typed or printed?

Chairman: I am doing my best. I am urging every day that we should get them printed, and they ought to have been printed; but as you know, it is to be said

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on behalf of these gentlemen that they have not had much time in which to do it, although I quite agree with you that we must have it.

Sir L. Chiozza Money: I find the greatest difficulty in following these figures and in cross-examining on them.

1126. *Mr. Evan Williams (to the Witness):* You arrive at a c.i.f. price for South Wales coal in the Argentine of what?—Of about 91s. a ton.

1127. What is the American price f.o.b. and what is the freight?—The American price f.o.b. is about 21s., and the freight I understand now stands at 60s.

1128. Still at 60s.?—Yes. I have not heard of any reduction below 60s. That would make it 81s.

1129. *Sir L. Chiozza Money:* What do they fetch back from the Argentine? They take coal at 60s. What do they take back to the United States?—Chiefly meat and wheat.

1130. *Mr. Sidney Webb:* Meat and wheat does not go back in coal ships. Are these refrigerating ships?—Yes; coal is being carried in refrigerating ships.

1131. *Mr. Evan Williams:* Given an adequate supply of tonnage from the States, they can take from us in normal times, or at the present time even with a considerable reduction in our price f.o.b., the whole of our South American trade?—Yes: It is purely a question at what rate the Americans can run their ships. The distance between the South Wales ports and South American ports is roughly the same as that between the American ports and the South American ports, and the Americans will have whatever margin there is between the cost of British coal and American coal f.o.b.

1132. I think the quantity of coal shipped from South Wales to South American ports is something like about 7,000,000 tons per annum?—Yes, prior to the war; it was a little over 6,000,000 tons per annum.

1133. Do you know anything about the position in Italy at the present time with regard to American competition?—At the present time we have copies of telegrams that have been sent from the States offering coal at about \$30 in Italy, but I am not aware that actual tonnage has in fact been provided for the transport of that coal.

1134. What are the prices c.i.f. British for steam coal?—I should say about 90s. per ton.

1135. As against \$30?—Yes.

1136. I put a question to Mr. Dickinson this morning which he was unable to answer, which I think he indicated you might be able to, with regard to the diversion of trade at the collieries from their normal channel by direction of the Controller. Certain collieries which used to do export trade as part of their normal business have been taken over by the Government. How is the actual figure made up in cost, freight, and insurance?—That is quoted as a c.i.f. figure. The Americans are quoting at the present time on a basis of \$5 f.o.b.

1070. *Mr. Robert Smillie:* But you will admit that any competition which America at those prices could enter into with us would be on our 1918 90s. price. You do not presume that it will ever be able to keep up the 90s. price to deliver coal to those countries. What you require is to see whether America can enter into competition with us at anything like normal prices, say within 10s. or 20s. per ton of normal prices, but not on the 90s. I daresay America could, but will it be necessary to keep up the price of our coal to 90s. to neutral countries in order to carry on the mines in this country?—No.

1071. You say that American competition will come in here at this 90s. point?—I simply had to use this as a starting point and try to develop the argument as to how far America could follow us.

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1074. You told us also that the c.i.f. price was 120s., therefore the freight is 20s.?—No, the f.o.b. price is 20s., so the freight is 100s.

1075. I beg your pardon.

sence of control those collieries losing 6s. per ton would have been able to export at satisfactory prices. That is what is in my mind.

1144. I am not concerned to dispute the reasons; I only wanted to know if you had facts?—The point is rather the statement itself imposing a condition, what is the effect of the removal of control. I mean that is a matter involving the expression of an opinion. My answer is that in the event of the removal of the control, such and such would happen.

1145. *Mr. Evan Williams:* You know that by the direction of local committees certain collieries had to supply the whole of their coal in certain directions?—Yes, that is so.

1146. Certain collieries have been prohibited from shipping any coal at all, and have had to supply it for the purpose of gas undertakings?—Yes, that is so.

1147. And those collieries have been making a loss?—Yes.

1148. And have applied to the Controller for assistance on that account?—Yes.

1149. And they failed to get it?—Yes. I ought to explain, by the way, assistance in the sense of permission to increase their prices; I did not refer to the question of their compensation under the agreement.

1150. Could you tell us how much of the increase of 2s. 6d. which was granted last June has been paid by the home consumer and how much by the Allies?—In the case of the Allies the increase in price was not 2s. 6d. per ton, but 5s. per ton, so that the proportion of 2s. 6d. attributable to exports would be 5s. per ton on an amount of about 25,000,000 tons per annum, and in the case of the neutrals the figures did not really operate, because all the coal sold to neutrals was being disposed of above the schedule prices, and consequently they were not automatically increased. That is the best answer that can be given, that the amount of the 2s. 6d. increase which fell on the export trade was 5s. per ton on 25,000,000 tons per annum, which is, roughly, based on the output of the country, about 8d. per ton.

1151. But still it would be true to say, would it not, that the increase of 2s. 6d. which was granted did influence the neutral prices upwards to about the same extent?—I do not think so. I think that in all cases the neutral prices were above the minimum with the exception of perhaps the coal that went to South America from South Wales, which was a comparatively small quantity, about 50,000 tons a month; but generally speaking neutral prices were above the schedule and were not automatically increased by 2s. 6d. per ton in *jurisprudence*?—I think to 1916 and 1917.†

1092. May I look at them, because this is important?—The particulars in this volume relate to August and September.

1093. Is that the only copy you have?—Yes. It is the only copy I have here.

1094. *Sir L. Chiozza Money:* May I ask what it is?—This volume is entitled: "Method of Fixing Prices in Bituminous Coal; Adopted by the United States Fuel Administration," by Cyrus Garnsey, Junr., R. V. Norris and J. H. Allport, and it is dated September, 1918, American Institute of Mining Engineers.

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1098. In Scandinavia?—No, I would not say in Scandinavia.

1099. Do you mean in the South American markets?—No, in the Mediterranean markets particularly.

1100. *Sir L. Chiozza Money:* Can you give us any firm offers, I mean quite apart from any statistics, a firm business offer, c.i.f., Mediterranean ports, of American coal?—Yes, and I can also refer to

* See Appendix 58,

† See Appendix 59.

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[Continued.]

to Italy in 1913 300,000 tons of coal. I could give you the real analysis of the prices if you desire it.

1156. *Mr. R. W. Cooper*: What quantity did we send to Italy in 1913? You are talking of gas coal now; are you not?—Yes. I am simply giving the total export as about 10,000,000 tons roughly.

1157. *Sir Arthur Duckham*: I do not think that was only gas coal; that is all coal?—Yes, all coal.

1158. *Sir L. Chiozza Money*: 1913 was our record year of exportation?—Yes. In the previous year it was about 8,000,000 or 9,000,000 tons.

1159. *Mr. Sidney Webb*: So that there was not much sign of America cutting us out?—They were just beginning.

1160. *Sir Thomas Royden*: I think that the freight naturally to Italy and also to South America, for a number of reasons, was usually considerably lower from this country than it was from the United States?—They ran from the United States to Italy at 12s. in 1913 and in the British trade from the Tyne they were getting about 9s. 6d. in 1913.

1161. It was just a little in favour of England over the United States?—There was about 2s. 6d. in favour of England in freight, but the Americans had it in price.

1162. That is what I was coming to. So that if you take it that the freight is very nearly the same and that we are better situated geographically vis-a-vis Italy, it really comes down to the price of the coal under ordinary conditions?—Yes, that is so.

1163. *Sir L. Chiozza Money*: Will you go back to where you started this afternoon with regard to the function of the wholesaler. You, of course, simply sought to maintain that wholesaler in his pre-war position, or near it. That was the whole object you had in view?—Yes.

1164. You did not question whether it was an economic or uneconomic factor?—No.

1165. Would you care to express an opinion whether your knowledge of his work really fills any substantial-economic function in relation to coal. Is he wanted?—I do not know quite how far I should express an opinion on a matter of that kind, but I should certainly say that he does fulfil a function in many cases which has to be performed, that is to say, he relieves the colliery of the work of selling the coal.

1166. The colliery has to make its book entries against him, has it not?—Yes.

1167. He has to deal with the colliery and the colliery has to keep accounts with him?—Yes, but if the colliery sells him 100,000 tons of coal, that is one transaction; if he splits that up into 100 lots, that is 100 transactions.

1168. May I ask you to compare that with a unified control of the coal of the United Kingdom, where you would have one local distributor—I will not say who—in London who was in direct touch with the colliery. Would not it be possible, with a very much smaller amount of bookkeeping to deal with the whole of that trade?—I do not think there is any difference on that point that economies may be effected by a consolidation of selling arrangements.

1169. May I now bring you to the export trade. With regard to Scandinavia, do you seriously suggest that, taking that section of the export trade by itself, you fear American competition in regard to it?—I would put it perhaps in this way, that there is the possibility that America may develop a trade, for example, with Sweden, may take iron ore back from Sweden, and that will give her a return freight.

1170. Is that probable?—It is possible.

1171. You name that concrete case. Is that probable?—I say it is possible.

1172. You do not suggest it is probable?—I think it would be very difficult to express a more precise opinion on it than that.

1173. Will you allow me to remind you of the nature of the trade between this country and Scandinavia, that the trade lends itself entirely to the export trade in coal here. The coal goes out and the ship brings back either timber or wood pulp or ore and, therefore, it is an exceedingly profitable trade from the point of view of the shipowner. Do you seriously suggest, in view of the short distance between this

country and Scandinavia, and in view of the long distance between Scandinavia and America, that there will be competition between American coal and British coal? Do you seriously suggest that to this Commission?—I suggest there is a possibility.

Mr. Sidney Webb: America might nationalise its mercantile marine and carry it for nothing.

1174. *Sir L. Chiozza Money*: Yes. I will leave that to you. (To the Witness.) Do you suggest it because there will be a superior economy in running American ships compared with running British ships?—No, I suggest it because America has a very large output which she will want to get rid of.

1175. *Mr. Sidney Webb*: And she will give it away for nothing?—No, she will not give it away for nothing, but if she could run to Italy at 12s. per ton prior to the war, she would be able to run to Scandinavia for a corresponding figure. The point is that her own f.o.b. costs may be sufficiently lower to make up the difference on the freight.

1176. *Sir L. Chiozza Money*: I do not know whether you want to press that very hard. This is a very serious subject and I want you to deal with it seriously. I ask you once more, do you seriously suggest that it is probable, under the conditions which I have reminded you of, that is the well known economic conditions, that America could seriously compete in coal in the long run in the Scandinavian market?—Yes. May I make it a matter of figures. My point is this: America produced coal prior to the war at 4s. per ton at the pit, say 5s. to put it on the top side.

1177. *Sir Arthur Duckman*: Is that long tons again?—Yes. I understand that she can now put out that coal at, say, 10s. 6d. per ton at the pit, which is an increase of, say, 5s. 6d. in costs.

1178. *Mr. Robert Smillie*: Can you give us the facts on which you base your understanding?—They are contained in that volume, in part.

1179. *Mr. Frank Hodges*: You said earlier on that it was 13s. per ton at the pit head.—May I explain that is based on the present f.o.b. price, not the lowest price at which she would be able to sell.

1180. *Mr. Sidney Webb*: How can you get the lowest price at which America would sell?—By reference to her costs

1181. What you mean is that that is the cost?—No.

1182. The price at which you may sell is anything you are likely to fix; there is no limit on what you may sell at. After all, America might dump the coal here?—The way I have done it is to take the pre-war price and take that as the basis of the price at which she might sell, that is to say cost plus normal profit, and add to it the increase in the cost of production, so far as known.

1183. That is cost?—No, cost plus pre-war profit.

1184. *Sir L. Chiozza Money*: Might I ask, as that book has been referred to, what is the date of it?—It bears date 1918.

1185. For what period does it refer to for the figures given in it?—August and September, 1917.

1186. Has there been no rise in wages in the United States since then? Are you aware that the wages in the United States are much more than here?—I am told that the present rate is \$1 per ton for cutting coal.

1187. *Mr. Sidney Webb*: That does not at all give you what the costs of the coal are?—It indicates that there is no very substantial increase since those figures were published.

1188. *Mr. Arthur Balfour*: Is that coal cut on a tonnage rate?—Yes. I will take, if you like, the top figure of 13s. per ton, which will do equally well for the purpose of illustrating my argument.

Sir L. Chiozza Money: I thought we were going to have a concrete case.

Chairman: Let him take his figures. They may be right or they may be wrong, but we can criticise them afterwards.

1189. *Sir L. Chiozza Money*: For the sake of argument, not because it is a concrete case, we will take the top price of 13s.—That would represent an increase of 8s. per ton over the pre-war cost of coal in the United States.

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1190. *Mr. Arthur Balfour*: At the pit?—Yes, and taking the difference between the freights in the pre-war period, taking 12s. as the American figure and taking a figure as low as 3s. for the Scandinavian figure, that makes a difference of 9s. in our favour. 9s. and 8s. are 17s.

1191. *Sir Leo Chiozza Money*: No, 8s. from 9s. You have the advantage of 9s.; you have taken 8s. off that?—What I am doing is summing up the advantages in our favour. One advantage is that American costs have increased by 8s. per ton; the other advantage is that our freight is cheaper by 9s. per ton, and the total advantage in our favour is 17s. per ton. If British coal costs increase by 17s. per ton it puts Americans on precisely the same basis as ourselves.

1192. *Mr. R. H. Tawney*: Yesterday we heard that if the whole of the men's demands were granted it would be 4s. a ton?—We at present have an increase of 10s. 6d. a ton apart from that and I think I heard Mr. Dickinson mention 6s. per ton.

1193. *Mr. R. W. Cooper*: 8s. 2d.?—That makes 18s. 8d.

Sir L. Chiozza Money: Really this is very hypothetical and I think you would feel inclined on thinking it over again, to revise your expression and say this is not exactly a concrete case.

1194. *Mr. Sidney Webb*: At any rate Mr. Lee points out we should be able to give 6s. 6d. per ton away without figures?—In the case of competition with Scandinavia?

1195. Yes, on the altered basis of your figures we are in a position to give away 6s. 6d. to the miners. Is not that so?—That is on the basis of the 13s.

1196. Very well. Therefore, on the basis of your figures, we shall not be cut out by American competition if we give 6s. 6d. per ton to the miners?—No. But the only purpose of these figures was to show—

1197. No, those are your figures. On your figures it shows a balance of 6s. 6d. in our favour. Is not that so?—I object to the statement that those are my figures.

Sir L. Chiozza Money: Might I ask you why you think that American ships will be able to run more economically than English ships? Will you give us your reasons? Is it in the cost of construction or is it in the cost of running the ship?

Sir Thomas Royden: It is not a question of a flag; it is a question of being able to charter a ship, because they would not get a different rate.

Sir L. Chiozza Money: I should have agreed with you save for the fact of the great increase in American tonnage.

Sir Thomas Royden: That is simply an increase of the pool.

1198. *Sir L. Chiozza Money*: If there is an increase of the pool then the cost of these ships must be an element. Therefore, I ask, why do you think an American ship would be able to run more economically than an English ship?—I never suggested that an American ship would be able to run more economically than an English ship.

1199. Then why should they be able to compete so closely. Why should they be able to take coal this long voyage across the ocean when we have only to travel across the North Sea?—But I have pointed out that there is an allowance of 9s. per ton, for the difference between the freights in those figures corresponding to the difference between the voyage across the North Sea and the voyage across the Atlantic.

1200. And you do not think that balance is likely to increase so far as the American ship is concerned?—I would not like to express a definite opinion upon that. If I were able to express a more definite opinion on those figures, I should be able to use a word something stronger than the word "possible."

1201. Now I pass to the other factor, that is, pit-head cost. What are your reasons for thinking that, apart from the natural advantages which America undoubtedly possesses in having coal more easily got than our coal, the miners in America will not demand and get advances quite as high as any that are obtained here?—I have not expressed any opinion upon that at all, and I do not know that I am competent to express an opinion.

1202. You expressed yourself as very fearful of American competition?—Yes.

1203. Is not that an element?—Yes, but there are no signs at the present time of any demand for such an increase, and the point is, and the central fact of the position is, that American costs originally were on such a low basis that a certain percentage increase in American cost only amounts to a very small amount absolutely per ton.

1204. But is it not the fact that, while the natural advantage factor tends to disappear as time goes on, while the more easily worked coal of America tends to pan out, other costs in America are likely to increase as greatly as they do here, and probably much more; that is to say, has not all our experience been that wages in the United States have risen much more quickly than here?—I am afraid I would not like to answer that question; I am not competent to do so.

1205. Do you know what American miners' wages are at the present moment?—I have said that at the present moment I am informed they get \$1 a ton.

1206. How many tons does that mean in a day?—I understand they are capable of hewing 10 tons a day.

1207. Then what do you make their earnings in five days?—That would be \$50.

1208. Does not it rather suggest itself to you that your figures arise from abnormal war conditions?—No, it rather suggests to me that there is not likely to be the same demands for increases in mining wages in America as there are here.

1209. Your fears appear to have been excited with regard to certain things which can be done by America, which I first heard of 20 years ago, by certain declarations and possibly certain quotations, which also we have known of for a great many years. But in the long run, I put it to you, is American coal competition in Europe likely to be a very serious factor in view of the economic factors which I have pointed out to you, when there is the difference, entirely in our favour, that she is much further off from the Continent of Europe than we are?—It is purely the balance between two factors: one, the difference between mining costs here and in America, and the other the difference between the freights from this country and the States. The central fact about American mining costs is they are on such a low basis that a percentage increase only affects them by a very small amount, whereas ours are on such a high basis that it affects us to a very great extent.

1210. As far as the natural advantages in America is concerned, it is likely to become less as time goes on?—I do not think there is any evidence that it will do so at a greater rate than in this country, because costs are naturally increasing in this country.

1211. Is not it the opinion of Mr. Stanley Jevons, the son of the great coal authority the late Stanley Jevons, that what I have represented to you as an economic fact, will occur?—It is rather a question of this, that America is later in the field than we are and she will always be two stages behind, as I might express it. So that, while it is true that her costs will probably increase as she gets to less and less economical working of the coal's, the same process is going on with us at the same time.

1212. Will you forgive me for putting it once more to you that the rate of progress of wages has been greater in the past in America and there is no reason to suppose it will be less in the future?—I cannot go further than I have said, that the present rate is \$1 per ton, and that proportionate increases in America are very much less serious items in cost than equally proportionate increases in this country.

1213. Will you be so good as to reduce this to a concrete form? Will you be so good as to give us, either some definite case of firm offers of coal to Europe at the present moment, or will you work out in concrete form what you believe to be the facts on which you base your opinion?—Yes, I can refer you to one case. They have offered 50,000 tons of coal to the Swedish State Railways at \$29. I mention it now, as I am being pressed, but I wanted to refresh my mind on it.

1214. Is not that naturally what you would expect to occur in such abnormal times as these? Is not it clear that we must keep these abnormal times out of our minds and we must have regard to the normal

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time which is to come soon, we hope?—The Americans themselves are very sanguine of getting into the European market.

1215. Were not they very sanguine in the 90's?—Yes, but they have begun since then both in Italy and in South America.

1216. Is it not the fact that in 1913, which is a good many years after the period I have referred to, we had a record in coal exports?—That is so.

1217. And is not that only a few years after the coalowners said that the effect of the 8 hours' day would be to very largely diminish our coal export industry?—I am not aware that they made that claim.

1218. May I now bring you to your triangular voyage. I think you said you pictured an American ship as taking coal from the United States to the Argentine and then cleaning up and taking wheat to the United Kingdom. Is that it?—Yes.

1219. And then travelling in ballast from the United Kingdom to the United States?—Possibly.

1220. Do you suggest with the higher working costs of an American ship, because they are higher working costs, that they could possibly compete with a direct trade between this country and Argentina, in which we have this advantage, that we take our coal and bring back heavy cargoes which this country requires?—I think there is a sufficient danger of it, that it merits very careful examination at the hands of both coal and shipping experts.

1221. You have expressed rather a serious view, and I wondered whether you had worked that out in the concrete also?—It runs on somewhat similar lines to the previous case that we examined, that is the Swedish case.

1222. Will you be so kind as to give us a concrete illustration of that also?—Yes. Take South Wales costs, for example.

Sir Arthur Duckham: Might we have that as a statement too? Really, we cannot grasp the figures. I think it is so much better for us and it saves time.

Sir L. Chiozza Money: I hope the witness will forgive me for pressing him rather hardly about it, but it is very important.

Mr. Frank Hodges: You might get some verification of the statement of the increased cost of the production of American coal. It is stated to have increased although the witness seems to have got it by word of mouth.

Chairman: We shall have some statistics as to this American coal.

Mr. Arthur Balfour: I should like to have the actual tonnage raised and the returns per week shipped.

Chairman: You appreciate the difficulties we have had in the very short time at our disposal.

1223. *Mr. R. H. Tawney*: At the beginning of your evidence you gave us a list of the margin of profits which were allowed under the Order of September 5th. I understood you to say that the basis of that Order was an attempt to allow the same margin of profit as obtained before the war?—Yes.

1224. Have you heard it suggested a large part of the distribution of coal is under the control of combines and rings?—I cannot remember such statements at the moment. I have not heard anything very concrete.

1225. Was it not one of your duties to find out whether that was so? If it was so it makes a very material difference to what is a reasonable profit?—I have no reason from my experience to suppose that such combines exist. If they had come to our notice we would have taken cognizance of them.

1226. You did not make any enquiries to find out? You simply took the pre-war profit as a reasonable profit?—What sort of enquiries have you in mind?

1227. Economists are accustomed to making enquiries as to the possible existence of combinations from various sources of information. I will give you afterwards some of the sources, but I need not trouble now. I want to find out quite simply whether you did the same. I understand you took your pre-war profit as a reasonable basis?—Yes.

1228. It did not matter to you, I suppose, whether that pre-war basis was a reasonable basis or not?—Yes.

1229. Into that you made no enquiries at all? Is not that so?—No, except in this way. Our experience was there were no combinations or rings in existence on a large scale, and the natural forces of competition resulted in the reduction of these margins to a commercial figure.

1230. I do not want to turn a question into a statement. But that is a statement which I could not accept for one moment because I know as a fact that some part is in the hands of a combination. The fact is when you examined the margins for the distribution of coal under an Order of September 5th and adopted as a basis of that the pre-war profits you were handing over to the distributor a considerable share of monopoly profits. I agree it was done quite unintentionally if that was so, but it makes it more important that it should not have been done, and that shows there probably was a margin over which wages could be raised without impairing the economic efficiency of the trade?—I agree with the conclusion granting the premises.

1231. The premises are a question of fact about which you have no evidence?—One knows there were working arrangements on a small scale. To speak of any general degree of combination in the coal trade does not, in my experience correspond with the facts.

1232. You have made no enquiries into that?—Yes, we have made our enquiries in the sense that we had experience of the conduct of the business.

1233. You made no special enquiries into it. You said you assumed the ordinary force of competition would keep profits down to a reasonable level?—I said our view was.

1234. Suppose that that view is incorrect then the profits which were fixed under your order were unreasonable profits, were they?—I think the amounts themselves are a sufficient answer to that.

1235. *Mr. Sidney Webb*: They are so small?—Speaking of it in relation to the possible increase in wages.

1236. You told us that when you began to deal with the London coal trade you asked the London coal merchants voluntarily to agree to a fixed price. Did they agree?—Yes, they all agreed. The President of the Board of Trade asked.

1237. When you came to apply compulsion why did you want to apply compulsion if you had already agreement?—*Sir Guy Calthrop* was of opinion that a compulsory Order was a more satisfactory form in which the matter should be conducted.

1238. I should like to investigate these wholesale rates. Did you get the particulars of the cost of distribution by the Co-operative Wholesale Societies and the local Co-operative Societies in London?—They are retail costs of distribution to which you are referring.

1239. No, the wholesale cost. One of the largest of the traders is the Co-operative Wholesale Society?—I thought you referred to societies in London. We did not investigate the result of the working of the Co-operative Wholesale Societies.

1240. That is not my point. Did you compare the Wholesale Societies' price with the price charged by the trade?—I am not quite clear what single price you refer to. When you speak of the wholesale price naturally there are thousands of prices.

1241. I am talking of the price comparable with those rates which the wholesalers charged?

1242. *Mr. Arthur Balfour*: The price of delivery?—Do you mean in the case of house coal to London?

1243. Take that point. Supposing, for instance, you have here 1s. for the delivery over the wholesaler to the retail merchant. Have you enquired what the Co-operative Wholesale Society does that business for in supplying its local societies who are in the position of retail merchants?—No.

1244. That would have been an obvious standard to have taken. Those figures are known. I am on the point of what inquiry you made before accepting these rates as reasonable. It would be known to anybody that the English Co-operative Society does a large business in coal in London. Before you fixed that price of 1s. it would be natural to inquire the Co-operative Society's figure, because that is a quasi-public institution and doing the work for the bare cost?—What we did was to take a number of representative firms.

1245. That is to say, you consulted the firms themselves as to how much they would like to charge?—No we examined the books to see what they had charged.

1246. Then you did not examine the Co-operative Society's books to see how much cheaper that might have been done?—No, because in any case our view was that the returns obtained by these firms in the pre-war period under the normal operations of competitive conditions gave a fair return for the work.

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1247. It is many millions. Did you ascertain how much profit these firms were making?—Yes.

1248. I do not mean trade done, but for the year?—Yes.

1249. And their capital. You must have ascertained that to judge whether the rate was reasonable or not?—Capital did not constitute such a large consideration in the wholesale merchants' businesses.

1250. It was the wages of the people running up?—Profits.

1251. It must have been a return on capital or wages or cost of management?—They finance the business to a certain extent.

1252. The point is you have not the figures which the Co-operative Wholesale Society does it for?—No.

1253. You have not that in the office? We shall have to get that from somebody else. You have the figure these competitive firms did it for, but not the Co-operative Wholesale?—That is so.

1254. When you say competition prevailed, I thought there was one of these firms which had several aliases which did a very large percentage of the entire distribution in London. I have heard it put as high as three-fourths. Put it as high as five-eighths. You know the firm I am alluding to?—Yes.

1255. Had you that in mind?—Yes, they are in competition with other big concerns.

1256. You say other big concerns. You have one concern which does three-fourths of the trade?—I do not know that that is so.

1257. What is the percentage in proportion?—The London house coal trade?

1258. I meant the whole of the London trade of all the different classes of firms.

Mr. R. W. Cooper: Are you referring to William Cory & Sons?

1259. *Mr. Sidney Webb:* Yes. (To the Witness.) I have heard it put as high as three-fourths of the whole trade. You have one firm doing a large percentage of the trade, and then you say there is no evidence of combination. Do you remember the Official Committee that sat to inquire into the coal prices in London?—Yes.

1260. You know the evidence given there as to transient combination. They said there was no fixed ring or prices, but the price of coal was fixed by half-a-dozen merchants on the Coal Exchange?—You are getting on to retail prices.

1261. That is evidence of a concert as to prices amongst the wholesalers. The wholesalers would naturally concert?—It is in the capacity of retailers that they concert the prices.

1262. You have the evidence of a concert?—That was on a small scale.

1263. You were not responsible for the policy; it is fair to say that. This was done under the President of the Board of Trade at that time?—That is so.

1264. It was the President of the Board of Trade who was responsible for that belief in competition. I do not think you have had anything to do with the distributing of coal with regard to the trucks?—No.

1265. I am very much interested in what you said as to the wages in the United States. You said the hewer got a dollar a ton, but that amounted to 50 dollars per week, or might do so?—Yes.

1266. 50 dollars a week is, speaking roughly, £10 a week?—Yes.

1267. Do you suggest the English mine workers are to be afraid of the American mine workers who make £10 a week?—I do not say they make £10 a week.

1268. Is not that what you want to suggest, that they make £10 a week?—I was asked what that would amount to on the average of ten tons. I said they have hewers who do as much as ten tons a day; and, on five days a week, that would mean 50 dollars a week. I do not say in practice they do how ten tons a day.

1269. They come somewhere near it?—I have the figures for 1916.

1270. It is important it should be known in this country to those people who are discouraging our miners for wanting a better standard of life to know that the American hewer is getting £10 a week. It is material to bring that into contrast?—Providing one bring into the point the cost of living.

1271. The American cost of living is high. It has gone up here. £10 a week for a hewer's wage is a thing that ought to be made known in Northamptonshire, Durham,

Fife and other places to encourage them to do likewise?—I have not said the wage earned was £10 a week.

1272. It is rather important to know that is what a hewer can rise to?

Mr. R. W. Cooper: He had never said the American hewer earns £10.

Sir Arthur Duckham: It was Sir Leo's figure on working out the sum.

Sir L. Chiozza Money: I did not give a figure, it was given by Mr. Lee in evidence.

Sir Arthur Duckham: May I suggest again we should not have these figures quoted which we have no proof of. We shall have the sum stated to-morrow the same as to-day. That is entirely wrong for our Commission, and it is not the figure we want. It will not help us. We want the figure the Americans earn.

Mr. Sidney Webb: Perhaps it ought not to have been mentioned.

Sir Arthur Duckham: These figures should not be mentioned.

Chairman: You do not agree and you say it should not have been mentioned.

Sir Arthur Duckham: Yes.

1273. *Mr. Sidney Webb:* With regard to the freight, I rather gathered the cost of coal at the pit head tends to be kept down because of the high freight. When the freight is high our export firms are in danger unless the export trade is kept down. That was the effect of your argument, was it not?—I am not aware I used that argument. It may be the effect of some argument I used.

1274. The danger of a pit-head price being unduly high would be lessened if the freight were lower?—That is so.

1275. For instance, the Cardiff trade to Italy in coal against outside competition will depend upon whether the freight is high or whether the pit-head price is high. Either one or the other might affect the trade?—Both will certainly affect the trade.

1276. Therefore, when the miner is asked to have a lower pit-head price in order to increase the export trade, he would reply; Let the shipper have a lower freight in order to encourage the export trade. Would not that be an equally good argument?—Yes.

1277. Is not the freight very often fixed at what the traffic will bear?—Yes.

1278. In that case, if the pit-head price were lowered you would have the risk that the freight would be raised, because the traffic would bear that much more and the colliery would have lowered the price for the benefit of the shipowner?—The primary assumption in lowering the price would be the coal was not passing because the cost was too high.

1279. If that was not met by the lowering of the freight it would still interfere with the export trade?—One of two things would happen; either the colliery would lie idle or the cost would be reduced.

1280. My point is, it is no use lowering the pit-head price of the coal if there is a danger of the shippers—by means of conferences, rings, or arrangements—keeping the freight up?—I prefer to put it the other way round. It is conceivable a ring of shippers might put up freights.

1281. You know a ring of shipowners did put up freights?—I know they have done so in many cases.

1282. In that case it was they who were interfering with the export trade. There are dangers with all the restrictions of trade, are there not, of having that same kind of ring of shipowners keeping up rates by conferences or otherwise, and therefore the pit-head price of the coal will suffer from that freight?—That is a little outside my purview. That is a question of shipping policy.

1283. *Mr. Frank Hodges:* Have you any knowledge of price, either the export or inland price. For example have you any knowledge of the Admiralty prices?—Yes.

1284. Can you give us the Admiralty prices paid for the Admiralty coal for the year prior to the outbreak of the war; that is to say, 1914, a complete year, and 1918?—I cannot give you the pre-war year and for 1918. I presume this is a question that must be answered, Mr Chairman. I have not consulted the Admiralty upon this. I am not sure how far their concurrence should be got.

Chairman: What is wrong about answering it?

Mr. Evan Williams: They maintain a great deal of secrecy in the Admiralty about the price.

1285. *Chairman:* This Commission has a right to ask anybody any secret questions; therefore, you will be quite

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safe in answering it. Do you know it?—The public are also present.

1286. *Chairman*: If it is to be given in public the public have to hear. You are quite right in asking. Do you know?—Yes, generally speaking.

1287. Then tell us?—It is impossible to give any one price. You can give a general reference by saying, generally speaking, they are about 2s. below the prices indicated in Schedule A in these directions. It will be possible to put in a complete schedule, if I could get that from the Admiralty.

1288. *Mr. R. W. Cooper*: Schedule A are the Allied prices?—Yes.

Mr. Frank Hodges: If you cannot give the evidence orally, I should like to have a statement put in of the amount of coal supplied to the Admiralty in 1914 and the price.

Mr. Evan Williams: The prices of various coals, of course.

Mr. Frank Hodges: And the quantities of each particular coal.

Chairman: The gentleman who can give all the figures is Mr. Jenkins. I will not only have all the figures got out, but I will have Mr. Jenkins here. I will not promise he shall be here to-morrow, because I might not get in touch with him. You mean pre-war price, Mr. Hodges?

Mr. Frank Hodges: Yes. They have a bearing on the total prices the Government pay for their own coal.

Mr. R. W. Cooper: Specifying, if you suggest the prices, the districts from which the coal came.

Mr. Frank Hodges: Yes.

Mr. Evan Williams: Might we not have it from year to year from 1914 to 1918?

Chairman: You shall have it inclusive.

Mr. Arthur Balfour: Had we better not have a pre-war year?

Mr. Frank Hodges: I suggest a complete year ending sometime in 1914. I do not mind if it is 1913.

Mr. Arthur Balfour: Before we had got into the war-period.

Mr. Evan Williams: You will have steps each year. You might have the complete record.

Chairman: Yes.

1289. *Mr. Frank Hodges*: What percentage of South Wales coal is exported to the River Plate or the Argentine as compared with these total exports from South Wales?—That, again, I had better give you in a total. I can give you the rough figure for your own information.

1290. *Mr. Evan Williams*: You mean in a normal year?—Yes.

Chairman: You shall have a table of that too; the coal exported from South Wales to the Argentine.

Mr. Frank Hodges: It has a very great bearing with regard to the Welsh trade; whether it is a high percentage or a low percentage of the total.

1291. *Mr. Robert Smillie*: I think you are speaking of the wholesale merchant's side of the coal trade?—Yes.

1292. I put some questions at the outset. I suppose you are aware that in some cases colliery owners become coal merchants also?—Yes.

1293. In many of the large industrial centres colliery owners are wholesale coal merchants and have their offices in the towns for that purpose?—Yes.

1294. In that case they would be entitled to the wholesale merchant's profits you mentioned of 3d., 6d., 9d. and 2s.?—No, we do not allow the colliery companies to add the wholesale charge in cases in which they made no such charge in the pre-war period.

1295. They always did in the pre-war period where they had a coal-distributing centre in the cities or office at which they were wholesale merchants supplying retail merchants. If they charged expenses in pre-war times you allowed them to charge the expenses?—Yes, certainly.

1296. At Charing Cross, London, you have noticed, I am sure, the Wigan Coal and Iron Company?—Yes.

1297. Their offices are there?—Yes.

1298. Are they wholesale merchants there?—I am not aware the Wigan Coal and Iron Company had any London retail business now.

1299. Or wholesale?—Or wholesale merchant's business in connection with the London household coal trade. I do not say they do not, but it has not come to my knowledge.

1300. If they had they are merchants?—Yes.

Mr. J. T. Forgie: They have sold the business.

Mr. Robert Smillie: Only since the war.

Mr. J. T. Forgie: Yes.

1301. *Mr. Robert Smillie*: A large number of Scotch coalmasters are wholesale merchants in the city of Glasgow. They would get the amount you allow for the wholesale. You say that a small item of that kind, for instance 3d., 6d., 9d., 1s. or 2s. does not matter as far as miners' wages and shorter hours are concerned. If it comes to 3s. 4d. per ton, does it not mean a great deal?—Yes. I was referring to the figure of the net profit on the whole of the merchant's industry and saying this 4d. or anything that could be cut off it did not represent very much from the point of view of wages.

1302. Those wholesale merchants are dealing with coal produced by the miner who goes underground and risks his life in the production?—Yes.

1303. We are asking a decent standard of life for them?—Yes.

1304. A wholesale merchant by this movement might sell anything within one ton to five thousand tons?—Yes.

1305. His part is that, having ordered it from the company and sent a letter to the ultimate retail man would be all the work he would do for that 5,000 tons of coal, which would be 5,000 pence multiplied by three, making £250. That is the case. That is the third rate?—That is the 1s. rate.

1306. That is so clear. There are wholesale merchants and shippers that deal in thousands of tons per day?—When they do 5,000 tons a day that runs at about 1,500,000 tons a year, there are a fair number of firms doing that tonnage.

1307. They might get 3d., 6d. or 9d. a ton on that 5,000 tons?—Yes.

1308. On the same day they might have six or seven customers for another 30 tons?—Yes.

1309. They would require to send a letter with regard to each order to the Colliery Company, and send a letter to the person to receive it, saying the order would be delivered, and they would get 2s. a ton on that 30 tons?—Yes, they would.

1310. Would you be surprised to know that many miners are going down getting and filling coal at less than 2s. a ton?—I do not profess to know exactly; I presume from your statement it is so.

Mr. Evan Williams: To-day?

Mr. Robert Smillie: Yes.

Mr. Evan Williams: On the standard?

1311. *Mr. Robert Smillie*: No going down and filling coal at 2s. a ton. The more important matter is the sending the letter to the Colliery Company. For getting it down, timbering, and looking after their own safety, they get this amount which is allowed to the wholesale merchant for sending a letter to the Colliery Company and the customer. If you can get people to give 3d., 6d., 9d. or 1s. a ton would it not supply an enormous amount of what it would take to shorten our hours and improve our wages?—Yes. Except I ought perhaps to make this clear that this margin cannot come in except at one point, for there is a provision in the Wholesale Prices Order to the effect that where coal is dealt with by more than one factor the above rates 3d., 6d., 9d., 1s. or 2s. must be divided among the merchants.

Mr. Sidney Webb: That is under the Order. That did not apply before the Order was issued, and will not apply after the Order has ceased. It will still be possible to have two or three middlemen in between when there is no Order.

1312. *Mr. Robert Smillie*: You continue to state it as you find it?—Yes.

1314. We are not touching on the question of retailers; you say that is not your business, but we will touch somebody on the retail price if we find a similar state of things in the retail price. There might be 4s. difference between the price in London when ordering 29 tons of coal. On going into the point of the retailer and the colliery company and the person who gives delivery, in his case there is only 2s.?—I must put in that this 2s. only applies to a very limited amount of trade in the nature of things.

1315. We are not sure of that?—The evidence is in the returns we have.

1316. It only applied to 1,000 tons a week for London?—It would not apply in London. It simply applies at country wayside stations. One of the reasons that induced us to agree to that was the representation that if it were cut down it would prejudice the small merchants at the wayside depot.

1317. The wholesale merchants are not dealing with the private customer. In the case of the private customer, if

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[Continued.]

he applied for his 29 tons, that is to say if the person had wanted the coal and had sent a letter to the colliery company and said I want 29 tons delivered to such and such a station and I will cart it myself, ought he not to be able to save that 2s. which the wholesale merchant gets?—The colliery will not in practice do it.

1318. That is the point.—The point is we acted upon the assumption it would have cost that much if the colliery had undertaken this troublesome business themselves.

1319. A troublesome business to fulfil an order for 29 tons of coal to a certain point?—Yes. To deal with a large number of small orders using it relatively in comparison with the general business of the colliery.

Mr. Robert Smillie: I think we can put before the Commission cases in which the colliery company refused to do that. If they had given it to a person sending a card to the colliery to buy the coal at the pit price instead of forcing those persons to order it through wholesale merchants they would save 5s. a ton, which clearly goes into the pockets of the wholesale merchants. As a matter of fact, you think that those wholesale merchants are absolutely necessary for the coal trade of this country when carried on as it ought to be in the interests of the people, rather than in the interests of the wholesale and retail merchants.

1320. *Mr. Sidney Webb:* Suppose an arrangement was made by which the London County Council received this coal and distributed it to the retailer or distributed it direct to the public, would it not be possible to do that at less than these charges. Have you enquired into that?—That, again, is a general question of policy.

1321. I asked you if you enquired into it?—No.

1322. You did not take into consideration the possibility of doing the business through the municipalities?—Certainly not. It was not part of our function.

1323. It has been seriously put forward. Do you know whether any department made any enquiry into the practicability of that. You have not heard of any?—No.

1324. It is a plan definitely put forward and published. Has any Government Department made any report upon it?—Not to my knowledge.

1325. Do you remember whether this 2s. rate was not suggested to you by the retail merchants in order to protect the retail dealers in order to keep them alive and prevent the wholesaler cutting them out?—I indicated that was one of the considerations put to us.

1326. That was put to you by the coal dealers?—Yes, undoubtedly.

1327. Therefore, you did it by the consent of the coal dealers?—If you use "dealers" in the sense of small dealers, no. It was put to us by the wholesalers when we interviewed them on the subject of the order.

1328. *Mr. R. H. Lawney:* You assumed it was necessary to keep these various links in the chain?—We went on the ground of continuity.

1329. We asked Mr. Dickinson a question yesterday and he referred us to you. It related to the advance of the price of coal at the pit mouth on the 29th June, 1918. We asked him what kind of consideration led to that being fixed, and he said you would answer that question. Are you the right person to answer it?—My knowledge of it only extends this far. This matter arose somewhere about March last year when we had in mind the possible increase in cost owing to the recruiting of the miners. The matters that made us consider that increase of 2s. 6d. are contained in the memorandum Mr. Dickinson proposes to put before the Commission.

1330. You have nothing to add to that?—No.

1331. Being at the Board of Trade and connected with the wholesale side of the mining industry, you ought to know it. Do you expect there is any likelihood of 90s. for large coal and 70s. for small coal remaining the normal prices?—Over a period of years?

1332. Or months?—Over a period of months, possibly. Over a period of years, certainly not.

1333. Over a period of years in all probability it would, unless there is some competition. The British mine owners will take the largest amount they can possibly get?—Yes.

1334. It is not necessary, is it, that it should remain at 90s. or 70s. That is absolutely abnormal?—Absolutely abnormal.

1335. It is that price you are afraid of with regard to American competition?—No. I am speaking with regard to the return to normal conditions.

1336. Are you afraid of American competition providing our prices went back to the normal?—That rather involves the question of what the normal will be.

1337. Supposing pre-war prices, would there be the fear of American competition?—On pre-war prices there is a probability of severe American competition in both South America and the Mediterranean.

1338. I am dealing with the northern countries, such as Scandinavia?—No.

1339. You do not fear American competition so far as our northern neighbours are concerned?—On the basis of normal pre-war cost?

1340. Yes?—I do not think anybody would fear that.

1341. Are you afraid of the normal pre-war cost, plus 7s. or 8s. added?—I can only refer to the discussion and the provisional figures.

1342. *Mr. Sidney Webb:* That is nearly 90s.?—It was when discussing the 8s. on cost and the 9s. on freight.

1343. *Mr. Robert Smillie:* Are you personally acquainted with the American coal trade?—Never through my official experience. I have had no connection with it.

1344. Only from a distance?—Yes.

1345. Is it from Virginia chiefly the whole of the competition would come?—Chiefly. There is a certain amount of Pennsylvania coal too.

1346. Would it pay to bring the Pennsylvania coal here overland?—I think some of the Pennsylvania coal is only 150 miles from the port.

1347. When you speak of a dollar per ton cost or 5s. per ton cost, are you speaking of Virginia coal or American coal all over the States. Are you aware of the fact they cannot produce, and are not producing, Pennsylvania coal at 2 or 3 dollars cost per ton?—Are you referring to the anthracite?

1348. I am referring to the Pennsylvania. Would you say they are raising coal at a dollar per ton?—I cannot say. The West Virginia coal was the subject of discussion when the dollar per ton was mentioned.

1349. You have been dealing with American coal?—Yes.

1350. I took it you were dealing with all the coal of America being put out at a dollar per ton?—There was no substantial difference in the cost of producing coal in the various coalfields before the war; they might vary from a dollar to 1 dollar 30c, speaking from memory.

1351. If you were told the trade union rate of wage at the present time was six to seven dollars, according to the district, would you be prepared to accept that if that was given; six or seven dollars a day for a getter?—I think that squares fairly well with the figure of one dollar for getting.

1352. I think you are guessing with regard to the ten tons?—That was a figure that was given to me by the men who gave me a dollar per ton.

1353. It depends upon circumstances. We have a large number of miners in this country who are getting seven to 12 tons a day. You say the American competition under existing circumstances with larger wages and shorter hours would make it impossible to compete. If it is true, would it not follow in America because of the natural conditions of the shipping freights or the ease with which they can produce coal that if they bring down the price of coal 3s. or 4s. a ton should we have to bring down our price to that point to go into competition; is the social condition of the British miner dependent upon the ability of the American owners to compete in the market?—That is a question of high policy outside my sphere. Presumably the immediate effect would be a certain amount of reduction in British coal. It might conceivably be better for the nation that a reduction in output should occur. It is a position on which I have no opinion.

1354. There have been statements appearing in the newspaper within the last eight days almost on the lines you are putting to-day. Are you quoting from the papers or are the papers quoting from you as to American competition?—I am not quoting from the papers.

1355. Are the papers quoting from your Department as to what you believe at headquarters?

1356. *Sir L. Chiozza Money:* Have they been there?—Yes, there have been people to see us at various times, asking for information on all sorts of questions.

1357. *Mr. Robert Smillie:* Has not your Department made up its mind the miners should not have their claim satisfied in the coal trade, and has not your Department inspired those paragraphs before this Commission sat at at

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[Continued.]

to get the facts?—No, I do not think it would be fair to suggest that at all. As I said, we have no opinion. We preserve a strictly impartial attitude on this question. If we are asked for certain facts we give them.

1358. Facts?—Yes.

1359. But facts are things of which you are sure. A good many times to-day you said you were not sure on those facts; you would have to wait and get them. Is not that so?—Perhaps I used the word "facts," rather loosely. I meant in contradistinction to expression of opinion.

1360. When one uses facts or non-facts to the Press in this country they become facts. The nation looks upon them as being true.

Mr. Sidney Webb: A thing in the future cannot be true to-day.

1361. *Sir L. Chiozza Money*: In "The Times" of January 21st, 1919, there appeared a very remarkable statement in which the whole of the consumer's price was analysed with the pithead price, and after making statements of fact, or what are alleged to be facts, it said "the railway rate is controlled by statute, the charge for wagon hire is controlled. The net rate of profit which the retailer is allowed to make is controlled. The only uncontrolled elements, therefore, in the total price are the cost of distribution by the retailer from the depots to the domestic coal-cellar. This, it will be seen from the above table, is at present about 9s. 9d. a ton. The cost in 1915 was about 7s. 6d. a ton. The difference is attributable to the higher wages paid to men employed in loading and cartage, the higher cost of fodder for horses and wagon repairs, and other additions to the labour and administrative expenses of the retailers. With so rigid a control over all branches of the trade, it is not expected that any part of the additional 4s. a ton on the price at the pit which the miners' demand would entail can be absorbed in the intermediate stages of the trade, and it is virtually certain that the whole of the new charge will be passed on to the consumer." Did your Department supply "The Times" with these statements?—Yes. It supplied them with the figures, but no opinion was expressed upon it. It was not necessary to mention that.

1362. You lent me this document. This is a report by the United States of America Administration showing it became necessary for the United States of America Controller to stop profiteering in coal and fixed prices as done in this country?—Yes.

1363. They show the profits were run up under competition and private ownership and they were very high prices indeed. It says "As a result of this insistent demand for immediate delivery, prices were bid up by the consumers to unprecedented heights; spot coal which had previously been selling at from \$1.50 to \$2 per ton was bid up to \$5, \$6, and, in exceptional cases, as high as \$7.50 or more per ton. Then when the April, 1917, contract period arrived contracts could be made only at prices ranging from \$3 up to \$5 and \$6 per ton for the year's delivery. This condition caused such a demoralisation of the business, and so much complaint, that some action to regulate prices was considered essential by the National Administration." Is that the effect of this document?—I think it is as you are reading from the document.

1364. It consequently became necessary to fix prices. As it appears from this document wages are rising in America.

Mr. J. W. Cooper: Is that document published in England?

Mr. Sidney Webb: Yes.

Mr. R. W. Cooper: I hope we shall have copies of it.

The Witness: It would take time to get them over here. We have two or three copies in the office.

1365. *Sir L. Chiozza Money*: Does it say on page 1430: "As our Government has been forced into this untried realm of price control by war conditions, it may be interesting to know the results. These in general are available only as applied to the latter months of 1917, before the labour increase compensated for by the 45 cents general advance in coal prices above referred to." That does not point to a considerable advance in wages since these figures were got out?—The figures are summarised at the end, including that advance of wage.

1366. It is a fact there was a considerable increase in wages that had to be compensated for by reason of 1s. 10d. in the price of coal?—Yes.

1367. This does not lend substance that the labour conditions will advance in America as rapidly as here, and

as far as that fact is concerned in the export trade it will cancel it?—No, an increase of the same amount in America does not mean the same price per ton of coal because of the larger output per man.

1368. *Mr. Evan Williams*: There was one question raised by Mr. Webb yesterday in connection with the slack working of South Wales in the beginning of last year which has to do with the shortage of ships?—That is so.

1369. Which naturally means shortage of empty wagons at the collieries?—Yes.

1370. Would it be possible by any means of internal distribution to get collieries regularly working that are depending on the shipping trade when ships suddenly become scarce?—It may easily be possible to do it to a relatively small extent, and I think I am correct in saying that everything has been done in that direction that has been practicable. In other words, the railway facilities are not sufficient to carry the whole of the coal which normally goes by ship.

1371. *Mr. Sidney Webb*: The difficulty is not anything inherent, but the railway facilities are not sufficient to enable you to overcome it.

1372. *Mr. Evan Williams*: Assuming in normal times you have the most perfect distribution in the country?—The demand in the inland district is filled by inland collieries.

1373. You may easily keep the shipping collieries going by stopping those who regularly supplied the inland trade?—Yes.

Mr. Sidney Webb: Is that the only way? There are several other ways. Have you thought about the advantage of securing continuity of working?

Mr. Evan Williams: That is the point I am on. You were suggesting that the only way to enable collieries to work continuously is to dispose of the coal. You can dispose of a certain amount inland and a certain amount of export. If your export ceases, your inland does not increase.

Mr. Sidney Webb: There are several other ways.

1374. *Mr. R. W. Cooper*: You have been from time to the north?—Yes.

1375. Is it not a fact that one of the causes of the stoppage of a pit may be the non-arrival of ships?—Certainly; that is really another phase of the point that *Mr. Evan Williams* was referring to; only, in your case, you are referring to a temporary stoppage. Shipping moves in bunches.

1376. You may have your wagons waiting at the dock for the ships?—Yes.

1377. The consequence is the wagons cannot go back to the pit, and the pit has to stop?—Yes.

1378. Is it not the fact the railway company, the North-Eastern Company, is an exceedingly well-organised company. Where there are no private wagons, they arrange for wagons to be supplied to the colliery by the regular system?—Yes.

1379. The railway company knows the normal requirements of the colliery and they allocate wagons to the colliery. The wagons are the regular means of transport between the colliery and the ship?—Yes.

1380. If the wagons are stopped at the pit, the colliery then stops?—Yes, except those collieries that have teeming facilities.

Mr. Sidney Webb: Under the existing system you know of no way of averting the discontinuity of working?

Mr. R. W. Cooper: On that point, if you want first hand information send for the manager of the North-Eastern Railway.

1381. *Mr. Sidney Webb*: You say under the existing system you know of no other way of averting the discontinuity of working?—So far as my knowledge goes under the present system I know no way.

1382. *Sir Arthur Duckham*: Are you an expert on this subject?—To this extent, I have been responsible for distribution.

1383. *Mr. Evan Williams*: Particularly export?—Yes.

1384. *Mr. R. W. Cooper*: Are there not in the north a large number of collieries who have their private shipping places and railways?—Yes.

1385. Their trade is carried on by means of those railways and shipping places?—Yes.

1386. They do not depend upon the public system at all?—That is so.

1387. *Sir L. Chiozza Money*: Has your Department prepared and furnished to the Government or the War

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[Continued.]

Cabinet a memorandum on this subject with any expression of opinion or statement of fact?—On what subject?

1388. On the subject on which you are giving evidence, the miners' demands and the effect on coal or otherwise, the essential facts relating to the distribution of coal in the country under this or any other system?—Certain memoranda have been prepared.

Sir L. Chiozza Money: Have we the right to call for any memoranda that has been prepared by this Department for His Majesty's Government?

Chairman: It is late in the day, at the present moment, I would rather you asked that question to-morrow. My present view is you are entitled to call for it. I wish you would not let me take a decision in a hurry.

Sir L. Chiozza Money: I make a formal request for any documents furnished either by the Coal Controller's Department or by the Board of Trade, or by the Home Office

or any officer connected with them, to His Majesty's Government, making a statement of fact or expression of opinion with regard to the miners' demands, or any question connected therewith or on the nationalisation of mines.

Chairman: For how far back? Perhaps you would like to think of that by to-morrow.

Mr. Sidney Webb: The Coal Nationalisation Bill was in 1912. In 1916 there were elaborate plans for nationalisation, showing how continuity of working could be secured, and they were published and distributed in the mining districts. Upon either that paper or the proposal for nationalisation it seems the Minister responsible for thinking about the coal trade would have had an investigation and inquiry and report made. I suggest we ask for that investigation, inquiry and report.

(Adjourned to to-morrow morning at 10.30.)

FIRST STAGE.—FOURTH DAY.

THURSDAY, 6TH MARCH, 1919.

PRESENT:

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

MR. ARTHUR BALFOUR.

MR. R. W. COOPER.

SIR ARTHUR DUCKHAM.

MR. J. T. FORGIE.

MR. FRANK HODGES.

SIR LEO CHIOZZA MONEY.

SIR THOMAS ROYDEN.

MR. ROBERT SMILLIE.

MR. HERBERT SMITH.

MR. R. H. TAWNEY.

MR. SIDNEY WEBB.

MR. EVAN WILLIAMS.

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

MR. H. J. WILSON (*Assessor*).

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

MR. GILBERT STONE (*Assistant Secretary*).

Chairman: Gentlemen, we are getting the information that some of you were good enough to ask for as rapidly as we can. I have here the information promised by Mr. Dickinson—his notes on the proposed increase in the price of coal—and I will at once circulate this, if I may.* In addition to that I have Professor Henry Louis' pamphlet reprinted from the Journal of the Society of Chemical Industry on the Economics of Coal Production, which we also promised to get you. Mr. McNair, the Secretary, has worked very hard and he was able to get them in the course of last night, and they will be circulated.

Then Mr. Webb has asked for a statement of the existing rates of pay at the latest date of the various classes of workmen in the several districts. I cannot promise it to-day, but I think it will be here to-morrow or the day after, and a similar table for 1914 for comparison so as to see how the rise in wages compares with the rise in the cost of living, as this was the basis, I understand, of the Prime Minister's offer of 1s. a day. That shall be got for Mr. Webb as soon as we possibly can.

Gentlemen, the evidence this morning is extremely important evidence as to the retail trade and the various machinery and profits of that branch of the industry.

Sir L. Chiozza Money: I am exceedingly sorry to delay you, Sir, but may I remind you that you were good enough to promise a ruling on the important point I raised as to whether we should have the production of all the memoranda or advice which had been given by any of the Departments of State to the Government or the War Cabinet with regard to

matters bearing on our enquiry, and you kindly promised to give a ruling this morning.

Chairman: Yes. I have been thinking over that matter. I think the position is that the Commission is entitled to have all the facts, and there is no doubt about that; but I doubt whether we are entitled to confidential advice. There may be advice given, for example, by somebody in the confidence of the coal-owners to the coalowners generally. There may be just as much confidential advice given by Mr. Smillie to the miners at their Executive Council. I do not think we should be entitled to ask for advice of that character. But facts are quite another thing, and we will have all the facts out. I think that satisfies you, Sir Chiozza Money, does it not?

Sir L. Chiozza Money: I am afraid it does not, Sir. What I asked for when the witness, Mr. Lee, was before us yesterday afternoon was memoranda which had been prepared giving facts, or advice, to His Majesty's Government in connection with these important matters, which, of course, led the Government to make certain statements and take up a certain attitude. It seems to me exceedingly important, as we are examining into a grave issue which arises probably out of this very statement of fact, or alleged fact, and advice, that we should have an opportunity for our guidance to examine these papers. As I read the Act of Parliament which set up this body, we have a right to call for all such papers and that nothing in any Act whatsoever, including the Official Secrets Act, prevents us from having access to such papers. I appeal to you, therefore, Sir, to reconsider your ruling on that matter.

* See Appendix 2.

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[Continued.]

Chairman: I am very much obliged to you, and I will certainly reconsider it. At the present moment, I rather think confidential advice given by anybody, either by, say, Mr. Smillie or someone to the miners, or Mr. Cooper to the owners, or someone to the Government, ought not to be produced. But I will reconsider it.

Mr. Sidney Webb: It is the facts in the memoranda and the memoranda which contain facts.

Chairman: Yes. Advice is another thing.

Mr. Sidney Webb: If the memoranda contain facts we ought to have them.

Chairman: The facts shall come out.

Mr. Sidney Webb: The facts in the memoranda?

Chairman: Yes.

Mr. Sidney Webb: We want to know not merely where there are facts, but what the facts were which were put before the Government.

Sir L. Chiozza Money: What we have found is that in connection with a considerable part of our enquiry, it is not so much facts that are concerned as judgment as to conditions—judgment as to what may happen in certain eventualities; judgment, for example, as to what the output of coal is likely to be when you get the return from the Army of certain persons who have been out of action in an industrial sense. They are not matters of fact, but matters of judgment, and it seems to me exceedingly important that we should have not only the witnesses before us here to tell us what their opinion is now, but also to tell us what their opinion was when this crisis arose a fortnight ago.

Chairman: I am very much obliged to you. What I am proposing to do with regard to that is this:

Mr. FRANK PICK, Sworn and Examined.

1389. *Chairman:* Mr. Pick's evidence will take some little time because he speaks as to the whole of the machinery of the retail trade. (*To the Witness.*) I think you are the Commercial Manager of the Underground Railways of London and of the London General Omnibus Company, Limited, and you are "on loan," as the expression is, to the Coal Mines Department of the Board of Trade, and, subject to the Controller, I think you are in charge of the Household Fuel and Lighting Branch?—Yes, like so many railway men.

1390. I will go rapidly through some historical points. I think the Household Fuel and Lighting Branch was first constituted in July, 1917, to administer in respect of the Metropolitan area the terms of the Household Coal Distribution Order, 1917, which was made under the Defence of the Realm Regulations?—Yes.

1391. I think in July, 1918, this Order was withdrawn and a new Order based upon it, but considerably modified and extended, applied to the whole of England and Wales, and that is the Household Fuel and Lighting Order, 1918?—That is so.

1392. I think a corresponding Order was made at a later date applicable to Scotland?—Yes, in September; coming into force in October.

1393. I think the Orders referred to have a scope wider than household coal proper, and for practical purposes govern the retail coal trade?—Yes, it was thought impossible to take house-coal without dealing with all coal handled by the retail coal trade, and practically our Order embraces coal sold in small quantities, that is to say, the retail coal trade. I may say the two Orders, the English Order and the Scottish Order, are practically identical.

1394. I think the subject matter of the Orders for the purposes of the present enquiry falls into two minor parts, and one principal part: (a) The control of the retail coal trade; (b) The conditions under which coal is sold; and (c) The maximum retail prices of coal?—Yes.

1395. Now as to the first, the control of the retail coal trade, I think the persons engaged in the retail coal trade are required either to register as merchants or to take out licences as dealers?—That is so. It was necessary to get a complete record of persons engaged in the retail coal trade, and for that purpose machinery of registration was set up.

I rather hope when we have finished, perhaps to-morrow, that the Commission will debate by itself about 3 o'clock on some of the questions that have been raised. I think it will clear our minds if we have a private talk with one another on the evidence so far as it has gone, and that will no doubt be a most convenient time to discuss Sir Leo's point. I am very much obliged to you for calling attention to it.

Sir L. Chiozza Money: May I direct your attention to Section 4 of the Coal Industry Commission Act, 1919, because I attach very great importance to this: "A person examined as a witness or summoned to produce documents by the Commissioners shall not be excused from producing any document or giving any information on the ground that such document or information is secret or confidential, or is entitled or required to be withheld under Section 2 of the Official Secrets Act, 1911." I submit, with great respect, that that must cover any document prepared by any Government Department on matters relating to the issue before us. It is a document, and a "document" is specifically referred to in that section.

Chairman: Of course, as I say, I am very much obliged to you for raising the point. We will reconsider it and talk it over to-morrow. As I have said before—perhaps rather too often—so far as I am concerned I am determined to have every fact out. Advice at the present moment, I think, may be a little different from fact; but that is a matter for us when we come to discuss it to-morrow. I am much obliged to you for raising it, all the same.

1396. That will be found in clauses 40, 41 and 42 of the English Order?—Yes. The references to the Scottish Order will be rather different, but the subject-matter, as I say, is identical.

1397. Then I think the refusal, transfer or cancellation of certificate or licence is provided for in clause 44 of the English Order?—That was a point raised by one of the members as I understand it at a previous sitting.

1398. Will you just draw our attention to that?—To explain that; owing to the fact that the quantity of coal available for distribution throughout the country was limited, when we had completed our registration of the trade, we then closed our trade up and made of it a closed trade, because it would not have been fair to allow any newcomer to come into the trade at the moment. Because we should have to reorganise our supplies to find him a supply. So it was that we made the trade a closed trade, and only persons engaged in the trade as at the date mentioned in clause 44 are allowed to engage in it without the express permission of the proper authority.

1399. *Mr. Robert Smillie:* Does that answer my point?—I think so.

1400. Certainly the co-operative people were registered as coal dealers. My point is that when the registration came out hundreds of their members registered with them who had been previously getting their coal through other dealers, and the Societies made application for a larger quantity of coal to meet their registered customers, and they were told, "Your newly-registered customers must go to their previous coal dealer." The Co-operative people were registered coal dealers under your Order?—Shall I deal with this point now? It is a different point, and it can be dealt with later.

1401. *Chairman:* I am afraid I misled Mr. Smillie, because I told him it was his point, and it turned out it was not. It is not his fault, but you will speak to his point?—Yes, upon the registration of consumers.

Sir L. Chiozza Money: We have not a proof of this witness's evidence, and we have arrived now at Thursday. I cannot understand why a proof of this evidence could not have been prepared and typed in time to distribute to the members of this Commission. It is so difficult to follow the evidence without it.

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Chairman: What I have is this document before me, but as soon as we get to the statistics I have all the statistics prepared for you.

Sir L. Chiozza Money: It is not that. I am asking for a proof of the evidence. I think the Witness might put down on paper briefly the heads of what he will say, because in the short time at our disposal it would help us to get the facts out of the Witness which otherwise we should not get.

Chairman: I am much obliged, but my answer is, I cannot do it at the moment. I have only one copy of my own. What I am going to do is: As soon as I have finished, you shall have it, and your turn will not come just yet to ask questions and you will have an opportunity of considering it by then. You appreciate my personal difficulty. Yesterday I had to examine Mr. Lee without a proof at all, so that I am in just the same position that you are.

Sir L. Chiozza Money: It is not that, but I think it could have been explained to the Witness that a typist could manifold copies of his proof quite easily.

Chairman: I do not think I need explain that to Mr. Pick. He knows that as well as I do, but you shall have my copy, Sir Leo.

Witness: I might offer my own explanation, and that is that it was only on Tuesday night that I was informed I should be required at all.

Chairman: That is a better explanation than mine.

Witness: I only did this one copy for you, Sir, on Wednesday, and I must say I left it at that stage.

Chairman: You are wholly blameless in the matter, and I am astonished that you have been able to do so much as you have.

Sir L. Chiozza Money: It is perfectly satisfactory so far as Mr. Pick is concerned.

Chairman: Yes.

1402. Now I want you, please, to come to the position of factors or agents in the distribution of coal?—I would like to explain my views from the retail coal trade point of view of the organisation of the coal trade. We have the coal produced at the colliery and that coal is forwarded either direct from the colliery to a merchant or through a factor to a merchant. Then we have below the merchant the dealer, and one has to make a distinction between a merchant and a dealer. A merchant who is registered with us as a merchant is a person engaged in the coal trade who buys his coal direct from the colliery or a factor.

1403. *Mr. Robert Smillie:* There may be three people—the merchant, the factor and the retailer?—There may be four. Then, to go to the dealer. The dealer is a person engaged in the coal trade who draws coal from a merchant, who may have taken it from a factor, who may have taken it from a colliery. So that you have a four-tier system at the worst and two or three tiers at other stages. That is one reason why in organising our coal trade we drew a distinct line between the merchant and the dealer. For our purpose we had to get control over the merchant, the dealers being subsidiary distributing agents. The factor comes in between the merchant and the colliery and a factor also deals in coal direct by the truck to consumers. We have registered specially those factors who deal in coal direct to consumers by the truck. The number of such registrations is about 1,200 in England and Wales and a smaller number, about 200 or 300, in Scotland.

1404. *Mr. Sidney Webb:* They are those who deal with consumers?—Who deal direct with trucks to consumers.

1405. Could you give us the number of factors?—The factors I have just given you.

1406. I thought they were the factors who dealt with the consumers?—They are the ones who registered with us. We did not register a factor who did not deal direct with the consumer; we had no concern with him in connection with this particular organisation.

1407. *Chairman:* Now will you describe the functions of a factor as a channel under three heads: Capital, credit and good-will or trade connection?—The first impression of a factor is that he stands in the way of a free distribution of coal. I must say, coming into this business myself as a stranger, I had that impression until I looked into the real working

of the coal trade. I find the factor performs three or four services in the distribution of coal. In the first place, the factor is usually the owner of many railway wagons, and he enables coal to be moved to those dealers and merchants who are small and have no wagons; that is to say, we get the advantage of a large organisation for the distribution of coal and one which performs the function of providing capital to a small trader who is not able to provide it himself.

1408. *Mr. Sidney Webb:* Does not the Railway Company own the wagons?—No, the bulk of the trade is done in private wagons.

1409. Can you give the number of wagons?—No. Someone from the Railway Companies, of course, might.

Mr. Sidney Webb: Can a railway witness give the number of private wagons?

Chairman: I have asked whether that can be done. Whether it can be or not we will see when he comes.

1410. *Sir L. Chiozza Money:* Your point is that the ownership of private wagons by a factor is a service?—It is a distinct service in securing a supply of coal to smaller merchants who have not the capital to invest in wagons.

1411. *Mr. Sidney Webb:* How does the ownership provide the wagons? Private ownership does not increase the number of wagons. These people live by owning. What service do they do by owning the wagons?—It is a provision of capital for the working of the business.

1412. *Mr. Evan Williams:* There are a number of railway companies who will not allow their wagons to be filled with coal?—We find we cannot secure coal to the smaller dealers and merchants unless it comes from factors. It is always supplied from factors.

1413. *Mr. Sidney Webb:* The point is, wagons must be provided; but the factor has to show that he does a service by providing the wagons as compared with the railway company providing the wagons?—Well, he does.

1414. In what way does he do it better than the railway company?—No better at all.

1415. Therefore private ownership of wagons is no advantage?—Except that the railway company does not at present do it.

1416. Under the present system that is so?—Yes, I am only speaking to the facts as they exist.

1417. *Mr. B. H. Tawney:* Did you tell us how many factors there were owning wagons?—You may take it every factor owns wagons.

1418. How many different ownerships does that mean?—There are 1,500 I have a list of, but I do not know how many more there are besides.

1419. Does that mean that the railway wagons used to supply coal are owned by 1,500 different people?—No. They are owned by many more than that. The Colliery Companies own wagons, for instance.

1420. *Mr. Sidney Webb:* Normally each one of these ownerships prevents the use of the wagons by any other person?—A trader establishes certain business connections, and then he provides wagons and when you are on that trader's list as one of his customers he sees that you get your wagons.

1421. And that no-one else uses the wagons?—Yes.

1422. Therefore the wagon travels back empty?—Coal wagons always did until just at this particular time when, by an arrangement with the Railway Executive Committee, a certain proportion of the coal wagons going empty from London and the south to the coalfields are taking back other traffic.

1423. That is to say, the institution of Government control in substitution for private control has effected that economy?—It is not at all certain that it is an economy.

1424. It may be an extravagance of the Government, you think?—No, but the running of the wagons is not improved thereby. It is a matter for statistical information, and I am not competent to give the facts.

1425. Who could give the facts about that?—I understand railway witnesses are coming, and they will be much more competent to speak upon railway working.

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Mr. Robert Smillie: As a matter of fact, there was an enquiry into this question of private ownership of wagons used for conveyance of coal, and the best thing would be to call some one officially connected with that enquiry and get all the facts.

Mr. Sidney Webb: And the report?

Chairman: Yes, I have the report. I cannot give it all in a moment, but you shall have it

1426. *Mr. J. T. Forgie:* Is it not the case that those wagons owned by those private coal merchants are practically movable stores to a great extent?—They have been used and are used to some extent, of course, in holding the merchant's stock of coal at his depot.

1427. And he is not charged over and above his interest on his capital for that?—He is allowed a certain number of days, and there is a demurrage charge after that.

1428. If the wagon is his own, there is no demurrage charge?—That is so.

1429. *Chairman:* Now you were going to explain the functions of a factor under the three heads: capital, credit and goodwill. We have dealt with the wagon part?—The wagon part is a provision of capital. The second function which a factor performs for the benefit of the coal trade is the provision of credit facilities. The colliery companies, as I see it, will not afford credit to the smaller merchants and dealers. They are people who have no banking accounts and who live probably with a wagon book in their pocket and just their physical plant. The factor comes in and provides credit at the colliery, by means of which coal is sent to the merchants and dealers. He performs almost banking functions for the smaller traders.

1430. *Sir L. Chiozza Money:* Without which the little dealers could not live?—That is so. Then the third function which I say a factor performs, and a valuable function, is that he is able to maintain a trading connection or goodwill with the collieries and with the traders; that is to say, he brings the two together. As the last witness said, he performs the proper marketing function which is represented by goodwill on a balance sheet, if you were to put it down upon such a sheet. Since I have made these notes, I have thought of a fourth ground which should be perhaps dealt with, although it does not so much apply to-day. But all coal is not the same coal, and the factor does a certain amount of work in connection with the selection and grading of coals and applying them to proper uses. I may say a great deal of my own trouble to-day arises from ill-assorted coal being put into the wrong trade, and that is because, I think, under the control the factors have not a free hand in dealing with coal as a commodity of different qualities and different kinds. As a commodity, it should be carefully dealt with by some skilled person.

1431. *Chairman:* Now the next note on your précis is as to the remuneration of the factor?—That has been dealt with by the previous witness. So far as I am concerned, he gets 1s. a ton upon household coal.

1432. Now the next note is this: The registration of consumers with suppliers as involved in the Orders and its consequences upon new businesses, co-operative societies and others?—That, I think, is Mr. Smillie's point. When the Order was issued the consumers had to register for their supplies of coal. There was nothing in the Order to say with whom they should register. They were entirely free, so far as the powers created by the Order were concerned, to register with whom they chose. On the other hand, the whole basis of coal distribution as ordered by the Controller was on the one principle that where coal went in previous years, so it should go in subsequent years. Without undertaking the entire re-allocation of coal as between collieries, factors, merchants and dealers, it was necessary we should, in order to get on with the work, say that where coal had flowed before so it should flow again; otherwise it would have meant a large number of clerical staff and no doubt a great deal of friction while the readjustment of coal supplies was undertaken. The result of that principle being laid down was that I had to issue a direction (it was not in the Order) to the local fuel over-

seers, appointed by the Local Authorities to carry out the Order, that so far as possible customers should be required to register with their previous supplier. Of course, taking it on the whole, customers did register with their previous supplier. We have had trouble, and I believe we still have trouble, with certain co-operative societies, because while before the scheme was introduced co-operative societies supplied some of their members and not all, it is undoubtedly the fact, of course, that every member of a co-operative society would be entitled to take coal from that society, and when registration was compulsory the co-operative societies did register far more customers than they had previously supplied, and this did create a difficulty. In so far as that difficulty could be met we have met it, but I do not think we have met it in every case fully. I would not like to claim that, because it has been a matter of grave concern to us to get additional supplies of coal to meet these additional demands. It was practically impossible for us to divert coal supplies, because until there had been exhaustive enquiry as to where those customers had come from we did not know where to go to get the diversion started; so that there has been friction and a little trouble.

1433. The next point which is important upon the wider issues of this Inquiry is this. I observe by Clause 94 of the Order advertisement and touting are forbidden?—That is so, and it curtailed at once certain expense which merchants and dealers might incur in connection with the coal trade.

1434. I want to come to this next part which is: The conditions under which coal is sold. Will you deal with that, please, now? The cost of distributing coal depends upon the conditions upon which it is sold, of course?—Yes, that is obvious.

Sir L. Chiozza Money: I only want to understand. Is the witness now going to take us to the function of the factor in particular in buying and selling, or is he going to review the whole range?

Chairman: Yes, the whole thing.

Sir L. Chiozza Money: Could we not have a similar description of the functions of the merchant and the dealer? Would it not be more logical?

Chairman: Certainly. (*To the Witness.*) Can you give that now?

Witness: I have not made a note to deal with the merchant and dealer, because I thought their functions were so familiar to us all.

Mr. Sidney Webb: We want to know what you say they are.

Witness: One might describe it elsewhere.

Chairman: I think we went fully into the question of the merchant. Will you forgive my personal weakness? I should like, if I may, to take this now. I am sure Sir Leo will help me in that way. I will not omit anything, but it is easier for me personally to do it this way. Please remind me at the end if I forget.

Sir L. Chiozza Money: You see, Sir, what is in my mind. We were told that sometimes there is a four-tier system and sometimes three tiers. We want to know whence these tiers.

1435. *Chairman:* I will not forget that, if I may do it now in this way. Apart from the machinery established for the checking of supplies to consumers, which involved additional clerical work to the trade, special conditions governing the sale of coal are expressly set out in these Orders, namely (a) which the establishment and maintenance of reserve stocks by merchants?—It seemed to me important that we should recognise that the coal trade at the moment at any rate is being carried on under definite restrictions and under probably somewhat artificial conditions. The first point I have put down is this: Establishment and maintenance of reserve stocks. A year ago at this time there were roughly 300,000 tons of coal in stock in London. Now that represented a fair capital outlay by the merchants concerned; and not only, of course, are there the capital charges relating to a reserve stock of this kind, but this coal is a wasting asset: when it is picked up it is not picked up at the tonnage put down. It varies very much with the quality and class of coal stocked, but presumably 10 to 20 per cent. might be lost in

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smalls, breakages and things of that kind and the impaired quality of the coal stocked.

1436. *Mr. Robert Smillie*: Over what period?—Over the winter. We stock in the summer and pick up again in the spring.

1437. Do you say there would be a loss of 20 per cent.?—It varies of course. We have had to stock soft coal in London, and there has been a heavy wastage and loss through the coal being unsuitable for house coal through crushing and disintegration. The third point in connection with the reserve stocks of coal is that the cost of putting it down and picking it up involves double handling of the coal, and therefore a certain expense in that connection. I raise it now because these items of expense are items of expense which were put before us at the Control in justification of the prices which we were asked to authorise for consumers.

1438. Was there not more stock of coal in normal times than there has been during war times?—No; I should think last winter the stocks of coal held in London, which was then under control, would be abnormal; that is to say, they were far more than the normal amounts stocked. I quite agree it has always been the practice in these districts away from the coalfield to stock coal.

1439. I was wondering whether there was a larger allowance made by your Department because of the fact that there were extra stocks of coal during the war as against the pre-war period?—There would always have been an extra stock of coal during the war period as against the pre-war period and under our control, if we had had the output of coal which would have enabled us to make the stock. Actually last winter there was extra stock in London, but this winter there is not. The practice was a little uncertain before the war. Some merchants stocked and some did not. It was not an absolutely common practice of the trade to stock coal.

1440. *Chairman*: Now I want to come to the next point, the enforcement of restrictions on deliveries?—Another effect of our control, and an indirect effect of the rationing, has been that we are not able to send out the coal in full cartloads. We have had to institute restrictions by which a consumer cannot obtain more than 5 cwts., 10 cwts., or one ton at a time, and as the coal cart in London takes two tons there has been an extra cost of cartage and delivery of coal involved by the restrictions we have had to impose. A cart would have to make two or four, or possibly eight, calls to get rid of its load.

1441. *Sir L. Chiozza Money*: In normal times that time would be saved?—I am simply stating the facts as they exist.

1442. *Chairman*: The next point I want to come to is, co-ordination of deliveries. The clauses are 36, 81 and 90. Now you have seen those and I will ask you to give us your evidence with regard to that. Were they uniformly enforced?—One of the questions which came before us when we instituted the control was the probable wastage of distribution facilities that was occurring through overlapping deliveries and through competitive deliveries by the coal trade, and as at the time the men were still being called up for the army (coal porters and carmen), the responsibility for recommending how many of these men should be kept fell upon the Coal Mines Department, and it was necessary that we should go into the question as to the number of men really required to carry on the distribution trade. For that purpose we introduced clauses into our Orders which gave us the right to co-ordinate deliveries; to prevent overlapping deliveries, and to require transfers of orders in order that the deliveries might be carried out most economically. These powers were vested in the representatives of the local authorities throughout the country undertaking the work. I cannot say that the local authorities have acted uniformly in enforcing the powers under the Order. I can only say this—that the pressure of circumstances—the fact that the cartage facilities were heavily reduced, did in itself, through ordinary competitive or commercial means, effect a very considerable tightening up of the delivery work in the coal trade, and I

have reason to believe that the present basis of distribution is practically as economical as it can be made throughout large parts of the country, and that this is really one of the benefits which have occurred through the making of these Orders and the taking control of the retail trade.

1443. *Sir L. Chiozza Money*: If I may ask you a question, you mean it is as economical as it can be made in view of the existence of all these factors which you found in existence and desired to continue under the theory that coal should flow where it flowed before?—I think you are missing the point. The factor does not himself pass the coal to the consumer but to the merchant or dealer. The merchants and dealers are the actual owners of the carts and horses.

1444. I am speaking of factors in the classic sense. I mean the factors of the case.—I beg your pardon. If we review all the present factors governing coal distribution I am of opinion that it is as economically conducted as is fairly to be expected from a trade of this character.

1445. You having to handle these factors which you found in existence?—Rather I can take it a little further. After all, to handle a certain tonnage of coal means a certain number of men and it means a certain number of carts irrespective of ownership. What I would wish to infer is that measuring tonnage against men and carts the result is about as economical as you can get it and is quite irrespective of who owns them.

1446. You would not maintain that as many depots or offices or clerks would be required, would you?—I am not discussing the establishment side, but the manual labour side of carts and horses and handling of the coal. I am sure in that way as the result of the pressure of war circumstances, we are getting down to an economical basis.

1447. Would you like to measure that in figures, and could you say what number of carters, and so on, were employed and to what extent the carters and horses and carts have been reduced?—I have not gone into those figures, but no doubt I can get some figures for you.

1448. *Mr. Arthur Balfour*: Would it be feasible in normal times to distribute coal freely and easily under the system you have adopted?—It is rather a difficult question to answer.

1449. It is important from the point of view of the Commission.—It would be possible to do it, but you would have to depend entirely upon the merchants and dealers themselves being willing to continue the system.

Mr. Sidney Webb: Unless you abolish them.

1450. *Mr. Arthur Balfour*: I am coming to that. Would the distribution be more efficiently done and more economically done than it was pre-war?—I think after the war, even if the trade were allowed to go free, it would be carried out more economically. They have learnt enough for that.

Mr. R. H. Tawney: Would you explain exactly the way in which the greater economy which you have mentioned was achieved?

1451. *Chairman*: May I get to the end of (c) and then, I think, your question will be very important, because the next thing I was going to ask bears upon what you were going to ask. (*To the Witness*.) I want to ask you about two things: one, the transfer of orders or customers, and, two, limitation and definition of delivery zones?—There are two ways in which this economy could be secured. First of all by transferring customers from one depot to another for their source of supplies, and, secondly, by drawing a line and saying, "Carts from this depot shall not deliver coal into another area, which would be best served by another depot." While no specific orders have been made to secure this, yet it is upon these two lines that progress has been made.

1452. *Mr. R. H. Tawney*: That is to say, before the Order was issued there was a great deal of cross delivery—Yes, through competitive trade.

1453. And that involved waste, and the economy consisted in eliminating the waste due to cross delivery?—Yes. *Mr. Chairman*, I am afraid again we are rather leaving what I had in mind in putting this into the proof. I was attempting to show

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that under existing circumstances there have been secured economies in delivery cost, and therefore when we discuss the present margin of cost the criticism that this might be extravagant had been removed.

1454. That was your object in putting it in. We are concerned with the conclusion legitimately to be drawn from it. What I want is where the economy arose. I understand the economy arose because under the previous system of handling there was a waste due to competitive cross deliveries?—I said there was an improvement in that respect.

1455. You said there were economies?—Well, we have had cases of cross deliveries.

1456. *Sir L. Chiozza Money*: You know any householder could get served by any number of coal merchants, who all send wagons at the same time down the same road?—Yes, but I want to draw a distinction. You are getting rather wide in your remark. If you take a single depot in London there may be six merchants. If I wanted two tons of coal I might order from any one of those six merchants, and it would mean a cart coming to my house with coal from that depot. If there was one merchant there it would mean just the same. But I need not have gone to that depot. I could have gone to another one two miles away, and given my order to a merchant not represented at the first depot, and he equally in normal times (it would be extraordinary if he refused) would have sent the two tons of coal.

1457. And moreover each establishment would have its clerks, office-boys and so on, and advertisements. Assuming a man and a boy, and the devotion of able-bodied men and boys to this method of dealing with coal and coal which is not manufactured —

Witness: If we are coming to office staffs —

Chairman: We are coming to all that in due time. It is a most important question.

Sir L. Chiozza Money: Yes, but, of course, I do not know what is coming.

Chairman: No, that is the difficulty you are in.

1458. Now the next point I want to go to is this: Casual trade or hawking *versus* regular coal trade?—That is another illustration of the point I have been making. Prior to the war there were, of course, a great many more hawkers' carts upon the streets than there are to-day, and the only way in which we have been able to secure all the small consumers being served has been by controlling to some extent the casual or hawking trade and trying to regularise it. That has effected some economy in the distribution of coal.

1459. *Mr. R. W. Cooper*: Are there many persons so employed?—Yes, quite a large number.

1460. *Mr. Sidney Webb*: Have you any estimate of the number of hawkers or trollymen?—I have not it with me, but for London the figure can be easily ascertained. There is no difficulty about that.

1461. *Chairman*: Now the next thing is the position of the Co-operative Societies in this connection?—The point about Co-operative Societies is this: a Co-operative Society does not do casual trade. Its members place their orders with the stores and the coal is sent out. This has two effects. First of all there is no chance putting of carts upon the street, and that is an advantage. But secondly it has this defect, that the Co-operative Society consumers being scattered all over the town, probably the carts make longer journeys than they should. It is a balance of advantage, but it is fair it should be put because it might be raised on this question.

1462. *Sir L. Chiozza Money*: Do you mean its customers are more scattered?—The coal merchant carts from many depots, whereas the Co-operative Society only works from one depot.

1463. *Mr. Sidney Webb*: Does every Co-operative Society only work from one depot?—I put it in this way. A Co-operative Society serves a whole town, as a rule.

Mr. Sidney Webb: Many towns have several Co-operative Societies.

1464. *Mr. R. W. Cooper*: You are speaking of a Co-operative Wholesale Society, are you not?—No, of a Co-operative Society engaged in distribution in a moderate sized town where the Co-operative Society

is the one co-operative trader in the town. In Glasgow there are many.

1465. *Mr. Sidney Webb*: In Rochdale there are several?—I did not know that.

1466. I assure you that there are?—I am taking places one knows one's self.

1467. But you are drawing an inference with regard to all Co-operative Societies from one place?—I have had experience of it.

1468. There are rival societies even in a town like Rochdale?—That may be good for the trade.

1469. It prevents you drawing the inference that there is only one Co-operative Society in the town?—I do not wish to draw it in that sense.

1470. *Sir L. Chiozza Money*: Are we getting facts or arguments? You represented that the customers of the Co-operative Society are scattered. Why are they more scattered than the customers of a coal merchant? You have reminded us that I can go, as I have had to go, miles to get coals. Why do you say the customers of a Co-operative Society are more scattered than those of a coal merchant. I do not understand the facts upon which you rely. Will you kindly tell me?—Let me make it clear. In a town there are several coal merchants, and in practice you find coal merchants deal in specific directions. A Co-operative Society does not; that is to say, it is scattered in many directions and we have had trouble in connection with our co-ordination of deliveries in the fact that these Co-operative Society customers have to be specially provided for and that the Co-operative Societies have to send their carts in wider directions on an average than the coal merchant. I am not generalising for the whole country, but speaking from instances which have come to my knowledge.

1471. *Mr. Robert Smillie*: Have you not lost sight of this, than when co-operative societies buy coal for a large town they do not have that coal delivered at a common centre and distributed from that common centre, but they have it delivered by the various collieries at different centres and they serve their people living in the locality from that centre?—That is quite true in a coal mining area.

1472. *Mr. Sidney Webb*: It is true of London. For instance, take what is called the Woolwich Co-operative Society, which serves the south of London from Erith to Wandsworth?—I might give you the facts upon that if you like.

Chairman: We will consider that.

1473. *Sir L. Chiozza Money*: It has been alleged, but not proved, that the customers of a co-operative society are more scattered than those of a merchant, and certainly no proof of that has been given?—I can supply the facts to Mr. Webb.

Chairman: We will consider that.

Mr. R. W. Cooper: I did not catch your last remark.

Witness: I think my best plan will be to produce the facts later on.

1474. *Chairman*: Yes, I have made a note of it. The next point I want to come to is the effect of the registration of consumers under the Orders with regard to regularising the trade?—That is merely incidental. Of course, the consumer being registered now, we know exactly what provision has to be made for the delivery of coal.

1475. Now I come to the next thing, the question of small quantities, that is to say, quantities of 1 cwt. and less?—One of the principal objects of the Household Fuel and Lighting Order was to secure distribution of coal in small quantities to the small consumer, and we had to give a preference to those deliveries over the large deliveries and had to make deliveries in small quantities compulsory upon the trade in order to secure our end. The result of that has been to multiply the number of small deliveries as against large deliveries under the Control, and that again is a factor affecting the cost of distribution.

1476. Will you tell me now something about the question of house storage in relation to distribution?—That is purely incidental, inasmuch as so many houses in industrial centres have no storage for coal, and we are under obligation to organise weekly supplies to keep them going, which again is unfortunate, but it is a fact.

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[Continued.]

1477. I want to see if I have this right. Your note is: The effect of the rationing of coal to consumers involved in the Order in enlarging the trade in small quantities at the expense of big quantities?—I think it is fair to make this general comment upon the effect of the Orders, and it is this—that it has forced the trade out in smaller quantities to consumers in far more numerous instances than would have been the case if trade had been normal; that is to say, small deliveries have increased in proportion to the total deliveries.

1478. *Mr. Evan Williams*: And correspondingly the cost of delivery?—Yes. The whole of these points are to illustrate the existing cost of distribution upon which I really came to give evidence.

1479. *Chairman*: That is what we are so anxious to get. Coming to another heading now, that is: Reduced tonnage as a general factor affecting prices. Will you go to No. (11) of your proof: "The Household Fuel and Lighting Orders were introduced to meet an acute shortage in coal supplies. They had two objects:—(1) To reduce the demand for household coal within more manageable limits. (2) To ensure some supply of coal to everyone on as nearly as possible terms corresponding to their needs"?—They were the two objects which we set before us when we commenced our Orders. The estimated tonnage of house coal has been variously given at about 40 to 42 million tons, and the quantity which we have dealt with, I should think, would be about 32 to 33 million tons, which illustrates the reduction in tonnage with which we have had to cope. I may say I am very doubtful, from figures which have come to my knowledge since I started, whether the pre-war estimate of 40 to 42 million tons is a fair one. My own view is it is more nearly 47 millions, but that is an estimate upon recent figures.

1480. The next point is this: "The expected shortage in tonnage was about 25 per cent. from the normal. Until the end of January the realised shortage, except in certain coalfield districts, has been 33 per cent." I believe the situation is now slightly improving?—Yes. When the original instructions were given for the formation of the Household Fuel and Lighting Branch we were instructed to contemplate a reduction of 25 per cent. in the tonnage of household coal available. Our actual experience of the tonnage coming forward is that we have been 33 per cent. short upon the average. That has not been the case in the coalfield districts which secure their supplies by preference, being on top of the pits; but that is the shortage we have experienced in most other parts of the country. Since January, with the return of the miners to the pits, the position has been improving, and we are now even better than we estimated to be, and I should think that our present shortage may not be more than about 15 per cent. It is improving week by week now.

1481. The next heading is: "All fixed charges increased with a reduction in tonnage." That is obvious, but I want it on the note for future purposes. Will you tell us about that?—If you divide your fixed charges by your tonnage handled, obviously the less your tonnage the higher your fixed charges, and that is a factor we need to consider. Then I should deal with this further point, that we have treated our merchants' and dealers' profits as a fixed charge; that is to say, one might reverse the adage and say, What suits the men should suit the master; and as there was a necessity to be fair to the trade we have maintained an even level of total remuneration to the merchant, although we have had to reduce the tonnage.

1482. *Sir L. Chiozza Money*: Handling a fewer number of tons he would receive the same profit?—You put it as a profit.

1483. Reward or remuneration?—I want to make this point. I want to distinguish between the very large merchant who takes it as profit and the large number of coal merchants who really do the work themselves and take it as actual remuneration or reward.

1484. *Mr. Sidney Webb*: Did you distinguish between the large man and the small man?—No, they are treated alike.

1485. Therefore in the case of a small man where it was an increase to keep up his remuneration for service to the same rate, you treated him in the same way as the large man where it was not remuneration for personal service but profit on his turnover?—Shall I put it in this way? The income aspect of it remains fairly stationary whether it is earned or unearned income.

1486. *Sir Chiozza Money*: Did you temper the wind to the shorn lamb, and take your poorest coal merchant and dealer as the standard to work upon?—No.

1487. So that the others had to receive increased reward in order for him to get his reward?—We come to that later on.

1488. *Chairman*: Quite right. Of course the reduced tonnage is a temporary factor only in regard to price?—Yes.

1489. I am now coming to prices. Will you look at No. 15, if you have the same point as I have, so as to get it on the Note for future reference. Although I think it is known, we had better have it. "The maximum retail coal prices first came under control with the making of the Retail Coal Prices Order, 1917, for the whole country, exclusive of the Metropolitan Area. The Metropolitan Area was already covered by the terms of the Household Coal Distribution Order, 1917. The general scheme of prices fixed for the Metropolitan Area was applied to the whole country. Without prejudice to any action taken under the above Orders, the Household Fuel and Lighting Orders made new provision on improved lines for the fixing of maximum prices. It is to be noted that there was not at any time a clean start. This may account for some of the existing anomalies in prices throughout the country. (16) Under the Retail Coal Prices Order, the Local Authorities throughout the country obtained power to fix maximum prices for their districts. There was no co-ordination of prices district by district. There was no appeal to a revising tribunal. Under the Household Fuel and Lighting Orders, the Controller had a right of review or approval, and an aggrieved party could appeal to the Controller to amend any price. (17) The powers conferred on the Local Authorities under the Household Fuel and Lighting Orders are not mandatory but permissive. That proves an unfortunate drawback." I have read that so as to introduce the subject, and I am now coming to the retail coal prices. I will read the beginning and take the details from the witness. "The starting point for retail coal prices is the actual cost of the coal in railway wagon or barge at the point at which distribution commences. This cost is made up of the following items. (a) the pit price; (b) the transport charges; (c) the wagon hire and (d) the factor's charge (if any)." I am now coming to each one of those items. Will you take (a), the pit price?—The previous witness told you that the pit price is fixed under the Coal Prices (Limitation) Act.

1490. We want it from you so as to have your evidence as a whole?—It has become a stereotyped price in consequence. The factor which may be of interest to you and which certainly has affected the situation so far as I am concerned is that the prices have been stereotyped just as they existed when the Coal Prices (Limitation) Act came into effect; that is to say, it fixed a standard. We find that coal is sold at very varying prices, although it may be the same coal. Some of the merchants had contracts for the supply of coal at prices which might be advantageous to them. Others were entirely dependent upon the market supplies of coal and paid the current market price for their supplies, and nearly all merchants purchased a certain quantity of coal, which was called extra coal, at somewhat higher prices. At least, that would be the experience I would get from the returns coming before me.

1491. *Mr. Herbert Smith*: You cannot give us a definite estimate?—No. You cannot fix any definite cost of coal at the pit in consequence. Following that up, may I say that all our calculations have had to be based upon average pit prices rather than actual pit prices.

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1492. *Sir L. Chiozza Money*: As given to us, all the previous prices, the old prices, were looked up and so much added?—Yes, and if it was a contract price it was added to the contract price. My basis is not an actual pit price, which is something definite you can put your finger upon, but it is an average of the market and other conditions when these prices came into effect.

1493. If a man had made good contracts in the past he had the advantage of them?—Yes.

1494. If he had been in an unfortunate position he had all the economic disadvantages of that?—No, not exactly that, because some of the unfortunate elements were blotted out by the Control, but the advantages were not.

1495. *Chairman*: In a few minutes I shall circulate the actual figures, but I am taking it generally before I come to the figures. We need not trouble about transport charges for a moment, but will you tell us something about wagon hire?—There is one comment I want to make upon that so as to be clear in my position. I have had claims put before me for increased coal prices based upon a loss upon the hire of wagons. The wagon hire charges—in effect transport charges—are fixed at 50 per cent. above the pre-war standard, but the shortage of wagons in the country has made the hiring charges for wagons so high, which, combined with the rate at which wagons have been worked in traffic, has made the cost per ton for handling coal through the wagon so much greater than the amount allowed in the wagon hire, that claims have been put in by merchants that I should allow them in the margin which they claim from me for distribution the loss on wagon hire account. I wish merely to make it clear that we have refused entirely to bring into our account any loss upon wagon hiring, regarding that as a separate matter for investigation and decision, and not being one which we had to go through in the Coal Mines Department.

1496. On factors' charges you have told us that the factor's charge is fixed under the Wholesale Coal Prices Order, but I see your note is that it is applicable to probably half the coal of towns and four-fifths of the coal of country districts outside the coalfields?—It is necessary that one should consider the incidence of the factor's charge in determining the retailer's price. It has been claimed that we should assume that all coal were factored in order to protect the man who bought his coal through a factor. We have not accepted that position. It may have been done by local authorities, but, so far as cases which have come before us for review are concerned, we have not accepted that, and we have always enquired into the proportion of coal which came through factors and was charged the additional shilling as against the total quantity of coal coming into any particular district for distribution. If you get outside the coalfield area, where coal is sold direct, you find approximately half the coal in towns and four-fifths of the coal in country districts is sold through factors. The reason for the very high proportion in the country districts is that as you get away from the towns you get into a less organised coal trade. The dealers and merchants are much smaller people, and, therefore, they resort necessarily more and more to factors for their supplies of coal, and it is in connection with them the factors do perform, as I say, a useful function.

1497. I think I will make this suggestion that this classification is so important that I will have my proof duplicated so that every one can have a copy later on, because it sets it all out very clearly. The next point I want to come to is the classification of coals into groups at an average price for sale or the sale of particular coal at specific prices?—In connection with the Household Fuel and Lighting Order, if members will refer to it, they will find a note opposite clause 105 which sets out the instructions which we issued for the direction of the local authorities.

Sir L. Chiozza Money: I am sorry to interrupt. I thought we were going to deal with the whole question. I appealed for more logical treatment, but gave way because I saw the advantage of the other way; but I thought we were going to deal with the whole question of the retailing of coal. We have stopped at the factor's charge.

1498. *Chairman*: We are going right on if you will bear with me. I only had this late yesterday. You will get it. Now will you look at page 76 of the Household Fuel and Lighting Order, 1918?—You will find on that page a note to clause 105 which sets out the directions of the Controller with regard to the determination of the maximum prices of coal and coke. These were directions to the local fuel overseers and local fuel and lighting committees, so that the practice throughout the country might be more or less uniform. The first of the directions relates to this classification of coals. I do not know whether I should read it.

1499. Yes, if you please?—"The number of classes or qualities of coal shall be as few as practicable. In fixing such classes or qualities regard shall be had to the cost of the coal in truck at the railway depot or siding or in barge at the wharf, and where several coals are comprised together in one class or quality, the cost of such coals shall be fairly averaged, provided that the cost of such coals shall not be greater than 9d. above the average or less than 9d. below, except where coal is required to be sold mixed."

1500. You have drawn our attention to that. I now want to come to the next point: Mixed businesses of coal, cattle foods, manure, corn, &c. considered?—If you will refer a little lower down on the same page to rule 4 you will see: "Where a coal merchant or dealer trades in articles other than coal, the expenses incurred by him shall be fairly apportioned over the several articles in which he trades for the purpose of ascertaining the expenses attributable to coal under head 3 hereof."

Mr. Sidney Webb: Are we going to deal with rule 3?

Chairman: We will see about that.

Witness: With regard to paragraph 19 of my proof, you will see there was an alternative there "or the sale of particular coal at specific prices." I did not deal with that.

1501. That is my fault?—Obviously in a colliery district where coal is sold retail at the land-sale of the colliery and carted direct from the colliery, we could not average the cost of the coal, because each particular colliery as a merchant dealt in his own coal as specific coal. So I want to qualify my first rule by a substantial exception, and that is coal sold land-sale is sold at the pit price applicable to the coal. I think that meets the point of *Mr. Smillie* about *Seaton Delaval*.

1502. *Mr. Herbert Smith*: Do we take it you had no control over that at all?—Oh yes, just the same, but the basis from which we started was not an average but an actual pit price of the coal.

1503. The point I want to make is this. From a mining village they are selling coal at 1s. 9d. a cwt. Two miles from the pit it was 35s. a ton. That meant a pound above what it was before the war.

The Witness: Shall we clear this up?

1504. *Chairman*: Certainly?—The 35s. a ton is so much per ton above the current pit price of the coal. It is a question of fact whether the margin is a reasonable one, and unless I had the pit price and so the margin I could not express an opinion, but if the member of the Commission would give me the facts I could give a full answer to the case.

1505. *Mr. Herbert Smith*: Before the war it was nearly £1 less?—There is 10s. 6d. on the ton at the pit which leaves 9s. 2.05d. on the margin. Whether that is a proper price and a proper margin is for the facts to show. I could not give an opinion. It may be one of the anomalies to which reference is made. We have not an absolute power to say that every price shall come before us. That is our drawback. We did not realise it until the Order was made. It was permissive, and not mandatory. If we had had the powers, we could have reviewed every anomaly, but we were not able to.

1506. *Chairman*: The point I am coming to now is this: "The determination of the margin to be allowed for retail distribution and to be added to the cost of coal at the point of distribution." Is it convenient to have your table of figures here or a little later on?—I thought we would not take the table of figures until we came to some actual margins and

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schedules of prices to be commented upon in paragraph 24 of my proof.

1507. Yes, I only wanted your advice upon it. I want to come generally to the elements entering into this margin, and "Handling and Dealing" is the first?—The items which are set out on the top of page 5 of my proof give them as a whole.

1508. Will you read that?—(a) Handling and Dealing, which include Labour Charges—loaders; Weighing; Sacks, tools, weighing machines, plant, upkeep and renewal; Loss on weighing and wastage in handling—and, in some cases, Screening. Then the second item entering into this margin is (b) Delivery and Cartage:—Labour charges—carters; Horses and carts; upkeep and renewal—including such items as fodder, shoeing, veterinary services, etc. Then (c) is Establishment:—Clerical and accounting staff; Office and depot rents; Rates; Printing, stationery and office stores; Light, heat, water, telephones, etc.; Bad debts.

1509. *Sir L. Chiozza Money*: And advertising?—Advertising is cut out entirely for the moment. We allow nothing for it. Then (d) is Management, interest and profit. The object of setting out those headings is to show that the basis of this margin is the actual cost of the services rendered in connection with the retail distribution of coal.

Mr. Sidney Webb: Do you separate management, interest and profits, or are they one sum?

1510. *Chairman*: We will come to that in a moment. That is a very important question. (*To the Witness*.) You have told us what the elements are, and I want you to make some observations generally upon those elements. We will have the figures in a moment or two and first labour charges?—In connection with that we have, of course, a considerable number of men employed in the retail coal distribution, and they equally with the miners asked for improved conditions of pay and improved hours of service. I think it is fair to comment upon that, and to say that we have before us now a programme from them which is much upon the lines of the programme which this Commission is considering, and therefore it must be brought into account in determining the cost of coal to the ultimate consumer. Now the basis of payment for labour charges in the Metropolitan area is largely upon piece rates. The men are paid so much for the work they do per ton. In the country they are paid on a weekly wage basis, which is rather different; in some country districts they are paid a weekly wage with a premium on output, so that we have very different labour conditions to bring under review according to the part of the country with which we are dealing. Now I wish to speak particularly of the unfortunate position in which the Coal Mines Department finds itself, being responsible for the prices for consumers and being equally responsible for the maintenance of the retail distribution trade. When we get a demand for increase in wages from the men employed in the retail distribution trade, we always find ourselves having to negotiate both ways. We have the application from the men for the increase in wage, and it is not long after that that we find before us an application from the merchant or dealer for an increase in price to correspond. The point I wish to make is that we are rather in a defenceless position as regards the consumer. We can easily agree the wages increase if we agree to pass it on, but there are no means by which we can check the passing on of these charges as things stand, and on the two occasions upon which we have had negotiations with the men (negotiations with which I am familiar myself) we have always attempted to settle our difficulties upon some comparative basis—that is to say, choosing some trade not immediately concerned in a commodity like coal, and endeavouring to bring our own people up to that standard. We have so far always succeeded in settling our troubles upon a basis of that kind.

1511. *Mr. R. H. Tawney*: When you have raised the wages have you increased the prices?—Yes.

1512. On what basis?—On exactly the same basis.

1513. *Mr. Frank Hodges*: To maintain the margin?—Yes. If it costs 4d. a ton more for wages, then we

put another 4d. on the price. It never came exactly like that, of course.

1514. *Chairman*: What is the proportion of the manual labour cost to the whole margin in London?—I thought it would be interesting to have the figures worked out. I find it was roughly 36 per cent. In the country the proportion would be much higher, because outside the Metropolis there are no establishment charges such as you get in a heavily congested area like this.

1515. Then there was Mr. Smillie's point at the beginning on the question of loss in weighing and wastage in handling?—That has been usually taken at 1s. a ton throughout the country. My own view is that that is a moderate estimate. When we first entered into this negotiation of price it was 1s., and it has never gone up since, although, of course, as the price of coal has gone up, and as the wastage is a quantity wastage, there is some ground for assuming the loss on wastage would be also increased, but we have made it a rule not to accept more than 1s. a ton as a wastage charge.

1516. Then what have you to say as to delivery and cartage?—The note which I wish to make there is that in some places we average all the cartage costs and fix a flat rate for the whole district; in other places we fix a minimum cartage charge for the first one or two miles and allow the cartage to increase according to the distance over which it takes place. That is essential in the rural districts, where some cartages are very long.

1517. Then establishment you have stated is a fixed charge?—Yes.

Sir L. Chiozza Money: Mr. Pick is giving very clear evidence, but is he going to supplement this with specific cases?

Chairman: Yes, certainly.

1518. Now with regard to establishment I think you say, as already stated, that is a fixed charge which has been exaggerated by reduced tonnage?—That is so.

1519. Now what about bad debts?—The question of allowing a charge in the margin for bad debts must turn upon whether special charges are asked for credit. In many parts of the country there is a charge of an extra shilling for credit, and then, of course, the loss on bad debts would be a debit against the special fund created by the extra shilling. It is merely introduced to draw a distinction here between the treatment of the two classes of trade.

1520. Now we will take management, interest and profit?—Management, interest and profit can be taken in three stages. Management, interest and profit must however be taken as one, first of all. The original basis, for which I do not accept responsibility, was that it should be 1s. a ton. That was in existence when I came into this work. Since then, we have allowed 3d. for management and interest, and increased the profit from 1s. to 1s. 3d. per ton. The total charge made throughout the country for management, interest and profit is now 1s. 6d. per ton.

1521. *Mr. Sidney Webb*: The use of those terms is unfamiliar to me. The economist means by profit, wages of management and the interest on capital. You apparently exclude both from profit and allow a specific sum for management and interest. Can you explain your meaning? Is it a payment for owners, partners and directors, and does it also include the charge for interest on capital employed?—May I explain it? We excluded originally the salaries of partners, directors and persons of that kind because the amounts were erratic, and we thought it was not wise to let them count as an actual cost. They could be made anything you pleased; but eventually we dealt with them at an arbitrary figure. At the same time, in some owners' accounts you have prior charges, not exactly profits, for instance, a net revenue account would include certain prior interest charges.

1522. That is not a net revenue account. Part of the profit goes as debenture interest or mortgage interest?—That is right.

1523. Your allowance for interest is equal for everybody at so much per ton. Are you assuming that there is the same amount of dividend charges

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or mortgages on all business?—No. What we had to deal with was the whole country on the same basis, and we had to make up our mind what was a fair and proper basis, and we considered that threepence would be a fair and proper basis. It was impossible to distinguish between one particular person and another particular person in the application of this sum.

1524. You thought a proper basis for the management, that is to say, after paying all actual working expenses, was the allowance to owners, partners or directors for management, including their prior charges for interest of 3d. per ton?—May I refer to what I have said before? I would further assume that we should take it altogether at 1s. 6d. a ton.

1525. Pardon me. I want to know how you got at it. You give the amount for management. I wanted to see how much that was. Threepence covered management and fair interest charges?—Certainly.

1526. The management and interest I understand. What do we understand by profit? In addition you allow 1s. 3d. for profit not being management or interest charges. What was that profit for?

Sir Arthur Duckham: Not interest on debentures?

1527. *Mr. Sidney Webb*: Yes. Let us hear that. I asked that. It excludes all the items of management, that is to say, what was fair remuneration for the owners, partners or directors, and the curious interest charge, on which I lay no stress; but this 1s. 3d. for profit? How do you arrive at that as a fair charge for profit?—I took over from the people who were engaged in this work before I came into it a charge of 1s. a ton. When we reduced tonnage so appreciably, as we had to do under our rationing scheme, we had to put the profit up to 1s. 3d. to make a balance.

1528. That explains why you added 25 per cent. to this item of profit, but it does not explain what service was rendered in return, for that item at all. I am not criticising your added 25 per cent. for the moment. We must be given some explanation of why 1s. per ton was allowed after all the management had been paid for.

1529. *Chairman*: That was the figure you took over?—Yes. There is one fair comment to make. If the coal merchant were a limited company there would be ordinary capital of the company upon which some dividend would have to be paid.

1530. *Mr. Sidney Webb*: What was the capital involved?—I cannot say; the coal trade is not necessarily a capital concern.

1531. You thought that 1s. was not sufficient?—I know it was not.

1532. Therefore you added 3d. a ton to that. Can you give us any description of the enquiries you made which satisfied you it was not sufficient?—Certainly. When we came to increase the 1s. to 1s. 3d. the demand we had before us was for 2s. a ton. We investigated certain books to find out what was a proper amount. We came to the conclusion that a man could not work his business at 1s.—he could not at that time—and something more would have to be given.

1533. You paid him for his management over and above his services?—We excluded certain dividend charges and charges for, say, managerial staff and things of that kind, and directors' fees. That is not the remuneration which the owners of the businesses expect to get out of the trade done. They could not live upon it, and, therefore, something more must be allowed.

1534. Could you give us any figure as to what it amounted to in particular cases?—Certain merchants will follow me into this box and you can ask them.

1535. They could only give figures for their own cases?—I can only do the same.

1536. Did you have in your office a number of cases?—I had cases. There is, and has been, considerable jealousy amongst merchants as to disclosing their position. We had the power to call for accounts and exercised that power. They were exercised twice in London during my own period in office. On both occasions investigations were made into accounts which were returned to the merchants. We treated them as confidential. At the moment I have not the information in my possession. I can only give you

conclusions from the figures which were then before me. These merchants could be called and could produce their balance sheets or I could get them for you. That is clear enough.

1537. What we have to find out is what money goes for this whole service in London?—Certainly.

1538. Either your department or someone else will be able to tell us what the cost is for the whole of London, not so much what was brought before them, but what it cost to deliver the coal in London.

1539. *Chairman*: Might I do this? I have made a note of that and in the interval I will see Mr. Pick if you will let me go on and I promise you shall have it if it can be got. Obviously it is a point we should all like to hear. The next point is on the question of expensive or wasteful establishments. Was there very much of that?—No. I came to the conclusion in fixing prices that there was not what you would call expensive or wasteful establishments in this sense that it did not affect the prices which we finally determined. The expensive or wasteful establishment was provided by the merchant out of his margin, that is to say without specific addition for the purpose. I had to take into account not only the large firms, which had these large establishments, but the small firms, and we weighted our conclusion with the results of the small firms. It cannot be said that included in the present prices there is any sum at all which properly could be described or might be criticised as expensive or wasteful establishments.

1540. Do you mean you took as a standard the small or large establishments?—I took a selection from both, but I weighted the conclusions one would draw from large establishments by the conclusions one would draw from small establishments and took a mean of the two positions.

1541. You did not take the rate of the larger office as your conclusion?—No, not as a standard.

1542. You allowed the larger office more than enough for its establishment?—No, rather less.

1543. As I understand it, the small business must have a larger establishment charge than the larger business?—Then it is perhaps a misunderstanding of what is the real case in the coal trade. When you go to a small business, a man works on a very inferior basis; he has no special accommodation and his clerkage is of a poor type, which is not so in the office of a large firm in London.

1544. *Mr. Sidney Webb*: Then it would be more economical if the coal in London could be distributed by the smaller dealers?—It might be cheaper.

Sir Arthur Duckman: That is only for distribution.

1545. *Mr. Evan Williams*: A small man works later into the night than the big man?—He puts his own services into the business and manages it himself and does the work himself and often carts the coal himself. In coming to our conclusion as to what was fair and proper, we did not just accept the position, say, of a large established firm. We did check our decisions against the actual results of some of the smaller firms, where one might say the owners performed not only the services of owning and managing but did some of the work.

1546. *Mr. R. H. Tawney*: You fixed the charge to enable the smaller man to go on living?—Yes. In particular instances he may have lost even though he were a small firm.

1547. If the large firms were carrying on cheaper he would get more?—The larger firms gain on certain services by being large firms, and lose on other services by having large establishments. In coming to the decision, I was asked if we took the weakest merchants. On our standard, I say no; we took representative traders large and small to arrive at a fair conclusion.

1548. *Sir L. Chiozza Money*: You did in the circumstances try to enable the little man to live?—Yes. We did not extend the margin in favour of the weakest of all. We wanted the little man to live, but at a less standard of profit.

1549. *Mr. Sidney Webb*: Having allowed the little man to live, you could not help allowing more for those that were trading at less expense?—As a statement of fact, I accept that. I do deny the little man

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was less efficient than the big man. I do not think that is the fact, really.

1550. *Mr. Evan Williams*: The contrary?—Rather the contrary.

1551. *Mr. Arthur Balfour*: If coal distribution were centralised in a few big hands it could not be so economically done?—It would turn on this, whether it was efficiently managed or not—and one could not answer for it.

1552. *Chairman*: Now one word on advertising?—We do not allow anything for advertising or anything for that sort of thing at all.

1553. Now item No. 23, all prices calculated from the ton price delivered. A word as to the variations due to quantities purchased?—It is again dealt with in the rules which we laid down in the note to clause 105. Our standard maximum retail price was the price per ton delivered to the consumer, and from that standard we calculated all our other prices. If you refer to the Rules you will find No. 5 is the first one; "The maximum price of coal per ton applicable to quantities of one ton or more shall be the total cost as set out above; but applicable to quantities of less than one ton but more than 4 cwts. it shall be one shilling more." The object of allowing the additional 1s. was to meet the extra cost of broken deliveries and the extra cost of cartage and the trouble of dealing with small quantity trades rather than large quantity trade.

1554. *Sir L. Chiozza Money*: A very little would cover that?—No. 5 in clause 76 has been modified by certain Minutes issued at a later date.—We issued supplementary Minutes to the Order to correct omissions and errors that will creep in. For instance, on the 25th September we made a supplementary note. We found that our rule was operating to permit people who could not justify such a charge, and who did not need such a charge, to make it. That is to say, it had already been brought into account; it had never been the practice before and yet they added a shilling. We cut it out as a duplication, making a supplementary Minute on that date as follows: "In connection with maximum prices it should be observed that the fixing of a separate price for quantities over 4 cwts. and less than 1 ton is permissive only. Such a separate price should only be fixed where there has been a previous practice to charge a separate price." Then, later on, in November, when we found ourselves under an obligation to enforce deliveries of coal to the people in small quantities and we introduced restrictions for that purpose, we made it a compulsory item that this 1s. should be paid as some compensation for the disturbance we created to the trade by enforcing regulations of that kind.

1555. A word in explanation of the increase in relative prices with reduction in quantity?—We have not dealt with less than 4 cwt. It has always been the practice, and it is necessary it should be the practice, that more should be charged for the 1 cwt. delivery than for delivery by the ton; that is to say, distribution by the hawking of coal. You will find that is provided for in clause 7 of the Rules on page 76. The actual wages cost of making small deliveries is fully represented by the 2s. to 3s. 6d. referred to in that rule; that is to say, it is not an additional margin for the merchants. In so far as I have any information, it is a wages cost.

1556. *Mr. Frank Hodges*: Is that in bags?—Yes, in London.

1557. What is the difference between filling 20 bags for making a ton delivery for one customer and twenty different bags for twenty deliveries to different people?—The delivery is paid for at a different rate.

1558. *Sir L. Chiozza Money*: If you had an organised delivery, when a number of poor people required these little bags of coal, and it was done by one delivery, would it not save such a charge as that?—It is asking me for an opinion when I state facts.

1559. Would it not in fact do so?—I should say in the way in which you put it, and as you want me to answer—perhaps. It is a fact that the actual wages agreement in London in connection with the men employed in coal distribution is such that the cost of distributing coal by bags oddly is equivalent to this

additional sum added to the price. It is a fact that one has to deal with.

1560. *Sir Arthur Duckham*: That actual cost goes in wages to the men who deliver the coal?—Yes.

1561. *Sir L. Chiozza Money*: In the given conditions?—That represents the bargain with the men. I am not judge of the conditions.

1562. *Mr. Evan Williams*: Is that dependent upon the fact that they deliver not all to the same buyer but distribute it?—Because of the time taken in trolleying coal.

1563. And it is a charge imposed on you by the cost of labour?—By agreement with the men.

1564. *Sir L. Chiozza Money*: The wages would be higher if you carried it round in wheelbarrows?—The inefficiency of the distribution would increase the cost.

1565. If you carried it in pails it would be higher still?—Yes.

1566. *Chairman*: Is there anything more under Head 23 you want to draw attention to?—We added 1d. more when a man breaks the hundredweight up, in calculating the price of fractions. That was put in to meet the loss on weighing out coal in 28 lbs. or 14 lbs., finding that every time you make a small weight to get the scale to turn you lose a little coal. We had a good deal of experimental weighing done before we agreed to the 1d. It was necessary to do something for the shopkeeper selling it in pailfuls, so to speak.

1567. Item 24; I think you said you would like to have your table put in here?—I would like to deal here not only with the London table, but the country position, which is set out in a summary table.

Average Particulars of Margins added to the Cost of Coal in Truck on Rail at Depot, or in Barge at Wharf, included in the Maximum Retail Coal Prices per Ton in Operation in the Counties of:—

County.	Total Margin.	Average cost of handling and dealing in coal.		Average cost of delivery and carting.	Profit.	Remarks.
		Per ton.	Per ton.			
Lancashire and Cheshire.	9.2	7.8	6.0	1.6	1.6	Delivered in bags. Delivered in bulk.
	7.6					
Nottinghamshire, Derbyshire and Lincolnshire.	7.2	2.7	3.1	1.6	1.6	Coalfield area land sales.
Gloucester and Somersetshire.	9.4	3.7	4.3	1.6	1.6	
Norfolk and Suffolk.	10.8	5.1	4.1	1.6	1.6	
Kent	11.2	4.9	4.11	1.6	1.6	In many instances town dues are charged.
Shropshire and Herefordshire.	6.0	4.6	—	1.6	1.6	Exclusive of cartage.

Mr. Robert Smillie: I would like to remind you of the fact that we must give our Report on the 20th, and it seems to me it will be impossible if we are to go into all these details. I think we ought to only take sufficient evidence as is essential to give our Report.

Mr. Sidney Webb: We ought to get our evidence in quicker than we have done by the earlier witnesses.

Mr. Robert Smillie: The Commission is to give its Report by the 20th.

Chairman: It shall be done.

Mr. Robert Smillie: This Committee might sit for many months afterwards inquiring into the other matters.

Chairman: Will you hand the tables round, and we will get to the essentials now?

Sir L. Chiozza Money: If a coal manager is to be called and he expects to be examined at length for three hours and cross-examined for three hours more, we shall never get through.

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[Continued.]

*Metropolitan Division. Maximum Retail Coal Prices.
Investigation of Position.*

Spring 1918 and subsequent movements in price.

	Per ton.	
	s.	d.
Margin as ascertained by actual inspection of books	9	0
Winter 1s. retained into summer, representing a gain of	0	9
June 1st Margin increased by Controller. Addition to selling price	1	6 ^(a)
September 16th Margin inc eased by Controller. Addition to selling price	1	6 ^(b)
	<hr/>	
	12	9
October 1st adjustment in respect of winter 1s., then reduced to 6d. flat rate throughout the year	0	3
	<hr/>	
Present Total Margin	12	6
<hr/>		
Expenses as ascertained by actual inspection of books:—	s.	d.
Wages—Loaders and Carmen	3	7
Cartage, Horses, Carts, Stables, &c.	2	5
Establishment, Rents, Rates, Office Staff, &c.	2	11
Loss on smalls, wastage in handling, &c.	0	7
	<hr/>	
	9	6
Add Management and Profit	1	3
	<hr/>	
	10	9
1st Bonus to Men, 2nd February (not fully included above)	0	4 ^(a)
	<hr/>	
	11	1
2nd Bonus to Men, 1st August	0	4
	<hr/>	
	11	5
Reduction in Tonnage due to Control. Addition in respect of Fixed Charges estimated—	d.	
For Profit	3	
Establishment	5	
Cartage	3	
	<hr/>	
	—	0 11 ^(b)
	<hr/>	
	12	4

(a) The 1st amount of 1s. 6d. was added to meet expenses to point marked (a).

(b) The 2nd amount of 1s. 6d. was added to meet expenses down to point marked (b).

1568. *Chairman*: I quite agree with that. I shall be, I think, consulting the interests of the Commission if the witness explains the table himself. We will take the Metropolitan one?—I choose the Metropolitan division for discussion, because it represents prices which have been directly negotiated by the Controller and not left to Local Authorities to negotiate and report. I have summarised the position in the table headed at the top "Metropolitan Division Maximum Retail Coal Prices. Investigation of position. Spring, 1918, and subsequent movements in price." These are the movements in price for which my Department has been responsible. You will see in the spring of 1918, when the first question of increase of price arose, the margin as ascertained by the actual inspection of books of merchants was 9s. per ton.

1569. *Sir Thomas Royden*: What does "margin" mean?—I take the coal at the average price in truck at depot. That includes the pit price; that includes transport charges; that includes wagon hire and any factor's charge there may be on the coal; before you can put a ton of coal into a depot in London at a cost price to the merchant. On that we allow a definite margin as between the cost at which the merchant buys the coals and the cost at which he sells it per ton delivered to the consumer. That margin was represented in the spring of 1918 by an ascertained figure of 9s. per ton.

1570. *Sir L. Chiozza Money*: Does that include railway rate?—No, that is included in the cost of coal to the merchant. He has the coal at a depot in London upon which he has paid the pit price, the railway rate, the wagon hire, and any factor's charge there may be and there it stands to him in his books at a cost price of so much, and he sells it at a price which is 9s.—or he did at that time, above that price. There had been a practice by the Colliery Companies to charge between October and March 1s. extra per ton for coal for house purposes. I do not wish to express any opinion upon that but it was a source of annoyance in this way, that one always had to put up the retail price of coal with the approach of winter. When we came to April of 1918 the 1s. per ton which had been added by the colliery companies from October to March was taken off by them at the end of March. That is to say they came down to summer prices at the collieries, but we retained it in our retail prices; that is, we maintained the retail prices with the 1s. in, and it fell into the margin taken by the merchants. As the 1s. was not charged on the whole of the coal brought in (not every coalfield had charged the 1s., and some collieries charged 6d. only), the average gain as ascertained to the merchant was 9d. I may say that the merchants did not accept that figure. They claimed 6d., but the best I could make of it was 9d. The margin was therefore at the 1st April 9s. 9d. On June 1st the first decision of Sir Guy Calthrop, the then Controller, was that we should increase the margin by 1s. 6d. and the second decision that the margin should be increased by a further 1s. 6d. took effect on September 16th, making, at that time, September, a total margin of 2s. 19d. per ton for the distributing trade. On October 1st the winter shilling would have come into effect again and reduced the 12s. 9d. to 11s. 9d., but by an arrangement then reached (the Controller assenting to the principle) it was thought bad with the winter coming on to put this increase on the price of the winter coal, and we compounded that shilling for sixpence, spread over the whole year. That is to say, it was halved. There was, in consequence, credit on the margin of 3d., making the present total margin 12s. 6d. On the other side of the account I have the expense or cost put in to justify these two further increases and the 9d. The facts ascertained showed that the wages cost of loaders and carmen was 3s. 7d. The actual cost of cartage, being the horses and carts and equipment, was 2s. 5d. The establishment costs for rents, rates, office staff, etc., was 2s. 11d. In the case of London the claim made for wastage was only 7d., and that was accepted. It was the actual ascertained cost of wastage in London at the time. We added quite arbitrarily, that is to say, it is a fixed sum, fixed by the Coal Mines Department, or previously to that, by the Board of Trade, at 1s., but now fixed at 1s. 3d. for management and profit and put it on, making the total sum due to the merchants as at the date of the investigation 10s. 9d. While these enquiries were pending, we had a claim from the men for a bonus, which was granted on the 2nd February, and was estimated to cost 4d. per ton. It is not fully included above. It dropped into the matter during the investigation and is partly in and partly out. For these purposes it is added on in full and the margin comes to 11s. 1d.

1571. *Sir L. Chiozza Money*: Was that on the 2nd February, 1918?—Yes. You will see the trade had a margin of 9s. 9d. in April, that is to say 9s. up to March, and 9s. 9d. in April, and we were therefore allowing the trade up to the 1st June less than the amount they should have obtained if we had put our advances on as expenses had accrued and as we knew they had accrued. On the 1st June we had added 1s. 6d. on to the 9d. of April, and at that time we were allowing the merchants a few pence more than could have been justified. There was a give and take there. They suffered loss for a certain length of time, then by anticipating by a slightly larger sum the rise in cost, they gained for a time. In the summer time we were faced with the fact that the output of coal was dropping and we put into force this compulsory rationing order. The whole tonnage

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to be handled by the trade was falling. We had to estimate what would be the effect of that drop in tonnage upon the position of the trade. We had to take into account their profit, their establishments and their cartage because carts and horses were standing and were not being put to the full use to which they could be put. We added in respect of the last items 11d. to represent what we thought a fair adjustment in respect of the reduced tonnage and therefore the increased expense of the merchants. We had also a second application from the men for a bonus, which was granted on the 1st August, at a corresponding amount to that of February, so we added another 4d., making a total of, including the fixed profit, approximately 12s. 4d., as against which we had allowed 12s. 6d. The difference was rightly granted from a review of the situation. This bargain was made in September, 1918. The war was then continuing and we had, as we thought, a bargain at that time which was really to see us through to 30th April, 1919, without a change. The bargain we had made with the National Coal Porters' Union was that they should not re-open the question of labour charges until April 30th. The bargain we made with the trade was that they should accept our decision on the margin and that it should stand until April 30th, 1919, in order not to be faced with an increase in the price of coal to the consumer during this winter. It was alleged by the trade, and a fact that we could ascertain for ourselves at the time, that all prices were rising. The price of horses themselves was higher, and there was in the same period a constantly rising price for all commodities. And so you will see from our statement of 12s. 6d., as against 12s. 4d. (less probably 2d. for the bonus, which was included in the actual investigation) that there was a margin of 4d. to provide an insurance rate against the rise in the price of material required by the Retail Trade. We did grant a total margin of 12s. 6d. for the retailing of coal in the London area.

1572. *Mr. Sidney Webb*: Can you give us the tonnage on which that was reckoned?—The tonnage sold in London.

1573. Yes?—It is about 100,000 tons a week. It should have been about 120,000 tons a week normally. It now varies from 95,000 to 100,000 tons until quite recently.

1574. *Sir L. Chiozza Money*: Is that L.C.C. London?—No. That is a special London we have created for coal distribution.

1575. What is that?—I can give you a map.

1576. Can you tell us how many coal establishments in this coal area there are? How many retail coal establishments there are, including the separate offices of what I may call the multiple coal merchants?—I have not that. There are 680 merchants and about 1,600 dealers in London. There are about 360 depots from which coal is distributed, railway depots, and river and canal wharf depots. I have not offhand the exact number of distributing depots, but the 680 merchants each have several establishments.

1577. I want the number of retail offices.

Chairman: I propose to do this. You have prepared a similar table for the country. I do not propose to go into that. You have explained the London one, and this one can be printed at the end of the notes. We shall want you at a later stage of the Inquiry, but for the present that is all I have to ask you.

1578. *Mr. Arthur Balfour*: Have you any knowledge of the cost of distribution by the Co-operative Societies?—We have never investigated any Co-operative Societies' accounts. I may fairly say we assumed their coal was sold at something below the ordinary trade cost of coal.

1579. *Mr. Evan Williams*: As the coal output remains at present, in your opinion, is rationing still necessary?—Certainly. I regret to say I do not look like getting out of this job yet.

1580. If there is a reduction in output at the collieries it would be still more necessary?—I should not like to contemplate it. The condition as I see it to-day is sufficiently serious from the house coal point of view.

1581. If the result of granting the miners' demands is there is a further reduction in the output the position will be very serious indeed?—Certainly. I do not know of any way of getting on; you can put it that way.

1582. People will be practically without coal?—In some cases they are to-day, unfortunately.

1583. Worse than to-day?—The worse the tonnage the worse the position.

1584. *Mr. R. H. Tawney*: You are not expressing your opinion?—It is purely hypothetical.

Mr. Sidney Webb: That leaves out export trade?

1585. *Mr. Evan Williams*: Prior to the war it was double what it is to-day?—I know nothing about the export trade. I merely stick to house coal. I know what tonnage I get. I know it is too little for my purposes.

1586. Could you tell us what the cost per ton of coal handled by your Department has been: the cost of the Department of the coal organisation in connection with the rationing of coal?—I can only give you an estimate of that. It is a bit of a guess. Our accounts are only just coming out. I think it must be 6d. a ton.

1587. The cost of your own organisation?—The whole organisation for which I am responsible, local authorities as well as ourselves, would be somewhere about 6d. per ton. It may be a little more.

1588. *Mr. Arthur Balfour*: For household coal?—Yes.

1589. *Mr. Evan Williams*: That cost is borne by the Exchequer at the present time?—Not as to the whole of that. We have always held the local authorities should pay some portion of that cost—one-third we have said.

1590. It will then come out of the rates and taxes?—That is right.

1591. From your experience do you think that a centralised control of the household coal trade in the country is as efficient or as cheap a form of dealing with it as if in private hands. Do you think it is?—I cannot say yes or no to such a question. We have had to encumber the coal trade with many regulations and provisions which are in themselves costly but which it is no fault of the coal trade that they are there. At the same time we have helped the coal trade by our provisions to organise themselves in a better way for handling the job; to that extent probably there have been advantages similar to putting it into one hand altogether. I cannot offer any final opinion without considerable investigation.

1592. Is the present method in your opinion after organisation by you an efficient one?—I think I expressed the opinion that we had made it more efficient. There are still things that could be done if we exercised our powers more drastically, for one thing, or if we took wider powers. We came in to meet a situation which, when we have met, we have no further interest in.

1593. Is it possible to make such economies as would amount to anything like 6d. a ton?—If I must express an opinion I should say yes to 6d.

1594. Under any system of rationing the freedom of choice of coal is practically cut off?—Certainly.

1595. You have had to give to whole districts coal which is not in the ordinary sense of the word house coal?—Certainly.

1596. And even in districts where there is real house coal the consumer has had to take what is available?—We afford no choice as to house coal. As long as it can be called house coal we say "There it is, you must take what coal we can offer you."

1597. That is concerned in the first place with shortage?—That is the first cause and the need for economies in the cross transport of the coal in the country.

1598. To effect economies it is necessary to strictly limit the consumer in that way as to his choice of coal and choice of coal merchants?—I would not like to say that has led to real economies in the price. In some instances more has been paid for coal than normally was the case. Certainly restrictions properly put on would have the effect of securing some economy, that is true.

1599. Centralised control necessarily makes for restrictions of some kind?—Certainly, that is the object of it.

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1600. *Mr. J. T. Forgie*: You mentioned the cost of your establishment under the Rationing Order was 6d. per ton?—As a guess.

1601. Have you included all the cost of every part of the Coal Controller's establishments that are dealing with this matter, or included all the share of the costs of the District Coal and Coke Supplies Committees?—Certainly not, purely our own branch.

1602. They are doing a large part of the work?—I am dealing with the Household Fuel and Lighting Branch only.

1603. Are they not doing a lot of the work?—In what way?

1604. In dealing with this Rationing Order?—They are distributing coal.

1605. I know the District Coal and Coke Supplies Committee, and I know a lot of this work comes before it. There they get their instructions from you and are carrying through to a great extent the work given out by you to do in the districts. You do not get at the real cost of your Rationing Order unless you bring in these other costs?—I am not dealing with the final total cost, but the cost of the branch for which I am responsible.

1606. If in the total the cost of all these branches was brought out, it would be more?—The bulk of the cost must be in our branch, because of the extent of the organisation.

1607. Your branch, as you call it, and the cost does not cover the whole?—It is not the whole cost.

1608. It is not the whole organisation that deals with your work?—I agree.

1609. Your 6d. will be increased if that is the case?—Yes.

1610. *Sir L. Chiozza Money*: You do not admit it would be very much increased?—No; I say it will be increased.

1611. *Mr. J. T. Forgie*: Regarding the attention you have given to the matter of distributing coal, do you think it will have a serious and permanent effect when the rationing is done away with?—I think this: The coal trade having been brought under control and having been dealt with upon a uniform basis, and having been made to assist in the control, the merchants, after the control ceases, must benefit by their experience. I do not see how they can avoid it. I hope the whole trade will support me in the statement; I do not know whether it would, but I should hope so.

1612. We are always willing to improve. Do you not think the merchants were carrying on the business at the time the control started to the best of their ability, and when we come back to normal times and people have a choice of their coal merchants and their coal, do you think a great many restrictions will vanish?—I hope not. I hope some of the things we have secured will not, some will, certainly, but it will be a much better conducted trade.

1613. *Sir Arthur Duckham*: I want to ask you about the quality of the coal. There has not been any choice of coal for the consumer at all under this control. The quality of the coal is undoubtedly very much worse than pre-war?—I agree that.

1614. Therefore most probably there has been less picking, washing and handling of the coal at the pit's mouth?—I should think so.

1615. I bring that out because we have heard of other things. Can you speak about the cross traffic?—The railway traffic?

1616. Yes?—No. Another witness will speak as to that.

1617. *Sir Thomas Royden*: We have learnt from you that in the process of distribution, that in the steps to take the coal from the colliery to the ultimate consumer, there were according to various circumstances two or three intermediaries?—Yes.

1618. Presumably as that is the condition of affairs that you found under free conditions, that is to say, before the war, it is fair to presume that there were certain advantages in it from a consumer's point of view, from the largest consumer to the smallest, so that even if one could devise a system of unified control, one would require the same machinery, though per-

haps not as independent units, to act as the distribution agency?—The various functions would have to be performed, whether in one hand or several.

1619. One would still have to maintain a very considerable machinery in order to reach the smallest consumer, who now deals in hundredweights?—We have retained the existing machinery.

1620. That was a war measure. I look to the future now. It would still be necessary to maintain some service of that sort?—The functions must be performed whether by one person or by several.

1621. It seems to the ordinary uninformed person like myself to be an elaborate and possibly cumbersome method of distribution, that is to say, with regard to the different stages, but from what you have seen of it, you think they are essential from the point of view of distribution from the colliery to the consumer?—They each perform a definite function with regard to the distribution of coal.

Mr. E. H. Tawney: Do you mean that they perform it in the most efficacious manner possible?

1622. *Sir Thomas Royden*: Is there a large wastage of effort in the process of distribution?—I came to the conclusion, from the investigations which we had to make, that because of the limited facilities at our disposal the control had effected an economical distribution.

1623. I want to look at it from the point of view, not of what has occurred during the war, but of your experience, as gained of the retail coal trade in the country, and perhaps more especially in London; does it seem to you that there has been a great waste of effort and a great waste of money in distribution?—It would only be fair that I should speak from my own experience and I have gained my experience during the control, which is purely a war experience. I had no knowledge of the coal trade as such before I came into this work.

1624. I want to arrive at an answer to the question of whether the trade is capable of considerable improvement?—I think it is capable of improvement, but I do not think the improvements that could be effected would be represented by any substantial amount of money.

1625. *Sir L. Chiozza Money*: Is it within your knowledge that Mr. Dickinson estimated the wages cost of the miners' demands, in so far as they effected wages and leaving out of account for the moment any effect on output, at about 4s. a ton?—I was not here when he gave his evidence. I am not concerned with the subject.

1626. Will you take it from me he made that statement?—Yes.

1627. Have you noticed that in your statement here the mere cost of the following items, establishment, rents, rates, office staff, &c., of 2,280 coal dealers in London, some of whom have multiple offices, amounts to 2s. 11d., and in the other part of the statement, with the addition of 5d. below, it makes it 3s. 4d.?—At the present time.

1628. That is to say, the cost of the establishment charges in the London coal trade is within 8d. a ton of the amount estimated to be the cost of the miners' demands if granted a reasonable wage.

Sir Arthur Duckham: Was it 4s. or 8s. 2d?

Chairman: The increased cost was 4s.

1629. *Sir L. Chiozza Money*: I said wages without regard to the effect on output. If that is accepted, I repeat my question. If you take it from me that 4s. was stated as an official estimate, have you noticed the war cost of the establishment—rent, rates, offices, staff, &c., of the London coal dealers is 3s. 4d. a ton?—It repeats a fact that I have given in evidence. I admit it. I cannot refuse the admission.

1630. Do you think under a unified system any such cost would be necessary?—Certainly; you must have an establishment.

1631. You have pointed out that all the cost of rationing coal by your department you had to deal with numbers of forms, difficult forms, on which all the people of London had to enter up their requirements, and you had to have them all checked and co-ordinated and you had to organise it all, and you

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tell us that comes to about 6d. a ton?—That is a guess. I have not the figures; I can bring them more accurately before you if you wish.

1632. Even including the allowance for which charges have been incurred by other departments it would not be more than 7d. or 8d.?—I should hope not.

1633. Do you think for an organised system of unified coal distribution in London such as by the L.C.C. acting as an organised body, the amount of forms that would be required, the amount of office work that would be required would be more than actually exercised by you in connection with the very difficult work of rationing?—I shall have to make a little longer explanation to be clear upon this. I am only dealing with the out-of-pocket costs of rationing. We do not allow the Local Authorities to maintain separate officials for this purpose. The work has been thrown on to their existing organisations, and we have strictly limited the amount of money they can get for this purpose. We have not allowed them to charge for office rent or to charge for the reserve stocks of coal or other special services rendered, other than the purely clerical work. There is a large gap between the cost of that and the cost of the handling of the trade.

1634. Does not your own statement admit it has not required anything extra for rent?—I do not think that is true. I think you will find with regard to food, coal, and other special war administrations of local authorities, that some have had to extend their offices. We did not allow specific charges to be placed on coal. There have been expenses incurred by Local Authorities outside my responsibility.

1635. I did not refer to food?—I put that as being worked together with coal sometimes.

1636. Are you not aware the coal offices are situated in ordinary cases in the offices of the Town Council?—Yes, in some cases; in other cases not. You cannot pick and choose.

1637. *Mr. J. T. Forgie*: What happens to the other charges which have not been taken into consideration?—We do not accept responsibility for them. You cannot put them on to us. They are not items for which I am responsible or on which I can have any knowledge.

1638. They would add to the cost?—Certainly.

1639. *Sir L. Chiozza Money*: I suggest the 5,000,000 tons in London at 3s. 4d. a ton makes £850,000, which is a very excessive charge indeed for 5,000,000 tons of coal to be distributed in London by 2,280 dealers. It is only necessitated by the fact that there are so many dealers and offices?—I am not sure I accept that.

Chairman: What is that figure, Sir Leo?

1640. *Sir L. Chiozza Money*: £850,000?—That includes rents of depots. Whatever you do with regard to unified control, the depots cannot be reduced. They would have to be increased probably.

1641. *Mr. Sidney Webb*: Not necessarily. The point is, if you have 680 merchants and 1,600 dealers you have a large number of small tenancies of depots on which the aggregate rent is enormously more than if you were dealing with large tenancies for depots?—I do not think that is fair. I would rather the railway witnesses spoke to that. I do not think the railway depot rents are on a commercial basis. The railway companies have afforded the merchants depot accommodation not on a commercial basis. You can only measure the depot requirement by the number of wagons you have to handle day by day with room to bring carts alongside to load up. Therefore, the cost is for a certain accommodation in sidings for wagons and other things which you cannot get rid of.

1642. *Sir L. Chiozza Money*: I want you to look at the factor through which the coal goes. Do you not think the clerical work in connection with that is a very small thing indeed?—We investigated that, because, as a matter of fact, the Coal Mines Department acts as a factor itself. The cost of handling coal through our own office, the actual cost, without rent and establishment charges, only clerical staff, would be very nearly 3d. a ton.

1643. May I direct your attention to the tiers of services. The colliery has its accounts with the factor?—Yes.

1644. The factor with the merchant?—Yes.

1645. The merchant with the dealer?—No, to the merchant, the dealer usually pays cash.

1646. Not always, you have given cases where there are four tiers?—The last tier is a cash tier. The dealer comes into the merchant's yard with his van, asks for a ton of coal, or 2 tons of coal. It is put up on his cart, and he pays cash, and then goes out with the bags and sells them at a bag at a time.

1647. *Mr. Sidney Webb*: He is the trolley man?—Yes.

1648. *Sir L. Chiozza Money*: We do get a factor's charge in the three tiers?—Yes.

1649. So we have altogether more than 3s. 4d. to deal with?—There is about 6d. for factorage on the average in London.

1650. That is 3s. 10d. It comes to this, the men's demand in respect of wages on coal, so far as London is concerned, is only a few pence more, 2d. more as a matter of fact, than the establishment charges of the retail agents plus the factor's charge.

Mr. Evan Williams: 4s. is not the full amount. *Mr. Dickinson* said if the men's demand meant that they were to get the same wages for reduced hours —

Sir L. Chiozza Money: I specifically excluded that. I spoke of the wages without reference to the amount of output which is hypothetical.

Mr. Evan Williams: You mean the 30 per cent. alone and everything else remaining as now?

1651. *Sir L. Chiozza Money*: Yes, I do suggest, if I may, that from your experience of this trade in London you will at any rate admit there is room left for a very considerable amount of economy if you have unified control?—Like other members of the Committee, you will add adjectives. I say there is room for economy. Very considerable, I do not admit.

1652. You feel you have economised so that there is not much margin left?—I look at it this way. There is a certain tonnage of coal to be handled. That requires a certain number of horses and carts and a certain amount of clerical staff and a certain number of offices to meet the public convenience. It requires a certain amount of depot accommodation; and, when you have reviewed all those facts, I say there is room for some economy; but very considerable, I say no.

1653. *Sir Thomas Royden*: I asked the witness whether he thought in fact there was much room for economy, and I understood him to say not much?—I express no opinion upon the quantity, except it is not considerable.

1654. *Chairman*: I think you said your organisation cost 6d.; it is capable of improvement and the improvement would not mean much money?—The coal trade improvement would not mean much money.

1655. *Sir L. Chiozza Money*: May I point out 5d. of these establishment charges is a mere arithmetical equivalent of the reduction in tonnage in London occasioned by the war?—We closed my proof down without going to page 7.

1656. *Chairman*: I did it on purpose?—I made certain admissions on page 7 which if they had come out in evidence in chief would have served Sir Leo's purpose I think.

1657. We will go to page 7, No. 27: Conclusions as to the present maximum price of coal. It may be expected to be reduced by how much?—10 per cent. of the distribution margin when the tonnage reaches a normal level; by 5 per cent. of the distribution margin when the material cost of securing and maintaining the plant in London comes down to, say, 150 per cent. above pre-war level, which might be expected; and by 2½ per cent. when free competition amongst traders tends to some cutting of profits. After all we have established an artificial profit line and the profit taken by the merchants judging from what happened before the war would be less than that, and we might expect a reduction on that. I summarised that as representing in

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London a reduction of 2s. per ton. It is only fair and right that I should put to the Commission the fact that we have before us a very large demand from our own people engaged in retail coal distribution. I have their programme before me. I got it by courtesy this morning. It has not come before me officially. They ask for £4 minimum week by wage for five days a week's work and 25 per cent. increase on piece rates. As against any economy which will arise because of the resumption of normal conditions after the war we have to set off the increased cost to the distribution trade for the wages of its people.

1658. *Sir L. Chiozza Money*: What is that per ton?—I have not worked it out.

1659. You could?—I only got it this morning. It struck me it would cost 1s. 6d. or 2s. a ton more in the handling of the coal. Please take that with all reserve. I have merely run it over to get a rough idea. The reduction which I think would come with the resumption of normal conditions of trade would be somewhere about 2s. or a little over, so there is not such a large margin in the absence of war conditions as you put to me just now.

1660. What you mean is you anticipate, quite apart from any economies due to further control, a reduction of expense of 2s. a ton. You think that will be offset by the new wages demands of the men engaged in retail work in London. Once more, to bring you back to the facts, the retail establishments cost 3s. 4d. and there is 1s. 6d. for profit and interest on the 3s. 4d. a ton, and on top of that again some 6d. for factors' charge, making altogether 5s. 4d. per ton?—I accept the figures.

1661. I put it to you, if I may as a business man, if you add the saving due to the organisation in London of a unified coal system with a central office and with direct dealing with an authority that could give you coal direct from the colliery without any intermediary, you could distribute that coal in London and get rid of a great deal of this 5s. 4d. a ton, and save more than the 2s. to which you refer?—I do agree with the 2s. but I do not agree that you get rid of the 3s. 4d. I get rid of the 2s. by resuming normal conditions of supply and demand I certainly agree further economies could be made. I do not think they are much, and that is as far as I can go without making enquiries into the figures. Without that it is impossible to give a more definite answer.

1662. You agree there would be some saving on the 3s. 4d. apart from the 2s.?—I said all along there is some further economy that could be made.

1663. It is only fair to ask you as I have asked you an opinion on a hypothetical thing, what opinion have you formed?—The opinion I formed is the saving is not much, but there is a saving. I really cannot go beyond that.

1664. *Mr. R. H. Tawney*: I understood when you took over control you maintained in existence the four stages in the handling of coal you spoke of?—Yes, we found we could not do without any of the stages. We did try to go behind the factor in certain instances. I was new and perhaps ill-advised. I found that was not an efficient business method.

1665. You did not try to construct an alternative organisation?—That was not my business. We had to act promptly with what we could get hold of.

1666. In spite of the fact you did not try and eliminate any of the cost, you think really by eliminating competitive and odd selling you did make some economy?—I think the cost of coal would have risen more if it had not been for the control.

1667. That is to say, control, limited as it was to tentative measures, did protect the customer, and prevented the seller of coal raising the price as much as might otherwise have been?—I do not know. We did something to standardise trade conditions.

1668. Supposing you had possessed fuller powers and had greater powers, you would have been able to attempt possibly larger economies?—I had no instructions to that effect.

1669. There is a field of economy that has not been explored—the possible economy of unification?—In one or two places, where they were visited with acute

trouble owing to the shortage of supplies or distribution facilities, we had to consider whether by pooling stocks and bringing the merchants together as one group we could do the thing more efficiently than by leaving them to keep their stocks and supplies and get on as best they could separately. We have had one or two cases like that.

1670. You did not make a general plan?—No, it was no business of ours to do it.

1671. In spite of the fact that that was ruled out, you are satisfied you prevented the price of coal rising as much as it would have done?—I do not like to put a quantitative value on it, but I think if we had not stepped in, it would have been more costly to carry on the business.

1672. *Mr. Sidney Webb*: I will not ask you anything about establishment charges, you said there were about 680 merchants in London?—That is the number registered with us.

1673. Are they separate concerns or are they aliases—one firm appearing with a few different names?—Every firm is registered. If a firm traded in another name it would still be registered, and presumably combined firms would be included in it, too.

1674. Is it within your knowledge that there is one large firm which does a very large proportion of the London trade?—I am dealing with purely house coal.

1675. Is it within your knowledge that there is one large firm which does a very large proportion of the London trade?—Certainly, I have heard there is a group of related firms that do a considerable business, but they are not a paramount factor from my point of view. They were treated like any other firm, and had no predominant influence with us.

1676. The 680 are dealers of very different size?—Very much so indeed, from a very small tonnage to a very large tonnage.

1677. Leaving out the establishment cost and the cost of factoring, the management, that is to say, the remuneration of the managers and partners and directors, at 3d. a ton comes to £65,000, which, perhaps, is not adequate for their services?—Certainly not.

1678. You allow 1s. 3d. for profit over and above this management, and their interest and this comes to £385,000?—That is not on 680 merchants. That is for everybody in the coal trade other than the salaried people.

1679. I do not understand that?—We made the merchant, when he sold the coal to the dealer, credit the dealer with the 1s., so that he got the 1s. and the merchant lost it.

1680. The trolleyman got it?—The trolleyman, who worked on his own account instead of getting wages. We secured this for him by the assent of the merchant. When coal was passed on between the dealer and the merchant, the 1s. passed on too, and no additional 1s. was put on.

1681. Therefore the range in magnitude between these 2,000 to 3,000 people is enormous?—It varies from a man who does his trade with one horse and cart up to the firm doing 150,000 tons a year.

1682. With a firm doing that the 1s. a ton would represent a considerable income?—Yes. As a rule they are firms with a large number of people interested. I did not go into that.

1683. You added another 3d. to that without, I will not say considering the fact at all, but the fact is you were giving large sums to the firms that had already large incomes?—Supposing it was a limited liability company. Their gross profit would be the same for the year at 1s. 3d. as previously with the 1s. The incomes of the people interested were, as I thought, manifestly to be kept constant; and when one considers the nature of the position of the middle class in these hard times I think we were fairly entitled to try to maintain the middle class man's income.

1684. Then they obtained that odd 3d. to the 1s. profit in order to maintain the level of living of the middle classes in London?—I only give that as a way of looking at it. We must maintain the net revenue to be fair to everybody. When we get less tonnage we have to increase the amount per ton for the purpose.

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1685. The 1s. per ton represents a large part of the miners' claim for more wages?—You certainly do not claim there should not be anything?

1686. I do put it that any municipal organisation of this sort would not expect £65,000 for management and £300,000 for remuneration for the heads of the departments employed?—That is for 124 local authorities.

1687. Is not that the vice of the whole thing?—I understand Mr. Webb to say that if there was a municipal form of trading the local authority would deal with the whole of the coal supply in its district. I say the facts which you are taking are not for a single municipality but for the Metropolitan Division, which represents 124 municipalities.

1688. Comparable with the Water Board?—Something of the sort. May I ask you a question? What is the cost of the Metropolitan Water Board?

1689. I am not talking of the cost of the Water Board, but of the cost of the coal. If you compare the cost of administration, the corresponding figure to this, it does not work out at anything like 1s. a ton of coal?—I am in a distinctly awkward position in this sense. I have been brought into the business from outside, and had always to maintain a fair balance of advantage between the trader and the consumer. I have done my best with that position. I think it is only fair I should tell Mr. Webb I have had deputations from small traders who have said most emphatically that the amount I have allowed is not sufficient to live upon. I have had their figures before me, and it is true to say it would take more than 2s. a ton to keep them fairly remunerated for their services where they are working themselves for profit instead of taking their money as wages. They are living in a small way. In fixing our price at 1s. 3d., as I say, we did not accept in full that claim. I had really to act as best I could and hold the balance between the large firms that can do it for less than 1s., and will do, if left to free competition as in the past, and the small firms that needed more assistance. We could not, as a Government Department, fix it on a low standard, but on a standard that would maintain our distribution facilities reasonably efficient, and consequently we came to the conclusion that 1s. 3d. was the proper charge.

1690. *Mr. Sidney Webb*: Nothing I have said was by way of criticism of your Department. It is on the way the 1s. 3d. has been made. 1s. 6d. was put on as being necessary. If the large firms were sufficiently fully remunerated the smaller firms by this intermediate price will come off badly, and it follows that the largest firms got more than was necessary?—I agree to some extent they did. No doubt if the large firms were called to give evidence they would show they had made more than 1s. 3d. a ton for the coal. There is one observation from the experience we have had. I think it is fair to assume that however the coal trade is conducted you could not get rid of the whole of that 1s. 3d. It is not practicable to transfer that 1s. 3d. to the miner. It cannot be obliterated by any organisation of the coal trade.

1691. *Sir L. Chiozza Money*: The whole of it?—Yes.

1692. *Mr. Frank Hodges*: There is one question arising out of the statement made as to the annual reserve of coal in London. Did you say that amounted to 300,000 tons?—Not this year, the year before.

1693. 1918?—There was a stock of 384,000 tons in one particular week as the maximum. That was equivalent to three weeks' supply of coal for the whole metropolis.

1694. Out of that reserve of coal owing to its being stacked there was a depreciation of 20 per cent.?—I would not say that, and I did not say that. I said it varied from 10 per cent. to 20 per cent., according to the class of coal put down. I have not the detailed figures to show there is that loss. We made enquiries, and from specific data we came to the conclusion there was a considerable wastage in stacked coal.

1695. Whether it was 10 per cent. or 20 per cent., there was a wastage due to stacking?—It merely deteriorates the coal; it crushes it up. Instead of being sold as house coal it is sold at different prices for

industrial purposes. It is not loss in the sense of total loss.

1696. It can be sold at a less price?—There is some total loss. The effect of the weather has something to do with it; but that is not the appreciable loss.

1697. I want to know whether when such depreciation takes place, as it does, how the value of that depreciation is arrived at, and whether it is included in this 9s. margin?—The 9s. was based upon an actual investigation of certain merchants' accounts and in so far as they had suffered loss by wastage that actual ascertained loss would be in those accounts. It is in that way that you get the loss upon an actual ascertained basis.

1698. The consumer in the long run has to pay for the wastage caused by stacking?—He will always have to pay for a certain stock to secure a guarantee of his supply.

1699. That is not the point. He has to pay the wastage in that 9s.?—Yes, certainly.

1700. Can you give me any idea of the coal stocked in London to-day?—I have the figures.

1701. What are they?—I do not know unless it is material whether I should give it; I would not wish to disclose it.

1702. It is material as far as I am concerned; I would like to know it.

1703. *Chairman*: Tell me as a matter of policy why you do not want to give it?—I suppose it is generally understood that the stock of coal in London to-day is very small.

1704. *Chairman*: You can put it down on a piece of paper?—I may as well disclose it.

1705. *Mr. Robert Smillie*: Mr. Hodges does not want it for the miners' purposes?—It is hardly pertinent to the inquiry. If it is not answered the damage is done. I propose to disclose. Any mischief there may be in it is already done. We have 43,000 tons stocked in merchants' yards. We are taking in stock at the riverside wharves ourselves out of sea-borne cargoes, because of the serious lowering of the stock in case some fog on the railway or snowstorm should interrupt supplies. It is not equivalent to more than three or four days' supply. We have certain reserve stocks in the hands of authorities. We have earmarked certain gas stocks; but taking the situation as a whole, the stock in London is not what it ought to be from the point of view of security.

1706. It is equivalent to a week's supply?—It can be taken as equivalent to a week's supply.

1707. I wanted to see if the percentage of wastage was still going on?—Where there are stocks of coal there must be wastage.

1708. In what particular class of coal does this wastage occur most?—In the soft coal.

1709. From what area?—I am not a coal expert, and I cannot answer that. I think it is Leicestershire. We have a good deal in London which is rather bad. I am told that the Durham coal we are bringing in is very bad for disintegration. It is not a question of loss so much as of deterioration. I am not an expert on coal.

1710. You cannot give us information whether by scientific handling of coal that wastage could be saved?—I have never considered the point.

1711. *Mr. Robert Smillie*: I thought Mr. Hodges' point was, if you budgeted for your stock of 380,000 tons which deteriorates 10 or 20 per cent., and if your figure of 9s. included that loss, and if there are no stocks now comparatively as compared with previously, that loss cannot be going on, but you are paying merchants for the supposed loss?—I will admit this. In so far as conditions to-day are concerned, they are not the conditions at the time of the investigation. So far as a variation of the margin is concerned, the fact that the stocks are so small is counterbalanced by the fact that we have tried on two or three occasions to put coal down and had to pick it up again for immediate use; so perhaps there was not so much loss on wastage as on another item of expense, the handling of the coal.

1712. That is a very serious increase?—That would be a greater increase of cost than the wastage would be. I do not think the situation would be affected to the extent of any real sum of money which you

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might get hold of. I really do not know; I can only say I have not investigated the accounts this winter, as there has been no need.

1713. Do you know, from your own experience, of any colliery owners who send their own coal into London and merchant it there?—Certainly.

1714. Do they belong to all the tiers?—I think there are collieries selling in London direct as merchants. There are firms who are both merchants and factors.

1715. May I take it that collieries selling in London as merchants, or in any other towns, would not have their pitbank price but the district price as merchants?—In so far as I am concerned, the coal is sold to the consumer at a maximum price fixed for everybody, therefore, a colliery selling its own coal in London would obtain both the factor's charge on the coal and the merchant's profit. That is agreed. There is no question upon that. The firm that factors the coal and the firm that merchants the coal might in two sets of books put in two items of profit.

1716. If you are told one of the chief reasons for giving to the merchants 2s. a ton on an order under 30 tons was because they had to send a letter to the colliery company and send a letter to the buyer, and for that they got the 2s. a ton—what then? The colliery company selling direct on the order of that person 30 tons would get the merchant's 2s. in addition to the pitbank price?—I thought that was admitted. The 2s. was fixed definitely, because there was a factor's shilling and a merchant's shilling, and when the factor dropped out the 2s. were added together.

1717. I am afraid I do not follow. It was in steps of 3d. and 6d.?—That was for different classes of coal. I deal with household coal.

1718. I am dealing with different classes of buyers?—Take household coal. The figure with regard to household coal is 1s. Normally if the factor goes direct to the consumer it is 2s., that is the factor's 1s., as I understand it and the original merchant's 1s. added to it.

1719. *Sir L. Chiozza Money*: It was 1s. 6d.? The 1s. 6d. has not gone back to the factor. I had nothing to do with it.

1720. I think the dealer has been raised to 1s. 6d.?—Not the factor.

1721. *Mr. Robert Smillie*: We were told a merchant, not a factor, secured the 1s. a ton on a 500 ton order to be sent to the colliery company. Then he gets an order from a consumer for 39 tons and he forwards that to the colliery and the colliery delivers to the person who wants the 39 tons who conveys it from the railway station to his own house?—You are repeating to me evidence that was given yesterday.

1722. *Sir Arthur Duckham*: This is a very important point *Mr. Smillie* has raised. Can we get the quantity sold under the system?—I am going to give that. I have from my own returns the tonnage which they supplied direct to the consumers. Out of a tonnage supplied to colliery agents or factors orders of 241,635 tons in a week, 15,103 tons were supplied to the consumers direct.

1723. That would be the 2s.?—It could be

1724. Was it?—I do not know. Out of roughly 250,000 tons a week the return shows 15,000 to 16,000 tons were sold direct to consumers a week, that is to say, sold by factors direct to consumers. In truck loads that is.

1725. *Mr. Sidney Webb*: That is 7 per cent.?—You have worked it out more quickly than I could do. It is purely household coal. I am not dealing with industrial coal.

1726. *Mr. Robert Smillie*: There are two points I want to put. I will give a case in point. I have information from a collier at Whitley Bay, where a man paid 39s. a ton for the coal delivered. The price at the pit bank, that is to say, at the colliery, was 25s. 6d. He wondered why it was necessary that he should pay 39s., because he was an ex-collier. He wondered why he should pay that for coal which was sold at the pit bank at 25s. He went and secured a carter, who offered with his horse and cart to lead 2 tons for him. He went to the colliery to order the

coal. He said: I will cart the coal at 5s. a ton and deliver it at your house. The colliery people said we cannot allow that. We shall not supply the carter of yours; you cannot do that; you must take it through your regular merchant. That is according to instructions, I understand, given to the colliery company, and it is on your instructions that they are not entitled to supply that?—The man, having registered elsewhere, could not go to the colliery.

1727. Why the difference in price? This man could have got his coal somewhere between 25s. 6d. and 39s. The real difference was only 5s.?—I was told the case you mentioned was at Seaton Delaval. The price of coal in Seaton Delaval, which I looked up before coming here, in order to meet the points which you were raising, I find is made up of the pit price, plus 3s. 6d. per load of 15 cwt. to 1 ton for delivery for a distance not to exceed 1½ miles.

1728. Do you mean in the village?—In the district.

1729. I am dealing with the colliery?—That is the price at which they have to sell the coal. If they deliver it they are allowed 3s. 6d. extra for 15 cwt. to 1 ton up to 1½ miles.

1730. This can be proved?—If you give me the facts I can look into it.

1731. I raise this because I know it is going on elsewhere. Why the difference? The proper price for taking a ton of coal from Seaton Delaval to Whitley Bay is 10s.?—It might not be 10s. The price of coal from the Seaton Delaval Colliery should be the pit price of coal plus the cartage charges. The charges should be settled by the Local Authority and persons should pay that price. We have had applications from collieries with regard to what they call landsale prices. The pit prices are not as full prices as they might be entitled to charge, because you will quite understand the selling of coal by retail costs more than selling it direct to the trade at the pit. The amount I agreed which they could add to the pit price of the coal in respect of the extra cost of dealing with small orders and clearing them through the pit accounts was 6d. plus cartage, and they could make a charge on that basis. If your figures do not agree with our instructions I shall be pleased to take the case up in another way. I must have the facts, and I will deal with the case. Might I have the facts in writing?

1732. *Mr. Arthur Balfour*: Your price is 3s. 6d. for carting?—That is not Whitley Bay. If you had said Whitley Bay I would have looked it up for Whitley Bay. I looked it up for Seaton Delaval. I was not told it was Whitley Bay.

Mr. J. T. Forgie: How far is it?

Mr. R. W. Cooper: Five miles.

1733. *Mr. Robert Smillie*: It is not within the 3s. 6d. radius?—It is a question that can be settled. If you give me the facts on a sheet of paper you shall have the answer.

1734. I suppose when the co-operative societies are merchants for the distribution of the coal they are on the same terms?—The co-operative societies are both factors and merchants. They are treated as any other merchants or factors in the trade.

1735. That is where a co-operative society buys coal and distributes it to its branches?—Yes.

1736. I wish to raise this question. In Glasgow the Co-operative people there are very largely distributors of coal?—They do about half the trade of Glasgow, I am told.

1737. After the rationing they were receiving 75 per cent. of their previous supply?—They have received far more.

1738. I understood it was 75 per cent. to all merchants?—That was our minimum standard of distribution. The co-operative societies of Glasgow, I think, if they will turn up their records, will find they have received far more.

1739. I know that on one occasion the masters refused to sell them any more?—I am not aware of that.

1740. The Coal Controller is aware of it?—I am not aware of it. We have had trouble with the Co-operative Societies of Glasgow, certainly.

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1741. And for a very good reason too. When coal rationing first came up a fairly large number of the members of the Co-operative Societies were being supplied by outside merchants with coal?—That is putting it at the worst. I would rather put it this way. Put it they were; they bought some of their coal from the Co-operative Society and some from merchants not the Co-operative Society.

1742. A very large number bought entirely from outside merchants and not from the Co-operative Society at all?—It may have been so; the other case was more common.

1743. After rationing people had to register, and a very large number registered with the Co-operative Society?—Yes.

1744. They were entitled to do that?—There was nothing in the Order which prevented them; that is to say, in our instructions. We were entirely unable to cope with the redistribution of the coal through all the different distributing agencies in the country. If we had tried there would have been no proper distribution for two months. In order to prevent another breakdown, instructions were issued to the Local Authorities, and, through them, to the public, and I take it they carried out our instructions, that, as far as possible, customers were to continue to trade with the merchants or dealers with whom they had traded in the past. That was a provision we had to make for good practical reasons. You had to get coal through your regular channels or not at all, probably.

1745. I am not making a complaint. The Co-operative Society were not differentiated, and they received the order that the coal consumers in Glasgow, as elsewhere, were to register with any merchant they cared to register with?—Yes.

1746. It is not the Order we find fault with; it is your instructions. After the man had registered the Co-operative Society found they could not meet the claims of the hundreds or thousands of customers, their own people, registered with them, and they made a complaint to say they wanted more coal?—Put yourself in my position for one moment. We had to proceed with the distribution of coal and register our customers. There was a certain tonnage of coal coming from certain collieries, and, when it came, they had agents and proper trade organisations for securing the distribution. "We were suddenly asked by the Co-operative Societies who had registered far more customers than they ever had had previously where that tonnage had come from, and they asked us to find coal from somebody else and give it to the Co-operative Society. It was impossible to undertake the work, and I refused to be a party to it. For practical reasons, I could give no other decision. When we had the work of the Coal Office and agents we had 75 per cent. of the previous tonnage available for distribution, and for people to come and ask for more coal to meet the demands of the trade which had got into this unfortunate position, it was impossible to comply, and, to that extent, the Co-operative Societies probably got more favourable treatment than any other merchants in the trade.

1747. Do you say the distribution of coal in Glasgow is not a mobile thing? Cannot it be quickly changed from one merchant to another?—Even to-day if you take the whole tonnage of Glasgow, 5,000 tons every week passes, not through trade agencies, but through the Controller's agency, because we were entirely unable to make our allocation of coal meet the shifting of business.

1748. Now put yourself in my place. If a large number of these members were coalminers working 10 or 15 miles outside Glasgow, but living in Glasgow, and they were registered according to the Order with the Co-operative Society, and were told could not get coal—though they were producing it every day, and were told they would have to go back and register with the merchant they had previously got the coal from—the feeling in Glasgow in the Co-operative world is it was not because the coal supply was not sufficiently ample if it had been sent to the Co-operative to meet the new claim of

those registered people, but it was because you wanted to protect the large merchants against the Co-operative Society?—Certainly that puts a different aspect upon it, and it is right I should explain my position. When I entered upon the control I set myself one principle upon which to work. When we started we said that when the control was wound up we should, as far as possible, leave everybody in the position they were in before the control. I certainly laid that down. It was in a time of war, and people were being taken out of their businesses and sent to France. Some were left to carry on the business here. We did not know who had gone or who had stayed. I said the only safe course which we can adopt is, as far as possible, to retain the tonnage through the existing channels, and in the existing way. That was done by my directions and by my instructions. It was right that we should endeavour to secure that. We have the reverse of the picture even now. There are people coming back from the Front day by day wishing to resume their business as coal dealers. Merchants were able to keep their businesses going by other persons, but the little dealer, who had a horse and cart, when called up went out of it. He had no customers registered and he is now returning and wants to get back to his business. We have issued instructions to assist to reinstate these men. Our whole principle has been that our control should not in the end effect any substantive disturbance of trade because it was only a temporary control and we were not justified in doing it. We have done our best to help people and tried to be fair to everybody.

1749. You know there is a Scotch representative of the Coal Controller?—There is a branch in Scotland.

1750. Is it one of your branches? My branch has divisional offices, 25 of them. There are four in Scotland and 21 in England and Wales. We de-centralise a lot of our detail work to the branch offices. If you will give the name of the person you are referring to I will look into it.

1751. *Mr. Arthur Balfour*: I sympathise with Mr. Smillie's case, but we shall not get our report by the 20th March if we spend all this time on individual cases?—I should like to suggest that there has been carried on in the office a correspondence on this subject for a considerable time. I have seen the Glasgow Co-operative Societies two or three times by deputation. I have endeavoured to adjust their grievances. The last time I understood they were satisfied with the settlement of the case. I really hardly see that this is a proper place for the ventilation of their grievances when we are engaged on a discussion of this sort.

1752. *Mr. Robert Smillie*: It is because I feel you have taken the matter in hand for securing a far larger return for the coal trade than you are entitled to give them?—That is not a fair inference from anything we have done. We have tried to maintain the trade on an economic basis as far as possible and to hold the balance fairly between myself and the trade and consumers.

1753. *Mr. J. T. Forgie*: Do you know the percentage of the previous trade the Co-operative Societies of Glasgow had as compared with the coal merchants in Glasgow?—I am told they had about half the business.

1754. The percentage of the previous trade?—I only know the facts as they come to me. I understand they are doing about half the business nominally. I do not think there is much in Mr. Smillie's case. I have met, and I think I have met fairly, the demands of the Co-operative Societies. I went out of my way to get them out of the hole in which they were placed through no fault of theirs or mine.

1755. *Mrs. A. W. Cooper*: When talking of London, I suppose you mean the Metropolitan Division as defined by your Fuel Order?—By the map. May I hand in another document?

Mr. R. W. Cooper: I want some idea of the area you are speaking of.

(Adjourned for a short time.)

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[Continued.]

1756. *Mr. R. W. Cooper*: You referred to the map of the Metropolitan Divisions. I should like to ask you what you mean when you compendiously use the expression "London." Have you any idea of the size of that Metropolitan Division with regard to its populations and so on?—A population approximately of 8 million people and the number of houses 1½ million or rather over. That is private houses. I will put in another document which will be of use in this connection, and that is the actual Controllor's Order regulating the prices in London, giving the exact prices fixed under various circumstances in London. I would like to call attention to Clause 3 and Clause 4 on page 2. You will see there that coal clubs get a rebate on the price of 1s. 6d. per ton, and in Clause 4 dealers get a rebate of 6s. on the price. I wish to call attention to these two items, because in the 1s. 6d. and in the 6s. is the merchant's profit, and I call attention to that as emphasising the fact that there was no additional allowance for profit made to the dealer. The Metropolitan area is covered by these prices, and in the schedule will be found the variations in price for different parts of London due entirely to the railway rates varying, and in further

appendices there are set out the extra charges for special delivery.

1757. *Mr. L. Chiozza Money*: You kindly told us that the cost of your particular department amounted to 6d. per ton. Was that counting over the whole area administered by you, including the provinces?—That is, as I estimated, the cost of administration of the 33 million tons of house coal which I shall handle throughout England and Wales, but not Scotland.

1758. It covers the whole of England and Wales?—Yes.

1759. *Mr. Evan Williams*: Are there many engaged in the same position as you and not paid the same as yourself?—That is a fair question to ask, I presume. I should think that of my own staff probably half are not being paid a commercial rate of salary. Personally, I am not a charge on the Government at all. The railwaymen are a charge on the Government, but they do not come into this particular account. They are a charge on the railway account.

1760. So that if your department were made a permanent Government Department and everybody paid a salary, the cost would be a great deal more than it is at the present time?—I agree that that would send the cost up.

(The Witness withdrew.)

Chairman: I want now to redeem a promise I made. Mr. Hodges asked me to get the price of Admiralty coal. I have the witness here now.

Mr. R. W. Cooper: I should like to correct a statement I made yesterday. On page 31 of the Notes, Question No. 688, we had some discussion as to what was meant by earnings in Form G. The case I was thinking of was the net amount paid in cash over the counter. That is not correct. My information is that the only deduction from the gross amount of earnings in the case I was referring to was the cost of leading

fire coal to men. The workmen's proportion of the National Health Insurance is handed over to the employer. He completes the cards for the men. Then the deduction for pick paid to the smith and any other optional deductions are handed over to the respective treasures indicated by the workmen.

Mr. Robert Smillie: All those deductions appear in the earnings.

Mr. R. W. Cooper: That is so, with the sole exception of the fire coal leading.

MR. WALTER ST. DAVID JENKINS, C.B.E., Sworn and examined.

1761. *Chairman*: I think you are Deputy Director of Navy Contracts at the Admiralty?—Yes.

1762. You are going to speak as to the price paid by the Admiralty for large, unscreened and small coals in various districts over various times?—Yes.

1763. You give the quantities taken by the Admiralty for a pre-war year and in 1918. You have your Tables before you.* Which Table is most convenient to take first?—I think it would be most convenient to take the Admiralty prices for large and unscreened steam coal for the "other districts" which comprise South and West Yorks, Notts and Derby, Durham, Northumberland, and Scotland. The Admiralty's interest in these coals prior to the war was quite negligible. Our total drawings in the pre-war year of all coal amounted to about 1,900,000 tons. Of that quantity not much more than 100,000 tons were taken from all the other districts outside South Wales and Monmouthshire, and they were not used in ships. During the war the Admiralty had to undertake to supply all coal, not only for the War Office (the Expeditionary Forces), but also the French and Italian State Railways to a great extent, and the Egyptian State Railways that were run as military railways; that is apart, of course, from the French Navy, Italian Navy, and the Russian Navy.

1764. Take first the Table headed Admiralty Prices for Large and Unscreened Steam Coal?—This small Table might go with it. It makes the comparison between 1914 and 1918.

1765. Draw our attention to that, please. You set out there the period 1914 and 1915, and then you come to 1916, 1917, and 1918; you take both halves and you set out the price—South and West Yorks, Notts and Derby, Durham, Northumberland, Scotland; and then there is a column headed "certain remarks." Now, will you take the little Table, because that gives it in the form that Mr. Hodges asked. You will see there Large and Unscreened Coal, price per ton for the other areas, pre-war prices, the first half of 1914?—That corresponds with the lowest price in the other Tables.

1766. The next Table I want you to go to is the Table called Total Admiralty Drawings of Coal during 1918

compared with pre-war expenditure. You set out first of all there the Admiralty tonnage from South Wales and then from other districts?—Yes. South Wales includes Monmouthshire, of course.

1767. Then you set out the amounts for the War Office, the Italian Navy and Railways, the French Marine and Railways, the Egyptian Railways and the American Navy?—That quantity for the American Navy was taken by their own warships in the Bristol Channel or elsewhere, as the case may be. The United States Authorities shipped Welsh coal to France under their own arrangements.

1768. The total Admiralty expenditure for the year 1913-14 was how much?—1,900,000 tons. Of that quantity all except about 100,000 tons was best Welsh used for Fleet purposes. It might be of interest, also, that post-war requirements would probably be reduced from that figure of roughly 1½ millions. We are scrapping our coal-burning ships to a very great extent.

1769. *Mr. Evan Williams*: So that their requirements will be decreased. When it says total annual expenditure, what does that mean?—That is in tons. That is the quantity we drew.

1770. *Mr. R. W. Cooper*: Does your 100,000 tons come from various districts?—Yes—chiefly from Northumberland, and to a certain extent from Derbyshire and Yorkshire, and to a small extent from Scotland. That was all used for land boilers—either for furnaces or land engine purposes. It was not used on board ship. These requirements that I have shown here for other districts during 1918 were largely used for ships' use as well, such as bunkering purposes, because we had to supply coal to all our requisitioned ships.

1771. I take it Durham coal was non-existent before the war?—I do not think we used much of any before the war.

1772. *Chairman*: The last table I want to come to is the table of prices paid by the Admiralty for Welsh Large first and then Welsh Small. Mr. Balfour reminds me that the total for the Admiralty expenditure for the year 1913-14 pre-war was 1,900,000 tons?—Yes.

1773. The grand total for drawings of coal during 1918 for the Admiralty, War Office, Italian Railways and Navy

* See Appendices 44 and 45.

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[Continued.]

French Marine and Railways, and American Navy, came to 20,140,000?—Yes.

1774. Now turn to that table: Welsh Coal Prices, Large Admiralty during 1913, 17s. 0½d.; average during 1914, 17s. 5d. to 22s. I want to come to 1918, the 1/1/18 to the 23/6/18, the price is 28s. 6d. to 33s., and the 1st September onwards 33s. 6d. to 38s. The Welsh Small Coal prices during 1914 were 5s. to 11s. 9d. Is that all pre-war?—Not pre-war. That was bought after the war. We never bought small coal prior to the war. That was bought for bunkering purposes, chiefly from August onwards.

1775. What prices are those—are they pit mine prices?—All the prices quoted are free on board at port of shipment.

1776. *Mr. Evan Williams*: What is it that accounts for the big variation of 5s. to 11s. 9d.?—During August and September, if you remember, in South Wales the market was very much upset, and there was a glut of small coal, and all I can think is that very cheap spot purchases were made.

1777. You took advantage of it and bought as cheaply as you could?—Yes. The collieries were glad to sell the coal at those prices.

1778. Does the same thing apply to the other cases? To what extent is the difference between these two figures due to fluctuations in the market, and to what extent due to quality of coal?—Do you mean the difference between the 5s. and the 11s. 9d.

1779.—No. I know about the exceptional conditions in 1914; but later on still you will find considerable differences between the prices?—Taking the year 1915, it was 10s. to 21s. That 21s. would represent contracts that were made firm probably for the various State railways over a period, whereas the 10s. would represent the prices paid on spot purchases when the market was in a very low condition. As you know, there has been a great deal of difficulty in South Wales throughout the war in dealing with small coal.

1780. *Chairman*: I took the year 1913 and went to 1918 with regard to the large coal. I will do the same now with regard to the small. From the 1st January, 1918 to the 24th June it was 17s. 6d. to 21s., and from the 1st September onwards 22s. 6d. to 26s. Then there is one other table that is explanatory of that: prices paid by the Admiralty for South Wales and Monmouthshire coal in 1918. Let us go through that document. It is 2s. 6d. per ton below the Coal Controller's scheduled rates?—The scheduled rate for best large coal was 35s. 6d. Up to the 31st of December, 1917, the Admiralty paid varying prices for coal according to its own standard quality, but from the 1st of January, 1918, the prices were based on the scheduled rates.

1781. Now tell us the circumstances with regard to small coal?—That is also according to the Controller's schedule. The small coals are graded in eight grades, with a difference of 6d. per ton between them. The Controller's price on the 1st of January, 1918, was 24s., and the Admiralty paid 3s. less.

1782. Then we have the varying increases imposed by the Controller during the year: 24th June, 2s. 6d.; 1st July, 2s.; 1st September, 6d. The present price of large coal is 2s. less and the small coal 2s. 6d. less than the control rates?—They are really 2s. 6d. and 3s. respectively less than what the colliery can get under the schedule, because there is an allowance made there for 6d. for commission which was diverted from the exporters, I understand, last year.

1783. "The above prices are free on board at the nearest port of shipment"?—Yes.

1784. *Mr. R. W. Cooper*: I observe that these quantities taken by the Admiralty are for the whole of 1918?—Yes.

1785. Can you give me approximately what was the total quantity taken up to the end of September, 1918?—I should say, roughly, that it would be three-fourths of this.

1786. Would I be reasonably safe in assuming that one-half were taken up to the end of June, and another quarter between June and September?—Yes, I think you would. Of that total quantity there may have been a slight falling off from the 11th of November.

1787. It would be a fair approximation, you think?—Yes, I think so.

1788. *Mr. Evan Williams*: Since the Armistice, and more particularly since the 1st of January, the quantities taken have been very much less?—They have been reduced.

They were reduced very largely on the 1st of February because we are now only satisfying our own requirements and are not supplying our Allies.

1789. Could you give us approximately the quantity taken, say, for March, and the monthly quantity taken for November?—I could not give it to you off hand. I would not like to speak as to what our drawings are likely to be during this month; I would not like to guess.

1790. Would they be 25 per cent. or 50 per cent.?—I daresay they would be less.

1791. Less than 50 per cent.?—A reduction of 50 or 60 per cent. during March, I should think.

1792. You anticipate a still further reduction?—Yes, the quantities will go on being reduced.

1793. So that in order to keep the South Wales collieries going, there must be a considerably larger export to foreign countries than during the last few months?—Yes.

1794. And that must be increasingly so?—Yes.

1795. Ultimately do you expect that the consumption by the Admiralty will come down to the pre-war figures?—Yes, we expect that it ought to by the end of this year, and it may conceivably be less. Of course, it is very difficult to say; but as the fleet demobilises, the requirements will fall away, and ultimately they will be less than pre-war.

1796. Because of the substitution of oil for coal?—Yes, very largely.

1797. Is it a fixed policy of the Admiralty to substitute oil, as far as possible, for coal in the Navy?—Yes. In the present designs of ships, we have not built any coal-burning ships for some time—that is to say, the capital ships, light cruisers, and destroyers are all oil-burning. I may say that if it had not been for oil there would not have been enough of the best Welsh coal to go round during the war.

1798. *Mr. J. T. Forgie*: So far [as Scotland is interested in this matter—and it interests them very considerably—I suppose the same answers would apply?—Yes, except that our requirements from Scotland would be about the same as they were pre-war. They may even increase to a certain extent, because we have another dockyard at Rosyth which will probably get its coal from Scottish mines.

1799. With that exception we shall be in the same position as before. You think Scotland will not suffer?—I do not think Scotland will suffer very much, because Scotland did not do much before the war, and they can hope to do as much after the war.

1800. *Sir Thomas Royden*: On the question of prices, until the standard prices were established, the prices paid by the Admiralty were a matter of bargain between yourself, as representing the Admiralty, and the coalowners?—Yes.

1801. Without asking for the exact amount, I take it that the prices that you have here on this list are very much below the current market prices?—Yes, they were, certainly lower.

1802. Very considerably lower?—It is very difficult to say what is the current market price. The current market price is, strictly speaking, the price at which coal is selling on spot conditions, but three-fourths of the coal that is exported is sold over the year at a price which has been fixed months before, sometimes 12 months before. I may say that in arriving at the Admiralty price for Welsh coal especially, and to some extent the other districts, we based our price to a very large extent on the Price of Coal (Limitation) Act of 1915—that was after it was passed, and in that case, if any increases were granted by the Board of Trade on account of increased wages of working, we used to pay them automatically.

1803. The price of coal to the Admiralty generally was really less?—Considerably lower than current rates for export, and, of course, it was free of all commission and brokerage.

1804. With regard to the question of quantities, of course the figure you are dealing with for the after-war consumption is the 1,900,000 tons, because this very large figure of 20 million odd tons of consumption in 1918 includes very large consumers who would not in the ordinary way be included in your figures?—That is so.

1805. For instance, your bunker requirements for the Admiralty?—We had to lay down depots for coal for practically all the Ministry of Shipping vessels.

1806. So that the reduction of 20 per cent. is off the 1,900,000 tons; whatever you may reduce it to inconse-

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quence of the use of oil fuel?—Yes. At least 20 per cent off the 1,900,000 tons.

1807. That would be a very large thing in the total consumption of coal?—Yes.

1808. *Sir L. Chiozza Money*: So far as these figures relate to the exportation of coal, are they included in the ordinary export returns?—During 1918 the figures were supplied to the Custom House, and I understand that they are included either as exports or as bunkers. The figures include Admiralty bunkers in this country, and they would appear separately.

1809. As far as they are exports in the ordinary sense, they are now included in the Board of Trade returns?—Yes.

1810. Have you calculated what is the margin between the price paid for this Admiralty coal and the price paid by ordinary consumers of similar coal?—The difference during 1918 has been about 2s. to 3s., as compared with the scheduled rates of the Coal Controller.

1811. Those are f.o.b. prices?—Yes.

1812. That would be 20 million half-crowns?—Yes.

1813. In the remarks column there is a note at the bottom relating to 1918 which I should like you to explain?—There was a considerable agitation, which reached its zenith last year, at the lowness of the price that the Admiralty had been paying. There had been, all through the war, agitation on the part of coal-owners with regard to the lowness of the Admiralty's prices as compared with the prices that were obtainable in the open market, and representations were made to us last year by the Coal Mines' Department that our prices were too low as compared with the schedule prices, so we agreed, from the 1st of July, to put up the prices by 4s. 6d. so as to bring them within, roughly, half-a-crown of the schedule price.

1814. You felt that you were paying too little?—No, we did not feel that.

1815. But you yielded to the representations?—We did not yield altogether. The suggestion was made that the Admiralty should pay the scheduled rates all round.

1816. Did the Coal Mines' Department explain to you that the coalowners did not really want this?—No, they represented that they had recent applications from the coalowners.

1817. Are you not aware that the money has not gone to them, but that it has gone to the Exchequer?—Yes, except as regards five per cent of the excess profit.

Mr. R. W. Cooper: I thought we cleared up that point about the five per cent, yesterday.

1818. *Sir Arthur Duckham*: They thought the five per cent. was worth getting?—I never found that the excess profits tax prevented any contractor asking for increased prices.

1819. *Mr. Evan Williams*: You are quite satisfied that the coalowners are keen on getting the last halfpenny for their coal?—I am certain they are.

1820. *Mr. R. H. Tawney*: I understand that the Admiralty has paid 2s. 6d. below the standard price?—Only in 1918.

1821. It has paid something below it all through?—Yes.

1822. Why did the Admiralty get its coal so much cheaper?—We always pride ourselves upon being good buyers.

1823. Do you mean that you buy in bulk?—Yes, we buy in bulk. Before the war we took the trade into our confidence, and we used to buy over the twelve months.

1824. That is to say, the secret of getting coal cheap is that you buy in large quantities through a single department?—Exactly.

1825. *Mr. Sidney Webb*: With regard to this half-crown that you put the price up at the Controller's request, which comes to £2,500,000 of which 80 per cent. went to the Exchequer in excess profits, 15 per cent. went to the Controller's pool for redistribution, and 5 per cent. went to more successful mines. That 5 per cent. amounted to £125,000 on £2,500,000?—Yes.

1826. I suppose it was present to the minds of the Admiralty that that £125,000 would go straight into the pockets of a certain small proportion of the coalowners at the time they were making very large profits?—We have not lost sight of that fact. We put ourselves entirely in the hands of the Coal Mines' Department.

Mr. Sidney Webb: The Coal Mines' Department, we have it in evidence, did not know what profits the owners were making.

Sir Arthur Duckham: Was that distributed only among a small number of people? *Mr. Sidney Webb* has said it was distributed among a small number.

Mr. Sidney Webb: I assume it went to those collieries which were supplying Admiralty coal.

Sir Arthur Duckham: Only a proportion to those which made a profit.

Mr. Sidney Webb: That is why I said a small number.

1827. *Mr. R. W. Cooper*: The number of persons from whom you were buying coal in 1918 was not a small number?—No, it was practically the whole of the collieries that produce coal on any scale.

Mr. Sidney Webb: I do not make a point about it if it was a large number. I was anxious not to imply that all the colliery owners got it.

Mr. R. W. Cooper: *Mr. Jenkins* tells you that practically they did.

Mr. Sidney Webb: If the whole of the coalowners got it, it makes the point all the stronger.

1828. *Mr. Robert Smillie*: Did it only represent 20 million tons over an output of 200 million tons?—That is so. It is less than 10 per cent. of the output.

1829. *Mr. Sidney Webb*: On this further point of why the Admiralty should be supplied at rather less than the other buyers, does that not mean that the other buyers will have to pay more because the Admiralty is buying so cheap?—It may be.

1830. Or might it not be that there is less for the miners to receive if the Admiralty buy so cheap? This came altogether to £2,500,000, which, spread over the whole coal production, was equivalent to 3d. per ton on 200,000,000 tons. Because the Admiralty was getting this coal 2½ million pounds cheaper than other people the Colliery Companies on the whole were receiving for their coal something like 3d. per ton less on the whole output?—Yes. That amounts on the whole output of coal to 3d. per ton which was going straight in relief of the Navy estimates and in relief of the taxpayer.

1831. There does not seem any reason why the miners or the colliery owners should be losing this 3d. a ton for the benefit of the taxpayers. Can you suggest any reason?—I am afraid I cannot. The Admiralty buys as it can.

1832. Has it always been the case that the Admiralty bought at some reduction as that off the current price?—Not in proportion. We were given a preference. Take Welsh coal: we used to buy that over the year; we used to buy at the most favourable season, and generally bought at the rock-bottom price. It was possible that that price would represent what the collieries would sell at to other consumers abroad. It all depended on the market position; but we always had a preference, inasmuch as we always got quick loading, which made all the difference.

1833. I agree you would be entitled to all the preference that you would get as a large buyer and buying at the right time?—That is why we did get that preference.

1834. I think you said there was 6d. commission diverted from the exporter. I did not understand that?—In the second half of 1918 the difference in the price of large coal was only 2s. a ton, but by an order which was issued by the Coal Controller in 1918 the collieries were allowed one half of the exporters' commission. The exporter used to get 5 per cent. commission, with a maximum of 1s. per ton, and then under the subsequent arrangements of 1918 he had to divide that commission with the colliery, I understand.

1835. *Mr. Evan Williams*: That commission was paid by the buyer abroad?—Yes.

1836. It was an addition which the buyer had to make to his price?—Yes.

1837. Then in order to help his own finances the Controller induced the exporter to give up the 6d. of that 1s. to the coalowners?—Yes.

1838. *Mr. Sidney Webb*: I do not see how that helped the Coal Controller's finances. Did the Coal Controller receive for his fund 6d. on every ton exported?—It amounted to 6d. I only mentioned that commission to show the difference. The collieries represented to us that if we paid the same relative rates during the second half of 1918 as during the first half they might still be 6d. to the bad, because they had been given a commission of 6d. a ton, the equivalent of which they contended ought to be allowed them by the Admiralty.

1839. We have it in evidence that the colliery owners taken as a whole were making very large profits this year, and yet we have these several increases made to their

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profits without there being any adequate justification at first sight?—I may say, speaking from the Admiralty point of view, that during 1918 we were very much averse from paying those prices. For instance, I consider those prices for Welsh coal were 3s. too much.

1840. *Mr. R. H. Tawney*: I understand you paid these increased prices on a representation made by the Coal Mines Department?—Not altogether; we also had applications from the coalowners.

1841. Have you a copy of the correspondence or the negotiations which preceded it?—We have them filed.

Mr. R. H. Tawney: I think, Sir, we ought to have the correspondence or the negotiations on the basis of which the Admiralty raised its price.

1842. *Mr. Evan Williams*: A good deal of it was by word of mouth?—A good deal of it was.

1843. *Sir L. Chiozza Money*: The 3s. a ton was what you thought was the excess you ought not to have paid. Are you aware that that is just about the same as that by which the profits in 1918 exceeded the pre-war profits?—I am not aware of that.

Sir L. Chiozza Money: Taking January to September at the annual rate, we were told that the total profits including royalties were 4s. a ton.

Mr. Evan Williams: June to September 3s. 6½d. as compared with 1s. pre-war.

Sir L. Chiozza Money: Then you add by-products.

Mr. Evan Williams: There are no by-products made from South Wales steam coal.

1844. *Mr. Frank Hodges*: I have not the figures of the total output of Welsh coal before me. What proportion does this 13 million tons bear to the total output?—The total output of South Wales coal and Monmouthshire in 1918 would be somewhere in the region of 80 millions, I should think, or rather under. I think before the war the total output was about 55 millions, or 50 millions from South Wales and Monmouthshire.

1845. *Mr. Robert Smillie*: 56,830,000?—That is right; and this would represent a little more than a quarter of the output for this year.

1846. *Mr. Frank Hodges*: Is it not a generally accepted fact that collieries known as Admiralty collieries are collieries that are regarded amongst the most prosperous of the South Wales collieries?—No, I would not like to say that the Admiralty collieries were the most prosperous. The so-called Admiralty collieries are collieries producing steam coal of a particular variety which is only used for steam purposes on board battleships—what we call Admiralty Smokeless Coal. The bulk of the coal would be represented by that figure; but we had to buy coal from South Wales during the war which we had never dealt in in pre-war times. If you take the Admiralty collieries, you will get some of them that are very prosperous and some not at all prosperous. I could name a colliery supplying the Admiralty in normal times that was not at all prosperous, and one of the difficulties we had in arranging the price for Admiralty coal was that there was such a disparity between the costs.

1847. *Mr. Sidney Webb*: You had to pay enough to reimburse the worst-paying mine?—I think some of the Admiralty collieries must have been supplying at a loss. It made a difference, I agree. The worst-paying colliery tried to set the pace.

1848. Therefore, you paid more than was necessary to all the mines?—For those on the top lines, certainly.

1849. *Mr. Frank Hodges*: Therefore in agreeing to this additional 3s. you agree to pay it to certain colliery companies that were at that time very prosperous?—Certainly there were collieries that were doing very well. There were collieries, I should say, that it helped considerably. They were doing very badly indeed, and that 3s. probably helped them or the Coal Controller.

1850. For the purposes of the trade is it not regarded as a point of some importance that a colliery should be on the Admiralty List?—Certainly there was great competition till the war took place. Then when there was a great demand from other sources there was not such a great anxiety to supply the Admiralty.

1851. I can imagine that you were a little less popular when you kept the price down below the market price?—Certainly, that was the difficulty, for the Admiralty to get the coal at its own price when the colliery could sell to other consumers at higher prices, but on the whole the owners behaved very well.

1852. Do you buy as a rule your small coal from the same collieries as you buy the large?—Generally; but it does not necessarily follow in South Wales that a colliery

that produces the best large coal also produces the best small. It is often the reverse. For instance, take a famous coal like Ferndale Large. Their small coal is what you would call inferior small.

1853. I see that the Admiralty have paid an average of 8s. 4½d. per ton for small coal in 1914. That is the average for those two figures, and you paid 24s. 3d. for small coal in 1918?—Yes, that is the average. I would not like to say that the first average would be a fair one, because I am inclined to think that that 5s. was really for duff for ballast purposes.

1854. That represents an increase of 16s. per ton for small coal from 1914 to 1918?—If you take that average, but I would rather take an average for small coal in 1914 at 10s., which would be nearer the mark, using it for burning purposes; so that it would make a difference of 14s.

1855. If my first figure is not the average figure it would be 14s.?—Yes. I should say that the greater part of that small coal is not taken by the Admiralty. It is supplied for these subsidiary purposes.

1856. Are you aware then when you buy this small coal from Admiralty collieries at 24s. 3d. a ton that the workmen there get no payment for producing that small coal?—I am quite aware that they are not paid for it as small coal. The answer is that they are paid for it in the price of the large.

1857. Even so, you know that the price the collier would get per ton for large coal at those collieries would not exceed on the standard or with the percentage more than 4s. 6d.; so that if the large coal embraced the small 4s. 6d. would probably be the amount that the workmen would get for cutting it. Ordinarily the prices of Admiralty coal are not made public?—No, they are not.

1858. But whether they are made public or not, under the Conciliation Board Agreements those prices enter into the average selling price?—Yes, they are calculated in, certainly.

1859. So that if we had been going on under the ordinary Conciliation Board agreements for the last two years, and we had been making application for increases in wages because of increases in prices, the workman would have been deprived of certain advantages in increased wages, because the Admiralty prices were 3s. lower than the market price to the extent of 13,705,000 tons?—It would have made a small difference.

1860. It would have been half-a-crown on every ton that you bought?—Yes.

1861. It is a quarter of the total output?—It would not be 20 million tons, because you are referring to the South Wales output.

1862. So that what has actually happened is this, that the coalowners induced you, through the Coal Controller, to raise prices. You were buying at a lesser price than the market price, which would have deprived the workman of an advance in wages?—If you put it that way, I think that is so.

1863. *Mr. Robert Smillie*: Is the general tendency to give up using coal as fuel in the ships of the Navy?—Yes, it has been during the last 10 or 15 years.

1864. Do you know whether it is a question of expediency or cost?—It is more a question of expediency, I think. There are greater advantages to be derived from the use of oil, apart from cost, though on the question of cost, when all the advantages of oil are added up, I should not think that oil is very much more costly than coal.

1865. It cannot be because it is smokeless, because the coal you have in use is practically smokeless?—It has been the best Welsh that we have been using.

1866. If oil is proved to be more successful in the Navy, it might be extended to the mercantile marine?—It might, and it is already extending since the war in the case of liners. I do not think that it would be applied to what we call ordinary tramp tonnage; but liners are very much inclined to adopt oil.

1867. A reduction in the output of coal would not be, under the circumstances, such a serious thing. If you are limiting the consumption of coal, you are not requiring so much of it?—No, certainly not, but my experience is that whenever one gets a new fuel, it only supplements: it does not substitute the original or superseded fuel.

1868. It is what is called fuel oil?—Yes.

1869. Is it a home product?—No, not at all. When I say "not at all," a certain amount of shale or gas tar oil is mixed with the imported oil. It is a petroleum oil chiefly which is obtained abroad.

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[Continued.]

1870. Where does the fuel that the Navy still use come from?—Largely from America, Persia, and Mexico, and to a certain extent Borneo; and there is a certain amount produced in this country, *i.e.* Scottish shale oil, and blast furnace oil and gas tar oil.

1871. I am sure you are aware of the fact that the miners are exceedingly anxious to keep up their output of coal in order that they may be able to export it to bring foodstuffs to this country?—Certainly.

1872. Are you not reversing that order by bringing fuel oil to this country from abroad, for which you have to pay by some other commodity?—Yes, we have been doing that for some time. What the Admiralty would like to do would be to increase the production of oil in this country from coal.

1873. I was coming to that. If it was possible, by carbonisation of coal, or even what is called useless cannel and shales, which we have in abundance, to produce the fuel oil necessary for your Navy and mercantile marine, would not that to some extent meet the difficulties of an increased output of coal?—Yes, it would.

1874. If it is known to the Government that it is not merely a possibility but a realised fact that we can produce all the oil fuel required, besides many other useful by-products, would that not be one line on which to go to meet any rise in the price of coal that might take place from humanizing the lives of the miners?—I do not think that you could get all the oil that would be required by the Navy out of coal, because coal-tar oil is not altogether suitable, because it is too viscous for one thing; it can be used, but it wants to be mixed with a petroleum oil to make it usable.

1875. I was not for the moment thinking of fuel oil from coal; I was thinking of crude oil from cannel and shales, of which millions of tons are lying on the surface of the mines useless, and which is known to yield 25 gallons a ton on carbonisation?—Would you get 25 gallons a ton out of that shale that has been rejected?

1876. In point of fact some of the shales give you a higher percentage than cannel.—Are those the shales that have to be mined?

1877. I have not in my mind the shales that are being carbonised.—You are referring to the Kimmeridge shales, the South of England and Norfolk shales. The shales have to be mined.

1878. And all over Scotland.—The disadvantage of shales is that they contain a lot of sulphur, and there is great difficulty in getting the high percentage of sulphur out of it.

1879. As a matter of fact we are long past the experimental stage. We have had it in reality, and there is no difficulty in the way of getting one of the best crude oils for power from millions of tons of shales that are known to exist at the present time.—There has been a great number of experiments carried on and a great deal of research, but I think you are exaggerating the amount of oil you will get out of shale.

Mr. Robert Smillie: I am inclined to think that people are trying to avoid experiments being made because it is against their interests.

1880. *Mr. Arthur Balfour*: Is it quite clear that the first two items on your schedule are really included in the export of coal? The Admiralty and War Office supply are not included in the Board of Trade returns?—We have given those figures to the Customs House, and my opinion is that they are included.

1881. *Mr. J. T. Forgie*: You mentioned that in pre-war times you bought judiciously, and you had managed by large orders to buy cheaply?—Yes.

1882. Since the war your methods have, of course, been rather different, because really you commandeered the coal?—Yes; we took the coal; we had to.

1883. Then after that you did not consult anybody about the price but yourself; you fixed the price yourself?—Not in every case.

1884. Practically in every case. In Scotland I think the coalowners did not raise the point *very strongly* to get the higher price. I think you will admit that they were very considerate in the nation's interest, and they did not press the point to get the *highest* prices. I want you to acknowledge that?—Yes, I do.

(The Witness withdrew.)

Chairman: I am going now to redeem another promise that I made. I have here a copy of Sir Richard Redmayne's calculation as to the 20 per cent. I hope Sir Richard Redmayne will give extended evidence on Monday. I will hand to each of the members a copy of the note.

REDUCTIONS IN HOURS AND OUTPUT.

Sir Richard Redmayne's Note.

It is most desirable that the estimated figures of 20 per cent. reduction in output mentioned by Mr. Dickinson as due to a substitution of six hours for eight hours in the EXISTING EIGHT HOURS ACT (1908) should be explained. It was arrived at as follows:—

(1) The time of last man down to first man up—eight hours.

(2) Supposing lowering and raising men—one hour at each end of shift, and, *supposing* the men go down and come up in the same rotation daily, the average time men are below ground—nine hours. Therefore a reduction of two hours—a reduction in point of time of 22 per cent.

(3) The reduction of *effective* time from the point of view of working (coal producing) time is the reduction *at the face*. The time at the face will vary

between the extreme nine hours and six hours—nearer the latter figure. Therefore between 22 per cent. and 33 per cent.—say an average 27½ per cent. But the reduction in point of output will not be in arithmetical proportion to the reduction in point of time inasmuch as the *rate of production* by the miner is not the same hour by hour (see evidence given before the eight hours' enquiry). It is also a question of *intensity of effort*.

The 20 per cent. reduction therefore is probably near the mark, though in the nature, perforce, of a guess based upon my practical experience gained in different coalfields.

Sir L. Chiozza Money: I am very much obliged to you for this note, but I should like to have a similar memorandum showing Mr. Dickinson's calculations based on this.

Chairman: Yes, I will see about that. Now I am going to another rather important branch, and that is the transport reorganisation. I am glad to say that I have now been able to get a proof of the witness, and in order to save time I propose to circulate it in the room.

MR. EDWIN HAROLD DAVIES, Sworn and examined.

1885. *Chairman*: I think you are in the Coal Mines Department of the Board of Trade, and you are in charge of the supplies section?—Yes.

1886. You are called to speak as to the need to economise railway transport and the wasteful nature of the former means, and then the general principle upon which the Coal Transport Reorganisation Scheme proceeds?—Yes.

1887. I will read your proof and ask your assent. You say—

“Railway Transport difficulties had become so acute towards the end of 1916 that it was necessary

in the national interest to find some means of economising transport.

It was known that coal was travelling for long distances, and it was considered that in this connection considerable economy might be effected, and that the consumption of coal should take place as near the producing point as possible.

England, Scotland and Wales were divided into a total of 20 areas, all but two of which, *viz.*, Nos. 8 and 11, situated in the Eastern Counties of England, are coal-producing areas.

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[Continued.]

Forms were compiled and issued to all collieries, and on these, returns were submitted showing all coal produced under three separate headings:—

- (a) Steam and Manufacturing,
- (b) Gas and Coking,
- (c) Household,

and the actual destinations of such coal.

These figures were analysed, and a complete picture was then obtained to show for each separate area the weight of each class of coal produced, and the weight of each class of coal consumed. This disclosed the fact that areas which did not produce sufficient coal for their own consumption were actually sending out large quantities to other areas, which quantities had to be brought in again from other producing areas.

North Wales might be quoted as a useful example of this. Its total production of rail-borne coal for inland consumption was about 150,000 tons per month. Its consumption per month was about 220,000 tons. Although their consumption exceeded their production by about 70,000 tons, they were, nevertheless, sending out of their area nearly 40,000 tons per month, necessitating about 110,000 tons per month being brought into the area, whereas 70,000 tons would have sufficed.

A further important point was that the quantity of coal brought into North Wales was obtained from 10 areas. Under the Coal Transport Scheme, the areas that could send coal to North Wales were limited to three.

The simplification which this meant in regard to volume and flow of coal from the Railway working point of view will be readily followed from this illustration.

Throughout the Transport Scheme the general aim was to make an area as self-contained as possible. Where it produced more coal than it needed for its own requirements it was not allowed to bring in any. Where it did not produce sufficient coal for its own needs it was not allowed to send any out.

It was estimated that about 700,000,000 coal ton miles per annum were saved by the Transport Scheme, and this estimate is based upon the net weight of coal, and does not include anything for the dead weight of the wagons either on the loaded or returned empty journeys, and it is not unfair therefore to estimate that the actual saving in railway working was nearly double that which was claimed.

There was evidence of considerable opposition to the scheme, both from the trade and from consumers. It was very positively stated in many directions that the scheme would result in a complete fiasco. Certain consumers even of considerable importance and experience alleged that coals which they would have to take under the Transport Scheme would be quite unsuitable for their work. Technical experts were therefore engaged, and a great many of those objections were proved to be untenable. The coal provided by the Transport Scheme did the work excellently, and, generally speaking, there was very little difficulty in making reasonable arrangements within the terms permitted by the Transport Scheme. Here and there a few exceptions had to be made, often in connection with the coal required for gas producers, and special licences were issued to meet such cases.

It would be fair to say that exceptions to the Scheme did not amount to more than about 5 per cent. of the total coal affected.

It might be made clear that the Transport Scheme only dealt with the flow of coal as between area and area. It was intended as a second step to regulate the flow of coal within each area, and it was felt that in this connection the possible economies were even greater than had been obtained in dealing with the flow between area and area. The staff available to the Coal Control, however, was so limited, and the situation generally in regard to coal supplies was so acute, that the whole of the staff available was fully occupied dealing with supply problems, and the within-area transport arrangements still await investigation.

It is the opinion of those in the Coal Mines Department who have had experience of the Coal Transport Reorganisation Scheme from its initial stages that it is sound in principle from the national

point of view, and has proved from experience to be so workable that it should be maintained as a means to effecting permanent national economy."

1888. Will you please deal now with some main objections which have been raised on point 1, that the coal proposed to be supplied under the transport Scheme would be unsuitable for the work to be done? A notable instance of that was in connection with gas coal. From the objections raised, one would have thought that the Transport Scheme had had the effect of changing the character of the coal, whereas it did not do anything of the kind. Assume for the moment that the weight of gas coal used in a month in Great Britain was 500,000 tons, all the Transport Scheme did was to rearrange that 500,000 tons. Precisely the same class of coal was used for the production of gas, but it was used in different places. It is true that in one direction the gasworks got some coal which was not so good as that which they previously got, but still somebody got the better coal. From the national point of view the coal was used, though in different places. At the same time by rearranging the flow we saved in transport. I will now give an instance which deals with a kind of coal other than gas coal: we had some very extreme cases, so extreme as this, with regard to coals used for manufacturing purposes. We had this advantage compared with the ordinary consumer, that we knew with regard to a certain kind of coal that a similar coal was used in other directions. You get a case where a firm is asked to take a certain kind of coal. They say, "We cannot get on with it." There was one very important works engaged on Admiralty work, which actually closed down. They applied to the Admiralty and said they would not go on any longer. We asked them to experiment with this coal with our expert. They refused, and put their case to the Admiralty. The Admiralty said, "We will deal with this case on the facts. We will try the coal with your expert." They tried it, and it was perfectly successful. We knew of two other firms that had been using precisely this coal for years. The objection was largely to the change. We dealt with each case on the facts, and in very few instances had we to make rearrangements.

1889. Now I want to deal with the objection which has been raised that in individual instances mileage is lost rather than gained?—I would like to make that clear if I can, because it seems to me to be very important. I think it is fairly obvious that a statement of fact may be made, but the deduction from that statement of fact may be quite wrong.

1890. Yes?—A firm would make this suggestion and say, "Prior to the Transport Scheme we drew our coal from a mine only 15 miles away. You are now making us take it from a mine 30 miles away." They would continue to argue that that being admitted it must follow that an arrangement like that was contrary to the Transport Scheme had been erected. But that was not so. Take, for instance, the North Welsh area. You had a firm on the East side of North Wales, say in Shropshire, who had been getting North Welsh coal. They were very near to the North Welsh coalfield, and we make them take the coal from Notts and Derby. Of course, there was a distinct difference in mileage, but North Wales had not sufficient coal for itself. Therefore, while we made the complaining firm take the coal from a greater distance, what happened was this. If we had let them have their way the coal would have flowed from North Wales to Shropshire in an easterly direction, and then we should have had to make up the greater shortage in North Wales by sending the coal from Notts and Derby into North Wales in a westerly direction. In other words, it was a case of spending 5s. in order to get a return of 7s. 6d. That was a common objection.

1891. In the original note that was sent to me of what you say, it is put down that you could give us some idea of the saving in pounds, shillings and pence. Have you been able to get that out yet?—No. I would like to deal with that if I may because it is rather important. In connection with the 700,000,000 ton miles I ventured to make this sort of rough calculation so that one might get a vision of the thing in

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a better way. I pictured a train running for say 40 miles, and that that train would carry 350 tons of coal. Now the 700,000,000 miles would equal in twelve months about 50,000 such trains, or roughly about 1,000 trains per week. One can picture, of course, that that means a considerable economy, but it would be for the railway companies to say what it meant from their point of view. I should like to deal with the railway point of view later if I may, but may I go further now and indicate some idea of the economy that was obtained from the consumers' or the merchant-consumers' point of view? I picture those 50,000 trains and the 350 tons each carries. You will remember that the distance per train is 40 miles. The railway rate for that would be 3s. I think that gives a total of about £2,650,000. Then you have to add to that the charge for wagons. The charge for railway wagons would be 6d., but for the privately owned wagons it would be 9d. Roughly I think it would not be unfair to estimate that there are say two privately owned wagons to one railway wagon for this coal. If you take an average of 8d. that gives a further £600,000, making a total of £3,250,000, or roughly £60,000 a week. That is an actual economy in the charge which would have to be paid on the coal compared with the arrangements prior to the Transport Scheme. Now we did approach the railways, or the late Controller did, to find out as nearly as possible what they estimated the economies to be. Three only of the railway companies had the actual data, and in each case when they had actual figures they showed that they had effected very substantial economies. We made an estimate based on the tonnages, comparing those railways with the estimate made by the Controller, as to the 700,000,000 ton miles. We are about right. But I do want to make this point, that, of course, here we are dealing with coal tonnage. Now for a railway to estimate whether it had or had not an economy it would require to take out in a very precise way its coal tonnage carried in a period prior to the Transport Scheme and the coal tonnage carried in a period directly after the Transport Scheme started. It would be no answer to say, "Well, the traffic on our railways is very heavy; we cannot find any relief"; because we know with regard to the transport of war material it was very heavy indeed, and there would be only one way to get it, namely, by making an exact abstract of the figures for the carryings of coal. I say "immediately after the Transport Scheme started" for this reason. Of course, we have had this fact that the rate of freight for conveying coal by water got very high in the war. That inevitably threw a great deal of coal on to the rails, because it made the rail rate cheaper than the water rate. Then a further point is that a great many boats were lost owing to the submarines and other boats did not run freely through the submarine menace. Following on that, for Government purposes about 50 per cent. of the steamers running in the London trade were withdrawn, and we had to find means of bringing that coal to London in other ways than by sea. Obviously, that could only be done by one of two means: by canal or rail, and rail was the only method. Now it may be said, "But you are actually bringing coal from Durham to London by rail." My point is that that is not due to the Transport Scheme. That would have had to be done if there had been no Transport Scheme. These are criticisms we have had to meet, and that is why I venture to mention them to you now, as unless one has been through them as we have, they are rather difficult to appreciate, but they are statements of fact.

1892. *Sir L. Chiozza Money*: Statements arising from pure ignorance of war conditions?—Yes, and of the Transport Scheme and the details connected with it.

1893. *Chairman*: Is there anything you want to add on that?—Then we claim this, which is rather important. We claim in connection with the Transport Scheme that is automatically conserved to each area the supplies of coal each area was entitled to. We have found the benefit of that enormously in connection with supply operations. Under the old arrangements, where the country was an area which

anyone could supply, you could not fix upon any Coal Committee to fill the area and supply the coal. Now you can with Notts and Derby or the Scottish Committee, for instance, supply any particular area for which they are responsible. That had an advantage we say by shortening wagon journeys and by increasing the flow of coal in certain directions which helped very much to better the use which could be made of the wagons.

1894. I ought to have asked you this, which, I am sorry to say, I did not at the beginning, but it arises out of the question which I am going to put to you. I think before you did this you were a district goods manager of the London and North Western Railway Company?—Yes.

1895. And you had great experience in that?—Yes.

1896. That brings me to my next question, which is a question in which Mr. Webb is interested. Can you speak on the question of pooling of wagons, first of all, inter railway, and then privately owned, or must we get some other gentleman as to that?—I can speak on it.

1897. Will you tell us about it, then?—My work has been for a great many years in connection with what you may call the live railway work of actually supervising outdoor operations in different districts. I should like first of all to refer to common user as it affects the coal side, which is, of course, only a narrow side. We found very early on that the distribution of privately owned wagons was very irregular. Certain areas were very well provided, but others were very poorly provided. We were faced with this position, that we could not get coal from certain collieries because there were insufficient wagons, while at the same time we had notification from railways that large numbers of wagons were being held in their sidings at great inconvenience because collieries in certain areas could not accept them. You had a glut of wagons in one direction and in another direction you were short of wagons. We wanted wagons to bring coal from Durham and we had to divert wagons as a war measure. Generally speaking, we have had to apply a principle of working which is very near to common user in this way: John Jones was a small man and he had 10 wagons only in his trade. Owing to the congestion on the railways none of his wagons could get through to the colliery due to supply him his share of coal. Another man, who had a large number of wagons, had plenty of his stock at the colliery, far in excess of the number required for the coal to which he was entitled. We authorised collieries in those cases that they might take any excess of wagons, where wagons reached the colliery in excess of the number required for the amount of coal which the man was entitled to get, and that such surplus might be used for a man whose wagons had not reached the colliery. Since September, 1917, when the transport scheme was put into operation, that has been going on.

1898. *Sir L. Chiozza Money*: Would it be right to call that a rough and ready pooling, but not a perfect one?—Yes.

1899. It by no means expressed the economy which could be effected in that way?—No. May I say this: I agree this is a most important question (pooling), and it is one of those things you come to gradually, really. We have had many talks about it, and eventually we got certain railway companies to make a test and certain calculations in Lancashire, the idea being that this was such a vast thing that there was only one way to settle it. In such a case you get an expert who says it is impossible, and you get an expert who says it is feasible. As a business man, I have been trying to keep an open mind. I have said, "Let us try it." We thought we had got to that stage. We were going to arrange this experiment to settle the thing for all time. Theory would be wiped out, and it would be shown whether it was a good or bad thing. Unfortunately, the negotiations fell through. We were going to try in Lancashire with colliery owned wagons. There was some difference between the terms the railways wanted and the terms the colliery owners wanted, and between the two it has not been tried yet. What we believed was this, and, in fact, the rail-

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[Continued]

ways concerned rather believed it. The trouble would be not to make the wagons suffice to carry the coal, but to know what would be done with the wagons standing idle which they would not be able to do anything with. Putting it in another way, if you have a shuttle service and you have not to drop in at places between with truck shunting and so on, you travel from one point to another—your first point to your last point—very quickly; but if you have to go through railway yards where wagons have to be shunted, then a wagon will take two or three or four days, whereas one day might do it, and by that means you might make a great economy in wagons if the wagons can be only used commonly. These railways estimated that the saving they were going to effect was very large indeed. I have not the figures, because they are their figures. But the important point is it would have settled this very vexed question. It would have become a question of fact.

Chairman: Is there anything you want to add? I cannot think of anything more I want to ask you, but no doubt gentlemen round the table will.

1900. *Mr. R. W. Cooper:* Your scheme does not apply to coal conveyed to a port for shipment?—No, it is for inland consumption only.

1901. *Sir L. Chiozza Money:* That is because the ports are so near the coal?—Generally speaking we looked at figures for shipment and found there was very little in it, and it was not worth our while turning aside for it, and we fixed on the other thing, the big thing.

1902. *Mr. R. W. Cooper:* In Durham and Northumberland the only public system is the North Eastern?—Yes.

1903. I think, generally speaking, there are very few privately owned wagons running in those two counties?—That is so. They will gradually die out. That is a species of common user.

1904. That is, the North Eastern supply all the wagons, and their rate is an inclusive rate?—Yes.

1905. There is no question of wagon hire to consider ordinarily speaking by the trader at all?—I believe that is so.

1906. Your scheme mapped out the country into geographical districts, did it not?—Yes.

1907. So far as Durham and Northumberland are concerned, your scheme permitted the coal produced from both of those counties to go, for example, into the adjacent counties of Westmorland and Cumberland?—Yes.

1908. On the other hand, coal which had hitherto gone from Lancashire into Cumberland or Westmorland, Lancashire being an adjacent county to those, was stopped?—Yes.

1909. And Durham coal took its place?—Yes.

1910. Although in some cases the haulage involved in carrying Durham coal into Cumberland—say to Barrow—was longer than the haulage involved in carrying the Lancashire coal?—Yes.

1911. Then your district No. 3 included the Cleveland district as well?—Yes.

1912. North Yorkshire?—Yes.

1913. So that practically speaking Durham was allocated as it were to Durham and North Yorkshire (the Cleveland district) and the boundary line was a line about the middle of Yorkshire and through a purely agricultural country?—May I deal with that?

1914. If you will please?—Your first point was very similar to what I said about certain people who alleged that the Coal Transport Scheme caused them to take coal from a greater distance than that which they had previously taken it from. You point out that Lancashire, which used to send coal into the Cumberland district, was prevented from doing so although geographically it was much nearer. But Lancashire does not produce anything like sufficient coal for its own needs. Therefore, if you are to let Lancashire send coal into Cumberland instead of sending coal, as the Transport Scheme does, from Durham and Northumberland, you have to send it down to Lancashire, which is worse still. That is, you have to transport it from Lancashire into Cumberland and then bring the coal down to Lancashire.

1915. Was not West Yorkshire coal going to Lancashire?—Yes, but that was not sufficient.

1916. No Lancashire coal or Yorkshire coal?—must remember in the southern part of England have a non-producing area with a very large population. You have to supply that area with coal. I could easily arrange the whole of the Yorkshire to go to Lancashire, but the alternative would be to bring the whole of the Durham and Northumberland coal to the south of England.

1917. I suppose the north country coal had no market in the south of England by rail?—We are dealing with special conditions. You have a curious fact: on the north-east side of the country you have areas with an excess production; on the north-west side you have areas short in their production. That is, on the north-east side you have Northumberland, Durham and Yorkshire all with excess, but on the west side you have Cumberland, Lancashire and North Wales all with a considerable shortage. I suggest it is sound to commence to take your margin of coal in the north and fill the north with it rather than work the coal from the north to the south and work back from the south to the north. We tried all these things and experimented in every way with them, and we do say that we are prepared to take any case at all. We have had thousands of thousands of them, and we quite fairly say there is not one case in which we were not able fairly to show that our arrangement meant in the aggregate a mileage.

1918. Of course these two northern counties are speaking in the main, even under normal conditions either consuming their own production within their own border or exporting it?—Yes.

1919. So that the effect of your Transport Scheme was felt less in those two counties than elsewhere?—I am afraid I do not follow.

1920. The production of those two counties either went for export to the ships or was consumed within those counties themselves?—They sent a great deal into Scotland, and we stopped that and made Scotland self-contained.

1921. In any scheme of this sort you must have occasional exceptions and anomalies; for instance, take Northumberland coal. I think there was a case where it was not allowed to go into Cumberland and Durham coal had to be sent?—Was not the point rather that Northumberland did not produce sufficient gas coal for itself, and we asked Northumberland to make itself a self-contained area and fill the requirement itself? The point was that there was no use sending gas coal from Northumberland to Cumberland and replacing it in Northumberland from Durham.

1922. On the Tyne, which is the boundary between the two counties, there was a sort of neutral zone?—We made a zone three miles north and three miles south of the Tyne because it was so interwoven.

1923. In a scheme of this sort you are bound to provide for exceptions of that description?—Yes.

1924. *Mr. Arthur Balfour:* Can you give us an opinion as to whether larger coal wagons have been used with success?—I am afraid I cannot answer that very satisfactorily. Of course, large coal wagons are used in certain directions. The North Eastern Railway have them, and some of the railways use them in connection with their own locomotive requirements, but so far as I know the thing that keeps back the coal wagon for shipment purposes is the capacity of the tips and the various appliances at the docks. So far as the large wagons are concerned from the household point of view, I do not think there is much advantage in them.

1925. Is there any difficulty in the collieries receiving large wagons?—When you say "large wagons" you are not thinking of a wagon on the American principle, but a 20 tonner. 30 tonners are out of the question. The trouble is the wheel base, and your railway stations are so constructed that the big wagon cannot be worked because it is impracticable; you cannot get the bridge clearances or get to work in the stations or between the wharves, and they will not pass round curves. It is not impossible, but it would mean an enormous expenditure before you could do that.

1926. The 20-ton wagon is the maximum according to our present arrangements?—Yes.

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1927. *Sir L. Chiozza Money*: Are not the small wagons kept up by the small amounts required by small dealers for special purposes?—I do not know that that is right altogether. It is a curious thing that when you have a 10-ton wagon you rarely get 10 tons in it. The wagon starts off with a capacity of 10 tons and time goes on, and instead of scrapping a wagon with a 10 ton capacity they reduce the capacity and make it 8 tons and then 7 tons, and as time goes on 6 tons. Whether that is a sound policy as compared with scrapping the wagon and having a wagon of high capacity I could not say.

1928. My point is that small dealers requiring small truck loads naturally create a demand for small trucks, and it is inconvenient for them to take a 30 ton wagon. They want a small wagon with a few tons in it?—That is so.

1929. *Mr. Arthur Balfour*: Would it not be possible to effect an economy and to use large wagons for export trade?—Yes, if the docks could deal with them.

1930. But there are difficulties at the dock?—Yes.

1931. Have you had any experience in the question of using empty trucks on the return journey?—It is an arrangement which started really since I left the railway service. For some time I was with the Ministry of Munitions before I went to the Control of Coal Mines, but I do know it must be an advantage from the railway point of view to utilise any wagon available not only for loading, but for manipulation of the stock from one part of the line to another.

1932. If there was real pooling of the wagons—that is to say, if the wagons were all pooled—you would effect a great economy in the return journey?—That is my view.

1933. You think in using the wagons loaded on the return journey you could keep the collieries supplied with wagons as well?—Yes, I think you would have such a surplus of wagons that you would still be inconvenienced with the surplus you would create. I believe railways would be able to take a considerable number of wagons for their own purposes.

1934. *Mr. R. W. Cooper*: Your scheme did not apply to coal conveyed by private railways?—No.

1935. There is a considerable amount of coal conveyed by private railways in the north?—Yes, with staithes; that is shipment coal.

1936. Your pooling would not apply to that?—No, the wagons used are not fit for public service. Very frequently they are disused wagons not allowed to run over main lines.

1937. *Mr. Evan Williams*: With regard to the use of wagons on return journeys, I suppose you are aware that, so far as the collieries are concerned, it has not been a success?—Of course, that is again a question of opinion, is it not? We have gone into a number of cases that have been given to us. Of course, you could hardly ever get a system which would be fool-proof. The railways have not defended some of the things done, such as sending a South Wales wagon up into Yorkshire. It is not intended that should be done. So far as I remember, there was a very small percentage of South Wales wagons used for back loading. I think it amounted to something like 2 per cent., or, say, two in a hundred.

1938. I am not referring to South Wales alone?—No, but I refer to South Wales because it is in connection with South Wales that we have had the main complaints. It is difficult for them because they send their wagons to the South-Western counties.

1939. With regard to the pooling of wagons, of course, the experiment you say was not made in Lancashire, and there are still the two different opinions—one saying it is impossible and the other that it is perfectly feasible. So that until the experiment is made it is not right to say it is bound to be a success?—I am saying in my opinion after my experience (because I have spent all my life in this business) that it could be made a success.

1940. That is a matter of opinion at present?—But it is the view of the railway companies too. I think I might add this that we have made a clear proviso that if this thing did not turn out a success it could be terminated in three months, so that there was no finality about it.

1941. You contemplated it might be a failure?—No. It was the other side that wanted that; we did not.

1942. Well, for the present it is a matter of opinion. With regard to places like South Wales, where the great bulk of the coal is shipped, I think you would not say that the pooling of wagons would effect any more efficient use of the wagons than at present?—I should have to go into that on the spot. I would not like to say. But I have seen a great deal of shipment up North, and while I realise the irregularity with which ships come in and have to be dealt with, I am not at all satisfied that I could take it for granted that something better could not be done with the wagons than is done to-day. I do not know whether that would apply to South Wales in the same degree. I would want to look at it on the spot.

1943. You are aware that the Railway Executive Committee proposed it should not apply in South Wales for the shipping trade?—I have heard that. Of course, I am giving my own view.

1944. With regard to the larger wagons, I think you are aware that there are very few collieries at present that can take a larger wagon than 12 tons under their screens and on their weighbridges and over the curves of their sidings. It would mean a very large expenditure of money and a complete alteration of the screening arrangements to accommodate wagons larger than 12 tons?—I believe it would.

1945. Do you know anything about the facilities of the ports for dealing with such wagons?—The information I have is that there are many places where they could not deal with the larger wagons, but would want to increase their facilities. The facilities are constructed for dealing with wagons up to 12 tons.

1946. Is there any coal tip in the country that can deal with a larger wagon than 12 tons?—I cannot answer that.

1947. Coming back to the Transport Scheme, you are quite satisfied it has been a success from the point of view of ton miles?—Yes.

1948. Are you equally satisfied it has been a success from the point of view of train miles?—Yes.

1949. There is no difficulty I take it in continuing that scheme after the Control comes to an end?—I think not.

1950. You think it is within the power of the Railway Companies to continue such a scheme?—Yes.

1951. There is no necessity for Control, to perpetuate such a thing?—No.

1952. *Mr. R. H. Tawney*: Was it carried on independently before the coal scheme was adopted?—No, we created it.

1953. *Sir L. Chiozza Money*: And you said there are further economies to be effected?—Yes, very much larger economies.

1954. Do you think that would be effected if the Central Control went out of existence?—I cannot answer that. It would depend upon the view the railway companies took. The railway companies could, if they so desired, carry on an investigation of this kind just as easily as we. After all we are railway men.

Sir L. Chiozza Money: But they never did it?

1955. *Mr. Evan Williams*: So far as the coal owners are concerned they co-operated with you and assisted you?—Yes, in every way.

1956. The Committees of Coal Owners in the different districts gave you all the assistance they could?—Yes, in every way undoubtedly.

1957. So far as South Wales is concerned they went a little further than your scheme in restricting collieries to the nearest ports, and those ports only?—The point raised by you is touching upon what I call "The Within Area Scheme." That is, we have dealt with the coal business from one area to another. Then you have coal within the areas themselves. Take the South-Western counties, which were getting coal from South Wales, from perhaps 200 collieries. Each one of those 200 collieries could send coal to any one of those South-Western counties. That meant there was a very mixed sort of flow with few wagons in all directions. If you alter that, and say that ten collieries may send to a certain part of the

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country, and twenty collieries may send to another part, you at once get a substantial flow of coal, making it much easier for the railways to handle from the point of view of shunting. There is not so much miscellaneous business. That is the sort of thing we had in mind to do all over the country.

1958. That has been done with the South Wales coal and the South Western counties?—Yes, we were forced to that for this reason: that the Severn Tunnel was so congested and some relief had to be found, and we found it in this way.

1959. I think the coal owners took a very active part in making arrangements for zoning the district?—Yes.

1960. So much so that the idea was forced upon the railway companies to some extent by them?—I would not like to put it in that way. I think the idea emanated from conferences we had at the Coal Control Office, but if you want me to make it clear that the South Wales owners helped the Coal Control I say they did. I do not think any owners helped us more than the South Wales owners did.

1961. I was not fishing for compliments for them?—No, but I say that to clear it up.

1962. The coal owners themselves went wholeheartedly into the thing?—Yes.

1963. And even gave you ideas as to the extension of the system you were initiating?—Yes.

1964. And with regard to ports of shipment in South Wales they themselves drew up schedules of ports to which collieries were confined so far as shipment was concerned?—Yes.

1965. Take, for instance, a colliery in the Swansea district. That would not be allowed to send coal to Cardiff for shipment and *vice versa*?—Yes.

1966. And even so far as industrial coal in the district was concerned they did so far as possible, consistent with the quality of the coal, do the same thing?—Yes.

1967. *Mr. J. T. Forgie*: There is one question I should like to ask, and that is with regard to the Scottish Railway Companies. They are very much in the same position as the North Eastern, are they not?—Yes.

1968. The wagon hire is included in the rate?—Yes.

1969. The Scottish Railway Companies of course have gone differently from the North Eastern by allowing private owners to run wagons?—Yes.

1970. A large number of collieries on the Scottish Railways own as many wagons as keep their collieries fully going?—Yes.

1971. Those that do not own their own wagons (perhaps you will be able to answer this, whether you know it or not) have for the last 25 or 30 years suffered a good deal of idle time for want of wagons through inability or incapacity of the railway companies to supply them, whereas those who have had their wagons have had a full supply and practically lost no time. How does that meet your views of pooling? These are facts?—It does not appear to be a difficulty of pooling.

1972. I should like to say that I except the South Western Railway from that. They were much better and did not go so far in the allowance of the use of private wagons, but the North British and Caledonian Railways did. Those are the facts as I understand it?—That is part of the case. I do not understand the whole case. There are allegations, are there not, to this effect,—that certain of the railways have not fulfilled their promise. When they began to discourage private owners from having wagons they gave an undertaking that the necessary number of wagons would be provided and that has not been done. I do not call that pooling. That is a particular fault in a particular direction. It is not a fault of pooling.

1973. The coal owner would be entirely at the mercy of the railway companies; he would have no resource against them?—I would not like to admit that. I do not know what remedy was tried.

1974. They have told us there is no remedy, and so far as we can see there is really no remedy.

Mr. Sidney Webb: Not against the railway company?

Mr. J. T. Forgie: No.

Mr. Sidney Webb: How could you expect it?

1975. *Mr. J. T. Forgie*: Then with regard to the return journeys. It is difficult to find much return traffic for coal wagons, and really for the great number of coal wagons there is not much return traffic, is there?—That is not so.

1976. I mean for that class of wagon?—If something represents 100 and you can show there are disadvantages which are going to take away 25 I should not discard the 75 that are left because of the 25. I am not going to say the whole thing is perfect. You cannot get any big thing that is perfect.

1977. Then it is not all traffic which you can put into a coal truck? You cannot put flour or meal?—That is so.

1978. And if you put other traffic such as iron ore, for instance, when the wagons are discharged there is iron left and there is trouble for the collieries. There may be expense saved by the railway companies, but at the colliery there is a great deal of labour caused by the necessity of cleaning out those wagons?—I can only say in answer to that that it is one of those things which develops. I have had an opportunity while at the Coal Controller's Office to meet the colliery proprietors and the managers, and I have been surprised to find the way in which they are coming round to the idea of common user. People dead against it not long ago are now in favour of it. They say the balance of convenience in their opinion undoubtedly lies in common user.

1979. Another thing about the private ownership is with coal merchants who have their own depots, they use them as stores to a great extent. If they did not have them to use as stores, they would require to lay down the coal and pick it up again or pay demurrage charge to the railway companies?—That is an open question. I remember dealing with it from the practical point of view. I held this idea, that if you knew you were going to deliver goods out of a wagon tomorrow you should not unload it to-day. Then I decided to try the reverse of that and keep the place clear and put the wagons into use, and I found I worked at less cost per ton by clearing my goods and handling them twice than keeping them unloading.

1980. It is almost impossible in the coal trade?—I am not convinced. Wagons are not, generally speaking, to be used as storage depots. A wagon is a land ship. You do not find people delaying ships and letting them hang around. Some one has to pay. You have to discharge and load promptly.

1981. If a coal merchant finds it pays him to buy a wagon and use it as a movable store he will use it for that purpose. Why should he not?—It may pay him to, but it does not pay the railway company.

1982. It does not affect the railway company?—Frequently it does, because the railway has to shunt out empty wagons behind and put them back again.

1983. *Sir Arthur Duckham*: The only question I want to put is one from the consumer's point of view. This scheme which has been in use restricts the choice of coal to the consumer. The consumer has to take what coal is sent him. He cannot take the coal he would wish to use?—Not house coal, of course.

1984. Industrial coal?—Yes.

1985. He cannot make his own choice of coal; he has to have what is sent to him?—At present that is so.

1986. Is that contemplated in any general scheme in the future?—The idea was this. We had to take great care that such coal as was available was fairly divided among everyone concerned, and for that reason we had to establish it that coal must continue to flow in the same direction. We did that advisedly, because we found, of course, as in other businesses, people had friends. One man was going to get preference over another, who was going to be prejudiced, and so we laid it down that this coal must continue in the same channel. It happened under the Transport Scheme that A. got coal which previously was received by B., and did not like that coal because it was not as good as the coal he previously received, and I must admit, in some cases, it would not be as good, because all coal is not equal; but still, what was the alternative? We had to get on, and as long as we could get him coal to keep him going,

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we had to see for the time being that that filled the bill.

1987. That was a war emergency?—Yes.

1988. We are trying to get an idea of pooling in time of peace?—Yes.

1989. Would such a thing be necessary in time of peace, that a man could not choose his coal?—No, if you are going to maintain the Transport Scheme you could do so and yet give a man a choice within limitations.

1990. You would limit him?—Yes, he would be limited by the Transport Scheme as a national scheme.

1991. You touched upon the point that the difference between the different sorts of coal is greater than people realise. A man may have arranged his work for one sort of coal and be forced to take another, and his whole works may be rendered wholly inefficient?—I should like to say we have never had any case where a man's works were rendered wholly inefficient.

1992. Certain plant might be inefficient?—We have not had such a case.

1993. I am only speaking from knowledge of that?—I do want to make it clear. People have an appeal to the Controller, and wherever that has been alleged we have sent down an expert on the spot to go into the facts, and if the man could prove he was unfairly prejudiced then the thing was put right.

1994. Matters of proof and discussion are somewhat lengthy. With regard to the map, you treat Area 5, Yorkshire, as an entirely distributing centre?—Yes.

1995. Having a surplus of production?—Yes.

1996. Yet you were bringing Durham coal into Yorkshire?—Yes.

1997. This map is not quite correct if you were bringing Durham coal into Yorkshire?—That was for reasons which I referred to. One other reason was the large number of men who had to go into the Army. Then the southern section of England had to be provided for. The Yorkshire coal was made to flow south, or, to put it in another way, a certain portion of coal which was flowing from the South Yorkshire coalfield north to the north part of Yorkshire was turned instead south, and coal was brought from Durham into the north part of Yorkshire. Surely, that is a saving in transport.

1998. Taking the case I was thinking of at Hull, which is fairly near the Yorkshire area, which was receiving Durham coal in the same way that Birmingham received Durham coal, there, I presume, you were pushing Yorkshire coal south and bringing Durham coal into that area, although it was over-producing?—But there was not sufficient.

1999. You say it was over-producing?—Yes, for its own area requirements, but not sufficient to meet the demand in the places Yorkshire had to supply.

Sir Arthur Duckham: I will not press the point.

2000. *Sir Thomas Royden:* In continuation of what *Sir Arthur Duckham* was asking I should like to ask you this. You are a traffic expert and not a coal expert?—Yes.

2001. On your statement here the Coal Transport Scheme achieved a very wonderful work; on these figures it saved, having regard to the tare of the wagons, as you pointed out, and the return empties, something like 1,400,000,000 coal ton miles?—Yes.

2002. On which your Department is to be congratulated. The suggestion here is, I think, that that saving was, so to speak, a net economy to the nation?—Yes.

2003. Surely if that be so, the corollary is that in the past the coal user has voluntarily and from stupidity paid all that extra haulage that he need not have paid. Is not that so?—It would look like that, although there is another side to that because one could reason it out this way, that possibly the pit price had been affected by reason of the fact that the coal had to go long distances to compete with coal produced nearer.

2004. I am looking at it from the consumer's point of view?—In that case it would be the pit price which would be affected and not the consumer.

Mr. R. H. Tawney: In that case it is the miner.

2005. *Sir Thomas Royden:* I am looking at it from the consumer's point of view now?—I am pointing out it has not necessarily affected the consumer.

2006. Why do you say he should pay this unnecessary tax?—I am not in the coal business and cannot answer that.

2007. I do not know any more than you do?—I will put this to you: As you know, I am not a coal expert. All I know about it has been gained since I have been in the Coal Control, and after two years' strenuous work; but it is clear there is a great amount of prejudice and preference in regard to coal, and men will do astonishing things for those two reasons.

2008. Yes. This particular economy was essential during the war and people were glad enough to get coal whatever coal they could get?—Yes.

2009. But I do not think we can necessarily deduce from this that under peace conditions we can make the same transport economies?—Well, we think you could.

2010. Without, of course, a restriction which might really, if you look at the whole transaction from start to finish, be uneconomical.

Mr. Sidney Webb: Without nationalisation.

Witness: We do not think it would turn out that way. I think the instance I ventured to quote of the gas coal is a good one.

2011. *Sir Thomas Royden:* I am not suggesting in every case this restriction imposed a hardship on the consumer. I am only saying I do not think it is safe to assume we should make anything like as large an economy as that?—No, but there are economies to be made within areas of transport so that it can be maintained.

Sir Arthur Duckham: I have never heard of a gas undertaking which has been satisfied with its coal within the last two years. I have spoken to hundreds of them. I should like to make the point because the witness has given you to understand that the gas companies are all satisfied.

2012. *Sir L. Chiozza Money:* May I ask you, with regard to that very interesting paragraph on page 2 of the memorandum, what you anticipate to arise from the other economies you referred to when you were in a position to make them in time of peace, and what those economies are precisely?—Let us take the area in North Staffordshire where there are mines 10 miles apart, each adjacent to a separate town. One mine is sending to the town 10 miles away, while the mine near that place is sending to the other town also ten miles away. Well, each should take its coal from the adjoining mine. We have evidence that that sort of thing is going on. You have coal flowing from east to west, and flowing right past from west to east, in one area, and coal going from south to north and north to south in another area.

2013. Are you aware that investigations in America have shown that this happens frequently, not only with regard to coal, but flour passes, in a train going from A to B, flour passing from B to A?—I am not aware of that, but it is possible to apply this saving in transport to many things.

2014. Do you know anything of margarine distribution?—No.

2015. Do you know exactly the same thing has been found there?—No.

2016. Are you aware that before the Transport Scheme was arranged margarine was sent from London to Stornoway? You may take it from me that it was so. With regard to the last paragraph on the first page of your memorandum, you there estimate that about 700 million coal ton miles per annum were saved, and that without taking into account return empties. Can you put that into money regarding those as a national saving? Can you interpret that in monetary terms?—I thought I said I was afraid that would have to be done by the railways. The nearest I can get is an estimate I made of what the merchant and the consumer would get by reason of the saving of carriage charges based on the 40 miles journey and on the wagon charges, which I estimated at 8d., on the idea that out of three wagons two were privately owned and one railway owned. I said an average of 8d. would give you about £600,000. Otherwise the information would have to be got by the railways. I do not see any way out of it, and

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it would have to be got in that precise way of taking a precise record of the coal tonnage prior to the Transport Scheme, conveyed over each line, the coal tonnage conveyed after the Transport Scheme was inaugurated, but making allowance for this special coal which we have had to convey from Durham to London, and from Durham to Birmingham, which would have had to be conveyed whether there was a transport scheme or not.

2017. And there has to be added something for the empty returns?—Yes.

2018. Have you ever yourself made calculations like those which have been made by Mr. Gatty with regard to the lifetime of an ordinary average wagon on English railways and how much of its life is spent in standing?—I know a great deal is spent in standing, but I have made no calculation.

2019. And this applies not only to coal wagons but all other wagons?—Quite so.

2020. If you regard this position of the miners as it is so often put *vis-à-vis* the community, this national saving could be applied in part payment of the miners' demands?—Yes, I believe you would make a profit by taking the wagons over.

2021. Would that be possible without a continuation of a central railway control?—It would have to be centrally controlled. Railways have an excellent organization for the handling of rolling stock and the manipulation of rolling stock to the different places on the line and you could have a central organisation based on the present railway system.

2022. But you would have to have statutory powers for that?—I cannot answer that. All I can say is the machinery exists and it might be brought together.

2023. It has been put to you that there still remain two opinions on this subject—an opinion decidedly for and an opinion decidedly against. May I ask what the opinion of the Railway Committee is?—I cannot answer that; I do not know.

2024. May I ask you what is the general opinion amongst men of your own qualifications—experts in all traffic?—The men I know whose opinions I care anything about are very strongly in favour of it.

2025. And it is also your opinion that the colliery managers have also come round?—Some of them have expressed their views to me in that direction.

2026. With regard to the question of larger coal wagons your objection is not, as I take it, or your difficulty is not, as I take it, with regard to the economy of the larger wagons, but it is as to the possibility of their use under present conditions?—From the railway point of view there must be an economy in a larger wagon because the dead weight in proportion to the actual paying weight is less.

2027. That is what I want?—That is clear, but what I do say is that I do not think you would get much advantage from having a large wagon for, say, the household trade.

2028. Under existing conditions?—Yes, under existing conditions

2029. We are always talking about existing conditions, but we want better conditions?—That is so.

2030. Once suppose the domestic coal of London were handled by a big competent authority who could handle great quantities of coal, would it or would it not be an economy, and a considerable economy, to use larger wagons if for other domestic reasons it were possible?—Yes, I can imagine ideal conditions because having had so much to do with handling labour, I can fix it up that you would not put a spade into it, but do it by gravitation.

2031. Am I wrong in calling the present wagons which are used toy trucks?—No.

2032. And we cannot get rid of the toy trucks with the present system?—And present appliances.

2033. What you said with regard to collieries was not an accusation against the larger wagons but against the equipment of the colliery?—It simply says the collieries were not equipped to deal with the larger wagons.

2034. Mr. R. W. Cooper: By "equipped" would you explain what you mean? Is it not the fact that with the collieries the works on the surface are so constructed that you cannot put a larger wagon under the screens, for instance?—Yes, that is part of the equipment.

2035. May I suggest the "construction" instead of equipment.

Sir L. Chiozza Money: We mean the same thing.

Mr. R. W. Cooper: They are two very different things.

2036. Sir L. Chiozza Money: May I ask whether the German practice has advanced on these lines to any considerable extent?—I do not know.

2037. You do know the American practice has advanced?—Yes.

2038. Mr. J. T. Forgie: Will you forgive me putting one question? Are you aware the ultimate size of the buildings at their collieries and the construction of their screens has been adjusted to suit the largest wagon that was existing at the time with a view to reducing the breakage in the coal?—I am not surprised at that of course.

2039. Sir L. Chiozza Money: It is not conclusive against the use of the larger wagons?—No.

Mr. R. W. Cooper: On the other hand, the dock is another limiting factor.

Chairman: May I ask the Commission their views on this? I promised that we should adjourn at five. Personally I am anxious that we should finish this witness. I do not suppose it will take much longer if the members will release me from my promise and we will finish. Now, Mr. Smillie asked me yesterday whether I would ask the Coal Controller to get the net wages as distinct from earnings.* I have Sir Evan Jones, the new Controller, here, and he is by my side. I am not sure I got Mr. Smillie's point correctly. If he will repeat it to Sir Evan Jones he will be able to know what to do.

Mr. Arthur Balfour: The cash received you asked for, did you not?

Mr. Robert Smillie: Mr. Cooper has largely cleared up the point. It is on table B line 10. The earnings per person per quarter you will find were given there for the various mining districts of Great Britain and the average totals taken per man.

Mr. Arthur Balfour: For the quarter?

Mr. Robert Smillie: For the quarter ending 30th June. My point was that this was not wages received by the persons for their total earnings, but from those earnings there may be deductions for explosives, for tools supplied to workmen, and for light and other things which might reduce the quarterly earnings by £2, £3 or £4 according to the amount of explosives. I think you will see my point. It is important to know whether this is the net wages which the person has received or the amount which he had earned.

Sir Evan Jones: I quite understand the point and it is possible to obtain that information. It will mean some communication with the colliery owners, and probably it will take some little time to get it, but I hope to be able to get it before the first session of your Commission adjourns.

2040. Sir L. Chiozza Money (to the Witness): There is one other question I would like to ask you. It was suggested to you that the fact that it was not always possible to get return cargoes as it were for wagons was a point against your system of organisation. I suggest to you that that point is very much in favour of it?—Perhaps you would explain why.

2041. If the essence of the system is to save the distance which the truck has to travel and the organisation secures a shorter journey, therefore it shortens the period for which the truck is empty because of being able to get no return freight?—I am afraid I do not quite follow that. Broadly, I should think if a wagon cannot be used in both directions loaded it is against you as a rule, just again as it would be to run a ship in one direction only loaded and have it come back empty would be against you. But I do not agree at all that that finishes the question because even if you have in some cases—one does not admit in all cases you have to—return some wagons empty, there are other operations to take place in the manipulation of wagons. Railways have to work wagons from point to point. If they have in their own hands the manipulation of the wagons as a whole they could frequently save a good deal of money.

2041A. Is it not very much more likely that possessing that organisation they would be able to find a return freight for the truck than otherwise?—Yes.

2042. That was what was in my mind when the point was put to you.

2043. Mr. R. H. Tawney: You spoke of a scheme which was framed for co-operation between coalowners and railways in Lancashire?—Yes.

2044. And it was never put into operation because it was not accepted?—Yes.

* See Appendix 12.

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[Continued.]

2045. Why exactly was it not accepted?—Because the wagon owners wanted certain conditions which the railways could not agree to. The idea was if this thing were tried there were going to be large numbers of wagons which would not be wanted for the conveying of coal. Were those to stand idle or might they be put into the railway service? The owners said "No, let them stand idle." The railway said "We want to use them."

2046. If the wagons were used in the most economical way there was a surplus?—Yes.

2047. And because the wagons belonged to the coal-owners they were not to be used in the most economical manner?—Yes.

2048. At a time when we are being urged to use all our resources to increase national production, is it not a singular proposition that you are to allow your assets to lie idle? There is one other point. What proportion of wagons at the present time belong to the railways and belong to private companies?—It is very difficult to get any reliable data on that subject. I think it is estimated there are some 700,000 privately owned wagons in the kingdom, but those are not all coal wagons. We have arrived at the conclusion that somewhere about 600,000 represents the figure. With regard to railways probably it is 800,000, but we have no data.

2049. *Mr. Sidney Webb*: Not 800,000 in addition?—Oh, yes.

2050. *Mr. R. H. Tauney*: You estimate that if they were pooled there would be considerable saving?—Yes.

2051. Have you any figures of the probable saving?—No, but my rough estimate is one-third.

2052. Do you mean to say at the present time we are using 33 per cent. more wagons than is necessary under a unified system?—Yes, that is my opinion if you get a pooling system.

2053. *Mr. Sidney Webb*: I have just one or two questions. I gather that you expressed the estimated saving of your districting of the traffic at £3,250,000 roughly. Have you taken that out as a sum per ton of the whole output of coal?—No, I have not.

2054. It comes to about 3d. per ton of the whole output. Supposing you applied to inter-area traffic a saving which you think might be more, that would come to another 3d. a ton?—Yes.

2055. That would mean, assuming you could deal with the traffic as you thought most economically, it would amount to something like 6d. a ton on the whole of the coal sold for consumption and that is just about half what the Prime Minister has offered the coal miners as an increase. That is 6d. a ton out of what we are looking for. Now it was suggested this system of districting might go on after the war. But does it not rather depend upon your power to prohibit anyone from sending coal in a particular direction?—Yes, I take it there would have to be a renewal of the Order.

2056. Who is going to be trusted with the power to prohibit?—Well, the railway companies would act in that way.

2057. It is suggested the railway companies should have power to prohibit?—No, there would be handed over to the railway companies the law of the land which they would be expected to carry out like any one else.

2058. It is suggested that we should trust private railway companies with the power to direct traffic. It implies the railway companies would be in the hands of the Government?—No, I do not suggest that. I mean to suggest railways are very honourable and if they receive an instruction to do a certain thing they would certainly do it. You never can be fool-proof but instructions could be given and would be carried out.

2059. It is suggested where there is a certain amount of complaint by consumers that they cannot get the coal they want; that if the railway companies had the power to order them to get from a certain place they would accept it?—No, I do not think that is intended at all. The function of the railway companies simply would be this, that they would not convey coal between forbidden places; that is if someone wanted the coal from Yorkshire into Cumberland the railways would not convey it.

2060. The suggestion which I make to you is that the only way in which you could carry this on is if the railway administration were in the hands of the Government. It was settled three months ago that it was going to be so that it does not matter.

Mr. Arthur Balfour: I should like to have heard the witness's answer to that question.

Witness: If I must make an answer I cannot agree that we could only carry it out if the railways were nationalised, because it is not a difficult thing to carry out.

Mr. Sidney Webb: I agree. I mean the power would have to be the power of the Legislation.

2061. *Mr. R. W. Cooper*: What you said was the Companies need only refuse to carry to the prohibited destinations?—Yes.

2062. *Mr. Sidney Webb*: Provided legislation were carried on. That is my point. The Legislature would have to lay it down?—The railways would have to be given the authority, and they would carry it out.

2063. *Sir L. Chiozza Money*: And they would have to form a co-ordinate Committee for that purpose?—Yes. It would not be a difficult thing to carry out.

2064. *Mr. R. W. Cooper*: If there were a universal regulation laid down by the Railway Executive Committee or the railways generally it would be carried out?—Yes.

Sir Arthur Duckham: Or if they passed a law making all coal of the same quality you could carry it out.

Mr. Sidney Webb: The point is the railway companies have not the statutory power to do that unless Parliament gives it to them. Therefore it could not be carried out by the railway companies.

Mr. R. W. Cooper: Do they need statutory power?

Mr. Sidney Webb: Yes.

2065. With regard to the pooling of trucks, I gather it has not been found possible completely to pool the private coal wagons?—No. It is very partially possible.

2066. And the objection to that has been on the part, I gather, of particular colliery owners who happen to own wagons; the objection has come from the owners of the wagons?—Yes.

2067. And that means that that has come because they were representing separate interests?—Yes.

2068. If you could imagine that all the collieries were in one hand there would not be any objection to pooling the trucks clearly. Therefore the opposition to the pooling of the trucks on which so much money could be saved would be removed if you had all the collieries in one interest?—Undoubtedly.

2069. Therefore that would be one of the gains to be obtained by a National Coal Trust?—Yes. Of course you could do it without that. It is quite a simple thing, although it is so big.

2070. Yes, if you were to pass an Act of Parliament?—I do not know what the machinery is. I am speaking rather from the practical point of view. I am not an authority on Parliamentary procedure and things of that sort.

Mr. Sidney Webb: The point is people will not agree to it.

Mr. R. H. Tauney: As in the case you mentioned in Lancashire.

2071. *Mr. Sidney Webb*: The difficulty is psychological?—I can only give you answers on things which I understand. I do understand whether a thing can be worked from a practical point of view, and to that I will say yes or no perfectly plainly but not these other things.

2072. I want to get from you as a matter of fact what has prevented the pooling of the trucks has not been any practical difficulty but what I may call a psychological difficulty—that is, someone has objected to it and refused to do it?—Yes.

2073. Therefore, if the people refused, the only way in which it could be done would be to over-ride that refusal?—Yes.

2074. Now I put it to you, supposing you could imagine such an impossible state of things, that all the collieries in this country were in the hands of the National Government and that all the railways were also in the National Government, you could not as a practical man work out a system both of districting the traffic and of pooling all the wagons which would effect a very great economy as compared with the present state of things?—I do not know that a job of that sort would be given to me, but I think it could be done.

2075. *Mr. Robert Smillie*: Have you any statistics as to the proportion of railway accidents which take place in the course of shunting operations?—No, I have not. I

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[Continued.]

have seen the figures of course when I was with the railways. I know that such things do happen, but I have not any figures.

2076. You know that such things as accidents in shunting do happen?—Yes.

2077. It is amazing to hear it put like that by a railway expert. Is it not well known that a very large proportion of railway accidents take place in shunting operations?—I could not say what the proportion is, but it is risky work.

2078. Will you take it from me that in examining a train of 40 wagons going through a Scottish railway station slowly I have found 13 different owners' wagons in the 40. When those are put into the sidings for shunting, have you any idea how long it would take the engine and the breakman to do the shunting of those 40 wagons and get them sorted out?—It would depend upon so many circumstances. It would depend upon whether they had a clear road, the sort of engine, and the state of the roads themselves, and the skill of the men doing the work.

2079. If I told you in the 40 wagons there was not a single one owned by the Railway Company —?—That makes it difficult.

2080. They were owned by 13 different owners, and before they found their way to the collieries 24 hours afterwards they had to be shunted out to their own ends. Would you believe that the General Manager of the Caledonian Railway stated at a time when the pits were thrown idle for want of trucks, largely through want of engines and men, that if the wagons were common-user wagons he could keep the collieries going full time at a time when the nation required coal?—I did not know he said that, but I can quite imagine it would be practicable.

2081. You admit there was the greatest possible difficulty in carrying on the traffic, and collieries could not be kept going?—At certain times undoubtedly.

2082. Were you aware the members of the Coal Organisation Committee, and the heads of several of the railway companies met with the private owners of wagons to endeavour to get the pooling of the privately-owned wagons?—I could not say I know. I think I have heard they have, but I am not sure.

2083. It is amazing that the minutes of these meetings are not in your possession, and that you, practically in charge of the transport work, have not the proceedings?—No, they would hardly affect what I am doing in the Coal Mines Department, would they?

2084. Have you connection with Scottish transport as well as English?—Yes.

2085. You are well aware that the Scottish railway companies have pooled their wagons?—Yes.

2086. Are you aware that it is stated that it increased their ability enormously to deal with the traffic?—I do not know that they stated it, but I should not believe them if they said it did not. Of course, it must do.

2087. You confirm that it must have done?—It is my view it must do so.

2088. Would you be surprised to know it was largely a financial reason which prevented the private owners pooling their wagons?—It would not. I think it is generally behind most things.

2089. I quite agree with you. What do you mean exactly by saying that privately-owned wagons cost 9d. as against 6d.?—That is for wagon journeys. Supposing, for instance, a wagon is going from A to B, a distance of 40 miles, or two wagons are going, one a railway wagon and the other a privately owned wagon, both conveying coal. In the case of the railway wagon the price per ton would be 6d. In the case of the privately owned wagon the price would be 9d. per ton; that is to say, private owners are authorised to charge 50 per cent. more than the old rates for the use of the wagon on that journey. But this does not apply to railway wagons, so that the hire of a privately-owned wagon would cost 3d. a ton more than the hire of a railway wagon.

2090. We came through several very difficult periods during the past five years so far as the supply of coal was concerned. We have had difficulty sometimes in carrying on the public works?—No. We are rather proud we have not. We have just been able

to keep every one going. We have just managed it. That is the test.

2091. Am I right that on several occasions there has been a serious shortage of coal?—Do you mean for household purposes?

2092. Yes?—Well, there are even in normal times in bad weather. I do not know that there has been anything exaggerated.

2093. Do you know the railway companies were particularly anxious for common user of the wagons?—You are not speaking of coal wagons?

2094. Yes, coal wagons?—No, I am not aware that they are anxious for it.

2095. Or that they have been anxious at any period during the last four years?—Not the railways as a whole, but some of the railways.

2096. I will say the Scottish railways?—The views of railways differ. One will want it and another will not.

2097. Are you aware the Board of Trade was exceedingly anxious to have it?—No, I am not aware of that.

Mr. Robert Smillie: There will be evidence dealing with that, I think, Sir.

Chairman: Yes, I have been thinking of that and an enquiry is being made.

Mr. Robert Smillie: When I put the question to this witness, would you ask him whether someone on his behalf would produce the railway accidents in order to find out what the proportion of accidents in shunting is?

Witness: May I suggest if you have evidence from the Railway Executive Committee, which I understand you are likely to have, that they should give that?

Chairman: Yes, you shall have that, Mr. Smillie.

2098. *Sir L. Chiozza Money:* May I ask one more question. (*To the Witness.*) You referred to the fact that at present you have only succeeded in pooling, owing to prejudice and other reasons, part of the coal wagons?—Yes.

2099. Could you give us roundly the proportion?—I should say it is an infinitesimal proportion. I would not like to put it into percentage at all.

2100. Do you mean an infinitesimal proportion has been pooled?—Yes, really by commandeering on the part of the Coal Controller.

2101. This is rather important. You have just said that this enormous saving which has been effected has been effected by pooling an infinitesimal proportion of the wagons?—Oh, no; I did not say that.

2102. I beg your pardon?—I am afraid I misunderstood your question.

2103. What I asked you was what proportion of the wagons have been pooled. What proportion have you succeeded in pooling?—My answer was that it was a very small percentage indeed and so small that I would not like to put it into percentage. My point is I do not see the connection between that and the 700 million ton miles.

2104. *Mr. R. H. Tawney:* The connection is that although you have not had an opportunity of getting economies in pooling you have yet saved 700 million ton miles by another scheme?—No. I should advise you not to connect these two things because they are really not connected. We could have effected that saving even if there had been no pooling and the coal had been flowing. It is a question of the flowing of the coal. That 700 million ton miles has no connection with pooling.

2105. I think that is rather the point. You have achieved this very large economy quite independently of pooling. When you go on to pooling you have another great economy to come?—Yes, if you put it in that way.

2106. *Mr. Arthur Balfour:* What you have done is to alter the flow of the coal and its transport?—Yes.

2107. It has nothing to do with wagons?—No.

Mr. Sidney Webb: The saving in wagons is still to come.

2108. *Sir L. Chiozza Money:* You have the handicap of the unpooled wagons remaining?—Yes.

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[Continued.]

2109. What sort of further economy would be effected if you could obtain the pooling of the wagons?—I do not think I would like to say any more than that I think it would be a very big economy. I should not like to give a figure for it because it is a very vast question, but to judge by what was attempted by the railway in Lancashire, which gave an estimate, I should say it would be a very big thing throughout the country and an exceedingly big thing.

Mr. R. H. Tawney: Might we have that estimator

Sir L. Chiozza Money: Even if it is ever so rough.

Sir Arthur Duckham: Can we have the exact figure and can you let us have the document?

2110. *Chairman:* What I will do with regard to it is that I will see Mr. Davies afterwards, and if it can be got it shall?—I am not sure there is a document. It was given in my presence by one of the railway officials to the late Controller, but I may have it in writing.*

Chairman: We can easily see and call you again, if necessary.

2111. *Mr. Evan Williams:* There is an important point I should like to put. I think Mr. Sidney Webb used the figure 3½ million pounds saving due to this 700 millions ton miles. Do you accept that figure?—Yes, that is my rough estimate. I got it in this way. Take 700 million ton miles. Put that into some figure which you can visualise more easily and imagine a train running for 40 miles and imagine that train conveying 300 tons of coal. Then I say the 700 million ton miles represent 50,000 such trains. I go on and say we have with the 40 miles a carriage charge of 3s., and that means £2,625,000. Then the wagon journey rate would, I estimate, be 8d. a ton—6d. on the railway-owned wagons and 9d. on the privately-owned wagons, an average of 8d., and that comes to about £600,000.

2112. There are as many single journeys when a wagon carries coal a short distance as a long distance?—That would not matter. It may be it would give you a bigger profit. If you had eight journeys of five miles each you could get considerably more eventually than your 6d. a ton.

2113. It is not the total amount of the wagon hire on the carriage of the coal, but it is the difference in wagon hire between the long distance and the short journey?—Yes, but if you save mileage —

2114. You do not save journeys?—But if you save journeys the greater distance you go the higher the charge.

2115. That is my point: it is the difference between the wagon hire and not the absolute wagon hire?—I put it in this way. It is an estimate, and I think it is a reasonable estimate. On the law of average, you will have one case against you and the other for you. I think it would make it very much like that.

2116. The first saving you put is a saving to the railway company in haulage?—Yes.

2117. The second saving you think is a saving to the colliery companies in wagon hire?—No, because the colliery companies do not pay wagon hire, but the man who gets the coal.

2118. I do not accept your figure of £600,000?—No, I say I gave it as an illustration of the 700,000,000 ton miles in a different way.

2119. *Mr. R. W. Cooper:* Did I understand you to say that on this question of pooling there was a difference of opinion amongst railway managers?—I told you I know one bunch of experts say yes and the others say no. I realise that and I gave you my personal opinion, and I say, "Try it."

2120. *Mr. J. T. Forgie:* There is a question I should like to ask, and that is this. With regard to this supposed £2,000,000 or £3,000,000 economy, has not the greater portion, if not the whole, been lost by uneconomical results in some works which were made to use coals which were not suitable?—No, I do not agree. As I say, the coal Transport Scheme did not affect the character of the coal itself. It simply divided out the coal in a different way, so that if you argue one man lost because he got some bad coal the other man gained who got the better coal.

2121. I am afraid you have not gone into it thoroughly or you would not have made that statement, because that is an absolutely futile statement?—I am sorry you put it in that way.

Mr. Sidney Webb: May we have the evidence?

2122. *Mr. J. T. Forgie:* I will give it to you in a second. He speaks of gas coal in Scotland. The same quantity of gas coal, or rather less, was produced after the distribution began than before. There were certain works where it was said, "You must take this gas coal." They did not previously use large coal at all, but they used "small," and they could not put that large coal into the retorts?—I remember the gas coal question in Scotland. It was a very vexed one, and it was extraordinary because you found this state of affairs, that in the neighbourhood of Aberdeen certain people who had been getting coal from Fifeshire for years and making it a success had neighbours who, when they were offered it, said it was rubbish and they could not do anything with it. There again you get the two experts, and one says yes and the other no.

Sir Arthur Duckham: You get two works with workmen of average intelligence and those men have been brought up to use one class of coal. They both may be doing quite well, but you change the coal from one works to another and both works will do badly for six months or a year until they get used to their coal again and get the heats in the flues regulated. This sudden change would undoubtedly produce inefficiency in the industry of the country for a period, anyhow until the people using the coal get used to the work again and also, in some cases, changed their plant. That is to say, the loss is a temporary one.

Sir Arthur Duckham: I said for a period.

Witness: The answer is that this period has gone on for one year and eight months. We have had a considerable number of experts on the Coal Control, who had advised every undertaking needing advice as to the best means to use the coal, and we have helped them in every way we could.

Mr. J. T. Forgie: Are you aware that these people using the coal against their own wish have declared that they will go back to their own coal after the war?

2123. *Mr. Robert Smillie:* The question of gas coal is a very vexed one in Scotland?—Yes.

2124. Have you discovered that every question in Scotland is a vexed one?—Yes.

* See Appendix 55.

(Adjourned to to-morrow morning at 10.30.)

FIRST STAGE.—FIFTH DAY.

FRIDAY, 7TH MARCH, 1919.

PRESENT:

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

MR. ARTHUR BALFOUR.

SIR THOMAS ROYDEN.

MR. R. W. COOPER.

MR. ROBERT SMILLIE.

SIR ARTHUR DUCKHAM.

MR. HERBERT SMITH.

MR. J. T. FORGIE.

MR. R. H. TAWNEY.

MR. FRANK HODGES.

MR. SIDNEY WEBB.

SIR LEO CHIOZZA MONEY.

MR. EVAN WILLIAMS.

SIR RICHARD A. S. REDMAYNE (*Assessor*).MR. H. J. WILSON (*Assessor*).MR. ARNOLD D. MONAIR (*Secretary*).MR. GILBERT STONE (*Assistant Secretary*).

Chairman: I have some documents to circulate, but I want to do this first. Personally I think the question of pooling of wages is so important that I have asked, and Sir Richard Redmayne has suggested to me, that the Minutes of the Coal Mining Organisation Committee referring to the pooling of wages should be typed and every member should have a copy. In addition to that, the whole of the Minutes of the Coal Mining Organisation Committee shall be here either to-morrow morning or Monday, and any member who wishes to see any part of them shall see them. With regard to the pooling of wages I think it is desirable that everyone should have a copy of that part, but I am afraid we cannot have the whole typed as it is too much of a job in the interval. The very important part shall be typed.

Mr. Robert Smillie: I suggest in addition to having the Minute typed with regard to the pooling of wages, we should also have the Minute of the proceedings at which the Coal Organisation Committee, and the Mine Owners' Representatives and the Miners' Representatives suggested to the Government the necessity for fixing the limit of the selling price of coal, of which the 4s. a ton was the outcome.

Chairman: I am going to circulate now three documents that I promised. First of all, there is a pamphlet entitled: *The Nationalisation of the Coal Supply*, which is called: *A Study Prepared in the Fabian Research Department*. Secondly, the *Coal Conservation Committee's Report*; and, thirdly, the *Mining Royalties Report*.

Mr. Arthur Balfour: Might I ask for further information. I should like to have the financial results of the (A) Postal Telegraph and Telephone Services for the last completed financial year before the war and 1918, or the last completed financial year making clear the total capital employed, (B) The total cost of depreciation in making up the profit and loss account, and (C) Any amount placed to reserve covering deferred wages and salary. May I also ask that a financial representative of the Postmaster General should attend so that we can ask questions upon it. There is one other thing I should like. We might have some precis of the Minutes taken at the Industrial Conference Committee that is sitting now. There might be a good many matters transpiring there that will help us.

Sir L. Chiozza Money: Might I remind you, Mr. Chairman, of one or two things which have been asked for. There is the precis of the Eight Hours' Committee's Report, especially with regard to the point of output as affected by the reduction of hours.

Chairman: I hope we shall have that on Monday I saw about it last night. In fact, I can say I am sure Monday.

Sir L. Chiozza Money: The promised proofs, or rather the particulars promised by Mr. Lee, of the Coal Mines Department, with regard to his concrete cases of the effect, or the supposed effect, of the demands upon exports—shall we have those?

Chairman: I had a note of that myself, and last night I again sent a message to Mr. Lee, who is getting it out. I understand at the present moment Mr. Lee has to do something with regard to Paris, which rather delayed him yesterday.

Sir L. Chiozza Money: The next thing is this: Mr. Dickinson promised us a statement that is of great importance; that is to say, some calculation based on Sir Richard Redmayne's technical statement as to the effect of the demands on wages.

Chairman: I hope to have that on Monday. Sir Richard Redmayne is going into the box on Monday.

Sir L. Chiozza Money: We have had Sir Richard Redmayne's part, and we await Mr. Dickinson's.

Chairman: That will be here on Monday. I am very anxious that particular documents should be in members' hands for the week-end. I have asked Mr. Dickinson to come and have a talk with me at 5 o'clock this afternoon, and I will try and get it for you to-morrow.

Sir L. Chiozza Money: When Monday comes we shall barely have a week left. Our own witnesses have to come under examination. It does seem to me they ought to study that document well in advance of coming before you.

Chairman: Not only the witnesses, but the members of the Commission. That is why I am so anxious to have it for the week-end.

Mr. R. W. Cooper: With regard to the statement I asked Mr. Dickinson for on the first day I should like to have that to-morrow if possible. That is the vital point of the whole enquiry. We have gone on now for some considerable time, and it is not yet before us in an intelligible form.

Chairman: I quite agree; it is not intelligible to me.

Sir L. Chiozza Money: I asked for a return at our preliminary meeting. It cannot be ready yet I know, but is the return progressing as to the coal exports,

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[Continued.]

the total exports, the miners' wages, the hours of labour, remarks as to any legislation, and its effect thereon, for a period of about two generations with comparison, if possible, with American and German miners' wages?

Chairman: In answer to that, the night before last I put in further particulars with regard to it. The answer is, it is very much progressing, but it is a very big job.

Sir Arthur Duckham: Are those wages going to be divided up into different classes of wages?

Chairman: I hope so.

Sir Arthur Duckham: The wages we have had before have been bulked; we want them divided.

Chairman: That is a very big job, but it is well under way.

Sir L. Chiozza Money: Have they the information as to the American wages here or have they got to cable for that?

Chairman: I cannot answer that question, because I do not know.

Sir L. Chiozza Money: I am anxious they should be cabled for if they have not got it in their possession.

Mr. R. W. Cooper: I take it you would like to have in your information with regard to the numbers of days worked per annum in this country?

Sir L. Chiozza Money: Yes, all relative figures ought to be brought out. If Mr. Cooper would go over the table I have prepared and add to it I should be thankful.

Mr. R. W. Cooper: I am particularly anxious to have the inland prices and quantities and export and bunker prices and quantities.

Mr. Robert Smillie: I want to get up to the latest possible date we can get the total amount of money which the Exchequer has received in excess profits from the coal trade since the imposition of the tax.

Chairman: The Inland Revenue people are working upon that, and I hope it will be here by Monday.

Sir Thomas Royden: That would include payments not received; they do not always receive their money.

Mr. Robert Smillie: Received or due?

Chairman: I thought I had something about that which would help. What I have is this: In 1915 the United States of America Bureau of Economics endeavoured to make a comparison of railway rates. I have not the other.

Mr. R. W. Cooper: I believe there are certain Consular reports, but whether we have a complete American Consular report I do not know. Before the war we had fairly complete Consular reports. Since the war we have had no means of getting information with regard to Germany.

Mr. Sidney Webb: A complete set of all the American publications is at the London School of Economics, but as far as we could make a hasty survey of it it is very difficult to find particulars about mining. Every other industry is mentioned at great length.

Sir L. Chiozza Money: There is one other thing. You remember, Mr. Chairman, Mr. Dickinson put in a table of statistics of coal mining details from 1889 onwards. That brings us down to 1917 only. In addition, Mr. Dickinson kindly gave us estimates for the period January to June, 1918, expressed annually and the period January to September also expressed annually. I wonder whether the Secretary would be so kind as to add the figures for those two periods at the bottom of this table so as to bring it up-to-date to the end of 1918.*

Chairman: Somebody shall do that.

Sir L. Chiozza Money: If a footnote could be added as to whether or not the figure as to profits includes products from by-products, it would be useful.

Chairman: Yes, certainly.

Sir L. Chiozza Money: If that could be made quite clear, it would be well.

Chairman: A footnote shall be put to that effect.

Mr. R. W. Cooper: It will be useful to have everyone of those columns brought up.

Chairman: I propose now to call such mines inspectors as can help us on the question of hours and winding.

MR. THOMAS HARRY MOTTRAM, SWORN AND EXAMINED.

2125. *Chairman:* Mr. Thomas Harry Mottram, you are the divisional inspector of mines for the Yorkshire and North Midland division?—I am.

2126. How long have you held that office?—In Yorkshire, about 6½ years.

2127. I propose to do with you what I did with Mr. Dickinson as you are an expert gentleman upon this point. I propose to ask you a general question, as I have not a proof, and then ask you to tell the Commission your conclusions. I understand you speak for your respective districts as to (A) what is the average time for which the underground workers must at present be (1) on the colliery premises, above or below ground; (2) actually below the surface. Tell us about that?—Dealing first with the time spent on the premises.

2128. *Mr. R. W. Cooper:* Do you mean from the time he gets his lamp from the lamp cabin?—I mean the time he enters the colliery yard to the time he takes his place on the cage, or is able to take his place on the cage and also the time taken after leaving the cage on returning to the surface. That time will vary just as the distance between the entry to the colliery yard and the pit varies. In some cases the entry is quite near to the pit; in others it is a much greater distance. My view is that on the average 15 minutes or thereabouts are spent on the surface.

2129. *Sir L. Chiozza Money:* That is quite irrespective of the distance from his home. It is from the time he enters the yard and when he takes hold of the bar?—Yes.

2130. *Mr. Robert Smillie:* Is that 15 minutes

morning and night?—The average is both going to and coming back from the pithead.

2131. *Sir L. Chiozza Money:* Does the man have only 7½ minutes to get right into the yard, to get rid of his clothes, get his lamp, get on to the cage and be ready for the descent?—That is the average time. Of course, only a couple of minutes may be taken up at some collieries.

2132. *Mr. R. W. Cooper:* I observed you were asking about the collier changing his clothes in the pit yard?—As a matter of fact he does not unless he is a pit-sinker.

2133. *Mr. Robert Smillie:* It is getting rid of any outside clothing; colliers very often leave an overcoat?—They may, Mr. Smillie, but I think as a rule they do not.

2134. You say that the distance may be taken as making up the time. Will not a great deal depend upon the speed of winding the man up and down. May not the man be 15 or 20 minutes on the pit bank waiting?—You mean there may be a queue of men waiting?

2135. Yes.—The cage is not always ready for any particular man when he arrives. I have taken that into account. You must bear in mind there are a great number of mines where the colliery yard is very small and very little time is spent. On the other hand, in some of our Yorkshire collieries, which are rather large places, it is quite different; greater time is required. That is so far as the surface time is concerned. Now as regards the underground. The Act, as you know, fixes the period of employment at eight hours, and that time dates from the last man down to the first man up. In addition to that, the average

* See Appendix 5.

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[Continued.]

time taken to lower the man and to raise him must be added.

2136. *Chairman*: Perhaps I might interrupt to quote the words of the Act. It is the Coal Mines Regulation Act, 1908. Section 1 is: "Subject to the provisions of this Act a workman shall not be below ground in a mine for the purpose of his work, and of going to and from his work, for more than eight hours during any consecutive twenty-four hours." Sub-section 2 is: "No contravention of the foregoing provisions shall be deemed to take place in the case of a workman working in a shift if the period between the times at which the last workman in the shift leaves the surface and the first workman in the shift returns to the surface does not exceed eight hours." Then there are provisions I need not mention with regard to emergencies and accidents - To continue, with regard to the periods fixed for lowering and for raising the men under the Eight Hours Act. The 1908 Act requires periods to be provided by the inspector of mines, and in order to arrive at these periods the owners are required to send to the inspector particulars of their winding plant and the time it takes to wind a cage of men and the number of men being lowered in a single cage. When those particulars are arrived at they are examined by the inspector of mines, and if he is able to approve the time applied for he does so. That time varies according to the capacity of the winding machinery and to the number of men who ride on the cage.

Mr. Evan Williams: And the number of men employed?

Mr. R. W. Cooper: The witness says the number of men riding in the cage.

2137. *Mr. Evan Williams*: But is the difference owing to the number of men employed?—The number of men being carried in the cage and the total number of men being lowered and raised. The time varies very considerably, as a rule the minimum time approved is ten or fifteen minutes. In one or two rare cases the time runs up to 90 minutes. In a great number of cases it is 60 minutes. Taking the figures given by the mine owners as a basis, the average time, taking the whole division, and working it out on the average of every shift at about 460 collieries, which is the number of mines in my division, the average time for lowering is 44 minutes, and 44 minutes for raising.

2138. *Mr. Herbert Smith*: This time we do not agree to?—This is the average.

Mr. Herbert Smith: It is not from the owner and not from us; we contest it.

2139. *Sir L. Chiozza Money*: It is the average of your district?—Yes. The whole of the Yorkshire and North Midland Division.

2140. *Chairman*: Where do those figures come from?—These figures come from the register we keep in our office which is compiled from the particulars given by the colliery owner.

2141. *Sir Arthur Duckham*: Are those figures checked by the Government officials?—They are checked when the time is approved.

2142. *Mr. Robert Smillie*: Is this a matter that there can be any dispute about? That is the time posted at the pit?—That is right, when we approve the time.

2143. You are dealing with the average times taken at all the collieries which have been agreed to with the employers?—Yes.

2144. There can be no mistake about that?—That is so, approved by the Inspector. This is the average. Having given you the average time spent on the surface as being in my view 15 minutes there requires to be added half of the winding time, which is 44 minutes, to give you the average time, thus bringing up the total time spent on the surface and underground to 9 hours. Of course, it happens, I do not know how frequently, but that it does happen I think there can be no doubt, that some men get very much earlier to work than others. Now, if a man goes down, say, in the first cage load and does not return until the very last cage load, and the winding time is 60 minutes, that man may be, and

probably is, in the mine 10 hours, that is to say, below the surface to the time he comes back.

Sir L. Chiozza Money: His total work would be what?

2145. *Mr. Evan Williams*: That is not the average case?—No.

2146. *Chairman*: You are putting the extreme limit?—Yes.

2147. *Mr. R. H. Tawney*: That is assuming it takes 60 minutes?—Yes.

2148. You said in many cases it took 60 minutes?—Yes, but the average is 44 minutes each way.

2149. That is not a rare case; it occurs pretty often?—It occurs pretty often.

2150. That is to say the 60 minutes underground may occur very often?—I cannot say that, I really do not know. I should think it does happen. Of course a man does not always want to be working 10 hours. A man may be delayed underground through accident.

2151. *Sir L. Chiozza Money*: You said in rare cases it might extend to 90 minutes?—Yes, the winding time.

2152. These are not the worst cases?—The 90 minutes are very rare. I do not think there are more than two or three cases in the district.

2153. *Sir Arthur Duckham*: What is the shortest?—15 minutes; there are two or three at 5 minutes or 10 minutes.

2154. As you are emphasising the worst case we might have the best.

Sir L. Chiozza Money: He said there were a great number.

2155. *Sir Arthur Duckham*: He gave us a great number?—I repeat there are a considerable number of cases where 60 minutes are allowed.

2156. *Mr. Herbert Smith*: And very few cases where it is 10 minutes?—There are a lot of small mines in West Yorkshire.

2157. With 10 and 20 men down to 2 and 3 men.

2158. *Mr. Sidney Webb*: The average you have given; I waited for the different numbers?—It is worked out on the different numbers of 500 at 20 minutes, 400 at 25 minutes, and so on to get the average time.

Mr. R. H. Tawney: Can you give us these figures? I submit an arithmetical average is almost meaningless. It is no consolation to a man who is underground 60 minutes.

Mr. R. W. Cooper: You want a list showing how the average is calculated.

2159. *Mr. R. H. Tawney*: An average for this purpose is valueless?—I have averages for two of the counties. I have the particulars for Derbyshire and Nottingham here. I did not know you would want all my figures in detail. Of course, those can be given. Talking about 60 minutes, taking the County of Derbyshire, it will be some guide. There are 6,153 men lowered under this head. I ought to preface what I am saying by stating that some of the returns received were given in the year 1909, and I have had to base my calculations on those figures. Some of the times have been reconsidered and altered to correspond with the number of men presently employed; but in a good many cases they have not.

2160. *Mr. R. W. Cooper*: You mean your average is not a true representation of the state of affairs to-day?—I think probably it will be about the same now. You understand some of these figures were given in the year 1909.

2161. *Mr. Robert Smillie*: Do not we require another factor if you go in for averages; do not we require the factor of the number of men?—Yes.

2162. You say perfectly clearly that in the 60 minutes and 90 minutes time there will be a very large number of men, perhaps thousands, while in your 15 minutes time there may be only 20 men?—That is right.

2163. Consequently you want the other factor to bring out the number of men to which those things apply?—I have taken it out. I have borne that in mind. It would be most misleading not to do that.

2164. *Mr. Arthur Balfour*: If Mr. Mottram has the figures worked out might we have them?—They are in draft for Derbyshire and Nottingham. What I

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[Continued.]

was telling you was this: In Derbyshire 6,153 men have a winding time of 60 minutes, and in Nottingham 7,410 men have a winding time of 60 minutes.

2165. *Mr. Evan Williams*: How many men are employed in this county?—The total number of men from which these figures are taken for Derbyshire was 45,820; in other words, you have 6,153 out of 45,820.

2166. *Mr. Robert Smillie*: Is that 45,820 underground workers in Derbyshire?—Yes, there may be more. I want to tell you the figures I have taken out refer to about 202,000 men, 45,820 being in Derbyshire, 36,283 in Notts, and 120,892 being in Yorkshire.

2167. *Sir L. Chiozza Money*: Give us the 60 minute men?—I cannot give you that figure for Yorkshire, because these are just my draft figures, but these figures were taken out yesterday afternoon in the train.

2168. What number are over 60 minutes in addition for this district.

Sir Arthur Duckham: Mr. Mottram will put in a statement showing these men divided up.

Chairman: We will have the statement put in.

Sir Arthur Duckham: It is better than asking questions on one item.

Sir L. Chiozza Money: I am bound to offer this observation. It does seem to show when the Government of this country is confronted with a crisis it has all to be hastily got together. I should have thought these statistics would be in writing to be produced at any moment. Here we have them in pencil on a piece of foolscap paper produced at the last moment.

2169. *Chairman*: I do not express an opinion on the Government. I desire to protect the witnesses. They are doing their best under very difficult circumstances, and I think we are very much obliged to the witnesses?—May I say this: that as regards the particulars of winding times furnished to the inspectors of Mines I have every figure here for anybody to look at who likes to. We have a little more information than figures in pencil on a bit of paper. I want that to be made clear.

2170. *Mr. Arthur Balfour*: Do you report those figures regularly to the Home Office?—No, these figures are not reported to the Home Office, but they are filed in the Divisional Office in Doncaster.

2171. *Mr. Herbert Smith*: Is it not a fact you are a representative of Yorkshire? You have no details of Yorkshire; you pick Derbyshire and Nottingham. There is no analogy between the two. I want to get at this. You must first tell us the depth of the mine, the number of people riding in the cage, and the number of people employed. You fix these times. We have no choice in times; in fact, there has been no alteration during the war; you have not altered the times. It has still stopped at the original times, and we ought to have those particulars now?—They can be given. I did not know you wanted all the forms for all the collieries.

2172. *Mr. Robert Smillie*: No doubt the miners cannot be held responsible for the information not being in a state to put before the Commission. The miners have been denied any right to a voice in fixing the time with regard to being lowered or raised, although it is their lives and not the lives of the Government or the mine owners that are at stake. We have been denied a voice from the point of view of safety?—In that connection, I might say I have not received any complaint that we are putting the men down too quickly. If there is any case where the miners think they are being lowered too quickly or raised too quickly, I should be only too glad to hear of it.

2173. Have the Home Office Inspectors ever had complaints of the time being far too long?—There have been complaints of that kind.

2174. *Mr. Evan Williams*: I take it the tendency of a manager is to ask for more time than is absolutely necessary?—I think it is. We do have to reduce the times. I cannot approve all the times that come to me.

2175. The longer time is in the direction of greater safety.

Mr. Robert Smillie: No, greater hours in the pit.

Mr. Evan Williams: I say from the point of view of lowering the men.

2176. *Sir L. Chiozza Money*: Do you have regard to the age of the winding machinery and the efficiency thereof. Do you take into account that it is up to date machinery, or, in some cases that I know of, where it is 50 years old?—We take into account the speed the engine is allowed to run at; but, whether the engine is safe or not, is decided by inspection by an official, who must put into a book a report on the condition of that machinery. We assume the machinery is in proper order.

Sir Arthur Duckham: It is a matter of the maintenance of the machinery, not the age of the machinery that matters.

2177. *Chairman*: You were going to do a sum when we started on this discussion?—I think I was asked to give the figures of the number of men working in pits where the time was over 60 minutes.

2178. Yes?—In Nottinghamshire there were 6,123; in Derbyshire 1,861; that is out of the 202,935 men, in the whole division mentioned a few minutes ago.

2179. *Mr. R. H. Tawney*: You gave us for Derbyshire 45,820?—Yes; the total number of men.

2180. *Sir L. Chiozza Money*: In Derbyshire there is about 1 in 5, and in Nottingham 1 in 4, with 60 minutes or over?—There are 36,000 in Nottingham.

Mr. R. H. Tawney: In Derbyshire you gave the total number of men as 45,820. The total number of men with winding time 60 minutes, 6,153; the total number of men with winding time over 60 minutes, 1,861. You add those together, and that is 8,014. That is out of 45,820 men. What percentage is that?

Sir L. Chiozza Money: It is about 1 in 5.

Mr. R. H. Tawney: In Derbyshire you gave the of men 60 minutes and over.

Sir Arthur Duckham: It is about 18 per cent.; it is nearer $\frac{1}{5}$ th.

Sir Thomas Royden: 1 in 5 $\frac{1}{2}$.

Sir L. Chiozza Money: In Nottingham it is about 25 per cent. You gave us 7,400; you add to that 1,853, making about 9,000, of 36,000 men, which is nearly 1 in 4.

2181. *Mr. R. H. Tawney*: The witness said in his previous statement that in a great number of cases the winding time was 60 minutes or over?—That is right. I have not the totals for Yorkshire. They are lying in my office and can be got. When I began to think about this matter in the first instance, I wanted to know how long the men employed at the coal face were underground during the coal turning shifts. I took out certain figures. After taking out those figures, it occurred to me they would not represent the fair average, and, in order to get it, I should have to go through every list I had. I did so. Before going through every list, I had dealt with 84,000 of the men working in Yorkshire, and I found out of 84,000 men 28,000 had a winding time of 60 minutes. That figure when the whole figures are before you may show some variation, but it gives you some guide as to the number of men who occupy 60 minutes in winding time; 28,000 out of 84,000.

2182. *Sir L. Chiozza Money*: They were 60 minutes?—Yes.

2183. Were there any over 60 minutes?—Yes, I am coming to that.

2184. I know how difficult it is to give such evidence?—There was 3,753 being lowered at mines where over 60 minutes are allowed.

2185. *Sir Arthur Duckham*: That is not in addition to the 28,000?—Yes, that is in addition to the 28,000.

2186. *Sir L. Chiozza Money*: That is 40 per cent.?—That is out of 84,000.

2187. *Sir Arthur Duckham*: That is not for the whole district?—No, two-thirds.

2188. *Sir L. Chiozza Money*: Is it representative?—I think that figure is subject to variation. I do not think it would vary very much.

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2189. *Mr. Evan Williams*: Have you taken large collieries or mixed them up?—I have taken the coal shifts in every colliery.

2190. In the 84,000 you have taken out of the 120,000, have you taken the large collieries as well as the small?—Yes, right through.

2191. That is a fair average right through the total?—That is as regards the coal shifts. I do not want to place too much reliance upon these figures. I only use them to show you that of 84,000 men employed in Yorkshire coal getting, 28,000 of those had a winding time of 60 minutes, that is all. When the other figures are supplied I shall be able to tell you the number of men who have 60 minutes winding time in practically the whole of Yorkshire.

2192. *Sir L. Chiozza Money*: Might I ask how many at 50 minutes?—I could give you the whole thing.

2193. *Chairman*: I think you had better give us the whole thing?—In Derbyshire, 2,011, for a winding time of 55 minutes.

2194. *Sir L. Chiozza Money*: I asked for 50 minutes?—6,745 have a winding time of 50 minutes. You understand, this 50 minutes means 50 minutes going down and 50 minutes coming up.

2195. *Mr. R. H. Tawney*: We have now got up to 50 per cent. of these Yorkshire miners?—I am giving you Derbyshire.

2196. *Mr. R. W. Cooper*: Had we not better let the witness make his statement, instead of having these continual comments as he goes along. It is much better to abstain from commenting as a witness goes along?—I can give you Derbyshire in a short time. In Derbyshire 280 have a winding time of five minutes; 5,305 have a winding time of 10 to 15 minutes; 1,722 have a winding time of 20 minutes; 2,359 have a winding time of 25 minutes; 2,305 have a winding time of 30 minutes; 1,940 have a winding time of 35 minutes; 9,514 have a winding time of 40 minutes; 5,625 have a winding time of 45 minutes; 6,745 have a winding time of 50 minutes; 2,011 have a winding time of 55 minutes. I think you have the figures beyond that.

2197. *Sir L. Chiozza Money*: Will you repeat them?—6,153 have a winding time of 60 minutes; 800 have a winding time of 65 minutes; 689 have a winding time of 75 minutes, and, in one case, 98 minutes.

2198. And the weighted averages is what?—That represents a total of 45,820.

2199. *Mr. Robert Smillie*: You say in one case 90 minutes?—372 men.

2200. 372 men have 90 minutes, you say?—No, 98 minutes.

2201. Is there any reason why the lowering of 370 men should take 98 minutes?—I cannot tell you; but that time was approved when the particulars were supplied. When it was approved, I cannot exactly tell you. It is now just possible that that time may require revising.

2202. May require revising?—May require revising; and all the figures that are given, all the times that are approved, are approved by the inspector, or subject to revision.

2203. How many years is it since that was given?—I cannot tell you; probably 1909.

2204. The shaft must be 10 miles deep, or something?—I suspect the engine is very slow and the number of men being lowered is small.

2205. *Mr. Cooper*: What sort of colliery is this?—I cannot give you the particulars of the colliery to-day.

2206. You do not know the name of it?—No, I do not know the name of it.

Sir L. Chiozza Money: I thought we were going to have the table first. Could we have the weighted average? It would be so useful.

Chairman: Take the next.

2207. *Sir Arthur Duckham*: Mr. Smillie made one remark on the 98. He said "lowering." These times are for lowering and raising?—It is both ways. I want that to be perfectly clear.

2208. Is it 98 minutes down and 98 minutes up?—Yes. It is out of 45,000 men.

2209. *Mr. J. T. Forgie*: Does the same engine lower the men in this mine that raises the coal?—I expect it does.

2210. Then they cannot raise the output of 80 men?

2211. *Mr. H. Tawney*: When you say 5 minutes you mean less than 15 minutes?—As a rule.

2212. *Mr. R. W. Cooper*: Those are the times prescribed?—They are the approved times which should be posted, and I believe are posted up at each pit.

2213. *Mr. Arthur Balfour*: Are they actually less than this, or more? We want the actual time. The approved time does not help us. If the approved time is 98 minutes, they may do it in 75 minutes?—If there are 100 men short one day, you do not absorb all that time. The time we approve for winding generally is the maximum time.

2214. Those are approved times and not actual times?—They are the maximum times approved by the inspector. It may be, and probably is in a good many cases, that the time is not exceeded or absorbed simply because there are then 50 or 100 men away, or 20 men away; consequently the whole of the time approved would not be required on those days.

2215. Could these times be reduced with safety to the men?—They might in some cases. The times that have been approved are subject to revision and might require to be reduced. It is just possible that we might require to increase them. It depends on the persons employed whether there are more or less employed as to whether we increase or reduce.

2216. *Sir L. Chiozza Money*: Would you give us the total number of miners and the weighted average—you know what I mean by the weighted average?—In Derbyshire I have taken it out in hours. In order to make it clear I ought to tell you how these figures are taken out.

2217. There is a simple process to be adopted here by multiplying the number into minutes, and getting the weighted average. Have you, or have you not, got out that average?—I have.

2218. Will you give it to us?—I was asked to get out certain particulars. You want to know, I understand, the time or the average time a man is below surface.

2219. *Chairman*: That is right?—Eight hours is a constant figure, so that in my table I begin with eight hours plus half the winding time, because you want the average. I have worked that out in hours and minutes in respect of every item, and then I find as far as Derbyshire is concerned, the average is 8 hours 28 minutes.

2220. *Mr. Robert Smillie*: You find 8 hours 28 minutes is the average time men are underground and out?—I am speaking of the time the men are below the surface.

2221. 8 hours 28 minutes?—Yes, and in Nottingham 8 hours 49 minutes.

2222. *Sir Thomas Royden*: How many men is that taken over?—Over the whole lot. The total is the average, taking these three counties. 8 hours 44 minutes.

2223. *Mr. Herbert Smith*: You have not given us Yorkshire yet, and I want to know why?—On the whole division it is 8 hours 44 minutes. I did not know you wanted it split up into counties.

2224. *Chairman*: Is it possible to do this?—If Derbyshire is 8 hours 28 minutes and Nottingham 8 hours 48 minutes, and Derbyshire, Nottinghamshire and Yorkshire average 8 hours 44 minutes, it is quite easy to get Yorkshire, is it not?—You can get the average for Yorkshire.

2225. *Sir Arthur Duckham*: You do not know the number of men?—I can work it out for you.

Chairman: What I suggest is that the witness has ten minutes in which to answer the question. It is most difficult to do these figures with three or four people asking these questions. I know how difficult it is before you have answered one question to have somebody else asking you another question.

Mr. Herbert Smith: He gave us Derbyshire and Nottinghamshire and missed out Yorkshire. Yorkshire is more than this.

2226. *Chairman*: If you will give him a few minutes he can do it. I think you must, and you shall, have it?—These particulars for each county

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were suggested by somebody and I gave them to the best of my ability. I have the total figure for the division. It is when you want to split them up into counties I have to work it out.

Mr. R. H. Tawney: Is not the moral of this that the Home Office ought to have these figures instead of our torturing a witness at a moment's notice? It is a thing almost impossible to do, but he is doing it very ably.

Chairman: If you ask me to express a private opinion the moral is the Home Office should have them.

Mr. R. H. Tawney: And ought to publish them.

Chairman: I think so. I understand they are at the district centres. I rather agree with you, subject to what may be said hereafter, that the moral is right.

Mr. R. H. Tawney: The figures are collected and no use made of them.

Mr. J. T. Forgie: The weighted average is about 30 minutes in Derbyshire.

Mr. Robert Smillie: As far as I can see, supposing Mr. Mottram and all the other inspectors take up two days in bringing forward figures of this kind, it will make not a bit of difference to our 6-hour day, and whether you lower the time or raise it, it will make no difference.

Sir L. Chiozza Money: All the witness has proved is the Government was not in possession of any information when they rejected the miners' demands.

Mr. J. T. Forgie: That is an argument against Government control.

Mr. Sidney Webb: We resist Government control.

Witness: With such figures as I have to-day, Yorkshire works out at 8 hours 68 minutes.

2227. *Mr. Evan Williams:* I think that is obviously wrong. I make it 8 hours 40 minutes, it must be below the average?—One is 8 hours 28 minutes, the other 8 hours 49 minutes.

2228. *Mr. J. T. Forgie:* I agree with Mr. Smillie, and I do not see very much importance in these figures with regard to the point of view of this enquiry?—I have given you the figures for the whole division.

2229. *Sir Arthur Duckham:* I should like the averages, but I do not think there is any necessity for this discussion upon it?—Having worked it out, I think it is about 8 hours 67 minutes.

2230. *Chairman:* Whilst the witness has been working out these figures I have asked Mr. Forgie and Mr. Smillie to help me. I think myself, instead of, I do not say wasting time, because I do not like to use that phrase, but instead of occupying time in this sort of way and putting the witness to a very great inconvenience, we should ask the mines inspectors, all of whom I have here except two, to make a table for us in this sort of way: put down in the first column the county, then in the next column the underground workers employed in the county, and then the percentage in the next column where the winding time is up to 5 minutes, in the next column between 5 and 10 minutes, in the next column over 10 minutes and between 10 and 15 minutes, and so forth.* If you authorise me to do that it will prevent a lot of discussion backwards and forwards across the table, and we shall get the evidence more quickly. It may be possible to do it by to-morrow. I see Mr. Mottram shakes his head?—It all depends upon what time I get home to-night.

Mr. Robert Smillie: The information is all here.

Chairman: We will get the numbers multiplied into times and get the weighted average.

Sir L. Chiozza Money: Shall we have an opportunity of asking questions as to the technical equipment of the mines, their provision for safety, and their average condition?

Chairman: Have we got rid of that subject? Have I your agreement to do that?

2231. *Mr. Arthur Balfour:* I want to get a point clear. When you say 5 minutes, 15 or 20 minutes, are you talking about the prescribed time for the lowering of the shift and the raising of the whole shift?—Yes, it is the time approved by the Inspector.

2232. Prescribed?

2233. *Mr. Evan Williams:* Prescribed is not the word?—We use the word approved because it is the word we use when we approve the time.

2234. *Mr. Evan Williams:* Instead of asking for the numbers between 5, 15 or 20, you should ask for something further, because the times go in multiples of five minutes?—Not in every case. Sometimes there are 25 or 28 minutes. In that case we should put the 28 on to the 30.

2235. *Mr. Robert Smillie:* In a double shift pit the probability is you are lowering one shift whilst raising the other?—Yes.

2236. *Chairman:* You understand that no member of the Commission will ask any further question on this matter. That will come up again. The next point of your evidence is this. Have you any information or opinion as to the particular part (if any) of the shift (surface and underground) during which accidents in some way or other dependent upon the human factor most often occur?—I have taken out some figures for the last two years, the year 1918 and the year 1917 with regard to the fatal accidents. I find that during the first hour there were comparatively during these years fewer accidents, but that during the other hours there was very little variation. They seemed to be fairly well spread over the remaining 7 hours.

2237. *Sir Arthur Duckham:* You say the first hour? Is that the first hour the man is at the face or the first hour he is in the mine?—That is the first hour he is in the mine.

2238. He is not working all that first hour?—Exactly. It is probably the least productive hour; it is the hour during which he spends the least time at the coal face.

2239. That is my point?—Take the case of a back-man a long distance in. He spends a good deal of time getting into the working face in the first hour and consequently is not exposed to falls of roof whilst coal getting.

2240. *Mr. R. H. Tawney:* The shorter time at the coal face the less liability to accidents?—I think it comes to that, if a man works four hours instead of eight hours there is less risk in the four hours than if he worked eight hours.

2241. *Mr. Sidney Webb:* Taking fatal accidents only that is a small proportion of the accidents?—Yes.

2242. It rather diminishes the value of the inference that the accidents occur at approximately an equal rate throughout all the subsequent hours?—It may do. That was all the information I was able to take out during yesterday afternoon.

Chairman: As far as I am concerned I do not want to ask you any question.

2243. *Mr. R. W. Cooper:* In your division, Derbyshire, Nottingham, and Yorkshire, how many shifts per day do the pits work? Are they single shifts or double shifts?—At a good number of collieries they work two coal shifts.

2244. Can you give me any idea of the proportion that are two coal shifts as compared with single shifts?—I do not know that I can; probably in Yorkshire one-third or a half of the big pits work a double coal shift. In two or three cases before the war they worked three coal shifts. In the Doncaster area at one time they did repairs during the coal shift, but in that area the mines are flat; the strata coal seam and the workings are convenient.

2245. You have two or three cases of three shifts?—Yes; the third shift was knocked off during the war.

2246. *Mr. Sidney Webb:* Owing to lack of men or trade?—Lack of men.

2247. *Mr. Herbert Smith:* There is a difference of opinion with regard to that. They would have been knocked off, war or no war?—I cannot say.

2248. *Mr. Arthur Balfour:* I take it the owners of the collieries keep records of all accidents that happen?—Yes, I think they do. They do not report all accidents to the Inspector.

2249. The owners' records are more perfect than the Government records?—They are more complete.

2250. A question was asked you with regard to the winding plant of the mines. Do you consider the winding plant of the mines in a satisfactory con-

* See Appendix 25.

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dition—is the machinery itself in a satisfactory condition?—So far as I know it is.

2251. Whose business is it to inspect it?—Are you speaking of the Government officials?

2252. Yes?—It is the duty of the inspectors to look at it when visiting the collieries.

2253. Do they make records of it?—If defects are observed or serious defects are found in the record the matter is taken up with the management.

2254. Do you know whether the owners inspect the plant regularly?—Their officials do, and are supposed to keep records.

2255. Those owners' records are, again, more perfect than the Government records?—We do not keep records of the state of the machinery; it is only in the event of anything being wrong or reported wrong.

2256. The Government has only records of when something is wrong?—The owners keep records.

2257. *Mr. Evan Williams:* Have you worked out at all what is the average time spent at the face in your district?—No, I have not, and that would be a very difficult matter for me to estimate. That varies in every pit; in some cases you may have men working at a coal face 200 yards from the pit bottom; others may be a mile and a half in by in the same pit. One may speak generally, if a man is going to work a mile from the pit bottom it would take him so long; if he is going to work a quarter of a mile from the pit bottom it will take him so long; it is difficult to give an average.

2258. You could not give any sort of idea of the average distance from the pit bottom in your district?—It varies from 150 yards to a mile or two miles.

2259. In a new mine it may be 150 yards; in an old mine it may be a couple of miles?—Yes.

2260. Meal time is accepted in Yorkshire?—I cannot say about meal time. I do not know what they do there.

2261. A reduction of two hours from the last man down to the first man up would mean two hours off the effective productive time at the face?—If they are only down the pit six hours instead of eight hours they are only there two-thirds of the time.

2262. If it takes an hour walking in and out the man has only seven hours at the face?—Yes.

2263. If there is two hours off the winding time that time at the face is reduced to five hours?—Yes.

2264. So it is a reduction of two-sevenths and not one-fourth?—The first hour is less productive than the other hours. The first hour of a man's shift is the less productive of any hour, I take it, because he has to walk in by.

2265. I mean after he reaches his working place?—I am coming to that. After that there are, say, 7 or 6½ hours most productive. You have fewer full productive shifts on 6 hour shifts than with 8 hour shifts. I think you want to know something about how the output would be affected by 6 hours.

2266. Yes?—May I put it in this way. If you reduce the hours from 8 hours to 6 hours you would apparently get a reduction of 25 per cent. That would be a quarter; but when you bear in mind the first hour is the least productive, and you have fewer productive hours to follow, the output probably would be a little more than affected by 25 per cent.

2267. The reduction would be more than 25 per cent. The reduction would be the same in the productivity of hours spent at the face. The reduction in production is in proportion to the hours at the face. You have that least productive hour out of 8 hours in the same way as you have out of 6 hours?—Yes, you have more most productive hours with the 8 hours than with the 6 hours.

2268. That is my point.

2269. *Mr. Arthur Balfour:* What percentage would you put that at—about 25 per cent.?—Somewhere between 20 per cent. and 33 per cent.—say 27 per cent. This is only an opinion, and it is only based on the fact that the first hour is less productive.

2270. It is an independent opinion?—

Mr. Herbert Smith: No.

2271. *Mr. Evan Williams:* Is it possible for men to walk to the face and walk back from the face.

quicker than they are doing now?—I do not think so. I think it would be very unwise to rush men in and out again.

2272. A large number of accidents take place on the roadways where men walk in and walk out?—Some accidents may.

2273. In your district are men ridden in in tubs?—In some instances.

2274. Is that in the case of long distances?—Yes.

2275. Do you consider it a safe practice?—Yes, we have very few accidents through it. In those instances where it is already applied it is apparently safe.

2276. Could it be extended?—I think it could be extended.

2277. Where it obtains it means that all haulage of coal from the face has to be suspended during the time the men are going in and out?—Not necessarily, because they have in one or two instances independent roadways for running the men in and out.

2278. Would you say that was generally practicable?—I admit it would be difficult under many conditions.

2279. Unless there is going to be a big reduction in output owing to the reduction of hours, there must be increased productivity over the hours spent in the mine or you must increase the men at the face?—If you reduce the hours you must get more per man per hour to make up the deficiency if you want the same amount of coal per hour per man.

2280. In your district do the men at the face do the timbering and the ripping at the face?—Some do the ripping, others do not. They do the timbering; all the coal face men do not do the ripping.

2281. Is it within your experience that a greater effort to produce coal is claimed by the men to be detrimental to the safety at the face?—If a man speeds up and does more than he is able to do in a normal condition he is apt to run risks. If a man attempts to do more than he really can he can only do it at the expense of himself or the expense of risk, falls of roof and falls of side.

2281A. Taking everything into consideration, is it your opinion that accidents in collieries will increase or decrease from reduction of hours?—My impression is it would have very little effect. I do not think the accident rate would go up.

2282. When you speak of the accident rate you mean the total number or the percentage?—I mean the rate per thousand employed.

2283. You do not think it would go up?—No; for instance, after the passing of the 1908 Act there was very little difference.

2284. There was practically no difference?—If you take out big explosions, I do not think there was much difference.

2285. I am going to come to that. When the hours were reduced from 9 to 8 there was practically no reduction in the accident rate?—I think there was no difference on the whole.

2286. Nor in the total number of accidents?—When I was looking at those figures, if I had not known there had been a 1908 Act the men were working under, the figures would not have told me.

2287. There is nothing in the statistics of accidents to tell you there would have been any difference in the accidents in the working face in 1909?—That is so.

2288. The reduction from 8 hours to 6 would not have a material effect up or down on the accident rate?—I do not think it would.

2289. It is obvious to get the same output for 8 hours a larger number of men would have to be employed?—That is so.

2290. The actual number of accidents in collieries would be bound to increase?—The total?

2291. Yes?—I do not know; I could not say.

2292. If the rate per thousand of men is the same and there are more thousands?—It might or might not. The men will only be exposed 6 hours instead of 8 hours.

2293. There is another man coming in that is not there now to be exposed for another 6 hours?—If you

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want to get the same quantity of coal per man, and if you do get the same quantity of coal per man —

2294. I assume you do not get the same quantity of coal per man; therefore you must get more men to get the same quantity of coal you are getting now?—The question of hours exposed to danger would regulate the accident rate. Take an individual man. If he is down the pit six hours or eight hours he is only exposed six or eight hours. If you work that man 12 hours instead of eight hours, I take it it would be the same with thousands as there would be with one. If you work him 12 hours he would be exposed for a longer time and possibly subject to more accidents.

2295. You said the experience you had had in the reduction from 9 hours to 8 hours did not decrease the actual accidents?—Per thousand persons employed, that is so.

2296. Nor the total number of accidents?—It depends. The total number of accidents would vary according to the persons employed.

2297. Let us keep to the number of accidents per thousand. The number of accidents per thousand men employed did not decrease with the reduction from 9 hours to 8 hours?—Yes.

2298. You give it as your opinion that they would not decrease with a reduction from eight hours to six?—I gave it as my opinion that the individual man would be less exposed to risk if he worked six hours instead of eight.

2299. That is not the answer you gave before?—That is the answer I give you now.

2300. So that you think the risk to the individual man has decreased?—Yes.

2301. Then do you think there would be a lesser grade per thousand of accidents?—There might or might not be, but I do not think there would.

2302. *Mr. R. H. Tawney*: Do I understand you to say you thought the risk to the man had decreased?—Yes, it would decrease if he worked six hours instead of eight.

2303. *Sir L. Chiozza Money*: That is rather obvious, is it not?—Yes.

2304. *Mr. Evan Williams*: If that is so how is it that the rate per thousand does vary?—I quite agree there, but that is how it works out. I cannot give you any other explanation.

2305. At any rate you do not expect that the rate per thousand would vary up or down?—I do not think it would make for increase in accidents.

2306. Have you any figures showing the rate of accidents per million tons produced before and after the Eight Hours Act?—There are tables published in the Chief Inspector's Report, but it is for the whole kingdom. Perhaps you would like to take that from the Chief Inspector.*

2307. If you can give it to us we will have it now?—I shall have to read from a published table. This only gives the cases up to 1914, but of course it gives the averages right back to 1873.

2308. *Mr. R. W. Cooper*: It covers the periods of the shortening of hours?—Yes, it does.

2309. *Mr. Evan Williams*: Will you give us the figures for the years 1908 and 1909?—The death rate from accidents in 1908 and 1909 under and above ground per million tons of mineral raised.

2310. Is it per thousand persons employed as well?—Yes, per thousand persons employed. In the year 1908 the death rate from accidents per thousand persons employed in the whole Kingdom was 1.32, and the death rate from accidents under and above ground per million tons of mineral raised during the same period was 4.75.

2311. *Mr. R. W. Cooper*: Then in 1909?—In 1909 the rate per thousand was 1.43, and per million tons 5.23.

2312. And for 1910?—In 1910, 1.69 per thousand persons employed, and 6.37 per million tons.

2313. And 1911?—In 1911 it was 1.19 per thousand persons employed, and 4.42 per million tons. It should be noted here that in the years 1909 and 1910, when the figures were abnormally high, there were serious explosions.

2314. In 1914?—The year 1914 was scarcely normal.

2315. Was 1913 a fairly normal year? By that I

mean free from any serious explosion?—In 1913 there was a serious explosion.

2316. That disturbed your figures?—Yes. I can give you these figures, if you like, for 1914: Per thousand persons employed the death rate was 1.08, and the death rate per million tons raised was 4.37.

2317. *Mr. Evan Williams*: Was 1908 a normal year?—Yes.

2318. Was there no big explosion in 1908?—No, there was no big explosion in 1908.

Mr. Herbert Smith: Would not the total casualties be a much better guide than the fatal casualties?

Mr. Evan Williams: I agree. I was really speaking of the accidents as a whole, and not fatal accidents.

Witness: These are death rates I have been giving you.

Sir L. Chiozza Money: Could we have the casualties which disabled miners for seven days and upwards?—That figure would be sufficiently large to show a reasonable variation.

2319. *Mr. Evan Williams*: In your experience of your district you go underground at practically every colliery?—No, I cannot say I go down every colliery throughout my district.

2320. At some time or other?—It is a matter of impossibility.

2321. During the time you have been there you have been to every colliery, I take it?—No, I cannot say that I have. We have had four years of war, and the Government Inspectors have had a good deal of extra work to do apart from their usual duties, with a very depleted staff.

2322. You know generally the mechanical conditions at most of the collieries, I expect?—I have a fair knowledge of what is going on.

2323. Are they such as would allow a larger tonnage per hour to be brought from the face to the pit bottom than is being brought now?—There is no doubt that during the war extensions of haulage were held up, and in consequence of that the output per hour was not as great as it otherwise would have been.

2324. So that, as compared with 1914, the capacity of the haulage plants for dealing with output per hour is less at the present moment?—It is less than it would have been at the present time; that is as far as I can go.

2325. Does not it necessarily follow that the faces have been advanced beyond the ends of mechanical haulage rather more than the normal distances?—They have extended simply because you could not extend your haulage roads at the same rate.

2326. So that, by comparison with 1914, mechanical haulage is not so near the faces as it was then, and is not able to deal with the same quantity per hour?—At the present time.

2327. I take it that up to 1914 the mechanical haulage was kept as near as practicable to the faces generally?—I will not say that. At a well managed pit it probably was.

2328. So that if the haulages were extended to the position they were in 1914 you would not get any more tonnage per hour from the face than you were doing then?—I do not think you would with present appliances, assuming the appliances to be the same.

2329. The introduction. I suppose, of new appliances is possible?—In some mines.

2330. Greater speed of haulage is possible?—In some mines it might be.

2331. What is the effect of greater speed on safety?—It depends upon how you speed up.

2332. Generally speaking, a higher speed of haulage is more dangerous than a slow speed?—I quite agree.

2333. And to get a larger output per hour you have got to speed up, have you not?—Not necessarily.

2334. You must have either greater density or greater speed?—But not greater speed; for instance, if you have an endless rope, and you used more tubs, you might not require more speed to produce them.

2335. Would you say that both greater density and a greater speed would introduce more danger?—It probably would to your men on the haulage road; if

* See Appendices 39, 40 and 41.

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you are going to hurry those men dealing with traffic and tubs they will run more risk.

2336. And accidents on the roadways are fairly numerous, are they not?—Yes, they are.

2337. I think it was put, during the time the Coal Mines Act was going through Parliament, that the roadways were about the most fertile places for accidents?—I am not aware of that, but I do know that falls of roof are about 50 per cent. of the whole number of accidents underground. Of course, that will vary very much at different collieries. Accidents on roadways very much depend upon the size of the road and the speed of the haulage, as you know.

2338. Naturally. I take it even in your district there is a very great difference between the physical conditions at one colliery and another?—That is so.

2339. Taking the repairing of roads in your district, is that done during the coal winding shift, or is it done in a later shift?—In some cases, a few cases, a good deal of it is done during the coal shift. I gave you, for instance, the Doncaster area where, in opening out new collieries, they did repairs during the coal shifts.

2340. Therefore any repairs that have to be done have to be done during that time?—Yes. What I want to point out is that they work under very different conditions there than in mines where the seams are thin and steep. Their main roads are practically level and spacious and the roof is of better quality or stronger quality and the falls of the roof in the main roads are not so frequent.

2341. But normally in your district the repairs are done on a later shift, either the afternoon or the night shift?—Yes, although, of course, some repairs go on during the day.

2342. Naturally they have to?—Yes, they have to go on; the haulage is running and they want to get rid of the debris.

2343. If the working hours of the repairers were reduced by 2 hours, would it be possible to do the repairs within 6 hours—I mean 6 hours total shift, including time walking in and out, that are now being done in 8 hours?—You would not be able to do so many repairs in 6 hours as you would in 8 hours.

2344. You would not be able to?—Naturally, the men would not be able to.

2345. What I mean is, it might be said that by putting more repairers in it might be done?—Yes; that is what it would come to. If you had 100 yards of roadway to enlarge, and you have so many hours required to do it, if you split it up into 6 hours, it will take more days to do than if you split the work up into 8 hours.

2346. Is it always possible to increase the number of men doing a particular job?—No, not always.

2347. So that you might not, even by putting on more men, be able to do in the shorter time what you are now doing in the longer time?—You might not in some particular jobs, because only two men or three men sometimes can work on a particular job.

2348. Is not that the general rule with regard to underground repairs?—That only so many men can work?

2349. That only so many men can work at a particular place where the repairs are necessary?—Sometimes I find when I complain about the state of a road, which might be worked at from both ends, and it is only being worked at one, in some cases the repairs might be done quicker, given men to do it.

2350. *Mr. R. H. Tawney*: Will you repeat that answer?—It was with regard to the speed at which new repairs could be done. What I was saying was that if you have 100 yards of roadway or airway needing to be repaired, and you only work from one end, you only do the work in half the time in which you would do it if you worked from both ends; therefore sometimes you could do repairs quicker than they are being done now.

2351. *Sir L. Chiozza Money*: Is your meaning this: that repairs may not be a difficulty in this matter; I mean that your knowledge of present working would show that arrangements could be made to get over this repair difficulty which is suggested to us?—They would have to be made.

2352. They could be made easily? You would want more men to do the same work. If the men worked fewer hours I think that comes about without doubt.

2353. *Mr. Evan Williams*: My point is that there is a large number of repairs where you cannot increase the number of men who can be made to work on them?—It all depends upon what that job is.

2354. But there are as a fact?—There are cases. For instance, if you can take, if you like, as an example, an ordinary pit sinking, you can only put so many men to work there, and in a roadway only so many men can work there.

2355. I am not talking of pit sinking at all?—I know, but I am giving you that as an illustration.

2356. I am speaking of the repairs that are necessary to keep the colliery in a fit state for men to work any repairs on the roadways and the repairs on the stall roads. Take the stall roads—perhaps I do not know sufficiently about the conditions in Nottinghamshire to cross-examine you about this—the number of men that can be put in a stall road to do the necessary repairs must be limited?—Yes.

2357. And in those cases if you reduce the hours by 30 per cent. you are bound to reduce the work that can be done by 30 per cent.?—Of course, if you have two or three roads requiring repair, say on a cross gate, for instance, you would get through the work in the same time probably by employing more men. The work would proceed in each stall or gate road at the same time. If you had 3 roads and 3 sets of men instead of having one set you would get through the work all right.

2358. Suppose at a particular job no more than a certain number of men could be put to work; if their hours are reduced, the amount of work that they can do would also be reduced?—It depends. You can sometimes put in an extra man. It all depends on the particular place or the particular job whether you can put a man in. Sometimes you could and sometimes you could not.

2359. In the case where you could not, how could those repairs be done to keep the colliery safe?—You would have to put on more men to do the job if it must be done in a given time.

2360. No. I am putting to you a case where more men cannot physically be put on—where the job does not admit of it?—Of course, if you cannot put more men on it would naturally take longer to do the job.

2361. And as your time is limited, it could not be done. I mean where you cannot get more than a certain number of hours in the day?—You are speaking of a particular job at a particular place?

2362. Yes?—It might not be possible, but in some cases you might put men at the opposite end also to do the job.

2363. In some cases, but I am speaking now of cases where you cannot put more men?—I think I have already answered that question; have I not?

2364. You have answered it, but not quite to my satisfaction. I mean you have not made it quite clear enough to me as to what your opinion really is?—I have already admitted that there are certain jobs where you could not put more men on to work. On the other hand, there are certain jobs where more men could be put to do the work.

2365. Will you confine yourself to the job, where no more men could do any more work?—Yes.

Mr. Herbert Smith: They are very few in number.

2366. *Mr. Evan Williams*: If the number of hours are to be reduced, the amount of work is bound to be reduced in those cases?—If you could not put any more men on to work, naturally.

2367. Therefore, those repairs could not be done?—It would take longer to do them; I would not say they could not be done.

2368. It would take longer to do them, but if you limit the hours you would not be able to do them?—The next shift would have to do it.

2369. You would have to put on another shift of repairers?—Possibly you might in some instances.

2370. Are the men employed on two shifts of coal cutting in your district generally?—Most of the large pits in Yorkshire work two coal shifts.

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2371. And one repairing shift?—Yes.
2372. Where is the time to come from to put in the extra shift that is necessary to do these extra repairs?—More work would have to be done during the coal shift, if you still work two coal shifts, or extra men.
2373. The repairing of roads where coal is being hauled is a dangerous occupation?—It is certainly not so safe.
2374. Therefore, you would increase the danger to your repairers if they did work during the coal shift; if they did not do it during the coal shift you would either have to get more repairers down at the same time, or else find some time to put in an extra shift of repairers in order to keep the colliery safe?—I think any mining man would admit that there was more risk to men in repairing on a haulage road when the rope was running than there would be when the rope was standing, but on the other hand, a good deal of the work that is done on the back shift now, such as the repair of airways, and so on, might be done during a coal shift.
2375. But a larger number of men would have to be employed to do it, would they not?—Unless you gave me a concrete case really I could not tell you whether more men would be wanted or not.
2376. If not, then you see the men are not working to their full capacity at the present time. If you are going to shorten their hours you must either increase their working rate per hour or else increase the number of men?—Either you have got to make better arrangements under ground, or you would have to employ more men.
2377. What kind of better arrangements do you suggest could be put into operation?—Many a time I have been into an air course where men have been ripping the roof and building the stone up at the roadside. That I have looked upon as not being strictly in keeping with good management. If in these roadways they had rails laid down, and I may tell you that in all important pits they have rails laid down in the main air courses, if that were done in all pits, I think less labour would be required really on the whole as far as repairs to air return courses are concerned.
2378. Do you mean to say generally in your district the repairs in air returns are not done as economically as they might be?—No, I do not say that. Of course, all my time has not been confined to Yorkshire, I am speaking from my own knowledge of mines in different parts of the country. I think it is a question of management as to whether more men would be required or not. In some cases they might be, in some cases they might not be.
2379. For the repairs?—Yes.
2380. Generally speaking have you any doubt at all that a considerable increase in the number of repairers would be necessary?—On the whole more repairers would be required; I think that follows if you work men 6 hours instead of 8 hours.
2381. *Mr. J. T. Forgie*: With regard to your statement that there might be better arrangements made, I suppose you meant different arrangements?—With regard to what?
2382. With regard to what you said just now that better arrangements might be made?—The question was as to whether the work could be done in a certain time.
2383. I suppose you really meant that different arrangements might be made?—Yes. I might substitute that word.
2384. *Mr. R. H. Tawney*: It is rather important. You said better. Of course, better arrangements are different arrangements obviously, which means that the present arrangements are not good. You do not mean to withdraw the statement better arrangements, do you?—No. I think the remark was introduced when I gave a concrete case such as 100 yards of roadway requiring to be repaired.
2385. *Mr. J. T. Forgie*: That is a special case, of course?—There are many such cases.
2386. We are talking of the general repairs in the colliery. Might I put it to you in this way: That with a reduction from 8 hours to 6 hours, with a consequently reduced output, do you think there will be any reduction in the amount of repairs that will have to be done due to the reduced output?—I do not think there would be any less.
2387. There might possibly be more, but I take it that there would not be any less. Of course, that means, as Mr. Williams was putting it to you, that the same work cannot be done in the six hours as in the eight hours, therefore there must be more men?—I think I have said that more men would be required.
2388. In a large number of collieries, especially the large collieries in your district and elsewhere, what is generally termed the bottle neck, the winding shaft, is fully occupied during the winding time. I do not mean during the war, but previous to the war?—At a good many collieries they were before the war.
2389. A large number?—The shifts were not working to the full capacity, but they were working.
2390. Then if the hours are reduced from 8 to 6, they cannot possibly draw the same coal in the same time as they did before?—If an engine is being worked to its full capacity now it could not produce any more per hour, no matter how long you worked it.
2391. Then it would take 2 hours off the winding time?—Yes.
2392. And no matter what arrangements you might make, you could not take out more?—If the neck cannot let it come out, it does not matter what arrangements you make. But there are a good many pits in my district where more coal could be lifted at the present time.
2393. But the same applies to a very large number of collieries, does it not?—Where they are working at their full capacity now?
2394. Yes?—I dare say there are a fair number, but not so many now as there were before the war.
2395. The war conditions have slightly altered things?—Of course, there are cases probably too, where coal might be wound out of the upcast pit as well as the downcast, where it is not being done.
2396. The shaft may not be in a condition to do that?—It would require to be. It is supposed to be kept in a fairly good condition.
2397. For regulation purposes?—Yes.
- Sir L. Chiozza Money*: In other words, you ought not to assume that there is only one bottle neck to use, but two bottle necks?—Yes.
- Mr. J. T. Forgie*: Of course a great many collieries do draw the coal from the two shafts?—Yes.
2398. Therefore, you would have no spare winding capacity there?—If they are already working to their full capacity.
2399. To-day a great number are?—I do not think they are at the present moment.
2400. I do not think they are at the moment, because of war conditions, but in normal times I think a great number of your collieries, I have seen them myself, are winding up to their full capacity?—That is quite true.
2401. They are winding up to their full capacity?—That is true; you thought there was no time left to wind any more. That is the idea you get when you get to an important colliery where the winding is fast.
2402. One question with regard to the inspection of machinery and plant generally, and making inspections underground. All those are done by regulation?—Yes.
2403. And daily reports are made in some cases, and in other cases weekly reports?—Yes.
2404. But they are supposed to be inspected by efficient officials, who thoroughly know their work, and make those reports in the book kept for the purpose?—The Coal Mines Act of 1911 requires the management to appoint competent officials.
2405. We are bound to make those reports and to appoint competent officials, and if the Examiner found any report not made he would make a complaint?—Yes.
2406. Then with regard to accidents, I think you said, and quite rightly, that nothing but the serious accidents were reported to you: fatal accidents and serious accidents?—That is right.

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2407. But, at the end of the year, do not you get a note of all the accidents?—We did until the outbreak of the war; then those returns were, by the permission of the Home Office, held-up on account of the great amount of clerical work that was entailed in getting the information together.

2408. *Sir Arthur Duckham*: In the figures we have had given to us to-day there is shown to be a large amount of time used, that is not wasted, in the getting of coal. Could you suggest that any considerable saving could be made in those times, that is to say, suppose there was a reduction of hours working that a reduction of hours could be spent at the face by reducing those times?—Are you referring to reducing the winding times?

2409. Can this average be reduced at the present time, do you consider, under ordinary conditions?—In some cases it could probably be reduced by alterations to the winding plant. You might, for instance, put a certain number of men down the up-cast and a number down the down-cast, and you might in that case reduce the time. I do not say that can be done in all cases, but it might be done.

2410. Is it a large percentage?—No, I do not say it can be done at a large percentage of places.

2411. Would it affect the figures very much?—I am not prepared to say that it would; I think it goes without saying it would affect them somewhat.

2412. If those improvements could be made, and presumably it is to the benefit of the mine owner and the manager that as much coal should be got out of the shift, why have not they been made?—It is rather a big undertaking at some collieries.

2413. Is it a question of capital investment, or why is it?—It is thought not to be necessary; that is all I can tell you.

2414. Is the balance in favour of not doing it the total efficiency of the men, or what?—Personally, as an Inspector of Mines, I would like to see the up-cast used as well as the down-cast because, in the event of anything going wrong with the down-cast, the up-cast would be in an equally efficient condition.

2415. I presume that is a question of capital expenditure?—Yes.

2416. And, of course, whether the extra stuff carried would pay for the capital expended?—As you are aware, they have means for winding in the up-cast, but usually at a very much slower rate than in the down-cast pit.

2417. This Commission is sitting and one question before them is that of control of coal mines, or something of that sort. Do you consider it would be helpful in saving this time? Do you think there would be any saving of this lost time I am speaking of if there was unity of control of the pits? Could we get a benefit in that way?—If the unity of control secured, in all cases, the gearing up of the up-cast pit in the same way that the down-cast pit is geared, it would naturally tend to reduce the time lost.

2418. That means really the spending of more money on that plant?—Yes.

2419. And, as I say, presumably up to the present the money has not been spent because the economy in spending that money has not been evident?—I suppose that is so.

2420. *Sir Thomas Royden*: On this question of winding time, do I understand that the very large differences, that have developed in your evidence, in the time that it has taken are largely a question of the depth of the pit or the differences in the winding machinery, or both, or are they chiefly inherent in the nature of the pit itself?—It is due to the several causes you mention: first the slow rate at which they are able to run and the smallness of the cage and the shaft and the number of persons employed.

2421. And the depth of the pit presumably?—And the depth of the pit.

2422. I would rather like to get from you, if I can, what are the chief contributory causes. Would you put first, say, the inefficiency of the machinery?—First of all, the size of the cage. Some cages are only large enough to admit four persons: on the other hand some will admit 40, and in one instance in Yorkshire, 60 men can be admitted to the cage. So

you see that is a very important factor. Then the depth of the shaft is important: perhaps not so important as the size of the cage; and the capacity of your winding engines is another important factor.

2423. May I take it, from what you said to Sir Arthur Duckham, that, in your opinion, very considerable improvements could be made in the winding time if one could disregard the economic element?—At some collieries.

2424. That is taking it very far?—Because at some modern collieries they have both pits geared up for winding coal and they can put the men down one pit as fast as they can down the other. In fact, at some of the Doncaster pits they do that. I have one place in my mind where the up-cast pit is used solely for the purpose of putting the men down: it is practically set apart for that purpose and the sending down of the material during the shift, the down-cast pit being kept solely for winding coal.

2425. It is clearly, as Sir Arthur Duckham said, to the interest of everybody that as much of what I might call the different time in working time should be taken away; that the production time should be increased as far as possible?—It is to the interest of the colliery owner to increase it as much as possible, consistent with safety.

2426. So that, having that in your view, in your opinion considerable improvements—if I am putting it too high, stop me—might possibly be brought about in regard to the time that is now used in the miner getting to and from his actual work?—I prefer to say that some improvement could be effected, and not considerable.

2427. I do not think I can press you any further than that. You put it at that—some improvements?—Yes.

2428. *Sir L. Chiozza Money*: On the question of the efficiency of winding machinery, is there a great variation as between the best mines in your wide district and the worst mines?—When you speak of efficiency, do you mean as regards speed?

2429. I am speaking of the size of the cage, the efficiency and speed of the winding machinery, and what I may call, in ordinary parlance, its up-to-date character?—It is not up-to-date in character, because, to begin with, the shaft is very small and the cage is very small; the working load is comparatively light, consequently the whole thing is light in proportion.

2430. What are you speaking of when you say that—of some mines?—Yes, the older mines. In the old days the size of the shaft, to begin with, was not more than 6 to 8 feet, and now it is nearer 30 feet.

2431. In your wide district, as between the worst cases and the most modern cases, where is the balance now? Where would you, with your wide knowledge of your district, put the average?—With my knowledge of my district, if I was going to work the coal-field, I should do as they are doing now; I should put down a large pit and large plant. That depends though very much upon the area of the coal you have got to work.

2432. Again it brings me to my question, which I ask you to consider again. I will put it in this way: What proportion of the mines in this district, which covers Cumberland, Westmoreland, Northumberland and Durham and the North Riding district?—No, I am Yorkshire, Nottingham and Derby.

2433. You are the Divisional Inspector of the North Riding?—No, the North Riding is excluded from my division.

2434. Then it is Cumberland, Westmoreland, Northumberland and Durham?—No, it is the West Riding of Yorkshire.

Mr. R. W. Cooper: You have got on to the wrong division.

Chairman: It is Yorkshire and the North Midlands.

2435. *Sir L. Chiozza Money*: Taking your district, will you kindly tell us what is the proportion of what I may call modern up-to-date plants where you have got up-to-date and efficient winding machines, where you have got a shaft of considerable capacity, and where you have got a cage which will hold a con-

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siderable number of men admitting of rapid winding?—Probably about one-third.

2436. With regard to the mines in which you have told us that no use is made of the up-cast for winding, what proportion is that?—I could not tell you without enquiry.

2437. Is it a considerable proportion?—Yes, it is a considerable number of mines. The men are only lowered down one shaft.

2438. So that in a considerable number of mines there is one bottle neck, which could be made into more than one?—It could be.

2439. Equally, with regard to the underground technical equipment, what proportion of these mines would have really good haulage, either main or secondary?—I think you can take it that in all those mines which have modern appliances the underground haulage arrangements are up to the same standard, or nearly so.

2440. I take it that is one in three?—One third. That is an estimate.

2441. But still it is based upon experience which, I take it, is almost unequalled in your district; I suppose there are few men who know more about it in your district than you do?—I do not know that.

2442. I should have thought that would have arisen from your office. At any rate, your estimate is one in three. So that at least two-thirds are not furnished with what one may call modern haulage arrangements, either main or secondary?—No, I should not go so far as that. I draw a little difference. For instance, on the surface you might have your winding plant rather of old date but underground you may have electrically-driven haulage up-to-date, and in some of the older mines the smaller shafts are equipped quite up-to-date underground, although their shafts are small and their winding engines are not of great capacity.

2443. *Mr. R. W. Cooper*: Is the size of the shaft the determining factor in these older mines?—To a very great extent it is so.

2444. And that, of course, is practically irremediable; you cannot alter that. Is not that so?—You could alter it; you could enlarge the size of the shaft.

2445. *Sir L. Chiozza Money*: Is it not the fact that if you applied some of the dividends that have been paid out in the last 15 years, you could enlarge all those shafts quite easily?—I have enlarged an old shaft myself, therefore I know it can be done. It was an old 8-foot shaft and it was made into 12 feet.

2446. We have been shown here that there has been an enormous increase in mining profits during the war; that a large part of it has gone to His Majesty's Government in Excess Duties, but is it not the fact that if one-fourth of that sum had been applied to the sinking of new shafts and the improvement of old ones, you could get a better output and a safer output than you get at present from the mines?—If the money had been applied in mining developments, you would be in a position to get more coal, provided you had got the men to get it.

2447. *Sir Thomas Royden* asked you whether these mines had been improved mechanically. Is it really your opinion, in view of what you have said to me, that they have been improved mechanically as they ought to have been improved?—They have not been able at all at some places to improve them mechanically during the war.

2448. Will you forgive me; this is rather important? Is that because these particular mines were managed by unenterprising persons or that they could not command capital?—It is a matter of that in some cases, and in some cases, no. I cannot tell you more.

2449. Is it not probable that one or other is the explanation?—Either they had not got the means, or they did not think it was necessary.

2450. May I put it to you further that if you had a unified control of the mines of this country you could have all these mines easily brought up-to-date out of the general pool of profit?—I suppose you could if the money was forthcoming. The work could be done provided you have men to do the work.

2451. May I take you to another point which is of considerable importance. You are aware that the out-

put of our mines, per person employed, has fallen during the war?—Yes.

2452. May I ask you to tell us your opinion as to the causes of that and may I ask you, in particular, whether you think that that has been affected by the withdrawal from the mines in your district of men for the army of great physical capacity?—I think that must have some bearing upon it because if you take the bulk of the best and strongest men out of the mines, you take the cream.

2453. Have you noticed that in the estimates that have been framed, certainly for ourselves and perhaps for others, of reduction of output the starting point has been taken, not on the normal output of mines worked by their normal complement of physically able men, but on the abnormal output of war and that upon that standard in arithmetical calculation has been founded to show that there will be a further reduction in output?—No, I cannot say that I have noticed all that.

2454. If it is so, do you think that that is a fair way of making a calculation, in view of what you have told us with regard to the withdrawal of the more able men?—I cannot say.

2455. I will put it to you as a practical man, if you had to form an estimate of what the reduction of output is going to be, having regard to the demands of the miners that we are examining?—What do you mean by "the demands of the miners"?

2456. The demand that there shall be a reduction in the terms of the Eight Hours Act from 8 hours to 6 hours—you know that?—Yes.

2457. If you were trying to estimate the result, assuming it to follow arithmetically in that proportion, as 8 to 6, if you like, would you then proceed by working upon the normal output before the war, per man, or the abnormal output of the man during or at the end of the war?—I should say the normal output, whether it is at the end or before the war.

Sir Arthur Duckham: You were basing it on another figure just now, on an abnormal profit. I think if you take an abnormal amount of coal raised, you ought to take the figures based on the same question.

2458. *Sir L. Chiozza Money*: We are trying to consider the physical output, and I am asking the question as to whether there would be output in that proportion. I am putting aside improvements in machinery and I am now addressing myself to the sole point: If you are trying to estimate upon that basis what the output will be, is it to be taken on the abnormal output at the end of the War, or is it to be taken upon the normal output of the normal miner with the restoration of the able men corresponding to the period at the beginning of the War? I hope the point is clear. Then I ask this witness, who, I think, has a most excellent opportunity, if I may say so, of forming an opinion, would he take the abnormal figure as a starting point or the normal figure?—I should say the normal figure.

2459. That being so, may I ask if you are aware that the normal figure, if we have regard to the best year, 1913, was 257 tons per person? You know it is all per person?—Yes.

2460. Surface and underground. For 1912 it was 260 tons and for 1911 it was 271 tons.

Mr. R. W. Cooper: 1912 was a strike year.

Sir L. Chiozza Money: I thank you for the reminder, because that improves my argument.

Mr. R. W. Cooper: Everything depends upon the number of days worked. That is a factor.

Sir L. Chiozza Money: Yes. Perhaps it will be better to take 1911.

Mr. R. W. Cooper: As a normal year?

2461. *Sir L. Chiozza Money*: Yes. It would be more normal than 1912. (*To the Witness*.) What do you say would be the number of days worked?—The number of days worked, of course, is influenced by strikes. If you have an abnormal strike you get abnormal conditions.

2462. 1911 would not be unfair?—I do not think I should take a year of that kind.

2463. What year would you take?—Take a normal year where you have been working regularly.

2464. I have 1911, 271 tons. If we take 270 tons for the sake of argument, there is not much in it, is there? May I proceed upon the basis of 270 tons

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per man. If then you took your own estimate of 25 per cent., I think, which you thought was the reduction, I am afraid I did not follow quite —?—I took it, I thought, at about 27½ per cent., because you have fewer full productive hours for the one unproductive hour.

2465. In answer to Mr. Williams I thought you said—I am not clear about it—it might go up to 27½ per cent. in reduction of output?—Yes, that is, the conditions being exactly the same.

2466. Would you, on consideration, put it as high as that?—There might be local improvements made, probably would be made in some instances, to get a little more coal out.

2467. Forgive me pressing you about this. Take the operations of the Eight Hours Act of 1908: Did you form any anticipations then as to what would be the result of that Act?—I think it was generally thought that the output would be reduced, but, as a matter of fact, I do not think it was.

2468. It was not, as a matter of fact, was it?—No.

2469. As a matter of fact, the output rose, did it not?—Yes.

2470. The output rose and, indeed, as we have seen, it reached 287 tons?—I take it the number of persons employed also tended to produce that output.

2471. It was output per person, and the persons on the surface certainly had not decreased in proportion to the persons underground.

Mr. R. W. Cooper: Have you the output per person underground?

Sir L. Chiozza Money: No, I have not; I wish I had. But at any rate in 1913 we have the figure of 287 million tons, whereas, in the year of the passing of the Act it was 261 million tons, and in the year in which the Act actually came into operation, it was 264 million tons, so that we have an increase of 23 million tons.

Sir Arthur Duckham: Will you take the figures in column 7.

Sir L. Chiozza Money: We get a total increase of 23 million tons of output by 1913.

Mr. R. W. Cooper: That might be attributed to the opening up of new pits.

Witness: In our area very important pits were opened and developed at that time.

2472. Sir L. Chiozza Money: At any rate we did not get the reduction of output that was anticipated?—I would not like to say. Some people anticipated it.

2473. What was your own anticipation?—My own anticipation at that time was that it would reduce the output, and, as a matter of fact, I think it did reduce the output for a short time; but other factors came in, and the output went up by leaps and bounds in some districts.

2474. But you know that we have to take a long view, not a short one, and taking your experience and this Act into consideration, would you still feel that you would put the reduction of output as high as 27½ per cent.?—If you employ the same number of men and work the same number of collieries, there would be a reduction, but more coal can be got if you get the men; there is more coal to be got by spending the money, and more employment to be found.

2475. At any rate, if we take, for the sake of argument, the reduction of 20 per cent., and that reduction was upon the normal figure of output, you then get a production actually larger than now exists at the end of the war. Do you realise that the normal production, less 20 per cent., is actually more than the abnormal production at the end of the war?—No, I did not realise that.

2476. It is so, is it not?—Apparently it is.

2477. If it is so, does not that discount the whole of this hypothetical reduction, and does not it show that it is already expressed in the present pit-head price of coal?—I cannot say that, but I know that there must be a limit to the reduction of hours. I mean if you go on reducing the hours, then you get no coal at all. There must be a natural reduction, but by the spending of money and by the use of labour, if any reduction did take place that could be made up by further developments.

2478. In this district of yours how many inspectors and sub-inspectors have you? What is your total out-door staff that actually visits the collieries?—At the present time I have two senior inspectors, five junior inspectors, one sub-inspector and one horse inspector.

2479. Normally, how many would there be?—Two or three more.

2480. There are only about a dozen altogether?—That is right.

2481. How many collieries?—Last year we had 461, or rather in 1917 we had 461 coal mines, mines working under the Coal Mines Act.

2482. Do you really think that a staff of 12 inspectors can in a competent way inspect, as they ought to be inspected, the surface and underground workings at 461 collieries?—It all depends on the view taken of Government inspection.

2483. But assuming for the sake of argument that it is to be thoroughly developed, if I may use the word, do you think that a dozen even of the most able-bodied type could satisfactorily inspect 461 collieries in the course of the year?—It is quite certain that it is an impossibility for my staff to make an absolutely complete inspection of all the mines in my division.

2484. In other words, your mines are not properly looked after?—In other words, there are places at which Government inspectors cannot get into. Some of our mines would take days and days to thoroughly inspect. Nobody knows that more than Mr. Smillie and Mr. Smith. It takes a long time to go through some of the large mines.

2485. In other words, with the staff at your disposal, as I have been informed in other mining districts, it is impossible for you to thoroughly and adequately inspect the mines?—It is possible for us to make such inspections as are required to be made by the Home Office, but if by Government inspection is meant that all parts of the mine must be inspected by the Government inspector, then you would want a great number of Government inspectors.

2486. Mr. Robert Smillie: When you say all parts of the mine to be inspected, do you mean once in 50 years?—No, I do not mean that.

2487. You do not mean once a day, I am sure?—No, I do not mean that. I should say a year; I will confine my remarks to a year.

2488. Sir L. Chiozza Money: May I put it to you very frankly and ask you to answer me quite frankly: if you had your way, if you wanted to get the most efficient inspection of these mines, would you really be content with this staff of 10 or a dozen men?—It depends upon the amount of responsibility.

2489. You have the right and the power to say here exactly what you think?—I know, but it depends upon the amount of responsibility a man has. If I was responsible for the safety of those mines it would be one thing.

2490. I put it in this way: I say if you had your way as a man, knowing mining work and feeling that the safety of these mines was entrusted to you, and you had the power to employ either five or fifty or any number you pleased, would you be content with 10 or 11 assistants?—I do think that the increase in the number of inspectors would be a good thing on the whole. We have been able to put our finger upon defects, and to get those defects remedied. It is possible that if you increased the number of Government inspectors more defects might be found and remedied. That being so, if more inspectors were employed you would probably get in some mines a higher state of efficiency. There are some mines, well-managed mines, that in my view are inspected quite often enough. I go into mines where the management is such that I could not improve upon it. Of course, it is impossible to go down any mine without finding something to complain about.

2491. Mr. Herbert Smith: And something may be missed?—Yes, I agree, something which a Government inspector may miss; we are all human. On the other hand there are mines which require far more inspection. There are managers, if I may say so, who require more supervision, more looking after, and it would be to the advantage of the safety of

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the miners if those mines were visited, or we were able to visit them, more frequently. But I do not think it would make very much difference at the well-managed mines.

2492. *Sir L. Chiozza Money*: I think you have told me that what I may call the modern mine was only about one in three of the whole. If so, does not it show that a very large amount of inspection is required for the other two-thirds?—I do not put all the modern mines in that category where no improvement could be effected by inspection.

2493. *Mr. R. H. Tawney*: When you used the word "efficiency," were you including safety under that?—Yes.

2494. As an inspector are you satisfied that every precaution that is humanly possible is taken to prevent mine accidents?—Not always. In the majority of cases, yes; but there are cases where I say, no.

2495. Is it the case that there are a certain number of mines which are unnecessarily dangerous?—Unnecessarily dangerous?

2496. When I say unnecessarily dangerous, I mean apart from natural causes would the expenditure of extra money and better management, to use your own words, be able to save lives, or, at any rate, save casualties?—I do not know of any just now. I could not go and put my finger on any particular place and say: "Look here, if you do so and so you will save lives." For instance, take the case of timbering underground. We may go to a mine and we might find the distances specified for putting up supports was totally inadequate, and in that case we might say: "These supports should be put up more frequently, or somebody will be killed."

2497. Are there such cases?—Yes. We come across cases of that kind. In all mines there are certain distances which must not be exceeded when setting supports. In the light of experience the distances might be all right, but if a man gets killed or accidents occur that distance sometimes required to be reduced. The character of the roof may change, and where, up to a certain time, we have been using simply props for support, you may, in the interests of safety, require to use bars. There are cases of that kind that do crop up as accidents happen and inspections are made.

2498. You said just now that you were satisfied that no increased inspection was required in order to raise the standard of the better-managed mine. That, no doubt, is true; in fact, if I may say so, it is a truism that inspectors are not meant for the normal or the exceptionally good mine; but if you take the average mine, or the mines which are below the average, do you think that if you had a larger staff, if you, as you said, had full responsibility for the safety of the men, you could improve the conditions of safety?—It would be utterly impossible for me to be responsible in the first instance for the safety of the individual.

2499. Why?—Because I could never get there. There may be many cases in which I could never see the conditions for myself.

2500. But if you had a larger staff then they could get there more often, could they not?—That is true. If I have got to be personally responsible I should want a very big staff, I can tell you.

2501. That is our point. That is to say, at the present time we economise money at the expense of the miner's life and limb?—I do not say that.

2502. *Mr. R. W. Cooper*: Are not these responsibilities thrown upon the manager by the Act of Parliament?—I have not been asked about that. They have statutory duties to perform.

2503. Under statutory penalties?—Yes.

2504. *Mr. R. H. Tawney*: With whom does it rest to enforce the performance of those statutory duties?—The agent and manager of the mine are responsible.

2505. But if they do not discharge their responsibility, whose duty is it to keep them up to it?—Then the Government Inspector comes along.

2506. You have already stated that if you were responsible you would have to have a much larger staff in order to carry out the work?—If I was liable to be called over the coals for every fatal accident that occurred in my division, I may tell you that the staff of inspectors, if the Government inspectors are

to be responsible, would have to be enormously increased.

2507. *Sir Arthur Duckham*: Would it be approximately equal to the number of present managers of the mines?—I should want more, I think, because the mines are so big that the manager cannot get through every day, but the responsibility of the Government inspector would be practically 150 times as great as that of the manager, if the Government inspector has to be responsible for 450 mines.

2508. *Mr. Arthur Balfour*: In other words, directly or indirectly it would enormously increase the cost of coal?—It would very considerably increase the cost of coal.

Mr. R. H. Tawney: That is to say, to increase the safety of the miner it would enormously increase the cost of coal.

Mr. Arthur Balfour: No, that is not the point. The point is that to satisfy Mr. Mottram he would have to have such a large staff that it would increase the cost of coal.

Mr. R. H. Tawney: That is to say, that to increase the safety of the miner would increase the cost of coal.

Mr. Balfour: That is twisting my statement.

2509. *Mr. R. H. Tawney*: Pardon me, it is an inference from your statement which it is impossible to resist. (*To the Witness*.) You gave us at the beginning of your evidence some very interesting figures with regard to the hours of work. I think you said that the time spent above and below might be put on the average at about nine hours, did you not?—On the average, nine hours.

2510. And in many cases as high as 10 hours. When you gave that figure of nine hours, were you taking into account the time spent by the men in travelling from their homes?—Certainly not.

2511. Do you know North Staffordshire?—Somewhat.

2512. You know that the time spent in travelling to some pits by the men from their home is anything from one hour to two hours?—It is possible.

Mr. R. W. Cooper: I thought the witness said he did not know North Staffordshire.

Mr. R. H. Tawney: I thought he said he knew part of it.

Witness: As a matter of fact, I was in North Staffordshire for some years, and I have a knowledge of that district.

2513. *Mr. R. H. Tawney*: Please excuse me if I have put words into your mouth which you did not mean?—I did say that I knew North Staffordshire.

2514. I will repeat my question: Did you know that the time spent by the miners in travelling to and from their work may be anything from one to two hours?—Yes; or it may be five minutes.

2515. That is to say for a considerable body of miners you have to add to the nine hours which you gave us the hours spent in travelling to and fro?—If you want to arrive at the time he is away from his home, of course you must add a considerable time in some cases.

2516. Would it be true, do you think, to say that miners as a class have more travelling to do in certain districts than other classes of workers?—Yes, in some districts. Of course, you have cases of factories in a town, but a mine is often some distance from a town.

2517. That fact is a relevant fact when one is considering what ought to be the proper length of a working day?—I think so. If a man has to start and walk two miles to the pit, some effort is required to get there and back.

2518. You gave some figures with regard to the time spent on winding. I understand that you fix the maximum time, do you not?—Yes.

Mr. Evan Williams: You are speaking of the winding of coal?

Mr. R. H. Tawney: I mean the winding of men.

Witness: There is no maximum fixed for the winding of coal.

2519. *Mr. R. H. Tawney*: No, I say men. When you fix the time do you take any account of the quality and character of the winding machinery?—You take account of the speed. You take account of what is being done in practice. For instance, we

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have had several cases to consider where we thought the time was too long. In those cases inspectors were sent out to see how long it really took in practice to lower a cage-load of men under normal conditions; and then we fixed our time accordingly.

2520. Do you take into account the fact that with improved machinery it might take a shorter time, or do you simply take the facts as they are?—I simply take the facts as we find them. We take the conditions prevailing at the time the application for approval is made.

2521. That is to say, if better machinery were introduced in some cases a shorter allowance could be made?—Yes.

2522. You simply take the existing basis?—Yes. Probably if you took out the slow engine and put in a fast-running engine you would get your men down quicker. That is a matter of expense and expediency.

2523. Are there many such cases?—I cannot say that there are; there are some, no doubt.

2524. *Mr. Sidney Webb*: Just one question with regard to the last statement. Is it within your knowledge that any action has been taken by you or any inspector in connection with your district where those extreme cases of winding taking 98 minutes occurred, in order to get quicker engines substituted for the slower ones? Would it reduce those extreme cases of very long hours?—The question has never been taken up in that way.

2525. No effort has been made on behalf of the Home Office to reduce those hours?—No effort has been made by the inspectors to get machinery installed in place of old machinery in order to reduce the winding time.

2526. Nor for any other purposes?—We are not required to do it.

2527. It is not a question of what you are required to do; it is a question of what the policy is?—It has not a great deal to do with the inspector. The inspector cannot insist upon their taking out an old type of winding engine and putting in a new one; it is outside our work altogether. If we were to suggest such a thing probably the mine owner would say: "Mr. Mottram, I do not see that in the Act of Parliament; that has nothing whatever to do with your duties." I do not say he would say that, but I should be open to that sort of thing.

2528. I am only anxious to get at what is the limit of your criticism and your suggestions in the colliery under the Coal Mines Regulation Act?—Yes; that means the safety of the men.

2529. You do not offer any criticisms with regard to productivity?—You do not make any suggestion to the colliery owner that if such and such a thing were done it would probably increase the productivity?—I could not say that.

2530. I want to know whether you do or do not?—For instance, I have been into pits many times when the roads were very low and the tubs very small and the quantity coming out was very small, and the roads were very inconvenient to travel along; and many a time I have said: "You ought to have bigger tubs and bigger roads, and then you will get more coal out."

2531. *Sir L. Chiozza Money*: What do they say in reply?—The reply is that they will not be able to work at a profit.

2532. *Mr. Sidney Webb*: So that if they did those things they would get less profit?—Yes, probably they would.

2533. *Sir L. Chiozza Money*: I suppose you never went to the length of pointing out to them that they were dealing with coal, which was an irreplaceable asset to the nation?—I may tell you that in a large colliery the point just spoken of does not occur; it is only at the small places.

2534. *Mr. Herbert Smith*: You made a reply to Mr. Williams with regard to the number of collieries which ride men into their work. Would there be 4 per cent.?—I do not think so.

2535. It would be nearer 1½ per cent., would it not?—As far as I know, I do not think there are perhaps more than eight or ten cases in which it is done.

2536. With regard to this difficulty of repairing. Have you lost sight of the fact that if shifts were six-hours shifts it would be possible to work in a repairing shift extra?—I have recognised that.

2537. So that if it were necessary to do any repairs there would be a casual repairing shift to occupy the time?—Yes, an additional repairing shift.

2538. If you cannot do it now in eight hours you would stop less and do it in sixteen?—I think the repairs would be done.

2539. There would be no difficulty in that respect. With regard to introducing better methods, is it not the fact that better methods can be introduced?—For doing what?

2540. For getting more coal out and getting men quicker to the work; I mean with regard to the riding of the men?—Yes, I think that the riding of the men could be carried further than it has been.

2541. It would reduce the walking on an average over half an hour a day, would it not?—It would reduce the walking, and also would render the man more capable of harder work when he gets there. It is very hard business, walking underground.

2542. With regard to getting your haulage up to your face, that is not done in Yorkshire, is it?—I think you will find they are hauling out in some of the cases now; they are installing those little haulages to replace haulage by horse.

2543. You are confining your attention to Doncaster. Do not let us isolate all Yorkshire for the sake of Doncaster. I will deal with Doncaster separately. Outside Doncaster is it not a fact that young men from 18 up to 40 years of age are tramping tubs any distance from 80 yards to 1,000 yards, who ought to be getting coal?—As a matter of fact many do tram long distances, necessarily I think. I think that where a man has got to tram long distances it is wrong; it is an expensive way of hauling.

2544. 300 yards or 400 yards is a common thing, is it not, outside the Doncaster area?—I think that they do tram long distances, three or four hundred yards in some cases.

2545. You have one practical miner getting coal, and you have another utilising his time tramping the 200 or 300 or 400 yards when he ought to be getting coal?—There are at a number of pits a number of men who tram, and get their own coal, and those distances are great in some cases. In other cases they are not.

2546. Outside the Doncaster area is not there room for new machinery being introduced in coal cutters, conveyers, and so on, compared with what has been done up to now?—Yes, there is room for that.

2547. From the capitalists' point of view, from the money point of view, it would be a beneficial thing to do, would it not?—Of course, it is a matter of opinion as to whether a mechanical appliance such as a coal cutter or a conveyer would be profitable in any particular mine. But there was an idea prevailing, I remember, in Scotland (I used to be an inspector of mines in Scotland) that when coal cost 2s. 6d. more to get by hand, a coal cutter ought to go in. I do not know whether Mr. Forgie ever heard of that, but that I think used to be the ruling figure in the North.

2548. Is it not the fact that the effect of conveyers being introduced has caused the tonnage output per man to increase anything from 2 tons?—Yes, I know of cases where by the introduction of coal cutters and conveyers, the output has been materially increased per man, and I think that might be carried still further at some of the collieries in my division.

2549. Coming to the question of shafts, is it a fact that not two-thirds of the number two shafts are kept in ordinary repair for hauling men in Yorkshire today; I do not mean could not be used, but are not kept equipped?—They are all equipped or should be, if it is the second outlet for winding men.

2550. I know what the law says, but what I am asking you is, are they equipped? Is it not the fact that two-thirds of the pits in Yorkshire are not equipped for winding men properly at No. 2 shaft as they might be?—They are not equipped for pulling up men as quickly, but they are equipped for getting out the men in case of emergency.

2551. We know they are equipped, to this extent, that we let the men down and draw them out of the

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ordinary shaft in 60 minutes, and it takes seven hours in the other? Is that what you call equipped? No; if it takes seven hours to get the men out of the up-cast shaft I would not call that proper equipment.

2552. You know that in some cases it takes two or three hours, and we can put them down in 60 minutes. Do you call that proper equipment?—If it takes two hours to get the men out it is rather long.

2553. I put it to you that there are two-thirds of the No. 2 shafts that are not properly equipped that should be equipped to wind men up and down?—If you are going to wind coal in those shafts you certainly would require to equip them in a better way than they are presently equipped.

2554. As a matter of fact, they ought to be equipped now. Supposing an explosion took place, the first thing to know would be that your No. 2 shaft was properly equipped to get your men out as quickly as possible?—It would be very satisfactory if your winding appliance in your up-cast could be as efficient as in the down-cast.

2555. What I am putting to you, from experience which you and I have, is, is not it necessary that that shaft ought to be as well-equipped as the other?—It would be desirable that both shafts should be as efficiently equipped.

(Adjourned for a short time.)

2561. *Mr. Herbert Smith:* When we adjourned I was asking you about the position of the pit pony in the Doncaster area. Has not it the same effect in your experience on the workman, that the hours are too long, and must be curtailed in that particular area?—In deep and hot mines, of course, it must take more out of a man than it does in working under more favourable conditions.

2562. During the war has it not come particularly under your notice that the managers in the district have said that if they could get four days a week out of a man they thought they were getting all there was in him, at eight hours a day?—I have not heard that statement; I cannot say.

2563. In the Wakefield district is not there a necessity for shorter hours?—Of course, it takes more out of a man if he has to go into lower passages and roadways.

2564. A question was asked by Mr. Balfour as to the report on machinery, whether his report would not be more accurate in particulars than yours. Is not there this difficulty with regard to it: that if workmen, or their representatives, want to make a complaint they must make it through the Mines Inspector, as to any breach of rule. If a workman alleges that there has been some defect in the machinery, or anything else belonging to the pit, he has to do it through you, and cannot take action against the employers direct?—As a matter of fact he does not take action.

2565. But can he do so?—I do not think he can. That is a question of law.

2566. But the employers can take action against the workman?—Yes. The employer is bound to enforce the rules, and in enforcing them sometimes he thinks it necessary to take proceedings.

2567. The point I want to make is that when we send on a report to the Inspector as to any defects does the Home Office or the Inspector report back to us that they have found so and so, or do they say: it is a piece of business not known to them? I have drawn your attention many times to certain things happening at the pits, and have we received a report from you that it was true, or was not true, or anything else?—No. When you report cases to me they are acknowledged, and you are told that the matter referred to will be investigated as soon as possible, but we do not send you a report of our findings. If a report on our findings is required we are instructed to refer you to the Home Office.

2568. And, of course, the Home Office backs you up in not supplying it. How can we prove that the

2556. Coming to Doncaster because you seem to hold Doncaster up as a model, you remember Mr. George Blake Walker, the very eminent mining engineer, do you not?—Yes, I know Mr. George Blake Walker very well indeed.

2557. On the 29th August of last year he made a very important statement with regard to the Doncaster coalfield as to the injury that was being caused to pit ponies?—I do not remember seeing that.

2558. I understood that you were at that conference, the Mining Engineers' annual meeting?—When was that?

In 1918?—I was not present at that meeting; if you have been told so you have been erroneously informed.

2560. This is the statement he is reported to have made: "The use of ponies in the mines has been reduced a great deal of recent years, and small mechanical haulage appliances have been substituted. This would be necessary in an increasing degree in very deep mines. The ponies suffered very much from the heat, and the manager of one of the deep mines near Doncaster told him that they had taken out all their ponies for this reason." He also says here that these ponies suffered materially from boils. It is true that the men suffered from them too, is it not?—Yes I believe there is a pit that that applies to; I think you have in your mind's eye the same pit as I have.

employers' reports are more reliable than the workmen's, or the Inspector's, if we have not the same opportunity of knowing? Did you ever look at this side of the inspection, that while the employer, or the colliery manager, can prosecute the workman, the workman cannot prosecute the colliery manager for a breach of the rules; that of cases that are taken into the courts, if you take the last three years' average, you will find 90 per cent. of them were sustained against workmen, or convictions obtained; during the same period, seeing that you have power to prosecute managers and we have not, you only sustained seven per cent. of your cases in court?—Of course, there are thousands more men employed than officials.

2569. But what I am trying to prove is percentage on percentage?—The percentage does not show it relatively.

2570. What I want to prove is that percentage on percentage out of every 100 cases that are taken against the workmen conviction follows in 90 of them, and out of every 100 cases taken against the mining officials through the Inspector of Mines only seven are convicted. Is not there need for Government control so that justice will be meted out with a better hand?—I do not think so.

2571. I will put it in another way: Even where you have a breach of rules, do not you want a very strong case before you go into Court, but a very flimsy case is taken against a workman?—When we are not sure that there has been a contravention we do not take proceedings, of course.

2572. Are not you particularly cautious in the cases you do take?—All cases are very thoroughly considered.

Mr. Herbert Smith: They are not thoroughly considered, because the first thing is when a breach of rules takes place we have to report to you, and that takes time, and there is time to put that breach right before you get there. That is the point I want to make: You come after the event, not when the event has just happened.

2573. *Mr. Frank Hodges:* I would like to take your mind back to the question raised by Mr. Tawney in connection with the number of inspections by His Majesty's Mines Inspectors in your district? You suggested that a larger number of Mines Inspectors would have to be appointed if there was to be a thorough examination of the 400 odd collieries in your district. Has it ever occurred to you that there need be no more Mines Inspectors appointed necessarily if the existing mines examiners, colliery firemen, or colliery deputies, as they are some-

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times called, were themselves His Majesty's Inspectors of Mines?—If you created additional inspectors by appointing the deputies to be Government Inspectors, of course, you would get more inspection.

2574. Without any additional cost?—You could not appoint them to be Government officials without paying them.

2575. No, but they are paid now by the colliery companies?—That could only occur, then, in the event of the Government taking over the mines?

2576. Exactly. As a matter of fact the workmen regard the colliery deputy as being the man specially appointed to look after their safety rather than the more remote Inspector of Mines, but are not his duties divided up into looking after the safety of the workmen and to measuring the workmen's work?—That is so. I believe they do measure the workmen's work.

2577. So that one is led to ask this question: If they were entirely devoted to looking after the safety of their men, and were State-paid officials, would there be likely to be a reduction in the number of fatal accidents or non-fatal accidents?—Whether they were paid by the Government, or paid by the owners, if they could confine absolutely the whole of their time to inspection pure and simple, I think it would tend to reduce accidents. As to whether they are paid by the owner or the manager, if they are conscientious men, as I believe them to be, I do not think it would make any difference at all, providing they were free from any work which had not any bearing whatever upon the safety of the mine or the miners.

2578. Although you rather hold the view that if they were paid by the State the same as your staff that would involve the question of the nationalisation of the industry?—It would somewhat interfere with the management of the mine, I should think. You could not appoint deputies to be inspectors without interfering with the management of the mine.

2579. Are you aware that there is a growing disposition among the workmen, whose lives are at stake every day, to themselves appoint the persons to look after their safety?—A growing disposition among the miners to appoint themselves?

2580. To appoint colliery examiners themselves to look after their safety?—No, I am not aware that there is a growing tendency in that direction among the miners themselves.

2581. Has it been brought to your notice that the Miners' Federation of Great Britain have decided, in response to the request from the workmen who are their members, to press for the appointment of inspectors from among the workmen and that, having appointed them, the wages or salaries of such inspectors shall be borne out of the Exchequer?—I believe there is a movement in that direction.

2582. Do you think the object of that suggestion would be to make the lives and limbs of the men more secure?—I do not think it would make any difference to the Deputy whether he was paid by the Government or the owner if the whole of his time was devoted to looking after the safety of the miners.

2583. You answered that question a moment ago. What I am putting to you now is the proposition of the workmen to themselves appoint the men to look after their safety. Does it occur to you that if a Colliery Examiner or a Mines Inspector could be dismissed by the workmen whose lives are in his charge that would be a reason why that Mines Inspector would be more efficient or more careful in his work?—But I take it he would be subject to discharge whether he was employed by the Government or by the owner if he did not perform his duties satisfactorily.

2584. Satisfactorily to the owner?—He would have to perform his duties satisfactorily to somebody either the owner or the Government. He would still be subject to discharge, just like I am myself, I take it.

2585. But does not it seem to you to be much more to the point that the workman whose life is at stake should have the right to dismiss the man or appoint the man who is to look after his life?—I cannot say.

2586. I should like to draw your attention to the statistics from your own district. Your area is the

York and Midland area as set out in the schedule agreement?—That is so.

2587. I see that in 1917 in your district the fatal accidents amount to 1.37 per cent. per thousand persons employed. I am reading from the Death Rate Returns, Table No. 12, of the Mines and Quarries General Report for 1917, Part I, page 16?—If it is there I agree; I have not got the figures here.

Mr. R. W. Cooper: He was quoting national figures.

2588. Mr. Frank Hodges: I am quoting his district now. (To the Witness.) Your district is a district where the hours of work are what are popularly known as 8 hours?—Yes.

2589. Although it may be 9 hours average underground. In the adjoining district, the Northern district, which I believe embraces Cumberland, Durham and Northumberland, I see the rate is less than in your district. There it is 1.12 per thousand men employed?—For that same year?

2590. Yes. What reason can you ascribe for that fact, knowing that in the Northern district, for the most part, the hours are considerably less per shift for hewers than in your own district?—For comparison you have taken a single year, I notice.

2591. I will take a much longer period if you wish?—There is a great fluctuation in these figures. For instance, although in 1917 the figures for my district were 1.37, which I considered to be a very bad year, it will be found, I think, that during last year there was a considerable improvement. I simply mention that to show how dangerous it is, in matters of this kind, to take single year statistics.

2592. But that is the fact for this year?—For 1917. I cannot speak as to the North of England Coalfield. It is possible that if the mines in that division did not work so regularly, the men were not underground for so long a period.

2593. Mr. R. W. Cooper: You mean so many days?—Yes.

2594. Mr. Frank Hodges: You do not mean that?—Yes, I do mean that. I know the northern pits were not able, at one time, to get rid of their coal—I got that from the papers. Mr. Wilson will tell you all about the North.

2595. Suppose I give you the figure per 1,000,000 tons produced, will not that make your last answer an impossible one? Take, for example, your own district?—I could not express any opinion at all upon a single year's working.

2596. Let me give you two years?—No, or two years either.

2597. What will you express an opinion upon?—I think it is not safe to take it under five years in discussing questions of accidents, death rates, and so on.

2598. I will give you from 1903 to 1915. During the whole of the years that intervene the percentage of fatal accidents in your district, which is an 8-hour day district, is higher in each year than the percentage of accidents in the Northern Coalfield, embracing Durham and Northumberland, where they have a reduced working day. Have you never drawn any conclusions from those figures?—I cannot say that I have.

2599. Mr. Robert Smillie: If you went to examine a colliery and found something which you considered dangerous, or in violation of the Act of Parliament, would it make any difference to your report as to whether you are in the employment of and paid by the colliery company or in the employment of and paid by the Government?—If I was there to report facts it would make no difference to me.

2600. It would make no difference to you?—If I was appointed to inspect a mine and to report the facts it would not make any difference to my report whether I was employed by the owner or the Government.

2601. Do you think there is any likelihood of it making any difference to an ordinary workman who has to work for his living and keep his family at home as to how he makes his report, that the knowledge that the party against whom his report may be made is his employer, who has the power to dismiss him?—

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It might, of course, lead to discolouration—I cannot say that it would—and it might not.

2602. Has your attention ever been called to the fact that colliery firemen, in certain cases, have been threatened with dismissal if they put in the report book a true report of what they discover?—I believe that has been stated.

2603. Have you ever made any enquiry into a case where it has been stated?—I dare say I have in my time, but I cannot recollect where.

2604. Will you go so far as to say that it might have a tendency to change a person's report if the danger of dismissal hung over his head if that report was against the employer?—It might in some cases.

2605. Do you consider that mining is a nice, comfortable, agreeable occupation?—Which part of mining.

2606. Coal cutting at the face?—I should think it is very hard; there is no doubt about it.

2607. Have you noticed any statements in the Press recently about the delightful occupation it is as compared with mere work on the surface?—Yes, I have seen statements in the papers which evidently were made by people who did not understand what actual mining was.

2608. Do you remember the sittings of the Royal Commission on Mining Accidents?—I remember it, but I was not present.

2609. I wonder if you have gone through any of the evidence given there?—No doubt I did at the time the Commission was sitting.

2610. I know it is difficult to bring oneself to read evidence given before a Royal Commission. Did you notice that attempts were made before that Commission by mine owners to prove that mining was such a comfortable occupation, the surroundings were so nice, that there was really no necessity for any shortening of the hours of labour or any interference with it?—I am not aware that that was stated; if you say it was, I accept it.

2611. Do you happen to know, by repute, if not from your own personal knowledge, the firm of Andrew Knowles, of Lancashire?—Do I happen to know them?

2612. Do you know them by repute or have you heard of them?—I have heard of them.

2613. Are you aware that at one time the chairman, in explaining an extraordinary expenditure to the directors, pointed out that that expenditure was incurred in installing electrical haulage in the mine, and that the reason why they had to instal the electrical haulage was that they were losing their pit ponies at the rate of about 40 a month, because they could not stand the heat and atmosphere of the mines?—The hard work?

2614. The heat and the atmosphere, and the hard work?—Of course, the hard work would be a factor, too.

2615. Would not it strike one as remarkable that men and boys continue to work eight and nine hours per day under conditions in which it is impossible for horses to live?—It would strike the ordinary person that if the atmosphere was not fit for the pony it certainly was not fit for the human being.

2616. I believe human beings can live under conditions that horses cannot live under?—I cannot say as to that.

2617. You stated, I think to Mr. Hodges, that the appointment of colliery firemen by the workmen and the making of them independent of the management would be an interference with the management?—It would at the present time, because the manager himself is responsible. He is responsible under the Coal Mines Act for the safety of every man working in his mine.

2618. Do you remember the history of the appointment of Inspectors of Mines, of whom you are one?—The history going right back to the beginning?

2619. Yes, when it was proposed in the House of Commons to set up Inspectors of Mines and confer on them the right to go into a coal mine to examine it as to its safety? Do not you know that the mine owners, through their representatives in the House of Commons, endeavoured to defeat that Bill on the

ground that it was an interference with the management? Was not that the reason they gave for it?

Mr. R. W. Cooper: What year was that?

Mr. Robert Smillie: I do not know exactly the year. I know that historically it is correct; I have read it thousands of times.

Witness: I cannot say whether they did or did not oppose it. It is on record, I dare say, whether they did or did not, but I cannot tell you just now.

2620. I think you are aware of the fact that mine owners are not altogether in love with inspection of mines; it is considered outside interference to a great extent, is it not?—Of course, they can speak us to that, but I have formed my own opinion, and that is that the mine owners do not object to the visits of Government Inspectors. Inspection makes for increased efficiency. It tends to keep the Manager up to the mark. I rather think that that would be the feeling of some mine owners, anyway.

2621. If a little inspection, if 10 or 15 inspectors for the thousands of collieries we have, tends to keep the management up to the mark?—May I correct you. There are far more than 10 or 15 inspectors.

2622. There are not sufficient inspectors at the present time to enable them to inspect the mines of this country once every 12 months, are there?—Do you mean to thoroughly inspect?

2623. Yes?—To see every part of the mine?

2624. Yes. There are not sufficient inspectors working their full time to thoroughly inspect the mines of this country once every 12 months; I mean a thorough inspection of the mines. It cannot be called an inspection unless it is a proper inspection. The inspectors themselves only sample it; that is their own statement?—You see how difficult this question of inspection is. If you start an Inspector of Mines to inspect mines, he begins, say, in one district and takes that first; then No. 2 district; then No. 3 district; then No. 4 district, and then No. 5 district, and by the time he has done No. 5 district No. 1 would be extended, so that he would come away from that mine and would not be able to tell you, on the last day he was there, that every part of that mine was absolutely safe.

2625. That is exactly the reason why I put the question?—I want you to bear that in mind.

2626. I know these things as well as you do?—But then mine inspection is not carried to that pitch of safety.

2627. That is why we want every mine in the country at the present time to be inspected thoroughly for the purposes of safety?—Then you would have to have a Government Inspector in every mine.

2628. No. We want to make the person, that is the colliery fireman, in whose hands the lives of the men are every day, an independent inspector, independent of the colliery company?—That is a question for you to deal with in other quarters than mine.

2629. But I thought that a Mines Inspector ought to have an opinion on a matter of that sort. You have stated twice to-day that the miners have a full account of all the accidents that take place. The question was asked: Do the owners keep a record of all accidents?—I believe they do, because of the Compensation Act.

2630. Would not you like to amend that answer now, before I put any more questions?—I do not examine their books, but I am given to understand that they keep a record of all accidents that are reported, whether they are serious or not. I may be wrong, but I believe they do keep those records.

2631. But do not you know that they do not keep any records of any accidents which do not throw a person off work for over seven days?—I thought they kept a record of every accident.

Mr. R. W. Cooper: I am speaking subject to correction, but I think they report cases of all accidents.

Mr. Robert Smillie: I know, but there is no report of accidents which disable a man for less than seven days.

Mr. R. W. Cooper: I dissent from that, because in Northumberland and Durham I happen to be associated with insurance associations, and I know that a man has to report before he leaves the pit.

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Mr. Robert Smillie: You are dealing with compensation?

Mr. R. W. Cooper: Yes. That is where you get the record of the accident.

Mr. Robert Smillie: But you ought to know that there are hundreds of accidents which take place every day which are not reported.

Mr. R. W. Cooper: No. I know that sometimes men do not report as they ought to do, and when they are told by their Association that they ought to do so; but in the main an accident is reported because the man is anxious to claim under the Workmen's Compensation Act if he should happen to be off for more than seven days.

Mr. Robert Smillie: But Mr. Balfour's question to this witness was directed to find out whether or not it was possible to get a real record of all accidents that take place in the mine. I want to put this: While it is true that workmen are asked to report a slight accident, in order that if it turns out to be serious they may get compensation, if it does not turn out to be serious, and they are back at their work again, there is no record kept of that?

Mr. R. W. Cooper: That is not so. We can give you evidence on that point. Our great complaint is that men sometimes will not report. Sometimes for a very good reason a man says: "I thought it was nothing." I have to deal with these cases every month. I have met your treasurer; he and I are on the same Committee under the Compensation Act dealing with these cases.

2632. *Mr. Robert Smillie:* As a matter of fact, the 179,000 accidents that we used to read of in our reports were all accidents of such a serious nature as to knock a person off for over 14 days. That figure which Sir Richard, or the Chief Inspector for the time being, made out for public information, and which we quote from time to time does not cover anything like 75 per cent. of the accidents that take place in mines. If you do not know whether that is the case, you may say so?—What do you want me to say? I have already told you, so far as my information goes, a record is kept of all accidents, simply because the miners are requested to report all accidents, trivial or otherwise.

2633. I have it on record now that an Inspector of Mines says that he is informed that all accidents are reported and they keep a record?—A record is kept. I may be right or wrong, but that is what I have been told.

Mr. R. W. Cooper: That may not be the case in Yorkshire, but I am sure when you come to Durham and Northumberland it is so.

Mr. Herbert Smith: Your statement does not apply to Yorkshire.

Mr. R. W. Cooper: I cannot speak for Yorkshire, but I can for Durham.

2634. *Sir L. Chiozza Money:* What is the record that is kept? Is it 1 in 3?—I cannot say, because it is not brought to my notice. It is only serious accidents which are reported to me.

2635. You cannot confirm my recollection that 1 in 3 of our miners are injured in the course of the year?—I cannot say that; the Miners' Association would know that.

2636. *Mr. Robert Smillie:* If I put it to you that I went to a Divisional Inspector of Mines and asked him why an accident had not been reported where a man got crushed between a prop and the tubs, and asked him at the end of five weeks had that been reported, and he said no because the management did not consider it sufficiently serious to report, and it was left to the manager to say whether he considered it sufficiently serious to report, under that system would it be possible to get full reports of accidents?—Any manager may be mistaken. I think the practice in Yorkshire will be found to be this: If there is any doubt whether a man is seriously injured or not, they await the opinion of the medical man.

2637. If you lost a finger, might it not be sufficiently serious?—I think if you lose a limb that is a serious accident.

2638. Of course. Do you mean to a man the loss of a finger is neither here nor there? In your district in speaking of increased output of coal, you

said that some of the mines were not at the present time drawing up to the fullest capacity and there might be some improvement, if the men were available, in increasing the output there?—Yes.

2639. I am dealing with a reduction of hours and so on. Could you tell us whether or not in your district there is likely to be the largest development of new collieries taking place within the next few years of any part of the country? How many collieries are at the present time being sunk, or were being sunk when war started, and which are likely to open up?—There are several sinkings contemplated, and I think there can be no doubt about it that the Doncaster area will produce very much larger quantities of coal within the near future.

2640. With the contemplated sinkings, if they are carried out, which will take some time, will they probably add to the output something like 20,000 tons a day?—20,000 tons a week is considered to be a fairly big output for one pit, so that you would want six or seven big pits.

2641. You mentioned Doncaster just now: What about Notts?—Yes, there is room for a considerable extension in the County of Nottinghamshire and they are sinking new pits. They are working for the purpose of getting the top hard seam, which is really the Barnsley bed of Yorkshire.

2642. Does the same thing apply to Derbyshire?—Not to the same extent.

2643. But there are new pits in the course of being sunk or contemplated to be sunk?—Yes.

2644. So that Doncaster, Notts and Derby are likely, during the next few years, to give an enormously increased output?—Yes, if the proposed pits are sunk and developed.

2645. And provided there is no falling off elsewhere?—Yes.

2646. Do you think that coal at the present time is used in such a way as to give the nation or the user its greatest efficiency?—Probably not.

2647. What do you think?—There is a great talk just now of centralising with regard to electricity and electrical power supply. That is a very big matter.

2648. As a matter of fact, if you will allow me to say so, you are a skilled mining engineer?—Well, I am supposed to be.

2649. You know you could easily answer the question I put: What percentage of efficiency do we get now from a ton of coal, roughly?—I cannot tell you.

2650. What percentage do experts say we get?—I cannot tell you that just now.

2651. Is there any likelihood from what we know, and what the Government knows, and from what men in this room know, of so using coal in future as to double its efficiency at least?—There is a likelihood that in the future the efficiency of coal will be increased.

2652. If the efficiency of coal were doubled for all purposes—for manufacturing purposes and for household purposes—would not that be almost equal to doubling the output?—It would tend in that direction, but I am not prepared to say that it would double it.

2653. Not if you double its efficiency?—No, I cannot say that.

2654. Not if you double its efficiency in heating power? Take a ton of coal which you yourself get: If by some method you double its efficiency in heat-giving qualities, would not that ton be worth two tons otherwise?—You would get double the work out of it.

2655. That is what I mean by efficiency.

Sir Arthur Duckham: It would be worth more than two tons, because you would decrease your handling.

2656. *Mr. R. W. Cooper:* May I ask this? (To the Witness.) You have been asked a number of questions about the present system of regulating collieries and the management of collieries and provisions for safety, health and so forth. Was not that whole question discussed and reviewed by Parliament in 1911 when the Coal Mines Act was passed?—It was.

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MR. THOMAS HARRY MOTTRAM.

[Continued.]

2657. And the Coal Mines Act is an elaborate statute containing numerous sections dealing with all these matters which have been discussed to-day?—The Act itself and the regulations made thereunder do provide for the safety of the workmen.

2658. They provide for the management of the mine, the daily supervision by competent persons, for the appointment of inspectors, for the examination of machinery, and, in fact, all those matters which you have been examined about here to-day?—That is so.

Sir L. Chiozza Money: But they do not give any power to an inspector to take out an inefficient engine and put in a better one.

Mr. R. W. Cooper: Yes, they do.

Sir L. Chiozza Money: Oh, no!

Mr. R. W. Cooper: Forgive me, but you must not say no.

Sir L. Chiozza Money: Suppose an engine is dated 1870, as I have seen, and it ought to be replaced by a better one, there is no power for an inspector to order that.

Mr. R. W. Cooper: May I read section 99 (1) of the 1911 Act: "If in any respect (which is not provided against by any express provision of this Act, or by any regulation) any inspector finds any mine, or any part thereof, or any matter, thing or practice in or connected with any mine, or with the control, management, or direction thereof by the owner, agent, or manager to be dangerous or defective, so as in his opinion to threaten or tend to the bodily injury of any person, he may give notice in writing thereof to the owner, agent or manager of the mine, and shall state in the notice the particulars in which he considers the mine or any part thereof."

Sir L. Chiozza Money: But you have not a proviso in the Act that if an engine is out-of-date it shall be replaced.

Mr. Robert Smillie: That is only where anything is dangerous.

Mr. R. W. Cooper: Or defective.

2659. *Sir L. Chiozza Money*: May I ask if it is not the case in the district you so ably supervise, that there are large numbers of engines that are out-of-date and ought to be replaced by better engines?—I cannot say that from a safety point of view.

2660. I am not speaking from a safety point of view only?—Well, from the economical point of view, probably that is so.

2661. Then the Act does not apply to such cases?—No.

2662. *Mr. Arthur Balfour*: Assuming for the moment coal mines are nationalised, it would still be necessary to

(The Witness withdrew.)

Chairman: Gentlemen, I have here Mr. J. R. Robinson Wilson (Divisional Inspector of Mines for Cumberland, Westmoreland, Northumberland and Durham, and the North Riding of Yorkshire); Mr. Arthur Darling Nicholson (Divisional Inspector of Mines for Lancashire, Cheshire, North Wales and Ireland Division); Mr. John Masterton (Senior Inspector of Mines for Scotland); Mr. William Saint (District Inspector of Mines for South Derbyshire, part of Cheshire, Leicester, Shropshire, Warwick, North Staffordshire); and Mr. John Robinson Felton (District Inspector of Mines for Gloucestershire, Northampton, Rutland, Somerset, Worcester and South Staffordshire). A number of general questions have been addressed to Mr. Mottram, and I should like to remind you of the question which arises as to reporting by March 20th, but if any member of the Commission wants any one of those Inspectors put into the box, will he please say so and the Inspector will be called at once. Two of the Inspectors are not here, but they will be here on Monday. They are Mr. J. D. Lewis and Mr. William Walker. If any member of the Commission desires any other Inspector, if he will say so, that Inspector will go into the box. Mr. Balfour, do you require any of them called?

Mr. Arthur Balfour: No.

Mr. R. W. Cooper: No.

Mr. Evan Williams: I should like Mr. Lewis called.

Chairman: He shall be called on Monday. What do you say, Mr. Forgie?

Mr. J. T. Forgie: No.

Sir Thomas Royden: Shall we have any proof of their evidence or any information from them?

Mr. Robert Smillie: I take it this does not refer to Sir Richard Redmayne?

place some person in charge of that mine and make him responsible for the proper working of it?—Certainly.

2663. So that you would really be in exactly the same position in that respect as you are to-day?—Do you mean, someone who would be in the same position.

2664. Yes?—Someone, I take it, would have to be responsible.

Mr. Robert Smillie: Certainly.

2665. *Mr. J. T. Forgie*: A question was asked you,—if any official of the mine, such as a fireman, had complained to you in any way or other that the owner had threatened to dismiss him if he put in a bad report about the mine, and you said that you thought no doubt there were cases but you did not recollect any. Do you recollect ever finding foundation for any such complaint, or any prosecution being made in such a case?—No prosecution has ever been made. I have no doubt I have received anonymous complaints about a thing of that kind, and the difficulty is, when investigating a thing of that kind one man says one thing and the other man says quite the opposite.

2666. Can you recollect any case where there was the slightest foundation for such a complaint?—I have had my suspicions in one or two cases, but they are rare and very rare.

2667. You have not found a case sufficient for a prosecution?—That is so.

2668. *Sir L. Chiozza Money*: May I ask one short question. Arising out of what Mr. Cooper says, is it a fact that there have been since the passing of the Act referred to some accidents of a rather dreadful character which have been entirely in consequence of the use of inefficient engines and winding machinery; and, if so, how do you account for those things remaining in view of that Act having been passed? Can you call to mind any of those? Can you remember a case in which the cage was dashed to the bottom of the shaft and a number of men killed?—I remember a meeting in the shaft where there was a collision and several men were killed.

2669. Can you remember a case in which a colliery engineman was working an engine in a building which was so old that the rain fell through the roof and he put up a screen to protect himself. The screen fell as he was working the engine and the result was, the cage was dashed to the bottom and the men killed?—I have heard of such a case connected with sinking a pit and that was at a new colliery where the water was coming through the roof and a man had put a shield over to protect himself and the screen frame fell and spragged the lever of his engine and the accident occurred, but I do not know of the case you refer to.

Chairman: No.

Sir Thomas Royden: We shall get data from them, I take it?

Chairman: Yes.

Sir L. Chiozza Money: I understand we shall have the Chief Inspector on Monday?

Chairman: Yes.

Sir L. Chiozza Money: I shall not make any further request.

Chairman: What do you say Mr. Tawney?

Mr. R. H. Tawney: No.

Mr. Sidney Webb: No.

Mr. Herbert Smith: No.

Mr. Frank Hodges: No.

Mr. Robert Smillie: No.

Chairman: I now propose to call as a witness Mr. Frank Tatlow, with regard to the pooling of wagons and the economies to be effected generally by the pooling of wagons. I have a *précis* of his proof, and I propose to hand the *précis* round and do what I did yesterday for the benefit of the public and the Press, namely, I shall read his proof and then leave any one of you to ask any questions you may desire, beginning with Sir L. Chiozza Money.

Mr. Frank Hodges: May I ask you, Sir, what progress has been made towards getting statistics relating to the growing number of hewers in proportion to the rest of the workmen in the collieries of the United Kingdom? I asked for that the day before yesterday.

Chairman: Yes, you did. Will you ask me later on? I have a note about it and it is in progress.

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MR. FRANK TATLOW.

[Continued.]

MR. FRANK TATLOW, Sworn and Examined.

2670. *Chairman*: I think you are the General Manager of the Midland Railway Company, a member of the Railway Executive Committee, and a member of the Sub-Committee of the Railway Executive Committee which considered the question of pooling privately-owned wagons?—Yes.

2671. You have been good enough to hand me your proof which I, propose to read and then ask you formally if that is your view, and leave it to the Commissioners to ask any questions they desire.

"Mr. Frank Tatlow will say:—He is the General Manager of the Midland Railway Company and a member of the Railway Executive Committee charged by the Government with the working of the railways.

"He understands that the Commission desire evidence as to (1) the advantages, from the railway point of view, to be gained by the 'pooling' or 'common user' of private owners' wagons, and (2) whether such 'pooling' or 'common user' would have the effect of bringing about a reduction in the cost of transport of coal from the pit to the consumer.

"It is estimated that there are running on the English railways approximately 700,000 privately owned wagons engaged, mainly, in the conveyance of coal. They are owned by Colliery Companies, Coal Merchants and Coal Factors, and are engaged in the particular trade of the Company or firm who own them. It follows, therefore, that every loaded journey made by a privately owned wagon from the pit involves an empty journey from the place where the wagon is unloaded to the Colliery, or, in other words, *half the mobile life of a privately owned wagon is taken up in empty running.* The rates quoted by the Railway Companies for the conveyance of coal, do not include the provision of the wagon in which the coal is conveyed, and in those cases where coal is conveyed in Railway Companies' wagons, in addition to the conveyance rate noted in the rate books, a charge for wagon hire, regulated by the distance the coal has to be carried, is made. This scale of wagon hire charges on the Midland Railway, and which has been authorised by Parliament, is as follows:—

For distances up to 20 miles	...	4½d. per ton.
" " 21-50 miles	...	6d. "
" " 51-75 "	...	9d. "
" " 76-150 "	...	1s. "
" " over 150 miles	...	1s. 3d. "

and these charges operate generally in the case of all railway companies who undertake to provide wagons for the conveyance of coal.

"There are also special wagon hire rates in respect of the conveyance of ironstone, &c., which are as follows:—

For distances up to 50 miles	...	4d. per ton.
" " 50-100 "	...	5d. "

"There is no question that, assuming the whole of the privately owned wagons running on the Railways became the property of the railway companies, and were put into 'Common User,' substantial economies would, in the working of the railways as a whole, be effected. These economies would show themselves chiefly in the following ways—

- (a) Saving in haulage of empty trucks
- (b) Saving of a large amount of shunting and sorting in marshalling depots.

"Witness has no figures at his disposal showing what these savings would represent in money, but he is prepared to say that *the amount would, in the aggregate, be quite considerable.* It must not, however, be assumed that the railway acquisition of private wagons and their 'Common User' would do away with *all* empty mileage. On the contrary, whatever happens, a large amount of this empty running will continue to be necessary. For instance, the whole of the export coal trade has to be conducted in wagons having end or bottom doors or both, and such wagons must be regularly in the service between the ports and the collieries engaged in the shipping business. Again, at many gasworks, etc., the coal is unloaded direct into coal bunkers, and this class of trade has to be conducted in wagons having bottom doors. End and bottom doors are not required in a wagon carrying general merchandise traffic, and ordinary goods wagons are provided only with side doors. At many other large centres of industry it is found that the inwards and outwards merchandise traffic balances itself in so far as wagons required for its conveyance are concerned; where this occurs it is of course

necessary that the wagons bringing coal into those centres have to be removed in an empty condition.

"Further, taking the Midland Railway as an example, that Railway conveys to London from the Colliery Districts between 4 and 5,000,000 tons of coal per annum. *None of the wagons (even if they belonged to the Railway), are required for loading goods out of London, because our experience is that, dealing with merchandise traffic alone, the number of loaded wagons worked into London is greater than the number of wagons required to load traffic out of London,* so that leaving the coal wagons out of the question we have to work empty goods wagons from London because there is no freight to put in them. It follows, therefore, that practically every wagon loaded with coal taken into London by the Midland Company has to be worked back empty to the Collieries in the Midlands and Yorkshire, and this will continue to happen whether the private owners become common-user wagons or remain as they are to-day privately owned. To show the extent of this empty wagon haulage, witness desires to say that last month the Midland Company ran from London an average of over 40 trains per working day, consisting practically of empty wagons to the collieries in the Midlands and Yorkshire.

"Dealing with the second point, namely, whether the economies effected in Railway operation owing to common user would enable the cost of transport as between the pit and the consumer to be reduced, witness desires to make the following observations:—The experience of the Midland Company, who employ in the coal trade somewhere between 25,000 to 30,000 trucks, is that dealing only with the earning power of a wagon in respect of wagon hire, the business cannot be made a paying proposition. From statistics which the Company keep it is ascertained that the average earning in hiring, taking the years 1913, 1914, 1915 and 1916, is about 4s. per journey, and that the average number of journeys per month is two-and-a-half. This gives a yearly gross earning of £6 per year. A 10-ton wagon in pre-war days cost £82, and the average cost per annum of repairs and renewals was about £3 16s. per wagon. The net earning was therefore £2 4s. per wagon per annum on an expenditure of £82. To-day, of course, prices are more than doubled, both in regard to construction and repairs, the cost of a 10-ton wagon now being £250 and the cost of repairs and renewals £6 10s., so that at the present time the earning in wagon hire of a railway-owned coal wagon does not cover the annual cost of repairs and renewals of such wagon. Witness has been told on many occasions by large private owners of wagons that the ownership by them of their own wagons is not in itself a profitable speculation, but for the purpose of carrying on their business such ownership is necessary. The fact that their wagons to-day are delivered by the Railway Companies to the Collieries from whom they purchase their coal assures to them the coal put into them, and these wagons being part of the daily supply of trucks to the pit, the Collieries are left no option but to load them out.

"Since the commencement of the War, the Colliery Companies and Merchants, &c., made representations to the Board of Trade as to the loss they were incurring on the running of their wagons, and as a result of these representations they were authorised to charge in respect of wagon hire an increased sum of 50 per cent. over and above the charges the Railway Companies are authorised to make in the case of railway-owned wagons. This power of raising the wagon hire rates was not, however, given to the Railway Companies.

"So far as the present and future construction of wagons is concerned, it is obvious that, at all events for many years to come, the cost of building will be very largely in excess of pre-war costs, and although witness admits that economies in operation would ensue from the abolition of privately-owned wagons, any saving so effected in this particular direction would many times over be swallowed up in meeting increased liabilities brought about by—

- (a) Increased wages;
- (b) Increased cost of materials and stores.

"He understands that the Commission desires information as to the number of privately-owned coal wagons working on the railways. It is impossible to give any reliable figure because, so far as he knows, no census has

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[Continued.]

been taken. It is, however, generally believed that there are between 600,000 and 700,000 private wagons owned or worked practically in moieties by the colliery companies and merchants and factors, respectively. Witness, however, desires it to be understood that there exists no complete data on the subject, but believes that approximately the figure is accurate.

"With regard to railway companies, their powers for charging for the conveyance of coal do not include the provision of trucks, and they are consequently under no obligation to provide them. Most of the railway companies, however, do, to a small extent, find wagons for coal, but it may be taken as a general rule that those companies who do so only do this to the extent of putting into collieries such of their stock as is not required for the time being in the conduct of their general merchandise business. Some companies, such as the Great Western and Lancashire and Yorkshire, do not in any case give this accommodation. The Midland Company, in respect of the supply of their trucks, do more than any other railway company, but their circumstances are peculiar. Witness has not had an opportunity of enquiring of the several railway companies what proportion of their total wagon stock is engaged in the coal business, but he believes it is only a very small proportion of the whole.

"Witness also understands that the Commission desire information on the question of the negotiations which took place in 1917 with certain owners of private wagons as to the common user of their wagons during the period of the war. The facts that led up to this discussion were as follows:—The Railway Companies had been called upon by the Government to provide a large amount of rolling stock for France, &c., and so far as wagons are concerned, parted with over 30,000. The traffic to be conveyed over the railways during 1916 and 1917 had, through the necessities of the war, increased enormously over any previous period, with the result that there was a serious shortage of wagons. Something had to be done, and on March 1st, 1917, the President of the Board of Trade called together the principal owners with the Executive Committee, and put the case before the meeting. He informed the private owners that in the National interest it was necessary for the Railway Companies to become possessed of more wagons, and stated that by some means the Railway Companies must be placed in the position of being able to 'common use' at all events some of the wagons then engaged in the coal trade. As a result of this meeting a Sub-Committee, composed of four members of the Executive Committee, and representatives of the Coal Merchants, Wholesale Factors, Wagon Builders, &c., was appointed to discuss the matter. Several meetings took place, and the result was that there were found to be so many difficulties in the way of the Railway Companies taking possession of the whole of the private wagons, involving the working out of many intricate details, which would take a very long time to dispose of, that some other alternative had to be adopted. What was agreed was, (1) that the Railway Companies should have the right to load empty coal wagons with merchandise for stations in the homeward direction, and (2) that each owner of private wagons would, at the request of the Railway Companies, hire to them a proportion of their wagons, not exceeding five per cent., on terms which were agreed. Under these two arrangements great relief was afforded in the working of the railways, and this arrangement operates to-day."

2672. I think that is your proof which you were good enough to send to me?—Yes.

Sir L. Chiozza Money: Sir, I have only just heard you read that, of course, and it is a little difficult for me to examine thoroughly upon it. May I have it?

Chairman: Certainly.

(*The proof was handed to Sir L. Chiozza Money.*)

2673. *Sir L. Chiozza Money:* May I direct your attention to the point last raised in your memorandum, and the question of War Exigencies. It is broadly the truth that the war revealed that this country was so badly organised in respect of its railway transport that we were very seriously inconvenienced in respect of the arrangements that obtained?—Not at all.

2674. Is it not the fact that the necessity of sending wagons to France caused such a shortage here that the President of the Board of Trade found it necessary to call together a special meeting to consider the exigencies that arose?—There were two circumstances

that led up to that meeting. The first one was that the railway companies had been deprived of over 30,000 of their wagons. The second reason was that there was an unprecedented flow of traffic at that time. If you take the Midland as an example, during 1917 we carried 1½ million more tons of coal and merchandise traffic than we ever had done in any previous year.

2675. You say in your proof: "Several meetings took place, and the result was that there were found to be so many difficulties in the way of the Railway Companies taking possession of the whole of the private wagons, involving the working out of many intricate details, which would take a very long time to dispose of, that some other alternative had to be adopted." They are not my words, but I am quoting from your proof?—They are my words.

2676. May I take it they express the facts of the case?—Yes.

2677. Do they not show that the conditions which existed in this country, by which wagons were largely privately owned, while railways were also owned privately, put difficulties in the way of the executive of the country in the conduct of the war which would not have existed if the railways and wagons had belonged to a properly centralised authority?—If those wagons had been the property of one company or one community, we should have had more use out of them than we could possibly get with their belonging to separate owners.

2678. That is exactly what I wanted. That answers my first question in the affirmative, and not in the negative, as you indicated?—I misunderstood your question when you put it in the first instance.

2679. Are you aware that private ownership of railways in America produced such curious results that we had British ships carrying coal cargoes on the American coast because the railways could not cope with it?—I am not aware of that.

2680. Are you aware that the President of the United States took powers to place American railways under Government control, and will you take it from me that British ships carried coal coastwise on the coast of the United States?—If you say so, no doubt it is accurate.

2681. With regard to the number of privately owned wagons, as I understand from the proof which the Chairman read, there are estimated to be about 650,000 privately owned coal wagons?—Yes, somewhere between 600,000 and 700,000.

2682. How many other private wagons are there?—I have not been able to ascertain that, but of course private wagons are used for the conveyance of bricks and slage and road-stones, &c. In the aggregate, I should not think that there are many. Anyhow, I really cannot tell you. I have tried to get the information, and I could not.

2683. Do you not think it is exceedingly difficult to carry on an enquiry of this kind in an organised and exact way when we do not know the number of privately owned wagons there are in this country?—It is a question of opinion; it is not a question I want to answer.

2684. May I ask you to address yourself to it. I will put it again. We are engaged in a quite serious enquiry, and this is not an experimental question. May I ask you to tell me: If it were thought desirable to carry on this country by a method of national organisation, would it not be very necessary indeed to know the number of factors which you had to deal with, and would it not be exceedingly necessary to know how many wagons you had got before you made a start in dealing with those wagons?—I agree it would be desirable information to have.

2685. Would it not be very businesslike to have the information?—Yes, and I believe the Board of Trade, as a matter of fact, is engaged now in getting out a census.

2686. As a matter of fact, no such census has yet been made in this country?—No.

2687. So that you cannot tell me how many coal wagons there are in this country?—No.

2688. I will leave that to speak for itself. The number of other wagons for other purposes which we have in this country you also cannot tell me?—No.

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[Continued.]

2689. We had some very interesting evidence from Mr. E. H. Davies, the District Goods Manager of the London & North Western Railway Company, who is now in charge of the Supplies and Distribution Scheme of the Coal Control. You know Mr. Davies perhaps?—Yes, by name, but not personally.

2690. He gave us some very interesting estimates of the monetary value of the present transport scheme expressed per tons of coal, but he felt himself unable to give any estimate with regard to the economy as expressed per ton of coal, which he thought would result from a complete pooling of the wagons of the country. As I understand it, you are rather in favour of a general pooling scheme?—It would be to the interests of the operation of railways if all railways were in the position of being able to use any wagons for any particular purpose they required at the moment, the wagon being there. That is a thing that does not happen to-day with regard to coal wagons, because they are not the property of the railway companies and are only used for a specific purpose, namely, the business of the firm whose name is on the truck.

2691. Do you mind if I repeat my question? With so great a knowledge and experience, and especially your experience of the war, are you in favour of the pooling of wagons and taking them out of the hands of private owners and putting them under the direct control and business management of a central authority—whether that authority be public or private is another matter?—It would be greatly to the interests of the railway companies if they had control of the whole of the wagons running on their railways.

2692. Have you gone any further and found what that would mean as an economic saving? Would you care to express it in money?—I certainly could not, and I do not think anyone could, but I can tell you two ways in which the control of private owners' wagons would facilitate the operations of a railway. Whether the wagon belongs to the railway company or to the private owner the conveyance with the coal in it is exactly the same, and the only saving that you get by having control of the wagon is the amount of light-running and shunting you can eliminate from your operations. Those savings would show themselves in two ways. There certainly would be a considerably less amount of empty wagon trains running up and down the country; but to my mind the principal saving would be in connection with the sorting and arranging of the wagons at the different marshalling sidings. Now, of course, whether the wagons are Railway controlled or privately owned, there is, and is bound to be, a certain amount of sorting required, but that sorting gets very much severer when, in addition to the sorting of wagons into districts, you have to sort them out practically into names. You can put it in this way: If you have a pack of cards and you want to give 13 cards each to four people, it is an easy matter to deal the first four to the first person and so on; but if you have to give four aces to one person and four kings to another, then the sorting of the pack of cards takes a considerable time. That is the sort of sorting which would be eliminated if there were no private names on the wagons. If it were that a colliery wanted 20 wagons, the first twenty wagons in the siding would go and the colliery would get them; but to-day we have to find 20 wagons with a particular name on them, and send them to the particular colliery, and we must not send others. That is why a saving would be effected to my mind.

2693. That is what leads you to say in your proof if they were "put into common user substantial economies would, in the working of the railways as a whole, be effected?"—Yes.

2694. But you do not care to put that into concrete figures?—I could not possibly.

2695. It would not be unfair to say it would be very considerable?—What is the price you put on "considerable," and then I can answer?

2696. I mean a substantial figure?—A substantial figure would be saved, but whether that is in thousands or millions I cannot express any opinion

upon and no one else can; but the saving in engine power, especially, would be considerable. I cannot go further than that.

2697. May I direct attention to the fact that Mr. Davies, the District Goods Manager of the London and North Western, who has given so much attention to this in the war, devised a coal transport scheme which did not involve the direct pooling of wagons, but simply dealt with directing the courses and the line of coal in such fashion as to save the length of journeys, and there, he estimates in a concrete fact, that £3,250,000 are a coal saving of 3d. per ton of coal carried? In view of that, and his expression that he thought the pooling of wagons (I hope I do not speak unfairly) would save even a larger sum, would you not be inclined to admit the figure might be put into millions?—I do not know how he arrives at his 3d. or anything else. I cannot conceive him having data to make the calculation, but if Mr. Davies puts his figures in and I can see them and see how he gets at the 3d. and the millions, then I will tell you very soon whether I agree with his calculation or disagree.

2698. At present you only go so far as to say it is substantial?—Yes, substantial.

2699. With regard to the very interesting fact mentioned in your proof (I hope I understand this correctly) that there are the equivalent of 40 trains of empty wagons out of London per working day, is that right?—Yes.

2700. Is that coal wagons?—Yes, and those trains would have to be run in any event.

2701. *Sir Arthur Duckham*: That is only on the Midland?—Yes, the figures are Midland figures.

2702. *Sir L. Chiozza Money*: The Midland Railway alone runs out of London the equivalent of 40 trains returning with empty coal wagons?—Yes.

2703. May I ask, if there were substituted for our small-wagon system a large-wagon system and if the use of those large wagons were rendered possible in practice by the central dealing of coal in London and dealing with the whole of the coal in London as a single unit, there would not be a substantial saving in the running of those trains through the use of larger wagons and would they be very considerably reduced?—Yes, they would be reduced. Of course, a 30-ton wagon is not so long or so heavy as three 10-ton wagons, and assuming the coal trade of London or anywhere else can be dealt with in 30-ton wagons and is all dealt with in 30-ton wagons, then there will be a less number of wagons to work away empty.

2704. And that would be again a substantial economy?—It would be an economy, but not a substantial economy; it would be an economy in tare and an economy in length of train.

2705. And if, further, one considers that the train would no longer consist of heterogeneous trucks belonging to all sorts of different people in different parts of the country, there would be substantial economy in working?—Of course, that economy would show itself if we had them with the present truck.

2706. Have you considered not only the economic saving but the life-saving of the truck. Is it a fact that a considerable proportion of the accidents and the loss of lives on our railways are occasioned by shunting operations?—Yes, accidents do occur through shunting, I do admit.

2707. Are they not very considerable and does it not amount to a very considerable number of lives?—One does not like to talk about "considerable" when you are mentioning killing people, but I have some figures here and I can give them to you.

2708. How many people are killed by shunting in the United Kingdom in a year?—These are figures extracted from the Board of Trade Returns in 1913. On the whole of the railways in the United Kingdom there were 88 shunters killed and 3,152 injured.

2709. Do you not think I was justified in using the word "considerable" with regard to 88 deaths and 3,152 injured?—I do not know the total number of shunters employed and therefore I cannot tell you

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whether 88 is a considerable number of the whole, but it is a considerable number of people to be killed under any circumstances.

2710. I am very glad to have that. May I suggest to you if it were not necessary to shuffle out the cards in the way you so graphically described and necessary to do all the shunting, do you not think it is probable we could save some proportion of the 88 lives and the 3,000 cases of injury?—One cannot say. The accidents and the deaths of these poor men happen under such peculiar circumstances. Very often it is their own fault. They are riding on shunting-poles and doing things they ought not to do. If the 88 accidents were really worked down and you could analyse them fairly as to what was an accident brought about by a man's own carelessness or the breaking of rules and what was a real accident, you would find a great many of these poor chaps really hurt and kill themselves through carelessness and inadvertence and wanting to save time.

2711. May I take it that every one of the 88 deaths is caused by the foolishness of the man whose death is concerned?—I did not say so.

2712. May I assume it for the sake of argument? I have a right to put a question to you. Assume a man improperly rode on the wagon when he ought to do something else, would not even that proportion of folly be altered if there was not so much shunting to do. Come!—It is a logical conclusion, but whether it would happen or not, I do not know.

2713. Whether the accidents are caused by the nature of the work or by folly, they would be reduced in proportion to the amount of shunting that was being done?—It may be with half the amount of shunting you might get twice the amount of folly, or with one-tenth the amount of shunting you might get ten times the amount of folly.

2714. I have assumed every case is a case of folly, which is the highest. In that case there must be a reduction—even in the worst possible case?—I do not think so. As long as there are men employed in shunting, whether the shunting is more or less, they can, if they like, get run over. The amount of shunting has nothing to do with an accident a man meets with through his own foolishness, and that is so whether shunting represents a day or half a moment.

2715. Are those the ideas which pervade the management when dealing with the lives of employees?—They are not ideas at all.

2716. Now I leave that and turn to the last point of your proof. There is a statement made: "Although economies might be effected by pooling, yet, owing to rise in materials, stores, and wagons, it is not to be anticipated that hire rates, if such rates are to give even the return they gave in pre-war times, can remain at the pre-war level." Of course, we are taking long views here, and are not merely engaged with this year or next year. Taking a long view, is it not the case that these figures with regard to the cost of wagons are most unlikely to obtain?—Which figures are you referring to?

2717. You say, "Although economies might be effected by pooling, yet owing to rise in materials, stores and wagons it is not to be anticipated that hire rates, if such rates are to give even the return they gave in pre-war times, can remain at the pre-war level"?—That is not in my own proof, is it?

2718. It is probably a *précis* of your proof. I thought it was your proof?—I do not quite follow.

Chairman: I do not know that Mr. Tatlow is responsible for the *précis*, but only for the proof.

Witness: I would rather use my own language.

2719. *Sir L. Chiozza Money*: I thought this was your own summary and your own proof?—No, it is not.

2720. Then I will put it to you that you do not suppose that the prices will remain at their present prices, do you?—Well, I hope not.

2721. And, therefore, it is not the case that in the long run any saving in this direction will necessarily be swallowed up because of these costs?—In respect of this particular question of wagon hire I cannot

conceive under any circumstances the pre-war cost of a wagon ever being got to again, and it seems to me the most we can hope for when things have settled down is that material and other things will be only 50 per cent. dearer than they were before the war.

2722. But, at any rate, there will be a substantial saving, will there not?—I say I hope so.

2723. May I direct attention to the fact that the higher rates which obtained before the war had to provide a revenue sufficient to pay a dividend on Railway Stock of £1,300,000,000?—Yes.

2724. Have you observed that the railways in this country, which are about 23,000 miles in length, have a capital of £1,000,000,000, while the railways of Prussia, which have also a length of about the same mileage, have a capital value in the books of the Prussian Government of about £450,000,000, or about one-third?—I really cannot give any information about Prussian railways or finance. All I can tell you is that the capital of the English companies is as you have stated. Whether they have spent the money on their undertakings foolishly or properly is not for me to say, but the money has been spent.

2725. Would it not be rather a misfortune for the country if the whole of this transport system and all it had gained in national economies which depend upon it were to depend upon the capital of £1,300,000,000, part of which you say has been spent, if not all, and that should remain as a permanent handicap for the transport of the country?—My answer is, that you would have to take over the railways as you find them. Whatever their capital obligations are, the money has been spent, and it seems to me that as a commercial proposition there is only one way of dealing with the thing, and that is to charge sufficient for your services to pay you a reasonable interest on your capital.

2726. Is there not a business operation known as cutting your loss?

Chairman: I expect we can go into this on the next Royal Commission. It will be most important when we nationalise the railways.

Sir L. Chiozza Money: Forgive me, Sir, but this question of railway rates stands between the pit head or between the miner and the person in London or elsewhere who is using the coal which the miner gets, and it is an essential part of our enquiry to know whether substantial economies can be effected in transporting that coal from the man who gets the coal to the person who uses it. Therefore, it is most pertinent to me to enquire from this witness, who is perfectly competent to answer, whether economies can be effected.

Chairman: I am not saying it is not, but all I say is—March 20th!

Sir L. Chiozza Money: This is a very important point, and we have had very little on it.

Chairman: I will leave it to your discretion. March 20th.

Sir L. Chiozza Money: Yes, but if we are to report intelligently by March 20th we must have something with regard to it.

Chairman: We will not waste time by argument. I am sure you will make your questions as brief as you can.

2727. *Sir L. Chiozza Money (To the Witness)*: Do you think it really is a business proposition that this gigantic capital of £1,300,000,000—£200,000,000 of which results from the splitting of stocks and other causes which I need not go into—should remain as a permanent handicap upon the transport of the country, the social life of the country and the social position of the miners, or do you think it better for the nation to cut the loss and recognise that the railways are not worth that sum and lower the charges, and so stimulate the whole industry and social life of the country?—Provided you give back to the shareholder the money he has put into the concern, and having done that you do what you like. You can carry them if you like for nothing then, but if you want me to agree to confiscation, I say absolutely no.

2728. I was simply suggesting whether it was good for the country to cut the loss. I do not suggest confiscation?—I have the interests of shareholders in mind, and I am one myself. If you suggest to me

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I should agree that it is a reasonable thing to knock off 50 per cent. of the money the public have put in railways simply because you want to have cheap freights in order that some portion of the community can have a little more money, well, I cannot agree.

2729. This is a Royal Commission set up by Parliament to consider a national question and not only the interests of the shareholders. Therefore, I put the national question with which we are concerned. I did not suggest confiscation, but I suggested:—Was it a good thing or not for this country to boldly face the question of over-capitalisation apart from the question whether we compensate shareholders, and cut the loss so as to put the freights upon a reasonable level?—I agree, subject to no injustice being done to anyone.

2730. *Sir Thomas Royden*: I take it that in the ordinary way the wagon capacity on the rail-roads whether it is rail-road owned wagons or privately owned wagons, is more or less proportionate to the requirements of the traffic for the time being?—Yes.

2731. So that when in the year 1917 30,000 wagons were taken away from the English rail-roads and simultaneously the traffic demands were enormously increased, it was only natural there should be a considerable difficulty in transporting the traffic offered?—Certainly. It puts us in the position of being short of from 50,000 to 100,000 wagons. We had lost between 30,000 and 40,000, and we had traffic which required 30,000 or 40,000 trucks to move it.

2732. I put it on the other hand, if British rail-roads had been found under those conditions to have ample wagon accommodation, it would have been a very great reflection upon the management of the railways?—I should have thought so.

2733. It would have shown they had been carrying a grossly excessive stock of wagons under ordinary conditions?—That would have been so.

2734. And it would have been just as indefensible, for example, as if we had maintained an army of 7,000,000 men, because we might be at war some day?—Yes.

2735. With regard to the American rail-roads, you are probably aware that when the American Government took over the rail-roads they immediately advanced freight rates by 25 per cent., and passenger rates by 50 per cent., having three months before refused the American rail-roads' application of 10 per cent?—Yes.

2736. The effect of the Government operation of the rail-roads was that?—Yes.

2737. With regard to this question of pooling, I take it you are not prepared to go further than this. That the abolition of private wagons and adoption of some form of joint user would be, to put it quite broadly, and without putting a specific value upon it, of very great advantage?—It would be, no doubt, a very great advantage in the operation of a railway; that is, you can work your railway much more economically by having control and use the whole of the stock, than you can possibly do when half your stock is earmarked for certain commodities.

2738. So that without going into the details about whether you would have fewer wagons in and out of London, or questions of putting a pounds-shillings-and-pence value upon it, it would be a better arrangement from the general point of view?—Yes.

2739. *Mr. R. H. Tawney*: I think you told us that during the war a scheme of pooling wagons was considered but was turned down, was it not?—A scheme of temporary pooling was considered.

2740. Could you tell us a little more in detail why it was rejected?—We found ourselves in this position. We discussed the question with representatives of the colliery owners, the colliery merchants, the factors, the finance companies, the wagon builders, and everyone engaged in the trade and use of railway wagons. The first big trouble that we were up against was the question of repairs. Now, collieries and merchants take all wagons on repairing lease. Their wagons are always running approximately in the same districts, and therefore they can put out their repairs to a firm whom they know can deal with the wagons over a certain portion of the railway, but directly you begin to make these common

user wagons they immediately get all over the country, so that the wagon that has been working, say, between Derby and London regularly will probably find itself up Perth way or the top of Scotland with no one to repair it, and no one who has any of the spare parts that are required to replace those which are damaged, and that was the real difficulty we got up against and found it would take really months to settle. Therefore, we had to wipe that scheme out and get hold of something that we could put into operation quickly, and the way we did it was to agree to backload those wagons in the homeward direction, and the merchants and colliery owners agreed to let us take over 5 per cent. of their stock on hire, and that was an easy thing and we did it.

2741. It comes to this: although a complete pooling might have been established, the multiplicity of private interests was such that it was not in practice practicable?—Not on short notice. All the difficulties could have been got over, but there was no time to negotiate all the difficulties.

2742. Then you spoke of the scheme which was adopted as a kind of practicable compromise instead of that which you mentioned just now?—Yes.

2743. Did that result in considerable economies, do you think?—Not in considerable economies, but it did do away with a great deal of congestion that we were suffering from. The railways were getting in this position. There was an enormous amount of munitions and stores and material to take to the Continent. We were short, as I say, of over 30,000 wagons. The wagons that we had got, owing to the shortage of men, could not be repaired as quickly as they were in pre-war times, and altogether we were getting nearly to a standstill because of the shortage of rolling-stock. Now what we agreed with the colliery companies enabled us to bring into use thousands more wagons and the position was relieved and we never got into that trouble again.

2744. That is to say it did result in a limited economy?—Yes.

2745. Limited and tentative and partial as it was?—Yes.

2746. But if you had powers to put into operation the full scheme as sketched out, the economies would have been much greater?—Yes.

2747. *Mr. Davies*, like you, yesterday declined to give an exact financial estimate of the probable saving on pooling, but what he gave was an estimate of the probable saving of the wagons resulting from pooling?—Yes.

2748. Could you give us any estimate of the same kind?—No; I can guess, but I really could not give you a reliable figure. I do not know what *Mr. Davies* put it down at.

2749. My recollection is that he put it down at about one-third?—I could not agree that with common user you could do away with one-third of the total stock of the railways. That is only my opinion.

2750. You are not prepared to give any estimate?—No, it would be misleading if I did. It would be purely a guess.

2751. *Sir Arthur Duckham*: You have given us this evidence and the comment is apparent that the system of privately owned wagons is very unfortunate for the running of the railways?—Yes.

2752. Can you tell us why this unfortunate system grew up and what is the reason for it?—No, I really cannot. It has always been a mystery to me how private people were ever allowed to run their wagons on the railways. On the North Eastern Railway private owners' wagons are not allowed and the Caledonian Railway is another company which do not allow private owner wagons to run on their railways.

2753. This did not occur to me before you gave your evidence, but I have thought it over. First of all, the wagon rates evidently from what you said do not pay the railway companies or do not pay the owner of the wagon. Is that not so?—Yes, as a general proposition.

2754. That might be one reason?—No, I do not think that would be the reason.

2755. They would have to raise extra capital to buy these wagons?—Yes.

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2756. That might be a deterrent?—Yes.

2757. The other point is the user's point of view. So many users have been hung up in their works and rendered idle through lack of wagon supplies from the railway companies; may not that have driven the works into having privately owned wagons?—Yes, that is the only argument that colliery men or merchants bring forward as a justification for owning wagons at all. They do not own wagons for the sake of owning them, but it is to them part of their business, and without the wagons they cannot conduct the business as well as they can with them. It is a necessary evil, so far as they are concerned, for the proper and successful conduct of a coal merchant's business.

2758. And not only colliery companies and the factors, but also large works often have their own wagons?—Yes.

2759. The Birmingham Corporation have a large number of wagons to ensure themselves getting coal?—Yes.

2760. This is the only objection I can see to the central working. If you have a system of central organisation, how will those users be able to ensure their coal coming? They will be able to take no steps to get their coal?—No, they will be to a large extent in the hands of the colliery company. To-day, if the Birmingham Corporation, who own thousands of wagons with their name right across them, send their wagons into a colliery, any coal which gets into those wagons belongs to the Birmingham Corporation forthwith, and no one else can have it. If their name is taken off the wagon and the name of a railway is written across instead, and the colliery owner requires 200 wagons to load, he gets them. He has his daily order to carry out, but any particular person has no assurance of getting the particular coal that he wants. It will be within the discretion of the colliery company to send those 200 wagons where it suits them best to send them. The trader will want some sort of protection in this direction.

2761. We showed yesterday the consumer will not be able to choose the quality of his coal, and to-day it has been shown the colliery will not be able to guarantee who will get a proper supply of coal or quantity?—That is so.

2762. *Mr. Sidney Webb*: Could you tell us why it was that the authorities were not able to get the total number of wagons? What was the difficulty in taking the census?—There was no difficulty in taking the census. It was only the Government that could take it, and the Government had not up to then interested themselves in it. I mean to say, they had not troubled to get it.

2763. The Board of Trade had not troubled to get it?—I will not say "troubled"—I withdraw that word; but they had not got it. However, at the request of the Executive Committee some months ago they did start to try and get an inventory of the private rolling stock on the railways. I do not know whether that information is yet complete. I have not seen the completed figures, but two or three months ago I had occasion to be in the Board of Trade and I saw then that the returns to a very large extent had come in and had been tabulated, but they were not then finished. I believe, as a matter of fact, the Board of Trade now have, or will shortly have, a census of privately owned wagons so far as they can get it.

2764. *Mr. J. T. Forgie*: I think you mentioned that the Caledonian Railway did not allow private wagons?—Yes.

2765. Did you not mean the South Western?—I beg your pardon.

2766. I suppose the South-Western and the Caledonian and the Scottish railways have the same conditions; that is, the railway rate includes the provision of wagons, whereas the railways outside the North Eastern Railway Company in England charge railway rate and allow the trader to purchase the wagon?—Yes.

2767. Recently in the Midland you bought a lot of wagons and supplied them?—It was in the Eighties we bought them.

2768. Do you think it necessary in the interests of the trader—the colliery proprietor for instance—that he should have wagons of his own?—I am not a colliery proprietor. As a railway man I am bound to say I do not think it is essential he should, because if I have got wagons I can give them to him. I should have to come under an undertaking to do so if he lost the right to have his own.

2769. Is there any obligation on the part of the English Railways to supply coal wagons?—No; on the contrary, Parliament absolves them from that.

2770. Then you admit if the power is taken away from the private owners of having wagons of their own some obligation requires to be put on the railway companies to supply wagons with some penalty?—Yes, there would have to be an Act of Parliament to make it compulsory for railways to supply wagons for Class A traffic.

2771. Then is it not an advantage to the coal-owners to have wagons. For instance, lots of collieries smaller than in Yorkshire take four or five or six days to complete a shipping order. They got an order for coals for 500 or 600 tons or 1,000 tons and they load that shipment in their own wagons, whereas if they had to load it in the wagons of the railway company, who charge for the use of them, and who, if they did the same as they do in Scotland, charge demurrage after one day's use of them, would it not be a hardship on that colliery owner? Would it not be quite a good thing for him to lay out money in wagons for a case of that sort?—Yes. I think the shipping case would be a very difficult one to deal with. Through no fault of the colliery companies at all their wagons are held up at the ports for days, weeks, and sometimes months. I believe I am not exaggerating when I say months on some occasions, simply through want of shipping. Well, if those wagons belonged to the railway, the railway company could not fairly be asked to provide a colliery company with warehouse for coal for a nominal sort of charge, and it would not be fair. Therefore we should have to inflict some fine when the detention exceeded a period of so many days.

2772. Is it fair to inflict a fine when a party is willing to provide the material to prevent that fine being inflicted?—That is one of the questions which would have to be thoroughly thought out. You would want some sort of protection, I think. How far that protection would go I cannot say.

2773. *Mr. Evan Williams*: Dealing with the question of coal for shipment, do you think collieries could do as well without private wagons as they can with? Take a district like South Wales?—In South Wales, no.

2774. Is it the view of the Railway Executive that it would be impossible to get a more efficient use of wagons in South Wales than is being got at the collieries at the present time?—I think that is the general view, South Wales being peculiar.

2775. Do you think, taking the country as a whole, the expense to the colliery owner would be less if the railway companies provided the wagons and he had to pay for the use of them to the railway company than by providing the wagons himself?—I have always understood from the owners of private wagons that there is no profit to be made out of them, but they somewhere about pay their way. If that is so, I cannot very well see how you would be indemnified in any way. Your wagon hire rates which you would be charged would be the equivalent of the cost of providing your own wagons, but I do know in some cases that the wagons of a firm are run *qua* wagons at a loss and they lose money by them, but they have to have them in the proper conduct of the business of the colliery.

2776. If the wagons were in common-user or pooled over the country, so far as the colliery itself is concerned it would not be any better off to-day than using their own wagons?—No.

2777. I take it the difficulty with regard to the repairs of wagons would still exist if there were pooling and would be the same as two years ago, when it was discussed?—Yes, and that difficulty would have to be got over before common user could come about

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2778. And it would take a considerable time to get over it?—It would.

2779. I should just like to put to you a question that has been mentioned before as to the estimate given by Mr. Davis yesterday as to the saving in train running owing to the Transport Re-organisation scheme. I think I can put the point to you very briefly and very clearly. He estimated that 50,000 trains, each of 350 tons load, that is net load, had each of them been saved a 40 miles run?—What had saved that.

2780. 50,000 trains each of 350 tons load of coal had been saved a 40 miles run?—Owing to what?

2781. The Transport Re-organisation scheme. He put down the saving due to that as £2,650,000. Now that works out at £53 per train for a run of 40 miles, not a run of 40 miles including the beginning and the end of the run. The services at each end are the same whatever the length of the run. That is simply the length of a journey of 40 miles for those trains. Is that estimate of £53 a high, or correct one. What is your opinion of it as to the cost of an additional 40 miles run for a train with a load of 350 tons?—I cannot really express any opinion on the figure. It is really much too high. That is the only opinion I have got.

Sir L. Chiozza Money: Would you kindly read to Mr. Tatlow Question 1891 on page 80, if he is to give an opinion upon that?

Mr. Evan Williams: This is the essential part.

Sir L. Chiozza Money: This evidence is of great importance. I do not think it ought to be lightly contradicted. I am sure Mr. Tatlow does not want to do so.

Mr. Evan Williams: It is because I thought it was an important matter that I consider the opinion of Mr. Tatlow important.

Sir L. Chiozza Money: "I picture those 50,000 trains and the 350 tons each carries. You will remember that the distance per train is 40 miles. The railway rate for that would be 3s. I think that gives a total of about £2,650,000." What is the matter with that?

2782. *Mr. Evan Williams:* I am talking of the cost of running which is, after all, the amount that has been saved?—I see this calculation, and I see it is based on 700,000,000 train miles.

2783. He reduced it down to an actual saving of 50,000 trains of 350 tons each of coal?—That is 40 wagons, call it.

2784. Yes, running 40 miles. That is an extra run of 40 miles for each of those trains?

Sir L. Chiozza Money: At a rate of 3s.

Mr. R. H. Tawney: Do I understand the rate of 3s. is disputed, is that the point?

2785. *Mr. Evan Williams:* I am not talking of rate, I am talking of the cost when you have formed your train, of an extra run of 40 miles for that train?—Where do you get your £53 from, that you have mentioned to me. You see I have to read the context in order to see exactly what led up to this question. As far as I can make out, it seems to tell me this, that the Coal Controller's scheme having saved 700,000,000 ton miles has robbed the railway companies of £2,650,000, which represents 50,000 trains which otherwise would run at 3s. a ton with 350 tons behind them.

2786. *Sir L. Chiozza Money:* You do not mean robbed, you mean saved?—No. The railway companies' revenue has been decreased. I may be wrong, but I take it the figure of £2,650,000 is a figure of decreased earning power to the railways, brought about by this scheme.

Chairman: It is a question of terminology.

Sir L. Chiozza Money: We are trying to obviate that. Try to look at it not from the Railway Shareholders' point of view, but from a national point of view.

Chairman: That is Mr. Tatlow's way of looking at it.

2787. *Mr. Evan Williams:* It does not follow it would cost the Railway Companies £2,650,000 to have done that extra service?—Oh, dear, no.

2788. I arrive at my £53 by dividing £2,650,000 by 50,000; that comes to about £53 per train?—Well, all this statement says, as far as I can read it, is

that because 700,000,000 ton miles were saved, the revenues of the railway companies were depleted thereby by £2,650,000.

2789. *Mr. Tawney:* You accept that?—I do not know.

Sir L. Chiozza Money: We have got the whole philosophy of railway running here.

2790. *Mr. Evan Williams:* The whole purport of the statement was to show what the country has saved. Can you say that the country has saved £2,650,000?—No, I really cannot. The railway companies have lost it. The colliery companies have saved it.

2791. It would not have cost the railway companies anything like that?—Oh, dear, no.

2792. It is an exaggeration of fully 50 per cent?—Yes, but I do not put the same construction on his figures as you do. He has simply taken a flat rate of 3s. which he says is the average rate of charge.

Sir L. Chiozza Money: Mr. Davis was kind enough to address himself to the question of the position of the miners themselves and national economy, and was kind enough to put this figure in as having this bearing, that the miners' production would no longer be charged with the sum which was charged in the past, and that the miner as a miner would gain 3d. a ton, if that money were devoted to that purpose.

2793. *Mr. Arthur Balfour:* Was it not rather to show what a magnificent saving the coal transport scheme had made. I just want to ask two questions. Have you any reason to suppose that taking the capital expenditure of the railways as it is to-day, and which we have to accept, if the railways were in the hands of the Government or nationalised, their future capital expenditure would be less or more economical than the present capital expenditure of the privately owned railways?—I think it would be less economical than the present capital expenditure of the railways.

2794. Just turning for a moment to the question of a census of the private wagons. It was really the Government who failed to take a census of private wagons, and not the railway companies, because they had the power?—The railway companies could not. I do not know that the Government failed to take a census, but they did not take it.

2795. The same Government would have the same charge of the railways if nationalised?—Yes, certainly.

2796. Just one more question. If it was found desirable to end this question of privately owned wagons, would it be a practicable way to begin by not allowing any more privately owned wagons to be built, and just wearing out the present ones?—That has struck me as the proper way. It would take a long time to do it, but really the most practical way of dealing with it would be to make it illegal for any private wagons in the future to be built for running on the railways, and put an obligation on the railways or the Government to rebuild every private owner's wagon that is scrapped, in so far as this is found to be necessary, and then in 25 years' time you would have all the private wagons off the railways, and the thing would have corrected itself in its own way.

2797. *Mr. Robert Smillie:* We had evidence yesterday of a gentleman from the Admiralty, Mr. Jenkins, who arranged to buy coal for the Admiralty. He said that during 1918 the Admiralty got their coal from coal-owners at 2s. or 3s. less per ton than the ordinary buyers. Do you know whether the railway companies during that year also secured preferential treatment of that kind?—I could not give you any relative figures. I can only tell you that the cost of coal in 1918 compared with 1913 showed an advance. I had better be accurate, and I will rely on that. The difference in price of the coal paid for by the railway companies in 1913 and 1918 was 9s. 9½d. a ton.

2798. *Sir Arthur Duckham:* For what period—the whole of 1918?—That is the whole of 1918 compared with the whole of 1913. The average price in 1913— I give you my own figures now of what the Midland Company paid—was 10s. 9½d., and in 1918 it was 20s. 9½d. That is the average.

2799. At the pit's mouth?—Yes, at the pit's mouth, in our own wagons.

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[Continued.]

2800. *Mr. R. W. Cooper*: A difference of 9s. 9½d. ?—Yes, taking the average of the whole of the railways, or 78 per cent.

2801. *Mr. Robert Smillie*: You know that is considerably under the average increase paid by other consumers?—I did not.

2802. Do you know whether you are really getting preferential treatment as railway companies over other consumers?—I have not the slightest notion.

2803. You do not know?—No.

2804. Is there any possibility of us finding out?—I should not think so.

2805. Would you undertake to say to the Chairman as to whether or not your own railway company or other railway companies got preferential treatment in the price of coal?—I really do not see how I could get you that information. The only way I could obtain it would be to go to the colliery and ask them, and you could get that yourself. It would be a lot easier for you to get it yourself than to ask me. That question I could only answer by going to the private individual who buys coal, and saying to him. What do the Bolsover Colliery sell you coal at?

2806. Could you tell us how the gentleman who gave evidence yesterday was able to tell us on behalf of the Admiralty?—I have not the slightest idea.

2807. Have you a buyer or buyers for coal for the Midland Railway Company?—Our Stores Superintendent does that. It is all done by tender.

2808. Could he tell you whether you have preferential treatment?—No, I am perfectly certain of that, because he has no information what the colliery companies charge other folks.

2809. He knows the market price of coal; he knows the current quotations?—He may do so or not.

2810. He must know, if he is a buyer of coal, surely?—Surely, if any information of that kind is wanted, the person who sells coal to both parties is the party to answer that. I could only answer that by asking the private individual what he pays for his coal, and he would tell me to mind my own business. You can get all you want first-hand if it is desirable to get it.

2811. *Sir Thomas Royden*: As a very large consumer of coal you naturally would expect in the ordinary conditions of the market to get an advantage over a retail buyer?—I assume you are applying those conditions to each case. If in the case of the Midland Company I was buying 1,000,000 tons, and another man was only buying 10 tons, I should get it cheaper.

2812. *Mr. Robert Smillie*: That was not the only answer given by Mr. Jenkins, because, as a matter of fact, we know that the Admiralty were appealed to afterwards to allow the prices to go up to the same price as was charged to other consumers?—That is so.

Sir Arthur Duckham: Mr. Jenkins told us yesterday that the Admiralty commandeered the coal and settled the price later. Have the railway companies the same power of commandeering?

Mr. Robert Smillie: I do not know whether they have powers or not, but I know they have done so.

Sir Arthur Duckham: They have the same powers as any other Department?

Mr. Arthur Balfour: They practically have the power.

Mr. R. W. Cooper: The real position was this: they were rather in the position of a Secretary of State under the Regulation of the Forces Act, 1871, ever since the outbreak of war.

Mr. Robert Smillie: I know of one railway that commandeered a train of trucks of coal that was going to another railway company.

2813. *Mr. R. W. Cooper*: That is quite possible.

Mr. Robert Smillie: You see how they love each other. There was a considerable quantity of Welsh coal that was taken right up to the north of Scotland over the railways?—Yes.

2814. How did you manage to repair the Welsh wagons when they were up at Invergordon and round there?—I had nothing at all to do with the conveyance of that coal; it never touched the Midland Railway. I wish you had Mr. Potter, the General

Manager of the Great Western Railway, here. He would answer that question.

2815. An answer may be given here, because the reason Mr. Tatlow gave why the dealing with privately owned wagons broke down was the difficulty of getting away out of their usual track and the difficulty of getting them repaired. You might get them up Perth way, and you could not get them repaired at Perth. As a matter of fact you have thousands of Welsh wagons up at Invergordon and all round there, a long way north of Perth; how do you manage to get them repaired?—They were not repaired. I think Mr. Potter of the Great Western Railway would tell you it nearly brought his railway to a standstill, with the enormous amount of crippled wagons he had about his line. The empty wagons required to be brought back to the Welsh collieries were broken down and could not be repaired. We had to make special representations to get a move on, to get somebody to attend to them, so that they might run. That is not my business, of course; I am giving you hearsay. Mr. Potter told me this many times. We have as an executive body made complaints to the Minister of Munitions and the War Office and other people about the nearly impossible conditions that were being created by the breaking down of these wagons going up to the north of Scotland with Welsh coal.

2816. Have you not put forward an amazingly strong argument in favour of the standardisation of railway stock of all kinds?—One has to agree that standardisation, as far as it could be economically and usefully carried out, is desirable.

2817. Standardisation of rolling stock and parts of rolling stock would enable you to have one method of repairs all over the country?—I agree.

2818. I wonder if you are aware of the fact that prior to the period of negotiations which you speak of, the Coal Organisation Committee, and the Board of Trade, were already endeavouring to deal with the question of the common ownership of wagons?—Yes.

2819. Are you aware that many collieries in the west of Scotland were losing a very considerable amount of time, and consequently output, because of a lack of supply of railway trucks?—Not of my own personal knowledge.

2820. You know the General Manager of the Caledonian Railway?—I do.

2821. I think you had not the knowledge which some of us possess when you say that the Caledonian do not allow privately owned wagons to go over their system. I believe, according to their size, they have a larger number of privately owned wagons than any railway?—I stand corrected. It was simply my own impression.

2822. Are you aware that the Caledonian Railway Company were on the verge of breakdown for want of engines because a large number of their mechanics went away or were taken away?—Yes, I have heard Mr. Matheson tell us that at the Executive.

2823. You know Mr. Donald Matheson pleaded with the owners of private wagons to pool their wagons in order to enable the Caledonian Railway Company to carry on their traffic?—No, Mr. Matheson did tell us that he was in negotiation with the Scottish owners about the pooling of wagons, but how far the negotiations went, or what he said to them or what they said to him, I really do not know. I did know that there were negotiations proceeding between the Caledonian Railway Company and the Scottish owners in regard to the general pooling of private waggons on the Scottish railways.

2824. Are you aware of the fact that it is stated, if privately owned wagons were pooled, it would relieve in the case of the Caledonian itself a considerable number of engines and staff to carry on the ordinary traffic which were in fact engaged in shunting operations?—Yes, to the extent that shunting was obviated by the common use of wagons, engines, and staff required to do that shunting would be released and would be available for conveyance of other business.

2825. To that extent, of course, it would be a considerable advantage to the railways and the State?—I agree, to the extent of engines let loose or made available.

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[Continued.]

2826. You give some reasons why the negotiations between the railway companies and the private owners of wagons broke down. One reason you did not give I want to put to you now. Was it not chiefly a financial reason that stood in the way?—No, we had agreed the rate of hire.

2827. I wonder whether you can put before this Committee the Minutes of your Joint Meetings?—No, I do not think any formal Minutes were made.

2828. It is a fact that the three Scottish railways did pool their wagons?—The Scottish railways pooled their own wagons.

MR. BENJAMIN TALBOT, Sworn and Examined.

Chairman: I propose to do exactly what I have done before. I shall read this proof of Mr. Talbot's and then leave any gentleman to ask questions upon it.

NATIONAL FEDERATION OF IRON AND STEEL MANUFACTURERS.

Proof of Evidence to be submitted to the Commission to consider the Miners' Application.

Mr. BENJAMIN TALBOT, of The National Federation of Iron and Steel Manufacturers, Temple Bar House, Fleet Street, E.C., will prove:—

1. Witness has been requested by the National Federation of Iron and Steel Manufacturers to supply information on behalf of the Iron and Steel Industry in this country for the assistance of the Commission.

2. Witness desires to refer to the following facts set out in this paragraph without elaborating them as they are either self evident or will no doubt be proved in detail by other witnesses representing the coal trade:—

(a) That application by the Miners' Federation of Great Britain for 30 per cent. increase of wages and for the substitution of 6 hours for 8 in the Act, upon which the Commission has been appointed to report, will seriously increase the cost of production of coal.

(b) That in considering this application it is specially necessary in the national interests to consider very carefully the effect of granting it upon the general export trade of the country, upon which it is dependent for its prosperity and continuity of employment.

3. Witness desires to supply the Commission with some information as to the iron and steel trade bearing upon the matters previously mentioned, and particularly to call attention to the fact that the necessities of the war have resulted in largely increased capacity of our steel-making plant.

Importance of Iron and Steel Trade.

4. It is probably unnecessary to elaborate the importance of the industry, and the engineering and allied trades dependent upon it.

It may also be stated that the iron and steel industry consumes at least one-seventh of the total amount of coal raised in the country, and approaches 4 tons of coal per ton of finished steel, and is much larger per ton of wrought iron.

Raw Materials.

5. Iron ore and coal are the most important raw materials used in the production of steel.

Iron Ore.—The ore used as the source of iron is partly raised at home and partly imported. The home ore except hematite raised in Cumberland and Lancashire, is generally of low grade and requires a larger amount of fuel for its reduction than imported ore.

It must be pointed out that in some districts, notably the Midlands, the ironstone is mined together with coal, and from similar depths, and any increase in cost of coal will also apply to ironstone, a double increase, which would make it impossible for the Midland works to produce iron and steel at a competitive price.

The ore mines abroad have been seriously affected in raising and transporting the minerals by the

2829. And that the Scottish railway managers said there was an enormous advantage in enabling them to carry a far larger amount of material than they otherwise would have been able to?—I agree that with common user as between the companies of each other's stock it is going in the direction of helping.

Mr. R. W. Cooper: I have nothing to ask you.

Chairman: Gentlemen, I am glad to say I have got printed proofs of the witnesses from this time onwards, and I will circulate them at once. This is Mr. Benjamin Talbot's proof on behalf of the National Federation of Iron and Steel Manufacturers.

shortage and high price of coal. Unless we can secure imports of ore in quantities exceeding pre-war deliveries there is not the smallest prospect of our being able to produce sufficient pig iron to supply the full capacity of our steel plant. We understand that shipping will be available to deal with the quantity of exports of coal and imports of ore that we contemplate is necessary. We therefore strongly urge that it is of the utmost national importance that every possible step should be taken to increase the output of coal which will necessitate the employment in the mines of a larger number of men than under the pre-war conditions.

The question of ample coal for export at a reasonable price closely affects our industry on account of the relation between exports of coal and imports of iron ore as affecting the freight market.

The following figures bear out this statement.

In the pre-war year 1913 the imports of iron ore into Britain were 7,442,239 tons, and in the year 1918, 6,565,860 tons.

The principal sources of supply were:—

Spain	4,668,848 tons.
Algeria and Tunis...	1,271,304 "
Scandinavia	524,463 "
Other countries	101,245 "
	<u>6,565,860 "</u>

It will be seen that the three countries, Spain, Algeria and Tunis, and Scandinavia, practically supplied the whole of the import, and as regards the return cargoes the conditions are the same in all three, namely, that the ships which import iron ore usually return with coal cargoes either direct to the exporting ore country, or as they do not all consume an equivalent amount of fuel, to adjoining countries from which a short voyage in ballast is easy.

In 1913 the British fuel supplied to Spain was as follows:—

Coal	2,534,131 tons.
Coke	101,053 "
Manufactured fuel...	188,777 "
	<u>2,823,961 "</u>

During the war exceptional conditions prevailed as regards coal exports. Germany was blockaded and could not export by sea, and the United States did not freely export, while Britain practically dominated export markets. It is most important to remember that these disabilities will soon cease, and that Germany and the United States if enabled to secure through lower price the coal markets of exporting iron ore countries will get all the benefits accruing.

One of our difficulties during the war has been and still is the difficulty of getting fuel of the same quality as pre-war.

The process that consumes the largest amount of coal is the smelting of pig iron. Statistics collected from representative works in the Cleveland district show a steady increase in the quantity used.

Production and Export.

6. The pre-war production of steel in the United Kingdom was about 7,600,000 tons, and when the extensions at present in progress are completed the capacity for production will be at least 12,000,000 ingot tons per annum.

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[Continued.]

In view of the probability of severe competition between this country and America in export trade in steel it may be stated that the American pre-war production was about 31,000,000 tons, and that their probable present capacity for production is about 43,000,000 tons.

Previously to the war, the United Kingdom exported about 5,000,000 tons of iron and steel and the United States about 2,700,000 tons.

It will be apparent from these figures how vital the export trade is to the prosperity of the industry in this country, and the increased extent to which America will be in a position to compete in export trade owing to its larger increase in capacity.

When the Government subsidy is removed next month we shall be paying for blast furnace coke over 39s. per ton at ovens against the U.S.A. price of 18s. to 20s. per ton, at ovens, which is one of the great causes of our cost being so much higher than theirs. As it takes 25 to 35 cwt. of coke to make a ton of pig iron, it will be readily seen that to augment this difference in price must mean ruin to our trade.

Cost of Producing Steel in the United Kingdom and Effect of Granting the Application.

7. The Commission will be aware that during the war certain subsidies have been granted on iron and steel in order to prevent a rise in the selling prices fixed in 1916. The direct subsidies on steel were taken off and the increases in new prices fixed by the Ministry of Munitions approximately balanced the subsidies. Taking steel ship plates as typical, the price was raised from £11 10s. to £14 on 1st February.

The effect of the withdrawal of the subsidies, direct and indirect, on pig iron will necessitate a substantial increase in the price of all iron and steel goods, and any increase in the price of coal would have to be added to these already high prices.

We have yet to find buyers for a large proportion of our output at these enhanced prices, rendered necessary by the present conditions apart from the further increase in the cost of coal which would result by the granting of any part of the application.

For every shilling advance in the price of coal, approximately 4s. per ton is added to the cost of producing finished steel for fuel only. For wrought iron the increase will be much greater. But any advance in wages and conditions of miners will also increase the cost of home mined ironstone and ores, and will add very considerably to the 4s. referred to fuel only.

With reference to the part of our product used at home in shipbuilding, locomotives and general engineering industries, working partly for home trade and partly for export, we know that the prices of iron and steel are already too high and that the trade of the country cannot be carried on for long at anything like the full capacity of the works at this level of prices. A further increase would be disastrous.

The remainder of our product is exported direct, and it seems practically certain that the quantity required to absorb the balance of our capacity of output could not be placed in competition with the U.S.A. on the basis of existing costs, and certainly not if the cost is further materially increased.

Prices which have been quoted by American producers for sale for export purposes are considerably below the present cost of production in this country, even before the subsidy on pig iron is removed, and this is without taking into account all the late and prospective advances in wages due to the general application of the eight hours' system to the iron and steel trades, the full effects of which are not yet appreciated, but which will cause us the greatest anxiety for our export trade.

The home prices for coal in this country must be in excess of the prices in the United States of America, because the published price of Connesville coke is less than our price for coal only.

Conclusion.

8. In view of these facts, we desire very emphatically to inform the Commission that the effect of granting the application or any part of it which would materially increase the cost of coal, would not only have the effect of crippling many industries in this country, but would so injuriously affect the necessary direct exports of iron and steel and also exports of iron and steel used in the construction of ships, locomotives, machinery, etc., as to lead to decrease in production of both iron and steel and consequent lack of employment.

2830. *Chairman:* Mr. Talbot, is that your proof?—Yes.

2831. *Sir L. Chiozza Money:* Mr. Talbot, you have been kind enough to have this interesting document printed for us, and I am sure we are all very much obliged to you for putting it so clearly. If you turn to the question of wages have you any record of the recent American advance in wages?—No, I have not.

2832. Are you aware that wages have increased very considerably there?—During the war, yes.

2833. And they are still at a very much higher level than in this country?—In some cases possibly.

2834. For the Iron and Steel trade about which we are speaking, are the wages higher in America than in this country, or lower?—On the ton output lower.

2835. That is not the point. Are the wages in the Iron and Steel trade higher or lower?—As I say in some cases higher, and in some cases lower.

2836. Taking the average wages of the Iron and Steel trade in America, is it not a fact that they are very much higher than here?—They would be higher, but how much I could not say.

2837. Will you take it from me they are very much higher?—If you say so.

2838. With regard to miners, are you aware that the wages of miners in America are very much higher than here?—Yes, I should say that is so, because their output is much larger.

2839. Forgive me, the output arises not, if I may so put it, through laziness on the part of our miners?—You are suggesting it.

2840. I only want to get the facts out, because the public do not understand. It has been so often misunderstood in the newspapers lately why the miners in America get so much more coal than ours. I think it is high time the public should know that the extra amount of coal they get is not because the miner there is a better fellow or because he works harder or does not drink so much, but simply because the coal is easier to deal with?—Of course, that is so.

2841. And that is also, perhaps, in some cases aided by greater management efficiency?—That I would not criticise, because I do not know.

2842. It has been given in evidence here to-day by a mining inspector that in his district, a large part of Yorkshire, he hardly thinks he can say more than one in three of the mines were furnished with what one might modern up-to-date plant and equipment.

Sir Arthur Duckham: Was that a proportion of output, or proportion of number of mines.

2843. *Sir L. Chiozza Money:* Number of mines?—I did not hear it. I cannot say. I do not know whether we need argue this, because it is admitted that mining is easier in America than here, and probably that is the result of the enormous difference in output.

2844. I am much obliged to you. I am sure you will see these are pertinent questions, because, as I understand this interesting paper you put before us, the suggestion amounts to this: If the wages in this country are increased in the manner that is asked for by the miners, and if their hours are reduced in the way they suggest also, and if, further, workers in the iron and steel trade also get certain advantages which they are asking for, it will lead—I do not think I am putting it too strongly, you said something about ruin in one of these paragraphs—to the ruin of the iron and steel trade?—We believe so, unless America does the same thing.

2845. That is why I thought my questions with regard to America were rather pertinent. Have you any reason to suppose that white men in America

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[Continued.]

will—taking not a short view of this subject, but a long view, which is the view we are asked to take here—accept a lower standard of living than is accepted here, or work under worse conditions? In other words, is it not true as time goes on that the conditions will equalise as between America and this country?—I cannot prophesy that, Sir Leo, I have lived in America, and have worked there.

2846. Have you found that they can accept a lower standard of living?—No, they do not accept a lower standard; they work hard in America, and they believe in getting good pay.

2847. And they do get good pay?—Yes

2848. I do put it to you, at any rate, that there is no reason to apprehend that wages here will rise above American wages, and it is also true at the present moment that American wages are higher than they are here?—We have to consider what wages really mean. In marketing our stuff we have to look at what is the wage per ton. We are quite prepared to pay a very high wage if the tonnage is represented, but cannot pay a high wage if the tonnage is not represented.

2849. Does not all the experience of industry show in all countries everywhere that where employers and private capitalists are favoured by low wages they do not employ methods of efficiency which are employed where wages are high?—Yes, I think America and Germany prove that.

2850. Is it not a fact that access to low wages is not really good for an employer, because it causes him to be slipshod and to neglect methods of economy because he can get cheap labour instead of good appliances?—I cannot follow that.

2851. Is not that rather the verdict of economists as well as practical men in this matter? At any rate it would not be fair to press you to give me an opinion which is not your own. I certainly will not try to put words into your mouth. I therefore pass from that, and ask this, and ask you it very frankly. If you were a miner in this country, and you were asked by the nation this question: Will you accept a low standard of life, because if you do not accept this low standard of life the country will fail, the iron and steel trade will be ruined, the shipbuilding industry and the amount of exports will fail—if you were a miner and that proposition were put to you, what would be your reply?—I should want to know what you meant by a low standard of life.

2852. Supposing you were earning, as our miners have been earning, on the average £3 5s. 0d. a week, which is equivalent to £1 17s. 6d. before the war, and, if you were living under the conditions many of our miners are living under, would you accept that as a price for maintaining this country and its economy; would you do it yourself? I put it to you quite frankly as a man?—If the country's existence depended upon it.

2853. You would be content that the iron and steel trade might flourish and all the trades of the country might flourish, but they flourish at the cost of your accepting an economical level lower than the others. You are a sort of economic serfs of the whole of the community, to keep the output of coal at so much a ton to keep them going, and you have got to accept that wage and not a penny more because otherwise the price of coal and iron and steel goes up.

Mr. Arthur Balfour: I think you ought to tell the witness that the £3 5s. 0d. includes boys.

2854. Sir L. Chiozza Money: Let us put it at £4, and half of that is £2, which has to be faced by the industrial interests of this country?—If you are going to take all the industrial interests of this country, you call them serfs?

2855. No, no. I bring you back to my question. If you were a miner and the question was put to you, that you were to accept a special rate of wage which must never pass above a certain level, because if it did the other trades will be ruined, what would be your reply as a man and miner?—I say if those conditions exist with the miners I do not think they will be any better with other trades.

2856. It is not exactly an answer to my question. I suggest to you if those were the conditions, and you

knew of another country where the conditions were better you would emigrate?—So I have. I have been out, and I have come back home.

2857. That, I think, is the only answer. May I attempt to relieve your fears in this matter. Having put the worst of it, may I now give you the best of it? May I point out to you, it has already been shown here in sworn evidence that the profits per ton of coal at the present time are 2s. 6d. per ton more than they were before the war, excluding all profits derived from work done in connection with the by-products of the coke ovens?

Mr. J. T. Forgie: That was the profit in September last—three months ending September.

Sir L. Chiozza Money: They were the profits of the period January to September.

Mr. Evan Williams: No, June to September.

2858. Sir L. Chiozza Money: June to September, I should say; turned into an annual rate, the figure was 3s. 6d. Are you aware that that figure of 3s. 6d. is 2s. 6d. more than the profits before the war?—I should like to understand what you mean. 2s. 6d. is the net profit which the coal owner receives.

2859. A part is taken as excess profit, but that is not the point?—It is.

2860. Let us be quite serious, Mr. Talbot; this is a very serious question?—I am quite as serious as you are.

2861. It has been shown in evidence that in the period June to September last year, and we have no reason to believe it was any different for the latter part of the year, the profits at the annual rate were 2s. 6d. per ton higher than before the war—whether taken by the Treasury or the coal owner is another matter. They are the profits of the industry. I say again, are you aware it has been put in evidence that the profits are 2s. 6d. more than before the war?—I take your statement for it.

2862. If the miners were only asking for 2s. 6d. you would be under no apprehensions with regard to the future of your industry?—Yes, because our costs are too high already.

2863. Next, are you aware further that these colliery companies made another estimated 6d. per ton on the profits of the bye-products of coke ovens?

Mr. J. T. Forgie: That is another industry.

Sir L. Chiozza Money: Will you allow me to put my question. Are you aware of that?—Yes, I think so.

2864. Even if we leave that out of account, there is 2s. 6d. profit on the coal industry alone. Are you further aware that the royalties in this country amount to 6d. per ton?—Yes.

2865. As a citizen and a representative of iron and steel manufacturers, if you were faced with this terrible position of suggesting to the coal miners that they have to accept a low standard of living to keep the collieries going, would you consent to the Government of this country paying out the owners of royalties, nationalising the whole of the minerals, and saying to the miners 'We cannot say to you accept a lower standard; we will raise your standard at least by 6d. and we will wipe out royalties'?—No

2866. Then you would drive the miner out of the country by not doing so?—Many people have emigrated, and bettered themselves.

2867. You would consent to them being emigrated?—Yes.

2868. Would you consent to 1,100,000 emigrating rather than adopt such measures as that? I suggest to you, at any rate, if the Government took that course, whether advisable or inadvisable, that would be another 6d. for the miners. That would make 3s., would it not? That is to say, 2s. 6d. off the profit as compared with the profit pre-war, and 6d. from the royalties; that is 3s.?—Yes.

2869. Are you aware that yesterday Mr. Davies, the transport expert, said to this Committee that in his opinion, which is an expert opinion like yours in another direction, the saving on the coal transport scheme, which had been organised by the Coal Mines Department, was equivalent to 3d. per ton. Will you take that from me?—Yes.

2870. Are you aware he also said that even greater saving could be made by a transport organisation of inter-areas which he estimated at least as another 3d.; that makes another 6d. on transport; and that comes now

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[Continued.]

to 3s. 6d.?—I do not exactly know what you mean by inter-areas.

2871. The Coal Mines Department instead of allowing coal to be moved, as I think and I think Mr. Davis thought, rather foolishly and uselessly about the country, defined areas within which it was to be moved about, and they therefore saved train miles and saved money to the country, if not to the railway companies. The country could give the miner the advantage of that saving?—That is rather an erroneous assumption, because you rather arrogate to yourself that all coals are the same and all equal.

2873. Mr. Davis who was an expert was rather dealing with that subject.

Mr. J. T. Forgie: Was he an expert on coal?

Sir Thomas Royden: No; on coal at all: he knew nothing about it.

2875. *Sir L. Chiozza Money*: Mr. Davis said he had employed experts to inquire into those complaints, and in nearly every case they were found futile?—I beg his pardon, but they are not futile. We are dealing with them to-day.

2874. Will you name one now. I would like to ask to recall Mr. Davis with regard to that, Mr. President?—For different purposes in the iron and steel trade we want different kinds of coal. Take coke-making, which you suggested belonged to the collieries; we, the iron and steel works, consider it belongs to ourselves.

2875. I did not mention it belonged to the collieries; I merely mentioned the fact. In some cases it did actually belong to them?—Well it is exceedingly important you should get the right kind of coal for that purpose. For coke-making we desire it to be low in ash and sulphur; we also desire that it will, when it is coked, have a hard physical structure. Your inter-areas idea will not give you that, because sometimes the coal which you want must come outside those areas. The same with gas coal; we used to get a great deal of gas coal outside one of those areas which has been stopped to us during the war; but we have suffered very considerably by it, a great deal more than the 3d. or 6d. which you say you have saved.

2876. Mr. Davis said he had dealt with a very large number of these cases, and I think in all but about 5 per cent. he had been able successfully to deal with it. He did say there were some cases which he dealt with by giving the people the kind of coal they wanted. He notes that, but he thought still very great economies could be effected?—We consider it more important to look at the metallurgical side than the question of inter-areas.

2877. Obviously it cannot always happen that these coals want moving for technical purposes; it often happens that they are merely moved because people do not quite understand what they are doing in moving these things about?—I am speaking particularly about my own trade. Whether it applies to household trade I am not discussing. I am speaking for the iron and steel trade, which is a big industry.

2878. Will you take it that Mr. Davis said he employed experts of many trades and that in a great number of the cases of the kind you mention he has been able to settle them, although he had not settled all of them?—That is a general complaint in our trade.

2879. May I pass to another item. I should like, if I may, to ask Mr. Davis some further question on that Mr. President.

Chairman: Certainly.

Sir Arthur Duckham: We might call evidence from the other point of view, because evidence is quite plentiful.

Sir L. Chiozza Money: Mr. Davis spoke yesterday about the pooling of railway wagons. Mr. Davis is the District Goods Manager of the London and North-Western Railway Company.

Chairman: Let the witness have a copy of his evidence, and then you can refer him to the particular questions and answers you wish to direct his attention to.

2880. *Sir L. Chiozza Money*: I am afraid I could not refer to the particular question. It is not a matter of definite statement. I only want to tell Mr. Talbot that Mr. Davis is the District Goods Manager of the London and North-Western Railway, and he is giving his opinion on the pooling of wagons, and in opposition to private ownership of wagons. In connection with that he did not make any definite estimate, but he did say that a very large saving could be effected, and railway economy could be effected. I think you would agree at once that you would rather that went to the miner than that the miner

should be driven into emigration by accepting a lower standard of living. Assuming for the moment there is a very large saving—4d., 5d. or 6d. a ton—to be effected by the pooling of wagons, or whatever the figure may be; in consequence of the Government making the saving through compelling the pooling of wagons and compelling that railway economy, you would rather it went to the miner than that the miner should suffer?—I do not want the miner to suffer, but what relation there is between pooling of wagons and miners' wages I can hardly see.

2881. This, of course, that in the final consumption of coal and its final price, all these factors enter. If we can reduce the cost of production or transport of coal, we are saving something for you, and therefore, if you give the miner more it does not necessarily follow you pay more. If we can reduce the railway rate by 2s., and if we give the miner the corresponding 2s., you at any rate would not pay more?—No.

2882. Perhaps you see now what I mean?—Well, I suppose if no one is going to suffer, and the miners get the 3d., there can be no objection.

2883. Quite. My remarks are directed to your assumption, which really strikes me as rather amazing, in the first part of your paper, where you say: "Witness desires to refer to the following facts set out in this paragraph without elaborating them, as they are either self-evident or will no doubt be proved in detail by other witnesses representing the coal trade." That is to say, Mr. Talbot comes here assuming in advance there is to be an enormous rise in the cost of coal: without examining it, he says it is self-evident, or it will no doubt be proved by other witnesses representing the coal trade. Upon that, he produces all this elaborate document?—I shall be very glad if that turns out to be untrue when you get the evidence, but from what I have been advised there is to be a serious increase in the cost of coal.

2884. You had not the advantage of the evidence which has been given before this Commission during the last few days?

Sir Arthur Duckham: May I suggest the witness goes away and reads the evidence? It would be so much better for the witness to read the evidence than for Sir Leo to tell him.

2885. *Sir L. Chiozza Money*: I must be allowed to ask my questions in my own way. It may be a bad way, but I am going to do it. Now with regard to these railway economies generally, I have only named to you the results of the transport scheme, and the results of the inter-area scheme which has not yet been put into effect, but from which Mr. Davis expected good results, and the results of the pooling of wagons, which certainly would not affect the kind of coal; the pooling of wagons is quite apart from that?—No.

2885. Mr. Davis and Mr. Tatlow went so far—I took down Mr. Tatlow's words to-day—as to call it a substantial economy in the pooling of wagons. If that pooling of wagons effected an economy of only a few pence on coal, it would be four times that on steel, would it not?—Yes.

2887. *Pro tanto*, therefore, it would relieve your fears?—Partly.

2889. We have not, Mr. President, gone into other railway economies, but I did suggest to-day to Mr. Tatlow, a member of the Railway Executive Committee, that it would be possible if that action were taken by the Government of this country faced with the re-construction of this country and faced with this very serious position *vis-a-vis*, the miners who have declared their intention to strike on the 20th unless something happens; and I want to put this to you as a business man. It might be well for the Government of the country, considering the high railway rates of this country, which I think I can put in evidence to prove are higher than elsewhere in the world, higher than in America, higher than in Germany, higher, that is, than in the two countries that are big iron and steel producing countries; if the Government, faced with this remarkable position, were to say, we will cut a certain amount of the dead weight off the railway capitals. We know the railways of this country were built under circumstances which they were not wholly responsible for; they had to fight it out with landlords and they had to spend a lot of money uselessly.

Chairman: Is this a question, Sir Leo?

2889. *Sir L. Chiozza Money*: I am putting a question. If faced with those circumstances, would you as a

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[Continued.]

business man think it a reasonable proposition to cut part of that loss rather than face a position in which you had to say to the miners either accept a low standard of wage or emigrate. By cutting part of the transport charges you could relieve the cost to the consumer, whether a consumer like yourselves, or whether a consumer like a domestic consumer; you could say, we will cut that part of the railway loss, and reduce our freight charges in order to relieve and stimulate industry?—Your suggestion is somewhat wrapped up. It really means a confiscation of capital, and that I should not agree to.

2890. I am not suggesting that at all. I am suggesting that railway shareholders should be paid out and the Government cut the loss.

Sir Arthur Duckham: And come on the Sinking Fund, and the Company still having to pay it back through taxation.

Witness: If you could make a satisfactory arrangement with the shareholders I should see no objection to it.

2891. *Sir L. Chiozza Money*: Finally there is the question of the retail price. A large part of the coal does not go to people like yourself, but goes to domestic consumers. There are very considerable expenses there. If it could be shown that 2s. or 3s., or even 1s. of those expenses of distribution could be saved, would not that again be something towards what we require for the miner?—With regard to those people, whoever they are, it is a trade I do not understand, I must admit. They must have a large amount of capital, and they are doing useful work.

2892. The factor, we are given to understand, has practically no capital.

Sir Arthur Duckham: He has railway wagons.

Sir L. Chiozza Money: So far from being a gain to the country, the factor's wagon is a loss to the country.

Sir Arthur Duckham: He has capital.

2893. *Sir L. Chiozza Money*: Supposing that was altered, that would relieve your fears?—Yes, but you must not do injury to another class.

2894. Quite. I put it to you the miners are a class that deserve our sympathy. There are four miners killed every day?—I am very sorry. We know that.

2895. It is not everybody who does know it. May I direct your attention to this with regard to output. This is a very important point. In 1913 the output of coal in this country was 287,000,000 tons. Let us suppose, as one opinion has already been given us, that the reduction in output because of the diminution in hours required would be 20 per cent. 20 per cent. of that 287,000,000 would be 57,000,000, reducing the output in the country to 230,000,000 tons. That 230,000,000 tons is actually more than the present coal output of the country. It therefore does not necessarily follow that if a reduction in output occurred through the miners' programme that the present output of coal in the country would be reduced?—But we want an increased output.

2896. What I want to point out is that this increase in the price of coal which you fear is based upon a further supposed fall of the present output, which is in itself a large fall as compared with pre-war.

Mr. R. W. Cooper: Part of it is.

Sir L. Chiozza Money: A large part of it.

Mr. R. W. Cooper: Give Mr. Talbot the figures.

Sir L. Chiozza Money: That part was caused by the withdrawal of the most able-bodied miners for the purposes of the war, and they are now returning. Therefore, I do suggest to you that the fears with regard to the fall in output have been greatly exaggerated, and therefore very possibly the rise in the wage cost of coal will not be probably more than a few shillings. Do you follow that argument with some assent?

2897. *Chairman*: Do you understand the question, Mr. Talbot?—No, it was rather a long one.

Chairman: Do you mind repeating it, Sir Leo.

Sir L. Chiozza Money: It is rather difficult, but it is rather important.

Chairman: Just repeat the question.

2898. *Sir L. Chiozza Money*: The point is this: If the pre-war output of coal is taken, and 20 per cent. reduction is taken upon that, it reduces the annual output of coal to a figure which is more than the present output. Does not that rather relieve your fears with regard to the fall in output?—Yes.

2899. If that is the case, therefore the rise in the cost of coal may not, after all, be more than a few shillings

per ton?—If you get the same output in six hours as you do in eight, that is the point.

2900. Remember, Mr. Talbot, we are dealing with the present price of coal, are we not? The figures given in your proof here are based upon the present price of coal. With regard to the present price of coal does it not arise from the conditions which obtain, including the present output which has fallen?—Yes.

2901. Therefore the question of output has already been discounted in that figure?—Yes.

2902. Does not that rather show that the fears you expressed in this document are a little exaggerated?—I do not think so.

2903. May I suggest to you finally that, in view of the savings I have suggested to you, it is quite probable that those savings more than offset the effect of the miners' programme upon the cost of coal. Is not there at any rate a big credit balance?—I do not know whether it is a big credit at all.

2904. At any rate may I ask whether these considerations which I have put to you were present in your mind when you kindly put this document before us?—No. We have simply got the ideas produced there. You propose to get something from somewhere else to help it. That was not in our minds at all, of course.

2905. At any rate there are these savings I have spoken of. If, on the other hand, the fears with regard to the fall of output are not realised, I think you will admit a very great part of your argument goes by the board?—I will not admit that at all.

Mr. Robert Smillie: Our claim was not based on the fact that they can get as cheap coal.

2906. *Sir L. Chiozza Money*: The claim goes back to what I have really put at the beginning: ought not the miners of this country to have a decent standard of life. You agree to that?—Yes.

2907. You agree to it, even if it costs a few shillings more per ton?—More.

2908. Yes?—If the country can stand it as a whole.

2909. *Mr. R. H. Tawney*: I have only one or two questions I should like to ask. Can you tell us what the hours of labour are in the industry which you represent, which I think is the iron and steel industry?—We have just arranged three shifts of eight hours each.

2910. *Mr. Frank Hodges*: Does that mean a 48-hour week?—No, they work continuously through the week.

2911. *Mr. Sidney Webb*: What reduction is it from what it was previously?—They used to work what they call the two-shift system, that is 12 hours instead of 8, two shifts in the 24 hours instead of three shifts.

2912. *Mr. R. Smillie*: Is it a blast furnace?—Blast furnace and steel works. In certain districts, probably you know, they have had the eight hours' shift for 20 years, but not in all of them.

2913. *Mr. R. H. Tawney*: Do you know what average time the miner spends on his work?

2914. If you were told it was a good deal longer than the hours you mentioned, should you not think there was a *prima facie* case for revising them?—I never understood it was longer than eight hours. I have always understood there was an Act to prevent that.

2915. You obviously have not studied the intricacies of that Act. The Act was intended to be an eight hours Act, but an Inspector informed us this morning that the average time spent by the miners on their work was longer than that.

Mr. R. W. Cooper: In that particular witness's district.

Mr. R. H. Tawney: In Yorkshire, Nottingham and Derbyshire.

Mr. Evan Williams: Eight hours and 44 minutes.

Mr. R. H. Tawney: All right, eight hours and 44 minutes; I will not haggle with you about the last 16 minutes. However, substantially, it is a good deal longer than the people you employ?—If what you say is correct.

2917. There is a *prima facie* case for giving the miners something like good conditions?—Our men are actually at their work for eight hours.

2918. So are the miners. I have been telling you that the miners work a good deal more than eight hours.

2919. *Mr. Robert Smillie*: Is that actually correct? Are not your workmen actually inside the gate for eight hours?—They change each other off.

Mr. Robert Smillie: It includes the time taken up in getting to their work.

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[Continued.]

Mr. Arthur Balfour : It is perfectly clear ; they change each other over at the work. That makes it eight hours' work.

2920. *Mr. Herbert Smith* : It includes the meal time. They are there eight hours, but they do not work eight hours?—They always have rests.

2921. *Mr. R. H. Tawney* : I have only one other question I want to ask you. Does this document, which is very interesting, represent the considered views of the National Federation of Iron and Steel Manufacturers?—Yes.

2922. The greater part of it is devoted to proving that if a substantial increase in the cost of coal did take place the result in certain circumstances would be prejudicial?—Very prejudicial.

2923. But you have not dealt with the question of fact where such a result is likely to take place, I understand?—No, we expect that to be proved.

2924. Yes, but I put it to you when you come and tell us that a certain alteration is going to produce disastrous consequences you are bound to show that the alteration is likely to take place, and though I am afraid I have not read this document of yours with the care which it deserves, I have looked through it and cannot find a single sentence dealing with that question at all. Am I right in that? If that is so, would it be a proper thing for us to suggest to the National Federation of Iron and Steel Manufacturers that, before they give evidence, they should study the facts.

2925. *Sir Arthur Duckham* : I have just one point to put to you in regard to the cost of coke for blast furnaces. You say ; " We shall be paying for blast furnace coke over 39s. per ton at ovens against the U.S.A. price of 18s. to 20s. per ton." Are they comparable at the same time? Are they actual figures given at the same time?—The prices I have taken are from the February 6th issue of the " Iron and Steel Trade Review."

2926. I only want to be assured that the state of wages in both countries are the same. They had not been raised or decreased on one side or the other?—The date is February 6th, and the price it gives for coke at the ovens is 4 dollars 50 cents.

2927. I do not know whether from your knowledge of America you can tell us this. *Sir Leo* was talking about the wages in America being higher than in this country. Is the cost of living higher than in this country?—I should say it is.

2928. *Mr. Sidney Webb* : I think I gathered you have just had a general reduction of hours in the Iron and Steel Trade, and that that reduction would be to the extent of, roughly speaking, one-third?

2929. The miners are asking for a reduction of hours which, as far as we can get it out, is to be a reduction of two-sevenths, slightly less than one-third? I do not want to exaggerate in any way but the miners are asking, although not quite the same reduction of hours as your men have just received, just about the same. Have you realised that it is just about the same?—Yes.

2930. Have you realised it was the example of your men which may have started the miners to ask for that reduction?—I do not think so at all.

2931. Supposing your men were now put back through bad trade or what not to the old hours at the request of the miners ; supposing the miners, in order that they might get more, asked you to put your men back to the old hours, would you think your men would agree to it?—I do not think so.

2932. Do you think that by representations of this sort that you will be able to induce the Miners' Federation not to strike on the 22nd March, because this is a suggestion that the whole of their scheme should be rejected. You do not know whether you think that or not. Would you prefer to strike on the 22nd March in the interests of your trade?—Strikes are not in the interests of our trade and can only be a calamity to the country.

2933. My question is this ; supposing the Government come to the conclusion that the miners were going to strike on the 22nd March unless their claim were conceded, which would you prefer in the interests of the Iron and Steel trade?—I should prefer that the miners strike.

2934. You think that would be in the interests of the Iron and Steel trade? I want to get it from you. You think it would be more in the interests of the Iron and Steel trade that the miners should strike from one end of the kingdom to the other, than that the miners should be

reduced in the same proportion as the steelworkers' hours?

Sir Thomas Royden : What I suggest the witness means is that it would be less damaging.

Mr. Sidney Webb : You mean it would be less damaging to the Iron and Steel trade?

Mr. Arthur Balfour : It is not only a question of hours, but it is also a question of wages.

2935. *Mr. Sidney Webb* : Take the wages next. I think there has been a considerable increase in the wages in the Iron and Steel trade lately?—During the war.

2936. But as you say in consequence of the shortening of hours, that is your expression, is it not?—We shall have to pay more wages, Oh, yes. We have to pay for the third shift.

2937. It is because you have to pay more wages to the men in the Iron and Steel trade that you are representing it is impossible that the coal miners should have higher wages without injuring your trade?—No.

2938. That is surely your argument on page 4. You give that as a reason why the cost of coal cannot be reduced. You say : " All the late and prospective advances in wages due to the general application of the eight hours' system to the Iron and Steel trades, the full effect of which are not yet appreciated." That is one of the reasons you give why it will cause your trade the greatest possible injury if the miners receive an advance of wages. Does it not come to this, that you are suggesting that the workers in the Iron and Steel trade are to get the advance rather than the miners?—The reason those men have got the advance is because we have had to employ another shift. The reason it has cost us more money is that we have to employ another shift. Some of the men in the Iron and Steel trade are having reduced wages now they are working eight hours.

2939. You are pointing out that you are having to pay a largely increased cost of wages to the men in the Iron and Steel trade generally?—Because we have to pay for another shift.

2940. That is the net result. Because you are having to do that, you are suggesting that as a reason why the miners should not be allowed to have more wages?—No, not at all.

2941. Surely that is the effect of your argument?—Not altogether.

2942. Are you not deducing that as one of the reasons why the iron and steel trade is damaged if the miners get an increase?—We say that is an extra reason.

2943. You are deducing that as a reason ; therefore it comes to this, you are alleging because the iron and steel workers have got an advance, therefore the coal miners must not be conceded an advance. That is surely your argument, is it not?—No.

2944. What do you mean on page 4? You have just told me you allege that as an additional reason against the miners receiving their advance. You see, this is not convincing to the miners. We have to explain to the miners they cannot be granted the advance because the iron and steel workers have already been granted an advance.—The iron and steel workers have not been granted an advance. I say it has cost us more because we are employing another shift. The men themselves individually are not getting more money.

2945. You talked about an advance in wages ; but in any case, surely there have been advances in wages in the iron and steel trade?—Yes, certainly during the war.

2946. You are alleging " the late and prospective advances in wages due to the general application of the eight hours' system to the iron and steel trades, the full effects of which are not yet appreciated, but which will cause us the greatest anxiety for our export trade." You are alleging we ought not to grant the miners' claim, because owing to the fact that the iron and steel workers' earnings have been advanced it will injure the iron and steel trade?—We say not that the individual wages are being advanced ; we say that the cost to us is more, because we brought in the eight hours shifts instead of the 12 hours shifts.

2947. I am not arguing on that point. It is because you have a higher cost for labour, and therefore you suggest, having given that higher cost of labour to the iron and steel workers it should not now be given to the coal workers. That is your argument?—My point is that the individual iron and steel worker does not get it.

2948. I am not going to drop this point. You are asking us to rule that it will be dangerous to the iron and steel trade to grant this advance and this shortening of

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[Continued.]

hours to the coal miners, and you allege as a reason for that "the late and prospective advances in wages due to the general application of the eight hours' system to the iron and steel trades, the full effects of which are not yet appreciated." You give that as a reason. Then you mean we are to tell the coal miners, that because the iron and steel workers have had these advances, and this reduction of hours, therefore the miners cannot have it. That is your argument, is it not? Do you not see it is rather weak to put it to the miners in that way?—You may consider it so.

2949. Let us take another point. I think the iron and steel trade has been rather prosperous lately, has it not, perhaps not so prosperous as the coal trade. We will put it in this way. Have you any idea how much Excess Profits Duty has been paid by the iron and steel trade?—Of course not.

2950. Have you any idea what shares are selling for in the iron and steel trade. They are higher than they have ever been, are they not?—They are higher.

2951. Higher than they have ever been within your recollection?—That may be so.

2952. Considering the trade is so prosperous as that are you going to ask us to tell the coal miners they cannot have what you have been calling a decent standard of life, because the iron and steel trade will be ruined, when we know and you are telling us of the enormous profits the trade are making. Would that be convincing to the miners?—I have not said they are enormous.

2953. You have said they are higher than at any time in your recollection?—I said the shares were.

2954. Does not that mean that the profits are?—Not always.

2955. You are not denying the fact that they are higher than they have ever been?—I say within my recollection, during the last seven or ten years.

2956. We are to tell the coal miners that they are to be refused their advance in wages in order to maintain the iron and steel trade at a height which is higher than it has ever been.

Mr. R. W. Cooper: The miners have had advances of wages, you know.

Mr. Frank Hodges: The coal trade has not been ruined yet.

(Adjourned to to-morrow morning at 10.30.)

FIRST STAGE.—SIXTH DAY.

SATURDAY, 8TH MARCH, 1919.

PRESENT:

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

MR. ARTHUR BALFOUR.

MR. R. W. COOPER.

SIR ARTHUR DUCKHAM.

MR. J. T. FORGIE.

MR. FRANK HODGES.

SIR LEO CHIOZZA MONEY.

SIR THOMAS ROYDEN.

MR. ROBERT SMILLIE.

MR. HERBERT SMITH.

MR. R. H. TAWNEY.

MR. SIDNEY WEBB.

MR. EVAN WILLIAMS.

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

MR. H. J. WILSON (*Assessor*).

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

MR. GILBERT STONE (*Assistant Secretary*).

Chairman: Gentlemen, I want, if I may, to make one appeal to the Commissioners. The witnesses that I am very anxious to finish to-day are, Mr. Talbot, who is already in the box, Sir Daniel Stevenson, Sir Thomas Watson and Mr. A. E. Bowen, who are witnesses as to exports. Then there is Mr. Frowen, who is the General Secretary of Firemen, Examiners and Deputies Association of Great Britain, and a Post Office Official to clear up some of the points Mr. Balfour raised. I should appeal to you, however late you sit to-night, to finish those witnesses. I do not think it will mean sitting very late, and, if you finish those witnesses, as I very much hope you will, and as I appeal to you to do, you will be on time.

Sir Arthur Duckham: Is it suggested we should sit at all *in camera* to-day. You suggested it for yesterday, Sir.

Chairman: These witnesses must be finished, and I thought perhaps it would be more convenient to sit *in camera* after we had heard the Chief Inspector, Sir Richard Redmayne.

Sir Arthur Duckham: I certainly think it is essential that we should sit *in camera* for a short time as soon as possible.

Chairman: Yes, it is most essential, and we will say definitely that on Monday afternoon we will have a talk among ourselves.

MR. BENJAMIN TALBOT, Re-called.

2957. *Mr. J. T. Forgie*: You gave part of your evidence yesterday, and at the beginning you said you were representing the National Federation of Iron and Steel Manufacturers. I suppose that is a very large Federation, is it not?—Yes. It is one which has been recently formed.

2958. Does it embrace practically all the iron and steel manufacturers in this country?—By far the greater number I should say.

2959. They are producing about how many tons of pig-iron and steel?—Roughly, approaching 10,000,000 of each I should think.

2960. That is about the whole production of this country, is it not? Very nearly.

2961. I think you have very large experience as an iron and steel manufacturer?—I consider so.

2962. Have you large works at Cargo Fleet?—Yes.

2963. Have you works anywhere else?—Yes, the South Durham Works.

2964. I believe you have also had American experience?—Yes, I was manager of steel works there for about 10 years.

2965. When you came back from America here and commenced to manufacture steel in this country, did you utilise the whole of that American experience which you thought was valuable to you in the works in this country which you directed?—Yes.

2966. I should like to know what Honours you have. Have you any Honours in connection with your special ability for steel making?—I invented what is known as the Talbot Steel Process, and I have received the Bessemer Medal here.

2967. The Bessemer Medal, I suppose, is one of the highest Honours the steel industry can confer on any one?—It is considered to be the blue ribbon. I also received the Elliott Cresson medal of the Franklin Institute of Philadelphia and the City of Philadelphia John Scott Medal for the same work.

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[Continued.]

2968. So that we may assume here that probably you are one of the best representatives of steel people to come forward from the point of view of experience and knowledge of the trade?—Well, it is kind of you to say so.

2969. You said that you were the inventor of the Talbot Furnace. I suppose that furnace has been very largely adopted in this country?—Yes.

2970. Is that for manufacturing a certain class of steel?—Yes.

2970a. In the invention of that Talbot Furnace I suppose you studied thoroughly the economy of coal or coke?—That is one of the chief ideas—to endeavour to cut down the quantity of coal.

2971. So that the Talbot Furnace is probably one of the most up-to-date furnaces in this country for the production of steel of that class and also for the economy of coal?—I think so.

2972. Of course you do not mean to say that the economy of coal cannot be extended in future?—Oh, of course not.

2973. I think you have stated in your printed paper that for every shilling advance in the price of coal a corresponding advance in the cost of steel would be 4s. per ton?—Yes, approximately.

2974. It has been given in evidence here by Mr. Dickinson, representing the Finance Branch of the Coal Mines Department, who has had all the colliery figures before him that the present miners' demands, if they were conceded, would amount to at least 8s. 2d. per ton of coal in the way of increase.

Mr. Sidney Webb: Under present circumstances.

Sir L. Chiozza Money: That was based upon estimates for which he disclaimed all personal responsibility.

Mr. J. T. Forgie: But it was stated in evidence.

Mr. Sidney Webb: We had the explanation of the estimates and they were given as the witness's evidence.

Sir L. Chiozza Money: Yes.

2975. Mr. J. T. Forgie: That 8s. 2d. was based not on the coal sold to the industries of the country, but upon the total output of coal. The disposable sale of coal to industries is less than the output, so that the price in all probability would be more than 8s. 2d. (To the witness): In your statement here you say it would take 4 tons of coal to manufacture a ton of steel?—Yes.

2976. Therefore that cost alone would be 32s. 8d. at the very least?—Yes.

Sir L. Chiozza Money: Hypothetically.

Mr. R. W. Cooper: Chair! chair!!

Mr. J. T. Forgie: I wish you would allow me to put the question.

Sir L. Chiozza Money: It is on that hypothesis. May I ask you if it is on that hypothesis?

Mr. J. T. Forgie: I am assuming the miners' demands are to be conceded.

Chairman: Perhaps Sir Leo will make a note to clear it up.

2977. Mr. J. T. Forgie (to the witness): What do you think would be the effect of this increase of 32s. 8d. on your industry at least?—It would be a most serious addition to our cost.

2978. In that statement you said an increase of 4s. on a shilling for coal would be for fuel only. What do you mean by the word "only"?—In some of the districts in this country where we mine ironstone, particularly in our own district of Cleveland, if the miners there obtained the same advance, there would be a very large increase in the cost of the Cleveland stone. So, of course, that has to be taken into consideration as well in making Cleveland pig iron. The President of the Cleveland Ironmasters' Association has made an estimate of what that really means. From his investigations he believes it will add a cost of practically 3s. 3d. a ton on the stone, and as they use 3½ tons of that stone for a ton of Cleveland pig iron, that comes to about 11s. 1d. That is the reason why we put that "only" in, because there are these other things to be considered. Then again, there is, of course, all the cost of our material, such as bricks for the linings, which always go up when fuel goes up, and we cannot make a calculation what that is until we know what the price actually is.

2979. I suppose you can hardly conceive that the iron-ore miners in the country will not make a

demand for the same things that the miners are demanding at the present moment.

Mr. Robert Smillie: That will be so.

2980. Mr. J. T. Forgie: That is admitted. That is an increase on top of the increase of coal?—Yes.

2981. The cumulative effect of those two, so far as we have gone, will be about 44s.?—Yes.

2982. 43s. 11d., taking the bare figures?—Yes.

2983. And that is not including the bricks and so on?—Yes, we cannot calculate that at all.

2984. So that you would assume 43s. 11d., at the very least, would be the increased cost of production of steel if the miners' demands were conceded to the full?—Yes, when made from Cleveland iron.

2985. What do you infer from that—that there would be some made from other iron?—You could not say what it would be on imported ores, because that 11s. 1d. would not apply. With the imported ores it would be simply a question of the increased cost of the coal.

2986. Mr. Robert Smillie: What is the proportion of the home product of stone and ore to that which is imported?—You are speaking of home ores?

2987. You imported 6,555,000 tons?—Yes, and I believe in this country we raised 15,000,000 altogether from the last figures I have seen, of which 12,000,000 are what we call low grade—under 28 per cent. of iron.

Sir Arthur Duckham: I think we will have the figures on that.

Sir L. Chiozza Money: These are abnormal figures. If they are to be put in this way, I must ask for a return. You will see at once that they do not represent the facts. During the war we had to raise from ore, although it was uneconomical and did not suit our blast furnaces.

Sir Arthur Duckham: I object to that statement—that it is uneconomical.

Mr. R. W. Cooper: Sir, is it conducive to the regularity of our proceedings for Sir Leo continually to make these speeches?

Sir L. Chiozza Money: I must protest. The interruption was made by Sir Arthur Duckham.

Mr. J. T. Forgie: I think we have allowed Sir Leo Money to get his full say without much interruption, and I think he might allow me to go on. It does not help me to bring out the truth in this matter if I am continually interrupted.

Sir L. Chiozza Money: Sir, I am in the recollection of the Commission. I did not interrupt but it was someone else.

Mr. Robert Smillie: I interrupted and I am sorry.

Mr. J. T. Forgie: Mr. Smillie put a question but did not make a speech.

Chairman: I think we understand the position now. You will have a clear run now, Mr. Forgie.

2988. Mr. J. T. Forgie: Do you consider that with this large addition in cost to the already high cost of steel we could compete in the markets of the world?—I am afraid not.

2989. During the period of the war have prices been kept down to an artificially low level by means of subsidies from the Government paid by the taxpayers?—Yes.

2990. Did the subsidies pay the increased wages granted by the Government in your own and other subsidiary industries for the purpose of meeting the increased cost of living, or, at all events, partly for that purpose?—Yes.

2991. And to cover other increased cost due to freight and so on?—Yes.

2992. In addition to these subsidies, is it the case that the Government paid the excess in rates of freight above those ruling when the price of steel was fixed in 1916?—Yes.

2993. I notice that you say that the subsidies granted on pig iron cease on the 30th April, 1919. Can you tell us what they amount to?—They vary in different districts. I cannot tell you from memory, but I should say it is from £1 to £2 a ton.

2994. When did the subsidies on steel cease?—On 1st February last.

2995. Therefore you are getting no subsidy on steel now?—Not direct.

2996. Therefore any increase in the cost of coal or coke used for the making of pig-iron due to the miners' claim will have to be added to that increased

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[Continued.]

cost at the end of April?—Yes, the subsidies will come off and the pig-iron people will take more money because of those subsidies, and if this claim eventuates of course that will come again.

2997. What about freight? Is there any hope of the freight getting lower so as to enable you to compete better?—We do not know much about freight.

2998. You cannot say anything as to that?—No.

2999. And freight at the present moment is very high?—I presume so; we hope it will be lower.

3000. I notice in the print you say that the amount of coke required to make a ton of pig-iron varies from 25 to 35 cwt. I presume that the higher figure refers to furnaces smelting the cheap low-grade ores quarried at home?—Yes. In the Midlands and Lincolnshire they use about that quantity and we in Cleveland use nearer 25 cwts.

3001. I suppose you consider it desirable that all these home ores should be developed and worked to the greatest possible extent?—Yes, certainly.

3002. It is to the interest of this country that we should produce it rather than import it from abroad and send the money abroad?—Yes.

3003. Could the furnaces using this class of poorer grade ores continue to make pig-iron at competitive prices with the additional burden of 8s. 2d. per ton of coal, which, I daresay you will agree, would mean an addition of about 13s. per ton to the cost of coke?—I am afraid not.

3004. I suppose it does take more coal or more coke to make a ton of pig-iron out of these poorer grade ores than out of the higher class ores?—Certainly.

3005. That is the point you want to bring out here, is it not?—Yes. The 25 is for the higher class ores and the 35 would be, I think, those in Lincolnshire and the Midlands where they are lean in iron ore.

3006. Do you think it is likely under these circumstances that the blast furnaces can supply pig-iron to the steel makers at a price which will enable them to compete with America?—I think not.

3007. Do you know of any cases where steel has been offered in this country at prices c.i.f. with which the British steel-maker cannot possibly compete?—I have a letter here dated 26th March, saying: "I was informed by the buyer of the Rivet, Bolt and Nut Co. that he had placed an order for 1,000 tons steel rivet bars at £15 10s. c.i.f. Glasgow, also 100 tons rivet wire at about £21 c.i.f." The present price for home bars and rivet wire is £17 5s. and £28. It is either Canadian or American manufacture.

3008. How much less is that than the price which you could offer at the present moment?—The difference is £15 10s., which is the foreign price, against £17 5s.

3009. That is a difference of £1 15s.?—Yes, and on wire £7.

3010. £7 a ton on wire?—Yes.

3011. Lower than the present prices at which you can offer it at in this country?—Yes.

3012. If such is the case what do you consider the future of our steel and iron industries is likely to be presuming the miners' demands are conceded, and assuming the cost in some other direction cannot be brought down to meet that demand?—I am afraid we have a very bad time in front of us.

3013. Do you contemplate that any disadvantage that we are at in this respect (that is, in respect of not being able to compete at the present moment) is likely to be removed by an increase in the cost of labour and material in America? In other words, do you think the cost of labour and material in America will so seriously rise as to put them in a position that they cannot compete with you in this country?—No, I think the prices have fallen somewhat in America.

3014. *Mr. R. H. Tawney*: When you said that prices were falling, did you mean wages?—No, I meant the price of coke.

Mr. R. H. Tawney: But it is rather a different thing. I am sorry to interrupt, but perhaps *Mr. Forgie* will bring it out.

Mr. J. T. Forgie: No; will *Mr. Tawney* please go on?

3015. *Mr. R. H. Tawney*: I think you were asked

whether the American competition was likely to be checked in any way by American conditions, and you said no. Might we have the evidence? Is it an expression of opinion or a statement of fact?—A statement of opinion entirely.

3016. On what fact is it based?—I have seen that the prices of materials have gone down.

3017. Have you seen that the price of labour has gone down?—No.

3018. Have you seen that it has gone up?—No.

3019. *Mr. J. T. Forgie*: I presume that you are quite sympathetic towards the improvement in the standard of living of the working classes of this country?—Certainly.

3020. Not only of the miners?—No, everyone.

3021. And of all classes of workmen?—Yes, certainly.

3022. If the miners were to get any temporary advantage by having their demands conceded, thus raising their standard of living beyond that of workers in other industries, you will agree, will you not, that those other industries and the workers engaged in them might be adversely affected, and that ultimately the miners themselves would also be affected?—I think that would be the effect.

3023. Your desire is for an improvement all round?—Yes.

3024. And you are quite sympathetic within the economic position of the country to do all in your power to effect that improvement?—Certainly.

3025. Do you not think, considering the great disruption which has taken place in all the manufacturing countries of the world due to the late war—

Mr. R. W. Cooper: The present war; the war is still on.

3026. *Mr. J. T. Forgie*: Yes; of course we have rather assumed the Armistice finished the war, but unfortunately it is not so. (*To the witness*): Do you not think that considering the great disruption which has taken place in all the manufacturing countries of the world, due to the war, the workmen of this country should reconsider their demand for improved conditions and rather aim at gaining their ends on economic lines by making every effort at increased production?—I think it is essential that production must be increased.

3027. I suppose you will agree that if by taking up that attitude and carrying through that line of action, the employers and the country, generally speaking, were put into the position that by reason of greater wealth caused by greater production they were able then to give these demands full consideration and meet them, they would be pleased to do so?—Certainly.

3028. But in the meantime you think that after the great upheaval that has taken place during the last four years we should settle down now to reconstruction of the industries of the country and raise them to the highest level possible, and at the same time with that raising of the level of the industries and their power to meet greater demands on the part of men, we should then give a share, and a right share, to the workmen?—Yes.

3029. But in the meantime you think that a greater production, if possible, is the first thing that is necessary?—It is absolutely essential.

3030. And that it would be a great mistake in the interests of this country to do anything which would reduce the output of any essential article in this country?—Yes.

3031. And especially an article like coal which is practically the key of all industries?—It is.

3032. During the period of control, have you been able to get the qualities of coal to suit your purposes?—No, we have not got the qualities we wanted.

3033. Have you been forced to take coal allocated to you and make the best of it?—Yes.

3034. That is, during the later period of the war?—Yes.

3035. During that time, considering the interests of the nation and the difficulties of transport and the necessity there was for every economy, you did your best to take and use that coal?—Of course we did.

3036. But while you did so it did not enable you to carry through your work in the most efficient way possible?—No.

3037. Did it affect the quality of your steel and your

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[Continued.]

manufacture?—Not the quality of steel, but, of course, we used more fuel and it gave us more labour.

3038. But now the war is over, or, at all events, later on, when we are restored to normal conditions and better able to carry through transport, you think that those restrictions should be withdrawn?—Yes, we should have the right to buy the coal to suit our own purposes.

3039. You would not look with favour upon being pressed to continue to take the coal allocated to you?—Not without some say in it.

3040. In the normal pre-war times you bought the qualities of coal which suited you, and sometimes paid higher railway dues in consequence, did you not?—Yes.

3041. Did you do that for fun?—No.

3042. Did you do it because you found it to be an advantage?—Yes.

3043. You thought it paid you better and that it was more economical to bring from a little distance away coal which suited your purpose rather than to use coal which was nearest to your own door?—Yes. In other words, we fetched coal from South Yorkshire which was better for our gas-making purposes than coal which was nearer to us.

3044. When this restriction is taken off I presume you will go back to your old lines?—Yes, if we can get it.

3045. You have always considered it would be folly in the interests of the nation for you to carry coal or bring coal from a colliery a mile further away if you could get it of the same quality and suitable for your purposes from a colliery which was nearer?—Certainly.

3046. Have you always been able to get as much fuel as you wanted in the pre-war past?—Yes.

3047. Are prices in the United States of America lower than in this country?—I cannot say about coal. I have not seen the prices. I can only get the market prices of coke. I have not seen the prices of coal.

3048. Are the prices of coke lower in America?—Yes; in Connesville it is 4 dollars 50 cents since February 6th last.

3049. Have prices in the United States fallen since the Armistice?—Yes.

3050. How many tons of coke are used per ton of pig-iron in the United States?—Roughly about a ton on the average.

3051. How does that compare with this country on the same basis?—Of course, they are better ores, and that is why they use less coal. Our ores, as I have explained before, must take a great deal more than those which they use over there, and that is the reason they get along with so little.

3052. The ores in America are a better quality?—Yes.

3053. Do you mean by that that it takes a smaller quantity to make, say, a ton of pig-iron, and, therefore, steel, than it does in this country?—Yes, there is more metallic iron in American ore than here.

3054. And it requires less coal or coke to smelt it?—Yes.

3055. Did the steel-makers find it advantageous to own and work the mines themselves?—We like to own the mines so as to have control over them.

3056. That is control over the supply of fuel?—Yes.

3057. If the mines were owned by the State would your industry benefit in any way?—I think not.

3058. Do you think it would be to your disadvantage as steel-makers?—I think so.

3059. You are not in favour of control of any kind?—No. I think independent ownership is better than the Government.

3060. Do you consider that under a system of unification, the meaning of which we do not so far quite understand, or by a complete nationalisation of coal mines, the iron and steel and other manufacturing industries of this country using coal as a fuel, could be run more economically?—I think not.

Mr. R. H. Tawney: You talked about unification and you said either you or he did not quite understand it. Perhaps the witness would explain.

3061. *Mr. J. T. Forgie:* It is myself. Probably we shall have an explanation of that later on. (*To the witness.*) Do you think that under nationalisation such economy can be carried on to such a point that our industries can compete with those of other nations without a subsidy from the taxpayer?—Well,

I am afraid there is a great difficulty in getting a subsidy from the taxpayer.

3062. Of course, if the industry did not get a subsidy and could not pay its way, it would go to the wall?—Yes.

3063. What proportion of the output of coal produced in this country in pre-war times was consumed in the iron and steel industries?—About one-seventh.

3064. How much is that in the year?—35 to 40 million tons.

3065. That is on the pre-war output. Do you know what number of men that would give employment to in the collieries?—No, it is outside my sphere.

3066. I will venture a figure. Would you be surprised that it is about 160,000 miners and other workers at the collieries? Therefore, the steel and iron industries give direct employment to about 160,000 men in the coal mines, besides those employed in raising limestone, iron ore, &c.—I will take your figures.

3067. Will you agree it is most important that your industry, giving employment to one-seventh of the miners of this country, should be continued and maintained to the fullest degree possible?—Oh, yes.

Chairman: Did you want to ask a question, Sir Leo, before I come to Mr. Smith?

Sir L. Chiozza Money: No; I think I would rather reserve it until you call upon me again. I should like to be called upon again with regard to the questions which have arisen now.

3068. *Mr. Herbert Smith:* You told us you represent the National Federation of Iron and Steel Manufacturers. Will you tell us how many collieries are directly connected with that Federation?—I could not tell you, but there are a considerable number.

3069. Should I be right in saying a third?—Probably you know, but I do not know.

3070. Do you think I should be right in saying there is considerably more?—I do not know, but perhaps you do know. A great many of the iron and steel people do own collieries.

3071. So that really you are duplicating it when you say in your proof: "Witness desires to refer to the following facts set out in this paragraph without elaborating them, as they are either self-evident or will no doubt be proved in detail by other witnesses representing the coal trade." That is why you put that in, and I will take it so?—Well, we understood it would be proved, or at least the statement made.

3072. As a matter of fact, are we not dealing with a joint representation of the coal trade and the iron and steel trade?—Coal is not discussed in our Federation at all, but they are owners of coal, although we have nothing to do with coal.

3073. Are there not big amalgamations going on at the present time between colliery owners and the steel and iron trade?—I do not know of one, but it is quite possible.

3074. Do you know Orgreaves, Zeaton and Thurgroft, near Sheffield, have amalgamated with Samuel Fox, of Stockbridge, and Steel, Peech, and Tozer, and the Scanthorp Blast Furnaces, with a capital of 2½ millions?—It is news to me; I did not know it.

3075. We shall get to know how sympathetic they are to the workers' conditions being improved. I have before me 76 iron and steel companies' balance sheets for 1916 and 1917 with percentages of dividends of from 6 to 25 and more between 15 and 25 than between 6 and 15. Are you prepared to say they ought to get all those profits and the worker ought not to get more. Do you not think 15 to 20 per cent. is too much on investments?—You have to take into consideration what the capital of those concerns is.

3076. The less the capital the larger the dividend and the bigger the capital the less the dividend.

Sir Thomas Royden: Oh, no.

Mr. Herbert Smith: Be still for a moment Sir Thomas.

Sir L. Chiozza Money: What is sauce for the goose is sauce for the gander. Cannot Mr. Herbert Smith get on with his questions without being interrupted?

Chairman: I am sure he will try; he is doing very well.

3077. *Mr. Herbert Smith:* As a matter of fact do you know it is estimated in this particular combine that is taking place there are over 2½ millions of capital?—I do not know.

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3078. And that will carry 15 or 25 per cent. I submit to you if you represent a Federation like this you ought to be able to admit these balance sheets and the profits or disclaim them. I will give you the names if you want them.—We do not discuss these matters in our Federation.

3079. But I submit to you if you want to be honest in your endeavour here before this Commission that you ought to discuss profits equally as much as you discuss workmen's wages, and the more so because the workman's capital is his labour and ought to have first consideration. Do you mean to tell me you do not discuss these two questions together?—Our Association discusses labour certainly, but we never discuss profits.

3080. Of course you quite realise that under nationalisation when you cease to get these 25 and 15 per cent. profits, the State would get some profit and the individual worker also something in that direction. There are thousands of these shareholders getting 15 to 25 per cent. who have never been in an iron works in their lives or probably never seen an iron works. You know that?—The shareholders are unknown to the works of course.

3081. Will you tell me what you paid for coal before the war per ton?—About 12s., so far as I remember, in Middlesbrough.

3082. Is that 12s. pit price?—I can hardly remember. It was about 12s.

3083. What do you pay now?—About 25s.

3084. So that it has gone up 13s. a ton.

3084A. So that it has gone up 13s. a ton?—Yes, in round figures.

3085. Do you know how much miners' wages have gone up during that period we have heard so much talk about? You have come here to tell us how it is going to affect you. You ought to be able to know what the miner earns. Do you know the selling price in 1914 for the Conciliation Board area which produced a third of the coal, where you get a fair amount out of South Yorkshire, was 9s. 2.16d. in July at pit?—When was that?

3086. In July, 1914.—I will take it from you; I do not know, of course.

3087. And that that price has been added to by 10s. 6d. on top of that, making 19s. 8d., and that the miners only had 8s. 3d. a day in July, 1914, and today only 13s. 11d. with war wage and everything else on top of it, an increase of 68 per cent. Will you tell us why you pay 25s. now and only paid 12s. before the war. Is it because the miner has got it?—Of course the miner has not got the difference because there are all the other expenses too.

3088. I only want to show in 1888 the selling price at the pit (you should know these things because Mr. Forgie told us you are a man of wide experience) was 4s. 6d. and the miners' wage was 5s. In 1914 the miners' wages were 8s. 3d. and the selling price 9s. 2d. In 1918 the miners' wages were 13s. 11d. and the selling price 19s. 8d. The miner is a long way behind on those figures?—He is not going up in the same ratio.

3089. Will you tell us what pig-iron cost in pre-war times to produce per ton?—Do you mean Cleveland iron? I cannot remember, but I should estimate about 50s.

3090. Do you know what it is now?—There is a control price on it; it is 95s.

3091. Is that market price?—It is the control price.

3092. May we take it that 50s. is market price before the war, against 95s.?—So far as I remember; I cannot remember four or five years back.

3093. Is the subsidy the Government gave added to this 95s.?—Yes.

3094. What is that figure?—We are discussing Cleveland, are we not?—£1 2s. 9d.

3095. That is added to that?—Yes.

3096. Can you tell us what it cost per ton to produce at pre-war cost?—To produce the iron?

3097. Yes, pre-war?—No, I cannot.

3098. Can you tell us what it costs to produce it now?—About the figure of the two amounts added together.

3099. So that you made no profit at all?—That is about it now; the costs have gone up.

3100. Of course profits have gone up, have they not? The price per share in the market has gone up. Take Babcock and Wilcox, you know them, do you not?—Yes, they are boilermakers.

3101. Yes, iron and steel; their £1 share is worth 80s. 7½d. in the market. Take the Barrow Hematite. They make nothing out of their coal, but all out of iron and steel, so they tell the miners. Their shares have gone up to 100s. per £1 share. Bessemers have gone up during the last month 1s. 9d. on top of the previous month. Bolckow Vaughans have gone up from 27s. to 31s. They have made a gain of 5s. 7d. in the last month. Against all that you come here to tell us that there is no profit. Does that prove your position that there is any jeopardy at all with the miners' application, so far as you are concerned, taking profits and the price at which shares are being asked to be sold; they are not offered, but people are offering this price and cannot get them. Is there any fear, so far as you are concerned?—We think so.

3102. You only think?—We are talking about the future.

3103. When you talk about the future you keep your eye on the past and the profits produced before, do you not?—Not always.

3104. But in this case?—No.

3105. You do not look at the past but simply at the future?—We look at the future.

3106. Will you tell us what it has cost at your place to come from a 12-hour day to an 8-hour day, which included mealtimes?—We have only just started, so that we have not got the cost yet.

3107. You cannot give us any estimate?—No, it has only just come into force.

3108. You are getting your figures ready to show its seriousness like the coalowners are doing?—Yes.

3109. What do you estimate it at then?—In our works the manager told me he personally estimated it would be about 8s. a ton. Of course it varies in every works.

3110. Some less and some more?—I should say we employ fewer men per ton with more modern machinery than some. With those who have more men it will be more.

3111. You would naturally expect if you reduce it from 12 hours to 8 hours it would be a bigger reduction than from 9 to 7, and the owners are estimating a similar figure to what you are, about 8s.?—I do not think you can deduce anything from that, because it is two different businesses.

3112. Can we take it (and this is my last question) that this is a kind of concerted action of capital against labour under disguise?—No, certainly not.

3113. I want to put it seriously. Is not that so, if over one-third of the steel and iron manufacturers and the colliery owners say the miners cannot have any increase?—I do not follow the point at all. Those firms are colliery owners, and we consider iron and steel people should have their collieries where possible.

3114. You believe iron and steel and coal should all be in one combination?—Yes.

3115. We believe the State ought to hold them both?—Yes.

3116. That is the only difference between you and us. You believe in a consorted party to a certain extent composed of private individuals and we believe in nationalisation?—That is just the difference.

3116A. *Mr. Evan Williams:* Have you any doubt at all that in any industry which depends largely on labour, that a reduction of hours from 8 to 6 and an increase of 30 per cent. for that 6 hours on the wages earned in them is bound to increase the cost very seriously?—I think so.

3116A. It stands to reason, does it not?—Yes.

3116C. And that whatever may be the result, in process of time, the immediate effect is bound to be a very serious one on all consumers of coal?—I think so.

3116D. If all the benefits of the pooling of wagons, transport organisation, the elimination of the factor and merchant and the reduction of the capital of railways and everything else were given to the miners, there is bound to be a big increase in the cost of coal immediately this reduction comes into force and the increase of wages comes into force?—Yes.

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3116a. And the effect of that at the moment, at any rate, upon the iron and steel industry would, as you said, be to increase the cost of steel by over £2 a ton. Is there sufficient profit in the making of steel to meet that. If the steel manufacture was worked for nothing, could they maintain their competitive power by not increasing the price of steel?—I think not.

3116b. Now the competition you fear most I think you said was American?—Yes.

3116c. American competition is not a mere bogey?—No, it is actual.

3116d. It was actual before the war?—Yes.

3116e. American steel came into this country before the war?—Yes.

3116f. Are you aware that at the present moment Americans are offering bar steel in this country below the price at which it can be produced here?—I have heard so, yes; tin bars—sheet bars.

3117. Are you aware that Americans are quoting, delivered into this country, steel bars for tinplate making at under £11 a ton?—I have not heard the exact price, but I know it is considerably cheaper than ours.

3118. And the present steel-makers' price in this country is £12 5s. a ton?—Yes.

3119. So that not only is our competitive power abroad going to be seriously affected by the increase in the price of steel, but even in this country you fear America will compete with us?—Yes.

3120. If the iron and steel industry in this country is going to be put in that position the probability is that every other producing industry will be put in something of a similar position, and what is the result of that going to be on the country?—Very bad.

3121. In what direction?—Will you repeat that question?

Chairman: The question was, What effect would that have upon the country, and you said, Very bad. Then Mr. Williams asked you to go on and explain that answer a little by saying in what way it would be bad.

3122. *Mr. Evan Williams:* What would be the direct effect upon the workmen, for instance?—With the imported steel coming in?

3123. If your power of competing abroad and in this country were very seriously reduced through American competition, what would be the effect upon the workmen in this country?—There would be lack of work.

3124. There would be serious depression?—Yes.

3124a. Would the cost of living remain the same as it is now if increases are given to miners on their wages and the price of coal goes up?—When coal goes up generally almost everything else goes up.

3125. So that when there is unemployment and high cost of living generally throughout the country, does that conduce to a higher standard of living? If wages go up and the cost of living goes up, unemployment results from it, does it not?—Oh, certainly.

3126. So that although miners may get higher wages and shorter hours when working their actual standard of living would not be any higher if the results you anticipate came about?—I think that is so.

3127. A large quantity of steel is used for shipbuilding in this country?—Yes.

3128. And in America the shipbuilding industry has developed considerably?—Yes, during the war a great deal.

3129. If the Americans compete with us for steel-plates in this country it follows that their price for steel-plates in America is very much lower still. There is the freight to take off?—They could make it so, but it does not follow altogether.

3130. That gives them a great advantage in their shipbuilding?—Yes.

3131. I suppose shipbuilding is one of the most essential industries in this country?—It is.

3132. The possession of ships by this country is really a matter of vital importance?—Yes, we must have ships.

3133. And a reduction in the percentages of the world's tonnage we know is a serious matter?—Yes, I think so.

3134. Do you think that reduction is inevitable if the price of steel goes up in this country? If America can build cheaper than we can is that not the in-

evitable result?—If there is not what I call subsidy or help by the Government that is the net result.

3135. You said that your industry of iron and steel consumed about 40,000,000 tons of coal per annum?—That is an approximate estimate.

3136. So that of the hypothetical £25,000,000 we have heard of that the country has had to pay owing to the increased half-a-crown in price given last year, your industry alone has paid £5,000,000 of it; half-a-crown a ton on 40,000,000 tons?—Yes, but the coke-maker receives a subsidy, and probably that is why it is.

3137. Half-a-crown a ton was granted as an increased price on all coal?—Yes, which the coke-maker would pay, and that was not passed along to the pig-iron maker who buys his coke, and consequently the coke-maker receives a subsidy.

3138. *Mr. Frank Hodges:* Could you tell us the total number of men engaged in the firms represented in your Federation?—We have not that information.

3139. Have you any information?—We are only just formed. I think we have been only together about a month really.

3140. Is there any person better acquainted than you to give us that information?—Well, I have not got it.

Mr. Frank Hodges: I should like to make an observation upon that after I have finished, Mr. Chairman.

Chairman: Certainly.

3141. *Mr. Frank Hodges:* Have you got any statistical information in support of your statement that for every shilling increase in the price of coal an additional 4s. a ton is put on the cost of producing finished steel?—I estimate approximately four tons of coal per ton of finished steel. That is about the figure.

3142. Have you got any calculation which will help the Commission to come to a conclusion as to whether your estimate is right or not?—We roughly make some 10,000,000 tons of steel and take about 40,000,000 tons of coal, and that is as near as we can get.

3143. But that does not help me to understand the increased cost per ton caused by the variation in the price of coal, because you make a rather startling statement in your précis, on page 4. In your concluding remarks you say: "In view of these facts we desire very emphatically to inform the Commission that the effect of granting the application or any part of it which would materially increase the cost of coal, would not only have the effect of crippling many industries in this country but would so injuriously affect the necessary direct exports of iron and steel and also exports of iron and steel used in the construction of ships, locomotives, machinery, &c., as to lead to decrease in production of both iron and steel, and consequently lack of employment." Before you make a statement of that description, ought not you to have prepared for the Commission evidence to prove a penny increase in the cost of coal would have seriously affected or injuriously affected your trade?

Mr. R. W. Cooper: 1d. or 1s.?

Mr. Frank Hodges: No. He says any part of the application conceded by the Government or anyone else in support of our claim would seriously and injuriously affect his trade.

Chairman: Yes, you are putting an extreme case.

The Witness: That was not meant.

Mr. Frank Hodges: But you have said it, and in the absence of any information to support what you say, I must conclude this statement is made without any relevance to the fact. Do you know that the Government have already offered to the miners 1s. per day increase, and would the Government have offered that 1s. a day increase, knowing at the same time that there was information in the country that that 1s. would have ruined the whole steel and iron trade of this country?

Sir L. Chiozza Money: Cannot we have an answer?

Mr. Frank Hodges: There are two questions I have put and I have had no answers. Am I putting them too hurriedly?

3144. *Chairman:* No. (*To the Witness:*) What is your view with regard to the last question? Do you think if the Government had known that it was correct to say in your conclusion that the effect of granting the application, or any part of it, would lead to all

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these results that they would have offered 1s. a day increase?—Of course not.

3146. *Mr. Frank Hodges*: Now, what does that mean? Does that mean that your conclusion at the end of your *précis* is a wrong conclusion?—As regards that point, yes.

3147. Let me put another point to you. In answer to Mr. Smith you said that the price you paid for coal before the war was 12s. a ton—As far as I could remember.

3148. Although you have not supplied the Commission with any statistical information as to that, you say now that you pay 25s. a ton; that is 13s. a ton increase. If on your present estimate that 1s. a ton increase means 4s. a ton on finished steel, that means that you, by paying an increase of 13s., have had to put 52s. a ton on finished steel since you paid 12s. for your coal. Have you any evidence to show that that can be borne out?—No, I have not.

Sir Arthur Duckham: Could we call for figures on that. I think we could meet Mr. Hodges on it. I think we could get figures on it. It is a most important point.

Chairman: Yes, we will call for figures on that.

Mr. Frank Hodges: Yes, but I wanted to try to get the witness to give me some idea as to why, having paid an extra 13s. a ton since the war broke out for their coal, that their industry is not absolutely ruined.

Chairman: Quite so.

3149. *Mr. Frank Hodges*: It is estimated by certain people representing the coal mining interest and others that the price of coal is going to be raised 8s. because of the miners' application. That is less than the actual price you have paid during the war in advance, is it not, as you have paid 15s.? How do you propose to enlighten the Commission as to the exact financial effect that an increase in the price of coal would have upon your industry as a whole? What statistical information do you bring in support of that?—As I say, we have not got it.

3150. Why do you make a generalisation if you have not the data to back it up?—Because we have not it complete from the whole trade because there are such a tremendous lot of people, and they are not in our Association and we have no facilities to get it.

3151. But your generalisations are most comprehensive and complete, are not they? You set forth with remarkable accuracy everything that is likely to happen to the trade in this series of generalisations, and yet you have no complete information in support of these generalisations. Do not you think that is putting the Commission at rather a grave disadvantage?—Well, we have taken a fair estimate of what we consider is the total quantity of coal used in the trade, and we know approximately the quantity of steel.

Mr. Frank Hodges: I will not ask any more questions, Mr. Chairman.

Chairman: You wanted to make some observation about this question when you were asking about the Association?

Mr. Frank Hodges: Yes, and I want to put this. Cannot we have through the Ministry of Munitions, which has controlled the iron and steel trade practically during the war, a statement somewhat similar to the statement provided for us by Mr. Dickinson?

Chairman: Which one is that.

Mr. Frank Hodges: That is in Table 2. That is to say, giving the total tonnage, output, market value, the profit per ton and that total corresponding with the columns.

Sir Arthur Duckham: I doubt if you can get the profit per ton.

Mr. Sidney Webb: The Ministry of Munitions know it.

Sir Arthur Duckham: Excuse me, I have been there. I doubt if you can get the profit per ton.

Mr. Frank Hodges: It is very essential; that is the kernel of the whole thing.

Sir Arthur Duckham: I think they will have to give it in a different form, but that form will meet it, I think.

Chairman: It shall be sent for at once.

Mr. Evan Williams: On that point, does that return supply the information as to the cost per ton of coal and cost per ton of labour in producing a ton of steel?

Chairman: Look at Table 1. What I will do is this. I will draw up a form and show it to you both.

Sir L. Chiozza Money: May I address you on that. May I ask for the addition of the subsidies paid to the iron and steel industries in this country during the war expressed as an aggregate and also on one ton of material produced.

Chairman: Yes. If you will give that to me personally on paper I will see to it.

Mr. Frank Hodge: I thought I should have to ask you to get that because any further question on the effect of the increase on their industry as a whole would be unnecessary, because this witness apparently has not the precise information I require.

Mr. R. W. Cooper: May I ask Mr. Hodges this. May it not be useful to have a column added giving the coal cost per ton of steel if they have it at the Ministry.

Mr. Frank Hodges: Yes, any information which shows the relation between an increase in the price of coal and the market value of a ton of steel.

Mr. Arthur Balfour: And the labour cost.

Mr. R. W. Cooper: Three columns instead of two. Wages cost, coal cost and the other costs.

Mr. Frank Hodges: I think the Chairman's suggestion would be by far the better one—that he might draw out a series of columns to see if it corresponds with what we all desire.

Chairman: Yes, I will do that.

3152. *Mr. Frank Hodges (to the witness)*: Have you ever regarded it as possible and right in your industry that there should be a reduction in the rate of profit?—I do not think the average rate of profit in the iron industry is high at all.

3153. How does the rate of profit compare with the rate of property in the mining industry, for example?—I should hardly think as high.

3154. Do you know we had an eminent statistician here the other day who said the rate of profit on mining capital was lower perhaps than any other. When you granted your workmen an 8-hour day you did make a calculation in advance as to what it would cost you, did you not?—Do you mean that I made a calculation when it was arranged?

3155. I mean in answering the workmen's case you must have calculated what it would cost you if it were granted.—Yes.

3156. Now what was the calculation you gave in answer to Mr. Herbert Smith of 8s. It was per what?—8s. per ton.

3157. And after granting that did you not think that that would ruin your industry?—No.

3158. Not to put an extra 8s. per ton on the cost when already steel plates are coming into this country at a lesser price than you can produce them. Was that sound economy?—Well, we took the risk, anyway.

3159. You took the risk and you still survive, and your shares, as Mr. Smith indicated in his question, have increased since. Why did you not resist by a lock-out the application of the men engaged by members of your Federation when they made a claim asking for a reduction in hours?—There had been a promise for years of it.

3160. Even although it meant an increase in the price of your product. You said yesterday, did you not, that you would rather have a strike in the coal trade than that they should have a 25 per cent. reduction in their hours or whatever it amounts to. Why this discrimination between the workmen in your industry and in our own?—That question, as I remember it, was put to me. It was said if the Government failed to make arrangements with you.

3161. Oh, no, if I remember rightly. I do not remember who put the question. I think it was Sir Leo or Mr. Webb.

Mr. Herbert Smith: Mr. Webb.

Mr. Frank Hodges: Mr. Webb put the question to you as to whether it would be better for the workmen's claim to be conceded in its entirety or have a miners' strike, and your answer was yes.

Mr. Sidney Webb: The question was whether the effect on the iron and steel industry would be more calamitous

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if it came to a national miners' strike or if the miners' claims were granted, and the witness said it would be more calamitous if the claims were granted or less calamitous if there were a strike.

Mr. Frank Hodges: I think you are right, although they are not the actual words.

Mr. Robert Smillie: The question was: You would rather face a strike then?—and the answer was "Yes."

Mr. Frank Hodges: "Supposing if the Government came to the conclusion that the miners were going on strike on March 22nd unless their claims were granted, which would you prefer in the interests of the iron and steel trades?"—and you answered "I should prefer that the miners struck."

Mr. R. W. Cooper: Is that the shorthand notes?

Mr. Frank Hodges: No.

Chairman: We have not had the shorthand notes yet.

Sir L. Chiozza Money: Can we have the shorthand note?

Mr. Robert Smillie: It is not here yet.

Chairman: We will get it as soon as we can.

Mr. R. W. Cooper: The note speaks for itself.

Sir L. Chiozza Money: Does the witness desire to amend his answer?

The Witness: Yes, I do. The point is, when that question was put to me saying should I prefer a strike if the Government failed to make what we all hope is a just and proper arrangement, naturally, if the Government and you failed, seeing that they are doing everything that mortal power can do to try and make a just settlement, having even established this Commission to see if it cannot be done, the thought flowed through my head if this Commission proved abortive, which everybody seriously hopes it will not be, and that they will make a proper settlement, there must be something unreasonable in your demand.

Mr. Frank Hodges: I am afraid the explanation of your answer is rather too laboured to be satisfying. You were very brief and concise in your answer yesterday to Question 2933: (*Mr. Webb*) "My question is this: supposing the Government come to the conclusion that the miners were going to strike on the 22nd March unless their claims were conceded, which would you prefer in the interests of the iron and steel trade?—(A) I should prefer that the miners strike."

Mr. R. W. Cooper: Will you read on, Mr. Hodges?

Mr. Frank Hodges: I do not propose to read indefinitely through these answers. This is one point.

Mr. R. W. Cooper: It is all part of the same question and Question 2934 follows.

Mr. Frank Hodges: Will you allow me to put my question?

Mr. R. W. Cooper: Certainly, I agree.

Sir L. Chiozza Money: May I appeal to you on a point of order, Sir? In the preliminary part of our discussions we interrupted each other in, I hope, a friendly way, because we were all men having certain knowledge of these things and we could contribute useful items now and then. I made no objection when Mr. Cooper gave evidence (although he was a Commissioner) regarding the earnings of his own mines, and I made no objection when Mr. Forgie did the same, although it was out of order, because it was helpful. May I ask, very respectfully, whether any question may not be asked by another Commissioner or interpolated while a Commissioner is examining the witness, because, if not, the proceedings will be lengthened because we shall have to return to a formal re-examination?

Chairman: We will do our best. I will tell you what I think of it. I rather agree with you, but it is rather difficult for gentlemen not accustomed to ask questions (I have been doing it all my life), and when you are not accustomed to doing it, it rather throws you off if some one chips in, and you lose the thread of your argument. It is very valuable, I agree, but on the balance of convenience, and considering those who perhaps are not such dialecticians as others, I think if you put your questions as a whole it would be better.

Sir L. Chiozza Money: In a single column in the shorthand notes of some questions of mine, I find that I was interrupted five times. I made no complaint, because I thought it was very helpful.

Chairman: I used to find it helpful when I was interrupted but some gentlemen do not, and I expect they

would not be. I hope you will make any point at the end of the witness's examination, because it will be, no doubt, very valuable.

Mr. Frank Hodges: I do not complain but I thought that when Mr. Cooper asked me to continue to read that it was a matter for him rather than myself.

Chairman: Very well.

Mr. Frank Hodges: (*To the Witness*). You had the working day reduced from 12 to 8 hours by mutual agreement, did you not?—Yes.

3162. That was a reduction of four hours and you calculated in advance that that would mean 8s. a ton increase. Why do you look forward with such gloom to the future if the miners have their actual working day reduced by two hours?—Because of the increased cost of coal.

3163. Although the increased cost of production to you apparently gave no concern?—It did; of course it gave us concern.

3164. Have you calculated the effect of that reduced working day upon the wages of the men engaged in your employment?—No, I have not.

3165. Take piece-workers. Have you arranged for piece-workers under a reduced working day to earn the same money they were originally able to earn in the longer day?—They are arranging that now.

3166. And that is the principle you are working to, is it not?—I do not know what they are doing with the 47-hour men, but I know they are arranging it now.

3167. How am I to get that information? I am informed (I cannot give my informant here) that although you have reduced your working day and that that is likely to cost an extra 8s. a ton yet, in addition to that, you are actually entering into an agreement with your piece-work men to provide that they shall have the same wages under the reduced working day as under the longer working day. Would not that mean a probable increase per ton?—Yes, if they are not in the 8s.; I could not tell you whether those men are in the 8s.

3168. *Mr. R. W. Cooper*: You were asked at the beginning of these proceedings and you gave us the quantity of foreign ore imported in 1918 as some 6,565,860 tons. It is in your *précis* here. That is the quantity of foreign ore imported in 1918. I see in the last pre-war year it was 7,442,239 tons?—Yes.

3169. The steel trade has been practically, since a very early stage in the war, controlled by the Ministry of Munitions, has it not?—Yes.

3170. Have you been almost entirely engaged on war work or Government work since the control began?—Yes.

3171. As regards your profits, there was a special levy or tax imposed upon all the persons under the Munition Acts, called a munitions levy?—That was in 1916.

3172. In the end that was merged in the Excess Profits Duty?—Yes.

3173. I think the munitions levy was this, was it not; that you were entitled to keep an amount of profit equal to the average of the last two financial years of the concern preceding the war, plus 20 per cent.?—That was the standard.

3174. And the balance went to the Exchequer?—Yes.

3175. Were the accounts of every steel undertaking scrutinised by accountants at the Ministry of Munitions?—At the Treasury.

3176. They had a regular staff for the purpose, had they not?—Yes, special men.

3177. You have been asked a question about what I may describe as high rates of dividend. I am asking you a very elementary question, I am afraid, but of course the rates of dividend depends on the nominal share capital?—Of course.

3178. And the nominal share capital and the actual capital are by no means the same thing?—Nowhere near.

3179. *Mr. Robert Smillie*: What position exactly do you hold in this National Federation of Iron and Steel Manufacturers?—I am a member of the Executive Committee.

3180. Then you and Mr. Smith and Mr. Hodges and myself have something in common. That is a trade union?—Give it that name if you like.

3181. Then you are an agitator, the same as the rest of us?—Yes, if you like.

3182. Are the wages in the iron and steel trade in this country regulated by sliding scales?—Yes, very largely.

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3183. And the figures in the iron and steel trade and the pig-iron trade are varied (from quarter to quarter on the values?—On the ascertained price.

3184. Could you tell us anywhere near what advances, in percentages, have been secured in your industry since the outbreak of war?—I should think they have been doubled.

3185. 100 per cent.?—Yes, I should think so; somewhere near that.

3186. When you say there has been a reduction from 12 hours to eight hours, that will apply only to the pig-iron trade, I take it?—To steel works too.

3187. Is it the case that the steel workers, the rollers and smelters and other grades of steel workers were working 12 hours before?—Yes, the steel workers were, but the blast furnaces in the north-east have been on eight hours for the last 20 years.

3188. But do you really mean that smelters and rollers were working 12 hours?—Yes; they take each other off, you know.

3189. Yes, but as to working hours, I am speaking. What hours were they working?—They work all the time they are there.

3190. But surely there are breaks in the day for meals?—Yes, they have their meals. As you know, with the open hearth furnace they have opportunities for sitting down; they are not standing up all the time they have to charge the furnace; they have plenty of opportunity for their meals.

3191. Are you really concerned about the future of the industry?—I am.

3192. And if the workers get a larger share of the wealth produced than they are getting now, it is likely to be very serious for industries?—Yes.

3193. Mr. Forgie said that you were probably the best man that could be found to put the case of the iron and steel people of this country before this Commission. That was because of knowledge you possessed. Do you remember the total amount of wealth produced annually in this country prior to the war?—No, I do not.

3194. Do you know how it was divided?—No.

3195. Are you aware that of the total amount of the wealth produced only one-third came to the workers?—I take it from you.

3196. Supposing that the workers secured two-thirds of the wealth produced in order to improve their standard of life would it be asking too much?—Not if it did not affect the economic position.

3197. It will affect the economic position of some people, undoubtedly; but would it be unfair to say that labour, which is the base and source of all wealth, ought to get two-thirds of the wealth produced by labour in return for producing it, in order that they may live decently?—No, I do not think it would be unfair.

3198. I think you said that you are really concerned about improving the standard of life of the miners and other workers?—Yes.

3199. Do you mean to improve it by keeping wages down to the lowest possible point?—No, I do not want to keep wages down. I want to increase the production and pay more wages by that.

3200. You had 20 years in America, did you not?—Not 20; I was there about 10 or 12 years.

3201. Did you ever hear of scientific management when you were out there—that wonderful word "scientific" management?—I do not know whether they call it scientific. There was some very good management.

3202. Did you imbibe a little of that?—Perhaps a little.

3203. Scientific management means getting the largest possible output at the smallest possible cost, does it not?—Cost per ton.

3204. Getting the largest possible output of anything at the smallest possible cost means the smallest possible wages to workers on which they can exist and go on working?—Oh, no; they pay higher wages.

3205. It requires four tons of coal to produce a ton of steel. Could you tell me what is the royalty rent on coal?—About 6d. is it not?

3206. It is given at 6d. That is 2s. for the landlord. That is what the idle person gets out of royalties for every ton of steel that is produced?—Yes.

3207. Have you any idea of asking that that burden may be taken off in order to enable the steel trade to go on?—Well, that is property, you know.

3208. Oh yes; property is sacred, but life is evidently not so sacred as property?—I have not said that.

3209. I put it to you that the idle person who never was down in the mine to produce coal at all, and who has never seen a mine, is getting 2s. for every ton of steel that is produced. Is not that a burden on the steel industry?—Yes; as I say, it is their property; I do not know how you will confiscate.

3210. Well, it is stolen property.—That is a matter of argument, of course.

3211. There is no argument about it; it is a matter of fact, well known. What is the royalty rent on Cleveland iron ore?—About 4d. to 5d. a ton, I should think.

3212. What is it on Cumberland ore?—That is very different.

3213. 2s. 6d., is it not?—There is a sliding scale.

3214. But the average is 2s. 6d. a ton, is it not?—I dare say it is; I cannot remember.

3215. As a matter of fact it is?—I know it is high.

3216. How many tons of Cumberland ore would it take to produce a ton of iron?—Say two tons to a ton of pig-iron.

3217. For a ton of steel, how much Cleveland ore would it take?—3½ tons of that ore for a ton of steel.

3218. That is 8s. 9d.?—Yes.

3219. How much lime does it take to produce a ton of steel?—Limestone; Cleveland ore, about 16 cwt. or 18 cwt.

3220. Almost a ton?—Yes.

3221. What is the royalty on that?—I should think about 1½d.

3222. Or 1d. anyway?—Yes.

3223. Are there any other raw materials on which there are royalty rents paid?—No, those are the chief.

3224. Those are the chief, but are they all?—I think so. I do not know if there is any royalty on such things as ganister and silica.

3225. I want to put it to you that there are royalties?—We use that in bricks.

3226. We have already got 10s. 10d. a ton of dead charge on a ton of steel in royalties—not for going down to dig coal, mark you, but in royalties, 10s. 10d. a ton?—Yes, for steel made from Cumberland ore.

3227. And you come here and tell us that if the lives of the miners and their wives and little children are to be improved by better housing, better clothing, better education, better conditions, it is going to ruin the steel and iron trade of this country, while the owners, or at least the holders, of the soil of this country take 10s. 10d. per ton royalties out of that industry. Would it not be better now to release the industry from this 10s. 10d. and treat the miners fairly, rather than to come here and advocate that if the miners secured those things your trade will be ruined? Which of the two is the more humane—the abolition of royalty rents and the giving of decent conditions to the miners or to continue the present state of things?—You mean, of course, improving the miners' conditions.

3228. At the top of your précis there is an amazing declaration that Mr. Benjamin Talbot will prove all those things; will prove that if the miner gets any part of his claim for an increase in wages or any reduction at all in his hours of labour, the steel and iron trade of this country will be ruined. Are you in a position to prove that?—Not any part; when you take extremes, of course not.

3229. Now I do not say for a moment that the workers in the iron and steel trade are too well paid, but I do want to assert that it is unfair of you, an employer in the iron and steel trade, to come here and tell us that your own workers' wages have gone up 100 per cent. during the war, and their hours have been reduced by one-third during the war—Just now Mr. Smillie; it is just on now, remember.

3230. And you say that while you have made those concessions to your workers, increased their wages to a higher degree than we have got for our workers, and made a reduction of one-third in their hours, you come here to oppose any change so far as the miners are concerned. Is it altogether fair? Are you happy in coming here to do that?—I am not happy at all.

3231. Are you here under compulsion?—No, not under compulsion.

3232. Do you know anything about the life of the miner, his home and his work and things of that kind?—When I was a boy I have been down a pit.

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[Continued.]

3233. You did not make up your mind to stay there?—No; I thought perhaps I should not get to the top.

3234. Perhaps if it was only one visit, you were not in a position to form an opinion?—I used to go down often as a boy. I used to go down in doubles, and you know what that is.

3235. And you would enjoy it, I am sure?—Yes, I did.

3236. Do you know what the home life conditions of the miners are?—I knew it then, as a boy, in the miners' cottages.

3237. You are representing a very large number of shareholders, directors, and people of that kind?—Not many directors, but perhaps twice or three times as many shareholders as workmen.

3238. Do you know of any of them who has an income of less than £500 a year?—Of course I cannot tell.

3239. You can tell—that not one of your directors in connection with this Federation has an income of less than £500 a year. Are there many of them have an income of £20,000 a year?—That I do not know.

3240. Do you know anything at all about those people that you are connected with?—I do not know their private affairs.

3241. You evidently do know the miners' private affairs because you are here to oppose their getting an increase in a miserable wage that does not keep them in comfort; you are here to oppose that; and you are sent here by persons enjoying incomes from £10,000 to £100,000 a year for fear it will injure their income if the miners get fair play. Well, I would be ashamed to come to endeavour to prevent such a class as miners receiving fair treatment. That is what you are here to do. Do you remember any large colliery explosions that have taken place in this country?—Yes, I remember some.

3242. Do you remember the wonderful wave of sympathy that has gone over the country every time that 100 or 200 or 400 of our mining people were sent into eternity?—Yes.

3243. Do you remember that for about seven or eight or ten days the newspapers were full of sympathetic letters saying the nation cannot pay those people too well for the work that they are doing, and do you remember also that shortly after the funeral and when the inquiry is finished you hear no more about the sympathy? Now that sympathy was well-founded, I put to you. Do you think it was well-founded?—Yes, everybody admires the miner.

3244. Do you think it is fair to keep practically in starvation, and housed worse than swine in many cases, people that you admire?—Well, I hope it is not starvation.

3245. It has been?—In the past, yes.

3246. It has been at a time when we were establishing the steel and iron industry in this country. It was established with tears and starvation of the mine workers of this country, and I know it; I was one of them at the time?—I am sorry.

3247. Now if you can manage to prove to this Commission that the miners ought not to get fair play, then you will have your choice which you prefer—a general stoppage of the mine working of this country; if you manage to prove to this Commission that because of the danger to the iron and steel trade and other industries the miners' position ought not to be improved, there is a serious danger of you getting satisfaction so far as your desire is concerned on the other side, I regret to say.

3248. *Mr. Arthur Balfour*: In answer to *Mr. Smillie*, you said it took three tons of Cumberland ore to make a ton of steel?—No, I said two tons.

3249. That alters that figure of 10s. 10d.?—I said 3½ tons of Cleveland ore.

Mr. Robert Smillie: I was dealing with Cumberland ore.

3250. *Mr. Arthur Balfour*: That alters the calculation by half-a-crown; that is rather important. Of course this royalty charge has been an ever-present cost in the cost of steel from the beginning, has it not?—Yes.

3251. There has been nothing added to that now?—The royalties have always been there.

3252. *Mr. Robert Smillie*: You said it was on a sliding scale?—Cumberland is on a sliding scale, not Cleveland.

3253. And Cumberland was 2s. 6d. before the war; if it is on a sliding scale I should like to have what it is now.

3254. *Mr. Arthur Balfour*: I agree, we must have what it is now. I believe there is some arrangement with the Ministry about it. Is there any increase of royalty on

the sliding scale basis at the present time?—I do not know; of course, we are not in Cumberland, but I think you will find all that in the Ministry, because there was some arrangement made.

3255. Perhaps we shall get that; I agree we ought to have it. The increase in wages of the miner and the reduction of the hours—which I am sure you are as anxious as I am they should have if it can be done.—Certainly.

3256. The increase is entirely an addition to the cost? Yes.

3257. If the calculation of 8s. 2d. or 8s. 1½d. is correct, that would make an increase of 32s. 8d. per ton steel, according to your calculation of 4 to 1?—Yes.

3258. Supposing a saving could be made of 4s. by transport, pooling of wagons and so on, bringing that increase down to half, say, 16s. 4d., would you feel that that would seriously affect the position?—Yes.

3259. Out of the total tons of steel produced in this country our export trade pre-war was five million tons, so that the steel trade absolutely depends on the export trade?—Yes.

3260. On the other hand, the American export was only 2,700,000 tons with an output of 31,000,000 tons?—Yes.

3261. And the United States has increased its output by 12 millions?—Yes.

3262. Therefore it would appear that they must export now on a larger scale?—Yes, they are making every attempt to do so.

3263. In your opinion they can produce steel more cheaply than we can in this country?—On to-day's figures, undoubtedly.

3264. Is that due entirely to the cost of labour and materials, or is it due to greater production per man?—It is due to their raw materials, especially their ores, being better quality than we have and probably cheaper than our ore, because it is a home ore and ours of the same kind we have to import, except a little which is raised in Cumberland. Then they have much larger works and bigger outputs, consequently their wages per ton are less.

3265. But do you agree that there is practically no restriction on output in America?—No, there is no restriction at all.

3266. Do they work very intensively?—Yes.

3267. Is there any restriction in this country?—I could not say. In our business I do not think there is.

3268. Have you ever heard of a strike in America?—Yes. I saw the 1896 strike.

3269. I had not quite finished my question. Have you ever heard of a strike in America with a view to producing less for more money?—Oh, no.

3270. A figure was put to you yesterday that *Mr. Davies*, one of our witnesses, had claimed that there had been a saving of £2,650,000 on a less mileage run, by the redistribution of transport of fuel. Could you give me any idea what the economic loss has been in the misuse of fuel due to the redistribution and transport?—No, I am afraid I could not give you that.

3271. Do you know from your own knowledge that we are losing considerable orders for steel at the present time on account of the ability of America to take them at a lower price?—Yes, there has been a considerable order for rails which we should very much like to have had, which has gone to America.

3272. A considerable order?—Yes.

3273. Have you any idea of the magnitude of it?—No, not the exact quantity. It is a South American order that I was thinking of.

3274. Do you know any reason why the miners and other workers of this country should not purchase, either individually or collectively as they pleased, shares of any company in this country?—They have the same rights as everybody if they will do it.

3275. *Sir L. Chiozza Money*: I am sorry to have to trouble you again, but may I bring you back to your statement that the consumption of coal was four tons of coal per ton of finished steel. That statement is made on the front page of your précis?—Yes.

3276. Will you kindly tell me what was the consumption of coal per ton of finished steel before the war?—About the same.

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3277. Has there not been an increase on account of the fact that we have had to rely upon the home ores increasingly and their low content of iron?—I do not think we have raised such a great quantity in addition of low ores since the war.

3278. There has been a very considerable increase. The Ministry of Munitions made special efforts to increase it. It was very considerably increased. I wondered whether you could tell us whether that had any influence upon the amount of coal used in the production of steel?—I think they made an increase in one district, but it went down in Cleveland.

3279. Not enough seriously to affect the matter. It would be very interesting if you could give us that information. I will not press you for it if you have not got it?—I think it is in this book.

3280. I shall be quite content not to delay matters. We will take it another time. Now may I take you to the back page of your memorandum, where you speak of the application of the eight-hours system to the iron and steel trade, the full effects of which are not yet appreciated, but which will cause the greatest anxiety for our export trade. When does that eight-hour system come into operation?—At the end of this month.

3281. Are you aware that an eight-hours system came into operation in the United States on the 1st October, 1918?—Is that universal?

3282. An announcement has been made by the President of the United States Steel Corporation, which covers, I think, 50 per cent. of the iron and steel trade of the States, that its Finance Committee has unanimously approved the recommendation of the Chairman and President of the Corporation to adopt an eight-hour basic day of effective labour. That announcement affects approximately 250,000 employees?—Yes.

3283. So that your anxiety on that account is an anxiety which, if it is justifiable, must also be shared by the iron and steel-makers of the United States?—Not altogether.

3284. Do you mind telling me why?—Their costs are so much lower.

3285. But is it not a common factor?—No.

3286. If 12 hours has been reduced to eight hours in our case, is not that a common factor in each country?—It would be if the wages per ton were the same, but if their wages per ton are less it is not as much.

3287. Are you aware that between 1914 and 1918, in New York State (and I have their official report here), the wages of the pig-iron and rolling mill product employees, that is to say, their actual earnings, including boys, rose from an average of £3 10s. a week in 1914 to £7 7s. 2d. a week in 1918? May I ask if you are aware of that?—No, I am not.

3288. Then may I ask whether this Association that you represent, the National Federation of Iron and Steel Manufacturers, seeks to keep people well informed?—We are only just formed.

3289. Then you come here without information? Is it not rather odd that you, an iron and steel expert, should come to a Royal Commission of this character charged with a very great responsibility and should come here without information of this extraordinarily important character which I, a mere individual who am not an iron and steel manufacturer, have possessed for some considerable time? I get these reports from the United States Government; they are kind enough to send them. Do not any of your iron and steel manufacturers get them?—Not individually, no.

3290. Is it not rather unfortunate? When the Board of Trade and the Ministry of Labour are seeking to advise the Government on matters of this kind is it not rather important that iron and steel manufacturers should have proper information?—That is the reason we formed this Federation.

3291. What you mean to tell us is that you have come here a little prematurely?—We are only just formed.

3292. On page 3 you give a figure relating to costs of blast furnace coke per ton and ovens. You give us particulars of that kind. If you could take the trouble to get particulars of that kind would it not be a little respectful to this Commission that you should also get particulars of the other kind?—I am sure we desire to be respectful to the Commission.

3293. May I suggest to you that this document as

a whole does not exhibit a very careful examination of the case or a very wide knowledge of the facts upon which it is based?—I must say it was prepared in a very short time.

3294. And you confess that when you prepared it, you had not examined these facts with regard to the eight hours day in America?—No, I had not.

3295. You had not examined the rising wages in the United States?—No.

3296. Then is not this enormous rise in wages to which I have referred—and remember the average I quoted to you covers boys as well as men—a very serious fact in connection with the problem we are called upon to solve? Is it not very material?—Yes.

3297. And it has been omitted by you in the representations you make to the Royal Commission. Now may I take you to another country, of which, curiously, we have heard nothing. Have you ever heard of German competition?—Before the war.

3298. Why has nothing been said about German competition now?—We do not know the conditions of Germany at all.

3299. Would you be surprised to learn that the miners' wages there have increased during the war to a larger extent than ours?—I take it from you.

3300. Is it not a fact that before the war German iron and steel competition was a much more formidable thing than American iron and steel competition?—Yes, it was.

3301. And is not that for a well-known economic reason, that whereas America has power to consume her own iron and steel, Germany has not power to consume a large proportion of her iron and steel, and is compelled to seek an export market?—Yes.

3302. Why then in this document that you put before us, do you deal exclusively with American competition, which is not so much to be feared, for reasons I have named, and you omit Germany, the competition of which is a very real and lively factor?—Germany was a factor before the war. If France gets what she expects with reference to Alsace and Lorraine and the Saar Coalfield, it will alter the position of Germany very much indeed as an iron producing country; in fact France will practically take her place.

3303. That is the point I am coming to. That brings me to the logical point. If Germany was the greatest competitor before the war, do you not rather think that her competition will not be feared so much in the future because of her loss of the Lorraine iron mines?—Yes, but I say France will have them.

3304. Has France the coal and other factors which will enable her to become a lively competitor in the iron and steel trade as compared with ourselves? Would you put it, in short, that France has the natural economic advantages in the iron and steel trade that we possess?—If she gets the Saar Coalfield.

3305. But even so, will she be in a better position than ourselves, in view of our coal resources, which are, after all, the major factor in this matter?—Yes, I think so.

3306. I do not want to press you too hardly upon this, but at any rate you will be inclined to admit that your omission of Germany from this document is very important; and you do admit that German competition is not to be feared so much in the future as in the past?—That is so.

3307. May I ask you what the National Federation of Iron and Steel Manufacturers was formed for?—What is its reason for being?—To get all statistics and information together for the benefit of the trade.

3308. It has a scientific purpose?—Yes.

3309. Generally, with regard to wages and cost of living, it was suggested to you that a rise in wages necessarily means a rise in the cost of living. Do you believe that as a business man?—Yes, I think I do.

3310. Has it been shown to be true in the economic history of the world that as wages have risen prices have gone up?—I think so.

3311. Is not that very contrary to the truth? In this country was it not true for a whole generation that wages went up all the time and prices went down all the time. Is not that a matter of fact?—Yes, due to imports.

3312. And is it not a fact that in America at the present time, with much higher wages than we have,

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she has produced things in a great many lines, as you yourself have said, at a very much lower price than here?—Yes.

3313. Then how do you account for that?—By their efficiency.

3314. If it is efficiency, whose efficiency is it—the efficiency of the employer or the efficiency of the workman?—All of them.

3315. Do you not agree with me that the fact that Mr. Arthur Balfour reminded us of in his question, that we had a steel production of only seven million tons, when the war began, rather reflected upon our iron and steel manufacturers?—Because we were subject to such competition; there was no profit in the business.

3316. Is it not a fact that the technical equipment of the iron and steel trade, as compared with Germany and America, had in the previous 20 years fallen lamentably behind?—Yes.

3317. Is not that, perhaps, the reason of your visit to America? Did you not acquire a good deal of information there that we did not possess?—I went out there because I was offered a position.

3318. You will agree with me, therefore, that there is very great room for technical improvement?—Yes, and for technical works too.

3319. And for standardisation of the products of the iron and steel industry, which would give us a very fine export market?—Yes, if we could get those new works built on the most economical lines that we know to-day, and use our brains of to-day, which are in advance of 20 years ago, we should have that result.

Chairman: I promised that I would, if possible, redeem one of the promises that I made with regard to the various statistics, in order that you might have them for the week-end. Thanks to Mr. McNair, our secretary, I have managed to redeem a very great number of the promises, and I propose to circulate the documents now and just say what they are, in order to get them on the note.

The first document is a table prepared at Sir Leo Money's request, giving statistics from 1865 to 1918*: Coal raised; coal exported, value, average price, and, after a certain time, an index number showing the general course of hewers' wages. You observe 1900 is taken as the basic figure, and then the percentage is upon that. May I say that we are getting the German figures; they are not here yet; and the Foreign Office have cabled to the United States of America to get the American figures, and we are working upon them now.

The next document† is a very comprehensive one. This is a document showing the output and employment at coal mines in the United Kingdom from 1913 to 1918. "Statement showing the estimated quantities of coal raised in the United Kingdom in each quarter of the year 1918, compared with particulars for the corresponding periods of 1917 (in continuation of Parliamentary Paper, No. 51, of Session 1917), and certain other particulars with reference to the consumption and stocks of coal, and employment at coal mines during the years 1913 to 1918." I want to go rapidly through it because I have to ask some questions on it. Table A: Production of coal and so forth. Then Table B: Output, exports and consumption of coal. Table C:—Mr. Sidney Webb, would you kindly just look at this: "Time lost at coal mines through general holidays in 1914 to 1918." Table D: Output. Table E: Stocks of coal. Table F: Absenteeism of workpeople. Table G:

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3320. *Chairman:* I think you are ex-Chairman of the Scottish Coal Exporters' Association, Chairman of the Committee for the Supply of Coal to France and Italy, a Member of the Controller of Coal Mines Consultative Committee, and since 1879 you have had experience as the head of Messrs. D. M. Stevenson and Company?—Yes, but may I say that, of course, I do not appear here as representing either of those Associations; I appear as an individual.

3321. As an individual you are here to give evidence?—Yes.

Attendance. Table H: Tonnage. Table I: "Time lost at coal mines during 1917 (April to December) and 1918. (a) From the principal reported causes. (b) In the principal districts from all causes." Table J: Time lost at coal mines during 1914. I just want to say this. I have here the statistical officer—I find he has to be released, but I had him here earlier, in order that anybody who wanted further information on that table might have it.

The next document is Mr. Hodges' table. These are the national figures: "Output of mineral per person employed at coal mines (i.e., excluding the other mines under the Coal Mines Act) during the last 20 years, 1899 to 1918 inclusive."‡ It puts the output per surface worker; output per underground worker; and output per surface and underground worker together. I should say we have tried to get the output per hewer, but at the present moment we have not got it; we think it does not exist. We are trying further to get it if we can.

The next document is the table I promised to get for Mr. Sidney Webb. Mr. McNair tells me he asked for this. You will see it is: "Days worked per week at coal mines in the United Kingdom from 1911 to 1918."§

Sir Arthur Duckham: On that point, "Days worked," would that be shifts?

Chairman: I will read it: "The figures in the tables show, for each period, the average number of days per week on which coal was hewn and wound at collieries included in the returns received."

Sir Arthur Duckham: That answers my question, thank you, Mr. Chairman.

Chairman: The next document I propose to hand round is the Final Report on the Royal Commission on Mining Royalties. I do not propose to occupy any time in going through these now that you have got them. I will ask you to be good enough to read as much of them as you can during the week end, and if anybody wants any further information, I do not want to do it now, but I will have the statistical officer here on Monday morning, and then any further information that is required can be obtained from him.

Mr. R. W. Cooper: I hope that somebody is getting out the relative figures with regard to these two inland quantities and prices and export quantities and prices.

Chairman: Mr. Lee is on that.

Mr. Frank Hodges: I submit Mr. McNair ought to get out a table showing the proportion of increase of underground workers to hewers.

Mr. McNair: That is a matter we shall have to work out. You get it in the document that has just been circulated.

Mr. Frank Hodges: You have there the output for underground workers. I can appreciate your difficulty in getting the output per hewer, but what I want is the number of hewers as compared with the rest of the underground workers.||

Chairman: Mr. McNair tells me he has personally applied at the Home Office, and at the present moment they are trying to get it in another way. However, it will be here soon; it will not be overlooked.

Now we will call Sir Daniel Stevenson. During the course of his evidence Sir Daniel may refer to the Report of Departmental Committee on the Coal Trade after the war. That was circulated yesterday; members may want it, so they had better get it ready.

3322. I just want to read your general observations first for the convenience of the Members of the Committee. What you say is this: "Effect of present prices of coal and any further increase in the price of coal upon our coal export trade." Generally, you say that as an exporter of coal you cannot look forward to an increase of the present price of export coal as possible. Then you continue: "Since May, 1916, France and Italy have been getting coal at half or less than half the price charged to neutral countries."

* See Appendix 21. † See Appendix 22. ‡ See Appendix 19. § See Appendix 26. || See Appendix 32.

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"If the market were made a free market the probability is that France and Italy would have to pay a great deal more, probably double what they pay at present and the neutrals probably less.

"The reason for these prices being obtainable is that there is no competition at present in Europe.

"At the price which the neutrals are paying it is easy for the United States of America to undersell us, because the American coal f.o.b. costs so much less than our f.o.b. price that there is sufficient margin to cover difference in freight. This margin disappears in the case of France and Italy at present.

"Absence of tonnage prevented American competition during the war, but American tonnage is becoming rapidly more plentiful.

"The supply of coal for export has been far less than the absolute needs of Allies and neutrals.

"The exporter expects prices to resume more or less former standards the moment there is abundant coal available from Germany and America. The price we can get will be governed by prices at which Germany and America are willing to sell.

"Assuming that no restrictions are placed upon export of coal by Germany, she will endeavour to secure the market even if necessary by selling at a loss.

"In the peace-times the margin between our prices and competitors such as Germany were represented by a few pence per ton, and consequently when war conditions have disappeared any increase in the pit-head price of coal would reduce our chances of holding our own in the European markets.

"Volume of trade in coal export to Europe will be given."

Now I am going to do this, if you will allow me. I am going to come to each head of the précis and ask you to make remarks upon it. First of all, the state of the coal export trade in Europe now. Deal first with the advantages at present given to Allies as compared with neutrals.—At the end of 1915 and the beginning of 1916 the price of coal had risen so high and the rates of freight had risen so high that there was a terrible state of matters over in France, particularly in Paris, and the result was that the French Government asked our Government to come to their aid. The then President of the Board of Trade went to Paris, and as a result of his conferences there he came back and asked the shipowners, the coalowners, and the exporters to meet and to endeavour to arrive at some arrangement whereby our Ally France would get coal at a price that they thought somewhat more reasonable than they were paying. The result was that the coalowners and shipowners agreed practically to cut their prices by half. Freight which had been 60s. became 30s. (I am speaking roughly, of course); coal prices which had been 60s. became 30s., and the delivered price in France, instead of being over 100s. became about 60s. or less. The neutral, of course, had no benefit of that. The result was that of the free coal—there was not very much, but so far as there was free coal available to sell to the neutrals and so far as the neutrals could get permission to import it—the price went up very high. Just now, I think, the price is about 70s. or 80s. to the neutral, whereas it is still less than half of that to France. The freight went up. My own firm once paid £19 per ton for Copenhagen, whereas we used to pay 4s. to 5s. There was no limit. The fact was, and the fact still is, that the quantity of coal available is enormously less than the absolute needs of the various countries, and therefore there is no limit to what they will pay for what they cannot live without.

3323. Is there anything you wish to add to that?—I think not.

3324. Now, I want to come to your views as to the effect of lifting of control.—The first effect would be that Ally and neutral would pay practically the same price, and the second would be that France and Italy would at once pay double what they are paying just now, roughly speaking. The neutral would, of course, get the benefit of a slight fall. The total price would be equalised.

3325. Is that all you want to say on that?—Yes, sir.

3326. Now come to the next: Reason for present prices, absence of competition due to tonnage shortage. Will you just give us, quite briefly, what you have to

say upon that?—The reason for the high price? I said that pretty well at the beginning.

3327. Yes, you did.—The shortage of tonnage made it so that a man who could get a ship was quite willing to pay a very high price.

3328. A £19 rate you quoted?—As a matter of fact it was once done at £19 to Copenhagen.

3329. Now I want to come to the next heading: Competition to be faced in future, (a) Germany, (b) America. Will you give us your view about Germany?—I am speaking, of course, as an exporter, and the price of export coal depends entirely on the competitive price. I have been listening to the evidence here, but I do not think it makes a bit of difference what wages are paid; we cannot get more for coal in any market than that market can get coal for from other people. I think that is the whole story in a nutshell. If, for instance, Copenhagen wants to get a million tons, or rather more, per annum, if she can get that coal from Germany at 20s. a ton, we need not ask 20s. 6d.

3330. And about America; what is your view of American competition?—Just now, with a price free on board of 80s. to a neutral like Sweden and a freight of, I suppose, perhaps 30s. or 40s., America can come in, because she can put her coal on board for 20s. or 25s. a ton, and there is an enormous margin between the free-on-board price of the American coal and the price of our coal for a neutral, during the control. The margin is quite sufficient to enable America to send coal to Sweden. As a matter of fact she has sold coal to Sweden lately. She has also sold coal to Holland and, I think, to Norway.

3331. I observe that you were one of the gentlemen appointed by Mr. Runciman, of the Board of Trade, on the 2nd June, 1916, to inquire as a Departmental Committee into the condition of the coal trade after the war?—Yes.

3332. Your Report, which I have in front of me, has been circulated. Do you desire to make any observations with regard to that?—No, sir. The very simple proposition that I have made just now covers the whole ground, so far as I am concerned, but if any member wishes me to elaborate I am quite willing to do anything I can to clear it up.

Chairman: That is all I desire to ask you.

Mr. Arthur Balfour: There is one point left—the volume of European trade is very important.

Chairman: Yes. What do you say as to the volume of European trade?—I have been trying to get the correct statistics, and I cannot get them. I have statistics from the Board of Trade up to and including 1913. We ended 1913, according to the Board of Trade table, with an export of 71 million tons, but I believe that this would be published early in the year and would be an estimate, and I think the actual export in 1913 amounted to 73 million tons. It was probably something between the two.

Mr. Evan Williams: Is that from this country?—From this country to foreign countries. That has fallen, of course, enormously during the war. There has been a fall of something like 50 million tons in output. There has been a greater demand in this country for coal than the pre-war demand, I should think. Consequently the quantity available for export has been greatly reduced. It has been laid down that the Allies must be served first, and if there is any left over to spare, the neutrals may get a little. We have to give neutrals coal to get some things; for instance, from Spain we could not get iron ore without giving them coal; we could not get butter from Denmark without giving them coal, and so on.

3333. Mr. Arthur Balfour: Would you agree that unless we can keep up the tonnage of export trade of our coal it will increase the price of our food?—Obviously.

3334. Similarly?—Yes.

3335. Also the price of iron ore?—Yes.

3336. The price of anything that is brought back in the same ships?—Everything.

3337. Do you think that if the miners' claim was granted we should be able to maintain our export trade?—I stated exactly my position there. If the German and the American raises his prices correspondingly, we shall be able to maintain ours, but we will not get any more than the foreigner can buy German or American coal at.

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3338. Do you think there is any reason to suppose that America and Germany will raise their price correspondingly?—I would not like to prophesy what is going to happen in Germany.

3339. So that it is really a leap in the dark?—It is a leap in the dark.

3340. When you have once taken it you cannot go back?—I do not think you want me to try to work that out. My own feeling is that Germany cannot possibly exist without exporting coal.

3341. We are asked to work it out and we are trying to get all the help we can to do so?—It seems to me Germany must export a large quantity of coal to get in raw material, and the sooner the better. I think that must be the policy of economists in Germany. They must export in order to get in raw material.

3342. That is a clear answer to my question. So that we shall have severe competition from Germany in the export of coal?—I think so.

3343. I should like to know from your experience, which is very great, whether you expect that America will be able to keep up her attempt to increase her export coal trade?—The production in America is enormous; it is as large as the production of Great Britain and Germany put together, and it has been rising very rapidly, and of course it will come again to be a question of price. America has several times competed with us in the Mediterranean. The comparative distance to carry coal to the Mediterranean from America and from this country is not so very great a handicap as it looks at first sight; a difference of five to seven days' passage would cover it. Consequently if coal prices in this country became very high and freight remained normal all over the world, America would be able to compete in the Mediterranean. But I do not think she would ever be able to compete seriously in the north.

3344. When shipping control is removed, surely freights do become normal all over the world, do they not?—I leave out the question of freight. I only refer to the question of free-on-board price. The question of freight will equalise itself all over the world.

3345. So that we really get back to the price of coal f.o.b.?—Yes, that is so.

3346. *Mr. Frank Hodges*: Do you know anything of the conditions prior to the war of the coal mining industry in Germany?—Only in the way of reading; I have no practical experience.

3347. Do you not say somewhere that they were able to sell their coal at 1d. and 2d. per ton in the markets less than we ourselves were able to sell?—Only sometimes, of course. We kept our market still at 78 million tons.

3348. What happened really was that the prices approximated?—Always.

3349. Have you seen in the paper this last day or two that the German mines have been taken over by the German Government—socialised?—No one knows from the papers what really is happening in Germany.

3350. But assume that they were, or assume that they remain under the control of the Syndicates in Germany—you are aware that they are generally controlled by Syndicates—the Syndicate would not attempt to put coal indefinitely upon the market below the cost of production?—One of our troubles before the war was that the Westphalian Syndicate looked upon a certain outlet for its coal as a necessity to the success of the Syndicate. I think that, at the expense of the neighbouring people, the people round about the German collieries, the foreigner very often got coal at less than the German got it. They looked upon it as politic to give coal to Copenhagen, for instance, at less than the pithead price that the man who was smelting iron in the neighbourhood of the pit would pay.

3351. What was the internal economic effect of that? Surely that was to send up the cost of the internal industries in Germany?—Certainly.

3352. So that upon some kind of exports there would be additional cost?—Economically I think it was entirely wrong, but, as a matter of fact, they did the same with other materials that they used coal to produce, such as steel.

3353. *Mr. Arthur Balfour*: May I just ask one

question on this. Is it not true that the Germans made a rebate on raw materials which were used by steel works and other manufacturers for the relative quantity that was exported?—I never knew what the basis of the Stahl industry, as they call it, was, but we all knew that they made arrangements either by rebates or otherwise to enable them to compete for certain orders abroad.

Mr. Arthur Balfour: I did not want to break in, but I know that as a fact. I do not know the exact machinery of it.

Mr. Frank Hodges: Do I understand from you that you are going to regard Germany as being a competitor of this country in the coal market?—Yes, certainly. Germany exported nearly half as much as we did before the war, and was very rapidly increasing both her output and her export.

3354. If she can sell coal cheaper than coal from the United Kingdom, to what do you attribute that?—Partly that policy that you are referring to and that *Mr. Balfour* referred to—that they sell coal outside of their own frontier at a lower price, for reasons of their own.

3355. Not because the German workman is willing to accept a lower standard of life in the German mining districts?—We think so sometimes here; but I think that in many cases coal is sold at really less than Germany is paying for its coal.

3356. That means that in order to get certain internal economic advantages they are reducing the price on the coal market of the world?—You said "advantages." I am not sure that they are advantages; in order to get certain economic results.

3357. Yes, quite; to get certain internal economic results they are prepared to sell cheaply in the world market?—Yes.

3358. Would it be an economic result in the internal economy of this country if you could relieve the coal-mining industry of the burden of its average rate of profit and thus sell you coal on the world market as cheaply as people who are cutting their profits, as in Germany, for some form of internal economic reasons?—I am afraid I do not quite understand when you say "your average rate of profit." Do you mean the average rate of profit of the exporter or the average profit of the country?

3359. I include all: The price must include, must it not, at present the average rate of profit upon the capital invested in the mines and every subsidiary form of capital, including factors and exporters?—Yes.

3360. The price on the world market at present has to bear the charge of profit; that is quite clear, is it not?—I am afraid I must go back to what I said to the Chairman. I do not think it matters a straw to the man in Copenhagen what profit or loss we have; he wants to know how much he can get his coal at. If Germany will give it to him for less than I can give it to him he will go to Germany.

3361. Therefore if the price that he pays for coal from this Kingdom is as low as the price that he has to pay for coal from Germany it rather indicates that the price will not have to carry the burden of profit for the people engaged or for the capital employed in the industry in this country; because you say that in Germany they actually sell their coal in the market at a loss, for internal economic reasons?—At a loss, I suppose, but anyhow at a less price. They sell their coal outside of Germany at less than they sell it inside Germany, for economic reasons. "Economic" is not the right word there either; for reasons best known to themselves.

3362. And if prices for coal that we export on to that market come down, it is quite possible that our coal would be taken?—It is always a matter of taking the lower price.

3363. It is entirely a matter of price, you think?—Yes.

3364. Does not quality enter into it?—There are hundreds of qualities in this country and there are a great many qualities in Germany, and in comparing, of course, the same man compares two similar articles.

3365. Is there no difference in the average coal in Germany to what it is here?—My Welsh friends think there is no coal in the world so good as theirs.

3366. What do you think, as a Scotchman?—We

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have a lot of coal that is better than German coal and we have a lot that is worse.

3367. Taking the average quality, how does our coal stand on the world's market?—I think, taking it on the whole, our coal stands higher.

3368. And for that reason it might have a market in preference to the coal of any other country?—Certain coals would have a market whatever the cost, I expect, or pretty nearly so.

3369. *Mr. R. W. Cooper*: Did I understand you to say that you yourself have no knowledge of the conditions or results of coal mining in Germany?—No practical knowledge. I have been in Germany several times. I have noticed that the German collier goes home clean and tidy whereas our man does not. That is almost the only thing I have seen.

3370. Have you any information as to the daily wage of a German collier before the war?—I have not got that here; I have seen that from time to time.

3371. May I refer you to the Report for the year 1913 of the Diplomatic and Consular Service of Germany, which I hold in my hand, presented to Parliament on the 11th August, 1914? There are a lot of details given there with regard to their wages. There is the average wage per shift, the number of men, and so on; I need not trouble you with that. In 1913 according to this return the net wages in marks—and I will take the mark as being the same as a shilling before the war—of hewers and trammers (we have of course hewers and trammers in England) for the year 1913 were 6 marks 47 pfennige, which is about 6s 6d., is it not?—Yes.

Mr. Herbert Smith: Is that colliers and trammers combined?

Mr. R. W. Cooper: Yes. The heading is: "Table showing the net wages in marks earned per shift in coal mine." It was published by the Government Stationery Office in 1914; it is only 3½d.

Mr. Robert Smillie: Will Mr. Cooper allow me to ask this? Have you any idea how the calculation was made?

Mr. R. W. Cooper: No.

Mr. Robert Smillie: Are you aware that in calculating German miners' wages the total amount earned is divided by 300 days?

Mr. R. W. Cooper: I was coming to that in a moment. I shall touch upon the number of days' work in a moment; I am only referring to this so that we may have it before us in our discussions hereafter. I hope that I am relevant?

Chairman: Yes.

3372. *Mr. R. W. Cooper*: Now, with regard to German exports; you are sure to know this from your own knowledge. Before the war Germany exported substantial quantities of coal to Holland?—Yes, very large.

3373. And to Belgium?—Yes. That was a case simply of geographical position. Part of Belgium got coal from Belgium and part from Germany, and vice versa.

3374. And, somewhat curiously, a large quantity to France?—Yes, and a good deal from France to Belgium.

3375. Have you ever read in any what I may call respectable publication the profit per ton made by some of the large German colliery companies before the war?—I have seen that from time to time; I do not remember now the figures.

3376. I do not know whether you have ever read a book by Mr. W. H. Dawson, called "Social Insurance in Germany." It was published at the time that Mr. Lloyd George was carrying his Insurance Act through Parliament, and the Germans were consolidating their insurance law?—Yes, I have seen that.

3377. Have you read that book?—Yes.

3378. In that book there are certain remarkable figures given with regard to the profit per ton on coal?—I do not remember that.

3379. I will get it later on. You spoke of the Mediterranean and about the probability of American competition in the Mediterranean?—Yes; it is a fact.

3380. I am obliged to you. Am I right or am I not right in supposing that there is, or probably may be, a substantial amount of return trade between Italy and America?—No, I do not think so.

3381. You think not much of that?—I think that there is a handicap in our favour in that respect. Our ship goes to Genoa and from Genoa to the Black Sea or to Egypt, and gets a home cargo, but there is not much chance of the Americans getting a home cargo of any great dead weight.

3382. What do Italian ships do?—The great business there is carrying passengers to America. Of course there is oil and there is marble, but it is not a very great thing when you come to dead weight.

3383. With regard to this Copenhagen freight, it is a most remarkable freight to pay £19 10s. 0d.?—£19 I said.

3384. £19, I beg your pardon. Where was that from?—It would be from Burntisland.

3385. From Scottish east coast ports?—Yes.

3386. Of course, Copenhagen at that time was probably very difficult of access?—Yes.

3387. What would the pre-war freight be from the same port in Scotland to Copenhagen?—from 4s. to 5s.

3388. *Sir L. Chiozza Money*: And it went up to how much?—£19.

3389. *Mr. R. W. Cooper*: I suppose at that time there were all the dangers of mines and the German Navy and everything else to face?—Yes, and the frightful scarcity of tonnage.

3390. Do you mean your trade from Burntisland to Copenhagen is much about the same freight as it would be from the Tyne to Copenhagen?—Yes, just the same; perhaps a difference of a penny or twopence or threepence at most.

3391. I have no doubt you have sold coals to Copenhagen. What would be the c.i.f. price of coal to Copenhagen before the war?—That gets into this question of the great number of qualities that Mr. Hodges spoke of. But I have some prices here.

3392. I would like to have them.—In 1911 9s. 9½d. for first-class Fifeshire coal. Then that in 1914 was 12s. 4d.

3393. Was that before the war began?—It is given here as 1914, but the prices in 1914, I think, may be taken as normal prices because there was a slump when the war broke out. People were in dread that the end of the world was coming, or something or other, and everything went down. Freight went down and everything went down.

3394. Give me the average of the year.—I think you may take as the average 12s. 4d.

3395. Was that much the same in 1913?—In 1913 there was a very sharp rise. There was a strike for a long time in Wales—in 1912 I think it was—and Fifeshire was up to 13s. 8d. in 1913.

3396. *Mr. Evan Williams*: Not only in Wales, but all over the country?—That was the cause of a great rise in price.

3397. Do not paint Wales any blacker than it is.—No, it is the coal I was talking about.

3398. *Mr. R. W. Cooper*: What is the price of the same coal to-day?—I have some figures here. In 1911 the average for Welsh is 17s. 9d. There are several witnesses coming from Wales, I understand, and they ought to correct it; 17s. 9d. in 1911 and 20s. in 1914.

3399. Do you export any coal from the Tyne?—Yes. I have the D.C.B., as they call them; 10s. 10d. in 1911 and 13s. 10d. in 1914.

3400. You have exported gas coal to Copenhagen, I suppose?—Yes, but I have not got that. I only got this request on Thursday, and I was not in Glasgow, so I was not able to get data. I telephoned for what I have in my hand.

3401. I am much obliged to you for what you have given us. Can you tell us what are the prices at the present moment c.i.f.?—There is no such thing as a c.i.f. price. First of all, the Copenhagen buyer has to get permission in Copenhagen to import, and, having got that, you have to get permission of the War Trade Department here to get the cargo, and then the freight is arranged in Copenhagen. They have, I believe, a Government Committee which controls the freight. That has been gradually coming down. I cannot say what the rate is to-day; there is no open market. No person knows what the rate of freight is for anywhere, because ships in this country are directed to certain places, and they cannot go where the shipowner desires.

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3402. You think no conclusion can be drawn from this?—I think no conclusion whatever can be drawn from the war conditions.

3403. Throughout the war the whole of the export has been controlled by licence?—Yes.

3404. That is to say all export was prohibited by Royal Proclamation, except by licence?—Yes.

3405. *Mr. Evan Williams*: I think it is very important for this Commission to get the opinion of an expert like yourself upon the probable result of the withdrawal of the control on the coal trade?—If control were withdrawn to-day, I think the free-on-board price would rise very rapidly to about double the French and Italian price to-day—over all.

3406. Do you mean over the whole country?—The free-on-board price for export; only for export.

3407. For every district in the country?—Yes, roughly. Of course you know that the relative prices are not absolutely fair; they are done in a rough and ready way.

3408. You mean the schedule prices?—The schedule prices. The control prices for export are, I think, in the case of France and Italy about half what they would be if they were not controlled.

3409. So that in your opinion if control were withdrawn, export prices would go up?—Yes, certainly.

3410. And inland prices would consequently have to follow, would they not?—Yes, certainly.

3411. In a free market, all prices tend to approximate, for the same article?—Yes. I think what would happen would be that the price overhead would be practically the present prices lumped together and divided by the total. Therefore, the inland price would rise and the neutral price would fall very substantially, and the French and Italian prices would also rise. That is as long as the supply is only about two-thirds of the demand.

3412. Do you mean to suggest that the supply at the present time is less than two-thirds of the demand?—The supply for export from this country last year was 32 million tons, roughly, as compared with 73 million tons in 1913. People who are getting the 32 million tons, if there were no control, would give practically any price for those 32 million tons.

3413. What effect is that going to have upon the competitive power, say, of South Wales coal in, say South America and Italy?—The moment you have a supply equal to the demand, you have prices falling to the price at which America and Germany can deliver the coal. The exporter, rightly or wrongly, has been looking forward, certainly, to the prices falling to perhaps a little higher than pre-war prices.

3414. Do you say the importer?—The exporter; and the importer in the same way.

3415. If the immediate effect would be to increase the export rates generally, would there be any chance of South Wales coal going at all to South America?—As to South Wales coal, under the restricted output and the control conditions, I think the South American trade is pretty well knocked on the head altogether. I understand my friend Mr. Bowen is coming here; he knows the trade intimately, and I do not.

Chairman: Mr. Bowen and Sir Thomas Watson will be called this afternoon.

3416. *Mr. Evan Williams*: Then I will leave the South American point. As far as France is concerned, they will have to pay a great deal more than they are paying at the present time?—So long as this restriction of output is on, and so long as the output remains where it is now, yes.

3417. And so long as the home demand keeps where it is now?—Yes.

3418. The quantity for export is one-third of the demand; so you say the prices will go up?—Not one-third of the demand; about one-half of the demand.

3419. So the French buyer will have to pay very much higher prices than he is paying now?—During the existence of the restriction.

3420. Until the output is increased?—Yes.

3421. And the French consumer will have to pay very largely?—Yes.

3422. What effect would that have upon the recuperation of France?—France is living upon her hump, like the camel. Her hump has got very small.

3423. Is it not pretty well gone?—It seems to me it is pretty well gone; and not only in France.

3424. Is there another factor in regard to France—that German coal is probably going to come into France at a low price?—Many Frenchmen that I have met have told me that they are going to make a large part of the indemnity payable in coal, and they are going to make that part of the conditions of peace. Whether they are going to succeed or not, I do not know.

3425. What effect would that have upon the price of coal in France?—Of course we exporters have been trying to prove to them that it would be a very silly thing to do such a thing as that, and kill the trade with France; because it would kill the trade from France; and if they killed the coal trade from Britain to France they will kill the French trade to a large extent, from France to Britain.

3426. I just want to get the facts from you; we can draw our own conclusions afterwards. Is there any reason to think that German production of coal will be any less after the war than it was before the war?—I have already said that I thought they would settle down to produce the most possible as the first way of paying for things they want to import.

3427. I want to know whether you have any opinion on the matter as to the output?—It seems to me a dead certainty that they will increase their output.

3428. Then it is a fair assumption, I should think, to say that the inland consumption of Germany would be less after the war than before?—It is certainly.

3429. So they would have more coal to export?—Yes, I think that is a certainty also.

3430. And there are certain markets for which they are better placed than we are, the Baltic, for instance?—The coalfields are a long way from the seaboard, but they have very good arrangements for shipping, for instance, at Rotterdam, and before the war they were giving us a good deal of trouble in the Baltic via Rotterdam. In the Baltic market, particularly in Russia and in Sweden, I think we shall have a lot of trouble once Germany gets into swing.

3431. To the whole of Scandinavia?—Yes, but particularly to Russia and Sweden.

3432. So that there will be that competition of German coal to meet seriously in those countries immediately?—Yes, I expect so.

3433. *Mr. Sidney Webb*: I think the effect of your evidence is that you are not really very much afraid for our export trade in coal; you are looking to its continuing, are you not?—I do not look forward to its continuing at all if prices are anything like what they are to-day.

3434. Prices, of course, are quite abnormal everywhere. I am assuming that we may make some sort of prophecy about getting back to what we may call normal conditions. Then you are not terrified by the relative position of other countries, are you? I think you said that if America and Germany have to raise their prices our export trade will probably be able to go on as before?—Yes.

3435. I think you are aware that, so far as we could make out, all German mines have been taken over by the Government. They have introduced a shorter working day and they have gradually increased the wages. Perhaps you have gathered that, have you?—I have said already that I do not know what one can gather truthfully just now from any of the papers. Mr. Scheidemann is just on the brink of being deposed and, if Mr. Scheidemann is deposed, goodness knows who is going to follow him.

3436. I think you make a mistake; I am not saying anything about the future, but what has actually happened already in Germany—that the mines have been taken over (such of them as were not already Government property) by the Government; and there is a shorter day, and there is a higher wage than prevailed before. That is apparently what has happened already. Now, assuming that that is so—I am not asking you to believe it—assuming that that is the case, would you expect the Government mines, with the shorter day and the higher wage, to be producing at a less cost than this country or at a greater cost?—It depends on how much the re-arrangement amounts to.

3437. Does that or does it not hold out any prospect

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to you that the cost of production is really to be increased?—It does.

3438. I think you said there was also going to be an increased output?—I am sure there will be an effort to increase the output.

3439. I think what you said before was that the output would be increased. Do you mean that there is only going to be an effort made?—Germany will try very hard to increase the output, but what the German individual workers will do I cannot tell. We are trying here to increase the output and we are not succeeding.

3440. Assuming that in Germany the mines are nationalised and that they have a shorter day and a higher wage, would not that encourage you to consider the same sort of conditions for this country?—Yes.

3441. Of course, you know that a very large number and a considerable proportion of the coal mines in Germany have long been in Government ownership?—Yes.

3442. And worked by the Government?—Yes.

3443. Do you know that the Emperor of Germany was the largest coal merchant in the world; that in addition to supplying all the railways of Germany he sold 12 million pounds worth oversea. Have you heard that?—No, I was not aware of that. These were the Saar Collieries, were they not?

3444. Principally the Saar Collieries, but there were altogether, were there not, 345 groups of pits

(Adjourned for a short time.)

3454. *Mr. J. T. Forgie:* Sir Daniel, I think you said at the beginning of your evidence that the price you could get for the coal you exported was only the same price as the price obtained for coal in competition against you?—Yes.

3455. Up to a certain line you could compete with foreign coal; beyond that line, according to the costs and prices you could not compete, because the price of German coal would be lower than yours. Up to that line you could compete because you could put it in, at least, at the same price as German coal?—As a rule.

3456. Then as the cost of coal in this country increased that line of demarcation between you and Germany must be brought back towards this country?—Yes, or else we lose the orders.

3457. You lose the orders if you draw the line back; you lose the business because you cannot send any coal into that area between the line of demarcation previously and the line you have to come back to because of your higher prices?—Yes.

3458. That is a certain area to which you exported coal previously that you will not be able to get into in the future?—We send our coal to the foreign seaboard, and the foreign seaboard sends the coal inland. If you take Hamburg in Germany, Hamburg can compete as an importer of British coal to a certain distance inland; it might be that our price would rise so high that it would still compete within Hamburg city, but not ten miles outside.

3459. Quite so. Have you any knowledge of the running of the State-owned coal mines in Germany in the past?—I know they of course supply their coal chiefly in Germany.

3460. Do you know whether they were a financial success or not?—I cannot tell you.

3461. Have you any idea?—I am pretty certain that, like the railways, they have been a success.

3462. But you do not know as a matter of fact?—No, I do not know. If there is any doubt about it, it would be far better it should not go on the Notes. Perhaps I ought to tell the Committee I have a telegram here which I have received from Glasgow: "Have just learned State Railways bought American coals c.i.f. Denmark instead British which we offered according Controller's regulations." That is what I have received just now.

3463. *Mr. R. H. Tawney:* You say in your evidence that at the controlled prices it is easier for the United States to under-sell us in certain markets?—Yes.

3464. We have a large market in France and Italy at the controlled prices?—Yes, the controlled prices are just half the prices to Neutrals.

belonging to the Government?—I cannot say that. The Saar Collieries were the main collieries of the Government.

3445. You suggested that at present there was a possibility of competition of the United States with regard to our trade with the neutrals, but I think you said, did you not, that that was merely because of the curiously high price which we are charging to the neutrals?—The northern neutrals.

3446. You did not expect there to be any danger of American coal in the future?—Not in Scandinavian countries.

3447. And with regard to Italy, is it not a fact that American competition in Italian trade has been threatened at intervals during the last 20 years; it is an old story, is it not?—It was pretty considerable recently. I think over a million tons they sent to Italy.

3448-9. *Sir L. Chiozza Money:* Do you mean during the war?—Just before the war.

3450. *Mr. Sidney Webb:* 300,000 tons, I think?—I think they had got up to over a million.

3451. At any rate, that possibility of competition of American trade with Italy must be taken into account also in considering German trade with Italy. Did not German coal go to Italy?—Yes.

3452. And if the Americans are cutting out somebody are they not likely to be cutting out the Germans?—It will be the same competition for both.

3453. It will not be necessarily our loss?—No.

3465. As the control is removed the price will be equalised presumably?—Yes.

3466. That is to say there might be greater danger of competition in France and Italy?—Yes.

3467. And to the same extent there would be less danger of competition in the other markets?—Yes.

3468. To put it vulgarly, what we lost on the swings we should gain on the roundabouts; that is the gist of this, is it?—Yes. Perhaps I ought to say that we never looked upon America as a serious competitor in the North, but we have looked upon her as more and more a serious competitor in the South. That would still hold good.

3469. You spoke of the importance of the price of exported coal not being raised; on the other hand you realise the importance of meeting the miners' demands if possible?—Yes.

3470. Does your experience satisfy you that there are no possible economies which would enable wages to be raised and hours to be reduced without at the same time losing foreign markets; are you satisfied in the movement of coal from the pit to the consumer, there is no wasteful charge, no possible economy of any kind, for example, in loading and unloading coal?—I think the exporters all hold that in the system of loading and unloading coal there is a possibility of a saving. There would be a saving of pence, not of any large amount, both in the loading and unloading abroad; but the same condition would be got by any competitors.

3471. That, of course, is the result of any economic improvement, is it not?—Yes.

3472. It was not an argument against putting in a spinning mule, that Germany would do the same. But for the time being, with the improvement put in, you stave off the possibility of rising prices.—The "After the War Coal Committee" made a recommendation to that effect.

3473. That is to say there are some possible economies which might be explored?—Yes.

3474. *Sir L. Chiozza Money:* Only a very few questions I wish to ask you, Sir Daniel. With regard generally to our coal exports, is it a fact that they have continually increased?—Yes.

3475. Is it a fact that 30 years ago they were about only 25,000,000 tons per annum?—These statistics are all available in the Board of Trade returns.

3476. It is within your knowledge?—Something like that.

3477. Are you aware at the time of the passing of the Miners' Eight Hours Act our exports had reached 62,000,000 tons per annum?—I take that figure.

3478. Generally you know that to be true?—Yes.

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[Continued.]

3479. And further, in the last complete year before the war, that is, 1913, they had reached 73,400,000 tons per annum?—Yes.

3480. That was a record?—Yes.

3481. You are also aware there were the most gloomy prognostications as to the effect of that Act upon the coal export trade?—Yes, and the reverse.

3482. Did you share those?—I always said it would not decrease output.

3483. You proved to be correct?—Because they were able to put double shifts in the mines, where formerly there was only one shift.

3484. That is to say, if I may be allowed to say so, you had a wise judgment in the matter.—Thank you.

3485. In respect of the present position, you are not inclined to take a very gloomy view of our coal exports?—I think things will come round pretty much as they did in the past.

3486. That is to say, you do not share the views of those who think that the miners' demands, if granted, will make a very serious inroad upon our coal export trade?—I am afraid I cannot say "yes" to that.

3487. How far can you go? I cannot put words into your mouth?—It has been argued again and again that a miner can do in six hours of fairly hard work as much as he was expected to do in the past in eight hours of more or less hard work. If that is true, if in six hours he is going to put out as much as he did before in eight hours, then you can increase the double shift in mines and increase the output in that way; but, then, recently a number of men have been arguing that you must reduce the day's work of the miner to six hours, that is to say, take off 25 per cent. of his time in order to give employment to others. One proposition apparently contradicts the other.

3488. Quite apart from these contradictory propositions, looking at all the facts of the case, and with your wide experience of the subject, you are not inclined to take a gloomy view of the coal export trade if this programme were made an actual fact. I only want you to give your opinion to the Commission if you will kindly do so?—It depends entirely on what is done by the men in the short day. If for the short day, and with the much better pay, he is going to put out as much coal, or more coal, then there is nothing to fear; quite the contrary. I have a brother in America who tells me that his wages bill per day is double the wages bill of the average man in this country, and yet his wages bill per ton is just about half. If our men in this country would do something like that you can give them far more wages and far shorter hours.

3489. You recognise, do you not, that there are factors which are outside the control of the miner—factors of scientific and technical improvement that are in the domain of management?—Yes, certainly.

3490. May I take you from that to the conditions of the export trade? You quoted a telegram that you had just received. Do you share the view that it is rather misleading and rather befogs one's counsel to take into account any offers of coal at the present moment under the abnormal conditions?—I said so at the beginning; the whole thing is abnormal just now.

3491. I am afraid that the telegram was quoted as a sort of normal condition. It is purely abnormal and quite irrelevant really to the considerations we have before us here. I suggest to you that it deals with conditions so abnormal that it really ought not to be taken into consideration for a moment?—But, Mr. Chairman, the question put to me was what were my views as to the effect of present prices of coal and any further increase in the price of coal upon our coal export trade. With regard to the present prices and the present wages, the whole thing is abnormal.

Chairman: I understand.

3492. *Sir L. Chiozza Money:* I do suggest to you that in the long run the position of the coal export trade depends upon certain exceedingly well-known factors. The first of them is the natural advantages we possess in respect of the kind of coal we have, and the position of our coal near the port in a good geographical position?—Yes.

3493. You agree to that?—Yes.

3494. Secondly, that, so far as wages are concerned, there will be equalisation of factors throughout the

world in all probability?—I think that is bound to come in the long run, especially with this new movement in Paris to equalise labour conditions.

3495. Will you be surprised to learn that on October 31st last the wages of anthracite miners in America were advanced as follows: "Contract hand and machine miners shall be paid an advance of 40 per cent. on their gross earnings"? That was on October 31st last. The anthracite miners number, I think, 150,000 miners in America, and, further, that advance was granted to bring their conditions to the position then occupied by the bituminous miners of America?—I did not know that.

3496. It is quoted from the United States Department of Labour, the Bureau of Labour Statistics. May I suggest to you that is evidence to show the truth of the proposition I have put to you, that there will be wage equalisation throughout the world, and it is not likely that the miners of America will, under any conditions, accept hours of labour or wages which are inferior to ours, and, on the contrary, they are likely to keep in advance of ours rather than fall behind?—I should like to say Yes to that, but my brother's experience does not agree with that.

3497. You mean they are in advance?—My brother's experience is he pays far more wages and gets far more coal for his money.

3498. You know the getting of coal depends on natural advantages in respect of getting thick seams?—Yes.

3499. We cannot wipe that out, but, so far as the wage factor is concerned, that is unlikely to lead to our disadvantage?—I think it will all tend to harmonise itself later on. I hope so. I was told in Japan that people I saw working at coals were getting 6d. a day. I think it is very likely that the labour cost as much as ours because they did a much inferior day's work for the 6d.

3500. I quite agree. There was a very interesting question put to you by Mr. Cooper with regard to wages in Germany before the war. He reminded you that in 1913 the wages in Germany came to 6s. 6d. a shift for hewers and trammers?—Yes.

3501. Are you aware that those wages have about trebled in the interval?—Of course, that is again the same question of abnormality, because it is to pay for the extra cost of food. It is abnormal; it is merely temporary.

3502. In other words, it is true their wages have advanced from a very low position to a position which is certainly higher than ours, no matter how the money is spent. That is another matter. The question is that wages have risen to a figure higher than ours?—And food about ten times.

3503. In the case of Germany, as in the case of America, the wage factor tends to equalise?—Yes, I quite agree to that.

3504. The other point is this, taking the ships carrying coal from America, are there many markets in which a ship taking out coal from America can secure an economic voyage by having a good return bulky cargo to balance the outward cargo of coal?—I daresay in South America. You will put that, I hope, to Mr. Bowen. They would get a better chance of a return cargo in South America than here. I do not think all the cargo you can get from Italy will make it a good round voyage.

3505. If I remember what you said before lunch, the steaming time is not so different as one might suppose cursorily, nevertheless, there is this question of the return bulky cargo, which it is difficult to get in Europe. That operates to our advantage, and it conspicuously operates in reference to the North European market?—I agree.

3506. May I mention that as one of the good reasons why you take a rather optimistic view with regard to our export trade?—If prices became on the whole equalised I think we can hold our own.

3507. Have you observed also that there is a strong tendency to create International labour conditions?—I said so a few minutes ago.

3508. That will also be an increasingly potent factor?—Yes.

3509. *Mr. R. W. Cooper:* You referred to an "After the War" trade report about loading and unloading. Is that a paragraph on page 29, headed "Loading and

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[Continued.]

Discharging facilities at Home Ports"?—Yes, that is so.

3510. *Sir Thomas Royden*: Admittedly the conditions, both in the coal market and the trade markets now, are so abnormal that, as *Sir Leo Money* pointed out, it is almost impossible to draw any inference of any value from isolated transactions, such as you mention now, that is to say, the sale of American coal to Scandinavia, or France or Holland, or elsewhere. Let us go back to normal conditions from which one can perhaps draw some useful lessons. Before the war I take it your freight engagements were chiefly made, if not entirely made, with tramp steamship owners?—Chiefly; almost entirely.

3511. Those steamship owners were British and Scandinavian, and, in fact, practically under every flag?—Yes.

3512. The market was one of very free and intense competition?—That is so.

3513. It was suggested a day or two ago that rings of shipowners had been known to keep up freights artificially?—I am sure that does not affect the coal trade.

3514. There is no such thing as an international tramp steamship owning ring to keep up freights?—None.

3515. As a matter of information, who was the fortunate owner who got £19 freight to Copenhagen?—I can find out for you.

3516. I only ask out of curiosity.

3517. *Mr. R. W. Cooper*: Is it a neutral?—I am not sure, but very likely it is a neutral.

3518. *Sir Thomas Royden*: You mentioned just now that a partial loss of coal export business would act very unfavourably on the price of many other commodities, in so much that the coal trade from this country pays a certain portion of the total cost of the voyage?—Yes.

3519. If there was no coal trade, or if the export coal trade fell off seriously, a number of ships would necessarily go from here in ballast, and therefore the ships having no cargo to take out, the whole cost of the voyage, instead of only a portion of it, would then fall on the foodstuffs, or raw materials, or whatever commodities were being brought back to this country?—Yes.

3520. So that the coal export trade, in more than one respect, is a very vital one from the point of view of this country?—Of course.

3521. Touching the question of freights, you do not anticipate when matters become normal, and control is removed, that the coal trade will be less favourably situated vis-a-vis its foreign competitors in the matter of trade than it was before?—Just in the same open competition.

3522. So that we get back to the point that our ability to conserve our foreign coal trade is a question of prices at which we can ship our coal?—Yes, that is what I started with.

3523. *Mr. Robert Smillie*: Were you offering coal for the Danish Railway contract?—I was not aware, but I am told in this telegram that we were.

3524. Could you tell us at what prices?—I know nothing about it.

3525. Will you send to your people and ask them, and let us know?—Certainly, I suppose there is no reason why I should not. [Supplement to Q. 3525. My firm's offer to Danish Railways was for Aitken or Cowdenbeath 80s., Polmaise 75s., Blackrigg 71s., all on Controller's printed conditions.]

Chairman: Certainly not.

3526. *Mr. Robert Smillie*: It is not out of a desire to know your business, but I know it must be very high?—Oh, yes. It is a controlled price. We are not allowed to offer anything but controlled prices. I could get that in London here.

3527. I would not be at all surprised if the Americans might be able to compete at present prices?—I am not surprised myself.

3528. But this country always got the Danish Railway contracts?—We always had the bulk of the Danish contracts.

3529. Sometimes we lost part of them?—I can tell you from this "Coal Trade after the War"; it is all reported here; you will find it in "Imports to Denmark," if you wish me to look it up?

Chairman: No thank you, we have got the Report.

Witness: May I say, Mr. Chairman, that my recollection is that the total quantity that Germany sent to Denmark before the war was not very big.

Chairman: It is referred to on page 15, I think.

Witness: But the actual quantity does not so much matter. The trouble in dealing in a competitive market is this. Supposing you are offering, say, 100,000 tons, and if one man offers 10,000 tons at a lower price than any other man, his price is apt to rule the whole quantity.

3530. *Mr. Sidney Webb*: There are dozens of prices?—That is the most immediate effect of such an action.

3531. It does not deprive us of the balance of the trade. It only means the people who are selling get rather less. If one man offers 10,000 tons in a field of 100,000 tons, he may have his 10,000 taken. That does not deprive us of the 90,000; it only means we may get rather less for it. It does not deprive us of our trade; it merely diminishes the profits?—It diminishes the price the country gets.

3532. No, it diminishes the price which the proprietors get?—Which the country gets.

3533. Are you not anticipating that the Government is the owner of the coal. I think you must be a little too previous. It is the proprietors of the coal who get the extra price?—I cannot fence with you, Mr. Webb.

3534. *Mr. Robert Smillie*: I think you are practically in the centre of a great mining district, in the city of Glasgow?—Yes.

3534A. I think you know a good deal about the conditions under which the Lanarkshire miners live?—Yes.

3535. You have been out through the villages?—Oh, yes.

3536. You have been pretty keen on social reform for some time?—I hope so.

3537. You have been desirous of improving the housing of the people?—I hope so.

3538. And generally raising the standard of life?—I hope so.

3539. Do you know that you are here giving evidence with a view to the standard of life of the miners being lowered?—I hope not.

3540. That is the purpose of your being here, to prove that the export coal trade of this country cannot continue successfully if the miners get higher wages or shorter hours?—I hope my evidence does not say anything of the sort. What I said, and it governs the whole thing from beginning to end of my evidence, is that I can only get an order at the competitive price if Germany or America cannot undersell me. That is the whole story.

3541. If Germany and America can undersell you abroad you cannot get orders. If, in order to prevent that underselling the wages of the miners were to be reduced to a point that they could not live, that would be the same argument?—You were pointing out many other ways in which to get reductions. That is not my affair.

3542. If your export trade must live?—I do not say it must live; that is for the Committee to decide.

3543. If it must live at the expense of the lives of miners, I do not think you would agree about a case of that kind?—I do not want any trade to live at the expense of killing people.

3544. Your brother is paying wages twice as high in America as the mine owners here are paying?—I am speaking of before the war; the last time I saw him was in 1913.

3545. You may take it that, relatively, the position is the same to-day. Perhaps the wages have advanced more in America than they have here, but we will take it before the war your brother was paying wages twice as large as our miners are getting, and he was getting his coal at half the price per ton that our mine owners are getting it at?—Yes, wages per ton.

3546. You who know your own Scottish miners immediately say: "If our miners at home would do that we could give them higher wages." What do you mean? Are you aware that within 40 miles of where you are living there are tens of thousands of tons of coal being mined in seams 20, 22, and 24 inches thick, where the miner has to crawl into a

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seam of 22 inches and lie on his side all day to produce that coal. Are you aware that the British miner is one of the hardest and best workers, and is working as well as any miner anywhere. Are you aware of that?—Mr. Chairman, I get that from Mr. Smillie here just now, and I get from the coalowners, members of this Committee on which I sat, documents and statistics to prove that in many places the miner stops his work at an early hour in the day because he has put out what is called in Scotland his "darg"—his day's work. When he has done that he has done his day's work. He could put out a great deal more if he liked, but he does not go beyond that, and they have an agreement to do that.

3547. Would you tell me the names of the members of that Committee who state that men stop at a certain time of the day because they have finished their "darg"?—May I ask you if it is true in Dysart?

3548. I do not think it is there, but I will soon find out. I want to say that I know the County of Lanarkshire in which there are 40,000 miners, and it is not true of any part of that county. Now, as a matter of fact, if you have made up your mind that the British miner is not working as hard as the American miner merely because somebody has told us that some miners when they have finished a certain amount of work refuse to do any more, I put it to you that you are not entitled to make a statement of that kind in evidence?—I cannot possibly know it from my own knowledge.

3549. Well, there is no fixed output in over 95 per cent. of the Scottish collieries, no fixed day's "darg" by output?—You must know much better than I do.

3550. You may take it from me the miners working in the Scottish, Welsh and English mines to-day are working as hard as any miner in America, but they are working under very different conditions. In America the veins run from 4 feet to 40 feet thick, and they can take in a truck of two or three tons capacity and fill it and bring it out again. That is a very different thing from the state of things that exists here. I suppose you would agree with me that about 80 per cent. of the colliery houses owned by the miners in Lanarkshire ought to be destroyed?—I have not seen them lately, but I have seen many houses which are a disgrace to any country.

3551. If you have not seen them lately they must be a great deal worse now than when you did see them, because they are there yet?—I hope there are a great many new houses.

3552. There have not been very many new ones put up since the war started. If there are new ones put up, unless the Government subsidises in some way those people who have put them up, whether the County Council or the Local Council, the rents will be pretty high. If there is an economic rent paid for the houses, the rents would be out of the reach of the ordinary miner with a small family to keep?—It would be very much higher anyhow than pre-war rents.

3553. If I put it to you that wages have not risen by 100 per cent. in the Scottish collieries, where they earned about 35s. prior to the war, and that the cost of living with regard to commodities has gone up 120 per cent., the miner is in a worse position to-day than prior to the war. If the miner had 35s. a week under pre-war conditions, could a miner pay 10s. off that 35s. for a house, do you think?—No, I should think not.

Sir THOMAS EDWARD WATSON, Bart., Sworn and Examined.

Chairman: I propose to do what I have done with other gentlemen, that is to read your proof which I have here, and leave the members of the Commission to ask any questions that they may desire.

PROOF OF SIR THOMAS WATSON, BART.

Witness is a partner in Pyman, Watson & Company, Limited, of Cardiff, Newport, Port Talbot and London, and has been engaged on the South Wales Coal Export Trade for the last forty-five years.

The leading position of this country as a shipowning and trading nation is due chiefly to the Coal Export trade.

3554. Are you going to tell us any way in which we can improve the condition of our people, unless it comes from the higher earnings and shorter hours of labour? You, as a social reformer, will let us know how you are going to deal with it. We are going to do it one way; let us know if we are wrong, and let us know how it is to be done. Will you say it ought not to be done?—I am afraid, Mr. Chairman, that is a thing I must leave to this Committee to decide. It is not a question, it seems to me, that is quite fairly put to me.

Chairman: I see, yes.

3555. Mr. Robert Smillie: As a matter of fact, your evidence here as given to this Committee is in the direction of endeavouring to report against the claim of the miners on the ground that it will kill the export trade?—I must say again I can only get an order in Denmark, or any other country, if I can deliver at the same price as a man in Germany or America. That is the whole story. If the man in America gets higher wages and the cost of production and so on is higher, that raises his prices and I will not be troubled by him then. The same applies to Germany. The usual way we look upon it outside the actual working of the business is that the bigger the output the bigger the exports, the more wages can be paid to the men, the more wages can be paid to the exporters. That is our experience; the bigger the output the more freely trade is going on, the better the remuneration all round.

3556. You have done an enormous amount of export coal trade?—I have done a good deal.

3557. In pre-war times especially, I think, you have done a very large amount. I have told you once or twice previously, I think, that if men like yourself, who are middlemen, stand in the way of improving the conditions of the miners, we could very well do without the middleman standing between the purchaser and the consumer, which I think you are?—You want me to admit that. Of course I will not.

3558. Whether you admit it or not, I hold that view?—Of course I do not. I do not see how you and your worker friends can possibly sell coal to these railways in Denmark without some person to do it for you.

3559. Well, the collieries do it themselves?—To a very small extent, and, of course, if they do it themselves they do it by employing a man who is their exporter.

3560. As a matter of fact, I think if we took the mines over, you would be an amazingly useful man to engage in that work because of your long experience and ability in that direction. Still, it is said that men in your position at periods take a very large profit per ton, sometimes even shillings per ton?—Not in normal times.

3561. A very small amount per ton would give you a large profit on the transaction, but it is said—I do not know what truth there is in it—it is not uncommon on large orders that 3d., 4d., and even 6d. per ton may be taken by the exporter. Do you know of any such prices as that?—I know of many orders that have cost more than that to get.

3562. I suppose your purchases from the collieries are outright purchases?—As a rule.

3563. Or do you in the first place get the order, and then place the order with them?—We usually get the quotation from the colliery and then proceed to get the order.

This trade comprises about 75 per cent. in weight of our total export, it furnishes outward cargoes for our vessels, and thereby reduces the homeward freight and consequently the cost of our imported food and raw materials which would otherwise have to bear the cost of the double journey.

It brings a large sum of money into this country and thereby helps to pay for our purchases from abroad and to maintain our foreign exchanges at par. South Wales now exports about 60 per cent. of its output and Cardiff and other large seaports exist on the export trade.

The total quantity of coal exported in 1912 was sixty

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seven million tons of which 27 million tons were from South Wales.

I assume that the miners' proposals will inevitably increase the cost of coal and will thereby increase the cost of running our ships and of carrying on our export and import trades.

The question I have set myself to consider is whether such increase in cost will diminish our export trade and thereby increase the cost of freight on our imports.

And whether such diminution in volume accompanied by an increase in price will result in a diminution in the amount of money coming into the country.

It is a mistake to suppose that the quality of our coal is so superior to that of all other countries or that the quantity available from other countries is such that foreign buyers must have our coal at any price.

In my experience as a shipowner the calorific quality of Welsh Bunker Coal as compared with that of other countries as usually supplied is about as follows:—

100 tons of Welsh Coal will do the work of:—

- 100 tons of American Pocahontas from Norfolk Va. or Newport News;
- 125 tons of American Pocahontas from Philadelphia or Baltimore (contains a very large proportion of dust);
- 110 tons of German Coal;
- 115 tons of New Zealand;
- 120 tons of Australian;
- 125 tons of Indian (much ash but little clinker);
- 127 tons of Japanese (little ash but too free burning);
- 130 tons of Chilean from Coronel (much ash and clinker);
- 130 tons of Sydney, Cape Breton (contains little small but clinkers very badly);
- 125 to 150 tons of South African (some of it is very bad).

As regards small coal, which forms so large a portion of our exports to France and Italy, the quality as regards the ash contents of our coal has been steadily deteriorating for a considerable number of years until now the unwashed smalls of America and Germany are considerably cleaner and worth more than ours and their washed small, especially duff, is slightly better than ours.

The question then resolves itself into one of price. If 120 tons of German or American coal, together with the freight upon it to the consumer, costs no more than 100 tons of Welsh the order will go past us.

The question of smokelessness is of little moment except for war ships, yachts, and railways running in the interior of towns such as those of Copenhagen.

In actual practice Indian and Japanese coal has beaten us out of Eastern ports beyond Suez, American coal has beaten us out of the West Indies, and is seriously threatening our trade in Brazil and the Plate.

Australian and American coal is beating us out of the West Coast of South America.

German coal has beaten us out of the Danish State Railways.

Native petroleum and Silesian coal have lately beaten us out of the Rumanian State Railways.

Russian and Silesian coal have beaten us out of the Odessa market.

Against this the consumption of all countries has increased very much of late years and so has the consumption at our Foreign depots for the coaling of steamers.

I have not got very recent statistics, but I can say that between 1906 and 1912 the exports from U.K. increased about 14 per cent., while those from the United States and Japan doubled and Germany increased 50 per cent.

In my opinion the f.o.b. price of British coal is at present much too high to justify any hope of continuing our position in the export trade after the present war conditions are over, and a drop in prices must occur.

The proposed increase of 30 per cent. in wages and the proposed reduction of 25 per cent. in hours if carried into effect will greatly increase the cost of our coal. The exact amount of that increase is a matter for colliery owning experts.

The area over which the exports of British coal extend has been continually contracting, more especially to distant countries, and we have been able to keep up the quantity of our exports only on account of the increasing demand of countries nearer home.

The destruction of the French northern collieries by the Germans is adding, and will continue to add very greatly, to the quantity of coal required to be exported from this country to France, but coal exports to a near country like France are of little or no benefit in reducing the cost of freight on our food stuffs home.

For example:—The freight home for grain from the Plate is reduced when the shipowner can get a good freight out for coal to the Plate, but if he can get no outward cargo to the Plate, the fact that he can obtain a big freight to France will reduce the homeward freight from America.

It is important for the reasons stated on the first page of this proof that the quantity of coal exported should not be reduced.

When the 8 hours Bill was under consideration we were told that it would not cause any reduction in output. The Bill came into effect on 1st July, 1909. The output per man in South Wales immediately dropped by 20 tons and the drop continued throughout 1910, 1911 and 1912, and only increased in 1913 (when the shortage in wages caused by the strike in 1912 had to be made up). The output per man increased in the war years of 1914, 1915 and 1916. In 1917, probably on account of the best men having joined up and on account of the rise in wages the quantity per man dropped to 220 tons, the worst year on record. The output in South Wales per man was in 1908, 248 tons; in 1909, 245 tons; 1910, 228 tons; in 1911, 227 tons; in 1912, a strike year, 222 tons; in 1913, 243 tons; in 1914, 243 tons; in 1915, 248 tons; 1916, 243 tons; and in 1917, 220 tons.

Our constant experience has been that increases in wages have been accompanied by diminution in output per man.

If the six hours is accompanied by a system of double shift working, the quantity could be kept up if sufficient colliers are available to fully man each shift, one man succeeding another in the same working place, a system which, I understand, has always been opposed by the South Wales miners.

The higher the price that can be obtained from the foreigner, the better for this country, so long as the quantity is not diminished and the total amount of cash received by the country reduced.

The price governing the demand for export is not the f.o.b. price in this country, but is the price paid by the consumer abroad—that is a compound price composed of the f.o.b. price, the sea freight, the cost of discharging from ship to truck, the deterioration in quality and weight caused by the operations of loading and discharging, and the railway carriage from foreign seaport or frontier to place of consumption.

Other factors are the rates of exchange and the willingness, or otherwise, of the vendors to give extended terms of credit.

Taking these factors in order; so long as the supply of shipping remains unequal to the supply of coal, the tendency will be for freight to take more than its normal share of the compound price paid by the foreign buyer. In other words, when ships are scarce, f.o.b. prices go down.

If the coal were all carried by British tonnage, it would be comparatively immaterial from the point of view of the country at large what share of the c.i.f. prices is taken by coal and what by freight. But for some time before the war the proportion carried in foreign ships was constantly increasing, more especially to France our largest market.

America is building ships to a larger extent than this country.

In 1918 she launched nearly 3 million gross register tons of steam shipping. The total tonnages built by foreign countries was close on four million tons against 1,348,000 tons built by United Kingdom.

I think that within two years the supply of shipping will exceed the demand, and there will then be a strong feeling in America to give special facilities for favouring the carriage of American coal in American ships.

On account of the fact that America produces from 60 to 900 tons of coal per man employed against 243 tons per man employed in this country, America will always be able to supply coal f.o.b. cheaper than we can.

Her price before the war was about \$3 f.o.b., recently it was \$6.20, it has now been reduced for export to about \$5 say 21s. against our price of 38s. 6d. f.o.b. for second

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class Admiralty large. or 34s. 8d. for $\frac{3}{4}$ large and $\frac{1}{4}$ small, which is about the contents of American coal.

10s. per ton will in my opinion cover the difference in actual cost between freight from United Kingdom, and from America to France, and 8s. that for Italy. And that is the margin of protection which our coal prices have over those of America.

As regards the cost of loading and discharging the cargoes of coal and deterioration caused by these operations America will have no advantage over this Country.

But Germany when sending her coal by rail is not subject to these expenses and deteriorations and has the further advantage of being able to send her coal in small quantities of a few truckloads as required by the consumer, while this country must ship in cargoes of 1,200 to 5,000 tons and America in cargoes of 5,000 to 10,000 tons. It is probable that the cheaper cost of running the larger vessel will outweigh the disadvantages of the greater parcels.

As regards extended credit all the European belligerents have been denuded of money and will jump at any chance of long credit, America having got our cash and our securities will have a super-abundance of capital and will soon be prepared to make loans to France and Italy on the condition that the loans are taken out in her coal and other products.

As regards the rate of exchange it is said that German coal is now costing about 30 marks on the French frontier. But as the mark is now worth only about half its par value of one shilling or 1 franc 20 centimes the effective competing price is only about fifteen shillings of our money, and so long as the exchange is heavily against Germany we shall be handicapped in competition against her. Our pre-war exports to France were about nine million tons per annum rising to eleven million tons in 1913, of which 56 per cent. came from South Wales.

Our present exports to France are sixteen-and-a-half million tons, of which 56 per cent. comes from South Wales.

Now, as regards quantity, the demand from France will be exceptionally great for the next five or six years until her destroyed collieries are again able to produce their normal quantity.

But, on the other hand, her Northern manufactories have also been destroyed, and the demand for her own consumption will be less than pre-war.

Again, France is looking for a large annual contribution of coal from Germany as part of her war indemnity.

On the whole the present demand of France which is at present twenty-four million tons per annum beyond her pre-war imports, will continue in a gradually decreasing quantity for the next five or six years.

This taken alone will tend to keep up our prices, and consequently the rate of wages we can pay to our workmen.

But in my opinion our prices are bound to come down below their present figure—the margin of profit is too tempting for our American competitors.

The remaining question is, can America supply the additional quantity which Europe requires? I think she can notwithstanding the increased demand for coal in her own country following on her increased capital and prosperity.

Her output is now more than double our own, and has increased since 1915 at the rate of 50,000,000 tons per year. The respective production of the United States and the United Kingdom were:—

	U.S.A.	U.K.
1913 ...	508,993,000	287,412,000
1914 ...	458,505,000	265,643,000
1915 ...	474,660,000	253,179,000
1916 ...	533,482,000	256,348,000

As regards the question of eliminating the exporter who is erroneously regarded in some quarters as a middleman absorbing profits which rightly belong either to the producer or to the consumer, the exporter is a distributor who is as necessary as the producer.

He does an altogether different class of business requiring a different training, and absorbing a further large amount of capital.

The bulk of the South Wales coal exported to other buyers than our coaling depôts abroad, a class of business I have not touched on, is sold in foreign weights and foreign currency, and the sales, personal and by corres-

pondence, are negotiated in the language of the buying country.

The colliery owner, as a rule, knows as little of foreign languages as the exporter knows of mining engineering.

The exporter knows a certain market and knows and can supply all the different classes of coal required in that market. It is hardly possible for the colliery owner to know all the various markets to which his coal goes. And one colliery owner, or one class of colliery, cannot supply the various qualities required in each market.

Again, in the case of small coal, which bulks so largely in our shipments to France and Italy, and in the case of anthracite, the produce of several collieries, in many cases, of five to 15 collieries, is required to load each steamer.

And a knowledge of the chemical constituents of the various coals is required. For example, if a cargo of small is exclusively made up of the cleanest smalls, it will be too dear; if of the dirtier smalls, it will contain too much ash. Dry and bituminous coals have to be mixed in proper proportions—if too dry it will be blown by the exhaust into the smokebox of the locomotive before being consumed or will be puffed out of the chimney in sparks, setting fire to crops and woods.

Again red ash coal and white ash coal burnt separately will give good results but if mixed the iron of the one with the lime of the other will form masses of clinker.

The exporter must also have a knowledge of the freight market to charter the necessary ships and of the ports of delivery to arrange speed and price of discharge.

And last of all he pays the colliery owner cash in seven days from shipment, he pays one third of the ship's freight on shipment and the balance in cash on completion of the ship's discharge.

Even in the case where the consumer agrees to pay cash on delivery, in most cases three months elapse from shipment before the exporter is paid.

In pre-war days my own firm had constantly £100,000 to £150,000 locked up in this way.

Losses in weight, losses in exchange, losses in rates of freight, and complaints as to quality all fall on the exporter.

The sole question is whether he is paid too much for the services he renders.

Competition may be relied on to keep his profit within reasonable bounds, and his profit is not greater than the additional cost would be to the colliery proprietor if he were able and willing to take these duties on himself.

3564. *Chairman*: That is your proof?—Yes.

3564A. *Mr. Evan Williams*: We had here the day before yesterday a gentleman from the Admiralty, and he informed us that it was the deliberate policy of the Admiralty to substitute oil for coal as far as possible. That means that the Admiralty will disappear very largely as a buyer of South Wales coal?—Yes.

3565. What effect do you think that will have upon the position?—It will tend to diminish the price obtainable for the best coal such as the Admiralty have been in the habit of buying.

3566. And consequently a larger portion of export must be got to replace that?—Yes.

3567. Do you think if the cost of production of coal is going to be increased by 8s. to 9s. a ton it will be easier to do that?—It is a question of relative price. I have tried to say that in my opinion if our price goes up 8s. or 9s. we shall find ourselves more heavily handicapped in competition with America and Germany than at present of course. That is to say, that it weights the scales against us in our competition.

3568. You are not going to speak specifically as to South America. I understand Mr. Bowen is going to do that?—Mr. Bowen is going to speak for South America.

3569. As regards Italy you have had a large experience?—Yes.

3570. If our f.o.b. price to Italy, which as you know is controlled, has to be increased to meet the extra cost, what do you think the effect will be in regard to American competition in Italy immediately and in the rather more distant future?—It is exceedingly difficult to judge when you speak of the present position with, as a determining factor, the controlled price, as I think Sir Daniel Stevenson said. The present position is so abnormal that we cannot argue from it, but taking the pre-war position we had

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occasionally heavy competition from America. If our price goes up 9s. a ton and the American price does not go up 9s. a ton, naturally the power of America to compete against us will be so much the greater on that account.

3571. Do you say the present controlled price is abnormal?—I call the present controlled price abnormal in comparison.

3572. Abnormal in comparison with the cost of coal?—Yes.

3573. In what direction?—I mean that if there were no control, if there were no war, put it that way, and no 95 per cent. to pay to the Government, the price of coal f.o.b. would not be as high as it is now. There are two causes for the present high prices of coal, prices which I call abnormal; first of all the war, and next the 95 per cent. which the Government take off the difference between pre-war prices and present prices.

3574. But in relation to the cost of production of South Wales coal do you say that the price is abnormal?—Ah, that is quite another matter; no.

3575. In relation to the cost of production of South Wales coal you say that the present control price to Italy is too high?—No; I think it ought to be made clear that we have four controlled prices; a controlled price for the inland buyer, which in very many instances is considerably below the cost of production; another controlled price for the Admiralty which is approximately 2s. 6d. a ton less than the controlled price to the Allies; and another price to Neutrals, where we are instructed to charge certainly not less than the Allied price but to get more. In fact it has been hinted to us we ought to get a very much larger price from the Neutrals than from the Allies, and some people are getting it.

3576. So that the controlled price to Italy at the present time is not too high in relation to the cost of production of South Wales coal?—No.

3577. It follows therefore that any increase in the cost will have to be added to the price of coal f.o.b.?—Yes. Excuse my stupidity, but I think the price f.o.b. is at present susceptible of a diminution if there were none of these abnormal charges upon us.

3578. What do you mean by abnormal charges?—The 95 per cent.

3579. The Excess Profits Duty?—The Excess Profits Duty, and so on.

3580. You mean in the price there is something which the Government takes, and if the Government did not take it the colliery owner could take a less price without suffering himself?—Yes.

3581. If 8s. or 9s. is added to the cost, and control remains, do you think it is possible for the price f.o.b. not to require that increase?—If 8s. or 9s. is added to the cost without any control at all it is bound to have a very serious effect upon price.

3582. Therefore, what you have to consider when you consider the competitive power of this country and Italy is a price increased at any rate by the increased cost of production?—Yes. I suppose it is clear or will be made clear to the Committee, that the cost of coal has very much increased since the beginning of the war. There have been various alterations in wages which have had the result of increasing the cost.

3583. I think that is quite within the knowledge of the Committee, but what I want to get from you is what the immediate effect would be upon American competition in Italy if the price of British coal were advanced by 8s. or 9s. a ton?—The immediate effect would be to stimulate the competition of America and to stimulate the competition of Germany.

3584. And if the miners' demands were granted and became permanent that would be the permanent position of this country in regard to its coal supplies to Italy. Its competitive power would be impaired?—It would, yes.

3585. *Sir L. Chiozza Money*: Sir Thomas, did you give evidence in the year 1907 before the Departmental Committee appointed to inquire into the probable economic effect of a limit of 8 hours in the working day of coal miners?—I think I did.

3586. Is it a fact that your evidence made a very considerable impression upon the Commissioners?—I cannot flatter myself to that extent.

3587. Are you aware they were so struck with evidence that they quoted some of your figures in the Report on page 51?—I am not aware of it. I apologise to the Committee for not having looked everything; the notice was so short.

3588. This is a very important Committee, Thomas.—Which was a very important Committee this one I am now before, or the old one you referring to?

3589. I am speaking of the Departmental Committee appointed to inquire into the probable economic effect of a limit of 8 hours to the working day of coal miners.—Not more important than this Committee in my opinion.

3590. I see the Commissioners were very much struck with your evidence, for they said on page 51: "Illustrative of the widespread nature of the foreign competition we may here quote the figures by Mr. Watson (as he then was) as the contract price for the area," and so forth. Was your evidence to the effect that the granting of this small act of justice to the miners of this country would have a very serious effect upon the coal exports of this country?—I do not remember really.

3591. But really I must ask you to be good enough to apply your mind to it. Would you like to refresh your memory?—Yes, you have a print of the evidence no doubt; I asked for it and could not get it. It was in 1907, 12 years ago.

3592. That is the value of it. Have you any doubt that you did have a very serious view?—I have no doubt whatever that I thought that the Eight Hours Bill would handicap us and diminish our exports; as a matter of fact the Eight Hours Bill did diminish the area over which we had power of penetration, I may use the word.

3593. May I ask you if you are aware in the year before you gave your evidence the coal exports of this country reached a most remarkable record, the year 1906? Is it true that it reached what was then a record figure of 55,600,000 tons, which was an increase of about 8,000,000 tons on the year before, 9,000,000 upon the year before that, and an increase of 11,000,000 on the year 1903?—What is the question you are asking me? I could not follow your figures quite.

3594. I say in the year before you gave evidence did our coal exports reach a remarkable record of 55,600,000 tons?—In 1906 I think they reached a much higher figure myself. However, go on.

3595. But Sir Thomas, I am asking you a question is it true?—I do not think so. The information given me is that our exports in 1906 were more than 56,000,000 tons.

3596. I think these figures include bunkers, but I am not sure. I am speaking now apart from bunkers; is it true with or without bunkers? Your knowledge is sufficient to tell you it was a record?—No, my knowledge is not enough for that, but I can tell you that that our exports were gradually increasing year by year.

3597. They were, in point of fact, the year before you gave evidence, much higher than ever before. Twenty years before they were 20,000,000 tons a year less, so that we had reached then an unprecedented point in the export of coal from this country?—Well, you mind waiting till I check what you say about 20 years before?

3598. It is so, is it not?—Yes, 20 years before they were wonderfully different.

3599. Then you gave evidence that this reduction of hours to coal miners—which was then stoutly resisted by all the coalowners just as this is being resisted to-day—would have a very serious effect upon the coal exports of this country?—I am not aware said it would have a very serious effect. I was opposed to it. I thought it would diminish our powers of competition.

3600. You were not impressed by the hard life of the miners in this country, and their hard social conditions. You know South Wales?—Yes.

3601. Have you seen a place called Tredegar, an example?—No.

3602. At any rate you know some of the mining villages of South Wales. Are you proud of them? I am quite satisfied with some of the houses I have put up in my own village.

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3603. Is it a fact that some of the houses are deplorable?—Yes.

3604. And in spite of that you opposed this reduction of hours to the miners?—What in the world has that to do with the class of house in this part of the country?

3605. It has this to do with it. Knowing the hard lives of these men, your evidence was so strong that the trade of this country would be affected that although you, like ourselves, are naturally desirous of giving a better time to these hard working men, you were so affected by what you felt was the effect on our export trade that it was necessary to oppose the reform?—But I do not see the connection at all. Those who had bad houses ought to have better houses, even with the eight hours. It has nothing at all to do with the number of hours of working.

3606. There is this to do with it?—Pray let me finish. The duty lies upon the employer of labour to give a decent house for his men to live in. That is another duty altogether.

3607. If I may put it to you, it is the same question in this sense: it is all part of the life of these men. I say again, you, knowing their life is hard you yet entered a strong opinion on this subject and felt it your duty in the interests of the country to oppose the Miners' Eight Hours Act, although in doing so you were opposing the interests of these hard working men?—I do not know that I set myself to oppose anything more than now. I was asked to give evidence to the best of my knowledge. I am giving it now, and in my opinion then, and in my opinion now, the reduction in hours diminishes our power of competition with foreign countries. I am going to prove that by figures. You have been giving some figures to me now; I do not know what you quoted from; if you have not these figures you must take them from me. In the year 1909, when the eight hours scheme commenced, the exports from the United States immediately jumped up and stayed up; the exports from Germany jumped up and stayed up after 1909; and the imports from Japan—you talk about 20 years ago—were about 500,000 tons 20 years ago and now they are 5,000,000 tons.

3608. I am much obliged to you for that information. Now, may I ask you this question: Are you aware that in the year 1913, that is to say, six years after you gave your evidence, our exports of coal from this country had jumped up by nearly 18,000,000 tons as compared with the year before you gave your evidence?—No. I am not aware of that. As far as the figures given me are concerned, the figures of 1913 are below those of 1912. I think you had better get figures of that nature.

3609. They are official returns.—If they are official returns you may rely on them, of course. I really do not know.

3610. You give evidence before a Committee in 1907 and you come to give exactly the same kind of evidence now. You opposed then, and you oppose now. I am putting this to you as a fair-minded man. The question I am putting to you is really directly related to the value of your opinion in this matter. It is the value of your opinion I am trying to get at; what was your opinion in 1907 and what happened afterwards. You said our coal exports would be effected?—I did.

3611. I suggest to you our coal exports increased after that at a more rapid rate than in the past?—I say that what I said then, and what I am saying now, is amply justified by facts. One of the results was to increase the exports from America and the exports from Germany. What saved us, in effect, was that the demand in other quarters increased so much that we were able to keep our quantity up, or to exceed it, if you like, notwithstanding that markets were taken away from us by those competing countries.

3612. Are you not very glad to think that, on the whole, your prophecy did not come true?—Certainly I am.

3613. Are you not glad to think that the miners did get their hour off their work?—Yes.

3614. Are you not glad to think our exports rose in only six years 18,000,000 tons?—The more they rise the better I shall be pleased, but you are not taking

figures from me. You get them from a better authority, no doubt.

3615. I have asked for these figures officially and have been supplied with them officially. They are not out of my own head. Do you accept the figures?—I do not deny them in the least.

3616. May I suggest, therefore, it would be well not to be quite so confident with regard to the effect of the present measures proposed by the miners on our export trade in the future?—I am really very sorry that I cannot make my point understood by Sir Leo. I said those years ago that the influence of what was then proposed, upon America and Germany, would be to stimulate their exports. What I said then has been amply borne out by facts. I think that if we do the same thing again now, the competition of America and Germany will gain by stimulation; and I can only say that if Parliament in its wisdom carries this proposal, or if the Committee see their way to do it, I can only hope that the demand at home and nearer home will be so increased that notwithstanding the increased competition of America and Germany we shall still be able to employ more men. I will put this: the increase in our quantities since those years that Sir Leo is talking about, has been brought about by the increase in the number of miners employed. I am not here to speak on behalf of less trade, but I say, is anybody proud of the fact that of the men who work in this country a continually larger and larger proportion are miners, even at a big wage? For my part, I think if we had more men in other employments than mining, even at a much less wage than the miner gets, it would be a better thing for the country.

3617. Have you any proposition to bring that about. That is a very interesting proposition. But how would you bring it about Sir Thomas?—It would not be my place to make suggestions as to how that is to be brought about. I am telling you what I think, as one man to another. I do not like to think that the continual increase of the labour population in this country will be an increase in our colliers.

3618. You would rather deal with the loss of our exports as reducing the number of miners?—If I could find equal employment for the men elsewhere, and equal money for them. Put it this way: you have to find employment for 100 men; if we had all the power possible and had to choose what to put those men into, if we could get as good money for them with comfortable conditions on a farm, we would never send them down a pit, any of us.

3619. That, I should take it, rather leads you to sympathise with the miners' programme, which means their being down the pit for a smaller number of hours during the day?—I do not sympathise very much with a six hours day. I have always had to work 10 or 12 hours a day all my life.

3620. Would it comfort you to learn that we have discovered already, in the course of investigation, very considerable savings may be made in the cost of a ton of coal; would it not rather mitigate your fears in regard to loss of exports?—Yes, I have said already it is entirely a question of price.

3621. You have some very interesting remarks in your paper with regard to the functions of the coal exporter?—Yes.

3622. Are you aware that the Powell Duffryn Steam Coal Company, Ltd., dispense with the services of—using the term without any offence—middlemen in this matter?—The Powell Duffryn Company do not do an export trade. Theirs is a general trade.

3623. Do they not do a considerable export trade?—I do not remember their ever having one of the large French railway companies or Italian railway companies to supply. They sell their own coal in a limited market to a limited number of people.

3624. Have their operations not been rather increasing?—No, they have not. Their operations have decreased. Only the other day they were saying they did not get a fair share of ships.

3625. That was during the war, but in the ordinary way their trade was increasing?—Not more than any other people's trade. The whole trade of South Wales has been increasing.

3626. I was not making any comparison. I suggest

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that it was increasing?—Do you mean their total trade or the trade which they do direct?

3627. I was speaking of their export trade?—That is only a fleabite as compared with their whole trade.

3628. But it is the case, is it not, that they have carried on an export trade without the intervention of the middleman?—No. The fact is this, that they have a depot at Rouen which serves a very useful purpose in this respect, that when they are short of trade and have no orders they can put a cargo of coal in there and it can stay there until they get a buyer for it. Of late years the coal trade has been good, and it has not been necessary to use it to that extent as a safety valve, but that is the reason for it and is the reason, as far as I know, for all colliery owning depots. But there are not many of them.

3629. Cannot you see that there must be a certain economy if you take the export trade of South Wales, if it were dealt with in bulk and bulk contracts made, say, with the Italian or French Governments and other large buyers, by a central authority? Do you think there would be economy in that?—No, I do not think so. My experience with regard to the running of big businesses is that you may have a business too big for one man to control, and then, instead of economy, you have waste.

3630. Are you aware that we have had some interesting evidence given by a representative of the Admiralty here that they get coal much cheaper than other people? Does not that suggest to you that economy is possible?—The Admiralty did not go into the market at all. The market was told what they were to charge.

3631. Could that not take place also on a big scale dealing by a central authority?—No.

3632. That you could get rid of the intermediate agents?—I do not follow you.

3633. *Mr. R. W. Cooper:* Have not the Admiralty power to commandeer coal?—Certainly—and they have done so. They have taken our coal off a tip that was meant for a certain ship.

3634. *Sir L. Chiozza Money:* Is it not true that if you had a central authority the people of London would be able to get coal at an arranged price without any intermediate dealing, and would not that cut out all the middleman's profits?—No. I think the expense of a Government Department such as that which now exists at the Holborn Viaduct Hotel or the one in St. James's Park would be very much greater than the profits of what you are pleased to call the middleman.

3635. Do you realise that we were told by the head of the Coal Distribution Department that, after all, the expenses of his Department only come to 6d. a ton? Does that not strike you as a very low figure?—I should be disinclined without examination to accept any such statements. Mr. Pick has had very little experience. I think he was an advertising contractor two years ago.

3636. *Mr. Sidney Webb:* I should like to ask you a question or two about the export trade, and what we may call the economics of it. I think you have rather gone on the very natural assumption that an increase in the f.o.b. price at Cardiff for export would involve a corresponding increase to the consumer at the distant place?—Excuse me, when I read my paper I did, as I sometimes do, read backwards and forwards. It is the price that the consumer pays that is really of importance, so that if you could squeeze your freight you could afford to give higher prices for your coal.

3637. I was not talking about the present circumstances, because they are entirely abnormal, and we are not considering what would happen at this moment. We are considering the question under what we may call normal conditions in the future; therefore, I would like to leave out of consideration the present abnormal circumstances. Taking the normal circumstances, either pre-war or post-war, and getting rid of the disturbance altogether, if we might consider, for instance, the distant markets, that is to say, the Eastern markets, as a matter of fact do you not think that the amount of freight which the shipowner gets on coal is, to use the railway expression, as much as the traffic will bear, and if he can get the coal cheap f.o.b. at Cardiff he is able to

charge more for freight, and if the price goes up his freight goes down? Is that so very unreasonable?—I am not quite following you. First of all there is practically no Eastern trade from Cardiff at present. It has gone; they have lost it. That is one of the places where the Powell Duffryn Company did their business themselves. They had a depot.

3638. We do send a certain amount of coal to Singapore?—We send a little for the P. & O. Company and the Admiralty.

3639. And we send a little to Australia still?—I am not aware of it.

3640. We send some to Singapore and to Colombo?—Yes, we send a little to Colombo.

3641. That is rather a dangerous place, from the point of view of competition?—Yes.

3642. You might be afraid if the price goes up f.o.b. to an English port or a Welsh port for that market, that our export trade would be in very serious danger. I am taking it from you that the trade has already been cut into?—It has been very seriously cut into.

3643. Therefore, it is a danger spot?—Yes.

3644. I am suggesting to you that if the price goes up f.o.b. the shipper will find that he cannot charge that amount of freight?—There are heaps of other places for him to take freights to.

3645. Is it not found by experience that the rate of freight on coal for a port like that has a certain dependence on the price, and if the price is relatively low the freight tends to be high?—Yes.

3646. If it is relatively high, the freight tends to be lower?—Yes, the two act and re-act on each other.

3647. Therefore, in so far as that influence prevails, the increase in price f.o.b. might be counteracted to some extent in its effect on the distant consumer by a corresponding diminution of freight?—Certainly.

3648. That is an interesting point, that we may positively increase the f.o.b. price of coal, and yet for it to have no adverse effect on the export trade, because the freight would be diminished?—Yes, I think I said that in my proof somewhere. You are perfectly right.

3649. It is an interesting fact that, in spite of all the evidence, and a good deal of evidence was given before the Committee in 1907, as to the terrible effect which the reduction of hours to eight would have—not by you, but by other witnesses—on the export trade, the Committee was not impressed by that evidence, and they actually say in their report, I do not know whether you remember it: "The price of the coal f.o.b. at Cardiff is only one factor in the composite business, one link in the chain. If this price rises disproportionately, the shipowner must and would accept a lower freight for the coal, and he is generally compensated in the action of equality in the chartering markets in homeward freights." Does not that lead to the suggestion that, just as the reduction of hours to eight did not have that shattering effect on the export trade which was feared, so it is possible that the reduction now asked for would not have the shattering effect on the trade which some people think?—That it might shatter the shipowner's freight instead, you mean?

3650. Yes, and it has been suggested that the shipowner's freight, even before the war, was rather more than necessary to keep the shipowner in bread and butter, that he could stand the shattering of his freight to some extent. I will not ask you about the profits of the shipowner?—I am perfectly ready to give them to you. I can tell you at once about the shipowner, that the result of last year under requisition was such that we lost money. Our ships could not pay their way.

3651. I was not talking about last year, or any of those abnormal war years; we want to get that out of the way. I was suggesting to you that it was possible, taking the pre-war period, that the aggregate receipts for freights by the shipowners might be reduced to some extent without ruining the trade?—The years 1910 to 1912 were simply disastrous to the shipowners' trade.

3652. They were to many people, but it was different in the years 1913 and 1914?—They were picking up again in 1913 and 1914.

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3653. The shares in the shipping companies were fetching considerably higher prices?—I do not trouble my head with those flying companies. Those big companies do not bring us our bread and butter.

3654. Take the case of the tramp steamers: they were not doing so badly in 1914?—No, not so badly in 1914, but for some years before 1914 they were losing money because rates were very low and very bad.

3655. The coal export went on increasing?—Yes.

3656. I do not want to pursue that point any further. We have the interesting result that it is possible to put the price up f.o.b. without affecting the export trade, because of the compensating action of the freights?—Yes, you may get it in meal instead of in malt.

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[Continued.]

that it was increasing?—Do you mean their total trade or the trade which they do direct?

3627. I was speaking of their export trade?—That is only a fleabite as compared with their whole trade.

3628. But it is the case, is it not, that they have carried on an export trade without the intervention of the middleman?—No. The fact is this, that they have a depot at Rouen which serves a very useful purpose in this respect, that when they are short of trade and have no orders they can put a cargo of coal in there and it can stay there until they get a buyer for it. Of late years the coal trade has been good, and it has not been necessary to use it to that extent as a safety valve, but that is the reason for it and is the reason, as far as I know, for all colliery owning depots. But there are not many of them.

3629. Cannot you see that there must be a certain economy if you take the export trade of South Wales, if it were dealt with in bulk and bulk contracts made, say, with the Italian or French Governments and other large buyers, by a central authority? Do you think there would be economy in that?—No, I do not think so. My experience with regard to the running of big businesses is that you may have a business too big for one man to control, and then, instead of economy, you have waste.

3630. Are you aware that we have had some interesting evidence given by a representative of the Admiralty here that they get coal much cheaper than other people? Does not that suggest to you that economy is possible?—The Admiralty did not go into the market at all. The market was told what they were to charge.

3631. Could that not take place also on a big scale dealing by a central authority?—No.

3632. That you could get rid of the intermediate agents?—I do not follow you.

3633. *Mr. R. W. Cooper:* Have not the Admiralty power to commandeer coal?—Certainly—and they have done so. They have taken our coal off a tip that was meant for a certain ship.

3634. *Sir L. Chiozza Money:* Is it not true that if you had a central authority the people of London would be able to get coal at an arranged price without any intermediate dealing, and would not that cut out all the middleman's profits?—No. I think the expense of a Government Department such as that which now exists at the Holborn Viaduct Hotel or the one in St. James's Park would be very much greater than the profits of what you are pleased to call the middleman.

3635. Do you realise that we were told by the head of the Coal Distribution Department that, after all, the expenses of his Department only come to 6d. a ton? Does that not strike you as a very low figure?—I should be disinclined without examination to accept any such statements. Mr. Pick has had very little experience. I think he was an advertising contractor two years ago.

3636. *Mr. Sidney Webb:* I should like to ask you a question or two about the export trade, and what we may call the economics of it. I think you have rather gone on the very natural assumption that an increase in the f.o.b. price at Cardiff for export would involve a corresponding increase to the consumer at the distant place?—Excuse me, when I read my paper I did, as I sometimes do, read backwards and forwards. It is the price that the consumer pays that is really of importance, so that if you could squeeze your freight you could afford to give higher prices for your coal.

3637. I was not talking about the present circumstances, because they are entirely abnormal, and we are not considering what would happen at this moment. We are considering the question under what we may call normal conditions in the future; therefore, I would like to leave out of consideration the present abnormal circumstances. Taking the normal circumstances, either pre-war or post-war, and getting rid of the disturbance altogether, if we might consider, for instance, the distant markets, that is to say, the Eastern markets, as a matter of fact do you not think that the amount of freight which the shipowner gets on coal is, to use the railway expression, as much as the traffic will bear, and if he can get the coal cheap f.o.b. at Cardiff he is able to

charge more for freight, and if the price goes up his freight goes down? Is that so very unreasonable?—I am not quite following you. First of all there is practically no Eastern trade from Cardiff at present. It has gone; they have lost it. That is one of the places where the Powell Duffryn Company did their business themselves. They had a depot.

3638. We do send a certain amount of coal to Singapore?—We send a little for the P. & O. Company and the Admiralty.

3639. And we send a little to Australia still?—I am not aware of it.

3640. We send some to Singapore and to Colombo?—Yes, we send a little to Colombo.

3641. That is rather a dangerous place, from the point of view of competition?—Yes.

3642. You might be afraid if the price goes up f.o.b. to an English port or a Welsh port for that market, that our export trade would be in very serious danger. I am taking it from you that the trade has already been cut into?—It has been very seriously cut into.

3643. Therefore, it is a danger spot?—Yes.

3644. I am suggesting to you that if the price goes up f.o.b. the shipper will find that he cannot charge that amount of freight?—There are heaps of other places for him to take freights to.

3645. Is it not found by experience that the rate of freight on coal for a port like that has a certain dependence on the price, and if the price is relatively low the freight tends to be high?—Yes.

3646. If it is relatively high, the freight tends to be lower?—Yes, the two act and re-act on each other.

3647. Therefore, in so far as that influence prevails, the increase in price f.o.b. might be counteracted to some extent in its effect on the distant consumer by a corresponding diminution of freight?—Certainly.

3648. That is an interesting point, that we may positively increase the f.o.b. price of coal, and yet for it to have no adverse effect on the export trade, because the freight would be diminished?—Yes, I think I said that in my proof somewhere. You are perfectly right.

3649. It is an interesting fact that, in spite of all the evidence, and a good deal of evidence was given before the Committee in 1907, as to the terrible effect which the reduction of hours to eight would have—not by you, but by other witnesses—on the export trade, the Committee was not impressed by that evidence, and they actually say in their report, I do not know whether you remember it: "The price of the coal f.o.b. at Cardiff is only one factor in the composite business, one link in the chain. If this price rises disproportionately, the shipowner must and would accept a lower freight for the coal, and he is generally compensated in the action of equality in the chartering markets in homeward freights." Does not that lead to the suggestion that, just as the reduction of hours to eight did not have that shattering effect on the export trade which was feared, so it is possible that the reduction now asked for would not have the shattering effect on the trade which some people think?—That it might shatter the shipowner's freight instead, you mean?

3650. Yes, and it has been suggested that the shipowner's freight, even before the war, was rather more than necessary to keep the shipowner in bread and butter, that he could stand the shattering of his freight to some extent. I will not ask you about the profits of the shipowner?—I am perfectly ready to give them to you. I can tell you at once about the shipowner, that the result of last year under requisition was such that we lost money. Our ships could not pay their way.

3651. I was not talking about last year, or any of those abnormal war years; we want to get that out of the way. I was suggesting to you that it was possible, taking the pre-war period, that the aggregate receipts for freights by the shipowners might be reduced to some extent without ruining the trade?—The years 1910 to 1912 were simply disastrous to the shipowners' trade.

3652. They were to many people, but it was different in the years 1913 and 1914?—They were picking up again in 1913 and 1914.

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3653. The shares in the shipping companies were fetching considerably higher prices?—I do not trouble my head with those flying companies. Those big companies do not bring us our bread and butter.

3654. Take the case of the tramp steamers: they were not doing so badly in 1914?—No, not so badly in 1914, but for some years before 1914 they were losing money because rates were very low and very bad.

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[Continued.]

only been a shipowner, I should have made more money out of ships probably.

3685. *Mr. Robert Smillie*: If you had only been a miner, you would not have been here at all?—If I had only been a miner, I should have been a miners' leader or a mine manager by now.

3686. You would have been a parasite then?—No, not a parasite.

3687. *Mr. Herbert Smith*: You are aware of the number of men who have lost their lives in the mines; is it because of that that you are so anxious to get men out of the pits on to the land?—I do not think it is a desirable thing for so large a proportion of the manhood of the country to be employed in such an occupation as mining. I wish our country could get its supremacy in some other way.

3688. Do you not think for that reason the miner ought to be well paid and well housed?—Certainly I do—well paid and well housed; but on the other hand I think he ought to take a pattern, or rather his wife ought, from the miner's wife in France or Germany. If the Welsh collier's wife was as good a manager as the French collier's wife, the Welsh collier would be a great deal happier and healthier man. I am not speaking of going into houses just where you are directed to go; but I have walked straight into pit cottages in France, and I might go where I liked, and I have always been struck with the clean little cottages and the appetising smell of the dinner that is cooking, and the vegetable garden behind with pigs and rabbits.

3689. You will admit that it is rather fortunate that other people have travelled besides yourself?—Yes.

3690. I am not prepared to depreciate a Britisher's wife in comparison with a Frenchman's wife. I am prepared to hold her up as something higher than a Frenchman's wife, from a domestic point of view, and I am talking as a working man who has eight in family and who has spent 25 years in the mines. I have spent some time in them in France, and, notwithstanding all those rosy pictures that you have told us about the miners' cottages in that country, I am not prepared to swap with the Frenchman; but what I do want to say is that if the colliery owners would take a lesson from the German colliery owners, bad as they may be, in the matter of providing baths and so on, they would be going in the right direction to improve the state of the miner instead of gorging profits as you are.—You say why do we not provide them with baths. We will provide them to-morrow if you will do your share. At a mine in Newport, for instance, there is only one man who takes his bath regularly. You cannot make them take their bath. We will put the baths in if, when they are put in, Parliament will make their use compulsory.

3691. *Mr. Robert Smillie*: We are quite willing.—I agree with Mr. Herbert Smith in that. After all, we are only getting at the same thing by different ways. Now I have been looking into the housing question. When we have built a good house for a collier the condition inside is sometimes deplorable. Of course, they are not all alike; there are good men and bad men. I have contrasted them in my own mind with the cottages I have seen in France and Germany.

3692. *Mr. Herbert Smith*: After all, you are here to defeat our objects, and keep your own end up?—No, I am not. I am here to tell you what I think is right.

3693. *Mr. Frank Hodges*: I should like to bring you back to the figures submitted to you by Sir Leo Money. I have in my hands the official report giving the official statistics of the coal exports from the United Kingdom for many years. In the year 1906, to which he made reference, you notice that the exports were in the neighbourhood of 55½ million tons? (*The official report was handed to the witness.*)—Yes.

3694. That was the year before you gave your evidence?—Yes.

3695. In 1913 the exports rose to 73 million tons?—Yes.

3696. That is the 18 million tons to which Sir Leo referred?—Yes.

3697. On the next column you notice that in 1906

the value of the exports amounted to 90 million pounds?—Yes.

3698. Whilst in 1913, with 18 million tons increase in export, the value has risen to 50 million pounds; so that with an increase in export quantity of 18 million tons the money value rose by 20 million pounds?—Yes.

3699. How does that quite square with the theory that you are putting forward to-day, that the proposed further reduction in the working hours would reduce your exports, and if it did not in effect reduce your exports, there would be a fall in prices?—These figures do not square with it.

3700. If these figures are true, your theory is wrong, I take it?—These figures, assuming that they are correct, go no further than to say that my fears which I entertained in 1907 were unfounded. It does not follow that they are unfounded to-day. If they are unfounded, no one would be better pleased than I should be.

3701. In what direction do you say that these figures are wrong?—I do not suggest that they are wrong: I say you are wrong in saying I was wrong in 1907.

3702. Would you not, after this rather convincing evidence, approach the new question of a reduction in hours with rather a different attitude than you did originally?—There is bound to be an end, as somebody said yesterday: there is bound to be a limit. From nine to eight hours was what we discussed 12 years ago.

3703. As a matter of fact, it was much more than that?—We only worked 54 hours a week. You were there then.

3704. You worked more than that. There was really no limit to the hours worked underground?—So far as the owners of that particular colliery were concerned, the men were employed 54 hours a week. They had a shorter day on the Monday and Saturday. You were proposing to reduce it to 48 hours. That is a reduction from 54 to 48. Now you are going to reduce it to 36 hours and accompany it by a 30 per cent. increase in wages. I should be only too pleased if it does not affect the trade, but I seriously think it will. It is not a matter of being on one side of the table or the other. I think that it would have a prejudicial effect on our coal trade. I am seriously afraid that the time will come, before very long, when our pits will be standing for want of trade, and I do not want to see that.

3705. You speak with equal conviction now to your conviction in 1906, I notice.—Yes, I speak with greater force, because I say the difference that made the basis of my remarks in 1907 was very much smaller than that to-day. It was then from nine hours to eight. Now it is from eight hours to six, coupled with a 30 per cent. increase in wages.

3706. What makes you say it is a reduction from eight hours to six?—Is not that what you are asking for?—No. Then, may I ask, what are you asking for?

3708. We have stated over and over again that what it will work out at will be somewhere about seven hours. The actual average working day now is not eight hours, it is nine.—You can work as few hours as you like, but what we want to see is the colliers in our district tackle the question of machinery and get us the quantity with less human muscle. The man who gets the most money in my place is the best man for me, and pays me best. I would rather see you all get more money, but you cannot get it unless there is more production. The measure of the man's wages is not the time he spends in earning those wages, but the quantity and value of what he produces.

3709. It is rather extraordinary to hear you say that, in the light of the suggestions that I have made to your company from time to time.—I never see you. I wish there was more direct communication between the owners and people like yourself.

3710. The information that I generally get when I have made suggestions of that description is that they could not induce you to lay out the capital.—Well, it is difficult occasionally, I admit. You should see the owners and people like myself.

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[Continued.]

3711. Now, one question about housing. You have referred to the housing in colliery villages. Now, I happen to know the colliery village in which your colliery is situated, having lived and worked there for a number of years, and it rather struck me that it was very extraordinary that you should refer to the gardens in the French mining villages. You must know that the houses that your company own—and you will pardon me for putting it personally, but you referred to your own cottages—have their back doors abutting on your own coke ovens?—No.

3712. Pardon me, I am speaking with absolute knowledge.—You are speaking of a few cottages in the main street.

3713. Exactly; they do abut on your coke ovens, do they not?—The last one hundred cottages built, I think, have very nice gardens.

3714. Two of those cottages that I have been referring to have been condemned by the urban authority as not being fit to live in?—No, that is not a fair way of putting it.

3715. Is not that the fact?—Not to my knowledge.

3716. Well, it is to mine?—I have no knowledge of any such condemnation. Those two cottages were the first two that were built, and they have been damaged by subsidence caused by underground working; and did we not pull them down?

3717. You pulled them down eventually?—Yes. I gave instructions for the tenants to come out because it was no good to rebuild until the settlement was over. That was not a fair instance to take, because you must know that it was a matter of subsidence.

3718. It was not a matter of subsidence that compelled you to build them on the top of the coke ovens?—They were built before the coke ovens.

3719. *Mr. Robert Smillie*: Then you built the coke ovens on top of them?—No, the coke ovens were built at the bottom of their gardens. To say that they abut on the coke ovens is not a fair way of putting it; there is a garden between them.

3720. *Mr. Frank Hodges*: I am afraid I have made this question appear to be rather personal; but you painted the housing conditions in your district in such colours that I knew to be too glaring to be true, and I thought I ought to remind you of the fact of where your houses were and how they were built.—You are referring to houses built 25 years ago; but the houses that have been just finished you never said a word about. I thought they were rather nice colliery cottages. If you had made any suggestion to improve the comfort of the men, we should have been delighted to entertain it. There is not a cottage there that has not at least three bedrooms.

3721. Have you a bath in them?—There is a bath in most of them, if I am right. There were provisions for a bath.

3722. You will find that your latest houses do not contain that very useful feature?—I will see that they are put in whenever a man wants it. I think most of them have one. I am referring to the houses in the street going up the hill.

3723. *Mr. Robert Smillie*: I should not have asked you any questions but for the reference to the bathing accommodation at the collieries. For over 20 years I have been advocating the necessity for having baths, but I have found that mineowners as a body have been against us?—Do you think so?

3724. I know that is the case. When we asked for legislation, the mineowners' interest in the House of Commons bitterly opposed it. Many individual owners were with us. How many collieries in Great Britain have provided accommodation for the miners?—Do you mean at the colliery itself?

3725. At the colliery itself?—I do not know of any.

3726. Then I will tell you: there is one.—Where is that?

3727. At Leigh in Lancashire?—I do not know that.

3728. Messrs. Fletcher Burrows' people erected at their own cost bathing and drying accommodation better than existed in Germany or in Belgium. The

experience of the Fletcher Burrows' people, as told to me, is that it has paid them to do so. Every man and boy in the pit washes at the pit and leaves his filthy clothes there, and they said: "If we stopped those baths there would be a strike at this colliery." They say: "It has made our men a more steady class of men, more respectable, and they stick with us and will not leave us." I believe that bathing accommodation at the mine would be the greatest blessing for those women that you were talking about that could possibly take place?—I agree.

3729. The mineowners put in a clause that if it cost more than 6d. per week per person to erect and to maintain those baths, they would not be required to build them even if the men balloted in favour of having them built. You know that the miners have proved that it is not possible to erect and maintain them at a charge of 6d. a week, so, therefore, the Act is a dead letter. Would you help us to secure legislation to make it compulsory to owners to erect bathing accommodation at the mines? If you do that, we will help you to make it compulsory that they shall be used?—I am strongly of opinion that if every mineowner were to do that, it would be a great benefit to the men.

The Chairman: It might go on the note that the section referred to is Section 7 of the Coal Mines Act, 1911.

Mr Sidney Webb: Would not the miners be more likely to use the pithead baths if their working day were shorter, because they would not be in quite such a hurry to get home?—Well, I can only say that I have not a six hours' day, and I manage to have a bath.

Mr. Arthur Balfour: I should like to say that at my own drill works, which I recently built, I put in baths, and after a little persuasion my wife and I persuaded the men and women to use them. We bore the whole expense, they paying for the towels, &c., and it has been a very great success indeed.

Mr. Robert Smillie: It was universal in Germany. No man was allowed to go away from the pit in his pit clothes.

Mr. Evan Williams: Mr. Smillie has given you some interesting information about baths, but do you know that the Ocean Company have put up baths at their own expense?—No, I do not.

Chairman: We are going to have the Chairman of the Ocean Company here on Monday.

3730. *Mr. Evan Williams*: Possibly he would not know about it. I telegraphed to the manager with regard to it, and I have had this reply: "Baths accommodation 730 used by about 420 out of 1,800 miners."—Which colliery is that, may I ask?

3731. I think it is the Lady Windsor.—The trouble I have seen is the men being able to get their baths in time.

3732. There is a point to which I attach some importance, and which I should like to clear up with you. You gave some evidence, it appears, before on the Commission on the Eight Hours Act?—Yes.

3733. I put it to you that the alternative that was put to you then to the then existing hours of work was 8 hours from bank to bank?—Yes, that is so.

3734. And that the whole of your prognostication referred to that reduction?—Yes.

3735. As a matter of fact, the reduction that actually took place was to 8 hours actual winding of coal, and not 8 hours from bank to bank. Are you aware that at that time the men maintained that they could produce as much coal in the reduced hours as they were producing in longer hours?—Yes, they did.

3736. And as a proof of that, in no case did they ask for an increase in their piecework rates?—I do not know about the piecework rates, but I remember distinctly their insisting that they would produce as much in the reduced hours as they did in the longer hours.

3737. And practically that was so?—No, it was not.

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SIR THOMAS EDWARD WATSON, BART.

[Continued.]

The quantity they produced per man underground per annum came down.

3738. But they did not get increased piece rates, nor did they ask for them?—No, they did not.

3739. Now the reduction is to 6 hours' winding instead of 8, and an increase of 30 per cent. is asked upon the wages which they now earn?—Yes.

3740. That means that the piecework rates have to be advanced so that they shall earn as much in 6 hours as they do in 8 now?—It is more than that, surely? They are to have 30 per cent. more money.

3741. For 6 hours than they are now getting for 8 hours?—Yes.

3742. Is it fair at all to compare prophecies made by you upon the result of the change in 1909, when the men claimed there would be no reduction of output per man, with the condition that they now propose of a reduction to 6 hours winding with a 30 per cent. increase in price?—I am obliged to you; I think it is not a fair comparison.

Mr. Herbert Smith: Have we said that we are going to reduce the winding hours to 6 hours?

3743. Mr. Evan Williams: You have recently come from the Paris Conference dealing with the Coal question with the French Government?—Yes, but I am not at liberty to answer any questions on that.

3744. But you know something of the coal conditions in France?—Yes.

3745. It is admitted that there must be a large reduction in the output of coal in this country if

this change comes about, and that it would amount to about a million tons a week?—I say there is going to be a reduction.

3746. What would be the effect in France of a reduction in output in this country of a million tons per week if the internal condition in this country is to be maintained? Should we have any coal to send to France at all?—We should not have any coal to send anywhere.

Mr. R. H. Tawney: May I ask, is it suggested by Mr. Evan Williams that our miners should go on working excessive hours in order to enable France to reconstruct herself?

Mr. Evan Williams: I was asking Sir Thomas the effect, if that reduction took place, particularly on France.

Mr. Sidney Webb: Why should it be suggested that the reduction of output per man means a reduction in the aggregate output? I am making no assertion, but can you show that the reduction of hours per man necessarily means a reduction in the aggregate output?

Mr. Evan Williams: I should say so, certainly.

Sir L. Chiozza Money: Sir, in view of what has been said by Mr. Evan Williams, I must ask for question 8993, put by the Chairman to Mr. Thomas Watson, as he was then, and his answer; and also questions 9201 to 9207, the end of his examination, where he alleges a reduction of 15 per cent., to be put in. (See following.)

EXTRACT from Minutes of Evidence given by Mr. T. E. WATSON before the Eight Hours' Committee on 28th February, 1907.

8993. Chairman: You began your evidence yesterday by giving a general expression of your opinion that if there were a reduction in output practically the whole of the diminution would fall on the export trade. That is the main question that we have got to investigate?—Yes. That is too wide and too general a statement, but I do say this, after full deliberation, as I promised that the effect of a reduction of 15 per cent. in the output which was spoken to by the last witness, or, in other words, a reduction of forty million tons of coal in the output would send up prices enormously, would injure all industries, and, in my opinion, the export trade would be the greatest sufferer.

EXTRACT from Minutes of Evidence given by Mr. T. E. WATSON before the Eight Hours' Committee on 28th February, 1907.

9201. Sir Andrew Agnew: I merely want to know whether this is the general position. The coal exported from this country, you say, is the surplus after the demands of the home consumers are satisfied. That is to say, the home consumer has to be satisfied first, and then it is only the surplus than can be exported?—I do not say that. The exporting districts are peculiarly situated so as to favour the export trade. At Cardiff, you see, we are on the seaboard, and so they are at Northumberland and Durham.

But what I said was this, that if we had a coal famine in this country, as we might have from a diminution by 40 millions, as has been stated in this room, then the British manufacturer would be able to pay a higher price than the foreign manufacturer and would get the coal.

9202. Therefore, unless the British railways and British industries used less coal than they do now, there would be practically very little left for exportation?—That is so.

9203. Because the amount exported in 1905 was 47 millions?—Yes.

9204. And the expected reduction would be something like 40 millions?—Yes.

9205. So that unless our industries suffered considerably there would be very little coal to send abroad?—Yes. The Chairman, of course, gave figures which I know nothing about, which to a certain extent cast doubt upon that broad statement. But my evidence was based upon the South Wales position, where the diminution in the output put up our prices enormously.

9206. I mean in this case it would be not merely that the prices would go up considerably, but that there could be much less coal to send to compete with the foreigner?—I think so.

9207. So that both in regard to price and in regard to the amount that you are able to send, the foreigner would be at an advantage. He would be put in an advantageous position?—I think it would be possibly a good thing for the colliery owner, but a bad thing for the nation at large.

(The Witness withdrew.)

(Adjourned.)

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[Continued.]

FIRST STAGE.—SEVENTH DAY.

MONDAY, 10TH MARCH, 1919.

PRESENT :

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

MR. ARTHUR BALFOUR.

SIR THOMAS ROYDEN.

MR. R. W. COOPER.

MR. ROBERT SMILLIE.

SIR ARTHUR DUCKHAM.

MR. HERBERT SMITH.

MR. J. T. FORGIE.

MR. R. H. TAWNEY.

MR. FRANK HODGES.

MR. SIDNEY WEBB.

SIR LEO CHIOZZA MONEY.

MR. EVAN WILLIAMS.

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

Chairman: Gentlemen, I have to call as witnesses to-day (I do not say in the order in which I am going to give you the names), Mr. Bowen, who speaks for the South Wales Export Trade to South America; Mr. Ridley Warham, from Northumberland (the Ashington Colliery), who speaks for the Scandinavian trade; Mr. Hobson, on behalf of the Associated Chambers of Commerce of the United Kingdom; Mr. Frowen, who speaks on behalf of a large body of men, the Colliery Deputies; a witness from the Post Office, Mr. Pearson, asked for by Mr. Balfour; Mr. Llewellyn Watson, who will speak with regard to gas producers, and then Sir Richard Redmayne, the Chief Inspector.

Mr. Arthur Balfour: I think it would be very useful to the Commissioners and also to the public to understand exactly what was the offer made by the Government which the Miners' Federation refused. We have had it mentioned in evidence that it was 1s. a day. I should like to be quite clear that it was 1s. a day. Perhaps Mr. Hodges will help me on that.

Mr. Frank Hodges: I have not got the exact statement made by Sir Robert Horne or the Prime Minister as to that, but I can give you the substance of it.

Chairman: If you give the substance we will get the official document afterwards.

Mr. Frank Hodges: As a matter of fact it can be stated very briefly. The offer was 1s. a day increase based upon a sliding scale arrangement that the Government had apparently entered into previously with the railway men; that is, for every four points increase in the cost of living, 1s. a week would be granted. As there had been an increase of 20 points in the cost of living since we had our last advance, our men, who worked 5 days a week, would have an advance of 5s.; that is to say for the 20 points. It was 1s. for every four points advance in the cost of living.

Mr. Arthur Balfour: Is that in addition to the 1s. a day?

Mr. Frank Hodges: No, that is what it would work out at, 1s. a day.

Mr. Arthur Balfour: We know that the miners

work 5½ days a week, from our returns that we have before us. If we take that 1s. a day and 1,000,000 miners, which we have from our returns, that would make an increase of £13,750,000 per annum.

Mr. Frank Hodges: I daresay that would be the figure. That is at 5s. 6d.

Chairman: I have done that figure myself.

Mr. Arthur Balfour: At present the payment to the miners is £169 per head per person employed, including boys. On one million, that is £169,000,000. If a 30 per cent. advance was given that would mean an addition to the wage bill of £50,700,000 as against the offer of the Government of £13,750,000. In other words, the total wage bill on the basis of 30 per cent. advance would be £219,700,000.

Chairman: Yes, I worked out the same figure.

Mr. Arthur Balfour: Taking the figure estimated as the probable output if the reduction of hours were given, 220,000,000 tons, that would mean—

Mr. L. Chiozza Money: On a point of order, may I ask this, Mr. Chairman?

Mr. Arthur Balfour: I should like to finish this point.

Sir L. Chiozza Money: If we are here to argue these points, will you permit others on this side to reply?

Mr. Arthur Balfour: I am only asking to have a record of exactly what it means.

Sir L. Chiozza Money: On a point of order, I must press this.

Mr. Herbert Smith: We do not accept this.

Sir L. Chiozza Money: If this is to proceed, is any Commissioner entitled to raise and give evidence in this way for publication in the Press?

Mr. Arthur Balfour: I am wanting to see what that 1s. means. Mr. Hodges agrees with me, I understand.

Mr. Robert Smillie: You have not been called upon as a witness. You have got the reply that 1s. a day was offered to the miners.

Mr. Arthur Balfour: Yes, but I want to show what that 1s. means. It means nothing to the public

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[Continued.]

otherwise. Of course I am in the Chairman's hands entirely.

Chairman: I think we understand the position entirely.

Mr. Arthur Balfour: That means 20s. per ton labour cost at the pit's mouth.

Mr. Sidney Webb: Those figures are not at all proved, and we take them to be inaccurate.

Chairman: Very well.

Sir L. Chiozza Money: On a point of order, is this to continue? I ask whether any of us are entitled to make a statement for the benefit of the Press, which will be reported for us? It will be very convenient for this side, but I want to know if it is to be permitted.

Mr. Arthur Balfour: I simply wanted to clear the matter up. We did not understand and the public did not understand what the ls. was.

Mr. Sidney Webb: Mr. Balfour, so far as I know, was correctly working out the multiplication table with regard to the amount of wages, but he then proceeded to make an entirely unproved assumption as to what the output would be, which is a matter of prophecy, and has not been proved and has relation only to hypothetical assumptions, as to which there has been no evidence given.

Mr. Arthur Balfour: I used the figure as an estimate.

Mr. Sidney Webb: But it would be misleading to the public for it to be assumed that it has in any way been proved or any evidence has been given that there would be any fall whatsoever in the aggregate output of the coal mines, and I want to say that my assumption is that the aggregate output from the British coal mines will not only be not less than it was in 1913-14, but that I am prepared to stake my reputation as a prophet that the aggregate output in a very few years will go on rising and be much more than it was in 1913-14.

Sir Arthur Duckham: I think, sir, that Mr. Balfour should be allowed to make his statement on that question.

Chairman: I am not a prophet, but simply a chairman.

Sir L. Chiozza Money: I asked at the conclusion of Sir Thomas Watson's evidence that certain questions that were addressed to him in 1907 on his opinion then and the answers which he gave to them in very clear terms might be added to our records. May I ask whether I am in order in asking that those questions and answers should be read, or alternatively whether they can be handed to the Press?

Chairman: To answer Sir Leo, may I say this? I think I did say that I would have a copy made. Sir Thomas Watson finished his evidence about half-past four on Saturday afternoon. Yesterday was Sunday. Some people have to work on Sundays, but I did not like to ask the officials to work on Sundays, and I did not ask them to work on Sunday to copy it out, and I shall not ask them to work on Sundays. They are doing it now, and we shall have the copies very soon, and anyone who wants a copy shall have one. But it was Sunday yesterday.

Mr. ALBERT EDWARD BOWEN, Sworn and Examined.

3747. *Chairman:* I propose to do what I have done in other cases, namely, to read the witness's proof and request Commissioners who desire to do so to ask questions. (*To the Witness.*) I believe you are Chairman of Wilson, Sons & Company, Limited?—Yes.

3748. Is that the Ocean Coal & Wilsons?—No, I am vice-chairman of Ocean Coal & Wilsons, which is a holding company.

3749. It is not necessary for me to advertise your Company; but I believe it is one of the largest companies in the kingdom?—Yes, I think so.

3750. Your output of coal is also one of the largest outputs in the kingdom?—I am afraid I know nothing about the coal side.

3751. I think you are also chairman of the Buenos Aires Great Southern Railway Company?—Yes.

3752. Now I will read your proof.

"Presuming that I am required to give evidence as to the possibility of recovering the British Coal

Sir L. Chiozza Money: That is not the point. I was not raising a question as to the time, but I ask that they be read out when they are ready.

Chairman: Yes, when they are ready they shall be read.

Mr. R. W. Cooper: Sir, may I ask as to some information which I requested a few days ago, when it is likely to be ready?—I asked for a statement showing the inland prices and quantities which, of course, are all shown in Form G, and then the export and bunkering prices which are also shown in Form G.

Chairman: I will ask the Secretary to make a statement as to that. I myself do not know about it.

Mr. R. W. Cooper: I should like to have the completed table for July to September, 1918, corresponding to the March quarter and June quarter put in.

The Secretary: As to the first, I understand Mr. Lee has it in hand, and as to the second, Mr. Dickinson will communicate that this morning.

Mr. R. W. Cooper: And probably later on Mr. Dickinson may come to produce these figures.

Chairman: Certainly.

Sir L. Chiozza Money: I think this is very important. Mr. Dickinson very kindly promised us his calculation based on the evidence of Sir Richard Redmayne, which showed there would be a certain additional cost of coal through the miners' demands. Although a week elapsed we have not had that very important statement.

Mr. Robert Smillie: But we shall have Sir Richard Redmayne himself.

Sir L. Chiozza Money: It is not Sir Richard's but Mr. Dickinson's calculation based on Sir Richard Redmayne's evidence.

Chairman: I can assure you, Sir Leo, that I will redeem all these promises. It is simply a question of time. I quite agree it has been a week. I wish it had been quicker, but Mr. Dickinson has been overwhelmed with other tables and one has been keeping him up nearly night and day. I have not forgotten it and I hope it will be here on Tuesday or Wednesday.

Sir L. Chiozza Money: But it was ready; he gave evidence on it. It is only a question of putting a clerk on to copy it.

Chairman: Very well, we will put two clerks on.

Mr. Robert Smillie: In my examination of Mr. Talbot I pointed out that the pre-war royalty on Cumberland ore was 2s. 6d. and that steel had gone up over 100 per cent. I asked him if he would be kind enough to supply us with the royalty rent paid at the present time, and he might be kind enough to see that that is done.

Chairman: Yes. I am glad Mr. Smillie has raised that point. We are going to have here Wednesday afternoon, I think, some one to speak on behalf of the Mining Royalty Association, and those figures shall come accurately from him. I have already asked that that should be done. I forget the name of the witness for the moment, but I can tell you after lunch.

Trade in South America, I may say at once that it is entirely a matter of the c.i.f. cost as compared with that of American coal.

"Previous to 1914 only very small quantities of American coal reached the Brazilian and Argentine ports. The United States shipments of coal to Argentine, Brazil and Uruguay amounted to 96,000 tons in the twelve months ended 30th June, 1910, and to 140,000 tons in the twelve months ended 30th June, 1914. They increased to 1,195,000 tons in the following twelve months, and to 1,619,000 tons in the twelve months ended 30th June, 1916. Our exports to the three named countries were 6,304,000 tons in 1913, 4,611,000 tons in 1914, 2,449,000 tons in 1915, and 1,105,000 tons in 1916.

"There was considerable prejudice against American coal owing to its appearance, it being small and friable, but when shipments from the United Kingdom became difficult and almost ceased consumers were obliged to take American coal, and

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MR. ALBERT EDWARD BOWEN.

[Continued.]

they soon discovered that it is nearly as efficient as second-class Welsh Admiralty coal for steam-raising purposes.

"During the war the Americans made every effort to send coals to South America, and they succeeded to a remarkable degree. Since the Armistice, and indeed before the Armistice was signed, very great efforts were made by American shippers to obtain orders for coals, and a great many contracts were entered into. Shippers of British coals were, of course, not in a position to compete, so that the Americans have obtained a firm hold, especially in Brazil.

"The price of American coal to-day varies between \$5.00 and \$5.50, and I have before me at this moment an offer of 100,000 tons of the very best Pocahontas or New River coal at the price of 22s. 6d. per ton f.o.b. Newport News or Norfolk, Va. To this figure must be added the cost of trimming, say 10d. per ton.

"The present official freights from the United States are as follows:—

Brazil—

\$18.50 net charter, 500 delivery, Pernambuco or Bahia.

\$19.50 net charter, 1,000 delivery, Rio de Janeiro.

\$21.00 net charter, 750 delivery, Santos.

River Plate—

\$19.50 net charter, 750.

Sail rates are as above, but with lower rate of discharge. Neutrals and other carriers considerably shade these figures.

"I understand that there is a very large surplus of American coal for disposal, and that in many districts the men are working short time owing to lack of demand.

"The mines are situated from four to five hundred miles from tide-water, and the pre-war cost of haulage was \$1.10 per ton, but this, on the 24th June, 1918, was raised by the United States Government to \$2.00 per gross ton, at which it now stands.

"Freights at present from South Wales to the River Plate and Brazils are about 50s. per ton. The rates of freight from South Wales in 1914 were as follows:—

	s.	d.
Pernambuco	14	9
Bahia	14	7
Rio de Janeiro	14	5
Santos	13	8
River Plate	14	0

The Plate rates were as high as 120s. in 1917/1918.

"The quantities of coal imported into the Cape Verde Islands from the United Kingdom were as follows:—

1909	252,000 tons.
1910	301,000 tons.
1911	221,000 tons.
1912	277,000 tons.

"A total of nearly seven million tons was sent to South America from the United Kingdom in 1913, of which nearly six and a half million tons were to ports on the Eastern Coast of that continent.

"Owing to the impossibility of obtaining sufficient coals for the railways and other industries in the Argentine, recourse was had to native hard woods, and even cereals were very largely used, probably over a million and a half tons of maize was so utilised.

"In the Argentine there is a small native supply of fuel oil, but large quantities were imported from Mexico and the United States prior to the war, and the railway companies entered into extensive contracts at prices which showed a considerable saving on the cost of coal. Since the Armistice was signed these shipments of oil fuel have been resumed and the railways are now busily engaged in converting their engines for burning oil, fearing that the cost of British coal will be too high in future.

"Under the circumstances I have set out, determined and well organised efforts will be needed to restore British coal to its former supremacy in the

South American markets, and any further advance in its cost would probably have the effect of leaving the whole of the markets to the Americans."

3753. Is that your statement?—Yes.

Chairman: Now, Mr. Forgie.

Mr. J. T. Forgie: I have no question.

3754. Mr. Sidney Webb: Would you mind explaining some of these points which are not quite so clear to us. I see you compare the exports to Brazil and Argentine ports of American coal and British coal during the war years?—Yes.

3755. And you pointed out that the British exports have fallen very much?—Naturally.

3756. But you are not suggesting that is due to the question of price?—No. I might say for your information that shipments of American coal did not enter these markets to any extent before the war.

3757. The figures do not seem to be quite relevant. The reason for the falling off of the export during the war years has no relation to anything we are enquiring into?—They are actual figures.

3758. But actual figures are apt to be misleading. With regard to the future competition you pointed out that the price of American coal to-day varies between 5 dollars and 5½ dollars, and in fact you give a figure of 22s. 6d. per ton f.o.b.?—Yes.

3759. That is good evidence, of course, but as I am not familiar with it, what is the corresponding figure f.o.b. of Welsh coal?—There are two lists for the neutral countries. It is 50s. for best Welsh and 45s. for second Welsh.

3760. I am not asking about the present control price. What I mean is, what was the price in normal times, say, in 1913-14?—About 18s.

3761. Therefore, the Americans had no particular advantage over us there?—Their price in those days was only 11s. or 12s.

3762. I am only anxious to get comparative figures, because those figures are no use without comparative figures. You suggest the Americans have an advantage in the cost price f.o.b., of the coal?—Yes, they have always had.

3763. Do you suggest that is any reason why the British miners should receive lower wages?—Not in the least.

3764. It is not a reason why the British coalowner should receive lower profit?—I began by pointing out that it is entirely a question of c.i.f.

3765. I am only on your point. It is no argument for not giving the miners all the wages due to them?—Not in the least. I am of opinion that the miners should get all the industry can afford them, and as long as they do not kill the goose, I do not mind.

3766. We are enquiring what the industry can afford under the circumstances. You realise the miners' case is that the industry could afford a great deal more under other circumstances?—I understand that is their case.

3767. Therefore, the whole argument as to what it affords under present circumstances has no relevance to their case at all?—That I do not know.

3768. For instance, if you got all the mines unified, and all the financial interests, it is quite clear there would be the advantage of an additional sum available for payment one way or the other?—I am afraid I am very ignorant about the mining side of it.

3769. Then the figures which you suggest do not seem to be very relevant as to whether the miners' wages should be advanced or not?—Oh, no.

3770. They are not relevant, because, as you realise, there are other items which might be reduced?—Certainly.

3771. You are only concerned, as you say, with the c.i.f. price?—Yes.

3772. Which includes a number of items. The c.i.f. cost includes the cost of freight, for instance?—That is so.

3773. And consequently if the cost of coal f.o.b. went up, it might be set off by a reduction in the freight?—Certainly.

3774. And you have not given any evidence as to what the freight can be?—I told you what the freights are.

3775. But one knows the freights are such as to yield the owners enormous profits?—That I do not know.

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MR. ALBERT EDWARD BOWEN.

[Continued.]

3776. Do you mean you do not know that?—No I do not.

3777. May I remind you that very large excess profits duties have been paid by the shipowners?—I suppose so.

3778. That would be evidence that their profits were very large before the payment of the Excess Profits Duty?—Oh, yes.

3779. Consequently the mere fact that shipowners' freights are high is surely of no relevance to this Inquiry, because they might be made lower?—Yes. You want to compete with America and with the oil and the maize, and that means you have to get the c.i.f. contract down, and whether that comes down by coal or freights is immaterial—but it has to come down.

3780. If your evidence were of use as an argument that the miners' wages could not be increased, then they would be wrongly increased?—I am not concerned to talk about miners' wages but about export.

3781. It would be quite possible to secure a large reduction in freights, would it not?—If you can bring freights down there is no reason why the price of coal should not go up.

3782. Then the pre-war freights from this country, from South Wales, in 1914, were only, roughly speaking, round about 14s.?—Yes, pre-war.

3783. Is there any reason why they should not go down again?—Well, everything is against it I should say. Bunkers are very high, the men's wages are much higher, and the raw materials used on board ship are much more expensive.

3784. Shipowning was not an unprofitable trade in 1914?—I should think this was an unprofitable rate of freight.

3785. At any rate the shipowners paid very well out of it?—It all depends upon the round voyage.

3786. Quite so. On that round voyage have we not a very great advantage in this country over the United States?—Some advantage, but not such a great advantage as is generally imagined. There is quite a traffic between the Plate and Brazil and the United States to-day. They take large quantities of linseed, and they are even taking meat from the River Plate.

3787. But taking the whole thing, it has been given in evidence that this country has a great advantage in those voyages in receiving such a very large proportion of the heavy traffic?—That is right.

3788. And, consequently, even if the outward freight were higher from this country to the United States, it would be possible for the shipowner to quote a much lower freight because he would make it up on the return voyage?—Yes.

3789. *Sir Arthur Duckham*: Mr. Sidney Webb has asked you for the British freights, and you pointed out 14s. before the war. We have your freights in war time from America. What were the 1914 freights with regard to America?—I should doubt whether there was any fixed freight. There was very little pre-war traffic in coal to America. You will notice the total in 1910 was only 96,000 tons spread over the whole year, so that there was no fixed freight then. It was a catch freight.

3790. What I am trying to get at is a comparative price of coal in South America with some comparable rates, as Mr. Sidney Webb wished. The price you gave us I think was 10s. or 12s. a ton c.i.f. American ports pre-war?—It was about that.

3791. And our price here was 18s.?—Yes.

3792. That is a minimum difference of 6s.—12s. to 18s.?—Yes, about that.

3793. The freight from American ports, South America, is lower than that from Welsh ports to South America?—I do not know. The freight has always been higher from an American port.

3794. It is higher from North America to South America, is it not?—I think that is a very difficult question to answer. Of course that traffic is principally done in neutral bottoms. The Americans have no tonnage of their own to send, and it was generally neutral tonnage which took what they could get under the circumstances. I do not think

there was any fixed freight but I can tell you we were not able to send American coal pre-war because it did not pay.

3795. The point you make is that prices were in favour of America before the war. The reason you give us is that the South Americans were not used to using American coal?—That is so.

3796. I appreciate that very much, because as I pointed out to the Commission the other day, the matter of getting used to a coal is everything?—That is right.

3797. And now they are used to this coal, if they can get it at lower prices they will undoubtedly buy it?—Undoubtedly.

3798. And if they buy that coal we shall lose our export coal trade to South America?—That is my conclusion in my proof; that you will lose it all.

3799. And that instead of having a round freight for that coal we shall have to bring our food from America and pay for it in money or some other way and it will put up the cost of living?—We have been sending tonnage in ballast and it has come back with wheat and other things.

3800. And that is one of the causes of the increase of the cost of living?—Yes, it is one of the reasons of the increased cost of wheat here.

3801. *Mr. R. H. Tawney*: The point of your evidence I understand is that there may be keen competition in the South American market between England and American coal?—There is already.

3802. Could you give us the figures of our total exports of coal? You have seen them in the years before the war?—Yes, I have seen them all.

3803. You know the total exports were going up?—Yes.

3804. And going up to a pretty considerable extent?—Yes.

3805. And you remember when the Miners' Eight Hour Bill was being introduced there were very gloomy anticipations about the effect of a reduction of hours on our power to compete in foreign markets?—Yes.

3806. On the whole, those anticipations were not realised?—On the figures, certainly not.

3807. In fact, the opposite happened, in spite of those anticipations and in spite of the Act; our power to compete appeared if anything to increase? That is correct, is it not?—So far as I know, we have been competing all right.

3808. That is to say, so far as actual experience goes and apart from theory, that reduction of hours has not hampered our power to compete in the foreign markets?—No, but you are up against a different thing now. The Anglo-Argentine Railways use about 1½ million tons of British coal per annum. There are about £150,000,000 of British capital employed in these railways divided amongst perhaps 200,000 British shareholders. For every £1 that coal costs more delivered in the Argentine, it means just 1 per cent. exactly off the dividend. You can imagine what an enormous thing that is. The point I wish you to understand is this: That you are not only up against American coal but against the oil fuel competition in those particular countries. For instance, my company has large contracts with the Anglo-Mexican Company at a pre-war price, which worked out at about 32s. c.i.f. coal, and that, of course, is a very serious competition with British coal. Then there is this hard wood which we use in the Plate, which is very hard stuff and very good stuff, and costs much less than the present cost of coal, either American or British.

3809. I am glad you have told us that, but the point I want to get at is this: Taking normal conditions, and quite apart from war conditions, in spite of the reduction of hours which took place in 1908, our ability to compete in foreign markets did not diminish but increased?—Yes.

3810. Having regard to experience and apart from theory, the reduction of hours so far has not damaged the coal trade, has it?—No, not pre-war.

3811. The thing that matters to you is the c.i.f. price?—Yes.

3812. It is a matter of perfect indifference to you how the price of coal is reduced?—Quite.

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[Continued.]

3813. As long as it is reduced. A great many items enter into that c.i.f. price besides wages?—Yes, a great many.

3814. I think from the way in which you have spoken, if it were possible to cut some other item in the cost rather than wages you would prefer it?—I should

3815. Have you considered the evidence which has been given both before this Commission and other enquiring bodies as to the great waste in the production of coal. Have you read the report, for example, of the Coal Conservation Committee?—No.

3816. If I told you what I think is true, that on the whole the evidence before that Committee suggests that very great economies in the production of coal are possible, do you not think those economies ought to be resorted to rather than an attempt made to induce the miners to postpone their demands for better social conditions?—I am afraid I have not considered that sufficiently.

3817. I do not wish to put words into your mouth?—I am only a merchant. Whatever price you charge for the coal, I have to re-sell it and I make a profit or loss on it. I do not know very much about the conditions under which the coal is produced.

3818. In fact you are not here at all to give evidence against a reduction in hours or increase of wage?—No, not the least. I am here to tell you about the South American trade, which I want you to keep if you can.

3819. If we can find some other ways in which important economies will be introduced, no one will be so pleased as you?—Quite so.

3820. *Sir Thomas Royden*: To speak generally of your statement, it really is an historical survey of what has occurred during the war, and there is really no useful deduction, is there, to be drawn from it with regard to the future?—The deduction I want you to draw is that the Americans are after this particular market, and they mean to have it if it is at all possible, and if you put up the c.i.f. price of coal in the South American Market you will lose them. That is the point I want to make.

3821. The advantage that America gained out of the situation that arose during the war was the opportunity which it gave them to introduce their coal to South America, and, in fact, to advertise it?—That is right.

3822. And that is really so far as that goes?—Yes.

3823. On the question of freights and the abolition of Controls, would you expect that the freight situation, so far as it affects the competition between our coal and American coal, is becoming normal: there is no new factor that would operate to help us, is there?—No, I do not think there is. I cannot see any, because if freights fall here they will fall in America.

3824. There is one fortunate circumstance, and that is that owing to the American Government taking over the railways in America, the cost of haulage of American coal to the sea-board has nearly doubled?—Yes.

3825. I do not say it is wholly due to that?—It was 1.10 dollars pre-war, and now it is 2 dollars.

3826. So that you have that 90 cents to help you on this side which you had not before?—That is so.

3827. With regard to a question Mr. Webb put to you, the pre-war rate of freight of coal from this country to the Argentine was lower than the home-ward freight, was it not?—Oh, considerably.

3828. So that in effect the consumer in this country, whether he was an eater of wheat or a consumer of maize, was paying a subsidy to the coal industry indirectly in that way?—Yes.

3829. In other words, if the freights had been exactly the same, whatever profit there was in the transaction was paid by both sides?—Yes.

3830. Or whatever loss there was was a benefit to both?—Yes.

3831. I am only trying to find out whether we can see any assistance in that particular situation. To repeat what I said, as a matter of fact the coal exporter—the coal industry—does get in a measure a subsidy at the expense of the importer in this country?—That is so.

3832. *Sir L. Chiozza Money*: You have given your evidence, if I may say so, so very clearly and fairly that I have very little to ask you. You do recognise, do you not, that the miners' programme in no way affects the comparative natural advantages of the two countries, America and Great Britain, but it leaves them where they are?—I do not know what the miners' programme is.

3833. I am taking it as a demand for increase of wages and better standard of life. That does not affect the natural advantages of the two countries in respect of coal, but it leaves the question where it is—whether American coal is better or worse than ours for certain purposes?—You can take it it is more or less the same. You remember Sir Thomas Watson gave in evidence on Saturday that in his ships 100 tons of Welsh coal were just as efficient as 100 tons of Pocahontas coal?—Yes.

3834. The miners' programme leaves those things where they are?—I suppose so.

3835. And I suppose, as you said to Sir Thomas Royden, the miners' programme in itself does not affect the freight in the long run?—Well, it is a help to the miners to get coal carried out.

3836. My point is that it does not affect it, but in the long run leaves it where it is. The miners are not touching the freight factor?—But surely it must help the miner if he gets his coal carried.

3837. But it does not touch it one way or the other. Whether advantageous or disadvantageous, it leaves it where it is?—I am not able to prophesy what is going to happen now.

3838. That is a very fair answer. That leads me to ask you this. You would not suggest from what you have said already, I gather, that the miners should under any circumstances accept a lower standard of life merely to compensate, let us say, for American superior advantages in the Argentine market?—No, I do not suggest that for a moment, but I suggest that you have to be careful not to kill the goose that lays the golden eggs. If you put your price, whether in freight or coal, to a higher price than America in this particular market, you will lose it.

3839. That is a fair answer, but you would not suggest that the British miner should take a lower standard of life merely to preserve the South American market?—I was brought up to learn that half a loaf is better than no bread. If you do not get the market, I do not see how the miner is to improve his position. Otherwise I am with you that the miner should get all he can.

3840. But you would not suggest that he should accept a lower standard of life merely to preserve that particular market?—That is going a long way; but suppose he does not get any standard of life if he gets no market, what is to happen?

3841. That is another question, but would you answer my question? Would you suggest that?—No, certainly not.

3842. Now is not this the real fact, that the only relevance of the miners' programme (which, I put to you, is a request for a higher standard of life in general terms) to the market factor, which you are discussing as an expert, is this: Whether or not the American miner will consent in the long run to accept a lower standard of life than the standard of life here? Is that likely?—I always understood that the standard of miners' life in America is better than here, but I do not know myself. It is only heresay.

3843. I put it that the miners' are asking for a higher standard of life. Is it not probable but indeed likely that the Americans will demand at least such a standard or higher?—I should think it is very probable.

3844. So far as the miners' programme affects wages and hours, that is the only relevant factor?—Can you not arrange for them to demand it at the same time, and then we shall know where we are?

3845. Are you aware that the anthracite miners received an advance of 40 per cent. only last October?—I may have heard that.

3846. Does not that point to the fact that similar demands are likely to be exercised in the near future as in the past?—All these things are very deceiving. Anthracite coal is all domestic coal, and therefore it

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[Continued.]

is from one pocket to another. I am here for the export coal, which is quite a different story.

3847. To come to bituminous coal, is it likely the bituminous miners will accept a lower standard of life than the anthracite?—I think they are getting more.

3848. And the anthracite advance was to bring them level. This would show they will demand continuously an increasing standard of life, and they will advance in both countries with regard to rates and wages *pari passu*?—I hope they will. Otherwise I think we shall lose this South American market.

3849. *Mr. Evan Williams*: Are you aware that in South Wales a minimum price was fixed for export to neutrals?—A war price, do you mean?

3850. Yes?—Yes.

3851. Are you aware that determined attempts were made by Welsh coalowners to get increases upon that minimum?—I did not know that.

3852. They have tried to get it, have they not?—They have sold at a higher price than the minimum.

3853. To what extent?—I do not know, but not very much. The price was ruled naturally by the licensing and by Mr. Jenkins releasing the coal. If anyone could get coal released, naturally he could get a little more for it.

3854. Is it within your knowledge that by instruction from the Coal Controller they did attempt to get higher prices than the minimum, but failed to do so for coal exported to South America?—I believe I do know that from my connection with the Coal Exports Committee.

3855. And the reason for that was that South America would not pay the higher price?—I should not like to say, because it was starving for coal. The reason was that the tonnage was scarce.

3856. In any case, they failed to raise the price above the minimum price?—Yes, although I think the trade did sell a little, but not much.

3857. It sold a little at one time slightly higher, but they had to come down to the minimum very soon?—Yes. Of course, the whole trade is so hampered by the control that no one knows anything about the trade. For instance, here is a point that the gentleman on my right would like to hear, perhaps, and it is this. There is a 5 per cent. commission which has to be paid to the exporter by order of the Coal Controller. Now take the Great Southern Railway, of which I am chairman. We built a fleet of steamers to carry Welsh coal. We have exported Welsh coal for 40 years, but we are obliged to pay 5 per cent. to some third party, an exporter, because they say we are not exporters. To that extent, if that were taken away it seems to me that there is a point you can take advantage of. It is perfectly ridiculous that we should be obliged to pay 5 per cent. when we have exported for 40 years, and built our own fleet in which to ship it.

3858. *Mr. R. W. Cooper*: Under the printed direction of the Coal Controller?—Yes. I have written him several letters and he has written back to say, "You are not coal exporters."

3859. *Mr. Sidney Webb*: Has he given any explanation of that?—No.

3860. *Mr. Robert Smillie*: To whom is the 5 per cent. paid?—To you or any one who is a coal exporter. I am a coal exporter myself, but I have to pay you and I do not know why. It goes into the national pocket, but it comes out of mine.

3861. That does not seem to me to promote the export of coal. It is one of the influences at work preventing the export of coal?—It is only a war measure. It has nothing to do with the export. The railways have had to have the coal at any price.

3862. I suppose it is put on by the Coal Controller to maintain the exporter's profit?—Why should you get it when I am the real exporter?

3863. I am not defending the Coal Controller, but I am only too thankful that you bring this out as an extra burden which may be dispensed with?—It is one which will be done away with after the war, but I thought perhaps you would know something about it.

3864. *Mr. Evan Williams*: The position is, in the

River Plate the American coal can be delivered with British coal?—Yes, cheaper than British coal.

3865. And any increase in the price of British coal is bound to make the position worse for the British exporter?—Yes, there is no doubt about that, for the reason that they have got in and now they like American coal just as much as the British.

3866. If the effect of the miners' demand is to increase the price of coal, the chances of our regaining our export trade to South America will be serious?—You will not get it back.

3867. I understood you to say, in reply to Sir Leo, that if the miners got higher wages and less hours, and unless we export coal to South America and get sufficient wheat back, the conditions of life will be worse than they are at the present time?—There is no doubt about that. You will have your wheat costing what it was when we sent a ship out in ballast.

3868. It is within your knowledge actually, is it not, that the American rail-road rates were increased when the Government took control?—Yes.

3869. From 1.10 dollars to 2 dollars?—Yes.

3870. So that nationalisation of railways in America has been a benefit to us?—Obviously, to the extent of that 90 cents.

3871. I suppose it would be a fair assumption to say that the nationalisation of mines in America would also be a benefit to us?—We hope so, but it is only a pious hope.

3872. Conversely, nationalisation of mines and railways in this country would benefit America?—That is an argument.

3873. It is a natural deduction, is it not?

Mr. Sidney Webb: It would benefit every one.

3874. *Mr. Evan Williams*: Sir Leo put a question as to the effect of the miners' demands upon your ability to compete in freights. I take it that the cost of bunker coal is a considerable element in the running of ships?—Yes, a very large element, of course.

3875. If your bunker coal will cost you more, you are less able to compete in freights?—Yes.

3876. Apart from that, is there any factor that would tend to reduce freights from this country to the Plate, which would not equally tend to reduce freights from America?—The bunkers, of course, in America are very much cheaper than they are with us. You bunker your ships at six dollars in New York, and here you pay, say, 35s. or 36s. in South Wales. That is 11s. difference, when you start your voyage, in favour of America.

3877. So that you start with a disadvantage as regards bunker coal?—Yes.

3878. Apart from bunker coal altogether, is there any factor that you know of that would be likely to give us a benefit in reduction of freight that would not equally meet the freights to the Plate?—There cannot be any factor unless you get a return freight with wheat at a very high price. If you put it on one side of the house, you take it off the other.

3879. So that at present you have coal, plus freight, from America lower than coal, plus freight, from this country?—The c.i.f. prices are lower from America than from this country to-day.

3880. If you lower British freight, the American freight will be lower?—I think it will.

3881. So that it comes back absolutely to the price of coal as the dominating factor?—I think it does. When we made a cut, the Americans made a cut at once.

3882. What effect do you think a large increase in American tonnage will have?—It has this effect already, that Americans are able to export their own coal in their own bottoms now, which is a different thing from using British bottoms. Now they are going to export in American bottoms, and take all the profit on the coal and on the freight.

3883. So that we lose the business in the coal?—Yes.

3884. And we lose the business of carrying this coal?—That is it.

3885. *Mr. Arthur Balfour*: The evidence we have had so far before us is that the 8s. 2d. would be the probable increase per ton of coal at the pit's mouth.

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[Continued.]

Would an addition of 8s. 2d., provided there is nothing saved in any other way, make the recovering your South American business out of the question?—It would kill it if there were no reduction in freight.

3886. Would 4s. do it?—The present price would kill it if there was no reduction in freight.

3887. *Mr. Robert Smillie*: I suppose you are aware that at one time the little children of the miners were sent to work in the coal mines of this country?—I have heard of it, but fortunately for me, I have never seen it.

3888. Even at the age of seven or eight?—Yes, I have heard it.

3889. Are you aware that when a Bill was before Parliament which proposed to abolish the employment of little children in coal mines, the then Lord Londonderry, who was a large coalowner, said it would absolutely ruin the British coal trade if the children were put out of the mine?—I did not know that.

3890. Will you take it from me?—Yes, of course, I will take it from you.

3891. Is that not almost on a par with your evidence this morning, that the British coal trade is going to be ruined if certain advantages are given to the miners?—I have never said that. All I have said this morning in the whole of my evidence I meant to be to this effect, that unless you gentlemen are very careful, you will kill the goose that lays the golden eggs; that is to say, you will have no market. But as to how you are going to do it, I have said personally I wish the miners to get all they can out of the industry.

3892. I want to put the children's position to you again. Suppose it had been true that taking the little children out of the coal mines was going to ruin the coal trade, would you then have said, it is better to keep the children there?—I think I should have said, in that event, let the coal trade go fut.

3893. On this occasion you are not prepared to say that, because you have said that half a loaf is better than no bread, that is to say the miners are better to go on in half slavery?—No, that is not it at all. I am here as an expert to give you my advice as to the best means of retaining the South American market. It is up to you to ascertain how to do it.

3894. As a matter of fact it is up to somebody else to do it?—I would like all the miners to live in Buckingham Palace, for that matter, as long as they gave me the coal at a certain price.

3895. You are connected with the coal trade in this country?—No, I have nothing to do with the coal trade in this country: I am only a merchant and exporter. My point of view is simply this, that I do not care what the coal costs me so long as I can sell it at a profit.

3896. You want to buy it at as low a price as possible?—No, on the contrary, the higher the price, the more I get out of it, probably. I want to be able to sell it.

3897. You are giving evidence here in favour of low prices?—That has not been my evidence.

3898. You are giving evidence against the proposal put forward by the miners for an improvement in the conditions of life?—I beg your pardon, I am not here for that purpose: I am here to advise you miners as to the best thing to be done to retain the market.

3899. If we get our improvements in life, such as shorter hours and higher wages, suppose it does

raise the price of coal, then that would suit you?—I do not mind as long as I can sell it, but I cannot sell it if the other merchant over the Atlantic comes along and says he will give it to you cheaper than I can.

3900. You are something more than a buyer and seller of coal: you are the Chairman of the Buenos Aires Great Southern Railway?—Yes.

3901. I suppose as Chairman of the Buenos Aires Great Southern Railway you are anxious to get coal as cheap as possible?—I am, for the reason that I have given you, which is that I have 200,000 shares which are getting no dividends owing to the price of coal. Those shares are all held by middle class people and poor people; in fact, some of your miners have shares in the Buenos Aires Great Southern Railway.

3902. My point is that really in one direction it is your business to get coal as cheaply as possible for that railway of yours?—Yes.

3903. Then why are you afraid that the Americans, by supplying you with cheap coal, are going to interfere with British coal?—That is the merchant's side.

3904. You are here in a dual capacity?—Yes, quite so.

3905. It would suit you better, as chairman of the Buenos Aires Great Southern Railway Company, on behalf of your shareholders, to get cheaper coal?—Quite so.

3906. It would suit you to be able to get cheap coal to send away to that railway company?—Yes.

3907. Is that your purpose in being here?—My purpose in being here is to tell you how to keep this market, as a merchant, and to tell you my woes as the chairman of that railway company.

3908. Would it, in your opinion, be better to keep a cheap market, if it meant the lives and conditions of the homes of the miners remaining intolerable?—No.

3909. *Sir L. Chiozza Money*: Did British ships, plying between North and South America, help to introduce American coal into the Argentine and South American markets; have they done so during the war?—Yes.

3910. That is to say, British shipowners did so for their own profit?—No, it was the British Admiralty. Nearly all the American coal that went to South America went in requisitioned ships. We tried to get neutrals and British ships to send coal, but we could not.

3911. Did not the Prince's Line do anything in that respect?—No, they were all requisitioned. I can tell you that the whole of the American coal went down in requisitioned ships.

3912. You know there were British steamship lines exclusively engaged before the war in trading between North and South America?—Of course. I have seven ships of my own.

3913. That would help Americans to export coal to South America?—Yes.

3914. Would you suggest that the British shareholders should go without profits in order that your trade should continue—the British shareholders of ships exclusively trading between North and South America?—The Americans are not going to let us get that trade; they are going to send their own ships.

3915. You are not quite clear whether or not British ships did help to introduce American coal into the South American market?—Pre-war, no; there were none went.

(The Witness withdrew.)

Mr. RIDLEY WARHAM, Sworn and Examined.

3916. *Chairman*: I think you are the General Manager of the Ashington Coal Company, Limited, at Newcastle-on-Tyne?—Yes.

3917. I believe your company produced before the war about 2½ million tons of coal per annum?—Yes.

3918. I now propose to read your proof:—

"My company produced before the war over 2½ million tons of coal per annum. About 84 per

cent. of the vendible coal was exported to Foreign countries, the principal markets being France, Germany, Russia, Sweden, Norway, Chili, Denmark, Egypt, Italy, Spain, Holland and Belgium, in most of which countries we had already begun to feel the competition of coal from other countries. The total export of coal, coke and patent fuel from the United Kingdom in 1913 (exclusive of 21 million

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[Continued.]

tons of coal for use of ships engaged in the Foreign Trade), was as under:—

	Tons.
Coal	73,400,118
Coke	1,233,936
Patent Fuel	2,053,181
	<hr/>
	76,687,235

“The coal was principally shipped to the following countries:—

	Tons.
France	12,755,000
Italy	9,647,000
Germany	8,952,000
Russia	5,998,000
Sweden	4,563,000
Argentine	3,693,000
Brazil	1,888,000
Uruguay	723,900
Spain	3,648,000
Egypt	3,162,000
Denmark	3,034,000
Norway	2,298,000
Belgium	2,031,000
Holland	2,018,000
Portugal	1,356,000
Algeria	1,281,000
Austria	1,056,000

“In many of these markets, before the war, Germany was already competing with us to a greater or less extent, as shown by the following tables:—

“Coal and Coke exported from Germany in 1913 to:—

	Coal.	Coke.
France	3,434,000	2,354,000
Belgium	5,127,000	986,000
Holland	11,263,000	441,000
Russia	3,086,000	403,000
Sweden	195,000	207,000
Denmark	186,000	48,000
Italy	952,000	—
Greece	38,000	—

Competition from United States of America.

“American coal was also beginning to compete for our trade in certain of these countries, especially in Italy, to which country she exported in the years 1911 to 1916 the following:—

1911	312,754
1912	339,064
1913	486,040
1914	693,140
1915	2,839,979
1916	1,069,877

“In 1917, owing to the scarcity of tonnage, it is estimated that the quantity fell to about 393,000 tons.

Spain.

“Exports from the United States to Spain as under:—

1913	50,000
1914	43,000
1915	100,000

Sweden.

“A number of cargoes also sent to Sweden.

Total to European Countries.

“Altogether the United States sent to European Countries in 1913, 1914, and 1915, coal as under:—

1913	about 727,000
1914	do. 914,000
1915	do. 3,442,000

“Early in the war, the United States was said to have made a considerable number of contracts for shipment to France over a period of three years; these contracts, of course, were cancelled owing to the continuance of the war.

“At the moment, Germany is unable to compete, although, of course, it is certain that she will eventually come on again.

“The United States, however, is going ahead rapidly. She has increased her output enormously, possesses cheap coal, has now a large fleet of steamers, and is desiring new outlets for her increased output.

“She has already, during the war, secured practically the whole of the trade of the West Coast of South America. As well as a considerable portion of the trade to Brazil and Argentine. She is now offering coal in the European markets, and is assisted by the fear in the mind of many of the buyers that there will not be sufficient British coal to supply their needs.

“Offers for large quantities have been made at reduced prices subject to trial cargoes proving satisfactory; if satisfactory the contract to be confirmed.

Coal Prices.

“At the present time the position of the coal trade is entirely artificial.

“Home.—By the terms of the Coal Price Limitation Act, 1915, coal for home consumption can be sold only at a strictly limited price, with the result that at the present time our company are supplying coals for consumption in this country at a price which is below the cost of production, and the price received for export is paying for the loss.

“Export.—Coal can only be exported under licence, and the prices for export are regulated by directions of the Controller, under two schedules—one for Allies and British Possessions and one for neutral countries. (Precedence is given to the requirements of home markets, Admiralty, Allies, etc.)

“The result is that at present we are getting extraordinary high prices for the coal which remains available for export to neutrals, which, owing to the war, are in a position to pay these high prices. We have, for instance, sold coal from Northumberland and I believe from Scotland, for shipment to Scandinavia at 90s. for large coal, and 70s. per ton for small coal.

Freights.

“The question of freights to foreign countries is an important factor with regard to the export trade. I append a list of current freights to many of our markets from the East Coast, showing also the pre-war rates.

	Present.		Pre-War (1913)		
	s.	d.	s.	d.	
Marseilles	51	6	8	10½	
Genoa/Savona	52	6	9	3½	
Oran	43	6	8	3½	
Ancona	65	0	10	9½	
Venice	65	0	10	10	
Piraeus	60	0	9	8½	
Port Said	52	6	9	5½	
Naples	50	6	9	3½	
Palermo	55	0	10	3	
Algiers	44	0	8	1½	
Cetti	53	0	9	7½	
Malta	43	0	8	0½	
Gibraltar	42	6	7	9½	
Alexandria	52	6	9	6½	
London	17	0	3	5	
Havre	20	6	—	—	
Rouen	22	6	4	6 to 4	9
Bordeaux	34	0	5	6	
Antwerp	22	3	4	3	
Norway	35	Kr.	} 4	9 to 5	0
Sweden	40	Kr.			
Finland ... (about)	80	0	—	—	—
South America	—	—	14	6	—

Although these freights and prices are obtainable to-day they cannot be long maintained in face of the competition referred to above. As normal conditions are reverted to and normal prices are obtained the effect of increased cost will be felt as a serious factor in our competitive power.”

3919. 35 to 40 kroner—what does that represent?—40 kroner would be practically 47s. 6d.

3920. Mr. Sidney Webb: I notice that you lay great stress on the danger of losing our export trade to

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South America. Before the war our export trade in the aggregate was going up steadily, was it not?—Yes, in the aggregate it was.

3921. It rose to as much as 76 million tons, which was much more than ever before in the history of this country?—That is right.

3922. Ignoring all the war period, have you any reason to suppose that that increase is not likely to go on? Do you fear that it is going to come off?—It will depend on our competitive conditions.

3923. Have you considered what those competitive conditions depend on? It would be a mistake, would it not, to suppose that they depend merely on wages?—Quite.

3924. You are not affected by the rate of wages in your colliery; you are affected by the cost of labour?—What cost of labour?

3925. You are not concerned with how much the miners earn, but more with how much per ton the coal costs you?—We are concerned with the price at which we can sell our coal in competition with other people.

3926. That price is made up of a number of elements?—Quite so.

3927. It is the cost of labour that comes into it with you. I mean, if you made improvements in the productive capacity of your colliery, such as by better machinery or better management, it might be that a rise of wages would not affect the production?—If we could keep the total price down.

3928. You make a distinction between the cost and the price?—You must do so to allow some profit.

3929. It is not any reduction in the total cost that is important to you, but the important thing is that the price should be lower?—No; you must not misunderstand me. You must allow for a reasonable profit, you say simply cost; but, naturally, the concern must be run at a profit.

3930. But not necessarily at any particular profit?—No—say a reasonable profit.

3931. Then it is a question of what is a reasonable profit?—Quite so.

3932. Do you suggest that it would not be possible for the concerns to be run at rather less than they have lately been getting?—Undoubtedly less than during the war.

3933. A number of your figures relate to during the war?—Some of them do, to show that America has been able to get a regular footing in markets which hitherto belonged to us. Once a coal has got a footing in a market, it is difficult to dislodge it.

3934. You would wish to rule out the war circumstances in your considerations for the future?—Yes, I do not think we should contemplate the during-the-war price continuing in any sense.

3935. You would be quite satisfied if you get freights down?—Yes; but the burden of my evidence is that it was before the war also that we began to feel this competition.

3936. Then we may leave out of account what occurred during the war?—Yes.

3937. I notice that you say that Germany is unable to compete, "although, of course, it is certain that she will eventually come on again." You really fear German competition in the future?—I do.

3938. In spite of the fact that the German Government has nationalised the coal mines and reduced the hours of labour and raised the wages?—I take it that coal will form one of the principal exports of Germany, and she will have to export her coal as cheaply as possible.

3939. In spite of the Government having nationalised the mines, you look forward to their competition?—I cannot prophesy as to what the effect of the nationalisation of German mines will be.

3940. But you say that it is certain that German competition will come on?—It is certain that Germany will make an attempt to retain the market she had before the war and during the war.

3941. It is interesting that you do not think that the fact of the Germans having nationalised their mines will prevent this competition?—I cannot say anything about that.

3942. You say it is certain that the competition will come on again?—I believe it is so.

3943. In your opinion, it is certain that a Government having nationalised its coal mines will become a competitor with us?—I say it is certain that Germany will have to export coal.

3944. Then you say, with regard to home prices, that "by the terms of the Price of Coal (Limitation) Act, 1915, coal for home consumption can be sold only at a strictly limited price, with the result that at the present time our company are supplying coals for consumption in this country at a price which is below the cost of production?"—That is so.

3945. That is a very remarkable fact, because at the present time your exports are very seriously interfered with?—We are exporting in Northumberland a considerable amount of coal, but what has happened is this: by the terms of the Price of Coal (Limitation) Act of 1915, the home prices for coal are absolutely restricted within a certain margin. The costs have gone up more than the amount that we are allowed to charge: the result is that we are now supplying the coal to this country for home consumption at a lower price than the actual cost of getting.

3946. Do you suppose that that is at all general among coalowners?—I cannot say that. I mention that it is so at our own collieries, but I have heard it said by other colliery people.

3947. Nevertheless, there are a great many collieries that do not part with any large proportion of their production for export?—They may have had a high relative price before the Act came into force.

3948. Whatever their prices were before the war, they stood in relation to other collieries before the war as they stand in relation to the other collieries now?—Not necessarily. The same people might have had a higher price for their produce before the war than we had in Northumberland. I am only speaking for Northumberland.

3949. Taking your own particular case, you say you are actually supplying coal below the cost of production?—Yes.

3950. Would you mind giving us an idea of at what price you are supplying it?—We are supplying railway companies and other consumers inland with our best steam coal at 24s. 3½d. per ton at the pit. That is our price under the Price of Coal (Limitation) Act.

3951. *Mr. Frank Hodges*: Are you charging right up to the maximum?—We are charging under the Controller's direction, the maximum price.

3952. *Mr. Sidney Webb*: 24s. 3d. per ton is actually below your cost of production per ton to-day?—Yes, it is below it. I will give you the figures to show how that is arrived at, if you wish it.

3953. I should like to have that?—I will take our last cost for coal raised, which was 14s. 4d. at the pit head; that is 14s. 4d. for labour only; the other charges came to 6s. 2d.

3954. *Mr. Frank Hodges*: What is included in the other charges?—Stores, timber, rates, royalties.

3955. What rates?—Local rates.

3956. What do you mean exactly?—The Urban District Council rates, poor rates, and rates of that sort.

3957. *Mr. R. H. Tawney*: Can you give us the royalty separate?—I have not that. It is stores, timber and all general charges.

3958. *Mr. R. W. Cooper*: Have you a separate figure for that?—I have not it here, but the total comes to 6s. 2d.; that makes 20s. 6d.

3959. *Mr. Sidney Webb*: How does that compare with the selling price?—That is on the coal raised, but we have to deduct from that about 15 per cent. Take it that it is a hundred tons, you have to deduct 15 per cent.; that leaves 85 tons, for colliery consumption, workmen's coal, waste, etc. So that we have to bring that 20s. 4d. up to the rate of 85 tons, which is 24s. on the price of saleable coal.

3960. 15 per cent. on 20s. 6d. appears to me to be 3s. 1d.?—If 100 tons cost 20s. 6d., what will the 85 tons cost? I make it 24s.

Mr. Evan Williams: I should point out that it is not 15 per cent.; it is 15 per cent. on 85.

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3961. *Mr. Sidney Webb*: I thought you said you were getting 24s. 3d.—That is for 85 tons of coal as it is raised; that is both best coal and small coal. There are about two tons of screened coal and one ton of small, and, therefore, if you multiply that 24s. by three, you get 72s. The highest price that we are allowed to charge under the Limitation of Prices Act for small coal is 16s. 9d., so that what is left is 55s. 3d. for two tons of large coal. Now if you divide the 55s. 3d. by two, that gives you the price of 27s. 7½d. per ton of large coal.

3962. But, as a matter of fact, you cannot suggest that, because you are only allowed to charge 55s. 3d. for the large coal, and you get 16s. 9d. for the small coal, you have a right to produce large coal at the same price as the small coal. You must put the large and the small together, and take the controlled price for the two?—I have done so. There are three tons of coal, of which there is one ton of small coal at 16s. 9d. and two tons of best coal, which is 27s. 8½d. If you add them together, you get 72s., and that is three times the 24s.

3963. *Mr. Frank Hodges*: Do you get one ton of small coal for every 2 tons of large?—Yes, as near as may be: it runs about 64 to 65 per cent. of large coal.

3964. *Mr. Sidney Webb*: You have given us the whole of the expenses of your colliery, that is to say, partly in wages and partly in other charges even right down to the rates, and you have given us the receipts only for the sale of the coal?—Yes.

3965. And there are other things in your colliery which you have not included in your receipts?—Such as what?

3966. In your particular colliery of Ashington, do you not sell the pit water to the Urban Council for their drinking supply?—Yes, but that is a very small question.

3967. I have not noticed it here. That helps to pay the dividend to your shareholders, does it not?—The cost of getting that drinking water would be almost the same as we get for it. There might be a little item to put in in respect of that.

3968. Do you think that that would be returned in the Coal Controller's form G?—I think so.

Mr. Sidney Webb: There is no item under which I can see that it can possibly come in.

3969. *Mr. R. W. Cooper*: There is an item "other receipts"?—Quite so. I should imagine it would come in there. I was speaking off the book for the moment, but I do not say that it should not.

3970. *Mr. Sidney Webb*: At any rate, it is not reckoned in the receipts portion. We are apt to deal with these things as the cost and receipt per ton of coal?—It is so minute that you could not put it into a fraction of a penny per ton.

3971. Also you have an electric power station for your own use?—Yes, we have.

3972. Which makes your colliery a very well equipped one?—Yes.

3973. And you also supply the electricity to the Northern Electricity Company?—In that case we take off the profit that we make for that, and put it in as net cost.

3974. How does that net cost come in?—What we get from the Northern Electricity Company helps to reduce the cost to the colliery. It is put in in that way.

3975. This account in which you say it costs you 24s. 3d. to raise a ton of coal, is after taking credit for that?—Yes.

3976. How do you work that in your books? The total of wages would include the wages of the men in the electric power station?—We have a separate account for our electric power station, and we debit the cost of what we use. We credit the profit that we make to the Northern Electricity Company and reduce our cost. We have only incorporated the net amount.

3977. Does not the coal consumed in the power station come into the 15 per cent. that you deduct?—Yes, it does.

3978. Does it not come in twice?—No, we charge against ourselves what we use and we credit all the profit from that too.

3979. I think you have your own ships, have you not?—No, we own no ships.

3980. I think you have your own landed estate, the Milburn estates?—The Milburn estates have nothing to do with the colliery.

3981. You have lately got your pit props from the Milburn estates?—We bought 14 acres of pit props, for which we paid them about £200.

3982. That was an enormous price, was it not?—No, not an enormous price for 14 acres of timber. It was practically a gift. In most places you would pay £70 or £100 an acre. We bought them early in the war.

3983. What have you got your pit props at latterly?—I do not remember, but the Milburn Estates have nothing to do with the colliery. They are individual owners.

3984. Have you any farms in connection with your colliery?—Yes, we have, but the accounts of those are kept absolutely separate.

3985. The profits you make on the farms do not come in?—The profits are not taken into account either one side or the other. The farms are kept outside the colliery altogether.

3986. It helps to swell the dividend for your shareholders?—It is a different industry.

3987. Is it included in the capital?—It is not included in the general accounts.

3988. If I bought one of your shares—if I were allowed to do so—should I not be buying a part of the farm?—You would be buying a part of the interest in the farm.

3989. They are financially part of the same thing?—Yes.

3990. If we are enquiring what profit you are making on your capital, we must include, if we include all the capital, the profits of the farm?—I do not think that would appreciably affect these figures.

3991. *Sir Arthur Duckham*: Would it be a penny a ton?—It would not be more than a penny a ton: certainly not more than 2d.

3992. It is a separate business?—Yes.

3993. *Mr. Sidney Webb*: How about your brick-making works: that is not a large business, probably?—No, it is a very small business, and we hardly sell any of the bricks at all: we use them in the pit.

3994. And I suppose you put up the cottages?—We have not built anything for years, and there is nothing in this case to the credit of that.

3995. Just for my information, because I am so ignorant on these points, will you tell me where you put the credit for the things that you receive out of the pit that are not coals, such as stones, and so on?—There is nothing of that sort.

3996. You get nothing out of your pit but coal?—No, except a small amount of fireclay.

3997. I am not making any indictment against your colliery, but where does the sale of fireclay come in?—We do not sell any.

3998. You merely use it?—That is all.

3999. There is a considerable amount of fireclay sold by collieries, is there not?—Yes, some collieries make it part of their business.

4000. That ought to come in in reduction of the cost of the coal?—If they put their expenses against that?

4001. Yes?—Yes.

4002. *Mr. R. H. Tawney*: On page 4 of your proof you give some figures about freights, and you go on at the end of those to say that they are not likely to be maintained in face of competition, and that as normal conditions are reverted to, the effect of increasing the cost would be a serious factor. Could you amplify that a little? Are these freights from the East coast of England?—Yes.

4003. As the freights come down from the East coast of England to the ports you mention, what will be the effect?—I fancy as the freights come down to these ports, they will come down all over the world.

4004. That is another point. The reduction of freight from the English ports, other things remaining the same, would presumably be a benefit to you?—Exactly. The reason that I put these freights in was to give you a candid idea of what the truth is to-day. These freights are extremely high but

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with the enormous amount of shipbuilding that is going on at present, I look for a very considerable reduction in these freights.

4005. The reduction in freight, other things being equal, is not a loss to you but an advantage?—Quite so.

4006. Because, so far as the freights are reduced, there is an economy which enables the other charges to be met?—Quite so, the one being, of course, that freights will naturally fall correspondingly all over the world.

4007. The sentence which you put at the end of your paper, if you read it again, I think you will see is slightly ambiguous?—Yes, I see your point.

4008. Would you mind telling me something about the general economics of the coal mining industry: do pits differ much from each other in character, in fertility and accessibility to ports and markets, and so on?—Yes.

4009. Is that difference reflected in difference in the cost of getting coal?—In the cost of getting it to the port?

4010. I was thinking of the cost of getting it from the mine and to the port?—It would have no effect on the cost of getting it from the mine.

4011. Why would it not? Are not some mines more difficult to work than others?—Undoubtedly.

4012. There is the ease with which the mine can be worked?—Yes.

4013. And the ease with which the coal can be marketed?—Yes.

4014. In both respects pits differ a great deal, I take it?—Quite so.

4015. I suppose if the less fortunate pits are to go on, they must get the price to cover the cost?—They must either get a price which covers the cost or go down.

4016. That is to say, the more fortunate pits are getting a price which a good deal more than covers the cost?—Yes.

4017. If the less fortunate pits are making a living profit, the more fortunate pits must be making more than a living profit?—Quite so.

4018. Does not that seem to be an uneconomical arrangement, from the point of view of the public?—I cannot see that; it obtains in every large industry.

4019. I suppose the interest of the public is to get the necessary supply of coal at reasonable prices?—Quite so.

4020. On the other hand, the coal owner does not want to charge more than a reasonable price?—We are not allowed to.

4021. Your prices are fixed now?—Yes.

4022. They are fixed with a view to the less accessible and less profitable pits?—No, I cannot say that, when I have shown that the coal we are producing, which is sold for home consumption, is sold at a loss.

4023. You will not go on indefinitely producing coal at a loss?—Presumably not, if the control is taken off.

4024. You are connected with one of the less fortunate pits which are more expensive to work?—I do not think so. I think that will be found to be pretty general in our part of the world. I should imagine that most of the pits in our part of the world are producing coal for home consumption at a loss. Of course, I cannot speak with certainty as to that.

4025. Pits differ from each other a good deal, and that means that the more fertile pits are getting a surplus?—Yes.

4026. Do you still think that that is sound from an economical point of view?—If you have a good article it always fetches a better price than a bad article.

4027. You see there is a surplus?—Undoubtedly, I quite admit that many pits are making much bigger profits than others.

4028. A profit that it is not necessary for them to make in order to enable them to be carried on. Supposing they were unified, would it not be possible to use the surplus to level up the condition of other mines?—It does not seem financially sound to run pits

at a loss so that other pits can make up the difference.

4029. It is surely more financially sound than paying large dividends to shareholders?—All that helps to benefit the country, both in taxes and prosperity.

4030. I suppose you will agree that the technical equipment of the coal industry could be improved to some extent?—I am not a mining expert.

4031. Assuming it could, some of these large profits might be used to do that?—In what way do you mean?

4032. I am not a mining expert either, but we have had evidence that some pits are better equipped than others?—Take our own pits last year: we cut coal by machinery to the extent of 48.12 per cent. of the output, or, in other words, practically half the output.

4033. Have you more machinery than is usual or less?—We have a great deal more than many people have.

4034. The evidence we have had would rather suggest that; that is to say, there is room for improvement in the equipment of some pits?—Certainly.

4035. The surplus profits might be used to do that?—You mean the surplus profit made from one colliery might be used to help the machinery of another.

4036. Or it might even be used to improve the machinery of that colliery?—Yes, if that colliery is not running its concern to the best advantage.

4037. Then again, it might be used to make mining a safer industry to the workers?—I should say that so far as mining engineering goes now, everything is done in that direction.

4038. Do you know how many men are now killed in a year?—No.

4039. In 1914, was it not 1,200 to 1,400, or three men a day?—Before the war 287 million tons of coal were raised. It was a very large industry.

4040. Would it not be rather a better use of the surplus profits?—Certainly, if there were means by which it could be done.

4041. One of the ways in which surplus profits might be used would be scientific research?—From my recollection, the colliery owners have gone in for that largely, and at their own expense.

4042. *Sir Thomas Royden*: I should like to revert to the question of freights, because I am afraid I did not understand the purport of your answer to a question put to you by Mr. Sidney Webb with regard to the question of freights. Is it your experience that high freights which involve a high delivered cost of coal have the effect of checking consumption?—That is natural, is it not, that if the prices are very high every country to which we export immediately turns its attention to every other source of fuel that it has. As we know, Sweden, Italy and France are going in very largely for electricity got by water power—in the case of Sweden, from her peat resources.

4043. So that we are at one, that high prices prejudicially affect the coal trade in that way?—Quite so.

4044. So far as your competition with other coal exporting countries is concerned, may I take it that the relative freights from England and from these other countries remain the same under normal conditions?—Yes.

4045. The freight market is entirely fluid?—Yes.

4046. That brings me to your answer to Mr. Sidney Webb, which I did not quite understand. I understood you to say that in some way or another high prices had some other prejudicial effect on business in addition to the high cost of coal reducing consumption. It that the only effective drawback?—That is the only thing that was in my mind.

4047. Perhaps I misunderstood you?—The point was, I think, that these freights from the east ports, if they fell, would certainly assist the coal trade, but they would also fall from other places.

4048. So that the competition is not affected by freights?—Not so long as they all remain corresponding more or less to each other.

4049. They are, are they not, except where you have control?—Quite so.

4050. There is something further I want to ask you arising out of your evidence in answer to Mr. Sidney Webb. He pressed the point that some of these out-

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side profits that were made on your fireclay and so forth did not appear in your general profits, to the extent to which they did, of course, it would mean that the actual profits that you are making out of the coal itself are less than appear in your balance sheet, because they are supplemented by these outside profits?—If the balance sheet shows a total profit including all these, of course to that extent the actual profit on the coal getting as such will be reduced.

4051. It will be less?—Yes, but Mr. Sidney Webb's point, I think, was that we were putting wages against the one and keeping the profits to ourselves.

4052. Assuming, for the sake of argument, that there was some unified ownership of the collieries, and the part of the profits, if there were any, that was made out of the particularly good pits were applied to possible losses on the less favourably conditioned pits, would there be a risk under those conditions of an inducement to the management of those less favourably conditioned pits to have less regard to the economical working of the pits? In other words, they would have an insurance against loss that they do not have at present?—That is quite possible, having regard to human nature.

4053. *Sir L. Chiozza Money*: In giving your evidence, are you assuming that there will be necessarily a more or less prolonged deficiency in the supply of coal and a permanent increase in the cost of production because of the miners' programme?—I have not made any assumption at all. All I have done is to show what was happening before the war with regard to competition with other countries and what we might look for ourselves from those other countries, and I pointed out what Germany was doing. I did not put it in my table, but I might have done so, that in 1912 and 1914 Germany even sent coal to London.

4054. You would not express those fears unless you anticipated that there would be a considerable fall in consumption and an increase in price?—My point is this, that America has enormously increased her output. She has very cheap coal. She has a large fleet of steamers, and she is seeking markets, and she is coming into competition for those markets. My point was that if when things become normal and we get nearer bed-rock conditions our cost is put up to a certain extent, then certainly we are going to be hampered in competition with other countries.

4055. You do assume then that there will be a rise in cost?—I am not a practical miner. I take it from what Mr. Balfour said before that evidence has been given that the cost is going up by 8s. 2d. a ton.

4056. Then you are assuming that?—No; I say if that is going to be the case we are going to be so much worse off in our competition.

4057. That is what I meant by an assumption. It is your assumption?—Yes.

4058. Then may I ask if you made precisely the same assumption in giving evidence before the Departmental Committee on the 8 hours' day for miners?—I should think very probably I did, the facts being then as now, that the mining experts had said that in their belief the quantity of coal would be seriously diminished.

4059. Are you not now delighted to find that they were wrong?—Of course, what happened was not quite what was anticipated when they gave their evidence, because the Eight Hour Bill, as such, which was before them, did not actually become law. The working time was considerably increased.

4060. But the hours were reduced?—Yes.

4061. In view of that are you not delighted to find that all these assumptions proved to be wrong?—I am more than delighted.

4062. Is it not the fact that in spite of these gloomy prognostications the export trade of the country rose enormously in seven years?—I would not say enormously.

4063. Eighteen million tons in about 7 years?—That is nothing in comparison with America.

4064. That is not the point?—I would modify that enormously.

4065. I used the word "actually." I suggest he said it was 18 millions as an annual amount of coal. It did rise from 56 million tons to 74 million tons in 7 years?—Are you speaking of the export?

4066. Yes?—Yes.

4067. You were not ruined?—We were not ruined. I am not responsible for any of the figures there in any way.

4068. You would not have appeared before that Commission if you had not been assured in your mind the experts were right?—Naturally I believed the experts.

4069. You are a little premature in accepting the figure put in in this Commission with regard to the 8s a ton of coal?—That may be.

4070. It must be subject to the strictest investigation in view of what happened before?—Undoubtedly.

4071. You gave evidence to the effect that other economies had been made in the consumption of coal. Are you rather inclined to withdraw that?—Yes.

4072. You dealt with German competition. Did you in your evidence in 1907 very properly remind the Departmental Committee that Germany had lower railway rates?—I think I did.

4073. Did these German railway rates alone arise from the fact that Germany had a nationalised railway system?—I cannot remember exactly what it was.

4074. Is it a fact, without saying why, that the German coal rates in 1907, indeed right down to the outbreak of the war, were much lower than yours, and in spite of that the Prussian Government made an enormous profit out of their railways?—I do not know.

4075. Will you take it from me that that is so? Are you aware that the Prussian Government derived half its revenue from its socialistic undertakings?—I am not aware of that. I have heard that its State owned mines were not profitable.

4076. With regard to the German competition, you have answered Mr. Webb to the effect that you were aware that the German mines had been nationalised and the wages risen very greatly during the war?—I did not tell him I was aware of that; I took it from Mr. Webb.

4077. You know it is a matter of common knowledge they are to be nationalised?—I have seen it in the papers.

4078. What is your view of that on the effect of German competition?—It is impossible to say what is going on in Germany or what is to be the final upshot; I would not like to prophesy.

4079. If we work on the assumption that there will be some kind of ordered Government in Germany and they nationalise their coal mines, what is your opinion then?—Based upon what I have already spoken about, it is not very good for Germany.

4080. And with regard to the more important nationalisation of German railways, would you not apprehend great economies?—That is impossible to say.

4081. Take the transport of coal in Germany, is it not a fact all coal is transported in Germany in railway wagons on a scientific system, whereas here it is transported in little trucks, which wastes time?—It is not so in Northumberland.

4082. It is in a good many parts of the country?—Yes, it is in a good many parts of the country.

4083. You told us that so far as your domestic coal output was concerned you sold it at a loss?—Yes.

4084. May we take it if the Coal Controller's Department did not exist you would be selling it at a higher price?—Yes, if we could get the price. Whatever the coal costs us does not make a selling price? The selling price is what the market will give us, not what it costs us.

4085. If the Coal Controller did not exist we may take it you would be selling your domestic coal at a higher price?—Yes.

4086. Is it not the fact that if not for the Coal Controller the domestic coal would be selling in London at a higher price than now?—Yes; we are under war conditions.

4087. That is in spite of the fact that after all you are paying on the whole of your undertaking a dividend?—We are. As I say, the whole position is artificial.

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MR. RIDLEY WARHAM.

[Continued.]

4088. You said in reply to Mr. Tawney that you thought it would be a very good thing for the country as a whole if large dividends were drawn out by some mines and were received for the benefit of the shareholders and it would add to the prosperity of the country?—Yes.

4089. Do you really think, taking into account that that would mean the ill-distribution of wealth as between rich and poor, that would be a good thing for the country to create a certain number of large incomes at the expense of the smaller incomes?—On the basis that the men are being well paid. I do not mind the men always being well paid; quite the contrary.

4090. If they were divided up in fractions amongst the miners, what then?—How could you do that? If you had in one district one good colliery and in the rest of the district poor ones, if that one colliery was to pay large sums to its miners, what would happen to the others?

4091. That could be met by a gigantic coal trust to pool the profits of the coal or a nationalised system?—I would not agree that is a good thing. I would not call that sound finance.

4092. It would enable you to do it?—Yes.

4093. You do not agree to a great coal trust being formed?—No.

4094. You do not agree to unification in that way?—No.

4095. You are opposed to financial unification?—Yes.

4096. Are you opposed to national unification?—I have not considered it.

4097. *Mr. Evan Williams*: I want to put a question to you to clear up the prices you were quoting for inland consumption. You said the price for the railway companies was 24s. 3½d.?—Yes.

4098. That is for large coal?—Yes.

4099. That is the maximum price you are entitled to charge?—Yes.

4100. For small coal your maximum price is 16s. 9d.?—Yes.

4101. You produce two tons of large to one ton of small?—Yes.

4102. Taking those figures, you get an average maximum price for inland consumption of 21s. 9d.?

Mr. Sidney Webb: Those are not the figures given before?

4103. *Mr. Evan Williams*: I am going to go into this, because I do not think it was worked out correctly before. It is 2 tons at 24s. 3½d. and 1 ton at 16s. 9d. That is 65s. odd for 3 tons?—Yes.

4104. That is 21s. 9d., being one-third?—Yes.

4105. So that is an average maximum price for your home consumption for your average output?—Yes. Will you let me go over this again?

4106. Supposing you find the whole of your coal at those prices, the average price per ton is 21s. 9d.?—Yes.

4107. Two tons of large at 24s. 3½d.?

Mr. Sidney Webb: It ought to be 27s. 3½d.

4108. *Mr. Evan Williams*: I thought the figures were a little mixed?—I can tell you the difference between us. *Mr. Williams* is beginning with the price we were charging; I was not beginning with the cost.

4109. I am coming to that. 21s. 9d. is the average price?—Yes.

4110. The cost is 24s. 1½d.?—Yes.

4111. On all the coal you supply inland, both large and small, you lose 2s. 3d. a ton?—That is right.

4112. For export you get higher prices?—Yes, for export we get higher prices.

4113. The higher prices which you have got enable you to exist?—Yes.

4114. As far as Northumberland, or your collieries are concerned, at any rate, the public have not had to pay high prices through the Controller?—Quite.

4115. In the absence of control they would have had to pay very much higher prices?—Yes, that was the point of the last part of my paragraph. Really, if things become normal, and assuming, as Sir Leo put it, there was to be an extra cost on coal, this would put our price up.

4116. Is your coal considered one of the best qualities in Northumberland?—Yes, it is; it is what we call Northumberland Primes.

4117. Your collieries are as well equipped as any colliery?—Yes.

4118. Above the average?—I do not say above the average.

4119. It is reasonable to assume that is the position with regard to Northumberland?—More or less. I cannot say what the prices of the others are. Some may be able to charge at a higher price under the Act. Some of those people do, but I cannot answer for them.

4120. We were told German railway rates were lower than ours for export. Do you know whether special export rates were introduced by the German Government to encourage that?—There are special lower rates to the seaboard to compete with British coal.

4121. Such rates did not apply for inland coal?—Such rates did not apply for inland. These were special rates towards the seaboard.

4122. Whilst in Germany high prices were charged for inland consumption to stimulate export, at the present time the high prices we get for export are helping the home consumers to get a lower price for the coal?—Yes.

4123. *Mr. Herbert Smith*: Can you tell us what was the cost price of production before the war?—I do not know that I have that here. I can get it for you.

4124. Can you give me what were your selling prices before the war?—Yes.

4125. What were they?—I have taken out a table of ordinary Northumberland best steam and steam small coal. The price in 1913, on June 30th, that was practically the highest price during the war, was 15s. a ton.

4126. *Mr. Frank Hodges*: Is that large coal?—Yes. It runs from 13s. to 15s. f.o.b., not at the pit. You might take 1s. off for putting it f.o.b.

4127. *Mr. Herbert Smith*: You would take off more than 1s.?—Perhaps 1s. 6d. That would make it 11s. 6d. to 13s. 6d. at the pit.

4128. *Mr. R. W. Cooper*: Do the railway charges average 1s. 6d.?—Ours do not. I am speaking of the County. This is for Northumberland steam best.

4129. *Mr. Herbert Smith*: Small?—Up to the 30th June, 1913, there was quoted, according to the various qualities, 7s. 9d. up to 9s. 6d.

4130. *Sir L. Chiozza Money*: F.o.b.?—I should correct that again. That is 6s. 3d. to 8s. at the pit.

4131. *Mr. Herbert Smith*: Have you told us if the men's wages rose in that period—hewers' wages?—I could only say that in 1913 our fortnightly wages sheet was about £27,000 a fortnight. In pay 3, that is the third fortnight in 1918, it was £53,000 and far fewer men were there then than in 1913.

4132. *Mr. R. W. Cooper*: Will you repeat the figures in full?—Our fortnightly wages sheet in 1913 was £27,395 on the average for the fortnight. The average for 1918 was £41,523 for the fortnight; for the three first fortnights of this year the average has been £46,139, £51,394, and £53,217.

4133. *Mr. Robert Smillie*: For the same output?—Not the same output or the same number of men. The amount of money that was being paid to the miners is what I have said.

4134. *Mr. Frank Hodges*: You selected a fortnight in 1913?—No, I took the average for 1913 and I gave you the average for 1918.

4135. You selected a particular fortnight in 1919?—I will give you the average for 1918. The average for 1913, £27,000; the average for 1918, £41,000, and I have given you the first fortnights in this year.

Mr. Frank Hodges: You have given us the highest figure.

4136. *Mr. Evan Williams*: Do you know how many less men?—The fortnightly average in 1913 was £27,395. That is, of course, very much more than it was in 1910. I will give you the averages if you like from 1910. In 1910 the fortnightly average was £20,849; in 1911 the fortnightly average was £21,263.

4137. *Mr. Herbert Smith*: All these figures are misleading unless you give us the prices at the same time?—We will stick then to 1913.

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[Continued.]

4138. *Mr. Evan Williams*: Yes, prior to the war now?—£27,395 was the average fortnight, and in 1918 it went up to £41,523, average per fortnight. I gave you the three fortnights. I have the fourth fortnight. The first fortnight was £46,139; the second fortnight £51,394; the third fortnight £53,217; and the fourth fortnight about £52,000. I have not the exact figure for that; it is hardly worked out, but it was over £52,000.

Mr. Sidney Webb: Those figures as given shew nothing like the rise in the cost of living.

4139. *Mr. R. W. Cooper*: What about the number of men?—The number of men was very much less at the beginning of the year.

4140. What did it come to with regard to the number of persons employed in 1913; how many men and boys?—At the beginning of the year we had 9,243.

4141. Take the beginning of 1918?—In the beginning of 1918 it was 7,722. I have not the figures for the last one. I can get you that. I had to come away in a hurry.

4142. *Mr. Herbert Smith*: This is entirely misleading?—They are less than the 1913 figures.

4143. They are not less than 1918?—They are not less than 1918.

4144. That is why I say it is misleading?—I will get you the exact figures.

4145. Let us keep between 1913 and 1918. You have the figures there?—In 1919 they are less than in 1913. The number of men is less now than in 1913 when it was £27,000.

4146. My point is there are more in 1919 than in 1918?—Quite right.

4147. Then on these figures you have given us the wages have gone up in proportion to the price of coal?—No. As I said all along, the cost of coal is entirely artificial, and has been made so by the Coal Controller.

4148. *Mr. R. H. Tawney*: You say it has been kept down?—Not on the whole export and home consumption together.

4149. *Mr. Herbert Smith*: What was the proportion between home consumption and export before the war, and now?—Before the war we used to export about 84 per cent. of our vendible coal.

4150. *Sir Arthur Duckham*: That includes the coast trade?—No. That is export to foreign countries.

4151. *Sir L. Chiozza Money*: What is it now?—The amount of coal we sent inland for the six months ended 23rd December, 1918, was 40 per cent. We sent to the Admiralty 16 per cent.

4152. *Sir L. Chiozza Money*: When you say "export," what does that mean?—The Admiralty is export.

4153. *Mr. Herbert Smith*: Tell us the price between export and inland.

4154. *Mr. R. W. Cooper*: Will you let the witness finish what he was giving us? He was reading the percentages?—I will give you the different percentages of the different classes we sent to different places. 40 per cent. went inland; 16 per cent. went to the Admiralty; 4 per cent. for bunkers; we did not supply many bunkers; for France 19½ per cent.; other Allies 1 per cent; neutrals 23 per cent. It is from the neutrals we get these very high prices.

4155. Give us any idea what you sell for to neutrals?—We have not done this throughout, but we have lately sold to neutrals at 90s. for large coal and 70s. for small coal.

4156. *Mr. Robert Smillic*: At the pit?—No, f.o.b.

4157. *Mr. Herbert Smith*: Am I right in saying your people work six hours already?—7¼ hours, our men work.

4158. What do you mean by that?—7¼ hours from bank to bank.

4159. How much time is taken up, I mean how much is taken up from bank to bank?—About 1½ hours.

4160. That is in an out?—Yes, in and out.

4161. It is 1½ hours divided by 2?—1½ hours altogether you mean?

4162. That is right?—Yes.

4163. How many days a week?—Five days one week, six days the other.

4164. Was that so before the war?—It always has been.

4165. If *Mr. Balfour's* figures were correct of 8s. 2d. it would not affect you?

Mr. Arthur Balfour: That was not my figure, it was used by a witness.

4166. *Mr. Herbert Smith*: It would not affect you in the same way with 6½ hours as with a longer day? No, we are 7¼ hours. We have the benefit of that. That is the hewers only, the coalfillers work 8 hours. I would rather like to leave that evidence to the mining experts. They will deal with that part of it.

4167. *Mr. Robert Smillic*: A hewer's hours vary too; there are three grades of hewers?—Yes.

4168. 7¼ hours is the longest?—Yes, I am speaking of our own collieries.

4169. *Mr. Herbert Smith*: 7¼ hours you say is the longest?—Yes. There are what we call the short hour pits and the long hour pits. Ours are long hour pits working 7¼ hours. The short hour pits work 7 hours.

4170. *Mr. R. W. Cooper*: When you speak about your pits working 5 days one week and 6 days another week at what time do you cease coal drawing during the work of the 6 days?—5 o'clock at night except on Saturday.

4171. What time do you desist on the Saturday?—From 2 to 3 o'clock at different positions.

4172. One Saturday you are entirely idle, then the next Saturday you work until 3 o'clock?—They do not work as long a shift on the Saturday as on the ordinary day.

4173. You are a member of the Coal and Coke Supply Committee for Northumberland?—Yes.

4174. Can you tell me, for the half-year ending December 23rd for the whole county, the percentage of coal supplied inland and the percentage of coal exported?—The percentage of coal sold inland, 47·9 per cent.

4175. And export?—I do not know whether you call Admiralty export?

4176. Yes, perhaps I should say shipment?—That would be 52·1 per cent.

4177. Neutrals?—12·8 per cent.

4178. France and other Allies?—15·4 per cent. to France; other Allies 1·5 per cent.

4179. Bunkers?—3·4 per cent.

4180. And the Admiralty?—19 per cent.

4181. Now a question or two about your own collieries. I think the Ashington Coal Company is the biggest colliery undertaking in Northumberland?—It is.

4182. How long have you been connected with it?—Since 1899.

4183. Has it been developed as an undertaking since you first became connected with it?—Yes.

4184. Have you sunk any pits?—Yes, very considerably since then.

4185. Kindly explain to the Commission the extent of your developments in the last 20 years?—We have practically doubled the output at Woodhorn Colliery. We equipped another pit at Woodhorn Colliery. We have laid down a new pit entirely at Ellington. These are the extensions as far as collieries are concerned.

4186. Linton and Ashington were in existence as pits when you went there?—Yes, and Woodhorn No. 1. There was one drawing shaft there and there are two now.

4187. Do you know of any available coal in the vicinity of your undertaking that is not now leased or worked?—None.

4188. You have said there is none not in course of being worked?—Quite.

4189. You are a member of the Blyth Harbour Commission?—Yes.

4190. What proportion of the Ashington coal is shipped at Blyth?—The great bulk of the shipments are at Blyth.

4191. Has Blyth Harbour been developed as a means of shipment since you became acquainted with Ashington?—Yes, it was already on the way, but it has increased enormously since then.

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[Continued.]

4182. What proportion of the revenue of Blyth Harbour is paid for by the coal owners, including ships engaged in carrying coal?—It is almost entirely.

4193. Now as regards the means of transport. Who owns the railway leading to Blyth Harbour from your pit?—The North Eastern Railway Company.

4194. Do they perform every service of conveyance from pit to the ship?—Yes.

4195. That is to say they own the railway, provide the trucks and locomotives and the shipping places in the harbour and perform the services in the harbour?—Yes.

4196. They charge an inclusive rate of so much per ton from pit to the ship?—Yes.

4197. Or the screens to the pit?—Yes, including wagons.

4198. Do you find the North Eastern service an effective service?—Very.

4199. Give us for each of your pits what I may call the railway rate which the railway company charges for performing for each pit the services you have described?—From Ashington it is 8½d. a ton to Blyth.

4200. I am talking of Blyth. You do not go to the Tyne at all?—Woodburn is 8½d., Linton 9d., and Ellington is 9½d.

4201. Do you think those are reasonable charges for the services rendered?—Yes, I do.

4202. Now a question about your pits themselves. You said in answer to Mr. Tawney, I think quite rightly, that the two elements of cost in putting coals on board ship were the cost of producing the coal out of the ground and putting the coal into the wagons at the mine; then the cost of transport from the mine to the ship?—Quite.

4203. You have explained the cost of transport. As regards the cost of working and raising coal and putting it into the wagons at the pit, I suppose in different pits that varies according to the natural condition of the pit—the underground conditions?—Undoubtedly?

4204. And they vary according to the natural physical conditions?—Yes.

4205. I suppose personal skill and management usually affects the cost of raising and putting it into the wagons?—Yes.

4206. If you had a bad manager you might find your cost going up?—Yes.

4207. Or vice versa?—Yes.

4208. Now there are one or two matters of detail I want to put to you. As regards the inland price, the terms of the Order of the Coal Controller were that no coal should without his consent be sold except at the maximum price prescribed by the Price of Coal Limitation Act?—That is so.

4209. In the case of France and the Allies the terms of the Order were they had to be charged a fixed price?—Yes.

4210. In the case of neutrals, they were to be sold at a minimum price?—Yes; the idea was to get as much out of the neutrals as possible, the neutrals having made a lot of money out of the war.

4211. You were asked a number of questions which were matters of detail. Take the question of pit props, which was mentioned?—Yes.

4212. You have a considerable personal acquaintance with the cost of pit timber?—Yes.

4213. Have you any figures showing what the cost of pit timber was before the war?—The buying price?

4214. Yes?—I can remember. Take the 2½-inch size, which we use, it was 2s. 7½d. per 72 feet. The 3-inch size, 3s. 1½d. per 72 feet.

4215. That was before the war?—Yes.

4216. Take the most usual size?—Take the 3-inch size. The price to-day for that 3-inch size is—I shall have to work that out.

4217. Give it to us in standards?—If you take it in standards, we could buy a cargo before the war at about £3 a standard c.i.f. on the East Coast. The price recently has been 350s.

4218. That is £17 10s. 0d.?—Yes. The other day we got a reduction on that owing to the freight coming down to 300s. It was up to 450s. and more.

4219. That is £22 10s. 0d.?—Yes.

4220. That was one of the worst periods of the war?—During the worst period of the war it was more than that; but 450s. was quite a common price.

4221. Mr. Smillie: You have paid this for imported timber?—Yes. I am speaking of imported timber entirely.

4222. Sir L. Chiozza Money: Does the £15 mean at the present time?—Yes, and this is the lowest quotation we have had.

4223. Mr. R. W. Cooper: At one period the importation of foreign timber was prohibited or had ceased?—It was prohibited.

4224. By the Timber Controller?—Yes; and only recently has it been allowed from Norway and Sweden for sailing ships.

4225. Under these circumstances, there was an effort made to utilise home-grown timber?—Yes, that is so.

4226. In certain districts associations were formed called Pitwood Associations?—Yes.

4227. Registered associations comprised of all the colliery owners in the district?—Yes.

4228. You are a director of the North Country Pithead Association?—Yes.

4229. Can you give us from your knowledge, dealing with home-grown timber, some idea of what the price of home-grown timber was before the war, during the war, and now?—In our collieries we never used home-grown timber before the war; we did not care for it. It is not so good as imported timber from the point of view of easy handling and durability. I could not give you any idea of the price before the war, but practically it would be of next to no value.

Chairman: Some days ago I caused this letter to be written to Mr. Flix, with the assistance of Mr. McNair, the Secretary. It is as follows: "Dear Sir,—I am directed by the Chairman of the Commissioners to state that they would be obliged if you would, at the earliest possible moment, furnish them with a statement showing the fluctuations during the period of 10 years prior to the end of 1918 in the case of the following principal materials concerned in the production of coal:—(1) Pitwood, including mining timber; (2) rails, heavy and underground; (3) explosives; (4) horses and ponies; (5) horse and pony feeders; (6) steel ropes of all kinds. As the Commission is under an obligation to report not later than the 20th March, I am instructed to convey to you the Chairman's pressing request that you should endeavour to make it possible to give speedy attention to this matter. When the statement has been made it may be necessary to ask for some member of your staff to enter the witness box and prove it formally." We selected those six things. After consultation with the Chief Inspector, Sir Richard Redmayne, that letter was written. That table is being prepared, and I had hoped to have it to-day. It will be here to-morrow or the day after, and then I can put this information directly before you from the main source. If any member of the Committee can suggest anything beyond those six, if he will let me do it, I will try and get it done. We have had to work at high pressure, and those are the six we thought of; pitwood, including mining timber; rails, heavy and underground; explosives; horse and pony feeders; steel ropes of all kinds. If anybody can think of anything else in the interval, I will not promise to get it, but I will promise to try and get it.

Witness: May I explain to Mr. Smillie the amount I gave before when I said about a shilling was the difference between our coal in trucks and f.o.b. I gave the railway rates at about 9d., but there are also dues at Blyth Harbour of about 3d. per ton, and that makes up the shilling.

4230. Mr. R. W. Cooper: Dues payable to the Blyth Harbour Commissioners?—Yes, I include those in the transport price f.o.b.

4231. Now with regard to the size of railway trucks employed?

4232. Sir L. Chiozza Money: The witness did not give the interesting answer about the present price being paid for home grown timber?—The home grown timber is subject to maximum prices under the Coal Controller's Order. For the size which we used to pay 3s. 1½d. for we pay now 11s. 6d.

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MR. RIDLEY WARHAM.

[Continued.]

Chairman: This is all coming in the table we are going to have.

4233. *Mr. R. W. Cooper:* You said the present timber prices are maximum prices fixed by the Timber Controller?—Yes.

4234. Now a question about railway trucks. During the last 20 years has there been any change in the size of the trucks employed by the railway company?—Very great.

4235. What is that?—When I first came to the Ashington Colliery Company the only trucks we had were 10 ton trucks. We then got to 15 ton trucks, then we went from 15 ton trucks to 20 ton trucks and then up to 40 tons; we are now running a very considerable number of 40 ton trucks and 20 ton trucks.

4236. When you say "we," who do you mean?—The North Eastern Company are supplying us with trucks of that size.

4237. *Sir Arthur Duckham:* Blyth can handle those?—Yes, those regularly go for shipment to Blyth.

4238. *Mr. R. W. Cooper:* The shipping appliances at Blyth are comparatively speaking, modern?—Yes, some of them. They are now busy erecting modern appliances; they are not quite complete.

4239. How are they arranged to accommodate the 40 ton trucks?—The staiths were special staiths.

4240. And they were adapted to take the 40 ton trucks?—Yes.

4241. Can you tell me from your local knowledge whether you do occasionally send small quantities of coal to the Tyne Dock?—Yes.

4242. That belongs to the North Eastern Railway Company?—Yes.

4243. It is the largest dock in the river Tyne?—Yes.

4244. Do you know whether the coal staiths at Tyne Dock can receive 40 ton trucks?—They cannot.

4245. Now a question about your equipment. You I think have mutual accommodation between yourselves and the Northern Counties Supply Company, which was a small undertaking and is now controlled by the Newcastle Electric Supply Company?—Yes.

4246. That is a company of which Mr. Charles Merz was the principal organiser?—Yes.

4247. Have you since you went to Ashington, adopted electrical power?—Yes, very largely, not entirely.

4248. You have done it largely?—Yes.

4249. Was there any reason why you did not do it entirely?—It meant scrapping a lot of very good machinery which we thought was doing very economical work as it was, and is.

4250. The time will come when the life of that machinery is done with, and you will then no doubt use electrical power?—That is our idea.

4251. You were asked a number of questions about your farms and fire clay. Am I right in putting it generally that in the north, except in special cases in Durham, fire clay is a drug, and unsaleable?—Perfectly so.

4252. With regard to your farm, do you include the profit from the farm in your return under Form G to the Controller?—No.

4253. Therefore, I take it, the farm being excluded from the Excess Profits Act you exclude the farm from your Excess Profit Return?—We do.

4254. You were asked a question about being owners of land. I think there was some confusion of thought there. That was a private limited company, was it not, in which the Ashington Colliery had no interest at all?—That is so.

4255. It really is, I think, an estate belonging to the late Mr. William Millburn, and converted by him into a family company?—That is so. We do own one place of about 300 acres.

4256. The other colliery proprietors in Ashington have no interest at all in the Millburn Estates?—No, nothing at all.

4257. They are two absolutely separate undertakings?—Yes.

4258. *Mr. Herbert Smith:* Is the Ashington Company a private limited company?—Yes.

4259. That is why you do not issue a balance sheet?—That is so.

4260. There seemed to be a confusion about the facts, so I tried to get the facts out for what they were worth.

4261. *Mr. Frank Hodges:* You were not the Technical General Manager?—No.

4262. The Commercial General Manager?—That is so.

4263. The price you said you received for coal from railway companies, for big steam coal, was 24s. 3½d. a ton?—Yes.

4264. That price was the maximum price permitted by the Coal Prices Limitation Act and the subsequent Orders?—That is right.

4265. Does not the price then depend upon what you charged the same railway people before the war?—Yes.

4266. Therefore, if you were selling at low prices to the railway company before the war for some special reason your prices would be equally low as compared with the minimum price under the Coal Prices Limitation Act?—That is so. Of course we naturally sold at the best prices we could get.

4267. The average price for 1917 for best Northumberland screened coming free on board at Blyth was 30s. a ton?—Yes, in 1917.

4268. How does it come about that you sell your coal to a railway company, or perhaps there is more than one, at such a considerably less price?—This price that you are reading from is the price f.o.b., which would be for neutral trade.

4269. No?—Yes.

4270. I am giving you the average prices for best Northumberland screened f.o.b. 1917?—If you are speaking of f.o.b. prices at Newcastle for best Northumberland steam coal, that is for the open market and that would be the price then to neutrals, and that is exactly the figure I have here as being the price of June 30th for best Northumberland steam coal f.o.b. for shipment to neutrals.

4271. This seems to have some relevance. I want to put it to you the reason why you sell coal at that price to railway companies is because they accommodate you in allowing you to get your coal from the pit to Blyth at the comparatively low figure of 7½d. per ton?—8½d. is the cheapest rate; not that that has anything to do with it. Once a rate is fixed from a colliery the rate is fixed. When we begin to negotiate with a railway company for the supply of coal for locomotive use we take no consideration beyond that into account.

4272. What is the highest price you are getting now for inland consumption for best large coal?—The highest price is 24s. 3½d. for best large steam coal.

4273. Is that the best price you are getting?—That is the best price we are getting.

4274. From any customer?—We are not allowed to charge more. I had better correct that, for house coal. I was speaking of steam coal all the time. For house coal we are getting more. We are getting 26s. 6d.

4275. I am putting this, are you selling coal for inland consumption, best Northumberland screened, at a higher price than you are getting from this particular railway company?—No, we are not.

4276. What percentage of your coal goes to this railway company?—I said railway companies. Our contract with the North Eastern Railway Company is for about 6,000 tons a month, speaking from memory. I could not say how much we supply to others. At present we are supplying to a large number of railway companies.

4277. Although you put the cost per ton against the particular quantity of coal you are selling to the particular railway companies?—Yes.

4278. Do not you think that is unfair? Why did you not put the cost per ton against the average inland price?—We could not say because we sold to the North Eastern Railway Company—we are not, as a matter of fact, getting 24s. 3½d. from the North Eastern Railway Company. As a matter of fact we are getting two prices from them, one, speaking from memory which I think is correct, is 22s. 9d. for one portion of the contract, but after the war began they

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came upon us for an increased quantity. We said we could not give them that at the original contract price because we could show at the period they came a higher price, and we got 24s. 3½d. for the extra quantity. We want to get the highest price.

4279. I want to examine those figures in considerably more detail before I satisfy myself you charge the cost against the actual inland price you could get. You are a private limited company?—Yes.

4280. You do not publish balance sheets?—No.

4281. Why not?—I did not know you would want them brought here. I have particulars of the profits if that is what you mean.

Sir Arthur Duckham: Shall we get those in Mr. Dickinson's figures?

Mr. Robert Smillie: It would prevent a long cross-examination if we had the capital of the company.

4282. *Mr. Frank Hodges*: That is very essential information, and I shall come to that in a moment, but that is not my point at present. Can you submit to the Commission the amount of money your company spent in five years prior to 1914 for repairs, renewals, depreciation, and development?—I am afraid I cannot now. I had no idea you would ask me anything of that sort. I came here really on the question of export.

4283. Can you provide us with them?—No doubt we could take out that.

4284. And the amount of money you have spent on renewals, repairs, depreciation and development for five years since 1913?—Yes.

Mr. R. W. Cooper: Since 1913 or before?

Mr. Frank Hodges: I ask for both.

Chairman: Before the war and after the war.

4285. *Mr. Frank Hodges*: How long has your company been in existence?—As a limited company since 1898.

4286. Twenty-one years?—Yes.

4287. What was its original capital?—In 1898?

4288. Yes?—The total amount of capital was £517,120.

4289. How made up?—Made up of ordinary capital 32,640 £10 shares, with £8 only paid, making £261,120, and 52,600 preference shares of £10 fully paid.

4290. *Mr. Robert Smillie*: What interest?—5 per cent.

4291. *Mr. Frank Hodges*: Can you give us the annual rate of interest which you have declared on your ordinary capital since then?—Of course we have added largely since then to the capital. You speak of what is the capital of the company. It is difficult to give the capital of a colliery company; we are continually adding to it.

4292. We want to get at that.

4293. *Mr. Robert Smillie*: There was new capital subscribed?—There was no new capital subscribed. I am willing to give you the information, but as it is a private company, is it quite fair to give it in public? I am willing to give you the information.

4294. *Mr. Robert Smillie*: We ought to fix this now. The witness's point is a very fair one. You are bound to supply the Commission with it.—We

should be pleased to do so, and do not wish to do anything else.

Mr. Frank Hodges: The list of suggestions I make here are the questions which are really applicable to every similarly situated colliery in the coal industry.

Chairman: Would you mind doing this, Mr. Hodges? You have some questions which, if I may say so, are very pertinent ones. Will you read them out slowly, and then we shall know exactly what you want?

Mr. Frank Hodges: (1) The original capital, and how the capital has been increased. (2) The annual profits divisible and put to reserve.

Chairman: Since when?

Mr. Frank Hodges: In a company of this description since the commencement.

Mr. Arthur Balfour: You mean actually divided?

Mr. Frank Hodges: Yes, divided, and the profit put to reserve. In a company of this description, which is only 20 years old, I should say from the commencement.

Chairman: What is the next question?

Mr. Frank Hodges: The amount of undivided profit that has gone to increase the original capital. Lastly, the amount of money there has been set aside for renewals, development, depreciation and general improvement (a) for the five years prior to the war, and (b) for the war period.

Chairman: Anything else, Mr. Hodges?

Mr. Frank Hodges: That covers all at present.

Chairman: I quite appreciate your point, and Mr. Smillie has very fairly said it is a reasonable one. The first thing is, when can you let us have these things?

Witness: If I could get the list I would telegraph to Newcastle for them.

4295. *Chairman*: Would it be here by to-morrow?—I should think so. If not to-morrow the next day; the posts are very uncertain.

4296. Would you be able to be here yourself?—I will make a point of being here myself.

4297. Will you let us have it on a piece of paper—12 copies?—I will ask them to take it out.

4298. *Mr. R. W. Cooper*: There is one question I want to put to clear up the point with regard to your railway rates. They were fixed some years ago?—Yes.

4299. I am speaking from memory, they were fixed by a special Act of Parliament as the result of discussion before a Parliamentary Committee about 25 years ago?—Yes, 1893.

Chairman: The North Eastern Provisional Act you mean?

Mr. R. W. Cooper: There is a special Act of the North Eastern, not the Provisional Act. The point is that they asked for powers, and the Ashington Company and other companies opposed the Bill and got a special rate put into the Act applicable for all time. It has no connection with the price of coal.

Chairman: It is not under one of the 1893 Schedules?

Mr. R. W. Cooper: No.

(Adjourned for a short time.)

4300. *Mr. Arthur Balfour*: Are you fearing the competition of America in your neutral markets at the present time?—Yes. At the present moment several definite offers of coal have been received from America which are certainly under the prices of British coal. At the present moment the buyers in some cases have been hesitating; others, I understand, have actually bought, but the Americans, in addition to their offers, have offered to supply trial cargoes, giving 14 days to decide if a cargo is satisfactory and, if satisfactory, then the contractor will proceed.

4301. So that if the control lasts and you lose a considerable portion of your neutral trade to America you will lose a considerable amount of money on your working?—We would under those circumstances, but I should say that the Control will take an intelligent interest in that and we would have to reduce prices to meet the competition.

4302. You would have to reduce the prices?—We would have to reduce the prices rather than let the trade go to America at those high prices if we have the coal to supply. One of the reasons that is making neutrals inclined to take these offers is the fear that Britain may not be able to supply the coal to them.

4303. Then, if you reduce your prices, you will not be able to run your colliery at a profit at all?—There is certainly a margin at present, as is shown in these figures, but as that margin decreases, then the trouble arises.

4304. A question was put to you as regards the nationalisation of the mines in Germany. Of course one does not know what will happen, but, presuming the mines were nationalised, is it not conceivable that Germany would be forced to export coal in order to obtain raw materials from outside?—That is what I meant when I said before that Germany would be almost forced to export coal.

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4305. To obtain raw materials from outside?—To obtain raw materials from outside.

4306. To carry on her industries?—Yes.

4307. And to employ her people?—Quite.

4308. Therefore, is it not quite possible that Germany would export that coal at a low price to meet the competition from outside, or at a lower price than the outside competition and that the German people would pay the difference either in rates or in a higher price for their home coal?—It is quite conceivable that that would happen; in fact, it is a probability.

4309. Do you believe that your colliery, for instance, would be better managed if it was nationalised?—No, indeed I do not, and naturally.

4310. Why?—I think at the present moment we have men who stand as high in their profession as in any part of the country. I think we have always had particularly good reports as to the management of the concern and I am quite satisfied in my own mind that it is a progressive and well managed concern.

4311. Do you think, if they all became Government servants, they would be less progressive?—I would not like to say that.

4312. If there was a proposal that they should all become Government servants would they remain there?—That is rather a difficult question to answer. I do not for one moment think that those particular men in the management becoming Government servants would make them do their duty any the less simply because they happened to be employed by the Government instead of the Coal Company. I should be more afraid of their not being employed.

4313. *Mr. Robert Smillie:* I think you had an explosion at Ashington Colliery some time ago, did you not?—We had an explosion at Woodhorn Colliery.

4314. Belonging to the Ashington Company?—Yes.

4315. It was thought, to some extent, that the explosion was due to the stopping of the ventilation of the mine?—There was an enquiry into it at the time.

4316. There was, indeed; I was there?—Yes, I remember.

4317. Under the Mines Regulation Act the ventilating current must be continued and a sufficient quantity of air must continuously be produced to keep the mine free from explosive gases?—Quite.

4318. Is it not the case that sometimes the managers of British mines, that is, the men who are really held responsible by the Government for the safety of the mines, are a great deal more troubled about the commercial side of the mines than the safety side?—I do not think so at all. The men who are responsible for the technical and practical side have nothing to do with the commercial side.

4319. I agree with you they should not, but they have, in many cases?—They have not with us.

4320. Could you give this Commission any idea how much money your company has paid to the Government in excess profits?—Yes, if you wish for that.

4321. I certainly wish for it?—If you have no objection, I thought we would be putting that in the return we have to make.

Mr. R. W. Cooper: You have been very obliging, Mr. Smillie, with the other matters, might I suggest that that should be added to the information which has to be given to us in writing?

4322. *Mr. Robert Smillie:* Is it a question whether that is private? You will see my point in a moment, Mr. Cooper. (*To the Witness.*) One part of the business of the Ashington Company is being done at a loss, but the whole of the business of the Ashington Company is not being done at a loss?—Oh, no, far from it.

4323. I do not think the Government would object—I do not know whether the Ashington Company would object; I do not care whether they object or not, but I would like to get the information?—You will get the information. It was only with regard to the question raised before about the Company. I do not mind, as far as that is concerned; if you think it is advisable, the information will be given.

4324. *Chairman:* You had better put it on paper and we will circulate it?—If you please.

4325. *Mr. Robert Smillie:* The point I am going to speak on now is a different one. On the papers you gave us this morning there has been a loss on your output, so far as you sold it inland. I think it must be on certain kinds of it, because the loss could only be on what you sold at 24s. 3½d.; if you sold at 26s. there would not be a loss?—I think that even then we show that there would be a loss, but not much. The highest price we are entitled to charge is, I think, 26s. 6d.

4326. Supposing the whole of your output had been sold at the prices inland which you have quoted here to-day, you would have been making a loss on the whole of your output of coal and the Coal Controller would have recompensed you?—Yes, I suppose he would. He would not have recompensed us entirely.

4327. In view of the fact that on your export trade you were getting very high prices, you did not require to appeal to the Coal Controller?—Quite. As you will see, when I hand in all the information, we made very large profits.

4328. When you say that you are afraid of American competition and that even now the offers are being made, are they with what we have been calling neutral countries?—Yes.

4329. In the North?—Yes.

4330. Are they the people you were taking 90s. a ton from?—Yes.

4331. It is on your 90s. a ton price that you are basing your opinion?—Yes. They are discounting that 90s. a ton very considerably. For instance, one offer that was given comes out at about 122s. as compared with ours. I was presuming that if the offer was for unscreened coal it would come out at 122s. against our 135s.; if it was screened coal, which I have since been informed it was, it would be 141s. as against their 122s.

4332. Their offer was 122s.?—Yes.

4333. As against your 141s.?—Yes.

4334. What is the difference between your present price f.o.b. and your pre-war price?—It is very large.

4335. Yes, it is 75s. a ton?—Yes.

4336. Surely you do not expect for any time at all that you will be securing 90s. a ton for what you sold before the war at 15s.?—Certainly not. When you say for any time at all, we may for some time.

4337. But in answer to Mr. Balfour you said that already America is offering to send coal?—At least money than we are asking.

4338. At less money than we are at the moment able to send it?—Yes.

4339. That is, if you want to charge 90s. for what you previously charged 10s.?—Yes, that is what I was going on to say.

4340. But you have a large part of that 90s. to come off on this side, surely, to meet the American competition?—I stated that.

4341. Did you state that?—Yes, did I not state that there was a large margin there for a reduction of price on this side, and as freights of coal came down we would have to reduce our price to meet this competition, and as things came down further, it was only when we got to the bed rock of competition again that extra cost would operate: not until then.

4342. As a matter of fact, you are here to endeavour by your evidence to prevent this Commission reporting in favour of an increase in wages to miners and a shortening of the hours of labour?—Nothing of the sort. I have been asked to come here and have come here to put before the Commission, as clearly as I can, evidence with regard to the home trade and the export trade, the export trade particularly. I have no objection to the miners getting money if the trade will allow them to get it.

4343. You are here to try and prove that the trade will not allow it?—No, I am not here to try and prove that the trade will not allow it; I am just telling you what will happen when we get into competitive conditions.

4344. I want to put it to you that it is unfair to talk of the Americans offering at the present time in our northern parts in the neutral countries here at a

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price that would cut you out at your 90s. a ton?—I say that they are doing so, and I say that there is a large margin there on both sides, particularly with regard to freight. But I have also pointed out that before the war, and before we got to these abnormal prices, America was even then cutting into the trade here.

4345. I want to tell you that at the present time you could cut your price for those markets by 90s. a ton?—Yes, we could.

4346. Would not that wipe out the American competition?—I do not think it would finally, because the freights to-day on both sides, from America to here and from here to the other end, are absolutely abnormal, as well as the coal.

4347. And they will both come down?—It will all come down together.

4348. Do you think there is any likelihood after this great war in the interest of democracy, freedom and better conditions for the democracy, that any country in any part of the world can improve their conditions without affecting the conditions of other countries. Do not you think that the people in other countries will ask to have equal conditions?—I do not suppose they will be backward in asking if they think they can get them.

4349. Do you think, if we improve our standard of life, the Americans will not have to do the same thing?—That it is impossible for me to say. I do not know whether they are doing that or not now, but it is impossible for me to say that.

4350. Do you think that the German workers, who have practically established, or are about to establish a Socialistic State, are going to live under the old conditions?—It is impossible to say.

4351. But you are putting all your premises on this, that other people are going to remain as they are, and our miners are going to have better conditions?—All I say is that I have no objection at all to paying the miners more money if the trade

can stand it. But it is no use giving them a higher rate of wages if you are going to reduce the work.

4352. If which trade can stand it?—If the export trade can stand it or the home trade. I have shown you already that if we increase our cost the home prices would have to go up.

4353. I want to put it to you that the miners require higher wages in order to give their wives and children the living which they are entitled to expect, and you say, "Well, I do not object to their getting that if the trade will stand it." Well, let us give them that first and see whether or not the trade will stand it?—If you are prepared to run that risk, that is another thing, but, as Mr. Bowen said this morning, you have to be careful not to kill the goose that lays the golden egg.

4354. As a matter of fact, the goose that lays the golden egg is the miner?—That may be. I do not know whether it is also fair to say that the miner is not doing very badly in comparison with the rest of the country.

4355. I cannot take up your time by discussing that; but you know the state of affairs even at Ashington and in Northumberland?—Quite.

4356. You know the housing conditions pretty well?—Yes.

4357. There are a great many of the houses in Northumberland which are undesirable?—Yes. You have been to Ashington, and I think you will admit that there is a very good class of house in Ashington.

4358. What is the death-rate among the children there?—I could not tell you.

4359. Would you believe that it is four times higher than among the middle classes of the country?—I could not say; there are many things operating with regard to that.

4360. The housing in Ashington is better than the average, but it is not as good as it ought to be?—I think you will admit that it is very good.

(The Witness withdrew.)

Mr. ALBERT JOHN HOBSON, Sworn and Examined.

4361. *Chairman*: I think you give evidence on behalf of the Council of the Associated Chambers of Commerce, representing over 40,000 firms in the United Kingdom, and also on behalf of the Sheffield Chamber of Commerce?—Yes.

4362. You are Chairman of the firm of William Jessop & Sons, Messrs. J. J. Saville & Co., Ltd., and Messrs. Thomas Turner & Sons, Ltd., all of Sheffield?—Yes.

4363. I see that your evidence will be divided into three main headings; I will just read them and ask you to enlarge upon them: 1, the bearing of the cost of fuel on the export of high quality crucible and alloy steels; 2, the position as to steel melting as affected by super-power stations for generating electricity, and 3, as to the effect of the nationalisation of the industry. I observe that under the first heading, that is to say, the bearing of the cost of fuel on the export of high quality crucible and alloy steels, you desire to lay before the Commission the circumstances which led to your firm establishing works in the neighbourhood of Pittsburg, in the United States of America, for the manufacture of sheet metal, and the fact that the present state of affairs is analogous to what then took place, and may lead to the further transfer of the bar steel industry to the United States of America or to Sweden, thus losing a very valuable export trade to the country. Will you please tell the Commissioners what your views are with regard to the first question?—Mr. President and Gentlemen. In the first place I should like to say a word or two as to the value of export trade to this country, which seems to be not sufficiently appreciated. None of us, of any class, can live with comfort upon the natural products of these Islands. We can only get in our imports, either for export or service elsewhere, as interest on capital. Our position in getting in imports as interest on capital is going to be much worse after the war than

it was before, because under pressure of the Government, and the necessity of winning the war, large portions of our foreign investments have been sold, and we have also contracted large debts to America against which we must make exports to pay interest, and consequently we are handicapped both ways in our export trade as compared with before the war. We are further handicapped in a way that is very little understood by the fact that our export trade was supported by constant exports of capital for investment abroad, and those exports of capital did not go out really in money; they went out in railway stuff, and all kinds of goods required by the countries to whom the capital was exported, who, because we were finding the money, largely spent it in this country. We shall be gravely handicapped in the future in the export of capital for the reason that the 6s. Income Tax means that any English capitalist lending his money, say to a South American railway company, will have to have 7 per cent. to produce him just under 5 per cent., and the American capitalist who will be in competition in financing South America will be content with 5½ per cent. to produce him 5 per cent., in all probability. I estimate that the war will leave America with an Income Tax of 2s., or an equivalent thereof. Therefore, the tendency will be for these foreign undertakings to finance themselves, where they can do it better, in America, and so hamper our export trade. Now under those hampering conditions all the export trade we have and can keep is valuable, not merely as a profit to the capitalist who produces it, but as an exchange commodity for the comfort in life of the population of these islands as a whole, and not less valuable to the working classes. If there is a shortage of commodities coming home the people who are less able to afford those commodities will be the people who will have to go without, or partially go without, or go with less. I therefore regard the whole production of every one of us in this country as the

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whole of our fund of revenue on which we are going to get any desirable commodities, and if any one class of the commodity asks for more than their share of what is coming in—the wages paid to any class of the community is the mere means of division of all that comes home—if any one class of the community asks for more than their share they can only have it by some other class having less than their share. Therefore, it becomes a question as to whether it is wise to press any claim, however sympathetically we may regard the claim in the abstract, to the hilt at a time when our export trade is so much jeopardised, as I regard it to-day, by the conditions that have been created by us by the war. They are conditions of difficulty for all of us. I should like to say that I am not here as a capitalist particularly interested in cutting down anybody's wages, colliers' or anybody else's wages, for my own personal profit. I am here more as a man who holds a great many public offices in Sheffield, who has a long family connection with the City of Sheffield, and takes a pride in it, and I am more concerned with the effect on the prestige and industry of my City first, and of the country next, in the effect of a wrong decision by this Commission, than I am concerned in my own interests, or those of my shareholders. I think I shall show you in a few minutes that the interest of my shareholders will be protected in any event, but that the decision of this Commission may be exceedingly unfortunate to the community. In order to do that, I want to put it in this way. My company, William Jessop & Sons, before the war exported in the neighbourhood of £400,000 a year of high grade tool and alloy steel, and my second company, which I may mention is associated with William Jessop & Sons, who have the controlling interest in it, J. J. Saville & Co., exported £100,000 worth. That is half a million pounds worth of steel. That export went entirely to the United States, Canada, India, Australia, and Japan for William Jessop & Sons, and to Russia, Germany and the Balkan Peninsula for Saville & Co. I will leave out, for the moment, Saville & Company's export trade, because that is mainly concerned with Russia, and the resumption, or otherwise, of that export trade with Russia does not depend upon wages, it depends upon Russia resuming in some form a sane Government; and, therefore, although it is a very important factor for future business—and I regard the future of Russia as likely to be a great one in this century when it settles down, still I will take the export trade which is more capable of being got back at the moment than the Russian trade. Taking, therefore, Jessop's £400,000 at to-day's value for the wages and raw material, that represents a trade of £1,000,000 a year. If I get the same tonnage and orders for the same quality on to-day's cost it would be £1,000,000 a year, not £400,000. That trade is in jeopardy, and it is for you to decide whether it should go, or whether it should not, in accordance with your decision. The first sheet of prices I will put in gives the cost of crucible melting in 1913.

4364. I do not want to interrupt, but have you copies of that?—I have not duplicates, but they will not take very long to prepare. I will hand them in for duplication. These figures were got out on Saturday afternoon and brought to me on Sunday morning and I have not even had an opportunity of putting in a précis. The result of these costs is that in 1913 it cost £8 14s. 0d. per ton to melt the crucible and cast steel, and during 1918 it cost £17 12s. 6d. That is the melting operation only. Of that the cost of coke was £8 4s. 0d. as against £4 12s. 0d.; the wages were £6 4s. 0d. against £2 11s. 0d., and the cost of coal, repairs and upkeep were £3 4s. 2d. against £1 9s. 0d. The actual price of the melting coke was £2 11s. 2d. per ton against £1 5s. 3d. Perhaps I should explain here that melting coke for the crucible steel is a very special high grade coke made in the old bee-hive ovens, and not by patent processes, and requires to be of a very good quality, and it is a very much higher grade melting coke than ordinary blast furnace coke. That which I now hand in was the cost of the melting pure and simple. I next want to put in what is more informative than the mere cost

of melting, and that is the cost it comes to per ton for each shilling extra in the price of coal. I notice Mr. Talbot gave you that figure as 4s. for each extra shilling in the price of coal. As a matter of fact my figure is 14s. 10d. for every shilling on the price of coal. I am now arguing on two tons of coal for one ton of coke. The colliery people used to tell us it took three tons of slack to make a ton of coal; I think they have now improved their methods and enquiries by telephone on Sunday led me to correct that statement, that it only took two tons. I think two tons is low, but I wish everything I put before this Commission to be within the facts. Of that coke when made, we want $3\frac{1}{2}$ tons to make one ton of coal gas, and that $3\frac{1}{2}$ tons of coke will represent double that quantity of coal. We not only want that, but before we deliver these high grade steels to our customers we have to manipulate them into bars for engineering purposes, or into sheets for many purposes, and we find that it takes three tons of melted ingots to make two tons of delivered product before it leaves our works. We have to try off the tops of the ingots for unsoundness, owing to the contraction, and we have various wastes in rolling and other processes and in heating, and very often more than one heating for manipulation purposes and, as an actual fact, we only get, at the end of those operations, 2 tons of product to 3 tons of melted stuff. Therefore you see that every ton of melted stuff represents $3\frac{1}{2}$ tons of coke plus one-third more to make up for the stuff we melt to go in the waste of the manipulation.

4365. *Sir Arthur Duckham*: That is $6\frac{1}{2}$ tons, I think?—Yes, $6\frac{1}{2}$ tons of coal, then a third more than that is required for this wastage. Besides that we want three-quarters of a ton of coal to convert the Swedish bar which we buy from iron into steel. We pack it in wood charcoal and we back it for a long period of time, and we thereby convert it into steel by taking out the carbon. Therefore, the raw material we begin to melt must have three-quarters of a ton of coal to turn it from iron into steel before we melt it. We then find we require four tons of coal to manufacture that steel into the product we sell for power in our forges and rolling mills, steam power for the heating and reheating and annealing and normalising and other heat processes through which the steel is put before we deliver it. The result is that every 1s. on of the price of coal costs our steel 14s. 10d. per ton extra. Comparing 1913 with 1919, those figures work out that the production of a ton of finished bar steel, ready for sale, cost £9 6s. 9d. in 1913 for fuel, and it now costs £20 1s. 6d. for fuel alone, without any wages. I put in the details of that and you will find them here. May I follow the argument up a little bit further in this respect? Why did we go and start works in America? We have also works in Russia, I may say, in connection with Saville & Company, so that I have a fairly wide experience of labour conditions and fuel in various countries. We started those works in America under the circumstances that we were exporting to America, amongst other exports, to two of the largest saw manufacturers in America about £30,000 a year each of high grade sheet steel in bands or ribbons for them to make into saws and circular saw plates, for both of which products we had by far the highest reputation of anybody in the States. When the great American United Steel Company was formed a combination also took place of the crucible steel firms in America, and when this combination took place they went to our customers for this £60,000 a year of our high grade stuff—not all our export, but the export to those two customers only. They went to those two customers and said: "You buy your common sheet from us and you buy your best from Jessops. If you will not buy your best from us we shall refuse to supply you with the common," and they put monopoly pressure upon them to compel them to take American steel for the better qualities as well as the worse qualities. We were approached by our customers, who said, in effect: We will not be under the thumb of the monopoly combine; you must either come and make us this commoner sheet to set us at liberty, or we will make our own steel in opposition to the

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American Crucible Steel Company instead of being under the thumb of this monopoly. As a Board of Directors we had to very carefully consider what we should do, and finally decided that with the £60,000 of trade that we were afforded we would transfer the facilities of Jessop & Company to America. When we went there, some 20 years ago, we got a large slice of land, about 36 miles from Pittsburg, and we built works there. Those works have been a great success, and we are making a good deal more money out of them in proportion to capital in America than we do in our Sheffield works.

4366. Will you kindly come to the second of the two questions now?—I want to carry that a little further in this respect. Being in that position, we have now to consider, can we recover our pre-war trade with America? We were taken away from it owing to the war for the purpose of making rifle barrel pieces and Lewis gun barrel pieces and other necessary things, but when the war is over we shall ask for our trade back again. The point I want to make to the Commission is that I cannot get it back again; I am only getting it back in dribbles and small quantities because I am quite out of it. Compared with my pre-war prices for export to America, my cost has risen so much here that I am not getting that trade back. Now the alternatives before us are either to enlarge our American works, and do this trade which we did in America out there, or to adopt electric furnaces with cheap water power in Sweden. On that I may mention that the raw material we use comes to us from Sweden. We are the largest buyers in the world of Swedish iron, and if I took that Swedish iron to the waterfall in Sweden I should only have two tons instead of three to bring across the water. It already costs me much more in freight to come across, and, even although freights have come down, I do not think Mr. Havelock Wilson and his men mean to go to their pre-war rates any more than other men, so that freights will be higher in the future than they were in pre-war days. I have to consider whether I will go to the cheapest power in the world and where my raw material is already, or whether I will go to America. May I say I have here the price of coal to my American works. The price of coal delivered into the American works as slack for boilers was 12s., that is a short ton of 2,000 lbs.; you would have to add one-eighth to that to bring it to long tons, and the price for coal for gas producers, 13s. We also get coke at 12s. to 16s. per ton net, the explanation of it being a little more than the coal is that it is coked by a process by which the residuals are considered more than the coke; it is a residual product from the patent coke ovens, not from the beehive coke ovens.

4367. *Mr. Robert Smillie*: What has that to do with this question?—It has this to do with it: I have the decision to settle whether I am to struggle on under the high cost of fuel into my Sheffield works or whether I am to extend in America to do this trade.

4368. We have to report on the 20th of this month?—Yes, and what you have to consider is whether this is not an element of the problem to you, because, if your Report on the 20th is unfavourable to the continuing of this industry, the works will go up on the other side, and then it is not a question of repentance; there is no place for repentance, the trade has gone for ever as far as the workmen are concerned and as far as the business is concerned, I can only give you the information I have given to me of the danger of losing the export trade, and I hope I am giving it as clearly and as shortly as I can.

4368a. *Chairman*: Have you finished with the first portion?—Yes.

4369. Then we come to the second, the position as to steel melting as affected by super power stations for generating electricity?—As to that I have had some figures prepared, and these also represent Sunday work. Have these diagrams been circulated?

4370. Will you circulate the diagrams? What I propose to do there, if you will allow me, is this:

If every gentleman will look at the curve on the blue print, I intend to read out the explanation rapidly, because that will save Mr. Hobson a great deal of his time. Curve I, that is the outside I on the left hand side, the red dotted curve, is "the estimated cost of extra high tension energy delivered to the consumer's sub-station if supplied under the scheme outlined in the Snell & Merz joint report dated November, 1918. Coal being taken at 16s. per ton." "Curve II," that is the red one, "As above, with addition of consumer's working charges on sub-station plant for conversion or transformation to a suitable pressure for use in his works." "Curve III," the yellow one, "corresponds to Curve II when value of coal used rises to 23s. per ton, that is the present day price." "Curve IV," purple. Also corresponds to Curve II should value of coal used rise to 27s. per ton." "Curve V," that is the green dotted one, "Present cost of extra high tension energy delivered to the consumer's sub-station under existing contract with the Sheffield Corporation," and "Curve VI," the green, "as Curve V, with addition of consumer's working charges on sub-station plant for conversion or transformation to a suitable pressure for use in his works. This is comparable with Curve III." Have you anything further to say about that Curve?—Yes. You ought to direct your attention to the fact of the load factor. The average load factor is found in this Report, which is a report on the proposed super-power station for the Sheffield Corporation, for the guidance of the Corporation; it is about 40·2, the highest I have known it reach as a load factor. If you will look at the yellow it shows the present-day costs with a load factor of 50 crossed in the neighbourhood of 4 of a penny, which is the best we could hope for on to-day's cost of coal. That rises up to practically within 5, or just about 5, if you go to the 40 load factor. The decision to grant the requirements of the miners would push your yellow line to the purple if 4s. is the result of the rise. I have heard 8s. mentioned; that would put it up higher still. What we are up against in that is that when we started to put down the electrical furnaces, on which we spent ten years of time and many thousands of pounds, we aimed at getting 25 against the Swedish figure of 1 of a penny, with water power. We thought if we got to 25 our quality, our minerals, and our reputation and goodwill would sell it. We did get in our own station before the war down to 4, the best that is offered us here, and we were going to put down turbo and generators to get lower. Now the price of coal has put us out of it, whether on our own station or this super-station, which is to be erected if at all, at the cost of £11,000,000, and we have to wait until that £11,000,000 sterling is spent, some years ahead, may I say, before we are to have these terrible increases that are put before us, and then when they come they are not enough. This table starts at 2. At 1 the waterfall is waiting; it does not want any war bonus, and it has not raised its prices.

4371. I think now you come to the third point, if you will tell the Commission your opinion about that, that is as to the effect of the nationalisation of the industry. Which industry do you mean?—I mean the coal industry. I draw my parallel for that from the amount of experience I have had as to the nationalisation of the National Telephone Company. I was on a Sub-Committee of the Chamber of Commerce which was appointed to investigate the measure rate. I had many conferences with the Directors, and, to put it as shortly as I can (I can give it at greater length in cross-examination, if desired), Mr. Franklin, the Chairman, told me that it would be very difficult to agree prices with the Government where they had to agree for interchange of service. The Glasgow Municipality had started its own Telephone Exchange, which they handed over to the Government, and in agreeing services with the Government he had found that his operators were 25 per cent. below the Government operators in wages, and they did 25 per cent. more work. So he got for 15s. what cost the Government 25s. When the Government took over the National Telephone Company they could not put their Glasgow employees down to the level of the

* See Appendix, page 240.

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National Telephone Company's wages, so they were all put up from 15s. to 20s.; when they had all been put up they proceeded to reduce their delivery of service to the delivery of service of the other people, and put down their efficiency by the said 25 per cent. A 40 per cent. factor of inefficiency was introduced by the nationalisation of that institution, which is confirmed by the fact that as a private undertaking it paid 6 per cent. dividend; it set aside 9 per cent. to reserve, and it paid a 10 per cent. royalty on all its takings to the Government, and all those elements of profit disappeared within two years of it being nationalised, and during those two years the prices were always going up, and the efficiency of the service was notoriously going down.

4372. *Mr. R. H. Tawney*: What does this rest on?—It rests partly on the statement of Mr. Franklin and it also rests on the disclosed fact that the Post Office lost money on the telephone service.

4373. I mean the 15 per cent. loss by nationalisation?—That rests entirely upon the investigations of Mr. Franklin.

4374. *Chairman*: May I say that it is most interesting to hear this, but we shall have the actual figures from the Government with regard to the telephone service, so we will not trouble you any further upon that?—Except that I draw the inference, taking the instance of the nationalisation of the telephone service, that the 40 per cent. inefficiency will apply to the coal mines, and I put it in this way, that, whatever the effect on our export trade would be of granting a 30 per cent. advance in wages and the shorter hours, I would rather you did it than see the nationalisation of the coal mines, because through suffering we could redeem the one mistake, but the other mistake lasts for ever.

4375. *Mr. Sidney Webb*: On the last point I do not want to go into the details of the telephone service, but I think you said that your inference was that there was a 40 per cent. factor of inefficiency in Government management?—Yes.

4376. I think you arrived at that by the fact that 25 per cent. was due to the fact that the Government paid lower wages?—No; you mean by the fact that the Telephone Company paid lower wages.

4377. Yes. But surely the question of what wages are paid has nothing to do with efficiency. Do you suggest that the test of efficiency is profit?—No, I do not suggest that the test of efficiency is profit. The test of efficiency is the value of the services rendered to the community for the amount of the value paid for them. You may be able to save it in other ways than wages, consequently it is a larger question than a wage item.

4378. Do you suggest the test of efficiency is profit?—No, I do not suggest the test of efficiency is profit. The test of efficiency is the value of the services rendered to the community in relation to the amount they pay for them. You may be able to save in other ways than wages.

4379. If I may take a personal instance, taking your own business enterprises, suppose you passed away and they came into the hands of some one equally competent in that way, and assume that he was willing to do it for half the money and to receive half the profit, would that mean any diminution of efficiency? My point is that the price you pay for efficiency has no relation to it?—It limits the amount of services the nation can have, because if they have to pay more for one service they will have to pay less for other services.

4380. Keeping our minds on the amount of wages which he gets, your assumption is that if the coal miner worked for the Government he would get 25 per cent. more wages than if he worked for the coalowner. That is your inference?—I think he would have substituted for the interest of the coalowner the uninterested control of the Government official.

4381. Then you think work under the private owner is more efficient?—Yes, more efficient in every degree.

4382. You say the control of the private owner would keep down the wages and the work would be more efficient?—Yes, because it gives the service at a less price.

4383. You made the general statement that there was 40 per cent of inefficiency?—That is not all wages, of course.

4384. That is not my figure, but your figure. I take it from you that you think the Government management of the coal mines would probably lead, so far as you can make any inference at all, to an increase of wages of 25 per cent.?—I think it is quite likely.

4385. Do you think that will decrease the popularity of Government management among the masses of this country?—It will decrease the popularity of it amongst those who have to pay for it.

4386. Confining ourselves to coalmining, your suggestion is, if you can draw an inference from the Telephone Company, that the Government will pay 25 per cent. more wages to the coalminers than the private owners have done?—Provided they are able to sell the product. There will not be the amount of employment with the 25 per cent. more wages, because the coal will be so much dearer.

4387. Are you assuming coal will be dearer?—I am sure it will under State nationalisation. That is a matter of opinion to which I am entitled.

4388. Passing from that, you said what was important (I do not want to misquote you) that no one should get more than his share of the surplus profits of the community. If anyone got more than his share, other people had to get less. I do not raise anything on that, because we are all agreed. I notice in your figures you said in the smelting of steel (forgive me if I give them inaccurately) the labour cost in 1913 was £2 11s. and the labour cost in 1918 was £6 4s.?—Yes.

4389. I have worked that out. I think, if I remember rightly, that the hours of steelworkers have lately been reduced by 30 per cent.?—And their efficiency by 33½ per cent. That is partly the reason of the higher wages. They are only melting two rounds instead of three as before the war.

4390. That I accept. Their hours have been reduced by 30 per cent., and your figures have gone up 154 per cent.?—That is the labour cost allowing for the inefficiency which is not the wages per man.

4391. I put it to you that the miners at the present time in those years, so far as the figures have been given to us, have only gone up in their wages by about 105 per cent.?—Yes. I think they started higher owing to the good organisation. They were a sort of Praetorian Guard of industry. I think they started higher.

4392. With regard to the steel-smelters and others, the miners—I know both because I have studied them both—do you suggest the miners were getting more than the charge-hands and the hewers were getting more than the charge-hands? That is not so, is it?—That is not the charge-hands, but the average of all the labour and you must therefore put it against the average of all the labour.

4393. That is what I have done. However, the point is,—coming back to what you said, if people have more than their share, others must get less?—Yes.

4394. If the hours of the steel-smelters have gone down by 33 per cent. it will be difficult to convince the miners that their hours ought not to be reduced by 25 per cent. If the wages of steel-smelters have gone up by 133 per cent. it will be difficult to convince the miners that they are not entitled to more?—I think the steel-smelters and the miners must realise these advances took place in an artificial state of affairs which has finished—borrowing money and spending it wholesale. We have got to get industry down to sane lines. We can no longer sell as we have done in the war against borrowed money, creating an indebtedness for the future. All inferences from the rise of prices during the war are absolutely unreliable and have nothing whatever to do with the future. The future has to find itself out by supply and demand and it will be a very painful process.

4395. We have to report by the 20th March and we have a practical problem as to how to deal with this very serious emergency. What I asked you was as to how we were to represent to the miners, taking your steel industry, that you have difficulties, as you quite rightly put to us, in carrying on the trade for

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export in competition with other countries because of the aggregate cost?—Yes, but it is not the miners' cost only. I included in my statement the steel workers' cost.

4396. The miners may say, in order that the steel industry may go on, it would be only fair that the steel-smelters should work longer hours and their wages should be reduced if the miners are to be prevented from getting their hours down and their wages increased. In so many words, you could go on with your industry if you reduced one set of wages just as if you reduced another set?—I do not suggest one set of wages only should be reduced. I suggest a greater purchasing value of the sovereign and a saner return to finance will enable both to be reduced. Must you argue from the past? If you argue from the past to the future, you will make the hugest blunder in the history of this country.

4397. Can you do anything else?—Yes, you can argue from the reasonable prudence of reasonable men who know the country has great burdens to bear and who are not going to try huge experiments on theory at a most critical time.

4398. We have a very practical problem to solve, and one which perhaps you can help the Commission on. It is not theory we are up against, but a condition. On the 22nd March, when the miners' notices expire, it is our great task, if we can, to avert that great calamity to the steel industry as well as any other industry. Could you help us by any suggestion of how much increase you think the miners' wages are susceptible of consistently with your trade going on rather than to have a calamitous stoppage?—I cannot, because, so far as I am concerned, I say at once that the trade cannot be recovered for this country on to-day's prices.

4399. You would rather then have a stoppage?—So far as I am concerned it is almost a matter of indifference to me personally. The stoppage will force me to cater for this trade elsewhere than in this country, and I do not think that is a good thing for the industry of my country or city, and remember I am only one firm representing many in Sheffield.

4400. With regard to the question of hours, is it your view that you could not have any reduction of the miners' hours though you have just reduced your steel smelters' hours by 33 per cent.?—Personally, so far as I am concerned, I say that is a reduction which I deplore as a loss of efficiency to the steel-workers, and I am sure the steel-workers have made a mistake which they will find out very soon. Remember there is a considerable amount of unemployment amongst these workers because of that. Therefore, to argue that because one reduction has been made, therefore another reduction should be made does not seem very sound.

4401. Whether it is sound is a matter of judgment?—The miners are right in one thing; they are out for all they can get, and I do not blame them. My own men are out for all they can get, and everybody else is, but from prudential considerations the question arises whether they are not killing the goose; they cannot have it both ways.

4402. The question is—who is the goose?

Mr. Robert Smillie: We will roast that goose before we get right.

4403. Mr. Sidney Webb: Do you wish to infer that the steel-smelters have got more than their share in the reduction of hours or the miners have got less?—I think that the present steel smelters have made the mistake of their lives in cutting down their three rounds to two. My own men in America melt three rounds and lift 100lbs. every time. Here they are lifting 56lbs., and, as a special concession have agreed to go to 70lbs. in two lots. They are going to make 140lbs. of steel a day instead of 300lbs. The English steelworker will not be employed by the world in the long run at that production, because he has cut his production down too low, and he will find the world will do without him if he does not do more.

Mr. Robert Smillie: Would it be possible to get an answer to the questions?

The Witness: I am answering Mr. Webb, who is here as an advocate.

4404. Mr. Sidney Webb: I am here having been appointed by the Government as a Commissioner, and not as an advocate?—I think I am not wrong in saying you are an advocate, and as you advocate views I have to answer them by advocacy from the opposite point of view. You put facts which I do not believe.

4405. I took the facts from you and I suggest I am not any more an advocate of one view than every member of the Commission is an advocate of views in which he believes.

Chairman: Not every member, Mr. Webb.

4406. Mr. Sidney Webb: No sir, because you are the chairman (to the Witness): However, to come back, as you have mentioned the production of the steelworkers in America, could you give their wages?—I cannot. I have cabled for them, but I have come here before the answer arrived to my cable. When it comes, I think I can give them to you if my people reply properly.

4407. The delay is not a delay of the Cable Company?—We do not know whether the Censor's Department muddle up our cablegrams.

4408. Mr. R. H. Tawney: I have only one or two questions to put. You gave us a very interesting account of the principles of international trade. I think you said we had ceased to be a creditor nation and had become a debtor nation?—I said the position was worse than before the war. We were not a creditor nation to the same extent as we were a debtor nation to the extent that we had never been a debtor to America.

4409. It was a change in that direction?—Yes.

4410. I think you said we were handicapped in our export trade by the fact that we had to pay interest abroad?—No, we are handicapped in our export trade by the greater difficulty of exporting capital, because the Income Tax is equal to 30 per cent. tariff on the export of capital.

4411. I thought you said the other as well, but I took down the latter point, and I am willing to go to that. Will you explain it a little. You said with a 6s. Income Tax we must have 7 per cent. interest abroad?—Yes, because practically speaking, if we are going to lend money on a new deal the capitalist looks at the net return and not the gross return. If he gets 7 per cent. for a 6s. Income Tax he gets 42s. He will not look at lending money to a South American Company under 5 per cent. net return.

4412. He does not escape the Income Tax by refusing to lend to a South American Company?—But with every new deal the Income Tax is passed on at the present moment.

4413. When you say that the Income Tax is passed on, to whom do you mean it is passed on?—To the consumer, who eventually wants the article.

4414. Then it does not matter to the manufacturer what Income Tax he pays?—It goes into his expenses and becomes a heavy direct taxation on the exchange in the amount of produce he can send out. Capital will practically flow to a certain level. If there is an attempt made to force it below that level, it flows to other countries where it can get that level. There is a certain level at which you have to pay for capital.

4415. You said the Income Tax is passed on, and then you went on to explain that it is passed on to the consumer. Am I to understand by that that if an Income Tax of 15s. in the pound is imposed upon the higher incomes, that is not paid by the manufacturing classes?—It would be difficult to dogmatise about it. On securities on which they would not pass it on they would have to pay, but on every new transaction with capital the rate of interest is raised, so that if you proposed a 15s. Income Tax I would expect a 20 per cent. rate for money for any future enterprise.

4416. Apart from expecting it, do you think you would get it?—Yes, you would not get it without.

4417. On the whole, so far as new undertakings are concerned, it does not matter to the promoters and capitalists what Income Tax they pay?—I do not say that. It matters to this extent, that it may

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force them to export both themselves and their capital to those countries which do not make those demands. You say that it does not matter.

4418. May I put my point, which is, that short of exporting themselves, which would be a great loss, it does not matter?—I am not going so far as that. You cannot disturb anything without doing harm. With the mere disturbance the automatic adjustment that follows it is a slow process, and you must not talk in these dogmatic terms that what happens—

4419. Pardon me, I am not talking, but asking questions. I have taken your point, and I only want an explanation?—I have tried to give it—that it is passed on. I will give it more fully if you will let me give an explanation.

Chairman: Do you think that is necessary, Mr. Tawney?

4420. *Mr. R. H. Tawney:* I will not press it. We have had several illustrations. (*To the Witness:*) You have said it is passed on?—On a new deal it is.

4421. And the inferences from that as to whether the Income Tax can be raised in addition to it without producing capitalists in new dealings are obvious, and I will not trouble you further about that point. You have explained the importance of the steel industry, and we must all appreciate the danger that it may be prejudiced in facing competition?—Yes.

4422. Could you give us an idea whether the steel industry has been prosperous or decaying lately?—It has had, shall I say, the same artificial flood of inflated prosperity as has every other industry. It has been an unhealthy state of affairs really.

4423. But not disagreeably unhealthy?—I would much rather there had not been a war from that point of view. My own concerns would have gone on much better without it.

4424. I think shares in steel-producing companies are selling at a fairly high figure?—Yes. I think the public estimates them too highly because they are estimating them on the past and not on the future.

4425. That is to say the ability of the industry to meet some new charge is considerable?—It is an unknown quantity under the circumstances. I look forward to the worst time with regard to trade I have ever known in my life. I have not only that as an opinion, but I am re-arranging my business on the basis that it will be extremely bad.

4426. Have you any evidence here as to the additional cost of production which is likely to be caused by meeting the miners' demands?—No. You have all your experts who can give it very much better than I can give it.

4427. That is to say your case is a hypothetical one?—No, my case is one which shows the loss of an industry at present prices and its hopelessness at cheaper prices.

4428. But that is a hypothetical opinion, is it not?—I say there is no doubt about it. I think Mr. Smillie himself says he does not want merely something to represent the extra cost of living, but something representing more comfort for the miner, and that expostulates a higher price, surely?

4429. I am not concerned to affirm or deny it. I want your evidence so far as possible. If I understand it rightly, you have not any evidence as to the effect upon prices of coal in granting the miners' demands?—I think I have shown you evidence here in the case of electric current, and how hopelessly we are out of it on the miners' demands granted up to now, and how, further, we are hopelessly out of it with further demands.

4430. The interesting chart which you have given us does not show that, but the probable effect upon electric current of certain rises in the cost of coal. I understand?—Yes.

4431. What I want to know is, have you any evidence as to the effect of producing the coal on the miners' programme, or is your case a hypothetical one?—Would you repeat the question?

4432. Have you any evidence as to the effect upon the price of coal of granting the miners' programme, or is your case a hypothetical case?—I

think the evidence is transparent from the fact that the greater proportion of the cost of a ton of coal is constant on the miners' wages and, as long as that is an admitted case, naturally if you give more wages, the cost of a ton of coal must rise.

4433. You say it is admitted?—Is it denied that a greater portion of the cost of a ton of coal is paid in wages?

4434. No, but it is not admitted that every addition in wages is added to the present cost of a ton of coal?—But does not the cost of a ton of coal represent more in wages than any other cost? You must know it round this table.

4435. It is not necessary to give us a lecture. I have been asking you certain questions?—I think practically you are asking a question in which you first put a supposition and then seek my assent to it. I say your supposition is wrong as the basis of your question.

4436. Excuse me, but it is nothing of the kind. If there has been a hypothetical argument it has not been from me. I want to know if you have any evidence as to the effect on the price of a ton of coal after granting the miners' programme? If you have not, please say so? Yours is another industry, and I only want to know?—I think it is obvious.

4437. But you have not any evidence?—No evidence other than the obvious evidence about the wages.

4438. *Sir Thomas Royden:* Can you answer me one or two questions shortly? No doubt the information is on a paper which has been circulated, but it has not reached me yet. How much in your pre-war period, say in 1913, of your steel did you really export to America?—It is not in the figures for circulation, but I have it here. I was not particularly anxious to give it, but I have no objection to give it, if I am asked. You may take it roughly it was £300,000 worth.

4439. Naturally, in the production of that steel you employed a considerable number of men and expended a considerable amount of fuel. Am I right in saying that at the moment you cannot sell a pound of that steel?—No. I said we can only get a very small fraction of our business back again. We are turned down by many of our customers, who say the American manufacturers during the war quite suited them, and they will no longer pay us a high price for the products they used to pay for.

4440. What is the actual position to-day?—The actual position at present is that we are getting a very small proportion. I do not care to publish from the roof tops what the proportion is, but we are getting a very small proportion of our export trade back again.

4441. I wanted some solid fact?—I do not mind sending it to the Commission privately, but I do not think it is fair to ask me to put my business in the papers.

4442. I am not asking you to do that, but I merely want to know whether in effect that particular business at the moment is lost?—I regard it as lost.

4443. I do not want to put words into your mouth of course?—I regard it as lost if the present cost continues. I may say I am trying to save it by making stuff to restock my depots but which I know when I get it across there will be sold at a loss. I am trying to hold it together by losing money at the moment. I have been left nothing with which I can stock those depots, and with reluctance I am trying to restock the depots. I used to keep 500,000 tons in depots in America, but I have not 500 tons left, and I cannot do it now to-day because the cost would be ruinous.

4444. *Sir J. Chiozza Money:* I think you said that you did not know what wages you were paying now in America?—No. I have no exact figures. I should have them if I came a little later.

4445. It is only necessary to say yes or no so as to shorten our proceedings. Are you certain that before the war you were paying higher wages in America than here?—Yes.

4446. Were they not quite twice as high as here?—Yes, quâ wages, but not with regard to other things.

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4447. I am speaking of wages. I only want a reply to my question as to wages?—But you must take efficiency as well as wages.

4448. If you would not lecture us we should get on quicker?—I must qualify my answers to make them truthful.

4449. You say you were paying wages before the war about twice as high as here?—Yes.

4450. Are you aware that wages in America have risen over 100 per cent. since the war began?—Not in our industry. The rise is not 100 per cent., but I believe it is about 80 per cent.

4451. You have the information as closely as that?—I have it on the impression of my manager at Sheffield, but I should like to have it verified myself.

4452. You are not sure, but you think it is 80 per cent.?—Yes.

4453. That is to say wages then were as high before the war and you think they are 80 per cent. on that?—Yes, and the home wages are more than that.

4454. Therefore, the American wages are very much higher than here?—Yes, but there is not the same increase in efficiency.

4455. Would you shorten your answers? With regard to the hours worked by your men in America, what hours are worked now?—I cannot give the hours, but the fact is that they melt three rounds instead of two.

4456. Are you aware that the United States Steel Corporation, which covers about one-half of the steel undertakings of America, and has alliances with a further proportion, have adopted an eight-hour day basis, effective as from the 1st October, 1918?—I was not aware of it, but I can quite believe it. That company does not compete with us.

4457. Does it not follow that you in America—whether you have done it yet or not—will have to adopt an eight-hour day?—That entirely depends upon the state of trade in America.

4458. Are you not sure it will come about?—No, because if trade slumps in America it is worse there than it is here, and whether that thing comes about does not depend upon war, but upon the state of trade.

4459. You said we should depend upon judgment. Can you tell me as a matter of judgment and knowledge, have you ever known the hours of labour to increase in America? Have they not continually fallen during the industrial history of that country?—Yes, I believe so.

4460. Is it the view that the hours of labour will fall?—I am not an advocate of long hours of labour.

4461. But you come here to say that miners must not have more wages for fear of ruining your industry. I put it that you have no right to say that while in America the class of workers you threaten here are having more wages. You have no right to hector the miners of this country?—I am not hectoring them.

4462. You threaten them with the emigration of yourself and your firm to America?—No. I say I have that problem to face and it is for them to face that. I threaten no one, and you must not put that in my mouth.

4463. I do not do that, but you said you had partly emigrated?—No, that is not true. I said we had built sheet-mills to do common-sheet which we did not do in Sheffield, but we kept the best sheet in Sheffield. That is not emigrating, but protecting.

4464. That will cheer up the miners in this country?—We have the alternative of the facility of going to a place where coal is going at 13s. instead of 23s., and that will largely decide this question.

4465. I want to know very clearly from you whether you do or do not intend under the certain eventualities which you describe to remove your works to America?—I decline to answer the question: that the Board will have to decide; but all the facts are before them.

4466. Why did you throw out the suggestion that you might do it?—Because I think it is necessary the Commission should know and Mr. Smillie should know that there are alternatives.

4467. Does not that amount to a suggested threat?—No, it amounts to a statement of fact which I have to consider and he has to consider as a mere matter of business.

4468. Will you be so kind as to address yourself to this. Is it not the fact that during the war the steel industry of this country (I am not speaking of your own particular branch) as a whole was increased by State assistance, State stimulation and State subsidies to a position in which it produced about half again as much as it did when the war broke out?—I think that is so in the common trade, but it has nothing to do with me; I have not had any subsidies or any assistance.

4469. I am speaking of the steel industries which you come here to represent?—I do not come here to represent them, but I come here to represent the crucible and oil industry of Sheffield and not the steel industry because they are very different.

4470. You came here to represent the Associated Chambers of Commerce of the United Kingdom which includes the steel industry generally?—To an extent that is true, but I disclaim any special knowledge of the heavy steel industry. I can only speak of my own experience of the industry under my own knowledge.

4471. You do not desire to speak of the steel industry?—Not of the heavy steel industry. It is not an industry which I feel responsible to speak for.

4472. Then I will not ask you any further question about that, but I will turn to what you said about nationalisation. You gave us your opinion that nationalisation would ruin the coal industry of this country. Is that putting it too high?—I said it would raise the cost to the community at large of coal by a factor of inefficiency. I did not say it would ruin the rest of the country.

4473. And gravely injure it?—It would gravely injure the country.

4474. Through injuring the coal industry?—No, through the fact that the coal industry would to a certain extent, governed by political heads, be getting the rest of the country a little more by the throat than it is now.

4475. And it would raise the price of coal still further and injure the general industry of the country?—Yes. I think that would reflect back upon the industry of the country.

4476. With regard to the chief industrial competitor of this country, has America in the past been its chief industrial competitor?—America and Germany were the two chief ones before.

4477. I said, Was America the chief?—I was trying to think whether America was the chief. It depends upon what industry you take.

4478. I spoke of industry as a whole in terms which are clearly understood. Was America our chief industrial competitor?—I think not.

4479. As a matter of fact, it was not. Our chief industrial competitor was Germany?—Yes, in most of the industries I am familiar with.

4480. Are you aware that Germany is socialising its industries?—I am glad to hear it.

4481. You think, therefore, in your judgment and opinion, Germany will be a less severe industrial competitor in the future?—So far as socialisation is concerned. It has not got to the point at which they cannot go back. It is all a theory at the moment.

4482. So far as Germany was concerned, it was our chief industrial competitor and far severer than America, because Germany had a great export of manufactures and America had not. Is not that a great consolation for our miners? That is, at any rate, a point in your judgment in which this country will not be wrong?—Is it worth while trying to forecast what Germany is going to do when it is in a state of chaos?

4483. Are you not forecasting upon suggestions which amount to nothing more than hypotheses?—No, I am going on facts which show the industry is in a critical condition.

4484. Do you not think that we, as men of judgment, should have regard to all the relevant factors at this moment, and would it not be fairer for you to let things settle down before you come and

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threaten the miners?—I protest against that. I say to the miners, as I say to my steelworkers, that I think you are ruining the market.

4485. You have not fully made up your mind to take a further part of your industry to America, have you?—No, I am awaiting the decision of this Commission and the decision of the Government.

4486. *Mr. Arthur Balfour*: You have great experience of your workmen in America. Do you find that their output is greater per man?—Yes.

4487. Do you find any signs of restriction of output in America?—No. Every man in America says, "There are so many dollars in this job for me. How can I lift those quickest?"

4488. Do you think the export trade of this country is restricted in any way by restriction of output?—Yes, I think it is dangerously restricted by the restriction of output of labour at the present time.

4489. You know we are considering here how and to what extent the life of the miners can be improved. Would you agree that housing is one of the things that requires attention?—Yes.

4490. If the restriction on the number of bricks which can be laid per day exists, will that, too, very seriously affect the cost of miners' houses?—Naturally the less work you get for a day's work the greater the capital cost of the houses.

4491. Do you think that at the present time we can possibly recover our export trade by doing less work for more money?—No. We have all to face our debts as a community by doing more work than we did before the war if we are to have the same standard of comfort. That is from the top to the bottom—employer, staff, workman and every one, in my opinion.

4492. In your view the only way in which we can pay for this war is by increased production?—Yes, increased production.

4493. Taking again restriction of output, do you think it is possible that when machinery is put down in this country with a view to saving costs and making our export trade more feasible, if it is not used to its full extent is it possible that that prevents machinery being put down?—Unless there is a profit, things do not get put down, and if a machine is not run to the hilt to get the best output there is no encouragement to put down another.

4494. With regard to the question of nationalisation, do you think it is at all possible from your experience in dealing with Government Departments, which has been very great, that we should economise in the production of coal in this country by nationalising the coal mines?—Do you mean by Government Departments running it?

4495. Yes?—No, we should certainly lose. A Government Department is sadly most inefficient in managing everything.

4496. Do you think political conditions would have a very great effect upon the coal industry if it were once in the hands of a Government Department?—Yes.

4497. Do you think just before a General Election if the weather got sultry the price of house coal would put it down?—I do not know that the Government would put it down, but I would put it in this way. A very able Trade Unionist about a year ago said to me that he thought the Asquith Government was the weakest about labour he had ever seen, but he was wrong because the present one was a jellyfish. The idea is to have a squeezable head with more jellyfish, and that will increase the cost to every one. That was a Labour Leader's opinion.

4498. *Mr. Robert Smillie*: Could we have his name?—I do not think so.

4499. It is a libel on the whole class unless we have his name?—I will give it to you personally.

4500. *Mr. Arthur Balfour*: You feel if this industry is nationalised it would lead to a position of bringing greater political pressure to bear and thereby increase the cost of coal to the country?—Certainly.

4501. You referred to the question of national telephones. I believe I am right in saying that they paid 6 per cent. before the war?—Yes.

4502. On that 6 per cent. they paid Income Tax I take it?—Yes. I do not know whether the Company paid it. I believe the dividend was not paid tax free,

4503. Some one paid Income Tax and Super Tax and Death Duties?—Yes, and they put 9 per cent. to Reserve.

4504. Do you know that the capital of the National Telephone Company to-day—that is the Government service—is about £27,000,000?—I do not know it, but I will accept it from you.

Mr. Sidney Webb: That is the price they paid.

4505. *Mr. Arthur Balfour*: And that the average profits for the last five years have been £102,000?—Yes, average profit.

4506. With less depreciation than they had before the war and before they were taken over?—Yes. I rather doubt whether there was a profit at all with the depreciation they allowed.

4507. Do you consider that the National telephone or Post Office telephone is as efficient as it was before it was taken over?—No, but it is fair to say that probably part of the inefficiency is due to the war. I would rather put it that the telephone was less inefficient in the hands of the Company even before the stress of the war came on.

4508. I was going to put it before the war and not after the war. Is it a reasonable return for £27,000,000 capital to have £102,000 profit?—It is so very narrow that it is doubtful whether on investigation it would be found to be a true profit.

4509. Do you think if the railways or coal industry were nationalised there would be any return?—I think the whole of the men would be a burden on the rest of the community if they were nationalised.

4510. *Mr. Tawney* said you produced no evidence as to facts in regard to cost of fuel.

Mr. R. H. Tawney: Pardon me. I asked him if he produced any.

Mr. Arthur Balfour: I will ask a question, so that you can give me the information I require. You showed it took 12½ tons of coal to produce a ton of steel?—Yes.

4511. We have estimates here that the extra cost through increasing the miners' wages by 30 per cent. and reducing the hours from 8 to 6 was 8s. 2d. per ton on the coal produced at the pit-mouth?—Yes.

Mr. R. H. Tawney: Estimates which are not accepted, I may say.

Mr. Arthur Balfour: I said estimates.

Mr. R. H. Tawney: Which are not accepted.

4512. *Mr. Arthur Balfour*: I said estimates. They are put in by the Government as being the estimate they have made to the best of their knowledge and belief. (*To the witness.*) Therefore, taking the quantity of coal which you indicate and multiplying by 8s.,—leaving out the 2d.—it would increase the cost of melting to £5 4s.—Are you taking melting and manipulation?

4513. I am taking the whole of the cost?—If you take 8 times it would be nearly £6 melting and manipulation.

4514. I make it £5 4s.—I will take your figure.

4515. Now you have had a great deal of experience of wage difficulties during the present war, have you not?—Oh, yes. The demands have been consistent, persistent and recurrent. We have not had difficulties in the sense of strikes.

4516. I ought to have said "experience." Has it been your experience that a basis of increasing wages which depends upon percentages cannot be fair and just to the lower grade of workers?—No. The whole position has not been satisfactory because in many cases the men we felt most needed the advance have done less well out of the advance. Advances have not been distributed as they should have been at all ideally.

4517. Therefore, if you increase miners' wages, for instance, 30 per cent., the men who are getting high wages get a higher proportion than is necessary, and the lower workers for whom we have a great deal of sympathy do not get so many shillings a week?—That has been the effect in the trade which I have had to deal with, and it has been very unsatisfactory.

4518. And you are still liable to leave them in a dissatisfied condition?—May I instance one case of the file workers where we gave 50 per cent. on the £1 and 25 per cent. on the next 10s., and an advance on the subsequent ones to meet them? That was done at our

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suggestion to meet the question of the lower wages of the men.

4519. Do you think the fact that in Germany a very large proportion of the population are Government officials improves the initiative and individuality of the individual in Germany?—No, it did not improve the individual. The German is an example of success by better organisation from the top with worse individuals. Ours is an example of better individuals with an unwillingness to organise into greater units.

4520. Do you think if we in this country had a very large proportion of the people in the employ of the Government that their initiative and ability would be gradually reduced?—The employ of the Government is a deadening thing at all times, and deters output and production.

4521. *Mr. Robert Smillie*: There is a danger that you may take your works or part of your works to Sweden?—We have to consider how we can carry on.

4522. Is there a danger of that?—That is an alternative policy to staying where we are.

4523. That is an answer. There is a water-power there which would be very useful, is there not?—Yes.

4524. If you went to Sweden you might without offence call that Hobson's choice?—You can call anything Hobson's choice with a man named Hobson who is the head of a business.

4525. But it would be, would it not?—No; that implies only one choice. I have mentioned Sweden or the United States of America with different advantages in each country, and I cannot see the application of Hobson's choice.

4526. Would it not be Hobson's choice if you go?—No. It would be a decision of the responsible Board of Directors, of which I am only one man.

4527. I thought you were speaking of yourself personally?—It is a *façon de parler*. Wherever I have said "I" I will correct it and say I should have said "my firm."

4528. They ought to be called hands and hinds?—I do not know why you should say so.

4529. There is a wonderful heating power in the sun if you could manage to get at it without the coals at all?—Yes, there are all sorts of fancy theories about that.

4530. There is another place where they say there is heating power too?—Yes.

4531. Unfortunately we cannot harness it to give us power?—No, I wish we could harness it. You can take all kinds of fanciful ideas.

4532. We can harness the rivers in our own country to give us enormous power?—The rivers in this country do not make it a practical proposition.

4533. Evidently it was thought in the Highlands by the Aluminium Company that it could be done?—That is right, but I do not think there are many similar sources of power which are easily obtainable, and you cannot take heavy materials conveniently to the Highlands.

4534. I was glad to hear you say that if one part of the community get more than their share someone must go without. Would you admit one part of the community has been getting more than their share for generations, and another part has had to go without?—I suppose you wish to infer that the capitalists get more than their share.

4535. I do not infer but assert it, and I will give you the facts, if you like?—I hear you say so, but I should like the evidence because I do not believe it is true.

4536. You do not believe it is true?—No, I believe capital and labour are commodities which buy each other, and they have to settle the price by haggling with each other.

4537. I will read you this, and see whether it bears it out. This is an English steel and coal company, and I will give you the dividends for a period: 1898, 20 per cent.; 1899, 33½ per cent.; 1900, 50 per cent.; 1901, 50 per cent.; 1902, 30 per cent.; 1903, 25 per cent.; 1904, 25 per cent.; 1905, 25 per cent.; 1906, 27½ per cent.; 1907, 40 per cent.; 1908, 33½ per cent.; 1909, 20 per cent.; 1910, 22½ per cent.; 1911, 33½ per cent.; 1912, 45 per cent.; 1913, 60 per cent.; 1914, 80 per cent.; 1915, 12½ per cent.; 1916, 50 per cent.;

1917, 40 per cent.; 1918, 40 per cent. The original capital was 3¼ millions. In 1914, the date on which they paid 30 per cent., they gave to their shareholders a quarter of a million of money in shares, and on that million of money they paid 50 per cent. in 1916, 40 per cent. in 1917 and 40 per cent. in 1918. Was that company getting more than their share?

Mr. R. W. Cooper: Have you got the capital employed in that company?

Witness: I was going to say that that wants a good deal of analysis. I do not know what was the true capital employed on which those dividends were paid.

Mr. Robert Smillie: The subscribed capital is three-quarters of a million.

Mr. R. W. Cooper: How much was sunk in that company?

Witness: That cannot be the true capital, all the same.

4538. *Mr. Robert Smillie*: That is the true capital?—No, I should want to know whether it is the true capital. They may have bought works erected at a cost of £2,000,000 for three-quarters of a million.

4539. It is the Consett Iron & Steel Company?—I know something about it.

4540. You do?—Yes. I am not a shareholder, but I know it by name and reputation.

4541. That is the fact that three and four times over they paid back to the shareholders their total capital?—Well, it is a very good thing for labour that such a thing should exist, and I will tell you why. If there were not some great prizes in industry you would not get capital into industry. You must recognise that there are losses as well as profits. You have to take the average of industry to maintain money in it, and if there are some great prizes due to excellent ability and good management, like the Consett people, it tempts people to come in and do that same thing, greatly to the benefit of labour.

4542. This company paid out its capital seven times over in 20 years?—I say that is a very good thing. It is a bait to the flats to get them to put money into iron and steel.

4543. Do you know that the miners were not able to live in a state of decency while those profits were being paid?—If you say so it is so, but I will say that it is not right.

4544. And that the housing condition of many of the workers in their own districts was of the kind described by the Prime Minister as unthinkable?—The housing is what you and your friends have made it very largely, and you are sleeping on your own beds. In 1909 you put a tariff on land and improvement and development of the commodity for which the consumer has to pay, and you cleared out capital so that anyone who wanted to build cottages could not do so. If you drove people out of the industry and caused unemployment in it, then the people who did it must take the consequences of their own action.

4545. I put it to you—is that the way in which a witness should deal with the question?—You asked me on the assumption that the housing conditions were bad, and I replied and said why I say they are bad.

4546. But I say to you now that this company has paid to its shareholders its capital value over and over again, and they own the houses that I am complaining of, which are not fit for horses or dogs?—Then I say they ought to be put right. I am not in favour of anyone being allowed to have a cottage or habitation below a certain standard. They ought to be forced to put them right.

Mr. Herbert Smith: There are a lot in Sheffield
The Witness: Because we cannot pull them down The place is too crowded. We do not want them up, but they have to stop up from necessity

4547. *Mr. Robert Smillie*: If the poor unfortunate capitalists have to emigrate, will they take their workshops and mines and so on to America?—The workshops and mines are the mere shell of the industry. The brains and liquid capital are the essential matter. The mines are different I agree, because they must be in their place. What I had in mind was steel-works with workshops, and not mines.

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4548. If the steel companies remove all their present works they will be removing a good amount of national property?—Why national?

4549. Because they were built by the nation?—What steel works were built by the nation?

4550. At the expense of the nation's money additions have been put on during the war?—You are speaking of additions during the war. In the first place you cannot remove them. They stop there for what they are worth, but the mere shell of a building is the least valuable part of the business. In the second place, when you say the nation paid for them, all kinds of bargains have been made and you would have to discriminate and look into the facts of each case. You cannot generalise on these particular facts.

4551. Let me put this to you. You know from the figures which have been published which the Government put before this Commission that the profits per ton of coal during the past two or three years have gone up three times its value before the war?—Are you speaking of net profit to the owner or gross profit less Excess Profit Duty?

4552. I am speaking of the profit to the owner, if the owner had got it.

4553. Someone else got it?—I suppose you mean theoretical profits. We made three times as great profits of which the State took back so much.

4554. *Mr. Sidney Webb*: Actual profit?—It may be actual profit in one sense. Profit surely is what accrues on the capital to the owner of the capital.

4555. *Mr. Robert Smillie*: Shall I go into the chair and will you examine me? If you do I will answer you straight?—Very well.

4557. You are not doing that. You are lecturing everyone. I told you the Government took 80 per cent. of the excess profits and took back a large profit. That was the increased profits on the amount of coal?—It is an artificial profit due to the war.

4558. And the total gross profits of the industry went up by three times?—I will accept that. What do you want me to draw from it.

4559. I will tell you. The wages of the miners have not gone up to the extent of meeting the increased cost of living on the Government's admission. Two months ago it was said they were willing to give a shilling per day to meet the increased cost of living. Now the profits of the industry have gone up threefold the Government or the mine owners have got it and the miners have not got the wages to meet the increased cost of living. Is that fair or just?—I do not think it is. I think the miners ought to have had an advance at the same time that it was given to the engineers and to the same extent, and during the finishing of the war it would have been paid out in the usual way—out of borrowed money. The miners were a little late in asking for it.

4560. The Government passed an Eight Hours Bill for miners from bank to bank and the House of Lords lengthened that practically by an hour by means of certain clauses. Is it unfair that we should ask now for a reduction of hours of labour in view of the fact that the Commons agreed we should have lesser hours?—Are the hours which you mentioned compulsorily worked every day? Does the miner go down every day? What I mean is that he makes his hours per week what he likes because he does not go down if he is satisfied with his wages.

4561. Again you are lecturing about a thing which you know nothing about?—I am asking you.

4562. You come here to answer my question by asking another?—I think that is right.

(The Witness withdrew.)

Chairman: On this point the secretary, Mr. McNair, has brought me the Eight Hours Bill as it left the Commons, and I am going to read out exactly what the section was in order to see the alteration that was made. It is: "1. (1) Subject to the provisions of this Act a workman shall not be below ground in a mine for the purpose of his work and of going to and from his work for more than 8 hours during any consecutive 24 hours. (2) No contravention of the foregoing provisions shall be deemed to take place in the case of a workman working in a shift (a) during the five years after the commencement of this Act, if the period between the times at which the last workman in the shift leaves the surface and the first

4563. There are collieries in Great Britain that no man breathing can work in every day and the management says that 4½ days are good attendance?—That is all right, is it not?

4564. Why should you make the country believe that the miners are bad attenders and everything of that kind?—I do not do that, but I think you overstate the case for the miners, and I am trying to state it as I see it. I am here to state white light. It may not be white light, but it is the best I know.

4565. Have you been down a coal pit?—Yes, lame man as I am.

4566. Have you been to the coal faces?—I am too paralytic for that, but I have been to the bottom.

4567. You are aware in many cases the collieries have water dripping over the men and boys and they are all drenched?—I do not dispute that the miners' occupation is one deserving of good pay and entitled to sympathy.

4568. And reasonable hours?—Yes.

4569. That is exactly what I want to get from you, but you have taken the very worst to secure it by coming to prove that if they do the iron and steel trade of the country will be ruined and your firm will have to shift part, if not all, its activities to Sweden or America?—Yes, but you will remember we are in dispute as to what are reasonable hours. I do not see them quite in the same light as you see them.

4570. What we are asking for really would be equivalent to 7 hours' underground away from the sunshine and fresh air?—With a guarantee that you will work 7 hours?

4571. There may be only 6 hours' work at the face, but going in and coming out is just as hard work?—If the industry of the country can stand it, I should be glad for you to have it and for everyone to have more leisure and less work, but I say we have to sell our labour for our living, and if you cut down that labour too much you will have less to sell and less wages in consequence. It is a matter to equate for yourself. You must decide what you will produce and will get for your living.

4572. We say the industry of the country can stand it and ought to stand it as a reasonable claim in the interests of that class, but we say more, with which you will not agree, namely, that the landlord and capitalist class will have to do with less of the wealth produced in the future and the workers will have to get more?—The answer to that is that if the capital necessary to refresh and maintain industry can be got on cheaper terms you are quite entitled to it, but personally I venture to doubt whether you will get it on any cheaper terms.

4573. *Mr. R. W. Cooper*: Do you know what the average return for profit on capital employed in industry in this country as a whole was before the war?—I am under the impression from books on economics that I have read that the best estimate is about 13 per cent.—I am giving you that as my impression—or 5 to 6 per cent., setting aside the interest on money that every one, even the State, would have to pay; and about 10 per cent., would represent personal profit of the private capitalist, for which he often gives a good deal of brains. That is my impression.

4574. We had it in evidence three or four days ago, so that I need not trouble you with that. We had it from Dr. Stamp?—He is a greater authority than I am. I am merely able to give you my personal impression.

workman in the shift returns to the surface does not exceed 8 hours; nor (b) after the expiration of that time if the period between the times at which the first workman in the shift leaves the surface and the first workman in the shift returns to the surface, and the period between the times at which the last workman in the shift leaves the surface and the last workman in the shift returns to the surface do not exceed 8 hours." That was altered in the House of Commons in the way you know.

Gentlemen. I am sorry to say that I am not up to my time-table, and I will ask you to sit till 8 o'clock. Is that agreed?

(Agreed.)

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MR. FREDERICK JOHN PEARSON.

[Continued.]

Mr. FREDERICK JOHN PEARSON, Sworn and Examined.

4575. *Chairman*: I think you are the Assistant Accountant General for the Post Office?—That is so.

4576. Your proof has been circulated, and I think you speak as to the financial result of the postal, telegraph and telephone services for (1) the last completed financial year before the war, and (2) the year 1918 or the last completed financial year, and your evidence will be directed also to making clear (a) the total capital employed, (b) the amount of depreciation allowed in making up the profit and loss accounts, (c) the amount the accounts allow or include as reserve for deferred wages and salaries, that is pensions. Now will you go to the first of those questions, namely, the financial results of the postal, telegraph and telephone services for the last completed financial year before the war? Take the last year before the war?—The profit on the postal service was £6,172,000. The loss on the telegraph service was £1,211,000. The profit on the telephone service was £239,000. In 1914-15, which was the first war year, the postal profit was £4,888,000, the loss on telegraphs was £1,232,000; the loss on telephones was £111,000. In 1915-16 the profit on the postal service was £6,004,000, the loss on telegraphs was £520,000, the loss on the telephones was £118,000. In 1916-17 the profit on the postal service was £6,519,000, the loss on the telegraphs was £529,000, and the profits on the telephones was £201,000. I can give the preliminary figures for 1917-18, if you would like them.

4577. Yes, if you would kindly give the preliminary figures?—They are substantially correct, but the auditor has not finished auditing them. The profit on the postal service was £6,800,000, the loss on the telegraphs was £556,000, and the profit on the telephones was £355,000; the average for the six years including 1912-13 is a profit on the postal service of £5,997,000, a loss on telegraphs of £871,000, and a profit on telephones of £145,000, or a total profit of £5,271,000 for the three services.

4578. Does that conclude the first part of your evidence with regard to the financial results?—Yes, that is the financial result, except that I might explain, as regards telephones and telegraphs, that those results follow after allowing for interest. We allow for interest on the capital before we arrive at those results.

4579. That brings me then to this point: Will you make clear (a) the total capital employed?—In the case of the postal service, we have no capital account. The capital on the postal side is comparatively small. In the case of railways, of course, we pay the railway companies for the conveyance of mails, we pay for road services also for the conveyance of mails; we pay the railway companies for the conveyance of parcels; and practically the capital is mainly in respect of lands and buildings. There are certain articles such as letter-boxes, mailbags, cycles and uniform clothing which are of a capital nature, but it has not been regarded up to the present as worth while to compile a capital account for those. In the case of telegraphs, we have a capital account, and also in the case of telephones. The original telegraph capital, mainly the cost of the purchase of the telegraphs in 1870, was something over ten millions. That is now part of the National Debt, and it does not come into our account at all, except in the matter of interest. The present telegraph capital is really based on a valuation of plant in 1903 brought up to date, and the net capital of the telegraphs in 1913-14 was £4,984,000. In 1916-17 it was £5,238,000—that increase is largely due to war plant, and in 1917-18 it was £5,329,000. Of course, in the case of the telephones, the capital has been actually borrowed over a long series of years, and the sum I am about to mention includes the value of the plant taken over from the National Telephone Company, the depreciated value. In 1913-14 the telephone capital was £24,778,000, in 1916-17 it was £27,022,000, and in 1917-18 it was £26,350,000.

4580. Does that finish your remarks as to the capital?—Might I say one thing: that does not include the value of lands and buildings. Lands and buildings are mentioned at the bottom of the précis, and the present value is 13½ millions of pounds. We cannot throw the lands and buildings capital into the ordinary capital, because the buildings are constantly being changed as regards occupation, and a certain building that may be used for telephones one day, is used for telegraphs later on, or it may be used for postal service. Therefore, we could not split up the buildings cost between the three services in the capital account. We keep the capital account separate, and then we divide it

between the three services on a basis of user. As a matter of fact we have an appropriation account. Each postmaster and each official has to furnish from time to time a statement of the cubic contents of each room occupied for postal, telegraph, or telephone purposes, and on the basis of those returns we divide the cost on a rental basis.

4581. Now will you come to the second point: (b) the amount of depreciation allowed in making up the profit and loss accounts?—Of course, in the case of the postal service, except for buildings, there is no depreciation. In the case of the telegraph and telephone services, depreciation is calculated on what is called the straight line basis. What happens is this: the engineer-in-chief would say the value of a piece of plant was, say, £105; the residual value when that is worn out is £5; the balance of £100 would be divided over the life of the plant: say it was 20 years, £5 would be put away each year. And in the case of telegraphs, the depreciation for the year 1913-14 was £268,000, for 1916-17 it was £287,000, and in 1917-18 it was £293,000. For the telephones, the amount put away for depreciation was, in 1913-14, £1,471,000; in 1916-17, £1,753,000; in 1917-18, £1,781,000.

4582. Does that finish your remarks on depreciation?—I might mention, if you work out the rate of depreciation, it averages 4 per cent. of the prime cost value of the plant in the case of telegraphs, and nearly 5 per cent. in the case of telephones. That presumes an average equated life of the plant of 25 and 20 years respectively.

4583. Now will you come to the third point: (c) the amount the accounts allow or include as reserve for deferred wages and salaries, that is pensions?—The amount we put away for pension liability is based on a calculation of Mr. George King, the actuary, which was made four or five years ago. Previous to that, by Treasury direction, we had taken the pensionable liability in the case of men at 15 per cent. of the salary, and in the case of women at 12½ per cent. Mr. George King went into very elaborate calculations: he got life statistics as regards very many thousands of Post Office employés, and he made a report in which he fixed, I think, four rates of pension deductions according to the classes: they ranged from 21 per cent. to 11 per cent., with 14 per cent. for women in every case, and the average for the men was 16 per cent. and for the women of course 14 per cent. On the basis of those returns we now charge pension liability in the accounts. On the postal side for 1913-14 the pension liability was £1,261,000; for 1916-17 it was £1,361,000; for 1917-18 it was £1,371,000. The actual pensions paid were very much less than that. I might give an example on the postal side. In 1917-18 the pension liability was £1,371,000, and the actual amount of pensions paid in the year was £802,000. That is a growing service, and the liability was higher than the present charge.

4584. I see as part of your evidence you hand in an account showing the gross amount received and expended on account of the telegraph service for the year ending 31st of March, 1914 from the General Post Office, the 8th of February, 1915, and a similar account for 1917, and also a similar account for the year ending 31st of March, 1918?—That is so.

4585. Is there anything you wish to add to what you have told us?—No.

4586. *Mr. Arthur Balfour*: The figures you have put before us are very clear. Do you consider that 4 per cent. depreciation on a great deal of outdoor plant like telegraph plant is sufficient?—Of course, I do not know anything about that. We work on the report of the engineer-in-chief. The accountant has nothing to do with that: he simply accepts the statement of the engineer-in-chief, who certifies to that effect.

4587. Then it is no use my asking you the same question on telephones, in view of that answer. But taking the telephone account, are you aware that the National Telephone Company paid 6 per cent. dividend?—No, I am not aware of it. It is not so, I think. I have a short memorandum on the subject prepared for the Postmaster-General in October, 1915. A comparison of the financial results attending the working of telephones by the Post Office with the results of the National Telephone Company yields the following figures: the Company paid an average dividend, taking its various stocks together, of 5 per cent.—not 6 per cent.—that being the dividend on the deferred stock only. In the last five years the average was 5·13 per cent.—Taking the last 17 years, it was 4·88 per cent. In the year

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MR. FREDERICK JOHN PEARSON.

[Continued.]

1913-14 the Post Office accounts show a contribution to the Exchequer of £239,000 in addition to an interest charge of £692,000. (See page 40 of the House of Commons Paper, No. 111 of 1915.) These payments are equivalent to a dividend of 4.29 per cent. The National Telephone Company paid royalties to the Post Office amounting, in the last year of the Company's existence, to £353,000. On the other hand, its provision for pensions was small compared with that of the Post Office. In the last year the amount was £13,000, while the provision of the Post Office in 1913-14 was £401,000. More than half of this amount was in respect of the staff transferred from the Company, including an annual charge of £64,000 to provide for all liability assumed by the Post Office in respect of the period of service with the Company. Besides the large provision of the Post Office for pension liability, there was much improvement in the salaries, wages and conditions of the staff, coming to £158,000 a year. The remuneration of the transferred staff was, and is, of course, considerably higher than the Company's staff received.

4588. I think it is right to say that under the National Telephone Company the telephone rental to the subscriber was a flat rate?—I do not think so. They had both flat rates and measured rates.

4589. The moment it was turned into a National telephone, those rates were very much raised, £7 10s. became £10?—I am not aware of that.

4590. And a measured rate was introduced with every new telephone?—That is the general policy nowadays, but the National Company were doing it.

4591. Which in many cases raised the subscriber's rate from £7 10s. up to £50 or £100?—The whole policy of telephone development is to charge for each service, not to allow a flat rate that would cover an unlimited number of calls.

4592. You do not deny that the subscriber has paid very much more for his telephone under the nationalised telephone than he did under the National Telephone Company?—I do not think so. There was a rise in 1915.

4593. I mean before the war?—I should say generally, no.

4595. Would you mind looking into and giving us some figures on it?—Certainly†.

Sir L. Chiozza Money: May I ask if you can give us an expression of the Post Office telephones profit, if you assume that the Post Office went on paying the inadequate pay paid by the National Telephone Company to its employees and giving the inadequate pensions?

Sir Thomas Royden: May I ask, are you justified in making a statement like that? It is really a statement on your part, it is not a question.

Sir L. Chiozza Money: I will alter my question thus: Will you kindly tell me what the Post Office Telephone dividend would be if you have regard to the fact that the National Telephone Company rate of pay was greatly raised, and the National Telephone pensions were greatly raised upon its becoming a public service?

Chairman: You mean, on the assumption that it was?

Sir L. Chiozza Money: He has told us that it was; he has given us the figures.

Chairman: I daresay he has; I did not catch them.

4595. *Sir L. Chiozza Money*: I made no assumption, it is the evidence given by the witness. You told us the pensions had been raised. May I ask what it is?—From £401,000 in 1913-14. More than half of this was in respect of the National transferred staff.

4596. Take the National Telephone Company's employes who were transferred to the State: by what sum were their pensions increased, expressed as a capital amount, and expressed as an annual sum?—I should say it was £200,000 a year, about.

4597. Now kindly tell me what the extra pensions of the additional employes engaged by the State after the transfer amounted to, expressed, first, as a capital sum, and, secondly, as an annual sum?—After the transfer?

4598. Yes, assuming those men had been employed by the National Telephone Company?—I am afraid I cannot give you that.

4599. Can you tell me what the extra amount was that the State paid to those employes after the transfer?—The figure I gave was £158,000 a year.

4600. Have you worked out what the Post Office dividend would be on the telephones if those moneys had gone to the State and not been paid, as they are paid, to the

employes?—I have not worked it out. It could be worked out.*

4601. It would be more than 5 per cent.?—Yes.

4602. Apart from the fact that the State is paying its employes much higher wages and pensions than the Company ever paid them?—Yes, it looks like it.

4603. *Mr. Arthur Balfour*: I should ask that we might also have the total increased amount paid by the subscribers compared with the old basis?

Sir L. Chiozza Money: Then if that is asked for, I would like to ask this question: Is it the fact that under the flat rate system big firms in London had an unlimited number of calls for which they did not pay enough, while other firms had to pay more than was fair; is that the fact?—Of course, if a firm had unlimited use of the telephone and did use it largely, it certainly might interfere with others.

4604. Is it not the fact that the system now in force was the system that the Company itself was seeing the wisdom of adopting when it went out of business?—I believe that is the fact.

4605. Is it not also the fact that when the Company went out of existence it had allowed the plant to get into a very bad state indeed?—It was not up to Post Office standard.

4606. So that in fact a very large part had to be rebuilt?—The war came and we have not been able to do it.

4607. I believe some exchanges have been turned inside out?—Some have had to be replaced.

Mr. R. H. Lawney: I should ask that we might have these figures showing the difference both before and after the transfer.

Chairman: If the witness would be kind enough to give us a statement, I will have it mimeographed.†

4608. *Sir L. Chiozza Money*: Might I ask you to deal with this point: If the Company continued, it would have expanded, and the extra number of servants would have been paid the old rate of salaries and the old rate of pensions. The State having taken it over; they pay higher salaries and pensions. Can you show the real comparison between the two undertakings?—The difficulty is that we had a system of our own which would also expand. It is difficult to see how far the National Company would have expanded.

4609. *Mr. Sidney Webb*: You were asked to come here to give evidence with regard to the statistics of the Post Office and Telephones as an instance of nationalisation in fact. I gather from your statement, which is quite new to me, that as a matter of fact the result of nationalisation in this case was to raise the wages of the persons employed, taken over by the Government, and to improve their pensions, was it not?—Undoubtedly.

4610. That was done, I think, on an estimate of what it was reasonable that they should receive?—They were simply brought up to the Post Office standard.

4611. The standard of persons in the Government service was greater than in the private enterprise service?—It was, for this class, certainly.

4612. When the employes ask for the nationalisation of their industry, they may take the Post Office as a suggestion, at any rate, that it would lead to a rise in wages?—I do not know. The class that got most of the money was the telephonists, the women.

4613. That is to say, the lowest paid workers?—That is so.

4614. When the State took over the enterprise it raised the wages more in the lowest grades of work than the higher grades: that was the effect of the comparison between the Government standard of pay and the private enterprise standard?—That was so.

4615. You do not run the Post Office solely from the point of view of making the greatest net profit; a large part of the work of the Post Office is endeavouring to give as good a service all over the Kingdom as in the most profitable places?—That is so.

4616. Speaking as an accountant, I imagine that the Post Office could be made more profitable financially if it confined its services to the more densely populated districts?—Undoubtedly, practically the whole of the profit comes from the penny, now the three-halfpenny, letter.

4617. The more costly parts of the service are rendered from the view of public policy, and not with a view to getting a dividend?—To some extent, yes.

(The Witness withdrew.)

* See Appendix 51.

† See Appendix 50.

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MR. DAVID MILNE WATSON.

[Continued.]

MR. DAVID MILNE WATSON, Sworn and Examined.

4618. *Chairman*: I will read a *précis* of your evidence. You are the President of the National Gas Council of Great Britain and Ireland and Governor of the Gas Light and Coke Company?—Yes.

Chairman: "I am the President of the National Gas Council and Governor of the Gas Light and Coke Company. Taking the last figures published by the Board of Trade, namely, those in 1915, of a total of 831 authorised gas undertakings in the United Kingdom, 519 are owned by companies and 312 are owned by local authorities, representing a total capital of some £140,000,000. In addition there are some 800 non-statutory gas undertakings. Of the 8,000,000 consumers supplied with gas by the various undertakings in the Kingdom, 4,250,000 families are supplied by slot-meters, that is to say, they are very largely working-class families. The National Gas Council is a council representative of the gas undertakings in the United Kingdom, whether municipally or company owned. Undertakings making 82 per cent. of the total annual make of gas of the United Kingdom are represented on the Council. The total annual make of gas for the United Kingdom is 250,000 million cubic feet. The amount of coal dealt with by gas undertakings annually may be taken as 20 million tons. Apart from supplying gas for public, industrial and domestic lighting, industrial and commercial heating, and commercial and domestic cooking, the undertakings supply a large quantity of gas for industrial power purposes. There are over 300 methods of applying gas to industrial processes, and over 2,700 trades in which gas is used in some one or more processes, such as annealing, brazing, hardening, tempering, melting, etc. After the carbonisation of a ton of coal nearly 13 cwt. of coke are left; in other words, in addition to producing 250,000 million cubic feet of gas, which may be used for light, heat or power, the gas undertakings also produce 13 million tons of coke. In the process of conversion of coal into gas, 70 per cent. of the heat of the coal is conserved for the community, whereas, when coal is burned under boilers for generating steam, only 12 per cent. of the heat is conserved, and the coal is absolutely destroyed. The undertakings also produce valuable chemical bye-products, such as tar, pitch, creosote, carbolic, sulphate of ammonia (required as a fertiliser), benzole (used for the production of dyes and as a motor spirit), and cyanides. These chemicals are a great national asset, forming the raw materials of many other industries. The price of coal is one of the principal factors determining the price at which gas can be sold. An advance of 1s. in the price of coal means, on the average, an advance of ½d. in the price of gas after giving credit for a corresponding rise in the price of coke. On the total quantity of gas sold, it means an increase of £500,000 per annum to the consumers for every 1s. advance in price. Since the war broke out, the price of coal f.o.b. has advanced by 10s. 6d. per ton (13s. in South Wales, Forest of Dean, &c.), involving an extra cost of £10,500,000 per annum. Receipts from residuals have not advanced sufficiently to cover the whole of this extra expenditure, or anything like it. In order to meet this great increase in the cost of coal, the price of gas has had to be raised very considerably. The gas consumer is not the only person who suffers by this increase in price; the shareholder suffers also. Many gas companies work under a sliding scale, which provides that the dividend shall be increased over a "standard" dividend when the price of gas is reduced below a stated figure, and *vice versa*, the dividend being reduced when the price of gas is raised. There is thus a partnership of interest between the consumer and the shareholder. To give an illustration: take a Company with a standard price of gas at 3s. 4d., a dividend of four per cent., and with a sliding scale of 2s. 6d. in dividend for every 1d. rise or fall in the price of gas. In such a Company, when the price goes up to 4s., the dividend would become three per cent., whereas if the price went down to 2s. 8d. the dividend would be five per cent. Other companies are known as maximum price companies, and may pay a dividend up to a fixed maximum, and must not exceed a certain fixed price for gas. For example, a maximum company whose maximum dividend is five per cent., and whose maximum price is 3s. 6d., cannot charge more than 3s. 6d., nor can they divide more than five per cent. A municipal undertaking usually has a maximum price for gas, above which they may not charge. It will thus be seen that the gas industry is different from other

industries, that it cannot advance its price to maintain its dividends. Owing to the enormous increase in the price of raw materials and labour, gas companies have been obliged to increase their price considerably, and dividends generally have decreased accordingly. Last session an Act, entitled the Statutory Undertakings (Temporary Increase of Charges) Act, was passed, whereby gas undertakings, whether municipal or company, are able to obtain orders, if municipal, from the Local Government Board; or, if companies, from the Board of Trade, allowing—in the case of municipalities and maximum price companies—an extension of maximum prices of gas, and in the case of sliding-scale companies a price sufficient to enable them to pay three-quarters of the standard dividend or three-quarters of the pre-war dividend, whichever was the smaller. This has, no doubt, resulted in preventing the dividend of a large number of companies from altogether disappearing; but it allows a dividend in many cases of only three per cent. or less, which is quite inadequate at the present time, when the State is borrowing at the rate of 5 per cent. This makes it practically impossible to raise ordinary capital for gas undertakings, except on a basis of receiving considerably less than £100 for a nominal amount of £100 of stock. The effect of issuing stock below par is that the undertaking becomes over capitalised. In addition to the statutory undertakings given above there are some 800 non-statutory undertakings in the country, and I am informed that many of the small companies are running at a loss, which will in the end involve the closing down of their businesses. The experience of Government control has not been satisfactory to the gas industry. As is now known, the price of coal was raised 2s. 6d. without any necessity, thus involving, since that charge was made in 1918, an unnecessary charge to gas undertakings of over £1,500,000. Incidentally, in Wales an extra price of 2s. 6d. was charged in 1916, and this extra charge in Wales has never been properly explained. The gas undertakings in Wales were thereby seriously handicapped. The Government, when they made the increase of 2s. 6d. per ton in 1917, did what no private owner could have done, namely, they made it retrospective. When the price was raised on 12th October by 2s. 6d., the gas undertakings were made to pay this increase from a previous date, namely, 17th September. Furthermore, the Government insisted that the increase should be paid on all arrears. This is absolutely wrong in principle, and opposed to all that is best in business, inasmuch as it was giving a premium to coal contractors who had not carried out their contract and had got into arrear with their deliveries. If the business world were to adopt such principles, it would be subversive to all business morality, seeing that on a rising market it would become the direct interest of the contractor to delay deliveries in order to obtain the higher price which he thought or hoped was coming. Even recognising the difficulties occasioned by the war, the Government's distribution scheme did not work satisfactorily. Coal was sent to gas undertakings which was totally unsuitable for gas making. For example, they sent some coal to London containing 30 per cent. of ash—in other words, out of every three wagons of such coal sent to London, one was a wagon full of stone and dirt, and there was waste, therefore, in haulage, wagons and labour. Such coal sent to gas works is not only useless in itself, but by producing unsuitable coke for fuel it renders it impossible to get the best out of the coal that follows it in the retorts. Coal has been diverted from one gas undertaking to another without regard to the suitability of the coal or to the expense of carriage. Inferior coal was sent long distances, whereas only good coal should have been sent the long distances. It is an obvious business principle that if you have to carry anything a long way you ought to carry only the best. This fact did not seem to be grasped by the Government."

4619. *Mr. J. H. T. Forgie*: With regard to the distribution of coal, I see you state that the gas works in the country were given coal which was not of a nature suitable for making gas?—That is so.

4620. Assuming we go back to normal times, I suppose you would prefer that you were allowed to get your coal wherever it suited you best?—We should prefer that.

4621. Of course, you never got coal from a longer distance than it was necessary for you to get it?—No.

4621. You did not pay a big price for railway rates for the fun of the thing?—No.

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[Continued.]

4623. It was because it was economically sound to get it from those particular places?—Yes.

4624. You want to have a control over the purchase of the coal you use?—Yes.

4625. You are against any central authority in that respect?—In that respect. Of course, gas undertakings have worked for a long time under a form of Government audit, and I think that has been an advantage. In dealing with a commodity like coal, it might be an advantage to leave the carrying on of the business to individuals, but there might be a Government audit as in the case of gas undertakings.

4626. That is on the question of finance, but I am on the question of buying material. Do you think it would be a good thing for the gas undertakings of this country if the coal industry were nationalised?—You understand that under nationalisation you would have to take the coal that the Government meant you to take.

Mr. Frank Hodges: That is begging the question.

4627. *Mr. J. E. T. Forgie*: I think Mr. Sidney Webb has practically stated that he would be inclined to do that. You may assume that if the Government took the control of the coal trade they would do very much the same as they have been doing; that is to say, for the purpose of reducing the transport they would do their best to make you gas undertakings buy at the nearest point to your gas works?—Probably.

4628. They would probably not give as much consideration to the quality of the coal as you would expect?—Certainly our experience the last year or two has not been satisfactory.

4629. You do not think it would be a good thing for any gas undertaking that the coal trade should be nationalised?—No, I still think that it would be a good thing to leave the coal trade free from nationalisation.

4630. *Mr. Sidney Webb*: Could you tell us any more about your suggestion with regard to a Government audit of the coal industry? Did you mean to imply that it would be a desirable thing to apply the principles of the sliding scale to the gas companies?—The sliding scale with gas companies has up to now worked very satisfactorily. I say "up to now" advisedly, because during the war, the sliding scales, having been fixed for pre-war, have told very harshly on the Companies. There ought to be elasticity with regard to sliding scales.

4631. Leaving that out of account, the sliding scales for the Gas Company involved first of all a very strict audit of the capital account. There is no question of taking the nominal capitalisation, but the real capital is taken as far as it can be ascertained?—Of course, it is fixed by Act of Parliament, and all the circumstances are taken into consideration when the standard dividend is fixed.

4632. In any case, the whole basis of it depends, does it not, on the object being that the capital which is taken is what one may call the real capital employed, and not any nominal capitalisation?—If nominal capitalisation is taken into consideration, then the dividend is adjusted to meet such circumstances.

4633. But you could not adjust it without knowing what the real capital was?—No.

4634. That is to say, it does involve knowing what the real capital is at any moment?—Yes.

4635. It does involve requiring that the dividend should be the only profit drawn by the shareholders?—That is so.

4636. Therefore, all other methods of cutting the melon are excluded, are they not?—Yes—under what are called the auction clauses.

4637. Accordingly, an enterprise under that sliding scale comes under the most strict financial control, and is forbidden from doing what the Boards of other companies might do?—That is so.

4638. *Sir Arthur Duckham*: From your evidence it is evident that the gas undertakings have suffered rather heavily during the war, both with regard to interest on money invested in them and also with regard to fuel supplies. Besides this evidence you have given us to-day, presumably you are interested in the great question of the conservation of the fuel of this country?—Yes.

4639. I think that you feel that there is much to be done on the lines that Mr. Smillie has brought forward before this Commission several times, on the more economical delivery of heat units, light and power, in this country. We have heard a great deal in this Commission on the question of conservation of heat units from the electrical point of view. Have you any statement on the

point of view of the distribution of heat units which would be of interest to this Commission, in the way of distribution from gas works of gas instead of electricity? If you have not the statement here, I will ask the President to let you put it in?—I can produce a full statement of the case. I have simply in my evidence tried to bring out the fact that gas can deliver something like 70 per cent. of the heat units in the coal to the consumer. There is no other process known to deliver so much. Electricity only delivers from 12 to 13 per cent. There is an article by Professor Cobb in the "Edinburgh Review" where that is clearly stated, but I have a statement which will show it very fully.

4640. So that with regard to the delivery of heat units, there is a great advantage on the side of gas?—There is a great advantage.

4641. There is another view which Mr. Smillie brought up of great interest, and that is the manufacture of fuel oil by the carbonisation of coal not only for steam raising in steam vessels but also fuel oil for motor cars and such other things. Have you had any experience, or have you any knowledge of whether the tar or tarry oils recovered from gas works practically are useful alone or with a small admixture of petroleum oil in boilers? I understand you have been selling a great deal?—Yes; as fuel firing creosote can be used and is used very largely indeed. If it is mixed it can be made available for any kind of fuel purposes.

4642. Unmixed, is it usable for ordinary work?—Yes, even unmixed.

4643. I understand for the Navy it has to be mixed, owing to the low funnels of the boats?—That is so.

4644. We had evidence with regard to the pooling of wagons, where they saved 700 million ton miles on the question of bringing coal down in special ways. You have given some evidence on it, but I would submit to you that the loss on efficiency not only in gas works but in other works was very heavy indeed?—Yes, very heavy indeed.

4645. Have you any idea of the percentage at all?—I got from a gentleman in a gas works the statement that he was working 209 retorts, and now he has to produce the same amount of gas to employ 280 retorts. That only gives an example of how much it has increased.

4646. That is nearly 30 per cent.?—Yes. I may tell you that a great deal of the coal coming down to London has contained 34 per cent., 28 per cent., 27 per cent., 33 per cent., 28 per cent., 24 per cent., 28 per cent. ash.

4647. That is not quite what I meant. That may be due to war needs, not being able to wash or screen the coal at the pit head. What I mean is that you got coal of a general quality that is not so suitable as the coal that you were obtaining because you had to obtain it from certain districts. Is that so?—That is so. This case that I was giving you is not a case simply of coal not being properly cleaned during the war. Most coals have not been properly cleaned during the war, and we quite understand why not, but this is coal that is totally unsuited for gas making altogether. It has been taken all over the country and delivered to works where it very much interfered with the making of gas and so ultimately caused the price to be raised.

4648. Let me take this further point. You as Governor of a large undertaking and responsible for the efficiency of that undertaking, what would be your position if you had unity of control of the whole coal market and the carrying of the coal from that market, in your buying or obtaining your coal?—I think it would make it exceedingly difficult. We have found ever since the war that there was no use approaching a Government department with regard to trying to get them to be reasonable on a matter of that kind.

4649. Yes, we are rather unreasonable?—We might point out that a coal was unsuited for our works, but we should simply be met with this—"You must take it! you have no power of choice whatsoever"—and the result has been that it has always been very difficult to get any sympathy with one's difficulties. Bunker coal, for example, has been supplied by the contractor at the same price as the gas coal. When the Government got control they immediately put up the price of bunker coal.

4650. Your safeguard at the present time is by competition?—Yes.

4651. And by that means if a man does not serve you well you change to another man?—Yes.

4652. In that way you get efficiency of working?—Yes.

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[Continued.]

4653. Otherwise you might be saddled with inefficient working?—Yes.

4654. And your task would be rendered much more difficult?—That is so.

Witness: With regard to shipping our experience is very much the same thing, while our boats are running at comparatively low cost at the present moment; if we go to the Shipping Controller we have to pay 17s. for our freights to London. Before the war these freights were somewhat below 3s., something like 2s. 9d., and the shipper paid the unloading, so you will see what a tremendous rise there is since the Government took control of the shipping.

4655. *Sir Arthur Duckham*: Have you found the Government prone to take your suggestion at all as to what was the best coal to use?—No, it has been very difficult to get them to listen to reason. We are always met by the answer, we cannot help it, you must take the coal. The cost has been enormous. If you send coal a long way it is certainly advisable to send the best; it costs exactly the same to carry a ton of the best coal from which you can get a good deal of gas or a ton of rubbish. For instance, one gas manager told me only two or three days ago that they had been in the habit of getting coal from a pit just outside their works and have been in the habit of getting it for years, they were working plant which had been laid out to use that particular coal. After the Government took it over that coal was sent away a great distance and they were forced to use coal from another part of the country which was quite unsuited for their works and they had to pay a great deal more for it, very much to their detriment.

4656. *Sir L. Chiozza Money*: Are you aware that owing to the exigencies of the war we practically had to export railways from this country?—Yes.

4657. Do you know we had to tear up rails, export locomotives and export wagons by thousands and tens of thousands, so that has depleted the railways of the country?—Yes.

4658. Do not you know the things you complain of were a direct result of that?—I should not say they were all a direct result of that.

4659. Do not you know we reached such a pass that if we had not or, anised in some way the internal transport of this country we should not have had coal in some districts?—Yes.

4660. Do not you recognise the coal controller had to divide the country into districts and make zones, and had to compel people to take different coal of different quality to what they had been accustomed to?—Yes.

4661. Do not you think with those circumstances in mind it is unreasonable to make the complaints with regard to the coal controller?—I do not think so. I have said, even recognising the difficulties occasioned by the war, and nobody recognises it more than I do, at the same time there is no excuse for sending coal that contains 33 per cent. of rubbish all over England, absolutely none, even in war time.

Mr. Sidney Webb: You have not got the other.

4662. *Sir L. Chiozza Money*: So far as distribution goes, if the Coal Controller's railway expert, not an official but a commercial man, tells us—he was not a Civil Servant—that he saved 700,000,000 ton miles by his control system, would you not put that against the receipt of unsuitable coal as a very big factor?—It was naturally a factor and a very important factor.

4663. What I mean is in view of the very extraordinary depletion of the railway stock of our railways, have we not done very well in the transport of coal?—We have done very well in the transport of coal no doubt, but I have come here to tell my experience.

4664. You also refer to the Shipping Controller. You said the Shipping Controller had put up freights. Is this a fact which I state, that the Shipping Controller carried goods to this country at absolutely cost price as near as it could be worked out?—The Shipping Controller at the moment is charging 17s. freight to London. It is very difficult to see how it comes to that.

4665. Will you take it from me the Shipping Controller carried goods for this country for absolutely cost price. Will you not make an allowance for that?—I make all allowances for that. I am stating a fact. I know we are paying 17s. for freights.

Mr. Sidney Webb: Very cheap.

4666. *Sir L. Chiozza Money*: As compared with what it would have been if there had been no control?—I happen to know what boats cost to run at the present moment.

4667. Are you aware that bacon is going to be de-controlled, and then it will pay twice the freight it is now paying?—I do not know that.

4668. Will you take it an answer was given in Parliament to that effect.

Sir Arthur Duckham: Has the freight gone down one-half?

4669. *Sir L. Chiozza Money*: Yes, since the submarine peril ceased. It will be twice as high when bacon is de-controlled. You say on page three it is now known that the price of coal was raised 2s. 6d. without any necessity. I agree with you still. Are you also aware that it was stated in answer to me here to-day by the Commercial Manager of an up-to-date and one of the most efficient colliery companies that in his opinion if there had not been the control of coal, the price of coal would have been very much higher than it is at the moment for domestic purposes?—It is quite possible that the price of coal might have been during the war higher, and I am not here to say I think control was unnecessary during the war. Of course control was necessary during the war. The point we are considering is whether it is necessary that the control should be carried on in the future for all time.

4670. That is not the point. Is it not clear that if there was not the control of coal the price of coal would be very much higher to consumers in this country than it is at the present moment?—I daresay while the war conditions continue.

4671. The truth is while the Coal Controller did pay more than he ought to have paid, at the same time it is true but for the Coal Controller the consumer would be paying much more than he is paying.

Mr. R. W. Cooper: You speak of the Controller; you really mean the Price of Coal Limitation Act.

Sir L. Chiozza Money: Yes, which the Coal Controller really exercises now.

Mr. R. W. Cooper: The Act was passed in 1915.

Sir L. Chiozza Money: He makes any addition in regard to it.

Mr. R. W. Cooper: The Board of Trade does.

4672. *Sir L. Chiozza Money*: Is it not really true to say that although the Controller need not have put so much on it is also true if there had been no Controller the price of coal to the consumer would be higher than it is to-day?—I think it is highly likely that it would be so. The gas industry took a leading part in getting that Statutory Limitation Act passed. The price of coal was going up by leaps and bounds, and we agitated for a limitation of prices. I have no desire to say there ought not to have been a Controller. There ought to be, of course; and during war conditions, but the point is what is to happen after war conditions are over.

4673. It has been put about that the Coal Controller raised the price, which is probably not true?

Sir Arthur Duckham: Have we had that evidence given?

Sir L. Chiozza Money: It was given us by the Commercial Manager of a well-known Colliery Company.

Sir Arthur Duckham: That he has put up prices higher than necessary?

Sir L. Chiozza Money: He said that the price of coal would be higher but for the Coal Controller.

Mr. R. W. Cooper: If there had been no limitation of price, of course the prices might have been so and so.

4674. *Sir L. Chiozza Money*: You agree with that?—Certainly.

4675. *Mr. Evan Williams*: You say that 20,000,000 tons of coal are used annually in gas works. Can you tell us what proportion of the increased price paid for coal has been passed on to the gas consumer? Have you any idea generally?—I should say about 7d. of the price of coal has gone to the consumer in the increased price of gas. It is very difficult talking for all gas undertakings. Take a simple case, about 7d. has had to be put on the price of gas in respect of the increased cost of coal in the case of a company whose total increase has been 1s. 10d.

4676. I do not follow you. Of the 2s. 6d. increase that has gone up last year in the price of coal how much of that has been passed on to the consumer of the gas?—All of it would be passed on; there is no other fund.

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4677. Were you enabled to increase your price of gas to cover the price of coal?—We must; there is no other alternative.

4678. In that way you maintain your dividends?—We have not maintained our dividends. When the price of gas is, say, 3s. 4d., you are allowed to distribute a 4 per cent. dividend, and if you vary your price by 1d. your dividend varies by 2s. 6d. You put up your price 8d., say, and your dividend varies by eight half crowns. It comes down to 3 per cent. But if you bring down your price of gas up goes your dividend by the same amount.

4679. I understand that. I have the misfortune to be chairman of a gas company. I want to know whether the whole of the increase you have paid for coal has been recouped by you in the higher price of the sale of your products?—No. If you refer to residuals, for example, they have not recouped the gas undertakings for the increase in the price of coal.

4680. Has the householder using gas paid his proportion of the increase?—He has paid his proportion of the increase.

4681. If a further rise took place he would still have to pay more?—Yes, if a further rise took place he would pay more. We calculate this: if the price of coal goes up 1s. it involves the price of gas being raised if there is nothing coming in to relieve it. The price of gas being put up 1d. if the price of coal goes up the price of coke goes up with it, and the result is you get back in coke a certain amount of money to help pay the increase in the price of coal; that amounts to about 50 per cent. When the price of coal goes up 1s. instead of the price of gas going up 1d., as it would if the whole of the cost of the coal had to be borne by the consumer, it goes up ½d. say.

4682. On the whole gas companies are worse off than they were before the coal went up?—Yes.

4683. Very much so?—Yes, all of them. Take the company of which I am chairman. Our dividend before the war was £4 17s. 4d.; to-day it is three per cent.

4684. In the last paragraph but two on the first page you say "as regards 70 per cent. of the heat it is conserved for the community by making it into gas." You ignored that 12 per cent. of the coal is burned under boilers. You include in that the whole of the potential energy in the coke?—Yes. Coke and Tar, if the carbonisation has been carried out as it should be.

4685. Is it a fair comparison? In burning the gas you do not get a higher proportion of the heat units as you would if it was coal?—I am not comparing in that statement the use of raw coal in a fire. I am taking it for purposes of steam raising. You take gas: you put a ton of coal into a retort the result is to make up to 70 per cent. You can utilise say 23 per cent. gas, 42 per cent. heat units of the coke, 5 per cent. of the tar, making 70 per cent. of heat units. So with electricity. If you consume under a boiler for the purpose of making electricity a ton of coal you have no by-products. The coal is totally consumed and you would only deliver about 12 or 13 per cent., that is what ultimately goes to the user of the electricity.

4686. You compared the result of the carbonising?—I was comparing it.

4687. You get your 12 per cent. after the whole of the operations were completed after making the electricity?—Yes.

4688. When you speak of 70 per cent. you are at an intermediate stage? There is still a further loss to go into it?—No, when you get to the gasfire and the cokefire and the value of the tar, you get that 70 per cent.

4689. You say in your proof that the extra price of 2s. 6d. was granted to Wales in 1916, and this has never been properly explained. The Board of Trade will be able to explain that entirely. Mr. Flux, who is their statistician, went thoroughly and fully into the matter before the Board of Trade gave their consent?—Very well.

4690. *Sir Arthur Duckham*: On that point I want Mr. Watson to put in a statement on the point he is discussing. We shall not want it before the 20th, but perhaps afterwards it might be useful?—With pleasure.

Mr. Evan Williams: I did not follow it further, because I thought it was not important at the moment.

4691. *Mr. Herbert Smith*: You told us that you were opposed to nationalisation of mines; is that so?—Yes.

4692. Is it a fact you are opposed to local municipal

undertakings taking gas companies?—A great many people are.

4693. Is it a fact your association has been opposing local authorities?—No; it has only just come into existence.

4694. It is a new association. Is it not a fact that with regard to local enterprise you oppose local authorities when taking gas undertakings?—A great many gas undertakings are owned by municipal authorities.

4695. You represent the gas companies?—Not alone, the National Gas Council has a membership of both companies and municipalities.

4696. I want to give you an example where you do carry your ideals forward. When we try to take over the gas company you use all your power to oppose us?—I have had nothing to do with it.

4697. The general tendency from your association is to oppose?—No, our association has nothing to do with it.

4698. If you believe in local undertakings, may I take it you believe in local authorities taking them over?—I prefer the matter to be left to the companies, it depends upon circumstances. It is for a town and the gas company to arrange their own matters, and they very often do.

4699. Do you object to their arranging their matters with regard to nationalising mines?—It is a big step forward from municipalising gas undertakings to the nationalisation of mines.

4700. With regard to the coal supply before the war, gas companies generally asked for tenders for coal?—A great many of them did.

4701. Of course the lowest estimate as a rule was accepted?—Yes.

4702. Coal comes 50 miles from one pit to a gas company where there is a colliery next door, which could supply a similar quantity of coal, but because it is 6d. a ton less you go to the others?—If the railway rate admit of it.

4703. It cuts both ways?—Naturally. In times of peace it is a question of price and quality combined.

4704. You tell us now that your coal has gone up in some places 13s. a ton and 10s. 6d. a ton?—Yes.

4705. You do not put it down to this, that that is through the miners' advance in wages solely?—No; the Coal Controller advanced these prices for the various reasons he gave.

4706. Can I take it you are here to-day opposing the miners' application for an advance in wages and shorter hours and nationalisation?—I am only here to say with regard to that that whatever is done it should be remembered the coal industry is the basis of other industries.

4707. *Mr. R. W. Cooper*: In normal times am I right in saying that you draw the major part of your coal supply from the county of Durham?—That is so.

4708. Would you give us an approximate idea of what percentage of your total supply you draw from that county?—About 70 per cent.

4709. And in normal times I think practically the whole of your supplies are conveyed by sea?—You are now speaking of the Gas Light and Coke Company?

4710. Yes?—We always took a matter of 150,000 to 200,000 tons by rail and the balance of the 2,000,000 tons we purchase comes by sea.

4711. That is to say the greater part?—Yes.

4712. You generally buy these coals from a colliery delivered f.o.b.?—Yes. We used to buy them c.i.f.; but the last few years before the war it began to be the custom to buy them f.o.b.

4713. You have your own ships or you provide the ships?—Yes.

4714. Do you buy all these coals direct or do you buy a substantial part of your supply from a merchant?—We buy a certain supply through merchants' chant.

4715. Do you find the merchant a convenient part of your machinery?—Quite convenient.

4716. I suppose you buy because you find it pays you better to buy through him?—It suits us better sometimes.

4717. You of course have in normal times your ordinary list of contractors have you not?—Yes, we

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had an ordinary list of contractors, people whom we usually apply to.

4718. I meant that, a fairly extensive list of people whose worth you have tested by experience?—Yes.

4719. I suppose in the abnormal times through which we all have had to pass you have probably had to suffer the inconvenience of being required to take others, whose coal you did not care about or did not find satisfactory?—Yes.

4720. Naturally in normal times you make your selection and give up any of your contractors who are unsatisfactory?—We cut him off.

4721. You bring him to book?—Yes.

4722. On the question of the increase of cost in the making of gas, of course I need scarcely ask the very obvious question that there are other elements as well as coal which enter into the increase in cost of making gas?—Yes.

4723. Wages for example?—Yes.

4724. I suppose your costs are divided into two divisions, one division being the cost of carbonisation where you get the benefit of the sale of residuals?—Yes.

4725. The other the cost of distribution?—Yes.

4726. Have you found an advance in both those departments of costs, both in carbonisation and distribution?—In distribution you have a certain rise in the cost of labour, and in the material we use, such as pipes and things of that kind.

4727. With regard to the standard price, your standard price is fixed by your special Act?—Yes.

4728. It is fixed, of course, in relation to what I may call your standard dividends, which you have explained?—Yes.

4729. You have had a great experience of Parliamentary Committees. Is it not a fact that when the standard price is fixed for a gas undertaking, an element which weighs very much with the Committee at the time is the price of gas at the time or some time previously?—Yes.

4730. Therefore, owing to this cataclysm through which we have had to pass, if the price of coal in this country is going to be permanently increased, that will completely disturb the operation of your sliding scale?—It will completely destroy the basis of the sliding scale, which was fixed when money had a different value and cost of coal was different.

4731. That would work considerable hardship on your shareholders?—Of course, the shareholders suffer very badly.

4732. How many shareholders have you in the Gas Light and Coke Company?—Ordinary shareholders, I take it, you are talking of?

4733. Yes, if you please?—Ordinary shareholders there are 29,700. If you take in Preference Maximum and Debenture shareholders, there are altogether about 41,000.

4734. Have you a note amongst your papers of the total number of individuals who are holders of Gas Stock in this country?—I could not give you that; it is a very difficult matter.

4735. Perhaps I am asking too much. I thought you might have had the information when you were discussing this Temporary Increase of Charges Bill?—We shall do. If you take the Gas Light and Coke Company's figures and if you multiply them by eight you almost get the figures for the whole United Kingdom. I do not say it would apply here, because some persons may hold shares in more than one company. I should not be surprised if there were half a million shareholders. Gas Companies used to be very favourite investments of pensioners and ladies of small means. The result is, there are a great many small holders in Gas Companies. It has been a very favourite investment with small trusts.

4736. *Mr. R. H. Tawney*: Is that separate holdings if there were half a million shareholders. Gas Co- or separate holders; it is a different thing?—You must remember municipalities have naturally no shareholders. When I said multiply by 8 it is a rule that perhaps does not apply to the share capital; to the working it might do.

4737. *Mr. R. W. Cooper*. Can you convey to the minds of the Committee the number of persons interested as holders of gas stock?—It is largely in-

creased by the fact that we have a co-partnership system in a great many gas undertakings by which the workmen become shareholders. In my own Company there are nearly 8,000 workmen co-partners who have holdings in the Company—stock invested in the Company for which they receive interest. We pay a bonus based on the ordinary dividend of the Company on wages earned, so when the man earns, whatever his wages may be, say his takings are such and such a sum, he gets the ordinary dividend paid on his wages.

4738. Once a year is that ascertained, or how frequently is that ascertained?—The basis is declared from time to time. Of course, you cannot move up and down with every movement in wages. You take a basis. If a man has earned £200 he gets 3 per cent. on that. His earnings are taken roughly as his capital invested in the business. He has at first no capital in money; but he can invest, so to speak, his flesh, his brains and bones.

4739. Is that amount translated into stock?—We buy stock for them and allocate the stock that way.

4740. What amount of stock do your 8,000 workpeople at present hold in the Company?—I think altogether at the present moment £200,000.

4741. Can you give me any idea what is the average amount of ordinary stock or total stock held per holder, per person, in your Company or the gas companies of the country?—The average holding in ours is £548.

4742. *Mr. Frank Hodges*: You said that the coal industry is the basis of all industries. That being the case, ought not subsidiary industries adapt themselves to the coal industry rather than the coal industry should adapt itself to them?—They have to, as a rule.

4743. So that if you had been receiving from the colliery certain first-class qualities of gas coal and coking coal and that quality of coal was worked out and there was no more available, you would have to readapt your industries to get the best out of the remaining coal?—Quite so.

4744. It suggests that you should always be rather elastic in your methods so as to provide for an emergency of that description. You said you were rather hard hit during the war because you could not get your proper quality of coal?—That is so.

4745. Has it occurred to you that by unification in the process of carbonising the coal, if you had unification of control of the carbonising of coal and you could arrange because the coal industry was unified to get the character of the coal best suited for carbonisation, that that would be an interest in the coal industry and a national interest as well?—At the present moment in ordinary normal times we do naturally get the coal we want. We know the various classes of coal, and we buy the most suitable for our purpose. I do not think it could be bettered than when you allow the natural laws to take place for the supply and demand of the right cost of coal. I do not see how you could improve on that way.

4746. Supposing the railway systems of this country were sufficiently unified to bring bituminous coal or coking coal to common depots, or to big carbonising centres, would not that be in the interest of the conservation of coal, in the interest of producing more by-products, and in the interest of industry itself?—I do not really think so, and for this reason; for one thing there is not the cost of double handling. Apart from that it is found in practice you want to get to know the coal which you carbonise very intimately to get the best results. The best results are got at gas undertakings, which have the same coal year after year, because they know then exactly how to treat it. It wants to be perfectly coked. Carbonising coal is just like coking coal. If you get into a gas works with a lot of heterogeneous kinds of coal when dealing with a big undertaking, you do not get the best out of any coal. I am certain it would not be a good thing if the coals were all lumped together as you suggest by unification. I think you want to supply the exact right kind of coal; works should have, if possible, the choice of their coal, and get accustomed to their coal.

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4747. Supposing the process of carbonisation were standardised throughout the country, could you not by scientific massing of gas and coking coal, at well defined depots, then get a uniform character of coal suitable for carbonisation, and the same for everybody else?—The cost would be absolutely prohibitive to mix your coal. Putting down coal and dividing it up, which would mean making a mixing chamber and mixing it, is practically an impossibility. It would be absolutely prohibitive. You want to get your coal straight in with as few handlings as possible out of the mine into the gas works, and if possible, into the retort house straight away.

4748. If your conclusion is right, you can never have any form of uniform process in carbonisation, because you are all getting coal from different seams in different collieries, which are never the same on analysis?—As a matter of fact, you are bound to have that. Take the Gas Light and Coke Company with two million tons of coal. You have to get a variety of coal in that case.

4749. And they are carbonised under all different circumstances?—It is impossible to secure for any gas works one class of coal, while, if you mix, the cost would be ruinous. As for carbonisation, it is a progressive science. I expect very shortly we shall see great progress made in carbonisation. We are not at the end of it. The gas industry is an old industry. It is over 100 years old, and at the present day it is evolving new methods of carbonisation and it would be a great pity to do anything to standardise it.

4750. This is my last question. For the future of your industries are you going to develop your industries in the future on the capacity of collieries to give you from a particular seam a particular class of coal so that if the colliery ceases to produce, your local industry goes out of production?—No, nothing like that. We naturally buy, or we seek to buy, the coal best suited for our carbonisation work, and should always try to do that. If one colliery gives out, as many collieries have in the past, we go to another colliery where the coal is best suitable after the coal we have just lost. Our system of carbonisation does not depend upon merely one coal.

4751. It does in many places?—There are a great many gas coals up and down the country. You have to take the best you can.

4752. If the analysis shows a great deterioration in the quality of coal for gas and coking, does it not strike you you must make some form of change in the production in your industry along the lines of standardisation?—We have to try and make the best of the material that is available at the time, whatever it may be.

4753. *Mr. Robert Smillie*: I suppose there has been a revolution in gas making during the past 40 years?—Yes.

4754. It might almost be called a revolution. There was a time when the gas companies desired to have the finest Cannels, but they discovered that lower grade coal gave them gas, and in your newest retorts it also gives the coke?—Yes, Cannels become exhausted, or the best Cannels did.

4755. They have fallen off in demand. Even when people abroad continued to buy our best Cannels, our home gas people would not touch it. Am I correct in saying that gas companies at one time were bound by law, or by custom, I am not sure which, and you can tell me, to supply gas at a certain candle power?—They were, and some have that standard still, but recently there has been a standard of calorific value introduced. Gas does not depend so much on the illumination given by the gas flame as by the mantle.

4756. The gas is so dirty now that if it is sent into the house and burnt with the ordinary burner, the people could not see; it must be used with mantles?—I take exception to the word "dirty."

4757. It is for want of cleaning?—It is cleaned just the same as it ever has been. The Local Authorities take good care the gas is properly cleaned. It has to pass the most stringent tests with regard to cleanliness.

4758. *Sir Arthur Duckham*: Is it not cleaned too much? Is not that the point that they have cleaned out the hydro carbons?—Yes.

4759. *Mr. Robert Smillie*: Is it not a fact in some cases they put air pressure on to press it as quickly as possible through the burner?—You must supply gas at a certain pressure or you would not get a satisfactory return. There is nothing worse than gas that does not go through the burner sufficiently to produce the proper mixture of air and gas.

4760. That is the purpose of adding the pressure?—A Bunsen burner requires certain pressure. You must put gas through a burner at a certain pressure or you get no heat.

4761. A Bunsen burner is for giving heat, not light?—The question of heating and lighting is now a matter of heat and not a matter of lighting.

4762. It does not cost the Company so much to produce gas to-day as if they were bound to give it at a certain candle power without mantles?—I quite agree.

4763. That is right?—That is right.

4764. That is to say they have lowered the real value of gas?—Yes, the public gain by obtaining it at a lower cost than they would have if gas had to be enriched as it used to have to be with Cannel coal or oil for the purpose of making rich gas. If that had to be done the consumer would have to pay a higher price for his gas.

4765. It has been said that some managers of gas works have said that they could afford to supply people with free gas and make it pay from the by-products?—I do not know where they get their experience from.

4766. I suppose *Sir George Livesey* was an authority?—Yes, he was a great authority.

4767. He made that statement?—I never heard him make the statement. Our experience with regard to residuals has been very curious. The residuals have not tended to give us back all we would have expected them to do. In 1910 we obtained from residuals 81 per cent. towards the cost of the coal. Unfortunately, in 1918, though many of the residuals stand at higher prices, we only obtained 61 per cent.

4768. Will you take this from me. I have known a case in which a gas company burnt small coal and then sold the coke at the same price as they paid for the coal?—It is quite possible. They only get half a ton of coke to a ton of coal.

4769. They got such a price for the coke that they got as much for a ton of coke as they paid for two tons of coal?—I think it is a very remarkable experience.

4770. I can tell you privately the company, if you wish to have it?—You may take it from me that is not the general result.

4771. I am sure it is not?—The price of coke is, on the average, taken over a very large number of years, very much the same as the price of coal. A ton of coke and a ton of coal are very much the same thing. The result is that as you only get half a ton of coke from a ton of coal you only get half back.

4772. You say that carbonisation of coal is the most economic way you know of, in view of the fact that you get a far larger efficiency per ton from it?—Yes.

4773. I do not think you would contemplate with very great pleasure the idea we are still going to go on burning our coal in the ordinary fires and in the ordinary boilers and only get 12 per cent. of efficiency?—Quite. In boiler practice, in supplying electricity, it is 12 per cent.

4774. As a matter of fact, you do not get more than 12 per cent. of its real efficiency in an open fire?—It depends upon your fire so much.

Sir Arthur Duckham: Some fires do not give as much as that. It runs from about 10 per cent. to 22 per cent.

4775. *Mr. Smillie*: If you could take from coal by treatment, carbonisation or otherwise, not perhaps to the full extent, and if you could take out by carbonisation its by-products up to a certain extent and still leave it as good a heat raiser as it would be in raw

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coal and secure 50 per cent. of its efficiency either through the by-products or the coke, would not that be equal to an annual increase in the output of coal?—We tried that and our experience has been very unfortunate. After all said and done, gas is the most valuable product in the coal. Out of a ton of coal you get, say, on the average 12,000 feet of gas. Every one of these thousands at the present moment is, say, worth somewhere about 4s. 4d. a thousand. If you lost 1,000 feet of gas on your coal through bad carbonising you immediately lose 4s. 4d. You can easily see you are losing your by-products. Our company put on the market some time ago a material called carbo. We had to charge a very high price for it. A few people bought it, but we had to give up the sale, because we found to get back what we lost in not taking the gas from the coal we had to charge such a high price it was of no commercial value.

4776. Are you not driving off by carbonisation some of the most important productions of coal?—That is a very important question, one which has to do very much with the chemist. It is a very scientific process now.

4777. Is it not beyond the laboratory stage; has it not been proved in practice?—It has not been proved in practice, as gas works balance sheets show. It leaves a lot of gas in the coal. It has been tried over and over again.

4778. If it has been proved the carbonising at a low temperature gives you a very large quantity of fuel oil, crude oil gives you many of the most valuable dyes which you cannot possibly get in carbonising at high temperature?—You have got them.

4779. And whether it gives you a very large quantity of gas to be used for electrical purposes would not change your mind providing that is true?—That is where I cannot agree with you. Experience has shown it is not a sound financial policy. At the present moment you get the gas out of the coal, and you get, of course, a large amount of by-products out of the present system of carbonisation. You get benzol, tar and things that are wanted by the dye industry.

4780. Is it not of sufficient importance for the nation to find out the most efficient process for the saving of coal?—Yes.

4781. Aside from the price you then can save the coal which is our best national asset to make sure it will go on?—I am absolutely with you there. That is one of the works we think the gas companies have done. They have produced out of a ton of coal more than anybody else has. Carbonisation of coal is the best way to conserve the national coal stores.

4782. When you say "we" whom do you mean by "we"?—The gas undertakings. The gas undertakings began to feel coal would go up and the undertakings formed a committee and held a meeting for the purpose of getting people interested, especially Members of Parliament, in the question of the price of coal.

4783. That was in 1915?—Yes.

4784. This is a question that will be proved historically here this week. As a matter of fact it was the Coal Organisation Committee that thought this matter out and sent their observations to the President of the Board of Trade, and put the question before Parliament, and we had no assistance of any outside company at all.—We must have been working then on parallel lines. I have the minutes of the proceedings of the committee of the 17th June, 1915. in committee room No. 29.

4785. You were conserving your coal supply because here was a likelihood of it being scarce. Your

concern was the keeping down of the price of coal?—Yes, certainly, in order to be able to sell gas as cheaply as we could.

4786. The cheaper you sell gas the higher the dividend?—No, I wish it were so in a way. That is not necessarily it. We may sell an enormous quantity of gas and then the dividend goes down. In normal times the principle of the sliding scale governs the dividend.

4787. The miners are said to be very selfish people at the present time, and taking advantage of the nation's needs. Three mine owners and three miners' agents sitting on the Coal Organisation Committee made up their minds that coal was going to be scarce and that competition would raise the price very much against the consumers. Those six men with Sir Richard Redmayne in the chair recommended to the Government and to their organisation what they did with regard to the price of coal. Was that a selfish act upon the part of the miners?—No.

Chairman: I promised to circulate the minutes of that particular meeting and it shall be done immediately. It is a very convenient time to do it. It bears on Mr. Smillie's point.

4788. Mr. R. W. Cooper: Whenever the change is made in an undertaking like your Company, which is a statutory undertaking, from an illuminating standard to the calorific standard, that has to be done by the authority of Parliament?—Yes.

4789. The whole of your conditions are carefully reviewed by Committees of both Houses and before those Committees all the local authorities affected are heard?—Yes. We cannot do anything whatever without statutory permission. We are absolutely tied up by Public and Private Acts and we have to follow exactly the Acts. We cannot alter our statutory conditions one little bit. If there is a change made over from an illuminating power standard no matter the candle power to the calorific standard it has to be done after the matter has been thrashed out in the committee rooms and by Act of Parliament.

4790. You do not find the local authorities slow in appearing before the Committee; they always attend?—Yes.

Chairman: I will now circulate the Minutes of the Conference of which Mr. Smillie spoke, and coupled with that, the Report of the Committee on Pooling of Wagons. Then we will adjourn for ten minutes.

Mr. R. W. Cooper: Mr. Chairman, may I make a personal application? Earlier in the afternoon Mr. Smillie, asking a question, I think of Mr. Hobson, referred specifically to a company in the north called the Consett Iron Company, and asked certain questions with regard to their capitalisation, and made certain statements with regard to the matter of their houses. Of course I am most unwilling to enter, even for a moment, into any personal controversy, but when these statements get into the Press they are likely to do injury to the company, and I suggest the company ought to have an opportunity to reply. The general manager of the company is in the room at this moment, and he will be very glad to go into the witness chair to explain everything to the Commission, either now or to-morrow morning, whichever may suit your convenience best.

Chairman: I think to-morrow morning would be convenient.

Mr. Robert Smillie: If I have said anything which is not true or which is misleading I shall be delighted that the other side should have an opportunity of correcting it.

(Adjourned for a short time.)

Mr. WILLIAM FROWEN, Sworn and Examined.

4791. Chairman: I think you are the General Secretary of the Federation of Firemen's, Examiners' and Deputies' Associations of Great Britain?—Yes.

4792. You propose to speak as to the general status and duties of firemen, examiners and deputies, as to the wages and conditions of employment; as to the

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reasons for the 30 per cent. increase demand so far as firemen, examiners and deputies are concerned, and as to the hours?—Yes.

4793. What I propose to do is to read out what you have been good enough to send, and then I will call upon any gentleman who wishes to ask any questions about it. You say:—

“The colliery fireman, examiner or deputy (three names meaning one and the same person in different parts of the country) holds a very peculiar position in the mining industry, standing as he does between the mine owner or management and the mine worker.

“Since 1911 he has been placed by Act of Parliament in a position dissimilar to any other person employed in the industry; he has to carry out the Mines Act and Regulations, and see that others do the same; his duties are to perform and not place the burden upon others’ shoulders.

“It may be said that the 1911 Act was a safety Act in very deed, so far as the deputies were concerned, from that date he became a certificated man with added duties and far greater responsibilities.

“It is estimated by the Chief Inspector of Mines that there are about 24,000 deputies, firemen or examiners in the various coalfields. The Federation which I represent to-day speaks on behalf of considerably over 20,000 of these.

“The duties of the deputy may be classed as part supervising and part manual work. Owing to the different systems or methods of work prevailing in different parts of the country, his duties vary accordingly, but in all cases he is entirely under the same Acts of Parliament and the Regulations of 1913. This difference in methods of work and duties is accompanied with a difference in wages received, hours worked and conditions of employment. The deputies do not desire that a uniform rate of wages and conditions shall prevail throughout the country unless a uniform method or system of working can also be propounded.

“Of the fifteen associations which comprised this Federation nearly every one has agreements governing wages and conditions of employment.

“The reasons put forward for this demand of 30 per cent. are as follows:—

“(1) In all agreements which have been recently made by the different associations the terms come to have been very unsatisfactory to the firemen, examiners or deputies. They claim that even the 30 per cent. would not give them their due in accordance with the demand put forth when making the agreement; this means that the amount now asked for is far overdue.

“(2) In most cases the deputies’ rates is a day’s wage rate, there being no fits and starts of big wages coming his way, he is still kept on the same level; there are a large number of mine workers to which this does not apply, but it applies generally to all deputies.

“While asking that his rate should be advanced, he does not appeal to be placed with the highest, but to come somewhere near the reasonable in regard to wages.

“(3) It is a rule to select the very best men that can be obtained in the mine to fill the positions of fireman, examiner, or deputy, the best with regard to workmanship, intelligence, general ability, and moral character; this being so we feel that the request sent in is within reason and should be granted.

“(4) The deputies are placed in charge of men a large number of whom receive a far higher wage than those who are en-

trusted with their supervision. Surely this, again, should form a qualified reason for the granting of the 30 per cent. upon our present wage rate.

“(5) Our colleagues, the miners, having put forward this demand (which we believe they are entitled to do) we would have no other course open to us than to follow the lead given by them, for in practical senses what applies to the bona fide mine worker in this case applies to the deputy.

“(6) The desire for a higher and broader life has been felt in the ranks of the deputies for a long while and expressions given at some of the various conferences during the last five years, but no actions could be taken by us until the larger body (Miners’ Federation of Great Britain) had given such a lead as is now before us.

“(7) The cost of living has not been met by the war bonuses and war wages received, not even in our highest war rates—we estimate to reach this it requires at least the 30 per cent. asked for.

“Hours.—Regarding the matter of hours the Mines Act of 1908, termed the ‘Eight Hours Act,’ contained a very wise provision (we believe in the interests of safety) which states that the deputy, fireman, or examiner may be employed for a period not exceeding 9½ hours. The purpose of those responsible for the framing of this clause was to make this the maximum time that the deputy should be employed. It is a matter of regret to us that a large number of mine owners or mine managements have made this clause fit so that the 9½ hours has become the minimum, and the maximum has gone to any time you may mention.

“Under this clause a two-shift system has been instituted. Such a system does not make for safety and in nearly every case constitutes flagrant breaches of the Act which has been framed for safety purposes. A reduction in the hours of employment will assist, or be the means of breaking down this system, and we therefore strongly appeal to this Commission to come to our help in this respect.

“For the broader and higher life desired by the deputy he must needs have an increase in wage and a reduction in the hours of his employment, hence our demand for 30 per cent. on the present rate of wages exclusive of the war wage and a reduction in hours, the hours worked by the bona fide mine worker to form the basis of such hours.

“Appended herewith is a summary of the reasons in support of these demands.

“As to Wages.—(1) Our wages are below the average miner. (2) To maintain a higher standard of living and education. (3) The standard rate is too low. (4) Cost of living has not been met by the war wage. (5) An advance in wages would tend to secure the better men from the coal face to fill the position of deputies; managements are experiencing great difficulty in securing sufficient men for the positions to-day because of the rates of pay. (6) The responsibility of the position he is placed in, and the condition of his work, which does not pertain to the bona fide worker. (7) The Premier’s promise of a fuller and better life for the worker. (8) The wages of the deputy ought not to be determined by the selling price of coal.

“As to Hours.—Having regard to the long hours worked by a very large number of colliery deputies, we appeal strongly to be placed upon the same basis as the mine worker.”

4794. Mr. J. F. Forgie: In supporting this demand, have you considered at all the effect that the concession of this demand would have, or might have, on the industries of the country?—Yes.

4795. Are you putting forward this demand in this way: that no matter what the consequences are to the

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industry in the country, you insist on this demand?—Oh, no.

4796. Then you do to a certain extent appreciate that the concession of your full demands at the present moment might have a very bad effect on the industry of this country; and that it would reflect on yourselves?—No, I do not. I do not think it would have any bad effect in any possible way. I think the reduction in hours and the increase in price can be met; if not quite easily, it can be met.

4797. Are you referring merely to meeting your demands, or to meeting the demands of the miners as a whole?—I am speaking of our demands now.

4798. But you will appreciate it is the demand of the whole that really affects the case: not only you, but the miners and others?—If I apply my answer to the miners as well as to myself, I think it still holds good.

4799. Have you any idea how much the cost of coal will be raised by conceding this demand?—No, I have not.

4800. It has been stated in evidence here by Mr. Dickinson—I admit to Sir Leo Money that, of course, a part of it was based on information that he got—but it has been stated in evidence by Mr. Dickinson, that the granting of this concession would amount to 8s. 2d. extra cost on a ton of coal.

Sir L. Chiozza Money: On a point of order, I really must protest against this statement being repeated again and again. It has not been given in evidence that any definite sum will be added to the cost of coal. Only the most hypothetical figures have been put forward, and Mr. Dickinson has not yet given us his promised calculation. In that case, I do beg our friend opposite not to keep on repeating the statement; otherwise, I shall have to keep on protesting.

4801. *Mr. J. F. Forgie:* There have been hypothetical questions put; and I will put this as a hypothetical question. Supposing the evidence that has been put in as to 8s. 2d. per ton is correct, and that the cost of coal will be increased by that amount, do you see any possibility of us improving our business after the war and getting back into our old position, if we raise the price of coal by 8s. 2d. per ton more than it is at the present moment?—But your case is built up upon two suppositions. The first is that the output would still remain the same; the second is that 8s. 2d. is correct. Now, personally, I do not accept either one or other of those.

4802. Then do you think it is possible to increase the output with a reduced number of hours?—I do.

4803. Could you give us an idea of how you would do it?—Yes. If everyone, from the office right to the coal face—I cannot include property owners, possibly, but the management and the workmen and everyone concerned, would do his best, I think the output will be increased tremendously.

4804. In that statement of yours you anticipate that everyone is going to do more than he did before?—Not everyone; because some do as much as they possibly can do now.

4805. But unless the production is increased per hour down below, you cannot produce the same quantity in six hours as you could produce in eight hours?—No, unless it is increased.

4806. Then do you anticipate that it will be increased, and that everyone will make a greater effort to increase production?—Everyone that can do so; but some are making every effort they possibly can now.

4807. If they are making every effort at the present moment, they cannot increase the output by making a reduction in hours?—I think when the reduction comes, all parties concerned will be filled with the spirit of doing the very best they can.

4808. But you said some cannot do more than they are doing?—Exactly.

4809. Those men must reduce their output, if they reduce their hours?—There would be an equalising.

Possibly a greater number could do more than they are doing now.

4810. It has been said that the reduction of hours from ten or nine, or whatever they were working before the eight hours came into force, down to eight hours was anticipated by the coal-owners with great gloom?—Yes.

4811. And that the output would be reduced?—Yes.

4812. Of course, the Act of Parliament as it was ultimately passed was not the Act as it was expected to be passed when the coal owners made their estimates?—Exactly.

4813. But with the mere reduction from nine to eight, or ten to eight even, it might be possible under circumstances of that kind to maintain the output and to have no reduction of the output?—Yes.

4814. Do you not think it would be a good deal more difficult to maintain the same output, or to increase the output, with a reduction of eight hours to six hours? Of course, if you carried it to a *reductio absurdum*, if you reduced it from two hours to nothing, you could not possibly increase the output. You are getting nearer that point, are you not, when you reduce it from eight hours to six hours?—I would not be unreasonable. From eight hours to six hours is, I admit, a somewhat big jump, but, of course, from eight hours to nothing would be a bigger jump. But I do say that when the eight hours came in, my own manager was tremendously concerned that it would reduce the output. We made a note of it at the time, and the fact was that in the first week we had a bigger output than we had previously and ever since then I have been under the impression that, within reason, a reduction in hours does not mean a reduction in output.

4815. There must be a point which you can reach where you cannot reduce the hours and increase the output?—Possibly.

4816. Do you not think that point has been reached?—No.

4817. There are some shifts where they are getting all the coal that they could?—Possibly.

4818. There are haulage roads which are hauling all that can be hauled. Of course, the haulage roads could be doubled at great expense, and there would have to be more shafts?—You could increase the number of cages. You need not put on more shifts to increase the number of cages. I think there is room for double-decking more cages.

4819. There is generally as much time taken in double landing as the saving?—No, I do not think so.

4820. I will put it in another way. There are many engines that could not lift a double cage, or double the load; it would require new machinery?—At the colliery where I work the engine could do it, and the single bond is working now.

4821. But in a great many cases the machinery could not lift the double load. Do you agree with that?—Possibly so.

4822. Then, of course, it would mean new machinery?—In those particular places.

4823. That would take some very considerable time to do, and it might not be profitable to do at some collieries?—That is supposition.

4824. Do you really say seriously that with an eight hours' day reduced to six hours the same output can be raised, or more output can be raised?—My answer to the question was that I believe so if we had a reduction of hours.

4825. I would rather not have what you "believe." What reason have you for saying that there will be an increase with a reduction from eight hours to six hours? Do you not think the argument is impossible?—No, I do not.

4826. I will put it in another way. Do you think the coal owners or the managers of mines would be content with the output that is being brought up in eight hours if they thought the pits were capable

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of producing more?—Shall I answer your question before you put another one? I believe, when the reduction of eight hours came, the mine owners felt that there was going to be almost a collapse of their trade. I think that since then it has been proved that that was not so, and good results have been attained.

4827. I do not think the collapse of the trade has much to do with the practical question?—I believe now if the hours came down to six and if this increase of wage were granted, men would be filled with such satisfaction that the spirit of unrest will have departed, and each one will go in to do what he can—mine manager, official, and mine worker; and I believe the result as a whole would be, not a decrease in output but, if anything, easily to maintain the output of to-day, and possibly to produce an additional output.

4828. You admit, at all events, that the further down the scale you go, the greater would be the difficulty of increasing the output or maintaining the output? From eight hours to six is difficult; from six hours to four hours might be impossible?—It might be.

4829. Do you know what the effective time in regard to production in the collieries is? The effective time is not eight hours; the effective time of production in the colliery is the time the colliers are digging coal, is it not?—I could not say that.

4830. During the time the collier is walking there is no coal being produced?—No, but some men go down at different times to others.
—At the present time some men are working nearly ten hours a day and some are working barely six hours.

4832. Do you say there are some men working nearly ten hours a day?—I say there are some men working nearly ten hours a day.

4833. How do they manage that?—Directly the mine is open in the morning they are the first men there; they descend the mine.

4834. Do you know a case of this kind?—Yes.

4835. Give me the time allowed for winding?—The shift is open at 5.15 a.m. and the last man is supposed to be up at three.

4836. When does the winding of coal start?—Six o'clock to two o'clock.

4837. How is it you allow an hour for men coming up and only three-quarters of an hour for men going down?—I do not know; the management does that.

4838. Is that really the rule?—That is the case.

4839. At all events, the time taken to walk in would not be time at the working face?—In my district men can get in in seven minutes, and they do so.

4840. At all events, that is an exceptional mine. I think you will agree with me that eight hours is the time allowed for winding?—Yes.

4841. And probably the average time that the men are allowed to go down in the morning and come up in the afternoon would be not much more than an hour?—Possibly so; I accept that.

4842. And that in a great many mines a considerable time is taken to walk in to his work?—Yes, I suppose so, but in some places where there are long distances men are conveyed, by permission of the inspector.

4843. Even if they are conveyed, it takes time?—Yes.

4844. So that the working time at the face may be reduced to seven hours as the effective time of the miner who is producing coal?—Yes.

4845. Or even less in some cases?—Yes.

4846. Then this is a reduction, not from eight hours to six hours, but it is a reduction from seven hours to five hours?—Yes.

4847. Then, of course, that becomes more difficult than what appears in your mind as a reduction from eight hours to six hours, does it not?—It comes down nearer to the nought, when you could not produce anything at all.

4848. Will you take it from me that a reduction of seven hours to five hours would be about the mark, or nearer the mark, at all events, than the idea of a reduction from nine hours to seven hours? If you were to look upon it that it would be a reduction of hours from seven to five, do you still adhere to your statement that you would expect an increased output?—The same principle would hold. I still adhere to my statement that if the men get this advance in wages and the reduction in hours, it will clear the air of the present unrest and dissatisfaction. May I explain in this way? A group of men meet together to-day, and they are filled with this spirit of unrest; they are discussing and talking and talking. If that is removed, the men will go to their work without any question. Besides working better and harder and stronger, they will have more time, because they will not waste the time that they do to-day in talking over matters.

4849. I am very glad to hear you say so; and I think if we had a definite statement from the men, that if they were to get reduced hours, there would be a bigger production, if physically possible (and I think in a great many cases it is physically possible) it might bring us nearer together; I do not say it would go the whole length. But you see, we have had no indication of that from the miners. As far as I know, you are the first person who has ever stated that if the hours were reduced the mines would be in a position to maintain the production, and increase the production of coal in this country, if it were possible?

I speak exactly as I feel on the matter.

4850. Mr. R. H. Tawney: Could you tell us how many men belong to your Association?—Roughly, 20,000.

4851. That is to say, you speak for a very large number of men?—Yes.

4852. And men who are doing very responsible work. I understand that the firemen are really responsible for the safety or working of the pit, are they not?—They are.

4853. Could you tell us something about that point? What is your position in that matter? Are you satisfied that as things are now the safety is as good as can reasonably be expected, or are there any possible improvements?—I think a large amount of improvement could be made if certain things were altered.

4854. For example, what sort of things?—As it is to-day, the deputy is between the mine owner and the workman. At the same time, he is appointed and controlled and paid by the mine owner. I certainly believe that is a bad omen for matters of safety. That is, so far as the owners are concerned. Then, in addition to that, on the other side, it is very easy to bring a charge against a deputy by the workmen who are under his charge, and the deputy has no guarantee of tenure of work or office in his position. If he could be given something in that way he would be able to perform his duties possibly better than he does to-day, because by reason of those two sides he is in a very difficult position, and certainly is trammelled in carrying out his duties as he desires to do, and should do.

4855. Supposing that you were not the servant of the owners, but the servant of the State, would you be better able to secure your duty of looking after the safety of the men in the pit?—Much better.

4856. Because you would no longer be responsible to the owner, but responsible to a public body, whose primary concern is safety?—That is so.

4857. Is that a reform that your organisation is interested in?—We have been interested in it ever since 1911, when we appeared before Mr. Winston Churchill, the then Home Secretary and impressed upon him that we should become State employed and controlled.

4858. On the ground that that would increase the safety of the working?—On that ground, and that ground alone.

4859. I see in your sections, under "Hours," you say:—"It is a matter of regret to us that a large number of mine owners, or mine managers, have

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made this clause fit so that the 9½ hours has become the minimum, and the maximum has gone to any time you may mention." Does that mean that a large number of firemen are working more than 9½ hours?—I would not say a large number, but a considerable number.

4860. Can you give us any idea of what proportion?—No, I could not.

4861. *Mr. J. T. Forgie*: I think, if you will excuse me, the Witness did not say there were any men working more than nine hours?—I intended to do so.

4862. *Mr. R. H. Tawney*: Shall I read the sentence again? "It is a matter of regret to us that a large number of mine owners, or mine managers, have made this clause fit so that the 9½ hours has become the minimum and the maximum has gone to any time you may mention." All I wanted to get was exactly what that meant: whether there was any considerable proportion working more than 9½ hours. You could not give it in figures?—No, I could not give it in figures. First of all because it is difficult to get a correct return on this matter. A man does not care to give the hours when he knows that he is violating an Act; he hesitates to give them in to the Secretary. The other point is that we have not made a big point of that.

4863. Do you think if the hours were reduced the safety would be increased?—Providing alterations were made in other ways. There would be a considerable danger of men speeding up, which possibly would have an effect upon them.

4864. I understood you to express the opinion in answering *Mr. Forgie* that the output would not be decreased if the hours were reduced?—I said, provided.

4865. I think it would be fair to say, would it not, that the evidence we have had as to reduced output was on the assumption that other things would remain the same, and your view is that other things would not remain the same?—I think so.

4866. You spoke, in the first place, of a new spirit, I think. That is fairly easy to understand. You mean that the men would be more contented and would put more energy into their work?—Yes.

4867. That is a considerable point, is it not. You cannot get good work out of men who are discontented and dissatisfied, can you?—No.

4868. As to the organisation and equipment of the pits, do you think there is much room for improvements in working; I mean improvements in management as distinct from the spirit and energy of the men?—Yes, I do. I think that if the men had some amount, not 100 per cent., if they had some voice in the management that would create a better spirit and a better understanding. I do believe that even now there are mistakes in management which would not be made if men who are in direct touch with mining and had some voice in it were heard; but I would not say to the extent of being able to hold up this and that.

4869. In regard to the matter of equipment, is there any considerable room for improvement there?—I could not speak upon that.

4870. *Sir Arthur Duckham*: You are basing your demands at the present time on the high cost of living largely and the improved life that you want, are you not?—Those are two of them.

4871. Part of it is the high cost of living?—Yes.

4872. There is a very great prospect, we all hope, because it hits all of us equally, that this cost of living will be reduced in the near future. Is your demand to meet the present high cost, or is it to meet the probable reduced cost: I mean that is hypothetically?—I do not know that it is hypothetical to say there is going to be a reduction. I know that the Premier has stated recently that the cost of living would be down by 4s. at the end of this month.

4873. The cost of living is reducing to-day, is it not. I make the statement because I happen to pay bills for living and I know it is reducing?—I do the same, and I say there is not much in my home at any

rate. But I could not very well make a statement upon that.

4874. What I want to bring out is that at present this demand is based upon the high prices ruling at the moment?—That is part of it.

4875. The living part?—Yes.

4876. Can you give me the average wages of these deputies?—I could not give you the average. I could strike a maximum and minimum.

4877. Will you just give me the average wage roughly?—12s. to 14s. a day possibly.

4878. That is lower than the average wage of the miner?—Yes.

4879. Does that include war wage or not?—That includes war wage.

4880. That is the total wages earned by a deputy?—Yes.

Mr. R. H. Tawney: When you say it is lower than the average wage of the miner, what class of man are you thinking of?

Sir Arthur Duckham: Underground workers.

4881. *Mr. R. H. Tawney*: Do you mean hewers?—Yes, the better paid at any rate.

4882. *Sir Arthur Duckham*: Do you mean underground workers or the other workers?—Underground workers.

4883. The underground workers as a whole?—I mean certainly the best paid, but, generally speaking, I think we mean the general workers.

4884. General workers underground?—Yes.

4885. The responsibility for carrying out the Mines Act is with the Manager of the mine or with the fireman, is it not?—With the fireman.

4886. That is by Act of Parliament, is it not?—Yes.

4887. That Act of Parliament is not concerned with the manager?—The manager has certain things to do, but if he appoints his deputies or firemen that takes away the responsibility from his shoulders; the deputy then becomes absolutely responsible.

4888. The deputy is punished and not the manager?—That is so.

4889. They are not both punished?—No. The manager generally says he had confidence in the man he appointed.

4890. We have heard a good deal about the very bad case of the miners' conditions in their homes, and I am certain we have all a great deal of sympathy with bad conditions. I have often studied this question of hours from an ordinary point of view for the welfare of my men. May I ask what occupation have the miners in these mining villages when they come off work?—Various occupations, the same as in the towns, I expect.

4891. I raised this question in my own case with a man, if I may put it to you so that you may answer it. This man was working an 8-hour shift, and I was trying to work out a scheme to see if it would fit in better to work in other hours, and I asked the man what he would do if he had more time off. His answer to me—he is a very good chap—was that he would have two hours longer in the pub. I give you that answer as a fact. I am not running down miners or anything of that sort. All I want to bring out from you is this: Is the condition of these mining villages so bad, taking them on an average, that the miner when he comes off his work has no suitable place to go to, or has no suitable occupation to occupy his time, and no suitable place to go to where he can improve himself, even if he had shorter hours?—I believe if the miners had shorter hours a large number of them would devote their time to the betterment of their minds.

4892. Have they any opportunity at present?—Yes, they have every opportunity.

4893. At the mining village?—Yes.

4894. They have opportunity to improve their minds?—Yes. Let me say at any rate, that if they have not now it can be got by the Councils. The education authority is an elected body, and it becomes their duty at once to see that there is an opportunity if there is not. Let me take a case in point. *Mr. Frank Hodges*, who sits there, has devoted his time to betterment, so did Captain

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[Continued.]

Gill, with the result that they have risen in their particular lines. The men who did not take advantage of their opportunities and spent their time in billiard playing are still on the same level.

4895. *Mr. R. W. Cooper*: Is that Captain Gill who stood for one of the Durham Divisions at the last election?—No, the Frome Division.

4896. *Sir Arthur Duckham*: After some of the description of the miners' life above ground I must almost put it that I would rather be underground. But the point I make is that you really feel that the men would like to have somewhere to go to better themselves. Is there anywhere at present?—Yes, in most places, I think.

4897. As a general rule they have some place to go to?—Yes. A man only goes to a public house if he wants to go.

4898. They have some place to go to improve their minds?—Yes.

4899. I suppose you have no idea what proportion of drunkenness or that sort of thing there is in mining villages and other villages?—I am afraid I am prejudiced in that matter; I am a fanatic on teetotalism.

Mr. J. T. Forgie: I would like to say that a great deal has been said about the drunkenness of the miner, but the miner is the least drunken man of any workman I know. The only time he takes more than is good for him is on Saturday nights; the other nights he does not see it.

4900. *Sir Arthur Duckham*: I am delighted to hear it. If that is the case then you have a stronger case for your six hours?—I think his time would be well spent generally speaking.

4901. I think I was rather frightened, by the description of some of these places, that there might not be anywhere for him to go to. The only mining villages I have seen anything much of are in South Wales, and while I was there I was told that it was not the wages earned by people in a household that made for the comfort of the household. There were houses there which I was credibly informed were getting as much as £800 a year by four or even five members of the household working, and sometimes the conditions in those houses were worse than at other houses. Do you find that it is the wages that makes a difference to the house, or the people who earn the wage?—I am afraid I should have to say the people who earn the wage. I do not know that that applies generally. I happen to know places in my own locality where the houses are not as they should be, but in that case I must admit that it is very much the management of the home. But I believe that there is a tremendous need to-day for reconstruction in dwellings in mining villages. The houses that are there ought to be smashed up and a re-building scheme ought to be carried out, because I believe that the miners in a different kind of house would be a different kind of people.

4902. *Mr. R. W. Cooper*: Are you talking of old colliery cottages?—They are houses built on the rank principle with four rooms to the house.

4903. About how old are the houses?—40 years, I should say.

4904. *Mr. Evan Williams*: They do not belong to colliery companies?—In some cases they do belong to colliery companies.

4905. *Sir Arthur Duckham*: My only point on it is that it is not wages only that affect the conditions of the miner?—Not only.

4906. I mean, if he asks for more wages, it is very much a question of the way it is spent in the household?—Do not make too much of my answer.

Sir Arthur Duckham: With regard to the last point, No. 8, I should like to draw the attention of the Committee to it very strongly.

Chairman: You mean the wages of the deputy ought not to be determined by the selling price of coal.

Sir Arthur Duckham: Yes, naturally anything to do with the safety of the men ought not to depend upon any fluctuation at all.

4907. *Chairman (to the witness)*: Where do you come from?—Abertillery. May I make one statement personally?—I want to make a statement that every

five years the colliery deputy is re-examined for his eyesight and hearing, and the possibility is that after a man has put in 15 or 20 years as a colliery deputy he fails in eyesight or hearing and he is turned away. With some owners we have an agreement that when a man finishes his employment he should be found suitable employment and which as a union we say is suitable, but that is not so in all cases.

4908-9. *Sir Chiozza Money*: You told us in your opinion a reduction of 8 to 6 in the terms of the Eight Hours Act, which means a reduction of 9 to 7 in working time, would not in your opinion decrease the output provided that a better spirit amongst them was introduced into the work?—Yes, and a cause of a lot of unrest in the men would be removed by a reduction of hours and increase in the wages.

4910. Will you give us your opinion upon this. If you and also other men in your responsible position could put this to them: you are not only going to have better wages and shorter hours but these mines are to come into the possession of the nation so that you will feel all the work you do is not done for private interest but for the nation, would that make a difference to the spirit of the work?—It would with me but not with the whole body of the miners.

4911. Suppose the State came into possession of the mines do you not think that in the present condition of public opinion the State would be compelled to revise the social condition of all the mining villages, and that it would be forced to create schemes of housing and social-betterment?—I should think so.

4912. Do you not think that would proceed at greater speed than if the mines were left in private ownership?—I do not see why that should effect the State. I think the State now has the power to effect these reforms in housing and conditions in mining villages.

4913. The State in the war has come into possession of great industrial undertakings and created great industrial undertakings. Are you aware that in connection with nearly all of them it has created fine housing arrangements and some of a fine model character? Are you aware of that?—Yes.

4914. Do you not think that it would have great influence upon the spirit of the men and enable them to create a better output?—Yes.

4915. May I put it to you if the State came into possession of the mines, there would be no doubt whatever that it would create at the pit head bathing arrangements of an up-to-date character?—Probably it would, but why is not that done now?

4916. The point is,—Do you not think that if the mines were nationalised that it would be done more efficiently and quickly than under any other possible circumstances?—I believe it would be done because it would be the work of a department simply to order it to be done.

4917. Do you not also think that in those circumstances various arrangements, as for example giving the miner a breakfast before he went to his work at the pit head itself, and things of that kind, could be rapidly and efficiently organised?—No; I do not think the miner wants that nor the colliery official.

4918. You do not think it is necessary?—No.

4919. So far as they are necessary, do you agree that could be done more quickly by the State and would be done more quickly than if the mines were left in private ownership?—I do not think they would. They are so much against it. The men in the colliery know their own life and homes. They have their wives and families. In a very large number of cases the wife would not think of her husband going out without his breakfast.

4920. I was not speaking of that so much, but the bathing.—With regard to the domestic arrangements of the miner in his own home where he can bath, in so many thousands of homes it does not exist to-day. I believe if you have your baths at the top of the pit, whilst you will get some men bathing there, I still believe you will get a number of men going to their own homes still, because their desire when they come up is to go to their own home.

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4921. *Mr. Robert Smillie*: Are you speaking of the deputies now?—I am speaking generally.

4922. You cannot speak of the miner, if that is the way you speak, because the Miners' Federation has again and again repudiated that. If you are speaking for the deputies, it is all right?—I am giving my opinion of the general body of workmen amongst whom I move and in the collieries where I am. They gave a vote against the baths at the top of the pit.

4923. *Mr. R. W. Cooper*: What collieries were those?—Powell's Tillery.

4924. *Sir L. Chiozza Money*: May I pass to one more point? With how many mines are you familiar in any considerable degree as to their technical equipment?—Not more than the ones I am in direct touch with.

4925. *Mr. Evan Williams*: There is a great deal I would like to ask you, but I think I shall have to let you off very lightly to-night. You made an accusation here that the mine managers have made this 9½ hours a minimum and not a maximum. Are you speaking of South Wales when you say that?—Yes, particularly.

4926. You know recently in South Wales a new agreement has been made between your Deputies' Association and the coalowners?—Yes.

4927. Was there any accusation brought up of that kind in making that agreement?—Statements were made.

4928. That men were kept down except in case of emergency?—Yes.

4929. More than 9 hours except in case of emergency?—Yes.

4930. Were those statements proved?—They were accepted by the chairman and Mr. Nicholas on that side of the Board. I made a statement and my colleagues backed me up. We did not discuss the matter.

4931. What hours are you asking for at the present time?—It is according to my evidence put in now.

4932. You said on the basis?—I did.

4933. On the basis of the Miners' Federation, what hours are you asking for?—It means that whatever time the mine worker works, from that time we base our time, because I do believe we shall have to have some small amount of time over and above what the mine worker has. If he works six hours we should have to work possibly 6½ to 7, although I wish to say in Durham the deputies work generally the same time as the miner.

4934. But the deputy in Durham is a different sort of man altogether to what you are talking about?—Yes.

4935. *Mr. R. W. Cooper*: Is not the deputy about half an hour longer than the miner in Durham?—My instructions are that he works about 7½ hours.

4936. That is right, 7½ hours; the shift is 7½ hours?—And some work 6 hours.

Mr. R. W. Cooper: We will get evidence from Durham about that.

Mr. Herbert Smith: You had better develop that and see whether there are not some 6-hour deputies.

Mr. R. W. Cooper: By all means.

4937. *Mr. Evan Williams*: Is it 6½ hours you are asking for now? Is that your definite demand, because it is well we should know what you really do want?—Can you tell me what the miner will get?

4938. No, I am afraid not.—Then you will see I cannot answer your question.

4939. The miners' demand is that 6 hours shall be substituted for 8 hours in the present Act.—Then our demand is that we shall come down from the 10½ to 10 to somewhere about 6 hours.

4940. 9½ is laid down for you in the Act. To what extent have you asked that that should be reduced?—As my words said—somewhere towards where the miner is.

4941. I want to know how much and want to know what your demand is. You have not said so in your proof.—I have said that is a matter advisedly to be discussed by the parties concerned.

4942. Your demand really is that your hours should be reduced to a certain extent, so that you work as much longer than the miners' work as now. Is that it?—Oh, no,—work as much longer than the miners' work as is absolutely necessary, but we cannot think for one minute of returning to where we were. We cannot do that.

4943. I should like to have a figure from you as to what you are really asking, because it is important for this Commission to know?—With regard to a large number of our men their wording is,—6 hours and any time worked over, that would be paid overtime *pro rata*. But we are opposed to the principle of overtime. We felt that was the safest way of stopping the mine manager putting on two or three hours if he wanted to. If you want definite figures, I can only repeat that statement.

4944. You have talked about very unsatisfactory terms in agreement, and you have given evidence as to the wages being paid at the present time. Do you call the agreement which you made recently on December 6th an unsatisfactory agreement?—There are some things which are not satisfactory, and you know that has been told you sufficiently over and over again.

4945. I do not accept that. It was an agreement which you entered into on 6th December last. What terms in regard to wages and hours has that agreement provided for?—As regards the hours, of course 9½ still stands.

4946. It is specifically mentioned in the agreement, is it not?—Yes, the circumstances of each place decide that.

4947. No, I think you are wrong there: the agreement specifically mentions 9½ hours?—I cannot bring that to mind for the moment. I ought to know, of course.

4948. Yes, you ought to know. With regard to wages, what does that provide?—£4 10s. per week plus the 18s. war wage.

4949. That is for six days' work?—Yes.

4950. Or five where six is not provided?—Yes.

4951. Plus 18s.?—Yes.

4952. Now the figure you gave in reply to Sir Arthur Duckham was 12s. to 14s. a day, including war wage.

Sir Arthur Duckham: I think in fairness I ought to say that was all over the country and not from South Wales.

Mr. Evan Williams: Is that the position, taking the country as a whole?—Take the Forest of Dean. It is 3s. 10d., 4s., 4s. 2d., and 4s. 6d. plus 3s. war wage.

4953. Now give your figures for bigger districts than the Forest of Dean. Take Yorkshire?—Yes. It is 8s. to 10s. plus 41½ and 3s. war wage.

4954. What does that work out at?—17s. You touch the two top ones now.

4955. What are Nottingham and Derbyshire?—8s. 4d. plus 41½ and 3s. That works up to 15s.

4956. Is there any district besides the small Forest of Dean which is so low?—No, but there are other districts which pay very little higher.

4957. Is not your estimate of 12s. to 14s. very much below the mark, including war wage?—No, there are a number down to 12s. and 11s., including war wage.

4958. What districts?—Somerset is 11s. 6d.

4959. That is a very small district?—Bristol is 11s. 6d.

4960. A very small district?—Durham, a very large district, is 12s. 9d.

4961. Including war wage?—Yes.

Mr. R. W. Cooper: That is correct from the information I have here.

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[Continued

The Witness: Every figure here is correct.

4962. *Mr. Robert Smillie:* What is Scotland?—14s.

Mr. J. T. Forgie: That is 11s. without the war wage.

Sir Arthur Duckham: Could we have this paper duplicated?—It would be very interesting.

Chairman: Yes.

4963. *Mr. B. W. Cooper:* In that district they are fixed as a district rate?—We have 15 Associations, each of which makes its own arrangements with regard to conditions and wages. I have two copies of this document,* but I have only been able to prepare these figures recently.

Chairman: We will have these printed and circulated.

4964. *Mr. Evan Williams:* In South Wales, does the deputy's wage depend upon the price of coal?—Yes, in this respect: if the price of coal went up and the miner had an advance in his price you would certainly expect the deputy, although he does not follow the miner in everything in this case, to have an advance then.

4965. If the miner got an advance without the price of coal going up, the deputy would follow?—I think he would expect something.

4966. So that you cannot say the deputy's wages depends upon the price of coal; there is no direct connection between the two?—No, there is no direct connection. On this matter of the deputy's wage depending on the price of coal I should like to say we feel this: the deputy because of his position in the mine ought to be able to devote the whole of his time to his statutory duties and ought not to have to bother or worry over wages himself. We think the mine management ought to fix that at such a price as to be a satisfaction to him without him worrying over these things.

4967. Do you think at the present time a deputy is worried over his wages and that he is unable to do his duty properly?—Oh, yes; without question.

4968. Then I think in South Wales your wage is a weekly wage and not a daily wage?—That is true.

4969. And it is payable for holidays as well as working days?—Yes.

4970. There are a great many advantages which you get as officials, which the miners do not get?—Yes, in South Wales.

4971. Is not that applicable to the rest of the country?—Not all parts of the country.

4972. You made a statement that you thought that if the present unrest among the men were removed they would turn out a far larger quantity of coal?—Yes.

4973. How long has this unrest been going on?—Ten years.

4974. It has been going on right through the war?—Yes, and before the war.

4975. So that during the war the men have not been turning out the quantity of coal they could?—I do not think they have. I am not laying the blame for all that upon the workmen.

4976. Could we get at the facts? In your view, they could do a great deal more in the time than they have been doing?—Yes, a large number of them could.

4977. And taking the average man over the country, you think the miners could have turned out a great deal more coal in the time they are at work than they have been doing?—I would not put it like that. Take a district where there may be 100 men employed. If 60 per cent. of those men were working on what we may term fixed prices those men would be doing the best they could, but the other men working upon a day wage—what we call a minimum—would not be doing all they could.

4978. Is the unrest confined to the men on the minimum wage?—No, there are still those working on the other rate who are disappointed in things generally, nationally and so on.

4979. And they have not been turning out the quantity of coal they might have been doing?—No, that is so.

4980. So that you do say with a reduction of two

hours in the winding-time (that means a reduction of two hours they actually work at the face) they could still turn out the same quantity of coal and perhaps increase upon what they do now?—Yes, generally speaking.

4981. What do you estimate is the effective time that a collier put in at the face, excluding the time of walking in and meal-time and so on at your colliery?—I would not care to answer that.

4982. But you surely know. You are in charge of a district at the Vivian Pit?—Yes.

4983. In your district what time does a collier actually put in in work at the face, excluding meal-time and walking in and everything else?—Well, you see, I am not with the colliers all the time because I am on my round.

4984. Yes, but you are round in your district and know the time they come in?—Yes.

4985. They have to pass you to come to work?—Yes.

4986. What is the interval between those two times?—It all depends upon the men. The men who are working at prices fixed are there very early in the morning—about half-past five—and they are not out again until it has distinctly turned half-past two or towards three o'clock. Those men put out everything they possibly can as regards their time. They only rest during the time they take food, but a man who is working on what we call minimum price—

4987. Those men of whom you have just been speaking clearly could not turn out anything more in the time they are actually working than could be done?—As it is now, if they work roughly seven hours with a reduced amount they would be able to work at a different speed.

4988. Even those men?—Yes, and they would make up for the reduction, possibly.

4989. If they are working seven hours now, they would be working five?—I do not know that they would be coming down so low as five.

4990. If the seven hours are the amount of time they could put in now, surely five hours are the amount of time they would be able to put in with a reduction of two hours?—They put in more than seven now.

4991. I thought they did put in only seven?—There may be some slight rests, I agree.

4992. Do they take food in the seven hours?—Yes.

4993. How long do they take over that?—It varies. Some take Mr. Brace's twenty minutes, as I call it, and some more.

4994. Do you think they could go on for five hours without taking more?—They take some. Many of the miners take food to the workings and the boy brings it to him and he takes it in his hand and eats it.

4995. But still he does not work while he is doing that?—No.

4996. And that time has to be taken out of the effective working time?—Yes.

4997. So that taking all that into consideration, you still think that the men by greater effort than they are putting in now could turn out in two hours reduced time the same output?—Yes, providing the advance is given and the reduction of hours.

4998. Provided the miners are put at ease with regard to those particular points?—Yes.

4999. And these points have been keeping the output down during the past four years?—Yes. There is general unrest through the war and all that kind of thing; but generally speaking, if these things are granted the man will go to his work with a different spirit and it gives him the necessary vim. You can strike a blow, and if the blow is 10 lbs., when the heart is tuned to a good spirit the 10 lbs. can be increased to possibly 15 lbs.

5000. I hope you are right. If he can turn out in the shorter hours as much as he is turning out now there will be no cause for increasing the piece work rates?—I could not answer that.

5001. The demand of the men is that their prices shall be increased so that they may earn in six hours what they are now earning in eight?—I know according to argument it works out in that way.

* See Appendix 29.

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[Continued.]

5002. Upon your assumption we can dismiss that from our minds as a factor in the consideration?—I am not going to assume that; I would rather not answer it.

5003. I am only putting it as a natural conclusion from what you said. Now, you have suggested that if the firemen were appointed by the Government and not by the Manager, it would be conducive to greater safety?—Yes.

5004. Who is primarily responsible for the safety of the mine under the Act of Parliament?—I think that the fireman is the man responsible.

5005. You think when the Manager appoints the fireman that he is held responsible. Does the appointment of the fireman by the Manager relieve the Manager of all responsibility?—Of a great responsibility, if not all.

5006. Is not the Manager the man who is responsible for the whole of the safety of the mine in any case under the Act of Parliament?—No. I believe if a Manager were prosecuted and made a statement that the firemen he had appointed were responsible men and he was satisfied with them and their ability and all that kind of thing, unless something definite could be proved against him, he would escape punishment.

5007. I doubt if the Chief Inspector will subscribe to that?—I am speaking with a knowledge of the Chief Inspector.

5008. Then, as you say, the responsibility can be put upon the deputy in that way by the Manager. If you are appointed by the State there would be no responsibility at all upon the Manager in that case?—The responsibility by the Manager then will be in a different way to what it is now.

5009. Could there be any?—Yes.

5010. For the safety of the mine?—Yes. As it is now the Manager is primarily responsible for the supply of timber. The deputy has nothing to do with getting timber down from the surface, but we have cases where deputies have reported timber wanted in their district for a number of days. I say if the deputy was appointed by the State as responsible to the State, that the Mine Manager upon the first report of the deputy would see that there was timber placed in his district, which is not so to-day.

5011. With regard to baths, you are of opinion that if they were put up at the pit-head they would not be used by many of the men?—By some, but not by many.

5012. Is not the great objection the collier has, the double change—putting on clean clothes at his house, and changing into working clothes at the pit?—No, I have not heard that raised as an objection.

5013. Do you not think it is a reasonable objection?—To the man who comes late every morning it is, because he would be losing his bond.

5014. Do you think the use of baths should be made compulsory by the men if they are put up?—Yes. I do from the sake of health and the pleasure of the home. I think that if they are put up they should be made compulsory.

5015. You think the Government should make the use of them compulsory?—Well, the Government know the miners' opinion and each one is a powerful body.

5016. Would you make it a penal offence not to use them?—Not a penal offence.

Chairman: That is a difficult question to answer.

Mr Robert Smillie: What do you mean by a "penal offence,"—to send a man to gaol.

The Witness: That is what Mr. Evan Williams means.

Mr. R. W. Cooper: No. 20s. and costs.

5017. *Mr. Evan Williams:* The only way in which you can bring compulsion is by having a penalty, surely?—If it were a payment of a half-crown into the colliery office or to the hospital fund it would not be much, but I should not care to see a man prosecuted under the Act for not doing a thing of that kind.

5018. *Mr. Herbert Smith:* Do you think that you speak with any authority about miners, and as to their opinion about baths?—Not for the miners of the Kingdom, but I am an overman, and overmen are a class of men at Abertillery and South Wales who do not go about with their eyes shut and I am ex-

pressing the view as gathered from them in that particular.

5019. From that locality?—Yes.

5020. You have given one colliery that has voted against them. Do you believe I could give you twenty for every one you could give that have voted for them?—No doubt.

5021. That would outweigh them?—It was merely in answer to Mr. Evan Williams that I gave that answer, of course.

5022. With regard to miners turning out coal. If your theory is good that men with a tonnage rate would get more than with a day wage, is it not right that a deputy should be on piece-work too?—No, I do not regard it in that way.

5023. But he is just as human as the miner?—Yes.

5024. Do you know that there is a feeling amongst miners to abolish piece-work and to go on to day wages?—I know there is a feeling but I cannot say it is a strong feeling.

5225. Do you think that the Miners' Federation would attempt to mislead this Commission? We are not anticipating more output per person but rather anticipating less output?—I am only asked to give an opinion.

Chairman: I do not follow this question.

Mr. Herbert Smith: The question is that we are not prepared to mislead the Commission. We are not saying the output under the present conditions will be equal per man to what it is now with less hours.

Chairman: I understand.

5026. *Mr. Herbert Smith:* It is rather contemplated that it will be less?—I am at one with Mr. Smith. I have not said under present conditions it will be the same. I said provided that this cause of unrest is removed. If these demands are granted, with the war having finished, the cause of the unrest will have been removed and there will be a speeding up so that it is not with the present conditions but when the conditions will be altered.

5027. You have told the Commission, rightly or wrongly, that there has been a holding up with miners already. I want to submit to you that you ought to prove that and that there has been no holding up?—I make that statement and I say if men meet, with the present agitated state of the country, which is talked of certainly in the mine and in the workshop and in the office, men cannot meet in groups and talk it over and work at the same time. It is nothing against the miner or the worker.

5028. Would you be convinced that although this agitation has been going on for some weeks I have got some average wages from collieries which have not varied a penny between them for six months?—I am not going over a period of months or weeks but for 10 years.

5029. If you go over four, five or ten years it is better still. I will take it during this period of agitation you are speaking about. I want to put it to you seriously that there is too much hurry and scurry in mines and there are too many men killed and injured there. Do you admit that?

Mr. Arthur Balfour: Might the witness answer the point?

5030. *Mr. Herbert Smith:* Will you admit during 15 years before the war up to 1914 22,000 men and boys were killed in mines?—You make the statement and I will accept it.

5031. Will you agree that in 1917 1,370 were killed?—Why?

5032. Will you agree to that figure?—If you make the statement, yes, because I do not think you would make a misstatement.

5033. During the same period more than 3,000,000 were injured. Is not that owing to hurry and scurry?—No.

5034. What is it owing to then?—Owing to the deputy being appointed and controlled and paid by the mine owner partly.

5035. Am I to take it that they make false reports?—I do not make that statement at all.

5036. *Mr. Robert Smillie:* Are you stating that you are not putting things right for fear of the management? You must have it one way or the other. Either as a State servant you would do better

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MR. WILLIAM FROWEN.

[Continued.]

or you would not?—I say as a State servant we could do better.

5037. Why?—For two reasons. The management would provide an adequate amount of material, and without any question you would be able to speak differently to workmen to what you can to-day.

538. The answer is that the management would carry out the Mines Act if you were State servants, and it does not do it to-day because you have no power?—I suppose that is a correct deduction to make.

5039. I think so.

5040. Mr. Herbert Smith: As a matter of fact, you told us that deputies had reported from day to day about shortage of timber, and at the same time had not been supplied. Could you give us any report books in which it has appeared?—If I could not give you the report I would not make the statement.

5041. That the deputy has reported a shortage of timber?—Certainly.

5042. I shall be glad to see it because it would be the first I have seen. I want to put it to you that 90 per cent. of your people do not make a report like that in a colliery book?—All right. What do you mean by saying that 90 per cent. do not report?

5043. That 90 per cent. do not report shortage of timber in the book.—What colliery do you refer to?

5044. I am speaking generally. You say you represent 20,000 firemen, which I very much question. I am speaking nationally.—Well, I do not accept your statement. I think our men do report where there is a lack of timber. There is a place in the book ready made out, and they are bound to say there is a sufficient amount of timber or there is not, and I state that our men, generally speaking, when there is an insufficient supply of timber put it down there.

5045. May I tell you I inspected no less than 43 pits the year before last, and where there was a shortage of timber not one single deputy had reported that shortage of timber?—Dear me! I am surprised to hear it.

5046. And it was well known there was a shortage of timber.—I submit, with regard to this matter of shortage of timber, that very very often a man says he has not got timber when timber is there in his road. That is very often the case, and very often a man says, "I am short of timber," and we will go back in the road and find timber for him. I am speaking of real facts which occur every day, and you should know that.

5047. When you say you go back and find timber in the road, should it not be in the man's working place?—It is his working place.

5048. Do you mean in his gate end?—Yes.

5049. And he says he is short of timber when there is timber in the gate end?—Yes.

5050. Is that a general experience?—What do you mean by "general"?

5051. Is it a general rule that men say they are short of timber when they are not?—It very often occurs.

5052. Let us go a bit further. Has it not been acknowledged from time to time at your conferences that deputies dare not report that there has been an accumulation of gas at certain collieries?—Alleged at our conferences?

5053. Yes?—Not that I know of, and never that I know of. I think those statements are made at the miners' conferences as a rule, but not at ours.

5054. What I want to ask you is this if you do not admit that. Will you tell us how much better the deputy would be under State conditions to what he would be under private enterprise? If you can now as a rule give a faithful report in your report book as to what has taken place, in what way would you be better off under State control than you are now?—I have explained that the deputies would be in a different relation to the mine management, and we would be in a different relation to the mine worker. We would be absolutely independent of one side or the other and responsible only to the State.

5055. That is a better security. You are still free

to make your reports faithfully in the book and you are not interfered with?—No, that is not correct.

5056. Mr. Robert Smillie: You must state here either that you are free and your people are free, or you are not. If you are free and you do report the presence of gas and danger and want of timber, you are free to report that, and you ought to say so?—We are free to report, and we do report it, but it does not touch the question Mr. Smith has raised. We are practical men, Mr. Smith and I, and we understand one another. The point is this. Say we reported half-a-dozen men for misspragging. According to the Mines Act you are not to take a man up for not spragging, but you are to report him. That is the Mines Act. If we reported half-a-dozen men on the same day for not spragging, so far as I am concerned where I am working I would not be able to go down the next morning.

5057. For fear of what?—The men would object to me.

5058. But you are not making a statement before this Commission that we are out to lame ourselves and kill each other?—No, of course not.

5059. You are making a general statement that if you prosecuted a man for neglecting to make himself safe, or half-a-dozen, you would be afraid to go down the next morning?—Not one man, but half a dozen.

5060. I want to put it seriously that you have never yet been interfered with by trade unions for doing that kind of business?—You are guarding your question by "trade unions."

5061. The men are members of them?—If you use the term that I have not been interfered with by individual men I can give you a different answer, but not by their trade unions—certainly not.

5062. You can report to your manager, can you not?—Report in what way.

5063. If a man fails to sprag or set props?—No, unless you write it down.

5064. You can report in your report book. That is correct, is it not?—Yes, that is correct.

5065. But if you fail to do your duty, the miner could not put in a report book that you had failed to do your duty, could he?—No, but he has another way of doing it.

5066. But he could not do it?—No.

5067. He would have to communicate with the Inspector of Mines?—Yes, or direct to the manager.

5068. He would not have the same facilities that you have?—No, not exactly.

5069. Do you not think he ought to have? If he breaks a rule you can report him and the manager can take proceedings. If you break a rule or the manager breaks a rule the man ought to be able to take proceedings?—But the miner has a handle we have not. The miner has a safer way of dealing with a fireman who breaks a rule.

5070. What is his remedy?—To demand his dismissal.

5071. We have not that in Yorkshire?—We have it in South Wales and it is very effective too.

5072. With regard to wages, did I understand you to say that you wanted similar wages to other mine workers?—No, I said in our demands we do not ask for the highest pay but we want to come within reasonable limits. I use that as a figure.

5073. Now let us see what has happened. I think Mr. Evan Williams said that you had already agreed on a 7s. 6d. basis in South Wales. Is that right?—No.

5074. I understood him to say so.—Oh, no.

5075. In Yorkshire they have already agreed in one district on 9s. 4d. and in another district on 9s. 1d. and 7s. 6d. in South Wales. I am speaking of the best rates now?—Yes.

5076. Will you agree that the miner ought to be put on as good as the best wage?—I give the reason in my table.

5077. Mr. Herbert Smith: I understood Mr. Williams to say that the agreement was on a 7s. 6d. basis in South Wales.

5078. Mr. Evan Williams: No. It is £4 10s. a

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[Continued.]

week for six days' work plus 18s. a week war wage which works out at 18s. a day.

5079. *Mr. R. W. Cooper*: I gather that the working hours of deputies, although the maximum is 9½ hours fixed by the Eight Hours Act, vary in different districts of the country?—Yes.

5080. On the question of baths I do not know what the feeling is in Wales, but do you find they like to have a bath in a house in a proper room in their own house?—I think there is a general demand for baths in houses right throughout the country.

5081. And therefore you certainly apparently strongly desire to see the bath provided in every house built?—Yes, I do for the sake of the worker and for the other members of the family.

5082. I am with you, and you are preaching to a convert. With regard to the deputies' wages, I think you used the expression "the ordinary or average miner." Do you mean that expression to apply simply to the underground pieceworkers?—No, I take the underground as a whole.

5083. Of course I do not know what your conditions are in South Wales, and I can only speak of Durham at the moment personally. Do you suggest that the deputies receive less than the underground datal hands?—No, there is a medium between the datal hands and the highest pieceworker.

5084. Therefore they are really below the pieceworker?—Considerably below.

5085. And your feeling is, that being chargemen so to speak, they ought to have their wages so regulated as to make the wage more befitting their position?—That is true.

5086. There is a point which interests me very much. You suggest in your proof that the wages of the deputy ought not to be determined by the selling price of coal. Do you mean by that that it should vary with some district ascertainment of profit?—You would have to do that. The colliery deputy is human the same as anyone else.

5087. I suppose he would like to feel that if the district was prosperous he was partaking in the prosperity proportionately?—Yes, I think so.

5088. *Mr. Robert Smillie*: Are you aware that there is a witness coming before the Commission to talk on behalf of the Miners' Federation of Great Britain?—I understand there are some coming.

5089. Were you sent here by the Deputies' Association to speak on behalf of the miners outside the deputies?—No.

5090. Have you not been doing that to-night?—Not wittingly, but I have expressed an opinion which I have been asked to give, and upon my oath I have spoken as I felt.

5091. We will get it all on the notes. On the question of bathing and washing, supposing you had decent cottages for your people in South Wales (I speak only for South Wales) with a bath in them, as you ought to have in every workman's cottage, do you want the workman—the men and their sons—to take the dirt and the filth of the pit home into that decent, clean little cottage and to trouble the men to dry their pit clothes there?—No, and I have just said the men ought to have a bath at the pit head and ought not to go home as they are for their health's sake.

5092. But it is only a few minutes ago that you said there was no such desire?—No, I said a large number would not use them.

5093. A large number would have to use them if you had your way, because you would make it compulsory to use them?—I said if there were baths there the men ought to use them.

5094. You said you would make it compulsory?—Yes, I said that, but not to the extent of prosecution. I made that statement.

5095. Is it a fact that, generally speaking, the South Wales miner strips himself absolutely naked and

washes in his own little cottage before the children?—Absolutely correct.

5096. Is that a nice state of things to exist in a civilised community?—No.

5097. Is it a fact that very often the South Wales miners have their clothes damp and wet through sweating and so on in the pit, and is it nice to have those clothes drying in the cottage with the wife and children there?—No.

5098. They ought to be left at the pit-head?—I have seen homes with a father and two or three sons and everyone had to clear away at seven o'clock in the evening so that the room could be given up to the drying of clothes.

5099. *Mr. Arthur Balfour*: Are the people you represent paid a weekly wage or an hourly wage?—Mine are paid a weekly wage—no one is paid hourly—and the rest are paid daily.

5100. Are you paid for holidays?—In some cases.

5101. But not generally?—Not generally.

5102. Would it be reasonable to expect, with 30 per cent. on wages if they were so raised, and the hours reduced by two hours, to have this reduction of hours and increase of wages without some economic advantage?—No, I believe you would get the advantage. I believe there is a lot of money paid in connection with the royalty, which ought not to be paid, and when we appeared before Mr. Winston Churchill as a Deputation we said we believed money could be taken from royalties to pay the deputies and have a lot over.

5103. Is it your feeling personally that there should be an increase of output if these alterations are granted?—I do believe that there would be.

5104. If there were some guarantee that production could be increased it would practically remove all the opposition to this proposal, would it not?—I do not see how you could get a guarantee.

5105. Is there any way in which it can be tried without tying the whole of the coal industry to it for all time?—No, I do not think so.

5106. Could it not be tried for a year to see who is right or wrong?—If the thing is put into operation and if the industry is such that demands an inquiry of this kind to reconsider matters, no doubt that could be brought about.

5107. Could that be done?—I should think so.

5108. Was the Eight Hours Act not supposed to clear the air and give those working in mines ease of mind the kind of which you have spoken?—Yes, and it did.

5109. But you did say that they still did not work to the fullest possible output?—Because other things came in to cause disruption.

5110. Would it not be likely to happen again?—Possibly. May I state a case?

5111. *Chairman*: Certainly.—As regards the class I represent now, even to this day there are some mine managers (not mine owners) who have our handling who still pay a bigger rate and give certain conditions to men not in the Union different to the men who are in. That causes turmoil.

5112. *Mr. Arthur Balfour*: That raises a question. Is there not a difficulty if they give it to one in the Union; they have to give it to all, whether they are efficient or less efficient?—I expect so.

5113. If you were a Government employé why would you have more power in speaking to the men? Would you have military control or what?—I do not know that I can give you any idea.

5114. You would have to have military control, or something of the kind, or else there would be no difference in status?—There would be a difference.

5115. Do you think the mine workers of this country would submit to anything like military control in the mines if they were Government servants?—There would be no effort at military control.

(The Witness withdrew.)

(Adjourned to to-morrow morning at 10.30.)

FIRST STAGE.—EIGHTH DAY.

TUESDAY, 11TH MARCH, 1919.

PRESENT:

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

MR. ARTHUR BALFOUR.

SIR ARTHUR DUCKHAM.

MR. FRANK HODGES.

SIR THOMAS ROYDEN.

MR. R. H. TAWNEY.

MR. EVAN WILLIAMS.

MR. R. W. COOPER.

MR. J. T. FORGIE.

SIR LEO CHIOZZA MONEY.

MR. ROBERT SMILLIE.

MR. SIDNEY WEBB.

MR. HERBERT SMITH.

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

Chairman: The first thing which I propose to circulate this morning is at the request of Sir Leo Chiozza Money. It is an extract from Sir Thomas Watson's evidence given before the Miners' Eight Hour Day Committee in 1907. I promised to have it typewritten, and I asked Sir Leo to give me the answers and the questions to which he referred, and that has been done.

Sir Leo Chiozza Money: May I ask will they be given to the Press as part of the evidence?

Chairman: I do not see any objection to it. Have you any objection?

Sir Leo Chiozza Money: No, I should like it.

Chairman: The next thing is the information that that was promised from Mr. Dickinson—the first thing being a memorandum upon the cost to the coal industry of the demands of the miners.* Then the next thing is the second of Mr. Dickinson's tables—a statement in tabular form of statistics of the coal industry presented in Mr. Dickinson's evidence.† The third statement‡ of Mr. Dickinson is the number of coal mine undertakings; the number producing each less than 2,000 tons per annum are ignored for the purpose of the Coal Mines Control Agreement. And then he shows the number which are working at a profit, and the number which are working at a loss, together with the tonnage and the results per ton. The next thing which has been asked for—again by Sir Leo Chiozza Money—is the best that we can do at present, and that is No. 5379, Annual Series of the Diplomatic and Consular reports in respect of Germany, reported for the year 1913, on the trade of Germany, having regard to the Westphalian and Rhenish provinces.

Sir Leo Chiozza Money: Is that on railway rates?

Chairman: It is on miners' wages chiefly. If you would be good enough to look at the contents and look at page 22, you will see coal miners' wages, page 29, coal production, page 36 coal imports and exports, page 64 wages earned in coal mines, and wages earned in the iron and steel industry, pages 64 and 65.

Sir Leo Chiozza Money: I am very sorry to ask another question, but has the Secretary been able to get any definite information with regard to the rise in wages during the war?

Chairman: Not yet.

Sir Leo Chiozza Money: Has any endeavour been made to obtain that?

Chairman: Yes, every endeavour.

Sir Arthur Duckham: And the cost of living in Germany during the war?

Chairman: Yes. The next document is at the request of Mr. Sidney Webb; it is a report of the Royal Commission on Housing in Scotland. I am not quite sure whether the members will have time to read it, because there are nearly 500 pages with double columns, but still it is most useful.

Mr. Sidney Webb: There is a special part of the report on miners' villages.

Chairman: Yes. That, no doubt, Mr. Sidney Webb will be able to direct our attention to. The next thing I propose to circulate, at the request of Mr. Balfour, are the Minutes of the Proceedings of the National Industrial Conference Joint Committee, held on March 4th, 1919. Then the next thing is at the request of Mr. Sidney Webb—the Report of the Committee appointed by the Board of Trade to consider the question of electrical power supply.

Sir Arthur Duckham: Is that the Coal Conservation Report?

Chairman: The Electric Power Supply Committee.

Mr. Sidney Webb: That is the one appointed subsequently.

Chairman: The date of their report is the 29th April, 1918. The summary of recommendations will be found on page 17. Upon the fourth day, when Sir Leo was examining Mr. Edwin Harold Davies, he asked whether he could have some figures with regard to his evidence. That was at question 2109. Then Sir Arthur Duckham said: "Can we have the exact figure and can you let us have the document?" Then I say: "What I will do with regard to it is that I will see Mr. Davies afterwards, and if it can be got it shall. (A) I am not sure there is a document. It was given in my presence by one of the railway officials to the late Controller, but I may have it in writing." I have the document now, and I will hand it round.§ It is dated the 31st January, 1918, and is a memorandum to the Controller. I will not comment on it now, but one will have to make some remark on it later on.

* See Appendix 3.

† See Appendix 1.

‡ See Appendix 6 and 7.

§ See Appendix 56.

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[Continued.]

Mr. Robert Smillie: There were the total profits on which the Government took 80 per cent. excess profits.

Chairman: That is coming. I hoped to have had it here by now. I understand difficulties are being expressed at the Press table in getting documents, and they asked for a copy of Mr. Dickinson's tables, and that shall be handed to them. I should like, if you will allow me, to take this opportunity of saying publicly how much this Commission owes to the Secretary, Mr. McNair, for the way he has got these documents. It seems to me the position is this, that gentlemen of the Commission asked for the documents; I promise to get them, but it is Mr. McNair who fulfils the promise, and I am sure the Commission and the public ought to be grateful to him for the way he has done it.

Sir L. Chiozza Money: I suggest that this article which I have in my hand, which was not written for the purposes of this Committee, by Mr. Bilberry, on British and Foreign Coal Railway Rates in the "Iron and Coal Trade Review" for February, 1918, might be printed and circulated among the members of the Commission. It is by an expert who has made a special study of the subject, and was not prepared for the purposes of this Commission, which makes it more valuable. Then, Sir, with regard to the point I raised the other morning on Clause 4 of the Act of Parliament under which we work, I asked, if you will remember, for copies of documents supplied by various Departments of State to the Government, containing data, conclusions, &c. on the subject-matter into which we are inquiring, and you very kindly promised that you would consider my request and let us know the result in the course of a few days. May I now repeat that request, to which I attach very great importance?

Chairman: I am much obliged; I am still of opinion that any facts that can be obtained we are entitled to, and we shall have them.

Sir L. Chiozza Money: Does that mean that we shall have what I have asked for?

Chairman: I cannot promise at present, but I am making every effort. Every fact shall be produced before this Commission.

Sir L. Chiozza Money: I would point out that we have now reached more than half way in our work, and it is very important that we should have these documents.

Chairman: Very.

Mr. Robert Smillie: I too am very anxious to have those documents, because the Prime Minister made statements in the House of Commons based on information which he received from various departments. There is another thing I should like to have, if it is at all possible, and that is a Scotch Act of Parliament passed in the year 1592—an Act of James, which gives for time all the minerals and mines in Scotland to the State. It has not been repealed; it is still the law of the land; and I should like, if Mr. McNair can get a copy of that Act, that he would do so.

Sir Arthur Duckham: We were promised a statement on the figures of wages. I spoke to Mr. McNair about this yesterday, and I know that he has done everything he can to get them. We have been sitting here many days, and yet we have not had before us a statement of the wages earned by miners in this country. A lot of arguments are based on these statements, and we have not yet had the figures.

Chairman: The answer to the question is this: it is perfectly true that we have not got the figures, but I was shown a table yesterday morning with some

figures in it, and the point is whether they were gross earnings or net wages. It was perfectly useless to put that forward, because you could not tell whether it was gross earnings or net wages. We have telegraphed all over the country, asking whether those figures are gross earnings or whether they are net wages, and as soon as we get the result of the telegrams we shall have the document. As a matter of fact, you have the document now, but it is worthless for the reason I have stated.

Sir Arthur Duckham: I quite agree; but you see, sir, the necessity for it. I think we ought to have also, in view of the statements made about these wages and the state of the coal miners, the wages of other industries in this country, taken under comparable conditions.

Chairman: I quite agree. We will get it if possible. Will you let me answer that after lunch?

Sir Arthur Duckham: Are we going to have evidence as to the cost of living, and the probable fall in the cost of living? We hope that the cost of living is to-day at the highest peak.

Chairman: I cannot answer that question straight off. You must allow me a minute or two to inquire into it. At the present moment I have not on my list, which I was just looking at, any evidence of that character, but I will consider it while Sir Richard is giving his evidence and see which is the best way of getting it.

Mr. R. H. Tawney: We were promised a tabular statement of profits per ton, grouped according to the collieries, and I think for one district it is available.

Chairman: Yes. Durham. I will circulate it.

Mr. Frank Hodges: I should like to know if that table is supplied by Mr. Guthrie.

Chairman: No, this comes out from the Coal Control. It is a document which I propose to read:—

DURHAM.	
Quarter ending 30th September, 1918.	
	Number of Collieries.
Producing at a loss	1
Producing at a profit—	
under 6d. per ton	2
0s. 6d. to 1s. 0d. "	—
1s. 0d. to 1s. 6d. "	3
1s. 6d. to 2s. 0d. "	3
2s. 0d. to 2s. 6d. "	—
2s. 6d. to 3s. 0d. "	3
3s. 0d. to 3s. 6d. "	1
3s. 6d. to 4s. 0d. "	2
4s. 0d. to 4s. 6d. "	5
4s. 6d. to 5s. 0d. "	4
5s. 0d. to 5s. 6d. "	4
5s. 6d. to 6s. 0d. "	3
6s. 0d. to 6s. 6d. "	3
over 6s. 6d. "	8
	42

Mr. R. W. Cooper: Are these figures chosen figures?

Chairman: We will call the witness who did it.

Sir L. Chiozza Money: May I ask the Secretary through you, Sir, if he has had any reply from America to his cable with regard to American wages, to which we attach very great importance on this side.

Mr. McNair: I have got a reply, and I hope to show it to the Chairman to-day for his approval for circulation.

Sir L. Chiozza Money: Then we may have it to-morrow, perhaps?

Chairman: Yes.

Sir L. Chiozza Money: Thank you.

SIR RICHARD AUGUSTINE STUDDERT REDMAYNE, K.C.B., Sworn and Examined.

5116. *Chairman:* You are His Majesty's Chief Inspector of Mines, you are head of the Production Department of the Control of Coal Mines, technical adviser to the Controller of Coal Mines, and Chairman of the Imperial Mineral Resources Bureau. I think you were a member of the committee appointed to enquire into the probable economic effect of a limit of 8 hours to the working of coal miners; Chairman of the Coalmining Organisation Committee, and a member of the Coal Conservation Committee?—Yes.

5117. In addition, I think, you were a member of the Coal Exports Committee of the Board of Trade, Vice-Chairman of the Coal and Coke Supplies Committee, and, further, you were a member of the Fuel Research Board?—Yes: I am still a member of the Fuel Research Board.

5118. The way I propose to examine you is this: I propose to read out the heads of the evidence which you propose to testify to. Your proof has been circulated amongst the members of the Commission. After

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SIR RICHARD AUGUSTINE STUDDERT REDMAYNE.

[Continued.]

I have got you to the heads of evidence, I will take you through them in your own way. You say: "I propose, for the purposes of clearness, adopting the following sequence in giving evidence: (1) The probable effect of a further limitation of hours of employment in point of reduction of effective working time, and consequent reduction of output; (2) The bearing that the limitation in the daily time of employment has on (a) The health of the workers, (b) On accidents to the workers; (3) The effect on the coal mining industry in point of reduction of cost of production; (4) Royalties, and (5) The effect on the industry of certain proposals made or indicated by the Coal Conservation Committee for the saving in the consumption of coal within the United Kingdom, with the consequent release of coal for export." Now I will come to the first of those heads, namely (1) The probable effect of a further limitation of hours of employment in point of reduction of effective working time, and consequent reduction of output?—I should like to treat the first part of my proof, the probable effect of a reduction of hours, in this way: first of all, to determine what, in point of time, would be the probable effect of the reduction of working time at the face, and then enter upon a consideration of the various possible mitigating effects, so as to arrive, if possible, at what would be the probable reduction now, as soon as any reduction was brought into operation, and the probable reduction that would ultimately take effect. The only proper way, in my opinion, therefore, of arriving at a proper approximation of a reduction in output consequent upon a reduction of hours is that which I adopt, namely, determining with the closest possible accuracy—and this is very difficult to do—the time spent by the worker at the face, and then considering what are or may be the mitigating circumstances which negative the contention that a reduction in output must be in arithmetical proportion to a reduction in working hours. With the view of ascertaining what is the actual daily time spent on the average by the face workers at the face, it is necessary to determine, first of all, what is the average time expended in lowering and raising the workmen, and then, secondly, the average time expended in travelling from the shaft to the working place and back again at the end of the shift to the shaft. The inspectors of mines have, under the Act, to approve the winding times. In determining what is the proper winding time, they have to take into consideration the circumstances in each case, such as the nature of the shaft, the number of persons to be wound, the nature of the plant used in raising and lowering the persons, having due regard to safety, as well, of course, with a view to getting the men as quickly to their work as possible; and they have in their district offices records, which are necessarily subject to change as circumstances change, and as new collieries come into operation, as the conditions *qua* shaft and machinery vary, they have to alter these periods from time to time; but a complete record is kept and constantly brought up to date in each of the district offices. These records are immediately available, we have called for them, and they are here. It is necessary, though for the purposes of this inquiry, to determine what is the average throughout the whole United Kingdom, of the time employed in lowering and raising the men. I have worked out that average and have here a statement of tabulated winding times for the whole of the United Kingdom from which that average is made. It has meant a lot of work, and I have not a sufficient number for all the Commission. You will see that, according to this table, the time is arranged in vertical columns, commencing with, up to and including 5 minutes, over 5 minutes, but not over 10 minutes, and so on, until we come to over 110 minutes, but not over 115 minutes. Those are the two extremes. With a view to determining what is the average time, I have taken the mean of each column right through. To make this clear, I might take a handy figure, say, over 10 minutes and not over 15 minutes. In that case I have taken the half and so on. That is, I think, "as near as no matter"; and then I have multiplied the number of persons who are being raised and lowered at that mean. That gives me an average

expenditure throughout the United Kingdom of 74 minutes. 74 minutes is absorbed on the average throughout the United Kingdom in lowering and raising the men.

5119. *Sir Arthur Duckham*: Is that 74 minutes for lowering and 74 minutes for raising?—74 minutes altogether, that is to say, 37 minutes are absorbed in lowering the men, and consequently 37 minutes in raising the men. The next item which it is necessary to obtain with a view to arriving at a correct estimate of the time actually spent by the men at the face is the time absorbed in travelling from the shaft to the working place and back again. To determine that at the present time would require an immense amount of work, and, as you announced at our first meeting, that you had already sent out an enquiry into that, I need only say that, of course, an immense amount of time must be absorbed in working out the calculations consequent upon that enquiry, and I have not waited for that, but I have taken the figures given by the Eight Hours Committee, and I do not think there can be any difference, because, after all, the average that existed then would be pretty well the average that exists now. They called for a number of returns and arrived at a figure: the figure was 60 minutes in the case of coal hewers, 80 minutes in the case of other workmen underground. Now I should like to say this, that the immediately productive element in a pit is the coal hewer, and in the figures I am going to put forward I am dealing with coal hewers. I quite agree that a reduction of hours in respect of the other workers in the mine will affect output, but I will come back to that presently. I have now got 74 minutes and 60 minutes. I then proceed to consider (a) the effect in point of reduction in working time by the substitution of 6 hours for 8 hours in The Coal Mines Act of 1908, and (b) the effect, were the Act so amended as to include the winding time within the 8 hours; that is to make the so-called 8 hours a real 8 hours, and I have done that for my own mental satisfaction, and I think some rather interesting conclusions will emanate. Taking the effect of the reduction to 6 hours—and by a reduction to 6 hours I mean again the substitution of the word "six" for the word "eight" in the Act—supposing the workmen to descend and to ascend in the same order day by day, (it is an incorrect supposition to make, but one which on the average will, I think, give a correct result, and may be taken for the purpose of calculating the reduction in effective working time) taking the case of the middle man going down and the middle man coming up the pit, as my average of time spent below ground by the workman, and by "the workman" I mean the coal hewers, but indeed it is applicable to all workers except the firemen, examiners and deputies, and those are given a longer time under the Act—the time spent on the average will be 8 hours and 37 minutes. Deducting from this figure the time spent in travelling to and from work 1 hour, we arrive at the actual time at the face, which is 7 hours and 37 minutes under existing conditions. Now the effect of the 6 hours day would be to reduce the actual time spent at the face to 5 hours and 37 minutes, or a reduction per cent. in point of effective working time of 26.2. It will be obvious to everybody, I think, that there is a certain error in that, an error which I will explain, but which I take account of later on when I come to consider what will be the reduction in point of output: I allow for it, and that is the case of Northumberland and Durham, and that makes the calculation rather involved, I am sorry to say. Working the hours for Northumberland and Durham, I get the actual time below ground in Northumberland to be 8 hours and 2 minutes, middle man down to middle man up. I get the actual time below ground, middle man down to middle man up in Durham as 7 hours and 37 minutes. Deducting the travelling time, that gives me in Northumberland 7 hours and 2 minutes, and in Durham 6 hours and 37 minutes. That is the actual time spent at the face. A second element of trouble comes in there. We have to consider the number of hewers that there are in Northumberland, the number of hewers that there are in Durham, and I take the following figures: there are 103,696 coal hewers in Durham,

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and 34,749 in Northumberland. I will tell you how I arrive at the figures for the hewers. I take the total number of persons employed underground, and I have, some years ago, for my own satisfaction, worked out the percentage of hewers that are employed, taking a number of typical collieries in Northumberland and a number of typical collieries in Durham to the rest of underground labour, and I apply those figures to Northumberland and Durham. I then multiply the number of coal hewers in Durham by their hours, and the number of coal hewers in Northumberland by their hours, I add the total and divide it into the result, and I get the average of 635 hours actually spent at the face in the two counties.

5120. *Mr. R. W. Cooper*: Would you mind telling me the percentage you took for the two counties?—45 per cent.

5121. In both counties?—The average of the two counties, to get the fixed figure. If you like to have more definite figures of several typical collieries, I have them here.

Chairman: We will leave that to somebody who may wish it to ask for it.

5122. *Mr. R. W. Cooper*: The average of your typical case is 45 per cent?—I took 45 per cent, as representing Northumberland and Durham together. As a matter of fact, the hewers are slightly higher than that in Northumberland: the proportion is slightly higher, and in Durham it is slightly lower. I just point to that as showing that a small deduction has to be made when we come to consider the effective producing time in Northumberland and Durham. It does not amount to very much, because you have to consider that in relation to the total number of hewers in the coal mines of the whole of the United Kingdom, and I arrive at a figure which gives me 336,890 coal hewers, which I think would perhaps be rather on the heavy side.

5123. *Mr. Robert Smillie*: What proportion are the Durham and Northumberland hewers to the whole?—It is a simple sum. There are 336,890 coal hewers in the United Kingdom, and Northumberland and Durham total 138,445.

5124. *Sir Arthur Duckham*: What was the figure you gave us just now of 103,696?—That is Durham alone. I arrive at a figure which is 26·2 per cent., not taking into consideration the small reduction which I was in the process of making out when I entered the box; but everybody can work it out for himself, and save me the trouble. I have taken account of it in another way. So much for the 6 hours. Now considering (b) The effect of a reduction to a true 8 hours below ground, the actual time below ground would be 8 hours minus 37 minutes, which gives 7 hours and 23 minutes; less travelling time one hour, we arrive at a figure of 6 hours and 23 minutes at the face under a true 8 hours below ground Act.

5125. *Chairman*: I want, if I may, to put those two figures together. First of all, substituting 6 hours for 8 hours in the Act, what is the time spent at the face?—5 hours and 37 minutes.

5126. Taking a true 8 hours Act, what is the time?—6 hours and 23 minutes, or a reduction of 16 per cent. in the effective working time; again not taking into consideration the corrected figure due to the effect of the shorter hours in Northumberland and Durham, which in the total does not amount to much.

5127. *Mr. Arthur Balfour*: The time at the face now is 7 hours and 37 minutes?—Yes, exactly, those are the three figures that I have arrived at.

5128. *Mr. Herbert Smith*: That is excluding Northumberland and Durham?—Those figures are due to a small correction for Northumberland and Durham.

5129. *Chairman*: Now will you let us have them again?—Seven hours 37 minutes—that is the *status quo*; 5 hours 37 minutes, the effect of the 6 hours day; 6 hours 23 minutes under the true 8 hours—all three figures being subject to a small reduction due to Northumberland and Durham.

5130. *Sir L. Chiozza Money*: Would that be a small correction in view of the relative numbers you have given us of the hewers in Northumberland and Durham?—When you say small it is like saying the size of a piece of chalk. You can work out the

figures and see the size of it. I have given you the data, and I was in the process of arriving at that figure when I went into the box. I will do it later on. I want to make it quite clear that is X, and, subject to a deduction which I call X, those three figures stand and the proportion would stand.

5131. *Chairman*: Seven hours 37 minutes present, 5 hours 37 minutes substituting 6 hours for 8 hours, and 6 hours 23 minutes for the true 8 hours?—That is it.

5132. Now will you please go on with your evidence?—I pass to this, that the reduction in output would be a serious one no one can doubt, but that it would be in direct proportion to the reduction in hours I do not believe for the following reasons, and this quite apart from what may be termed—and I wish to lay emphasis on this—mitigating effects due to improvements in equipment or changes in administration. I consider the matter from two points of view—what would be the effect as soon as it came into operation, and I state that it would not be in direct proportion to the reduction in time; (2) the mitigating effects would still further reduce the reduction. The serious effects which were prognosticated as the result of an Eight Hours' Act were not realised, and perhaps I might at this stage just call the attention of the Commission to some figures. I think these have been already circulated. It is headed "Output of Mineral per person employed in Coal Mines"—that is excluding other mines under the Coal Mines Act—"during the last 20 years, from 1889 to 1918 inclusive." Taking the year 1908, that year was the year in which the Eight Hours Act, so called, was passed, and the output that year per person employed underground was 339 tons, and per person employed surface and underground, 273 tons, but the Act did not come into operation till the year 1909, when the output per person employed underground was 332 tons, and per person employed surface and underground, 268 tons. Now the Act did not come into full operation—that is to say, from its incidence were excluded from Northumberland and Durham—until July 1st, 1916.

5133. *Chairman*: "This Act shall come into operation as respects mines in Northumberland and Durham on the 1st day of January, 1910, and elsewhere on the 1st day of July, 1909"?—That is so. You will see in the year 1910 the output fell to 321 tons per person employed underground, and 260 per person employed surface and underground that year, but in 1911 there was an improvement—slight, but still an improvement—to 324 tons underground, 262 tons surface and underground. Now next year, 1912, the results were not anything like so good. There were 305 tons per person employed underground, 206 tons per person surface and underground, but that decrease must not be attributed to the effect of the Eight Hours Act, because it was in that year that there was a national strike lasting for several weeks, and not only that, but the Mines Act, which had for its object the improvement of the safety and health conditions of the miners, came into operation, necessitating the carrying into effect certain drastic measures at the mines, which must of necessity have affected the output, so that it fell to 305 tons and 246 tons; but next year, 1913, matters began to improve, and we find 325 tons underground and 262 tons surface and underground. The next year was the year of the outbreak of war, and should be omitted from consideration. For 1915 I need not, perhaps quote the figures, but a very distinct improvement took place.

5134. You might mention the figures?—344 tons underground and 202 tons surface and underground. 1916 was a very difficult year indeed in the coal trade, and I should like to say with regard to the years 1916, 1917, and 1918, that they should be omitted from all calculations for this reason; over that period of years, 1916, 1917 and 1918, no less than 400,000 men were drawn from the mines, and I should like to say further, that about 300,000 went voluntarily. They constituted the fittest possible men in the mines. Their place was succeeded, and it was largely succeeded, by men of lower physical health, strength, and so forth. Those years must in all fairness be

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excluded from the calculation. The effect on my mind, and I think the effect on any fair-minded man's mind must be to show that the incidence of the Eight Hours Act has not been anything like so bad as was prophesied. That is that side of the picture, but there is another side, and it must be borne in mind that the loss of effective working time due to the existence of the Eight Hours Act occasioned a reduction in working time at the face, again omitting Northumberland and Durham, of only 26 minutes. Only 26 minutes on all the workers underground.

5135. *Sir Arthur Duckham*: What percentage is that?—I have not worked it out, as a matter of fact. I have been rather hurried. It is a simple matter to work it out. I will work it out for you presently. That is for all the underground workings. I do not know that there is very much, if any, reduction in the hewers' time. If so, only a few minutes.

5136. *Mr. Robert Smillie*: Under the Eight Hours Act?—Yes.

5137. It is amazing!—It is amazing, and I can explain it. The reason of that, in my opinion, and we went very carefully and thoroughly into this; we sat for six months on the Eight Hours question, and the reason the reduction is so slight, if indeed any reduction can be attributed to the Eight Hours Act, is this. I know one colliery in Lancashire where the effect of the Eight Hours Act was to increase the output, for a very good reason. The men went down in, what I may call for the sake of comparison, though I do not mean it in a derogatory sense, in a disorganised way; they had not a fixed definite time, and if the shift consisted of 200 or 300 men who were to go down at one in that time, if they came early, they were lowered if they came late and they were lowered if they came up before the end of the shift, and so forth. The Eight Hours Act led to a higher state of efficiency in point of the time of lowering and raising the men, and I would not be surprised if that higher organisation in point of time led to no decrease of time at all at the working face, but probably the reverse.

5138. *Mr. Herbert Smith*: You will have difficulty in making miners believe that, and especially me?—On the average.

5139. *Mr. Arthur Balfour*: Can you tell us why in 1907 the output of underground work was 365 and in 1908 it dropped to 339? That has a very big bearing on the effect of the Eight Hours Act?—The Eight Hours Act had not come into operation in 1908.

5140. Are 1907 and 1908 comparable?—Yes.

5141. There is a difference in output?—There is a very big difference. If you take the year 1899 and 1900 you will find the same thing. That is why, really, you cannot take year by year. The only fair way in my mind is to take decennial periods. All these figures are vitiated by the fact that they presuppose from year to year the same number of days are worked.

5142. *Mr. Robert Smillie*: They are not the output per day, but per year?—They are not based on the number of days worked multiplied by the average number of tons drawn per day worked.

5143. *Sir L. Chiozza Money*: With regard to 1915 there was a considerable increase in output whether underground work or surface and underground work. How many men had gone into the Army by the end of 1914?—A very considerable number indeed, and those figures could be given you because we have them. I have not them in my head. I am not certain whether you will not find them in the Coal Mining Organisation Committee's First Report which was circulated.

5144. In 1915 there was a considerable flow into the Army?—They began to recruit voluntarily during the first weeks of the war, and they recruited in Fifeshire to the extent of 25 per cent. I think Fifeshire headed the list, Northumberland and Durham came next best with regard to voluntary recruiting.

5145. To what do you attribute this considerable revival of output in spite of these adverse circumstances in 1915?—I should attribute it to the more regular working of the mines. That would be my explanation, short of further energy, and everyone

put in fuller energy because we were short of coal, and we were straining every effort, and there is another consideration, a fall in absenteeism, which I am coming to. Further, the margin for the application of remedial measures is not so great now as it was in the year 1908. As to remedial measures this is the further point that I wish to put on the other side of the picture. I mean now by remedial measures higher organisation in point of winding time; that I take it has been absorbed as one of the first effects of the passing of the Eight Hours Act; therefore, the margin of improvement which was then available is not now available. It is only fair to state that. I very much doubt whether, with due regard to the safety of the persons being lowered and raised, the Inspectors would be justified, subject to further inquiries, in cutting down to any appreciable extent the time absorbed in lowering and raising the men. I know some of the times seem absurdly long; we must take the conditions operative at the collieries in point of plant and the conditions of the shaft. As to the point why the loss of output is not in arithmetical proportion to the loss of time. My chief point I advance against that supposition is this; that the rate of productivity of the miner is not the same hour by hour. I mention that in the majority of collieries whilst the first hour is the less productive, it is equally true that the last hour is not the most productive. This varies very considerably, and points to this; that it is very difficult indeed to draw conclusions from any given district and say we find such and such results are obtained in this district, but there are a great many factors that enter into consideration; for instance, take a Northumberland mine, the seams on the average are very thin and very hard. The coal hewer there has to undercut, or, as it is locally termed, "kirve" his coal. For the first two or three hours of his work it is practically non-productive. He is engaged in undercutting the coal, and all that is obtained is a certain amount of small coal, possibly a tub; it is when he commences to break down coal by wedging or blasting his work becomes more productive; the time during which he is most productive. The last hour, or the greater portion of it, he is concerned in what is called squaring up his place, and it is not productive also—it is the middle portion in Northumberland and Durham which is the most productive. The same is true of Cannock Chase. The same is not true, say, in South Wales, where they have not coal hewers in the sense that they have them in Cannock Chase, Northumberland, Fifeshire, and so on, there, owing to the natural peculiar cleavage of the coal, it largely consists in pulling over the coal. If a man's place is in a working condition for him to start to work at once he becomes immediately productive, and so on, all throughout the country; but, generally speaking, taking one thing with another, the two ends of a shift are not the most productive, but the internal portion of the shift. Though I do not maintain the workmen will, or can, produce as much in the reduced period of work as under present conditions, the question of intensity of effort, and that is my second point, has a marked bearing on Northumberland. Whatever estimate is made as to the value to be put upon this mitigating effect must be in the nature of a surmise. My estimate for what it is worth leads me to the conclusion that there is available a possible saving here to the extent which I put it of 5 per cent. I am fortified in this conclusion by the view of certain eminent mining engineers, such as Messrs. Hann and Bramwell. In this connection I might refer the Commissioners to the Eight Hours' Report at page 24: "Mr. E. M. Hann, a witness of the greatest experience, whose impartial consideration of the coal question under investigation impressed the Committee, stated in relation to the hewers 'I have had that question under consideration for some time, and I have come to the conclusion that these men can do more per hour than they are doing at the present time, and I am of the opinion that the men at the face do 10 per cent. more than they do at present.'" Mr. Bramwell, also a witness of very great experience from South Wales confirmed Mr. Hann's opinion as to the possibility and likelihood of any increase of efficiency in the

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South Wales hewers, but he estimated the increase by his rate of production at $7\frac{1}{4}$ per cent. Mr. Bramwell, however, gave the Committee figures showing that the output at one of his collieries per hour during two short stretches of $7\frac{1}{4}$ hours bank to bank exceeded the average output per hour of that colliery for the whole fortnight, consisting of two shifts of nine hours, eight long days of ten hours, and two short Saturdays of $7\frac{1}{4}$ hours, by 10 per cent. I put the value for particular purposes of this intensity of effort at 5 per cent.

5146. *Chairman*: That is one mitigating circumstance. That 5 per cent. increase was due to the intensity of effort. What is the next mitigating circumstance you think our attention ought to be directed to?—I make these points. The rate of productivity is not the same and the intensity of effort, in my opinion, is that there is 5 per cent. available. The criticism may be advanced will that intensity of effort be forthcoming? It is in the nature of a surmise, and I put that at 5 per cent. Taking one thing with another, intensity of effort; the question of the relative rate of production hour by hour, and the reduction due to Northumberland and Durham I arrive at a safe conservative overriding figure of 20 per cent. I have not endeavoured to make that square with my original figure, but it comes remarkably near squaring; it is the same. That is 20 per cent. reduction in output, which is the immediate effect of the coming into operation of the six-hour day. I do not suppose, and I proceeded to point out why, that that would be the ultimate reduction. It would be something considerably less, but I forbear to put a figure on the "considerably less" and no man can.

5147. *Mr. Sidney Webb*: That is per man?—That is all per man.

5148. You are not taking into account any possible variation in the number of men?—No. I am purely on per man. I will come to that presently.

5149. *Sir L. Chiozza Money*: Do you also mean when you say you think there would be a considerable reduction in this figure of 20 per cent. other things remaining the same?—No, I think the 20 per cent. would be subject to considerable reduction when certain mitigating effects which I shall explain come into effect.

5150. It is a maximum?—It is a maximum. I think it will be more clear if I may go on.

5151. *Mr. Arthur Balfour*: It is really 30 per cent. on the 1908 figure?—Yes.

5152. 20 per cent. off the 339?—No. I want to say again that I do not put any great value on annual figures. I think you must take a wider range, for reasons which I thought I had made clear.

5153. 30 per cent. is without relation to any figure—Yes. I should like to pass on to say, if I may, that, of course, were the incidence of reduction of hours made gradually applicable stage by stage so as to allow of certain mitigating factors which I will presently refer to, it is quite possible that any of the disastrous effects which one has been hearing of of late that has made one's blood run cold might be overcome.

1554. *Chairman*: A gradual reduction?—Yes. I just mentioned that; it is hardly worth mentioning because it is obvious. There is this to be said, if I may say so, in further support of that suggestion that owing to the prolonged war period the collieries have undoubtedly got into a very backward state of development, as those gentlemen who sat on the Committee of the Coalmining Organisation Committee with me will remember. We advised the managers of this country to work the more easily accessible, more easily got coal, in preference to the practice generally adopted of working good, bad, and indifferent together. No doubt that more readily accessible coal has been got to a greater extent than previously and development has been checked somewhat. I think it not an unfair statement to make; it was not originated by myself, but it was made by a mining engineer whom I have the greatest regard for in Durham as one of the ablest mining engineers in that part of the country, and he estimated from 5 to 7 years would be taken in Durham alone to put the collieries into an exactly pre-war condition in point of development. Some districts take more than others,

I mention that simply as a point for consideration. I come now to the measure which might be adopted in mitigation of the extreme effect of the reduction in working hours on output. First of all the possibility of utilising time now lost (1) by stoppages at collieries from various causes, and (2) by a reduction of the voluntary absentees of workers. Stoppages at collieries are occasioned at all seasons, in some mining districts, from time to time by reason of lack of transport facilities, and in the exporting districts by lack of shipping also. These difficulties might be met to a great extent by a system of pooling all privately owned wagons and by improved methods of stocking coal and filling from stocks. With regard to the pooling of wagons you already have had circulated extracts from the minutes of the Coalmining Organisation Committee, but it might be as well at this juncture to draw attention to what the Coalmining Organisation Committee stated in their report. Taking the second general report issued in 1916 we said there "Improvement in railway and shipping transport." "This is a matter which has been engaging our anxious attention as collieries have been standing at intervals for lack of transport, both railway and shipping. Considering land transport in the first instance, we realise the great difficulties that the railway management has had to contend with, and we understand that these difficulties will be increased in the near future by reason of military exigencies. We have been in communication with Sir William Marwood, of the Board of Trade, and also with the representatives of the railway management, and learn from them that transit facilities are being materially affected by lack of available locomotive power and that this state of affairs will become worse as the movements of troops and munitions increase. We have therefore considered how far relief could be obtained in the direction of reducing the amount of work requiring to be overtaken by the locomotive power likely to be available to deal with the coal traffic. In this connection we have been advised that considerable advantages would be secured by some system of pooling of traders and railway wagons in different districts. We recognise, however, that the value of any such proposal would depend upon the simplicity and efficiency of the system of pooling that might be adopted, and also that it would be most desirable that the proposed system should, if possible, be adopted with the concurrence of the coalowners and other interested parties in different parts of the country. We recommend therefore that without delay the Railway Executive be advised to prepare a scheme of pooling suitable to the different districts, and that it be submitted to the coal owners and others for their consideration in the national interest. The Government might consider upon the situation thus disclosed as to the advisability of legislation upon the question. It should be understood that any such scheme would operate only during the period of the war. Lack of tonnage"—that is another point which I will deal with later. Then there is our third report issued in 1916.

5155. *Mr. R. W. Cooper*: Was the last report the second?—Yes. This is the third "since we reported last on this subject"—that is the railway transport of coal—"the question of devising a scheme of general pooling, district by district, of coal wagons has proceeded a little further. Nothing has been done towards putting into effect a scheme for pooling privately owned wagons. The proposal that a scheme should be worked out met with great opposition from the owners of wagons, and Sir Richard Redmayne with Sir William Marwood, of the Board of Trade, had a conference in December last with representative traders who owned wagons which somewhat allayed the storm of opposition. The British Wagon Company, Limited, subsequent to the meeting wrote to Sir William Marwood that 'They (the directors of the company) are still strongly of the opinion that a scheme for the above (the pooling of wagons) would be exceedingly difficult to form, but if in the national interests it is necessary, then we shall be prepared to give Sir Richard Redmayne and yourself what assistance we can.' The Railway Department

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of the Board of Trade, however, concluded that it was not advisable to proceed further in this direction, and so the matter stands. As regards railway companies' wagons, the Great Northern, the Great Eastern, and Great Central Companies pooled their wagons some time ago, and more recently the London and North-Western Railway, the Midland, the North-Eastern, the Great Western, and the Lancashire and Yorkshire have established a system of pooling, and we are informed that the results in both cases are very good."

5156. What was the composition of that committee?—The committee consisted of myself, three coalowners' representatives and three representatives of the Miners' Federation of Great Britain. Mr. Smillie was a member of that. "The three principal Scottish companies who serve the coal districts of Scotland have also decided to pool, and are also pressing that traders' wagons in Scotland should be included in the pool." The main reason that led us to put forward this measure was the enormous amount of time lost in sorting out wagons, shunting, and so forth. I need hardly go into that; it was very fully brought out earlier on.

5157. It is very convenient you should put it in, because they add to the sum total?—I should like to say, in fairness to the owners of the privately owned wagons and what may be called the opposition, that there was no doubt that an enormous difficulty in carrying out these proposals of the Committee lies in the fact of the great varieties in axle-boxes. I believe there are as many—I am speaking absolutely from memory—as many as 300 varieties, and that, as is quite obvious, causes great difficulty in the repair of the wagons at different centres. That does not seem to one to render the scheme impossible. There has also been circulated the extracts from the minutes, showing in great detail the course pursued by the Organisation Committee in the question of the pooling of wagons, so I leave that. The second measure that might be advanced for the alleviation in reduction of output is that which I call reduction of absenteeism.

5158. *Sir Arthur Duckham*: Sir Richard said he would deal with the question of the coal taken out from stock?—I will deal with that later. When the subject of the reduction of hours was before the Eight Hours Committee, they paid great attention to the question of absenteeism, and when the Coal Mining Organisation Committee in the year 1915-1916 was considering the matter of the shortage of coal, they paid very considerable attention to this matter as providing the means of going a long way in making good the then existing shortage of output. The Eight Hours Committee took selected weeks in June and December for obvious reasons in the years 1899 and 1905, and that showed that for the year 1899 the voluntary absenteeism was 6.1 per cent. and for 1905 it was 7.1 per cent. Some years later when investigating the question of absenteeism the Coalmining Organisation Committee took an immense amount of evidence from workmen's representatives, from colliery owners, from Friendly Societies, and medical evidence, and they arrived at a figure of 5 per cent. as a figure which wiped out all involuntary absenteeism; it covered the question of death, accidents, ill-health in the family, and so forth. All matters which might legitimately be called the cause of involuntary absenteeism, 5 per cent. The records were continued by the Controller of Coal Mines, so we have figures for 1913, 1914, 1915, 1916, and 1917, which shew what was the absenteeism, voluntary and involuntary unseparated. You see for the year 1913 it was 10.7 per cent.; 1914 10.3 per cent., 1915 9.9 per cent.; 1916 9.7 per cent.; 1917 8.9 per cent., and 1918 10.9 per cent. Deduct 5 per cent. from this throughout and you get the figures of 5.7 per cent.; 5.3 per cent.; 4.9 per cent.; 4.7 per cent.; 3.9 per cent., and for the last year 5.9 per cent.

5159. *Mr. Arthur Balfour*: You say that in that year (1918) it was an influenza year?—I am coming to that. The last year must be ruled out. The epidemic of influenza was so severe that not at one, but many collieries, as high as 50 per cent. of the workers were rendered idle due to influenza. It began early in July, extended right through to the winter, and the

loss of output amounted to millions of tons. That was undoubtedly the cause of the sudden jump in absenteeism.

5160. *Mr. Herbert Smith*: Who supplied you with these figures?—These were supplied from every colliery.

5161. By whom?—By the management. We cannot get them from anybody else, but the point I wish to make is this. With the lower class, I do not use the term lower class in a derogatory sense at all, I mean lower in physique—with the introduction of tens of thousands of men of lower physique into the mines, which one would suppose would be a cause for increased absenteeism, I mean the introduction of these men filling the place of those who had gone to the war; you would have thought that the absenteeism would increase. In point of fact, there has been a steady decline of voluntary absenteeism from the year 1913. It was 5.7 per cent. to the year 1917 when it was 3.9 per cent. That was also in the face of an increasing rate of wage. It has always been contended, and I think rightly contended, that a wave of increased absenteeism follows a wave of increasing rate of pay, but such has not been the case, recently, and I can only attribute it to one cause. The Coalmining Organisation Committee early on, finding this proved the most fruitful field for what one may call the recovery of output, directed its energies through the miners' representatives, through the holding of meetings, through propaganda work, through pointing out to the miners that it was a patriotic duty to make the best possible effort for the country—I can only attribute it to that, and the Coal Controller carried on the process and we established at collieries throughout the United Kingdom Joint Absenteeism Committees. I think one is justified in hoping that absenteeism may continue to reduce, and that it will provide a mitigating factor.

5162. *Chairman*: You have the Report of the 27th May, 1915. Will you read the passage from that?—"The reduction of avoidable absenteeism from work on the days on which the mines are open for work presents, we are positive, the best means for increasing the output, and we are confident that much can be done in this direction." Then they put forward as a conservative estimate a possible increase in output due to elimination of absenteeism of about 14,000,000 tons per annum. At the same time, it should be borne in mind that absenteeism is greater in the case of hewers, hence the figure 9 per cent. does not show the time lost by them; but over all the underground workers it comes to 14,000,000. The supposition that voluntary absenteeism will disappear altogether is not within the realm of reasonable practicability, I think. There is another possibility which might be adopted to mitigate loss of output, and that would be by increasing the length effective working time of the hewer at the face by conveying him to his work by more rapid means than his own legs, and that is conveyance of persons to and from their work by mechanical haulage; conveyance of persons underground by mechanical means is adopted and might be more largely utilised without increase of accidents; in fact, rather the reverse. Under suitable safeguards a possible saving of time is indicated where the method of haulage is that known as the main and tail rope system of haulage, a system necessary under certain circumstances, and notably so in South Wales. For reasons which I can state the saving available in respect of the endless rope system of haulage would be of very small extent. The main and tail system of haulage is the conveyance of trains by rope haulage, and the rate of travelling is anything from 7 to 8, 10, 11 or 12 miles per hour. The rate of a man travelling underground will certainly be under 8 miles an hour. I was about to remark some mines are fitted with the endless rope system of haulage, and the rate of haulage there varies, for reasons I need not go into, but which you may take from me are necessary, vary from something like two to four miles per hour, and the saving in time in such cases would therefore be correspondingly small, I mean for the transport men. It is only right to point out there is naturally a margin, a very marked margin, though not possible to the same extent as there was when the Eight Hours Act came into operation, because to a large extent it has not been taken ad-

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vantage of, but still it is there. Another point which was made at the time of the Committee on the Eight Hours for Miners has since been reported, and was, as I happen to know, taken advantage of to some extent as a mitigating effect, is the utilisation to a greater extent than at present of the upcast shaft for the purpose of winding coal or for lowering and raising persons where the shaft constitutes a narrow neck of the bottle. I would like to say that in the case of a coal mine there are three possible narrow necks, to the bottle. The shaft in some cases is the narrow neck; in other cases the haulage, and, thirdly, the face. I mean it is from that in some cases the arrangements for hauling and for winding coal are considerably in excess of what the face will provide in coal. The narrow neck of the bottle is the term introduced at the time of the Eight Hours Committee, and it explains the position. Where the shaft constitutes the narrow neck of the bottle there is provided in some cases a possible means of relief, but it cannot be used to a large extent, although it is already utilised in some cases; but owing to the position in relation to the workings it could not in other cases be made available short of a considerable expenditure of time and money. The shaft is so placed in relation to the workings that certain roads would have to be made and equipped in order to render the shaft available for winding coal. I wish to point that out. Simultaneously, decking of cages, and improvement in winding plant, would in some cases expedite winding and increase the drawing per hour. Those are points also mentioned in the Eight Hours Committee Report, and I would like to lay considerable stress upon the possibility of considerably increasing the winding power of a shaft by means of double decking. Some years ago, before I became a Government servant, I was the Managing Director of a group of collieries and iron works and we arranged there for three decks to our cages and the narrow neck of the bottle was the shaft. We there instituted an arrangement whereby the three decks of the cage were all loaded at once by an hydraulic arrangement, and were all unloaded at the same time. I have not in my mind the figure of the increase per diem of the drawings, but it was very marked indeed. Where the limiting factor is at the face; that is, when the face is the narrow neck of the bottle, and this is more probably the more common cause, relief can be sought in two directions. (1) By the possible extension of the multiple shift system, and (2) the extension in use of such labour-saving appliances as mechanical coal cutters and conveyors. The introduction of a double shift of coal hewers in those districts where it was not commonly adopted would lead to the absorption of all the labour now available, in itself a desirable consummation; besides greatly increasing output, its introduction would be attended by increased safety, as the face would advance more regularly. In some districts—namely, in South Wales, its introduction would, I fear, be opposed by the miners. I know there was an apprehension at the time of the Eight Hours Committee that there would not be a sufficient number of men to fill in the complement required to extend the multiple shaft system; but drawing upon more recent experience—namely, the period covered by the war, I am inclined to believe that that apprehension was, as to some extent, a needless one. We have this effect, that over 400,000, slightly over 400,000 miners, were taken from the coal mines of this country during the war period, and their places were filled in—I think I am right in the figure, but it can be corrected—to within the pre-existing figure shortly, short only of 129,000—that is to say, in that period there entered the mines the boys of the miners, old miners returning to the mines, and so forth a number of persons equal to something like 270,000 or 280,000. If that were so once then it is reasonable to suppose that the mines would again be attractive to like extent, no doubt by reason of the better pay; so I think the necessary men might be forthcoming. The regular and continuous advance as regards the safety is obvious to all mining men. The quicker the face moves and the more regularly it moves the less danger

there is from falls of ground. As to the labour-saving appliances, I would like to put in at this juncture a table* I have had extracted showing the actual growth in the use of mechanical coal-cutters in the United Kingdom from the year 1903 to the year 1917 inclusive, and in the United States of America from the year 1903 to 1916 inclusive. I have not the figures later than 1917. If I might go on. You will see that in the year 1903 there were 643 machines, mechanical coal-cutters, in operation in the United Kingdom, producing about 5,250,000 tons. In the United States of America in the same year there were 6,658 such machines, producing 69,500,000 tons. In the year 1916 there were 3,459 machines in operation in Great Britain, producing 26,250,000 tons, and in the United States of America there were 16,197 such machines, producing 253,250,000 tons. I have not the figures later than 1916 for America, but in the United Kingdom in the year 1917 the number of machines had risen to 3,799, and the coal cut by them amounted to 27,500,000 tons. I do not wish this statement to be regarded as an unfavourable comparison of our efficiency in this respect with that of the United States of America for this reason, that the geological conditions are so diverse; it is very hard indeed to make a comparison. When comparisons of the output per man employed in America are quoted to show how very much greater the output per man is as compared with the United Kingdom it is worthless to me for the purpose of comparison because I want to know something of the conditions under which the coal is produced. The seams in America are very much nearer the surface; the coal is much more easy to get; it is a less distance carried underground; seams are very much thicker, and so forth, so the comparison is not of very much use to me. This table shows the growth of machinery which was available as showing how far has been the development in this country of the machines, namely from 643 in the year 1903 to the year 1917 of 3,799. Year by year there are a greater number of machines employed. I do not think that one would be regarded as a false prophet if one said that the rate would continue to increase and that this fact provides a very important mitigating effect. Then again I would like to sound this note of warning. It is quite rash and quite wrong to suppose that mechanical coal-cutters can be employed broadcast in all coalfields. They are quite impossible of application in a great number of the Welsh coal mines, and not only in the Welsh coal mines but in a number of other coal mines in the United Kingdom because the coal will not stand to be cut. No sooner does the machine proceed to work on the face than the coal falls upon it. You might say you can stay up the coal, but then the machine cannot travel. Again the condition of the roof does not allow of the application. Whereas in the case of a man, the human coal machine, he can follow his work at a well-timbered face. With the timber fairly close to the face you cannot apply a mechanical coal-cutter. Well, taking that into consideration, there is no doubt this type of machine could be, and will be, employed to a greater extent than it has been up to the present.

5163. *Mr. Robert Smillie*: Are these machines referred to all really cutting machines in the sense of undercutting machines not long wall?—No.

5164. They are heavy machines?—Certainly.

5165. Have you calculated in this area all of the boring now is compressed air boring in American instead of hand boring?—That is not taken into consideration. All this table purports to put forward is the number of coal-cutting machines of all sorts that are applied to coal-cutting, but not to drilling machines for driving hard headings and so forth; nor are the machines employed for drilling coal for the purpose of blasting. They are not included; those given are purely and simply coal-cutting machines.

Chairman: You have now told us, I think, some of the mitigating circumstances. You first of all drew our attention (1) to prevention of stoppages due to lack of transport or wagons, (2) reduction of absenteeism, (3) conveyance of persons to and from their work by mechanical haulage, (4) the utilisation of the upcast shaft, (5) the simultaneous decking of

* See Appendix-34.

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cages and improvement in the winding plant, (6) to multiple shifts, and (7) to labour-saving contrivances. Just before I finish that, could you here tell us, or would it come later, about the stocking of coal and filling from stock?

Mr. Arthur Balfour: Shall we hear about conveyors in this connection?

5166. *Chairman:* I will come to that in a moment. Are you coming to that later?—If I may say so, Mr. Balfour has reminded me of a point which was in my mind which would properly come in in connection with coal cutting. I had quite forgotten for the moment the question of stocking. I will come to that, if I may, immediately afterwards. On the subject of conveyors. Conveyors are being employed more and more. Their application to mining did not synchronise with the introduction of mechanical coal cutters; they were a later invention, largely the outcome of the genius of my friend Colonel Blakett, a coal owner in Durham. The function of these machines is to convey the coal cut usually by the mechanical coal cutters along the face into the roads and into the tubs. They can be applied to work with coal cutters or they can be applied quite apart, and they are a means, and a very important means, of saving of cost for that reason. Where you have to put your gateways, that is, the roads leading up to the face, 11 or 12 yards apart in order to enable the coal hewer to cast his coal 5 or 6 yards on the one side and 5 or 6 yards on the other side, you can, if you apply a conveyor, put your gateways a very much greater distance apart, 40, 50 or even 60 yards, and thereby save a very considerable item of cost necessitated in shooting down the top to make height for what would be otherwise intervening gateways. You can apply it with man power—to serve man power—or you can apply a conveyor, and this is the commoner way, to serve the coal cutting machine. They are very considerable and important labour-saving appliances. What I have said on the prevention of the application in some cases of mechanical coal cutters is largely applicable to the application of coal conveyors also, namely, the nature of the roof and the position of the timbering necessitated thereby.

5167. Are they largely in use now?—They are largely in use, but owing to the difficulty of getting plant during the period of the war, conveyors, as I know, because I had a lot to do with the reporting on priority for machinery, in so far as it was applicable to coal mines in this country, and know that again and again applications for conveyors had to be turned down because of the exigencies of other industries in the war, and so on.

5168. *Mr. R. W. Cooper:* War material?—Yes, war material, and so on, so that their growth has been stopped somewhat of late.

5169. *Chairman:* You told us of certain districts in which the coal cutting machines were not able so readily to be used. Were they the same districts where conveyors cannot be so readily used?—No, conveyors can be used in some few cases where perhaps coal cutters cannot be used, but generally speaking, what I have said of coal cutters is applicable to conveyors.

5170. *Mr. Herbert Smith:* Can you give us any figures for five years before the war as to the number of conveyors that were in use?—I have not got them here, but I could get them, and I think they would be rather illuminating*.

5171. I think they have not gone up very fast?—Would you mind making a note for me and I will certainly endeavour to get them.

Chairman: Would it be convenient to come now to the improved methods of stocking coal and filling from stock, or would you take that later?

Mr. R. W. Cooper: On the point of the last particulars, we have the particulars for coal cutters up to 1916. Might it not be well to have the conveyors up to the same time?

Chairman: Certainly, we are going to have the whole.

Witness: With regard to stocking, I would like to say first of all that great difficulty would be experienced in stocking coal owing to the configuration of the country in South Wales, the steam coal area, on account of the narrow valleys, and so forth.

I would like to say also that coal that is stocked deteriorates, but the rate of deterioration is greater in respect of the coal of some districts than others. I should say that the coal in South Staffordshire deteriorates quicker than any other coal, but the steam coal of South Wales also deteriorates very rapidly. I should say the steam coal of Northumberland deteriorates less rapidly possibly than any other coal. I happen to have looked into that subject, and that is my opinion.

5172. *Mr. R. W. Cooper:* Gas coal deteriorates?—All highly bituminous coals would, of course, naturally, more especially gas coal, deteriorate rather quickly. Having managed for some years steam coal collieries in Northumberland amongst others, I know that want of shipping is a source of trouble in normal times just as in abnormal times. You may arrange for your pits to work and go to bed with a quiet mind and receive a telephone message to the effect that such and such a ship that you expected, is storm stayed, and what not, and then you have to blow the colliery horn to let the men know that the pit will be idle next day. That used to be a source of worry, whereas if you could stock your coal profitably it will not matter. During the war the Coal-Mining Organisation looked into this matter and issued a memorandum to the collieries advising them to stock as far as possible, and a very large quantity of coal was put into stock running into several millions of tons, especially in Northumberland, and I think in Fife, but in Northumberland a very great deal was put into stock. Cramlington colliery had a very great deal in stock.

5173. We had a return showing the stock every week?—The trouble was want of adequate arrangements for filling this coal out of stock; none existed. It has been customary for years and years to put some coal into stock, especially small coal, and let it lie there for years until a good market came along and it would pay to fill up. Recently some collieries obtained steam shovels and such like arrangements, which allowed of their filling from stock very much more quickly. The point I wish to make is that heretofore there has been practically no means with very few exceptions other than simply "teaming by" as we call it, and filling with the hand shovel. It seems to me to be quite possible to arrange for proper stocking bins which could be fed by travelling belts and unloaded in like manner by steam shovels. There would be a certain amount of breakage, and there would be a certain amount of deterioration, but nothing like the amount of breakage that takes place under the system of simply teaming by and filling by hand. It would be quicker also. I think it would be time well spent to investigate means that are being adopted in this connection in other countries, notably in the United States of America.

5174. I suppose even the construction of these bins would depend on the above-ground facilities?—Yes.

5175. Of course, you know Hilda Colliery in South Shields?—Yes. With some collieries, owing to their position and the configuration of the country, stocking would be impossible.

5176. *Mr. Arthur Balfour:* The Americans mostly unload by gravity, I believe?—I believe they do, yes. They have gone very fully into that. Just before passing from this I should like to say, it is a matter one has looked into, it is well worthy of consideration whether stocking of certain coals could not be carried on under water. It is being done elsewhere. It is being done to a large extent in the neighbourhood of San Francisco. That is a subject well worthy of investigation.

5177. *Chairman:* Does that conclude your remarks upon the first head, the probable effect of a further limitation of hours of employment in point of reduction of effective working time and consequent reduction of output?—It does.

5178. *Mr. R. W. Cooper:* Do you mind saying a word about this dumping under water: it is quite news to me; do you know what it means?—What they do is they construct large tanks and feed the coal by travelling arrangements into those, the same as you would into the hold of a ship, and there is a depth of several feet of water over the top of the coal. It has this advantage, that it preserves the

* See Appendix 33.

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quality of the coal in respect of its volatile constituents.

5179. *Chairman*: Now will you come to point No. 2: "The bearing that the limitation in the daily time of employment has on (a) The health of the workers. (b) On accidents to the workers?—With regard to health the Eight Hours Committee stated in their report at page 49: "The information available which would enable us to form a judgment as to the probable effect of the limitation of the working day upon the health of coal miners is of the scantiest nature, but so far as the evidence goes it tends to show that the standard of health of the workers is lowest in those districts where the longest hours are worked." Lancashire and South Wales were the districts where the longest hours were worked, and I should like to say, in my opinion, it is very doubtful whether the higher mortality among the male persons in those districts can be attributed to the length of the working hours. I think one must in all fairness and truth say that, because there is another factor that enters into consideration in the case, and that is this, the arrangements for housing in those districts, generally the hygienic conditions, and the climatic conditions. Anybody who has travelled up the narrow hot valleys in South Wales and seen the more or less crowded and congested state would not live there preferably to, say, the Highlands of Scotland. Again, if you take, say, Lancashire, the collieries are frequently in the neighbourhood of the large towns and are also on the western side of Britain, those facts may be adduced, and legitimately adduced, as a reason for the higher mortality among the male persons, which is all we have to guide us on. So that, whilst we found that the health was least where the longest hours were worked, it may be that the fact of the longer hours being worked in districts where the conditions were such as I have indicated might be advanced with equal force, so we did not say very much about that. But there it is; that is all I can say on the subject.

5180. *Mr. Evan Williams*: Are there any statistics since the Eight Hours Act came into force on these points?—I have no doubt there are, but I have not got them at the moment.

Mr. Evan Williams: Could we get those?

Chairman: I will make a note of that, yes.

5181. Now we come to the question of safety?—With regard to safety, I should like to put in three tables; they are marked "A," "B," and "C."

5182. Yes, I have them here. Table "A," showing the hours of shift in which fatal accidents under and above ground occurred in Manchester (North and East Lancashire) and Ireland District, at mines under the Coal Mines Act during the period 1906 to 1913. Will you just help us with regard to that?—Yes. You will see that the number of fatal accidents which occurred in the first hour were 56, and they were the highest; in the eleventh hour there was one, which was the lowest, and the grade is more or less on the downward tend as from the first hour to the last hour. I might point out, however, that during the sixth hour of the shift it was 55, which was nearly equal to the first hour.

5183. *Mr. R. H. Tawney*: Does this take account of the varying number of men employed at different hours? When you say there is one fatal accident at the eleventh hour, supposing there was only one man in the pit at the eleventh hour, does it take that into account?—It would be a 100 per cent. fatality.

5184. Does it take account of the varying men employed over varying hours?—If 400 persons go down in the shift and there is no fatality 400 persons come up at the end of the shift.

5185. *Mr. Robert Smillie*: You can see a great drop from the eighth hour to the ninth hour, which rather brings out that point?—Yes. Take the first to the eighth, which would be the fairest way of regarding it; 56 is the figure for the first hour and 33 is the figure for the eighth hour. There is a sudden drop which exemplifies your point. The shift had really gone out then.

5186. *Mr. J. T. Forgie*: What is that eleventh hour; where does it exist in any colliery working?—If men

are retained in the pit in accordance with the Act to perform work uncompleted through any unforeseen circumstances.

5187. I thought you meant the working shift?—No.

5188. *Mr. Evan Williams*: It is emergency work?—Yes.

5189. *Chairman*: Section 1, Sub-section (2) of the Act?—That is it. Then table (B) shows the hour of the shift in which non-fatal accidents under and above ground occurred in the Manchester (North and East Lancashire) and Ireland District at mines under the Coal Mines Act during the period 1906 and 1913. The same observation is true with regard to that as I made with regard to the first; and the third table (C) is a summary showing hour of shift in which the fatal and non-fatal accidents under and above ground occurred in the Manchester (North and East Lancashire) and Ireland District at mines under the Coal Mines Act during the period 1906 to 1913 inclusive.

5190. *Mr. Frank Hodges*: Is this the only district you are able to get the statistics from; this is North and East Lancashire including Ireland?—Yes. Those are so very detailed I thought they would be of interest, but I have another table which I should like to circulate now called "Coal Mines Regulation Act. Summary showing the hour of shift in which the fatal accidents occurred in the years 1900 to 1905."

5191. *Mr. Robert Smillie*: Do you exclude explosions?—It is all forms of accidents entirely, explosions included.

5192. *Chairman*: Perhaps you will just draw our attention to that?—You see that the hours of the shift are given in the same way as they were given in the small tables, and the bottom horizontal column gives the total of all accidents, 480 for those six years, in the case of the first hour, 387 in the case of the 8th hour, 297 in the case of the 9th hour. There you will see that the highest figure of all is in the 3rd hour. Then the big branch at the bottom gives the percentage figures which is perhaps a more convenient form.

5193. Yes, I follow?—Then I have also a table which I will circulate showing the death rates and the persons injured per 1,000 persons employed under the Coal Mines Act during the years 1903 to 1918.

Sir L. Chiozza Money: May I ask what accidents are referred to here for the purpose of clearing it up?

Chairman: Yes.

5194. *Sir L. Chiozza Money*: What class of accident do you refer to? Is this the seven days and over?—No, these are the accidents of all sorts—even seven days' accidents.

5195. These are all reported accidents?—All reported accidents. These are what they called serious accidents reportable to the Inspector of Mines.

5196. *Mr. R. W. Cooper*: Under the Mines Act?—Under the Mines Act exclusive of the seven days' accidents.

Mr. J. T. Forgie: Might I put a question to Sir Richard?

Chairman: Yes.

Witness: This is on Sir Leo's point; may I answer that first? There are three classes of accident; there is the fatal accident, there is the non-fatal but serious accident reportable to the Inspector of Mines, and there are the accidents disabling for seven days. The first portion of this table deals with fatal accidents. The last column but one deals with non-fatal accidents reported to the inspector—serious accidents, that is, and the last column of all deals with non-fatal accidents disabling for more than seven days. Those latter figures were commenced to be given in the year 1908 and were discontinued when the war broke out. They are in the last column. That explains the table. I got this specially because earlier on Sir Leo raised that point.

5197. *Mr. J. T. Forgie*: I suppose the object of this statement is to show in the case of each man in an aggregate sense, of course, the chances he has of an accident in the different hours of the day?—This last table is different from the one circulated before.

5198. I refer to table "A"?—I beg your pardon,

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The small Table "A" is to show the effect of accidents in point of hour of work.

5199. In the case of the one killed in the eleventh hour, was that a man working the whole of the 11 hours, or was that the first hour of the shift?—As I pointed out, and the Chairman read the portion of the Act dealing with it, it is men retained in the mine to perform work uncompleted through unforeseen circumstances.

5200. *Sir Leo Chiozza Money*: May I ask you have you worked out on this what would be the saving in lives and the saving in serious accidents, and the saving in the three classes of accidents, if the hours of working were shortened by two per day?—No, I have not worked that out.

5201. The saving in quantity of life and limbs?—I have not worked that out, and I do not know that it would be possible to work it out; it would be in the nature of a surmise.

5202. Yes, quite?—But I should like to say this in explanation of the higher death rate and the greater occurrence of serious accidents in the early portion of the shift as compared with the later portion of the shift, that it is what one might expect when a working place has been standing for any period, over night or over day; the men entering that place and working in it, however careful the inspection may have been prior to their entry, would be more liable to accident from falls of ground than they would when they had been working in the place for some time. It is for that reason that I maintain without fear of contradiction, that the more regular is the advancement of the face, the less liability there is to accident from falls of ground. Now might I at this juncture just say this, certain, I will not say criticisms, or if they were criticisms, perfectly fair criticisms, were advanced at one stage of the proceedings of this Commission of the work of the Inspectorate, and so forth.

5203. *Chairman*: Yes, I want you to deal with that?—There is a little note that I prepared which I should like to read, which deals with those points as they were raised. The Act of 1911 was based, that is the Safety Act, on complete responsibility of the manager who is held responsible not only for defaults due to personal neglect, but, unless he shows that he has done everything in his power, for any default of any other person in the pit. This scheme is based on the report of the Royal Commission on Mines which immediately preceded the Act. Any system of independent deputies, examiners and firemen, is not consistent with this principle, and was rejected by the majority—not all; I believe Mr. Smillie was in a minority—of the Royal Commission. (2) The Act of 1911 provided a new safety code for mines, but this code did not come fully into operation until the middle of 1913, and owing to abnormal conditions due to the war its effect cannot yet be estimated. The Act, moreover, left some difficult problems to be worked out, and investigations on scientific lines, for the sake of example, coal dust explosions and spontaneous combustion, and these enquiries were suspended by the war. As regards coal dust explosions, the Miners' Federation asked for further time to consider the effect of stone dust on health. (3) Apart from more stringent inspection and regulation most hope for the reduction of accidents lies in greater co-operation of owners, managers and miners which can best be acquired by pit safety committees. The Home Office approached both mine owners and miners for this purpose. (4) The inspection staff had been subsequently increased previously to the war. 39 inspectors in 1907 and 89 in 1914, was the staff. Undoubtedly the maximum limit has by no means been yet reached. I think it is only fair that I should mention those points before I leave the question of safety and health.

5204. *Mr. Herbert Smith*: When you give us the number of inspectors will you give us the number of shafts that have been opened during the same time?—I dare say we could do that; it would be a little difficult, but perhaps we could do it. You want the number of mines or shafts?

5205. The number of mines and the number of persons employed?—Yes.

5206. *Sir L. Chiozza Money*: May I ask if there

is any record of the number of mines visited per annum by the Inspectors?—Yes, we keep them. For the last two years I have been lent to the Board of Trade and Mr. Walker would be able to answer questions better than I as to what had happened during the last two years, but I should like to say this: One of my duties was to inspect an elaborate statement as to mines visited and so on and keeping an eye on the inspectorate to see if there was any weakness in the inspection and bringing it up if there were.

5207. *Chairman*: Does that conclude what you desire to place before the Commission upon health and safety?—It does.

5208. Now will you kindly come to Head 3, the effect on the coal-mining industry in point of reduction in the cost of production and saving of coal by a system of collective production?—What I wish to say under that head is this: In my opinion the present system of individual ownership of collieries is extravagant and wasteful. That is a somewhat daring statement, but I am prepared to stand by it, whether viewed from the point of view of the coal-mining industry as a whole or from the national point of view, and I think by thoughtful persons on both sides, both the owners and the workmen, that is pretty generally accepted. The present system does undoubtedly conduce to cut-throat competition as between owners in the selling of coal and is preventative of the purchase of material for the carrying on of separate enterprises at prices favourable to the coalowner. What I mean to bring out there is this, that there is competition both for the home and the foreign market in selling, that inasmuch as they are what you might call a divided host, they form an easier prey for those who desire to sell to them. You could call evidence to prove the latter contention up to the hilt. A large railway company in this country used to purchase its material in separate sections; one section purchased quite apart from another section. They adopted a system of central purchasing, with the saving of tens of thousands of pounds per annum. Were there a collective system of production there is no doubt that the coalowners would be able to realise higher prices on the average in the foreign market. I take it the Government would prevent them doing so in the home market; the poor consumer would have to be protected. There is no doubt they could produce their material for the carrying on of all their collieries to greater advantage to themselves. The advantages which would result from what may be termed collective production would be, I think, (a) enhanced production, (b) diminished cost of production, and (c) prevention of waste due to the following facts:—(1) Prevention of competition leading to a better selling price for exported coal being secured. (2) Better control of freights. I mean there, if the coalowners were united, they would be able to get a much better arrangement of their freightage for the carrying of their coal. (3) Economy of administration. That is a very big subject. There is no doubt about it, I think, that under a system of combination their managerial expenses would be less—in fact their administrative expenses would be less. (4) Provision of capital allowing a quicker and more extensive development of the backward mines. Many of the mitigating facts that one has been talking about and considering are incapable of being put into effect in the poorer mines by reason of the fact that they have not got the capital wherewith to put them into effect. I should like to say here that several of those mitigating measures that I have indicated would necessitate the expenditure of capital. Of course, that was obvious, though one did not say it. (5) The more advantageous purchase of material, which I have already alluded to. (6) The reduction of colliery consumption. The colliery consumption is very high in some mines, and the average over the whole of the United Kingdom is, I think, 6 per cent., the amount in tons of colliery consumption being altogether about 16 million. With a 6 per cent. average it varies from something like 3 to 10, but the average is 6 point something or another. It is all given in the Coal Conservation Committee's Report. There is a large saving possible at some collieries, but that

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again necessitates considerable expenditure of capital, and some of the poorer mines have not got the capital to expend. (7) More harmonious relations between the workmen and the employers due to steadier work and adequate remuneration of workmen. By a combination of interests there is no doubt that more regular work would be possible, and more regular work would lead to happier relations, and no doubt higher remuneration would lead to a happier state of mind on the part of the workmen. (8) Obliteration to a great extent of vested interests and middlemen by collective production. It would only be a small step from collective production to collective distribution, and collective distribution would, of course, hit the middleman pretty hard, and we have seen during the course of some of the evidence before this Commission that the middleman is a serious item of cost to the consumer.

5209. Yes?—Then (9) The unification of the best knowledge and skill leading to greater interchange of ideas, comparison of methods. If good results are obtained at one mine and bad at another the reasons leading up to these results would be common to the whole corporation, and would make for efficiency.

5210. Does that conclude what you desire to say upon that point?—Yes, those are very general and broad observations.

5211. You are giving us some general observations as a result of your experience and opinions?—Yes.

5212. Now will you please come to the next heading, No. 4, Royalties?—What I would like to say about royalties is this: The report of the Royal Commission on Royalties, which was appointed in 1891 and issued a unanimous report in March, 1893, pointed out that only the consumer would get the advantage of any reduction in royalties, and they expressed the opinion that the system of royalties has not interfered with the development of the mineral resources of the United Kingdom, or with the export trade in coal with foreign countries. In connection with the subject of royalty rents it should not be forgotten that they vary at different collieries from a minimum of 3d. per ton to a maximum of 10d., except where in some cases they are based on a sliding scale, and in some such cases they are very much higher than 10d. Viewed in this aspect, and I wish to lay stress upon that because I have something to say later on which rather puts forward another side of the question, the rent may be regarded as a "differential advantage in production" to the extent of 7d. per ton, and assuming that the amount is fixed in proportion to the profit-making capacities of the collieries the rent enables inferior collieries to be worked at the same time as superior collieries, so it is a question whether the royalty system has not proved to be a blessing in disguise in the past.

5213. *Mr. Robert Smillie*: Under private ownership of the mines?—That is my point; under private ownership. The immediate result of the abolition of royalty rents would be that the money would go into the pocket of the colliery owner, labour would very soon assert its claim to a portion of the whole, but in the first falling market the price would fall until the margin of profit would be reduced to its limit, and the consumer would receive the benefit at the cost of the royalty owner. The ultimate result would be a reduced selling price, and a stoppage of the inferior collieries unable to bring down their working costs to the required point, which point would be 7d. per ton lower. All this is on the supposition that the royalties are owned as at present, and that the collieries remain as at present, uncombined. The situation would be considerably modified were State ownership of royalties and collective production of coal instituted. The advantage of State ownership of royalties would be: (a) more equitable terms could be arranged with the coal owners and secondly, obstructive tactics which are practised by some royalty owners to the prevention of the exploitation of coal areas would disappear. With regard to the latter, I have had to deal lately with that subject as between the coal owner desirous of working certain areas and the royalty owner who was obstructive and opposed altogether to the exploitation of the area, or to its

exploitation unless he received terms which were exorbitant. I have had cases of that sort, but I believe that the whole of that matter is being dealt with in another place, and they have asked me to give evidence before them. That is all I have to say on royalties.

5214. Now will you please come to the last item of your proof, the effect on the industry of certain proposals made or indicated by the Coal Conservation Committee for the saving in the consumption of coal within the United Kingdom, with the consequent release of coal for export?—Yes. What I have to say is really an epitome of the findings of the several sub-committees of that committee on which I served. Reporting in April, 1917, a sub-committee—it was the Generation and Transmission of Power Sub-Committee—found that the coal consumption involved in production of motive power was 80,000,000 tons per annum, and found that if power supply in the United Kingdom were dealt with on comprehensive lines, and advantage taken of the most modern engineering development, the saving in coal throughout the country would, in the near future, amount to 55,000,000 tons per annum on the present output of manufactured products. Reporting in January, 1918, another sub-committee—this was the Mining Sub-Committee—found that the annual colliery consumption, omitting Kent, varied as between districts from 3·80 per cent. to 9·10 per cent., or an average of 6·2 per cent., the consumption of boiler fuel being about 17,000,000 tons. It also found that the amount of small coal left annually underground was over 2½ million tons, that the loss from barrier coal may be roughly estimated as between 3,500 to 4,000 million tons. Much of the latter would be recoverable under a system of collective working of the collieries. I do not think the report said it would be recoverable—that is my observation. Reporting in January, 1918, the Carbonisation Sub-Committee indicated the lines upon which considerable savings might be effected in the carbonisation of coal and the utilisation of fuel in the gas, iron and steel making industries, but it must be borne in mind that the vast quantities of coal which would be saved in the processes indicated could only be available for export if produced at a cost per ton which would render it capable of competing with foreign coal in the open markets of the world, and as coal is a basic factor in the cost of production of all manufactured articles, an increase in its cost means an increase in the cost of living, which inflicts greater hardships on the poor than on the rich. It all works back to production. The greater the producing capacity of the workmen, or the more extensive the application of labour saving appliances, the greater will be the wages of the workers. Those two last paragraphs are my own observations. I have approached this question, I should like to say in conclusion, with four points in view, which I take to be the *desiderata* we all aim at, namely, the greatest possible production of coal at the least possible cost, with the greatest possible safety and health to the workmen, with a higher standard of living, and I should like to say an increasing standard of living. It is a great mistake to suppose that inefficiency follows a higher standard of comfort. I once tried the experiment at one of four collieries. The men were earning wages which allowed my approaching the Joint Committee with a view to a general reduction at that particular colliery. I thought the matter over, and considered the subject with one of my under managers. He was a very old and experienced man, and he said to me "I have found through life that the better you pay the men on the average the less is your cost per ton." We determined not to reduce the wages in that colliery for a year and then compared the cost per ton, and I got the most favourable cost per ton at that colliery as compared with the other three, and I have never forgotten that.

5215. *Mr. R. W. Cooper*: By paying good piecework rates?—Yes.

5216. *Chairman*: Is there any other observation that you desire to add to those which you have already made?—Nothing occurs to me at the moment.

(Adjourned for a short time.)

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Chairman: I will now call on Mr. Smillie.

5217. *Mr. Robert Smillie:* As one of His Majesty's official inspectors I suppose you look upon yourself as being fit game for both sides to kick here?—It would not be a friendly act on your part to kick me.

5218. Do you feel that that is our feeling about you—that we so consider you?—Yes, I am afraid you do.

5219. You have had a long, practical and considerable experience as a colliery manager in Durham?—Durham, Northumberland and elsewhere. My practical experience was chiefly in Northumberland and Durham, a little bit in South Wales, largely in Staffordshire, and South Africa and America.

5220. The miners of the North of England, Durham and Northumberland were among the first to organise, I think?—They were.

5221. So far as you can remember they have been exceedingly well combined together as trade unions?—Yes. They began really to organise in the early Forties, and have been constantly at it ever since.

5222. Do you know the system of working in Durham, the cavilling system in Durham where the men quarterly and half-yearly cavil the places?—Yes.

5223. Do you know also the system called the county average?—I do.

5224. I think under the county average the payment of the hewers from time to time may vary up or down?—Yes.

5225. Should I be right in saying that the greater effort that each hewer puts forth to increase the output would be the more likely to bring about a reduction in ton of the rates of the whole of the men in that district of the men to which average rates apply?—May I put that round in this way: There is an established country average. This was the system before the war. There was an established county average so that if the wages of the workmen in any district of a pit exceeded that by over 5 per cent. the management could claim a reduction or put in a claim for reduction. If it was under 5 per cent. the men could put in an application for an advance and on the application a representative of the owners, and a representative of the workmen's side of the Joint Committee visited the colliery, and enquired into the case if an agreement had not been arrived at, and the position was determined in that way.

5226. So that really the average wage for the whole mass of the men could not rise very much above a certain point or descend below a certain point?—That would be the tendency, I grant.

5227. The tendency would also be with regard to the men, taking advantage of their organised power, that the less they worked the more advances would have to be given to them?—I think the tendency would be to conduce to restriction or might be.

5228. I do not suggest that it did?—No, and I would not suggest that it did. I would not even put it so strongly as a tendency, but it might be argued that that would be the logical effect.

5229. As a mining man who has spent a considerable part of your life amongst the miners, I think that your sympathies would rather lie in the direction of their having the highest standard of life that it is possible the industry can bear?—Most certainly.

5230. I think you know something about the housing conditions not only of the miners in Durham, but in other parts of the country?—I do. As you know, in Northumberland and Durham the houses in the colliery villages are owned by the owners, and it was one of my duties to look after 746 houses as well as the mines, and having these houses to look after and being, if I may say so, on very friendly terms with all the workmen at those collieries, one naturally investigated the matter pretty thoroughly and came to have some little knowledge of it.

5231. I suppose it may be taken that the housing conditions in Durham and Northumberland are pretty nearly about the same—I mean in the sense that there are some bad houses, or have been, which are perhaps aged, in each county, and a considerable number of houses might be taken as above the average for the whole country?—I think that is a correct way to express it. The older the houses the worse

they are, generally speaking; and the more modern the houses, the better they are.

5232. I suppose the housing of people will have a great deal to do with the health of the people?—I should say so, certainly; naturally it would have.

5233. Are you aware that the report of the Medical Officer of Health of the 31st December, 1918, says that overcrowding in the United Kingdom is 9.5 and overcrowding in Durham is 27.5. I take it that it is the working class population that is largely referred to, because I suppose you seldom overcrowd the middle-class and upper classes?—I should say there was certainly more overcrowding the lower you get down in point of social standing, shall I say?

5234. Do you remember what the average death rate amongst the children of the United Kingdom under 12 months old is?—No, I do not.

5235. Suppose I put it to you that it is about 5 per cent. per thousand. Would you be surprised to know that the average death rate amongst the children in mining districts is 16 per thousand?—Do you say that in all mining districts in the United Kingdom it is 16 per thousand?

5236. Yes.—I will take it from you that that is correct.

Sir L. Chiozza Money: Is it not per cent.

5237. *Mr. Robert Smillie:* Will you take it that in the Rhondda Valley it is 20 per thousand?—Without knowing the figures, I would be prepared to believe that in the narrow Welsh valleys it was high. That is an interesting figure, because it will be remembered that when speaking about the longer hours I alluded to the fact that the climatic and social conditions might have an important bearing upon the matter, and that is undoubtedly borne out by your figures.

5238. I think I am right in saying it is 16 per thousand under 12 months old.

Sir Leo Chiozza Money: It must be per cent.

Mr. Robert Smillie: Yes.

5239. If the infantile mortality is so high in the mining districts, might we reasonably say to a very large extent it is attributable to the housing conditions?—I should say to the hygienic conditions generally, housing, sanitary, and so forth.

5240. You know of no natural reason why the children of the workers should die. They are born, I suppose, as the children of any other class are born?—I should suppose so.

5241. Unless the parents are diseased. Generally speaking, that is so, is it not?—Yes.

5242. And there must be some artificial reason why the children die off. I suppose we may take it from your own district and the experience of mining districts that the miners' wives love their children and would be as kind to them and save them as much as possible as other people?—There is one pleasing point amongst many that is characteristic of the miners, and I can say this without fear of contradiction: it is the affection that exists in the family. It is quite a common thing to find where a family has been orphaned through the loss of the father owing to, say, a colliery explosion, to find that a member of the family has been adopted by other miners. I have known a case where the foster parent has forgotten which is the adopted child and which is his own.

5243. I think I may finish that part of my examination by saying that you feel from what you have seen of your own experience in visiting mining districts that the time has come when there ought to be a revolution in the housing of the working-class population and especially the miner?—As the house is, so is the individual; and as the individual is, so is the State.

5244. Should I be right to say that on your visit to Scotland to see the housing conditions and to see the houses owned by the mine-owners there, you saw houses there worse than you have ever seen in Durham and Northumberland, so far as accommodation goes?—On the occasion you allude to when I visited one village in particular, I certainly saw no houses in any part of the United Kingdom comparable in badness to those particular houses, not only in

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respect of houses, but in respect of sanitary arrangements.

5245. Now the higher death rate amongst the children of all ages in the mining districts might to some extent be attributable to the low rate of wages of the bread-winner of the house. I put it to you if wages are under the point that the mother can secure proper clothing and proper food and give proper attention to the children, that will also tend to a higher mortality amongst the children?—That is all governed by the word "if."

5246. It is covered by the word you have already used?—It is governed by the word "if"—if all those conditions exist, then the deduction you draw would appear to be a legitimate deduction.

5247. Perhaps I may put it in this way: If you take it from me that the average earnings of the ordinary mining population prior to the war were under 35s. a week, I put it to you is it possible with wages of that kind to raise a family of 3, 4 or 5 children and keep the father and mother in the state they ought to be kept?—It would be hard on the average.

5248. Might I put it that it is harder than hard. Would Lady Redmayne and yourself like to try it?—Well, you put it to me. I do not care to bring in the personal factor, but as you put it, I should like to say that from the age of 20 to the age of 21 my weekly expenditure, on the average, was 16s. 4½d., for which I paid my board, lodging, clothing, travelling expenses, daily-newspaper, tobacco, and I had sufficient at the end of the year to buy some books. That is why I say "hard."

5249. I put it to you that in 1888 and 1889 my income was 18s. a week, and there were seven to keep?—As I say, it is hard.

5250. The fact that I am still living does not prove that it was too little?—No, but I say it is hard.

5251. I put it to you that that comes to 5s. a day, with 35s. a week on which to live, pay rent, taxes, coal, light, food, education and clothing. Is that the state in which miners or any other workers should be kept?—No.

5252. Now you know a very large number of mine-owners of this country, do you not?—I do.

5253. And you have been in touch with them?—Yes, I have.

5254. Do you know many of them are very sympathetic with the desires of the workers to improve their standard of life?—Yes, certainly.

5255. And, indeed, in many cases, have used their influence and sometimes their money in endeavouring to brighten the lives of their people in the villages in which they live?—Quite true.

5256. May I put it to you that it would be impossible for an individual mine-owner or a mining company to raise to any extent the standard of life of workers in their own employment unless other employment competing with them were raised in the same way?—I would not say that altogether, for this reason. Supposing I am Chairman of a Directorate of a Company earning 30 per cent. per annum. If the houses in which the workmen who were working in the collieries were below what they should be, if the wages could properly be advanced I might do it. If at the same time I had a poor colliery, and I could barely make both ends meet, I could not do it. If the conditions regarding wages are governed by the poorer colliery, I grant you that would be the limiting factor. Perhaps that is what you mean.

5257. Under normal conditions. I think under normal conditions competition is pretty keen between employer and employer in South Wales?—Yes.

5258. I put it to you, if an employer made up his mind that instead of 7s. a day it would require 14s. a day really to keep the families of his workers in the state they ought to be, and instead of working 10 hours a day they ought to work 8. would it be possible for the very good paying collieries to meet an outlay of that kind?—It would be possible to meet it to some extent; the extent would be governed entirely by the amount of profit.

5259. I want to get at the point which you have mentioned now—that it is quite impossible for the

standard of life of the miners to be raised to a very great extent as long as competition goes on amongst the employers, and the wages depend upon the worst situated colliery?—That brings me back to this point that just as the workmen are combined, so the owners are combined; and the tendency must be in a given district for the poorer colliery to govern the pace in wages and so forth, because if you raise the standard of wages in a given district to such a point that the poorer colliery cannot meet them without going under, it must necessarily act as a deterrent; whereas, if you combine the poor, good and indifferent together you can get your average and thereby secure a higher standard. Do I make myself plain?

5260. Yes. There have been a great many mine-owners, I think, or at least a number of mine-owners, assisting the Government during the war in local control, munitions or other directions?—Yes.

5261. May I take it you believe that they would give as honest services to the Government in their particular department as they previously gave in their own business if the mines were nationalised?—Yes.

5262. May I take it that they gave that service without hope of reward?—Yes.

5263. May I take it that if the nation take over the mines of the country and begin to develop them on behalf of the nation we may expect these gentlemen to give to the nation those services which they now give to their own country?—I can only express a pious hope that they would; whether that would be so or not I cannot say.

5264. You seem to have your doubts?—Well, I would rather put it in this way. I am perfectly certain that those same coal-owners which you have in mind and I have in mind would be as patriotic then as they are now. Whether they would devote their patriotism to working along the channels of the coal mining industry or not I do not know.

5265. I think you read from a report of the Coal Conservation Committee that millions of tons of small coal are being thrown into the waste?—2½ million tons per annum.

5266. In South Wales?—In the whole Kingdom.

5267. You know very well, generally speaking, in South Wales the workmen are not supposed to send out small coal at all?—They do send out a certain amount.

5268. You may take it they are paid for round coal, generally speaking, and are not supposed to send out any small coal?—I think there is an arrangement whereby if they send out small coal they are paid for it. I think you will get that more thoroughly from Mr. Evan Williams.

5269. I might get it more thoroughly from Mr. Frank Hodges?—Well, combine the two and strike an average.

5270. I may take it over a very large part of the coalfield they are not supposed to send out small coal?—The greater portion of the small coal left underground is in South Wales.

5271. Am I right in saying that you believe that coal ought to be a national asset and ought not to be in the hands of any particular individual to say whether they should leave it in or take it out: it ought to be saved for the nation?—In the way you put it it is rather difficult to answer. I agree that coal is one of the most important assets to the nation, and I do think that the ownership of the coal, which is at present vested in the hands of many individuals who are called royalty owners, might, probably, with advantage, be vested in the State; but that is not saying that I believe that the working of that coal should be vested in the State. That is a matter which requires a very great deal of consideration, and is a very big subject.

5272. I was not asking your opinion upon State ownership at the moment?—I beg your pardon; I misunderstood you.

5273. I put it to you that coal is rather different to a table. The table is a product of men's hands and brains in the trade, but coal cannot be reproduced by men. This nation cannot, unless we discover new methods, live without it has coal, and

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it ought not to be wasted as it has been?—No, no doubt there has been a very great waste in the past.

5274. You did not mention much, I think, about the coal that is being lost, and has been lost, through being drowned out by water?—No, I felt that perhaps I was going beyond the terms of reference to this Commission should I deal with that, and I thought also I had wearied the Commission long enough and I did not go into the whole case. A great quantity of coal has been lost in South Staffordshire and elsewhere through insufficient drainage facilities, and a great deal more is likely to be lost if action is not taken, and apart from that a great deal of coal is being lost owing to their not being a price which would enable its being brought to the surface and sold. I mean all that, quite apart from the small coal. Take some of the collieries in the Doncaster area which have been opened out in the last 10 or 15 years: there is a very considerable portion of the coal on the top portion of the seam which is being left because it is of inferior quality and does not pay to work under existing conditions. If great super-power electric stations were established in the neighbourhood of the collieries at which that coal exists, there is no doubt in my mind that it might be worked to a profit and much would be used that at present is being lost, and not only lost, but being lost probably for all time.

5275. You are aware at one time within the last 30 years small coal was thought to be absolutely useless, and was thrown down the pit bank and could be secured for a few pence per ton. That coal is a very valuable asset now to the mine and to the nation?—Yes.

5276. Then do you think that if the nation were working the mines as national concerns that it would be likely to pay greater attention to development of that kind in future?—I do not know, but it is conceivable that it might raise coal to the surface at a loss.

5277. Raise some coal to the surface at a loss?—That particular coal which has at present to be left below ground because it cannot be raised and sold at a profit.

5278. As a matter of fact with private ownership it is not likely that any coal which cannot be raised without losing on it will be brought to the surface, but it might in the stress of the nation be well that it should be brought to the surface?—Well, that is an economic problem which these gentlemen on the right will be perhaps better able to solve than I can; but looking at it from the plain man-in-the-street point of view, it seems to me that looked at from the present day point of view it would be false economy on the part of the individual colliery owner or on the part of the nation to produce something which cannot be sold at a profit. That is a pure point of economics. I may be wrong, but that is the way in which it strikes me.

5279. It is the commercial view; it is not the national view. Take the Post Office at the present time, and all the national concerns, the telephone and all those things, do not they carry on some part at a loss. They cannot carry a letter for you 4 or 5 miles without losing on it, but they carry one 20 yards and another 200 miles. Do you say they should give up the letters they are to carry at a loss?—No, I do not. I do not know whether they are carried at a loss or profit, but even carried at a loss and at an immediate loss, yet the benefit to the nation and the benefit which accrues to every branch of industry as well as the private individual, is such that it might be regarded (letter-carrying) as part of the working expenses necessary to carrying on of every branch of industry.

5280. That is exactly what I say with regard to the coal trade?—If you can bring coal into that position it would alter my views very much, but it pre-supposes that the coal is wanted. I should have thought it pre-supposes a dearth of coal.

5281. Do you suppose the Heavens will fall if the miners get shorter hours and higher wages?—No, the Heavens would not fall.

5282. Do you suppose the coal trade and the steel-trade and all the industries in this country will suffer

very severely, and that any gentleman will have to leave here and go to Sweden and to a waterfall in Sweden?—That is a very general question which is very difficult to answer. I would want to work it out in pounds, shillings and pence.

5283. But it has to be met in the next fortnight, and this Commission has to meet it. I do not want you to give an answer which you do not want to give. All of us are as deeply interested in the nation's affairs as you are yourself?—Yes, of course.

5284. On your past experience, and in view of past profits, do you think if what the miners ask is granted it is going to ruin the industries of this country?—It depends upon how it is granted. Take the question of reduction of hours alone. No one would be happier than myself to see the miners have leisure, which they well deserve, for bettering themselves mentally and socially in every way—no one would be better pleased. But if the granting of the requests put forward by them was attended with the various hardships to other branches of industry that we have heard in this room for the last five or six days, it may not be the advantage that they desire. I would like to say, further, that if a reduction of working time is possible, I would strain every nerve to render it possible and to carry it into effect. Might I express a personal opinion, Sir?

5285. *Chairman*: Yes, please?—It seems to me, if I may say so, the proper way to meet the request for shortened hours would be by stages. I say that after the gravest consideration. The industry is not at present in a position to suffer a great reduction of hours. Again, I say that I would strain every nerve to carry a demand for a considerable shortage of hours into operation. But if I were a Dictator (which, thank God, I am not) I would carry it out by stages. Not only from the point of view of the benefit to the miners, but from the national point of view, taking into consideration all the other industries which are to a great extent based on the coal-mining industry, that is my honest opinion.

5286. *Mr. Smilie*: You heard evidence given here that the hours of workers in every employment on the surface have been reduced per day. I daresay you read this morning that the transport people and their employers have agreed and are on the verge of settling on a 48-hour week?—I had not time to read the papers this morning. I was thinking of my evidence and your cross-examination.

5287. If you had time you would see that in the papers. I think you may take it that that is correct, that they are just about to settle on that?—I will take it from you.

5288. Considering the nature of the miners' employment and considering he is down away out of the sunshine and not altogether in the best of fresh air and the atmosphere not altogether very good—very often wet from roof water and side water and in some cases lying on his side the whole of the 6 or 7 hours he is at the face—do not you think that he of all men deserves shorter hours of labour. Is not 6 or 7 hours from bank to bank a reasonable claim. Is the claim for increase in wages to enable him to live fairly decently a reasonable claim in view of the miner's life and occupation? If you say we are not entitled to it I can understand it, but if you say the claim ought to be granted, but the industries will not allow it, that does not answer our claim at all?—I should like to say that, viewing all other branches of industry the miner certainly in point of claim for leisure should go properly into the first category.

5289. *Mr. Arthur Balfour*: In your evidence you refer to the fact that owing to the war conditions development in mines has been somewhat checked?—Yes.

5290. Do you think that that has had an appreciable effect upon profits?—I do not quite know how to answer that question, because profit depends not only on the state of the development of the mine but on the amount for which you sell your coal.

5291. On the other hand, there is a certain amount of general development going on in the mine all the time which goes against the cost, as we have heard in evidence?—I should like to put it in this way. If I were valuing a colliery for the purpose of sale,

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I should have to take into consideration for the purpose of calculating my annuity what would be the probable annuity year by year for the period yet remaining undetermined of the lease, and that amount, of course, is dependent on the annual output of coal and that is dependent on the state of the development of the mine. Do you follow me?

5292. Quite. So that some of this development has to be made up, owing to the fact that easier coal has been worked?—The fact that the development is backward would affect the capital value of the concern.

5293. And would reduce the future profits?—Naturally.

5294. You mention, with regard to wagons, that amongst private wagons there were probably 300 varieties of axle-boxes. Surely that is a thing can be put right?—I believe so.

5295. By the railway company refusing to take anything but a standard axle-box?—I was rather taken with the point you put forward some time ago in examining a witness, that the process might be made gradual in so far as bringing the wagons broadly into line with railway requirements was concerned and rendering it possible for them to be taken over by the railways. Of course, the quicker that can be done the better for the industry.

5296. Are you aware that in America, although they have not nationalised railways there, they have a most accurate builder's standard, and every car put on to the railway track must be to that standard?—I believe so.

5297. Is there any reason why that could not be adopted here?—No, none that I can see.

5298. When the Eight Hours Act was being discussed, were all the matters which you have sketched out to us very clearly to-day explored at that time?—They were. I wrote that part of the Eight Hour Committee Report which dealt with them.

5299. Do you think the saving from that has been discounted to that extent—the possible future saving?—I said so very early on.

5300. With regard to Pit Safety Committees, do they exist at the collieries?—The Home Office is very anxious to get them established at all collieries.

5301. Where they exist do they do their work smoothly?—I see no reason why they should not.

Mr. Robert Smillie: Do they exist?

5302. *Mr. Frank Hodges:* Do they exist at any colliery?—There is a Joint Pit Committee.

5303. That is not a safety committee?—It could easily be converted into a safety committee. The Home Office is anxious that they should be.

5304. *Mr. Arthur Balfour:* Do they exist?—Not under that name.

5305. You spoke about the possibility of working in greater units and maintaining the selling price. Surely as regards the export trade no unit in this country can control the export trade. It would be controlled by the export of coal from America and Germany?—If it was affected.

5306. It would be affected.—Would it?

5307. Yes; would it not?—You asked me would it be?

5308. Well, would it not?—You asked me a question as to which I have not given any evidence heretofore. May I translate it into my own language?

5309. Yes, put it in your own words?—Is it likely that we will find a very severe rival in our export trade and competing for our export trade in coal in Germany and America? That is your question, is it not?

5310. Yes, how that affected the export price rather than a combination here controlling the price?—It would if it existed. It is all a question of price, I grant you, and at what they can supply coal of the same quality to those nations that require it. I have purposely kept off that question. Of course I think strongly that the present conditions prevailing in the world are so chaotic that it is quite impossible to draw any deduction therefrom. Germany is in such a state that one does not know what may be the outcome from the economic point of view of the coal-mining industry in that country. It may be that she will secure higher rates of wages and lessened

working hours. If so, the probability is that she may cease to be a rival. Even in pre-war days she took a large quantity of coal from us because we own certain classes of coal which she does not own. As you know, we have the finest coking coal and we have the finest steam coal—better even than the Pocahontas coal, of which we have heard a good deal.

5311. You have sketched out several ideas which obviously it would not be possible to carry into effect without some kind of unification in districts or something of that kind?—Yes.

5312. Are you of opinion that that can be done more easily and more effectively by some voluntary arrangement rather than by forced nationalisation?—Yes, I should think so, inasmuch as all arrangements come to voluntarily are better than arrangements come to compulsorily. That is a generalisation.

5313. You stated that some very large quantities of small coal were left in the pit?—Yes, 2½ million tons per annum.

5314. Is that coal which has been mined and for which the miner has been paid?—It has been mined, certainly, in respect of small coal; paid for, no, because the miner is paid only on what he fills and sends out of the mine.

5315. *Mr. Smillie* has put it to us that the average wage of persons employed in mines is 35s. a week.

Mr. Sidney Webb: Pre-war.

Witness: Yes, pre-war, I think he said.

Mr. Robert Smillie: Yes, that is right, pre-war. What was your question, *Mr. Balfour*?

Mr. Arthur Balfour: I am asking the witness whether he puts it that 35s. per week was the average wage per person employed.

Mr. Robert Smillie: Yes.

5316. *Mr. Arthur Balfour (to the Witness):* If 35s. a week was the average wage of persons employed in mines, in view of the wages paid to hewers, which we have had before us, some must have been very much lower?—Inasmuch as 35s. was an average some must have been lower and some must have been higher.

5317. Some very much higher, and some very much lower?—I should have thought so in order to arrive at the average of 35s.

5318. Do you think a percentage basis of any kind is a fair way to deal with these lower paid workers?—It is hardest for those to live who have the lowest wage. By a percentage advance the greatest increment, of course, is on the highest wage. That is, of course, on the coal hewer and the piece-men generally, so that with a view to improving the standard of living generally of the mining class I would suppose that a percentage advance was not so calculated to meet the thing desired as the granting of a fixed sum—what I would call a flat rate.

5319. In other words you really do not alter the relative position of the two, but you rather accentuate the difference between the two?—Yes.

5320. Is not that the real way in which to deal with this demand of the miners, or such part of it as is possible to meet by any increased production?—Yes, with qualifications.

5321. Will you give me the qualifications?—If a man works regularly, and is doing a fair day's work, it might be that he could do more but to the injury of his health. I am supposing a rather extreme sort of case. While I would not ask that man to produce more, if, on the other hand, that man is capable of producing more without injury to his health, certainly I would.

5322. Have we not two plain facts before us, the first being that the Eight Hours Act at first reduced production, but it afterwards increased it?—I attempted to the best of my ability to explain so far as I see it what was the effect of the Eight Hours Act, and I had hoped that I had shown the unreliability of the figures in point of output per man.

5323. I agree they are difficult to explain, but the other point was that we had in evidence last night that there are (I think the figure was 40 per cent. from memory, but I am not quite certain of that) a considerable number of men who are not

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turning out as much as they could?—I believe that. I allude to that as one of the measures of mitigation of intensity of effort, and I gave its value at 5 per cent., if I remember rightly.

5324. How can we bring that about, because it would answer the whole question?—I might put it in this way. Recognised or unrecognised, there is what Sir Henry Cuninghame used to call a man's optimum; that is to say, a coal-hewer will produce a certain quantity of coal. He will produce that whether he works 10 hours or whether he works (shall we say?) 7 hours. Therefore, he spends his energy in producing (shall we say?) 2 tons of coal or 3 tons of coal over the 10 hours. He will expend the same amount of energy, only in a shorter time, in the 7 hours, to produce the same amount. I do not know whether I make myself clear.

5325. Yes, quite clear?—I think there is a good deal in that, and therefore the reduction would not be in arithmetical proportion to the reduction of hours.

5326. Of course, of recent years there has been a combination on the side of the employer and the side of the employee, and wage questions have been settled largely by associations or combinations?—Yes.

5327. Has not that led to the standardisation of a wage for a man regardless of his individual capacity?—I would suppose, dealing with masses of men in respect of wage rates, that the effect is, with regard to a certain number of the individuals affected, precisely in the way you indicate. There are two extremes. There is the man who gets a wage, and there is a common system affecting 100 men. That mass is made up of 100 units. It may be the wage capable of being earned fully by some; it may not be the wage capable of being earned fully by others. That is inherent to all wage settlement in the mass as against settlement with the individual.

5328. So that you have the same situation as you have with the colliery where it does not pay, and another where it pays well?—Yes, quite—or perhaps not quite; I said "quite," perhaps, thoughtlessly. What is applicable to the human unit is not equally applicable to the colliery unit.

5329. It is more difficult to manage?—Yes, more difficult to manage.

5330. Mr. Smillie asked you questions about the Post Office and its service. Is it not the fact that the Postal Department of the Post Office makes a profit of between five and six million pounds a year?—I do not know.

5331. We had it in evidence?—I take it from you absolutely, but I do not know of my own knowledge.

5332. But does it not follow that the Post Office could carry letters for less than a penny?—Certainly.

5333. And it is a profiteer to that extent at the expense of the public?—Yes.

5334. And has now become one of the Chancellor of the Exchequer's means of levying taxation?—Yes, but we all benefit from it.

5335. He obtains taxes by it?—Well, the more they get from all these sources, presumably the more our income tax would be reduced, and about time it was, too.

5336. On the other hand, the more we pay the less income tax we pay and the less supertax we pay and the less death duties?—And so it goes on in a vicious circle.

5337. Is it conceivable, if the coal industry was nationalised, that one of the easiest things would be to put a shilling or half-a-crown on coal every time the Chancellor of the Exchequer wanted half a million?

Mr. Sidney Webb: He has done it.

Witness: He could play all sorts of pranks.

5338. *Mr. Arthur Balfour:* That brings me to this point. The half-a-crown on coal which was said to produce 25 millions was exactly due to political considerations. *Mr. Dickinson,* in answer to Question 151, said: "We came to the conclusion very reluctantly that in order to make this agreement as we were instructed to do by Parliament and the

pledge the Government had given with regard to self-supporting, it was absolutely essential we should put the price of coal up." In other words, if the collieries were nationalised would you not be at any time at the mercy of a Chancellor of the Exchequer who was short of money and who would be thereby extracting money from the consumer?—I presume he could do so if he wanted to.

5339. And he could turn the thing into a taxation bureau, as has been done with the Post Office?—He might. Of course, I really do not know what the Chancellor of the Exchequer would do. It is all in the womb of the future.

5340. But he suffers from political necessities?—It seems to me that everyone who enters Parliament does.

5341. That is why you would object, I take it, to the nationalisation of coal mines, because they would become the plaything of party politics?—I have not said so.

5342. But I ask you?—What are you asking me?

5343. I ask whether you think if the coal mines were nationalised they would be liable to become the playthings of party politics on the floor of the House of Commons?—I really do not know.

5344. I am going by the experience of this half-a-crown and the Post Office. Do you see neither of those experiments is sound?—It is a legitimate deduction.

5345. *Mr. Frank Hodges:* Are you aware of the agreement that is entered into between the Durham Miners' Association and the Durham Coalowners which in effect limits the working day of a hewer to 6½ hours from bank to bank?—Is that recent?

5346. No?—I was calculating on 7 hours bank to bank. Does it say bank to bank or how?

5347. That is the agreement 7 hours bank to bank.

Mr. R. W. Cooper: Hewers.

Mr. Frank Hodges: Yes, hewers.

Witness: Then I was correct in taking 7 hours.

Mr. R. W. Cooper: Yes, 7 hours bank to bank for hewers only.

Mr. Frank Hodges: What you said was that the actual hours of hewers in Northumberland was actually below a day of 8 hours in all counties.

Mr. R. W. Cooper: He said 7 hours 37 minutes for Durham. I was going to ask about that because I could not understand it.

5348. *Mr. Frank Hodges (To the Witness):* In the light of that agreement how did you come to that conclusion?—I took Northumberland at 7 hours 25 minutes and I took Durham at 7 hours and I added to both of them the 37 minutes, which is half the time in lowering and half the time in winding. That is why I asked the question just now: Was it bank to bank? I say at once that my calculation is wrong by 37 minutes.

Mr. R. W. Cooper: I thought there must be a mistake somewhere.

Witness: In answer to one of the Commissioners I promised to work out the factor for Northumberland and Durham and that you shall have in the course of to-morrow.

5349. *Mr. Frank Hodges:* If you had not had a long experience of Durham I could have understood your coming to a wrong conclusion there, but this agreement was entered into in 1890 for a bank to bank of seven hours?—Yes, I was there in Northumberland in 1890. It is a slip of memory which we are all capable of, but my calculations will be corrected to the extent of 37 minutes, and you will have it to-morrow, and I will let my evidence stand subject to that.

Mr. R. W. Cooper: I will get on the notes through *Mr. Guthrie* the official figures for Durham and Northumberland.

5350. *Mr. Frank Hodges:* Perhaps in the light of that we can get your actual revised estimate upon the notes later?—Yes. I have stated, you see, in evidence that the figures I have given to you are subject to a small correction resulting from the lessened time in Northumberland and Durham, a co-efficient which I had not worked out when I entered the witness-box, but that shall be forthcoming to-morrow.

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5351. I should like to take you to another calculation you made as regards the number of hewers in Northumberland and Durham. I notice that between them you estimate there is 138,445?—I took the figures for 1910.

5352. Yes, and the rest of the Kingdom 336,890?—Yes.

5353. Have you got any fairly reliable information to indicate that one-third of the hewers of this country are in Northumberland and Durham?—One-seventh, is it not?

5354. No.

Mr. R. W. Cooper: That is more than one-third, Sir Richard. I cannot understand that either.

Mr. Robert Smillie: Forgive me, but it is more than a third—130 against 336.

Mr. R. W. Cooper: 137 against 336. There must be a mistake.

Mr. J. T. Forgie: It is for the whole Kingdom.

Mr. Robert Smillie: Yes, for the whole Kingdom.

Witness: I quite agree there is something wrong there, but I am having the figures extracted. This was a calculation made between my arrival here at 10 o'clock this morning and entering the witness-box at half-past 10. I am having the figures got out in respect of the United Kingdom and those two quantities.

5355. *Sir Arthur Duckham:* Does it affect the times you gave, 6 hours and 7 hours?—No. All those figures were subject to a co-efficient which you may call the Northumberland and Durham co-efficient, which I was going to make out. It shall be given in evidence to-morrow.

Mr. Frank Hodges: The first five did have a direct bearing on the length of the working day. If that were the fact it would be to the advantage of the miners, because they could say more than one-third of the men are enjoying what we hope to enjoy under the arrangement.

Sir Leo Chiozza Money: I saw an important point would arise as soon as the evidence was given, and I asked for the figures, and Sir Richard has promised them.

Witness: They shall be forthcoming, but there is no doubt this fact is quite evident and certain, that the percentage of coal hewers to underground labour is higher in Northumberland and Durham than any other coalfield.

5356. *Mr. Frank Hodges:* Have you any data to help us on that?—Yes. Would you like them for characteristic collieries throughout the kingdom, because I can give them to you now?

5357. Perhaps that would take too long?—I will submit them with the statement.

5358. I asked for a tabulated statement showing the ratio of increase between hewers and the rest of the mine?—That is a ratio I can give you forthwith—the percentage hewers bear to the underground labour.

5359. May I put this proposition to you? I am sure you will be able to answer it with scientific accuracy. Is it true that the older the colliery the further the face from the pit bottom, the greater proportion of day-wage men there must be to the number of hewers employed?—Yes, as a general proposition.

5360. So that in the counties where you have the oldest collieries you would have on that generalisation a larger proportion of day-wage men to hewers?—No. You have missed out one important factor. You may remember I said in evidence in chief that you cannot compare countries with countries, nor counties with counties, nor coalfield with coalfield. You must compare like with like. I grant you in the same coalfield, where the general conditions may be supposed to be the same with every colliery, within limits, that that proposition would be true, but not comparing Northumberland with South Wales, for instance, where the conditions are entirely different. You see my point?

5361. Yes, at once. If, however, you took the figures for Durham and Northumberland, say ten years ago, and gave the proportion of hewers to day-wage men, and made the comparison in the same collieries, what do you think you would find?—Inasmuch as the collieries get older, one would suppose that the per-

centage that the hewers bore to the number of persons employed underground has decreased—that is to say, that the off-hand men have increased. That would be the natural supposition, always supposing that the field was a fully developed field, and that the collieries had grown bigger; but in a developing field it would be different, because you would always have the new collieries coming in with their faces near to the shaft.

5362. One would set off the other?—Yes, one would set off the other.

5363. If you had in a similar group of collieries a less proportion of hewers to day-wage men or a less proportion than you had two years ago, it would be unfair to calculate the output from that colliery on the total number of persons employed, with a view to showing that there had been a decrease per person employed?—Quite so.

5364. As a matter of fact, there might have been an increase per hewer employed?—Yes, I see your point; it is a good one.

5365. You said in your very interesting statement that you thought that the margin for the application of remedial measures is not now so great as it was in 1908, inasmuch as many remedial measures were adopted after the passing of the Act. What do you mean specifically by that?—I am glad you have asked that question, because it clears up what I felt perhaps I had left a little indefinite. If you read that portion of the Eight Hours Report, which, as I say, I wrote myself, we pointed out the possible use of the ventilating or upcast shaft to a greater extent than was then current; we pointed to the question of simultaneous decking, to the conveyance of the men underground by mechanical haulage, the greater introduction of mechanical means for getting and conveying coal, and so forth, and said this will mitigate the effect of the lessened hours of work and also to some extent the application of the double shift. I do not think much less has been done with regard to that; but with regard to the field covering the other remedial measures, it is only right to suppose—and I can speak from some knowledge from moving about among the different districts—that those measures have to some extent—I do not say the full extent—been adopted. Therefore, the margin becomes less. That is all I wish to convey.

5366. That would be true, I think, in fact had your remedial measures of 1908 been put into operation in the intervening years?—Quite so; that is what I mean.

5367. For example, the greatest labour-saving device—at least the device to enable the hewer to give the longest effective working time at the coal face—has not been put into operation?—And that is what?

5368. That is the mechanical haulage of the men to and from their working places?—To some extent men are being hauled into their working place, or at any rate some distance towards their working place, to a somewhat greater extent than they were in 1908, but I grant you not to anything like the full extent possible; but the margin which was X then is X minus something now.

5369. Not necessarily, if your number of hours have been increased or the distances have been increased from the pit bottom to the working place?—Quite so; but still I think you will find that X has suffered some diminution. I do consider there is considerable room there, and I pointed to that as one of the mitigating measures.

5370. As a matter of fact, during the war, when we were discussing the question of absenteeism, did not this very question come up for discussion at the Committee?—It did.

5371. And it was urged upon the Committee that there might be a set-off against absenteeism if the men who did work regularly could get to their working place quicker?—It was.

5372. It rather indicates that there has not been much done in that direction since 1908?—There has been something done, but though the margin is not so high as it was; there is still a margin.

5373. There is still a margin?—Yes, a substantial margin.

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5374. Do you think that the remedy that you suggested, the remedy which appears to my mind to be a very excellent one in every way, of using more regularly and more completely the up-cast shaft, has been adopted to any great extent since you made your original suggestion?—To some extent.

5375. To any great extent?—To some extent. I am not trying to fence with you, but I could not say offhand to what extent. Yes, I should say to some considerable extent but not exhausted. The margin is less.

5376. You said, in answer to Mr. Balfour—and this takes one rather away from the technical points—that it would be better to have a voluntary arrangement to establish unification than a compulsory arrangement, the voluntary arrangement implying, I gather, a voluntary unification between groups of colliery companies. Is that what you mean, because it sounded rather too much like a generalisation for you?—Well, you know, dealing with generalisations is dangerous. I am more happy when you deal with technical problems; but it seems to me, generalising, that there are three possible alternatives, apart from the present method, of what you may call government of collieries: one is nationalisation, which I take to be ownership and control by the State of the industry.

5377. I do not agree with your definition?—I say that is one alternative. You must grant that it is an alternative.

5378. If we use the bare word "nationalisation"?—I am only using the bare word. I am defining the word "nationalisation," for my own mental comfort, as ownership and control.

5379. By whom?—By the State. You must allow that is one form, though it may be a wrong form.

5380. Yes, that has been a form?—There is a second way: ownership by the owners in combination. Then there is a third alternative, which is ownership by the owners and the workmen of the industry; and I daresay probably you would say there was a fourth, which is what is known by the name of syndicalism, ownership of the mines by those who work them.

5381. I will not admit that, but that has been stated?—There are those four ways. I was ruling that out, but you must rule it in, because there are those four ways. I am not saying which alternative is the best at all. I am not in a position to say. It would require very long and close enquiry from my point of view to arrive at a satisfactory conclusion of that matter.

5382. Of course, a group of companies forming themselves into a trust proceeds entirely upon a voluntary arrangement, do they not?—Yes.

5383. Do you think, if such a voluntary arrangement resulted in a trust, that that would be equally dangerous to the nation?—There are so many "ifs" in that situation; it depends on the nature of the trust, and what its powers were. If it put up the price of coal to the nation to any figure it liked it might be disastrous.

5384. I suppose it would endeavour to do what all trusts have hitherto done, that is, to exploit the consumer to the greatest possible degree?—Yes, but you could introduce safeguards which could make a trust of a different kind.

5385. It would not go along classical lines, I am afraid, if it was hampered by legislation in its operations?—It would be different from some trusts we have heard of.

5386. Coming back to the question of control, you rather suggested that there were committees in being, called Safety Committees, but that was afterwards modified?—What I really had in mind then was the joint pit committees, which are composed of management and men, an offshoot of the absentee committees, a development of the absentee committees dealing with questions affecting employees at the mine generally. Those cannot be designated as safety committees altogether, but they would naturally deal with safety questions as well as other questions, and might be made into safety committees.

5387. One of your divisional inspectors, I think it was Mr. Walker, in his report a year ago, if I remember rightly, indicated that, owing to the increase

in the number of fatal accidents and casualties at the collieries, there should be set up safety committees?—Yes.

5388. None have been set up as a matter of fact?—No, but the matter is receiving the consideration of the Home Office. Unfortunately, for the last two years and a few odd months I have been away from the Home Office. Perhaps it is fortunate for the sake of the Home Office because my colleague, Mr. Walker, is there; but I mean unfortunate in respect of my not being able to give you information on those points. Mr. Walker is here and could give you information on those points, but I am a little out of date as to what is going on at the Home Office except what I derive from conversations I have had with Mr. Walker, and he informs me that the Home Office is seriously considering this report.

5389. What would you say to a colliery company or an association of colliery companies which said to a trade union which was making application for the setting up of pit committees which have for their object the increase in the output of coal as well as safety—what would you say if that association of colliery companies rejected the proposal on the ground that that would be an interference with the management?—Well, I might say a good deal.

5390. It is a fact, I assure you?—I think it is a pity, that is all. I think the closer the relations between the management and the men on all questions affecting the control of the government and management of collieries, the better.

5391. You think that the workmen ought to have a share in the control of a colliery?—"Control" is such a wide term; I should want to know what is meant by that. The function of a manager is to manage, of necessity, and I would not do anything to lessen the responsibility of the manager, because I think danger lies in that direction.

5392. What is the function of the workmen—not merely to work?—It is the function of all of us to work.

5393. Yes, with some degree of responsibility and interest in one's work?—Certainly, I quite agree.

5394. What hope can a workman have when he puts forward suggestions that he shall have some sort of responsibility in the work he is undertaking, that he should share some of the responsibility, and should have some form of direction, and then he is turned down by his employers, who say to him, "Every step you take in that direction you interfere with management, and, therefore, you cannot be allowed to do it"?—I suppose on the principle that too many cooks spoil the broth.

5395. No, presumably on the principle that the workman has no right to do other than exercise physical energy and expend it?—I think any means that lead to a workman taking an intelligent interest in his work, the better. It is very hard for me to give any other sort of answer than that.

5396. You are aware that in the proposals of the Miners' Federation for Great Britain for nationalisation they do not mean, and have not stated, that they are merely anxious for the mines to be nationalised. They have stated that the control should be jointly shared between the men engaged in the industry and the nation, and not merely the men engaged in the technical side?—I see what you mean now. I would sympathise with that.

5397. Do you suggest that that was more likely to lead to good administration, rather than if it were governed by a bureaucratic Minister here in London?—They cannot do it; and if the Government are going to take over the mines and administer them from Westminster, I devoutly hope they will not ask me to manage the mines, because I cannot do it. To manage the mines effectively, it must be done locally.

5398. Does the Federation's proposal for nationalisation, with joint control between the technical and manual workers in the industry, strike you with such terror as nationalisation itself would?—What do you mean?

5399. I mean to say you have been particularly anxious to indicate that a voluntary arrangement

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between employers for the purpose of unification is better than a compulsory arrangement?—If I were Dictator—which, I say again, thank God I am not—and had the ordering of the industry, I should very likely make some ghastly error, but my ghastly error would probably take this form: I would ask the owners to combine all their interests. I would devise a plan whereby, over and above the payment of their weekly wage, the workmen could automatically come to have an interest in the concern.

5400. In short, a profit-sharing interest?—Sharing their interests. Their interest-sharing should go in the form of purchasing an interest in the concern, and that they should have the appointment of a certain number of directors. That is the sort of scheme, but it is very vague. Of course, we are talking very generally just now: we are not coming quite down to brass tacks.

5401. As a matter of fact, I think we are. You will pardon my pressing you rather on this point. I feel sure you do not wish to misunderstand the Federation plan for nationalisation?—No. If I am misunderstanding it, it is an honest misunderstanding: I am not trying to get out of answering any questions.

5402. I would like to convince you that all you have said about unification, the elimination of waste, the removal of barriers, the nationalisation of small coal—those technical features of the industry are fully appreciated by the Miners' Federation?—I am glad to hear it.

5403. But when it is suggested that we want that unification exercised first in nationalising ownership, it is not suggested that it should be left there. Do you not think that, if the minds of the workmen engaged in the industry, plus the minds of the technical men in the industry, concentrated upon making the industry the most scientific industry, or the most economical industry, that would be better for the industry in the long run, judged from your scientific point of view, than if it were left to voluntary effort, which might lead to trustification?—What are you going to do with the poor coal-owners?

5404. Whom do you describe as the coal-owners? They are only trustees for shareholders?—What are you going to do with the existing shareholders?

5405. As you put that question to me, I should provide for his removal from the industry?—And replace him by the workman?

5406. I think the workman is certainly more entitled to be interested than the shareholder, and is more entitled to take a responsible share in it than the shareholder, is he not?—Then the workman becomes a shareholder?

5407. Certainly?—That is out of the frying pan into the fire. I should like to think it over a little more. I have not perhaps thoroughly grasped these refinements. It seems to me it is a distinction without a difference.

5408. Are they refinements?—I do not want you to be evasive on this point. What I am anxious to learn from you is whether you think that everybody, both technical and manual workers engaged in the industry, concentrated upon making the industry arrive at the pinnacle of economy—that that would be the line to go on rather than to remove the workman from any responsibility in the industry?—Of course, it is all governed by a very big "if." If the workmen combined with the management to effect all these desiderata, would it be a good thing? Of course it would. It would equally be a good thing if they would do so now.

5409. That is the sort of alliance which, as I have indicated to you before, we do not regard as practical or desirable?—I should like to spend a day with you talking it over with you in detail. It is a very big subject.

5410. Mr. Herbert Smith: Not before the 20th?—Certainly, after the 20th.

5411. Mr. R. W. Cooper: I gather from the line of your answers that you do not quite see your way to transfer to the State for nothing the ownership of these shareholders?—I am not out to rob anybody.

5412. I suppose you would agree with me that there would be no justice at all in penalising the shareholders?—I do not see that they have done any harm, poor things!

5413. Now with regard to what you have said about the desirability of co-operation. Of course it is perfectly obvious that it is most desirable, but I suppose one of the obstacles to co-operation is human nature, the character of men, the character of the individual?—Mr. Squeers remarked that human nature was a "rum 'un."

5414. I gather that your suggestion to this Commission appears to be in effect that there ought to be a compulsory acquisition by the State of the royalties, but that the colliery-owning interest by colliery owners, I mean the persons who are the lessees, and the takers of the royalties, that they should be left to combine voluntarily?—I have hardly said either one or the other. I have endeavoured to indicate the advantages that would accrue from the State ownership of the royalties, and I have endeavoured to point out what would be the advantages of combination, of collective production.

5415. By voluntary combination?—Without stating how that was to be brought about, because really, as I said to Mr. Hodges, this is such a huge matter, and one must preserve an open mind on it. One would like to weigh all the pros and cons to a far greater extent than one has already done.

5416. Now on the question of the ownership of royalties, it is a fact, is it not, that the Crown is the owner of certain royalties already?—Yes.

5417. How does the Crown deal with those coal-fields now?—Are you speaking of the Ecclesiastical Commissioners?

5418. No, the Crown?—The Crown royalties I presume it deals with them very much, though on a larger scale, as would a private individual on a smaller scale.

5419. Does not the Crown actually lease its coal exactly the same as a private individual?—Yes. The main point which I had in mind was this, that since one has been at the Coal Control one has been brought up face to face with difficulties that have occurred as between private royalty owners declining to or putting obstructions in the way of the working of their minerals, and that where the royalty is State-owned that difficulty would not exist.

5420. Now let me ask you a question on that. Have you had any personal experience of dealing with the Crown?—I am a servant of the Crown.

5421. I mean have you ever negotiated with the Crown?—No, only for my salary, and I found them uncommonly stiff—the Treasury to wit.

5422. In Northumberland, of course, as you probably know, there is a considerable area of submarine coal which belongs to the Crown?—Yes.

5423. There are several collieries there which work submarine coal?—Yes.

5424. For which they pay a dead rent and a tonnage rent?—Yes.

5425. And in their leases there are provisions for the leaving of barriers?—Yes.

5426. They are insisted upon by the Crown?—Yes.

5427. You probably know that the Crown, in addition to being the owners of submarine coal by virtue of being the owners of the foreshore and bed of the sea, also own the coal under tidal and navigable rivers?—Yes; that comes under the Woods and Forests.

5428. That is particularly the case in the Weir and the Tyne?—Yes.

5429. You would probably know that the Crown are also the owners of the foreshore adjacent to the river bank in a river like the Tyne?—Yes, a tidal river.

5430. Supposing you had a coal staith on the river Tyne, and you desire to extend that staith further into deep water, you would have to negotiate with the Crown?—Yes, I presume you would.

5431. And the land that you would occupy would be present land covered with water?—Yes.

5432. You would simply extend your quay further into the river?—Yes.

5433. The accommodation to that coal staith in getting deeper water access, of course, is obvious?—Yes.

5434. Do you suppose that the Crown would allow that liberty of extending that staith into the river for nothing?—I apprehend you have had difficulties with them?

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5435. I have.—I thought you were coming to that.

5436. *Mr. R. H. Tawney*: Do you think the Crown ought to dispose of public rights for nothing?—No. Mr. Cooper has evidently been trying to get something out of the Crown, but has not got it.

5437. *Mr. R. W. Cooper*: On the contrary I did, but at a very heavy price.—But that was not the sort of case I had in mind.

5438. What was the sort of difficulty you had in mind?—Without mentioning names, I will give you three cases—one in South Wales.

5439. Ah, South Wales!—I am going all over the country—in South Wales, and that was a coalfield. They were working all round this area, but there was an area like that little box in the middle (*Illustrating*), and they wanted that. "Oh," said the owner of this, "you certainly shall not have it."

5440. The owner of the part surrounded by the rest?—The internal part.—"You shall not have it." I said, "Why will you not let them have that? It will be lost for ever." He said, "I do not care if it is lost for ever; you shall not have it."

5441. Was he sane?—Quite sane; but he said, "These people once did me a shot in the eye some years ago,"—that is how he expressed it—"and I am not going to let them have that coal." Now the State would not say that.

5442. Because they could never have been given a shot in the eye?—Certainly.

5443. Is not that an exceptional case?—Yes, that is an exceptional case. I am now going to give you another. There was a dear old gentleman in the Midlands who was a strong-minded Roman Catholic, and everybody wanted him to let his coal. The representative of a very large colliery firm came to me and said: "We want to work all that coal, but Mr. So-and-so will not let us his coal. His solicitors are agreeable to it; his wife is agreeable to it; he has lost his sons in the war; he has no interest in life; but he will not let that coal." "Why will he not let that coal?" "Well, Charles I. once resided in a house there, and he regards Charles I. as a saint, and he is not going to have the house in which Charles I. rested his head let down."

5444. Supposing you had been a devotee of Charles I. I am not suggesting that you are?—No.

5445. Or supposing the head of the State were a great admirer of Charles I. and thought that his person was sacred?—They did not.

5446. They did not then, but they might now?—They do not, as a matter of fact. Anyway, that coal would have been available.

5447. Is not that again a very exceptional case?—Yes, but every mickle makes a muckle.

5448. It would take many mickles to make a muckle of that description?—These all happened within three months of each other. Now I am going to give you a third case.

5449. Before you do that, what was the area of coal in the last case where the old gentleman was afraid to have the historic mansion let down?—Some hundreds of acres. The first was 26 acres; the next some hundreds; but I am now going to give you one where it is a case of 1,500 or 2,000 acres. I am taking them in an ascending ratio. This is round about Sheffield. There happened to be a large number of property owners—I hesitate to say how many.

5450. A large number of small freeholders?—Yes—and they owned the mineral rights. Some can be traced, some cannot. A company was desirous of working that coal; it had a very fine long wall face advancing in the direction of Sheffield. They came to me and said "What can we do? Some of these freeholders are agreeable; some are not agreeable, and some cannot be traced." Well, we applied 9 G.G.G. of D.O.R.A., and they are working it. But she is defunct, and if a similar case arises again we cannot do anything. The State would say "Go ahead." There you have three different cases that occur to me on the spur of the moment. If I thought over it, I could find more.

5451. You think cases of that sort are a sufficient justification for the change of ownership?—No; the broad principle is, it seems to me, that the ownership

of the internal parts of the earth should not be vested in the individual who did not put the stuff there and did nothing to it, but in the State, as in all new countries, self-governing Dominions and so on, I believe it is.

5452. In Australia do you not know that there are large tracts of coal belonging to individuals?—I was thinking more of Natal.

5453. Turn your mind to Australia and New Zealand. You have heard of the Maitland coalfield?—Yes.

5454. Is that not a famous coalfield?—It is.

5455. Is not the coal there owned by private individuals and leased?—I believe it is; but much better in the hands of the State.

5456. Are not the Australians fairly advanced?—They are not backward.

5457. Have they not, as regards wayleaves, very extensive powers for bringing about the construction of railways free from all wayleave rents?—I have kept off wayleaves. I should like to deal with the subject of wayleaves, because that strengthens my argument. Those do really prevent development very greatly.

5458. I am not prepared to dispute that?—We will concentrate on royalties for the moment. I have put forward three cases where the nation suffered owing to the fact of the royalties being in private ownership.

5459. What do you mean by saying the nation suffered?—The coal could not be worked.

5460. Not immediately; but when could it be worked, supposing it had been settled at once?—Now.

5461. Could they have gone into the coal at once and worked the coal?—Yes, now, at once.

5462. Is it altogether wise to exhaust our coal supply too rapidly?—No; but what I thought I made clear was that unless it is worked now it would be lost for ever. For instance, in the first case it would not have paid to sink a shaft over 1,000 yards deep to work 26 acres of coal. In the second case, it could be got at and worked as a separate concern, and in that case, I grant you, it would be deferred until the old gentleman became deceased. In the third case, it might have been worked by sinking a shaft in Sheffield, greatly to the discomfort of everybody in the neighbourhood.

5463. Was there no adjacent royalty in the third case, by means of which the coal could have been worked?—No.

5464. Or was the difficulty that there were a number of small ownerships?—A number of small ownerships, and the face was advancing; and if it was not got from that particular colliery the probability is it would be lost in perpetuity.

5465. Your suggestion is that the State should buy out the royalty owner?—I am simply pointing to the advantages and disadvantages: I take it it is not for me to make any suggestions really. I have pointed to the advantages of State ownership as against private ownership.

5466. Now the Coal Conservation Committee no doubt reported on matters such as barriers and leaving small coal underground, but they also reported on other matters which at present tend to a waste of coal, did they not?—Yes.

5467. For example, they reported on the question of leaving coal for the support of railways?—Yes. That is the Howley Park case.

5468. There was a very large quantity supposed to be involved in what is called the Howley Park case?—There was.

5469. I would just ask you a question or two about Northumberland and Durham. You referred to the scheme there of providing houses for the miners?—Yes.

5470. Are the houses occupied by the miners rent free?—Yes.

5471. And all local rates and taxes paid by the owners?—Yes.

5472. I think, in addition to that, the men who occupy these houses receive a periodical allowance of coal?—Yes—usually a load once a fortnight in

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winter and once in three weeks in summer. I think that is a fairly general rule. They pay 6d. a ton for leading it.

5473. That is about 15 cwt., is it not?—It is a heaped cart. It varies, of course.

5474. Your times are right, I think—once a fortnight in winter and once in three weeks in summer. With regard to what you have said about infantile mortality, I must say I am concerned to hear it?—You will remember the figures were put to me, by Mr. Smillie. I said I was unaware of them, but I said I would accept the figures because I was perfectly certain he was not putting before me figures he was not sure of himself.

5475. In Northumberland and Durham and in other places as well, are not the miners an exceedingly hardy race?—Yes. But that is a two-edged argument.

5476. It is a fact. We need not bother about the argument?—I say yes. You know that it is a singularly hard calling, and that naturally the weak do not go into the mine.

5477. In Northumberland and Durham is there not a constant succession of families going into the mine?—Once a miner always a miner.

5478. Do not the children at the age of 14 go into the mine?—Yes, in the majority of cases.

5479. So far as you know, there is no unwillingness on the part of those youngsters to go into the mine?—No.

5480. I never heard of any?—No.

5481. Now with regard to wages: let me take the Durham wages; you spoke of a figure which is called the county average wage, and you describe, so far as my knowledge goes, quite correctly the regulation by which that county wage may be made by either party a sort of datum?—Yes.

5482. Speaking for the moment of the hewers' county wage, do you know what the actual average for hewers is at the present time for Durham as compared with the county average?—No, I could not say.

5483. I suppose there is no obligation on the part of either one party or the other to put the rule into force?—No; I made it clear that it was purely optional. I used the word "may," I think.

5484. Yes, you did. I want to understand this question of the hours. Mr. Smillie asked you whether the transport workers were not able to get or practically had not obtained 44 hours a week?—Yes, he did.

5485. How does that compare with 7 hours bank to bank? I want this for my own information?—Do you mean in point of weekly hours?

5486. Yes. Take Northumberland and Durham, if you do not mind?—As you know, you must reckon on a fortnight in Northumberland and Durham, because it is 11 days a fortnight. Now 11 times 7 are 77, and half 77 would be 38½. I am taking 7 hours bank to bank.

5487. So am I. Supposing you translated that 44 hours a week into a daily bank to bank rate number of hours, what would that work out at?—Working how many hours a week?

5488. Working 11 days in a fortnight, which, of course, is the maximum?—That would be 88 hours in a fortnight, 44 hours a week. You want me to translate the 44 hours per week into a day shift—44 divided by 6.

5489. No, by 5½?—You are quite right. I think you can do the calculation as quickly as I can.

5490. That is practically 8 hours bank to bank?—Yes.

5491. *Mr. Herbert Smith*: Taking the last question, do not transport workers work 12 days a fortnight?—You must not ask me anything about transport workers: it would be outside my purview.

5492. You may take it from me that they do work 12 days a fortnight?—Yes.

Sir Arthur Duckham: It is 28 hrs.

5493. *Mr. Herbert Smith*: While Northumberland and Durham may have worked 5½ hours, others are working 6 hours?—What you mean is 88 hours a fortnight, and twice 6 is 12, and 12 into 88 goes 7½.

5494. When you were giving your evidence I somewhat questioned how you arrived at a reduction of 20 minutes when the 8 hours was reduced; will you tell us how you got at it?—You have a copy of my proof before you, and you will see that the calculation must of necessity be what I put there. In some districts the hours were very long, and were considerably shortened by the Eight Hours Act. In other districts they were not so long, and in some districts, as for instance, Northumberland and Durham, they were considerably less. The total, taking the average over the United Kingdom of all classes of workers underground, works out, as I make it, a diminution to the extent of 26 minutes.

5495. You are including Northumberland and Durham in that calculation?—Yes.

5496. You would not call Yorkshire a particularly long-hour county, would you?—No.

5497. In reply to a question that Mr. Balfour put with regard to developing, did I understand you to say that they had been working the best part of the coal to get big outputs, and leaving the worst parts in?—Yes, that was a generalisation, and I stated that the Coal Mining Organisation Committee endeavoured to bring about that temporary state of affairs with a view to meet the greatly decreased output of coal owing to the number of men who had gone into the Army.

5498. Have you any figures to prove it, because I very much question it from practical experience?—I do not think you can prove it by figures. You can only prove it by observation.

5499. When you say "by observation," I am going to submit to you that observation will not reveal facts like that?—It is a question of opinion largely.

5500. Your opinion and mine differs?—It does sometimes, but remarkably rarely.

5501. On this point I mean. I want to submit to you that, generally speaking, coal-owners have been working the worst part of the mine while they have been controlled?—Well, I do not think so, speaking generally, but still, as I say, opinions differ.

5502. On the question of absenteeism, do I understand that you take the actual number of days that a mine is open, some counties working 6 days a week and some 5½?—Yes.

5503. So that a 5-day-a-week county would have 16 per cent. and that would not be counted as a play day?—Absenteeism is worst in Yorkshire and North Staffordshire; but, as you once instanced to me, and I think very properly, if I may say so with respect, Yorkshire is 12 days a fortnight, so that the high absenteeism must be read in the light of that fact. You might have a 10 days a fortnight pit with a lower rate of absenteeism in it, and yet the men would attend more days in the district where they are working the greater number of days than he would in the district where they are working the shorter number of days.

5504. Could you give us roughly the percentage of the collieries that have adopted the riding in?—It would take some considerable time to do that.

5505. Do you think there is 1 per cent.?—I would not like to bind myself to a figure.

5506. Can you give us the number of collieries since the 8 hours have come into operation which have adopted simultaneous decking?—That also I should have to collect. I could not give you the number of collieries, but it is not very great.

5507. You will agree that a large number do not?—Yes, the vast majority do not; some for very good reasons.

5508. And some for no reason at all except that they will not adapt themselves to circumstances?—That is their reason presumably.

5509. It is not a very good reason, is it?—I would not like to judge any case till I had all the factors before me, but I think there is a margin of recovery there.

5510. You rather emphasised the point that working double shifts led to more safety. Have you any figures to prove that?—No, I think it is an obvious fact.

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5511. It would be worth getting the figures out, would it not?—I see what you mean; to take a district which had worked a single shift, and then worked a double shift?

5512. Yes?—That would be a very interesting comparison to take, but there are not many cases where one can take it, because the figures have not probably been kept; but I grant you it is a distinctly good point.

5513. Prior to the war railway companies always stocked coal?—Yes.

5514. They made it a policy to stock coal?—Yes, quite so.

5515. Can you give us any idea of the amount of depreciation that takes place in stocking coal?—I did go into that at one time, and it varies so greatly in respect of the class of coal and the climatic conditions that it is very difficult to institute comparisons.

5516. You do know that we have some large collieries in Yorkshire where they do adopt a policy of stocking coal?—I know one in particular, that you know, which stocks thousands of tons of house coal, gas coal and manufacturing coal.

5517. I noticed in your report on the eight-hours day you drew this comparison, that when the hours are less the miners are healthier?—Rather the converse—where the hours are longer the miners are less healthy.

5518. There is a tremendous lot of men who, as soon as they get over 50, are past work through asthma and other chronic complaints?—I cannot honestly say that mining is an unhealthy occupation.

5519. I was going to ask you if you have any figures as to how soon they are knocked out by these complaints?—No.

5520. *Mr. R. H. Tawney*: Mr. Smith's point is that the working life of a miner is a short one. Do you know the census figures for 1911? If you take agricultural labourers, the proportion between 20 and 45 is 42; if you take all occupied males, the proportion between 20 and 45 is 58; if you take miners, it is 69.3?—Coalminers?

5521. No, miners at the face; it is 69.3. The figures suggest the same conclusion as Mr. Smith was indicating?—No, not necessarily. They are very interesting figures, and they are new to me. At least, I suppose I have seen them and have forgotten them, because so many figures pass through one's head; but Mr. Smith was speaking on health. Those figures would be affected, would they not, from the point of view of health plus accident. Accidents tend to shorten life.

5522. That is quite true, but what they say is miners are an abnormally young class compared with other occupied males?—Yes.

5523. Therefore, if their condition of health is above the average, no conclusion can be drawn from that fact without allowing for the fact that they are at an unusually healthy age; that is Mr. Smith's point?—Yes, I see your point.

Mr. Evan Williams: What figures are those?

Mr. R. H. Tawney: The Census of 1911.

5524. *Mr. Herbert Smith*: These things do not ordinarily come under your notice. I suggest they come under the notice of those attending mining villages who see the incapacity at a very early age through sickness?—Health and safety in the mine, but not out of the mine, is what the chief inspector is concerned with.

5525. I was simply trying to direct your mind to the occupation in the mine. There may be unhealthy conditions, as Mr. Smillie was saying, and he put questions to me to bring out that fact outside the mine which affect the individual, but what I wish to say is, in comparison with certain other industries, I cannot truthfully say that mining is unhealthy. It is dangerous, but I could not say truthfully it is an unhealthy occupation.

5526. Will you agree that, as a class, as Mr. Tawney puts it, they are a young class?—Yes.

5527. That would be rather backing up George Blake Walker's statement, would it not?—I do not know what his statement was.

5528. I thought I read it to you?—Yes, you did; I beg your pardon.

5529. That the pit ponies in Doncaster district had to be withdrawn owing to the effect upon them and mechanical appliances introduced?—Yes.

5530. It would affect the men equally as much?—You know as well as I do that if there is a condition of mine which renders it necessary to withdraw the pit ponies on account of health, there is something that wants looking into at the mine, and very much so. I would like to know a good deal more about that case. I cannot imagine the case where those pit ponies were working.

5531. I am not preventing you, nor your staff, from going and getting to know, but the point I want to make to you is this—the miner has a very short career in that coal pit, owing to the atmospheric conditions; he is done with at 50 years of age?—I cannot say that the atmospheric condition in the mines of this country, taking them as a whole, is bad. The atmospheric conditions of this room last night, I should say, were considerably worse in point of carbon dioxide than that of many a mine.

5532. If you would let me stay in this room I would have it like it was last night rather than any mine I have ever been down; that is talking practically?—It is a question of percentage of carbon dioxide.

5533. However, I want to put it to you, is not the tendency to fetch more out of men the deeper they get down? These men practically work nude?—I beg your pardon. You are not on questions of humidity and heat?

5534. Yes.—Those vary very considerably, and there is no doubt about it in a humid atmosphere a man cannot do anything like the amount of work he can in a dry atmosphere.

5535. Have you any doubt about this statement of George Blake Walker's? If you have, we might have him here. It was not an after-dinner speech, you know; it was before he had his dinner?—You know as well as I do that a thing like that that you read out the other day is something quite extraordinary.

5536. It is extraordinary, but it is true, and I thought you people would know?—Being true, it renders it the more extraordinary.

5537. I want to submit to you that you should get some reports from Doncaster as to the conditions?—A point like that must be looked into, I quite agree.

5538. *Mr. Robert Smillie*: Do you deny the statement I put to you by Mr. Knowles when he said that the ponies could not live. He made that statement at the annual meeting of the shareholders?—I noticed you read that out, but it might be that the going was so bad.

5539. It was the air—the depth of the pit?—It should not be.

5540. *Sir Arthur Duckham*: It need not be?—It certainly need not be.

5541. *Mr. Robert Smillie*: Whose duty was it to put it right? It appeared publicly in the newspaper; I read it myself?—The mine should be inspected and a report produced upon it; probably that has been done, for all I know.

5542. *Mr. Smith*: Of course, this statement has been on record since September, 1918?—I have been away from the Home Office for the last two years, but I have no doubt it has been looked into.

5543. Now come to the question of what the owners would do under nationalisation. We need not talk about patriotism. If the mines were nationalised equally as much as you would expect the workman to adapt himself to it you would expect the owner to adapt himself to it; he would be called upon to play his part?—Yes.

5544. With regard to the work in the pits, do not you think that under nationalisation you would get what are called now doubtful mines worked along with good mines—or would you let them be privately owned until all the good mines were worked, and then nationalise them?—I have made it clear that by a system of collective production you would be able to work the good, bad and indifferent at the same time.

5545. You would not be able to compel them with private enterprise, would you?—No.

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5546. But under nationalisation you would naturally expect they would look forward to it for the

purpose of benefiting the country?—On a system of collective production I prefer to call it.

(Adjourned for a short time.)

5547. I was just going to ask you, when we adjourned, whether the theory had been accepted that when you gave an advance to miners they attended work more irregularly?—I think that it was brought forward at the time the Eight Hour Committee was sitting, and we investigated that before the Coal Mining Organisation Committee. Facts and figures were quoted to show that behind every extensive advance of wages there followed an increase in absenteeism. I instanced that fact, and then showed that that was not true in so far, at any rate, as regards recent events, though I think it is true, to some extent, historically.

5548. One is rather surprised to hear that you have not made up your mind on nationalisation?—But I have not made up my mind on hundreds of things.

5549. You know there was a Bill before Parliament in 1912?—Yes.

5550. Have not you given any consideration to that, as to its practicability?—Yes.

5551. And its adoption, or otherwise?—Yes.

5552. What has been your summing up on that?—Still a state of mental semi-chaos.

5553. It is because you have been brought up in a certain school, and do not like to come out of that school?—I never was at school in my life.

5554. I meant a school of thought?—It is personal to myself.

5555. You were reared under private enterprise?—We all were.

5556. And you rather have a liking for that, although now you are a Nationalist yourself as a public servant?—No, I would not say that. I try to approach everything in an unbiassed way, and I try to preserve an open mind, and I am quite open to conviction.

5557. Can you tell us what makes you doubt the practicability of that Bill?—What do you mean by nationalisation?

5558. Nationalisation of the mines by the State, and joint-control between workmen and State, as Mr. Hodges pointed out to you?—Mr. Hodges did not point that out. Mr. Hodges pointed out something quite different from nationalisation. Mr. Hodges, as I understood him, rightly or wrongly, was working on the lines of, so-called, Syndicalism—ownership of the mines by the miners.

5559. Mr. Hodges: No, Sir Richard?—I may be entirely wrong.

5560. If that is still your view, the whole purpose of my cross-examination is thrown away absolutely.

5561. Mr. Robert Smillie: He has told you quite frankly "I am not a Syndicalist," and he has told you that only a very small percentage of the miners are?—Perhaps I used the wrong term; Mr. Hodges will forgive me if that is the case. What I understood him to mean was this. You objected to my definition of nationalisation, and you submitted one of your own, which I understood to be this: the co-operation on the part of the workers with the management, with a view to securing certain benefits which we all have at heart.

5562. Mr. Hodges: Yes, with the mining industry as a whole as State property?—I beg your pardon. I did not understand you that way; yes, I see. With that correction, Mr. Smith, I am prepared to answer your question: What is my objection to nationalisation, if I have any. Defining "Nationalisation" in the manner defined by Mr. Hodges, I say I am, like everybody else, desirous of learning and hearing all sides. As my mind at present stands, I look at it from this point of view, that there is, unfortunately, ingrained in human nature an attribute which is known by the name of "selfishness." It does not matter who we are, we are all possessed of this attribute.

5563. Is not it time—that we eliminated that?

5564. Yes?—But it is not the age of miracles; it is a slow process. Until that is eradicated from human nature, enterprise, effort, and initiative will be forthcoming to the greatest extent where there is a prize. We so acknowledge that in our educational system that we offer prizes. The whole spirit of progress is through emulation, and if you do away with that, you do away with effort.

5565. Mr. Sidney Webb: But you do not give the children a share in the profits?—You give them the whole prize, if they get it.

5566. Mr. Robert Smillie: Let us try and get an answer to the question; do not make a long story of it. You can say Yes or No: you are either against State ownership of the mines, or you are in favour of it?—I do not favour, as far as I can see at present, State ownership, though I am strongly in favour of collective production.

5567. Mr. Herbert Smith: We may be transformed to a worse position than we are now in with collective production?—Quite; you might, unless provided with certain safeguards.

5568. Take the example of the Standard Oil Company?—I would not take that.

5569. We should get worse off than we are now, but we may take it from you that at present you are opposed to nationalisation?—I preserve an open mind.

5570. Mr. R. H. Tawney: I do not think you quite said that. You were in favour of the nationalisation of certain mineral rights?—Quite.

5571. Mr. Herbert Smith: Following on that, you said you could not manage mines from London. You would not like to undertake that work. Does not that rather prove that there is not as much in that Clause in the Mines Act, that managers are responsible for the safety as you can make them out? The difficulty is to put the blame on the right person when a colliery accident takes place. The Manager says, "It is not me; it is the under-manager." The under-manager says, "It is not me; it is the deputy." The deputy says, "It is not me; it is somebody else." Ought not there to be a State paid servant, so that we should have more security and safety of inspection?—I think you must make the manager responsible for the appointment of his under-officials, otherwise I think you strike at the very root of safety and proper control in the mines.

5572. So you do not favour State appointment of deputies?—I do not think you could have dual control in a mine—an official in the mine responsible to somebody outside the mine. I can understand your having the deputies State officials if the mine were a State-owned concern, but I cannot understand your advocating State deputies in an enterprise which is not a State enterprise.

5573. Of course, you find that in many ways?—No.

5574. Recently there has been an Act of Parliament with regard to compensation. The Government manages it, but the colliery company pays for the doctor?—I think that is a very different pair of shoes altogether.

5575. I want to put it to you that what we get now, as inspections of mines, are simply samples and not inspections; it is impossible to do it?—It is a question of degree entirely. I grant you it is not possible with the existing staff to continuously inspect every part of a mine—certainly not.

5576. With regard to this Joint-Safety Committee, is this a new idea that has come up?—It has been thought about at the Home Office.

5577. You heard what Mr. Hodges said, that the owners have fought every time every attempt to interfere with their management, or even every attempt to make suggestions as to safety?—I heard what Mr. Hodges said.

5578. You said if there was going to be any reduction in hours you would adopt it in stages. Will

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you tell us what is in your mind—because you must keep in mind that hours have been reduced in nearly all industries, and that the mining industry ought to have consideration equally as any other?—What I said was this, that with a view to rendering the effect of the shortening of the hours less drastic on the output as tending to reduce output, that it should be adopted by stages, and not at one fell swoop, because it would allow of the mitigating influences that I have mentioned coming into operation, and so rendering the immediate effect of the adoption of shorter hours less severe.

5579. Have you worked out the idea in what steps you would take it?—No, I take it that if any such idea found favour with the Commission it would be a matter for the Commission to work out.

5580. In reply to a question put to you from the other side I understood you to say that the men were not getting out the amount of coal that they might?—What I said was this, I think, that in some cases the men were producing all with due regard to health and safety that they should and could produce and in other cases they were not.

5581. This is rather interesting. Five letters came this morning from Yorkshire representing over 15,000 men and they say there is no attempt made by colliery companies to get traffic away from them and supply them with empty trucks; these came this morning?—A better service of tubs to the miners at work is a very important mitigating circumstance. I am very glad Mr. Smith has brought that out, Sir, because that is a point which has often been present to one's mind, and it is a very important point.

5582. *Mr. Robert Smillie*: It does mean really more than this Commission. It means that at the present time the nation is practically starving for coal, and here are letters to Mr. Herbert Smith from Yorkshire saying that the men cannot get coal taken away?—A very important point.

5583. *Mr. Herbert Smith*: They say there is no attempt made to supply them. Does your statement apply to the men that some men are not doing their duty?—Well, men vary. Some men work hard; some men do not work hard, that is all.

5584. Yes, I know, but what I want to get at is this: Is it a large proportion of men that you talk about that do not do their duty; and, if so, to what extent?—I think there is a considerable margin to be recovered in that respect; it is only an opinion.

5585. You do know particularly well, I expect, now that miners are somewhat agitating to abolish piece-work?—So I heard you say yesterday.

5586. Because of wages that are being given are fictitious wages and they would not work for anything like the wages put down there if they were earned by day?—Yes.

5587. Is not this rather pointing to it that if the owners are not playing up and you say the men are not playing up, or a fair number are not playing up, there is room for enquiry into that to see whether it is correct or not, because all this will bear investigation?—Quite. I am all for investigation.

5588. *Mr. Evan Williams*: I will try and confine myself to simple questions and keep somewhere nearer the point?—Thank you.

5589. With regard to the time authorised for raising and lowering men, is it within your knowledge that the whole of the time authorised is occupied in the actual operation of lowering or raising?—The whole of the time authorised as winding times?

5590. Yes?—I take it so.

5591. You think it is?—Well, within reasonable measure. There is a margin allowed by the inspector for safety, of course, so that it may not be unduly hurried.

5592. As a matter of fact is it within your knowledge or not that far more men are put down during the second half of the authorised time than during the first half?—You mean they congregate.

5593. Yes?—Yes, I daresay. It probably is true that the winding is quicker towards the end than it is at the beginning.

5594. And quicker at the beginning of the raising time than towards the end of the raising time?—I should say that was a reasonable surmise.

5595. It is natural?—It would be in my opinion. I would be out there to the minute.

5596. So that would rather tend to reduce the average of 37 minutes that you spoke of?—Yes, but for practical purposes I put no value on that. It is no good taking a factor into consideration unless there is a reasonable chance of getting it.

5597. Unless you know there is anything in it?—Or a reasonable chance of making it good.

5598. In the time occupied that takes meal time is taken, is not it?—Yes.

5599. Have you any idea what length of time is taken on the average?—No. We made, as you know, estimates, and so forth, from returns sent in to us at the Eight Hours Committee, but you know just as well as I do that a miner takes his "bait" as they call it, as and when he can get it. Mr. Smith just instanced a case of slackness in supplying pit tubs to the workers. When the hewer is waiting for pit tubs he will very likely have his "snap or bait," or whatever it may be locally termed, so that cannot be regarded as a deduction which can be made good for getting of coal.

5600. Whenever he takes it he does take time to eat his food; he cannot eat his food and work at the same time?—But if there is no tub for him to fill there is no loss of time if he eats his food.

5601. But it is an equal reduction off the shorter time as off the longer time?—It is the same in both cases.

5602. So the net effective time worked is bound to be less in both cases?—If I take ten minutes under the eight hours to eat my food and I eat it when the tubs are going slack and I do the same in the six hours period there is no more time lost in the one case than in the other.

5603. But if you take the same time out of the busy six hours as you now take out of the longer eight hours is not the reduction more? Is not the effect upon the whole working time even more?—You are pre-supposing now that he is kept constantly going with tubs in the six hour period. I grant you the six hours whatever way you look at it, meals or no meals, are less leisurely if I may put it in a comparative form than in the case of the longer period, but I cannot put any actual value upon that for the purposes of calculation.

5604. So if it is shown that an average of 20 minutes is taken every meal that would make a difference to the percentage deduction that you arrived at?—Yes, but you must take into consideration that factor I have previously mentioned.

5605. Then you have made no allowance for the time a man takes to get his coat off and prepare himself for work at the beginning of the shift, and to do the same operation at the end of the shift?—I have not gone into fine divisions of seconds, no.

5606. When it comes to a shortening of hours five minutes is an important matter if it takes five minutes at each end?—I think your case would be a very poor one if you were depending on those sort of items to prove it.

5607. It does make a material difference to the percentage deduction on your own calculation?—It makes a difference, but not a material difference; not worth while taking into calculation, I think.

5608. Is 2 per cent. worth taking into calculation?—If it is a 2 per cent. reduction of actual effective working time—there is a very big "if" there.

5609. I think that discrepancy about the Durham miners has been touched upon?—I promised Sir Leo to work that out and let him have it to-morrow. I am getting the right figures out.

5610. You have given some figures as to what would be the result if eight hours from bank to bank were substituted?—Yes.

5611. That means, does not it, that there would be eight hours from the first man down to the first man up?—Yes, that is so.

5612. And eight hours from the last man down to the last man up?—Yes.

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5613. So that one period of winding is taken out of the actual winding time of the eight hours, assuming that 30 minutes is taken to put down the men?—If you refer to the Eight Hours Report—

5614. It is a very simple point I want to put to you?—You will find the Eight Hours Act contemplated, when it left the Eight Hours Committee, the inclusion of one winding time and not the other.

5615. In the eight hours?—And then the House of Lords excluded throughout the winding time.

5616. Take a pit that requires 30 minutes to lower its men?—Yes.

5617. That 30 minutes would be taken out of its available winding time for coal?—Yes.

5618. If a pit could put its men down in 15 minutes that pit would have a quarter of an hour longer to wind coal?—Yes.

5619. So that on a system of eight hours from bank to bank you do introduce differences in the available time for winding coal from pit to pit?—I see your point.

5620. The big pit would have less time and the small pit would have more time?—That is true.

5621. Is that a practicable proposition?—I think so.

5622. You think it is in the right direction to shorten the time of winding to allow for a pit with a large number of men?—With due regard to safety.

5623. Apart from the question of safety, it is an absolute necessity to have longer time for winding a lot of men?—Yes.

5624. And the greater the number of men the less the available time for winding coal; does not that follow?—True.

5625. Is that a desirable state of things?—Undesirable from the point of view of output, quite. I see your point.

5626. When the Eight Hours Commission sat did you make any estimate yourself as to the reduction which would take place in output?—In the Eight Hours Committee did we come to any conclusion?

5627. No, I mean you personally. What was your opinion then as to the result?—It is 12 years ago, and I have no doubt I made many deductions, but what they were I cannot remember at this stage. All I can do is to take the written word which I signed.

5628. What did you sign in that respect with regard to the reduction of output?—Well, I will refresh my memory if I may.

5629. It is not important; I will not waste time over it?—I will take it from you whatever it is.

5630. I do not know; I have not read it?—Well, it is here for you. You will find my opinion in this volume.

5631. You are of opinion that the position is very different from what it was then?—In what respect?

5632. The reduction to eight hours of actual winding time from the previous system is one which did not at any time involve such a reduction of output or anything like such a reduction of output, as a reduction from eight hours winding to six hours winding?—Quite true.

5633. The two are not comparable at all?—Everything is comparable. They were comparable, but the latter was very much greater, of course.

5634. And if anybody expressed an opinion as to a reduction then which has not been borne out it does not follow that his opinion now as to a big reduction is to be allowed?—I stated in all fairness, and I gave the reasons why. I gave the two sides of the case, one, to show that the reduction had not been anything like what was anticipated, and two, the reasons why it had not been as great as was anticipated, and one of the reasons was that the reduction in point of time was not so great as was anticipated when the proposition was before the Committee and witnesses gave their evidence, though I think even then the deductions they made were, not to put too fine a point upon it, somewhat extravagant—very extravagant.

5635. As you know, doubt has been cast upon opinions given here that there will be a reduction now because the same persons gave opinions 12 years ago which are not borne out?—I have not heard anybody say that there will not be a reduction. I think there

is a great deal of difference of opinion as to the extent of the reduction.

5636. There is rather a curious figure which I wonder if you can explain in any way. The reduction in output per man from 1907 to 1908 was from 365, taking underground men, to 339. That was the year before the Eight Hours Act came in?—I think Mr. Balfour put that point to me, and my answer was that you must take a long stretch of time to make a calculation.

5637. You will find a gradual decrease down to 1907 and then a sudden drop of 26 tons per annum per man?—You are taking the 1889 and pointing to the fact that 393 was the output per person employed, and it has gradually dropped you see on the average right down to the year 1907, when it is 365.

5638. Yes. Then there is a sudden drop to 339, and there has been a gradual drop since then?—Well, I explained the reason of the gradual drop since then that there were abnormal circumstances altogether. For instance, in the year 1909 the Eight Hours Act came practically into operation, and in the year 1910 fully into operation; in the year 1912 the Coal Mines Act came into operation and there was a national strike, and 1914, 1915, 1916, 1917 and 1918 were war years, and there was the influx of the poorer class of man.

5639. But taking a long period of years the tendency has been a gradual reduction?—Yes. I think you would be on stronger ground if you took the period from 1889 to 1907, and there you have 393 falling more or less gradually to 365. On that point, of course, you must remember that the mines are getting probably more difficult to work and further away, and so on.

5640. Then you have no explanation to give as to the sudden drop from 1907 to 1908, a drop which has never been recovered?—That sudden drop from 365 to 339 worried me. I wonder if you have an explanation?

5641. I have not an explanation, but I have an opinion which I cannot give you for the moment. It would not be perhaps very palatable to the other side.

Mr. Robert Smillie: That is no reason why you should keep it to yourself.

5642. *Mr. Evan Williams:* I do not think it has any bearing upon this enquiry?—It would be very interesting to hear it.

5643. You said that the rate of productivity was not the same hour by hour?—No.

5644. It is less in the first hour and less in the last hour?—I should say least in the first hour, and least in the last.

5645. There will be the first hour and the last hour?—There will be the first hour and the last hour.

5646. With the six hours the same as with the eight?—Quite.

5647. Do you expect that there will be any difference in the production in the first and last hour then and now?—This is again in the way of surmise. I would expect that curve instead of being a curve like that to be a curve like that, that is to say, that the last hour would be more productive than the present last hour.

5648. But the first hour would not be any more productive than the present first hour?—May I draw the curve?

5649. Shall we put it rather more into words than into diagrams? *Assuming seven hours' work at the face you have five fat hours and two lean hours?—Yes.

5650. Is not it a fair assumption to say that if you reduce those to five you retain your two lean hours and only have three lean hours in the five?—No. There, again, you are on the arithmetical proportion which will not hold good. I grant you that the probability is in the central portion of the period. You can put out no more than you are putting out now. I grant you also the probability is that at the first hour you put out little more than you do at present, but when you come to the latter portion of the shift, I take it you would put out more than you do in the latter portion of the present shift. There would be a reduction, but not a reduction in arithmetical proportion.

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5651. The first hour would be the same as now?—Presumably.

5652. The second, third and fourth hours would be the same as now; the fifth hour would be rather more than the present seventh?—Yes, and the sixth.

5653. There will be no sixth?—I beg your pardon, there will be no sixth.

5654. *Mr. Robert Smillie*: Do not you be mistaken; there will be a sixth hour. It is unnecessary to take it on a five-hours day. It is going to be a six-hours day at the face practically all over the country, and I am amazed to hear you talking about a five-hour day?—*Mr. Smillie* is quite right, there will be sixth hour.

5655. *Mr. Evan Williams*: A sixth hour at the face?—Yes, there will be a sixth hour. I think I gave it in my evidence.

5656. There is 37 minutes, at any rate, after the end of the five hours?—Well, that is the sixth hour.

5657. Assuming your figures, which, I think, must be reduced, because you can take no account for meal-times and other stops, when you have got the first hour the same as now, the middle hours the same as now, and a slight increase on the last hour, is it possible to say you can calculate arithmetically the proportion of the decrease in hours? Does not it rather tend to show that it is more than the arithmetical proportion?—No, I think not.

5658. You have got to get a very much bigger increase in the last hour now?—I think you will.

5659. Sufficient to counteract the fact that you still have one lean hour and two fewer fat hours?—I think it stands to reason that inasmuch as the production hour by hour is not the same, and inasmuch as there is a considerable margin in intensity of effort, the reduction would not be in arithmetical proportion. I cannot say more; I cannot say less.

5660. Your estimate of the increase in intensity of production is about 5 per cent.?—Five per cent. *Mr. Hann* and *Mr. Bramwell* attribute a higher figure.

5661. That is on the former reduction of hours?—That is on the former reduction of hours.

5662. Assuming that they were correct, then you would not get the same percentage now as you would then?—Not quite—diminished by the diminution of hours.

5663. And your estimate is 5 per cent.?—Yes. I did not put it at as high a figure as they did.

5664. In your proof you gave as the probable result of that a figure of 21 per cent. as the reduction in output instead of 26. I think your arithmetic is rather wrong?—Yes, it should be 20—I see what you mean. I took into consideration the intensity of effort and sundry other items which I mentioned in my proof, and I wiped the 5 per cent. off the 26.2 leaving 21.2—1.2 to be accounted for. Is my arithmetic wrong?

5665. I think so?—Five from six leaves one, does not it?

5666. I was taking 5 per cent. of the 26 per cent. reduction; you have taken 5 per cent. of the whole?—Yes. I think my arithmetic stands.

5667. I am not certain that you are wrong still, but I understand how you have worked it?—Then there are other items that I bring into operation.

5668. Now come to the question of development: It is your opinion, is not it, that on the whole there has not been the development necessary to maintain output as efficiently as in normal times; development has been retarded?—Yes.

5669. By instructions of the Coal Organisation Committee?—Not instruction—request.

5670. By the request?—By the advice.

5671. That means that the apparent profit is higher at the colliery than it would have been if the normal amount of development had gone on?—Yes, that is the point that *Mr. Balfour* brought out, I think, in cross-examination.

5672. You are clear about that. It has been raised again by *Mr. Smith*?—I do not want to go back upon anything that I have said.

5673. There is a good deal of development to be done?—I believe so.

5674. Before output can be maintained and in-

creased more than the normal amount?—I believe so.

5675. There are arrears to make up?—I believe so.

5676. You are of opinion, also, that the conveyance of men to work is going to mitigate the reduction of output?—I say there is a margin.

5677. What speed do you think it is possible to draw men in and out at?—5, 6, 7, 8 or 9 miles an hour.

5678. Do you think it is safe to run at that?—Yes.

5679. Without any risk of accident?—Yes, with the erection of proper safeguards there is no reason on earth why it should not be.

5680. It is a high tribute to the state of the colliery main roads?—With the proper safeguards and special rules which the Home Office would see to it were carried out.

5681. If you haul the men in and out do not you then interfere with the haulage of coal during that time?—No, not necessarily during that time. It presupposes that the men travel in at present by separate roads, and it presupposes that there is coal to haul out and there will not be coal to haul out unless there are men to fill it, do you see?

5682. I quite see, yes. There is always a certain amount of coal about the face that is not cleared. You do not clear off your coal every night?—No, but there must be somebody to fill it.

5683. There must; quite true. There are full trams?—By your main and tail rope system of haulage the presumption is that you draw out your coal at the end of each day. I grant you there would be some little coal lying about in tubs on the landings each morning.

5684. Unless you can ride all the man in the district in on one journey?—Just stop there a minute. I do not think it would affect it, and I will tell you why. I instanced the fact with which I think you agreed, that the first hour was the hour which was the lowest in productivity. For that reason there will not be coal sufficient to keep the haulages going. Therefore, there is a very considerable margin wherein to draw out the coal that is in the landings. Therefore, I think, in fact, I more than think, I believe that the carrying of the men in by mechanical haulage to the workings will not affect adversely the haulage power. It will have no effect at all on the daily haulage power where the main and tail rope system is in operation.

5685. So you anticipate that there will still be a margin that the haulage will have over and above the production on the face?—Quite. You see my point?

5686. Yes. So the output is going to be limited by the production at the face and these places and not by the haulage power?—I said, if you remember, in the great majority of cases the limiting factor was the face.

5687. And improvement in haulage power and improvement in winding are really secondary matters compared to production at the face?—Except in those cases where they constitute the narrow neck of the bottle.

5688. Which are, I think you say, in the minority?—Which I think would distinctly be in the minority. You must take one thing with another.

5689. Double shift you agree is only applicable in certain districts?—I think there is a great deal to be recovered from double shift, but chiefly in South Wales.

5690. A great deal could be done by double shift?—A great deal could be done inasmuch as you have not double shifts except in a few cases in South Wales.

5691. You said you thought we could not get double shifts in South Wales because the men objected?—Because I feared the men would object.

5692. You are aware that in many cases the men have refused to work double shifts in order to make room for men who have come back from the army in South Wales?—Yes.

5693. In order to get as economically a second shift as a first shift you would have to get as many men in the second shift as you have in the first shift?—Pits are divided into districts, and you could double shift some districts, but not all the districts if need be.

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5694. Apart from the district expense you would have all the other expenses of the colliery with a small output as against a bigger output in the morning?—Yes, it would be better economically to double all your shifts, I grant you.

5695. Fully?—Fully.

5696. Do you know what number of men have come back from the Army to the mines since November of last year, since the Armistice?—To South Wales?

5697. To the whole country?—Yes. I have not the latest figures, but it is over 200,000.

5698. Do you know how many more are expected to come?—No, I could not say.

5699. It could not possibly be another 200,000, of course?—It could not be more than went, certainly not.

5700. But you have no idea as to the figure?

5701. *Sir Arthur Duckham*: What is the total that went?—Just over 400,000 went.

5702. *Mr. Evan Williams*: Just over 400,000 went and 271,000 have come in since?—I should say on a fairly liberal estimate, taking casualties of all sorts into consideration owing to men being killed in the war or rendered unfit for the resumption of their former occupation it would not be safe to reckon on more than 300,000.

5703. So there may be roughly about 100,000 men to come back yet?—There would be something less than that.

5704. To what extent do you think double shift could be introduced throughout the country with another 100,000 men?—But that is not fair.

5705. It is a fair question, I think?—I said in my examination in chief—I foresaw that that point would be put to me, and I instanced the fact that rather more than 400,000 men had gone from the mines to the Army, and yet to within 129,000 I think that deficiency had been made good from various sources. If that happened in the last three or four years it is capable of happening again. Therefore the probability is you have a greater field than the men returning from the Army to draw upon for the purpose of your double shift.

5706. You are anticipating that men are to come from other industries to coal mining?—They come out of the blue; they came and they will come again.

5707. It is an occupation that attracts men?—Well, put what point you like upon it. I am simply stating facts. I cannot explain the reasons at all. It happened and it may happen again. We were greatly exercised in our minds at the time we were considering the possible effects of the incidence of the eight hours before when I sat on the Eight Hours Committee, and one of our problems was where would the men come from for double shifts. I think if we knew then what we know now we might have been exercised, but not to anything like the same extent. The fact remains the industry does grow, and year by year there are more persons in it.

5708. It is an industry that does attract men from other occupations?—The industry grows.

5709. The very fact that there are more men coming in shows that it is an industry that they prefer to others that they were in before?—I merely state the fact; I do not wish to say it is a delightful occupation that people rush pell mell to go down a mine, and I do not wish to say they are debarred therefrom. The fact remains that they do enter the mines.

5710. To what extent do you think the addition of 100,000 men would enable the collieries of this country to put in a double shift?—It would enable 100,000 men to be double shifted by another 100,000 men; you cannot make more of it, and you cannot make less.

5711. Would you say what extent of increase in output you would expect from that?—I expect it would double the output wherever it was put in operation.

5712. That is not an answer to my question?—Do you mean to what extent it would affect the whole nation?

5713. Yes?—Supposing South Wales agreed to it, and everybody else agreed to it?

5714. You have 100,000 men available, and you put them into the collieries and put a double shift on

where you can?—Do you mean to say if the men withdrew their opposition in South Wales?

5715. Leave South Wales out of account. Put them all in the Midlands if you like. To what extent will the output increase from the introduction of another 100,000 men into the coalfield?—That is a simple calculation of arithmetic which you can make just as well as me. 100,000 coal hewers producing—

5716. No, for every coal hewer you must get another man at least underground?—You are not going to make them all into coal hewers.

5717. The number of hewers is less than 50 per cent. of the men underground.

5718. *Chairman*: Perhaps you might work these details out and let Mr. Williams have them later on?—It is such a simple calculation. Mr. Williams knows the answer. 43 per cent. are coal hewers, and 43 per cent. or whatever the percentage may be for the district and you have it.

5719. *Mr. Evan Williams*: And the introduction of these men will take some time; they are not available at once?—It will be gradual.

5720. The introduction of machinery is bound to be gradual?—Yes.

5721. Is the introduction of machinery generally welcomed by the men in this country?—I think the opposition that used to exist on the part of the men to machinery is a decreasing factor. It is getting less and less.

5722. It is a very curious fact. It appears from the form you gave us that while in America the output per machine was 14,000 tons in 1906, and in this country 9,000 tons per machine, in America it has increased to 16,000 tons per machine, while in this country it is reduced to 7,000 tons per machine?—A very dangerous argument that.

5723. I am not arguing. Is there any explanation? A very good explanation.

5724. What is it, I want to know?—That the figures are not comparable at all; the conditions geologically and everything else are entirely different. I laid great emphasis on that in my evidence in chief.

5725. I am asking for information for the Commission?—I have given it all already in evidence in chief. I have said these are the figures for America and these are the figures for Britain. You will observe I remark the greater number of machines and the greater output of coal therefrom as compared with Britain. I said that is interesting, but no deductions can be drawn from it because of the differences in physical and geological conditions. Therefore, I dismiss that portion of the statement, and I say the deduction I do draw is that the introduction of coal-cutting machinery in the British mines has been on an increasing scale; therefore, inasmuch as it has been on an increasing scale up to now, we may rightly expect it to continue to be on an increasing scale.

5726. But my point is this, that the production per machine in this country has gone down and the production per machine in America has gone up; is that because the American geological conditions are improving and ours are getting worse?—Ours certainly are getting worse.

5727. And the American conditions are improving?—I do not know; probably.

5728. There is one rather important matter that was put to you, the rate of accidents per hour of shifts. The first hour is the worst?—Yes.

5729. That first hour will remain. Is it a fair deduction to say the rate of accidents per hour of work is bound to increase?—No, I should not say so.

5730. There is no reason why the first hour should be less with six hours work than with 8 hours work?—No, I should not say so.

5731. You have a big hour; even if all the hours are the same there is one big hour against the five small instead of one big against seven small?—Presumably.

5732. The rate per hour is bound to go up?—I do not quite follow your method of reasoning; I daresay it is my density. The rate would not go up; the rate would remain the same. I see what you mean; if a man worked 24 hours on end the accidents would be in the first hour and none in the last hour, and if you chop off 12 hours the rate would go up?

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5733. Yes?—Presumably it would; but no more persons would be injured.

5734. The average rate of accidents per hour is bound to be less with six than eight hours?—That rate would go up, but no more persons would be injured.

5735. Mr. Sidney Webb: Probably fewer persons?—Probably fewer persons.

5736. Mr. Evan Williams: On the same output you would have to keep a larger number of men?—Always supposing the reduction is not made good.

5737. Mr. Sidney Webb: I propose to confine myself to four points. You gave us your explanation why, if you had to make an estimate of what the reduction of output would be it would be something like 26 per cent.?—No, that was a reduction of time only.

5738. You came to the conclusion if you had to give a figure for reduction of output you would say 21 per cent.?—20 per cent., taking every immediate effective—I would like to lay stress upon that immediate effective mitigating effect.

5739. That is only for the immediate effect?—Yes.

5740. You do not suggest the reduction in output would be 20 per cent. if you enquired 5 years hence?—No. I have not put a value purposely, and I am quite prepared for somebody to ask me why.

5741. Therefore your hypothetical estimate of 20 per cent., which is no doubt the best that can be arrived at for the immediate result, has very little bearing indeed on what you may call the long run result; it does not give us any indication of what the reduction of output is likely to be 5 years hence?—I grant that.

5742. On that you are going to give us more accurate figures when you have worked out the exact co-efficient of Northampton and Durham with the others?—Yes.

5743. May I remind you the influence of short days, that is to say, the Saturday? There is not so much reduction there as there would have been if you had given a full day?—No.

5744. Therefore I think you ought to allow for that in making your estimate?—Quite true. You mean the pay Friday and that sort of thing?

5745. Yes. All that is a reduction per man, or per hewer rather?—I put it on hewers.

5746. Have we not to consider in some way what reduction of output there is likely to be in the aggregate? It may be assumed if more men can come into the mines that, of course, makes a great difference on the one cost?—That is rather the point Mr. Williams was cross-examining upon as to the value to be placed upon the incoming men. That is an effect on standing charges.

5747. If we may assume the industry is likely to go on progressing, that is to say, the demand for coal will be great, and we shall presently probably arrive at an output in the aggregate greater than in past years when men will have come in, the reduction in output per man will have become less?—That passed through my mind, and it is an important consideration which might be said to have a mitigating effect which I have not alluded to, and I have not yet been cross-examined upon, and that is of a necessity as years roll by the mining conditions in this country will become severer and severer—the geological conditions.

5748. We know nothing about the rate at which that is happening. We cannot assume that it is going to happen more in the next five years than in the past?—No.

5749. That is offset by our engineering powers over nature to deal with the difficulties of the mine?—Of course the other nations of the earth are gradually getting into the same position.

5750. I do not attempt to put any numerical value on those things; they are too difficult?—And I cannot.

5751. They may be taken as some deduction from what you imagine to be the immediate output per man?—Yes.

5752. Therefore, 20 per cent. is more than is probably going to happen in the future?—Yes.

5753. You said there were various mitigating circumstances, the margin of possible improvements?—Those are the mitigating circumstances I was taking

into consideration as tending to wipe out to some extent the 20 per cent. or to reduce the 20 per cent.

5754. You said you have taken them at a comparatively small figure because the margin now is not so great as in 1908?—I would not take them at a small figure. I attributed the greatest importance to their mitigating effect. I say the margin is not so great as in 1908.

5755. I have looked up the part of the report of 1908 which you were good enough to say you wrote, and you gave then as mitigation of this extreme effect, seven different items, some of which you have mentioned already, and those you tell us, no doubt rightly, that in those cases the margin is not quite so great as in 1908?—That is so.

5756. Will you think of your proof. You said there are a large number of economies which you look forward to as a possible off-set of the cost of production, and you begin by saying that the present system of individual ownership of collieries is extravagant and wasteful, from the point of view of the coal mining industry as a whole, or from a national point of view. Then you give nine heads under which economies may be expected, and those I take it are really mitigating circumstances for a loss of output equal with the others?—Yes.

5757. When you were considering this matter in 1908, when so very much alarm was expressed by the coal owners with regard to the threatened reduction of hours then you did not mention any of those mitigating circumstances?—Quite true.

5758. Though in 1908 the system of individual ownership of collieries was at that time extravagant and wasteful that did not appear as a mitigating circumstance at all?—We have progressed.

5759. In 1908 the Committee under Mr. Rea, it is true, did not mention the individual ownership was wasteful and extravagant. In 1910 that is brought forward as the principal source of economy to which we must look?—We have progressed.

5760. Therefore, I take it from your evidence that, assuming we were compelled by *force majeure* to submit to this reduction of hours, and, therefore, to this immediate reduction of output, I gather the only thing which would enable that to be carried on without serious increase in the price of coal would be to admit some of these mitigating circumstances you are here setting forth; that is to say, if we have to reduce hours as you have been calculating, and we have, therefore, to submit to reduction of output to something like 20 per cent., that must mean an increase in the price of coal unless you bring in something else and you have already used up the possible mechanical improvements?—Not used up.

5761. You have already allowed for the possible mechanical improvements?—No.

5762. On paper?—Yes, I agree.

5763. Then, in that case, unless we are to submit to a great increase in the price of coal, you suggest we must change the present wasteful and extravagant system?—I am not denying it.

5764. Therefore, it comes to this, if we should be driven to reduce the hours of labour, I am sure we all want to do it, the only way that we could contemplate doing that, unless we are to risk a serious rise in the cost of coal, is the alteration of the present system of individual ownership of collieries. That is the inference, is it not?—That is the extreme inference but not altogether. I am with you to a great extent. The mitigating circumstances divide themselves into three heads—those immediately operative, which I have taken into consideration in arriving at the 20 per cent.

5765. That leaves us with 20 per cent. loss of output?—Yes. That leaves us with 20 per cent. loss of output? Those, as you very rightly say, if I may say so, will in 5 years hence have brought about I hope and trust, a very important further reduction of the 20 per cent. Thirdly, and lastly, those which are mentioned under the head of collective production will still further possibly not much reduce but give a further margin.

5766. Take it another way. Here we have pressed upon us an advance in wages and a reduction in hours, and a great deal of evidence has been given to show it would lead to very serious consequences. Suppose

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the Commission should feel bound to report to that effect, and the effect, therefore, that the increase of wages and reduction of hours could not conveniently be granted, would not the miners have a very strong case against us that we had left untouched the system of individual ownership of collieries that is extravagant and wasteful, and, therefore, we compel the miners to remain two hours a day longer in the pit and get no increase of wages because we refused to alter this wasteful and extravagant system?—They might, or might not.

5767. Do not you think in their present state of political education they would?—I do not think the miners are devoid of reason. You can read that two ways.

5768. I am perfectly confident of the appeal to reason. You laid some stress on the probable or possible advantage of introducing the shortening of hours by stages?—Yes.

5769. You had the same question to consider in 1908?—Yes.

5770. On page 38 you reported that a good deal of evidence from coal-owners and managers was against making two bites at a cherry. They said if they were to be disturbed in their operation they would rather be disturbed once than twice. The result was you did not recommend any division into stages?—Quite true.

5771. Is there not a certain extravagance in making two revolutions when one will do?—No, I do not think so. The situation is somewhat different now than it was then. It was much more complex than it is now. The industry was comparatively in a disorganised state. Take one case alone—Northumberland and Durham. Preceding 1908 they opposed any eight hours, because they said the coal-hewers would not like the eight hours.

5772. And did not care about the boys?—I do not say that. Perhaps you camouflage the boys and the boys work 10 hours. They approached the matter from the difficulty of the bridging shift. When the Eight Hours Act was brought into operation in Northumberland there was much trouble and searchings of heart over it. The owners said, let us have it and be done with it. Not so long ago, when Mr. Smillie was on the Coalmining Organisation Committee when it was considering the suspension of the 1908 Act during the period of the war, there were coal-owners very strongly opposed (though some were in favour of it) because they said it has come into birth with great pain and trouble, leave bad or well alone and do not let us have the trouble over again; if you suspend it we shall have all our trouble of bringing it in again; leave it alone. Now the industry is in a more highly organised state and the further reduction of hours simply means a lopping off. The reduction asked for on the part of the miners is considerably more than that asked for or sought under the 1908 Act.

5773. I appreciate that and allow for that. In 1908 it was in those collieries where the reduction was sought was the greatest where the strongest opposition was against the suggestion of having it in two stages. They said the bigger the revolution the more we prefer to have it at once in order to be driven into multiple shifts and other devices?—I am trying to explain my mental attitude; I signed this report.

5774. I am anxious to know whether you do not think if the colliery owners and managers became aware and realised that the change had to be made whether they would not come and beg it should be made all at once rather than in two instalments?—They might.

5775. We must not assume it would be a concession to the collieries to make it in two instalments?—I would not like to speak for their case.

5776. We must not assume it would be a concession?—No; I am thinking of the industry myself from my point of view.

5777. You say this present system of individual ownership of collieries is so extravagant and wasteful, whether viewed from the point of view of the coal mining industry as a whole or the national point of view, and you say that is generally accepted, and you suggest therefore it is extremely important from

a national point of view that that should be altered. You say it is extravagant and wasteful. We are not rich enough as a nation to carry on such a system that is extravagant and wasteful?—I was speaking of collective production.

5778. You said you thought some voluntary arrangement among the colliery owners would be preferable to anything else?—I am a man of peace, and I always seek the line of least resistance and voluntarism always appeals to me. I would always rather ask or persuade a man to be good than put him into prison. You can sometimes hasten voluntary action.

5779. Quicken it up with a poker?—One has known that done.

5780. Call it voluntary action?—It is a nice word.

5781. You would not expect to induce 1,500 various concerns, varying from dukes to joint stock companies, not merely to combine, but to merge all their financial interests; it is dependent upon the merger?—You might make a duke; the joint stock company would be the trouble—yet I do not know.

5782. It has been suggested before and did not come off. I suppose you could imagine it happening in a voluntary way, does it not occur to you the way of doing that is to ask each of the people to write up their capitalisations and say: "Take us all in, not on the basis of 10s. a ton output but of 15s. or 20s."?—One has heard of that.

5783. Is it not obvious a voluntary amalgamation of that sort would take a watering of the capital to effect to overcome the objections of those persons to come in?—It might or it might not.

5784. Do you think it would be a safe operation of the British nation to allow such a voluntary amalgamation if accompanied by a capitalisation of that sort?—There would have to be safeguards.

5785. The safeguards would have to be based on something, and it would be difficult to base safeguards on a fictitious capitalisation?—Quite true.

5786. If you were going to make a gigantic coal trust in capitalists' hands, would it not be like rather arranging for the full-sized tiger and then having safeguards? Is it not a tiger in electing to have a capitalistic trust and then cutting its claws?—It depends upon the nature of the tiger.

5787. We are to have a special kind of black tiger?—I would see to it before it becomes a tiger that its claws are drawn.

5788. It would be rather a large animal, even only a tiger cub, that would take over all the coal mines of the Kingdom, all the interests concerned, which would have a capitalisation of perhaps £150,000,000, and paying something like £200,000,000 a year in wages. It is a bigger tiger than the Standard Oil Company?—Yes.

5789. Do you think the British public—I am on a Government Committee at this moment to enquire into the progress of trusts and combinations—would stand a coal trust to that extent?—It stood the railways.

5790. It has not stood a railway combination, and at the present time it is just because the public will not stand a railway combination that the Government has determined upon the nationalisation of railways?—It all depends upon what you mean by nationalisation.

5791. Ex-proprietate the shareholders and make the Government the sole proprietors?—Are they going to do that?

5792. Did you not know that?—No.

5793. That was settled three months ago?—Was it! I am learning a lot. With regard to that tiger, I think if you will give me some few weeks I could put my views into a more concrete form which might make you quite prepared to walk out with that tiger.

5794. Unfortunately, we have to put our views before March 20th with regard to this tiger?—I cannot tame the tiger before March 20th.

5795. Therefore, perhaps we might be driven to say we cannot stand the tiger?—I do not know what you may be driven to say. It is a big subject to deal with by March 20th.

5796. A strike on the 24th March is a bigger subject?—That is a question.

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5797. On this question of collective production I take it—I do not want to misrepresent what you have said—your argument is in favour of what I may call unification?—Certainly.

5798. It is unification of financial interests, and unification of general management?—Yes.

5799. Leaving the pit management alone, but the general management of the trade?—I think it would make other great economies in the pit management, in the purely managing engineering section.

5800. You say you would have great economies in the pit management, even in the managing engineering?—I think so.

5801. There are a number of other economies; you could get a better price for the exported coal?—I think so.

5802. That is in accordance with the suggestion for collective selling that is being pressed by the Government on so many industries?—Yes.

5803. You put down, there would be control of freight. Freight is squeezable?—I should say so.

5804. All that is irrespective of the economy in administration?—Yes.

5805. Then there is a further advantage in the purchase of material?—Yes.

5806. That involves the centralisation of administration?—Yes.

5807. The reduction of colliery consumption is a mere matter of management?—Colliery consumption is largely due to inefficient plant, and is generally characteristic of the poorer concerns. If those poorer concerns by virtue of combination of interest had capital available to carry out improvements which they have not at present there would follow a saving in the consumption of coal.

5808. You look for the bringing up of the backward mines to more of a level of the other mines?—Yes.

5809. To a bringing up of the machinery, plant and administration of all the mines to a better level?—Yes.

5810. Then you suggest that you would get the obliteration to a great extent of other interests and middlemen, which is evidently regarded as part of the source of waste?—I think were you to have a unification of coal interests it would follow naturally that that composite body of whatever character, whatever you like to call it, would be able to sell direct instead of through the series of middle men, of which we heard so much at the beginning of this inquiry.

5811. Therefore the saving of the unnecessary expense involved in these middlemen is dependent on your getting this unification, in your view?—To a large extent, I think so.

5812. You suggest the unification would bring the best knowledge and skill to the assistance of the worst mines?—I think so.

5813. Also that such unification would permit of the provision of capital for the worst mines which have at present a difficulty in getting capital?—Yes.

5814. Therefore, altogether, these sources of saving represent items of loss at the present time?—Yes, national loss.

5815. And not only national loss but also loss to the coal owners, as a matter of fact?—I am speaking of them nationally.

5816. Not only to the colliery owners' loss but loss to the coal miners?—Yes.

5817. Therefore the coal miners are getting lower wages for working longer hours than they need do if these savings had come into force?—I think that is to some extent a logical conclusion.

5818. The miners will think so when they read this evidence?—One has thoroughly to look at this from an unbiased point of view.

5819. We have to look at it from the point of view of the strike on the 24th March.

Sir Arthur Duckham: No, it should be entirely a national point of view.

5820. *Mr. Sidney Webb*: It is suggested the possibility of a strike on 24th March is not a national probability. It is not a theory that we are up against but a condition. We have to avert the strike or not with calamitous results; that is to be got over by unification?—Those are the advantages of collective production.

5821. Has your attention been called to a scheme enunciated in "The Times" of the Mine Owners' Association called joint control?—I have seen it. I have been so

hard pressed with work the last few weeks that I have perhaps not given it the attention I should have done.

5822. Nothing at all published is like the scheme you have suggested here?—From a casual perusal of it I should say no.

5823. There is in that scheme of Joint Control no getting rid of the present system of individual ownership of the collieries which is so extravagant and wasteful?—It goes some distance but not very far.

5824. Does it go any distance towards altering individual ownership?—No, individual ownership remains.

5825. It is called Joint Control. Does it go any distance in interfering with individual control of each colliery concern?—Not as I read it.

5826. There is no suggestion of unified control or unified operation at all?—Of coal mines?

5827. Yes.—No, I should have to give more attention to it than I have done.

5828. As far as it has yet been revealed, there is nothing to suggest there would be any unified purchase of material.

Mr. Robert Smillie: They may change their mind before quarter day.

5829. *Mr. Sidney Webb*: They may. There is no suggestion of unification of financial interests?—Broadly speaking, I think no.

5830. Turning from that particular scheme which you have mentioned several schemes of nationalisation have been suggested. You perhaps did read the Miners' Federation Scheme in 1912?—Yes.

5831. Was there any investigation or enquiry of an official character into the effect of that?—There may have been; I do not know.

5832. There may have been reports upon it?—There may have been; I do not know.

5833. There were very detailed reports of the Nationalisation Coal Supply in 1916. It may have come to your notice. It was published by the Fabian Research Department?—I think I read it.

5834. That perhaps penetrated into the Home Office and there may have been an enquiry and report upon that?—I do not know.

5835. It might be of advantage if we had a report that has been made on all the Bills or that pamphlet.

Chairman: Is that pamphlet No. 171, the Nationalisation of Mines and Materials Bill.

Mr. Sidney Webb: That is a reprint of the Miners' Federation Bill.

5836. That particular project that is worked out in 60 pages of detail for the Nationalisation of Coal Mines, if you have read it, does not leave you in any doubt as to what form of nationalisation is asked for?—I am clear what form is asked for in that document.

5837. You are clear that was the expropriation of shareholders with compensation; it means the nationalisation of ownership of the mines and materials and you are clear it means the administration of the mines and minerals?—That is so.

5838. A national council and local councils of the chief mining officials with a representation of the workmen on those national and local councils?—Yes.

5839. That is a form of nationalisation as to which there could not be any doubt what it means?—Quite.

5840. It includes the nationalised organisation of distribution of the coal right to the consumer?—Yes.

5841. Using the local authorities as the distributing agents?—Yes.

5842. With a fixed price of coal which it is suggested might be made with regard to household coal invariably, except in emergency, universal all over the Kingdom? When you are talking about nationalisation might you not take that as a typical scheme and avoid any doubt?—One might take that as a typical scheme.

5843. Therefore, it would be convenient not to say there was any doubt what was meant by nationalisation?—When I used the expression what was meant by nationalisation I meant what was meant by nationalisation by the British public. One hears not what is put forward by the Miners' Federation of Great Britain.

5844. You are not in any doubt about that?—I take it that contains their view.

5845. I am not authorised to say; I think their view is pretty clear?—It seems to me it synchronises very closely. I have seen the draft Bill.

5846. Nationalisation is entirely different from a collective production by a voluntary amalgamation of owners?—Yes.

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5847. It has nothing to do with syndicalism?—No.

5848. It would not be called Bolshevism?—No. It occurs to my mind there is a most interesting file of "The Times," of September 20th, 1893, which contains columns on this very subject. It contains the full details of the scheme put forward by Sir George Elliott and most interesting notes by my late friend Sir George Livesey thereon, and a leading article in "The Times" thereon.

5849. You do not say you were not asking the Commission to infer that is not to do with nationalisation?—On the subject we are talking about this afternoon.

5850. It is neither nationalisation or the scheme for joint control.

5851. *Mr. J. T. Forgie*: A great deal of the ground has already been covered which I was going to put to you, so I have only one or two questions to ask. It has been stated fairly frequently that coalowners had very gloomy prognostications of what the output would be after the introduction of the Act of 1908. Can you tell us the reduction in the time at the collieries owing to the introduction of that Act?—What was the reduction after the Act came into operation?

5852. The Act of course was in the coalowners' view an Eight Hours Act from bank to bank. It was changed after that and the gloomy forebodings were modified under the Coal Mines Act of 1908. What was the actual reduction in time?—26 minutes, I think.

5853. *Mr. Sidney Webb*: That was not what was expected?—What was expected was an Eight Hours Act inclusive of one winding time—a very different thing.

5854. It was only really a reduction of 26 minutes of the time of winding coal that resulted from that Act?—26 minutes was the reduction of the effective time.

5855. Then it did not require a very strenuous alteration or remedial measure to cover that 26 minutes?—No, it was very much less than was expected.

5856. You appreciate the fact this is two hours, 120 minutes; this is a more serious matter?—Yes, I appreciate that.

5857. The further you go down the more serious it is?—True.

5858. You can reduce from 8 to 6 much more easily than from 6 to 4?—It all depends upon what is there.

5859. I do not think it depends very much. Take the actual facts?—You have not heard what I was going to say. It all depends upon what is the figure in point of hours within which a man can produce what you call his utmost. I do not know what that figure is.

5860. Is it possible to reduce those from 2 to nothing and produce an output?—No.

5861. The lower you go the more serious the problem gets?—Yes.

5862. From 8 to 6 is more serious than from 10 to 8; 6 to 4 is more serious than 8 to 6?—With regard to the reduction of output, yes.

5863. The effect of the shorter work-day at the face in a mine where there are some old men and some weaker men who prefer, I think, to have a longer time to do the work than to do it rapidly in a short time, are you not going to injure these men by reducing their hours materially?—That is the class of man from whom nothing could be expected in the way of intensity of effort, because he could not intensify his effort without injury to himself.

5864. It ultimately means the elimination of those older men from the pits?—Not necessarily.

5865. They could not claim the same wage for doing a very much reduced amount of work?—You might pay them higher wages for doing less work.

5866. You recognise it is a disadvantage to those older and weaker men; they are bound to hurry through in six hours what they had eight or nine hours to do it in before?—It depends upon whether they would hurry through their work.

5867. You say these men cannot possibly produce the same work as before?—In respect of those men I should say the reduction would be quite obvious.

5868. Something was said that any reduction of output that took place might be remedied in five years. I suppose at the present moment there is great shortage of coal in the country?—Yes.

5869. Some places are very scarce of coal?—Yes.

5870. In any case we have not sufficient coal to export to those people to whom we would like to export coal for

the purpose of getting goods and food back?—That is so. 5871. In five years you think this reduced output will be overcome, and there will be plenty in that time?—I cannot say.

5872. The output will be up?—I cannot say.

5873. Do not you think it would be better to maintain the present output and wait for a year or two to see how things go, and then see if we could not reduce the hours. It is admitted at the present moment, I think, that the output is bound to be reduced immediately with the introduction of six hours. Are we not reducing the output at a time when we ought to be increasing it?—Yes.

5874. Do you see any hopes of getting over that difficulty and putting the country in no worse condition with regard to the output of coal?—I suggest the advisability should be considered of introducing any shortening of hours by a period of stages.

5875. Then you are against the introduction of shorter hours at the present moment to the extent of two hours, at all events?—I am not against anything, I am merely stating what in my opinion would be the possible effect of a reduction of hours and what remedies would be applied to minimise the effect; but when you put the question to me am I for this or against that, well, my opinion would be valueless. It is simply a personal feeling.

5876. Are you against it at the present moment?—What do you mean by saying against it? I would like to see the miners have greater leisure, certainly.

5877. Is it in the national interest at the present moment that this reduction of hours should take place?—It is not in the national interest at the present moment that there should be any reduction in the output of coal.

5878. As the result of this reduction in hours there is bound to be a reduction of output?—I have said so.

5879. An immediate reduction of output?—Yes.

5880. And a very serious immediate reduction of output?—Yes.

5881. You say it is against the national interest to have a reduction of output?—It is obvious to anybody that it is against the national interest to reduce output at the present time.

5882. I suppose it is impossible to get over that immediately by the employment of a large number of men multiple shifting?—20 per cent.

5883. I suppose the men are not in the country to be got at the present moment?—There is more hope for mitigating immediately or rapidly the loss inherent to a reduction of hours by the introduction of double shifting than any other process I can suggest. It depends upon the number of men available.

5884. Is it likely to be a possibility within a short time?—It depends upon what you mean by a short time. It depends when the hours would come into operation.

5885. In a month or two?—They could not wipe out the 20 per cent. reduction in a month or two, in my opinion.

5886. With regard to the coal cutting machines in this country and America. You said that was due to the geological conditions of the coal mining in this country that the output of coal per machine was diminished?—No, I do not think I said that. I said the fact that the quantity cut per machine in the States as compared with this country was greater was due to the entirely different physical and geological conditions.

5887. I am only taking it from memory. I think you did say that while the output per machine in America was rising, the output per machine per annum in this country was decreasing?—Yes.

5888. You gave as the reason why the output in this country was decreasing was because of the physical and geological conditions—the thinner seams?—We are more or less applying machinery to thinner and thinner seams.

5889. Do you consider it is a geological and physical condition that has enabled the Americans to increase their output from 10,500 tons per machine to 15,600 tons per machine. That is 50 per cent. more coal per machine within the period of your statement?—I can explain that in this way. The Americans have been naturally clever in the way they have applied these machines and they have applied machines to work seams which they could not apply them to before. They have devised machines to work thicker seams than was possible earlier on and they get per machine in consequence a higher rate. We were the originators in that case as in so many other cases, but

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they are the pioneers in the application. It is they who have carried on the development and acted as developers of the idea. The Americans have done that more than anybody else, so much so that we have come to import from America this class of machine to this country.

5890. I think you admit we have been devoting a great deal of ability and attention to making machines to suit every seam in the country?—The last type of machine introduced to this country is an American machine. It was introduced within the last 12 months by one of the biggest makers of machines and one of the best makers of coal cutting machines in this country, but we went to America for this machine.

5891. Do you limit this decrease in output of machines and want of increase in output by machine entirely to the geological and physical conditions?—I think so.

5892. And no other reason?—I cannot think of any other for the moment.

5893. You never heard another reason ascribed to it?—Not that I am aware of at the moment.

5894. Do not you think regarding the safety of the mine the great hurry to get through work in six hours instead of eight hours will have some little tendency towards increase in accidents?—Where would the hurry be? The winding would be the same; do you mean hurry at the face?

5895. I think you should understand if you draw the same amount of coal in six hours as has been drawn in eight hours out of the same shift there must be great hurry on everybody's part?—It depends on the worker in each case.

5896. If there is to be any increased effort it appears there must be hurry?—It depends upon the worker entirely.

5897. You would be more likely to increase your accidents in the reduction from eight hours to six hours?—I would not like to have any pre-conceived opinion upon that point because I have nothing to go upon in arriving at it.

5898. *Mr. H. R. Tawney*: You were asked whether a diminution in output was against national interest. Looking at your paper I think you put it that the output was restricted owing to the present extravagant and wasteful system of individual ownership. Since what is sauce for the goose is sauce for the gander, the miners might retort to the suggestion that shorter hours would limit output by saying: "Output is limited by the management's inefficiency and the first thing, instead of working miners harder or refuse to work them less hours, is to explore the limits of organisation to the utmost." That would be a true answer?—It would be a good debating point.

5899. It would be more than a debating point?—I think it would.

5900. With regard to the royalties you say the royalties correspond to the differential advantage of the superior colliery over the inferior?—Roughly.

5901. That is the principle of it?—Yes.

5902. It may be a blessing in disguise; it enables the inferior colliery to be worked by putting them back on the same footing?—Yes.

5903. That does not mean the royalty need be paid to the persons to whom it is paid now?—No.

5904. It is in fact a tax levied on industry by private individuals?—or levied by the State.

5905. And might be levied by the State?—What is sauce for the goose is sauce for the gander.

5906. You began to speak about way-leaves. You left it and said you would return to it?—Mr. Cooper said he would return to it.

5907. *Mr. R. W. Cooper*: I said I did not think there was much difference between you and I on that?—I beg your pardon. We agree, with regard to way-leaves, we do not like them.

5908. *Mr. R. H. Tawney*: Can you tell us something about way-leaves?—The way-leave as applied to the mine. You are working an area of coal owned by say half a dozen different royalty owners, and you are not working the coal in the area in which the shaft is placed, the shaft pillars are there. The owner of the area in which the shaft is placed—I can give quite a common case which points the moral—may charge you a half-penny on every ton of coal coming up the shaft from the other people's property. He has not sunk the shaft, the coal is intact and he is getting a half-penny on everybody else's coal.

5909. In other words, it is one of the blessings of private ownership?—Would you like to call it a blessing?

5910. The word is your own?—Ah! Royalty on coal obtained, but I left way-leaves out of consideration entirely because I thought they were on the face of them quite obviously bad. I cannot see what useful function a way-leave fulfils. For the moment I do not see it.

5911. On the question of nationalisation you were asked whether there was some danger that to meet its financial exigencies the State might put half-a-crown on coal. I do not remember the answer you gave?—Perhaps I gave none.

5912. Then I think you were wise. Is it not the case that sometimes half-a-crown has been put on the coal even under the present system?—Under the control by the Government?

5913. And before the control by the Government?—Yes. I should say the colliery owner is not backward in taking advantage of a rise in the market.

5914. Is there any greater loss to the community if the State puts half-a-crown on coal than if the private owner puts a half-a-crown on coal?—It depends upon the circumstances of each case.

5915. If the State puts half-a-crown on coal to whom does the profit of the half-a-crown go?—To the State.

5916. If the private owner puts on half-a-crown to whom does that go?—To the owner and the workman.

5917. In the one case it goes to the community and in the other to a section of the community?—Yes.

5918. *Prima facie* there is not any greater loss even assuming the hypothetical case that the State would put on half-a-crown?—No, I think that is fair.

5919. With regard to the question of the reduction of hours; when you say that a reduction of hours might be followed by greater effort, that does not imply, does it, that the men are not making their fullest efforts now?—No. What I mean is they may be making their fullest effort and extending it over an eight-hour day, but the same effort might be compressed within a six-hour day. It is a like effort but it is the man's optimum.

5920. Would it not be a fair way of putting it that the intensity of work per hour varies inversely with the number of hours?—Yes, I think that is quite well put.

5921. *Sir Arthur Duckham*: I am rather interested in the conditions of the miners and so on. Can you speak as to their physical condition at all?—Oh! they are a fine race.

5922. On the medical examination for enlistment and recruiting did they come out very well indeed?—Yes.

5923. So that they are a good race?—They are a fine race.

5924. Even although they are brought up in these very bad conditions.

Mr. Sidney Webb: What about those that did not?

Witness: I do not like to speak broadcast of their conditions?

5925. *Sir Arthur Duckham*: They have spoken broadcast of that?—The housing conditions no doubt are shocking in some cases.

Mr. Robert Smillie: Have you figures to prove that the miners came out higher on medical examination?

Sir Arthur Duckham: If you have I should like those figures.

Witness: I have not the figures myself, but no doubt they are procurable.

Sir Arthur Duckham: All I know of it is that the men who have led the miners' battalions at the front speak very highly of the men.

Mr. Robert Smillie: Oh, certainly.

5926. *Sir Arthur Duckham*: That is the point. Taking these points as I have put them down, you gave us an idea there would be a saving underground by carrying colliers to their work and also by coal-cutting machinery?—Yes.

5927. For our guidance can you give us an estimate of the percentage that that would be?—No.

5928. You give us 5 per cent. as one figure. Could we take 5 per cent. as a figure for two, because it would help us very much if you could give us any indication?—It is easier to give the 5 per cent. in the cases in which I gave it, because one is dealing with the human factor as to which we have a good deal of evidence. The other is conditioned entirely by the circumstances of each individual case, and that would mean a very close and lengthy enquiry, and with the best intentions in the world, although I have tried desperately to put a figure on it, I cannot do it myself, and it would not be fair to bind the Commission.

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5929. You cannot bind yourself to a figure?—No, I prefer to leave it in the way in which Mr. Webb put it—that I would not be surprised at the end of five years to see the figure considerably reduced.

5930. You also spoke about big electrical generating stations and the great savings they are going to make. I agree with you on that, but it will be a very considerable length of time before those things can come into being, will it not?—Yes.

5931. It will be from five to ten years before they can be complete and running?—Yes, it must be gradual.

5932. So that there can be no large saving from that point of view for a long time?—No; it is ultimate but not immediate.

5933. Have you any knowledge of restriction of output? I put this question because it is a question which is told to one, but I know very little of mining and I have no connection with mining. Do you know of a restriction of output by workers in a mine? I have been told very often by people that the miner will mine a certain amount of coal, and if he does it in three or four hours or any time he will not mine any more, although he may have an opportunity to do so, and in a district a certain quantity is considered a proper output for the mine and he will not do any more?—Have I had direct knowledge coming under my management?—No.

5934. I only put it because this case is put up and it ought to be squashed or proved?—Have I heard of cases?—Yes.

5935. But you have no direct knowledge?—No, I cannot say that in any case of colliery management with which I have been concerned there has been deliberate restriction of output exercised on the part of the men, but I have had cases brought to my notice where it has been stated on good authority that there was restriction, and in one case, not many weeks ago, where there was confessed restriction.

5936. A confessed restriction?—Yes, confessed restriction, but there were factors in the case which frankly stated why there was restriction.

5937. Would it be possible to get proof or disproof of that? Could you suggest any way in which the Commission could get it?—It would be very hard to prove—very hard to prove.

5938. I asked a question yesterday and I should like to have an opinion on it as well. Do increased wages have any effect upon the housing conditions of miners or is that a separate subject to wages?—You mean whether the increased wages would conduce to better housing arrangements?

5939. Yes, conduce to better housing?—No, I do not think they would for this reason: the houses are not there.

5940. It is a separate subject to be dealt with under, say, the present housing scheme of the Government?—It is a subject which should be dealt with. I feel very strongly on the housing question.

5941. We cannot feel that we will remedy the housing conditions of the miner if it is agreed to give them extra wages?—No, I think it is a separate subject which requires to be dealt with and dealt with soon.

5942. Having been for a considerable time a Government servant, although not in quite such a happy condition as yourself because you are under better conditions than I am, I am very glad to hear you say to-day that the control of mines by a department of the Government is impossible?—Well, I did not put it quite in that way.

5943. I think you put it almost as directly as that?—I put it in this way: that it is quite impossible to manage the mines from Westminster and that seemed to meet with general approval.

Mr. Herbert Smith: We all approve.

5944. *Sir Arthur Duckham:* I felt, having some experience, that you might have put it as strongly as I do. It has been suggested the mine should be managed by a committee of, I believe, the technical advisers and the workmen—I believe that is the expression. Could you imagine a mine being managed and discipline kept in the mines and a proper policy carried out by one committee?—I think it is a bad thing when the directors interfere too much with the management of the mine.

5945. Is not the only way to run any concern by giving some man the authority and responsibility of saying yes or no?—Get a good manager and trust him.

5946. Have you not found yourself as a Government servant that the difficulty of managing anything for the Government as a Government servant is the pressure put

upon Members of Parliament by the people who have put them into Parliament?—Do not rub the sore.

5947. Members of Parliament rub it into the Ministers by questions and the Ministers rub it into the servant in charge of the department, not because it is right or wrong but simply because of the pressure which is put from the bottom?—You must have suffered from it.

5948. I have. Now my last question is: If a mine is properly looked after is that mine a proper and suitable place to work in?—A properly managed and properly ventilated mine is a good place for a man to work in, but there is a good deal in "properly."

5949. The point is this: Take a percentage if you like. Could all mines be properly ventilated and kept in such a condition that they are properly healthy for the men to work in?—Yes. It still remains a risky operation because there are uncontrollable forces of the nature.

5950. I did not mean the accidents; I am speaking of health?—Oh, yes.

5951. *Sir L. Chiozza Money:* I have a few questions which arise out of what Sir Arthur Duckham says. Do I understand you to say there is no connection between wages and housing and that they are separate subjects. Did you agree with Sir Arthur Duckham?—In this respect, that I say the houses are not there.

5952. That is not the same thing.

Sir Arthur Duckham: May I explain my question as you are asking a question on it? The point I made yesterday was, if you take a mining village and you have in one a smaller amount of wages being paid into it and in the other you have a greater amount, did it mean that the one with the greater amount was better conditioned than the one with the smaller?

Sir L. Chiozza Money: That is not the same question. The question was whether the wages and houses were in a separate compartment.

5953. I put it to you if the Government institutes a housing scheme whether for miners or agricultural labourers the housing scheme is directly conditioned by the wages of the miners or agricultural labourers?—That is true.

5954. If we do not raise the wages of the miners no one will be able to build them houses for which they can afford to pay rent?—The higher the wage the more you can pay for rent.

5955. Is there not a direct connection between the two?—Yes, in that connection.

5956. With regard to the health of miners, are you aware the Hearts of Oak Friendly Society many years ago determined to have no more miners as members?—I was not aware of that.

5957. Will you take it from me as a fact that they made a rule that if any one of their members became a miner he would not get the benefit for accidents and he would have to pay a higher contribution in respect of his health?—I was not aware of the fact, but I will take it from you.

5958. Does not that throw a further light on the question put to you by Sir Arthur Duckham?

Sir Arthur Duckham: I do not think so.

5959. *Sir L. Chiozza Money:* Another thing Sir Arthur Duckham suggested to you was if the mines were nationalised a fresh interest would be created in Parliament?—A fresh interest.

5960. Yes, the interest would work in Parliament?—Of log rolling?

5961. Yes?—It might.

5962. Are you aware the Parliaments of the last 100 years have done nothing else but work for interests or little else? Have they not worked largely for private interests?—I am not a politician.

5963. How otherwise do we explain the continuance of the way-leaves which you object to? You do not like way-leaves, but you have them continued and Parliament has been there all the time?—That is true.

5964. How have these economic conditions in mines which you have denounced in your very interesting memoranda continued if there has not been an interest in Parliament to protect them?—We progress and are progressing now.

5965. Are you aware that when the Workmen's Compensation Bill was before Parliament, colliery owners were up in the committee room fighting it line by line? To my knowledge they were doing it?—They are splendid fighters.

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5966. You replied to Sir Arthur Duckham that interests would be introduced into Parliament. I ask you whether the mine owners have not continually worked for their interests in Parliament?—That is a general sort of question.

5967. If you will forgive my saying so, that is a very specific question. Have not the coal owners in Parliament for years fought for the interests of coal owners through members of Parliament?—They will fight like cats.

The last 11 or 12 years of my life have been spent in fighting coal owners over Acts of Parliament.—They are not backward and the workmen fight too. Between them I am between the devil and the deep blue sea.

5969. Are you aware there is a great combination of capitalists formed in connection with the present Parliament with members in Parliament pledged to certain doctrines?—I do not know that, but I am very ignorant of politics.

5970. And pledged to vote for certain things?—I did not know that.

5971. I think you will agree that that also throws fresh light on the suggestion of interest in Parliament.

Sir Arthur Duckham : I did not specify the interest.

Mr. Arthur Balfour : It might be political interest.

Witness : I am very ignorant of Parliament.

5972. *Sir L. Chiozza Money* : The suggestion is that if mines were nationalised you would have an improper interest working against the community in Parliament. Is not that the suggestion?—That was the general inference I think.

5973. Do you not think it would be a much more proper kind of interference than that which now obtains?—My answer to Sir Arthur Duckham was that I said neither yes nor no. I said, "Oh you have suffered, have you not?" which seemed to content him, and I was thankful it did.

5974. In other words you do not agree with Sir Arthur Duckham?—I should have to think that out.

5975. Now may I come to your very interesting memorandum again. You made a very careful calculation, and while you do not properly, if I may say so, pledge yourself to any definite figure, you rather think on the balance of probabilities that the leading effect of the reduction of hours would not be an arithmetical reduction in proportion, but a reduction of about 20 per cent.?—Yes, that expresses my opinion.

5976. It was pointed out by Mr. Hodges that you do not take into consideration the Northumberland and Durham factor?—Quite true, and I am having that worked out. It was present in my mind the whole time but I did not put a figure on it.

5977. I expect you were bored with arithmetic as much as I am, so that I am not wondering you did not pay sufficient attention to the point?—The point was present to my mind and I am having it worked out, but I was a little bit hurried.

5978. Is it true that the Northumberland and Durham output is one-fifth of the whole?—In round figures I think you are within the mark.

5979. And therefore a very simple calculation shows the reduction of output will not be 20 per cent., but 15 per cent. on the whole?

Mr. Evan Williams : That is assuming no reduction in Northumberland and Durham.

Witness : I should like to think that out a little more.

5980. *Sir L. Chiozza Money* : Someone else has worked it out at 12.6 per cent. I am content with my own figure?—I would rather trust your figure. I rather think that your figure was possibly on the narrow side, but I would rather work it out myself.

5981. At any rate, it is less than 20 per cent.?—Yes.

5982. That being so, may I bring to your attention what I may call your mitigations of the 20 per cent. which have been reduced to about 16 per cent.?—I do not say it has been reduced to 16, but it is something less than 20.

5983. Now with regard to the nature of the mitigation, you have first the class of mitigations which arises from improvements which can be made under individual ownership?—True.

5984. Now is it not historically true that the payment of low wages directly leads to the neglect of machinery?—Ah! I see your point. May I twist it round?

5985. Yes?—Of course it is not with any ulterior motive.

5986. No. I only want to make it clear?—When a district or colliery is faced with a high wage bill the management naturally casts about to see how they may reduce it, and there is always present the idea of machinery. Had it not been of course for the continually ascending demands in respect of the increasing standard of comfort it is conceivable that, to reduce the thing to a *reductio ad absurdum* there would be no machinery in action.

5987. Is not that true historically?—I am trying to put it from that view.

5988. When you have labour cheap enough you do not want machinery?—Quite. That is the great argument economically with regard to slavery.

5989. Is it not true of America that industry arose there under conditions in which the men had so much access to land that they were rather indifferent to going into industry, and forced upon the American capitalist the payment of high wages?—I believe that is historically true.

5990. And that being so did it not lead with every industry in America, whether mining or otherwise, to the capitalist making the best use of his men by assisting them with the best machinery he knew of?—Yes.

5991. Has that not run such a length in America that very often the American capitalist will scrap £50,000 to £100,000 worth of plant which he bought within five or ten years and replace it by better plant to get the very best value out of the wages?—I was sent over a good many years ago by the late Mr. Joseph Chamberlain to visit America and report on the mining departments of American Universities and colleges before establishing the mines department in Birmingham. I remember the conclusion was very vividly brought before me, and I incorporated it in my report to the Council of the University, that the difference between the American mine owner and the British mine owner was that an American built plant to last ten years, then to be scrapped, and we built plant as a permanency.

5992. Is that not why you can look in vain in America for engines in a colliery which are as old as yourself?—That is about it. We are preserving them here.

5993. Are there not engines running in this country at collieries which leak steam at every pore?

Sir Arthur Duckham : That is not because of the age of the engine but through bad maintenance.

Sir L. Chiozza Money : The case I am thinking of was a very poor engine.

Sir Arthur Duckham : I am speaking as an engineer.

Sir L. Chiozza Money : I know something of engineering too.

Witness : We had a remarkable engine called the No. 7 at a colliery. It was the seventh ever made. It had vertical beams and it used to work up and down and did wonderful work.

5994. But not economic work?—Well, I would not have scrapped it. It was old and worth keeping.

5995. Is not this the explanation of why you can give us this remarkable table of coal-cutting machinery in America which shows they have 16,200 coal-cutting machines in the United States—is not that a reason quite apart from any question of geology?—I think the probability is that the American flies to machinery more readily than we do and that does to some extent explain the greater increase of coal-cutting plant in America as compared with this country, but the greater output per machine is due to geological conditions.

5996. I think that is a very fair answer. Is it not true that in spite of the increase of coal-cutting machinery during the war, there was only about 10 per cent. of our coal cut?—The increase during the war is quite remarkable and I think that is probably due to the fact that labour was scarce.

5997. Scarce and dear. Is not the amount even now cut by machinery 10 per cent. of the normal?—That is true, but the conditions for the employment of coal cutting machinery in this country are more difficult than they are in America.

5998. But it is true, nevertheless, that there is a very large margin, and I am not exaggerating when I say that there is a very large further margin to which coal-cutting machinery could be applied?—Yes, we are conservative in this country.

5999. Do you realise in your memorandum there are named about a dozen different items of improvements which could be even effected under private ownership?—

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Oh, yes. Many of these improvements could be effected under private ownership.

6000. And many of them can be readily improved, can they not. Take coal-cutting machinery. Have we not shown during the war how rapidly it can be improved. It has improved during the war from 2,000 machines to nearly 4,000 machines when ships were short and it was difficult to do it?—I am rather hampered in answering that question (I do not wish to be egotistical) from a little too much knowledge. I cannot help visualising all the difficulties in the way of a manager who wishes to introduce coal-cutting machinery and perhaps they may have been so evident to my mind that it renders me less ready to answer than I otherwise would be. But I think there is a considerable margin for improvement in that respect. I would not like to put it stronger than that.

6001. If you take all these items—I would not for a moment ask such an unreasonable question—could you put a valuation upon them, any percentage or anything of that kind?—I cannot.

6002. But is it not true in general and yet in quite specific terms that there is a very considerable saving to be effected even under private ownership on your 20 per cent. or rather the figure to which the 20 per cent. is reduced, by the factor we have considered?—I think there is.

6003. So that that 16 per cent. would only stand for a certain period during which these improvements could be brought into operation?—It is something less than 20 per cent.

6004. Now, is it not a fact that a very considerable number of mines in which improvements might be made are used by companies who are not in a position to make the improvements?—That is true.

6005. Meanwhile very large chunks of profit are being drawn off by fortunate companies?—That is true.

6006. Is not that a very strong argument indeed for pooling the profit and using the profit of a good mine to improve that of the less developed mine?—I think that is a logical conclusion.

6007. Now I come to the improvements under another head—the improvements which you think could be effected under collective production. Are you aware also you have named very nearly a dozen items of improvement each of which is important?—I have tried to compress them as much as possible.

6008. *Mr. Frank Hodges*: Otherwise there would have been more?—In some of those items are involved other items. I have tried to reduce the whole to as few heads as possible so as not to occupy the time of the Commission, I hope.

6009. *Sir L. Chiozza Money*: You are aware that you have named ten heads of improvement?—I have.

6010. Each of which is a considerable head?—I think so.

6011. Now you are quite sure that those improvements are important?—I would not have mentioned them otherwise.

6012. And they could not be effected otherwise than under some form of collective ownership?—May I look at them again? I think they must be as I have put them under it.

6013. They are to prevent the wiping out of competition in sales; economy of administration; capital for backward mines; control of freights; co-operation in buying materials; and reduction of colliery consumption of coal?—Yes, that is possible under private ownership of course, but more possible under a scheme of collective production.

6014. Co-operation in buying material; reduction of colliery consumption of coal; more harmonious working—I am shortening what you have stated of course?—Yes. They are either due to collective production or would be enhanced by collective production.

6015. Getting rid of vested interests and of the middleman?—Yes.

6016. Working up the knowledge and skill of a few to serve a larger number?—Yes.

6017. All those things are things which either belong directly to collective ownership or are very intimately connected with it?—Yes.

6018. That being so will you address yourself to this? It is because these are important that you have brought yourself to the position, I will not say of advocating, but favouring collective ownership?—I have put forward the points in favour which appear in my paper.

6019. I put it to you next, if I may, that if that desirable collective ownership is to be brought about there are only two ways: one, the voluntary way of which you have spoken; and the other, the nationalisation way. They are broadly the two, are they not?—Yes, broadly.

6020. Take the first: I think you said that you would like to see all the owners come together to do these things?—I would.

6021. Suppose they did not, would you force them?—Mr. Sidney Webb said something about applying a poker. There are methods by which you can bring people to see what is to their best advantage.

6022. Then what do you contemplate?—I am talking round the subject to tell you the truth.

6023. It is so very important. We are practical men. As Mr. Webb says, we have to face a condition?—That is true.

6024. What, therefore, do you mean? Do you mean you want all the owners in the United Kingdom to come together?—Yes.

6025. To make one trust?—Yes, it might be, might it not, in some such way as this? The conditions are so divergent and what we may call the *genus loci*, and the physical conditions are so different as between district and district, that I would approach, I think, the problem from the point of view of creating district combinations—district by district—district trusts with district boards on which the owners and workmen might be represented, and those district boards might be governed or brought together by a central board or council elected from the district boards and the Government might probably have its nominees thereon also, and the interests of the consumers would be protected in a somewhat similar manner to that which they are under the Lighting Acts. That is very roughly it. Some idea of that sort is floating in my mind.

6026. So that you would get a sort of syndicalism?—It is, is it?

6027. Why do you prefer it to socialism?—I do not know much about syndicalism and rather less about socialism. I am simply enquiring.

6028. If you get different groups of people in possession of part of the national property in this way and working it in this way you have really a syndicalist system. Do you think public opinion would tolerate either one great trust owning the coal in this country or another great number of trusts owning it, having regard to the fact which you of course fully appreciate from what you said. Do you think public opinion would tolerate that?—I do not know. I am not a politician.

6029. I suggest to you that the coal of this country is as fully important to it and even more important than the navy of this country?—I regard the coal of the country as being of the highest importance.

6030. Is it not the basis of all our wealth?—Nearly all our wealth. It is our second biggest industry.

6031. It is our basic industry?—That and agriculture.

6032. Agriculture is not the basis of it, but coal is the basis of it, is it not?—Is not agriculture our biggest industry?

6033. I am not speaking of numbers, but in this sense: While this country was an agricultural country it was the poorest in Europe, was it not?—It was a most delectable place to live in. I think a country devoid of commercialism is a delightful place to dwell in.

6034. But the position of the agricultural labourer in those days was dreadful. Coal is the very basis. Would you consent to that very base of our wealth being in the hands of one trust or, let us say, eight district trusts? Is it a conceivable position for this country?—The word "trust" has a disagreeable sound as applied to industry, but if it is for the national advantage I do not think the country would oppose it, would it?

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6035. That is what I am suggesting to you?—If it was duly controlled. What I would be out to secure would be the very advantages that nationalisation would give you with none of what to my ignorant mind appears to be the disadvantages. I would like to retain the force of initiative and yet to give to the nation all the benefits that may be said to accrue from nationalisation.

6036. This is a very practical matter. Have we not practical experience of trusts in this country? Have you ever heard of the Cement Trust or the Wall-paper Trust?—I am lamentably ignorant of everything except mining.

6037. In those cases where they voluntarily came together they came together by eliminating competition at the price of watering their capital to a very large extent?—I think you would have to see to it that that did not occur.

6038. And in spite of watering that capital we get the Wall-paper Trust paying 10 per cent. on its watered capital?—I am quite ignorant of that.

6039. But you say there are very serious things—claws to cut?—Yes, but they can be cut.

6040. Are you sure you can find a clause of an Act of Parliament to cut them?—A clause to cut claws?

6041. Yes?—I do not know, but I think you could. I think the State can do a good deal.

6042. That is what I suggest to you. If the State can do a good deal in that indirect way, had it not better get about the work directly?—But it may crush initiative.

6043. What is the result of initiative? You have said we have had it for 150 years in the coal mining industry. The result is that you write a memorandum to denounce the result?—Is that a fair interpretation to put upon my memorandum?

6044. This is what you say: "That the present system of individual ownership of collieries is extravagant and wasteful." It is, indeed, is it not?—Yes, the present system, but we are a progressive people and I wish to re-organise beyond that individual system, but not to do away with the initiative that exists.

6045. In so far as you create a trust you do cut out individual initiative, because you say to an individual who wants to do a thing in one way that he must do it in another way. That is cutting out initiative, is it not?—It would be.

6046. But it is the essence of your system which you suggest?—I think necessarily so.

6047. But surely the present position is that our mines are owned by 1,500 different firms behaving themselves in 1,500 different ways. That is individual initiative, is it not?—The Westphalian Syndicate has been a success.

6048. That is my point. In so far as you get a great control, do you not rule out an amount of individual initiative, and do not you get a better result?—By ruling out initiative?

6049. Yes?—I would not like to say that, and in fact I do not think that.

6050. Is it not the fact that the larger you make the region within which a talented individual can operate the more he can do?—I do not know.

6051. Take the German railways. Is it not the fact that the technical equipment of the German railways, if you take their ordinary railway carriages for example, and take the latest carriages, say, before the war, which were exhibited at the Cologne Exhibition showed development to an extent unknown in this country?—I will take it from you.

6052. Take their railway stations. Were they not developed to an extent unknown in this country?—They were wonderfully arranged for the movement of troops.

6053. Take Denmark and the terminus at Copenhagen. Was it not wonderfully better than the average terminus in London?—They might easily be better.

6054. Do not these things change your mind with regard to the virtues of individual initiative?—I am trying to preserve an open mind.

6055. I suggest you would have very great difficulty in curbing your suggested trusts, and that the best way for the State to operate would be the other way?—One is naturally conservative by instinct, although one may be a radical by conviction.

6056. With regard to the distributing trade, which I understand you also think needs amendment, how do you think that should be controlled—also by a trust? How is that to be controlled? I think if the merchants, say, of the London area were to combine they could distribute coal cheaper than in the pre-war days.

6057. Would not that be another trust—that would be a merchants' trust?—Yes, that would be a merchants' trust.

6058. So that you propose to cover the country with trusts?—No, I do not propose to put that forward. That requires a good deal of consideration and more than I have given to the subject.

6059. We have also given it consideration and we suggest a better way.—May I sit at your feet and learn?

6060. This is a very serious subject?—I am quite serious about it. On the question of the best way of distributing the coal produced I do not feel that I have given sufficient consideration to it to warrant any opinion of my own being of very great value, and I should like to think it over seriously.

6061. May I suggest to you that it is probable that under national ownership combined with the distribution by local authorities you could get a much more ideal system than under your network of trusts and that you cut out a lot of middlemen and wasters?—I did during the war consider the possibility as a war measure, of distributing coal through local authorities and I have a considerable amount of notes upon that but that was a purely war measure.

6062. May I ask you one more thing which is rather important. In the Eight Hours Report at pages 24 and 25, you get this: "In planning a colliery everything is designed to a scale with the view to the production of a certain ideal output, calculated with reference to the area of coal taken, the capital expended, and the duration of the lease, so as to furnish an adequate return for the capital and provide a sufficient sinking fund. Consequently, colliery engineers endeavour to avoid excessive equipment." That is to say they have to have regard to an adequate return on the capital when they plan the colliery?—Quite true.

6063. Therefore, is it not true that as the State can take a lower rate of interest than the private capitalist, it is obvious that the State could give a better equipment than the private capitalist could?—The same would be true, would it not, of the Trust idea?

6064. No, because the Trust must have a larger rate of interest than the State can take, and it cannot borrow money so cheaply?—I presume the State would probably be able to borrow money more cheaply than the Trust because its security would be greater.

6065. Could not the State afford to sink a new shaft on what you would call a more extravagant scale, if it were necessary to save life, because it has not to pay such a great return to shareholders?—If the State purchased the colliery undertakings of this country, it would have to get a return.

6066. I am speaking of putting down new plant and sinking a new shaft?—In as much as the State would be able to get money at a cheaper rate than even, I presume, a Trust, it could spend more money.

6067. It could spend that money on saving lives and on saving limbs?—I do not think it would be a fair argument to say that anything the State could do in respect of expenditure of money towards saving life and limb could not equally be done by a Trust.

6068. You have just shown that it could not?—I say the saving of life and limb. I have no doubt the State could expend more money, but that extra

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expenditure would not necessarily conduce to a greater saving of life and limb.

6069. You have had a very wide knowledge of this matter, first in the practical working of collieries, and secondly in a position from which you have seen as much and more of colliery working than any one. Is it not a fact that only a small part of the profits which has been drawn off your shareholders and royalty takers, if expended on equipment of mines, would have saved thousands of lives in this country in the last 50 years?—By far the greater number of accidents are due to falls from the roof and sides, and you might expend all the money you liked without reducing those.

6070. Are there not a very large number due to other causes?—The greater number of accidents are due to that. Then a great source of deaths are colliery explosions, and it is only as we get to know more and more by scientific investigation that we shall be able to rule those out, and I think we are nearing the day.

6071. Is it not the fact that if there had not been only one neck to a bottle in the last 50 years a very large number of lives of miners would have been saved?—Not in recent years, but there are notable cases in the past.

6072. I say in 50 years the number of lives which would have been saved by what the private colliery owner would call extravagant expenditure is very considerable indeed?—I am very anxious to say nothing but what is absolutely the truth, and I do not like to say yes or no to a sweeping statement like that.

6073. How far can you put it? Put it in your own way, and say is it, or is it not, true, and, if it is, to what extent, that private capitalism has destroyed lives in this country. This is a serious question, and you are well competent to answer it. I suggest to you that private capitalism has killed hundreds, if not thousands, of miners in this country who need not have been killed if they had had better equipment—more than one neck to the bottle, better winding appliances, and all the rest of it?—I do not think in recent years—and by that I mean the last 10, 15 or 20 years—that that can be said to be true of the mines to any extent, at any rate, to any but a small extent, for this reason. The Mines Acts require that there shall be carried into effect certain measures making for the health and safety of the miners, and the State sees to it that those are carried into effect; but that in ancient times, in the early Victorian times, there was loss of life which need not have taken place, owing to the non-existence of measures, such as you have intimated, is true.

6074. Is not winding a very serious and dangerous business?—You know that the death rate from winding is extraordinarily small. I should say the actual death rate from winding accidents is not any greater than that from railway travelling.

6075. Taking the actual number killed from winding accidents is it not considerable?—No, it is inconsiderable.

6076. How many is it?

6077. *Chairman*: Can you look up that figure and let us have it to-morrow?—Yes, if I might do that. I happened, before I became a Government servant, to have carried out for the Government a series of investigations into accidents in shafts. They were very serious accidents, all of which might have been avoided, I grant you. That goes outside the time. I have since taken out figures to show what was the rate of accidents for so many million windings, and it came out extraordinarily low, and that I attribute to the class of person employed as a winding engine man. He is a most sober, admirable person, generally speaking; and I also attribute it, on the average, to the high class of machinery adopted and the Government regulations regulating winding; but the accidents from winding are extremely small in number, and I think would compare favourably with any country in the world.

6078. *Sir L. Chiozza Money*: You will let us have them?—I will certainly.

Chairman: You will find them on page 12 of the last report of the inspector.

Sir Thomas Royden: Before asking you any other questions, I should like to take up this matter that Sir Leo has brought up, namely, the question of loss of life to miners. I think that it is a misstatement to, as Sir Leo just now did, accuse the private colliery proprietor of deliberately, in order to increase his profits, destroying the lives of tens of thousands of miners.

Sir L. Chiozza Money: That was not the statement I made.

Sir Thomas Royden: It was substantially.

Sir L. Chiozza Money: I said the methods of private capitalism, leading to inefficiency, did lead to the loss of lives.

Sir Arthur Duckham: You said tens of thousands.

Sir L. Chiozza Money: Yes: tens of thousands in the last 50 years.

Sir Thomas Royden: Sir Leo's statement is that the private equipment of the collieries, in order to save money to the private proprietor, was so inadequate that tens of thousands of men have lost their lives.

Sir L. Chiozza Money: Yes: cheap labour led to inefficient machinery, and inefficient machinery led to the loss of life.

6079. *Sir Thomas Royden*: Admittedly a great deal of progress has led to a scientific understanding of the conditions of mining in the last 50 years?—Yes.

6080. Conditions that were considered tolerable 50 years ago by the Government would not be tolerated now?—That is so.

6081. The conditions existing at that time were approved by the Government in the light of their knowledge as it then existed, or, I presume, they would have interfered?—Government did not begin to interfere much with mining till about 1842, the date of Lord Shaftesbury's Commission.

6082. I am going back 50 years; so that when, 50 years ago, Government began to interest itself in the condition of coal-mining, it led to certain regulations which, according to the standard of knowledge then available, were considered adequate?—Yes.

6083. It was no question of option with the colliery proprietor, he did what he was told?—He did, doubtless, what he thought was right.

6084. So that, I repeat, this suggestion that the private ownership of mines has condemned tens of thousands of miners to death, is not really justifiable: it is not in accordance with the facts?—I would not put it in that way, certainly. I agree with you. I do not think you could say with justice that private ownership was the cause of the loss of tens of thousands of lives, for had the State owned the mines in those days, with scientific knowledge being what it then was, numbers of lives would have been lost that would not have been lost if scientific knowledge had been what it is now.

6085. There is no economic aspect in that?—No.

6086. I have been anxious to-day, if possible, as the result of your evidence, to try to get some figure before the Commission, which admittedly would to some extent be hypothetical, of the probable increased cost of the output of coal with the proposed increase of wages and the reduction of hours. That figure was given us by Mr. Dickinson at 8s. 2d. a ton, his calculation being based on the calculations that you have put before us again to-day?—Yes.

6087. I understand that in consequence of a certain factor, namely, the working in Northumberland and Durham, that calculation of yours of 20 per cent. will be modified?—Yes, it will be modified to the extent of the producing effect of Northumberland and Durham, which I will work out.

6088. So that I am afraid we cannot to-day get at the effect of the probable extra cost on production of these suggested alterations in the miners' conditions. We shall have to wait till to-morrow. I

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think we all agree that there will be a certain extra cost of production?—Yes; it is a simple mathematical calculation provided the figures put before you are correct.

6089. So that we can leave that?—Yes.

6090. Provided it is not at the expense of the living conditions and working conditions of the miners or anyone interested in a colliery the cheaper we can produce coal the better for all of us?—Yes.

6091. That is a truism?—Yes; the cheaper we can produce coal, the better for all of us, with the possible exception of those who produce the coal. To reduce the thing to an absurdity, they might produce the coal and get no payment for it.

6092. I am pre-supposing that the conditions of labour are as they should be?—Subject to that I agree with you.

6093. And the rights of other people who have interests in collieries being safeguarded; but subject to those conditions, the more cheaply we can produce coal, the better for all concerned?—Quite so.

6094. So that on the one side, if these alterations in the working conditions were given effect to, we have a higher price in the case of the coal; on the other side, we hope to effect economies which will be to some extent set off against that extra cost?—Yes.

6095. In the first place, what you advocate is some substitution for individual ownership, which, as you say, is extravagant and wasteful?—Yes.

6096. That is a very strong accusation to bring against the present form of administration of collieries, that it is wasteful and extravagant?—Yes, but perhaps you are looking at it from a different point of view from what I am. I mean, not wilfully extravagant and wilfully wasteful, but extravagant and wasteful of a necessity, inasmuch as it is inherent to individual ownership. You see the difference?

6097. I do. I do not wish to level the accusation against any individual concern that it is *qua* an individual concern extravagantly and wastefully managed.

6098. Your statement is that the present method of administering collieries is *per se* wasteful and extravagant?—Yes, inasmuch as the collieries could be more cheaply and less wastefully managed were they combined.

6099. Is it within your knowledge that a great many paper economies which should attach to combined administration and ownership are apt to disappear in what I may call the inherent extravagance of a large administration?—I have heard that criticism advanced as being true in respect of all large combinations. Equally one has heard it denied, and personally I lean to the view that large combinations can be more cheaply managed than small combinations; but I know that there are others who are just as well, perhaps better, able to express an opinion than myself, who take the contrary view.

6100. So that, without putting it any higher than that, it is a controversial point?—Certainly, but I am giving my opinion for what it is worth.

6101. I will leave it at that; it is a controversial point?—It is a controversial point.

6102. There is the other side to that question?—Certainly.

6103. You said just now in evidence that you did not attempt to put down all the items of possible economy under the unified system of control and management, but you are probably aware that there are a certain number even here that you put down which again are matters of controversy, as to whether in effect you would get economy out of them or not?—The whole matter is one of controversy. Of course, the supporters of what you may call the small scheme as against the big scheme say the personal factor accounts for so much, and the smaller the entity the more easily it is subject to supervision. That is their argument.

6104. You probably admit that there is something in it, though it may not outweigh the other advan-

tages?—Seeing the people who maintain it, there must be something in it. They must have some good reason; but still, with the greatest deference, I think they are wrong.

6105. Clearly, you have so stated?—Yes.

6106. Sir Leo asked just now a question with regard to railways. Are you familiar with America?—I have been to America.

6107. Do you know whether railway rates under private ownership before the Government took control were cheaper there than in Germany?—No. I will take it from you if you say so; but that apparently is controversial, too.

Sir L. Chiozza Money: It is not so really.

6108. *Sir Thomas Royden:* It is a small matter; but, for instance, their railway termini are finer than any in the world?—They are exceedingly fine.

6109. You cannot compare our railways with them—our railways which suffer from all the disabilities of the experimenter?—The experimenter, vested interests, and one thing and another. They, the Americans, have a fair field and no favour.

6110. The conditions are not the same?—No.

6111. You mentioned just now with regard to the application of coal-cutting machinery, that there might be some objection; I think you instanced South Wales—on the part of the men to the introduction of these machines?—No, I do not think I did. It was not a human objection, not a psychological one at all; it was an objection from purely physical reasons.

6112. We may take it that so far as machinery is labour-saving it might be introduced?—The prejudice against the introduction of machinery, which did undoubtedly exist among miners as among all workers, as they became educated and realised that so far from being a disabling factor which was contrary to their interests was in favour of their interests, decreased, I think the opposition, if it is not already dead, is dying.

6113. To-morrow we shall be able to get some fairly close estimate of what the additional cost of the output would be on these reduced production hours and increased wages. On the other hand, on the counterbalancing side there are a number of items, but you do not care to put any value on them?—With the best will in the world, I cannot put a figure to it. They are nebulous rather.

6114. Still, they are there?—They are very important. They may be the most important factor in the situation, but I cannot put a value on them.

6115. It would be correct to say that on one side one has to take into account a certain rise in the cost of output—we will see later what it is—and on the other side we have factors which taken together will amount to a good deal, but which it is impossible at this moment to put any value on?—Yes, I go so far as to say it is impossible.

6116. *Mr. Robert Smillie:* Do you remember any safety proposal which was going to cost the mine-owners any money that they freely accepted without being forced to do so by the House of Commons?—I am trying to think. Yes, I do—the introduction of safety lamps. It was opposed by the miners and introduced by the owners.

6117. Might I call your attention to some things which had to be forced on them? Do you remember how long it is since the winding control of an engine was practically perfected and was made a machine that everybody admitted was perfect?—Yes.

6118. How many years ago is that?—Twenty years, I should think.

6119. Is it true that some of the mineowners immediately fitted them to their engines?—It is.

6120. Is it not the fact that the Home Office and the miners begged of the employers for years to fit their engines with controllers preventing overwinding, and it ultimately had to be done by Act of Parliament?—The latter is undoubtedly true, that it is

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quite within recent years that it was made a necessary regulation.

6121. From the time that it was known and admitted by engineers that a perfected control to prevent overwinding existed would I be right in saying there have been 20 overwinding accidents by which over 20 men and boys lost their lives, which accidents would have been prevented had there been controllers put on?—I think you are quite right, if I may put it in my own words, because I want to be quite accurate. It is quite true to say that within that period there have been lost the lives of certainly 20 persons which would have been saved had a controller been in use; but I would not say that the controller was perfect then, nor would I say that it is quite perfect now. "Perfect" is a very strong word. The point that you are trying to get at is undoubtedly true—the lives would have been saved had the controller, as we know it, existed.

6122. There is no such thing as perfection?—No.

6123. It has been admitted for 20 years that there has been a controller in use and attached to engines?—Yes.

6124. And the management at the collieries and the inventor were prepared to go into the cage and ask the engine man to try and take them over the pulleys?—Yes.

6125. It is true that accidents in which four men, and, in one case, eight men lost their lives from overwinding, would not have happened if that precaution had been taken?—Quite true.

6126. Has it not been known for a long time that detaching hooks which were for the same purpose were also in use in some mines?—Yes; their use was made compulsory by Act of Parliament.

6127. Has not the Home Office over and over again endeavoured to have those things adopted at the collieries and failed?—It has forced them to be used.

6128. It is a fact that a large number of deaths have taken place which might have been avoided if the colliery owners had been prepared to spend money on it. Now the Government were asking the colliery owners to attach those safety appliances. Do you not think that if the Government were the owners of the mine they would have had them?—You are quite right. The Government advocated them, and if they owned the mine, they would probably have adopted them.

6129. Do you know that for 20 years a method has been known to mining engineers of reversing the air current in the mine so that if a fire took place the air current could be reversed with the movement of a door or two?—One has known that oneself for 20 years that under certain conditions you ought to reverse your air current.

6130. I am not dealing with whether you ought or ought not, but I am dealing with the facts, and I think a plainer answer might come, that it has been known to mining engineers for 20 years that it was possible to reverse the air current in a few minutes if it was thought wise to do so?—Certainly.

6131. Did we not require to force the mine owners by Act of Parliament to erect those doors for the purpose of enabling the men, if the manager thought wise, to reverse the air current when an accident took place?—It was not quite that. I am not trying to quibble and get out of answering your question. But what we did require was that there should be available the means for reversing the air current, but we left it to the judgment of the manager, and very properly so, as to when he should reverse it.

6132. Just as you said there must be safety lamps under certain circumstances, but no particular kind of safety lamp?—Quite true.

6133. My point was that it was known that it was possible to place in the manager's hands the means of reversing an air current, and Parliament did not say, You must take that particular means that has been patented; Parliament said, You must have some means approved of?—It is only right and fair to say that great difference of opinion existed among the best

mining engineers as to the advisability of having means of reversing the air current, and as soon as ever the Home Office experts came to the conclusion that it was desirable, then and there it became obligatory.

6134. So far as I remember, the difference of opinion was not whether they should have it; the difference of opinion was, under what circumstances it should be used?—It was brought to a head after the Whitehaven disaster, on which I reported.

6135. Those two things are sufficient, and I could go over many others to prove the contention put forward by me here, that where a question of money came up, to a very large extent human life is set aside. I am prepared to say, so is Smith, so is Frank Hodges, that it is not hundreds of lives that have been sacrificed, but thousands of lives have been unnecessarily sacrificed through this very thing. We are prepared to put in any proof of that that is necessary. You are afraid, I think, that if the mines were nationalised the miners would have so much power, through Members of Parliament, to bring pressure on the Government?—I never said so.

6136. Was not that the suggestion of Sir Arthur Duckham?

6137. *Sir Arthur Duckham*: No.—That was not the question, but the question he did put to me I did not answer.

Sir Arthur Duckham: He said I had suffered with him.

6138. *Mr. Robert Smillie*: You have read that at one time it was a favourite pastime of landlords to enclose the people's common lands in this country?—I have read that.

6139. You do not doubt it, I suppose?—I do not, indeed.

6140. A favourite pastime, especially during war, when the men were away at the war?—I think we have lost a great many of our commons through that.

6141. Have we not lost millions of acres?—I should not like to put forward a figure, but I have a shrewd suspicion that we have lost a great deal.

6142. In order to give you some idea, it took 400 Bills to pass through Parliament to legalise the effect. It took the miners 20 years to get an eight hours Act passed before the House of Commons, but the landlord class of this country got an enormous number of Bills through in a very short time to legalise the robbery of the people's land. Is not it time the workers were having some influence in Parliament, when the other people have had all the influence all the time?—Certainly.

6143. I would not have raised the matter but for the fact that it was said influence might be brought to bear on Parliament.

Sir Arthur Duckham: I said it was brought to bear.

Mr. Robert Smillie: We have brought our influence to bear over and over again, and will do so again.

Sir Arthur Duckham: I said improperly—not properly.

6144. *Mr. Robert Smillie*: You are aware that there is a very large number of mine workers who have been, and are from day to day, totally incapacitated from following their employment by accident. I think you are aware that the beneficent Parliament some time ago, after great pressure, forced the employer to pay 50 per cent. of the wages that the person previously earned up to 20s. when they were totally incapacitated?—Yes.

6145. A person earning £3 a week, and it took £3 a week to keep his family, though he was totally incapacitated by accident, the Bill passed by Parliament allowed him to get £1 a week. You are aware that during the war those unfortunate remnants of our socialistic system got 5s. added to their compensation. Are you aware that some of the men are only receiving 12s. 6d. a week, plus 25 per cent., or about 16s. a week, at the present time in compensation?—I am not aware of the figures, but if you say so, I have no doubt it is quite correct.

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SIR RICHARD AUGUSTINE STUDDERT REDMAYNE.

[Continued.]

6146. You are aware that somewhere as low as 8s. 6d. in the pay-bills for this week is being paid for total incapacity?—If you say so, I quite accept it.

6147. Are you aware that we approached the Home Secretary some time ago to ask for an increase of 75 per cent. in addition to the 25 per cent. to make it up to 100 per cent. to enable these people to live?—I heard that a deputation waited on the Home Secretary, but I was not present.

6148. Are you aware that after that statement had been made, he admitted that there was a very strong case made out for some of these poor people because of their poverty, but he said: "It is no use, as you know, the Government asking the House of Commons to legislate in this matter because of the interests that we would meet there"?—I was not present.

6149. That would show considerable interests represented surely, if the Home Secretary would have to admit that while a good case was made out in some of these cases, they could not at the moment pass through the House unless it was non-controversial; you are not aware of that?—I was not present, and I do not like to say yes or no to anything when I was not present.

6150. I was not sure at the moment whether you were present with the Home Secretary or not?—No, I was not.

6151. Just one question about the wonderfully comfortable conditions under which the miners work—a kind of health resort, where the people should go when the people are broken down, just to take a few months in the mine to recover their health, I suppose; that is about the state of it. I put it to you, it is a considerable time since you gave up your real active connection from day to day near the mine?—Yes.

6152. Had you very long experience of the colliery working in the ground outside of Durham and South Wales?—Yes, pretty considerable in Staffordshire.

6153. Had you very considerable experience in any of the Scottish coalfields?—From day to day, no. My experience in Scotland has been as an inspector, visiting the mines and going underground.

6154. Are you aware that at the present time they are working seams of coal there from 16 inches up to 18 inches, or 20 inches or 22 inches, 2 feet, 2½ feet, and so on?—I have been in them.

6155. Are you aware that they are working them longwall?—Yes.

6156. And that a man or a boy who has to work at the coal face has to lie on his side all day with hardly room to turn himself?—I have worked in 2 feet myself, and travelled along the face—I was going to say, for miles.

6157. Have you worked in them yourself 2 feet thick, where the water was running down from the roof on you all day?—I have had it running down my neck.

6158. Is it a nice comfortable situation?—No, it is very uncomfortable—extremely uncomfortable under those conditions.

6159. You would not suggest that it is a position you would put one of your own lads to, if you could find anything else for him to do?—Permanently, no.

6160. Unless you wanted to make a mining engineer of him, which is another matter?—Quite so, I agree.

6161. I think, really, Sir Arthur wanted to know whether it was as comfortable as the ordinary workshop?

Sir Arthur Duckham: No, the question I asked was this: Could the conditions in the mines be made so that they are healthy for the worker—not against accidents; that is the only question I asked, and Sir Richard said yes.

6162. *Mr. Robert Smillie:* There is this question: Are you aware that in many mining districts the men and boys going to the mine have to travel 2 miles to the railway station, and travel 12 miles in the train,

and then travel a distance from the station to the mine before you go down the pit at all?—Yes.

6163. And that they have to return that same distance at night?—Yes.

6164. Which adds, in some cases, 3 hours to their day at the mine?—Yes, we had a case recently, as you know, in South Wales.

6165. Are you aware that in some cases the tramway companies, private or municipal, and the railway companies, in some cases, provide trains or trams to run men on the surface to their work, and that the men have a greater distance to travel underground and have to walk it, while public companies provide them with workmen's cars to run them on the surface?—That is true.

6166. Do you think that that is the way it would have been if the nation had been working the mines and wished a large output. Do not you think it would have run them in and out to the work underground, and so given more time to produce coal at the coal face?—Quite possibly.

6167. And that is one of the reforms proposed if it were carried out that might tend to increase very considerably our limited output?—You mean the men would arrive fresher at their work?

6168. Yes, because it is not a nice thing to have to walk 2 miles underground?—No, it takes the edge off a man.

6169. There are men who walk 4 miles to work at Whitehaven?—That district is now shut off. That was an extreme case, but there are lots that walk 2 miles.

Mr. Evan Williams: Many statements have been made by Mr. Smillie that one ought to contradict, and I do not want to let them pass without some comment.

Mr. Robert Smillie: If I have made any statement which is not true, I would like it contradicted now.

Sir L. Chiozza Money: In view of the questions asked by Sir Thomas Royden, I should like to ask whether it is not a fact in the last 50 years that the number of lives lost in our mines approaches 100,000?—I have not the exact figure with me, but I do not suppose it is less than 70,000.

Sir Thomas Royden: It is rather important; 100,000 is a large statement.

Mr. Arthur Balfour: There is a difference between 70,000 and 100,000.

Witness: No, it could not be 100,000.

Sir L. Chiozza Money: Would it be 70,000; I have not the figure with me.

6170. *Chairman:* Do you know?—I can find out.

Sir L. Chiozza Money: Then I will ask for a return of that. I will ask one more question, if I may.

Chairman: We have two more witnesses to-night.

Sir L. Chiozza Money: This is rather important.

Chairman: Yes, I know it is, but so is March 20th.

Sir L. Chiozza Money: I think this bears on March 20th, if I may say so.

6171. We had evidence yesterday from Mr. Frowen, from the Firemen and Deputies Union. He was told if he were a State servant he would be in a more independent position to make reports than he would under private ownership. Do you think that statement was justified, that he would be in a more independent position to make reports on safety than if he were under private ownership?—No, I think he would be in the same position as he is now.

6172. But he said under State ownership he would be in a more independent position to make reports?—He has a right to his opinion and I have a right to mine.

6173. *Sir Arthur Duckham:* Can Sir Richard tell us of any colliery owner who has refused, on the score of expense, to put into his mine anything to safeguard the lives of the workers?—None occurs to me at the moment.

6174. You do not know of one?—No.

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Mr. REGINALD GUTHRIE.

[Continued.]

Mr. REGINALD GUTHRIE, Sworn and Examined.

6175. *Chairman*: You are Mr. Reginald Guthrie, Coal Trade Office, Newcastle-upon-Tyne, a Fellow of the Chartered Institute of Secretaries, and Secretary of the Coal Owners' Associations of Durham and Northumberland since the year 1888?—Yes.

6176. You say: "As desired by the Commission, I beg to submit the following particulars regarding the working time, earnings and production of coal miners in the County of Durham.

"At the end of the year 1890 an Agreement was entered into between the Owners' and Miners' Associations limiting the hours of coal drawing at the mines and providing for a limitation of the hours of coal hewers, so that they should not exceed seven from the time of the last man going down to that of the last man coming to bank at the conclusion of a shift.

"The great majority of the collieries in the County were, prior to the Agreement, drawing coal for eleven hours per day, a few were drawing for twenty or more hours, and the remainder ten or ten-and-a-half. The arrangement of working was by a multiple-shift system, under which at most of the collieries the hewers worked in two separate shifts per day, and were served by one shift of other classes of labour engaged in connection with the transit of coal from the face to the shaft, and referred to as transit hands. At the other collieries, commonly known as night-shift pits, there were three shifts of hewers and two of transit hands. The first shift of hewers descended before the commencement of coal drawing. Succeeding shifts relieved the men of the earlier shifts at the coal face itself, so that there should be no loss of time; later shifts coming out after the conclusion of coal drawing. There was no limitation in the hewers' hours so long as this was carried out. The hours hewers were in the mine varied from slightly under seven hours per shift up to about seven-and-a-half. The reduction of the hours of coal drawing automatically shortened the hours of the hewers which were further reduced on the average by the fixing of a maximum of 7 hours bank to bank.

"This arrangement continued up to the time when the Miners' Eight Hours Act reduced the hours of all underground hands, with certain exceptions, to eight hours per day, as set out in the Act, which was in effect rather more than eight hours bank to bank.

"To meet the new conditions brought about by this legislation, and to limit as far as possible any consequent reduction of output, an extension of the multiple-shift system was arranged, under which nearly all the collieries in the county worked with three shifts of hewers, and two shifts of transit hands, and this system continues in operation at the present time, except that during the war it was found that at certain collieries, owing to the large numbers of workmen who joined His Majesty's Forces, it was found desirable to suspend the three-shift system, and arrangements were made for them to revert to the two shifts, it being understood that this was a temporary arrangement to continue until the men returned from military service.

"With respect to the question put by the Commission as to output and wages, the following information is taken from returns in the possession of the coal owners:—

"The average quantity of coal worked per hewer's shift was in 1879 4.23 tons; with certain fluctuations this average gradually declined. In 1887 it was 4.04, 1888 3.98, 1889 3.90, 1890 3.81 tons. In 1891, the first year after the Agreement limiting coal hewers' hours it fell to 3.59 tons. There was very little variation up to 1896 when the average was 3.57 tons. Afterwards the average still further declined until in 1913, the year preceding the war, it was 3.21 tons. During 1914-15 the figures rose and in the latter year the average was 3.5 tons; since then there has been a further decline to 3.17 tons in 1918.

"During the same period the net average earnings of the coal hewers, after deducting amount for powder and laid-out, were in 1879 4s. 3-6d. per shift. In 1890, during the greater part of which year wages were 30 per cent. above the basis of 1879, the net earnings per shift were 5s. 11-87d. In 1891 the wages were 35 per cent. above the basis and the net earnings were 6s. 1-13d.; in 1900 the wages varied from 38½ per cent. to 65 per cent. above the basis, and the average earnings of the hewers were 6s. 10-8d. In 1910 wages varied between 38½ per cent. and 43½ per cent. above the basis, and the average earnings were 6s. 10-33d. In the year 1913, during the whole of which period wages were 107½ per cent. above the basis, the average earnings per shift were 12s. 4-70d. These figures are exclusive of the war wage.

"Tables* are attached showing the variations for each of the years within the periods referred to.

"I regret that I am not able to place before the Commission any information comparing the figures shown above with the produce or earnings per shift in other colliery districts.

"With regard to the Commission's enquiry respecting accidents I submit a table showing the accidents at the Associated Collieries in Durham since the year 1898. For the figures of earlier years I have not complete information. The particulars can probably be obtained from the Home Office.

"I am prepared to supply the Commission with information regarding the arrangements for the regulation of wages and conditions of work in the Counties of Durham and Northumberland, and the means which were adopted of discussing these matters with the workmen's representatives, and also with reference to negotiations now proceeding for an alteration of the principle upon which wages are determined in Durham.

"It is not correct, as has been stated, that wages are based on the figures of the worst collieries. They are, in fact, based on averages. The average selling price being the chief determining factor. Owners of collieries who cannot pay the wages determined in accordance with this average without losing money must either continue to lose in hope of recovering the loss in better times or they cease to work the collieries.

"In Durham negotiations have been proceeding for some time for the establishment of a new Board of Conciliation with regulations providing that the average working costs, as well as the average selling prices, should be taken into consideration in settling rates of wages.

"This principle has also been accepted by the North of England United Coal Trade Association which comprises the owners of the two counties of Durham and Northumberland."

6177. Then you give a table showing the output of coal per person and another one giving the hewers' average net earning from 1871 to 1918. Those are statistics?—Yes.

6178. *Mr. R. W. Cooper*: A question was raised yesterday; will you tell us exactly what the hours of deputies are in Durham?—The hours of deputies are 7½ from bank to bank; at the week-end they have a shorter shift of six hours.

6179. Would you mind telling us just very briefly the position of the negotiations of the Durham Miners' Conciliation Board as to the method of regulating wages?—The present Conciliation Board is under notice to terminate, and negotiations have been proceeding, as I say in my proof, for a very long time with a view to establishing a new Board. It has been practically agreed up to now that this Board shall have an entirely new method of regulating the wages. Previously the Board determined wages, having regard mainly to the average selling price of coal. The miners have since asked that the Board should have placed before it information not only regarding the average selling prices, but regarding the average working costs of the mines. That prin-

* See Appendices 24 and 42.

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Mr. REGINALD GUTHRIE.

[Continued.]

ciple has been accepted by the colliery owners, and the question then arose as to how the costs were to be determined and what items were to be included in the elements constituting the cost of working the mine. Three eminent firms of accountants were appointed by the employers to advise them upon that point, and the miners also appointed three eminent firms of accountants to advise them upon the same question. Long discussions took place between the owners and the representatives of the workmen and these two sets of accountants, and finally an agreement has practically been arrived at upon the method by which these average costs shall be determined. There is one point of detail which is rather an important detail which is still unsettled, but the whole matter is in a fair way of arrangement, and the result will be that the whole of the books of the colliery owners of the county will be investigated by two firms of accountants, one appointed by the owners, and one appointed by the representatives of the workmen. They will report to the Board what are the average costs. The Board will then have before it the ascertainment of selling prices and the ascertainment of costs. They will be able, by making a small subtraction sum, to say what is the difference which naturally represents the profit. Then the Board will determine what is to be the rate of wages for that ensuing quarter.

6180. *Mr. Evan Williams*: What reduction do you estimate you will get in the working time at the face if the miners' proposal is adopted?—In Durham, from the returns recently obtained in connection with this enquiry, it appears that the net effect on working time at the coal face of the hewers is 5 hours 20 minutes. That will be reduced to 4 hours 36 minutes under the proposed arrangement, or a reduction of 13.75 per cent.

6181. You say you have two shifts of transit men to three shifts of coal hewers?—In the three shift pits.

6182. If the miners' proposed reduction of hours comes about, does it mean that you would have to get three shifts of transit men?—That is rather a matter for the skilled mining engineers to say how they would regulate the working of the mines. It is a very difficult thing owing to our multiple shift system, which we think is the perfection of arrangement for the division of labour, and a total re-arrangement would be necessary, and I would rather not say how that is to be worked out, but leave that to the skilled mining engineers.

6183. *Mr. R. H. Tawney*: There is one point on page 4 of your proof. You say it is not correct to state that the wages are based on what the worst collieries can afford to pay because collieries which cannot pay the wages determined in accordance with the County Average must either continue to lose or go out. If they go out that diminishes the supply of coal and brings up the price, which means that if a colliery is to go on it must be getting a price which is just sufficient to cover the County Average wage?—Yes. Of course, in many cases it cannot do that in that particular period and it goes on in the hope of recovering when times are good. As a matter of fact that is usually what takes place. Collieries do not often close down. They go on losing money in the bad year and then comes a boom year or two and they recover all or more than they have lost.

6184. But the colliery which cannot hope ever to pay the County Average must go out?—Naturally; under any system of working that would be so.

6185. There was a rather slight but quite natural misunderstanding in the hurry of discussion as to what is meant when it was said that wages are based on the circumstances of the marginal or worst constituted colliery: your explanation is not inconsistent with that at all?—No.

6186. *Mr. Herbert Smith*: Will you tell us how you arrive at this reduction? You say at the present time it is 5.2 at the face and in the new conditions 4.36? In Durham at the present time the maximum is 7 hours bank to bank. They are actually in the

face for 5 hours 20 minutes. Under the six hours proposal, if the six hours were put into the Act instead of eight I am advised by the mining engineers on their returns which they have sent me and by working it out into an average that would be reduced to 4 hours 36 minutes.

6187. I am anxious to get to know how that comes about, because six hours is not from bank to bank?—No.

6188. Supposing you were going to reduce it to 7½ hours bank to bank?—And they got 5 hours 20 minutes at the face?

6189. You say they would only get 4 hours 36 minutes at the face?—Yes.

6190. Tell us how you arrive at that?—Say 6½ hours, and you have to take the travelling time off, which is something short of two hours.

6191. But will you have anything to take off?—Yes.

6192. Take 7½ hours from bank to bank. What will it be on 6 hours? We are not asking 6 hours from bank to bank?—No, I know that. What you are asking is 6 hours, which is now 8 under the Act.

6193. It is not Durham?—You are making the maximum hours in Durham about 6½.

6194. I do not see how we do?—What would be the maximum; may I ask you the question?

6195. You say it is 7 hours from bank to bank, and all we are asking for is 6 hours down below?—Yes.

6196. Tell us how that is going to affect you? Does it mean that it is going to affect your men at the face to that extent from 5 hours 20 minutes to 4 hours 36 minutes?—That is what I am advised. Mr. Hare, the skilled mining engineer, will be giving evidence from Durham.

Mr. Frank Hodges: I think the witness is really under a misapprehension. If he is going to give evidence of that description, we cannot possibly argue it out to-night.

Chairman: Would you rather do it in the morning?

Mr. R. W. Cooper: Mr. Guthrie has just said that Mr. Hare, the mining engineer, is coming.

6197. *Mr. Frank Hodges*: The witness appears to be under the impression that the reduction of the working day from 8 to 6, being a reduction of two hours in the collieries that are now working the 9 hours. He is assuming that it means a corresponding two hours for the hewers in the Durham coal-field?—Oh, no. The figures are, of course, from 5 hours 20 minutes to 4 hours 36 minutes, which is a reduction of about three-quarters of an hour.

Chairman: Even the human machine cannot turn out more work. This is important evidence, and I think we had better perhaps adjourn now. I was very anxious to finish this to-night, but Mr. Hodges says that he questions this.

Mr. Frank Hodges: If they are putting in a technical man, I will not question him any more.

6198. *Chairman*: I understand Mr. Guthrie simply gives certain statistics. He does not say whether they are right or wrong; the technical people do that?—These are returned to me by the colliery managers and the averages are worked out from the information which they sent.

6199. *Mr. Herbert Smith*: Can you give us Northumberland now?—There is a difference, because in Northumberland the hours are rather longer than those in Durham, 5 hours 59 minutes. The net effective of working time at the face if 6 hours were substituted for 8 hours in the Mines Eight Hours Act would be 4 hours 52 minutes, that is if you have 6 hours, as under the Act there would only be 4 hours 52 minutes available at the working face.

6200. *Chairman*: I want to be quite clear as to your figures. They are simply mathematical calculations based upon certain information that has been given to you?—Entirely.

6201. You are not a mining engineer, and you are not giving any expression of opinion; you are simply giving statistics?—That is so.

(Adjourned to to-morrow morning at 10.30.)

FIRST STAGE.—NINTH DAY.

WEDNESDAY, 12TH MARCH, 1919.

PRESENT:

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

MR. ARTHUR BALFOUR.

MR. R. W. COOPER.

SIR ARTHUR DUCKHAM.

MR. J. T. FORGIE.

MR. FRANK HODGES.

SIR LEO CHIOZZA MONEY.

SIR THOMAS ROYDEN.

MR. ROBERT SMILLIE.

MR. HERBERT SMITH.

MR. R. H. TAWNEY.

MR. SIDNEY WEBB.

MR. EVAN WILLIAMS.

SIR RICHARD A. S. REDMAYNE (*Assessor*).MR. H. J. WILSON (*Assessqr*).MR. ARNOLD D. MCNAIR (*Secretary*).MR. GILBERT STONE (*Assistant Secretary*).

Chairman: I first of all want to circulate a small note which Mr. Gibson promised as to fuel cost. I do not want any comment upon it at present. It is the note he promised us. Gentlemen, I should like at once to say we are fairly abreast of our work now, and we shall be able to adjourn punctually at five o'clock this afternoon. Humanly speaking the report by the 20th is now a certainty. Before Mr. Finlay Gibson goes into the box I want to circulate a very important Table, perhaps the most important Table we certainly have had as yet. Mr. Dickinson has got out an analysis of the whole of the returns with all the divisions of the information given on Forms G. and

C. I propose to do this. I think it is better that he should return to the box for a few moments to explain the Table, because it is of vital importance. I will ask the members of the Commission not to ask any questions upon it at all. It is simply the result of statistics, and after he has explained it, every member will be able to study it, and, if any member wants to ask any question about it, Mr. Dickinson will go back into the box later. It is no use asking questions now; it is the result of statistics.

Mr. R. W. Cooper: Do you mean by later some other day?

Chairman: Yes.

Mr. ARTHUR LOWES DICKINSON, Recalled and Further Examined.

6202. *Chairman*: The first little piece of paper is the key to the divisions and sub-divisions of the United Kingdom?—Yes.

6203. You have got out the table* from the whole of the returns sent in from all over the country for the quarter ending 30th September, 1918?—Yes.

6204. Please go through it, because you will be able to explain it better than I can?—I should first explain that the form G. C., which I think most members of the Commission have seen already, has come in somewhat slowly, and in many cases all the particulars asked for were not filled in. Many colliery owners said it was impossible to give some of the information and they sent them in blank. We therefore, in making this summary, have had to take only those forms which were complete, and in that way we have covered just under 65 per cent. of the total tonnage for the quarter ending September 29th. The top eight lines of the form gives these totals for the whole country. The first line shows the average output per man shift worked (including boys) based on about 42 per cent. of the total tonnage; that being the total number of forms that had those particulars in, which shows that the output per man shift worked in that quarter was 17½ cwt. The total number of war wage earners dealt with on those forms is the next line. The next line is the total war wage paid. The next line is a slightly larger figure, the total war wage plus bonus, which is the bonus given to the clerks, &c., which is a small figure. The next line is the total contribution paid by the owners to meet

the war wage, showing a surplus on those figures of £74,000; that is to say, the contribution which the Controller collected for the purpose of meeting the war wage, had, on this 65 per cent. of the total, yielded a surplus of £74,000 on payments of just under £6,500,000. The contribution required over the whole country on those figures to cover the war wage and bonus comes to 3s. 9d. a ton, whereas the contribution raised was 4s. The next total gives the total figures divided over the districts which are shown on the first sheet, and it shows that in the different districts in the country output per man shift worked, including boys, varied from just over 15 cwt. in North Wales and Ireland to just over 20 cwt. in North Derby and Notts, which is the highest. The lowest is 14.69 cwts. in Lancashire and Cheshire. The next table gives the percentage of shifts lost during this same quarter owing to voluntary absenteeism and sickness; that is to say, when the men of their own will do not work. Those percentages, you will see, vary considerably in the different parts of the country. The next one we have called time lost involuntarily. That is the time lost by reason of the pit not working and in respect of which, therefore, the war wage had to be paid. The next table shows the details by the same districts of the total amounts paid for war wage and war bonus. The last one shows the contributions in respect of that made for each division, the difference between the two for each division being the surplus or deficit, as the case may be. The note

* See Appendix 4.

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MR. ARTHUR LOWES DICKINSON.

[Continued.]

at the bottom should really be taken out. There are no figures for boys separately on this summary but only on the detailed sheets which I have here, but which we have not had time to have copied, the boys and men are separated for certain purposes, as far as it is possible to do so. The detailed sheets are a fairly large packet, as you can see. I do not know whether the Commission would think them of sufficient interest that they should be printed or not.

Chairman: I think we will do this. You can keep those detailed sheets, and any member of the Com-

(The Witness withdrew.)

MR. REGINALD GUTHRIE, Recalled and Further Examined.

6205. *Mr. R. W. Cooper:* You told us last night of the state of the almost complete negotiations between the Durham miners and owners with regard to the future method of regulating wages. Has it been agreed between both parties? Is the following a fact that the accountants, which means the accountants on both sides appointed to ascertain the prices and costs, should be at liberty to report to the parties the matters relating to the county as a whole, but they should be prohibited from giving information with regard to particulars respecting any individual company or firm?—That is agreed.

6206. Has an agreement been come to with regard to the basis rates of the various classes of persons employed?—That is to say, an amendment to the existing basis rates and an amendment of the percentages thereto.

Mr. R. W. Cooper: I need not trouble the Commission with details of that.

6207. *Mr. Frank Hodges:* Do you mean by that you raised your original standard basis described on the 1888 basis?—The 1879 basis.

6208. You have rearranged that basis and brought it up to a modern standard?—Yes, and re-arranged the percentages so that it does not represent any actual alteration of the existing wage.

6209. That is what the other districts have done?—Yes.

Mr. Arthur Balfour: I think it will be important to have the balance sheets of the Miners' Federation of Great Britain for the past 7 years, both as regards assets and liabilities, and receipts and expenditure and profit and loss.

Mr. Herbert Smith: You might have some loss but not much profit.

Mr. Arthur Balfour: Might we have the balance sheets of the Miners' Federation for Great Britain for the last 7 years showing the assets, liabilities and profit and loss, if any?

(The Witness withdrew.)

MR. FINLAY ALBERT GIBSON, Sworn and Examined.

Chairman: May I say with regard to the evidence of Mr. Gibson in some ways it stands in the same sort of way as the evidence given by Mr. Dickinson just now. As I gather, Mr. Finlay Gibson is a statistician, and will put in a great number of returns. It is difficult to ask him questions upon those at once, and I suggest this should be done. The technical witnesses who speak as to the particular facts and the statistics will be called immediately. I should think the best thing is to put in their evidence, and then the members of the Commission will be able to read it and we can recall him later if any member wants to ask him any questions on the statistics.

6210. *Mr. Finlay Arthur Gibson,* you are the Secretary of the Monmouthshire and South Wales Coal-owners' Association, and were asked by the Mining Association of Great Britain to obtain from all the Colliery Companies in the United Kingdom returns containing statistical particulars to be submitted to the Commission as to earnings, cost, etc. The Forms of Return were sent only to Colliery Companies employing more than 50 workmen, and copies of such forms have already been supplied to the Commission.

mission who wants to see them can ask for them. If we have time to get them copied, we will.

Mr. R. W. Cooper: May I ask when the return showing the inland sales and receipts and export and bunker sales and receipts will be ready?

Witness: To-morrow.

Mr. R. W. Cooper: May I ask Mr. Guthrie two questions?

Chairman: Yes.

Mr. Smillie: Providing we get the same from the employers.

Mr. Arthur Balfour: You are getting it.

Mr. Smillie: We are not. We are quite willing to provide you with our balance sheets of every kind provided you provide us with yours.

Mr. Arthur Balfour: I thought it was already admitted we should have them.

Mr. Sidney Webb: It is the Mine Owners' Association.

Sir L. Chiozza Money: May I ask leave to put in a letter which I have received from Professor Watson of the University of Liverpool showing the actual amount of coal used per ton of steel produced. In this letter he says that the weight of coal required per ton of finished steel under the conditions given on page 220 of his paper, which I also hand in, is approximately 23 cwt., when the weight of coke required is 16 cwt. per ton.

Chairman: I am not saying you are not right. My view with regard to that is that Mr. Talbot gave evidence on oath and told one story, and your gentleman is telling another story. I do not for a moment impugn his veracity. No doubt what he says is quite correct on information. He ought to be here to give it upon oath. If you will give me his address in the interval, we will give him an opportunity of being here. The gentleman must come and give evidence.

Sir L. Chiozza Money: In the meantime, he entirely contradicts the evidence which has been given.

Mr. Smillie: We will provide this Commission with our balance sheets. How many years do you want them for?

Mr. Arthur Balfour: Say seven years.

Mr. Smillie: Very well.

Chairmen: Mr. Smillie says he will provide the whole of the balance sheets of the Federation for the last seven years.

Mr. Sidney Webb: I hope they will do the same.

Mr. Smillie: Leave it to their honour.

The returns will show the earnings in four weeks in June, 1914, and four weeks in November, 1913, of various classes of workmen employed underground, on the surface, and of boys, youths and girls. These figures will show the present earnings of each class of workmen as compared with the earnings immediately prior to the war, both for each district separately, and for the whole of the United Kingdom. The earnings do not show the values of privileges which the workmen receive in different districts, such as free house coal, house coal at a nominal price, and free houses. Witnesses for the different districts will give evidence as to these privileges and their monetary value. Will you now kindly circulate Summary.* You produce a Summary (No. 3) showing (a) The number of colliery companies to whom returns were sent, and the number from whom returns have been received. (b) The number of pits owned by the companies to whom returns were sent, and the number of pits covered by the returns received. (c) The gross output of the collieries in four weeks in June, 1914, and in four weeks in November, 1913, from which returns were received. Do you want to

* See Appendix 49.

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add anything to that?—No, only that this has been prepared in order that you may be able to see that we have had very good returns from the colliery companies.

6211. Will you call attention to one or two of them?—Of the total 871 companies to which the forms were sent we received returns from 622, and the number of pits owned by the companies to whom forms were sent were 2,205, and we received returns covering 1,731 pits. I may say in my experience in dealing with returns from the colliery companies I have never yet received a larger number of returns from the colliery companies in the time.

6212. I want to come now to Summary No. 5. Look at Summary No. 5. You produce a Summary No. 5 for each coal mining district in the United Kingdom showing the average earnings per shift of each of the undermentioned classes in June, 1914, and November, 1918, excluding the amount paid by the coal getter to any person on day wage. These are the persons:—

Underground (Adults).

1. Piece Work Coal Getters.
2. Coal Getters on Day Wage.
3. Putters, Fillers, Hauliers and Trammers.
4. Timbermen, Stonemen, Brushers and Rip-pers.
5. Deputies, Firemen and Examiners.
6. Other Underground Labour.

Surface (Adults).

7. Winding Enginemmen.
8. Enginemmen other than Winding Enginemmen.
9. Stokers and Boilermen.
10. Pitheadmen.
11. Persons on and about Screens.
12. Tradesmen, i.e., Mechanics, Joiners, Black-smiths and other Skilled Workmen.
13. All other surface labour not included in Forms 7, 8, 9, 10, 11, and 12.

Youths and Boys.

14. Underground.
15. Surface.
16. Women and Girls.

It will be seen that the average wage per man per shift for the piece-work coal getters in the four weeks in June, 1914, excluding the amount paid by the coal getter to any person on day wage, was 8/9-97 and in the four weeks in November, 1918, it was 16/11-99.

6213. Do you wish to add to that?—I should like to give the figures for each class. As regards the average wage for the piece-work coal getters that excluded the amount paid by the coal getter to any person as day wage.

6214. *Mr. Herbert Smith:* If it excludes him, how do you make up your account?—The instructions given to the Colliery Companies were in regard to the earnings of piecework coal getters to exclude the amount paid by the coal getters to any person on day work. Those are the instructions.

6215. *Mr. Herbert Smith:* The point is this: what instructions have you got? On the prices list there are various prices. The miner pays higher wages than they; do you exclude that?—That is a matter that must be put to the district witnesses. I am putting in a compilation of the returns received from the Colliery Companies as they were issued from my office.

6216. *Mr. Frank Hodges:* A day wage worker is thus excluded, also the boys. Do you regard the boys as being day wage workers?—That you must put to the district witnesses.

6217. *Mr. Robert Smillie:* Is there any use in getting these statistics when Mr. Finlay Gibson cannot give evidence upon them and he expects us to call 1,400 managers, or at any rate 800 managers, from those collieries to give evidence upon the point?—The district managers will inform you as to how they were arrived at.

6218. *Mr. Robert Smillie:* I protest. We get these figures and then we are told we shall have to call the people making up the figures.

6219. *Mr. Sidney Webb:* These are colliery returns, not official returns?—They are colliery returns. They are taken from Form H in every case.

6220. These are *ex parte*?—The colliery managers were asked to use the figures they used for the returns to the Controller in every case.

6221. Are they put in by the colliery owners or are they in any way official, or are they otherwise than *ex parte*? They are *ex parte*, are they not? That is to say, they are put in by the colliery owners without an official check?—I have prepared them at the request of the Mining Association of Great Britain. I prepared them myself. I have had no owner, or committee, or anybody to confer with.

6222. The materials are furnished by the colliery owners themselves?—As far as possible they are the figures as furnished to the Controller; they are the same figures.

6223. *Mr. Arthur Balfour:* These are the returns handed to us the first day we met by the owner?—Form H?

6224. These are the compilation of those forms?—Yes.

Mr. Sidney Webb: They are not made by the Coal Controller.

6225. *Mr. R. W. Cooper:* Mr. Gibson, you say these compilations are based upon the information rendered by the colliery companies to the Coal Controller?—As far as possible. There were alterations in one or two classes because in the returns to the Coal Controller the amount paid by the coal getter to any person on day wage, was included, and it was felt it would not be a fair return if that was so.

6226. *Mr. Robert Smillie:* How do you get the return of the actual wage?—I have a copy of it.

6227. Was it on the form used to the Coal Controller?—Except in an alteration with regard to one or two classes.

Mr. Robert Smillie: Mr. Chairman, I appeal to your sense of fairness. These are not figures given by the Government Department. They are figures given by Mr. Finlay Gibson, and immediately we put a question to him he says, "I cannot say anything about the accuracy of these figures; it is the members of the Coalmasters' Association; you must speak to them." I put it to you, this information ought not to be put in here and then dealt with by the person putting it in in this way by saying, "You must call the mine-owners making this return if you want to enquire into the accuracy of the figures." May I put a case in point. Before the Royal Commission on Mines, a gentleman, a mining engineer of high standing, undertook to get information and got about 30 returns from the collieries in the country and put them in to prove—it was with regard to firemen or examiners—that they had had great experience. He put in figures, and one would show that a fireman had gone into the pit five years before he was born; another one went in two years before he was born, another went in at three years old; one at five years old. When we put to him, "Can you speak to the accuracy of those figures?" he says, "No." He says these are returns from these collieries which I asked and these are the returns I got.

Mr. Arthur Balfour: Are not these returns made by the colliery owners in putting their evidence before the Commission?

Chairman: I understand that most of the evidence, up to now, that we have called, I say advisedly most, not all, has been in the nature of official evidence. We are now beginning, this witness being the first witness to go to the coal-owner's evidence, and, as I understand it, Mr. Finlay Gibson is putting in certain statistics on behalf of the coal-owners. Mr. Smillie says, and says rightly, if I may say so, that this evidence must be received with caution, because, as far as Mr. Finlay Gibson is concerned, it is what we call in law only hearsay evidence, and it may turn out to be quite wrong. All that Mr. Finlay Gibson can say is this, "I sent out certain returns, or certain questions, to be answered by a number of collieries, and as far as I am concerned I told them to give the same information as they had been in the habit of giving to the Coal Controller." "Now," says

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Mr. Finlay Gibson, "These are the figures; I cannot say, personally, whether they are right; I cannot say, personally, whether they are wrong." It may well be, as Mr. Smillie says, that some of these figures are entirely inaccurate. Had we not better just at the moment take these figures for what they are worth. It may turn out—I am not expressing any opinion at all—they are correct; it may turn out they are incorrect. As far as Mr. Finlay Gibson is concerned, all he can say is, "I asked A, B, C, and D for certain information, and this is what A, B, C, and D told me." I quite appreciate Mr. Smillie's difficulty, because what he says is, "I do not care very much what they told you, I want to ask them the information and to ask them questions upon it." What I suggest we should do is this. That we should take this evidence merely for what it is worth. It may be worth nothing, it may be worth a good deal. I do not know; when the district witnesses come you can ask them. I have a list of the witnesses we are going to call here. I do not say this list contains the order in which they will be called. Mr. Thorneycroft will be called and others. I suggest, when they come, Mr. Smillie should put to them some of the questions that he has been trying to get from Mr. Finlay Gibson. It may turn out, I do not say it will, that this evidence can only be received subject to the note of caution which Mr. Smillie has already raised. Do you not think at present it is better to have this before you for what it is worth; it may be worth nothing? I am not going to express my opinion. Perhaps I take too much of a lawyer's view of what hearsay evidence is worth. Shall we take it merely as statistics?

Mr. Smillie: There are not any witnesses that can speak to all these figures. We shall have to have every form returned from every colliery, analyse the form, and call a witness from every colliery returning those forms, if we think they are wrong.

Sir Arthur Duckham: I have already raised a question with regard to receiving these forms officially. We have sat for some ten days and we have not yet these figures officially. If we had these official figures before us to-day we should not have to discuss here whether these figures are right or wrong. If we are going, as it seems likely, to spend a whole day discussing figures which may be right or wrong and to-morrow we get the official figures, we should have been saved our day's discussion. Is it not better to wait for the official figures?

Chairman: The official figures sent to the Coal Controller will not be open to the same, but nearly the same, objection. See what will happen. We send to the Coal Controller saying: Please let us have all forms sent in by the collieries. In one way it is just the same as the present. He says this is what the colliery people have sent me, and there it is; that is hearsay. Sir Arthur is quite right. It is a little different. Whereas the returns sent to Mr. Finlay Gibson were sent at his request simply; the returns sent to the Coal Controller were not only sent at his request but had to be verified on oath. Therefore, you are quite right in saying the official returns are better than these returns, to this extent, that the gentleman who made them had to do it under the penalty of his oath. Is not that so?

Mr. Smillie: No.

Chairman: I am told I am wrong upon that. If I am wrong as to that, the whole returns are precisely the same. They are what the colliery people told the Coal Controller and this is what the colliery people told Mr. Finlay Gibson.

Mr. Arthur Balfour: Cannot any witness come here and bring information which he says is correct? It is a document which is put in, and is it not for the other side to prove it is wrong?

Mr. Herbert Smith: Does this witness prove it is right?

Mr. Sidney Webb: This is not put in as being correct. Mr. Finlay Gibson does not tell us these figures are correct.

Mr. Arthur Balfour: The witnesses to follow will say they are correct.

Mr. Sidney Webb: Will they?

Mr. Smillie: Will Mr. Wallace Thorneycroft say the figures are correct.

Mr. Arthur Balfour: It is the first Commission upon which I have sat which has sought to put in evidence that is not germane to the case.

Mr. R. W. Cooper: We have not hitherto proceeded according to the strict legal views of evidence.

Chairman: No.

Sir L. Chiozza Money: The shareholders would not accept the word of the colliery company. It has to be verified by a chartered accountant. Why should this Commission take these unaudited figures when they would not be accepted by the shareholders without attestation.

Sir L. Chiozza Money: We have had to take a lot of unaudited figures from various members of the Commission who have given us figures and they have been accepted by the others in the nature of figures and have not been audited. The members of the Commission have made statements that have not been audited.

Mr. Smillie: The person giving them says: "I know they are true and know them to be true."

Sir Arthur Duckham: Mr. Finlay Gibson says that.

Mr. Sidney Webb: He cannot explain the difficulty with regard to them. I do not throw any doubt upon them at all. I want to know what they include and what they exclude. Unfortunately Mr. Finlay Gibson cannot tell us apparently what they include or what they exclude.

Mr. J. T. Forgie: That information will come out from the witness. Is not the position this; the witnesses are entitled to put forward their evidence. There is then their evidence, and it rests with the Commission whether they accept it as having any value or not. I see no objection to put in the whole evidence.

Chairman: For the very first time I have had to talk about law. I have tried to avoid law. I am of opinion the less we do with technicalities and legal things the better. We want to get at bed rock. If I were discussing this as a lawyer I might be inclined to say it is not evidence. I do not want to discuss it as a lawyer. I do not want to run down my own profession, but we are a little technical. Does it not really come to this. The real objection to this class of evidence in a Commission like this is not as to the admissibility of it, but as to the weight of it; what the value of it is. Mr. Finlay Gibson puts down certain figures, which he says are merely statistical figures. If they are not backed up by some cogent proof of the sort Mr. Webb suggests—do not put me in the position of pre-judging the thing—I use the word for the sake of argument; if they are not backed up, in a way, they are worthless. At the same time, it is idle at this moment to say we will not look at them now; let us look at them for what they are worth. Let us admit them without any objection to admissibility. When we come to the question of weight, if it turns out, as Mr. Sidney Webb very properly said, they are not substantiated any more than on this piece of paper we shall be able to know what our opinion of them is. At the present time, is it not better to accept them for what they are worth, keeping it clearly in our minds unless we can be satisfied these figures are correct we are not going to pay, I will not say the same attention to them, but not attribute to them the weight they ought to have.

Mr. Evan Williams: Is there any other practical way in which these figures in the coal owners' case can be put in?

Chairman: Do not discuss practical ways. Do you not think it is better to do that at the moment. You all seem to be agreed upon that.

6228. Mr. Sidney Webb: Before Mr. Finlay Gibson passes on, I want to ask him on what he concludes the average would be per man for the piece-work coal getters. It was 8s. 9-97d., and it is now 16s. 11-99d. Have you worked out the percentage of that increase?—In some of the cases I have.

6229. Taking this as the biggest case?—I have not in that case.

6230. Is it not 89 per cent.?—It would be about double.

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6231. Do you notice the rise in the cost of living is 120 per cent.—That is a question I am not discussing.

6232. You have not considered that?—That is a question I am not discussing.

Mr. R. W. Cooper: Instead of arguing, will you let Mr. Finlay Gibson proceed with his evidence, such as it is?

Sir L. Chiozza Money: Cannot we ask questions? We are continually interrupted from the other side. Directly we say anything Mr. Cooper immediately makes an objection.

Witness: I have not put the figures yet. I have not explained what I have prepared.

6233. *Chairman:* Up to the present moment, I think I have rather given the evidence. All I have done has been to read it out. Now, Mr. Gibson, do you want to say anything on the Table Summary, No. 5. If you do, please say it, and then Sir Leo will come along with any point to illustrate it, but not in the way of cross-examination?—I want to explain we took June, 1914, and November, 1918, and we took the headings as they are given in the columns in accordance with the Form; that is to say, we took January, 1914, and November, 1918, and the headings as given on the Forms in accordance with the Form H. issued by the Controller in asking for the same information, so that there might be no contradiction of the figures. You have the daily average of men on pay rolls for the period; the aggregate number of men shifts in the period; the total earnings, and the average wage per man per shift for each class of workman which I will go through. The average for the piece-work coal getters in June, 1914, was 8s. 9d., and in November, 1918, 16s. 11.99d., the highest figure being 18s. 8.54d. per day.

Sir Leo Chiozza Money: And the lowest.

6234. *Mr. Sidney Webb:* Why do you give us only the highest figure?—The lowest is 11s. 11d. 19s. 2.57d. is the highest.

6235. *Mr. Evan Williams:* That is the highest average, not the highest individual colliery?—The highest average for coal getters on day wage for June, 1914, averaged 6s. 11.91d.; November, 1918, 13s. 5.34d.; the highest being 14s. 3.41d.; the lowest being 10s. 5.99d. Putters, fillers, hauliers and trammers, June, 1914, average 6s. 5.44d.; November, 1918, average 12s. 9.12d.; the highest, 14s. 8.82d. Timbermen, stonemen, brushers and rippers, June, 1914, average 7s. 6.01d.; November, 1918, average 14s. 4.60d.; the highest being 17s. 0.02d.

Mr. Webb: What was the lowest?

6236. *Chairman:* Will you give the highest and the lowest?—The lowest is 10s. 6.16d. Deputies, firemen and examiners, June, 1914, average, 7s. 8.34d.; November, 1918, average, 14s. 6.03d.; highest, 16s. 2.11d.; lowest, 10s. 11.24d. Other underground labour, June, 1914, average, 5s. 9.4d.; November, 1918, average, 11s. 5.06d.; highest, 12s. 9.8d.; lowest, 9s. 0.95d. Winding enginemen, June, 1914, average, 7s. 1.87d.; November, 1918, average, 13s. 3.38d.; highest, 15s. 1.6d.; lowest, 10s. 10.14d. Enginemen, other than winding enginemen, June, 1914, average, 5s. 7.13d.; November, 1918, average, 10s. 11.11d.; highest, 12s. 9.71d.; lowest, 8s. 3.78d. Stokers and boilerman, June, 1914, average, 4s. 11.44d.; November, 1918, average 10s. 8.23d.; highest, 12s. 5.16d.; lowest, 7s. 3.48d. Pithead men, June, 1914, average, 5s. 1.85d.; November, 1918, average, 10s. 9.39d.; highest, 12s. 1.14d.; lowest, 8s. 9.63d. Persons on and about screens, June, 1914, average, 4s. 9.25d.; November, 1918, average, 9s. 11.91d.; highest, 11s. 2.03d.; lowest, 7s. 8.96d. Tradesmen, that is, mechanics, joiners, blacksmiths and other workmen, June, 1914, average, 5s. 7.46d.; November, 1918, average, 11s. 1.16d.; highest, 12s. 1.19d.; lowest, 8s. 7.18d. All other surface labour not included in forms 7, 8, 9, 10, 11 and 12, June, 1914, average, 4s. 9.84d.; November, 1918, average, 9s. 9.70d.; highest, 11s. 3.98d.; lowest, 7s. 11.81d. Youths and boys underground, June, 1914, average, 3s. 6.91d.; November, 1918, average, 7s. 4.01d.; highest, 9s. 4.81d.; lowest, 5s. 7.9d. Youths and boys, surface,

June, 1914, average, 2s. 5.42d.; November, 1918, average, 5s. 4.76d.; highest, 6s. 9.37d.; lowest, 3s. 8.66d.

6237. *Mr. R. H. Tawney:* You say youths and boys? Were they getting 2s. in 1914?—The average was 2s. 5.42d.

6238. What age are they? I want to get at what the statistics mean?—The instructions to the colliery companies were only workmen over 21 years of age are to be included in this return, except in special cases where the rate for adults is applicable to a lower age.

Mr. Sidney Webb: We do not know whether these youths are between 14 and 21, or between 14 and some other age.

Chairman: I follow.

6239. *Mr. Sidney Webb:* Are they under 16?—Up to 21.

Mr. R. H. Tawney: Boys over 14 getting 2s. 5d.?

Mr. Evan Williams: There are places in South Wales, for instance, where the daily wage is payable at 18. In other districts the daily wage is paid at 16, in other districts the daily wage is paid at 21. With regard to surface labour, youths and boys, the average boy is considerably younger than the average boy underground.

Mr. R. H. Tawney: I want the minimum age. They are not under 14?

Mr. Evan Williams: They are employable at 18.

Mr. Frank Hodges: I want to analyse this. I can emphatically contradict that unless Mr. Gibson can give evidence with regard to it.

Mr. R. W. Cooper: On that I want to say—

Sir L. Chiozza Money: If we put anything on this side we are accused of making speeches. On the other side the statements with regard to the mine-owners' experiences are put in as evidence. Sauce for the goose is sauce for the gander. I rather like it, but I must have the right to do the same thing.

6240. *Mr. Robert Smillie:* Mr. Finlay Gibson says the returns he asked for were the returns of boys and youths up to 21 years of age, unless it is the custom to pay higher wages at an earlier age?—That is so. If they are accustomed to the rate for the adults they would be in the returns for the adults.

Mr. Sidney Webb: That was my point. We do not know on these figures what the wages are for boys. The boys may be 16, 18 or 21.

Chairman: It is open to that construction, certainly.

Witness: Youths and boys surface, June, 1914, average 2s. 5.42d.; November, 1918, 5s. 4.76d.; highest 6s. 9.37d.; lowest 3s. 8.66d. Women and girls, June, 1914, average 1s. 11.41d.; November, 1918, average 5s. 11.75d.; highest 6s. 8.29d.; lowest 3s. 8.21d.

Chairman: Will you please come now to Summary No. 4.

6241. *Sir L. Chiozza Money:* I should like to ask whether Mr. Finlay Gibson has the respective numbers of these different classes of persons? He has told us about the women and girls. How many women and girls are included in this?—They are on the statement; June, 1914, average number on the pay rolls for the period, 5,546.

6242. *Mr. Sidney Webb:* That is women and girls together?—Yes.

6243. *Sir L. Chiozza Money:* Have you those figures expressed as a percentage of the whole, for example, on the front of your summary statement it gives the total number. Have you with you the various classes expressed as percentages of that number?—I do not quite follow the question. Do you mean the total number employed?

6244. No. What proportion do the women and girls bear to the total? Have you got a summary statement of the whole?—No, I have not, but I could easily obtain it.

6245. *Chairman:* Now let us come to the next summary, No. 4. (Document handed.) You say: "I produce a summary No. 4 for each of the above mentioned classes separately, showing the average earnings per shift in four weeks in June, 1914, and four weeks in November, 1918, for all the districts." Will you just tell us about that?—No. 5 gives you the information for each class for all the districts.

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No. 4 now gives you all the classes for each district, that is, you have got the Northumberland District, and it gives you the average for June, 1914, and November, 1918, for each class; it gives you the average for underground adult labour, it gives you the average for surface adult labour, it gives you the average for the grand total of adult labour, the average of youths and boys, underground and surface, and the average for women and girls.

6246. *Mr. Frank Hodges*: That is to say, this really summarises the sheets?—No, it does not. It gives additional information to Forms 4.

6247. *Chairman*: Just take a typical one and then we will look into the rest. Take the first page; that will do as well as any other—Northumberland?—I will take Northumberland. You have the average for the piece-work coal getters, June, 1914, 8s. 5.38d., November, 1918, 13s. 7.96d. Coal getters on day wage, June, 1914, 7s. 2.81d., November, 1918, 13s. 7.96d. Putters, fillers, hauliers, and trammers, June, 1914, 6s. 5.54d., November, 1918, 14s. 8.82d.

Sir L. Chiozza Money: We have such a lot to get through; is it really necessary to read all these figures out? We have got them all before us?

6248. *Chairman*: No, I do not think it is. Now that the witness has explained what he has done in Northumberland, we will just rapidly go through the others. The next is Durham; then we have Midland Counties (Notts. and Derby), Leicestershire, Shropshire, Monmouthshire and South Wales, West Yorkshire, North Wales, North Staffordshire, Warwick, South Staffordshire and East Worcester, Lancashire and Cheshire, Cumberland, Cannock Chase, South Yorks, Somerset, Forest of Dean, Bristol, Notts, and Erewash, South Derby and Scotland?—Yes.

Mr. R. H. Tawney: May I point out that the note at the bottom of this form, I think, answers my previous question.

Chairman: Will you read it, please?

Mr. R. H. Tawney: "Adults are taken as being over 21 years of age except in special cases."

Sir Arthur Duckham: That is what was said in evidence.

Mr. Arthur Balfour: "Except in special cases where the rate for adults is applicable to a lower age."

Mr. R. H. Tawney: Quite so; I have not left it out for any sinister reason.

6249. *Chairman*: That seems to be so?—In special cases. There may be a very large number of those special cases.

6250. *Chairman*: Now let us have Summary No. 6, please. (*Document handed.*) You say: "I produce a summary (No. 6) showing the average earnings per shift of all the above classes of workmen including boys, youths and women and girls, in four weeks in June, 1914, and four weeks in November, 1918, for the United Kingdom, which shows the average for the four weeks in June, 1914, as 6s. 5.64d. and the average for the four weeks in November, 1918, as 12s. 5.28d." Have you any remark to make upon that?—The figures on No. 6 are taken from summaries No. 4. They give the average earnings per shift of all classes, including youths and boys and women and girls for each district, and the average for the United Kingdom. It is a summary of No. 4.

Mr. Sidney Webb: 31 per cent. below the rise in prices.

6251. *Chairman*: Now let us have Summary No. 1, please. (*Document handed.*) You say: "I produce a summary (No. 1) of returns from all the coal-mining districts in the United Kingdom, showing the wages cost per ton of coal raised in the quarter ending the 31st December, 1918, (a) excluding war wage, (b) including 30 per cent. on the total earnings, (c) including 30 per cent. on the total earnings and the war wage." Do you wish to say anything about that?—Yes. If you refer to column No. 1 you will see that the actual output in the quarter ending 31st December, 1918, was 53,850,369 tons. The total wages paid during the quarter, excluding the war wage, was £29,440,790, which gave a cost per ton of wages paid of 10s. 11d. Assuming 30 per cent. was added to the total wages, you get a sum of £38,273,027, or a cost of 14s. 2d.

per ton. Then you have the total wages paid during the same quarter, including war wage, a total amount of £38,647,769, or 14s. 4d. per ton. In column 8 you have the total wages including 30 per cent. and the war wage, which gives you 47,480,000 tons, or a cost of 17s. 7d. per ton, which is an increased cost, comparing the 30 per cent. on the wages with the wages as they are, of 3s. 3d. per ton. That is dealing only with the 30 per cent. and not the reduced output.

6252. *Chairman*: Let me understand this myself. Assuming 30 per cent. increase given, and not troubling for the moment about the others, that 30 per cent. increase means, according to your information on this table, 3s. 3d. increase per ton?—On the output, but assuming it was calculated on the vendable coal, it would be an increase of about 4s. 10d. per ton.

6253. *Mr. Frank Hodges*: Are you putting in a statement?—No, I am giving you the figures.

6254. *Mr. Sidney Webb*: Could Mr. Gibson give us the comparative figures for June, 1914? What do these compare with? These are merely different ways of reckoning out the December quarter. No statistics are worth anything unless they are comparative?—These are comparative.

6255. With what?—These are the wages actually paid in the December quarter, and if the demand of the men was conceded 30 per cent. would have been added to these wages.

6256. We see that; that is a matter of arithmetic, but what is the corresponding figure for June, 1914?—Why June, 1914?

6257. Because you gave June, 1914, with regard to all the other tables?—That is earnings prior to the war.

6258. Quite so. If you have given that in all the other tables, would not you work it out for us now, and give us June, 1914, for this table also?

Chairman: No doubt, you could do that, but not now.

6259. *Mr. Arthur Balfour*: May I ask one question. In my understanding the 30 per cent. is on the wage, not on the war wage?—Yes.

6260. You have included in here on the war wage?—No, the war wage does not carry the 30 per cent.

Mr. Evan Williams: On the last summary can you, Mr. Gibson, give us a table—not now, perhaps to-morrow—showing these figures as the disposable coal?

6261. *Chairman*: I quite agree with both those remarks—not now, but to-morrow. Now may we have Summary No. 2h. (*Document handed.*) You say: "I produce a Summary (No. 2h) of returns from the various coal mining districts in the United Kingdom showing the loss of output that would have been occasioned had a six-hour day been in operation in the quarter ending the 31st of December, 1918, in each of the districts separately, and for the whole country"?—This is a summary of the returns from the colliery companies which shows the actual tonnage raised in the December quarter of 53,850,369 tons. It gives the estimated output if six hours had been in operation, calculated in direct proportion to reduced effective working time at the face.

6262. *Mr. Sidney Webb*: And on no other consideration?—Which gives an output of 39,612,819 tons, and the output that would have been lost if the six hours had been in operation is 14,237,550 tons, or 26.43 per cent. for the country.

Sir L. Chiozza Money: This is indeed what the soldier said, is it not, Mr. President; it is not evidence.

Sir Arthur Duckham: The 26.3 agrees, approximately, with Sir Richard Redmayne's figure, without his other deductions; it is purely arithmetical.

Mr. Sidney Webb: It is purely a matter of arithmetic. It is not the estimate of what the coal would have produced.

Sir Arthur Duckham: It is the same as Sir Richard's was.

Mr. Sidney Webb: Sir Richard went on to say why he thought the loss in output would be much less.

Chairman: This gentleman is not giving reasons; he is only giving arithmetic.

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Mr. Sidney Webb: It is not estimated output that would have been made, but the arithmetical calculation. It is not at all an estimate of what would have been produced.

6263. *Chairman:* I am very glad Mr. Gibson has done it and not I. I would much rather he did the arithmetic. I quite agree with Mr. Webb; he is quite right. Now let us have Summary No. 7, please. (*Document handed.*) You say: "I produce a statement (No. 7) giving the Minimum Wage Rates plus percentage, and war wage in November, 1918, for each class of underground workmen in each of the districts named in the Minimum Wage Act, 1912." Just tell us about that, please, quite briefly?—The object of this statement, which I do not propose to go into in detail, is to give the minimum wage for every class of workman in each district which he can earn if he works six days a week, these being the minimum rates awarded under the Coal Mines Minimum Wage Act, 1912. For example, if you take the colliers in South Wales on piece work, their minimum for six days' work, excluding any bonuses or allowances or extras, would be £4 2s. 3d. a week.

6264. I do not want to trouble with that further for the moment.

Mr. Herbert Smith: We have here South Yorkshire minimum wage for a qualified coal getter 7s. 5½d. As a matter of fact there are three, and neither of them are 7s. 5½d. One is 7s. 3d., one is 7s. and one 6s. 9d. West Yorkshire is in a worse position. There he gets, according to this, 7s. 4d. in an area where it is 7s. If the standard is wrong the figures are wrong all the way through.

6265. *Chairman:* You have heard what Mr. Smith has said. He suggests that your figures with regard to Yorkshire are not accurate; where do you get those from?—The figure as regards Yorkshire was corrected very late last night. The Secretary of the Association who sent me the return, when he saw the information in print, said that he had made a mistake in the figures and he corrected it last night. Late last night it was impossible to make the alteration on the statement.

Mr. Herbert Smith: The award of Sir Edward Clarke gives the figures so there cannot be any mistake.

Chairman: Yes, I have Sir Edward Clarke's award here; I think you are right.

6266. *Mr. R. W. Cooper:* Have you corrected the figures in one of your sheets to hand in?—I can correct them now, here.

Mr. R. W. Cooper: We had better have the figures now.

Chairman: Yes, please make the corrections.

Mr. R. W. Cooper: Perhaps we may have the corrections put in a little later.

6267. *Chairman:* Very well, if you will put in the corrections later; we will not take up time, because I am very anxious to get to the witnesses who are non-statistical. Now let us come to the Summary (No. 9h). (*Document handed.*) You say: "I produce a summary (No. 9h) of returns from the coal mining districts in the United Kingdom showing the amount paid in wages in the quarter ending 31st December, 1918, excluding the war wage, and assuming the colliers have their piece work rates altered to enable them to earn the same money in six hours as they previously earned in eight hours, including the 30 per cent. on present earnings. The summary shows the cost per ton of such wages calculated on the reduced output if six hours had been in operation: (a) On total wages. (b) On total wages, plus 30 per cent. (c) On total wages, plus 30 per cent. and including war wages." Will you just draw our attention to anything you want there, please?—I have already given you the cost of 10s. 11d., which is the wages paid in the December quarter on the output. I also gave you the figure of 14s. 2d., which is the wages, plus 30 per cent. I gave you that in statement No. 1. The wages and the 30 per cent. have been calculated on the reduced output.

6268. *Mr. R. H. Tawney:* It is assumed the figure here is the arithmetical figure?—It is the figure

which the colliery companies say would have been the output if six hours had been in operation in the December quarter.

6269. *Mr. Sidney Webb:* Do the colliery companies say that? Is not it rather that they have given you the arithmetically reduced output merely on the statistical figure? They do not make an estimate that their output would have been reduced by that amount; of course, there are many other contingencies?—They were asked the following questions: "The net effective working time of coal getters at face at present; the net effective working time at the face if six hours were substituted for eight hours in the Mines Eight Hours Act; the estimated output for the quarter if the six hours had been in operation calculated in direct proportion to the reduced effective working time at the face."

Mr. R. H. Tawney: That is what I wanted to know; it is an arithmetical calculation.

6270. *Mr. Sidney Webb:* It is not an estimate by the coal owners of what they would have produced; it is only a statement of what the effect of a reduction of hours would be if no other contingency came in?—Certainly, it is their estimate.

6271. No, it is not their estimate of what would have happened. It is their estimate of what would have happened if no other contingency had entered into it?—It is their estimate of what would have happened if six hours had been in operation in the December quarter instead of eight hours.

6272. And all other circumstances had remained unchanged?—That other witnesses will reply to—the engineers.

6273. Clearly that is what you have asked them?—I have given the questions that I asked.

Mr. Frank Hodges: And there was a common figure for the whole kingdom?

Sir L. Chiozza Money: When a witness is here under oath, is it not necessary for him to give a plain answer to a plain question?

Chairman: Certainly it is; but it is a little difficult to follow the question sometimes.

Mr. R. H. Tawney: I believe that question was quite simple.

Chairman: Absolutely simple.

Mr. R. H. Tawney: And the answer he gave at first was equally simple and satisfactory; it was purely an arithmetical calculation.

6274. *Chairman:* That is right. Now we come to Summary No. 10.—I have not explained 9h yet. I said I have given the figure previously on statement No. 1 showing the 10s. 11d. the present cost on the wages and 14s. 2d. assuming the 30 per cent. was given. Now I give you the calculation assuming that the output had been reduced as the result of six hours being in operation in the December quarter. The cost per ton of wages calculated on the reduced output irrespective of the 30 per cent. would have been 14s. 10d., or an increase of 3s. 11d. per ton. The cost per ton on the wages, assuming the 30 per cent. had been given and calculated on the reduced output, would be 19s. 4d., or an increase of 8s. 5d. per ton. Then you have the total wages including the 30 per cent. and the war wage calculated on the reduced output, which would give a cost of 23s. 11d. per ton, or an increase of 9s. 7d. per ton. That 9s. 7d. is the increase assuming the 30 per cent had been given, and with the reduced output as a result of six hours having been in operation in the December quarter instead of the eight hours, or if you calculate it on vendable coal the cost would be 26s. a ton, or an increase of 11s. 8d. per ton.

Mr. R. H. Tawney: Have we the figures for the vendable coal?

Chairman: We have not at the moment, but we shall have them to-morrow. It is important that we should have them.

Mr. R. H. Tawney: I think until we have them the general calculation should not be given because there is no way of checking it.

6275. *Mr. Sidney Webb:* I wanted to know whether simply a percentage has been taken from the tonnage raised to get the tonnage vendable?—I will tell you now how the vendable coal was arrived at. Eight per cent. has been taken off the total output. We find

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from the returns which we were only able to receive very late on Monday night that the percentage varies from 7 to 15. Therefore I have taken the lowest figure, 8. The average would probably have been 10 to 12, but I have taken the lowest figure that I received—8.

6276. *Chairman*: I think Mr. Dickinson's table showed 8½. Is that all on 9h?—Yes.

6277. *Mr. Frank Hodges*: In your summary that you gave a moment ago you omitted to state what you state in your written summary here, that that *vs.* 7d. in the last column representing the total increase includes the cost per ton assuming the rate is altered to enable the workmen to earn the same money in six hours that they are now earning in eight hours?—Yes.

6278. You did not mention that. It embraces increases for piece rates?—Yes, certainly.

6279. *Chairman*: Now we come to Summary No. 10 (*Document handed*). You say: "I produce a summary (No. 10), showing the additional number of workers, surface and underground, which it will be necessary to employ if the word six is substituted for the word eight in the Eight Hours Act, and a similar reduction was made in the hours of surface workers. (1) Assuming that the output is reduced in proportion to the reduction in hours. (2) Assuming that the output remains the same." Have you anything to add to that?—Only to give the totals. Assuming that the output is reduced in proportion to the reduction in hours it will be necessary to employ underground throughout the country an additional 45,821 men and on the surface 16,614, or a total of 62,435 men. Then the additional number of men, assuming that the output remains the same, underground is 163,146, on the surface 34,331, or a total of 197,477.

6280. *Mr. Sidney Webb*: But you explain that in the districts of Northumberland and Warwick no additional men would be required?—I had no returns from those two districts.

6281. It merely means that you have no returns?—That is so.

6282. It is not to be taken as blank, but no returns?—No returns.

6283. *Chairman*: The next one we come to is Summary 8a (*Handed*). You say: "I produce a Summary (No. 8a) showing the total number of persons employed underground and working at the face in each district?"—I do not think I need take up the time of the Commission with regard to this. This is only put in in order to show the number of returns which were received for the following tables. There are no calculations made on this in any way.

6284. I understand. Now we come to No. 8b. (*Document handed*). You say: "I produce a Summary (No. 8b) showing the distances travelled from the pit bottom to the working face by colliers, hewers, or coal getters in each district and the distance walked from pit bottom to working places." Will you just go on and explain that?—This shows the number of persons working at the face; hewers, colliers, or getters, machine men and others who get mineral, who have to walk to their working places. This is divided into half-miles—under half a mile 63,610 men who walked less than half a mile; between half a mile and under 1 mile, 199,717 men; 1 mile and under 1½ miles, 84,464 men; 1½ miles and under 2 miles, 26,736 men; 2 miles and under 2½ miles, 7,046 men; 2½ miles and under 3 miles, 1,958 men; over 3 miles, 1,149 men; and the total number of men included in the return is 314,680.

6285. Now we come to table 8c. (*Document handed*): "I produce a Summary (No. 8c), showing the average time occupied in ascending or descending the shaft, average time occupied in walking a mile from the pit bottom to the face, average time taken for getting eyesight, obtaining tools, lamps, &c., and the average time taken for meals in each district?"—With regard to the time occupied in lowering or raising the men, we have taken the first shift only: 15 minutes and under 30 minutes, 69,541; 30 minutes and under 45 minutes, 81,908; 45 minutes and under 60 minutes, 39,705 men; 60 minutes and under 70 minutes, 24,520 men.

6286. *Mr. Sidney Webb*: Might I ask where are the other cases—above 75 minutes?—There are none above 75—not one way.

6287. *Mr. Robert Smillie*: You have not got any returns above 75 minutes?—We have not got any return showing above 75 for one way. Then you have the same information: "Average time taken to walk a distance of 1 mile from pit bottom to working place." There you see, under 15 minutes, 1,777 men; 15 minutes and under 30 minutes, 141,645 men; 30 minutes and under 45 minutes, 75,477 men; 45 minutes and under 60 minutes, 5,586 men. Then you have the average time required for getting eyesight, examining lamps, obtaining tools, &c.: 5 minutes and under 10 minutes, 72,364; 10 minutes and under 15 minutes, 105,839 men; 15 minutes and under 20 minutes, 42,165 men. Then we have: "Average time taken for meals": 5 minutes and under 10 minutes, 1,292 men.

6288. *Chairman*: Will you just tell me how you get those figures?—That is a return. The colliery companies were asked in a series of questions the average time taken for meals.

6289. I know they were asked that; is that your estimate?—That is the figure they give. The district witnesses will be able to tell you how they arrive at those figures. Five minutes and under 10 minutes, 1,292; 10 minutes and under 15 minutes, 3,973 men; 15 minutes and under 20 minutes, 38,494 men; 20 minutes and over, 180,117 men.

6290. *Mr. Sidney Webb*: Might I ask on that what question you asked in order to get that information. Did you send up a series of headings, 5 minutes and under 10 minutes, 10 minutes and under 15 minutes, and so on?—No. The question asked was: "Average time taken for meals," and we dissected it.

6291. I suppose your question meant that they were to add up the time taken by each man for his meals, and divide it by the number of men. That would be the meaning of "average" would not it?—The district witnesses, as I say, will explain all these details. They will explain to you what is meant by the average time taken for meals.

Mr. Evan Williams: I believe there is a mis-print on this form: "Average time taken to walk a distance of 1 mile from the pit bottom to working place." I think that what is really meant is "Average time taken to walk from the pit bottom to the working place." The words "a distance of 1 mile" should come out.

Chairman: We will cross out "a distance of 1 mile." It will then be "Average time taken to walk from the pit bottom to the working place."

6292. *Mr. Sidney Webb*: Is that what Mr. Gibson means to tell us? Could not we ask Mr. Gibson what he is putting in; is it "Average time to walk 1 mile," or "Average time to walk from the pit bottom"?—The question put to the Colliery Company is, the average time taken to walk a distance of 1 mile from the pit bottom to the working face.

6293. This, of course, is a measure of the difficulty of the walk apparently; that is all we can assume it to be.

Chairman: And the ability of the man.

Sir L. Chiozza Money: What did they do; did they get someone to walk beside the walker, or did they measure it?

Chairman: I do not know; you will be able to elicit that, no doubt, when your turn comes.

Mr. R. H. Tawney: One sympathises with Mr. Gibson in his difficulty in having to compile statistics from returns of this kind, but he says we must ask the district witnesses. I gather the district witnesses have not necessarily made up the answers in a common form, and, if so, how are we to interpret these totals?

Mr. Sidney Webb: We can at any rate get from Mr. Gibson what he meant by his question.

6294. *Sir L. Chiozza Money*: What he meant by his question about average time taken to walk a distance of one mile. Did he really mean that he wanted to get the average speed of the different coal-getters in doing that measured mile—or what was the object of the question?—The object of the ques-

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tion was to ascertain the time taken to walk a distance of one mile from the pit bottom to the working face.

6295. You wanted to ascertain the average speed of walking of the coal-getters over a measured mile, which is an interesting point. I suppose it would have some bearing on the physical condition of the miners.

6296. *Mr. Arthur Balfour*: Must you not read this table in conjunction with "8b"; is not that the point?—Certainly.

6297. "8b" gives you the distances, and you must read that in conjunction with that table?—Certainly.

Mr. Frank Hodges: Except that "8b" gives you the actual distances. The head lines of these columns should surely have been "The average time taken to walk a distance of one mile from the pit bottom towards the working face."

Mr. Arthur Balfour: That is correct.

Mr. Sidney Webb: It cannot really be.

Mr. Frank Hodges: Obviously, because there are 1,149 men who walk over three miles.

6298. *Sir L. Chiozza Money*: May I ask Mr. Gibson to tell us in what form this information on this interesting point came to him. Was it in the form of letters in which different persons expressed themselves in different ways, and if so, how did he interpret these different kinds of expression statistically? I know something about compiling statistics, and I know the difficulty of doing it; how did he proceed?—The whole of these statistics were obtained by means of forms which were issued in the same way to every colliery in the Kingdom employing more than 50 workmen.

6299. You did not ask how they measured this—by what method; you simply took their result?—I gave no instructions.

6300. *Mr. Sidney Webb*: You just told me a little while ago, as I understood you, that with regard to the meals you did not issue any form?—Certainly. This information on which I am putting in this morning is the result of returns received from the colliery companies, and every return was issued in the same way to every company.

6301. But you have not answered my question. You have just told Sir Leo Money that you drew up a form with regard to the average time, but when I asked you about the average time taken for meals, and whether you have put it under columns 5 and under 10, 10 and under 15, and so on, I understood you to say that you had not issued a form?—The form which I issued contained this question No. 6— I need not go through the first five—"Average time taken to walk a distance of one mile from pit bottom to working face."

6302. Did you give "under 15 minutes" and those other headings or not?—No.

6303. There were no headings?—No, I dissected them myself.

6304. I only wanted to ascertain whether you had supplied those headings or whether you asked the question merely. When one says it was on a form it is generally implied that there are columns and headings. I gather you did not issue a form. You only asked the questions. Then Sir Leo Money asked you when those answers were given to you they must have come up in different shapes?—They did.

6305. On different sized pieces of paper?—No, they all came in one form like this.

Mr. Frank Hodges: I should like to try to harmonise these two statements. For example, here there are in Summary 8c 2,096 men in Scotland, or if you like, take the total 5,586 men who took 45 minutes and under 90 minutes to walk a mile. There are in the other column 1,149 men who walk over three miles; therefore probably one must assume that there are a number of men who take 3 hours to walk to their working face.

Mr. R. H. Tawney: And 3 hours back, that is to say, 6 hours walking.

Sir L. Chiozza Money: That is very interesting.

Mr. Sidney Webb: It can hardly be correct.

Sir L. Chiozza Money: In fact these statistics are not worth anything particularly. Had not we better pass on to another sheet of paper?

Chairman: Very soon, but some gentlemen wanted to ask questions. Now they have done, we come to the next summary, please, No. 11. (*Document handed.*)

Sir L. Chiozza Money: We have had these figures officially. Need we trouble about what I may call these *ex parte* statements on the figures when we have already had them officially? We have got such a lot to do. I love figures, of course, and all that, but really one can have too many of them.

6306. *Chairman*: I quite agree with you, but still the owners are entitled to put their case before the Commission, and that is what they are doing. (*To the Witness.*) You say: "I produce a statement giving the output per person employed underground, and number of persons employed underground, and surface in each coal-mining district in the United Kingdom for each year since 1874"?—These figures are prepared from the Mines Book issued by the Home Office, and I just give you the highest figure for each county and 1913.

6307. *Mr. Sidney Webb*: Would you not also give us the lowest figure?—I am going to give you the highest figure for the moment for each county and the year 1913.

Mr. Sidney Webb: Mr. Chairman, is that quite a fair way of presenting it to pick out of the last 50 years the highest figure and compare it with the present without also giving us the lowest figure?

Sir L. Chiozza Money: I do protest. We have to finish our evidence on Friday night, and here we are on Wednesday morning. We have had all this evidence. We are acquainted with the Home Office Returns on the subject. What advantage is there in Mr. Finlay Gibson reading out figures with which we are perfectly acquainted?

6308. *Chairman*: The owners are entitled to put their case before the Committee, and they are doing it, and I am afraid we shall only lengthen it by interrupting, if you will forgive my saying so. (*To the Witness.*) Will you proceed, please?—Monmouthshire and South Wales, 1883—I am giving the underground figures—the output per man employed underground, 363 tons, and in 1913, 286 tons.

6309. *Mr. Sidney Webb*: 1875 was 233?—Northumberland, 1883, 385 tons, 1913, 296 tons.

6310. Would you look at 1887 where it is only 265; is not that so?—I am giving comparisons.

6311. Would you mind answering the question. Is it in 1887 265 tons?—It is.

6312. That is the lowest figure, showing an increase in 1913 to 296 tons?—1887 is one year.

6313. Quite so. You have been giving us one year's only. Now, perhaps, you will give us the highest and the lowest, too.

6314. *Chairman*: I quite agree with that?—Am I to give 1883, 1913 and the lowest?

6315. *Mr. Sidney Webb*: Give us the highest and the lowest in each case in comparison with 1913?—My evidence is the year 1883 and the year 1913. If the Commission decides that the lowest is to be given, I will give it.

6316. *Mr. R. H. Tawney*: Why 1883, may I ask?—In some cases it may be; in other cases it may not.

6317. *Mr. Sidney Webb*: Are you picking and choosing the year to suit your case?—I am giving the evidence to show the highest output.

6318. *Chairman*: You can easily give the lowest?—Yes, I can.

6319. Just cast your eye down and do that?—Durham, 1883, 493 tons; 1913, 313 tons.

6320. *Mr. Sidney Webb*: What is it in 1892, please?—321.

6321. *Mr. R. W. Cooper*: There was a strike that year in Durham?—Cumberland, 1883, 383; 1913, 277.

6322. *Mr. Sidney Webb*: Would you kindly give us the figure for 1892?—232, but I believe, speaking from memory, that there was a national strike in 1892 in the Midlands.

Mr. Herbert Smith: Not in 1892—in 1893.

Mr. R. W. Cooper: Was not there the Durham strike in 1892?

6323. *Mr. Herbert Smith*: He said the Midlands?—Yorkshire, 1883, 384; 1913, 344.

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6324. *Chairman*: Do you mind stopping a minute. I quite see the principle you have gone on and I am very much obliged. You take one year and you take another year. We can just glance our eye through those figures and then go on. Yorkshire, Derbyshire, Nottinghamshire, Leicestershire, Warwickshire, Staffordshire, Lancashire, North Wales, Cheshire, Salop, Gloucestershire, Scotland. No return from Kent, Ireland, total of the United Kingdom. Now we will come to the next table, please, No. 12. (*Document handed.*) You say: "I produce a statement (No. 12) giving the shifts lost through avoidable absenteeism and through strikes quarterly and weekly in Monmouthshire and South Wales since 1916"—In order to shorten it I will give you the figures for the year, the quarter ending September 16th, 1916, to June 16th, 1917, as a result of avoidable absenteeism there was a loss of shifts in Monmouthshire and South Wales, 3,077,616; the estimated output lost was 3,415,413 tons. There was also an output lost as a result of strikes of 106,569 tons. From September 15th, 1917, to June 15th, 1918, attendances lost through avoidable absenteeism, 2,647,476. The output lost was 2,889,391 tons. The output lost through strikes was 748,015 tons. Then there are two quarters, October, 1918, to January 15th, 1918, which are not handed up. Roughly the number of attendances lost through avoidable absenteeism was 1,800,000 and the output lost 2,100,000 tons, and through strikes 200,000 tons lost.

6325. *Mr. Sidney Webb*: Could you give the figures for the unavoidable absenteeism?—Yes, the unavoidable absenteeism for the year ending June 16th, 1917, number of attendances lost, 1,191,248.

6326. *Mr. R. H. Tawney*: Have you got the figures of the loss of output due to management sending the men home for want of work?—No.

6327. That is rather important, is it not?—These are records which I keep.

6328. Do I understand that the management keeps records of absenteeism on the part of the men but keeps no record of loss of time due to faults of management?—District witnesses will tell you that.

6329. *Chairman*: Now we come to the next table, No. 13, please. (*Document handed.*) You say: "I produce a statement (No. 13), giving the amount of war wage paid since September, 1917, in Monmouthshire and South Wales for which no shifts have been worked." That just shows the war wages, does it not?—Yes, that shows a sum of £313,258 as having been paid in war wage when no shifts were worked at the colliery—paid to the workmen.

6330. *Mr. Sidney Webb*: That means when the colliery owners did not work the collieries, does it not? It does not mean when the men were absent?—When the pit was unable to work; that is the amount that was paid to the workmen for war wage.

6331. You do not mean unable owing to the absence of men; you mean unable for some reason of the colliery owners?—It may be through want of tonnage.

6332. That is a case of colliery owners?—It might not be the fault of the colliery owners.

Mr. J. T. Forgie: Could it possibly be the fault of the colliery owners under war?

Mr. Sidney Webb: I said nothing about fault.

Mr. J. T. Forgie: You said it was the colliery owners' fault.

Sir L. Chiozza Money: May I ask the witness if he has a comparative statement showing the amount of war wage drawn by the shareholders when the collieries were lying idle?

6333. *Chairman*: Have you such a statement?—War wage to the shareholders?

6334. *Sir L. Chiozza Money*: Yes. They drew their dividends all the time with regularity?—I am not dealings with dividends.

6335. *Chairman*: Now we come to table No. 14. (*Document handed.*) You say: "I produce a statement (No. 14) showing the increased labour and stores cost since 1887 on large coal and also on through coal in Monmouthshire and South Wales"—I will give it to you in two figures. An audit has been taken by the South Wales Coalowners since 1893 continuously of

the total labour cost and the stores cost. It has been taken on the same basis on each occasion and from the same collieries. The total labour plus percentage and stores in 1887 on large coal at the pit was 5s. 11.77d.; in the quarter ending September 1st, 1918, not including the war wage, 29s. 7.97d., or including the war wage 35s. 1.16d.

6336. *Chairman*: Mr. Hodges is rather interested in this part because he knows all about South Wales; will you let him have a copy of that table?—Certainly. (*Document handed.*)

Chairman: I should like to say this that, whether your figures are right or wrong, I am sure you personally must have worked very hard to get them into shape by this time, and I am much obliged to you for what you have done. May I suggest to the gentlemen of the Commission that, however good you are at figures, it is impossible to cross-examine Mr. Gibson upon a mass of material put in like this. Therefore, I should think the best way to deal with it would be to try to digest these tables when we have a moment to ourselves, and that we should not attempt to cross-examine upon them now. It would be really, if I may say so, a physical impossibility, and I think it would lead to a waste of time. Is it not best for us to call the first of the district witnesses and look through these figures when we have the time to spare? Is it any use asking Mr. Gibson on any points at all now?

Sir L. Chiozza Money: Yes, Sir, I consider it of the greatest importance.

Chairman: Very well, Sir Leo.

Sir L. L. Chiozza Money: I should in the first place like to associate myself with what the Chairman has said about the preparation of these papers, and I hope that nothing I may say will be taken to reflect on your ability and kindness in bringing them forward. May I direct your attention to the wages summary, No. 1?

Chairman: Do you not think it would be convenient to postpone your cross-examination?

Sir L. Chiozza Money: I think, Sir, it is of the very greatest importance to get this out at once, if you do not mind: it will not take long. It is really for the purposes of elucidation.

6337. On Wages Summary No. 1 you there show, after making allowance for 30 per cent. in the increase in total wages, and adding the war wage, an increased cost per ton of 3s. 3d.?—Yes. I take it you are referring to the totals?

6338. Yes. That is an increased cost for the United Kingdom as far as the increase in wages alone is concerned?—That is so.

6339. That is to say, your increase of 100 tons would be 325s.?—Yes.

6340. If the output were reduced 26 per cent., according to your arithmetical calculation—let us call it 25 per cent., for the sake of simplicity—how many tons would you get per hundred tons of what you got before?—I should want to have some time in order to make these calculations.

6341. Surely it is very simple. If the output is reduced 25 per cent., what would be the balance?—What output are you taking?

6342. 100 tons. If the 100 tons are reduced by your assumed reduction of 25 per cent., how many tons would you get?—75 tons.

6343. What would those 75 tons cost you in the total wage? It is very simple?—Are you going to take it at the 10/11?

6344. No. Your 100 tons at the increased wage costs you 325s., but instead of getting 100 tons, you get 75 tons. How much per ton is that?—You have to calculate that on your first cost. I have shown what it would cost in my table 9 H.

6345. Your table 9 H. is not explained, and I am asking you to explain it, because it is very important?—I will explain table 9 H.

6346. I might point out that it is respectful to this Commission to answer questions that are put to you, and not questions you choose to answer. The question I ask you to answer is: If the output is reduced by 25 per cent., what would you get per 100 tons; would you not get 75 tons?—Yes.

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[Continued.]

6347. Those 75 tons in wage cost would cost you 325s. as before, would they not? It is very simple?—What cost are you taking originally?

6348. Your own figure, an increase of 3s. 3d. per ton, therefore, the increased cost for 100 tons is 325s., I suggest to you?—That is right: I agree that.

6349. But you only get 75 tons because of your assumed loss of output?—Yes.

6350. Therefore, how much per ton of increased cost do you get for 75 tons?—Over 6s.

6351. Do you mind explaining how that is arrived at?—You are taking 100 tons?

6352. Yes, I am. It is a simple figure to take?—At 3s. 3d.?

6353. Yes. That is 325s.?—Then you are taking 75 tons at 3s. 3d.

6354. No, it would be 3s., would it not?—75 tons at 3s. 3d.; that would be 4s. 3d.

6355. Will you explain the difference between that figure and the figure in your table 9 H? Will you explain how you arrive at the figure in 9 H?—You have the tonnage raised in the quarter in column 1. You have the actual wages paid in the quarter.

6356. No, no?—Let me follow my table through.

6357. Certainly?—You have the actual tonnage raised in the quarter. You have the actual wages paid in the quarter excluding the war wage, which gives you a cost per ton of wages. That, I think, is clear up to that. You have the total wages plus 30 per cent., which gives the cost per ton. Then you have your estimated output if 6 hours had been in operation, which gives you a new tonnage. Then you have your cost per ton of wages calculated on the reduced output, which is 1,915,410. I am taking Northumberland.

6358. Will you take the total?—Yes; 39,612,819, divided into the £29,440,790, which gives the cost per ton calculated on the reduced output on the actual wages. Then you get your cost per ton on wages including the 30 per cent., that is the 39,612,819 tons divided into the £38,273,027.

6359. Divided into?—Yes, divided into, which gives you a cost per ton of 18s. 4d. Then you have your reduced output of 39,612,819 tons divided into your total wages including the 30 per cent. and the war wage, and that is divided into the £47,480,006, which gives you 23s. 11d.

6360. Then will you explain the difference between that figure and the figure that we arrived at by the other method? Will you be kind enough to explain the difference that arises and what factors are left out of account? Could you do that?—No. These are the actual figures, and I take it it remains to be proved that they are wrong.

Sir L. Chiozza Money: Mr. Chairman, may I ask Mr. Finlay Gibson to be good enough to address himself to it by the path which I have pointed out to him, and explain the difference which arises in the figures by my calculation and the figures he has on his paper here. I only want to be quite clear about it.

Chairman: Yes. You will get that as soon as you can. We will recall you on that point.

6361. *Mr. Frank Hodges:* I should like you to explain to the Chairman the principle that you have adopted in working out this last table which has been handed in, and of which, I understand, there is only one copy. You apparently adopt two methods of calculating the cost; both stores and labour in South Wales: you calculate on the total output of large and small coal. I should like you to explain the principle on which you arrive at the average cost per ton of coal produced?—We have the cost per ton of large coal. We know the output of large coal in the quarter. We know the total output of the coal in the quarter. Therefore, you multiply your output of large coal by your cost per ton and divide by the total.

6362. Would you kindly say that again?—You multiply the output of large coal by the cost per ton of large coal and divide by the total output. That gives you the cost per ton of through coal.

6363. *Mr. Sidney Webb:* I must confess that it is not quite clear to me. Your cost per ton in the original case is the cost per ton of all the coal raised, is it not, both large and small?—No, the audit which we have is the cost of large coal only.

6364. As the large coal is got along with the small coal, how do you get at the separate cost per ton of the large coal as compared with the small coal?—Our coal is screened in South Wales.

6365. It is not stored by nature as large and small: you must get the small with the large, and if you are giving us the cost per ton of getting the coal, it does not seem quite obvious how you can separate those?—This is an audit of cost of the large coal only, and the small coal is not taken into account.

6366. You mean that you take the entire cost of getting the coal and charge it to the large coal; is that what you mean? That, I believe, is so.

6367. Then we get the cost of all the coal charged exclusively to the large coal, and then you get a hypothetical cost of large coal?—That is so.

6368. The small coal, in that argument, costs nothing to get?—The cost of getting the small coal is included in the price of getting the large coal.

6369. I understand that with regard to the position of the colliery, but as regards the cost per ton standing in the colliery books, evidently if you charge the entire charge of getting to the large coal, the small coal must stand in the colliery books at nothing?—The colliery accountant would be able to tell you that.

6370. But you are giving evidence as to the cost per ton of small coal?—No, I am giving evidence as to the cost per ton of large coal.

6371. Then, by inference, if you have included in the cost of large coal the cost of the small coal, does it not follow, on your argument, that the cost of getting the small coal costs nothing?—I would ask you on that to refer to the accountant.

6372. You are quite clear that what you have put as the cost of getting the large coal includes the cost of getting all the coal?—I should not like to speak absolutely as to that. The audit is taken in the same way on every occasion.

6373. *Mr. Frank Hodges:* Suppose you have a colliery where the coal is produced as through coal, there you can have obviously the actual cost per ton of coal produced?—The audit is only taken at collieries which produce large coal and small coal separately.

6374. So that the collieries in South Wales that are producing—and there are quite a number of them—exclusively through coal, are not included in the audit of the cost of coal for your associated members?—No, for this reason: The audit commenced to be taken from 1887, and in order to have a proper comparison, you were obliged to include the same collieries in every audit, otherwise you would have had no basis of comparison. If you included 50 collieries in 1887, and then you take in another 50, your comparison has gone at once.

6375. I am putting to you what is a very familiar argument, but I think it ought to be elucidated for the benefit of the members of this Commission. You have put before the Commission a statement showing that the total labour cost, plus stores, is on large coal 20s 7d., and on through coal 19s. 10.49d. The collieries that you have taken are the same collieries, the old collieries that you took in 1887. What about the new collieries that have grown up since?—They were collieries producing over 200,000 tons of coal a year, but, as I have explained, if you took in other collieries, your basis of comparison is gone. You have nothing to compare with.

6376. You have informed the Commission of the cost of producing coal at your oldest collieries, and which are not a big percentage of the total collieries in South Wales?—It would include new collieries if they belonged to a company which have collieries included in this audit. Assume a colliery company since 1887, a new pit, "A," we will say, that would be included in this audit.

6377. *Mr. Evan Williams:* The same colliery companies, not the same pits?—The same colliery companies.

6378. *Mr. Sidney Webb:* Your desire to get a fair basis of comparison is founded entirely on the ownership of the colliery; it is not a comparison between

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the same pits and the same collieries?—No, the same ownership.

6379. Consequently, if the colliery company enormously enlarged its property, it would come in in comparison, and if it did not enlarge its property, the old pits would only be compared?—That is the only way that you could compare them.

6380. Does it not reduce the value of the comparison?—Certainly not: I think it is the other way.

6381. You do not know how many new pits and how many old pits?—It cuts both ways.

6382. From the point of view of statistics, it depreciates the value of the comparison?—No.

Mr. Frank Hodges: The point I want to make, Mr. Chairman, is this, that the actual cost of production has been shown in his tables, and his tables are based upon this method of arriving at the cost per ton large and small, and in order to arrive at that, they take apparently the same collieries as they took in the 'eighties. They represent by no means the whole of the collieries in that area, in fact they represent but a very small percentage, and they represent the oldest collieries, therefore, I want to suggest that that rather vitiates any calculations that Mr. Gibson has made in showing the cost per ton of both wages and stores for the South Wales coalfield.

6383. *Mr. Evan Williams:* May I intervene for a moment? Is there any connection whatsoever between that last statement you have put in and these other forms?—No.

6384. The forms that you have put in are got from all the collieries in South Wales?—Yes.

6385. A method of obtaining that cost is by dividing the total wages paid by the total output?—Certainly.

6386. It has no connection with the last form that Mr. Hodges has?—No.

6387. *Mr. Frank Hodges:* Then is this form valueless?—I should like to add that those returns are received from companies which produced in 1917 22,400,000 tons, or nearly 50 per cent. of the output of the coalfield.

Mr. Evan Williams: My point is that anything that you may say on that form has no bearing on the others.

Mr. RALPH RICHARDSON, Sworn and Examined.

Chairman: I propose to do what I have done with other witnesses. I will read your proof and leave any questions to be asked by the members of the Commission:—

"I am General Manager and Mining Agent at the collieries of the Barrow Haematite Steel Company, Limited, near Barnsley.

"I am a mining engineer with 28 years' experience in the management of collieries, the first seven years in Durham and the last twenty-one years in South Yorkshire.

"I am Vice-Chairman of the South Yorkshire Coal-owners Association and the South Yorkshire Coal Trade Association, and have an intimate knowledge of the district.

"I have been appointed by the South Yorkshire Coal-owners' Association to give evidence on their behalf before the Commission on the question of wages and hours.

"The South Yorkshire Association comprises 47 firms, and there are a few small concerns which are not members of the Association, but these have made all the necessary returns so that the information might be complete. The annual output is from 25,000,000 to 26,000,000 tons.

"The main seam in the South Yorkshire Coalfield is the Barnsley Bed, which, speaking generally, is a thick seam, and the men working in this seam are able to produce more coal per day than from any other portion of the area where lower and thinner seams are being worked. Higher wages are naturally made in the thicker seams, and when the minimum wage was fixed for the district a differentiation was made.

"I hand in a copy of the Minimum Wage Agreement (marked No. 1), showing the minimum

Mr. Frank Hodges: You are not in the box for the moment, therefore, I cannot ask you for what purpose it is put in.

Mr. Evan Williams: Mr. Gibson will tell you.

6388. *Mr. Frank Hodges:* If it has no relation to the preceding documents, why was it put in?—As showing the increased cost per ton of producing coal in Monmouthshire and South Wales, comparing the September, 1918, quarter with 1887.

6389. I point out to you that it shows it only for certain collieries?—It shows it for collieries which produced in 1917 22,400,000 tons, or 50 per cent. of the output of coal.

6390. *Mr. Sidney Webb:* A comparison with another set of pits altogether?—No.

Mr. Sidney Webb: They are not the same pits.

6391. *Mr. R. H. Tawney:* Were they the same pits or not?—I could not tell you that.

Mr. R. H. Tawney: It is essential that you should tell us.

6392. *Mr. Sidney Webb:* Is the figure which you gave for the latter year relating to the same pit as the figures you gave for the former year?—It relates to the same combination.

6393. Therefore, it depends entirely on their financial operations, and not on the physical conditions of the pits. Evidently the comparative return given relates to different pits. You tell us that. Have I not it from you that they are different pits?—I have not said so yet.

6394. Pardon me, you told me, did you not, that if a company had opened up new pits, those new pits were included?—I did.

6395. Therefore, you have told me, have you not, that these pits in the later year are not the same pits as in the former year?—I could not say how many.

6396. Quite so, but will you please answer. Are they the same or not the same?—Some of them are the same.

6397. Therefore, the others are not the same?—They are not.

Chairman: What is the date of the original agreement?—I think it is the 11th of December, 1875.

Mr. Frank Hodges: That is so.

6398. *Chairman:* You will come back in order to answer those questions of Sir Leo?—Yes.

wages fixed in 1914 and what those wages are today owing to the different additions which have been made since then."

6399. Do you want to make any comment on that?—No. I think the statement is simply a copy of the award.

6400. "Before dealing with the questionnaire, I think it desirable to place before you what alterations have taken place during the period of the war, and I hand in statements (marked Nos. 2, 3 and 4) showing the increased amount per day and the increase per cent., which the different classes of workmen on the surface and underground have received in wages, and the equivalent due to reduction in hours." You have there statements 2, 3 and 4; do you desire to make any comment on them before I read on?—No, that statement is simply put in with a view to showing the alterations in wages which have taken place up to the present.

6401. "I also hand in further statements (marked Nos. 5, 6 and 7) showing what the percentage increases would amount to as compared with the pre-war rates if the present application for 30 per cent. advance in wages and the alteration in hours was acceded to." I will leave the gentlemen on the Commission to ask about that statement. They have it before them:—

"I now propose to deal with the questionnaire as set out in the communication dated the 27th February, 1919:—

(1) What, in the opinion of the witness, would be the probable increase in working cost per ton of conceding—

(a) a 30 per cent. increase on the present earnings of workmen, exclusive of war wage.

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[Continued.]

"From the returns from the different collieries for the three months ending 31st December, 1918, the output in South Yorkshire was 5,304,408 tons.

"The effective working time, that is, the time at the face, which includes the time for getting meals, is approximately 6 hours and 50 minutes; say 7 hours.

(b) If the hours are reduced by the alteration of the wording of the Act, by substituting "six" for the word "eight" in the Eight Hours Act, and a similar reduction made in the hours of the surface workers, the effective time would be 4 hours and 50 minutes; say 5 hours.

"If these hours had been in force the output for the three months ending 31st December, 1918, would have been 3,723,591 tons.

"These figures prove the proposed alterations would increase the cost as follows:—

"If 30 per cent. was added to the present earnings of the workmen, exclusive of war wage, the cost would be increased by 2s. 11d. per ton.

"If the reduction in hours above referred to was conceded, the cost, exclusive of war wage, would be increased by 4s. 2d. per ton.

"If 30 per cent. was added to the present earnings of the workmen and the reduction of hours above referred to was conceded, exclusive of war wages, the cost would be increased by 8s. 4d. per ton.

"These figures only deal with the direct increase due to the wages of workmen at present employed and do not include anything on account of the various items, which, in my opinion, would be increased indirectly and would consequently increase the selling cost beyond these figures.

Indirect increase—More people required.

"I am of opinion there would be a considerable increase in the number of people required both above and below ground if the hours were reduced underground and on the surface as suggested, as additional men would be required underground, representing an increase of thirty-three and one-third per cent. of deputies, people employed in maintaining the main roads and return airways, and additional pumpmen. On the surface quite a large number of additional men would be required in the shape of winding enginemen, fan enginemen, power housemen, pumpmen, firemen, boiler minders, banksmen, &c., in direct ratio to the reduction in hours. This means that four men would be required in the place of three, and in addition a proportion of other surfacemen who have to do the repairs would not be able to keep up the repairs in the six hours.

"I estimate the increase in cost to cover this would amount to, for the surface, 3d. per ton, and for the underground men, 2½d. per ton.

Indirect Increase—Stores, &c.

"Furthermore, there would be an indirect increase from the increased price of stores, brought about by the increase in the price of coal. All iron and steel, castings, bolts and nuts, wire ropes, rails, girders and machinery, would be proportionately increased; also rates and taxes, national insurance, workmen's compensation, and general charges would all increase, which increase would amount to at least 4d. per ton.

Indirect Increase—Colliery Consumption.

"Colliery consumption and coal supplied to the workmen would also increase the cost, as there would be very little decrease in the colliery consumption, and the same quantity of coal would be required for the workmen whether they worked the present hours or shortened hours, which, in my opinion, would represent an increased cost of 6d. per ton.

"The total increase will therefore be—

"If 30 per cent. was added to the present earnings of the workmen, and the reduction of hours above referred to was conceded, the cost, exclusive of war wage, would be increased by a

	per ton.	
	s.	d.
direct increase in the wages cost of ...	8	4
Indirect increase in wages cost ...	0	5-25
" " stores ...	0	4-00
" " colliery consumption and workmen's coal	0	6-00

Making a total increase of ... 9 7-25 of output. If calculated on the saleable coal it would be higher than the cost per ton of coal raised.

War Wage—Cost Increase.

"A war wage, which at the present time is 3s. per day for persons 16 years of age and over and 1s. 6d. per day for those under 16 years of age, is being paid.

"If a reduction of hours is granted the war wage cost will also be increased in proportion to the reduction in hours, but I have not taken this into account in my figures, as it is at present paid by the Coal Control Department, but it will be necessary for you to consider it as it will mean an increase in the cost per ton if there is any shortening of the hours, probably about . . . 1s. per ton.

(2) *Compensating factors.*—Would there be any compensating factors, which, if these concessions were made, would tend to diminish the working cost per ton; for instance, more regular daily attendance in consequence of shorter hours?

"In my opinion, the only compensating factor would be that in all probability there would be a slightly better attendance of the workmen, because if the hours were reduced to six instead of eight, the men would probably not be expected to start work before eight o'clock in the morning, whereas they now start at six o'clock. This would apply particularly to single shift pits.

"To show there is room for improvement in the daily attendance I put in a statement, No. 8* showing the percentage of lost time for the whole of the persons employed underground in South Yorkshire from July, 1916, to December, 1918. These are exclusive of men idle from sickness or accident."

6402. Do you want to say anything about those tables before I go on?—No, I think they explain themselves.

6403. Now we are coming to this heading: "Men's Antagonism to Machinery":—

"If the workmen's antagonism to machinery could be got over probably a slight increase might be brought about by the introduction of further coal cutting machinery and the use of conveyors in thin seams; but in a great many cases where these have been introduced no advantage has resulted due to the men objecting to them, and not being willing to make any concession from the price paid to them for doing work which they are relieved from doing by the introduction of such machinery. This is borne out by the fact that the output per person per shift employed at the coal face for four weeks in June, 1914, was 2.96 tons and in November, 1918, 2.94 tons, in spite of the fact that a considerable amount of coal cutting machinery and conveyors have been introduced in order to try to improve the output, and that in many cases the worst portions of the pits have been stopped either partially or entirely, and the better portions worked as fully as possible.

"If manholes had not to be provided in roads where men were ridden to and from their work, and no person travelled these roads excepting for

* See Appendix 27.

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[Continued.]

the purpose of inspection, the men would be longer at the face. This cannot be done till the Coal Mines Act is amended.

"It will be necessary for everything to be done both by the owners and the workmen to improve the working conditions and to increase the output if there is to be any alteration in the hours.

(3) *Aggravating Factors.*—Would there be any aggravating factors which, if these concessions were made, would tend to increase the working cost per ton. For instance, an increase in voluntary absenteeism.

"If single shift pits become double shift pits the cost would be increased from the fact that where shifts are worked an increased price has to be paid, amounting to in the most cases 0½d. per ton on the base rate, to which all percentages and war bonuses, etc., have to be added.

"The men should only be able to work eleven shifts per fortnight instead of 12 as at present.

"Each increase in wages has hitherto meant an increase in voluntary absenteeism, which has been proved from what has occurred in the past.

"Break-downs will occur, and they will bear a greater percentage to 6 hours than they did to 8 hours.

(4) Supposing the reduction in hours claimed, or some less reduction to be conceded, what consequential re-arrangement of shift would be necessitated?

(a) as between surface workers and underground workers.

"It is very difficult for me to forecast what will be done, as so much depends upon the labour that can be secured.

"At present 70 per cent. of the collieries are working double shift. It seems to be certain that those at present working double shift will not be able to secure sufficient workmen to work a third shift, and it is very doubtful whether three shifts of workmen could be employed at coal getting and leave sufficient time for the ripping and repairing to be done by the shift which is employed at that work. Possibly a certain number might be employed in filling coal, which could be wound in the following shift.

"It seems, however, to point to the necessity, if the output is to be maintained, of making the present single shift pits into double shift pits, which, of course, would necessitate an additional complete set of workmen, both underground and on the surface, to deal with the output from the second shift. There is a great scarcity of men at present, and I am afraid sufficient will not be forthcoming.

"Supposing the reduction in hours claimed, or some less reduction to be conceded, what consequential rearrangement of shift would be necessitated:

(b) As between the various classes of workers, surface or underground

"The surfacemen have already had their wages very considerably advanced and their hours shortened, and in my opinion the hours of all surface workers ought to be uniform, and ought to be the same as similar classes of workmen work when engaged in other trades, such as engineering shops.

"If any reduction at all is made in the underground hours, it ought not, in my opinion, to follow that there ought to be a further reduction in the surface hours beyond what has been arranged in other trades for similar workmen.

"In any arrangements for alteration of shifts the present stoppage of winding for 20 minutes on each shift would have to be done away with.

(5) What further number if any, of workers, surface or underground, would it be necessary, in his opinion, to employ if the word "six" were substituted for the word "eight" in the Eight Hours Act, and a similar reduction made in the hours of surface workers?

"The answer to this question is dealt with in No. 1 (b), where it is estimated that there will be an increase of underground workers in the shape of deputies, repairers of roads, both haulage and return airways, pumpmen; and on the surface an extra shift of men engaged in winding, pumping, minding fan engines, power house men, bankmen, a proportion of the craftsmen, etc.

(6) *Face workers.*—(i) What is the present average time spent at the coal face in your district?

"From returns filled by the whole of the collieries in South Yorkshire, the average time spent at the coal face is 6 hours and 45 minutes, which, if the alteration of hours takes place, would be reduced to 4 hours and 45 minutes.

"Included in this is the time occupied in getting their meals, which varies at different collieries from 15 to 20 minutes."

(ii) What would be the percentage reduction (if any) in output involved by conceding the claim for the substitution of "six" for "eight" in the Eight Hours Act?

"In my opinion the reduction would be 29·8 per cent.

(iii) Would there be any compensating factors which if this concession were made would tend to diminish any reduction in output. For instance, increased effort resulting from shorter hours?

"I do not think there will be any compensating factors which would tend to diminish the reduction in output.

(iv) What would be the net reduction (if any) in output resulting from the suggested amendment in the Eight Hours Act?

(a) Assuming the present number of coal getters shifts to remain the same.

"In my opinion it would result in a reduction equal to the reduction in hours—viz: 29·8 per cent. of the yearly output of approximately 25,26,000,000.

(b) Assuming the present number of coal-getting shifts to be increased in your district, if possible.

"Assuming the present number of coal-getting shifts to be increased—it could only be done by introducing a second shift where there has been one only, which would require a large number of men to follow them, which are not procurable and probably the miners would object where there has been two shifts to a third shift being introduced.

"If where more than one shift is worked the men would agree to join in their earnings probably a better output might result, as they would work to each other's advantage.

"If men could be procured possibly the double shift pits at present might not suffer to quite the same extent as the single shift pits if tub loaders could be procured for a third shift; but it is almost impossible for anyone to give an answer which any witness would be satisfied with himself as to the actual reduction in output under such circumstances. The shortage of men and the bottle neck the coal has to come through limits the output. I doubt very much whether it is possible to greatly increase the number of coal-getting shifts.

(v) What is the probability in your district of an increase in the number of coal-getting shifts by mutual agreement?

"I do not know that there would be any objection in our district to an increase in the number of coal-getting shifts where only one shift is being worked at present, but I think an objection would be raised to an increase where two shifts are already in existence.

"It is thought by many that if any alteration takes place in hours and two shifts have to be worked instead of one, there ought to be a break of one hour between the first shift and the second

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so as to give six hours clear winding time in each shift.

(7) Apart from consideration of working cost per ton and of output, what would be the chief advantages (if any), in point of health and risk of accident, or otherwise, likely to accrue from the concession of the reduction of hours?

"With regard to health and risk of accident, I do not think mining can be said to be an unhealthy occupation, but I am afraid I cannot say much as to any advantage that would accrue from shorter hours in connection with the point of health.

"So far as risk of accident is concerned, I think it is well known that accidents are fairly well divided over the different portions of the shift, and if anything, I believe, from statistics slightly more accidents occur in the first portion of the shift than in the latter portions, but I think it will be fair to assume that accidents will be reduced in proportion to the time the men are in the mine."

6404. You also give evidence with regard to the West Yorkshire District?—Yes.

6405. —"The West Yorkshire District is divided into two sections for the purpose of wages, one section being known and referred to as the Eastern Sub-Division and the other as the Western Sub-Division. The Eastern Sub-Division comprises mainly the thicker seams worked in this district, and the Western Sub-Division comprises mainly the thin seams of the district. It should be made clear that the thicker seams of the Eastern Sub-Division are not comparable with the thin seams in the Western Sub-Division, nor are they comparable with the thick seams worked in the South Yorkshire District. The line of division between the two sub-divisions is represented by the main line of the Great Northern Railway from Leeds to that point where it joins or intersects the Midland Railway Company's line at or about Sandal Station, and on from thence to the east of the Midland Railway to the point where such railway enters the South Yorkshire District. The line of cleavage between the West Yorkshire District and the South Yorkshire District is shown upon the plan which I now produce (marked W.Y.1), this line having been approved by the Board of Trade under the Coal Mines (Minimum Wage) Act, 1912. The line of division between the Eastern and Western Sub-Divisions of the West Yorkshire Coalfield is also shown upon the plan, this line of division having been settled between this Association and the Yorkshire Miners' Association and also approved and confirmed by the Chairman of the West Yorkshire Minimum Wage Board (His Honor Judge Amphlett, K.C.) under the Minimum

Wage Act. The Eastern Sub-Division of the West Yorkshire District includes all pits situate on the east of the line of division and the Western Sub-Division comprises all pits situate on the west of the line of division. To illustrate what these sub-divisions of the West Yorkshire District mean, I may explain that the difference in the minimum wage fixed for qualified coal getters (hand and machine) in the two sub-divisions is 6d. per day on the basis, the lower rate being applicable to the Western Sub-division where the thin seams are mostly worked. Expressed in gross minimum wages (inclusive of district percentage, war bonus and war wage), the figure for the Eastern Sub-division is 19s. 1.09d. per shift, and the figure for the Western Sub-division is 12s. 4.4d. per shift for coal getters in each case. A similar differentiation exists in the wages fixed for other classes of labour. These minimum wages are in each case lower than the minimum wages fixed for corresponding classes of workmen in the South Yorkshire district. It is important to make clear to the Commission that there is a differentiation in the rate of wages, not only between the West Yorkshire district and the South Yorkshire district, but also between the two sub-divisions of West Yorkshire, and that these differentiations have been recognised and fixed by Judge Amphlett in his two Minimum Wage Awards for the West Yorkshire district, dated respectively 10th June, 1912, and 21st July, 1914. The differentiation existing between West Yorkshire and South Yorkshire, and also between the two sub-divisions of the West Yorkshire district have been preserved from the date of the 1912 Minimum Wage Award. They are still in operation, and they apply not only to underground workers minimum wages but also to all rates of wages actually paid to the surface workers. In the case of the surface workers, however, the differentiation has sometimes, by agreement with the Surface Workers' Union Officials, been affected by a variation in the basis rate (as in the case of the Underground Workers' Minimum Wages), and at other times by a variation in the percentages added to the basis rate in order to compile the gross wages payable."

Mr. R. W. Cooper: This appears to have been the proof of Mr. Walter Hargreaves.

Chairman: That is right.

Mr. R. W. Cooper: Can the witness speak to this of his own knowledge.

Witness: Not to all of it. It is a very difficult position that I am placed in. We intended to call a witness from West Yorkshire as well as South; a proof has been prepared by Mr. Hargreaves, but time does not permit of his appearing.

Chairman: Then I will stop there.

(Adjourned for a short time.)

6406. Mr. Herbert Smith: In your evidence (page 2 of your proof) you said approximately 6 hours and 50 minutes or 7 hours, included getting meals. How do you arrive at that?—That is from Mr. Finlay Gibson's ascertainment which has been made from a return of all the collieries in Yorkshire.

6407. Yes, but you can tell us more than that, because Mr. Finlay Gibson could not tell us anything about it. You must start and tell us now how you arrive at that. We cannot accept simply a bald statement without any proof?—I daresay I can explain it. The total time underground is 8 hours 36 minutes.

6408. How do you arrive at that?—That is arrived at by taking 72 minutes for the men to go down and come out, and taking the average it is 36 minutes.

6409. But the average is not 36 minutes?—The average in 8 hours 36 minutes.

6410. For all pits in Yorkshire?—Yes. From that you have to take the walking time and the time that they take for getting their eyesight, which reduces it by 1 hour 46 minutes, making 6 hours 50 minutes.

6411. How do you arrive at that for getting their eyesight and meal time?—That has been done by the collieries taking the actual time.

6412. When?—During the last few weeks.

6413. You have no data except what has been got within the last few weeks, when you casually took it?—Every colliery would not take it on the same day.

6414. You know, on the statements put in by Mr. Finlay Gibson, that Yorkshire, and particularly South Yorkshire, seems to have about the longest distance to travel there is. 586 travelled underground 2½ and 3 miles?—You are referring to 8 (b).

6415. That is right. In South Yorkshire you have it that 3,715 travelled under half a mile?—That is right.

6416. There were 10,124 that travelled between half a mile and a mile?—Yes.

6417. And you have 10,507 who travelled between a mile and a mile-and-a-half?—That is so.

6418. And 3,866 that travelled between one-and-a-half miles and two miles?—Yes.

6419. And 1,314 that travelled between two and two-and-a-half miles?—Yes.

6420. And 568 that travelled between two-and-a-half and three miles?—That is right.

6421. Will you tell us how many of these collieries since the introduction of the Eight Hours Act have adopted the policy of riding men in?—I could not tell you how many.

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[Continued.]

6422. It is rather important that you should know that, is it not?—Well, I do not know.

6423. Can you give us the proportion that rode in?—I cannot.

6424. You cannot give us any figures at all?—No.

6425. Should I be right in saying that not one per cent. rode in?—I could not tell.

6426. And that not one per cent. in all Yorkshire rode in?—I should not have thought it would be correct if you ask me to give my own opinion, but I have no statistics.

6427. What would you think?—I am not going to guess.

6428. But you have guessed that I am wrong and you ought to tell me what is right now. I am making the statement that not one per cent. of your men ride in Yorkshire all the way.

6429. I did not know you made a statement, but I thought you said "if."

6430. You said it was not correct?—I thought it was a proposition, and if you stated so-and-so, was it correct? I did not know it was so. If you say it is I accept it.

6431. Of course methods could be adopted of riding men in?—You will see what I have stated in my evidence.

6432. With regard to the amendment to the Mines Act, which you want to make more dangerous, we want to make it more safe?—I have explained why and under what circumstances I recommended that. We all know why it could not be done in all collieries, but it can be done in a great many, and would not interfere with the working of the mine to the same extent as if they have to be taken in and out on the roads on which the coal is brought out.

6433. What amount of time do you think could be saved? Walking in and out is as heavy as any of the work, is it not?—I could not form an estimate as to what could be saved. The circumstances would differ at every colliery. At some it is impossible to do it at all, but at others it might be done easily. It would be a great help to us if it could be done in the way I suggested, and I do not see where the risk is if no one is allowed to travel where the trams are being run with the men at the same time.

6434. I want to ask you another thing particularly with regard to South Yorkshire. Is there not a tremendous amount of hand tramping done by men varying from 18 years of age to 45 years of age?—That is the usual system.

6435. Could that not be abolished and that man utilised to get coal at the face?—What would you substitute at the face?

6436. What have they substituted? They have substituted compressed air for pit ponies, have they not?—We in Yorkshire have tried to do away with pit ponies and found it was an advantage.

6437. But not to introduce hand haulage?—We put in mechanical haulage.

6438. If mechanical haulage were introduced instead of hand tramping, how many men would it relieve?—I do not think it would relieve any. It might shorten the time they were tramping and permit a proportion of the shift to get coal, but you cannot bring the coal away from the face in all cases by mechanical haulage.

6439. I put it to you that you work with one collier and one trammer in South Yorkshire?—It may be so, but it would not be the general rule.

6440. But it would not prevent mechanical haulage?—Yes, unless you altered the system of payment, because the collier pays the trammer out of the price he gets. He gets paid at the price list rates and pays the man who assists him.

6441. We are seeing whether this cannot be done away with by utilisation of mechanical appliances, and is not this one way it can be done?—I think you will agree mechanical appliances have been introduced very rapidly in South Yorkshire.

6442. Have they not made very poor headway?—I will give you an instance in my own place. We had 187 ponies in the pit, and we now have 37.

6443. How many trolleys have you now and how

many had you last year?—It is impossible to make any use of a comparison of that kind, because the trammers have been taken to the war and have not returned yet.

6444. Taking last year and this year, I put it to you, you have as many trammers this year as you had last year?—No, we have not.

6445. Although there are a lot more men returning?—No, you see there were a lot taken last year.

6446. And a lot have come back?—I might as well explain that mechanical haulage does not do away with the trammer's work but with the driver's work who is the intermediary.

6447. It does away with the trammer's work in the Doncaster district, does it not?—Not in some of the cases.

6448. In most of the pits it is straight to the face, is it not?—I have not seen it do away with the work at the face.

6449. Of course, they have been compelled to do it there owing to the injury caused to the pony's health?—I suppose you are referring now to the statements which you have made once or twice when we have been meeting in Yorkshire about Mr. George Blake Walker's opinion of the pony.

6450. Mr. George Blake Walker has been put up by you many times as being an eminent man?—I have no idea that any colliery ponies have had to be taken out for the reason you suggest.

6451. You do not agree with the statement that Mr. George Blake Walker makes that they have been taken out?—No.

6452. Shall I tell you of collieries where they have been taken out, so that you will know? They are, for instance, Bulcroft, Brodeworth and Edlington. That was owing to the injury it did to the pony's health. In your evidence you say that men are antagonistic to machinery. That is the first time I have heard it of a Yorkshireman. Will you tell us how many machines and conveyers were introduced five years before the war in Yorkshire, and how many have been introduced since the war?—I think I said they were antagonistic to machines and that they showed it by refusing to meet the alteration of their work in the price paid for doing the work.

6453. What you do say is that they wanted the same price paid for doing it with machines as for other work?—That is what I am stating in other words.

6454. I put it that that is not correct and that you cannot give us a single colliery as an instance?—I need not go further than my own.

6455. Have you tried to introduce coal-cutting machines?—Yes, and we have had no reduction in prices.

6456. How long have you had them?—Five years.

6457. And no reduction in price?—Yes.

6458. I put it to you that that is not correct. As a matter of fact, when you introduced that machine you were paying allowances over and above the price list from 8d. to 1s. 4d. a ton?—We were not paying any.

6459. Were you not paying any at that time?—No, we were not paying any.

6460. We will get that from a witness who will come later on. Do you mean you are paying exactly the same ton rate for filling with machine as with hand-gotten coal before?—We are cutting coal 5 ft. 6 in. under, and the men are getting it and they are paid exactly the same price as they were when they were paid by ton.

6461. Can you give me another instance?—Yes.

6462. Suppose I give you 40 where the tonnage rates have been reduced 9d.?—That is quite good.

6463. Is it not the fact that the owners when they were attempting to put machines in, and there has been a standard price of 2s., have offered 8d. when the machines were produced, and the men are filling coal to-day for the 1s. a ton standard?—I think where you refer to they have put in more than coal cutters. They have also put in conveyers.

6464. I am speaking about machines, and I will talk about conveyers later. There are men filling machine coal to-day for 1s. a ton standard, are there not?—In the tubs?

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6465. Yes?—I do not know of that.

6466. Has not all the difficulty with regard to machines between the employer and workman been that in the case of the workman they have had too great a reduction in the price as against coal got by hand?—I have given you what I can.

6467. Yes, I know. Can you give me any more?—I think I can find you some more.

6468. Will you tell us one if you can?—I cannot tell you at the moment.

6469. We had better name some. Did they get any reduction at Wharnciffe Silkstone?—They did. I thought you were referring to that when you were referring to the price of 1s.

6470. Did they get any reduction at Orgreaves in Tritton?—Yes, but not 8d. a ton.

6471. It was not far away; it was nearer 8d. than 6d. With regard to this payment for shift work, is that an extortionate price for men to pay working shifts ½d. a ton on standard rates?—I did not say it was. I simply said if that system was introduced that would have to be paid.

6472. As a matter of fact you look like having to pay more. I had better warn you there?—I have endeavoured to confine my remarks as far as possible to facts and I think it is a fact that in most cases that ½d. is a correct figure where they are working two shifts.

6473. I think that is about correct. You say 70 per cent. of the colliers are working double shifts. That applies to South Yorkshire, does it not?—Yes.

6474. What percentage of colliers will be working double shift outside the Doncaster area, which is a new area entirely?—I have not had them taken in different parts of the district but for the whole district.

6475. But you do admit there is a bigger percentage of shifts worked in the Doncaster area than what there has been in the past?—I should think that is so.

6476. You tell us there is a scarcity of men at present and you are afraid sufficient will not be forthcoming. Do you know we have a fair number of men in Yorkshire out of work?—Coal-getters?

6477. Mine-workers?—I did not know it. They do not need to be out.

6478. When you say they do not need to be out, what do you mean by that?—I will take 1,000 of them if they will start work.

6479. As a matter of fact have you not refused some who have come back?—I think not.

6480. I think you will find you have. Then you say on page 8 of your proof: "In any arrangement for alteration of shifts the present stoppage of winding for 20 minutes on each shift would have to be done away with." That is your opinion?—Yes. It seriously interferes with the output, and would more seriously interfere with it.

6481. Have you proved it?—I think it is self-proving.

6482. I made a statement yesterday that evidence can be produced that there has been no attempt made to get coal from many pits in Yorkshire during the 20 minutes stop in Yorkshire?—The 20 minute stop is the time there is most coal in the pit, and it is not utilised for the purpose for which you assert, namely, what you call snap time. Nearly all the men have had their snap before that time arrives.

6483. When you talk about this stoppage that is entirely surface work?—Yes.

6484. There is no recognised time for stoppage for underground workers?—No, except in some cases this stops the ropes. Where you have endless ropes you cannot run the ropes unless the cages are running.

6485. In other collieries you mean?—Yes.

6486. And the piece-worker has no settled food time?—That is so.

6487. You say from returns filled in by the collieries in South Yorkshire, that the average time spent at the coal face is 6 hours 45 minutes, and if the alteration of hours takes place it will be reduced to 4 hours 45 minutes. Have you got the whole of the returns?—We have, I think, sufficient.

6488. This says that it is from returns filled in

by the whole of the collieries?—I think it has been mentioned to you by Mr. Finlay Gibson that we excluded collieries employing less than 50 people.

6489. Yes, and then it does not represent them?—All but one of the large collieries, I believe.

6490. Can we take it that Mr. Finlay Gibson's returns for Yorkshire, where I think he shows about 70 odd collieries in South Yorkshire to whom the form was supplied, and from South Yorkshire, 44 were returned?—You know as well as I do how many there are employing less than 50 men.

6491. That is not the whole of the collieries in South Yorkshire employing more than 50 men?—No, it is not.

6492. Will you tell us how you arrive at the difference of 6 hours, 50 minutes?—That is proportionate to the rest.

6493. Is this first figure right, this 6 hours 50 minutes?—That is from Mr. Finlay Gibson's return. I gave particulars of how it is made up.

6494. As a matter of fact we have not got the figures of how it is made up. All we have from Mr. Finlay Gibson is that he got some forms from you. Will you give us the kind of form it was and the kind of information it applied to?—The 6 hours 50 minutes is arrived at by the returns made up by Mr. Finlay Gibson, of which you have particulars. Those returns are the same as made in connection with any returns entered into in Blue Books or anything of the kind. You must rely upon the returns being correct. I do not think anyone would have any object in not returning them correctly.

6495. They give us returns of piece-workers' wages on the form supplied by Mr. Gibson (No. 5). They give us wages there in 1914 of coal-getters in South Yorkshire at 10s. 2-95d.?—That is right.

6496. That is in June, 1914?—Yes.

6497. You went before Sir Edward Clarke in that year for an alteration of the minimum wage?—That I could not tell you. It was in 1914, but I cannot tell you whether it was June or not.

6498. I am asking whether it was that year?—Oh yes, that year. There was an alteration in 1914.

6499. Will you tell me which figure was correct? You put before Sir Edward Clarke as a figure that 8s. 4d. was the average wage, and asked him not to give too big a minimum wage, as it might conduce to contract workers not doing their best getting too big a minimum wage?—Was it in June, 1914?

6500. No it was two months before. It would not alter so much in that two months?—There would be an alteration under his award, would there to piece workers?

6501. You were before Sir Edward Clarke in March, 1914?—Yes. He gave an advance, and that will be in the figures which you are now asking me about.

6502. As a matter of fact, it will not be in the figures, because these are the average wages of the men on contract work. You told Sir Edward Clarke that 8s. 4d. was about the average wage at that time. Which is correct?—I am trying to point out that there must be a difference between March and June because of the alteration in the Minimum Wage Act. In March the minimum would be 6s. 9d., speaking from memory and I think in June it would be 7s. 3d.

6503. What I am trying to get at is this. With regard to these piece-work coal-getters, you were giving the average wage of them as 8s. 4d. a day. You say now, in the same year two months later, it is 10s. 2-95d. Which is the correct figure?—Probably both.

6504. Were you misleading Sir Edward Clarke? Is this the correct figure?—I do not think it follows that either is incorrect.

6505. We were asking about the minimum wage, and you were showing the piece-work coal-getter's was only just 8s. 4d., and you now come and say it is 10s. 2-95d.?—We were asking that in March, and these are June figures.

6506. How can that alter the coal-getter by piece?—That is his total earnings.

6507. Yes, but you said, "If you give these men anything like what they earn by contract as a minimum wage, it will take away the incentive of

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[Continued.]

encouraging him to earn more money." Which figure is correct—10s. 2d. or 8s. 4d.?—I should think probably both.

6508. Will you tell us how they are both correct?—I do not see any reason why they should not be. If you increased the minimum wage by 6d. a day, that must have had a very serious effect upon the wages of the men.

6509. Tell me how it can affect the piecework coal-getter wage?—It must do so, because this is total earnings.

6510. Yes. This is more than the minimum wage. I will deal with that minimum wage later on. I am speaking of the pieceworker who works by results. You say the results of average wages in 1914 were 10s. 2·95d. I am asking you which figure is correct—the figure before Sir Edward Clarke or this figure?—I have no reason to doubt either.

6511. I have a reason to doubt one. One is bound to be right. If you tell me this is right, then you have misled Sir Edward Clarke—that is all?—I cannot change what I have said. I am still of the same opinion, that both are correct, but I cannot help thinking that you must know that if you alter the minimum wage by 6d. a day the man is bound to earn more money in June than he did in March.

6512. Yes, but I want to say to you—you are giving the piecework coal getters' wage and not the minimum wage what they earn by contract. I ask you which figure is correct?—You are just as well aware of it as I am, that the piecework earnings are affected by the minimum wage, whether they are working by piece or day. If they are working by piece and do not make the minimum they are entitled to receive it, and it must have an effect upon the wages.

6513. I do not agree. What I put to you is this: that you gave a misleading figure in 1914, or you are giving one now. I ask which of those figures is right. —I am not able to tell you which is right. So far as I can see they are both right.

6514. You are not able to say whether they are right at all?—They are from the returns sent in to Mr. Finlay Gibson, and I have no reason to doubt that they are correct.

6515. And the figures sent in in 1914 were returns sent in by you. You told Sir Edward Clarke that.

Sir L. Chiozza Money: Sir, this is very important because it throws such a light upon the value of these colliery statistics.

6516. *Mr. Herbert Smith:* (To the Witness.) You cannot help us any further?—No.

6517. The same thing applies to West Yorkshire?—Am I supposed to deal with West Yorkshire?

Mr. R. W. Cooper: No, the witness is not.

Chairman: I think the witness was originally taken for South Yorkshire, and then there was tacked on to the end of his proof the proof of Mr. Hargreaves. It was thought he would be able to speak as to both, but he is not. Is Mr. Hargreaves coming?

Witness: Yes, he is here.

Chairman: Then we will have Mr. Hargreaves afterwards.

Mr. R. W. Cooper: It was done to save time, I gather. Obviously Mr. Smith ought not to speak to West Yorkshire.

Mr. Herbert Smith: Well, I thought it would save time. If we are to deal with this thing, we ought to have a workman from there as well to give evidence and simplify it.

Chairman: We will have Mr. Hargreaves next.

Mr. Robert Smillie: The same thing applies to South Yorkshire.

Chairman: I quite agree; I think you are right.

6518. *Mr. Herbert Smith:* (To the Witness). Before leaving that figure, there is a big doubt in my mind that you have given one wrong figure, if not two?—That is in your mind. I have stated that I can see they are both correct.

6519. Then I do not accept this 18s. 1·15d. by the same method?—Quite so.

6520. Now coming to the minimum wage, you give in South Yorkshire in Mr. Finlay Gibson's wage summary that minimum wage in South Yorkshire as 7s. 4d.?—If you look at my No. 1 statement, you will see I put in quite a different statement.

6521. So that Mr. Finlay Gibson's wrong?—Yes, and he knew it was wrong before he came here this morning, only he had not time to alter his proof.

6522. He had it supplied from Yorkshire?—Yes, but he did not know it was wrong.

6523. Are there no less than four different minimum wages for colliers in South Yorkshire?—Yes.

6524. One on the 7s. 3d. standard which works out at 13s. 4·96d.?—13s. 11·96.

6525. No, that is ordinary day wage, I want to submit. It is a matter of calculation I should like to calculate it.

6526. You have 7s. 3·23½d. is 1s. 6·9d. The present working minimum is 8s. 9·9d. War bonus 1s. 7·06d. Total wage 10s. 4·96d., 3s. 6d. on that must be 13s. 4·96d.?—You may be right. It may be a further mistake. We only got these after we came here this morning. You are right that it is 13s. 4d.

6527. 13s. 4·96d.?—I think it is a further mistake. I have not had my own proof back from the printer yet

6528. And that was given because you impressed upon Sir Edward Clarke that the ordinary average wage for the coal getter was only 8s. 4d. Am I right in saying that the trammer or filler, who is a man varying in years from 20 to 45, has as a minimum wage in that district 11s. 11·49d.?—Including everything.

6529. That includes all?—Yes.

6530. Am I right in saying that other superintendent workman's wages at present are 12s. 3·86d.?—Yes.

6531. And that young men's over 21 are 10s. 10·40d.?—Yes.

6532. That is in No. 1 group. Now we come to No. 2 group. His minimum wage there is 13s. 1·42d. That is for the coal getter at the present time?—That is right.

6533. And for the able-bodied man with him 11s. 7·95d.?—Yes.

6534. And for a qualified coal getter in No. 3 district, 12s. 9·88d.?—Yes.

6535. And 11s. 4·4d. for the filler?—Yes.

6536. That is all in?—Yes. I think it is just as well to say it is quite apparent if you look at my statement, that the addition comes to 13s. 4·49d. It is likely to be a printer's error in the first one.

6537. Now take the ordinary day's wage. There again Mr. Finlay Gibson has been supplied with some wrong evidence so far as Yorkshire is concerned. I think he gives it as 14s. 2d. in South Yorkshire?—Which sheet is this? If you talk about the base rate no doubt I can deal with it.

6538. Am I right in saying when you talk about a miner that earned this big money when he worked for the company, that in July, 1914, you paid him at that time 8s. 3d. a day all told?—In very few instances.

6539. I want to put it to you that it was 5s. basis in 1888?—That is 7s. 6d. in 1911.

6540. Plus 23½ per cent.?—I did not know you meant that. I asked you to stick to base rates. I cannot deal with the percentages in my head.

6541. You ought to, because you have had just as wide experience in this as I. It was 5s. in 1888?—Yes, in most cases.

6542. Some less?—And some more.

6543. Only 4 more in all Yorkshire?—5s. and 7s. 6d. on the 1911 rate.

6544. And 8s. 3d. in 1914?—Yes.

6545. Now it has got to 13s. 11d.—it is not 14s.?—It has got to 13s. 5·34d.

6546. No, it is more: 7s. 6d. plus 23½?—14s. 6d.

6547. Oh, no; 7s. 6d. plus 23½, plus 18 per cent., plus 3s. war wage is less than that?—Which form are you reading from?

6548. I am reading from my own head, and it is on your price list at your own colliery, if you want to mystify us?—What is?

6549. This is?—I am sorry to disagree with you.

6550. I will prove to you that it is?—I think that you had better produce it.

6551. Are we correct in saying that in 1888 wages were 5s.?—In most of the cases 5s.; in some less and in some one or two more.

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[Continued.]

6552. In 1914 we put 50 per cent. on that 5s. and made it 7s. 6d.—That is what we call the 1911 rate.

6553. Then 10 per cent. put on that made up 8s. 3d.—That is correct, where the rate was 5s. 6d. in 1888.

6554. And that 8s. 3d. becomes 13s. 11-94d.—Do you want me to calculate it?

6555. If you dispute it you can calculate it?—8s. 3d. becomes what?

6556. 13s. 11d.—I should think that is about right.

6557. Am I right in saying that the 8s. 3d. wages were based upon the selling price in July, 1914, of 9s. 2-05d. per ton?—Is that the Conciliation Board returns?

6558. They are your figures and not mine?—I have not got them in front of me. If they are on the Conciliation Board return they will be correct.

6559. It is 9s. 2-05d.—I do not dispute that.

6560. Am I right in saying, now wages are 13s. 11d. that the selling price on your own admission, without selling to neutrals and allies, is 19s. 8d. at pit?—I do not know whether it is that exactly or not. That is also in the returns which you have got.

6561. But you do know as a matter of fact, because Parliament limited you to 4s. excess of pre-war price?—I see what you are driving at—the increase in prices.

6562. Yes?—But the increases altogether amount to 10s. 6d. less 4s. returned to the Coal Controller.

6563. If you say less 4s. you had better also say 3s. which is not paid to the men by the Coal Controller?—It is as well it should be made perfectly plain as to how much the coalowner gets and the Coal Controller gets.

6564. And it should be made clear what the workman gets from the pair of you.—Yes.

6565. I put it that wages were 8s. 3d. on a basis rate at 9s. 2-05d. Now leaving the Coal Controller out, wages are 10s. 11d. now with a selling price (I will take that 4s. off) of 15s. 8d. Is that right? I will put it either way you want it?—It seems right from the way in which you are adding it. Of course, it requires some explanation if you are trying to compare one with the other. Wages and selling price are not the only thing.

6566. You remember the wages and selling price were in the 9s. 2-05d. You argued that before Lord Coleridge?—That is the selling price. I argue that wages and selling price are not the only factors which you have to consider, because there are stores which during the war have gone up by leaps and bounds.

6567. There were stores to reckon in the 9s. 2d.—Not to the same extent.

6568. Were the stores reckoned in the 9s. 2d.?—No, that is selling price.

6569. Was all cost reckoned in that?—That was the selling price, not the cost.

6570. I will put it in another way. For the selling price of 9s. 2d. we add 165 per cent. all told, and the cost price has gone up from 9s. 2d. to 19s. 8d., and we have 68-68 per cent. more. Do you agree to that?—I perhaps do not agree to the 68 per cent., but I cannot say without calculation.

6571. We will dissect it. Take your 8s. 3d. and put on what makes 13s. 11d.—I say there is not much between us. I say you have 75 per cent.

6572. Will you show that?—I do on my statement 4.

6573. I want to see how we have got 75 per cent.?—It is on statement 4.

6574. But I want you to prove it. We have some hypothetical figures here. We have standard wage in 1888 brought to 1911 and brought up to date. I want you to show how we have 75 per cent.—The rate per shift, including 10 per cent., on the old basis was 10s. 2-95d. There was 5 per cent. December, 1915, 5 per cent. February, 1916, and 3½ per cent. in June, 1916, which make a total of 1s. 2-86d.

6575. How much per cent. is that?—13½. The rate per shift, including 23½, was 11s. 5-8d., and war bonus of 18 per cent., which is 2s. 0-86d.

6576. It has been varied from time to time?—But which is now 18 per cent. war wage, 3s., making a total wage per shift, including additions, 16s. 6-41d.

6577. I am taking a simple figure to help you, because I am disputing it; but this we cannot dispute, that the wage was 5s. a day in 1888; it became in 1914 8s. 3d., and it is now 13s. 11d.—That is on the assumption that all men had 5s. in 1888. I have explained that all men had not 5s. in 1888. Some had less, and in one or two cases more.

6578. I do not care. I want to prove we have 68-68. How do you prove there is more?—I prove it because I make my figure 7s. 10-66d.

6579. Do you mean for day wage?—Yes.

6580. Tell us how you make it?—That is from Mr. Finlay Gibson's return.

6581. Will you tell us how? There are only 4 collieries which pay more than 7s. 6d., and there are 15 which pay less than 5s.—I could not tell you how many pay more or how many pay less, but the returns from the colliery show 7s. 10-66d.

6582. I put it to you again we have 68-68 per cent., and the cost of living has gone up 120 per cent. without any other consideration?—I thought it was stated it had gone up by 114 per cent., and of course that includes coal which probably should not enter into the calculation which you are making.

6583. I want to deal with your coal. I see in your statement you say that coal is supplied and I think you give the price starting at 6d. a ton?—I do not know what it is in West Yorkshire.

6584. It varies in South Yorkshire?—Yes.

6585. From 6d. to 15s.—I think if I gave you my figure it is from 6d. to 12s. I am only speaking from memory so that I do not want to dispute that with you. We have quite recently gone into it as you are aware.

6586. Another thing I notice in your return is with regard to working shifts. Can you tell me many pits where they do not join. I make this statement, that over 90 per cent. of them, working shifts, join?—I am very surprised to hear you say that, because the information I have is that the majority of them do not join. All I want to impress upon the Commission is that if they did join it would be better, because you can understand, if they do not join, there is a loss towards the end of its shift. If a man is afraid he is not going to fill another tub, he is not going to do it for the man following him.

6587. I am not frightened of putting another 10 per cent. on that, and saying that nearly 100 per cent. of the men join shifts in Yorkshire?—Well, you surprise me.

6588. When these factors are put we ought to have some proof. I know about five pits where they do not join out of all pits in South Yorkshire. I should have liked to know what is happening in South Yorkshire, and I took it this paper would have told us. With regard to health, are you going to admit in evidence that it is healthy in our deep mines in Yorkshire for men physically fit and that we have not a fair amount of bronchial complaints and asthma which put men out of being able to work?—I have always understood that the miner was as healthy as any other class of labourer and that the breathing of coal dust was rather an advantage than otherwise because it prevented certain illnesses.

6589. The figures do not prove that, do they?—I rather think so.

6590. Will you give us any figures which prove it?—I cannot, but I think you will be able to find that is so.

6591. With regard to the old theory of yours which I thought had been worn out, that every advance in wages gave a bigger percentage of absentees, did you hear Sir Richard Redmayne give evidence yesterday of figures which upset that theory?—I had no idea his figures had upset it in any way. I thought that Sir Richard was dealing in his percentages with the whole of the people employed.

6592. Sir Richard Redmayne was dealing with figures from South Yorkshire and several other districts in the Federation?—I do not think he divided them into colliers and trammers and other people underground which I have done. The men working at the face—the colliers and the trammers—are the men who would increase the output by better attendance.

6593. Where have you got these figures from, the collieries in Yorkshire?—These are returns made week by week not for this purpose at all, and have been kept for years now by our own association.

6594. And been sent to London?—That I could not say.

6595. As a matter of fact you do know. We have disputed them from time to time. Do you keep a record of

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the number of times the miners were absent by being sent back at the pit?—There is a record.

6596. How many?—I cannot say.

6597. Why did you put up some Absentee Committees in Yorkshire?—They reduced the absentees considerably in consequence.

6598. You know we put those up?—Yes.

6599. We applied these rules to workers and managers, and the first time a manager was fined you said, "We will have no more of that." Is that correct?—Not as you put it. It would require a long discourse to explain the thing and going through the circumstances, and we should be no nearer when we were finished.

6600. I put it to you the same night that the manager was fined 25 men were fined before him for absenting themselves from work, and he caused 65 men to play, and you would not have any more of the Absentee Committee because the manager was fined at Rotherham?—In the Agreement it said if a train was late the men were allowed to go to work, and you tried to contend a tram was a train.

6601. I put it again. Did that break up the Committees, because the manager would not be fined?—I think it did, undoubtedly, because a tram and train were contended to be two different things.

6602. *Mr. Sidney Webb*: The question is what the Committee did hold?—That is what the Committee held.

6603. *Mr. Herbert Smith*: Which Committee?—In South Yorkshire you had not tram included in the agreement. In West Yorkshire you had tram included. You tried to contend although it was not in South Yorkshire and it ought to be inferred, and we would not agree to that.

6604. With regard to conveyors Do you know there are managers that have caused the introduction of conveyors in Yorkshire?—I know where they have been tried and proved a failure.

6605. The men do not care for them?—I do not mean where they have refused to work them but where they have been worked and they have not filled in larger quantities than they were doing when they filled into tubs and trammed it.

6606. Where was this case?—My own colliery. They are all pulled out and lying in the gateways doing nothing.

6607. Handcross. Take another colliery. There would be about two tons per man per shift. When they got no conveyor how much did they get when they abolished the tramway?—I did not know they had trams there. I thought they started from the pit bottom.

6608. Was it 30 hundredweight per man per shift?—I could not tell you. In that particular case it was worked, I think, piece work, in most cases it is worked by day work.

6609. Some places are worked by tonnage?—That is a piece-work rate.

6610. Not tonnage. You refer in your note to a third shift?—That is so.

6611. You do not suppose that Yorkshire miners will run to a third coal shift?—I think I have said I do not think they would.

6612. I do not think they will. I think we are clear on that. On page 3 you say something about reduction of hours. The surfacemen have already had their wages very considerably advanced and their hours continued. Is it a fact that the standard rate of wage for able-bodied men was 3s. 7d. a day?—Which class of men do you refer to?

6613. The class of men that is largely covered by the wages 5s. 4d. The standard before was 3s. 7d. for able-bodied men?—I cannot find a 3s. 7d.

6614. I put it again, you made an agreement in 1915 to raise it to 3s. 10d.?—I am trying to find a 3s. 4d. I am trying to find what you are asking. I think it is 3s. 10d. you are referring to.

6615. No, you raised it to 3s. 10d.?—I have 3s. 10d. down. You must explain there was on that 26½ per cent.

6616. That was all there was, 26½ per cent.?—It was a different percentage to what it is now calculated upon.

6617. As a matter of fact, they were earning wages that were not as good as some corporation employees at that time?—Of course, they have had big advances.

6618. The big advances brought them to about the same, 10s. 9d.?—10s. 9d.

6619. With regard to shorter hours, would you argue that winding enginemens hours ought not to be reduced even more than six hours with these big pits and powerful engines which they have to contend with?—No; in many

cases with big pits and powerful engines the winding enginemens are relieved.

6620. You say so, but we do not agree with you. We know it is more, and you do too. Do you contend they ought to work longer hours than six?—I think they are not distressed by working the eight. They have six at week ends.

6621. I want to submit to you that the enginemens hours should not be more than four, for a man to do his duty, with those powerful engines?—I think you know somewhere where four is worked; two on and two off.

6622. I do not know any. Do you contend that an ordinary surfaceman and boiler fixer, and these other people, have a right to work 49 hours a week as they are at present?—I have said so far as I am personally concerned they ought to have their hours the same as similar men engaged in the same or similar work of that description. I mean that to apply to all kinds of craftsmen.

6623. There is another point that I wish to put to you on your case. During this period of control you have been limited to development, have you been working the worst part of your mines that will take some time and expense to develop owing to this expensive development; I do not suppose you accept this statement, do you? We have been down the pits and seen?—I think you would be able to find out whether the statement is perfectly correct, whether you have been down the pits or not. In all districts there are many pits with thin seams which were stopped entirely and will not be re-opened.

6624. And were being stopped because the men refused to work, as they could not get the wages?—That is not correct.

6625. It is right, and if I tell you they have been saving hundreds of yards of the best workable coal, what then?—They are not very patriotic.

6626. Anyway, it is true?—I do not know. I am only replying to your questions.

Sir Arthur Duckham: Mr. Smith gave us a figure which is of the greatest interest to the Commission of 95 per cent. of the shifts joining in Yorkshire; that is to say, one shift agreeing to join with another shift. That figure is interesting to us. May I ask Mr. Smith where we can get those figures; I mean the actual figures there?

Mr. Herbert Smith: It would take us a couple of days to get them for you.

Sir Arthur Duckham: Another point is this with regard to the increase in the work of conveyors. We have had several differences of opinion on that here. If Mr. Smith can give us, as he stated, and I am certain he can, from the collieries where they get an increase by the work of conveyors of coal getting that will help the Commission in arriving at some of their decisions later on.

Chairman: I am sure Mr. Smith will help us all he can.

6627. *Mr. Arthur Balfour*: You know an estimate was given of 8s. 2d. a ton as being the increase that is likely to occur from the 30 per cent. advance in wages and reduction of hours from 8 to 6. Making all allowances, that would be an estimate?—Yes.

6628. That figure does not agree with the figure you have given us?—It would probably vary in every district.

6629. The figure you gave us is for your district?—South Yorkshire.

6630. Could you give us any idea in pence or shillings per ton of coal raised of the savings you think might be effected by real concentration of mechanical appliances and other improvements?—That depends to a large extent as to whether the men are going to accept them in a different way to what they have done in the past. My experience has been, they have been antagonistic to the introduction of machinery and they have not been prepared to meet us in the getting process when introduced, so obviously the output has not improved as it would otherwise have done.

6631. Do you consider the best way to meet the demand for an increase of wage and shorter hours and improved standard of living by the miners is by increased production?—That is the only way, I think, increased production.

6632. Are the miners prepared to help you to give that increased production to solve their problem?—By the introduction of mechanical appliances in the past they have not been prepared. That is my statement.

6633. If the whole of your coal getters worked on a tonnage rate would that increase your output?—They do.

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6634. If they all work on a tonnage rate in your mines and were paid on the basis of the total output from the pit, would that increase your output?—I do not think that is possible.

6635. What would be the difficulty?—You could not do your stone work by the cost per ton of coal produced. That is a varying quantity. It is done by piecework rates, but not fixed on the tonnage.

6636. Would it not be possible to fix on a basis, rate all workers of different grades and pay a bonus on the total tonnage raised each month at the end of the month?—I do not think so. Each district would vary. There would be a separate price for each district. The number of persons employed in one district might be three or four times the number in another.

6637. Can you suggest any way you could induce the miners not only to increase the tonnage by their efforts but assist in the introduction of every mechanical appliance.

6638. *Mr. Herbert Smith*: You can get it from the Yorkshire Miners' Association?—If machines were introduced and conveyers were introduced and the miners were prepared to meet the saving in labour by an equivalent reduction or a proportionate reduction in the cost there would be an improvement in the output. If there is no reduction at all in the fixed prices paid for getting coal by hand and the machine was introduced they take care it does not increase the price at all; it simply reduces the price per ton.

6639. *Mr. Arthur Balfour*: Is it beyond anybody's ingenuity to find some method by which the whole workers in a pit are interested in its output, and it is their interest to increase the output of tons per person working?—You could not pay everybody on a tonnage rate.

6640. You could pay them on a base rate and pay them on the tonnage at the end of the month?—Every man is paid on piecework or tonnage rate, or so much per yard, or many other ways that piecework is arranged; that is already in existence.

6641. There is no other inducement you can suggest to us by which we could make it to the advantage and interest of the workers in any way to produce the greatest number of tons possible?—No, I cannot see how it can be done.

6642. With regard to the advance of 30 per cent. Do you not consider the percentage advance is a very unsatisfactory method of advancing wages with regard to the lower paid workers?—The lower paid workers in this instance have already had considerably greater advances than the higher paid.

6643. Thirty per cent. on 40s. is a very different number of shillings per week to 30 per cent. on £5?—It is not a proper way to do it if you want to make the advances agree in all cases.

6644. Would not one method of improving the appliance used in a pit be to have a Research Committee, perhaps in conjunction with the Scientific Research Committee under the Privy Council, consisting of mine owners and representatives of the workers, with a permanent secretary, to investigate in all the different appliances coming out and keep in touch with improvements in every other country?—That would be a good idea.

6645. And purchase such appliances and bring them to his country and have them properly tested here?—Yes.

6646. You see no difficulty in that at all?—No.

6647. What is the real objection to a miner working three shifts?—I do not know. They always have objected in Yorkshire to working three shifts. Mr. Smith has said to-day if we attempted to do it now they would object.

6648. It would get over the difficulty of reduction in tonnage considerably?—If there were men available. I do not think it is possible to get the number of men to do it at the present time.

6649. It has been put, that the great difficulty is the question of repairs; keeping the roads in repair and so on?—Yes.

6650. Is that an insuperable difficulty?—I do not think you could do it in six hours.

6651. *Mr. Evan Williams*: You have had considerable experience in Durham?—Eight years and the time I was serving my time as well.

6652. We had some talk about Durham at the beginning of our proceedings. I think it was rather contended that the Durham system was more beneficial to output

than the rest of the country's system. Is the Durham system applicable at all to Yorkshire?—The Durham system that I know about is 22 years ago and at that time there were two systems of working the collieries. I mean at one it was from 6 to 4 with two shifts of coal getters and one shift of people to follow them. The other was three shifts of coal getters and two shifts of people to follow them. If I understand correctly the present application would alter that. They would have to have one shift to follow one shift of coal getters the same as we have in Yorkshire to-day.

6653. There are some remarkable figures of the output per person employed underground from Durham as compared with Yorkshire. Have you any explanation to give us with regard to them? In 1887 the rate per man employed was 483 tons per annum. In 1913 it was 313 tons per man employed. That is a reduction of 170 tons per man employed underground per annum. In Yorkshire the output per man employed in 1887 was 371 tons and in 1913 344 tons, a reduction of only 28 tons as against 170 for Durham. Have you any explanation from your knowledge of Durham and Yorkshire to give with regard to that?—I do not know why there should have been as great a difference as that. I presume in Durham they will not be winding coal now the same length of time as when I was there. They will have the boys working on the shift following the coal getter working a shorter number of hours than then. At that time they worked 10 hours and probably now they are working considerably less.

6654. At present in Durham they work seven hours bank to bank?—The alterations will have taken place because the men who do what we call "trammings," what they call "putting," will have worked much shorter hours in Durham since I was there than they did then.

6655. In that case it is a consequence of the present system in Durham that this great reduction has taken place?—I, think that is it.

6656. The introduction of the seven hours bank to bank?—I cannot see anything else that could do it.

6657. In answer to Mr. Balfour's question with regard to piecework you said as far as possible everything was being done by piecework at the present time?—I think that is so.

6658. Do you find in Yorkshire there is opposition on the part of the men to an extension of piecework?—No, I cannot say there is.

6659. Do you know it is a part of the Miner's Federation's policy to abolish piecework?—They talk of wanting everything on day rate.

6660. What effect would that have on output?—It would seriously reduce it.

6661. And increase the cost?—And increase the cost.

6662. If as Mr. Smith said on the point mentioned by Sir Arthur Duckham, that at present 95 per cent. of the men on two shifts had joined their earnings, there is very little left for improvement in that respect?—Nothing at all I think.

6663. *Mr. J. T. Forgie*: In being examined you were asked how you ascertained the time of the piecework at the face—how the time taken for his meals was ascertained?—You simply ascertain from the deputies.

6664. Mr. Smith objected to your giving information because you cannot calculate it?—It is calculated in the same way as all the other information.

6665. The pieceworker working at the face requires food?—And gets it.

6666. Fifteen minutes or 20 minutes is not an unreasonable time to allow him to have that food?—It is only fair to say there is no fixed time for taking it; he only takes it as convenient.

6667. With regard to mechanical coal getters while probably the miner does not place any visible obstacle in the way of the introduction of coal getting machinery, I think the coalowners know as a fact that they do not encourage the introduction of it?—I have stated that repeatedly.

6668. They give so little encouragement that the machinery in very often taken out and scrapped?—Yes.

6669. And they go back to coal getting by hand?—That is right.

6670. With the full support of the miners for the introduction of machinery are you satisfied there would be a great deal more of it used?—I am certain there would be a great deal more used and the output would be increased.

6671. The output per man in this country would be very much increased?—That is so.

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6672. Are you satisfied the reduced hours would mean reduced output of coal?—It could not be anything else.

6673. You will admit in the future it may have an immediate effect on the output?—At once.

6674. No matter what remedial measures you take?—They would take time.

6675. Suppose you could adapt them it would take some very considerable time before you came back to your present output, if that is ever possible?—Yes, many years.

6676. Take the present moment when this nation is in desperation for coal to introduce these things into the country would have a very serious effect?—Yes.

6677. It is the wrong time to adopt any measure to reduce the output of coal in this country?—Yes.

6678. It is against the national interest to reduce the output at the present moment?—Yes, decidedly.

6679. Later on the improvements that the workmen desire may be got without having such a detrimental effect upon the country?—They could not choose a worse time than the present.

6680. Regarding research work, you know I suppose the coal-masters are considering the question of research?—That is so.

6681. *Mr. R. H. Tawney*: About this question of absenteeism. Mr. Gibson was asked if he had any figures as to the loss of time caused by the management. He said we must ask the witnesses from the district with regard to it. Have you those figures?—The loss of time from the management.

6682. Cases of men being turned back from the work?—I have not.

6683. Are those figures available?—I should think not.

6684. Do the managers keep a record of the time lost due to the men and not the time lost due to the management. Is not that a one-sided proceeding?—It is probably in a certain sense, but in cases where the management or the men have not the slightest control it would be difficult to differentiate whether the fault was due to the management or due to the men.

6685. It would include such cases where some breakdown of organisation took place which might have been avoided. I am sure you are anxious to be fair. When talking of absenteeism and increase of output we want to know the loss of output caused by the management as much as any loss of output caused by the men. May I ask for those figures if they are available.

Chairman: I have made a note of what you want, and I have made a note they shall be inquired for.

Sir Arthur Duckham: Do you want the ones the management cannot help or those they can help?

Mr. R. H. Tawney: I want them classified.

Chairman: Voluntary or involuntary.

Sir Arthur Duckham: Yes.

6686. *Mr. R. H. Tawney*: It is essential to get at these figures unless we are going to waive the question of absenteeism. The mine owners have no right to criticise the absenteeism on the part of the men if it is due to the management?—You can ask for them but I do not think you will get them.

6687. In statement No. 4 of the figures you put in, you give a comparison of pre-war wages and present wages?—That is right.

6688. In the last column of that statement you give the total advance over column 1, column 1 being the pre-war wage?—That is correct.

6689. The total advance appears to range from the lowest figure of 75 per cent. to the highest figure of 88.24 per cent.?—Up to and including coal getters.

6690. Those are the only ones you can give?—I gave you all bricklayers and boys.

6691. I am not speaking of the staff, but actual mine workers?—That is correct.

6692. Have you compared those figures with the rise of the cost of living?—The cost of living, I think you said, was 114 per cent.

6693. The last figure with regard to the rise in the cost of living was 120 per cent.?—We include coal. That would want to be excluded from these wages in question.

6694. That is quite correct. Coal does not form a very large proportion of a family's expenditure?—It is a serious item for every class of labour.

6695. I suggest to you your figures, as far as they go, show that though the money wages have risen the real wages have fallen. Is not that correct?—I do not follow you.

6696. The money wage is what a man gets in a week. The real wage is what he can buy with what he gets. If the prices have risen in proportion to such wage and the others have fallen?—You mean he has not had 114 per cent.?

6697. Yes?—He has not had that. He does not require all his wages for the purpose of buying things that cost 114 per cent. more.

6698. *Mr. Evans Williams*: Is the war wage included in the figure?—The war wage is included in the figure.

6699. *Mr. R. H. Tawney*: Is it or is it not the fact that on the figures you put in the miners are worse off now than before the war?—I do not think the class you refer to are any better off.

6700. That is another way of saying the same thing. The figures actually suggest they are worse off?—Of course you are dealing with the particular classes you have named.

6701. I am dealing with the classes for which you have given figures?—I have given a lot more.

6702. Take the right hand column, total advance over column 1?—If you go further down some classes have had 200 per cent. on the same page.

6703. Boys, you mean?—Yes.

6704. I will give you the boys if you will give me the adults?—That is right.

6705. You have been asked several questions as to whether the output would not be increased, and there has, I think it is fair to say, been some suggestion it has been the miners' fault if it has not been increased. Did you hear the evidence of Sir Richard Redmayne?—I did.

6706. Do you know he gave us a long list of measures by which the output could be increased?—I heard that.

6707. Did you hear him say the present system of individual ownership of collieries is extravagant and wasteful?—I think that is part of his proof.

6708. Again, is it not relevant in considering output to lay considerable stress upon these economies in production, that is to say, the method of increasing production by their considering whether the miners ought to be asked to forego shorter hours?—Would not it be better to test the improvement from the arrangement you are suggesting now.

6709. It would obviously be impossible to test it. As a matter of fact these improvements have not been introduced if Sir Richard Redmayne's evidence is correct, except in certain places, that is to say, any deficiency in output is partly due to the faults of management?—I do not know that there is much due to the faults of management as far as output is concerned.

6710. If that is your opinion, that is your opinion. I only put we have a great deal of evidence on the other side.

6711. *Sir L. Chiozza Money*: Kindly tell me what allowance you have made in your calculation for the fall in price of stores or the possible fall in price of stores?—There would possibly be a fall in the price of timber but there would be more used proportionately. The main roads will require some heavy timber for maintenance whether the mine is working five hours or seven. That does not depend upon the output; it depends upon the length of the road that is to be maintained as an outlet for the coal. There is the same breakage of timber there and possibly a larger breakage on the face when working a shorter time. It is generally found when working a shorter time you use more timber.

6712. Have you considered the present output if reduced is the work of a certain number of men, I do not say derogatorily, who were inferior to the normal men because of the withdrawal of the best men for the war?—It is quite possible that has affected output because a large number of men who had retired altogether from the mines felt it their duty to come back and work in the mine who were older than the people taken from the mines.

6713. Is it not the case that before the war the normal output was 270,000,000 tons?—That is about right.

6714. Therefore, if we accept Sir Richard Redmayne's estimate of the possible reduction in output, and not yours, and if we accept his amendment which I hope he will forgive me for mentioning—

Chairman: I will circulate it now. I am going to ask Sir Richard Redmayne to explain it to-morrow morning.

Sir Arthur Duckham: I think it better to have it in Sir Richard Redmayne's own evidence. I am sure Sir Leo will agree to that.

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[Continued.]

Sir L. Chiozza Money : It was brought out in my cross-examination last night.

Sir Arthur Duckham : It was a wrong figure that was brought out, I understand.

6715. *Sir L. Chiozza Money* : Sir Richard Redmayne's estimate was a reduction of 20 per cent. He said that 20 per cent. must be less because of the omissions that had been made to take into account the conditions in Northumberland and Durham, and therefore the reduction on normal output would be something less than 20 per cent. If it were 20 per cent. on the 270,000,000 the amount would be not far from the 1918 aggregate?—If I remember correctly, Sir Richard said the reduction would be 26· something per cent.; but the remedial measures would reduce it to 20 per cent.

6716. No; it was not a question of remedial measures?—I think that is what he said yesterday. I think it was 26·2 per cent., speaking from memory.

6717. It is not a question of remedial measures at all. He said, having accounted for certain questions as to the rate of productivity per hour the reduction came to 21 per cent., which he thought the immediate effect. He said that as the remedial measures operated the reduction would be mitigated.

Sir Arthur Duckham : It was hypothetical.

6718. *Sir L. Chiozza Money* : There is put a perfectly fair question to this witness. I am speaking in Sir Richard Redmayne's presence, and I say that fairly represents his statement?—I did not answer wrongly on purpose to misrepresent anything. I said from memory I think he said 26·2 per cent. which was altered to 21 per cent.

6719. He said 21 per cent. was a fair estimate in his opinion, and it is an opinion based on great knowledge and of the immediate facts. I put it that 20 per cent. reduction would only bring the normal production of this country down to about the figure obtained in 1918 (with all the miners back, including the best men)—will you answer that?—Will you repeat that question; I do not grasp what you mean?

6720. I say the normal output of this country was about 270,000,000 tons. If we accept Sir Richard Redmayne's estimate of the reduction that brings the output down, supposing all the men to be back, including the best men, to just about the actual output in 1918?—I see what you mean. You mean by the introduction of these men during the war whom you said were not as efficient as the others, assuming they all remain, which they have not done, a large number have left, the output would remain the same as before?

6721. Yes?—In my opinion, it is very doubtful if it will remain as it was or not

6722. That is your opinion. I put a particular question on Sir Richard Redmayne's evidence. It is useless to fence with this?—I do not accept his estimate.

6723. Will you, with all due respect to your opinion, make it an assumption Does it not have the effect of reducing the normal output to the actual output of 1918, or thereabouts?—You have to take into consideration these men that came in are not remaining in the mine.

6724. Is it not a fact the men coming back from the war are in many respects better?—It is a fact that a large number of the poor fellows have been killed and a large number will not come back again.

6725. Is not that trifling. I know the facts. I know the date when the War Cabinet ordered the last batch of men to France. I was present. I know they at least are not maimed and not killed, and they are coming back as well as before?—I heard South Yorkshire state they had a tremendous death roll.

6726. That is true, but, it is not true many went and returned because the war came to an end, fortunately?—From the last comb out a large number came back.

6727. I put it to you again that it is highly probable in spite of the reduction of output we may very nearly reach the year's aggregate in 1918?—I cannot agree with you.

6728. To the extent to which that is realised you will have to make a considerable amendment in your figures of the extra cost of output per ton?—I do not think so.

6729. You do not agree?—No. Sir Richard Redmayne did not estimate for an indirect increase in cost.

6730. What do you mean by "indirect increase in cost"?—Due to stores. I will give you the item, if you like; the increased number of men you are compelled to have for only a 6-hour shift on the surface; you will understand you must have winding men, pump men, fan

men, firemen, as you cannot do without a shift of those.

6731. On the question of stores, is it not a fact the pit wood went up three or four times the cost during the war?—It is a fact.

6732. Is it not a fact it will go down again?—It is a fact it will go down again, and that will be counter-balanced by increased consumption. That will go up with the price of coal.

6733. Will oats go up with price of coal?—Oats are a fixture now.

6734. Will not many of the other things come down?—It is doubtful if oats will come down.

6735. They will not come down to the old figure, but a lower figure than the present figure?—They will have to come down.

6736. Have you made an allowance for that?—Yes, I have considered the items of stores that have gone up. They are all stores, which are more or less made up of iron and steel, and that will go up.

6737. That only covers a part of the stores. It does not cover timber or hay. It does not cover explosives, to a certain extent. Surely explosives cannot continue at the height; that is purely a war height; a quite abnormal price?—There are other things that will enter the charges as well as wages, which will, in my opinion, increase and make up the money I have said. Rates and taxes will increase.

6738. If you count them as items in production?—They have to be paid for. General charges will increase; colliery consumption will increase and the coal burnt by the workmen.

6739. The colliery consumption will increase?—Yes.

6740. The Coal Commission which preceded this Commission and several Committees since, have already decided that collieries burn too much coal?—I am comparing the coal that will have to be burnt if we have a 6-hour shift instead of 8.

6741. Do not you think that will be compensated for by checking the great waste of coal in collieries themselves?—If we have more men they require more home coal. If they are getting their home coal at a considerably less price than the market value, that will be an increase in cost; that is all included in my estimate.

6742. That is taking no account whatever of the point I have put to you that the return of the men from the Army will bring up the aggregate output to the aggregate of 1918, which you refuse to accept?—I do not think the men will return to make up what we had before.

6743. You said the men were antagonistic to the machinery. Are they antagonistic to being conveyed to their working places in the mine?—I dare say some would be.

6744. Do you really want me to accept that as a common sense answer to a perfectly plain question?—Some of them were. An attempt had been made to ride them in and they preferred to walk rather than to leave at the fixed time the train left.

6745. That really does seem largely to discount the value of your evidence on the question of the men.

Mr. Herbert Smith : There are a fair amount of lunatics in Yorkshire.

6746. *Sir L. Chiozza Money* : Quite. On similar grounds do you reject the points made by Sir Richard Redmayne with regard to the increased efficiency of mines? Do you reject those grounds each one of them as being worthless?—I shall have to deal with them separately.

6747. Take the points one at a time. Take conveyance of workers. You say the miners will not ride?—I say that there will be improvement in that if we could send them in.

6748. I thought you said there would be considerable improvement?—In riding them in?

6749. Yes?—I did not say that.

6750. I think Mr. Smith asked you whether any proportion of the men were conveyed to their work in the mine, and you said it was an increasing proportion?—I said a small proportion. I said it would increase if we could do what I suggested.

6751. Would there be improvement on that subject or not?—Can we have a plain answer?—Certainly there would.

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[Continued.]

6752. You admit on that Sir Richard Redmayne was right?—I do not, because I say it would have to be under circumstances which, at the present moment, are not permitted.

6753. What are they?—You could not take a man in without having refuge holes every ten yards.

6754. Assume the possibility. Do you contend the men on the whole would object to be conveyed?—I did not say the whole, I said there would be some.

6755. We are not dealing with exceptional cases, but the average man. Might I direct your attention to the fact it is only reasonable to suppose these costs will fall per ton by at least 1s. 6d. in the next few years?—When you say these costs to which do you refer?

6756. Materials and stores which are estimated for the whole country at 7s. 3d. a ton.—Do you mean if the application for 30 per cent. increase and reduction in hours is granted there will be a drop of 1s. 6d. a ton in stores?

6757. Yes.—Quite impossible.

6758. On the assumption we get the same output for the larger number of men?—I cannot agree to that.

6759. You admit there is a possibility of a fall in stores?—There is a possibility of a fall in some of them. There is a quite certain fact there will be a fall in timber.

6760. What was the effect of the eight hours upon your collieries?—It altered our system of working.

6761. Did it produce a fall of output?—Yes.

6762. To what extent?—I cannot say.

6763. Has it recovered?—No.

6764. Do you know it recovered for the whole country?—It recovered for the whole country with more persons employed.

6765. How do you account for that?—Considerably more persons employed.

6766. The output per person recovered to a considerable extent?—I thought from the figures put in there had been a considerable reduction per person, particularly in Durham.

6767. You are aware that the aggregate output of the collieries improved?—That is so.

6768. What do you say was the effect of a general application of the Eight Hours Act?—It caused a reduction at the time. I thought it would be worse than it was, because I supposed it was going to be different.

6769. But even as it was, were you not pleased to find that it was not so bad as you expected?—Yes.

6770. Do you not think that you have come here to express views that are rather exaggerated?—No; I do not think there is any comparison.

6771. *Sir Thomas Royden*: I see from your proof that you have been engaged in the coal business for 28 years?—That is so.

6772. Of which 21 years was spent in South Yorkshire?—Yes.

6773. In the few questions I propose to address to you, I would ask you to answer from your own experience of your own colliery, as considerable doubts have been thrown on some of the statements that have been made that cover the whole district. When the Eight Hours Act was brought in, did it reduce the time on the face of your colliery?—Yes.

6774. To what extent, do you remember?—I could not tell you that, but nothing like what we expected.

6775. But it did reduce it?—Yes, it did reduce it.

6776. So that you had some opportunity of forming a conclusion as to whether the reduction in time did or did not induce the workers to put a greater intensity of effort into their work; in other words, whatever percentage of time you lost at the face, was shown more or less exactly in the reduction in the output?—I think it was pretty well proportionate to the time.

6777. In other words there was no added intensity of effort?—I do not think there was.

6778. You would infer from that, would you not, that a reduction of a further 2 hours—I am assuming that the reduction would all fall on the time spent at the face—would have shown a proportionate reduction in the output per man?—That is so.

6779. Based on that you made a calculation that the extra cost, owing to the reduction of hours, would be 4s. 2d. a ton, and if the additional wages that are demanded were granted, there would be a further 2s. 11d. a ton, making altogether 8s. 4d. a ton?—That is correct.

6780. It is very difficult to form any conclusion as to what the ultimate cost will be, because the effect of remedial measures, whatever they are, would necessarily follow at a considerable interval?—Yes, they are bound to take time. They could not be introduced at once.

6781. On your own estimate, those two items, the reduction of hours and the increase in the wages, would add 8s. 4d. a ton to the cost of coal?—That is so.

6782. That, of course, is a mathematical calculation?—That is so.

6783. In addition to that, you make an addition of indirect increases in connection with stores, consumption of coal and so forth, partly on the surface and partly in the pit, of another 1s. 3½d.?—Yes.

6784. Bringing the total cost to 9s. 7½d. per ton?—That is so.

6785. There is a note over the page in your evidence that the war wage cost might add a further shilling?—Yes, as a matter of fact, I can give you that now exactly. It would cost 1s. 3d. for Yorkshire.

6786. So that that brings us up, assuming all these calculations are correct, to 10s. 10½d., I think?—Yes. Of course, I have excluded, as I have said, the war wage.

6787. I am endeavouring to summarise your proof. Is it too much to say that, in your opinion, speaking as a practical man, if you had to found your future policy on your conclusions, there would be no set-off against that in the way of economy?—No, I think I have understated it, if anything; I have tried to be on the safe side.

6788. *Mr. Arthur Balfour*: Is it possible for you to give us any estimate as to the extent to which the effect of the Eight Hours Act would mitigate it by the opening of new and large collieries in the keeping up of the output?—I could not tell you that.

6789. That has had a very appreciable effect on the output, has it not?—Yes.

6790. Can you tell me which collieries have been opened since the Eight Hours Act?—Most of the large collieries in our district and in the Doncaster area.

6791. Since when?—Since then.

6792. I thought the Eight Hours Act came in in 1910. Would it be possible to have a return of the new pits opened since the Eight Hours Act came into operation?

6793. *Chairman*: Can you give us that?—Yes.

6794. *Mr. W. R. Cooper*: Were there any new sinkings begun but not yet finished?—Yes, there are not many of those.

6795. *Mr. Frank Hodges*: Can you tell us the number of coal-cutting machines you had in the year 1914 in Yorkshire?—No, I could not tell you that.

6796. Can you tell us how many there were in 1916?—No, I could not tell you how many at any time.

6797. The official figures give the number at 802, and they yielded a total output of 7,700,000 tons. In the face of those figures, can you really suggest that there is any definite opposition on the part of Yorkshire miners to the introduction of coal-cutting machinery?—I am not talking about the Yorkshire Mining Association; I am talking about members who do object to the introduction of machinery.

6798. You are producing nearly as much as the highest district in the country by the coal-cutting machinery. Do you really suggest that these figures indicate any official opposition to the introduction of coal-cutting machinery?—I do not know that the figures do. Of course, you have to look at a lot of things before you can settle a question of that kind by figures. It is a question whether the seams that are being cut are thick seams or thin seams.

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[Continued.]

6799. You rather led the Commission to think that there was some form of organised opposition in Yorkshire to the introduction of coal-cutting machinery?—There is an organised opposition to the alteration of the price of coal cut by machinery.

6800. Is it fair to suggest to the Commission, in the light of these figures, that there is any opposition to the principle of the change from hand-cutting to machine-cutting coal?—I do not think so, so long as you give the same price.

6801. *Sir L. Chiozza Money*: Is not that the whole difference between us as to the introduction of machines. Do not the Americans give the men the value of the machine, whereas you attempt to deny it to them? When you introduced the machine, did you not knock the rate down?—When Mr. Smith was asking me about this, he stated that he knew cases where it had been got for 6d.

6802. *Mr. Robert Smillie*: On page 3 of your proof there is a statement made that I would like to call your attention to: You say: "I am of opinion there would be a considerable increase in the number of people required both above and below ground if the hours were reduced underground and on the surface as suggested, as additional men would be required underground representing an increase of 33½ per cent.

of deputies, people employed in maintaining the main roads, and return airways, and additional pump men." Could you tell the Commission how there would be an increase of 33 per cent. if the hours were reduced?—You would have to have deputies here to examine the place before the men went in, under the Act. You could not do it if everyone's hours were reduced to six.

6803. You have deputies now in Yorkshire?—Yes but they work different hours.

6804. The short hours are at present in force in Yorkshire?—No, the deputies' hours are different.

6805. If the miners' hours were reduced, it would simply mean that the deputies' hours would be reduced with them?—Proportionately.

6806. Reduced down to the same hours as the men?—That is what would cause the extra number to be required.

6807. You are speaking here in the presence of fifty or sixty practical mining people: do you really say that?—I do.

6808. When you are dealing with 8-hour shifts?—There must be four.

Mr. Robert Smillie: I put it that it is not necessary to have 33 per cent. increase in your present deputies.

(The Witness withdrew.)

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6809. *Chairman*. I think you are the managing director of the Plean Colliery Company, Limited, of the Lochgelly Iron and Coal Company, and you are chairman of the Steel Company of Scotland, and you are submitting evidence to the Coal Industry Commission on behalf of the Scottish Coal masters?—Yes.

6810. You have been requested by the Scottish Coal masters to supply information on their behalf as to the effect on the cost of raising coal of granting the miners' demands which are understood to be:—(1) That the workers should receive a 30 per cent. increase on their present earnings, exclusive of the war wage, which would then be added to the total. (ii) That the word "six" should be substituted for the word "eight" in the Eight Hours Act, and that a similar reduction should be made in the hours of surface workers without any reduction in their earnings. As to days worked, in the Scottish Coalfields, apart from Lanarkshire, the working policy of the Miners' Union allows the collieries to work 11 days per fortnight, but in Lanarkshire the Union's pre-war policy was 5 days per week. For a period during the war the Lanarkshire Miners' Union adopted an 11 days per fortnight policy, but about three weeks ago they went back to their old policy of 5 days per week. If the miners wish to improve their standard of living they have a very simple method of doing so in Scotland by increasing the working days to 6 per week as in all other trades. With regard to hours worked, the collieries in Scotland are almost all worked on the "one shift" principle—that is to say, there is one coal drawing shift of 8 hours. On this shift practically all the coal getting is done and most of the men are employed. On the other two shifts brushing, coal cutting, shifting of conveyors, repairing of haulage roads and examination of the shafts and machinery for purposes of safety are carried out. It has been found from practical experience that it is more expensive, in the vast majority of cases, to work "double-shifted," that is, to have two coal drawing shifts. In regard to earnings, in considering the earnings of underground workmen it should be noted that the earnings of youths and boys in Scotland are high. The coalfields of Scotland are much cut up by faults and whin gaws, and the gradients, as a rule, are high and irregular, while the presence of intrusive whinstone in many cases renders the coal useless. In addition, the seams are very irregular in their thickness and character. Owing to the dislocations of the strata, a large number of shafts have to be sunk to win the coal. With regard to the increased cost of meeting the miners' demands, in examining the effect on the cost of raising coal if

the miners' demands, or either of them, are conceded, we have based our estimates on the costs for the last quarter of 1918, being 10s. 9d. per ton for wages (excluding war wage, which amounts to 3s. 3d. per ton), and 4s. 2d. per ton for supplies and charges, exclusive of royalties, which costs are ascertained by returns sent by collieries producing over 90 per cent. of the total output of Scotland. It is believed that a 30 per cent. increase on present wages would mean an increase of 3s. 3d. in wages on the cost of raising each ton of coal. Under present conditions the effective working time of coal-getters at the face is 6 hours 45 minutes. If the same meal hours, which total 30 to 40 minutes, are taken, the effect of substituting the word "six" for the word "eight" in the Eight Hours Act would be to reduce the effective working time at the face to 4 hours 45 minutes—a reduction of 29 per cent. It is believed that the combined effect of increasing the wages and reducing the hours as claimed would entail an advance of 10s. 5d. in wages, 1s in timber and supplies, and 7d. for other charges, or a total of 12s. per ton of coal raised, exclusive of increases in cost due to extra men being required and a larger proportion of fuel being burned. In regard to the replies to the secretaries' questions to keep the pits going on, even the reduced output would entail increases of workmen as follows: Surface workers, 10 per cent.; underground workers, 5 per cent. The present average effective working time of facemen is 6 hours 45 minutes. The reduction of output would be 30 per cent. There might be a slight increase in the facemen's rate of production per hour but this is problematical. The estimate of 30 per cent. reduction in output is based on the working policy of 11 days per fortnight, and the number of coal getting shifts remaining the same, but reduced in duration from 6 hours 45 minutes to 4 hours 45 minutes. The Lanarkshire Miners' Union has recently refused to allow collieries in Lanarkshire to work more than 5 days per week. This policy, if continued, would increase the percentage reduction. There is little prospect of the number of coal getting shifts being increased beyond this by agreement. The possibility of increasing the number of face workers in the working places has been considered, and, if sufficient men were available, this might be done in certain places, provided the transport facilities to the surface have sufficient margin to deal with an increased output per hour, but our experience of introducing additional men is generally unsatisfactory, leading to decreased productivity per man, which necessitates higher rates. The men are generally against this policy. The question of housing

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[Continued.]

accommodation is also involved, and houses in most mining districts are not available. There is no possibility of a complete double shift as a general policy, neither men nor houses being available. In view of the extra workmen who will be required to work the pits on 6 hours' shifts, the Scottish mines in their pre-war state of development would absorb on single shift all the men who have still to return from the Army. The standard of health in the mining industry is high, and there is little room for improvement. The number of accidents per 1,000 persons employed will not be materially affected by the reduction in working hours, because although the men are a shorter time in the mine they are still subject to the same risk of accident in travelling between the surface and their working places, and there would be greater liability to accidents from falls of roof on account of the longer exposure of the roof, and the timber being submitted on that account to a greater strain. Expressed in terms of accidents per million tons of output, which is the proper basis from the economic point of view, the figures would show a considerable increase? I should like to hand in a diagram which explains my evidence and makes it much easier for me, and I hope for the Commission. (Same handed.*)

6811. I am very much obliged to you.—I should also like to hand in the health statistics†: we make a statement about health.

6812. I will come to that. I will do the diagram first, if I may. This is a diagram to show the normal Scottish trade for two cycles, pre-war, and for the period of the war, compared with the probable result of the miners' claim. Will you just explain that to us, please?—On the left-hand side of the diagram you see the scale half inch represents a shilling. At the bottom of the diagram you see the dates, various years, beginning with the year 1905 to the year 1918. The dark line that is travelling up and down the years is the average price of coal raised as per Conciliation Board figures. These Conciliation Board figures are quite familiar to Mr. Smillie at any rate, and they are collected from the same group of collieries, representing about one-third, or more, of the output of Scotland from figures that regulate the wage according to the sliding scale in Scotland. The dotted line immediately below represents the basis wage, the nominal wage: 1888 in Scotland was the basis wage. There is a solid line drawn to show where the percentage starts from. The dotted line represents 12½ per cent. above 1888, or 25 per cent. above whatever it happens to be at the time, rising with the rise and fall of the price of coal. That has governed the wages in Scotland for a very long time—since 1905, at any rate when the official figure started. That goes on right up to the war. There is an arrow head just to make it clear where the war begins. The coloured part is perhaps the interesting part. The first two years that are coloured are the years 1910 and 1911. Those figures are put in from statements that were collected from something like 90 per cent. of the output of Scotland at the time of the minimum wage arbitration. They were audited, and if not accepted, I am prepared to put in an auditor's certificate to give you the exact figures for that period.

6813. What does the red show?—The red represents the cost per ton of wages during that period. The green shows the cost per ton of timber and supplies. The yellow shows the other costs. Royalty is coloured blue, and the balance is the margin of profit, coloured purple. Whenever I speak of costs per ton I should like it to be understood that I mean costs per ton of output raised. If I am questioned as to the costs per ton of disposals, I shall have to be warned, and try to convert that into the other figure, but it is a very confusing figure, that we are very apt to get fangled over, to use a Scottish word. The next coloured column is Mr. Dickinson's figures for the first two quarters of the year 1918. Those represent Mr. Dickinson's figures with the same colours to the same items as I have shown here for the years 1910 and 1911. The next little narrow column that is coloured is the cost for

the three months ending December, 1918; that is the column representing the present costs on which we base our arguments that are set forth in the printed paper.

6814. That little thin one?—That little thin one. You will notice that the nominal rate of wages becomes a double line since 1917, the bottom line represents the ordinary wage and the higher line represents the war wage. The first big step there makes the first eighteen pence war wage, the next big step is the second eighteen pence war wage, so it makes it quite clear that Mr. Dickinson's first two quarters exclude the second war wage, but the last quarter includes the second war wage.

6815. I quite understand, yes.

6816. Now you come to the broad column, which represents what has been called the arithmetical calculation of the amount of the miners two claims of 30 per cent. wages and reduction of hours from eight to six. The second column is a problematical one. It represents what to my mind gives credit for what are the maximum possible amelioratory features of any arguments I have heard, either from Sir Richard Redmayne, or from any other quarter, and I give it away freely. No man can tell what is going to happen if this claim is granted. The effect of the six hours is extremely difficult.

6817. It is?—I am not pinned down to any particular figure. It is more instinct than anything else when you come to the finish, I admit. If that be the result, I want pointedly to draw your attention from the very first to what is the effect. The effect is, if you cast your eye on the 10 or 15 pre-war years that you have at the bottom of the paper and cast your eye up to the top of the paper you see we have carried on the trade of this country on a level all round between 8s. and 9s. per ton on an average realised price for coal raised in Scotland. If this claim were granted, you will find that the trade of the country has got to be carried on round about the level of 27s. and 28s. per ton on the raised coal and a very much larger figure on the disposable coal. What we submit is that the real question for the consideration of this Commission is:—Can the trade of this country be carried on at that level, or can it not? We hold that if these two claims are granted the output will be reduced, and the exports of coal from Scotland will be practically cut out. Would you rather I went on? I would rather like to make one or two points, if you will allow me?

6818. The Commission is very anxious that you should just tell us now what your views are. I will not ask any questions; I am anxious that you should go on?—The former output of Scotland that we were hoping to get back to, if we were let alone, would be somewhere in the neighbourhood in a few months of 38,000,000 to 40,000,000—I am not to be tied to these figures except for the purpose of this illustration—I will call it 40,000,000 tons for the sake of making it an easy calculation. Of that 40,000,000 the demand for home industries is something over 30,000,000. That has been about the quantity of coal that has been absorbed in the home industries in Scotland during the war, and there is round about that quantity just now. If, therefore, we are able to get back to something in the neighbourhood of 40 million tons, and you take 30 per cent., in round figures again off that, I think you will find that that comes down to about 28,000,000 tons; consequently the whole of that 28,000,000 tons will be absorbed in keeping going the industries of Scotland if they could be kept going at this level of prices, and would leave no balance for export at all. That is a condition of affairs that we in Scotland contemplate with great and grave concern. I think I have explained the meaning of the diagram.

6819. Yes, admirably?—I would now ask leave to hand in a small table dealing with health statistics, and on this occasion I am unable to give you them separately for Scotland. I have had to take the table for the whole country. It is "Death rate from all causes per thousand living at each age period." The point I want to make here is that the occupation of a coalminer is not an unhealthy occupation. The first line there gives you the death rates from all

* See Appendix , p. 240.

† See Appendix 43.

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causes per thousand living at each age period, 15 to 25, 25 to 35, 35 to 45; and 45 to 55. The first is occupied and retired males, and the second is occupied and retired coalminers. The proportions are 3·5 in the first case against 3·8 in the second, a little against the miners' occupation. The next one, 25 to 35, is 6·3 against 5·1 in favour of the miners' occupation. The next one, 35 to 45, is 10·9 against 7·6. These are taken from Dr. Haldane's statistics. The original figures are from the Registrar's papers. The next, 45 to 55, is 18·7 against 14·7.

6820. *Mr. Robert Smillie*: Can you give the figures up to 70?—No, I cannot.

6821. Do you know how they come out?—I should, of course, very much prefer that Dr. Haldane was here to speak for himself on this question.

Chairman: We have not much time, I am sorry to say, but if you can give Dr. Haldane's figures we will accept them for what they are worth.

6822. *Mr. Sidney Webb*: They are from the Registrar General?—Quite so. I should like to be permitted to read a letter from Dr. Haldane and what he explains to me I should like to explain to you.

6823. *Chairman*: Kindly do so?—"I enclose three short tables* in which I have endeavoured to condense the figures so far as they seem relevant. They are taken from my paper on the health of old colliers, and compiled from the latest figures issued by the Registrar-General." I should like to put in that paper: "Health of Old Colliers."

6824. Yes, certainly—"In my paper it was shown that the figures for colliers for the age period above 55 are totally unreliable. If they were correct, one could infer from them that there is a large class of persons over 65 who reach the age of about 130 and also never were born and never were employed. I mention this to emphasise why the existing figures for age periods above 55 have been omitted. Various people have fallen into the trap presented by these figures, and have inferred from them that colliers become prematurely worn out."

6825. *Sir L. Chiozza Money*: What figures were they?—I have not got them.

6826. I only want to know what figures he is alluding to. Which are the figures that were quoted that made people believe that colliers were prematurely worn out?—Those above 55.

6827. That is why they are omitted here?—That is why they are omitted here.

Sir L. Chiozza Money: That is curious.

6828. *Mr. R. H. Tawney*: What figures are they—census or what?—The figures are compiled from the latest decennial statement of occupation mortality, Registrar-General's Report, Parliamentary Papers Cd. 2619, 1908.

Chairman: I daresay Mr. Sidney Webb will probably be able to help us here. We will try and get those figures.

Sir L. Chiozza Money: Nobody can draw a deduction from this.

6829. *Chairman (to the Witness)*: I am very much obliged to you. Do you want to add anything more to what you have been good enough to tell us?—Perhaps it might save the Commission's time if I explain in detail right away how the figures that we have given in the print were arrived at. Perhaps one explanation might possibly save time. I begin with wages. Keep your eye on the diagram, please; it will save a little trouble. 10s. 9d. is the cost per ton on the output raised in 1918 last quarter. Add 30 per cent. to that and you come to 14s. Add the war wage, 3s. 3d., and you come to 17s. 3d. Add the proportion due to the effect of the reduction on output—100 to 71—our percentage you perceive is 29 per cent.—that amounts to 7s. 2d. Add up the figures and you get 24s. 5d. We require a certain number of additional men, 10 per cent. surface men, 5 per cent. below-ground men; on the present rate of wages basis that would amount to 9·6 per ton.

Add 30 per cent. to that 2·9d., total 1s. 0·5d. Add output percentage again, 5d., total 1s. 5·5d., additional cost for the additional men, making a total wages cost of 25s. 11·5d., which is the height of that pink column on the diagram. The supplies cost 1 started with 3s. 3d.; that is the little thin line. I have not got the figure for Scotland put in by Mr. Finlay Gibson. I put that figure in with reserve, believing it to be approximately the figure that will come out in Mr. Finlay Gibson's figures. I could not start fair, so to speak, because I had not got the figure. The hustle and bustle of getting these things makes it extremely difficult to get your figures correct. We are disposed to admit a saving of 3d. per ton on reduced quantities of supplies; that brings you down to 3s. The proportion of increased output, 1s. 1d., makes it up to 4s. 3d.; that is an increase of 1s. above the present cost. That is how the 1s. above the present cost is got at. I should, therefore, explain that the green patch there is not to scale, because I had not got the figure at the time.

6830. I understand that it is diagrammatic?—It is not quite to scale there. I am giving you about 6d. to 9d. against us there. It was simply because I began with Mr. Dickinson's original figure when I made the diagram. All other costs, that is administrative staff, and so on, taxes, fire insurance, surface damages, and so forth, practically remain the same with the smaller output, and they amount to 10½d. against 7½d. Compensation, and so on, National Insurance, 7½d. against 3½d. Of course, that includes a certain amount for additional number of men that will be employed. This does not include an essential factor, which is the reduction in proportion of the disposable output. An increased proportion of fuel will be burnt at the collieries, and therefore the realised value for the output raised will be reduced. Further, on the reduced output, the pence per ton required to pay interest on capital will be increased. We sell 89 tons out of 100 now; that was Mr. Dickinson's figure on the first two quarters. With reduced output we estimate that we shall only sell 85 tons out of 100. Again, taking Mr. Dickinson's figures for the first half of 1918, 89 tons at 19s. 5d., which was about the average for the two quarters, equals 100 tons of coal raised at 17s. 3d., that is to say, the realised value of the 89 tons that we sell out of 100 tons of coal that we raised gives a realised value for the 100 tons of 19s. 3d. per ton. Applying the same figures to the 85 tons that we anticipate we shall be able to sell, and taking the same 17s. 5d. price, the value of the 100 tons raised is only 16s. 4d., that is 11d. a ton comes off the value of the coal raised due to the lower proportion of disposable coal available. Applying that to the higher scale—I am using now the right hand bit of the diagram—giving credit for a great many compensating factors which are extremely problematical, if in future the miners' claims are granted, but allowing for every conceivable compensating factor, 85 tons at 33s. will have to be sold to make 100 tons at 28s. If you will draw your eye across the diagram you will find the top column comes about opposite 28s. on the scale. These are average figures for large and small coal together. Taking house coal got at 22s. 6d. at the pit—

Mr. Arthur Balfour: This is all cost, is not it; you are talking about cost price only. It is all right if it is clear.

6831. *Mr. J. T. Forgie*: I think you recently have been talking about prices?—I have the point now. If you look at the top right hand column you will see I put in what I call the average 1s. profit. I have not seen the evidence but from the papers I find somebody said 1s. was the average profit. I simply put that in as a problematical profit to arrive at some attempt to fix the average price of the future. Therefore if you look across you will find the top of the purple on the right hand side is round about 28s.; therefore it is price I am talking about; that is cost, on this occasion, plus 1s. profit. I want to show what would be the effect to the householder. Taking house coal at 22s. 6d. a ton at the pit the

* See Appendix 43.

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new price would be 37s. to balance. In other words, the households in Scotland would have to pay at the pit head about three times as much for coal as they paid in normal times pre-war. In considering the effect of this increase on the big consuming industries I take the steel works, and I take the steel works that I am connected with, and that I know.

6832. *Chairman*: The Lochgelly Steel and Iron Company?—No, the Steel Company of Scotland. I know the average prices paid for fuel delivered at the steel works which are situated close to the coalfields are as follows: The price we pay for fuel synchronises with the Conciliation Board prices fairly closely; it is always a little above. It is mostly small coal, you understand, and it is at a much lower price than the large, but our price synchronises pretty closely with the movements of the Conciliation Board price. It is largely small coal, and therefore the actual price paid is not far removed from the actual Conciliation Board figures plotted on the diagram. Taking 9s. as an average pre-war figure, the corresponding figure if the two parts of the miners' claims, wages and hours, were granted would be 27s., a rise of 18s. per ton. We burn somewhat less than the average of Scotland, and you may take 33 cwts. as the quantity of fuel used by us in converting pig iron into plates—a direct increase in steel works' costs of 30s. a ton on plates. The indirect cost is much more, because over two tons of a higher priced coal are used to smelt the pig iron than we melt into steel. If the third part of the miner's claims be granted and the mines be nationalised, I am of opinion that the cost of production of coal would be greater, and we would be subject to the great disability of not being able to select freely the quality of coal we want for our various purposes. At any rate, that has been our experience during the control, that the more centralised you get the control the more difficult it is to get the class of coal you require. I think that is all I have to say.

Chairman: I am very much obliged to you.

6833. *Mr. Robert Smillie*: There is a part of this diagram to which we are no strangers?—I am aware of that.

6834. I think this diagram used to be referred to as the thin and the fat years. Do you remember the late Mr. McCosh used to refer to the peaks here as the fat years and the hollows as the thin years for the coal trade of Scotland?—Yes. They have been very fat lately.

6835. Evidently, in the last few years Scottish coal has been better than at any other period in its history; is not that so?—I would not like to say that—at any other period in its history, no. I would probably say the year 1900 was the most profitable year in the Scottish trade.

6836. Would you believe that I have known the Scottish coal trade to be ruined at least 10 times during the last 40 years—absolutely?—I do not think you have.

6837. Oh, yes, if you could believe the coal masters. It has been, on the average, ruined 10 times nearly during the past 40 years—It has not been ruined?—No, it has not been ruined.

6838. I would like to call your attention to the 1888 period of your diagram?—It does not go back past 1895.

6839. But you gave us the 1888 basis here?—Yes, I do.

6840. Do you remember exactly to what point wages fell in 1888?—Yes, they were at the basis.

6841. Is that all?—Yes, that was all.

6842. Are you aware that wages in Lanarkshire fell to 3s. 3d. per day for the 10 hours' day?—No, I am not.

6843. Will you take it from me?—No, I will not.

6844. Whether you take it from me or not, I think I will prove it to this Commission?—I should like the opportunity to criticise your proof, sir.

6845. It was only in the last 5 months of 1888 that wages went up from 3s. 3d. to 4s. a day?—In 1888 I

was the manager of Merryton Colliery at Larkhall, where you live, and I tell you that wages were not 3s. 3d. at that time; they were 4s. nominally the whole of that year.

6846. At Merryton Colliery coal used to be produced at 5½d. per ton by the coal cutter?—Not in my time.

6847. I want to put it here that wages fell 9d. below what you call the basis?—I deny that.

6848. And it was only in the last five months—I flatly deny it.

6849. I will be able to prove it, I think. At least when it came before the Conciliation Board, Mr. McCosh, the Chairman, did not deny it?—I deny it flatly that in the district I know about. You are going back a long way to 1888. I was there as manager of the Merryton Colliery, and I say definitely that the wages did not fall below 4s. at that colliery or in that district in that year.

6850. At two periods, 1879 and 1888, wages went down to 3s. 3d.?—When you go to 1879 you defeat me.

6851. I will defeat you also on 1888?—No.

6852. However, take 4s.—that is the standard rate of wages on which Scottish miners' wages have been regulated. If full time were made that would give 24s. a week; that was on a 10-hour day. Do you think that was a reasonable wage on which the workers in the coal mines ought to live?—To begin with, the nominal rate of 4s. was a rate, of course, that was paid to the shift men and so forth, but the miner to whom you are referring I suppose at the moment earned rather more than that. We always admit that; that was always the fact.

6853. I am afraid not. I am afraid your adult surface worker had 2s. 6d. a day?—It is the miner I was talking about.

6854. But you are speaking about it as if that was the adult figure—as if 4s. was the basis for the adult male worker; but the miner made more than that. I tell you your screen men and labourers on the surface had 2s. 6d. and 2s. 9d. at that time?—I really cannot carry my mind back to what the shift men and the surface men got at that date, but I think you are understating it.

6855. The miner drew 4s. a day, but that is one period. When you speak of the difficulties of the Scottish coalfield, I agree with you with regard to the thin seams. Is not it rather amazing that under all those difficulties the output of the Scottish miner is the highest in the Kingdom?—No, I do not think it is. I am not very familiar with all the other districts of the Kingdom. I have been down pits in most of the districts, but you have to consider all the factors in the question, and if we have some difficulties we have some benefits at times. Our roofs are not very bad, as a rule, for one thing.

6856. But you call attention to the fact that the Lanarkshire miners work five days as a separate policy and have been working during the war 11 days a fortnight. Is not it rather amazing that the five-day district had the largest output per person of any district in Great Britain. Is there any reason that you know of for that?—The Lanarkshire district? There are other parts of Scotland beside Lanarkshire; there is Fife, for instance.

6857. I am dealing with Lanarkshire. That was on the five-day a week policy with the largest output in Great Britain?—I have not got the figures of output for Lanarkshire alone.

6858. Have you any idea what the percentage of absenteeism was from the Scottish Coalfields, and especially from Lanarkshire?—I have not got the figures here.

6859. Do you know that it was the lowest in the Kingdom as to percentage of absenteeism?—No, I do not.

6860. If the Government figures are placed before you and prove that, you would accept that?—I will accept figures that are vouched for by the Government, yes.

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6861. (As a matter of fact, it is well known to Sir Richard Redmayne and others that that is so. We have had the figures here before us this week showing that their percentage of absenteeism is the lowest, and at one time has been reduced to 1½ per cent.—I can hardly credit that.

6862. Whether you credit it or not, that is the Government figure?—How are they made up?

6863. Well, that is your business, not mine. You supply them, and if you are doubtful of your own figures, that is all right. I am doubtful of them always?—I ask you what figures you are referring to? If you give me the figures, I shall be able to answer your question.

6864. The Government ask for a return from the mine owners of the country; that return was sent to the Government, and they have made out the statistics?—Yes.

6865. That is the position. Do you think that the fact that the miners of Lanarkshire and in Scotland had an idle day a fortnight had anything to do with improving the attendance at the mines?—Obviously, if they have one idle day a fortnight there is less reason for them to lie idle on one of the other 11.

6866. I suppose you know that this Commission arises out of a claim by the miners for higher wages to improve their standard of life and for shorter hours of labour for the same purpose?—Yes.

6867. How many companies are you connected with?—I am connected with coal companies, the Lochgelly.

6868. *Sir L. Chiozza Money*: Is not Lochgelly coal and iron?—Yes. Plean, the steel company, have a colliery, and Forrester's; I look after Forrester's to a certain extent.

6869. That is four collieries?—Yes.

6870. And you are interested in at least two steel concerns?—No, only one.

6871. Is that Lochgelly?—No, Lochgelly was ruined by the iron trade.

6872. *Sir Leo Chiozza Money*: Do you mean the company was ruined?—Yes, it was very nearly put into the Bankruptcy Court over that.

6873. *Mr. Robert Smillie*: You are interested in having cheap iron to produce cheap steel?—Yes.

6874. It requires two tons of coal to make a ton of pig iron, does it not?—A little more.

6875. Rather more; would you say three?—No, I would say 42½ cwt., to be accurate.

6876. A little over two tons?—Yes.

6877. How many tons of pig iron does it take to make a ton of steel?—You may take it, about a ton.

6878. And then it takes 30 cwt. of coal to convert the pig iron into steel?—33.

6879. There is a Royalty rent on the coal, and on the ore?—Well, in point of fact, the bulk of the iron that is made in Scotland comes from imported ore.

6880. Is not it mixed with home produced?—The high wages that have been paid in the mining industry have killed all the home produced ore in Scotland; the Blackband and the Clayband are almost knocked out.

6881. But, as a matter of fact, they are producing now?—Trifling quantities—300,000 or 400,000 tons a year.

6882. But there is a Royalty on that?—On the Clayband and the Blackband, yes.

6883. Do you know what it is?—I should say about 6d. a ton on Clayband and 9d. on Blackband.

6884. Would you say there was 6d. on the coal too?—Yes.

6885. Then your three tons would pay 1s. 6d., as far as your coal was concerned. How many tons of Blackband would it take to make a ton of pig iron?—About three.

6886. That would be 1s. 6d. also on the ore; that would bring it to 3s. for Royalty rents?—Oh, no.

You must eliminate the Blackband and the Clayband business from steel-making iron, because it does not go into it. We use in Scotland practically all entirely acid process, and it is all hematite, and in the manufacture of hematite it is impossible to use Blackband or Clayband, because of the phosphorous.

6887. It would serve my purpose quite as well if I took pig iron?—I thought you were talking about steel.

6888. So I was, really. I was going to the total royalties, if you use that, of making steel?—But you do not use it for making steel.

6889. You use it in making iron?—The iron that you make out of the Blackband or Clayband is not used for making steel.

6890. Whether you make steel with it or pig iron, it bears a Royalty rent?—Yes.

6891. Do you think that you should concern yourself more with preventing a reduction in the hours of miners and preventing an increase in their wages rather than trying to get rid of Royalty rents?—I am not in favour of getting rid of Royalty rents. I take it that the Royal Commission that reported some 20 years ago or more went into the question very thoroughly, and with certain reservations generally speaking did not report against royalties.

6892. No, they did not. They reported that it did not greatly restrain trade in the country, and I do not think you believe always all Royal Commissions even say?—I pay very great attention to what Royal Commissions say, especially when they are conducted not quite so hurriedly as this one.

6893. The miners are really claiming, because of their usefulness to the State because of the dangerous nature of their employment, that they are entitled to a higher standard of life, and you are here opposing that?—I did not say I was opposing them getting a higher standard of life; it is the economies I am opposing.

6894. Quite so. If the miners could live on figures it would be all right; but they cannot. They require food, clothing and housing, and their children require education. We are out to get them that. I want to say that you do not really care very much for the condition of the mining community as to whether their standard of life is low or high, is that so?—On the contrary, I am very pleased to say that I think the standard of life of the miners has increased in my generation very greatly.

6895. Has the housing of them improved in your generation?—Yes, it has, very much.

6896. In what part?—All over Scotland.

6897. Are you proud of the housing conditions under which the Scottish miners live in the employers' houses, owned by the employers?—I am not at all ashamed of the recent houses that have been built.

6898. Are you ashamed of the vast majority of the Scottish miners' houses that have been built 20, 30, and 40 years ago and are still standing and drawing rent?—I am not here to defend these old houses. They came down to us from a previous generation. They are the product of shallow pits or short-lived pits rather. They are not unhealthy; they are not comfortable; they may be dirty; a great deal depends upon the type of person that lives in them. I know, and you know as well as me, lots of very nice decent houses with two rooms that are well kept. They are perfectly healthy and the people live quite comfortably in them. I have lodged in them in my younger days when I was going surveying frequently. I deny that they are necessarily unhealthy.

6899. You give us some figures as to the health of the miners?—Yes.

6900. Have you any figures with regard to the health of the miners' children, for instance, the death rate amongst miners' children under 12 months old?—No, I have not got them here.

6901. Are you aware that it is 16 per cent. under 12 months old for the miners' children as against 5

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per cent. for the whole Kingdom?—No, I am not aware of those figures.

Sir Arthur Duckham: May we call for those figures?

Chairman: We have called for them.

Sir Arthur Duckham: It would be very valuable to have them.

6902. *Mr. Robert Smillie:* You are aware that a very large number of miners' houses in which miners' families live, a mother and father, and from three to five children, are single roomed houses?—I do not think a very large number now.

6903. You will not take anything from me, but I am amongst them every day. There is a very large number now?—My experience is that when I had any single roomed houses that I was responsible for—I do not think I have any now, but I am not making that as a statement on oath that I have not—they were always in demand. A young miner recently married was rather anxious to get a single roomed house. The houses were in fact in demand. I am not upholding them; I am simply stating the fact.

6904. They always will be in demand in the land where people cannot get sufficient wages to pay for a better class house. My point is, is it not a disgrace to the men who have been drawing fortunes out of the Scottish mines for 50 years that their workpeople should be housed under conditions which I hope this Commission will go down and see in Lanarkshire, in Ayrshire and in other districts; is it not disgraceful?

6905. Do you still think that any family of human beings could live in a one-roomed house where the cooking and cleaning and births and deaths take place?—No, I do not.

6906. You remember the Minimum Wage Act?—Yes, well.

6907. Do you remember the terms of it? Are you aware that it applies only to the mainland of Scotland?—Yes, I am aware of that.

6908. Can you give this Commission any reason why the Minimum Wage Act applies only to the mainland of Scotland?—Yes, I can give you the history of that story.

6909. I do not think you would like to, but you will have to give it?—It was because in the Island of Raasay, which is one of the islands of Great Britain and not on the mainland, an ironstone deposit of a peculiar character was being developed, or about to be developed, and it was not coal mining. Its condition was very doubtful, and I presume those that looked after it thought it would be better to confine this Minimum Wage Act to coal if possible.

6910. Surely not to coal. It was not confined to coal on the mainland of Scotland, was it? Did not it apply to ironstone on the mainland of Scotland?—It applied to all the mines where coal and ironstone were in the same district, yes.

6911. Why do you say it was confined to coal?—The ironstone at Raasay is quite a different affair altogether. It is more like the Lincolnshire and that class of ironstone.

6912. I am really wanting to make out that many of the Scotch mine-owners have no interest in the social conditions of the people if I can?—I do not think that is fair. I think the Scotch coal owners that I know take a very great deal of interest. I do not want to be egotistical, but you know I have lived in a mining village all my life, and I am not the least ashamed to live beside them and try to do all I can to be on good terms with them, and I am proud to say I am on good terms with my neighbours.

6913. You must know all the good Scotch mine-owners I know a good many good ones amongst them?—Thank you.

6914. But in the main they have not taken any deep interest in the villages in which the miners live; that is my own experience?—Well, I cannot be taken to agree with that. I have taken personally a very great interest in the development of the miners' houses in Scotland. The late Mr. Dixon whom you knew well enough was a colleague of mine, and you would be astonished to know how much interest was taken in this question. There are many difficulties; there are two sides to it.

6915. The miner's home you say is not an unhealthy place?—I do say the miner's home is not an unhealthy place.

6916. Do you know that the Officer for Health in Lanarkshire took Dr. Haldane and one or two members of the Royal Commission round there to see the houses and he pointed out on his own map several black spots and said: "When I hear of any infectious disease at once without enquiring where it is I can go to four or five spots on this map and tell the people where it will be before it has finished." We asked why, and he said "Because of the housing conditions under which the people are living." Would you believe Dr. Wilson if he told you he could actually pick out on the map the places that disease would spread to when it broke out?—I would rather quote my own district if you will allow me. I do not know Dr. Wilson; I do know Stirlingshire.

6917. And you know Lanarkshire?—Yes, but I am raising this rather to prove that these vital statistics may be sometimes in error. I have here Dr. McVail's report for Stirlingshire for the year 1914: "County Council of Stirling 29th Annual Report of Dr. McVail." Stirlingshire is divided into three districts; there is the central district which another part of the report shows contains the most modern miners' houses. The death-rate in this part of the county is 16.366 per thousand. In the western part of the county where there are no miners' houses the death-rate is 14.905. Then there is the eastern district where practically all the old miner's houses are situated, some of them very old, and very few modern houses, and the death-rate there is 12.85 per thousand. That is the other side of the question as to what the figures are.

6918. I was trying to put one or two points before you to explain, if I possibly could, the amount of discontent amongst the mining community against existing conditions. I think, if I am not mistaken, that you are the person that discovered that there was a deposit of iron in the Isle of Raasay?—No, I am not the person who discovered it, but I am the person who more or less developed it. The man who discovered it was Dr. Woodward, of the Geological Survey.

6919. It was taken over by the firm of William Baird and Co.?—It was.

6920. I understand that they employed a number of miners from the mainland to help develop ironstone?—In point of fact, I had a few miners up there when I was proving it, and I think they remained there, yes.

6921. They also employed a number of the natives of the Island, Highland men?—Yes.

6922. Do you know that there was a strike on the Island there at one time?—No.

6923. Among those men?—I do not.

6924. Do you know that the wages paid to those men were so low that people could not live decently?—No.

6925. And they asked for an increase in wages: are you aware of that?—No.

6926. Do you know that a strike took place?—No, I did not.

6927. And that the firm put German prisoners in to take the place of the men on strike. Do you say you are not aware of that?—I know there are German prisoners there, but I do not know anything about them being put there to take the place of the men on strike.

6928. Do you know that we had to threaten to bring out the Scottish miners unless the German prisoners were withdrawn?—I think the German prisoners have been working there all the time.

6929. German prisoners took the place of the men who came out on strike to try and get an increase in wages from about £1 a week?—You are asking me to speak to things I know nothing about.

6930. As a matter of fact you are here representing the Scottish mine owners, are not you?—Yes.

6931. And I am cross-examining you as representing the Scottish mine owners?—Quite so.

6932. And I am trying to bring out points that explain the discontent amongst the miners. Winston Churchill had, ultimately, to send a peremptory telegram that the German prisoners were to be withdrawn, on the threat of a strike all over Scotland. I want to say that that kind of treatment does not prove the very great love that the employers have for the workmen if conditions of that kind would be allowed; I put it to you, is not that true?—I cannot either deny the statement, or prove it.

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6933. You would not believe it, I suppose, coming from me?—I think there are always two sides to a question. You are putting it your way. I think perhaps if we had the other way of it there might be some difference of opinion.

6934. You say the probability is that if our claims are satisfied, the iron and steel trade would be very seriously interfered with—if not ruined altogether, and that the Scottish home and export coal trade will not be able to go on. Do you put it as high as that?—What I stated was that if the reduction of output was anything approaching what we understand it will be, the whole of the coal produced would be required for the home industries, and consequently there would be no balance left over for shipment at any price. You cannot take a quart out of a pint pot; it will not do.

6935. Have we a higher production, per man, from collieries that are using coal-cutting machinery than we have where they are worked by hand—I mean taking the same thickness of seam. Perhaps I may put it plainer. Taking a 24-foot seam of the same kind at two collieries, would you expect a higher production per person employed if you were using coal-cutting machinery than you would where it was being cut by hand?—Well, I should expect, but I do not always get it. I should expect a higher production per person employed, but, in my experience, I have not always got it.

6936. There might be natural difficulties why you could not get it, but would you expect it? As a matter of fact, is there not a far larger output, per person, employed in collieries that take advantage of coal cutting machinery. Has not it increased enormously in many cases?—I cannot give you any figure. I do not think anybody could produce figures to prove that.

6937. Have you any idea of the output per coal-cutter in an ordinary two-foot or two-and-a-half foot seam worked at long wall with a pick. Did it run more than two tons per cutter?—A two-foot seam?

6938. Yes?—That is such a difficult question. Take the Kiltongue seam in Settlestone district, which is one being worked by hand and by machine, pretty close together, and it runs round about two-foot thick; I do not think the output per man is very materially different.

6939. Is it a fact that in Lanarkshire there have been many seams developed and worked which could not have been worked by hand?—Yes, I think it is.

6940. Is it a fact that there are tens of thousands of tons, hundreds of thousands of tons per year coming out at the present time in Lanarkshire that would not have come out, but would have been left in had we not had coal-cutting machinery—I mean at any price that coal has touched for a very long time it could not be put out?—Yes, places with hard holdings; that is quite right.

6941. Is not it possible to enormously develop coal cutting machinery and conveyors, which perhaps will be of more importance in the future than even coal-cutting machinery, in order to increase the output?—The conveyor question is a very difficult one. I have more conveyors in the concern that I am connected with lying on the scrap heap than in the pit.

6942. They have not been a success with you?—No. In some cases yes, but on the whole I am tolerably safe in saying that we have more conveyors on the scrap heap than we have working at the moment, and with the best of intentions too. We have done our best to work them.

6943. Do not you believe it is possible that even with the conveyor, with a six hours day for the eight hours which we call a seven hours day, we could within a very few years, if we cared to develop, restore the output to its pre-war level?—On the basis of the six hours day?

6944. Yes?—No, I do not think so.

6945. Have you given the men employed in your iron and steel works a shorter working day?—We have recently come to an agreement, at least I believe it is now an agreement, in implement of a distinct pledge or at any rate what I understood was a distinct pledge, given before the war that an eight hours day should be arranged for the steel workers.

6946. And they have secured that now?—They have,

and one of the interesting parts of that arrangement is that a number of the higher paid men have voluntarily reduced their rates so as to make it easier to carry through.

6947. What rates were they getting, do you remember—I mean the higher paid men in the steel works?—I will have to ask you to allow Mr. Simpson or some of the steel managers to speak to that. I am not competent to speak to that. The agreement is only just made, and I have not seen it.

6948. The general body of the iron and steel workers, I think, have secured considerably higher advances than the miners—higher percentage advances on their pre-war wages?—Excuse me one minute, I have the facts here. What date are you basing on—immediately pre-war?

6949. Yes?—1914?

6950. Yes?—As it happens at the end of 1914 the steel workers' wages were more than usually depressed, as they are governed by the sliding scale on plate prices. German competition in the latter part of 1913 and the beginning of 1914 had forced the price of steel plates down, and the steel workers' wages were not quite at the standard. I do not want to give the figure because I am not quite sure what it is, but they were not very far above the standard; they were low.

6951. What is the percentage advance since 1914?—I am going to try to tell you that if you will give me a moment. It is not very easy to answer these questions.

6952. I think we have had it put in here by Mr. Talbot?—They were round about 8 per cent. above the standard when the war broke out. It is a little difficult to work it out, because they have gone so high.

6953. Is not it about 150 per cent.?—No. I think they are about 87 per cent. above the standard. I have it written down here; I beg your pardon, it is 87½.

6954. That is rather a different statement from what Mr. Talbot gave us?—I ask permission to be sure of my facts and put them in correctly, Sir. I believe I have given it to you rightly. Steel melters' wages during August, September and October, 1914, were 8¼ per cent. above the standard; at present they are 82½ per cent. above the standard.

Millmen's wages from 3rd August, 1914, were at base rates. At present they are 75 per cent. above the standard.

Certain war bonuses were granted to the lower paid men during the war which emerged into scale advances.

6955. *Mr. Sidney Webb*: Including the last agreement for reduction of hours, which includes an increase in tonnage rates so as to prevent any falling earnings?—No, the 8 hours agreement is not yet in force. I have not seen it in writing. I do not say you cannot question me on it, but I would rather have the facts before me. I simply cannot answer it.

6956. *Mr. Robert Smillie*: My only point is I do not object to your steel and iron workers having higher wages and shorter hours. I only thought it was rather unfair that gentlemen who had reduced the hours of their iron and steel workers and increased their wages should come and try to prevent the miners having their hours reduced and their wages increased; it did not seem very consistent, that is all?—I should like to answer that. The real question that we are agitated about in the steel trade is that we shall not be able to carry on the trade at all, and there will be idleness and unemployment, both in the steel trade and ultimately in the coal trade. I am not saying anybody is going to be ruined necessarily; it is a warning rather. It is in the interests of the trade and the whole country that I am endeavouring to bring the point out. If you can carry on the trade of the country at the coal prices shown at the top of that piece of paper that you have got there, by all means do it.

6957. *Mr. R. W. Cooper*: You said in Scotland steel making was entirely carried on by means of imported ore?—Yes.

6958. Does that ore come from Spain?—Yes.

6959. Does that ore pay a royalty in Spain? Do you know anything at all about the Spanish mines?—Yes, it does pay a royalty.

(Adjourned to to-morrow morning at 10.30.)

13 March, 1919.]

Continued.

FIRST STAGE.—TENTH DAY.

THURSDAY, 13TH MARCH, 1918.

PRESENT :

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

MR. ARTHUR BALFOUR.

MR. R. W. COOPER.

SIR ARTHUR DUCKHAM.

MR. J. T. FORGIE.

MR. FRANK HODGES.

SIR LEO CHIOZZA MONEY.

SIR THOMAS ROYDEN.

MR. ROBERT SMILLIE.

MR. HERBERT SMITH.

MR. R. H. TAWNEY.

MR. SIDNEY WEBB.

MR. EVAN WILLIAMS.

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

Chairman: Gentlemen, the first thing I propose to circulate this morning is a report on the German State Railway Wagon Union.* The letter I have is from Sir Adam Nimmo to the Secretary, Mr. McNair. "Dear Mr. McNair, I have received your wire this morning and confirm my own in reply regarding the report of the Scottish Railway Companies as to the pooling of wagons in Germany. I have been in touch with Mr. Neilson, General Manager of the Caledonian Railway Company, presently in London, who has assistants here, and have obtained the enclosed two copies of the report. I regret I could not secure the number of copies you desire, as it was not possible. I understand Mr. Neilson's consent on behalf of the Caledonian Railway Company, together with the consents of the other railway companies concerned, has been obtained to enable you to bring the report before the Commission." Gentlemen, when I got that letter we had only two copies of the report and I did not circulate them because Mr. McNair thought he might be able to get more. It is a valuable report upon the German system. We have now been able to get six more copies and I propose to circulate those and you will be able to see how that is done under the German system. I am sure we are very much obliged to the Railway Companies for the assistance they have given us.

The next thing I propose to circulate are Tables† as to the Increased Cost of Mining Stores, &c., during the period 1909 to 1918. I suggest to you that those should be circulated and that we should not call a witness on them. It is the Statistical Department of the Board of Trade who are concerned and the figures are accurate figures. It is no use wasting time by having a witness here merely to formally prove them. I will circulate them now and draw attention to one or two points. I must very briefly draw public attention to them and then I must pass on. Table 1 is a Statement showing the Average Annual Declared Value of Imported Pit Wood or Pit Props, 1909 to 1918. 1909, £1.11 per load; 1913, £1.29; 1917, £4.27; 1918, £4.19.

Table 2 is a Statement showing the Average Annual Declared Value of Exports of (a) Gunpowder and (b)

High Explosives; Dynamite and other high explosives for 1909 to 1918. Gunpowder, 1909, per cwt., £2.44; 1913, £2.54; 1917, £3.97; 1918, £4.77. I will not trouble with the High Explosives Table. It is dynamite and other high explosives, and they show a corresponding rise in value.

Then Table 3 is a Statement showing the Average Annual Declared Value of Oats and Beans. That is on the question of food. In 1909, oats per cwt. were 6.10s.; 1913, 6.25s.; 1917, 18.31s.; 1918, 20.99s. I am not going to trouble about beans, which have the same relative increase.

Now we come to Table 4a: Monthly Average Prices of British Oats in England and Wales. I will take the first on the list there. In January, 1909, the beginning of the period, the price per quarter of 312 lbs. was 17s. 6d. For 1918 it was 47s. 8d.

The next table is 4b: Monthly Average Prices of Hay in England per Ton. I am not going through the whole column, but you will see in January, 1909, First Quality was 78s. 6d. Then in 1918, First Quality was 149s. The comparison is between 78s. 6d. and 149s.

Then Table 4c: Summary Statement showing the Fluctuations in the Average Market Price of British Oats for a Number of Markets adjacent to certain Coalfields in England and Wales. I will not trouble you about that. That shows the same sort of thing in respect of particular markets.

Then I come to Table 5: Statement showing the Average Annual Declared Value of Exports of Wire Manufactures: Cables and Rope (except Telegraph and Telephone Cables) from 1909 to 1918. There are no records kept separately for the first three years, and so you start in 1912 when the price per ton was £30.91; in 1918 the price was £62.62.

The next is mining explosives, Table 6a: Summary Statement showing the Rise in the Cost of Mining Explosives between June, 1914, and June, 1918, according to returns furnished by a large number of collieries. That you will be able to see. I will not trouble about going through that, except I will read the increases. You understand this has come from the collieries. Permitted Explosives between 1914 and 1918, leaving out decimals, show an increase of 6c

* See Appendix 56.

† See Appendix 35.

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[Continued.]

per cent. Then it gives the price of bobbinites, gunpowder and gelnite, and then come detonators, which last show 78 per cent. increase.

The next is Table 6h: Statement showing the Fluctuations in the Prices paid for Wire Ropes by a large Number of Collieries between June, 1914, and June, 1918. I will not go into that except to say the percentage has increased. The increase in 1918 over 1914 for hauling ropes show an increase in price of 137 per cent.; winding ropes show an increase in price of 109 per cent.; ropes not distinguished show an increase of 141 per cent. The total for all wire ropes is 137 per cent. That is on ropes of 19s. per cwt., but less than 23s. On ropes 23s. but less than 27s. the total increase was 113 per cent. On ropes 27s. but not over 32s. the total increase on all wire ropes was 77 per cent.

The next table says: "The movement of prices was not uniform for each class of rope. Thus the extreme prices of each of the groups shown on the preceding page changed as follows." Then I do not think it is necessary to read those. Those are the statistics taken out.

Mr. Herbert Smith: It is rather important, sir. It does not show the cost of tools. Miners have to buy a lot of tools.

Chairman: It is unfortunate it is not actually there, but that shall be obtained by Monday. This was got out because of a question by Mr. Smillie and to fulfil the promise I gave him.

Now the next thing is this: The London School of Economics has very kindly sent for each member of the Commission one of their Bulletins of the British Library of Political Science. It contains a very useful list of the books upon this subject called the Bibliography of the Nationalisation of Coal Supply, which will be found on page 6. It is just a list of books, and I am sure we are very much obliged to the London School of Economics for their kindness in showing us where we can go for information on this subject. Then they have also sent us rather a useful table, which I am going to circulate, explaining that. It is entitled: "A short select Bibliography of Wages and Profits in the Coal Trade." It sets out the books which will give you information on that subject in England and also in the United States. We are very much obliged to the London School of Economics for their kindness in sending those.

Mr. Robert Smillie: Sir, there are some figures you promised to get us, and they are the figures given

as the amount of money that the Government have taken out of excess profits and also the memoranda prepared by the Departments and presented to the Government on those questions which we are desirous of having.

Chairman: Yes. In regard to that a good deal depends upon yourselves, Gentlemen. The Inland Revenue witness is now in a position to give evidence, but it would be more convenient to call him after the owners have given their evidence, and I am going to make either a suggestion or an appeal to the Committee. As a matter of fact it is entirely for you, but I was rather going to suggest this in the interests of time. When we get a local witness, as, for example, Mr. Wallace Thorneycroft, I should rather hope that Mr. Smillie would take up the examination and then that Mr. Forgie should put any questions. Of course any other member of the Commission who wanted to ask questions to elucidate the matter could do so very briefly, but I suggest that the main burden should be upon the gentlemen who have interests in that part of the country. Take, for instance, Yorkshire. Mr. Smith (if he will forgive my saying so) was most helpful yesterday in putting the Yorkshire point. After Mr. Wallace Thorneycroft we shall have a gentleman from South Wales, and I rather suggest that Mr. Hodges, who knows all about South Wales (if he will allow me to say so) should take the main burden of asking him questions, and then that Mr. Evan Williams should put any points he wants to elucidate. If we have any difficult questions of statistics, Sir Leo Money could assist us; and on the question of policy no doubt we shall have questions from Mr. Tawney, and Mr. Webb. All I put is,—Let there be one man who will bear the chief burden of asking questions on either side of the table, and then if there are other brief questions to elucidate the points we shall get through easily. I may have to ask you to sit a little later to-night.

Now I propose to put Sir Richard Redmayne into the box, just as I put Mr. Dickinson into the box yesterday, because it is far better that he should explain his revised figures than that I should endeavour to explain them.

Mr. Robert Smillie: We can take it that the Commission agrees with your suggestion now.

Mr. Arthur Balfour: Yes, we are entirely agreed.

Chairman: I thank you very much.

Sir RICHARD REDMAYNE, Recalled.

6960. *Chairman:* Sir Richard, it is far better that you should explain these figures* than that I should. Will you please do so?—I will do my best. It will be in the memory of the Commission that the figures I gave in my last examination showed the time actually spent at the face under existing conditions as 7 hours and 37 minutes, and that the effect of a reduction to a 6-hour day reduced that to 5 hours and 37 minutes, and that the effect of a true 8-hour day brought us to 6 hours and 23 minutes. It will further be in the memory of the Commission that I deducted 5 per cent. as exhausting all the immediate mitigation, which brought the 26·2 per cent. reduction in effective working time under a 6 hours' arrangement down to a 21·2 reduction in output, and I stated (it will be in the memory of the Commissioners and also on the notes) that I regarded the reduction as amounting to 20 per cent. That is, the 1·2 remaining vanished and was supposed to exhaust the difference due to the shorter time worked in Northumberland and Durham. I think it was Sir Leo Chiozza Money who was desirous of having the exact position, so far as one could arrive at it, in respect of Northumberland and Durham. I have worked that out, and I give it here in some detail. It will be seen that the three figures now come to the following. Taking the whole of the United Kingdom and allowing for Northumberland and Durham on the lines worked out in detail on this sheet, the 7 hours 37 minutes become 7 hours 24 minutes, the 5 hours 37 minutes becomes 5 hours

56 minutes, and the 6 hours 23 minutes become 6 hours 19 minutes; so that the ultimate figure for reduction in output instead of becoming 20 per cent., becomes 19 per cent. reduction in output.

6961. *Sir L. Chiozza Money:* That is the immediate reduction (can we have this plainly?) without regard to the effect of those mitigations to which you pointed in your memorandum?—True. What I said then holds good exactly.

6962. Forgive my mentioning it, but I repeated your statement yesterday and it was immediately contradicted by one of the Commissioners on the other side of the table, and therefore I wanted it from you again. It has the immediate effect without regard to mitigations, such as you suggest would operate in the near future or could operate in the near future?—It is the mitigation taking into consideration only what I may call the immediate mitigation, which was the immediate mitigation in respect of the human factor, namely, the intensity of effort.

6963. It had no regard to such matters as bringing in the conveyance of men?—Quite so.

6964. *Mr. Sidney Webb:* I do not know whether there is anything in the point, but perhaps you can dispose of it. Have you taken into account that the reduction in working time would be less in the case of the short days than in the case of the other days, or have you taken all the days as being long days?—I have averaged the whole thing.

6965. *Sir Arthur Duckham:* May I ask you where your 19 per cent. on this paper is?—There is no 19 per

* See Appendix 13.

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SIR RICHARD REDMAYNE.

[Continued.]

cent. on this paper, but if you will take my proof it will be a correction of the figure there.

6966. We have to remember that you said 19 per cent. There is no 19 per cent. on this paper?—No. I am only translating this into my evidence.

Sir L. Chiozza Money: If there is any doubt in the minds of the members of the Commission as to the meaning of Sir Richard, would they clear it up? Yesterday when I asked a question as to a statement Sir Richard made they immediately contradicted me. If they have any doubt about it, would they ask Sir Richard now?

Sir Arthur Duckham: My only point is that Sir Richard has not given the 19 per cent. upon the paper.

Witness: No, not the 19 per cent. The 20 per

(The Witness withdrew.)

Chairman: Sir Richard Redmayne having explained that paper, I have some other papers to circulate, and the first is this.* At the request of Sir Arthur Duckham there has been prepared a summary of Return of Earnings obtained by the Controller of Coal Mines, to which is attached a statement attempting to show the proportion of getters to the underground workers and all persons employed in the years 1913 to 1918. This has been an effort to comply with Mr. Hodges' request. There is attached to it Form H,* the form of return of the earnings of workmen to be made by coal-owners for four weeks in June and November in the years 1913, 1914, 1916, 1917 and 1918. You will see the class of workman and the information asked for. Now will you go to the first page, the second page, the third page, the fourth page, the fifth page, the seventh page, and the eighth page, which I do not think I need read. The last page is the best we can do at the moment for Mr. Hodges. It is: "Statement showing the proportion of getters to the totals of underground workers and of all workpeople employed in November, 1913, and November, 1918 (based on returns as to earnings supplied by the Coal Mines Department)." I will not ask Sir Arthur Duckham or Mr. Hodges to ask any questions about that. They will have to look into it. If it satisfies them, so much the better. If it does not, will they kindly see me in the adjournment and I will get any further information possible, but it is the best I can do to redeem my promise to these gentlemen.

Mr. Robert Smillie: Was not the point that it was not so much earnings, but we wanted to know the wages received.

Chairman: Yes, you are quite right. I am on that.

Mr. Frank Hodges: I think the last sheet there, although it is based on returns as to earnings, does actually show the proportion of getters to the total of underground workers and of all workers. It rather satisfies me on that point.

MR. ARTHUR LOWES DICKINSON, Recalled.

6969. *Chairman:* When there is no entry opposite to a particular division, what is the signification of that?—It means there are none of that particular size. These are graded in sizes. That is, collieries producing one million tons or over per annum; the next is collieries producing half a million to one million per annum; then collieries producing 50,000 to 100,000 per annum, and so on.

Mr. R. H. Tawney: I follow.

6970. *Chairman (To the Witness):* Will you tell us the signification of those totals?—This is the first statement we got out in the Coal Mines Department as to the profits and losses of collieries after we began to get our monthly returns in. I think I have already explained that we took the months of November and December because the first war wage came into effect partly in September and partly in October, and November and December were the first

cent. is on the paper. This is purely dealing with page 2 of my proof.

6967. It is purely a correction of that?—It is an amendment of that brought about by the question Sir Leo put to me to the effect that he would like to have the details as explanatory of the allowance of 1.22 which now becomes 2 per cent. in respect of Northumberland and Durham.

6968. *Mr. Evan Williams:* You have left out the fact which has been brought out in the coal-owners' evidence that it will require more men to produce the reduced output in the reduced hours than does the present output in the longer hours?—I should like to say that I was put in the witness box again to prove these figures. That question, if I may say so, I am quite prepared to answer, but it leads to other avenues of thought.

Chairman: I am obliged to you. We are getting out the net wages as fast as we can.

Now the next table to circulate is a statement in respect of Sir Leo Chiozza Money's request as to the Statutes regulating labour in coal mines since 1865. I will circulate those and make no further remarks on them. If anyone wants any particular Statute, will he let me know, and I can have it in the course of half an hour. Most of the Statutes I have here, and if anyone wants to see them he can have my copy.

Mr. Robert Smillie: Have you all the Statutes; have you the Scottish ones?

Chairman: I have only some of the Scottish Statutes here. I have that very interesting Statute which Mr. Smillie was good enough to refer to, and it is being not only copied, but, if I may so, without offence to Scotland, it is being translated. It is only right, however, to say that it will be quite necessary to translate the English Statutes into modern English, so that England is in much the same position as Scotland. It is old language, and we must get it into modern language.

Now I will circulate Mr. Dickinson's further sheets. This is a Summary of production of Costs and Profits for the Quarter ending September 30th, 1918.† I do not think it is necessary to recall Mr. Dickinson as to that.

Now I am glad to say I have come to the last two documents I have to circulate. These are from Mr. Dickinson also. The first is a Summary of Colliery Returns for the months of November and December, 1917, comprising 75 per cent. of the total tonnage, and the first one I hand round is the Summary of Collieries making Losses.‡ The next one is Collieries making a Gain.§

Mr. R. H. Tawney: With regard to this Summary, when there is no entry opposite a certain division, does it mean there are no collieries making a loss in that division?

Chairman: We will ask Mr. Dickinson.

two clear months we could get when the conditions were stabilised. The return covers 75 per cent. approximately of the total tonnage, and for our own purposes we divided it, at that time so as to endeavour to get some idea as to how the results varied as between collieries of different sizes, and it shows for each class of those collieries in the two sheets, (1) those making profits and (2) those making losses; the output for the two months, the cost per ton, the average selling price, and the profit per ton. The summary of those I have already given you in my evidence.

6971. *Mr. R. W. Cooper:* May I ask you when we may have the return showing the inland prices and percentages and the export prices and percentages. I do not wish to be pressing about it as long as it is not lost sight of?—I have just told some one to telephone for it now. It was to be ready this morning.

(The Witness withdrew.)

* See Appendix 23.

† See Appendix 11.

‡ See Appendix 6.

§ See Appendix 7.

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MR. WALLACE THORNEYCROFT.

[Continued.]

Mr. WALLACE THORNEYCROFT, Recalled.

6972. *Mr. J. T. Forgie*: In your evidence you made some reference to the health of the miners as compared with other classes of labour. Can you give us any reasons for making you come to the opinion that the health of miners is above the average of the community?—The table I put in yesterday is the statistical evidence of the relative health of the miners to the rest of the community, and one naturally looks for an explanation on account of the accident death-rate for the miner which is always referred to as very high and it is a deplorable thing that miners get killed frequently. There is only one safe way to work a mine and that is to shut it up. You are bound to have accidents in mines. The reason why the miners are more healthy or their expectation of good health is somewhat higher than the rest of the community is because they are singularly immune from tuberculosis and such diseases. I have not a table to put in because I was depending upon Dr. Haldane's evidence for that, but I refer you to the paper Dr. Haldane wrote in which this is fully explained. The further reason as to why miners are comparatively free from tuberculosis is to be found in an additional piece of evidence to be looked at. My authority is again Dr. Haldane, and he is of opinion that coal dust, that gives those of us who go below ground very dirty faces and clothes when we come up, goes into the miner's lungs, and, curiously enough, coal dust in the lungs has a beneficial effect. It stimulates the lungs to throw off all deleterious matters that have got into the lungs, and it is quite different from the silicious dust in the tin mines of Cornwall and the mines of the Transvaal, which causes tuberculosis when it lodges in the lungs. It is ejected from the lungs, and in the process of ejecting the coal dust Dr. Haldane's opinion is that many other germs that are harmful to the human organisation are ejected and among them the tuberculosis germ. That is his explanation of the reason why the miners are comparatively free from tuberculosis. It is a most interesting subject, and I should prefer to see Dr. Haldane put in the witness-box to speak to it for himself.

6973. Could you very shortly explain the system that existed up to a year or two years ago in Scotland for regulating the wages of the miners?—The statement is often made that the interests of the coal-miners and owners are opposed. In fact their interests are identical up to the point of the division of the balance available after paying the agreed minimum rate of wages. Before the days of collective bargaining in Scotland it was always recognised that the owner shared the increased profit in good times with the men he employed. The collieries were smaller and the number of owners larger. In good times every owner tried to increase his output, and this created competition for men, a fact that was very well understood by the men. Prices and wages in those days were lower than they have been of recent years, and I think the profit retained by the owner was also lower, but probably the profit per cent. on the capital employed was about the same. Collective bargaining developed and the sliding scale method of regulating wages came into use. It was a rough and ready way of dividing the balance, but the capital employed in the industry increased owing to more expensive shafts and fittings. The profit per ton necessary to maintain the industry has probably been greater and must be greater in the future. The natural evolution of the process therefore seems to be in the direction of regulating wages by the ascertained profits instead of by the ascertained prices only.

6974. Then you say it is possible to adopt some other method of regulating wages than by prices?—I have been of opinion for quite a number of years that the arbiters at various discussions on the rates of wages are put into an impossible position. I would like to see them (I welcome this inquiry in consequence), and the men know the profits as well as the ascertained prices. I am not committing the rest of the owners to that, but that is my personal opinion.

6975. I suppose you will agree that in the past the wages forming such a large proportion of the cost of the product of coal has been the main reason for

so much disturbance in the coal trade with regard to wages—I am of opinion that the division of the balance after paying the minimum wage, and so on, has been equitably divided. If you look at the diagram, you will see that the profit in the years 1910 and 1911 in Scotland was meagre. It is that little bit of purple on the diagram, and out of that little bit of purple has to come the necessary charge for depreciation. There is no depreciation charged in the other costs. The necessary depreciation has to come out of that profit, and to me it is as clear as possible that during periods of depression, when the capacity for output of the collieries exceeds the demand, that the average selling price is run down to approximately the average cost of production in any district.

6976. *Mr. Arthur Balfour*: Does that purple also include taxation?—No, income tax has to be paid out of that. The local rates and taxes are included and all other costs.

6977. *Mr. R. H. Tawney*: Do not the wages also include taxation?—The wages are wages paid to the workmen employed.

6978. That is to say, they do include taxation?—The indirect taxation they pay.

6979. *Mr. Sidney Webb*: And also the income tax that they pay?—Yes, now, certainly.

Mr. Sidney Webb: But you do not mention that.

Sir Arthur Duckham: There was none in 1910-11.

6980. *Mr. R. H. Tawney*: In paying taxes they do not get the advantage of the three years' average which the ordinary trader gets. If they did they would not pay income tax, would they?—I am not sure about the last three years. I should think they very likely would. May I deal with that?

6981. *Chairman*: Yes, please?—Will you look at the diagram? You will see after the strike of 1912-13 prices rose and so did the wages. Now those two years represented, of course, the standard years for the purposes of the Finance Act. Every industry was given the choice of two years out of three to form their standard of profits. Consequently you may take it that the coal trade as a whole had a pretty fair standard much above the average profit. That is true, and that accounts for what we hear a good deal about, the additional profits. You will see, if you look at the diagram again, that those good years in the cycles of trade are separated (I could carry the diagram back for a great many years) by 3, 4 or 5 years, as the case may be, from the bad, and it is obvious that although 1914 and the period just at the beginning of the war was an extraordinarily bad year, in the coal trade especially the later part of it, still the remainder of the war period has been a profitable period. I make no attempt to conceal that in any shape or form. The point is that it is out of these periods of high prices that the poor colliery you hear so much about is able to carry on. It depends upon these periods of high prices in order to carry on. Another point I should like to make is that these poor collieries are not always the same collieries. The physical conditions underground change with great rapidity. What may be a good colliery one year may within a year or two be a bad one, and the reverse equally takes place. The owner of the bad colliery has under the present system every incentive to strive to make his colliery a good one and above the average. He has the highest incentive that is possible. If he does not succeed he knows quite well that he cannot go on for an unlimited period. He hangs on to the next boom if he can, but if the boom is too long delayed or the circumstances are too bad the colliery has to close, and the number of these bad collieries that have to close is not very great. It is a very small affair in the last 20 years. Now I have dealt with the profits, and perfectly frankly admitted that the profits during the whole period of the war have been good. Now a question was raised about the wages. If you look along the dotted line in the diagram, you will find the wages in 1913 and 1914 were not as high as they were in 1900 but they were nearly as

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high, if not as high, as they were in 1907. In the middle of 1914, just before the war began, we in Scotland were having a very very bad time at the pits and pressing for a reduction of the wages, and necessarily so. We were on the verge of trouble. It was dropped, and I am happy and proud to say that the men agreed to put aside any friction and tried to carry on in the early part of the war in harmony on the understanding that if we continued to pay these high wages (comparative to the price) during the autumn at the beginning of the war that would not be taken as a basis when the prices rose. May I ask Mr. Smillie if that is fair?

6982. *Mr. Robert Smillie*: No, we told you we were not prepared to accept any reduction of wages?—Very well, I drop it; that is my side of it.

6983. I think perhaps we did say we did not want any trouble, and if the reduction was not pressed at that time, probably you would get an equivalent when things got better?—Then we are in entire agreement. The point I am trying to make is that the jumping-off place (to use a colloquial expression) for the wages was correspondingly high for the jumping-off place for profits. Therefore, in answer, Sir Leo Money, I do think it is possible that, if we went into the figures with regard to income tax over the last three years, it would not have made any very material difference. Am I right now?

6984. *Sir Leo Chiozza Money*: But you realise, do you not, that a special Act of Parliament was passed making workmen subject to income tax as masters are not subject to income tax: in other words, it deprived them of the effect of the three years' system? Are you aware of that?—I am quite aware how the income tax is collected.

6985. But do you not think that is very unfair?—I do not think it is unfair that the miners or any other body of men should have to pay income tax. I think the income tax is the fairest tax we have.

6986. If a small master came into the business he would have the advantage of a three years' average. Why should not a workman have the same advantage?—If it were practicable there is a good deal to be said for your argument.

6987. It was quite practicable, but I suggest it was done because it was known that under the three years' average which applied to the masters the men would escape income tax, and therefore a Parliament consisting largely of masters specially made a class (namely the men), taxable as masters are not taxable. Is it true or not?—The fact is the Act is there to speak for itself.

Sir L. Chiozza Money: I am quite content.

6988. *Mr. Sidney Webb*: Mine owners have a five years' average, have they not?—Yes.

6989. And the workmen have not a 5 years' average. If you take the income tax assessment upon your company, you are able to take a 5 years' average, and therefore you are able to bring in the early part of the war, the bad year, whereas your workmen when their wage gets over £130 a year are not able to bring in their bad year?

Sir Thomas Royden: Similarly when your profits go down you are assessed on the basis of your high years. When the wages go down the man is only assessed on the wages as he gets them. Is that not so?—Yes.

Mr. Sidney Webb: Yes, but I say the Inland Revenue have always proved this system of averages is a great advantage to the employers and the Government loses by it, but it does not lose in the case of workmen.

6990. *Sir L. Chiozza Money*: Is it not the case that but for the fact that a very special regulation was made to hit workmen especially, very few workmen would ever have become subject to Income Tax if it applied to them as it applied to employers?—I would rather like to look at it in comparison with the salaries of the administrative staffs of the collieries and the great bulk of the people in the country who earn in salary or otherwise anything round about £200 to £500 a year—that class of people; do they get three years' average?

6991. Oh, yes.—I do not think so.

6992. *Mr. Sidney Webb*: I do not think the comment was made with regard to salaries or otherwise. The three years average is for the ordinary profits of business. It is five years average for profits of mines?—I do not dispute your facts at all.

6993. *Sir L. Chiozza Money*: I think you have answered very fairly, if I may say so; but may I ask you if you will make representations to your friends in Parliament and get it altered?—I will consider that.

6994. *Mr. J. H. T. Forgie*: It has been stated that labour only gets about one-third of the wealth of the coal trade. Have you anything to say as to that?—Yes. The question was raised of the amount of wealth that the wage earners got. I think you have only to glance at the diagram in front of you and you will see that so far as the coal trade is concerned, the total value of a ton of coal is represented by the whole of the coloured part—all the colours—and the wages are the red colour. Obviously, round about two-thirds or rather more of the total wealth as represented by a ton of coal is paid away in wages, and if you turn to the right hand side you will see in the event of the miners' claims being granted a very much larger proportion will be paid away. I should like to carry that one step further. Coal enters into the manufacture of every other article of commerce in this country, or nearly so. It is a cumulative business. The wages paid on a ship sailing on its trial trip down the Clyde I could not tell you accurately, but I have endeavoured to work out that calculation; and assuming that a ship going down the Clyde on its trial trip cost £100,000 pre-war, I think I am right in saying that £80,000 of that was wages paid in Scotland. That would be a most valuable calculation to have made to set at rest once and for all what proportion of the total price of a ship or other article of commerce is paid in wages. It would show everybody and bring sharply and clearly before them what amount more wages could be paid on any given price of ship or other article of commerce that the world's markets are able to absorb.

6995. *Mr. Frank Hodges*: Is not the ship beginning its profit-making career after it has had its first trip down the Clyde?—It has not started business then.

6996. *Mr. Robert Smillie*: The point really was put by me. Do you seriously deny the statement that the wage earners only get one-third of the total wealth produced—or as near as possible one-third? Do you deny that statement?—I do not agree with it. I should like to be shown how it is true.

Sir Arthur Duckham: Can we get any figures on it, because it is an interesting point? Can you, Mr. Smillie, tell the Chairman where the figures can be obtained?

Mr. Robert Smillie: We will try to do so.

6997. *Sir L. Chiozza Money*: Is it your point that the workmen ought to look to increased output for more wages?—I think if every workman about the colliery did his best, that the output of the colliery would be increased, and thereby the profits would be increased, and in the end you would get more wages. Under the old system of sliding scale the argument that has been used often and often is "If we restrict the output we will keep the price from falling."

6998. *Mr. J. H. T. Forgie*: I suppose what you mean by saying that labour, especially in the coal trade, has got that percentage that you referred to of the wealth of the coal trade is that of the whole price that is got for the coal that comes into the hands of the coal owner at least 80 per cent. goes out in wages of some kind or other?—For every sovereign that we get for coal sold on the basis of these figures, and in fact, something like 13s. 6d. or round about that sum is paid out in wages every week on an average one year with the other, and that does not include Workmen's Compensation or National Insurance, which are forms of wages.

6999. I was referring to the wages on the material that you purchase?—The timber and supplies are largely represented by wages paid to other industries.

7000. I dare say in these times you have been turning your mind in the direction of nationalisation—not solely, I should think, for your own purposes as an owner of mines—that would be natural enough—but I suppose in order to

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thoroughly and seriously consider what the effect of nationalisation of mines would be on the nation. Have you anything to say about nationalisation specially?—I have taken a great interest in this question for a number of years—in fact, ever since I have heard it spoken of. I have read with interest some of Mr. Webb's publications on the subject, and with all respect I would like to say that any of the schemes that I have seen seem to me to be founded on a wrong conception of the facts. One simile that is often used—I do not know quite who is the original author of it—is the postage stamp idea—that coal could be sold at a Post Office at a uniform price year in and year out.

7001. *Mr. Robert Smillie*: It was not that coal could be sold at a Post Office?—Your words, Mr. Smillie, at Larkhall had reference to the fact that coal could be bought and sold like a postage stamp.

7002. Yes; but not at a Post Office?—I was suggesting that the fallacy of that argument is that the Post Office sell service that costs a good deal less than a penny for a penny. If that service costs 10s. or thereabouts and it was sold for £1, the Post Office could not go on, because, supposing I wanted a letter delivered in London and the Post Office charged me £1 while it only cost 10s., I should give a little boy 5s. to take the letter for me, and thus save the money.

7003. On the other hand, you would not send a boy to the Hebrides?—No. I should take advantage of it then. The law of supply and demand would act with great regularity. That is the type of argument. I will not waste time by developing it.

Mr. J. H. T. Forgie: I suppose you have come to the conclusion, after looking into the matter, that the nationalisation of coal mines would not be in the interests of the country as a whole?—I have most distinctly. It has been stated that the present system of conducting the coal industry is wasteful. I do not agree with that at all. The very fact that the coal industry has been developed as it has been, that the output has grown year by year, that the whole needs of the nation have been supplied, that a very large export trade has been built up, are pretty good evidences that it has not been so. The efficiency question is very often raised. Before you can carry out great improvements, obviously you must be doing new work fairly often and fairly regularly. Take as a contrary example, the pig-iron production of this country. Now, the pig-iron production of this country has not risen. Many of the furnaces are the old type, and could be very much improved. The American and German pig-iron output has developed very rapidly. Many of their furnaces are better than ours. The reason obviously is that any person who builds a furnace knows that the next one he builds he can build rather better, and the next one rather better still; but if you are never building new ones and never developing you have not the chance to improve your plant in the same way that a rapidly developing industry has.

7004. *Mr. Sidney Webb*: Why not? Why is it necessary to wait till you must have a new furnace before you put in a new furnace? Does the American do that?—The American has the trade.

7005. The point is this, that if you are working with a machine a hundred years old in a colliery, you do not need to wait till you open a new pit before you can replace that by an up-to-date machine?—Call it 25 years.

7006. You must know that there are engines still at work which are two or three generations old?—For their particular purposes they may be doing quite good work.

7007. Is it suggested that you cannot introduce any improvement in an industry except when you are increasing the industry, and, therefore, putting in an absolutely new thing?—No, I am suggesting that the improvement is very much more rapid and much easier. Any developing industry is bound to be more efficient than a stagnant industry.

7008. Do you think that, if England had been developing at the American rate and America at the English rate, the whole incidence of the change would

have been in correspondence, or it is not a little psychological?—If the pig-iron development had not been so rapid, I do not think their advance would have been so efficient.

Mr. J. H. T. Forgie: I think we are rather getting off the rails a bit. Is the colliery plant at the present moment so inefficient as some people at this table have mentioned?—I do not think so.

7009. It suits its purpose, does it not?—I think so.

7010. And it has developed a very large output in the country?—It has.

7011. It has always produced an output to meet the demands of the country?—It has.

7012. Where is there any special reason for people calling it inefficient?—I do not think they are telling what is right when they say it is inefficient.

7013. I should like to put one further question to you, and that is with regard to the five days a week in Lanarkshire. I suppose it is the case over the whole country that they work 11 days a fortnight, that is to say, six days one week and five days the other?—I cannot speak absolutely for all the other districts, but generally speaking, I believe that to be the case.

7014. Do you know any reason why the miners in Lanarkshire only work five days a week?—It has been the custom for such a long period, and my conception of the original idea was that it was to restrict output; that is my conception.

7015. On the score of health or bad conditions underground, have the Lanarkshire miners any reason to work only five days as against any other part of the country?—No.

7016. Have you ever heard any special reason, apart from what you have said, namely, simply a restriction of output? Have you ever heard any other reason why the miners of Lanarkshire should only work five days a week?—No, I cannot say that I have. I have accepted it as the practice.

7017. Previous to the war for a considerable time, the time worked by the Lanarkshire miners was 5 days a week?—Yes.

7018. But during the war, in order to meet the exigencies of the case, and the demand for coal, they did extend their 5 days a week to 11 days a fortnight?—Yes.

7019. The result of that was to produce more coal?—Yes.

7020. They did not object later on to some collieries working 6 days a week or 12 days a fortnight?—I cannot speak to that. I do not know of any that work 12 days a fortnight in Lanarkshire.

7021. You have mentioned that 3 or 4 weeks ago the Lanarkshire Miners' Union went back to their old policy of 5 days a week and instructed the miners to reduce their work to 5 days a week?—I understand that is the case.

7022. *Mr. Robert Smillie*: I suppose that must have been because I was away at the time?—I do not know whether they were doing it in your absence, but that is the fact.

7023. *Mr. J. H. T. Forgie*: I suppose that means a considerable reduction of coal?—Undoubtedly; a day's work taken off the week makes a great deal of difference.

7024. Do you know that there was a great scarcity of coal in the Lanarkshire district at that time?—Yes.

7025. And that there is still?—Yes.

7026. Not only for home consumption, but also for shipment abroad?—Yes, for shipment also.

7027. And that all the extra coal that goes abroad from Scotland it is necessary for us to export for the purpose of getting back food and other supplies that we want?—Very necessary.

7028. So that, therefore, when you reduce the output of coal, generally speaking, it comes off the exports first?—When you reduce the output of coal it is bound to come off the exports first, in order to keep the Home-trade going.

7029. Then that puts this country in a worse position for getting foodstuffs and iron ores?—Yes.

7030. That was done at a time when there was a great necessity for an increased output rather than

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a reduced output?—Yes. The necessity for an increased output is still very acute.

7031. Do you consider that any class of workmen who are claiming improved conditions and a higher standard of life, are doing anything themselves towards obtaining it by cutting off a day's work in the week, and thereby losing a day's wages?—No, I think they are wrong.

7032. So that you would say they have not assisted the position very much by doing what they did in Lanarkshire, at all events, three weeks ago, namely, reducing the output?—I cannot say what their motive was.

7033. It is a very strong argument against their case, is it not, when they can afford to take a day's work off in a fortnight, when all other workmen in the country, not only in the mining industry but in other industries, are working practically 11 and 12 days a fortnight?—I should like to make it clear as well that, although it would probably emerge that when the collieries are going 12 days a fortnight or 6 days a week, the absenteeism will be somewhat higher than when they are going only 5 days a week, the point is that if the colliery itself goes, there always is a considerable proportion of men who will work the 6 days if they are allowed, and the net result from the colliery is better than it is with the one idle day in the week.

7034. At all events, the output from 12 days a fortnight is larger than the output from 11 days, and is still larger than the output from 10 days?—Undoubtedly.

7035. *Mr. Arthur Balfour*: You have mentioned to us the cost in fuel in producing plates. *Mr. Talbot* made a statement to us that 4 tons of fuel were used to produce 1 ton of finished steel?—Yes.

7036. Can you confirm that?—Yes.

7037. Can you tell us what the fuel is, and how it is composed?—The figure that was given by *Mr. Talbot* was stated to him by *Sir William Peat*, but he had not the precise statistics to his hands. This figure was got out by taking actual returns from as large a proportion of the steel trade as possible, and I should much prefer that *Sir William* were put into the box to speak to the figure himself; but from my own examination I should say that that figure is true. Having seen the figures, I am satisfied that it is true.

7038. Do you think it is possible that the normal output of coal of this country can be absorbed at to-day's high prices in view of the fact that industry is falling?

Mr. Sidney Webb: I thought we were just going to resume?

7039. *Mr. Arthur Balfour*: I said it "is falling"?—It is being absorbed now, but how long it will continue to be absorbed, I cannot say.

7040. Does your experience of the past lead you to believe that it could continue to be manufactured at to-day's price?—No, the diagram before me shows that when the price of coal goes too high, it checks industry and it comes down in a slump. The falling gradient will be a gradient that is always more steep than the rising gradient.

7041. *Mr. Sidney Webb*: You have compared the price of coal now with the price in pre-war days, and say the price is very high; but surely there have been alterations in price level and currency, and other things?—Yes.

7042. It is not as easy to absorb all the coal at twice the price, or four times the price, or 40 times the price?—In so far as it is an alteration in currency, does it make any difference how many counters we play with?—No.

7043. It is not the high price?—It is the relative price.

7044. Not even the relative price, because the relative price of coal has not altered from that of timber or anything else?—That is what I am not sure of.

7045. Then why do you say we cannot absorb it at the present price? Surely the present price is only a matter of counters. If the price of coal was 50s. a ton, and if the price of everything else was in correspondence with it, would it make any difference

to anybody? I suggest to you that this notion that using a great many counters makes it more difficult to carry on business, and using a few counters makes it easy to carry on business, is a complete fallacy?—I am not sure that it is a fallacy. We are all more or less bewildered by currency questions.

7046. I can understand that the poor manufacturer is bewildered, because he is not a student of currency. The manufacturer likes an inflated currency, but you are rather suggesting that the inflated currency makes it more difficult to make a profit. Surely it has nothing to do with it?—One is bound to be guided as far as possible in these matters by one's experience in the past, and that experience is so tremendously upset by the inflated currency that you are speaking about, that it is very difficult to deal with it.

7047. Take the period from 1900 to 1914, that was a period, on the whole, of very good profits?—Oh, dear, no! not in the coal trade.

7048. Will you consider your diagram again; take your period from 1905 up to 1914. Now that, on the whole, was a profitable period?—No. In 1904 and 1905 we had a very bad time.

7049. I said if you take from 1905 onwards?—1910 and 1911 were very poor years.

7050. Of course, you do not get every year a boom year; but taking the whole period, as a matter of fact your own statistics show that the profits on the whole period from 1905 to 1904 were much higher than in the previous years; at any rate your income tax assessments were?—Yes, I expect they were.

7051. May I remind you that that was a period of steadily rising prices of commodities generally?—Yes.

7052. And your profits were larger. Now carry your mind back a bit further; take the period 1879 onwards; that was a very bad time for profit, was it not?—Going back to 1879 you defeat me. I have not any personal experience of 1879. 1880 was not a bad year in Scotland.

7053. As a matter of fact, in those years prices were falling, generally speaking?—Yes, prices fell generally till the year 1895.

7054. Does that not indicate to you that, whether prices are generally rising or falling, it does not make any difference to the manufacturer or anybody else?—Yes, it is a question of degree, I am inclined to think.

7055. Now to go on to another point. You suggested to us that 80 per cent. of the cost of a ship was represented by wages, and 66 per cent. of the cost of coal?—Yes.

7056. Will you consider what else there is? Of course, you would have to reckon that all the clerks and the manager and anybody who rendered any service in connection with the article ought to be included?—Yes, in the wages. I include my own salary as wages.

7057. That is quite right. You ought in that figure to include, under the head of wages, the services of everybody who has co-operated in any way, either by hand or by brain, in making the article. I suggest that you might properly do so?—Yes; it is a most interesting calculation.

7058. You would get it up higher than 80 per cent?—You have the taxes and the imported materials, which are considerable in our district.

7059. As you have rightly said, the material is very largely represented by wages?—And the imported material.

7060. How do we pay for that, except by doing some other work? My point is that, when you have your wages figure up to the point that you have remunerated everybody who has co-operated in the production of the article, you still have something left—some trivial percentage is left out of the cost. Is not that the effect of your evidence?—Certainly there is something left.

7061. Why should there be anything left? Remember you have remunerated every conceivable person who has rendered every sort of service in connection with the production of the article. I grant you that very likely 90 per cent. of the cost would be represented by salary, wages or other things. What is there left?—There is left the interest on the capital that is employed in the various businesses.

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7062. Apart from any services rendered by the owner of the capital or the manager of the capital, because we have paid for that, there is also left the rent to the landlord?—Yes, the rent to the landlord.

7063. That is to say, there is a tribute due to property?—If you call it a tribute.

7064. There is a payment made to property which is exclusive of any wages rendered of any kind in connection with the article?—I look upon it that the savings of the thrifty are entitled to receive reasonable interest.

7065. Have you any alchemy by which, in Scotland, you can transmute the savings of the thrifty into coal?—No, but you can transmute the savings of the thrifty into the pit to get the coal.

7066. But hardly into the coal for which you pay a certain amount?—In royalties.

Mr. Robert Smillie: Might I ask, was the late Duke of Hamilton a very thrifty person?

7067. Mr. Sidney Webb: No, but his ancestor was. He made the coal?—No, I did not say he made the coal.

7068. You suggested that you thought the customary arrangement by which wages had to some extent depended on prices under the Conciliation Board Agreement was not a good one, and that it would be very much better if the wages could be made to depend on the ascertained profits from time to time in some way. That is an interesting suggestion?—Yes, I did say that. That is my opinion.

7069. May I put it to you that in that way you would be making the workman suffer whenever you got any inefficient management in the mine?—I do not admit inefficient management at all.

7070. But surely, as between the 3,300 separate mines in this country, you would agree that they are not all equally well managed?—No, but in the case of the badly managed mines the manager soon gets the sack.

7071. We know from the figures that the Coal Controller has given that the variation in productivity in these mines is extremely considerable, and not merely in gross, but you can put it down in particular items; that is to say, if you apply scientific costing you get remarkable divergencies?—I say the present state of affairs, as disclosed by the Coal Control figures, are abnormal.

7072. Not as to cost?—I am not so sure of that.

7073. You can admit that there are differences in advantageousness between one mine or another. The difference must be either in management or productivity?—Yes, I have already stated that in normal times.

7074. Then you are suggesting that the price must be sufficient to enable the worst mine to go on, otherwise the worst mine drops out?—What I said was that for whatever reason, the fact is that the average realised price falls in times when the capacity for output exceeded the demand to round about the average cost of production of the district.

7075. Surely you do not mean the average cost of production?—Yes, I do.

7076. I submit that, whatever the price has to bear, it is the cost of production of the worst mine—the worst mine that is necessary to produce the output?—That is where we differ. I am stating what I believe to be a fact.

7077. You yourself just now said that the mine which did not manage to make a profit had presently to go out?—Yes—or get better. I said the manager had to go out. Physical conditions change.

7078. Either the mine or the manager had to go out of cultivation—whichever was bad?—Or the physical conditions change—whichever they do, in fact.

7079. Obviously, the physical conditions change; but, as a matter of fact, the mine which is below the margin of cultivation goes out; that means, in effect, that the price must be sufficient to cover the cost of production of the coal of the worst mine?—I also said my experience in Scotland is that the number of mines that go out is small.

7080. That means that the price has been sufficient to pay for the cost of production of the worst mines in Scotland. Surely, if they have not gone out of use it proves that

they have not been bankrupted. Consequently, is it not obvious that all the mines that are better than the worst mines are making more profit than the worst mines?—That is arithmetic.

7081. Is there any way in which you can enable the workmen to share in the profit of those mines?—I maintain that they have done so already.

7082. I put it to you in this way. Take the last three years during which the profits of the entire mines have been 3s., 4s. and 5s. per ton; have the workmen shared in those profits?—The wages in the war period have not been regulated by the ordinary methods.

7083. The wage earners have not shared in those profits?—Nor did the masters get the full profit. They got a standard which was admittedly a fair standard.

7084. Is your scheme of fixing the wages by the profits a scheme which has been adopted by the Mine Owners' Association?—No. It has been discussed, and in one of the districts the discussion is progressing, but it is a matter that requires a good deal of discussion before anything is done.

7085. Could you tell us whether the suggestion is that all the mines in the United Kingdom should have their accounts taken out and profits ascertained before the wages are adjusted?—I did not follow that.

7086. What I asked you was whether the scheme which is known as joint control?—I do not know what scheme is called joint control.

7087. Perhaps I had better not ask you that then. I want now to go to the question of the health of the miners. You put in some interesting figures with regard to the death rate of miners and in other occupations?—Yes.

7088. That is with regard to the mortality of the miners; but do you suggest that that indicates the health of the miners?—It indicates their anticipation of life.

7089. Has the anticipation of life any relation to the amount of their sickness?—I do not follow that.

7090. As a matter of fact, you and I have lived to something like the same age, but we have not necessarily had the same amount of sickness. The number of days in a year that a miner may be unwell may not be at all in relation to the death rate of the miners?—I have not any figures of that.

7091. You have put in a table relating to the mortality of miners?—Yes, I did.

7092. And you describe it as indicating the health of miners. Surely they are two different things. The rate of mortality in any particular class does not indicate to you what the rate of sickness is in that particular class?—I should say that it has a great deal to do with it.

7093. I point out to you that it has not any necessary connection at all. I do not deny your facts as to the actual number of deaths. Supposing you assume that miners leave their occupation at a certain age—it is a hard occupation—they may drop out gradually and take to other occupations. When those men die they would be registered in respect of their new occupations—shopkeepers or something like that: would not that explain why you find the miners' death rate so low, because all the people who were not strong enough to be miners had gone out and had died in some other occupation?—I do not think that explains it.

7094. Take the miners between 20 and 45, and compare the death rate of miners at those ages and the death rate of other people?—Yes.

7095. You put that in as proving that the miners are more healthy than other people. Has it occurred to you that those two lines of figures are taken on different classes?—For instance, all occupied males between 20 and 45 are 58 per cent. of the whole, whereas the miners of that age are 69 per cent. Does not that prove to you that the miners begin to go out of the occupation?—I have not the figures to prove what I am going to say, of course, but I would say yes. Those miners have done very good work and had very good wages, and they have invested their money in houses, for instance.

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[Continued.]

7096. They have all become capitalists?—Yes, I think they have.

7097. You say with regard to the health of miners that you prefer to go on facts, which is quite right, but do you happen to know what the Friendly Societies' experience of miners is with regard to sickness?—I have not those figures.

7098. Do you happen to know that the Miners' Friendly Societies have a very much higher average of sick benefit per year than the typical Friendly Societies? Do you know that?—I do not.

7099. Do you know, for instance, that the Hearts of Oak Friendly Society has absolutely refused to have miners, and if a man becomes a coal miner he is required, not only to forego all benefits due to accidents, but actually to pay an increased compensation in respect of the additional sickness which their experience tells them he will be subject to as a miner?—I cannot answer for the reason why; but I know from the Shepherds' Society in my own village and others that all the societies are busy and thriving. I cannot speak of the Hearts of Oak. I should say there are two sides to that, and that there must be some reason for it.

7100. With regard to houses, you said quite rightly that a good many of the Scotch mine owners and managers took a great interest in the housing question, and I think you also said that at the Lochgelly Coal Company you did not think you had any one-roomed houses?—I do not think we have.

7101. I have here the Report of the Scottish Housing Royal Commission, 1918, and on page 137 they say, of 1,024 houses owned by the Lochgelly Coal Company 106 have one room, 121 three rooms, and the balance two rooms. One hundred is rather a large number, is it not?—At Lochgelly the houses are occupied by us in the meantime.

7102. Your company has hired them to let again?—Yes.

7103. That rather affects the question of housing accommodation for your miners. I am not blaming your company, but if you were interested so much in the condition, would it not be desirable that those one-room houses should be made into two-room houses?—I agree.

7104. *Sir L. Chiozza Money*: I should like to ask you one or two questions, because what you have said has been very interesting to me. With regard to the question of the houses at Lochgelly, may I ask if it is a fact that within the last ten years the Lochgelly Company has returned the whole of the capital to the ordinary shareholders?—Have you taken out the figures, because I would say that that was not right?

7105. The record which has been got out for me is that in the ten years preceding last May the ordinary shareholders have received a dividend of 197½ per cent., which is very nearly the return of the whole capital?—Between what dates is that?

7106. For the last ten years ending May, 1918.—You have taken out the figures, but I have not them in my head. Obviously, from the diagram, we have had six good years.

7107. It is your own company, I understand?—Yes, but I do not carry all those figures in my head.

7108. May I ask further whether there is a visible reserve of £150,000 and that that is more than the whole of the preference capital?—It is approximately so.

7109. May I ask also whether you do not think it would have been advisable out of those very large sums of money, which amount to £350,000, in addition to the carry forward of £48,000, to have pulled down those one-room and two-room houses and built better ones?—The answer is an easy one. We had the matter in hand before the war, and we could do nothing during the war.

7110. These profits relate to a period of ten years ending May, 1918?—May I ask the manager at the back of me?

Mr. Robert Smillie: I was going to ask how many were giving this evidence.

7111. *Sir L. Chiozza Money*: The point is a very important one. Are you a member of the Coalowners' Association?—The company I manage is.

7112. Are you aware that the chairman of the Fife Coal Company speaking the other day said he had been asked why if the Fife Company was so prosperous they did not do more for the employees, and that his answer was he was a member of the Coalowners' Association, and had to act loyally by the other Companies and some of the other concerns could not possibly pay better wages. Do you know of that utterance on his part?—No.

7113-5. Do you think it expresses the truth?—I quite understand what is meant. The wages in Scotland and elsewhere normally are regulated by so much per cent. above a standard, and it is almost a duty, practically, to obey the orders of the Conciliation Board.

7116. That is not the point. The point here is that the Chairman of a prosperous company admits that he could have done more for the workers, but says that he had to act loyally to this Association of yours, and that some of the other concerns could not possibly pay better wages?—The gentleman has said what he has said. I am not responsible for it.

7117. May I ask if it is not true that the housing conditions in Lanarkshire are so bad that the President of the Board of Trade, who recently saw them, expressed himself as being shocked at what he saw?—I do not agree that they are so bad as all that. There are some indifferent houses.

7118. You come here to oppose a very serious demand by a hard working body of men. You admit that big profits have been made in Scotland. I put it to you why were not those profits devoted to the improvement of the condition of those working men?—I am not here to oppose any such thing. I am here to give the Commission the benefit of any facts that I have on the subject.

7119. Have you not given us an interesting statement in which you have taken the trouble to set out the figure put forward by the Coalowners' Association of from 9s. 7d. to 12s. per ton of coal, and that without making allowances, you say, for other things? What are those other things worth—2s.?—No.

7120. How much?—I think I endeavoured to explain that last night.

7121. I want to know the worst that the companies are in for?—Something like eighteenpence is the direct cost of the increased number of men-employed.

7122. So that that is 13s. 6d. You represent that I as a coal consumer would have to pay 13s. 6d. more a ton. Is it so, or not?—I am talking about Scotland. We do not send coal to London.

7123. The figures do not apply only to Scotland. My coal comes from Derbyshire. Do you think that applies to Derbyshire?—In principle.

7124. Does it in detail?—I cannot speak for the Derbyshire figures.

7125. When Mr. Finlay Gibson speaks of 9s. 7d., is that too little?—It is an arithmetical calculation.

7126. That is what we say. Do you think it is too little?—No, I do not think it is.

7127. Then Scotland is the worst case—is that it?—Apparently so.

7128. But Mr. Finlay Gibson was speaking of an average of the country. Therefore, if Scotland is a worse case, and Scotland covers one-fifth of the whole Kingdom, which of those is below 9s. 7d.?—I have not the figures at hand.

7129. I suggest to you that you might just as easily have made it 18s.?—No. I have done my best to give you the facts; and in the right-hand column of the diagram I have made greater reductions than any of my colleagues.

7130. In other words, it ought to be rather more than less?—What ought to be more?

7131. The 13s. 6d.—No, I do not say that.

7132. This is a very serious matter. May I direct your attention to the evidence that you began with yesterday, and of which I made a note at the time? You began by saying that you expected in the course of a little while, before this trouble occurred which we are now investigating, that the total coal output of Scotland would be what—38 million to 40 million tons?—I said we hoped to get back to something like the output before the end of the year, but that

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was a statement that I made before a Committee in 1916. That is obviously impossible now.

7133. That was a very serious statement. It shows, I suggest to you, that you expected that when the soldiers returned to their work and when you got settled down to working order you expected to return pretty well to the normal output of Scotland if there had not been this wicked demand for 30 per cent. and all the rest of it?—I purposely safeguarded myself there by saying that I mentioned 40 million tons for the sake of making an easy calculation to show the effect of a 30 per cent. reduction.

Sir L. Chiozza Money: Sir, may we have the shorthand notes read on that point?

Chairman: You can have that done later on.

7134. *Sir Leo Chiozza Money*: You said that you expected to return in the course of a little while to 38 million or 40 million tons a year?—I say I used those figures to show the effect of a 30 per cent. reduction.

7135. What you said was that you expected to return to 38 million to 40 million tons?—I said we hoped to get back to that at one time, but not now.

7136. You do not now because of these claims?—I am endeavouring to give you the facts as to the result of those claims to the best of my ability.

7137. I am sure you are. Assuming that that had been the case, that your hopes had been realised, if you look at Sir Richard Redmayne's evidence, which you heard this morning, he thought the reduction would be 19 per cent. I suggest to you that 19 per cent. reduction on 38 million to 40 million would bring you to the actual output of 1918 or thereabouts?—No; I do not admit at all that the figure you are using is the right one. When the whole of the men come back and the mines are put into order the fact will be, in my opinion, supposing the hours and customs go on as they are now, that it will be something like 15 per cent. above the last quarter that will be the increase.

7138. That brings us pretty near to what I say?—I hope so. We are both endeavouring to bring out the facts.

7139. That brings us pretty nearly together. I suggest to you if you had put out of your mind your fears with regard to this programme it would bring us pretty near to what we were in 1918?—No. Our present output is at the rate of something like 28 millions in the last quarter; add 15 per cent. to that and you come up to 32 millions.

7140. But you have expressed the hope to get up to 38 or 40 millions?—No. You have heard me say that at some time, or words to that effect—we hoped to get back to something like the output pre-war.

Sir Leo Chiozza Money: Mr. President, I shall have to ask to be allowed to make a reference to the shorthand notes on that point.

Chairman: The reason we cannot have it made now is that we have not the shorthand notes yet.

Mr. HUGH BRAMWELL, Sworn and Examined.

Witness: May I make one correction before you begin? On page 6 the third line from the bottom there is the figure 9.03 it ought to be 6.13. I inadvertently put the reduction of output per man underground. That figure has to be corrected on another page too. There is one other point. In the summary of evidence, page 9, you will see the figures 9s. 9d. or 10s. 9d.—I want to add the words "on the same output and on reduced output they become 11s. 8d. and 12s. 11d."

7149. *Chairman*: You will observe, Gentlemen, that the scheme of this proof is that it has the tables* at the end. "Mr. Hugh Bramwell, Mining Engineer forty years' experience, Agent for and Director of The Great Western Colliery Co., Ltd., producing 1,000,000 tons, past President of the South Wales Institute of Engineers; past Chairman of the Monmouthshire and South Wales Coal Owners' Association, and a Member of the Coal Controller's Advisory Board." You say under the heading "Probable 'increase in Working Cost': "(a) By conceding a 30 per cent. increase on the present earnings, exclusive of war wage. It will be noted that the 30 per cent. named above is on earnings, and not on standard rates to which the normal percentage advances and

7141. *Sir Arthur Duckham*: I have only one question to ask you, and that is more a matter of opinion. You have been in this trade a good long time, and you have heard a lot of the evidence brought before us. As a person who, speaking for myself, knows very little about coal mines, it has been shown that there exists to-day a great deal of friction between the mineowners, the managers and workmen in the mines. Does that friction actually exist, or does it only exist in this room?—The friction has undoubtedly increased in the last few years. The friction between individual miners and managers, and so forth, with whom they are in contact, I do not think is acute. The reasons for the increased friction are difficult to define, but I rather think one of them is the gigantic scale to which collective bargaining has got. When bodies of men, on one side the owners, and on the other side the workmen, get together, representing huge volumes of output and numbers, it is absolutely impossible for those sitting round the table to have a complete grasp of the details of what they are discussing.

7142. Does that friction which exists reduce the output to-day? Is it a cause of reduction of output?—Yes, I think it is.

7143. If you could do away with that friction, if you could get such an ideal thing as the managers and the men working together for one purpose, what do you estimate would be the increase of output for the same hours worked; is it 20 per cent., 30 per cent., or 5 per cent., or what?—I think it is somewhere in the region of 7½ per cent. to 10 per cent. If everybody about the place, from the manager downwards, did his best and all worked together, I would say something in the neighbourhood of 7½ to 10 per cent. extra.

7144. You have spoken of nationalisation and that sort of thing. How that could be obtained is a question, I am afraid, that would keep us too long. The 10 per cent. figure was the thing I wanted?—That is the outside.

7145. *Mr. R. H. Tawney*: Is it your serious opinion that collective bargaining has increased friction?—It is.

7146. If you cast your mind back over the history of the last century, do you not think that with the growth of collective bargaining the friction is infinitely less?—Up to a point, yes; but, of recent years, I think it has got worse.

7147. That is a question of historical judgment, of course. Is not there one cause of dissatisfaction on the part of the miners which is even more important than that which you have mentioned?—I do not know what you are referring to.

7148. Is not it improved education?—No, I do not think so.

reductions commonly apply in the coal trade. The actual cost per ton for workmen's earnings (exclusive of war wage) has been ascertained for the whole country. The figure is 10s. 11d. per ton. The same figure for South Wales is 13s. 4d. per ton. Assuming the production remains the same, and one must assume this to answer the question, the increased cost must be plus 30 per cent. added to these figures, viz., for the country 14s. 2d. per ton; increase 3s. 3d.; for South Wales 17s. 4d. per ton; increase 4s. The war wage has been specifically excluded. (b) By substituting six hours for eight hours in the Mines Eight Hours Act: The governing factor is 'output of coal' under the two conditions. The output of coal primarily depends on (1) The effective time the coal-hewer or coal-getter has at his disposal at the 'working face.' (2) It depends on his possible rate of exertion. (3) The possibility of clearing the man's work at the face at a sufficient rate to make his possible exertion fully effective. Effective time: Figures have been obtained as to this, under the existing conditions. The figures are: For the country, 6 hours 51 minutes in the face; less time for meals 19.3 minutes; present effective time, 6 hours 31.64 minutes for work. For South

* See Appendix 24.

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[Continued.]

Wales, in the face, 6 hours 50 minutes, less time for meals 19.6 minutes; present effective time 8 hours 30.4 minutes." Then there is a marginal note showing the time in the face at the witness's own pit, the Great Western, 6 hours and 20 minutes. "Taking my own pits as typical for South Wales collieries, the effective time for working with 6 substituted for 8 will be 4 hours 45 minutes. To explain these figures: One shift of coal-getters is almost universal. (The exceptions are quite unimportant; it is really a one shift district as regards coal-getters.) Number of coal-getters on morning shift, 1,794. Mean time allowed under Act for men to descend and ascend (each operation) 48 minutes; actual mean time occupied for each operation, 30 minutes; length of coal-winding shift under Act, 8 hours. Mean time of any individual man from entering cage to go down to leaving cage on the surface, 8 hours 30 minutes; actual time each man is in the face 6 hours 50 minutes. Difference to be accounted for between pit top and the face to and fro, 1 hour 40 minutes." Will you please turn to Table A* now? Have you anything you want to say on Table A?—I want to say with regard to the time at the face in the particular collieries that I have to do with we did not make any estimate made up from time lowering and time travelling or anything of that sort. We took the actual time that the men spend in the face, and my figure, average for every district of the pit, of the time the men started work, and of the time the men left work, came for 7 pits to 6 hours and 48 minutes; I have assumed 6 hours and 50 minutes. Table "A" based on that position give five columns; the first one is the hours that existed before the Eight Hours Act, and that you will see left an effective time of 7 hours 15 minutes. Then, before the Royal Commission in 1908, I made some estimates for an 8 hours' bank to bank day under the Bill as proposed. My time was 5 hours 55 minutes in the face effective. As the Act was based on winding 8 hours the figures became 6 hours 25 minutes. Our actual times now are 6 hours 20 minutes.

7150. Your estimate was only 5 minutes out?—Five minutes wrong. I over estimated the time that they would spend in the face by 5 minutes. Then I give an estimate of what would be the time with 6 hours winding substituted for 8, and I make an allowance, you will see, in the travelling and I make an allowance in meals, and with those allowances I get 4 hours 45 minutes effective working time.

7151. I just want you to make your point. It is not my business to say whether it is right or wrong, but your point is that your estimate in 1907 was not very far out, and you ask us to infer that your estimate now will be about as correct?—I think so.

7152. That is the way you want to put it?—Yes. You notice that on those figures of 4 hours 45 minutes compared with 6 hours 20 minutes it is really a reduction of effective time of 25 per cent. You will remember that the arithmetical figure, without making any allowances such as I have made in reduced travelling time and reduced meal times, but on actual figures was 29.26 as put in by Mr. Gibson.

7153. Is there anything more you want to say on that table?—Nothing.

7154. Now go back to page 2, please. "The mean distance that the men have to walk underground is 1,485 yards. In addition to taking the actual time spent by the coal-getter in the face, the colliery managers have taken a number of other observations, and I account for this 1 hour 40 minutes as below: (1) Time entering cage, in shaft and emptying cage at bottom, 2½ minutes; (2) men getting eyesight, examining lamps and getting tools, 15 minutes; (3) walking in to face, 25 minutes; (4) resting, stripping, getting tools ready, etc., 5 minutes; (5) putting tools away, etc., 5 minutes; (6) walking out, 25 minutes; (7) waiting turn to ascend (at the pit bottom), 20 minutes; (8) entering cage (in shaft) and leaving cage, 2½ minutes; total, 1 hour 40 minutes." Please turn now to table B.†

Mr. R. H. Tawney: Might I ask a question about these figures?

Chairman: Certainly.

7155. Mr. R. H. Tawney: Would you mind telling

us how many collieries they are based on?—Seven.

7156. Chairman: Now please look at Table B,† and tell the Commissioners anything you desire to tell them on that table?—The first column shows how the 1 hour 40 minutes is accounted for now. The second column is 6 substituted for 8. I have to account for a less period than 1 hour 40 minutes, namely, 1 hour 25 minutes, and I do so below, shortening the times for getting eyesight, examining lamps (No. 2) by 5 minutes and reducing the waiting time at the pit bottom by 10 minutes to account for the 1 hour 25 minutes. I am making those allowances.

7157. Yes, I understand. Is there anything more you want to say upon that table?—No.

7158. Now go back to page 3. "Any reduction in one of these figures must be met by a corresponding increase in one or more of the others, because the gross time 1 hour 40 minutes has to be accounted for. In 1907 I gave similar evidence before a Committee or Commission when the Eight Hours Bill was under consideration. My evidence then was that under an Eight Hours Bank to Bank Act, which would mean 7 hours 30 minutes winding, the collier would have 5 hours 55 minutes effective time (after allowing for meals) in the face. The Act passed was not an Eight Hours Bank to Bank Act, but an Eight Hours Winding Shift Act, which in practice means 8 hours 30 minutes bank to bank, and, therefore, under these conditions my figures of the effective time would be 6 hours 25 minutes. The actual present figure which I now give is 6 hours 20 minutes, so that my then estimate proves to have been 5 minutes wrong, viz., I overstated the effective time by 5 minutes. I am, therefore, confident that my present figures hold good. Now I am of opinion that the colliers can meet the position to some extent if they chose to do so. I think Item 2"—that is getting eyesight, etc.—"could be reduced to 10 from 15 and Item 7"—that is waiting time to ascend at the pit bottom—"could be reduced to 15 from 20, and, therefore, the men could spend at least 10 minutes more in the face than they now do, and I think they could do with 20 minutes for meals instead of 30. The effective times would thus compare as below?"—Those figures do not matter, as they repeat the foregoing.

7159. Then I need not trouble with them now. "Therefore, the effective time will be reduced by 31.6 per cent. if the men do exactly the same as they now are doing, or if they expedite their travelling underground and shorten their meal time as suggested is possible, the effective time will be reduced by 25 per cent. I further find that reducing the hours alters the proportion of the different classes of men employed. I put in Table "C"‡ showing the effect on the proportion of coal-getters to the whole of the men employed under different conditions as to hours." Now turn, please, to Table C, page 14. Will you please tell us what you desire to tell us about Table C?—It shows the effect of reducing hours on the proportion of coal-getters to the rest of the men underground, or to the whole of the men in each case. In 1907 I took it out for 200 collieries in South Wales, prior to the Eight Hours Act, and we found that the coal-getters were 49.7 per cent. of the total men underground and surface. Then I made an estimate for the 8 hours, and it gives 40 per cent. The actual present position is 34 per cent., and my estimate under 6 hours instead of 8 would be that at those particular collieries our coal-getters will only form 32 per cent. of the men who are employed. I might say, that since I prepared that table I have looked up Mr. Gibson's figures that have been put in here, and I find that if you take the underground men—only you will see the surface are in the first table—for South Wales, the men at the face form 55 per cent. of the men underground; 45 per cent are other classes of men underground; Durham, 62 per cent. are men at the face—hewers—and 38 per cent. the remainder. That is the reason for the difference between South Wales and Durham. My own collieries are still more accentuated. I have only 41 per cent. of my underground men who are coal-getters.

7160. Is there anything more on that table?—No.

* See Appendix 24A.

† See Appendix 24B.

‡ See Appendix 24C.

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[Continued.]

7161. Now go back to page 4, please. You say as to the possible rate of exertion: "On two occasions I have given evidence that in my opinion the colliers in South Wales have on the average a latent capacity for an increased production if they chose to exert it. Many are at present content to be paid a daily wage for coal-getting rather than work on a price list as pieceworkers, and day wage men never work as hard as pieceworkers. Many piecework colliers when the physical conditions of their place deteriorate drop at once on to the minimum wage under the Minimum Wage Act, and practically become day wage men until the conditions of their place return to normal. In some parts of the coalfield there is a recognised production which the men will not exceed, even if they could comfortably do so. The men do increase their rate of production at times—viz., before holidays, and when Saturday was a short day, they used to fill as much coal on the Saturday as on other days of the week, by increased exertion, thus increasing their rate per hour. I have previously estimated this latent capacity, if it were fully and continuously exerted, at 7 per cent. Since then (1907) I am inclined to think it has been to some extent used up (Eight Hours Act) and I put it now at 5 per cent. Possibility of Clearing Men's Work: It is an economic impossibility to provide transport between the face and the surface sufficient to meet the sudden full exertion of the coal-getters, if that were all fully applied at the same moment. Time must be allowed, and the work averaged over a reasonable period. At one part of the shift the pressure from the face may be in excess of the transport capacity and at another part of the shift the transport may be waiting for coal. Generally, the transport capacity in South Wales is up to the full normal face production capacity, but the shorter the hours, available the more difficult and the less economical is such provision. The substitution of 6 for 8 will, in my opinion overtax present underground transport facilities, and this will for some time tend to reduce output. It might take some years to provide the necessary increased capacity, and then this would only be done at an increased cost of working. Further, at some of the older pits the shaft winding plant is at present working at its full capacity and cannot be increased. Compensating factors tending to reduce the increased cost of working caused by substituting 6 for 8 and by increased wages of 30 per cent. I have mentioned the possibility of a 5 per cent. improvement in the rate of exertion of the coal getters, but have stated that this depends on the attitude of the men themselves. Their tendency for years has been to reduce their rate of exertion, and, personally, I do not think they will exert it. Increased wages always has had this effect as regards exertion, and has always increased voluntary absenteeism. I do not think shorter hours will reduce voluntary absenteeism. This has not been the experience in the past. The shorter shifts should mean a more strenuous shift, and this will completely outweigh the shortening of hours as regards absenteeism. With regard to aggravating factors tending to enlarge the increased cost of working caused by substituting 6 for 8 and increased wages 30 per cent., I think there are several. The invariable experience is that increased wages increases voluntary absenteeism. With shorter hours in the face, the production will be decreased, and the face will travel more slowly. In South Wales this will increase the yield of small coal, reduce the value of the produce, cause greater 'repairs' from squeeze, and the men will have less time for repairs. The South Wales collier is a 'repairer' as well as a coal getter. He rips 'roof' or cuts bottom for height on his stall road, he timbers his own stall road; for these items of work he is paid special rates per yard cut, or per set of timbers. He protects his working face by timbering, this work being included in his price for cutting and getting the coal. My experience is that 26 per cent. of his earnings is for repairing and 74 per cent. is for coal cutting and filling. With shorter hours he will not only have less time to do the present amount of repairs, but he will have more repair work to do than now, due to the slower travel of the face. Leaving the collier in the face, the

'roads' from the face to the pit bottom are under constant repairs and enlargements caused by the 'squeeze' of the strata. This work is done by timbermen and repairers, whose hours will also be reduced. Substituting 6 for 8 as regards repairers will mean working two shifts for repairs on the 24 hours instead of one, as at present, because in most of the steam coal collieries 8 hours is barely sufficient now, and compressing more men into one shorter shift cannot generally be done. At each point in a roadway which is being enlarged and re-timbered, it is only economically possible to work two or three men at the job, with one man removing debris. Putting more men at it would not expedite the work. I am of opinion and I am advised that two shifts will be generally necessary. This means additional timbermen and repairers to get through the same amount of work, practically in proportion to the reduced hours, viz., 25 per cent. The actual amount of these repairs will not materially change, but each man will have a shorter shift (less effective time), more men will be required, and the cost of working will be increased. With a reduction of 20 per cent. effective time for colliers in 1907 under an 8-hour bank to bank arrangement, I estimated a reduction in output per man of 15 per cent. after making allowances. The Eight Hours Winding Act actually reduced these hours by 12.6 per cent., and my estimate becomes 9.7 per cent. reduced output. The actual result at my collieries was 6.13 per cent. The present proposal is to reduce effective colliers' hours in South Wales by 25 per cent. after making allowances as to time. And assuming the colliers exert their possible latent capacity, I estimate a reduction of 20 per cent. in output, but I think the aggravating factors mentioned under paragraph 3 will cancel this possible 5 per cent. saving and the net result will be an increase of 25 per cent. on the cost. The present cost in South Wales for labour and stores (excluding war wage) is 20s. per ton"—I may say that is an assumed figure. I had not the correct figure for South Wales, and that is approximate, it is rather under the amount.

7162. "Including war wage 24s. per ton, so that the increased cost from substituting 6 for 8 will be 5s. per ton excluding war wage, and 6s. per ton including war wage." Under the heading "Consequential re-arrangement of shifts" you say: "I think this will apply less to South Wales than to other coal-fields. It is the practice in South Wales for the surface workers handling traffic to work half-an-hour longer than the winding shift of the pit, viz., 8½ hours, making 51 hours per week. At most of the pits there is no stoppage for meals, the men taking their meals in turn. At a few there is a stop, but most of the pits where there used to be a stop for meals prior to the Eight Hours Act, abandoned the stoppage. Tradesmen or mechanics until recently worked 54 hours per week exclusive of meal time, but their hours have recently been reduced to 49 exclusive of meals. If all hours are reduced by substituting 6 for 8, I assume that the same relative differences and arrangements as between surface and underground, and between the several classes will continue." Then you say in regard to "(5) Increase of Men Required, 6 or 8": "On the surface enginemen, stokers, banksmen, and some others who work continuous shifts of 8 hours, namely, 3 shifts in the 24, will have to work 6 hours, namely, 4 shifts in the 24, and their number will be increased by one-third. This will also apply to underground enginemen at haulages and pumps. I am also of opinion that as the traffic will be compressed into shorter hours, some increase in traffic men and other men other than colliers, both on the surface and underground, will be required. When the hours were reduced from 54 to 48 hours winding the proportion of men other than colliers was increased at my pits by 3.23 per cent., and I estimate if the hours are again reduced from 48 hours to 36 the increase in such men necessary will be at least 7.7 per cent., and probably more, and I estimate the increased cost of this at 9d. per ton. (6). (1) The present average time spent in the face is 6 hours 50 minutes. (2) The percentage reduction of output by conceding 6 for 8 will be 20 per cent., but, owing to aggravating factors, the cost of production will be increased by

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25 per cent. (3) As previously stated, I have already allowed 5 per cent. for increased effort on the part of the men. (4) (a) With present number of shifts, the reduction in output I put at 20 per cent., and the cost of working increased by 25 per cent. (4) (b) With an increased number of shifts: I do not think dividing the available men into two coal getting shifts instead of one would yield any immediate increase in production, the second shift of coal getters would probably only work five days per week, as I doubt whether the men could be persuaded or forced to work a second coal getting shift on Saturdays. They now work six shifts in the week, and those that now work five shifts are paid for six shifts, and I do not think they will readily give up this privilege. The Welsh miner is not an early riser like the Durham pitman. After the war conditions settle down there will be $1\frac{1}{2}$ million less men workers in the country, and I do not think the mining industry will attract sufficient men to enable a second full shift of workers to South Wales to be obtained. Unless that can be done there will be no immediate advantage in two shifts. I am, however, of opinion that if two full shifts of men could be obtained there would be a great increase in production, and consequent reduction in the cost of working. Personally, I am in favour of two shifts, provided it is double shift in the same faces, and believe it would eventually be a great advantage to the coalfield and country. Personally, I think any reduction in the present hours should be conditional on two coal-getting shifts being put into force, as one six-hours shift is economically unsound. (5) I do not think there is any probability of increasing the number of coal-getting shifts by mutual agreement in South Wales. The individual man is against it. One of the objects for which the South Wales Miners' Federation is established, as given in their Articles of Association, is 'To prevent the introduction of double shift into Wales.' (6) There would be no advantage as regards health of the suggested reduced hours. The mining industry is not an unhealthy one. I think reducing the hours will increase the risk of accident. Both men and machinery would be 'speeded up' and the tendency would be 'less care'; even with the same care greater speed means, on the average, greater risk. I desire to summarise my evidence as follows:—

(1) Effect of the 20 per cent. increase on cost of working: For South Wales on output, 4s. per ton. (2) Effect of substituting six for eight in Eight Hours Act: Hours—Effective time will be reduced by: (a) If men do exactly as they now do, 31.6 per cent; (b) if men expedite travelling and lessen meal-time, 25 per cent. Output—The output will be reduced by: (a) If men work exactly as at present, 25 per cent; (b) if men exert at estimated latent capacity, 20 per cent. Cost—The cost of working, due to reduced output, will be increased by: (a) If aggravating factors are not allowed for, 20 per cent. equals 5s. (b) If aggravating factors are allowed for, 25 per cent. equals 6s. The cost of working due to increased number of day wage men will be increased by 9d. per ton." That makes either 5s. 9d. or 6s. 9d., and I come to the last table, which is: "Combined Effort of 1 and 2 on Working Cost. Effect of the 30 per cent., 4s. per ton. Effect of substituting 6 for 8, 5s. 9d. or 6s. 9d. per ton." That makes in one case 9s. 9d. extra cost, and in the other case 10s. 9d. extra cost upon the same output. Now upon a reduced output those figures read 11s. 8d. and 12s. 11d. Then there is some additional evidence that you desire to give on the production per man per shift: "I notice that a comparison has been drawn between the production per hewer per shift in Durham with short hours, and the production per collier per shift in South Wales with longer hours. To draw any fair inference from those figures one has to know a good deal about the conditions and circumstances surrounding them. I spent the early part of my life at Durham mines, and I know that it is the practice there for all the hewers working in one place on two or three shifts to pool their earnings, and inferentially, to do equal work. Also that the Durham hewer does not timber and repair his working place. That is done by other

workmen. In Wales it is quite different. The South Wales collier repairs and timbers his working stall and the fact on which he works. I find that only 74 per cent. of his wage is paid for coal getting and 26 per cent. of his wage is paid for repairs. The coal-getter's work in Durham is quite different from that in South Wales. A Durham hewer can exhaust his full energy in five or six hours under cutting and filling, and has nothing else to do. The South Wales collier, having advantage of 'slips' in the coal, gets his coal down easily, but has to protect himself from exposed roof and do other work. His work has to be done more slowly, and is frequently changing. With this knowledge it is evident that to compare the hewer's production per shift in Durham with the collier, helper, production per shift in Wales is absurd, the figures are not in fact comparable and cannot be made so. Three sets of practices exist. In some seams two men work in a place and share equally and do equal work, in other seams one man has the place and he employs a 'helper,' and many of such helpers are boys—the collier boy. The helper or boy does not share in the produce, the collier pays them a day wage depending on their capacity. For the purpose of ascertaining colliers' earnings, the value of the helper labour has to be and is deducted from the gross, according to what the collier says he paid his helper. But for the purpose of ascertaining the production per collier's shift, it is the practice to divide the gross produce by the whole of the men and boys engaged in cutting and filling. There is no other way of doing it, because it would be quite unfair to divide by the collier only and exclude the work of his helper." As regards development you say: "I think there is a misconception prevalent as to this expenditure at coal mines and its allocation. A coal mine is a wasting asset, and continual expenditure is required to maintain its position. As part of the mine becomes exhausted not only has another part to be available, but expenditure, other than normal working cost has to be made, to render such other part available. Minor developments are normally provided for in the working cost, because on the average these are fairly constant and are a regular charge. But there are other major developments not for extension but merely for maintenance of production which are not of constant occurrence, and which, if charged directly against the working cost would render the working cost figures erratic and incomparable between different periods. Such development works are not normally or usually charged directly against the working costs, and have to be provided for by 'suspense accounts,' or, as is more commonly done, by setting aside part of the profits for the purpose. Developments for extension of the undertaking and covering increased production are also sometimes met by profit allocations if the concern can afford to do so, but are also frequently met by increased capital. A concern which does not allocate part of its profits towards such developments will certainly go to the 'wall' and eventually become unprofitable." Do you want to add anything to what you have said there?—No, I think anything else can be brought out in cross-examination.

7163. *Mr Frank Hodges:* There are just one or two questions I would like to put to you. You have indicated in your evidence that the colliery companies (I think you are speaking more particularly for your own) endeavour to keep up the means for the transport of the coal equal to their face development?—Yes.

7164. Some little while ago the South Wales workmen put forward a proposition, based upon their observation, that what was sadly lacking in Welsh mines were the means of keeping up transport arrangements with the face development, and they suggested (and I think this is within your own knowledge) that in order that that might be put right they might meet with representatives of the managers of the collieries so that they could put suggestions forward for the improvement of the underground conditions; that is so, is it not?—Yes. You are speaking of pit committees that were suggested?

7165. Yes. And they drew up a scheme which would enable them to have the right to make sugges

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tions to the management concerning the underground working, but the Coal-owners' Association, when they had the scheme up before them, rejected it, on the ground that it would interfere with the management of the colliery. I put it to you, whether, in the light of the industrial unrest in the South Wales mining district, that step ought ever to have been taken by the South Wales Coal-owners' Association?—The proposal came from the Coal Controller, with a view of increasing production during the war. The owners were anxious to do all they could, but when it came to discussion at the individual collieries with the workmen's representatives, we came dead up against the question of management, and it was found that the workmen's committees, as was hoped for and intended by the local workmen's committees, at any rate, were going to be a management committee, and not confined to the objects that the Coal Controller proposed.

7166. I agree. They even went so far as to propose to change the title of the scheme, and instead of calling it an Absentee Committee, I believe they described it as an Output Committee?—Possibly; there were all sorts of proposals.

7167. And the purpose of that committee was to increase the production at every colliery as a set-off against absenteeism?—Yes.

7168. I put it to you again, the workmen who drew up that scheme drew it up because of the large number of complaints of mismanagement that were occurring at the various collieries?—Generally unfounded.

7169. It could not have been unfounded if in each case the local workmen were prepared to bring forward instances?—Every day you can bring forward some instance of want of transport underground in any mine.

7170. Not merely due to the want of transport, but due, they considered, to ineffective management?—That was always disputed.

7171. Do you think you helped the country then, when the workmen were putting forward such an important proposition as that for the management, or at least for the increase of output, that you should have always disputed that contention without enquiring?—They were enquired into. There is no object in reducing the output, or trying to reduce the output.

7172. But is there not some object in getting the men to co-operate with you in getting increased output?—Yes, we would like it, on certain lines.

7173. What lines?—As long as it does not interfere with the authority of the management; that was where the crux came.

7174. I put it to you, how can a workman put forward a proposition for increasing output unless his proposition, to some extent, does not interfere with management?—Well, it is difficult to say, but the whole question comes to this: can a mine be managed by a committee—that is the long and short of it.

7175. I will give you plenty of instances where a mine has been mismanaged by individuals?—Quite so.

7176. And, as a matter of fact, you have never made it possible for the workmen to help in the management of a colliery?—No, the manager is responsible.

7177. I put it to you that the fact that the workman was definitely excluded from any responsibility whatsoever in the working of the colliery is now responsible for the present unrest, in South Wales in particular?—I have given you my answer; I do not think so.

7178. In the light of thousands of instances that were submitted to the Executive Committee of the South Wales Miners' Federation when they were putting up their scheme for increasing output, how can you say that you think, generally speaking, your transport facilities are equal to your rate of development in the faces?—It is a matter of time—transport. Exactly the same thing happens in the tramways running up the Rhondda Valley to take the men to their work. Economically they cannot carry the men that require to go in them at the moment; their capacity cannot do it. It has to be spread over time. The shorter you make the hours in a mine the more

difficult, and the more impossible, it becomes in the end to fully meet the requirements at any particular moment.

7179. Yes, I quite appreciate that?—That is why you can always get a complaint in any mine, on any particular moment.

7180. That is to say, assuming you were going to have a reduction of your working day, the day after to-morrow your existing transport facilities may not be equal, but, taking the average run of a mine, surely one would imagine that it was good management to arrange in advance that your transport arrangements should be in excess of your face developments?—They are always trying to do so.

7181. I put it to you that you have not succeeded?—Fairly well, I think.

7182. Let us see if we cannot come to some other explanation, then, of the industrial unrest which is so prevalent in the South Wales mining industry. How does it come about that the proportion of strikes there are more numerous than anywhere else?—The men are out of hand.

7183. Is not it the fact that there have been a large number of strikes in collieries in South Wales, due to want of trams and to want of clearance?—Possibly.

7184. In your own collieries?—I do not think so; I do not remember it.

7185. You are the colliery agent of the Hafod Colliery?—No, not of Hafod.

7186. Perhaps I have confused that. Has it ever been brought to your notice as a member of the Conciliation Board, that there have been strikes there for the want of more trams?—I have heard of it, yes.

7187. Have you ever investigated any?—Not personally.

7188. When I was a member of that Board I was appointed to investigate a strike which was due, as the men said, to ineffective clearance?—Possibly.

7189. I think you represent your association here to-day, do you not? Have you, as an association, ever considered the possibility of taking the workmen into some share of responsibility and control at your collieries?—We have recently been considering it seriously.

7190. What conclusion have you arrived at, if you have arrived at one?—We have thought something might be done.

7191. On what lines?—I cannot explain the scheme, but it was, more or less, a profit-sharing scheme, I think.

7192. It would be most interesting if you would give us a rough outline of that scheme?—Well, I really do not feel competent to do so, but it was a scheme practically to this effect, that the management was to remain in the hands of the owners and that the workmen were to have some joint share in that, but I would not like to be certain about that even; there were to be wages settled in a certain way; management remunerated in a certain way; capital remunerated in a certain way; and the balance above this was to be divided. It was something of that sort, but I do not remember it exactly.

7193. Did you work out in anything like detail the degree to which the workmen were going to share in the control of the industry?—No. Personally, I think the industry must be controlled by the individual. I do not think any mine can be managed by a Committee, or anything of that sort; it is quite impossible.

7194. Do you think that the South Wales mining industry can go on perpetually if the absence of any responsibility is resulting in these strikes from time to time?—I do not know, really.

7195. Coming back to the more technical side of the industry, can production be increased, in your opinion, by the application of labour-saving devices in the South Wales mines?—To a limited extent in South Wales underground.

7196. For instance?—Coal conveyers can be introduced, to a certain extent, and they are being introduced to a certain extent. Coal-cutting machines—there is hardly any room in South Wales for their introduction. There may be in some of

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the upper house coal seams, and possibly some that I do not know of, but in the steam coal pits it is most exceptional to find any place where you can put a coal-cutter in, or where it is necessary.

7197. The Powell Duffryn Colliery is regarded as rather a progressive Company, as far as the machinery is concerned, is not it?—Very.

7198. That is, they very sensibly introduced large numbers of conveyors?—They are working one pit, I believe, entirely by conveyors.

7199. In that pit I do not believe there is a single horse underground?—I am told that is so—very exceptional.

7200. Have you made any comparison between the output per person employed at those collieries and another group of collieries similarly situated?—No, I have no figures at all. It ought to be very much greater, naturally.

(Adjourned for a short time.)

7204. *Mr. Frank Hodges:* I would like you to look at your table (A) in your proof. This table, the same as the other table, does not provide for any reduction in the travelling time caused by the introduction of mechanical haulage for getting the men to and from their work?—No.

7205. How does it come about then that in Table A. you indicate a reduction of 10 minutes in the travelling time; that is a reduction from 1 hour and 35 minutes to 1 hour and 25 minutes, if there is to be no introduction of mechanical haulage?—Table B. explains that.

7206. Then let us go to Table B. Point out how it is explained there?—It is in the lower part of the table, item No. 2. There is 15 minutes in the one case; that ought to be cut down to 10 minutes. Similarly waiting at the pit bottom is, I think, very largely unnecessary. That is item No. 7. It is now 20 minutes cut down to 10 minutes.

7207. That makes it 10 minutes?—15 minutes in all.

7208. Really, a man is not travelling when he is waiting at the pit bottom?—No.

7209. So that the distance is not less? In point of fact, has not the coal got some little older in a few months time than it is now, and, therefore, the distance would be increased?—Slightly.

1907 you said that it would be 1 hour and 35 minutes? 1907 you said that it would be 1 hour and 35 minutes?—Yes.

7211. Eight hours bank to bank and the same for 8 hours' winding?—Yes.

7212. The collieries have not got much older since then?—One seam may have. Another seam has been opened closer to the pit and it is balanced.

7213. That is to say, you hold the views that one is set off against the other and that at no period in the history of the colliery is the face further away from the pit bottom than another?—It depends upon the colliery and which seams they are working. If you are working one seam only, the longer the time goes on the further they get from the pit bottom.

7214. It is fair to say the distance in the older mines must be further away from the pit bottom than in the newer mines?—Not necessarily. In South Wales one seam balances the other.

7215. Does not that depend upon the number of seams you are working at once?—Yes.

7216. There are some men who are conveyed to their work in South Wales?—Very few in the steam collieries. In the anthracite collieries, yes.

7217. And in the bituminous coal district?—Some.

7218. I put it to you, everyone from Llanharan to Pyle?—Where the measures are very steep.

7219. If the men had to walk up those slants with that pitch, it would take a considerably longer time than it does now?—Undoubtedly.

7220. Do you see any opportunity of introducing mechanical haulage for men, or do you see any need for it in ordinary steam coal mines for the winding of the men in and out?—I say there would be very little saving of time in ordinary circumstances.

7201. I expect it must be considerably greater, because the price for the men's labour in those places is considerably lower. Do you look forward to the extension, for instance we will take steam coal collieries for the moment, of conveyors in anything like a universal degree?—Yes, to a certain extent, but not to the extent that happens to be possible at this Powell Duffryn Colliery. I mean to say that this Colliery is all run by conveyors. That is an impossibility for the whole of the steam-coal collieries in South Wales.

7202. Perhaps I would agree with you, that it would be impossible to apply it to every existing steam-coal colliery?—And I go further than that. They could not be applied, in my opinion, to the majority of the steam-coal collieries in South Wales. It will be a minority in which they can be properly introduced.

7203. There is room, then, for some extension of that in certain collieries, you think?—Given time.

7221. Why do you believe that?—The men on getting to the pit bottom would have to wait for a train to be loaded. It will take them five minutes to load a train. The train can only travel at about four miles an hour with men; it may travel seven or eight miles an hour with coal. On the average distance in South Wales, which is under a mile, there will be very little saving indeed in taking the men in by train under those conditions, that is to say for the whole of South Wales.

7222. Have you heard of applications on the part of the men to be taken in by mechanical haulage during the war in order to get more coal?—I have had no application myself. I cannot say that I have heard of them; it is quite possible. I agree there may be applications.

7223. There have been, and even before the war?—It will allow it where the distance in is materially greater than I have mentioned.

7224. You said it was wrong to compare Durham with South Wales?—Yes.

7225. You made the point it was because the Durham miners did not do any dead work?—Hardly any at all.

7226. Are you speaking within your own knowledge?—20 years ago.

7227. Would it surprise you to learn that some of the later price lists arranged between some of the workers, hewers, and managers, make provision for the miners to do their own dead work?—What sort of items?

7228. Ripping top and timber?—In their stall repair?

7229. Yes?—I am not aware of it.

7230. I can put in a copy of an agreement proving that?—I should think it is very exceptional.

7231. Would it not be a good thing in South Wales if you could put workmen to do their dead work regularly and allow colliers who do not want it to work more continuously at the coal face?—It would be inapplicable to the conditions.

7232. If the workmen in Durham are more continuously at the coal face than in any other district ought not that to increase the disproportion between the number of hewers and the total number employed?—It ought to make the proportion of hewers in Durham less instead of that they are more.

7233. As a matter of arithmetic?—Yes, I have said so.

7234. It must be less. Even with that fact the output per man employed in the Durham coalfield exceeds that in South Wales?—Because there are so many men employed in general repairs in South Wales that are not employed in Durham.

7235. Although in Durham you say that there are men employed to do what is regarded as the collier's work in South Wales?—True. The conditions in Durham are quite different to South Wales. There is not a quarter of the repairs in Durham to what there are in South Wales. I will not perhaps say one quarter, but there is very much less repairing work in Durham than in South Wales.

7236. That is a matter of what?—Knowledge.

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7237. It would be a matter of absolute knowledge?
—Yes.
7238. I am not in a position to contradict because I have not been in the Durham coalfield. If you put it to me that because there are a larger number of men employed in Durham to do the work that is ordinarily done by miners, if that work could be done by men engaged for the purpose in South Wales you would leave the colliers with a larger number of hours, an increased number of productive hours at the coal face?—I have said there are some men engaged in Durham doing the work the colliers do in South Wales. I do not know that the proportion of transport men in South Wales very greatly exceeds the proportion employed in the same sort of work in Durham.
7239. How do you account for the fact that the number of tons per hewer in Durham is 3·17 tons per shift?—How do you mean, account for it? I suppose it is a fact it is so?
7240. There must be a reason for it, must there not?—I suppose that is the capacity of the miners' work.
7241. He does that in six hours?—Quite likely.
7242. Sometime less. Do you think you could adopt the system in South Wales with equal advantage if you could relieve the colliery of South Wales as the Durham men are relieved?—I have already said the conditions in South Wales do not, as far as I know them, permit of it.
7243. *Mr. Evan Williams*: Do you suppose for a moment that the colliers in South Wales would be at all willing to have the dead work which they now do taken away from him in his working place?—I think it would be to his disadvantage.
7244. Is it not a fact the dead work he does, the timbering and repairing, is work that pays him very well?—At the prices that are paid for that class of work he does exceed the value per hour, as you may say, of the other.
7245. Has it not also this advantage, that it enables the man to make better use of his time?—That is the object of it.
7246. If there is a short waiting time between getting trams to fill, he has to do dead work?—He has always something to do.
7247. *Mr. Hodges* asked you a number of questions about Pit Committees in South Wales. Is it within your recollection that at the invitation of the Coal Controller, representatives of the men and of the owners met to consider this matter?—Yes.
7248. And the proposals were put to both sides by the Coal Controller?—Yes.
7249. And were accepted by the owners?—Yes.
7250. And refused by the men?—Yes.
7251. And those proposals were similar to those accepted in other parts of the country?—Yes.
7252. The men in South Wales refused?—Yes. The Controller tried to get the South Wales men to accept the conditions which the men in the other part of the country had agreed to.
7253. *Mr. Robert Smillie*: Do you say in all other parts of the country?—I do not say all; in some other parts of the country.
7254. *Mr. Evan Williams*: You have made a very liberal estimate of a possible increase in the effective working time at the face by the shortening of time on the way in and by shortening the meal time?—As liberal as I could.
7255. From your experience of the men in South Wales at the present moment, do you think there is any likelihood of those being adopted?—Not in their present attitude.
7256. Is their present attitude at all a desire to increase efficiency and increase production?—My experience is the reverse.
7257. Is it not the fact that in South Wales there is what is called an Unofficials Committee, which is almost as hostile to the labour leaders as it is to the owners?—Yes, I believe that is so.
7258. They circulate pamphlets throughout the coalfield in which they describe the labour leaders as the "epitome of inaptitude"?—I have heard that said.
7259. Unfortunately is not the position this, that at a large number of the lodges at the collieries these persons are in control?—You may take it for granted the colliery lodges are governed by the extreme sections of the men.
7260. You find when agreements have been made between the two sides at the Conciliation Board at Cardiff they are turned down at the collieries?—There are lots of instances.
7261. For instance, a double shift has been put forward as one method of increasing output?—Yes.
7262. In your opinion, you said it is practicable to some extent in South Wales?—Yes, if you can get the men.
7263. Physically practicable?—Yes, physically practicable.
7264. Is it at all likely to be practicable as far as putting it into force in South Wales is concerned?—There would be a great difficulty in putting it into force.
7265. You said it is part of the Federation policy to uphold it?—By agreement we could not do it; they will not have it.
7266. By agreement you mean between whom?—Between the owners and the men.
7267. Do you recollect that an agreement was made between the two sides at the Conciliation Board for the reinstatement of discharged soldiers, which provided for a double shift where necessary?—That is the agreement made at Cardiff.
7268. Was that carried out by the men?—It was refused by the men.
7269. If the men refuse to institute double shift to make room for men coming back from the Army, do you think they would do it for increase of production with less working hours?—No.
7270. With regard to the introduction of machinery to facilitate production in output, are you definitely clear that cutting by machinery cannot be relied upon in South Wales?—Only to a very small extent in the steam coal seams and not much in others.
7271. Owing to the physical conditions?—Yes, owing to the physical conditions.
7272. Conveyors are applicable?—Yes.
7273. They have been successful in new pits where they have been started with them?—Yes, one or two.
7274. In those cases there has been an allowance made in the cutting prices to meet them?—I think there is in some cases; in other cases it has been refused.
7275. The men in some cases have made an allowance for the work that was taken off them by the conveyors?—Yes.
7276. In other cases they expect the same pay, although they do not do the work?—Yes.
7277. Generally speaking, do you find a disposition to assist in the introduction of machinery, in your own experience?—In my own experience, when I have put in coal conveyors, the men have not tried to make them successful. I have three working at present.
7278. Is that at your new pit?—Two at the new pit and one at another one.
7279. There are certain pits, you say in your proof, where the winding capacity is fully occupied at the present time?—Yes, some.
7280. I suppose the most efficient pit, as far as transport and quantity, is one that fully occupied its haulage and winding capacity?—It would then be at its maximum economy.
7281. For a pit of that kind the effect of the reduction in hours would be the greatest?—Certainly.
7282. The pit that is most efficient at the present time is the one that would suffer most by this proposed reduction in hours?—It is so.
7283. There has been a good deal said at this Commission about extravagance in colliery consumption?—Yes.
7284. And contrasts have been made between colliery and colliery?—Yes.
7285. Some collieries, where 3 per cent. or 4 per cent. is used, others where 15 per cent. is used?—Yes.
7286. Could you give some explanation as to why big differences are inevitable in this respect?—One is water. There are some collieries that raise 20 tons

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of water for every ton of coal. That colliery is bound to have a high colliery consumption.

7287. I suppose there are some collieries that raise one ton of water to 20 ton of coal?—Some raise none.

7288. It does not follow that high consumption of boiler coal is an indication of the inefficiency of the plant?—Not at all; besides it is calculated on the output. A colliery may have a very small output; it may be designed for a much greater output, and its colliery consumption would be extremely heavy, because for the time being its output was small.

7289. Would you say, generally speaking, that colliery plant in South Wales is out-of-date and inefficient?—Not at all; I think it is very efficient.

7290. You have in South Wales a big central power station which distributes power to a large number of collieries?—Distributing over the greater part of Monmouthshire and the steam coal area.

7291. That has been put up by private enterprise?—Yes.

7292. And is of great advantage to the collieries?—We rely upon it entirely.

7293. At your colliery?—Yes, entirely.

7294. There is no reason why that should not spread by private enterprise?—None whatever.

7295. Mr. Hodges mentioned some cases of riding in?—Yes.

7296. Where men are ridden from the surface?—Yes.

7297. Have you any experience of those yourselves?—No, none. I do not think I have any men riding in.

7298. In those cases the riding time must correspond to the putting down through the pit?—Except it takes a longer time.

7299. You say you do not think in South Wales, generally, that riding men in would reduce the time taken to carry them in?—Not materially.

7300. Assume all the men in a certain district could be put into one journey?—Which is impossible.

7301. In a case of that kind there would be an economy in time?—If it could be done in one journey there might be a slight economy in time.

7302. If it takes more than one journey does it not follow for certain that longer time will be taken, because the men must wait until the empty journey comes out?—Yes.

7303. You do not think there can be any hope of mitigation in the reduction of time in the working face in that way?—Nothing that can alter my figures.

7304. I do not want to emphasise facts which you have already made quite clear. There is one point touched upon in your cross-examination by Mr. Hodges as to strikes in South Wales. Do you know to what extent strikes have occurred from genuine causes of want of clearness?—I have not had a case, and I do not know of one.

7305. Is not the position in South Wales at the present time one where unauthorised strikes take place without cause at any time?—Nearly every week.

7306. There is machinery for dealing with all questions in dispute?—Yes.

7307. First at the colliery?—Yes.

7308. Then there is a Disputes Committee sitting at Cardiff every week?—Every week.

7309. In spite of that, there are frequent stoppages without any notice or discussion at the colliery at all of any question?—Yes, lots.

7310. Are not the strikes in South Wales to the extent of over 90 per cent. due to causes of that kind?—I have never taken the percentage, but I quite think it is so.

7311. It is an enormously large percentage?—An enormously large proportion; in fact, they are nearly all so at present.

7312. Do you know a document called: "The Miners' Next Step," published a few years ago?—Yes, I have seen it.

Mr. Frank Hodges: How many years ago?

Mr. Evan Williams: I said a few years ago.

Mr. Frank Hodges: I can tell you when.

Mr. Evan Williams: Will you kindly tell me when it was published?

Mr. Frank Hodges: It was the last national strike in 1911.

7313. Mr. Evan Williams: Is not the irritation strike advocated there as one of the means of gaining the ends of the extreme body?—As far as I can recollect, that is the principal thing in "The Miners' Next Step," irritation strikes.

7314. The object of that strike is to ruin coal owners?—Absolutely.

7315. By making mines so unremunerative that they would be worth nothing?—That is the intention of the pamphlet.

7316. Mr. Sidney Webb: It has not ruined many?—No, thank goodness.

7317. Mr. Evan Williams: That propaganda is still going on?—Yes.

7318. Increasing?—Quite likely; I do not know.

7319. Do you attribute the unrest in South Wales to that?—To that sort of thing.

7320. And not to any genuine case at the colliery?—I think most of the strikes could be easily avoided if the men would take the trouble to go to Cardiff with them, or even discuss them with the managers at the colliery properly.

7321. I do not know whether you heard Sir Richard Redmayne's evidence?—Yes, I did.

7322. Sir Richard put forward certain figures of the probable reduction. In those figures there was no allowance at all for an increased number of men, for a reduced output in the reduced hours?—I understand he made no allowance for the increased number of men required.

7323. You are quite certain that that would be the result?—There is bound to be an increased number of men with the shorter hours, even with the reduced output.

7324. That is inevitable?—That is inevitable.

7325. It is an important factor?—Yes.

7326. Which has been omitted from the calculation put forward from the Coal Controller's office?—Yes, I can give you the estimated figure.

7327. I think you gave that in your proof?—Partly, I believe. I gave it for my own collieries; I have it for South Wales and the country.

7328. Have you given that?—No, I only gave my own figure, 7·7.

7329. What is it for South Wales?—The whole of South Wales, according to the estimate from the collieries made in the same way as mine is, 6·5. For the whole of the country, 6·1.

7330. The physical conditions in South Wales are such that the question of repairs is a very serious item?—That is so.

7331. The shortening of the time available for repairs would mean a big increase in the number of men?—That is why South Wales shows the greater increase.

7332. As far as management is concerned, has there ever been any disinclination to produce the greatest output, as far as you know?—My whole life has been spent struggling to increase the output.

7333. I suppose you would, if any change took place, continue to do that?—Certainly.

7334. You are not certain you would get the co-operation of the men to do it?—I do not know.

7335. Questions are generally put from the other side as to the witness's own companies. Can you tell us, as far as your company is concerned, what proportion of the produce has gone to wages and what has gone to capital?—Yes, I can, in a way. Our company's meeting is in Bristol to-day. I should like to say that there are 1,822 shareholders in our company, each of them have put down £350 on an average. If they adopt the directors' report to-day they will receive for the December quarter of last year, which we have been discussing, 1s. 11d. a ton on the output. The men during that same period have received 17s. 6d. per ton on the output.

7336. You have recently sunk new pits?—Yes.

7337. Where did the money come from to sink those pits?—We raised additional capital; we doubled our capital.

7338. You got it in actual money?—Yes.

7339. From the shareholders?—Yes.

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[Continued.]

7340. Have you any view upon the question of nationalisation or of central control of collieries which you would like to put to the Commission?—I think that nationalisation or central control will first of all absolutely sterilise the accumulated knowledge of all directors in the country of colliery companies. The directors of the colliery companies are men who practically are able to say yes or no to any point put to them by the managers, or act almost offhand, because they know the financial position and the mining position of their concerns. If that knowledge is to be swept away I do not believe any central authority can accumulate it, and no body of experts can know the actual conditions of every mine in the country. They cannot give an answer yes or no without investigation. If they did not investigate one might just as well ask the girl at the telephone to say yes or no. The consequence is, I think, the country will be losing, if they lose the directors of colliery companies, a very valuable asset to the country. I might say that may estimate for the whole of the directors' fees paid in the coalfield is £1,000 per 1,000,000 tons and that works out at under 1d. a ton. A central authority will cost a lot more than that.

7341. *Mr. Robert Smillie*: A quarter of a million a year?—It is 1d. a ton, rather under.

7342. *Mr. Evan Williams*: We have heard that the cost of the distribution of housecoal by the central authority has been 6d. a ton during the past year?—Very likely.

7343. Not including salaries of a great many people working for nothing?—With regard to the management, nationalisation will again sterilise their initiative and activity. If a man is a manager of a bad mine he will probably say "I cannot help it, my prosperous next door neighbour will pay for it," if he is the manager of a good mine he will probably say: "Why should I worry myself to keep my neighbour going?" I also fear it will sterilise the efforts of the men. I know what the Welsh collier would say: "Why should I work if the Government has to pay?" That would be the attitude and I think that amongst those three nationalisation or centralisation will very seriously injure the industry, not only the coal industry, but the whole industry of the country.

7344. *Mr. Herbert Smith*: Private companies are doing better than that?—I do not know.

7345. *Mr. Evan Williams*: There is every readiness in exchange of material and machinery in case of emergency between colliery and colliery?—Yes. Each person in the district knows where he can put his hand upon different things, and gets them.

7346. That does not happen in Government Departments?—It takes time.

7347. And a good deal of correspondence?—A good deal.

7348. Do you think a reduction of hours would have a tendency to encourage the demand that is at present made for abolition of piecework?—I really have never thought of that.

7349. You say in your proof that pieceworkers naturally work a good deal harder than day workers?—Undoubtedly they do. I have an instance in my mind. We have one pit working coalgetting entirely by day work. It is the easiest seam out that we have. The output per collier there is 89 per cent. less than the output per collier where they are working on price lists. That pit has been working on day work for the past ten years.

7350. Through inability to settle with the men a price list?—The men will not accept the same price that is paid for the same seam all round.

7351. *Mr. Frank Hodges*: It is a question of price to be paid for the men's labour?—We have settled the price list with the miners' agent; the miners did not agree to it, the men refused to accept it, and that has been the position for 10 years.

7352. *Mr. Evan Williams*: On the other hand, there is in South Wales to your knowledge a practice of a "stint," what they call in Scotland a "darg"?—It is not quite the same as I know it.

7353. What is your experience as to a "stint" that you know of in South Wales?—There is no absolute "stint" in the steam coal seams, no official "stint"; in the anthracite district there is. The men practically agree between themselves that they will only fill a certain number of trams, and they will not fill more.

7354. It is only fair to say the miners' leaders on the Conciliation Board have over and over again asked the men to do away with the "stint"?—Yes, the miners' leaders are not in favour of it, those on the Conciliation Board.

7355. *Mr. Hartshorn* has frequently been down to the anthracite districts to beg them to give it up?—I believe so.

7356. Without any result. In the past the men have not in those districts turned out the coal they might easily?—No.

7357. If they got their reduced hours and an increased rate to make up the same wage in the reduced hours, is there any likelihood of that being changed?—I cannot say; it does not seem so to me.

7358. The output per man would be still further reduced?—I should think so.

Chairman: We have heard *Mr. Bramwell's* evidence and his opinions. *Mr. Hodges* has asked some questions on behalf of one interest, and *Mr. Williams* has asked some questions on behalf of the other side. Shall I call the next witness?

7359. *Mr. Robert Smillie*: What is your output for that quarter? You said the shareholders were to get 1s. 11d. Do you remember the output for the quarter?—246,602 tons.

7360. *Mr. Sidney Webb*: On page 8 you say after the war conditions settle down there will be 1,500,000 less mine workers in the country. It is rather important on this question of supply of men. Is that your considered opinion? It is not within 100,000?—I only put it in for what it may be worth. Many men have been killed and a great many permanently disabled. I am subject to correction.

7361. I accept your figure on that. Has it occurred to you that for five years there has been no emigration from this country, and we used to lose 200,000 a year in that way?—I have not thought of that.

7362. Consequently there will be no fewer men in the country than in 1914; that is rather relevant?—Possibly.

7363. *Mr. Arthur Balfour*: On page 10 of your evidence you say the helper or boy does not share the produce. The collier pays them a day work depending upon their capacity; the collier finds it to his interest to pay on their capacity?—Yes. He pays his worker what he thinks he is worth.

7364. The owner is not in that position?—No, the owner has to pay a minimum wage, at any rate.

7365. *Mr. Herbert Smith*: Is it not true that they have to have a minimum wage, too?—Yes.

Mr. Arthur Balfour: He is paid on his capacity?

7366. *Sir Leo Chiozza Money*: He is in the same position then?—Not quite.

7367. *Sir Leo Chiozza Money*: You remember giving evidence before the Eight Hours Committee?—Yes.

7368. Do you remember the plate you put in which is plate No. 1 in the minutes of evidence?—I remember I did put in a plate.

7369. It is true to say you did not take an ultra-gloomy view when you gave evidence before that committee? When you gave evidence before you were more reasonable than most of them?—That is a matter of opinion.

7370. Some thought the output would fall 40,000,000 tons?—I do not remember.

7371. You thought it would fall—what?—I cannot remember in million tons. I took my estimate on the bank to bank Bill as 15 per cent.

7372. As a matter of fact the Bill was altered by the House of Lords, and it had not quite that affect?—No.

7373. Nevertheless, have you noticed that by 1913 your line, showing what you thought the output would be if the Eight Hours Act was not carried into

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effect, reached a point in 1913 which was actually achieved in spite of the Eight Hours Act?—I know it.

7374. In other words, the effect of the Eight Hours Act was not as you thought to reduce the output. The output, as a matter of fact increased, and increased at exactly the rate you thought it would but for the Eight Hours Act?—That is not the proper way of putting it.

7375. Is it not a question of fact and not of opinion?—I can explain it if you will allow me.

7376. *Chairman*: Certainly.—I estimated the reduction in output at 15 per cent., and then reducing that to an 8-hour shift came to 9 per cent. The actual was 6.13 per cent.; that was for the collieries I have to deal with. For South Wales, and South Wales is an increasing coalfield, the increase of production from 1880 to 1913, 33 years, gives an average annual production and it is very nearly a straight line, subject to strikes, of 1,080,000 tons a year, an annual increase. The output in 1908, the year before the Eight Hours Act came into operation, was 50,227,000 tons. If you add the annual increment production to 1908 you get figures which show what the production of the coalfield would have been if there had been nothing to interrupt it. Comparing that with the actual you find that in 1909, when the Mine Act was only partially operative, it coming into force on July 1st, the reduction in output was 1.8 per cent.; in 1910 the reduction was 7 per cent.; in 1911 6.1 per cent., and in 1912 8.1 per cent., and in 1912 it was affected by the national strike. The diagram I have here practically shows, as Sir Leo has pointed out, that in 1913 the production did rise to its old figure, and even to its figure including the increment. You must remember after a strike the year following a strike the miners and men have to recuperate, and they do it. That is why 1913 had an exceptional output. I would like to put in those figures.

Sir FRANCIS BRAIN, Sworn and Examined.

Chairman: I will now read the proof of Sir Francis Brain who appears on behalf of the colliery owners of the Forest of Dean District:—

"I am a past President of the Mining Association, a member of the Institute of Civil Engineers, a member of the Institute of Mining Engineers, and past President of the Colliery Managers' Association. I have been closely associated with the practical working of collieries for more than 45 years. I have obtained accurate particulars of the costs in the Forest of Dean at all the principal collieries. These costs are for the three months ending 31st December, 1918, and include all charges other than Railway Tolls, Truck Hire, Income Tax, Depreciation and Interest on Capital. With these facts I have been able to estimate what will be the probable effect in the Forest of Dean district of the proposals of the Miners' Federation which are—

(A) An advance on present wages other than war wage of 30 per cent.

(B) A reduction of the present 8 hour working day to 6 hours.

"With regard to A.—I find the present wages cost on the coal raised, exclusive of war wage averages 11s. 8d. per ton. If 30 per cent. be added to this the average cost per ton will be 15s. 2d., an increase in wages cost of 3s. 6d. per ton.

"With regard to B.—I find if the present 8 hours working day be reduced to 6 hours the reduction in output will be 30 per cent. average. The present wages cost of 11s. 8d. per ton will therefore be increased to 16s. 11d., an increase of 5s. 3d. per ton with wages remaining unaltered. In addition to wages, however, standing charges will be seriously affected. These amount to £82,666 gross over the same period—working six hours instead of eight hours will effect some little economy on these, I estimate that at 5 per cent.—working six hours, I take standing charges, therefore, at 78,533. The gross output for that period was 254,086 tons. Reduced by the six hour working, this quantity becomes 175,053 tons—on this basis the additional cost on standing charges will be 2s. 6d. per ton, or a total

7377. *Sir L. Chiozza Money*: Does it not remain true, as I said in the first place, that the line of increased production for the whole country after the Eight Hours Act rose to exactly the point you predicted would happen if the Eight Hours Act was not passed? Is not that absolutely true in substance and in fact? Is it true or not?—I have not a diagram for the whole country.

7378. May I give you the figures?—I have only South Wales.

7379. Here is the output for the country—1906, 251,000,000 tons; 1913, 287,000,000 tons. Is not that exactly the rate of increase which is predicted in your interesting diagram?—That diagram refers to South Wales.

7380. If you had known that was going to occur for the whole country, would you not have given different evidence before that Committee?—Might I see those figures?

7381. I have marked them in blue. You will see 1906 and 1913.—Really one must see it plotted in a diagram to know the annual increase for the country for you to get a line of areas.

7382. That line is there?—I cannot carry it in my head.

7383. I must put it to you; there are the facts. Do you accept them?—I accept them.

7384. Is it not the fact that between 1906, the year before you made your prediction, and the year 1913, the total production of this country rose from 251,000,000 tons to 287,000,000 tons, leaving out the odd 100,000 tons. Is not that true?—I quite accept it.

7385. If it is true, is not that the rate of increase you predicted would happen if the Eight Hours Bill was not passed at all?—I cannot say.

7386. Might I remind you of your diagram; here it is?—I know the diagram, and I know it quite well. I shall be pleased to admit it if it is as I understand it, but I cannot find it is like that.

increased cost on the reduction of eight hours to six hours of 7s. 9d. per ton.

"On A. and B.—The advance in cost, as shown above, will be:—

(A.) On wages, 3s. 6d. per ton.

(B.) On hours and standing charges, 7s. 9d. per ton.

"If both A and B. are given together the cost will be 12s. 10d. per ton.

"The gross figures under each condition will therefore be as follows:—

	Per ton.	
	s.	d.
No. 1. Wages cost at present ...	11	8
Standing charges at present ...	6	5½
Present total cost ...	18	1¼
No. 2. Present wages cost, plus 30 per cent. ...	15	2
Standing charges ...	6	5½
Total cost (A.) ...	21	7¼
No. 3. Present wages cost, plus reduction of hours from 8 to 6 ...	16	11
Standing charges ditto ...	8	11¼
	25	10½
No. 4. Present wages cost, adding 30 per cent. and reducing hours 8 to 6 ...	22	0
Standing charges ditto ...	8	11¼
Total cost A. and B. ...	30	11¼

or 70 per cent. advance." What Sir Francis desires to prove is that at the present moment the total cost per ton, supposing both rates and wages are granted to the full extent, of 18s. 1¼d. becomes 30s. 11¼d.

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[Continued.]

"I consider, however, that these costs should be calculated not on coal raised, but on coal sold. If this is done then the figures will be as follows:—

	Per ton.		
		s.	d.
No. 1. Present total cost ...	20	5	$\frac{1}{2}$
No. 2. Total cost (A) ...	24	3	$\frac{3}{4}$
No. 3. Total cost (B) ...	28	7	$\frac{1}{2}$
No. 4. Total cost (A & B) ...	34	2	$\frac{1}{2}$

"Whichever method is taken, however, the advance is so great that it must shut up every colliery in this district, unless the price of coal goes up too. Several of the collieries are old and working very thin seams. A far less increase in cost than either of those shown above would undoubtedly close them. If this happens then to protect themselves the remaining collieries of the district must pump their water. I say, without hesitation, that such an increase in cost as I have shown would close down the whole district.

"As to compensating factors there appear to be none of any importance. Some years ago we reduced hours from 9 to 8. We did not find the attendance improve. Our experience is that when advances are made in wages and work is regular absenteeism increases. Our present district figures show an average of over 10 per cent. absenteeism.

"If a reduction of hours be conceded I do not think any re-arrangement of shifts is possible which would help us or that it would occur. If a 6 hours' day is put in operation the mechanics and other tradesmen, and also the engine men, would have to be increased 25 per cent. I have not included anything for this in my calculations of increased cost. The time spent by workmen at the face has been observed, and it is found to average 6 hours 38 minutes for the district. The percentage reduction in output if 6 hours be substituted for 8 is found to be 30 per cent. I fail to see any compensating factors which, if this concession were made, would tend to diminish reduction in output. Increased effort has been suggested, but the men tell us they are at present working their hardest, so this does not appear to be practicable. The net reduction in output resulting from the shortening of the hours would, I consider, be 30 per cent. if present number of coal-getting shifts remain the same. I cannot assume it is possible to increase these shifts. In the house coal pits, which constitute a large proportion of the coal worked in this district, the seams are extremely thin and hard to work. The holing has all to be done with the hand pick—a second shift would increase the cost of getting—the coal would not have sufficient time 'to work' and for the place to take its weight. There is a rooted objection on the part of the house coal men to work more than one, viz., the day shift. I do not think there is the slightest possibility of a mutual arrangement being come to to increase the working shifts. As to the problematical advantage accruing from a reduction of hours, no doubt more time would be available for recreation and amusement, but I think this is counter-balanced by the facts that greater 'hustle' would probably occur likely to cause more accidents, and that the older men under the strain would be likely to become incapacitated more quickly."

Gentlemen, you will see at the end a table* in summary form, and a calculation which Sir Francis Brain has been good enough to make, and which is referred to in the proof which I have just read to you. (To the Witness.) Do you want to say anything in addition to that.

7387. I would like to say that it was originally intended to offer evidence for the three districts of Somerset, Bristol, and Forest of Dean, that are very similarly situated, but it has been left to me to give evidence. I handed in proofs for the Somerset and Bristol districts, but I cannot speak to those from personal experience. I should like to make this remark, that I have carefully read both these proofs, and from my general knowledge of the districts, and from the reading of the proofs, I can say that the characteristics and conditions existing in

the Forest of Dean are probably similar in both those districts.

7388. Do you apprehend the same results with regard to the two other districts as you do with regard to the Forest of Dean?—That is so.

Chairman: I will ask Mr. Hodges to examine the witness because he is from South Wales, and that and the Forest of Dean are neighbouring coalfields.

7389. Mr. Frank Hodges: Your coalfield, the Forest of Dean coalfield has always been the coalfield regarded as one that is rather behind the general standard, has it not?—Yes, in some respects.

7390. From the point of view of productivity, how has it stood with regard to percentage with the rest?—Behind.

7391. From the point of view of wages how has it stood with regard to percentage with the rest?—Behind.

7392. From the point of view of profit how has it stood?—Behind.

7393. That is rather extraordinary, is it not. I see that in the returns that have been supplied us by Mr. Dickinson for the quarter ending 30th September, 1918, your profit (and this embraces the small districts of Somerset and Kent) worked out there at the rate of 2-96s. a ton, and that is including interests and Royalties, and that is just about the same figure as was obtained in Lancashire and Cheshire; as a matter of fact it is slightly higher, because in Lancashire and Cheshire the profit was 2-45s. a ton, but in the Forest of Dean it was 2-96s. per ton. You cannot quite say you are behind Lancashire and Cheshire, can you?—Yes.

7394. You still say that in the light of those figures?—Yes.

7395. Do you doubt the accuracy of those figures?—No.

7396. Why do you say the profits are behind Lancashire when the figures show the contrary?—It is quite plain when it is explained. The poverty of our district was recognised by the Coal Controller, and half-a-crown was allowed us over and above Lancashire.

7397. So was South Wales?—You are speaking of Lancashire.

7398. South Wales had half-a-crown. Was that due to the poverty of South Wales?—I do not know.

7399. Did you plead poverty to get the half-crown?—We had to prove our case.

7400. You have very old collieries in your district, have you not?—Some are very old.

7401. What are the prospects of development in your district? Are they likely to be extensive or restricted?—It is a comparatively small district, so that the prospect in any case of development cannot be extensive.

7402. Not of coal?—No.

7403. There are prospects of rather extensive development in the iron ore industry, are there not?—Some think so.

7404. Do you?—That depends very much on conditions.

7405. But do you think so?—I should like to know what was going to be done with regard to foreign ore before I could answer that.

7406. What do you hope for most in the Forest of Dean, as a practical man, in the way of development—iron-ore or coal?—My own opinion is coal.

7407. The wages of the Forest of Dean miners were admittedly low, and perhaps, with the exception of Somerset, the lowest in the whole Kingdom prior to the war?—Yes.

7408. And that was due to the low productivity of the mines and the low marketable value of the coal, was it not?—Yes.

7409. As a matter of fact, you are on the very extreme fringe of the industry?—Yes.

7410. Would you admit, if your industry is to keep up in production and if your pits are to continue to be worked, you would have to some extent in that district to be subsidised?—It all depends upon circumstances.

7411. That is to say, supposing wages are brought up to the level of other districts and profits in your industry were maintained comparable with the

* See Appendix 14.

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[Continued.]

profits of Lancashire and Cheshire, you would have to be subsidised?—I should say so.

7412. *Mr. Evan Williams*: I believe that in the Forest of Dean there is only one landlord?—Yes, one landlord.

7413. That is the Crown?—Yes.

7414. You have experience in other parts of the country in mining, I take it?—Yes.

7415. Could you give us a comparison between the Crown as a landlord and the private individual as a landlord. Is it in favour of the Crown or the private individual?—I do not know that I have any fixed opinion upon that.

7416. Is there much to be said in favour of the Crown as a landlord in comparison with the other, in your opinion?—I do not think so.

Mr. Frank Hodges: I should like to point out that the royalty there is 4.56 per ton as compared with 8.91 per ton in South Wales and Monmouthshire, if that is of any importance.

Sir Arthur Duckham: They are a different class of coal.

Mr. Frank Hodges: That is a difference of 4d. at any rate.

7417. *Mr. Evan Williams*: Has the Crown in the past insisted upon barriers being left between individual takings?—Yes.

7418. So that from that point of view there is no advantage in the Crown holding as compared with an individual landlord?—No advantage whatever; it is the same condition.

7419. You admit that the wages in the Forest of Dean have been lower than any other coalfield?—Yes, speaking broadly.

7420. Is there any compensating advantage in the cost of living in the Forest of Dean?—Yes, generally speaking.

7421. So that there has been no poverty among the miners?—No, quite the contrary; a great number of them live in their own freeholds.

7422. So that the actual money they earn is not the criterion for comparison between them and other parts of the country?—Certainly not.

7423. You think they live as well, and in as great comfort as any other miners in the country?—The surroundings and the habits of the Forest of Dean men compare favourably with any in the country.

7424. A figure of 2s., including royalty and interest, has been given as your profits for the last September quarter. What were your pre-war profits in the Forest of Dean?—I could not tell you.

7425. They were considerably less, I take it?—Yes, considerably less, but I could not tell you.

7426. Is the capitalisation per ton of output high in the Forest of Dean?—Yes, I think it would be.

7427. So that the same profit per ton does not give as high a return on capital as in some other district?—That is so.

7428. Is that also true of Somerset and Bristol coalfields?—Yes, and perhaps even more so in some instances.

7429. And they did not get the half-crown increase?—No, they did not get it.

(The Witness withdrew.)

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7430. *Chairman*: I believe you are a member of the Institute of Civil Engineers, a member of the Institute of Mining Engineers, and a member of the Durham Coalowners' Association, Durham?—Yes.

7431. Your proof is in the form of answers to questions, and I will read it. The first question is: "(1) What, in the opinion of witness, would be the probable increase in working cost per ton, conceding: (a) A 30 per cent. increase on the present earnings of workmen exclusive of war wage; (b) the reduction in tons above referred to (see Question 5)?" What is that Question 5?—I think it comes further down in the proof. It was an instruction how to answer the question.

7432. What is the reduction of tons put there?—I take 19 per cent. in my calculations.

7433. That is what I wanted to know. That is assuming 30 per cent. increase on the present earnings of workmen exclusive of war wage and a reduction in tons of 19 per cent.?—Yes.

7434. Now you say in answer to question (1):—

"I am of opinion that the increase in working cost for labour only in the County of Durham of (a) will be 3s. 0.46d. per ton calculated on the output and 3s. 4.10d. per ton calculated on the vend. With regard to (b) I am of opinion that the increase in cost for labour only in the County of Durham will amount to 3s. 1.05d. calculated on the output and 3s. 4.75d. per ton calculated on the vend. There will also be increases on the other items of cost, but these are very difficult to correctly estimate.

"(2) Would there be any compensating factors which, if these concessions were made would tend to diminish the working cost per ton—for instance, more regular daily attendance in consequence of shorter hours?—I do not think there would be any compensating factors—certainly none which would make any appreciable reduction in my estimated increase in cost of working.

"(3) Would there be any aggravating factors which, if these concessions were granted, would tend to increase the working cost per ton? For instance, an increase in voluntary absenteeism?—I am firmly of the opinion that there would be aggravating factors both in respect of voluntary absenteeism and also in other respects. It is well

known that some workmen prefer to work in a less strenuous manner when higher rates prevail than when working on lower prices, and this tendency has increased since the Minimum Wage Bill came into operation. It is also well known that some workmen object so strongly to paying Income Tax that they prefer to earn smaller wages in order to evade payment of tax. These contingencies have not been allowed for in my estimate of the increase in cost, and, in my opinion, they will materially increase my estimate.

"(4) Supposing the reduction in hours claimed, or some less reduction, to be conceded, what consequential re-arrangement of shifts would be necessitated (a) As between surface workers and underground workers, (b) As between the various classes of workers, surface or underground?—With regard to (a) I do not think there would be much re-arrangement required, although at many collieries another shift might be required, but as regards (b) there would be required, at most of the collieries in Durham, very important re-arrangement, in fact, an entirely new system would probably need to be adopted. In order to explain what I mean it is necessary to state that, in this county, there are two distinct systems of working in operation."

Witness: May I hand these charts round, because you cannot follow it very well without them (handing charts*)?

Chairman: Yes, we want Chart A and Chart B, gentlemen. Will you please open those charts and I will read on?—

"The first, or three shift system of hewers, with two shifts of transit hands (see Chart A), is in operation at about 61 per cent. of the collieries in the county; and employing 70 per cent. of the hewers, and the second or 'two shifts of hewers and two overlapping shifts of transit hands' (see Chart B), is in operation at 39 per cent. of the collieries in the county. Previous to the Eight Hours Act coming into operation 25 collieries were worked on Chart A system, and they employed 23.50 per cent. of the total hewers in the county, and 150 collieries were worked on Chart B system with one shift of transit hands and employing 76.50 per cent. of the total hewers in the county. Before this Act came into operation the transit hands

* See Appendix, page 240.

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worked 10 hours from bank to bank, and it was therefore possible to work two shifts of hewers in conjunction with one shift of transit hands, or three shifts of hewers and two shifts of transit hands; and this system, which was a very old one, gave excellent results. The reduction of working hours of the transit hands from 10 to 8 made it almost impossible except at great cost to continue the system of working by means of two shifts of hewers and one shift of transit hands except at a few collieries where the conditions were more favourable and it was possible to retain the principle to some extent by arranging two overlapping shifts of transit hands. Shortly after the Act came into operation the number of collieries working on Chart A system was 140 out of a total of 175, and employing 85.48 per cent of the total hewers in the county. These, with some exceptions, where through shortage of hands it has been necessary to temporarily revert to Chart B system, continue to be worked on Chart A system. The effect of the proposed reduction in hours will not, in my opinion, affect the Chart B system of working to the same extent as those collieries working on Chart A system. In the collieries worked under Chart A system it will, in my opinion, be practically impossible to continue the system except with disastrous financial results."

7435. (To the Witness.) Chart A is 140 out of 175 is it not?—Yes.

7436. Now turn to Chart C:—

"Chart C shows how the shifts of the various classes would probably have to be arranged at an average Durham colliery worked under this system. From this Chart it will be seen that at the points marked (V) to (W) and (X) to (Y) there are periods when hewers will be working at the face with no 'putters' to take away their coals, and no other transit hands between the face and the shafts. This would undoubtedly result in a serious loss of output, and, altogether, the difficulties which would have to be overcome would be so great that Managers would probably prefer to adopt either Chart B system or an entirely new system which would consist of two or three separate shifts per day succeeding each other—all men and boys descending and ascending at the same time. In those cases where Chart A system will be changed over to Chart B system there will, undoubtedly, be a large reduction in output, as there are, in my opinion, very few Chart A pits in the county where there is sufficient 'pit-room' for the three shifts of hewers to be divided over two shifts only. The war has accentuated this difficulty in as much as it has been necessary owing to shortage of workmen, to concentrate as largely as possible with the result that the available working districts in most of the collieries have been considerably decreased. Furthermore, at many of these collieries the haulage and winding appliances would not be able to cope with the increase in quantity per hour which would be necessary in order to maintain the output under the reduced hours available for haulage and winding. In the event of a new system of two separate shifts referred to above being considered, similar objections will be found to apply and would have to be faced as in the change-over from Chart A system to Chart C system and it would be absolutely necessary therefore, in my opinion, to add a third shift of hewers and transit hands in order to prevent the large decrease in output which would otherwise follow. This system would probably be worked either as per Chart D which provides for all the men and boys in one shift being out of each pit before the next shift descends and which would probably meet with the strongest opposition from the workmen, or according to Chart E which provides for the second and third shifts of men and boys descending before the first and second shifts respectively ascend. The principal objection to this system (as per Charts D and E) is that, in the first shift there will be, for the first two hours practically no work available for the 'putters and other transit hands' and this would mean that they would probably only work about two-and-a-half hours towards the end of their shift. There would

be to a smaller extent in some pits a similar loss of time in the two succeeding shifts. By the adoption of either Charts D or E systems there would be required a third shift of transit hands to obtain which hewers would have to be transferred from hewing with the result that a large decrease in output would follow.

"(5) What further number (if any) of workers, surface or underground, would it be necessary, to employ, if the word 'six' were substituted for the word 'eight' in the Eight Hours Act and a similar reduction made in the hours of surface workers?—I presume this means, in order to maintain the present output and if so, I estimate it would require 13.75 per cent. increase in the number of hewers and 25 per cent. increase in the numbers of all other classes.

Face Workers.—The present winding times approved by H.M. Inspectors of Mines are being obtained from them, and the collieries have been asked to furnish the present average time consumed in travelling from the shaft bottom to the coal face and back from the coal face to the shaft bottom.

(1) What is the present average time spent in the coal face in your district?—5 hours 20 minutes.

(2) What would be the percentage reduction (if any) in output involved by conceding the claim for the substitution of "six" for "eight" in the Eight Hours Act?

"In replying to this question, it is necessary to assume that there is no additional trained underground labour available. As the output per hewer employed at the face will be 13.75 per cent. less, it might be assumed that this would be the measure of the reduction in output, but this is not so, as the hewers employed at the face must be reduced in number in order to provide for:—

(1) An increase of transit hands, shifters, stonemen, etc., which will be required to do the work they are now doing (less 13.75 per cent. reduction of hewers' output) in six hours instead of eight.

(2) In the event of it being impossible to employ additional transit hands effectively, then a proportion of the present number of hewers who are employed, excluding those required to act as stonemen, shifters, etc., would have to be dismissed. It is very difficult to estimate correctly what average reduction in output this will cause, as each colliery would be affected somewhat differently. A fair and, I think, moderate estimate would be 19 per cent.

(3) Would there be any compensating factors which, if this concession were made, would tend to diminish any reduction in output—for instance, increased effort resulting from shorter hours?—I am of the opinion that there are no compensating factors. According to my experience, there will be no increased effort resulting from shorter hours.

(4) What would be the net reduction (if any) in output resulting from the suggested amendment in the Eight Hours Act. (a) Assuming the present number of coal-getting shifts to remain the same?—19 per cent. (b) Assuming the present number of coal-getting shifts to be increased in your district, if possible?—These could not be increased without an increase in the number of available and suitable workmen. Any increase in coal-getting shifts would result in more coal hewers being employed in what is termed the night shift, and this would be resented by the workmen, who, at many collieries, are now agitating for the abolition of the third shift of hewers.

(5) What is the probability, in your district, of an increase in the number of coal-getting shifts by mutual agreements?—None.

"Apart from considering working cost per ton and of output, what would be the chief advantage (if any) in point of health and risk of accident, or otherwise, likely to accrue from the concession of the reduction in hours?—I do not think there

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would be any material advantage in point of health and as regards risk of accidents; it would probably be slightly increased."

7437. (*To the Witness.*) I am obliged to you. Do you wish to add anything to the remarks you have made there?—I want to point to one slight omission in the answer to the fourth question, where it says: "The principal objection to this system (as per Charts D and E) is that in the first shift there will be for the first two hours practically no work." I should have added the words, "at many collieries."

7438. *Mr. Herbert Smith:* Can you tell us what was the method you worked under prior to 1890 when you agreed 7 hours bank to bank?—Before 1890 there were still the two and three shifts of hevers and one or two shifts of transit workers.

7439. What were their hours then?—7½, if I remember rightly. I was out of the county, but I think that is what it was.

7440. That is from bank to bank?—Yes. I think it was reduced from 7½ to 7.

7441. Then you made an agreement to reduce it to 7 hours in 1890?—Yes.

7442. This is not the first time Northumberland and Durham have been opposed to a reduction of hours, is it?—I think only on the Eight Hours Act. I think the others were agreed to mutually, if I remember rightly.

7443. The workmen and owners were opposed to the Eight Hours Act?—Yes.

7444. And the theory you set up was that you could not get plenty of putter lads and transit hands?—That was one of the principal difficulties.

7445. Has that worked out correctly?—It did for a while, and another thing we knew and the men knew was it meant a change over of what we call the single shift to the double shift system, and that has actually come into operation.

7446. Is that your experience that up to now your forecast worked out correctly?—A very great deal has worked out correctly. We have had to employ a very largely increased number of hands for the same output of coal. That has followed.

7447. If we take your tonnage, it does not prove it?—No. I think you must take the tons per shift per person worked. I think that is the only way in which to prove it. We had to employ an extra number of hands to man a double shift.

7448. I am taking the figures you have supplied, and not what I have supplied?—Looking at it from that point of view, you would be right in what you say, but I think the proper thing is to take the tons per shift per man. That is the only way in which you can properly compare the two periods.

7449. Must we take it now if you had to put these figures in you would have put them quite differently to what you have already put?—I do not know who put those figures in.

7450. *Mr. Guthrie* did, on behalf of your Association?—It was a general form which went through your counties. I do not think they mean a very great deal.

7451. These were prepared for this Commission?—Yes, but I think it was not thoroughly understood by either side, probably, the great difference between Durham and the other districts.

7452. *Mr. Frank Hodges:* That is not the point, but are you going to agree these figures are right, or do you say *Mr. Guthrie* is wrong?—I think the figures are right, but I do not think that is the proper way to compare the effect of the Eight Hours Act. I am suggesting a way.

7453. *Mr. Herbert Smith:* *Mr. Guthrie* told us you would be able to prove these figures?—I am not disputing them.

7454. So that you are accepting them, and it does not work out as you thought with regard to putters and transit hands under the Eight Hours Act?—In total tonnage, I agree, it has not affected it.

7455. So that you shouted "Wolf," and there was not a wolf there?—I say there was sufficient wolf when you have had to employ so many additional

hands. It has not affected the total, I agree. That has been gradually built up.

7456. You give us the hours at the face at present as being 5 hours and 20 minutes?—Yes.

7457. How much do you anticipate those will be later if six hours are granted?—It works out to 13.75 per cent. reduction, I believe.

7458. Will you tell us how you worked it? I understand now you are on 7 hours from bank to bank, and the new agreement is 6 hours, which would be 6 hours from the last man going down to the first one going up?—Yes.

7459. Will you tell us how you arrive at that?—I have the figures somewhere, if I can put my hands on them. Perhaps I might give you the particulars of one of my own pits, because all the others have been taken out on the same lines.

7460. Will one prove them all? If you are here to give evidence on behalf of Northumberland and Durham, do not give one?—They all differ, but on our returns it is the average of all the pits in the county taken out on the same basis.

7461. I want to know how you come to give the 13½ on the county, not on the pit?—The net effective working time of the coal getters at the face at present is, as you said, 5 hours 20 minutes net effective working time at the face. If six hours is substituted for the eight hours, it is 4 hours 36 minutes.

7462. *Mr. Frank Hodges:* That must be worked out in some detail?—The details have been taken out at all the collieries and the result sent in, and they have been all tabulated.

7463. *Mr. Herbert Smith:* Let us go a bit further. We take it now 7 hours from bank to bank. Is it not a fact that at some collieries it is 6 hours 30 minutes from bank to bank?—Yes, in the second shift.

7464. I want to know how you get the 13½. I do not see any reduction in our proposition. If it is 6 hours 30 minutes from bank to bank there cannot be any reduction in that, can there?—Yes.

7465. Under our 6 hours' request?—No. You have to take the travelling time in both cases as the same.

7466. I have to take travelling time of 6½ hours?—Yes; of course 6½ hours are the two second shifts. The 7 hours are in the first shift at all of the pits.

7467. But it works out at 6½ hours in two shifts?—The two following shifts.

7468. I want to know how you arrive at that figure of 4 hours 36 minutes?—That will be the average of the total of the pits in the county.

7469. Is that all you can tell us?—Yes.

7470. You cannot tell us how you get the details. We have to assume that this is correct?—I can show you a table here showing how the details were taken out, and how minutely they were taken out in connection with the collieries under my own charge where it was taken out, the exact time going down the pit, the exact time the men left, the time when they got to the face, and when they left the face, for every shift.

7471. Suppose we take the 6 hours and 36 minutes. Will you show first what time it takes to let them down and pull them out?—Would you like me to give you one of our pits?

7472. Yes?—I will give you our largest pit, the Dean and Chapter, which is one of the largest in the county. Our hours are rather shorter than the rest of the county. In this pit the first shift started to go down at 4 o'clock in the morning, and they got down at 4.12; they took twelve minutes to go down. The last man arrived at the face at 4.54. They left the face at 10.16 and commenced to ascend at 10.50. The second shift commenced to go down at 9.30, and they all got down by 9.42. The last man arrived at 10.24 and left the face at 3.17 and commenced to ascend the shaft at 4 o'clock. The third shift commenced to go down at 3 o'clock, and were all down the pit at 3.12. The last man arrived at the face at 3.54 and left the face at 8.54 and commenced to ascend the shaft at 9.35. I think you may take that as a typical pit of that part of Durham.

7473. Under the new arrangement will you tell us what it will be so as to show where you get the reduction?—Yes. In the new arrangement they would commence to go down at 4 o'clock the same as now, I presume.

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7474. We are dealing with two shifts now?—I have assumed the same system to continue if it can be worked, and assume that they commence to go down at 4 o'clock and are all down at 12 minutes past 4. They would arrive at the face at 4.54, the last man, and leave the face at 9.38 and commence to ascend the shaft at 10.12.

7475. *Mr. Frank Hodges*: Would you mind pausing there? In the first case that shift left the face at 10.16?—Yes, in the first case. That is under present conditions.

7476. Why should they leave the face at the hour you now suggest it is—9.38?—In order to get out in the six hours.

7477. *Mr. Herbert Smith*: Is that not where your figure is wrong?—I cannot see it.

7478. Is not that just where your figure is wrong?—No, if I understand the proposition.

7479. You understand it is a six hour day bank to bank?—No, I am taking it six hours down the pit.

7480. You say in your first suggestion these men start at 4 o'clock and you give a similar example. You tell us you get to the face at 4.54, a minute sooner than under the old system, 4.55, and you say they leave the face at 9.38 instead of 10.16. Why do you say they leave at 9.38 if you do not mean six hours bank to bank?—I say they leave the face at 10.16, and that leaves six hours at the bottom for that shift, and that, I take it, is the suggestion contained in your demand.

7481. I am trying to see if that is the way in which Northumberland and Durham are looking at it. I do not object to them looking at it. If it is six hours and every man has to be at the bottom within six hours, I do not object to your doing that, so that your figures would not be correct under the arrangement?—If your suggestion is different from that, then the calculation would have to be altered to that extent.

7482. *Sir Leo Chiozza Money*: You substitute 6 for 8 in the terms of the Eight Hours' Act?—That is what I have taken, and that is what I think my calculation is based on.

7483. *Mr. Herbert Smith*: But is your calculation based upon it?—I think so.

7484. You have already told us now you have 6½ hours from bank to bank with two shifts?—Yes.

7485. You have seven hours from bank to bank with others?—Yes.

7486. You told us they go down at 4 o'clock, and they are down at 4.12 and they get to the face at 4.54, and leave again at 10.16, and they get out at 10.50?—They get to the bottom of the pit then.

7487. Under the new arrangement you give us 4 o'clock and 4.12 and a gain of a minute in going to the work, and your second proposition is that they have to be back again at 9.38 in place of 10.16?—No, leave the face at 9.38.

7488. In place of 10.16?—Quite right.

7489. That is what I want to get clear. I do not understand your proposition?—I think if you look carefully at those figures you will find it must be so. At any rate I should like to be corrected. I cannot make it different.

7490. I have looked carefully at our application, and it does not mention it?—I think it does. Of course, you ought to know your application better than I do. What is the correction?

7491. Would you not assume that Mr. Guthrie and you people in Northumberland and Durham would know what our application was? It has not been before you for a minute only, but for weeks?—I should like to know what the mistake is.

7492. If you have prepared a case on a wrong ground you ought to correct it?—We have not prepared a case at all, but simply come here to answer your questions. At least, that is my position.

7493. *Mr. Frank Hodges*: Take that first case again. A man is at the pit at 4 o'clock. He is at the bottom again at 10.50?—Yes.

7494. That is 6 hours and 50 minutes?—Yes.

7495. That is, then, your present 7-hour bank-to-bank arrangement, is it not?—Quite so. At that particular pit these are actual times taken, independent of what the agreement is.

7496. Take the case you are giving now. He is at the pit at 4 o'clock and he is back at the pit bottom again at 12 minutes past ten. That is 6 hours 12 minutes?—No, he completes the descent at 12 minutes past four and he commences to ascend at 12 minutes past ten. That is six hours.

7497. *Mr. R. H. Tawney*: That is the last man down and the first man up, is it not?—Not under your proposal. Your proposal is to alter 8 to 6 in the terms of the Act.

Mr. Herbert Smith: As it already is, from the last man down to the first man up?—It is practically 8 hours plus one cage-load. Whatever difference there may be, if there is anything wrong in this calculation, it is to the extent of one cage-load, which would probably be 3 minutes. If there is any difference between you and me, it is a question of 3 minutes.

7498. It is a question of more than that.—No, it is not, with all respect.

7499. *Sir Leo Chiozza Money*: Your new arrangement is 6 minutes?—It would hardly be that, because the Eight Hours Act only includes one cage in the shift, if you read it carefully. Many of our people made the same mistake. It can only mean one cage-load on the hours in the Act. So that there is only 3 minutes between Mr. Smith and myself, at any rate.

Mr. Herbert Smith: With regard to travelling, what time do you allow for that?—The practice in the county is 25 minutes to the mile, that is for Joint Committee purposes.

7500. In Durham you have 4,901 travelling under half a mile, and you have 13,285 who travel under one mile, and you have 12,074 who travel under a mile and a half, and you have 5,018 who travel between 1½ and 2 miles, and 1,918 between 2 miles and 2½ miles?—Yes.

7501. Will you tell us at how many collieries you ride your men in?—I am afraid I could not tell you the number, but I can safely say this: that we ride them wherever we can be done with convenience and safety.

7502. Can you give us any percentage?—I could not give you the slightest idea.

7503. You refer in your evidence to difficulties of winding. Can you give us the number of collieries where you have No. 2 shaft equally equipped with No. 1?—In this particular pit we wind up-cast and down-cast.

7504. Can you give us any percentage of those fully equipped?—No, my attention has not been drawn to that.

7505. It is rather an interesting thing, if we are trying to keep the output up?—The shaft is not the bottle neck in Durham. There are several winding shifts per day which enable us to get our coal out quite efficiently. Our trouble is to get the coal at the face.

7506. Can you tell us how many machines you have introduced, and with what success?—I think you have a return there that was put in by some other witness. I can get the number for you if you have not them.

7507. There has been no objection to machinery?—No.

7508. Not by the workmen?—Not a bit.

7509. Not even the conveyors?—We have had trouble at some places through the men not agreeing among themselves to the number to form a set of partners, but that is local.

7510. Speaking generally, you have not had any trouble?—No.

7511. Does that apply to Northumberland as well as Durham?—I am not so well acquainted with Northumberland, as it is 20 years since I was there; but I have never heard of it.

7512. I see on this wage-sheet that you give, the Durham average for 1914 for piecework coal-getters, 8s. 2-9d.?—I think that would be right.

7513. Now it is 15s. 6-7d.?—That sounds quite right.

7514. So that Northumberland is rather higher than that?—Yes.

7515. Can you give us the day wage when you call on the men to work at the face, prior to the war? Am I right in saying it was 7s. 0½d.?—That is about it.

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7516. What would be the selling price of coal at the pit at that time?—The average selling price in 1914, the first quarter, was 9s. 11.79d.

7517. In 1918 your wage came down to 9s. 6d. when you called the men from the face to work for the Company?—That is about it; that is the county average.

7518. What was the selling price then?—1918, the first quarter, 8s. 1.7d., and the last quarter it was 19s. 11.92d.

7519. Do you not think the men have been very patient in that they have only got 2s. 6d. advance per day, while your people have got over 100 per cent. increase in selling price?—I do not think we have ever complained. I think it was admitted in Durham that our men were entitled under the sliding scale to a larger advance even, if they had not the war wage.

7520. Even including the war wage, they were entitled to more than they have really got now?—I believe that was so.

7521. And that an application has been lodged some time since for an increase?—I think so. I am not a member of our Conciliation Board, so that I am only speaking from what I have heard.

7522. We can say that Durham and Northumberland have not been very aggressive, but that, on the other hand, they have been very patient during this war?—We have not complained of our men.

7523. I take it you are not opposing this application now for a 30 per cent. advance?—I think we are.

7524. On what ground?—Because we cannot afford it.

7525. The men ought to be in equally as good a position, or, rather, a better position, because we speak of a higher standard of life now after the war than before?—You must remember that we have been talking about the standard rate of wages, but the men's actual earnings have been very considerably higher.

7526. Taking the men's wages and taking your company, there is no comparison, is there? Your company has done exceedingly well during this war?—I am sorry to say they have not done exceedingly well on coal.

7527. As a concern you have done well?—Yes, as a concern we have done well, because there has been a tremendous call for the whole of our produce, both from our own Government and the Allies, in connection with coal, coke, steel, by-products, everything we produce has gone for war purposes.

7528. Can you tell us how much money was invested in this firm?—I could not go into financial matters.

7529. You are opposing the 30 per cent. increase for the workers, and we only want to find out whether we are getting a fair share?—I could not go into the question of the financial condition of the concern: I do not know it.

7530. There are big offers made on the market for your shares from month to month, are there not?—They are above par now.

Mr. Frank Hodges: To come back to the Act of Parliament about which there appears to be some little misunderstanding, the present Act of Parliament provides in section 1: "Subject to the provisions of this Act the workman shall not be below ground in any mine, for the purpose of his work and the going to and from his work, for more than eight hours during any consecutive 24 hours." The Federation's proposal is to alter that word "eight" to "six"?—Yes.

7531. But it does not ask that the first part of the following clause shall be revised. The following clause reads: "No contravention of the foregoing provision shall be deemed to take place in the case of a workman working in a shift if the period between the time when the last workman in the shift leaves the surface and the first workman returns to the surface does not exceed eight hours." So that if you have, as you say now, certain collieries where you have two shifts, the hewers working six hours from bank to bank, their hours would still be less than the hours that we propose by reducing the figure from eight to six?—I cannot follow that.

7532. Because that would obviously be practically seven hours from bank to bank, whereas your two shifts now only have 6½ hours from bank to bank?—I cannot follow how it can possibly be seven hours from bank to bank by your proposal.

7532A. *Mr. R. H. Tawney:* How many hours is it from bank to bank under the present Act?—The present Eight Hours Act is eight hours from the last man going down to the first cageload coming up.

7533. How many hours from bank to bank?—It depends on what you mean by "bank to bank."

7534. *Mr. Frank Hodges:* It depends on the size of the colliery. If you have a large number of men to be wound up and down, it may be that the total winding time of the men may be half an hour from the beginning of the shift to the end of the shift—the winding time plus underground makes seven hours?—Yes.

7535. *Mr. Herbert Smith:* If it is 6½ hours, we are not likely to want to go back to seven.—I am sure of that.

7536. *Mr. Frank Hodges:* So that, in the light of that explanation, it seems to me that, unless you are at cross-purposes with us on some other point, your calculation of 13.7 in the effective working time must be wrong?—I do not think so.

7537. *Sir Leo Chiozza Money:* Sir Richard Redmayne said the time spent at the face under a 6 hours' day is 5 hours 23 minutes?—That is about the same as ours. I think ours is 5 hours 20 minutes.

7538. Sir Richard Redmayne makes it 5 hours 23 minutes?—That is very near. Did Sir Richard give what it would be under your proposal?

7539. That is under our proposal?—Then that agrees with me.

7540. *Mr. Herbert Smith:* Under the present Act it may be 8 hours and 30 minutes?—I cannot see that.

7541. Under the new conditions by the same rule it would bring it to 7 hours and 30 minutes. You would still stop at 6 hours 30 minutes—how would it affect you?—I am very glad to say that Sir Richard apparently reads the Act in the same way as I do.

7542. *Mr. Frank Hodges:* That is effective working time at the coal face?—That is what we want to get at, and that is what we have got at.

7543. Turning to your collieries, it is true, is it not, that you had this 6½ hours and 7 hours bank to bank agreement on paper since 1890?—Yes, I suppose so.

7544. Some figures have been handed in by Mr. Dickinson, giving the number of collieries in the Durham coalfield that are making losses, and the number that are making profits. Out of the whole of your coalfield, for the quarter ending September 30th, 1918, only one colliery was producing at a loss: do you accept that?—I suppose it must be correct. Mr. Dickinson would know. You will find that that list of collieries producing losses in Durham is very considerably increased at the present moment. May I ask if that was the full return of the whole of the collieries, or only the collieries which sent returns in?

7545. *Mr. Arthur Balfour:* It is not the whole of the collieries?—I am perfectly certain that the results at the present moment are very different indeed from that, from my own knowledge.

7546. *Mr. Frank Hodges:* We have had the official information given us as Commissioners that the percentage of collieries making losses in Durham is less than in any district or county in the whole coalfield. I see there were 5 collieries making 4s. 6d. a ton profit, 4 collieries between 4s. 6d. and 5s., 4 collieries between 5s. and 5s. 6d. a ton profit, 3 collieries between 5s. 6d. and 6s., 3 between 6s. and 6s. 6d., and, in regard to 6s. 6d., the greatest number 8. Does it not strike you as being rather ludicrous that in a county such as yours, where you have in certain collieries an actual less working day than is proposed by the Miners' Federation programme, people should come forward and say that in their district a 6 hours day means ruin, when in your district you can get at least 8 collieries yielding over 6s. 6d. a ton profit, and only one colliery in the whole county making a loss?—I do not think you can com-

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[Continued.]

pare the other counties like that. For instance, a big proportion of the trade of Durham is oversea trade, and that is where the profit has been made in getting these big prices from neutrals—exceedingly high prices, and also fairly good prices from the Allies. These other collieries may not have that possibility if they are inland collieries, besides that, the Coal Controller and the Committee would not allow coal to come from other parts of the country to the sea-coast in the way that they could do before the war, so that I do not think you can make the comparison at all.

7547. You must make a comparison. As a matter of fact your average selling price for the December quarter ending 1918, exclusive of the 4s. was 19s. 11.92d. That is a considerably less selling price than South Wales, which I believe was in the neighbourhood of 23s.

7548. There are other things to be taken into consideration. I do not say that that argument of mine would apply to all districts. There are differences in the various districts. I have had experience in three different districts in England, and there is all the difference in the world between the cost of working coal in one district and in another. In South Wales—I have not been managing there, but I have seen them, and you cannot compare a South Wales colliery with a Durham colliery.

7549. The reason why you work your collieries apparently more economically with an even shorter working day than some districts, is because of the pressure in the past that has been put upon you to work your collieries at the maximum point of efficiency?—I quite think myself that the two-shift system of hewers and one shift of transit hands, worked until the Eight Hour Act came into operation, was the acme of efficiency and could not be beaten. That, with the Eight Hour Act, was vitiated to a great extent, and I think rightly so, because our boys were working too long hours, and we had to do something; but that does not account for everything. The natural conditions in South Wales are very different from Durham, as I know.

7550. Do you think it would be a good thing, after your long experience of the Durham coalfield, with a reduced working day for hewers—do you think it would be an economical proposition for you to go back to a longer working day?—No, I do not.

7551. *Mr. R. W. Cooper:* You gave a figure of 9s. 6½d. just now?—Yes.

7552. Was that the county average for hewers?—That was the county average for hewers.

7553. What were the actual net earnings of the hewers for 1918?—I have not the figures, but they were very much higher than that—I think 14s. or 15s.

7554. No; *Mr. Guthrie* gave the figure of 12s. 4d. exclusive of the war wage?—I mean including the war wage.

7555. Adding the war wage it would be as you say?—Yes.

7556. When you talk about 7 hours from bank to bank, you are referring to the hewers?—Certainly.

7557. What are the hours of what we have called the off-hand men?—Eight hours according to the Act.

7558. That really is in fact more than 8 hours bank to bank?—Yes, certainly.

7559. Now, you have been asked a question about coal going over sea and being disposed of inland. Take the case of Messrs. Bolckow Vaughan & Co. Can you tell me, taking the last half-year ending December, 1918, whether they sent any coal at all for shipment during that half-year?—I do not think there was any. If there was, it was just an odd cargo.

7560. Unfortunately, you have not the first hand knowledge, but I have in my hand the returns, and from that it appears that practically nothing went over sea at all?—I feel sure you are right.

7561. As a matter of fact, 100 per cent. went inland?—Yes, that is so.

7562. *Mr. Frank Hodges:* Would you pardon me for interrupting you, but is it not the fact that the stone men, who are day workmen, have an 8-hour day bank to bank?—That is quite correct. *Mr. Cooper* was referring to transit hands.

7563. *Mr. R. W. Cooper:* I used the expression "off-hand men"—I should have mentioned the stone men. What about the shifters?—They are 8 hours bank to bank.

7564. Then stone men and shifters, 8 hours bank to bank; other classes 8 hours, except hewers, and hewers 7 hours bank to bank?—That is right.

7565. What about deputies?—7½ hours bank to bank.

7566. What are the hours of the fillers?—8 hours bank to bank.

7567. What is the agreement as regards travelling time between yourselves and the Miners' Association?—25 minutes to the mile are allowed.

7568. Therefore, of course, that is a constant figure which must be deducted, whatever alteration may or may not be made in the authorised hours of employment?—That would be in the allowance that we should make in all our calculations for joint committee work. Our figures have been taken out by the actual time they are doing it.

7569. The time they are occupied?—Quite so.

7570. The figures you are giving us, I think you said, were from Messrs. Bolckow Vaughan's largest colliery. Is that the colliery known as the Dean and Chapter Colliery near Ferry Hill?—That is so.

7571. How is that colliery equipped as regards electric power?—I should think there are very few collieries in the Kingdom better equipped. They produce electricity there both from exhaust steam from the various engines, and, in addition to that, we get the primary steam for the steam engines from the coke boilers, which are heated by waste heat and surplus gas; so that the whole thing is worked on the most economic system for generating electricity.

7572. Can you suggest any want of efficiency there?—It would hardly be for me to do so.

7573. It is quite a recent colliery, is it not?—Comparatively recent.

7574. Is it sunk by Vaughan & Co. Ltd.?—Yes.

7575. What is the age of the colliery?—About 16 years, I should think.

7576. *Sir L. Chiozza Money:* Might I ask one question to try and clear up that point of the day, which is very obscure, of course? The particular example you were kind enough to give of the first shift, as I understand it, was that the men went down at 4.12?—No—the last man. The shift finished at 4.12. It commenced to go down at 4, and all were down at 4.12.

7577. The first man began to go down at 4?—That is right, and he commenced to ascend at 10.50.

7578. So that that is 6 hours and 50 minutes?—That would be so.

7579. Is not that equivalent to what the miners are asking for, namely, a 6-hour day in the interpretation of the Act, which is really a 6-hour day and one winding?—There is not a very great deal of difference between the hours and what the men are asking for in Durham. Rather strange to say, though it is not strange to me, in the west of Durham the hours worked are rather lower than the average of the county, and in this particular colliery there is only 9 per cent. difference. The alteration involved by the Act would only affect the coal hewers in some of the collieries in the west of Durham by 9 per cent., but the average for the whole county would be 13.75. This pit has exceptionally short hours.

7580. You have chanced there on an example which is very near to what we are asking for for the whole country?—There is not a great deal of difference.

7581. Have you made proper allowance for that fact in your calculations?—Quite so. I think they are fairly taken.

7582. You do not entertain the same amount of alarm that is expressed in other parts of the country?—Naturally it does not affect Durham so much as other districts, but it affects us because if your proposal were accepted it means the reduction of the transit men from 8 hours to 6, roughly speaking.

7583. *Mr. Frank Hodges:* There is only one class of men who are working 8 hours bank to bank?—They are what we call the transit hands. That would interfere with all of our multiple shifts.

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7584. *Sir L. Chiozza Money*: You would be inclined to admit that what has been achieved by custom and agreement in Durham has really the economic effect of showing that the fears that are entertained in other parts of the country are groundless?—I would not go so far as that. I would say that the experience in Durham was that it paid us to work our hewers a shorter shift than in other districts in order to get

(The Witness withdrew.)

PROFESSOR HENRY LOUIS, Sworn and Examined.

7586. *Chairman*: You are a Professor of Mining at the Armstrong College, Newcastle?—Yes, of the University of Durham.

7587. You are also a Master of Arts, Doctor of Science, and I see you have a number of eminent qualifications that I need not read because you are probably well known. You have prepared a *précis* of evidence on royalties and the nationalisation of collieries. I should like, if you would be kind enough, to read that out to us, and then I will ask any member to ask you any questions he desires?—Certainly. May I state first of all that I sent a covering letter, in which I pointed out that the evidence I was prepared to give would follow the subjects of two papers which I had read previously. One, on the nationalisation of mines, I was able to get copies of, and I hope they are in the hands of the Commission. Of the other, I have only a few copies left, and if I might be allowed to put them in I will hand them round.

7588. Certainly. This shall be circulated at once.—I would like to state that these papers were not, as you can see, prepared for this Commission. They were prepared some years ago, and, therefore, there may be some irrelevant matters in them.

7589. I see at the beginning of the first paper it says: "Nationalisation of Mines and Minerals, read February 25th before the Economic Society at Newcastle-on-Tyne." Which year was that?—I think it was 1913. I am not certain.

7590. The other is a paper reprinted from the "Journal of the Society of Chemical Industry," July 31st, 1916, on the subject of waste in coal products?—That, I think, is less relevant. There is another one on the Economics of Coal Production I should like to give you, which is more relevant. That one on waste is less so. There are points that interest the members in that, but the one I want to draw attention to is one on the economics of coal production. That was a paper read on Thursday, December 4th, 1917.

7591. Now, will you kindly read your proof.

"*Royalties*.—The ownership of coal is quite distinct from that of collieries, and either may be vested in the State or in individuals quite apart from the other.

"The ownership of coal in this country (with a few exceptions) and in the United States of America is vested in individuals; in many other countries, *e.g.*, France, Spain, Germany, &c., in the State. In Britain, Spain, Germany the present regime has continued at least since the middle ages; in the U.S.A. and France it is comparatively modern. Presumably the object of a State in handing over its ownership of minerals to individuals has always been to promote the exploitation thereof, seeing that they are valueless to the community until they are gotten. In all cases the colliery proprietor (if not himself the owner of the coal) pays a royalty, *i.e.*, a purchase price for unsevered coal, either to the State or, as here and in the U.S.A., to the individual owner. Here the royalty is about 6d. per ton or in the case of State-owned coal, as in the Forest of Dean, perhaps a trifle less. In the U.S.A. it is about 7d. per ton on bituminous coal. In France, Spain, Germany, the State grants mineral concessions, usually in perpetuity, at royalties originally at any rate very low; there is no doubt that the security of tenure thus obtained promotes good mining.

"In this country the ownership of the coal may be considered an indefeasible right of the owner of the surface; it may, however, be questioned whether the surface owner has any equitable right to the coal under his land, when its discovery was due entirely in the first instance to the operations of a Government department, the Geological Survey, to which each tax-payer has con-

tributed his quota. Apart from these cases, as *e.g.*, in Kent, it is impossible to see how the State can justly resume possession of the mineral rights which it has alienated in times past, except by some equitable form of purchase. A fair valuation of the coal royalties of Britain should not be a task of insuperable difficulty.

7585. Does it not show that the fact that circumstances tended to adjust themselves to humane conditions of labour has been the experience in Durham?—That is a general question which you would hardly expect me to answer.

"*Wayleaves*.—Whilst royalty is payment of purchase of coal, wayleave is only an occupation rental. It has hitherto been based entirely upon the right to charge as much as the colliery proprietor is prepared to pay, and constitutes an unfair tax upon the mining industry. The right to win coal should carry with it the right to carry it in the public interest, and the amount of a wayleave should equitably be based upon the measure of damage suffered by the landowner and not upon the amount that the latter can exact from the colliery proprietor.

"*Nationalisation of Collieries*.—There are comparatively few examples of collieries worked by the State. Holland has a certain number of State mines, but the industry is too recent there to enable any definite deductions to be drawn. It appears that in 1917 there were three State mines, which produced 1,092,339 tons and employed an average of 4,015 men, equal to a production of 272 tons per head, whilst four private mines produced 1,915,586 tons and employed 5,538 men (underground only in each case), equal to 345 tons per man."

I have the last report of the Chief Inspector of Dutch mines from which those figures are taken, if you would like to have it.

Chairman: Any gentlemen who desires to do so will, no doubt, ask you about those.

The classical example is Germany; most of the Sarre coalfield, a large proportion of the Silesian coal mines and a considerable number of pits in the Ruhr (Westphalia) coalfield are State-owned; all the comparisons appear to be unfavourable to the State-owned collieries, wages are lower and coal prices higher in these, the output per man is lower, profits are lower or non-existent, accidents and strikes are quite as frequent. State ownership of collieries in Germany has proved a grave disadvantage both to the coal miners and to the community. The State is probably ill-suited to the successful conduct of any industry, but most especially so in the case of such a speculative industry as mining must necessarily be.

7592. Do you care to enlarge on the word "probably"? Is that a quotation?—No, it is only an expression of my own views.

7593.—Do you want to add anything else to those views?—No; I think anything else I can add is contained in those two pamphlets.

7594. *Mr. Sidney Webb*: You are very confident about your expressions as to what Germany has done with its coal. I wonder whether you can give us any particulars? When you read those out I thought it must be a quotation, because it was not exactly in the form of evidence?—You must understand that this is only a brief *précis*.

7595. You are stating your opinion?—I am stating my opinion.

7596. Because, as I understand it, the fairly efficient German Government did not only remain in possession of the Sarre coalfields, but they bought others, I think?—In 1902 they bought a number of pits in Westphalia. This, as I have said, is a very brief *précis*. I think you will find the details in that pamphlet of mine.

Mr. R. W. Cooper: On pages 14 and 15 of your pamphlet.

7597. *Mr. Sidney Webb*: You state that the ownership of collieries in Germany has proved a great disadvantage

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both to the coal miners and to the communities, but none of the facts that you have stated have proved that?—I am prepared to give those.

7598. Did not the Government in 1902 purchase other collieries in the Ruhr district?—Yes.

7599. Do you know on what ground they purchased them? I want to ask you what the policy was?—The ground of the policy was to supply the State-owned railways with coal.

7600. Before you say it has been a failure to the community, could you give us the facts as to how far the State-owned mines have supplied the State railway, and how far that has freed the State railway from dependence on the mine owners?—I cannot tell you what quantity of coal they have supplied to the railways, but I can give you from the German papers I have here the results of the working.

Mr. H. W. Cooper: Would you kindly give us the facts from your paper?

7601. *Mr. Sidney Webb*: You said it was a disadvantage to the community. I am asking you, as the policy of the Government in purchasing the mines was to supply the railways, how do you propose to show that it has been a disadvantage for the State mines to supply the railways? Has it been a disadvantage to free the State railway from the Westphalian mine combination?—It has been a disadvantage because they are very heavily out of pocket over it.

7602. Can you give us the figures as to the price the Government was paying for its coal for the railways as compared with that which it raised itself?—It was the same price. The selling price for the coal in Westphalia was settled by arrangement between the Government and the Westphalian Syndicate, and they both sold coal at the same price.

7603. To the public?—Yes, to the public.

7604. That is not the question. The question is, can you tell me what price the Prussian Government would have had to pay for its coal if it had purchased from the Westphalian coalowners for its railway supplies as compared with the cost of working the Ruhr district?—I can tell you the cost fixed by the syndicate, and if you like to assume that they sold at the same price you have the datum. I cannot tell you what the price of the hypothetical purchases would have been.

7605. That is a very interesting point. You cannot tell what the price would have been if the Westphalian Syndicate had been able to squeeze the Government. In order that the Government might be protected against that, it bought these collieries. Are you in a position to say that that policy was a disadvantageous one? Suppose the British Government purchased our railways here, it would have to buy its coal from the coal owners; and supposing, apprehending a great coal trust, it decided to buy some collieries, would you be in a position to assess how much it had escaped loss in that way?—I think for that coal the price at which it could import coal would be the limiting value.

7606.—You cannot give me that price here in Prussia?—Except in the Sarre coalfields.

7607. I am talking about the Ruhr district?—I am saying that they would obviously not pay more for their coal in Westphalia than they could have brought their own coal in for.

7608. When I am asking you how far it was a protection for the Prussian Government you tell me it was no more a protection than having the Government mines at Sarre. The question is how far did the ownership of mines by the Government protect the Government against having to pay an excessive price for coal? Whether it was the Ruhr mines or the Sarre mines which it owned does not affect the question. You have not shown that it was disadvantageous to the Prussian Government?—I can show you that they paid very heavily for it. If you like to say that the millions of pounds it cost them were worth it, I do not know that anybody can disprove that.

7609. Consequently you do not know whether this purchase has or has not been disadvantageous to the community?—Except from the commercial point of view.

7610. You admit that you do not know what they would have had to pay if they had not this providential possession of coal mines. Are you not leaving out the very essential reason that the Government had for buying these mines? They did not do it for the sake of making a profit. They did it to protect themselves against loss?

—The Bill when they proposed to do it showed that they expected to get very considerable profits.

7611. I say they did not do it for the purpose of making profit?—I say they expected to make a profit.

7612. You are a professor of mining?—I am.

7613. You can answer the question.

Sir Arthur Duckham: As a business man, I must say that I do not understand the question.

7614. *Mr. Sidney Webb*: You say there are very few examples of collieries worked by the State. Surely you have not stated them all here?—No, there are a few small ones here and there.

7615. For instance, there is one small one in the State of Victoria?—There is.

7616. That is apparently rather successful?—I believe there is a reference to it in my paper.

7617. Of what date?—It is 1912.

7618. That is a little while ago. Have you heard of the development of that colliery?—I believe it has done well since.

7619. You know there is another one in the north-west of Canada?—Yes.

7620. A small one?—Yes.

7621. Do you know anything about that?—No, that is since this paper was written.

7622. There are Russian State collieries: have you any particulars of those?—They had only just proposed to purchase them when this paper was written.

7623. That is seven years ago?—Yes.

7624. Then there is Serbia: have you heard of the coal mines of the Serbian Government?—No, I have not.

7625. When you say there are but few examples of collieries worked by the State, would it not be better to quote them all?—I think that statement is correct.

Sir Arthur Duckham: Might I point out, sir, that we do not get the answers to these questions. There is a constant stream of questions. Just as the witness starts to begin an answer, Mr. Sidney Webb begins to make another statement in the form of a question.

Chairman: Do you remember what the last question was?

Sir Arthur Duckham: I really do not. Mr. Sidney Webb was making a fresh statement.

Chairman: I think Mr. Sidney Webb, like the rest of us, only wants to get on.

Sir Arthur Duckham: I do not think he wants to have the answer.

7626. *Mr. Sidney Webb*: The suggestion in that evidence is that the object of the Government ownership of coal mines is that there should be more wages for the miners, or a lower price of coal. May I put it that there are other objects that you have not mentioned?—If you please.

7627. Cannot you think of other objects: for instance, is it not an object that the State should make itself independent of any combination of coal owners? You have not taken that into account, I think?—We have never had a combination of coal owners in this country to do it.

7628. Has there never been a combination of coal owners in this country?—Not to that extent.

7629. To what extent. Have you ever heard of the limitation of the vend?—I have.

7630. That went on for a long time?—That is so.

7631. It was the subject of a parliamentary enquiry?—Yes.

7632. And was it not regarded as a menace to the consumer?—Yes.

7633. *Sir Arthur Duckham*: May we have the statement on this question of the German ownership. I should like to have the tract read?—I will read from page 15, it will be in reply to your question: "In 1902 the acquisition of certain collieries in the Westphalian coalfield was decided upon, and a sum of about £2,600,000 was devoted to the acquisition of mining rights."

7634. *Chairman*: In this pamphlet there are a lot of very controversial statements, I have never seen this pamphlet before in my life; in fact I have only seen it the last two minutes?—May I explain how that came to be there.

7635. Yes, you may, but as far as possible leave them out?—Obviously they have no bearing on this matter at all.

7636. *Mr. Robert Smillie*: They have a bearing on this Commission. I want you to justify the statements you make in this book?—I am prepared to justify what I have

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said in this paper in relation to what it was written about. I was asked to write this in reply to a proposal put forward that the royalties of the coal owners should be confiscated, and the mines bought at a price to be fixed apparently, as far as I can make out, without leaving the ultimate word to the mine owner. It was written in reply to that; That has no bearing on the enquiry before the present Commission at all; but I am quite prepared to justify these statements for the purpose for which they were written at the time.

7637. A mining professor who is teaching mining students states that he is prepared to doubt the honesty of the miners?—I beg your pardon.

7638. Yes: you say "another lesson in honesty for the Miners' Federation?"—The Miners' Federation: they are not the miners.

7639. Yes, they are the miners?—No, they are not.

7640. The Miners' Federation are the miners?—This was written in reply to a suggestion of the Miners' Federation that they should confiscate the coal royalties. This is what that particular sentence to which you are alluding refers to.

7641. Twice you call attention to their honesty. Individually and collectively they are as honest as you are?—The miners of the country; I thoroughly agree with you.

7642. *Sir L. Chiozza Money*: Is this document put in or not? The witness handed in a book which reflects on the honesty of the Miners' Federation. Does he withdraw the charge or not? May I ask him that question in the plainest of plain English?—I do not withdraw the charges in this book *ad hoc* for the purpose for which they were written; that is to say: I maintain what I have said here in regard to the proposal of confiscating mineral royalties.

7643. *Mr. Robert Smillie*: The people who confiscated them previously were more dishonest than those who want them back again, because they were stolen from the State?—That is precisely where I differ with you: I consider that the royalties were got from the State by a perfectly honest process: they were given in return for services rendered.

7644. By somebody who had no right to give them?—Ah!

Mr. R. H. Tawney: I do not know whether these historical questions are really relevant?

(The Witness withdrew.)

MR. WALLACE THORNEYCROFT, Recalled.

Chairman: I think Sir Leo wants to ask you about one point. What is your question, Sir Leo?

7650. *Sir L. Chiozza Money*: When Mr. Wallace Thorneycroft was under examination this morning I put it to him that he had said that he expected in the course of a few months to get the coal output of Scotland back to 38,000,000 tons or 40,000,000 tons. He immediately replied that he had made no such statement. I will now ask the Secretary to read the answer from the shorthand notes to the question which was asked him yesterday, No. 6818 at page 274?—Excuse me, Sir, I do not think I made that statement.

7651. *Chairman*: You had better have the question?—I have got the question before me.

Sir L. Chiozza Money: I want the Secretary, please, to read the question and answer, because it is rather important.

Chairman: Do you mind reading it yourself, or would you rather the Secretary read it?

Sir L. Chiozza Money: I will read it. *Mr. Forgie* said: "The Commission is very anxious that you should just tell us now what your views are. I will not ask any questions, but I am anxious that you should go on," and your answer was: "The normal output of Scotland that we were hoping to get back to if we were let alone would be somewhere in the neighbourhood in a few months of 38,000,000 to 40,000,000 tons—I will call it 40,000,000 for the sake of making it an easy calculation. Of that 40,000,000 the demand for home industries is something over 30,000,000 tons. That has been about the quantity of coal that has been absorbed in the home industries in Scotland during the war and there is round about that quantity just now. If, therefore, we were able

Chairman: My own feeling about this matter is that these statements are unfortunate, and I think it is a pity they were given. That is only my personal opinion. I should be very sorry if anything of this character disturbed the harmony of these proceedings. I think myself it is rather regrettable that a pamphlet containing these statements was put in. Of course the witness is entitled to his opinions.

Sir Arthur Duckham: I pressed for this to be read, but all I wanted was the figures for Germany. If I had known that these statements were in it, I should not have pressed for it to be put in.

Witness: May I say that I entirely agree with what you said, Sir. If I had written this for the purpose of this Commission, I should certainly not have put anything of this kind in, because it has no bearing on it whatever.

Chairman: We had better get to the end of this as soon as possible.

7645. *Sir L. Chiozza Money*: May I ask if you have any official evidence of these statements? We have not had the cases mentioned yet, but you yourself admitted on page 15 that there were two cases of very high profit in 1912. Are you aware that in 1915 the profits were even higher?—No, but I quite believe it.

7646. Then is it not unfortunate that you should come here to give evidence if you have not brought your figures up to the year 1913?—I had four hours' notice to come here.

7647. *Mr. Frank Hodges*: Who asked you to come?—I received a letter from the Secretary at Mr. Cooper's request.

Mr. R. W. Cooper: I did not intend that this pamphlet should be put in.

7648. *Mr. Robert Smillie*: This is not the first statement that has been made about the miners, because in a lecture a few months ago, given to these chemical people, I think you stated that the small coal was left underground and lost to the nation largely because the workmen would not give up their present methods?—Largely because a price was asked for that small coal which made it unremunerative to bring it out, I believe I said.

7649. As a matter of fact there has been a strike amongst the workmen for the abolition of the practice of leaving it in?—I know.

to get back to something in the neighbourhood of 40,000,000 tons and take 30 per cent. in round figures again off that, I think you will find that that comes down to about 28,000,000 tons; consequently, the whole of that 28,000,000 tons will be absorbed in keeping going the industries of Scotland if they could be kept going at this level of prices and would leave no balance for export at all."

Mr. J. T. Forgie: May I say I do not think this question was put by me; it was a question put by you, Sir, I think.

7652. *Sir L. Chiozza Money*: I am sorry; that is quite immaterial. I did not want to misrepresent it. At any rate, Mr. Thorneycroft made this statement, and I began to cross-examine him on that point this morning, and I asked if he had made that statement, and his reply was to this effect—I hope he will not contradict this, because, if he does, I shall have to ask for the Shorthand Notes to be read—that he was referring to what he expected in the year 1916. I put it to Mr. Thorneycroft that he was not referring to what he expected in 1916, but he was referring to what he expected now when he made that statement. I ask if the English of that statement does not plainly mean that and nothing else but that. Mr. Thorneycroft, is it so? The point is of very great importance to this Enquiry?—Quite so. The language is perfectly distinct as far as it goes, and it says I said, "We were hoping to get back to." It is a little involved—the language. I was just beginning my evidence, and perhaps I was a little nervous. It goes on to say, "Would be somewhere in the neighbourhood in a few months of 38,000,000 to 40,000,000 tons." There is a blank there—a stroke. Where that stroke is I recollect

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saying, with perfect distinctness, "I am not going to be committed to that figure. I will call it 40,000,000." I was a little incoherent at that particular place, and it is indicated by a hyphen that it was not quite a direct statement.* I did not read it. I would like to further explain that I gave evidence before one of the Committees on the Coal Supply, and what was in my mind was the statement that I then made when asked how soon after the war would the output of Scotland be restored to its pre-war level. In 1916 I was before Lord Rhondda's Commission, and Lord Rhondda asked me that question. The reply that I gave to Lord Rhondda was in my mind when I said: "I will call it 40,000,000 tons, and so on, for the sake of easy calculation." I have a perfectly distinct recollection of saying yesterday evening that I was not being tied down to these figures except for the purpose of illustrating the effect of such a large reduction of output on the export trade of Scotland. The point I began to make here was the effect of the reduction of output on the export trade of Scotland. That is my explanation. I may not have been clear, but that is my explanation.

7653. I point out to you that what you said was, and what you denied was, "The former output of Scotland that we were hoping to get back to if we were let alone." What did the words, "if we were let alone," mean in that connection but this: "If this trouble that we are now concerned with here had not occurred?" Is not that the meaning of it? What other meaning had it?—Yes, "if we were let alone" means "if this claim had not arisen"

7654. Then it does mean that if you had not had these claims you anticipated returning in a few months to the output of 38,000,000 to 40,000,000 tons; is not that the meaning of this language?—I have no other explanation to give.

7655. I must carry you a little further, because this is of great importance. If that is the meaning does it not answer a very great part of the printed statement you put in, because if you expected to get back to the former, that is the normal output

in a few months apart from the present trouble, and if we accept Sir Richard Redmayne's reduction of 19 per cent. reduction on the normal it would make the output in a few months 219,000,000 tons, which is almost exactly the output of 1918, under abnormal war conditions; is not that so?—No. I have given my explanation of what I intended; if you do not take if I leave it at that.

7656. May I ask you further, whether you accept it or not, is not it a perfectly reasonable argument that if Sir Richard Redmayne's evidence is accepted, that figure will result; is not that reasonable?—You are putting words into my mouth that I did not say.

7657. Forgive me, I am asking you if the thing is reasonable. You can say Yes, or No. (No answer.) Really, sir, you are here to give evidence, and you are competent to do so. I ask you: Do not you think it is a reasonable argument?—No, sir, I do not.

Sir L. Chiozza Money: The Witness refuses to answer because he sees what is involved in that answer.

Chairman: That is a controversial statement.

Sir L. Chiozza Money: If the Witness is here on oath to answer questions at a Royal Commission, and I ask such a reasonable question as this: "Is it reasonable, if Sir Richard Redmayne's estimate is accepted that the normal output will be reduced to 219,000,000 tons?" is not that a proper and reasonable question, and one that the Witness ought to answer?

7658. *Chairman:* You have asked that question; I do not know whether the Witness can answer?—It is a hypothetical question and I do not see my way to answer.

7659. *Sir L. Chiozza Money:* Is not all the evidence you have submitted to us hypothesis?—No.

7660. Surely every line is hypothesis? You say under certain circumstances certain results will accrue. Are not they all hypotheses? What else are they? You come here to frighten us with an advance of 12s. a ton; is not that hypothesis?—No, they are based on logical argument.

Sir L. Chiozza Money: I think Mr. Thorneycroft clearly sees the result of my question.

. Mr. ARTHUR FRANCIS PEASE Sworn and Examined.

7661. *Chairman:* I think you are the Second Civil Lord of the Admiralty, and you are Chairman of Messrs. Pease & Partners, Limited?—Yes; and Managing Director.

7662. And ex-President of the Mining Association of Great Britain?—Yes.

7663. Would you kindly read out to the Commission your proof?—I have got it revised. May I read out the revised one?

7664. Whatever you think is the best method?—I would rather read the revised one.

7665. Very well, read the revised one?—"Nationalisation or Amalgamation of the Collieries. There is perhaps no trade in the country where effort and initiative are so necessary as in colliery management and where the success or otherwise of the enterprise depends so greatly on the personal management. The work is carried on out of sight and statistics are less reliable in the case of collieries than in almost any other business. It is always possible to reduce costs temporarily by robbing the pits at the sacrifice of the future. The best managed collieries in the country are those which are identified with the personal management of one man as it is absolutely necessary for the staff to have confidence in the management and for the management to have confidence in the staff. To bring this about appointments and promotions, dismissals and reductions in responsibility must be in the hands of capable men who can act quickly. It is essential to enable the above conditions to be carried out that a directing mind shall have a complete and general knowledge of the concern. Some of the existing companies are now almost too big for one mind to grasp, and State ownership would render this impossible. In Government Departments, however well managed, this is impossible, as promotion must be very largely by seniority to avoid the danger of favouritism, and it is practically impossible to dismiss a State official unless he makes a gross blunder,

even though his work could be much more efficiently done by another. The risks which have to be run by new colliery undertakings are very great and such as the State would not be justified in undertaking; even in cases where the enterprise had been started, if things did not go right at first the State would often close down as the official responsible would get nothing but blame if things went wrong, and little credit if things went right. It is most undesirable that the Coal Trade should be cut off from other industries and placed in a compartment by itself, either by nationalisation or by a big trust. Many firms own collieries at the present time as only one department of their undertaking for supplying their ironworks, steelworks, and so on. This enables great economies to be made, as the different departments can work into each other's hands both as regards quality and quantity, and it is along these lines that progress is likely to be made, and not by cutting off the coal trade from other interests—for instance, I believe about one-sixth of the coal in Durham is worked by firms mainly for the supply of their own works. With regard to the export trade, no State Department could successfully compete on equal terms with foreign competition; a State Department would get into difficulties if it did not treat all alike, excepting, of course, some such general arrangement as preference to the Colonies. If the price is known the foreign competitor can arrange to undercut the price—this is at present causing great difficulty in the disposal of steel and other commodities for which the Ministry of Munitions fix and publish prices—Whereas if the coal trade is free in the hands of private traders, a man with enterprise can use his judgment as to the best markets at the moment, and can take advantage of other opportunities for building up his trade, such as specially constructing ships, acquiring coaling stations abroad, and in many other ways, and can thereby give a preference to this country

* (Q. 6818 was subsequently verified and amended.)

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and his own coal in particular. On the other hand, it is very unlikely that the Government would be allowed to establish this kind of position in foreign countries. I feel sure that if the coal trade were in the hands of the State this would frighten other traders from putting up works in this country, as they would not be able to rely on obtaining supplies in the open market, but would have to take what the State chose to allot to them, both as regards price, quality and quantity. With regard to saving in cost of production, the impression that very large firms can work more economically than comparatively small ones is not in accordance with my experience. Let me examine some of the suggested economies to be effected if all collieries were owned by the State or by a large combine. (1) Cost of Distribution.—Except where the coals are delivered in very small quantity, the cost is negligible in the home trades, with which I am familiar. The export trade is rather more expensive, as the coal owner or the merchant must have representatives abroad. (2) Barriers.—The question of barriers has been mentioned as wasting coal. These are in most cases necessary to avoid pits being drowned out by neighbouring collieries, which may be either on a higher level or wholly or partially exhausted now or at some future time. I have found little difficulty in arranging to work out barriers, if there was no danger from adjoining royalties. In some cases I would insist on a barrier being left, even if the royalty owner did not require it. (3) Stocking.—This should be done wherever possible, at the works using the coal, rather than at the collieries, and is one of the ways economies can be better effected in composite concerns. This does not apply to shipment coals, which must be stocked at the wharf or at the colliery: When coals have to be stored for a limited time, the cheapest form of storage is the railway wagon, as it saves double handling. (4) Allocation of areas.—No doubt there are instances where the royalties could be more conveniently and economically worked to adjoining collieries, but this, in the case of most of the older collieries, would be practically impossible to remedy, and in the case of the new and deep collieries this question practically settles itself, owing to the prohibitive cost of sinking deep pits in the same neighbourhood. State management would entail an enormous waste of money and labour in getting out returns so that the central control could know the position of affairs. Under the existing system of control I do not know how many hundreds or thousands of persons are employed in making returns and arranging for distribution, but it is not realised that for every official employed at the Coal Controller's it probably takes the time of at least two officials in the colliery companies making out the necessary returns for the Government. I have not the slightest hesitation in saying that State management would be a grave danger to the coal trade, both as regards employers and employed, to other trades and to the nation as a whole." I have prepared also a note on royalties: "The question of nationalisation of royalties has been urged. I hold no brief for royalty owners, but I would like to point out that the question is not so simple as it appears and that if the State were to own the royalties many fresh difficulties would arise. (1) Except where there are sliding scales, which is a small proportion of the whole, the royalty owner is at present receiving a smaller proportion of the value of coal than ever before. (2) A large portion of the existing royalties go either to the Crown or to Public Bodies, such as the Ecclesiastical Commissioners."

7666. *Mr. Robert Smillie*: A large proportion?—Yes: "(3) In the case of royalties owned by private individuals the Chancellor of the Exchequer probably—one way and another—gets half, through Income Tax, Super Tax, Mineral Rights Duty and Death Duties. (4) The usual plan is for colliery owners to lease the royalty but many millions of tons have been purchased by colliery firms under the law as it stands. The two greatest difficulties I have come up against are:—(1) Wayleaves.—Power should be given to some body, such as the Railway Commissioners, to grant compulsory wayleaves and to fix the rent where these cannot be obtained on

reasonable terms. (2) Where the surface and the minerals are not in the same ownership. This frequently causes great difficulties, owing to the interest of the royalty owner and the surface owner not being the same. For instance, the surface owner can allow buildings to be put up anywhere on the royalty which prevents large areas being worked unless heavy compensation is paid, whereas, if the ownership is the same, the royalty owner makes arrangements so that the coal can be worked without letting down the buildings by seeing that they are grouped or placed on some portion of the royalty of least value—say a fault or a "wash out"—or some such place where there is no coal. What I mean is, if the surface owner was quite distinct from the royalty owner, houses can be dotted about, or buildings put up, all over the surface and they would stop a great deal of the coal being worked. I may add, that is one of the greatest difficulties that we have in the county of Durham, where the surface and minerals are in two different ownerships. It creates an enormous amount of difficulty and disputes. If you are going to take the royalties, you ought to have the land too, and keep them in the same ownership.

7667. *Mr. Sidney Webb*: You have very frankly given your opinion here, and you say it is rather based on the feeling of the result of your experience than on any specific instances; that is quite natural and a general thing?—No. My experience is based on specific instances over a long period of years.

7668. Quite so; that is rather what I implied, but it is the general expression of those rather than a particular case?—It is an accumulation of particular cases.

7669. Perhaps I am not unfair in suggesting that most of your feeling of objection to what you regard as nationalisation is to the State management rather than to the State ownership, is it not?—I do not follow the distinction. I wish to answer but I do not quite follow.

7670. You have not hitherto perhaps made that distinction in your mind, but I put it to you, for instance, with regard to the ownership of the mineral rights you suggested that a certain proportion of those were already in the ownership of the Crown?—May I just ask a question? Are you referring to the collieries or the royalties?

7671. I think I was referring to the royalties.—Yes. I just wanted to be quite clear.

7672. A considerable proportion of those are in the ownership of the Crown, but the Crown does not actually work that coal?—No.

7673. There is a distinction between ownership and management therefore?—Certainly.

7674. Practically, if I may say so, if I understand it, the whole of your feeling of dislike and objection to nationalisation so far as you have given it to us, is based, is it not, on an objection to State management as distinguished from State ownership?—As I stated, I hold no brief for royalty owners except so far as a number of colliery owners have purchased royalties under the law as it now stands. I have divided my notes into two portions, one with regard to State ownership of collieries and management, and the other with regard to State ownership of royalties, and, of course, the conditions are absolutely different with regard to the two things.

7675. Would you mind separating in your own mind not royalties and collieries, which we quite understand, but ownership and management. Would not it be possible, for instance, for the State to own the colliery and to lease it to an operating company?—I think it would be almost impossible.

7676. Probably you own some land. May I put it in this way?—I think for the colliery to be owned by one man and rented or leased by another would be an impossible position.

7677. Is not that practically the position of debenture holders? Do not they practically give up their share of the management and of the profits of the colliery in return for a fixed income?—Yes, but it comes in front of all the shareholders.

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7678. Quite so?—As long as they get their money, however badly the colliery is managed, it makes no difference to them.

7679. Quite so. Could not you perhaps imagine that the State would be in that position? Could not you imagine the State owning collieries?—I can imagine the State owning debentures of the colliery as long as the ordinary share capital belonged to someone else.

7680. Could you imagine, therefore, that the State might let the collieries at a fixed rental?—No.

7681. It comes to the same thing, does not it?—A colliery is not like a house or a field; it is a continuously changing thing.

7682. Yes, obviously?—You are always spending capital. Supposing I had to go to the Treasury every time I had to put down a new shaft?

7683. You are dropping into State management. Would you mind getting into your mind some particular colliery on which there are, say, 100,000 debentures on which a fixed interest of 6 per cent. is paid? That colliery pays £6,000 a year; it is in the nature, very much, of land, is not it? Could not you imagine the State being in the position of owning the collieries and letting them out at a fixed debenture interest, if you like?—No.

7684. Very well, it is a failure of imagination?—Because it does not remain the same thing from one year to another. You have got to be continually spending capital on collieries. If the colliery belonged to the State you would have to go to the State for leave to spend the capital. You are not going to spend your money on somebody else's property.

7685. Are you not? Is not that constantly being done?—Not unless you have a very long lease of it.

7686. How long lease do you generally have of your collieries: what is the usual lease?—The longest I have is 99 years.

7687. You have some others that are shorter?—42 years and 63 years.

7688. You expend a considerable amount of capital there?—Yes, but the leases are renewed as a matter of course, if you want them, without any payment.

7689. Any lease can be renewed as a matter of course, cannot it?—You have no actual right to renewal.

7689A. At any rate, you do spend capital on a 40 years' lease?—Yes, but I do not think you would spend capital on one of the deepest collieries with such a short lease.

7690. Is not that rather a drawback then, that you should be debarred from spending capital because of the present system?—If the royalty owner did not renew his lease, as he practically always does, it would be a bar, but all the royalty owners I have ever had to do with have been prepared to renew their leases when the old leases have run out.

7691. On the same terms?—Sometimes less, sometimes more, according to conditions.

7692. Yes, sometimes more?—Very seldom more.

7693. Very well, I leave that point. I think your objection to State management of enterprises is probably not universal. For instance, I do not know what you would suggest about State management of the Nation's ships? I think you are familiar with the fact that this Nation has several hundred ships of great value, I mean in His Majesty's Navy?—Yes.

7694. Has it ever occurred to you that the objection to State management would apply to State management of the Navy?—The Navy is not a profit-earning body.

7695. It is merely to profit earning bodies that your objection applies? I suppose you know there was a time when the Navy was put out to hired management? It was not managed directly by the State, but, as a matter of fact, it was in the hands of private owners, who carried on war when requested by the Government; you are aware of that?—I know there are all sorts of things; I do not know that particular fact.

7696. You know, of course, the Army was once in the hands of private contractors, who carried on war?—You really must not examine me on ancient history.

7697. To come back to the point; do you object the State management of His Majesty's ships?—Fighting ships?

7698. You do object to the State management of His Majesty's fighting ships?—I agree with State management of the fighting ships.

7699. You agree with State management for fighting but not for profit making?—Not for commercial purposes.

7700. That is the distinction, is it not?—No, it is wider than that.

7701. I am anxious to know what is your objection? I think we are rather off coal, if I may say so.

7702. No, pardon me?—Let me answer, please. The work that commercial ships have to do would be quite impossible to organise under a State Department.

7703. I did not put that question to you at all?—That is what I understood.

7704. I asked you whether your objection to State management applied to His Majesty's ships, and I think you said you did not think it did apply to His Majesty's ships for fighting purposes. Therefore, in peace times, I suppose you would practically put the Navy out to contract—I do not think you would?—I really do not think that is quite a fair question.

7705. May I pass on from that?—I think the navy must be carried on, both in peace and war. It must remain under the same management in peace and war; that is my answer to you.

7706. There is another question. I think you said that the cost of distribution, as far as you are aware of it in the way of coal—you used a word which rather surprised me—was negligible?—Yes.

7707. We have had it put to us here that, as a matter of fact, the cost of distribution of coal, especially household coal ———?—I said except in small quantities.

7708. Well, household coal is not a small quantity, is it—36,000,000 and 38,000,000 a year?—In small quantities.

7709. It is only when the distribution is in small quantities that it is negligible?—No, when it is in large quantities the cost is negligible, at any rate where I am familiar with it.

7710. What you practically mean is that the industrial coal is obtained quite cheaply. For instance, the City of Glasgow buys 1,000,000 tons of coal for its corporate purposes, and it has had reason to complain of the cost of obtaining that—the intervention of factors, and so on. However, you were not referring to that. I think you were referring to the industrial coal practically?—I was referring to the markets with which I am familiar, and there it is simply a question of ringing up on the telephone and making a contract for 500 or 1,000 tons a week, and nothing goes to anybody between the user and myself.

7711. *Mr. Arthur Balfour*: I am sure that you and we all are anxious that the miner should have the highest possible standard of living, and under the best possible conditions. Do you think that by nationalising the coal mines the miner would ever get such conditions?—I think, from what I have seen of State management the miner would soon be in a very much worse position than he is to-day.

7712. If that is your opinion, the only way he could be in a better position would be by increasing the price of coal to the consumer?—You cannot increase the price of coal to the consumer without stopping the trade of the whole country. You would have to stop all the worst collieries, and the men would be out of work.

Mr. Sidney Webb: That is a very important proviso.

7713. *Mr. Arthur Balfour*: Then you would agree that we cannot recover our export trade in manufactured and semi-manufactured goods at to-day's price of coal?—Yes.

7714. *Mr. R. H. Tawney*: Do you mean we can, or we cannot?—It is quite impossible for the manufactured trades to live at the present price of coal.

7715. *Mr. Arthur Balfour*: Therefore, it is imperative that there should be a reduction in the price of coal?—Yes.

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7716. For the sake of the whole industry of the country?—Yes.

7717. And the employment of the people of the country?—Yes, accompanied by a reduction in the cost of living, too.

7718. Which would follow?—Yes. I do not want to put the miner in a worse position. I want all costs of every kind to come down.

7719. That being the case, can you suggest to us how we can meet the demand of the miners in those circumstances?—This demand is very much larger than anything I have ever come across before. I cannot see any way of meeting it. I might just mention one matter, and that is it has been put forward that economies can be effected practically everything we have done in the way of economies in the past has practically gone to the men to a very large extent, and I am very glad the men should go on improving their position, but I believe—and I have the highest authority for saying so—that the collieries in this country are the best managed of any in the world, especially underground, with the possible exception of Belgium. That I get from a very high authority who had the opportunity of knowing much better than I do what are the conditions in other parts of the world, and I think it is very unfair, the way we are always crabbing our own industries and holding up other people as being so much better than ourselves. Some of them have finer pit heads and ornamental constructions at the top, but if you go underground I am told that our lay-out is the best in the world, except possibly Belgium.

7720. Really, the only way in which we can meet this demand is by an increased production, is not it?—Yes.

7721. Is there any other way?—No, I do not see any other way.

7722. Do not you think that if the miners would exert themselves fully, and the owners on their side would introduce all the machinery that is possible, and give every mechanical assistance that is possible, we should increase our production enormously?—In my district I think the men are very tired. They have had a little easier time in some of the shipping collieries, but I think the men are very tired. The men coming back from the front do not get as much as they did before they went. I hope they will get back to their full work. At the present time we are working under very disadvantageous conditions. I have always thought the men in Durham would have taken less of themselves, and so I have understood from my managers () if they had had a slightly longer shift to do the same amount of work they would not work so hard. A lot of the men do their best still, but since the minimum wage a great many thousands of men do not try to do a day's work.

7723. Do you think that a possible solution of our difficulty (and it is a very serious difficulty) would be to work the present number of hours and let the pit stand, say, two or three days a fortnight, so that in effect, the miners in one fortnight would work the hours which they ask, but it would not be taken off day by day?—I have not thought that problem out. I think the most economical way you can work over a period is 11 days a fortnight; that is the most economical working.

7724. That is practically the Scotch practice?—It is also the custom in a great part of Durham, except the coking collieries which work 12, but they other compensating advantages; they are cooler, and so on, than the deep pits in the east. Perhaps I am going rather into technical details; I was not brought in for this. I do not want to wander from my subject.

7725. I was wondering whether by lengthening it and so working 10 days instead of 14 we could meet the miners' view and still have continuous working?—I think to work 10 days would be a great deal better than shortening the hours to six. What I would like to have with the miners is a little elasticity. Where you have got an eleven days a fortnight pit, if you want to work the Saturday the men usually object. I would like to have much better feeling with the men, so that if you had a ship waiting, say, they would work on Saturday, and you

would give them the next two running. We want men and the owners to work much more into each other's hands and to try and help each other to get through and meet the state of trade.

7726. Mr. Robert Smillie: Did you say that the output per man was coming down because the men were tired after six years of steady work?—I think they are not working quite so freely as they otherwise would.

7727. Allow me to call your attention to the output per man during the last six years: 1912, 3.26?—It is since the Armistice I am referring to. They worked up to the Armistice.

7728. The output has not been coming down for the last six years. Is it just now you say there is a falling off?—Yes. Since the Armistice the men have not worked so freely as they did before.

7729. Then we could not have any figures before us. I understood you to say, as a matter of fact you did say, that since the Minimum Wage was fixed the men had not worked so hard?—No—some men.

7730. This shows that the output has gone up rather than decreased since that time?—It has not at the collieries with which I am connected.

7731. This is the whole of Durham?—Is that the output per shift worked or the total output?

7732. The output per shift worked.

Mr. Evan Williams: Per man per shift.

7733. Mr. Robert Smillie: Per hewer?—May I explain that. The Coal Organisation Committee, of which you and I were members, asked the colliery owners to concentrate their work in the thick seams and to do no unnecessary development work. I do not think it is fair that when the colliery owners have tried to carry that out it should be thrown back upon them, because if you work a 5-ft. seam instead of a 2-ft. seam, and that is what we have done to get the greatest amount of coal we possibly could for the country—

7734. Nobody wishes to throw that back, I am sure?—But that affects the figures.

7735. When you told this Commission that you think since the fixing of the minimum wage the men are more careless whether they put out as much as they ought to do, we have to meet that with the returns.—I can give you the result at one colliery, if you would like to have it, showing that, although there was a 17½ per cent. advance in wages the average of the colliery remained the same.

7736. I think you made a statement that boundaries between two land owners' properties were necessary (that is between two mine-owners' workings) very often, in order to prevent the deep workings being drowned out by water from top workings?—Yes.

7737. Do you say that there has not been an enormous loss to the nation by the leaving in of barriers between two landlords' properties?—In practically every case that I am personally acquainted with where we have asked the landlords to take out the barrier when the danger had passed I have obtained permission to do so.

7738. That is not the point. Are you aware that before the Coal Conservation Committee we had an enormous amount of evidence to prove that there were millions of tons of coal lost through leaving in barriers that could have been taken out but for the private ownership?—No, I was not aware that you had had that before the Coal Conservation Committee. I am speaking of my own experience, and I cannot go beyond that. It is a thing I am negotiating every few months when I am at home.

7739. You are a defender, I think, of royalty rents, are not you?—A defender? Personally, I would far rather deal with a private royalty owner than I would with the State. I think the State is the hardest master I have ever come across.

7740. Your experience evidently during the last few years with the Government has rather soured you. If all you people that have been giving assistance to the Government make up your minds to reform the Government it would be a good thing.

7741. Sir Arthur Duckham: We have been trying to?—May I answer that? The thing is because of the size. The organisation in the department which

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[Continued.]

I have had to deal with is magnificent, I think, at present, but the thing is so unwieldy; no mind can grasp it, and you have to go round from one department to another, and it takes weeks to get a matter dealt with that I would settle in my own office in five minutes.

7742. *Mr. Robert Smillie*: Anything that is paid by the coal trade in the shape of royalty rent or wayleaves to a person who does not do anything for that payment, must be taken out either of the producer or the consumer, is not that so?—This was gone into very fully before that Committee.

7743. I wonder would you give me an answer to that, because the question is so plain. Any person who does not do any service, and gets out of the coal trade in the shape of royalty rent or wayleave £100 or £100,000, is taking it either from the consumer or the producer?—It has to be included in the cost of coal, but as I pointed out, half the royalty rent at present goes back to the nation.

7744. Never mind where it goes back to. I am concerned with the person that gets it in the first place?—It is a very small thing now.

7745. Have you ever heard of the Golden Mile of Railway?—No.

7746. In South Wales?—No.

7747. Are you aware that Lord Tredegar takes 1d. per ton for every ton of coal that goes along a certain mile of his property, and is said to get £40,000 a year by that toll?—I think that is exactly the case that I suggested with regard to which there ought to be compulsory powers as to wayleaves.

7748. Compulsory powers merely enforcing an owner to give you rights over it?—At a reasonable price.

7749. Lord Tredegar thinks 1d. a ton is a reasonable price. I want your view of it. Every ton of coal that passes over this mile has to pay 1d. a ton to Lord Tredegar?—That is exactly the thing I want the compulsory powers to avoid.

7750. Would you abolish that—that is £40,000 a year taken out of the coal producers or consumers of this country?—Of course, it is difficult to say whether you are going to abolish a thing that is under an agreement. It is a very serious thing to alter a contract, but I would make the law such that no such agreement could be entered into for the future.

7751. I think you said that a very large proportion of the royalty rents is not held by private individuals at all, but either by the State or the Ecclesiastical Commissioners; is that so?—A large portion, I think I would say. "Proportion" might mean three-quarters. I do not mean three-quarters or half, but a very large quantity; I do not know what it is.

7752. Would it be 15 per cent.?—I could not tell you, but a very great deal I think is in Durham.

7753. But the great sums that are really taken are taken by individuals. When it comes to £220,000 a year to one person in royalty rents that is going to an individual?—I do not know of any such case except what you told me yesterday.

7754. Are you aware that the law of Scotland at the present moment is that all the mines and minerals are the property of the State?—No.

Mr. T. J. Forgie: Are you sure of that?

Mr. Robert Smillie: Absolutely.

Mr. J. T. Forgie: There is no doubt about it, I think.

7755. *Mr. Robert Smillie*: Not a bit of doubt about it. The Act of Parliament has not been repealed. The Act of Parliament was passed in 1592.—I know nothing about it either way—what is happening in Scotland as regards the law.

7756. But I want to put it before you, because we want to abolish royalty owners. We do not want royalty rents. We want to nationalise the mines. You are here giving evidence against this, and I am entitled to ask you why you want those things to continue with regard to private ownership of royalties. I put it to you now that an Act of Parliament was passed in 1592, that it has not been revoked from that time, and that that Act conferred upon the nation all mines and minerals in Scotland. If that is so,

would it be unfair for the nation to take over that property which was conferred on them by Parliament in 1592?—If there is nothing to upset it since.

7757. If it has not been repealed since?—If there has been no other grant or anything else to stop it, I suppose the law of Scotland would be carried out.

7758. If the Crown were forced to take action it might be carried out. Do you say that, if the owner of the mining royalties was one person and the lessee of the mine was another, that would probably lead to the leaving in of great quantities of coal in different parts?—I think it would be very likely.

7759. Are you responsible for damage done to the surface, I mean house property on the surface, if you take out the coal under?—Usually.

7760. Usually?—And you always are if it is another owner. In some cases, of course, we do make a lease with the colliery owner that we shall not be responsible for damages to houses, or very often for any houses that are erected after the date of our lease; that is a very common thing.

7761. In many cases the taking out of the coal and the working of the mine and sinking the surface wrecks the houses, and in many cases neither the owners of the royalties nor the mine-owner is responsible for the wreckage. Are you aware that that is so?—I do not quite understand.

7762. I will put it plainly to you in this way: Hundreds of houses, many of them built with the hard life-savings of working men, have been wrecked and torn to pieces by the taking out of minerals in Lanarkshire, and nobody is responsible at all to the person who built the house?—We thought that was the case in Durham over one area, but there was a case on it which went to the House of Lords, and in the end it turned out that we had not even the right to let down the surface on paying compensation.

7763. That would be under that particular lease?—No.

Mr. R. W. Cooper: Mr. Pease is referring to an Enclosure Act.

7764. *Mr. Robert Smillie*: I think your miners' wages in Durham were regulated by a Conciliation Board, and rose and fell largely on the realised values of coal?—At one time we had a sliding scale, and then that was done away with and we had a Conciliation Board, and the prices were taken out by the accountants on both sides on an agreed basis, and that very largely influenced the settlement of the wages, but there were other considerations brought to bear besides the actual prices. If things were very good it used to be put up a little bit; if things were very bad we used to ask for a little more off.

7765. Are you aware that the realised value now of the Durham coal under your own ascertainment would give the Durham miners the 30 per cent. increase in wages that we are asking for?—No, I have not studied that.

7766. It is 4s. above the price that justifies the present rate of wages?—I know it would give them some increase.

7767. It would give them 30 per cent.?—I would like to say that as regards the land sale collieries that I have, where we are cut off from export, we are actually losing money at the present time.

7768. But those are the realised values of the whole of the collieries which you agreed should be taken?—I have not got those figures.

7769. Well, for some months?—I do not want to be rude, but I may say this was not the point I was asked to give evidence on, and I have not got any figures, and so on. If you are asking me to verify figures I cannot do it.

7770. Of course, I do not know what you were asked to give evidence on. I know what I want you to give evidence on. I want you to say that at the present time the Durham miners are losing every day that 30 per cent. increase that they would be entitled to on your figures at the prices at your collieries?—I would like to make a personal explanation here if I may. It was brought up in the earlier stages of this thing, that there was a very great mistake when the Coal Controller agreed to 2s. 6d. being put on. I was one of the Coal Controller's advisers, and I do not

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think any member of the Commission was on that as adviser at the time. I want to take the responsibility for advising that 2s. 6d. because I wanted to do the fair thing, but what I understood with the Government was that the extra price for export had to be excluded from consideration and that the average cost to the collieries of the country at the prices as fixed by the Limitation of Prices Act had to leave about the same margin of profit as coals disposed of for inland purposes as was left in 1913 and 1914 or 1912 and 1913. These were the grounds on which I gave it. There were various schemes before the Coal Controller took charge, for in some way the Government taking the whole of the extra profits beyond the land sale price, and I understood the Coal Controller considered that neither the owners nor the men should become profiteers by taking the enormous prices of export coal. Therefore, when I advised the Coal Controller on that it was to keep the average margin between the actual cost and what I will call the inland price. I believe you are having figures put before you, and I should be very much surprised if the average wages were much greater.

7771. *Mr. R. H. Tawney*: Did you say it was arranged to leave the same profits as in 1913?—The standard years.

7772. Have you looked at the results?—I have not seen the figures showing the average of the inland prices exclusive of export prices. I do not know whether you have got them.

Sir Arthur Duckham: We have not got those.

Mr. R. H. Tawney: We know what the actual profits were, at any rate.

7773. *Sir Arthur Duckham*: We know the inclusive profits?—I have seen what is given in evidence.

7774. *Mr. R. H. Tawney*: Do you know in 1913? It was 13 millions, was not it?—No, much more.

7775. That is the figure we were given?—That is the five years' average.

7776. Yes, five years ending 1913?—That is not the standard profit. The standard profit is about £25,000,000 or £30,000,000, I should think.

7777. *Mr. Robert Smillie*: It is rather an important point. The Durham miners in your county were about to ask for a substantial increase in wages because of the fact that your prices had gone up to an extraordinary degree. We advised them not to do that, but they were entitled, had they gone before your Conciliation Board, to 30 per cent. increase in wages, and that is not counting the 4s. which they got for the war wage, which does not come into those prices at all. Are you aware of that?—Of course the answer to that is partly that many of the other costs have gone up out of all proportion to selling price. I think I heard, when I was here this morning, that timber had gone up four or five times.

7778. Yes, but allowance was made for that in fixing your wages with your men three years ago.

Mr. J. T. Forgie: Was full allowance made for that in Scotland?

Mr. Robert Smillie: Yes, full allowance was made by the Chairman.

7779. *Mr. J. T. Forgie*: Excuse me, it was not?—There was no allowance made for that because the figures you are comparing them with are the old basis we acted on before the war.

7780. *Mr. Smillie*: I tell you that the realised value of coal in Durham would justify an increase of 30 per cent. to the men, and you said here, in evidence, now that that increase that the miners are asking for would raise the coal to such an extent as to make it impossible for the industries to go on, and I tell you now at the present price of coal in the county these men ought to be getting 30 per cent. increase?—I think I can answer that. My understanding is that the Government intend to have, or used to intend to have the benefit of the abnormal shipping prices; those abnormal shipping prices cannot last for any time; that if you take the inland prices and the average costs there will be a very moderate margin of profit. I do not know what it is. I am waiting for the figures.

7781. What has that got to do with it? Those prices are made up of both inland and export prices, and you are putting them in your pockets?—No, in the Government's pockets.

7782. Well, I do not care whether it is the Government or you getting them. I would as soon see the Government getting them as you. I want the miners to get that, because it belongs to the miners?—I am losing money at the present time. Working all my collieries together, I am losing money.

7783. *Mr. Arthur Balfour*: May I ask you one more question? Would it not be an extremely imprudent thing to put an industry of such importance to this country as the mining industry into the hands of the Government, which Mr. Smillie has told us requires reforming by the business men of this country who are at present running the collieries?—I think I would rather not answer that question.

7784. It is very germane to our enquiry; you can surely tell me yes or no?—I do not think it is the men. They have extraordinarily clever men in the Government. It is the system. It is too big for anybody to manage. You must get the concentrated effort of the individual to manage collieries.

7785. *Mr. Smillie* says the business men of this country should reform the Government. Is it a wise and prudent thing to put the coal industry, which is the most vital industry in the country, into the hands of a Government which requires reforming by the business men of the country?—I do not think it is the men; it is the system.

7786. *Mr. Sidney Webb*: Would you mind coming back a moment to that 2s. 6d. which the Coal Controller put on. I think you said that you understood that the idea was that there should be no profiteering by either side, and, as far as possible, as I understand it, things were to be kept at the level of the standard year?—Yes, the profits.

7787. The profits should be kept at the level of the standard year as near as possible?—Yes

7788. I think you then went on to say that you compared the average cost in order to arrive at that 2s. 6d.—my word is "average?"—Let us see the figures.

7789. My point is, did you realise when you were giving that advice, that any such arrangement based on an average of all the collieries must, necessarily, have the result of putting a very large sum of unnecessary profit into the pockets of more successful collieries who could have gone on without it?—No, it went to the Government.

7790. You say it went to the Government. Surely you are aware that of that £25,000,000 the whole of it went to the colliery owners, in the first instance, and then the Government got, it may be, 80 per cent. Excess Profits Duty and the Coal Controller got 15 per cent. to distribute among the other collieries, and then there was left the miserable amount of 5 per cent. as excess profit, but that that miserable amount of 5 per cent. represented £1,250,000 put into the pockets, not of the colliery owners generally, but those only of the colliery owners who happened to need it least, because they had the excess profits?—No part of that £1,250,000 went into the pockets of the Government.

7791. How?—Because he had to get it to bring him up to his guarantee.

7792. The Coal Controller has already taken the 15 per cent. for that purpose, and then £1,250,000 went into the pockets absolutely, and was retained in the pockets, except for Income Tax, of those colliery owners who happened to be above the average.

Sir Arthur Duckham: Not the whole of the £1,250,000.

Mr. Sidney Webb: Not the whole of it—at any rate, I am not making any point whether the whole of those above the average got it, or only the most fortunate of those above the average.

Sir Arthur Duckham: But they did not get the whole £1,250,000.

Mr. Sidney Webb: How much less did they get?

Sir Arthur Duckham: You have to take out the mass that did not make any money.

Mr. Sidney Webb: We have already had that.

Sir Arthur Duckham: No, you have not.

7793. *Mr. Sidney Webb*: Well, I will throw away half a million. Supposing it was £1,000,000; did you advise this operation, that £1,000,000 should go

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into the pockets of this comparatively small minority?—I did not advise £1,000,000, or any other sum.

7794. But did you have it in your mind when you advised putting on the 2s. 6d. that that would be the result?—It is very easy to be wise after the event, and at that time a great many of the collieries were standing on account of the submarine menace, and it was expected then that trade would be very much worse in shipping because of the submarine menace than it turned out. Fortunately, after that the shipping trade began to get better, but you had to go on the information you had at the time.

7795. It may have justified the Government's subvention to the collieries that needed it. The point you have not explained is why the Government should have chosen to take that action in the form of putting 2s. 6d. a ton on to the price to all consumers of coal in the United Kingdom, and have done that in such a way that about £1,000,000 went into the pockets of these particular collieries who did not need any subvention at all?—The £1,000,000 was spread over the whole of the collieries.

7796. I am sure you must have understood this better when you advised the Coal Controller on the subject. The point is that the £25,000,000 went into the pockets of the colliery owners temporarily perhaps, and part of it was redistributed through the Coal Controller in order to bring the bad ones a little bit more up, but £1,000,000 or so—

Mr. J. T. Forgie: Temporarily absolutely so.

7797. *Mr. Sidney Webb:*—was put unnecessarily into the pockets of these most prosperous collieries?—I have not calculated this out, but I am under the impression that £500,000 or £600,000 went in.

7798. It has now got down to the beggarly gift of £500,000 or £600,000. Why did you make a gift of £500,000 or £600,000 to these particular collieries?

Sir Arthur Duckham: Because he was a Government servant.

Mr. Sidney Webb: The point is he was not a Government servant; he was a coalowner.

Sir Arthur Duckham: No, he was not. He was a Civil Servant.

Witness: I do not think this is quite fair. What I stated first was that what we considered very carefully was what price would leave the same average profit on coal disposed of for inland purposes as on the pre-war basis.

7799. *Mr. Sidney Webb:* Yes, and you took the average?—We had certain figures given verbally. It was seen that from 2s. 3d. to 2s. 6d. was the figure. The condition of things was at that time extremely serious, and it seemed likely to get worse, and we put on the 2s. 6d. but feeling all the time that practically the whole of that 2s. 6d. went back to the Government.

7800. When you say "practically the whole of that 2s. 6d." you knew that part of it would not go back?—No, I thought the cost might be more.

7801. Why do you say "practically;" the Coal Controller could not take more than 15 per cent.?—I thought if it was too high more than 95 per cent. of it would go back to the Coal Controller; if it was the other way the colliery owner would have to stand the racket.

7802. But you did not mind giving away the 4 or 5 per cent., at any rate? The point is that you chose a method of giving this subsidy which unnecessarily put some sum, it may be only half a million—I think it was a million and a quarter—into the pockets of the most prosperous mineowners. Would it not have been better to give it to the least prosperous mines? Why did you choose that way? Apparently you did not foresee that it would go into the pockets of the most prosperous mines?—It is really nothing.

7803. Half a million is nothing?—Half a million spread over the coal trade.

7804. *Mr. R. W. Cooper:* With regard to this application for 30 per cent. advance of wages to the Durham Conciliation Board, was an application made by the men to that effect to the Board?—Yes.

7805. Was it refused by the Board?—No, we cannot refuse anything at the Conciliation Board.

7806. Have not you an umpire to whom they can go if they are dissatisfied?—Yes. The men had a

perfect right to appeal to the umpire, but, of course, owing to the Coal Controller's Regulations, the men are debarred from making a claim for an advance, and we are debarred from asking for a reduction. The Coal Controller has issued an Order to that effect.

7807. Really their agreement is barred by the special regulations of the Coal Controller?—Yes.

7808. *Mr. Herbert Smith:* We do not accept that; that is not correct?—An order was issued soon afterwards with regard to reduction.

7809. We are not talking about reduction, but the workmen's side?—Whenever we have granted any advances, except local ones, they have had to be given by the Coal Controller's consent.

7810. *Mr. R. W. Cooper:* How much of your coal disposal goes inland?—I used to have about 18 per cent. or 20 per cent. to export before the war; I now have about 1 per cent.

7811. We have heard about this 1½ million. Were you influenced by the conditions of the Coal Controller's agreement?—Yes.

7812. *Sir L. Chiozza Money:* May I bring you back to the object with which you came here; that is to say, to give evidence against nationalisation?—Yes.

7813. That is the real object of your visit?—It was on that I was asked to come.

7814. Were you asked to come to give evidence against nationalisation?—I was appointed by the Mining Association of Great Britain.

7815. For that purpose?—To give evidence before this Committee.

7816. With a direct purpose of giving evidence against nationalisation. Was that the particular object?—I was asked not to take up the technical side. I am not an engineer. I have been giving my views as regards nationalization from the general commercial standpoint.

7817. You did come to give evidence against nationalisation?—I did, firstly. I am very keen against it.

7818. Are you aware that Germany, or rather Prussia, produced in the year before the war nearly as much coal from her State mines as Scotland did; approximately about 30,000,000 tons, as against 40,000,000 tons. Are you aware of that?—No.

7819. Do you know of the three groups of State mines in Prussia two yield a very large profit and one a little loss? Do you know that?

Sir Arthur Duckham: Can we have these figures.

7820. *Sir L. Chiozza Money:* With regard to the three groups of mines are you aware that they, as a class, made a considerable profit?—I know nothing about the German mines at all.

7821. That is rather unfortunate?—It is no use asking me questions upon the German mines.

7822. Do you know the State enterprises of Prussia yielded half the revenues of the State of Prussia?

Mr. Sidney Webb: That unhappy country.

7823. *Sir Arthur Duckham:* We are in agreement with you, it is an unhappy country?—I know that Germany had very large revenues.

7824. *Sir L. Chiozza Money:* Do you know that a large part of the profit was made by the Prussian railways?—I have always understood that they made a profit.

7825. Do you know the Prussian railways made part of that profit because they got their coal cheaply because of the coal enterprises of the Kingdom of Prussia?—No.

7826. Do you know the Prussian railways reacted so favourably on the export trade of Germany that they gave extra facilities for railway rates?

7827. *Sir Thomas Royden:* Are we dealing here with railways or coal?—I think Germany treated her own people most unfairly. She kept up the prices of commodities at home and sold them cheaper abroad.

7828. *Sir L. Chiozza Money:* Yet she was able, whilst she gave a favourable coal freight to her coal exports, to make profits on those railways. Is that acting unfairly to her own people?—It is if the people had to pay extra fares to pay for special coal rates.

7829. Not if the coal exports reacted favourably on other commercial propositions?—I like to see every tub stand upon its own bottom.

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7830. Do not you consider that a more favourable proposition for a nation than doing what our railways did when they gave rates favouring the foreign competitor?—Are you not aware of that?—I have not gone into the detailed rates recently, but I think inland rates were very much the same as export rates per mile.

7831. Are you not aware that the German railway rates were at least one-third lower than ours, and in some cases 50 per cent.?—You must compare like with like.

7832. I am comparing like with like?—The German railways are not worked with conditions like we are by the Board of Trade.

Sir Arthur Duckham: We have had this question three or four times and we have not had these German figures put before us.

Sir L. Chiozza Money: We are trying to get them.

Sir Arthur Duckham: Mr. Pease knows nothing about them.

Sir L. Chiozza Money: Then why did you call him?

Sir Arthur Duckham: I have no interest in this enquiry whatever.

Sir L. Chiozza Money: Then why did the coal-owners ask him to give this evidence against nationalisation?

Sir Arthur Duckham: He says he knows nothing about the subject.

Witness: I know nothing about German rates.

Sir Arthur Duckham: I ask the Chairman to put these rates on the table and the French rates also.

Sir L. Chiozza Money: I have done my best in that connection by handing in a paper showing the German rates are lower than our own.

Sir Arthur Duckham: I want all the French and Italian railway rates.

Sir L. Chiozza Money: The coal-owners call this witness to give evidence against nationalisation. He has a general paper, and I ask him a general question upon that and *Sir Arthur Duckham* objects. Am I in order, Mr. Chairman?

Chairman: You are certainly in order in asking germane questions, that seems to be clear. When the witness says he knows nothing at all about it, we will go on to the next germane question.

Witness: I cannot answer questions on comparisons between English railways and German railways. You have to consider the rates of wages. I know the German rates of wages in the German coal mines are lower than ours.

Sir Leo Chiozza Money: It is clear that this witness was called on nationalisation. The questions have wandered into other fields. Now I bring him back to the nationalisation, and it is suggested I am out of order.

Chairman: Nobody has suggested that.

Sir Leo Chiozza Money: I suggest the witness is not acquainted with the subject he is called to give evidence upon, and therefore I will not ask him any more questions.

7833. *Mr. Evan Williams*: You are a railway director and a Lord of the Admiralty.

It has been put here that Germany had to buy the collieries so that the colliery people might not extort high prices for coal from them?—Yes.

7834. Is it your experience as a railway director or Lord of the Admiralty that the collieries extort high prices under the present ownership?—No. I think there is a freer trade in coal than in any other commodity. I do not say there is no consultation between coalowners as to prices informally; of course, there is. As a trade it is the freest trade in England. I or my representative bargain with one seller after another, I do not know of any combination against the railway. I buy the North Eastern coal when at home for the railway company, and buy at reasonable prices.

7835. Is it not a fact that the Admiralty pay lower than other consumers?—If you ask me about the Admiralty, I say they gave too much for it. They ought to have bought half way between the land sale price and the other price.

7836. *Sir L. Chiozza Money*: Do you know coal-

owners went to the Coal Controller to persuade him to put up the price?—With regard to the Admiralty I have not interfered with the price of coal. When I went to the Admiralty it was on the condition that I did not deal with matters affecting businesses with which I was connected. I have had nothing to do with negotiating coal.

7837. *Mr. Evan Williams*: On the question of barriers; if all the properties that are contiguous were being worked together there would be no object in leaving barriers at all if working at the same time?—Sometimes there is.

7838. There is sometimes?—Yes, sometimes you leave a barrier to keep water off.

7839. When you work one piece first and leave solid coal behind is it not necessary for the production of that solid coal from the waterlogged area to leave a solid area?—Yes.

7840. Otherwise you would be pumping in perpetuity water?—Yes.

7841. Under any form of royalties you would have to leave a barrier?—Yes.

7842. *Mr. R. H. Tawney*: Can I bring you back to your paper, at bottom of page 2? You say, with regard to the amalgamation of collieries throughout the country, that this would be worse than State ownership? That means, I take it, if you had to choose between a combination of colliery proprietors and State ownership you prefer State ownership?—Yes, I am between the devil and the deep sea, one is so bad, the other can be little worse.

7843. Leaving out which is which, you prefer State ownership?—I state a big Trust of the colliery owners of this country would frighten the other traders even more than State ownership and prevent the development of other industries. I do not think the State would allow a big Trust under commercial ownership without exercising over it a large measure of control.

7844. That is to say, if and when such a combine takes place you are prepared for nationalisation?

Sir Thomas Royden: He did not say that.

7845. *Mr. R. H. Tawney*: I did not say he did, I ask if that is the inference from this sentence. I submit it is an inference which on the face of it appears to be derived from it?—I think nationalisation would not be more harmful than a big combine.

7846. You may have heard in some trades combines exist. In those trades would you prefer State ownership?—I think you must take each trade on its own conditions. You cannot generalise for every trade. If you take some trades they are almost necessary to be worked by a number of firms closely allied or in combination. I do not think that is necessary in the coal trade.

7847. Supposing this Commission has to choose between combination and State ownership, your behest to us is to choose State ownership?—I would rather be out of collieries altogether if that happened.

7848. We have to come to some decision. I gather that before you clear out your dying mandate to us is, if we have to choose, choose State ownership?—I say do not choose State ownership.

7849. We may have to choose one or the other. Suppose we have, you tell us not to choose combination. What is the alternative left? The alternative left in your paper is State ownership?—I say do not do either, and I think a big combination is just as bad, or worse, than State ownership.

Mr. R. H. Tawney: You said worse; I will not press you on that.

7850. *Mr. Frank Hodges*: Frankly, you are opposed to the establishment of combines and trusts in the mining industry?—Yes.

7851. And to some extent you are opposed to nationalisation. What are you in favour of?—I am afraid I do not understand your question.

7852. Let me put it in this way. As you are opposed strongly to trustification, and to a certain degree to nationalisation, are you in favour of any change from the existing system in the industry to which obtains now?—I think there is no reason why collieries should not be worked together, if they are not made so big a combine as to be a danger to the community, and not to be so big as not to be able to be properly supervised by one board of management.

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7853. You are in favour of unification on some scale?—I think some of the smallest collieries in the country are as well, or better, managed than big ones. I am not against that being done. What I am against is this huge amalgamation of capital either in the hands of the State or in the hands of a big combine. That does not mean you should not have a reasonable group of collieries which have competitors in the market for their home supplies and are of a reasonable size for management purposes, so that the man who is owning them really knows what is happening in the collieries.

7854. That being so, you do pay some regard to the fact that there is 1,000,000 men engaged in the mining industry—1,000,000 human beings?—Yes.

7855. Has it ever occurred to you their ideas change from time to time about the industry? Those 1,000,000 workmen have changing ideas about their relations to the industry from time to time?—I do not know. I was reading some old Minutes of a colliery in 1841, and the account of what was happening then was very much what is happening now, in many respects.

7856. Did the men ever ask for a share of the industry in 1841?—They were restricting their output because they could not get what they wanted.

7857. That is a question of wages. I think this is a very important thing to bear in mind. I put it to you the workmen in this mining industry are thinking men?—They are splendid fellows, a great many of them.

7858. Their education is increasing?—If the miners of this country were to put by 1 per cent. to 1½ per cent. of their wages and accumulate, it at 5 per cent., they could buy up the whole of the collieries in about 40 years.

7859. *Mr. Sidney Webb*: Would you object to that; that would be a huge combine?—I should like to have the miners in my colliery with me.

7860. *Mr. Frank Hodges*: It would not be your colliery if they bought it from you?—I should like them to become shareholders.

7861. That is syndicalism?—I am a working man.

7862. Do your workmen think so?—A great many do.

7863. When you speak of the industry you do not overlook these 1,000,000 men do you?—I do not know what you mean by "overlook." I am very much interested in the welfare of my men. I do not mind about the others as individuals.

7864. I agree. The workmen are becoming very interested in the industry. Suppose that they have arrived at a stage of education where they conclude that they can dispense with people who make a profit out of the industry, would you object to their entertaining that view?—I think the people who have put money into the industry out of their savings must be paid back.

7865. I am not speaking of whether they should or should not be paid back. I want you to agree with me that the workmen may have such an idea as that?—I think we have made a very great mistake in the past in not taking the workmen more into our confidence than we have done as to the conditions of the industry. We have all sorts of schemes now, in Durham, for giving them fullest information as to what we are doing. I have said this before I came here when speaking to the officials, the iron work official. I shall be happy to arrange when I get back to have meetings to let them know what we are doing more than in the past. I think it is a great mistake the employers generally have not taken the men more into their confidence in the past. I must put safeguards on that. It is difficult in some trades where there is a competitive trade abroad. It is not your men you mind knowing, it is the men you are competing with in Germany or America, to whom you may be giving away what you are doing. I think in the coal trade we might give them more information than they have had.

7866. It is not a question, it is the point of view they have about the industry. They hold this point of view and it might interest you to know it; they begin to hold the view that it is wrong to produce a lot of coal because for every additional ton they produce, they produce an additional margin of profit for somebody who has not earned it. Supposing they say under those conditions we will restrict our output to the least possible margin—what then?—I have earned it. If I have saved £500 by the sweat of my brain, and I have put that into a colliery, I am entitled to interest on that money just as much as

the man is for working, because it is deferred payment of my brainwork.

7867. You put your brainwork into somewhere else to get the £500. You do not put it into the colliery when you put the money there. The workmen, in short, are saying the time has come when they shall exercise some directive control in this industry and yet you have nothing to propose to meet that demand. You are opposed to nationalisation; you are opposed to trustification; those ideas are in the minds of the men. What do you propose to do to meet a contingency of that description?—To take the men into our confidence as to what we are doing more than in the past.

7868. They are not asking that. They are asking, and it is expressed in the Federation demand, that the million workmen shall exercise some form of directive control. What scheme do you suggest that you can evolve to meet that possibility, or do you propose to cast that aspersion aside?—I am quite sure if I tried to hew coal I should make a very bad job of it. I think if a collier was to come and work in my office he probably would not do my work as well as I do myself.

7869. Do you know that every man of technical ability in the mining industry, whether manager or agent, has had at some time to do some practical work in the mine? Where do you draw your managerial class from?—They have to serve an apprenticeship of five years.

7870. Exactly, and they have been to a very great extent, that is to say the technical men in the industry, actual workers in the industry at some time or other?—Yes, I suppose so. I am not a technical man.

7871. I am afraid, Mr. Pease, as you are the ex-President of the Mining Association of Great Britain, and you have been in a position to regard this industry as a whole, the principal thing you have omitted to pay attention to, I submit, is the growing education of the workmen—these million men?—I do not want to blow our own trumpet. My firm put down schools, institutes and everything like that long before they were put down by the Government, and we have always continued on that principle, and we always have had the interests of our workmen at heart, not from a monetary point of view.

7872. Why did you want them educated?—Because we thought it good for them.

7873. You give them education on technical lines; you show that by the school?—We used to run technical classes at night for them.

7874. And you gave them instructions in the technique of coal mining?—We paid people for doing it.

7875. That is characteristic of your industry. The education in the technique of coal mining is pretty universal?—I understood you tried to say the coal owners look upon the men as mere machines for the purpose of getting so much money out of them. The point I want to bring out is that is not universal. We colliery owners have taken a great interest in helping the men to improve themselves.

7876. If that is so have you not overlooked the fact that these men to whom you have given some education who have absorbed a great deal of technical education, are beginning to say "with this education we ought to have some directive control in this industry of ours." I repeat to you as the ex-President of the Mining Association you have come here to oppose these two measures and you do not propose to put anything in their place?—We are always looking out for the men who have qualified themselves to put them into higher managerial positions. If you want a series of committees like the Government have for maintaining everything I think you would make a great mess of the whole of the controlled trade. I think we have had enough of committees.

7877. *Mr. R. H. Tawney*: Is it the Government who has only committees?—To some extent. If a man qualifies himself from whatever class he springs and can show his ability to take a job I am only too delighted to give him a shove up to get on.

7878. It is not a question of getting on?—You do not want the place managed by 1,000,000 men; you would ruin the collieries; you could not do it.

7879. Did you not some time ago sit on the Coal Mining Organisation Committee, and you had opposed to you three members of the Miners' Federation?—Yes.

7880. And I think for practical purposes the Coal Mining Organisation Committee was responsible for all the advice that was tendered to the Coal Controller on the

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[Continued.]

technical side of the industry?—They did not act in a technical capacity.

7881. They acted in an advisory capacity?—I sat with Mr. Smillie under Sir Richard Redmayne as Chairman for two or three years of the war.

7882. Do not you think the three gentlemen who represented the miners, attributed some usefulness with regard to the mining industry?—Certainly.

7883. Do not you think what has been said of the leading representatives of the Mining Federation might equally be said of the men at an individual colliery?—We were not in an executive capacity.

7884. You exercised certain directive powers?—I am quite ready to take them into the same position as we were in on the Coal Mining Organisation Committee. I do not want to be pledged to actual details. That is very much the idea we would look to.

7885. *Sir L. Chiozza Money*: You are to remain in ownership?—I am talking about the direction, not ownership.

(The Witness withdrew.)

Chairman: The next witness is on the question of royalties.

Mr. RALPH FREDERICK PAWSEY, Sworn and Examined.

Chairman: You are Mr. Ralph Frederick Pawsey, a solicitor of Barnsley, and you are Secretary to the Mineral Owners Association of Great Britain. You speak as to (a) the title to royalties, (b) the royalties on coal, (c) the annual charges thereon, and (d) the charges on capital value thereon. You say:—

“(a) *As to Title.*”

“1. The ownership of minerals, like all land in the Kingdom, is derived from a presumed grant from the Crown. In the year 1568 the question of ownership was debated in the case of the Queen v. Northumberland, which, in effect, decided that mines of gold and silver belonged to the Crown and all other minerals belonged to the proprietor of the land under which the minerals existed. The history is set out in the Report of the Royal Commission on Mining Royalties of 1899.

“2. These rights of ownership have been dealt with by way of purchase and sale in thousands of cases. Although in numerous instances, no doubt, the bulk of a mineral owner's rights have come to him through inheritance, yet it would be difficult to find any case of a large mineral estate where the owners of it have not constantly purchased land with a view to the development of the minerals under the land.

“3. The owner of the minerals can either work them himself (which, however, he seldom does), or he can grant the right to work them to a third person, who in return for that right undertakes to pay him a royalty or sum based upon the quantity actually worked. This royalty, or sum, is often referred to as a ‘rent,’ but is, in fact, a payment out and out for the coal worked which disappears from the mine.

“4. A royalty on coal may be a fixed sum per ton or a sum based upon the selling price of the coal. This latter is known as ‘a sliding scale royalty.’ Sliding scale royalties are more general in Northumberland, Durham, Scotland and South Wales than in the other coalfields.

“5. The ownership of minerals may be, and often is, distinct from the ownership of the surface of the land under which they lie, but is usually combined with the ownership of the surface. The larger proportion of the coal in this country is owned by a comparatively small number of large landowners, though, on the other hand, the majority of the owners of minerals are interested only to a comparatively small financial extent. A familiar instance of a person interested in mineral royalties in a small way is a copyhold tenant who, although he has no right to work the coal himself, can prevent the lord of the manor working it, with the result that in most of these cases where the coal is worked the royalty is shared between the lord of the manor and the copyhold tenant.

7886. You are to remain in ownership?—I should like the men to come in as shareholders. A lot of our men are shareholders and a lot of our officials too.

7887. *Mr. Frank Hodges*: Are you aware that the miners' scheme for nationalisation does not imply bureaucratic control in London?—I know it will soon come to that.

7888. Are you sure?—Quite.

7889. That is where you misunderstand the proposal. I will tell you what the proposal is. What the Miners' Federation seek is a suggestion that should commend itself to you, that the actual control should not be in London at all, but that it should be decentralised for the most part so that the technical men in the industry could work with the manual workmen in the industry and control it in the interests of the highest productivity. What do you think of that suggestion?—Industries overlap and it would be very difficult to divide off the mining industry from the other industries.

“(b) *As to the Royalties on Coal.*”

“6. I have tested the figures given by Mr. Dickinson of the Coal Control Department in the Tables IIa and IIb in the evidence submitted by him to the Commission on March 4 last, and I agree that the average gross royalty for the United Kingdom is about sixpence three farthings. I have checked this by reference to the amount of Mineral Rights Duty and Excess Mineral Rights Duty paid for 1917.

“7. The average royalty amounts to less than one thirtieth of the present cost of production and less than one eightieth of the present price of coal in London.

“8. I have carefully studied the evidence laid before and the Report of the Royal Commissions on Mining Royalties and have examined the particulars of many leases in different coalfields of Great Britain, and I conclude that:—

- (a) There is a tendency to take longer leases than when the 1889 enquiry was held.
- (b) That on the more recent leases royalties are lower.
- (c) That payments for wayleaves are less frequent and often purely nominal.
- (d) That break clauses are common under which the working tenant has wider powers than formerly to determine a lease.
- (e) That the allowances for bad or inferior coal are more generous to the tenant than formerly.

“9. I wish to make it clear that the working of coal under an estate in addition to dislocating drainage and producing cracks and cavities in the surface often otherwise materially depreciates the value of the surface by subsidence, and sometimes flooding, and, to my own knowledge, in some instances ‘the nature’ in the land for farming purposes seems to have disappeared and the surface no longer provides the grass or crops that it did under good farming conditions before the coal was extracted.

“10. It is difficult to state with any exactitude what proportion of the total royalties received are attributable to wayleaves, but from information available I believe they amount in Great Britain to about £200,000 per annum, and represent approximately 19 of a penny, and is included in the 6.74 pence mentioned in paragraph 6.

“(c) *Annual Charges.*”

“11. Every royalty is subject to a special tax of 5 per cent., known as Mineral Rights Duty, and the net royalty accordingly, without bringing in any question of Income Tax or Super Tax, is approximately sixpence farthing.

“12. I believe the royalty owner provides practically the only instance in which the condition

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[Continued.]

attaches that an owner is called upon to pay Income Tax upon the realisation of his freehold capital investment, and this, of course, at the present 6s. rate. If I sell my house I certainly have not to pay Income Tax on the price received. The owner is not permitted to deduct (or be allowed) the Mineral Rights Duty for Income Tax purposes, and thus pays a tax upon a tax.

"13. A Super Tax payer who is a royalty owner is further penalised because the Super Tax is charged on his income calculated for Income Tax purposes, and thus he pays Super Tax on a sum exceeding what he receives by the amount of his Income Tax, plus the Mineral Rights Duty, and to this extent is heavily taxed on what the Revenue have already taken for (a) Income Tax and (b) Mineral Rights Duty.

"14. Apart from the special Mineral Rights Duty to which the coal is subject, it is liable to Income Tax and Super Tax like any other source of income, and although it is of course impossible to say exactly what mineral royalties are paying in the form of taxation at the present time, I think there can be little doubt that on the average they are not less than 9s. in the £. If I am right, the average gross royalty of 6½d. represents an average net royalty of 3¼d. per ton, out of which the royalty owner must pay his mining surveyor.

"(d) Charges on Capital Value.

"15. To my knowledge substantial sums have been paid to the Revenue in addition to the taxation mentioned above in respect of Increment Value Duty on the realisation of minerals. The particulars could probably be furnished by the Revenue.

"16. Again, like other forms of property, the coal is subject to the payment of Death Duties quite independently of whether it is being worked and producing an income or not. Leaving out undeveloped mines for the moment, it is not unfair to assume that every 25 years the mineral rights will become subject to a Death Duty equal on an average to at least 12 per cent. of their value. To take the instance of mines producing £10,000 a year gross royalties passing on the death of the owner. Unless the mines are approaching extinction, they will be valued for death duty at something like 12½ years' purchase, £125,000, and will pay in death duties £15,000. That money is got by payment out of the royalties themselves or by borrowing on the security of them. If the latter course is taken, the money will not be borrowed at a lower rate than 5 per cent., and will represent a permanent charge of 7½ per cent. on the income. The royalties themselves will continue to pay the full mineral rights duty.

"As regards the undeveloped mines, they, of course, are not valued at the same rate, but at what they might reasonably be expected to fetch in their then present condition; but at whatever sum they are valued they pay the same duty. In effect that duty becomes a further charge on the mines which are being worked. Assuming the mines are not valued for the purpose of death duty and are subsequently developed, then, when they come to be worked, instead of paying mineral rights duty at 1s. in the £, they will pay what is in effect the same thing under a different name, but a higher rate, namely, increment value duty at 4s. in the £. Human nature being what it is, the big owner will continue to pay these duties until he has paid away every penny that he can ever expect to receive in royalties, and will continue to pay after that, and will scheme and try, by insurance or otherwise, to provide funds for meeting death duties and preserving the estates intact; but if you once take away the whole property you can never make it again the subject of any taxation."

7890. *Mr. R. H. Tawney*: I understand the argument you put forward against taking away royalties is to be found in the last sentence?—Yes.

7891. That is to say, if you take the property you cannot tax the property?—True.

7892. That does not mean it is any loss to the State to take the property?—Not necessarily.

7893. It simply means if you get the whole of a thing you do not get a part of it?—It depends upon what terms the State takes it.

7894. *Sir Arthur Duckham*: On page 3 at the end of paragraph 14 you refer to 3½d. a ton. Presumably out of that the royalty owner, if not the land owner, has to pay the dilapidations on his property through mining underneath the ground?—Yes, very often. There are contracts that vary that, but very often there is that.

7895. Or he must have passed his responsibility on in some way?—Yes.

7896. Whoever he has passed it on to he has to pay it?—He may have passed it on to the tenant.

7897. That is made allowance for in the tenant's lease presumably?—Yes.

7898. In the last paragraph you painted a very gloomy future for the royalty owner. Can he possibly give his royalty away; must he be burdened with this always? It might get to a losing game, or is he so tied up he must go on losing?—These royalties are held by the older families most of them and they wish to keep their estates very largely. They do not realise that now if it is a big estate death duties are one-fifth of the capital of that estate, and as death occurs, as I have put it, the tax will occur once every 25 years. Other people put more often. If death duties occur more often you can understand how the original capital of this estate altogether goes in death duties.

7899. He cannot give his Royalties away. How can a man get rid of his Royalties if he wants to do so? Can he give them to the State?—I have not met a man who wants to give them away.

7900. He is not losing money on them?—I do not know.

7901. He might?—Every man acts for his own generation. You take a long succession of death duties paid in respect of minerals, and they amount to a very big sum.

7902. *Mr. Sidney Webb*: In the first paragraph you say that the ownership of minerals, like all land in the kingdom, is derived from a presumed grant from the Crown. You do not suggest that there ever was a grant?—I suggest exactly as I say. It is a presumed document if the document cannot be produced.

7903. That implies in law there is not such a grant?—I would not argue law in the presence of the Chairman.

7904. You mention in the year 1568 it was held in a case that the Crown was no longer in possession of this right to minerals. It had somehow or other got to the subject?—As far as that is concerned I base my conclusions very largely on this, which you must be quite familiar with. (*Holding up a book.*)

7905. I notice on page 3 you refer to the very special taxation put on mining royalties by the Mineral Rights Duty Act which was, I think, 1s. in the £?—Yes. The only industry I believe that bears such a tax as that.

7906. You call it an industry?—Yes, I do in a sense.

7907. *Mr. R. H. Tawney*: The ownership of royalties?—The only property that bears a special tax like this.

7908. *Mr. Sidney Webb*: That was a sheer act of confiscation?—I should not like to say what it was; I dare not here.

7909. We can imply what you think it was?—You can do what you like.

7910. Somehow or other, in a sense of justice, the community has accepted that confiscation?—That is it took 5 per cent. solely from minerals. I think at another stage it put 5 per cent. on certain export coal, which it took off about 18 months afterwards.

7911. Do you suggest this Parliament is likely to take off the duty?—Not after sitting here for a fortnight.

7912. In paragraph 3 you describe what the royalty is and make the royalty dependent upon the amount of mineral gotten or produced. I think you have forgotten dead rent?—I have never met a lease which had not power to make up for short working.

7913. There is such a thing as dead rent, is there not?—Yes. You have to see that you get a reasonable return.

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[Continued.]

7914. You say on page 3: "I believe the royalty owner provides practically the only instance in which the condition attaches that an owner is called upon to pay income tax upon the realisation of his freehold capital investment." Have you forgotten the case of annuities?—If I buy an annuity for myself I realise when I buy that annuity that I am going to pay a capital sum which will be liable to income tax, and I do it with my eyes open. Here I have property which I have bought, or which has descended to me, and I am using my capital up every year, and the Government charges me income tax on my capital.

7915. Is it not exactly the same case if you buy a royalty, or if you buy an annuity?—I do not think you can argue between the two at all. Annuities are generally for one life and bought for some express purpose.

7916. Is it not the same case: that income tax is charged upon the portion of the annuity which is really repayment of capital in the same way as income tax is charged on the royalty, which is in the nature of a wasting asset?—I do not like to accept that. I really am not familiar with annuity purchases. I assume you mean an annuity such as one can purchase from an insurance company. I agree with you the tax is payable on those annuities.

7917. And therefore to that extent your statement here that it is practically the only instance is not accurate?—You have quoted annuities. It has not escaped my knowledge that annuities were taxable in the same way, certainly, as freehold interests, but I maintain that it is the only instance.

7918. I put it to you that there are several freehold interests, namely, the profits of manors which are of the nature, or may be of the nature of wasting assets, and income tax is charged on them?—Why "may be"?

7919. I would only assert that all the profits from manors are not of that nature, but some of them are?—Of course, manors vary immeasurably.

7920. And that is why I said, in some cases?—I could not accept that unless you say it is so. If you give evidence on that point, it is different. I only came to give evidence on certain facts.

7921. You said it was the only instance?—I believe that to be so.

7922. I asked you whether the case of annuities is one and you admitted that, and then you said it was not a freehold capital investment, and then I pointed out, if I purchased a manor—which I never will, I am afraid, because I am sure I shall never be able to—what the effect would be. With regard to your last paragraph, you do make out that the Royalty owner is not only being charged 9s. in the pound one way and another, but also in your last paragraph you are making out that he is being charged much more than that?—On the capital sum. My last two paragraphs, you will observe, deal with capital. I say his income, as a general average, is taxed to the extent of 9s. in the pound and his capital value is, inasmuch as these estates as a rule belong to wealthy men, and there is always taxed at a very high rate for death duty.

7923. May I ask you whether you heard the evidence given by Sir Richard Redmayne with regard to the effect of the existence of royalties upon the development of coal?—Yes.

7924. Sir Richard Redmayne gave various instances to indicate that the existence of royalty rights did have a prejudicial effect upon the development of coal?—I heard what Sir Richard Redmayne said, but I do not altogether accept it.

7925. But those cases which he gave you or similar cases, are probably familiar to you?—Sir Richard Redmayne must have had an experience of I do not dare to say how long. He mentioned a few cases, but we could mention more cases which have happened from the Government point of view through the last six months than Sir Richard Redmayne reported in his references. Occasionally you do meet with extremely awkward people during a lifetime.

7926. Sir Richard Redmayne said those three cases had all come to his knowledge within a few months?—Then he has had a bad time.

7927. You suggest there is no inconvenience to the development of the mining industry from the existence of royalties in private hands?—There is no inconvenience whatever.

7928. Now I notice that you say that the total effect of your pages 2 and 3 is that the total amount of mining royalties comes to a very small sum per ton of coal, and with regard to wayleaves—those wicked wayleaves!—it is quite a negligible sum?—I say it is quite trifling.

7929. Is not rather the classic case of the lady who had a baby?—I am not making an excuse for wayleaves.

7930. Is it not rather the excuse of the lady who had a baby and pleaded that it was only a little one?—If you talk like that I am sure we shall be here a long time.

7931. *Mr. Herbert Smith*: Do I understand you are here defending royalty rents and wayleaves?—Certainly.

7932. Do you think that at Brodsworth when they were paying £18,000 of rent before they developed it would interfere with it very much?—I do not know that it would. I do not know why it should. I do not know in the least what it was.

7933. Do you know they are paying £45,000 royalties now?—I am very glad to hear it. It means a very prosperous concern.

7934. Does that not affect the industry?—No.

7935. Let us take one or two cases and see if it does not. You know before the war in this country owing to royalty rents we were paying 4s. 8d. per ton for pig-iron?—I know nothing about pig-iron.

7936. Do you profess not to?—I know a good deal about coal and coal rents.

7937. Let us take wayleaves. Do you know the Wigan Coal and Iron Company?—Yes, by name.

7938. Do you know they have been paying at the rate of £60,000 a year for royalties?—No, I did not know it.

7939. Do you think that does not affect it?—I should think it must be a prosperous concern.

7940. The shareholders will tell you it is not?—I do not know anything about that.

7941. Do you know at Haswell Colliery they have to pay for wayleaves over 1½ acres, £9,700?—A wayleave of £9,700?

7942. Yes, for crossing 1½ acres of land?—I should doubt whether they do.

7943. You come from Barnsley, do you not?—Yes, we both do.

7944. Do you know they are selling coal at £25 per foot per acre?—Lots of it.

7945. Close to Barnsley now?—Yes.

7946. And that land is not worth £30 an acre?—I can quite believe that.

7947. And still you justify royalties?—Yes. I say that these royalties are a form of ownership of property in England.

7948. If we had an idea that we would go flying so perfectly would there be any objection to having a royalty on the air?—I do not know anything about flying.

7949. Would it not be equally objectionable?—You will have to call another witness as to that.

7950. You will admit that the landlord did not know the coal was there until it was developed?—I will admit nothing of the sort.

7951. Do you say all coalfields have been developed and bored and tested at the royalty owner's expense?—No, I do not. I should think a great deal of the coal was worked from a day-hole to start with.

7952. I am speaking of where there is a shaft. You must not burke the question. Do you say the colliery owners knew coal was at the depth it is to-day until it was tested by private enterprise?—Until it was tested by private enterprise they did not know it, of course.

7953. So that they did not know really their wealth?—In many instances they did not know their wealth.

7954. And you are here to advocate this?—I am here to defend royalty ownership.

7955. Even in opposition to the miners' claims?—In face of anything you may tell me.

7956. In opposition to the miners' claims?—It is not in opposition to the miners' claims.

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[Continued.]

7957. I submit to you if this were not in vogue —? —You would get 1s. 6d. more per week if you took the royalties away and gave it to the miners.

7958. Never mind whether it is 1s. 6d. or 6d. Has not the man who goes down more right to have it than the man who did not put it there? Has he not a perfect right to have that sixpence?—Certainly not.

7959. *Mr. Evan Williams*: Do you defend wayleaves?—Certainly, I defend them.

7960. Tonnage wayleaves?—It depends upon the circumstances. I mean, if you have a mansion and you have a certain area of coal belonging to your estate, say of 500 acres, and a neighbour of yours has 300 acres beyond that and the shaft is on your estate, and his coal is brought through your old workings and up the shaft, you have to tolerate that shaft and the inconvenience of the colliery for so much longer than you would have if it were confined to working your own coal. Now a colliery chimney is not an attraction to an estate. It may be as tall as Nelson's Monument, but it behaves somewhat differently.

7961. Have you ever known a colliery chimney on an estate without something being paid for it being there?—No.

7962. *Mr. Frank Hodges*: Would you describe yourself as representing the Mineral Owners' Association?—Yes.

7963. Is the Marquess of Bute a member?—No, certainly not.

7964. He is not a member?—No.

7965. Why "certainly not." Have you any objection to his coming in?—We should be very glad to have him in, but I was taxing my memory.

7966. Can you give us any information about him as an outsider?—About the Marquess?

7967. Yes, about the royalty he receives?—No, I have no information about him.

7968. *Mr. H. W. Cooper*: Was not the whole of this subject dealt with by a Royal Commission which made a report on 24th March, 1893?—It was.

7969. The report was a unanimous report, was it not?—Yes, I believe so.

7970. On the Commission there was represented men of various shades of opinion and classes of opinion?—Yes, every kind.

7971. Labour views were represented, were they not?—Yes.

7972. Was the late Lord Macnaghten a member of the Commission?—He signed the report.

7973. And the report contained 80 printed pages?—Yes, and the appendix.

7974. I think the Commission sat for three or four years taking evidence on this subject?—Yes, from 1889 to 1893.

7975. As we are doing it in three or four minutes, I will be very brief. Will you look at the second of the conclusions in the recommendations of the Commissioners on page 79 so as to have it on the note and the third as well. Would you read the second recommendation first?—Yes. "Summary of conclusions and recommendations: We are of opinion that the system of royalties has not interfered with the general development of the mineral resources of the United Kingdom or with the export trade in coal with foreign countries."

7976. Would you read paragraph 3 and then paragraph 10?—Yes, paragraph 3 is "We do not consider that the terms and conditions under which these payments are made are generally speaking such as to require interference by legislation, but we recommend that some remedy should be provided for cases in which a lessee may be prevented by causes beyond his own control from working the minerals he has taken, and also for cases of certain restrictions upon the assignment and surrender of mineral leases." Then paragraph 10 is: "As regards wayleaves, we are of opinion that owners of mineral property unreasonably debarred from obtaining access to the nearest or most convenient public railway, canal or port on fair terms or from obtaining underground easements on fair terms ought not to be left without remedy, and we have made certain suggestions with that object."

7977. To your knowledge has any action been taken by the Government or legislature of this country upon that report?—So far as royalties are concerned, I think not.

Mr. Sidney Webb: For wayleaves.

Mr. R. W. Cooper: So far nothing has been done on the report

7978. *Mr. Robert Smillie*: Is your Union international?—International! No, not yet.

7979. Have you any members from Wales in it?—Yes.

7980. Have you any from Scotland?—Yes.

7981. Then it is international?—I had not got so far as that.

7982. But it is international?—I say it is Great Britain.

7983. Have you ever known in your experience the royalty owners refusing to allow development of their coal?—In my own experience I have known of a royalty owner who was an elderly lady who stood out for a price which she thought she could get on what I term the Rotherham side of Sheffield that she had had in the Barnsley district, and the coal was a very different coal. The same seam, the Barnsley bed, is in two districts, as you know, but it has a different value on the Rotherham side to what it has on the Barnsley side and that was hung up and cost a good deal of trouble.

7984. If you will take from me that a colliery employing about 400 men and boys was stopped because of a dispute between the owner of the royalty rent and the mine owner for a penny a ton and all the men and boys were dismissed, would you say it was in the national interest that such a thing should take place?—It is outside my purview altogether; I never heard of it.

7985. If necessary, I will put in the fact, but I have put it to you?—I am confining myself to facts.

7986. You are here to defend royalty owners?—I am here to justify the existence of royalty owners.

7987. But they are enemies of the State?—They are not; they are an advantage to the State.

7988. Would you say that if you can shut down a colliery because of a difference of one penny a ton on the royalty?—When was that case?

7989. It was in the Blantyre district in Lanarkshire?—It may have been before I was born.

7990. It may have been about the time you were born, but have the royalty owners changed their spots since that time?—Yes, they have.

7991. You say, I think, that there is a presumed grant from the Crown. Was the Crown at any time in the history of this country the owner of the soil?—I am confining myself to the facts and paragraph 1 gives you the data.

7992. Will you answer the question which I put, please. That is a perfectly plain question. You say you presume a grant from the Crown?—Yes.

7993. Did the Crown own the land?—I do not know.

7994. Speaking historically, you say you do not know?—I am giving evidence on oath, and I am not going to answer that. I say I do not know in reply to that question.

7995. You do not know whether the land of England belonged to the Crown?—I do not know.

7996. You have come here to defend royalties, and you say you do not know whether the land of England belonged to the King or the Queen for the time being?—I say there were huge tracts of land which did at times belong to the Crown.

7997. May I put it to you that there were large tracts of land acquired not by presumed grant to the Crown, but by merely putting a fence round the common land of the people?—I base my knowledge of it upon what I have been able to pick up from books I have read, and I say the title is based upon the presumed right.

7998. Could you produce the title of the members of your Association to their land?—I have deduced the title as we call it, or shown the title to freehold hereditaments on many hundreds of occasions.

7999. Are you aware that this Commission is entitled to ask witnesses to produce such things as that?—I have read the Act that constituted this Commission.

8000. Will you be kind enough to submit in the first place the number of members of your Union and produce their titles to the land which you are now defending?—I say that I am confining myself to paragraph 1 of my proof.

8001. We are entitled to ask you or the royalty owners to produce their titles to the land and the minerals on which they take royalties?—You will not get that. That will take some time.

8002. I know we shall not get it because it is not there?—I think we could convince you every one had a satisfactory title if you had time to go into it.

8003. Who was the case of *The Queen v. The Duke of Northumberland* debated before?

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MR. RALPH FREDERICK PAWSEY.

[Continued.]

Mr. R. W. Cooper: It is referred to in the Report on Mining Royalties.

8004. *Mr. Robert Smillie*: Is it not very probable it would be finally debated before the people who claim the right to own royalty rents?—I do not think so necessarily.

8005. It would be if it were carried to the highest Court?—It would be debated before the Chairman's predecessors.

8006. It would be debated in the House of Lords as the highest Court?—Yes.

8007. In the centre of the very people whose interest it was to continue to hold the royalties. Could that be considered a fair Chamber to consider matter of that kind?—I am here to give you facts, but not to enter into things that happened 400 or 500 years ago.

8008. Is the Duke of Hamilton a member of your Union? I take it yours is a Trade Union for the defence of your members?—It is an excellent example of the force of union. It is one which has grown up recently.

8009. Is the Duke of Hamilton a member of your Union?—No.

8010. I do not think your Union is anything like perfect is it?—No.

8011. You will have to get Mr. Hodges and Mr. Herbert Smith, or myself, into it?—I know Mr. Herbert Smith, and I am not sure I shall not ask Mr. Hodges and you to come in.

8012. We will hold a mass meeting of landowners, because we are able to deal better as an organised body than a disorganised mass. You do not think the Duke of Hamilton is a member?—No. We are a young association, and but for something of this sort we should possibly not have sprung into prominence.

8013. It looks as if you will not have time to expand your operations?—Perhaps, if we die young, we shall not.

8014. *Mr. J. T. Forgie*: May I put a question? Some reference has been made to the obstruction placed by mineral owners on getting minerals. Is there not a Commission presided over by Mr. Leslie Scott making investigation into the whole question of the acquisition of and valuation of land and minerals?—Yes, for public purposes.

(The Witness withdrew.)

Chairman: Gentlemen, I am happy to tell you that we are well abreast of our work.

(Adjourned to to-morrow morning at 10.30.)

FIRST STAGE.—ELEVENTH DAY.

FRIDAY, 14TH MARCH, 1919.

PRESENT:

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

MR. ARTHUR BALFOUR.

MR. R. W. COOPER.

SIR ARTHUR DUCKHAM.

MR. J. T. FORGIE.

MR. FRANK HODGES.

SIR LEO CHIOZZA MONEY.

SIR THOMAS ROYDEN.

MR. ROBERT SMILLIE.

MR. HERBERT SMITH.

MR. R. H. TAWNEY.

MR. SIDNEY WEBB.

MR. EVAN WILLIAMS.

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

MR. H. J. WILSON (*Assessor*).

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

MR. GILBERT STONE (*Assistant Secretary*).

Chairman: Gentlemen, I have been looking into the evidence and I am glad to be able to assure you that to-night we need not sit late. To-morrow the Commission will sit till about one o'clock to hear evidence, and after the adjournment we will deliberate privately. On Monday we may have to have one last long day, and after Monday the Commission will not sit to hear evidence. On Tuesday and Wednesday we shall deliberate as to what our Report should be.

I have some papers to circulate, and I will do that at once. The first paper I have is a paper prepared at the request of Mr. Cooper, Analysis of Tonnage and Value of Sales between Inland and Export for the Quarters ended March, June and September, 1918.*

The next Table bears upon that one also. We looked through it yesterday and saw that it was in the form wanted: Tonnage Value of Output divided as between Collieries making Profits and Collieries making Losses for the Quarter ended the 30th September, 1918.†

The next Table of Statistics is one prepared at Mr. Tawney's request for the County of Durham for the Quarter ended 30th September, 1918. It is further particulars of the cases that were referred to the day before yesterday, and you will see that it is under the heading of: "Particulars of 42 cases dealt with, showing the Total Cost Per Ton, excluding Royalties, by margins of 6d., and the Respective Tonnages." If you look at the second of the two pages you will see them all set out there.

Mr. R. H. Tawney: And the total profits.

Chairman: Yes, quite right. You will see the profits per ton. You will see the number of those that are over 5s. There are 2 at 5s., 2 at 5s. 3d., 2 at 5s. 6d., 1 at 5s. 9d., 2 at 6s. 3d., 1 at 6s. 9d., 1 at 7s., 1 at 7s. 3d., 1 at 7s. 6d., 1 at 9s., 1 at 10s., 1 at 10s. 3d., 1 at 10s. 9d., and 1 at 11s. 9d. The totals are set out, and you will see what the total tonnage is. That is the one Mr. Tawney wanted.

Now the next document‡ is a note from the Scottish Office upon the Statute to which Mr. Smillie referred, and the Statute of 1592 translated. I think I will read the note by the Lord Advocate on the old Scottish Statutes relating to minerals, and that will get it before the Commission. The Act 1424, Chapter 12, of the time of James I. of Scotland enacted that: "If any mine of gold or silver be found in any lord's lands of the realm, and it may be proved that three half pennies of silver may be fined out of the pound of lead, the Lords of Parliament consent that such mine be the King's, as is usual of other realms."

The note says:—

"The consent thus given involves the acknowledgment that, in Scotland, minerals (other than gold or silver) were not *inter regalia* (i.e., within the Crown rights) but passed without express mention in a charter, by the common law of the land. This was indeed laid down by the old institutional writers as the law of Scotland, coal being included among the minerals which so passed."

* See Appendix 15.

† See Appendix 16 and Appendix, page 240.

‡ See Appendix 57.

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[Continued.]

Now comes the Act to which Mr. Smillie referred and of which there is a translation given:—

"The Act, 1502, cap. 31 (temp. James VI. of Scotland) was an attempt to assert the prerogative as extending not merely to gold and silver, but also to 'copper, lead, tin, and other whatsoever metals and minerals.' Coal is not mentioned in it, although it was a familiar subject of commerce in Scotland for a century and a half before. The leases to foreign adventurers which had led to the abuses recited in the Act were leases, not of coal, but of precious minerals or other ores. It has never been suggested, either by text-writers or in judicial exposition, that the Act brought coal within the category of annexed minerals, or threw any doubt on the rule of the common law which excluded it from *regalia*. Whatever may have been intended as to its effect, the Act remained unprinted, and must have been little, if at all, put into force, for it was actually unknown in the law of Scotland in the time of Craig (1650) and Stair (1690). Proceeding on the assumption that the metals named had been originally annexed to the Crown, the Act purported to 'dissolve' them (*i.e.*, detach them from the Crown), and establish a procedure by which the King should grant out the metals in question to all freeholders within whose lands they were found, they paying a tenth part yearly as royalty; and, if the freeholders failed in working them, should then lease them to others. The Act never appears in decisions in the Scottish Courts until late in the first half of the eighteenth century. It was then construed in entitling the freeholder to demand grant, and not merely as authorising the King to make one, and as being limited in its operation to the working of mines royal—*i.e.*, the mines of gold and silver which in 1424 the Lords of Parliament has consented should be the King's."

That is the note of the Lord Advocate under date 11th March, 1919. The Statute is well worth perusal because, as Mr. Smillie pointed out, it contains other portions bearing on; if I may so call it, the social side of the question; and no doubt Mr. Smillie will draw further attention to it, because it is a most interesting Act of Parliament.

Mr. Robert Smillie: Sir, I have requested you this morning to get a copy of Hansard for 20th July, 1848.

Chairman: Yes, Mr. Smillie was good enough to do that. I have sent for it and Mr. Smillie shall have it in the course of the next hour. Then Mr. Tawney has asked me to get a report of *The Queen v. The Duke of Northumberland*. I have sent to the Bar Library for that and that will be here in the course of the morning.

Mr. Robert Smillie: I want to call attention to the fact that this old Act says, "All metals and minerals," and all our British legislation refers to coal as "minerals."

Chairman: Yes, you are quite right as to that.

Mr. R. W. Cooper: I do not know whether it might not be of some assistance to the Commission if you would be good enough to call attention to a case in 1875 reported in the Scottish Law Reporter of *Lord Breadalbane v. Jameson* and to the prolocutor of the Lord Ordinary in that case.

Chairman: Yes, I will do that. I am obliged to Mr. Cooper who has sent for and obtained a report of the case. It was tried on 15th June, 1875, at the suit of the *Earl of Breadalbane v. Jameson*, where this Statute was discussed and an opinion or prolocutor given by the Lord Ordinary.

Mr. R. W. Cooper: It was affirmed by the Upper Division.

Chairman: Yes. Mr. Cooper has very kindly got the report. I will pass it round, and we will draw attention to it later on.

Mr. R. H. Tawney: May I ask for an analysis, similar to this of coal-mines in Durham which has been circulated, of the cost of production and profits in other districts?

Chairman: Yes, certainly, we will try and get that. Now I propose next, in order that it may get on the Notes, to read a Memorandum from the Registry of Joint Stock Companies, Somerset House, dated 12th March, and signed by Mr. Birtles, one of the officials there

"I have obtained from the Inland Revenue Authorities lists of all the Companies engaged in Coal Mining in the United Kingdom, and have ascertained from the files the number of shareholders in each Company registered here as shown in the last Annual Return. I have also ascertained from the Registrar of Companies at Edinburgh, the number of shareholders in the Companies engaged in Coal Mining in Scotland and registered there, and from the Assistant Registrar at Dublin, the number of shareholders in the one Irish Coal Mining Company. I append the results for each of the six Coal Mining areas of the Home Office classification."

	Companies Engaged in Coal Mining only.	Engaged in Coal Mining & Allied Industries.
	Shareholders.	Shareholders.
(1) Mines in Scotland:—		
Companies registered at Edinburgh	10,352	11,183
Companies registered at London	21	—
(2) Mines in Northern Dvn. ...	1,609	27,626
(3) Mines in Yorks and North Midland Dvn.	4,370	15,993
(4) Mines in Lancashire, North Wales and Ireland:—		
Companies registered at London	1,829	3,850
On Dublin register	40	—
(5) Mines in South Wales ...	8,402	27,063
(6) Midland and Southern Mines	10,684	9,008
Total for United Kingdom ...	37,316	94,723

Then the official goes on to say: "I should point out that where the same person holds shares in more than one company he has been counted more than once in the above totals, and in the case of other holdings in the names of more than one person the joint holding has for the purpose of this return been reckoned as one. The above return, as it purports, relates to the number of shareholders, and does not of course include debenture holders, as to the number of which there is no information available in this Office."

For what it is worth I circulate that.

Mr. Sidney Webb: I should like to ask this: It is said that this purports to relate to the number of shareholders, but I should like to point out that it does not. As a matter of fact it only refers to the number of entries, and it is admitted that out of the 1,500 companies there must be an enormous number of duplicates. I want to point out something else. I should like to have this official here, if necessary, because I have reason to suspect that he has not only added all the separate companies one to another, the 1,500 companies, to make this very small total of 37,000, but as a matter of fact I fancy he has put down separately, as separate shareholders, holders of preference shares and ordinary shares and every other variety of shares.

Mr. Arthur Balfour: Had not we better have the official here and ask him that? It is no use assuming that.

Chairman: Very well.

Mr. Frank Hodges: Mr. Balfour asked for a copy of the balance-sheet of the Miners' Federation. I propose to give him the balance-sheet of the Miners' Federation for 1918 to 1918, and I would like to ask, as a sort of *quid pro quo*, that Mr. Balfour present the Commission with a balance-sheet of the National Federation of British Industries, showing how the money is subscribed both with regard to its secret propaganda fund and its general fund.

Chairman: What do you say to that, Mr. Balfour?

Mr. Arthur Balfour: I have nothing to do with the National Federation of British Industries representatives, but, no doubt, it will be sent you if it is asked for.

Mr. R. H. Tawney: Could we not have a similar statement by the British Commonwealth Union show-

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[Continued.]

ing the amount subscribed and the amount applied for political purposes?

Mr. Evan Williams: I ask for a similar return for the Independent Labour Party.

Mr. R. H. Tawney: That is quite public.

Mr. R. W. Cooper: I was going to suggest the Primrose League.

Mr. R. H. Tawney: We must draw the line somewhere.

Chairman: Yes, we must draw the line both in numbers and time. You will remember March 20th!

Mr. Robert Smillie: I think Mr. Hodges' is a reasonable request.

Chairman: Yes.

Sir L. Chiozza Money: May I ask for the circulation of the British Blue Book on German Taxation, Command Paper 7450, where there is a statement which was challenged last night, and, therefore, I want the official evidence.

Chairman: Very well, if you give it to me I will see that it comes.

Mr. Robert Smillie: Can you say what progress we are making towards a return of the percentage of profits?

Chairman: I believe that is nearly ready and that you will have it first thing Monday morning.

Mr. Robert Smillie: Then I want to call your attention to an advertisement which appeared in many of the newspapers saying that the Mineral Owners' Association of Great Britain invited communication from

royalty owners with a view to collective representation and anybody having any information to communicate with the Secretary, Mr. Pawsey. I should like to ask Mr. Pawsey to hand in a list of their members and contributions.

Chairman: If Mr. Pawsey is here I will ask him.

Mr. Pawsey: I am here, Sir.

Chairman: Will you do that?

Mr. Pawsey: Certainly.

Chairman: On Monday next?

Mr. Pawsey: Yes.

Sir L. Chiozza Money: On one other point, there is the request I made before the disclosure of certain documents containing information and containing conclusions given to His Majesty's Government with respect to the subject matter of our enquiry.

Chairman: I have already asked for that. I understand that certain reports like the report which was made, I believe, on the rise of wages and certain other matters of that sort were before them. I am having a list made.

Sir L. Chiozza Money: Yes, and I particularly refer to the fact that the Government stated in the House of Commons that they had been supplied with official information. It is that official information we desire to have.

Chairman: Quite right. That is the official information we want to get ourselves.

Now, I will ask Mr. Dickinson to come back because some members of the Commission want to ask him some questions.

MR. ARTHUR LOWES DICKINSON, Recalled.

8015. *Chairman:* Will you take the figures from what you have put in to-day and just explain them, please?—The first one is an analysis of tonnage and value of sales between inland and export for the quarters ended March, June and September, 1918.* Those show the tonnage sold in each of the districts of the country, inland and export, and the average prices received for each of those three quarters. I think perhaps it will be sufficient if I read out the totals. For the quarter ending March 31st, 1918, 31 million tons odd were sold inland at 18s. 7½d.; and 9,200,000 tons export at 24s. 5½d. That is 40,000,000 tons and the output for that quarter was between 50,000,000 and 60,000,000, so that it includes roughly about 70 per cent. of the output. In the June quarter the corresponding figures were:—inland 28,000,000 tons odd at 18s. 9d., and exports just under 10,000,000 tons at 25s. 7½d. That is just about the same proportion again. In September the figures are 22,800,000 inland at 22s. 8d. and 9,750,000 export at 31s. 1-86d. That is about three-fifths of the tonnage for that quarter.

8016. *Mr. Evan Williams:* What about the balance of the tonnage. What has become of it?—We have not tabulated that. There are a great many cases in which people did not state how much was inland and how much export and they put it together. They said they could not get it out, so that it is not included in the returns, and we have taken all the returns which did show those figures. The inland price will be about the same all over the country, and there is probably not very much more export.

8017. *Sir Thomas Royden:* I observe a very considerable disparity between the export prices and the inland prices of coal in these different periods. It occurs to me that there is a very large figure of profits that were made out of the industry by the Government and to some extent by the colliery owners and which were really made out of foreign trade and not out of the domestic trade at all?—As I stated at the time, a good deal of profit comes from the export trade undoubtedly.

8018. Not the whole of it?—I should not think the whole of it. Take the September quarter. The inland price is 22s. 8-05d. and the average price for the whole quarter was 24s. 9d., so that it is 2s. a ton. The profits in that quarter were 3s. 10d., so that if the whole of the coal had been sold at the inland price I think it is a fair assumption that the profits

would have been about 1s. 10d. if there had been no exports at all.

8019. *Mr. Sidney Webb:* As compared with 1s. in the 1913-14 year?—No, it is not quite the same. This is on the disposable basis. You would have to make a slight allowance for that. 3s. 10d. is the profit as shown by our returns for the quarter ending 30th September, 1918.

Sir Thomas Royden: I was more concerned to find out whether it was the foreigner who was paying for the profit or the domestic trade.

8020. *Mr. R. W. Cooper:* Would you give us the information (it is rather difficult to do it on the spur of the moment) with regard to each quarter? Take the March quarter, and kindly compare this morning's paper with your Table 2a of the March quarter which shows the average cost per ton?—Taking the same figures for the March quarter?

8021. Yes. Would you take inland first?—The inland price as shown on the table just put in is 18s. 7½d. The average proceeds of sale for the whole country were 19s. 7d., so that there is a difference of a shilling there.

8022. That is not my point. I want you to give me the 18s. 7-24d. which you just mentioned and then to give the total cost. Look at Item 13 of your March statement?—Yes, the total cost is 17s. 4d.

8023. That is for the inland. Before we leave the March quarter, will you give the quantity for inland?—The quantity for inland was 31 million tons odd.

8024. Would you give me the quantity for export?—9,200,000 odd.

8025. Will you take the June quarter and give me the average price for the inland?—19s. 9-1d.

8026. And the tonnage?—28 million odd.

8027. Will you give me the average cost for the June quarter for the whole country?—18s. That is excluding royalties, by the way.

8028. Is it?—Yes.

8029. Oh, no?—18s. excludes royalties.

8030. Look at Item 13?—Yes, but Item 14 is "Profit, including interest and royalties." The cost, including royalties, is 18s. 7d. for the March quarter.

8031. As long as it is taken the same way in each case it does not signify much?—It is 18s. without royalties to June.

8032. What do you compare with the 18s. 9d. selling price—the 18s. or the 18s. 7d.?—18s. 9d. is the inland selling price.

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MR. ARTHUR LOWES DICKINSON.

[Continued.]

8033. What is the price of that to arrive at the profit per ton left to the coalowner?—18s. 7d.

8034. Going back to the March quarter, what should be the figure to show profit to the coalowner?—17s. 11d.

8035. It ought to be 17s. 11d. as against 18s. 7d., and for the June quarter 18s. 7d. as against 18s. 9d. Would you kindly give us the inland price for September?—22s. 8-05d.

8036. What is the total tonnage?—22,822,000

8037. Would you give me the working cost per ton in the same way as you have given it me in the other cases?—21s. 1½d., including royalties.

8038. What have you left to the coalowner out of the inland for the September quarter, which is 22,800,000?—1s. 6½d.

8039. That is out of the 22s. 8-05d.?—Yes.

8040. Now, let us pass in review the exports in the same way. Take the March quarter?—That is 9,217,000 tons and the price is 24s. 5-8d.

8041. Of course the working expenses would be the same?—Yes.

8042. That is 17s. 11d. Now take the June quarter, export?—That is 9,900,000 tons odd and the price is 25s. 7-59d.

8043. What is the September quarter?—9,750,000, and the price is 31s. 1-86d.

8044. I should like to have this on the notes, and I want clearly before us the profit left to the coalowner for each of those quarters per ton out of the export trade. I take the inland and export for each quarter. What is the March quarter?—The profit on that amount of tonnage of 9,217,000 in the March quarter, after paying all expenses and royalties, would be 6s. 7d.

8045. What was it on the 31 million tons for the same quarter inland?—6d.

8046. Now, will you take the June quarter? What was it on the export of 9,900,000?—7s. 0½d.

8047. What was it on the 28 millions inland?—Just over 1½d.

8048. Now, will you take it for the September quarter? What was it on the export of 9,750,000?—10s. 0½d.

8049. What was it on the inland of 22,822,000?—1s. 6½d.

8050. *Sir L. Chiozza Money*: Would you read the figures across again?—Yes. For the quarter ending 31st March, 1918, the profit on inland sales was 6d. and on export 6s. 7d.

8051. *Mr. R. W. Cooper*: Are you sure about the March inland figure being right?—Is it not a little too low?—The selling price was 17s. 8-24d.

8052. Is it not 8d. instead of 6d.?—Yes. I had better read this all out again. For the quarter ending 31st March, profit on the inland tonnage 8d., and on export 6s. 7d. For the quarter ending June 30th, inland 1½d. and export 7s. For the quarter ending 30th September, inland 1s. 6½d., and export 10s. I think I ought to mention here that I would not like to be certain that this really reflected the state of the whole country, because if you take the average price of the March quarter the average price of sales was 19s. 7d. as compared with an inland price of 18s. 7d. Therefore the export price distributed over the rest of the trade only meant a shilling a ton. The real figure to take is that 1s. a ton off the profit in that quarter and the balance would be the profit of the inland trade.

8053. The net result is that the average profit for the country is at any rate in the first two quarters almost entirely due to the export trade.

Sir L. Chiozza Money: Is that not merely because you, having regard to the export trade, fixed such and such a price for the inland?

Mr. R. W. Cooper: No, I am only asking on the figures.

Mr. Evan Williams: The price of export coal is without reference to that. That is not fixed by the Price of Coal Limitations Act.

Sir L. Chiozza Money: I mean the additions.

Witness: There is another point. It is rather difficult to follow these figures quickly. I have left out in those profits miscellaneous receipts of about 3d. a ton all the way through which are not deducted from the cost.

8054. *Mr. R. W. Cooper*: Then the miscellaneous receipts would not necessarily affect the result of the proceeds of the sale of coal?—No, but they are part of the profits of the colliery company.

8055. But they might assist. They are things in connection with coal?—There are wagon rents, which are one of the chief items, and that has connection with coal. Then there are cottage rents and bank interest on deposits and things of that sort—not investments. It is 3d. a ton generally.

8056. It is a small matter?—The point ought to be made clear, because I do not want this to be misleading. Take the March quarter. The average selling price for the whole country on the tabulated cases there, which are about 83 per cent. of the total, was 19s. 7-33d. Now the inland price for the March quarter on the cases we have tabulated, which of course are a much smaller percentage, was 18s. 7-24d. Therefore the effect of the export trade on the average prices for the whole quarter was 1s. a ton. If you knock off the export trade, presumably it would have reduced the profits by a shilling a ton. Therefore the profits excluding export trade, after paying royalties, instead of being 1s. 1½d., would have been 1½d. In that case it is just that 8d.

8057. Do I understand the tonnage dealt with in Table 3a, the March quarter, is not the same tonnage as in the summary?—No, it is a smaller tonnage in the summary. In a number of cases the owners did not divide the sales between export and inland, although required by us to do so. They said they could not do so, but I have told them this morning they have to do it.

8058. *Mr. Arthur Balfour*: You said in the March quarter it was 1½d., deducting the shilling. Could you give us the other quarters?—Yes. In June the average selling price for the whole of the cases tabulated, which are 84 per cent. of the total, was 20s. 2d., as against an average inland price on the tabulated cases in the second statement of 18s. 9d. That is a difference of 1s. 5d., so that the profit there would have been about 5d. a ton on the inland.

Chairman: Mr. Dickinson is not here for fresh cross-examination, but only just to explain his figures. We have already taken an hour this morning.

Sir L. Chiozza Money: It is unfortunate we have had one side cross-examining already.

Chairman: We will now have the other side, and I will begin with you.

Sir L. Chiozza Money: I think Mr. Dickinson has given an answer which perhaps covers the whole ground. We have the other table which seems to us much more important. I understand Mr. Dickinson's new estimate was given to found a calculation as to the cost per ton of granting the miners' demands. Would this be a convenient moment to have this? It is much more important than anything else we can address ourselves to.

8059. *Chairman*: (To the Witness.) Have you that?—Yes, I think I have it there.

Chairman: Then we will circulate it, and I will recall Mr. Dickinson.

Mr. R. H. Tawney: Has Mr. Dickinson anything to say on the Durham table?

Chairman: I do not think he has.

Witness: I would only like to say that the one which was put in before should be withdrawn and this one substituted for it.

(The Witness withdrew.)

Chairman: Now I will call Mr. Straker.

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[Continued.]

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8060. *Chairman*: I think you are the Secretary of the Northumberland Miners' Association, a member of the Coal Controller's Advisory Committee, and a member of the Executive Committee of the Miners' Federation of Great Britain?—That is so.

8061. I propose to do with you what I have done with the other witnesses, namely, to read your proof, and then to leave the Commissioners to ask you any questions. This is a very important proof, because it places before the Commission and the public the Miners' Federation of Great Britain's view as to nationalisation, and we shall hear from this proof what the claim of the miners, generally speaking, is. You are here to speak to the nationalisation of miners and minerals under certain heads?—Yes.

8062. They are: "1. Miners' Demand for Nationalisation. 2. A Profitable National Investment. 3. Saving in Wholesale Distribution of Coal. 4. Saving in the Retail Distribution of Coal. 5. Loss of Small Coal Underground. 6. Loss of Coal in Thick Seams. 7. Loss of Coal left as Barriers. 8. Improved Methods of Production. 9. Development of New Mining Districts. 10. Benefit to the Miner. 11. Competition. 12. Housing under Nationalisation. 13 Administration and the Avoidance of Bureaucracy."—Yes.

8063. Your proof proceeds:—

"*Miners' Demand for Nationalisation.*—(a) For many years this question has been in the very forefront of miners' demands. In 1912 a 'Nationalisation of Mines and Minerals Bill' was introduced to the House of Commons by the Labour Party, acting in conjunction with the Miners' Federation. (b) Since that time thought has been growing and maturing on the subject, so that now the miners are not only asking for Nationalisation, but also for joint control of the mines. (c) Miners have long suspected the profiteering in coal by the coal-owners, coal distributors and the Government, and have felt very bitter at the way in which public opinion has been manufactured against their demands by those who ought to have known the real cause of the high price of coal to the consumer. (d) Especially do they feel bitter at the way in which the Government spent thousands of pounds for the purpose of inducing the miners to throw over their leaders, notwithstanding the inconsistency of, at the same time, condemning unauthorised strikes. (e) In addition to the Government's action, others took up the same cry. Among these were Coal Owners and other coal profiteers. There was also another party calling itself the 'Workers' Patriotic League' which spread pamphlets broadcast for the same purpose. This must have cost a lot of money; but where it came from I don't know—certainly not from the workers. (f) The revelations since this inquiry commenced have confirmed the Miners' suspicions and opened the people's eyes, so that it is useless to ask the Miners to withdraw their notices without the acceptance of the principle of Nationalisation by the Government. The arrangements for the application of the principle will take considerable time, but the principle ought to be accepted at once.

"*A Profitable National Investment.*—From the best authorities on capital invested in the Coal Mining industry, I find that it amounts to about 10s. per ton on one year's output. This was confirmed the other day by Dr. Stamp, when he gave this capital as £135,000,000, which equals about 10s. per ton, as I have said. From figures supplied by Mr. Lowes Dickinson for the purpose of this Inquiry, we learn that the net profit was in the year:—1913: £13,000,000, equalling 1s. per ton, or 10 per cent. on capital invested; 1914: £15,000,000, equalling 1s. 4½d. per ton, or 13·75 per cent; 1915: £21,500,000, equalling 1s. 8d. per ton, or 16·66 per cent.; 1916: £37,800,000, equalling 2s. 11d. per ton, or 29·16 per cent.; 1917: £27,750,000, equalling 2s. 2½d. per ton, or 22·08 per cent; 1918: Estimated on the output during quarter ending September, £39,000,000 equalling 3s. 6½d. per ton, or 35·41 per cent.

"As the price for the September quarter was much higher than the two preceding quarters, 3s. 6½d. will be too high for the whole year, based on these figures; but as price was rising very sharply during the latter half of the year, the December quarter would show a much larger profit, so that 3s. 6½d. will be too low, based on the December quarter's figures. The output during the last quarter was probably also increased, so that 3s. 6½d. probably would be a fair average for the whole year.

"*Note.*—Pithead price: First half of the year, 20s. per ton; September quarter, 24s. 10d. per ton. And still going up, owing to sales to Neutrals.

"From these figures it will be seen that the profit for coal sold has gone up since the War commenced by three and a half times what it was previous to the War, and yet the public has been led to believe that the advance in Miners' wages has caused the rise in the price of coal to the consumer.

"Summarising the profit per ton for the four clear years of the War, and striking an average in proportion to output, as given by Mr. Dickinson, we have:—In 1915, we had 253 million tons at 1s. 8d. per ton profit. In 1916, we had 256·5 million tons at 2s. 11d. per ton profit. In 1917, we had 248·5 million tons at 2s. 2½d. per ton profit. In 1918 (estimated) 230 million tons at 3s. 6½d. per ton profit.

"Working these profits out in proportion to output for each year, we get an average profit during the war of 2s. 6·76d., or 25·63 per cent. on capital invested. If the same rate of profits continues and the Mines were purchased by the issue of Coal Mines Stock to the present owners, carrying an interest equal to War Loan, say 5 per cent., there would be a profit of over 20 per cent., which means that in five years the purchase price would be paid off, out of profits. If the present rate of profit continues, the purchase price would be paid off in slightly over three years. Or to put it another way, had the mines been nationalised at the commencement of the war, and the same profit realised, at the end of the present year the purchase price would have been completely cleared off. In addition to the above profits, there are the royalties, which ought to belong to the Nation. These equal, at present, about 6½d. per ton, or over 5 per cent. on capital. There are also, in addition, the profits on by-products which I have not put in. Royalties and by-product profits would add at least another 10 per cent. to the 25·63 per cent., making for the four war years 35·63 per cent.

"*Saving in Wholesale Distribution of Coal.*—Professor Henry Louis, of the Society of Chemical Industry, in an address delivered to the London section of that Society on December 4th, 1917, says:—'If for instance all the collieries in a coal-field were federated and administered as one large unit, the costs of administration would be reduced, selling charges would be greatly reduced, because the elimination of competition would avoid the necessity for the numerous agents and merchants who are now maintained by the coal trade. Supplies would probably be purchased to better advantage and more cheaply by so large an organisation, and it could maintain a staff for the special purpose of conducting researches with a view to cheapening production on a scale that is impossible for the existing smaller companies. Above all, if the coal production of the country were concentrated in the hands of a very small number of large organisations of this kind, it would probably be possible to mark out areas within which other coalfields would refrain from competing, and thus reduce the amount of transport of coal to a minimum.' Professor Louis also suggested:—'One of the most promising modes of lowering the cost of coal to the distant consumer would be by reviving and improving the inland navigation of the United Kingdom. Unfortunately,' he says, 'our canals have been neglected, and have mostly been allowed to fall into the hands of the railway companies, whose interest it has been rather to stop than to foster canal transport.'

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"I do not think that the saving in the cost of coal distribution by greater concentration can be better put than it is here put by Professor Louis, unless I take Sir Richard Redmayne's evidence of Tuesday. I would, however, extend the principle further than Professor Louis does. If so much can be saved by concentrating in a very small number of large organisations, much more could be saved by concentrating in one large organisation—the State.

"Regarding railways and canals, I would get over that difficulty by railway and canal nationalisation.

"One of the most important savings that can be made is by the abolition of middle-men. Professor Louis in the address I have quoted from, stated that in the year 1913, when the price of coal at the pit's mouth was given officially at 10s. 1½d. per ton, the price of sea-borne coal in barges in the Thames was given also officially at 21s. After accounting for all the charges in the transport he found a balance of 5s. 3d. per ton, which represented the profit of the various merchants through whose hands the coal passes; there would, however, he points out, be a slight loss and waste in carriage. If the transport of coal was done by Government, this 5s. 3d. per ton profit would doubtlessly represent a very large interest on the capital necessary to invest in transport service. A large saving could also be made in rolling stock if the wagons and engines belonged to the State. The Coal Controller found a great difficulty in the economic use of wagons owing to these belonging to so many different owners. Even when he tried to pool the wagons for common use, he found that owing to their various makes, he had to send them back to where they belonged to be repaired. All this could be avoided by a standard wagon and repairing shops in different centres, if the State owned the whole.

"*Saving in Retail Distribution of Coal.*—From my own personal observations I feel sure that another great saving could be secured, under nationalisation, by local authorities acting under a Mines National Council, in the various cities, towns and districts of the country, retailing the coal to consumers. In many of our cities and towns there are hundreds, may be thousands, of small retailers, all making a living out of the business. These get customers where they can, and in delivery are constantly overlapping each other. Some of the east side of a town will be delivering coal to consumers on the west side, while others on the west side are delivering coal to consumers on the east side. Thus there is a tremendous amount of unnecessary labour and wear and tear of carts and horses. All this could be avoided by intelligent co-ordination under one local authority, and far more than the profits of the numerous retailers saved.

"*Loss of Small Coal Underground.*—It has been estimated that nearly 2½ million tons of coal is lost every year by throwing back the small coal in some districts. This is a waste of the national resources which would be prevented did the State own and work its own coal. The question of how to make use of this coal has been discussed by experts, and less coal is now lost in this way than formerly. Professor Louis pointed out that this item of waste is a serious one, and said:—'Here, again, economies might be effected by the operation of large units. If at all large coal-receiving depots the fines and dust were collected and made into briquettes, these could be sold at the price of the best round coals, whilst the cost of their manufacture is not a serious item. This system of briquetting coal dust at receiving depots has been in vogue in Germany for a considerable time, and ought in my opinion to be adopted without delay in this country.' The Coal Conservation Committee in its final report states that in South Wales part of the small coal is exported to continental markets for manufacturing patent fuel and other purposes. It is evident, therefore, that the same class of coal can be used here in the way suggested by Professor Louis, if collected at large receiving depots. Under nationalisation such large centres could, in my

opinion, be much more easily established than under the present system of private ownerships. Whereas small companies evidently hesitate to go to the cost of putting down the necessary plant, the nation owning the whole could with advantage do so.

"*Loss of Coal in Thick Seams.*—The Coal Conservation Committee, in referring to the loss of coal owing to the thickness of some of the seams in the Midlands, said that they could not venture an opinion as to how best to get over the difficulty; but they said further: 'Practical experiments on a considerable scale would require to be carried out, and we consider that in view of the great importance of the problem involved and the large quantity of coal which would be saved if a successful method of extracting the whole seam could be found, the matter should be taken in hand as soon as possible by the Ministry of Mines and Minerals.' It ought to be evident to anyone that it is unlikely that such an experiment will be undertaken by private ownership; therefore the serious loss will go on, unless the nation takes it into its own hand in its own interest. This is but another evidence of the need of nationalisation.

"*Loss of coal left as barriers.*—It has been estimated by the Royal Commission on Coal Supplies that the loss of barrier coal has amounted to between 3,500,000,000 tons and 4,000,000,000 tons. There is really no good reason why this enormous loss of the nation's potential wealth should be allowed. At the present time barriers are left in between different coal properties, partly as a division to prevent them stealing each other's coal and partly to prevent the water from one property flowing to the other, and thus throwing the cost of pumping the whole of the water on to the owner of one of the properties. This is a wicked waste for which there would be no necessity were the mines and minerals nationalised. There is not only loss; but where one colliery company is working both properties and a road is cut through the barrier in order to bring the gotten coal from one property to the other where the pit shaft is, the owner of the property through which the coal from the other property is brought, claims so much per ton for allowing this to be done. He even claims so much per ton for allowing it to be brought up the shaft, simply because it is on his property. These unjust impositions would all be prevented by nationalisation. Again, where two colliery companies—one on each side of the barrier—are working adjoining properties, two shafts may be put down where one would do. Or where two shafts would still be necessary, even if there was no barrier, the distance to transport the coal from the working places to the shaft could be equalised, instead of one, under the barrier system, having to take the coal a much greater distance to the shaft. Working the whole as one property—that of the State—all these disadvantages could be reduced to a minimum.

"NOTE.—In the report of the Royal Commission on Coal Supplies, 1905, an example of loss of barrier coal may be found referred to in the Cowpen Colliery Company's pits in Northumberland:—

	Acreage.	Loss of	Per cent
Cowpen Pits ...	3,159	70 acres by barriers	= 2.21
Cambois Pit ...	1,389	55 " "	= 3.96
North Seaton Pit	928	27 " "	= 2.91
Total acreage	5,476	152 " "	= 2.77

"I ask, 'Can the nation afford to go on losing all this coal?'

"*Improved methods of production.*—In the coal industry there can be no exception to the general rule in all other industries that it is necessary from time to time to adopt new and improved methods of production. The pressure of economic necessity compels this, so that if in any case improvements are not very readily introduced it is safe to assume

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that the economic pressure is not great. The Coal Conservation Committee in their final report say:— 'Labour saving appliances might with advantage be used to a greater extent in connection with colliery operations. The application of coal-cutting machinery and face-conveyors should be as largely adopted as possible. Much has been done in recent years in this direction, and but for the introduction of such appliances the cost of production would probably have been much higher, as they have materially assisted in counterbalancing the higher cost which has resulted from the working of thinner seams to a larger extent than formerly. There is, however, still room for considerable extension in the use of such plant.' Regarding underground transport, that Committee says:— 'There is room for considerable improvement in underground haulages as regards both their extent and efficiency.' Further on in that report we find this:— 'Auxiliary underground haulages might with great advantage be employed in many cases, and more regard might be had to the benefits to be derived from having the underground haulages brought up as close to the working face as is practicable? Evidently there is a reluctance somewhere to introduce improved machinery such as is suggested by the Coal Conservation Committee. I do not think that the Colliery Management is to blame in many cases; rather do I believe that colliery shareholders, many of whom may know nothing of the industry in which they have their money invested, are afraid of the first cost of new plant and cannot trust the management to secure a sufficient return for the outlay. Moreover, there are many small colliery companies where the first cost is an almost insuperable obstacle. So long as the industry is in the hands of private persons all sorts of fears and difficulties will stand in the road of up-to-date methods and machinery being introduced. Where coal-cutting machines have been introduced, I think it is safe to say that the output per man on the coal face has been at least doubled. If the practical men, who know every point about coal getting, had the opportunity of sharing, along with mining engineers, the management of the mine, much better results would be secured, especially if the practical men knew that the result of their labour was not going into the pockets of a few wealthy mine owners, but was for their own benefit and that of the community of which they form a part.

Development of New Mining Districts.—If the State owned and worked its own coal resources, it would give a greater attention and greater importance to the necessity of providing for future generations, instead of merely thinking of profit in the present. Thus all that it did at any time would have a clearly defined relationship to the future. In order to meet the needs of the increasing population, and to make up for the exhaustion of present undertakings, new mining districts must be developed. These developments, under nationalisation, would be intelligently coordinated, and would not, as they must do under private ownership of mines and minerals, depend on agreements being made between separate mineral owners and separate colliery companies who may desire to work the coal. Under the present ownership of minerals, the boundaries of the property may run in such awkward shapes that the cost of following these boundaries, when extracting the coal, must be greatly increased over what it would be if the area to be worked by any mine was drawn with full regard to the areas to be worked by other mines, as it would be did the whole belong to the State. When a mine is put down in a new district, the owner of the mineral does not merely receive his royalty rent, but the surface, which often belongs to him also, at once jumps up in value in consequence of the demand for sites works, houses and railways; and the irony is that, in case the surface is injured by extracting the coal, the colliery owner, who has already paid the surface owner for the right to mine the coal, has to pay a second time for

injuring the surface. And not only that; but the payment for the injury is largely increased by the enhanced value which the mine owner has given to the surface by putting the mine down. Surely if the State was owner it would make enactments to prevent charges of this kind. In order to reduce the financial loss owing to the injury to the surface to a minimum, schemes of building might be arranged with full regard to the working of the mine, if private interests were disregarded. Not only building on the surface, but in laying out of underground areas, the principle underlying the Town Planning Act might be adopted. The question of borings for coal is an important one. At the present, these borings being done by private persons, no public record of them is kept, yet the value to the State of having such a record may be great. Seams thus discovered may not be mined owing to it being thought that they would not give a sufficient return for the necessary capital. I have known such cases. But if the minerals belonged to the State, the findings in these bore-holes would be filed, so that as mining methods and machinery improve and thinner and more difficult coal seams can with advantage be mined, the Government would know where these seams were, without having the heavy cost to bear of again boring. The fact is that under private ownership the realising of the nation's mineral wealth has been so left to private enterprise that it is much poorer to-day than it otherwise would have been.

Benefit to the Miner.—It has generally been thought that when the miners demand nationalisation of the mines and minerals, they are thinking only of their own benefit. Nothing can be further from the truth. They know that special benefits will come to them in the shape of greater safety for life and limb, and this is of supreme importance to their wives and children. The present Mines Act is doubtless the best ever we have had; but it cannot be doubted that it could be vastly improved were financial considerations of less importance when weighed against the provisions of safety. In any industry owned by the State the workers would be adequately provided for when broken and maimed in the State's service; and when death by accident overtook such a worker, his dependents would be provided for as they ought to be, and vastly better than they are under the present Compensation Act. These benefits would be realised by the miners; but the public would largely benefit by securing cheaper coal for all purposes, as the profits now going into the pockets of the present owners would be secured by the State for the benefit of the people as a whole.

Competition.—In reading the report of the evidence given by some of the Witnesses who have already appeared before this Commission, I have been somewhat amused at the evident desire to take advantage of the public's fear of German competition. The fact is that that competition was always of the keenest kind, so that it is no new thing to be feared in the future. If it had only been a question of price we could not have held the Continental markets in the way we did. The character of our coal very largely enabled us to do that. The most injurious form of competition has always been the competition for Continental trade among British coalowners. This competition was not only between district and district, but between colliery company and colliery company in the same district. All this costly competition among British owners would be avoided by the industry being nationalised.

Housing under nationalisation.—The deplorable character and condition of the houses in which so many miners with their families have to live, seems to me to be largely the result of private ownership of the mines. A colliery company building houses for its workmen will always do so with full regard to the length of lease of the colliery, consequently will erect the poorest class of house that will serve its purpose while the lease lasts. If the mines were nationalised there would be no

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necessity to build the houses of such a character as to merely serve the limited length of a colliery lease. The State being responsible for the well being of the people would recognise the truth of what Sir Richard Redmayne so well said a day or two ago when giving evidence before this Commission:—'As the house is, so is the individual; as the individual is, so is the Nation.' Being anxious to have a clear authoritative statement as to whether or not miners' houses are worse than those in which workmen in other industries have to live, and as to whether or not an improvement could be hoped for under the present system of ownership, I addressed a communication to Mr. H. R. Aldridge, of the National Housing and Town Planning Council, on these two points. Mr. Aldridge is certainly an acknowledged authority on housing, and probably knows more about the question than any other man in Great Britain. He sent me the following reply:—'41, Russell Square, London, W.C.1, 12th March, 1919.—Dear Mr. Straker,—You have been good enough to ask me to express clearly my views on two points which you regard as of importance to you in relation to the evidence you are to give before the Royal Commission on Mining. (1) The first of these points can, in effect, be put in the form of a question, viz.:—*Is it true that the houses in which miners live are relatively worse than those of workmen in other industries, and if so, what is the cause of the difference?* In reply to this question may I at once reply that it is incontestably true that those engaged in the skilled work of getting coal are worse housed than those engaged in other great staple industries, such as cotton spinning, boot making, &c. On this point all those possessing first-hand knowledge of housing conditions are absolutely agreed. But I take it that the object of your question is not to secure confirmation of an admitted fact, but to elicit a reliable answer to the question as to what causes have produced a result which all agree in deploring. In reply, may I say that I am convinced that those responsible for the organisation of the colliery industry of the past must bear the greater part of the burden of responsibility for the present state of affairs. In making this statement I am fully aware that several of the leading colliery owners of this generation (including Sir Hugh Bell, Sir A. J. Dorman, the late Sir Arthur Markham and others) have striven or are striving to secure a great change for the better in the conditions under which miners and others in their employ are housed. But this is not the point at issue. The fact remains that in the past those in whose hands the organisation of the colliery industry was placed left unfulfilled a clear duty of careful watchfulness over the housing conditions of those whom they employed, and I venture to suggest that in the whole history of industrial development in this country there has been no worse case of callous disregard of the duties which accompany rights in ownership than that of the captains of the colliery industry in regard to their employees. I can best illustrate what I mean by calling to mind the conditions in a Northumberland colliery village as I knew it years ago, at the time when you and I were engaged in the task of awakening public opinion on housing in mining districts. In the village to which I refer the ramshackle houses were built in a squalid row, with a field of growing wheat coming up to the unbroken back line of the houses, and with badly kept "sanitary conveniences" placed upon the other side of the public highway. The only really habitable room in these houses was the ground floor room, and this had to serve as living room, bedroom and parlour all in one. These houses were built by those who developed the colliery, with the consent of the owners of the land, and no plea that "they were permitted to do it" by the public authorities can be regarded as a valid answer to the case against them. But even supposing that those responsible for the building of these houses can be acquitted of a deplorable neglect of good standards—a neglect

of which they were not guilty in regard to the homes of their own families—there can be no excuse for the conduct of their descendants or successors as shareholders and their agents during the past quarter of a century. Let me put the matter in another way. Even admitting that those responsible for the hopelessly bad character of the building and planning of colliery districts—built at a time in which neglect was the rule and desire to raise the standards of life the exception—those since responsible for the ownership and management of collieries must stand condemned at the tribunal of public opinion for their inexcusable failure to support measures to improve the conditions. I am stating what I know to be true, when I say that if colliery companies and individual owners had during the past twenty years put their hearts into the work of raising the standards of housing amongst their workmen, a transformation of a beneficent kind would have taken place. But apart from a few memorable exceptions, the reverse has been the case. All sorts of reasons have been given for inaction. The most familiar has been that "the pit will be worked out." But other reasons have not been lacking. For example, statements have been freely made as to the miners' slum being due to the bad habits of the miner. But these so-called reasons were, for the greater part, examples of "special pleading," and behind them all was the determination not to allow the profits of the industry to be drawn upon to remedy the housing conditions of their employees. It is possible that this point may be contested, and in order that there may be no misunderstanding in regard to it, I venture to state it in yet another way. Let me say clearly and frankly that with knowledge, extending over a quarter of a century, of the conditions under which miners live, I am of opinion that those responsible for the colliery industry have not only failed to do their duty in regard to the housing of the workmen in their employ, but have played an ignoble part by discouraging and delaying the efforts of those who have endeavoured to secure that the powers given under the Acts of Parliament passed to deal with housing should be put into operation. (2) The second question you have asked me is:—*To what extent is it possible to secure an improvement of housing conditions whilst the existing methods of organisation in the colliery industry are maintained?* In reply, may I say that it is my considered opinion that the housing question will not be put right by the voluntary action of those at present responsible for the organisation of the industry. The grounds on which I base this judgment are, in the main, two: The first is, that I have a wholesome scepticism as to the strength of the desire of those at present responsible for organisation in the colliery industry to make a clean sweep of bad housing conditions. It may be urged that this is simply a matter of opinion. But it is more than this. It is a matter of experience. Many and various journeys of inquiry have carried me into every mining district in the United Kingdom, and whilst some are better than others, in all it is evident that the conditions under which men are living is regarded by those who have the organisation of collieries in their hands as a matter of relatively minor importance. I realise, of course, that men develop and run collieries for business reasons and not for philanthropic reasons. But the point at issue is as to whether the task of reforming the housing conditions in mining areas can be safely left to those at present responsible for the organisation of the industry, and on this point I have no hesitation in urging that it will be imprudent and unwise to leave the fulfilment of a duty of this magnitude to men and groups of men who have shown by their failure to deal with this question in the past, that they are not anxious to deal with it on constructive modern lines which involves great expenditure of capital. The second point is even more important. It is that I do not think that the present organisation is capable of dealing with the problem. In regard to this, may I say that I have read the striking evi-

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dence of Sir Richard Redmayne, and am of opinion that, in regard to the methods of dealing with this housing question, a most interesting parallel can be drawn between the problem with which he deals and the problem of housing. He has demonstrated conclusively that the present system of individual management is out of date, and I venture to suggest that the same truth applies to housing. In this relation may I submit the following argument. The housing of the miner must be dealt with, not in terms of the workmen employed at an individual colliery, but in terms of the workmen employed in a whole district. As an example of what I mean, may I point out that in your own county of Northumberland there are thousands of houses which should be demolished and other houses provided for the miners living in them. But the new houses should not necessarily be built close to the old ones. The determination as to where these houses shall be built must rest upon district conditions, and moreover must rest largely on transit facilities. It may be that there is a focal point well served by roads in the district at which it is desirable to build a properly planned mining village. Houses built there will not only be of service to the men engaged in working during the last years of life of the old colliery, but when this old colliery is worked out will be of equal service in providing homes for the workmen engaged at other collieries. But to carry out a policy of this kind means the adoption of a regional point of view, and an individual system of the kind at present in existence is hopelessly impracticable and insufficient to meet the needs. In conclusion, may I be permitted to point out that whilst the present condition of mining colliery villages is so deplorable that there are practically no men willing to defend it, it is also my experience that evils, and more especially housing evils, are permitted to remain unremedied long years after all endeavours to explain them away have been abandoned. I earnestly hope that this will not be true of housing in mining districts. The time is fully ripe for great regional schemes of housing and town planning, and no better results can come from the labours of the Commission, before which you are to give evidence, than that of securing to the miners of this country homes worthy of the name.—Believe me to be, yours sincerely, Henry R. Aldridge, Secretary. Mr. Aldridge does not commit himself to Nationalisation; but certainly condemns the present system of providing houses in the most emphatic terms. He also makes some suggestions, which, in my opinion, can only be effectively acted on provided mining and the housing of the mining community are in the hands of the State.

“Administration.—In deciding what is to be the character of mines administration it is necessary to remember that workmen are more than machines, or even ‘hands’ as they are so often termed. Industrial unrest is a question about which every one is concerned, yet there is a general lack of appreciation of what is the real root of this unrest. In the past workmen have thought that if they could secure higher wages and better conditions they would be content. Employers have thought that if they granted these things the workers ought to be content. Wages and conditions have been improved; but the discontent and the unrest have not disappeared, and many good people have come to the conclusion that working men are so unreasonable that it is useless trying to satisfy them. The fact is that the unrest is deeper than can be reached by merely pounds, shillings and pence, necessary as these are. The root of the matter is the straining of the spirit of man to be free. Once he secures the freedom of the spirit he will, as a natural sequence, secure a material welfare equal to what united brains and hand can wring from mother earth and her surrounding atmosphere. Any administration of the mines, under nationalisation, must not leave the mine worker in the position of a mere wage-earner, whose sole energies are directed by the will of another. He must have a share in the management of the industry in which he is en-

gaged, and understand all about the purpose and destination of the product he is producing; he must know both the productive and the commercial side of the industry. He must feel that the industry is being run by him in order to produce coal for the use of the community, instead of profit for a few people. He would thus feel the responsibility which would rest upon him, as a citizen and direct his energies for the common good. This ideal cannot be reached all at once owing to the way in which private ownership has deliberately kept the worker in ignorance regarding the industry; but as that knowledge, which has been denied him, grows, as it will do under nationalisation, he will take his rightful place as a man. Only then will Labour unrest, which is the present hope of the world, disappear. The mere granting of the 30 per cent. and the shorter hours demanded will not prevent unrest, neither will nationalisation with bureaucratic administration. Just as we are making political democracy world-wide, so must we have industrial democracy, in order that men may be free. As a first practical step to satisfy the larger demand and to place the administration of the industry, nationally and locally, on sound business lines, so that the interest of the miners and the community may be fully safeguarded, I beg to suggest the following provisions:—

- (1) There shall be established on the appointed day a Mining Council of ten members, five of whose members shall be appointed by the Minister for Mines, of which two shall especially be appointed to represent the interests of consumers, and five by the association known as the Miners' Federation of Great Britain.
- (2) The Minister for Mines shall be chairman and an ex-officio member of the Mining Council.
- (3) Subject to the provisions of this Act, it shall be lawful for the Mining Council, on behalf of the Minister for Mines, to open and work coal mines and win and deal with minerals and generally to carry on the industry of coal mining, distributing, and vending, together with all other industries carried on in connection therewith. Provided that it shall not be lawful for the Minister for Mines or the Mining Council to lease any mine or minerals to any person, association or corporation.
- (4) The Minister for Mines may compulsorily purchase land or acquire such rights over land as he may require for the purpose of this Act, and shall have, with regard to the compulsory purchase of land, all the powers of purchasers acting under the Lands Clauses Act, 1843, and the Lands Clauses Consolidation (Scotland) Act, 1845.
- (5) For the purpose of this section the Mining Council, on behalf of the Minister for Mines, may from time to time, in such manner and on such terms as they think fit:—
 - (a) Appoint managers, engineers, agents, clerks, workmen, servants, and other persons, and
 - (b) Construct, erect, or purchase, lease, or otherwise acquire, buildings, plant, machinery, railways, tramways, hulks, ships, and other fixed or movable appliances or works of any description, and sell or otherwise dispose of the same when no longer required; and
 - (c) Sell, supply, and deliver coal and other products the result of coal mining operations, either within or without the realm; and
 - (d) Enter into and enforce contracts and engagements; and
 - (e) Generally do anything that the owner of a coal mine might lawfully do in the work

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- ing of the mine, or that is authorised by regulations under this Act or by this Act; and
- (f) Employ agents, including local authorities or Trade Unions for any purpose they may think necessary to carry out their duties under this Act, on such terms as may be mutually agreed.
- (6) In addition to the powers conferred on the Mining Council on behalf of the Minister for Mines by the last preceding subsection, the Council may, in such manner as they think fit, work any railway, tramway, hulk, ship, or other appliance for the purpose of winning, supplying, and delivering coal.
- (7) The members of the Mining Council shall be appointed for five years, but shall be eligible for reappointment.
- (8) The Minister of Mines shall, for the purpose of the carrying on and development of the mining industry, divide the United Kingdom into two districts, and shall in each district constitute a District Mining Council of ten members, half of which shall be appointed by the Miners' Federation of Great Britain.
- (9) The Mining Council may delegate to any District Mining Council such of their powers under this Act as may conveniently be exercised locally, and the District Mining Council shall upon such delegation have and exercise within their district all the powers and duties of the Mining Council as may be delegated to them.
- (10) A District Mining Council shall, subject to the approval of the Mining Council, have power within their area to appoint Pit Committees for each mine or group of mines, composed of ten members, half of which shall be members of the Miners' Federation of Great Britain, and nominated by the workers of the mine or groups of mines aforesaid, and the District Mining Council may delegate to such Pit Council such of their powers concerning the immediate working or management of a particular mine or group of mines as the District Mining Council may, subject to the approval of the Mining Council, think fit.
- (11) The members of District Mining Councils shall be appointed for three years, but shall be eligible for re-appointment, and the members of Pit Councils shall be appointed for one year, but shall be eligible for re-appointment.

"*Conclusion.*—In laying this case for nationalisation of mines and minerals before you, I have made no attempt to cover the whole ground; I have merely touched what I regard as the principal points, and dealt with it on broad lines. All the details to give effect to the principle of nationalisation, which we ask the Commission to recommend and the Government to accept, will have to be wrought out and embodied in an Act of Parliament."

8064. Now, Mr. Straker, I have read your proof. Do you want to add anything?—With regard to the loss of coal left as barriers, I would like to add that in Northumberland, as estimated by the Royal Commission on Coal Supplies, the quantity of coal unworked at that time to a depth of 4,000 feet was about 7,000 million tons. It was calculated that the barrier coal that would be left in for all purposes was about 280 million tons, equalling nearly 4 per cent. of the total.

8065. Have you any other point you desire to draw our attention to?—No, I think not.

8066. Mr. R. W. Cooper: With regard to that last question, you refer to the report on coal supply in 1905?—That is so.

Mr. R. W. Cooper: That report has not been circulated, and unfortunately I have not a copy of it. It might be useful to have it.

Chairman: It shall be circulated.

8067. Mr. R. W. Cooper: Before I deal with your last verbal addition, would you mind telling me what was the thickness of seam on which this calculation was made by the Royal Commission?—Do you mean the average thickness?

8068. What was the minimum thickness?—I could not tell you. I have not these figures by me.

8069. Are they in the report?—They are in the report, I think.

8070. Then I will not trouble you with that. 4,000 feet, of course, is about 700 fathoms?—Yes.

8071. Do you know what is the greatest depth at which coal has been worked to-day in Northumberland?—I should say, roughly, 200 fathoms, the greatest depth.

8072. So that you have, at any rate at present, no information as to whether this coal to which you refer as being still an available supply of coal is or is not commercially workable?—No. I take it for granted that the Royal Commission would calculate it as being commercially workable, otherwise they would not have calculated it.

8073. I have never read the report myself, I am sorry to say. I must read it. Now I should like to begin at the beginning. Is your scheme for nationalisation based on what I may call the Miners' Federation Bill, or is it based on the scheme for nationalisation suggested by the Fabian Society?—Neither. The Miners' Federation Bill introduced in 1912 did not provide for control by mine workers. At our Miners' Federation Conferences resolutions have been passed asking that this principle should be embodied in the 1912 Bill. I have been in consultation with a legal adviser as to the form that should take in the Bill. I have given you our findings. I want, however, to say that at the present time it has not yet been submitted to the Miners' Federation, but it does embody the principle.

8074. You have not read the Fabian Society's scheme?—Yes, I think I have.

8075. That does make some provision for the workers having partial control of the management?—Does it? I am not quite sure.

8076. Would you mind looking at page 16?—I must confess I have not read the whole of this.

8077. You will see on page 16 that their ideas and yours with regard to the division of the country into coal districts are more or less identical. They do suggest, of course, that on these local Councils there should be a representation of the Miners' Federation?—I take it that it would be merely for the management of the mine producing the coal. It would have no reference to the commercial side of the industry.

8078. I am anxious to understand your scheme. I gather your suggestion would be to create, say, Northumberland into a district. I am taking Northumberland as an example?—Yes.

8079. You and I happen to come from the same part of the world, and we shall be able to understand each other. The effect, I suppose, would be this, that all the Northumberland collieries would be transferred, we will say, to the State?—Quite so—all the collieries in the country that were worth taking over.

8080. Will you tell us how do you propose that those collieries should be paid for?—I have suggested, I think, in the case already read by the Chairman that they should be paid for by Government Stock. The form of that stock I do not think is germane to the present question.

8081. I quite agree with you?—I dare say ultimately that would rest with the Government acting on the advice of the Treasury as to the form that Stock should take.

8082. I gather that your intention is that the present owners should receive the fair selling value of their property from the Government?—Quite so.

8083. Assuming that the collieries have been bought and paid for by the State, there would then be, I suppose, a Northumberland Council of Management?—If Northumberland was formed into one district that would be so.

8084. I suppose you agree with me that, humanly speaking, that would be a natural thing to do—to

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form Northumberland into a district?—It is probably what you and I should desire, but I am not sure that we would secure it.

8085. We shall have to wait for that. I follow that your District Council would be composed, on your suggestion, of half members of the Miners' Federation. Who would be the other half?—The other half would be appointed by the National Council.

8086. Then how would the National Council be composed—half Miners' Federation, half who else?—Half appointed by the Minister of Mines. Two would be specially appointed to represent the consumers—two of the five.

8087. And put on to the National Council?—Yes.

8088. Then you would leave the nomination of the other members entirely to the Minister?—Quite so.

8089. So that they would be simply Government nominees?—I should think so.

8090. Would you propose to utilise the knowledge of the present people in Northumberland who are engaged in managing the collieries and selling the coals?—I see no reason why the present staff of men who may be necessary to the trade should not be engaged by the State just as they are engaged by the companies. There is no reason why we should not have the value of their expert knowledge.

8090A. There, of course, the question of salary would come in, would it not?—I should think it would.

8091. Do you expect the State to pay them the same salary as they are getting from their present employers?—I could not say what they are getting now.

8092. Do you think the State would be as good a paymaster as the private companies are?—I think it could afford to pay them well.

8093. I should like to understand this further point; your council would appoint a head manager to each colliery?—The Council would appoint all the colliery officials.

8094. To what extent would you delegate the power to one man to superintend the running of each colliery?—I would suggest that he would have to report from time to time to his Council.

8095. Treating his Council like a Board of Directors?—Quite so.

8096. I am only trying to grasp your scheme. Then would you entrust that one man with what I may call the necessary autocratic power? Forgive me using the word "autocratic"?—I would not give him autocratic power; I would give him advisory powers.

8097. In dealing with his subordinates, how could he manage with his subordinates unless he had autocratic power subject to his being controlled by his employers, the District Council?—He would have to have, for the time being, autocratic power, but at the same time he would have to report to his Council what he had done, and he need not be surprised if it was undone by his Council, although I do not think that a very desirable thing.

8098. I quite agree with you. I suppose you will agree with me that when you give a man authority, you should trust him?—Quite so.

8099. It does not do to undermine his authority by reversing his decisions unless they are palpably absurd?—That would be a danger to the business.

8100. That being the case, you would naturally leave it to him, and to his under officials, to engage and dismiss workmen, would you not?—Yes, I think that would be a matter of course. I would give the workmen, however, the right of appeal to the Council.

8101. Let us think of that for one moment. Do not imagine that I am an advocate of despotism at all, because I am not, but let us think how that would work. Suppose you have one individual man and he is dismissed, we will say; we will assume that the deputy reports him to the over-man, and the over-man dismisses him, and the manager says, "That is quite right." Would you give that man power to appeal to the District Council?—No, to the Pit Council.

8102. Now let us have it stated about the Pit Council. What is the Pit Council intended to do?—To manage the pit with the assistance of the manager.

8103. Then you do not propose to let the manager manage the pit?—I would not give him, as I have said, autocratic power; I would give him advisory powers.

8104. I thought I understood you a few moments ago to agree with me that you cannot give a man authority if you undermine the authority, and that you must have authority to maintain discipline in a pit?—But managing a pit implies a great deal more than the engaging and dismissing of men.

8105. Surely! But put yourself into the position of a manager of a pit, and assume, if you like, that I was the Council, if you do not mind; I should expect you to have full power. Of course, if I heard of any gross abuse of your power, I should probably call you to book?—Quite so.

8106. But I should think I was undermining your authority if I allowed every man to appeal against your decision to me. Would not that strike you in the same way?—Under the present system where you have an active trades union, every man has a right to appeal.

8107. Let us see what you mean by that exactly?—Of course, within certain well defined rules and regulations.

8108. Let us follow up that idea. Undoubtedly every individual man now, if he thinks he has been unjustly dealt with by his officer, whatever that officer's rank may be, no doubt complains to his lodge, or his union, does he not?—He usually approaches the manager first.

8109. The man individually, or the check weighman?—No, individually. In fact, many branches of our Association require that a man must first see his management before he complains to his lodge.

8110. Whom would you see in a pit, supposing the deputy or over-man did something of which a hewer complains: would the hewer complain to the over-man about the deputy, or would he go to the under-manager or to the agent, the head man of all?—He would probably first go to the under official; failing satisfaction, and being convinced that he was right, he would go to the head manager, and probably to the agent; in fact I know of some head managers and agents who complain strongly if a man goes to his lodge without first seeing them, and without first having exhausted every other means.

8111. I think that is not unnatural, but you, in the interests of discipline, would not encourage men to be too frequently appealing to headquarters?—No. For some misdemeanours even a trades union would not take a man's case up, and I suppose that there can be fairly well defined rules and regulations; offences could be specified for which, if he was dismissed, he would not have the right to appeal.

8112. Do I gather that you suggest that the Pit Committee should be the local court of appeal from the manager?—The Pit Committee would really be the managing directors.

8113. The local managing directors?—Yes.

8114. Then that practically means that you would be managing the pit by means of the Committee?—You have a managing director in most companies at the present time.

8115. Truly, but the managing director, generally speaking, does not interfere in the day to day management of the colliery, does he?—What is his province?

8116. His province is to supervise the reports of the head manager?—For some purpose?

8117. Yes, but not to interfere too much in the details of management of the pit?—No, I would not advise too much interference, but I would give the right to do so.

8118. Does it not occur to you that interfering with the management of the pit would undermine discipline?—I do not think so.

8119. I should have thought it would?—I can quite appreciate the fear of colliery owners that it would.

8120. Knowing human nature as we do, I should rather fear it myself. Supposing the Pit Committee took a certain view and upheld the manager, would not the risk of the men stopping work or striking in support of the particular workman, as they sometimes do, you know—I do not say you would defend

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it—would it not be just as great as it is to-day?—No, I do not think, knowing that the decision had been given by their own representatives, that there would be any fear, at least the fear would be small, infinitesimal almost, of not loyally abiding by it.

8121. I am not making any suggestion against the men of Northumberland and Durham as a whole, but, unfortunately, we do know that in certain places in the British coalfield the men are not willing to listen to the advice of those to whom they ought to listen; is that not so?—I can only hope that under a sense of responsibility these other districts, if that is true—I am not saying that it is—would reach the standard of Northumberland and Durham.

8122. I hope they will. Then you look to this economic alteration as being likely to improve the general morale of the men, do you?—I am sure it would.

8123. Of course, it would follow, would it not, that in the event of this suggested change coming into effect, the whole position as defined by the existing coal mines legislation, would have to be reviewed? I mean the present scheme of coal mines legislation is inconsistent with your plan?—I think it would have to be revised.

8124. One of my colleagues will ask you more practical questions on that point when I have done. I will take you through your proof in order. I have asked you some questions on the general question, now I will ask you one or two on your proof. You seem to think, of course, that this would be a profitable investment for the State, and you have mentioned certain rates of return on capital per cent.?—Yes.

8125. Taking the 10 per cent. as a pre-war rate, I suppose you know that the 10 per cent. makes no allowance for exhaustion of capital or for depreciation?—Mr. Dickinson, who put these figures in, could answer that question better than I, but I take it that he stated net profit, and that would mean after allowing for depreciation or redemption of capital.

8126. No, he did not. Dr. Stamp was speaking of income only, and they do not include anything for exhaustion of capital?—But 1s. per ton was after redemption was allowed for, I think.

8127. No, that was not the case. What would you propose, with regard to new developments, new work and so forth? I daresay you know that at the present time a well organised concern sets aside something for the purpose of meeting new work such as building cottages. I am referring to well managed concerns and so forth: they set aside a very considerable amount every year of the actual net return on capital?—Quite so.

8128. There are not many new concerns in Northumberland. Have you noticed, has there been much extension or development in Northumberland in recent years either as regards new pits or the building of houses and so forth?—There has been some development but not much in new pits. There has been extension of old pits.

8129. There has been obviously some considerable capital expenditure?—I do not think there has been much expenditure for a good many years on housing.

8130. I will take housing as a separate topic. I am talking of capital expenditure and how the profits should be dealt with. Unless the State made ample provision out of profits in respect of capital expenditure, it would have to raise more capital or borrow more money, would it not?—I think that the Minister of Mines could do that out of the income derived from the mines.

8131. Of course, everything would depend on how much per cent. is returned to him out of the investment?—I take it that a private colliery owner only sets aside capital for these purposes out of the profits that he has made.

8132. Quite true?—The State would do the same.

8133. And reduce the return to himself on the capital correspondingly?—The net return, certainly.

8134. Now, of course, with regard to the figures you have mentioned for the years 1915, 1916, 1917, 1918, on which you show a certain percentage as a return to the State, those figures necessarily include what

the State has been collecting in the shape of excess profits duty?—Quite so. I do not imply that the coal-owners have got it all.

8135. Thank you, because in the Press there has been a great deal of misstatement on that head?—That is why I said in the opening statement that we blamed the Government for profiteering.

8136. I noticed that you brought in the profiteering by the Government quite fairly. Now I will come to what you say about the saving in the distribution of coal, and as you quote Professor Louis's paper of December the 4th, I suppose you will not think it unreasonable if I give you one or two quotations from it?—I should like you to understand that I am not quoting Professor Louis because I agree with all the conclusions of Professor Louis.

8137. No, I quite agree that, but apparently you quote him because you think him a person worthy to be quoted?—I quote him because of a statement made in this quotation.

8138. And because you think his statement is entitled to some weight?—Yes, I quite agree.

8139. You can tell me whether you agree or do not agree with this statement: "I do not, however, pretend to be able to do any more than throw out a few suggestions indicating the possibilities of the future. That we cannot continue as we are for an indefinite period is, to my mind, quite certain. Whatever else may occur, I think it undoubted that we shall have to look forward to a period of most strenuous industrial competition when peace is restored, and that we shall be entering upon that competition under conditions less favourable than those which we have hitherto enjoyed, because our great accumulation of capital, which formed one of the main elements of national strength, will have been sadly diminished, and unless we are able to produce at least as cheaply as other nations, I see but little hope of retaining our former industrial ascendancy. This ability lies entirely within the power of labour to maintain or to destroy. The only solution that I can see for the problem lies not in low wages, but in high production, which could probably be best stimulated by making wages depend not, as hitherto, upon prices, which labour cannot control, but upon output, which is wholly within the control of the worker. Do you agree with that proposition generally of Professor Louis?—No, I should say I do not. I do not agree that we should be in a worse position after peace has been obtained than we were before the war in competition, not for European markets.

8140. There is another statement perhaps you will tell me whether you agree or whether you do not. It is in the same pamphlet from which you quote: "It cannot be too often or too emphatically stated that high wages can only be paid by an industry when they are really earned by the men engaged therein. In other words, the only solution that I can see for the difficulties of the position are to be found in an increased output per man. Hitherto the influence of the powerful coal miners' unions has, to say the least of it, not been exerted in the direction of urging men to increase their production, and in this respect a reversal of policy on their part is an imperative necessity if Britain is to maintain its position among the nations." What do you say to that?—I think it is largely nonsense.

8141. Yet the other part of the pamphlet which suits your view is not nonsense?—A man cannot always be talking nonsense.

8142. On the other hand, I might retort the contrary?—Quite so. I would like to hear your views on the quotation I made, or those of any colliery manager.

8143. Now a word or two with regard to the retail distribution of coal. You mentioned that in towns there are large numbers of small people, men who are probably not earning as much as the miner, who are making their living by retailing coals to the poorer classes of consumers?—That is so.

8144. What would happen to all those people if the municipality becomes the distributor?—Doubtless they would just have to find employment somewhere else, just as, say, the old carriers had to do when railways were commenced.

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8145. I think so far as numbers are concerned, there is no comparison between those thousands of small retailers spoken of by you and the carriers?—I do not think there is any reason why they should stand in the way of progress.

8146. In other words, if they stand in the way of progress, they must be scrapped?—Not necessarily would they be scrapped; they would find occupation in other work.

8147. Are there not many of them who, from a practical point of view, would find it hopeless to find employment elsewhere?—I do not think so.

8148. Having regard to their age and their want of training and so forth, would they not be a serious addition to the ranks of the unemployed?—Of course, that is a problem that one cannot answer. The ranks of the unemployed are necessarily swelled or otherwise from various causes from time to time.

8149. Now, another point about these losses of small coal underground: Does what you say there apply to Northumberland at all?—Not at all.

8150. Do you know much about the conditions in Durham county?—Yes, I do.

8151. Then I will ask you, does it apply there?—No. I think you will find in the report where it does apply. I may explain here that what I put down as nearly 2½ millions is really 2,335,000 tons, and the districts are given.

8152. In the Coal Conservation Report?—Yes.

8153. I suppose I may look to the same source for information. As to what you say with regard to the loss of coal in thick seams, that does not apply to Northumberland and Durham?—No.

8154. Now let us come to barriers for a moment. You say that barriers are left as a barricade between, what shall I say—the predatory colliery owner? Is not the main object of leaving a barrier to get by either water, gas or foul air?—No, not at all.

8155. Is that not the great object?—No, not for leaving in barriers.

8156. Let me ask you to try to visualise the matter for a moment. Supposing you are working a colliery to the dip of another colliery, and suppose that you knew that many years ago one of the seams of that upper colliery had been exhausted—goafed, and suppose you knew that there was an accumulation of water in that seam lying to the rise, you would naturally have to leave that barrier to protect the dip working that is being carried on?—I think I have already said that one of the reasons for barriers is water.

8157. Nothing on earth could obviate that?—Yes.

8158. Tell me how?—By a general drainage system or pumping system.

8159. Taking the collieries as they exist to-day in Northumberland, how do you suggest that a general drainage system could be made in Northumberland?—By putting through the barriers and allowing water to flow to the centre.

8160. Through what workings has it to pass before it reaches the centre?—It has to pass from the property owned by one royalty owner to another.

8161. Again, take my illustration: Colliery "A" lying on the upper level is working in different seams from colliery "B," and one of its seams has been drowned out many years ago. You know that that sort of thing is not uncommon, especially in an old coalfield. A colliery below is working a seam corresponding to a seam which is drowned out in the other colliery, and it lies to the lower level to the dip: how could you manage to convey the water which has been kept back by that barrier through the workings of the other colliery which have been carried on?—I think in practice—and there are many instances of it—where an upper seam has been worked practically out, exhausted: years have gone by, and all that is filled with water—an underseam—

8162. I was not suggesting to you an under seam: I was suggesting the same seam?—I thought you did mention a different seam.

8163. No; you have the same seam in the colliery abandoned, and you have the adjacent seam in the same colliery being worked: how could you get rid of the necessity of retaining that barrier to prevent the water getting into the other seam?—I think it is

desirable in many cases that that should be drained off. We have had serious accidents in that respect.

8164. That is why you leave the barrier in?—If the barrier had not been there the water would not have accumulated.

8165. You mean if there had not been a separate colliery undertaking at all there would have been no accumulation of water?—If the coal field had been planned by one central authority there would never have been these divisions.

8166. Do you suggest that you can work the coal field without dividing it into separate undertakings, using the word "undertakings" as meaning collieries?—I would most decidedly work by separate pits or separate shafts, but I would not have any unbroken barriers between.

8167. But certain parts might be heavily watered, and other parts might not?—Not in the same seam—the same district.

8168. You mentioned the question about these payments, and you are referring to what we call in the North outstrokes, are you not—a wayleave payment?—Yes, quite so—from the barrier to the shaft, and from the bottom of the shaft to the top.

8169. I will not quarrel with you much about that, because it is all dealt with in the Mining Royalties Commission's Report. I think you did not give evidence at that Commission?—No, I did not.

8170. I did, and I remember the evidence I gave?—I think you will also remember that the late Mr. R. O. Lamb, who was Chairman of the Northumberland Mineowners' Association, gave evidence; and it comes to my memory now that he gave the case of a wayleave on the surface.

8171. I will take the surface presently. You do refer to underground wayleaves?—Yes.

8172. You think that would be obviated if it was all held by one owner? I suppose it is obvious that it would. You know that the Commissioners found that these imposts—I will not use the word impositions—which range anything from ¼d. to 1d. or 1½d. a ton, had not in any way retarded the successful carrying on of the coal industry?—I only know this, that if the workmen were to demand an advance of 1½d. a ton the colliery managers might prefer to face a strike rather than concede it.

8173. For 1½d. a ton?—For 1½d. a ton, yes, and even ¾d. a ton.

8174. On the tonnage produced?—On the tonnage produced, most certainly.

8175. You rather surprise me, I confess?—If you will assist me sometimes when I am seeking an advance for the workmen, even to the limited extent of ¼d. a ton, and tell the manager it does not matter, but just to pay it, I would be glad.

8176. There is no true analogy between that and an underground wayleave, because an underground wayleave is fixed?—I only want you to appreciate that ¼d. a ton or 1½d. a ton is an important factor.

8177. Now you talk about the improved methods of production, and you lay stress on coal-cutting machinery and conveyors?—Will you allow me now to refer to what Mr. Lamb said?

8178. Certainly?—I think he said that the colliery railway had to pass over a small estate in order to reach the Tyne, and in doing so they had to pay a wayleave equal to what would be the purchase price of that land every year. In other words, the man that held the land sold it every year and yet still possessed it.

8179. I believe he did. I have before me here the report?—I am speaking purely from memory.

8180. In the immediately succeeding paragraph the Royal Commission do me the honour to quote myself on the question of surface wayleaves. With regard to coal-cutting machinery and conveyors, do you agree with what I think I heard yesterday, that the applicability of these things depends altogether on the condition of the seam itself?—In some cases it does, certainly, although I think the time is coming when almost any kind of seam, or rather a seam with any kind of roof, will be workable by machines.

8181. One of my colleagues will ask you some more questions about that. Take the Northumberland collieries: you are pretty well acquainted with them; you would not consider that the management of a

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Northumberland colliery, speaking generally, was inefficient or not up to date?—I would not like to say that. At the same time I would like to suggest that there are pits where there are no machines and where they could with advantage be introduced.

8182. You think there are pits where they might with advantage be introduced?—Most decidedly—and large pits, too.

8183. I see here you suggest—and, of course, it may be true of small concerns—that the hesitation or the reluctance to introducing improved machinery is a question of money, and that it is not the managers who are to blame so much as the shareholders who have to find the money?—Yes, the fears of the shareholders.

8184. But that can only apply, surely, to what I may call small concerns. Apply your mind to Northumberland only, and think of the people in the large concerns of Northumberland—you know their names pretty well; I need not give them to you?—And I should not like to give them; but at the same time I know of cases where a manager would have introduced machinery and improvements if he had been allowed to do so.

8185. You think there are such cases?—Yes.

8186. Might I ask whether it was a large concern or a small concern? Was it an old concern?—No, the coal measure that was being worked was not old. It was a new winning.

8187. Was any suggestion made to that effect to the owners—that it ought to be done?—Yes, I think there was.

8188. There must be some explanation of that somewhere that we need not go into here. You say if you and your friends share the responsibility of the management of a colliery that better results would be secured, because then the miners would know that the results of their labours were not going into the pockets of a wealthy mineowner. Do you not think that if the miners knew, say, from quarter to quarter, what was the average profit per ton that was being made in Northumberland that that would not satisfy their minds as to what the financial result of the colliery was?—I think I have contended for that under the head of administration—that what will tend to satisfaction will be a full knowledge, not only of the profits, but of the costs—the whole commercial side of the industry.

8189. I dare say you heard a day or two ago, if you were in the room here, that Mr. Guthrie explained to the Commission what so far had been done in Durham on the matter. You have probably heard of the long discussions which they had in Durham on these lines, have you not?—No, I have not.

8190. I think for 6 or 8 months past there have been discussions as to taking out in detail under suitable heads the average working costs of all the collieries in the country. Is that an idea that would commend itself to you?—That would be part of the knowledge necessary.

8191. Those costs are to be ascertained according to the plans approved by the Miners' Association of workmen?—Yes.

8192. And they are advised by a very high class accountant indeed—in fact the highest in the land?—Of course I do not know the details or your discussion at all, but I can quite imagine that you might state that the cost of management is so much.

8193. Certainly?—But that would not be satisfactory. I should want to know who has got it and how much he has got.

8194. That is quite right. What you mean to say is this: you would not have an universal salary put on and charged against the workmen—is that what you mean?—And, say, directors' fees.

8195. There is no insuperable difficulty about that. Supposing I was purporting to give you under the customary heads proper details of my working costs, do you think that you and I would have much difficulty in satisfying each other what those costs truly were under the various heads?—If I knew all about the industry from the getting of the coal to the consuming of it, either in this country or any other—

8196. Let us keep to England for the time being?—It is important so far as Northumberland is concerned that we should understand the foreign market.

8197. I am on the question of costs. You were saying: "I want to know what your costs are: I know what the selling price is, because to that I am a party to ascertaining it; but I have never yet had any means of ascertaining what the costs were"?—That is so.

8198. Supposing arrangements were made to let you know what the costs are, and consequently what the profit per ton periodically is, would not that go a long way to remove this distrust and suspicion of which you speak?—It would certainly help. That is part of the information we desire. I should like to say, however, as you refer to Mr. Guthrie, who is also Secretary of the Northumberland Association, that a few years ago we proposed that average profits—we did not ask to have the profits of each individual company—but we asked that the average profits should be ascertained in the same way as the average selling price is ascertained, and that that profit should be one of the factors in determining wages; but it was flatly refused. We were told that that was a side of the business with which we had nothing to do.

8199. I am afraid that Durham, of which I am a native, is slightly more advanced than Northumberland?—I am glad to hear it. I am, however, a native of Northumberland.

8200. Let me ask you a question about the development of new mining districts. Can you suggest that there is any coal in Northumberland now which is not fully developed—I mean in the hands of enterprising companies for the purpose of being worked?—I think I said in answer to one of your questions a short time ago that the maximum depth of the present mines was about 200 fathoms.

8201. Do you know of any area of workable coal which is not at present let in Northumberland?—I know some areas that have been bored for and not worked.

8202. Would you tell me where they are?—Between Broomhill and Linton, right along the seaboard.

8203. Who holds the coal there? Is it not let to one of those companies?—No, I do not think so. I think the Widdrington Company did bore it many years ago, but it has never been worked.

8204. Are you sure that was not let either to the Widdrington Company or Broomhill?—It certainly has never been worked.

8205. My impression is that all that coal is leased to one or other of the Colliery Companies with a view to being eventually worked. Broomhill, for example, extends as far as Warkworth?—That is on the north. I am speaking of the south of Broomhill.

8206. There is a Colliery Company at Widdrington now?—Yes, but I do not think they have the royalty down to the shore. I do not think they go further than a mile and a half from the coast.

8207. On that point, I believe, your information is partly correct; but do you know that they are, in fact, negotiating with Mr. Taylor, who is the owner of that coal?—No, I do not know anything about it. I am not allowed to know these things.

8208. And with the Crown, who own the submarine coal adjacent?—Of course, I cannot know these things, owing to the ignorance in which the working men have been kept by private ownership.

8209. I see your argument, of course. How many years is it since the Newbiggin Colliery was established? Is it not a dozen years?—Somewhere about ten or a dozen years, from memory; I could not say exactly.

8210. Is the Newbiggin Colliery not thoroughly up-to-date?—I would not like to say that it is.

8211. Would you like to say that it is not?—I would like to say this, that a short while ago we asked that instead of having three shifts of coal hewers all the coal hewers should be put into two shifts.

8212. I was thinking of equipment?—Yes, but I am saying that in order to lead up to the answer. We were told that if they did that they were not equipped to deal with the coal in a shorter time.

8213. That is the reason why they would not change from three to two?—Therefore, I would say that they are not equipped as they ought to be.

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8214. Do you know the proprietary of that company? Do you know the chairman?—No, I do not.

8215. You do not know any of the directors, do you?—No; I only know the manager and agent.

8216. Do you know Mr. Cochrane, the late member?—I might possibly have seen him. He lives 200 or 300 yards from where I live, but that is all the acquaintance with him I have.

8217. Do you know that they are working under the sea?—I expect they are.

8218. You speak about the difficulties that arise from working coal in relation to the surface, and I should like to have a word or two about that as you have touched on the point. The liability of the mine owner to pay compensation for damage he causes to the surface depends, of course, entirely on the conditions on which he is working his mine?—Quite so.

8219. And in Northumberland, generally speaking, the man who owns the surface also owns the mine?—Yes, generally speaking, I should say he does.

8220. Therefore, it entirely rests with him what the relation should be between the surface and the mine? He can fix his own conditions?—The Royalty owner?

8221. The mine owner?—No; I should say the royalty owner would largely do this when making his bargain.

8222. But the royalty owner is the owner of the surface as well?—Quite so—and he will fix his conditions.

8223. And he authorises the colliery owner to work the coal?—Yes.

8224. And to damage the surface?—Yes—for certain payments.

8225. All of which are part of the general bargain between the royalty owner—that is, the owner of the coal and the surface—and the miner, the worker?—Quite so. I do not, however, agree that it is right because it happens to be a bargain.

8226. Still, it is all part and parcel of the system of private ownership of the surface and the coal?—Quite so. That is the evil of it.

8227. Do you suggest that the State should also become the owner of the land as well as the coal?—I am speaking rather now of the nationalisation of mines and minerals. If you want my own personal view, I should say most decidedly.

8228. I thought you would say that. Assuming the State becomes the owner of the mines and minerals and does not become the owner of the surface, will not the State have to pay the surface owner for the damage caused him by the working of the mines and minerals?—Not anything that he may claim or bargain for by reason of his monopoly position.

8229. All he can claim now is the damage he actually suffers?—Under his bargain.

8230. What is the bargain when an owner of coal sells the coal underneath the surface?—He makes his bargain.

8231. Let me enlighten you on that. Do you know that the bargain simply is to pay compensation for the damage actually done to the surface?—Might I ask this: How is the damage assessed?

8232. If it is agricultural land he pays the agricultural value according to the extent of the damage done. Assume it is reduced in value by half, then he pays the value of that half, and so on?—And if works are erected on that surface, and by reason of the mines being there the works are injured—

8233. Then, of course, the owner of the works is entitled to have made good the damage caused to the works?—Quite so.

8234. Now take Northumberland: do you know many cases there, at any rate of the better class collieries, where there is much likelihood of works springing up anywhere near those collieries? I am not talking about Tyne-side; I am talking of the better part of Northumberland?—I have spoken not only of works but the making of railways.

8235. Let us take the railways in a moment or two?—I would refer you to Mr. Lamb's evidence as to what he was compelled to pay.

8236. That was for a surface wayleave?—Yes.

8237. That is another subject altogether?—We were dealing with the surface.

8238. I was on your point about the difficulty arising from damage caused to the surface by the underground working. I am putting it to you, if I am the owner of the mine and you are on the surface, if I damage you, you would have your rights in that case?—Yes, but if the State owns the mine I am inclined to think they would have a method of regulating that, and would not allow the monopoly owner to enforce his own terms.

8239. He could not, of course, any more than he does now, except, of course, I agree. When he is letting his coal it is a question of competition, or may be, between the various persons who are wanting to take the coal?—I take it, short of the nationalisation of land, the Minister of Mines would have compulsory powers to take that land when required.

8240. Well, subject to his paying for it?—Yes, certainly.

8241. Now you are on the question of the occupation of the surface, let me take you to that for the moment. You seem to think that if railway facilities were required to get from the pit to a public railway or to get to the pit, and if the State had power to take the land that would better the present position of affairs?—Most decidedly.

8242. Obviously it would, if you get rid of these payments for wayleaves rents. That was a thing that was reckoned to be dealt with by the Royal Commission of 1893?—Has it ever been dealt with?

8243. Never?—If the mines and minerals belonged to the State, I am inclined to think that it would have been dealt with years ago.

8244. It does not say much for the activity of the State?—No. We are trying to press it on.

8245. I noticed that. Now, on the question of boring for coal: I do not suppose you know it, but in other parts of England do you know that there has been a great deal of boring going on, particularly in the Yorkshire coalfield, and more particularly at Selby?—I did not know that. I know that the Doncaster coalfield has been opened out in recent years, and it would not have been opened out without being bored.

8246. And they are coming further north. You have talked about the benefit to injured miners, and you suggest that the present workmen's compensation is not as good for the workmen as it might be?—As it ought to be.

8247. It is a very interesting subject. I should be happy to discuss it with you, and you would not find me unsympathetic. Supposing the mines were owned by the State, why might the workman expect to get better provision from the State than he can get under the existing law as it stands, supposing that law was brought more up to date and made more liberal than it at present is?—The State would feel its responsibility for its own employees in a way, that it cannot at the present time for the employees of a private employer.

8248. Do you not think that the sympathy of the State would require an immense amount of stimulation?—I think it is coming quickly.

8249. Do you think that the State was very active in moving, for example, when the war began, in making provision for soldiers and sailors?—I do not think it was.

8250. I quite agree with you. And you really expect when things become normal again, and the State officers become interested in a trading industry, it would mean that they would be more sympathetic than they are?—I think if we had a Parliament constituted differently from what it is that they would be more sympathetic in that respect.

8251. After all, even Parliament finds it difficult to bring all the State officers to book?—I scarcely think that the delay lies with the officers.

(Adjourned for a short time.)

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[Continued.]

8252. Mr. R. W. Cooper: We were last talking about the Workmen's Compensation Act. We have said all we can say about that for the moment, at any rate. I just want one word on the subject of competition. I suppose you will agree with me that competition is always most severely felt when the prices are low?—Yes, I would say that, because trade is usually slack.

8253. And, of course, there is a greater anxiety on the part of sellers to secure trade?—That is so; therefore they cut each other out.

8254. You have noticed the trade of Northumberland for a good many years. Like the trade in other districts in England it moves more or less in what I may call cycles, does not it?—No, not at the present time.

8255. No, not since the war, I agree?—No, but I mean not for the last 10 or 15 years.

8256. Just let me carry you back to some time prior to the war. Let us go back, say, 15 years prior to the outbreak of the war?—What year would that be?

8257. Take the two years 1900 and 1901. I am speaking from memory, but I will follow it from your paper in a moment. I remember those were very good years in Durham; were not they also good years in Northumberland?—Yes, I think they were.

8258. 1900 I should have said more particularly perhaps?—Yes, that was the best year for prices.

8259. That was the best year for prices for a long number of years?—That is so.

8260. Then after having been a good year prices began to sag in the next year?—Yes.

8261. And they sagged still further up to 1907?—Yes, until the three months ending December, 1906, and January and February, 1907.

8262. So practically it is like a wave, and the trough of that wave was somewhere about 1904 or 1905. Do you observe March, April and May, 1905, 6s.?—That is one of the quarters, 6s., yes, but only one.

8263. As compared with the corresponding quarter in 1900 when the price was 10s.?—Yes, and the following quarter was 11s.

8264. I am taking the corresponding quarter in the year 1900?—Yes.

8265. In the years 1907 and 1908 prices were better again?—Yes, that is so.

8266. Decidedly better—not quite as good as in 1900?—No, nearly 2s. 6d. below.

8267. They then began to sag in 1909, 1910 and 1911?—That is so.

8268. And they fell again to a very low figure in 1911?—No, not to a very low figure.

8269. 6s. 11d.; that is pretty low. Do you observe that—December, January and February?—Yes, but still higher than 1904 and 1905, when it was just a little over 6s.

8270. Quite true. It is about 8d. or 9d. a ton higher. Then, for some reason or other, in 1912 and 1913 there was no ascertainment, apparently?—No.

8271. Then in the early part of 1914, that is up to the time of the outbreak of the war, prices were improving again? 9s. 5d., you notice. At the time of the outbreak of war they had risen to 9s. 5d.?—Previous to the outbreak of war. It was the beginning of that year.

8272. It was in August of that year. The war broke out in August, you remember?—The three months ending May, 1914, were the first ascertainment, and it is 9s. 5d.

8273. Quite right, and practically the same for the next three months?—Yes.

8274. So I think I am correct, am I not, when I say that trade does move somewhat in cycles up and down?—Yes. I thought you were rather referring to the volume of trade.

8275. No, I was referring to prices more particularly. Generally speaking, when prices are brisk the volume is pretty good, too?—Only I can remember when during the winter our pits in the Northumberland export trade were awfully slack. That has passed away now, and has done for many years. There is little difference between summer and winter trade now.

8276. I suppose they manage to get more winter trade than they did?—Yes, I suppose there is better shipping, probably.

8277. Unfortunately we have not Mr. Warham here; he would be able to tell you better than I can. When prices are low, as they periodically are, and I suppose always must be, any additional charge upon the trade tends to affect an export trade like that of Northumberland?—I think it will, so far as foreign competition is concerned, but we have internal competition where these extra charges fall equally upon all; therefore, it was not affected that way.

8278. I do not suppose you meant it, but you speak in your paragraph about competition as though an undue bogey was being made of German competition. Do not you think that when the Germans get back to a condition of order again they will do their utmost, not only to maintain but to increase their trade?—I think I have said they always do that.

8279. They have before the war, certainly?—And, therefore, I say it is not a new danger at all.

8280. No, no, but it is a serious danger?—Well, serious competition, yes.

8281. You remember you had very strong views with regard to that coal tax that was imposed by the late Sir Michael Hicks Beach; do you remember that?—I do.

8282. Is a ton on coal exported?—Yes.

8283. I think you and I both thought it was very unfair to the export trade?—I think so.

8284. You and your friends opposed it very strongly?—We did.

8285. And I think after a Committee or a Commission, or something of that nature, the next succeeding Liberal Government repealed the impost?—I think so.

8286. Was not it a fact that during the short time that that tax was in operation it had the effect of enabling German coal to displace British coal very considerably in some of the near markets, such as Holland?—I could not give you any figures with regard to that.

8287. I am not asking for any figures, but in the course of the opposition to the tax, was not that part of the case against the tax?—No, I think we dealt with it theoretically.

8288. Only theoretically?—Quite; we had not the opportunity of any figures, you see.

8289. Did not the colliery owners co-operate with you before this Committee?—Yes, the colliery owners I think did.

8290. And they, of course, had evidence to lay before the Committee?—They probably had.

8291. Just a few words about houses. Please understand that I do not defend bad houses. It is common ground, I suppose, probably that the old colliery houses are, necessarily, found where pits have been a long time in existence?—Yes.

8292. And I suppose they may be regarded as a reflection of the state of mind of the age in which they were built?—And they do not evidence any change of mind.

8293. I am coming to that in a moment. Your answer is "Yes" to that last question, I suppose?—Yes.

8294. A colliery house may be built either under the powers of the colliery lease ———?—And usually are, I think.

8295. Unless the colliery owner buys the land, or leases the land independent of the colliery lease?—That is so.

8296. Take the case of the more recent collieries in Northumberland, or more recent houses. Take Newbiggin colliery, which is the latest colliery in Northumberland that I can think of at the moment. Am I right in stating that the houses that have been built there are quite respectable houses?—Comparatively; I think you are right.

8297. Now with regard to the older collieries, let me take another instance of a small colliery. You know a little colliery called Stobswood, perhaps?—Yes, I do.

8298. There may be some old houses there, but I think some new houses have been built there lately?—About half-a-dozen, I think.

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[Continued.]

8299. Facing the railway?—Yes.

8300. It is more than half-a-dozen, I think. They do not look bad houses?—Well, that all depends on what you call a bad house—a house fit for a family.

8301. What sort of house do you think is most suitable for a miner's family?—I consider there ought to be no houses without a kitchen and a scullery, and a living room, with three bedrooms over.

8302. That, practically, means a five-roomed house?—Yes, and Stobswood houses are not that.

8303. No, I daresay they are not. You will probably tell me I have been misinformed, but I have always been led to believe that the average miner prefers for his family a four-roomed house?—To a three-roomed or a two-roomed house, he certainly does.

8304. As being, on the whole, the most convenient house for his wife to work?—I do not know in Northumberland where he has had the opportunity of any better.

8305. Do you think the miner cares much about what you call the living room?—which I will call the parlour for the time being; it is generally the parlour. Do not they generally prefer to sit in the kitchen?—Oh, no.

8306. I thought they did. On the question of baths, of course, as to having a bathroom in a house I quite agree. I suppose you would agree with me that every modern house ought to have that arrangement?—That is so.

8307. Your correspondent, Mr. Aldridge, I see, is a member of the National Housing and Town Planning Council?—He is secretary.

8308. I do not wish in any way to disparage his enthusiasm. I suppose I may take it he is a little bit enthusiastic about his subject?—I suppose he recognises the evil that it is.

8309. So do I of course, but the degree of views may vary a little bit. Now, tell me, are not the colliery districts in Northumberland comprised in those various local authorities districts like urban districts or rural districts?—Of course, they must be in one; they must either be in a rural or urban district.

8310. To what extent do the working people control these councils?—To a small extent.

8311. Of course I have not got the figures here, but is it not the fact that they really have the majority of votes of these?—Oh, no.

8312. Generally speaking?—No, I do not know any Council in Northumberland where that is so.

8313. Indeed?—No.

8314. The working classes have not got the majority of votes?—On the Councils, you said.

8315. On the district council?—You mean in selecting the councillors?

8316. No, meant the ratepayers—the voters: they have periodical elections, and do not the working classes, the miners and others who are entitled to vote, generally secure a majority of each of those Councils?—Oh, no.

8317. Well, I am surprised to hear you say that?—What I mean is this, that miners on these Councils are not in the majority.

8318. That may be. I used the expression "the working people." Of course I know there are other workers as well as miners?—Of course I do not know what you mean, exactly, by "a worker."

8319. I am not referring to myself as a worker for a moment, although I am?—Colliery managers?

8320. Yes. Colliery managers do not control the councils?—Largely, in colliery districts.

8321. Surely not?—I think so, for this reason: you will find, I think if you examine the list, that there is a considerable number of colliery managers and other colliery officials under him.

8322. I will put it, even colliery officials. You do not surely suggest that colliery officials control these councils?—Well, I say the majority are not working men, in the ordinary sense.

8323. I must take your answer, of course. Now let us come on to another step?—I only wish they had been.

8324. That is a question entirely of voting, is not it?—That is so.

8325. Every miner in Northumberland, and Durham too, who occupies a colliery house belonging to a colliery company is entitled to a vote?—That is so.

8326. Which he exercises if he thinks fit?—Quite.

8327. I suppose you are aware that those local authorities have certain powers conferred upon them by recent Act of Parliament of compelling the provision of house accommodation; is not that so?—Yes. I suppose they have a standard by which they judge.

8328. Yes, there are two or three ways. First of all, apart from more recent legislation, to which I will refer in a moment, as regards the character of the houses which are being built, the plans must be submitted to those local authorities; is not that so?—That is so.

8329. And the houses are built in conformity with bye-laws laid down by the Local Government Board for the guidance of those authorities?—I do not know how far they obtained when the Northumberland colliery houses were built.

8330. Originally, no, but I am talking of more modern times at the moment. Fifty or sixty years ago, I agree with you, it was not the case at all. So that if the housing is left entirely in private hands, although there is no power to compel the private owner to build, nevertheless, if he does build, there is some control over the class of house he builds?—Quite.

8331. Now we come to the more modern legislation. Has not there been legislation enabling local authorities to provide housing accommodation where it was proved to be insufficient in a district?—Yes, that is so.

8332. Have any of your councils, to your knowledge, in Northumberland erected any working-class houses?—Yes.

8333. Where?—Newburn.

8334. And I suppose they let these houses to the working people at rents?—Yes.

8335. And maintain them out of the rates. What sort of houses have they built?—I have not seen them myself. Can you tell us?—Of the kind that I have described. They have a kitchen and a living-room, and a scullery.

8336. Newburn is not a colliery district, is it?—Oh! yes, all the Throckley pits are there.

8337. Of course, there are large steelworks as well there?—Quite so, but there is a large colliery population.

8338. There is a much bigger colliery population between Blyth and the Tyne, is not there—Bedlington and Ashington?—Yes, quite; Newburn is only one urban district.

8339. Yes, I know. Have you known of any case in Durham where the local authority has built houses near a colliery?—No, I do not know sufficient of Durham to say.

8340. In these mining districts, who pays the greater part of the rates?—I did not catch your question.

8341. In these mining districts, which class of property bears the greater part of the rates levied by the local authority?—I suppose the collieries will; I assume that. Of course, in many districts there is little else than mining.

8342. Of course, in respect of these houses for which the colliery company pay the rates, the right of voting is exercised by the occupier, the miner?—That is so.

8343. There is, therefore, nothing to prevent the local authorities now putting these Housing Acts into force practically at the expense of the colliery owner?—I assume there is something that prevents it, otherwise it would be done.

Mr. R. Cooper: Upon that point, Sir, if you would be so good as to ask the Local Government Board to let us have a memorandum showing exactly the present state of the law with regard to Statutory powers compelling the provision of proper house accommodation, that would be very useful.

Chairman: Yes, I will do that.

Witness: I am inclined to think probably the powers of appointment have something to do with it.

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[Continued.]

8344. *Mr. R. W. Cooper*: Of what?—Of urban council officials.

8345. But, of course, officials are appointed by the councils?—Quite, which are largely constituted of employers.

8346. I am rather surprised to hear you say that, because in my own case in Durham that is certainly not the case?—The employers or their officials.

8347. I heard what you said, but it is not my experience in Durham?—I know they have a larger proportion of working men on the councils of Durham than we have in Northumberland. On the county council itself, I should think they have at least an equal number in Durham.

8348. In the Stanley and Annfield Plain District?—We will not have more than 18 or 19 members on the county council working men in Northumberland.

8349. I will take your answer, certainly. *Mr. Aldridge* is good enough to say that certain gentlemen, whose names he knows, I am happy to think for my own satisfaction he is careful to use the words "and others," including *Sir Hugh Bell*, *Sir Arthur Dorman*, the late *Sir Arthur Markham*, and others, cannot be charged with neglecting the question of housing?—I think he does give them credit for doing something at the present time.

8350. I think he does. Assuming that there are certain persons who neglected the duty of housing I suppose you must admit that there are a good many others who do not?—I do not know them in Northumberland.

8351. Do you know them in Durham at all?—Well, I am inclined to think they have a lot of bad houses in Durham.

8352. I agree, but are not there a lot of good ones still? Have you been to *Dawdon*?—Yes. I do not know Durham. I can only speak of Northumberland so far as houses are concerned.

8353. I was thinking more particularly of *Lord Londonderry's* houses. I do not like to do it, or I might suggest a place that I am concerned with myself, but I will not do that. *Mr. Aldridge* refers to the bad conditions in the Northumberland colliery villages some years ago when you and he were engaged in the task of awakening public opinion on the question of housing?—That is so.

8354. How many years ago is that?—20 years ago, probably 25.

8355. Was that some oldish colliery in Northumberland?—There are a number of them. Probably the worst case we had was *Seghill*.

8356. *Seghill* is not a large colliery, I believe?—It is of average size in Northumberland.

8357. Average, is it, do you think?—Yes, quite.

8358. On the question of what you call the administration of your scheme I think I have asked you something already. A good deal of what you say under your heading of administration (I am sure you will forgive me for using the word) is somewhat in the nature of political prophecy, is not it?—I am showing the necessity of the worker controlling the industry in which he is, otherwise you will never get clear of labour unrest.

8359. You mean the spirit abroad amongst the men that unless they get the control they will never cease to agitate; is that what you mean?—That is so. You cannot expect them to be content otherwise.

8360. They cannot be expected to rank equally, can they?—They can expect all to have a knowledge of the industry they are in.

8361. To what extent do they want to have knowledge?—They want to understand it all, or have an opportunity of doing so.

8362. Do you mean they want to have knowledge with regard to the financial results?—Yes. There is no reason why a workman should not know all about his industry.

8363. You mean the financial results of the industry?—I mean all about it.

8364. Tell me, now, and I am sure you will forgive me, as long as he is satisfied that he is getting his fair share of the produce of the industry, what more need he desire to know?—I must admit that I will have a difficulty in making you understand, but so long as men are what they are they desire to know,

and especially to know and understand, that which affects their own lives so closely.

8365. Let us touch on that for the moment. When you say "affects their own lives," do you mean affects their domestic comfort and social well-being?—I mean that and much more.

8366. I will take the "much more" in a second, if you do not mind. I suppose you will agree with me that if a man feels that he is getting his fair share of the produce of his labour, that would satisfy the domestic or comfort side of the question, would not it?—Yes, I suppose that would satisfy him that he ought not to have any more if he was getting his fair share.

8367. Precisely, and as long as he felt that if he was a reasonable man, he would be satisfied?—Most decidedly.

8368. Is there any other aspect of the matter which he would desire to be satisfied of, and, if so, what is it?—The desire that every true man has to be free.

8369. Let us understand what we mean by "free"—because none of us is absolutely free in this world. What do you mean by a man being free? I am not free; I have never been free all my life?—Well, I am not responsible for that.

8370. I do not suggest that you are?—I would rather say the *Miners' Federation* is not.

8371. No, I quite agree: I am not aware of any natural power that is. Tell me in what sense does he desire to be freer than he is?—There is the freedom of the mind, which is always seeking to understand; otherwise men would be no better than the brute.

8372. There I agree, that a man's mind may be free absolutely almost under any conditions. Many of the miners whom I have had the pleasure of knowing, I hope you will forgive me for saying so, have exceedingly good minds, and powerful minds, but in what respect do you consider the minds of those men are not free?—That the opportunity for knowledge is denied them.

8373. What sort of knowledge?—Of the industry they are engaged in.

8374. What sort of knowledge do you think they desire to have of the industry they are engaged in?—All the commercial side of it.

8375. I have dealt with the commercial side?—No, you only dealt with cost.

8376. And profits?—And how far profits are made.

8377. How they are made, of course?—Yes.

8378. What else is there?—The results then to the industry.

8379. But the profits are the results of the industry?—Quite. He does not want these profits.

8380. Supposing he is satisfied upon that point, that is a matter of knowledge of figures?—But he objects to these profits being collected by any few individuals.

8381. There we come to another point. What difference can it make to him whether the profits are collected by few or many, or by a neutral body like the State, so long as he gets his fair share?—Because he is realising now that he is a citizen of the State.

8382. Do you really think that either you or I feel our citizenship in the country because the Post Office of this country is run by the Government, and not by somebody else?—Most decidedly.

8383. You do?—I do. I have great pride in all national undertakings.

8384. I am afraid that my patriotic sense is not as acute as yours?—That may be.

Mr. R. W. Cooper: Yes, that may be, I quite agree.

8385. *Mr. Arthur Balfour*: On the first page of your proof you say, "Especially do they feel bitter at the way in which the Government spent thousands of pounds for the purpose of inducing the miners to throw over their leaders." What do you mean by that exactly?—I mean this, that I should think in almost every paper of this country the Government published a two-column advertisement urging miners not to accept the advice of their leaders to vote in favour of handing in notices, but to think and act for themselves; that is what the advertisement said.

8386. I agree. Is not that exactly giving them that freedom of mind which you have just been advocating—suggesting to them to use their own minds?—It was not necessary for the Government to do that. The Government was seeking to use undue influence.

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8387. Surely you have been telling us just now that it is so important to these men, if they are to feel comfortable and to do their work comfortably, to have free minds?—I do say so.

8388. Surely they have not free minds if they cannot act for themselves, and it is quite a proper thing to point out to them that they should have freedom of mind?—I do not think it was necessary for the Government to do that. The purpose was to use undue influence to influence their minds.

8389. The Government was anxious that they should have freedom to use their own minds?—Did the Government say that with regard to the unauthorised strikes in Glasgow?

8390. I do not know what the Government said with regard to the unauthorised strikes in Glasgow?—But I do. I am speaking of the unauthorised strikes where the Government urged the men to follow the leaders. The men were thinking and acting for themselves, and they admit that.

8391. It seems to me the Government is asking them to do exactly what you wish them to do, and that is to use their own minds. Do you claim that shareholders who put capital into a concern are not entitled to profit on the capital they put in?—So long as you have private ownership I think they are entitled to have a return for their capital they put in.

8392. But if you had not had private ownership in this country surely you would never have built up the colliery business at all?—I am prepared to admit that private ownership has played its part, but I think it has also served its day and generation.

8393. You have told us that you think the royalties ought to be done away with?—I think they ought to be owned by the nation.

8394. That they ought to be out of private hands?—That is so.

8395. Are you prepared to admit that if the royalty owner and the surface owner presented a field of 20 acres to the miners and told them that there was coal 3,000 feet down they would be able to do anything with it?—I have not suggested that they would, and we are not proposing that they should; we are proposing that it be nationalised.

8396. That is that you want to get capital from the State to carry on the industry?—No, I want the State to carry on the industry.

8397. But you cannot carry on industry without capital?—The State will find the capital.

8398. You want capital from the community to carry on the industry?—We want the capital and the industry to belong to the State.

8399. Has it ever occurred to you in view of the conditions of housing that you and others have put before us that the Miners' Federation might very well have built some houses themselves and let them to the miners?—No, I do not think they should. It would be most difficult, I think, to do that even if they existed for that purpose, which they do not, in face of the competition that they would have to meet from an inferior house put up by private men and colliery owners.

8400. Mr. Smillie told us in asking a question that some of the owners were making as much as 10 and 12 per cent. in the rents of those houses. Surely that left a very wide field for the Miners' Federation to employ their funds?—But the Miners' Federation have not funds.

Mr. Robert Smillie: The houses I said that about were built 40 or 50 years ago, and those who lived in them paid for them over and over again.

8401. *Mr. Arthur Balfour:* I am asking if the Miners' Federation is so deeply interested in the housing of the miners concerned, which they ought to be, and which I am personally, why they have not built some houses themselves and shown the owners and the State, if you like, and the urban district councils the class of house which should be provided for a miner?—In other words you suggest that the miners should build their own houses?

8402. I think it would be a very desirable thing if they did own their own houses?—Only they cannot afford to do it.

8403. The Miners' Federation can afford to do it?—No, the Miners' Federation only lives on the small contributions it gets from members, and it has not accumulated funds.

8404. It has been represented to us by various witnesses in cross-examination that the collieries are not run to the best possible advantage; do you agree with that?—I think it has been. That idea is conveyed by the Report of the Coal Conservation Committee.

8405. Again I ask you why could not the miners collectively purchase a colliery and run it, and show what can be done?—Would there be any difficulty in all the surrounding collieries destroying that undertaking in a short while?

8406. I think if it were not run on such a high plane and in such a superior manner with these enormous savings, it would compete easily with any collieries surrounding it?—Yes, under fair competition I think probably it would.

8407. How can you suggest to me that there would be unfair competition? That colliery owned by the miners would realise its coal and people would buy its coal if it was cheaper?—Even granted that that was possible, that is not meeting the object that we have in view. That would only be another form of private ownership.

8408. The object you have in view, I take it, is to show how the miner can be employed to the best advantage and obtain the highest possible wage?—And the general community be benefited.

8409. Exactly. Would not you be enormously benefiting the community by taking over a colliery and showing how this could be done?—I do not think there is any necessity for private capital being used in that way.

8410. I put it to you that if the Miners' Federation had a colliery or two collieries of their own, and ran them for 5 years in the ideal conditions which are painted to us, you could come here to-day and you could demand this 30 per cent. increase and 8 to 6 hours, and you could not be refused?—Suppose that colliery was situate in Northumberland and that colliery is competing for export trade, for foreign trade, what would happen is just what has happened in the past. Every colliery owner, including that one, would be competing one against the other and cutting each other's throats.

8411. Exactly, but you need not compete for the foreign trade. Your competition would be a simple matter. If you had the ideal conditions which have been painted to us you could take the foreign trade from any other colliery whenever you wanted it to the full output of your pit merely on a question of price?—I said that that is really not the object we have in view. We do not believe that any group of miners, any more than any group of colliery owners, should have the right to make profits out of national resources.

8412. You need not necessarily make profits out of the national resources. You could pay the whole of the profits away in wages if you wished to do so?—No, we would not wish to do so.

8413. How are you going to better the standard of living of the miners if you do not pay them higher wages?—We do not want to pay all the profits in higher wages.

8414. I want to pay them higher wages; I am anxious to pay them higher wages?—We do not want all the benefits of nationalisation to go to the miners. It will go in the form of cheaper coal to the community.

8415. Did not the miners once own a colliery called the Shilbottle Colliery? I understand I am wrong in that. Mr. Copper suggests to me that there is a co-operative society who have bought a colliery just now?—Yes, in Northumberland.

8416. In spite of the fact that they object to private ownership?

Mr. Sidney Webb: They do not.

Mr. Arthur Balfour: But they are private owners.

Mr. Sidney Webb: The co-operative society does not object to private owners.

Mr. Arthur Balfour: But they are private owners just the same.

Mr. Sidney Webb: You said "in spite of the fact that they object to private owners."

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8417. *Mr. Arthur Balfour*: The miners who are working for that colliery for the co-operative society object to private ownership?—I think they do draw a distinction between ordinary private ownership and co-operative ownership, but that is not what the Miners' Federation are seeking.

8418. In your proof on page 4 you refer to the loss in thick seams. Surely there is no need for the nationalisation of collieries to carry out the saving which you refer to there? Surely the Scientific and Industrial Research Committee under the Privy Council has the power to carry out all investigations and make the research necessary to enable the working of these seams?—And who would benefit by that?

8419. The State?—Oh, no, the colliery companies would.

8420. Why?—They would get the benefit of that research.

8421. The miners would be employed, and the State would get the taxes on the profits, if any?—The miners and the colliery owners would probably benefit, but the public has a right to benefit.

8422. It has been represented to us that baths at the pit head or near the pit head would be a desirable thing?—Yes.

8423. Do you agree with that?—I do.

8424. Do you think the colliers would use them if they were there?—There would be a reluctance to commence with. Gradually the better class of mind would do so, and the others would eventually adopt the same plan.

8425. I am glad to hear you say so, because I am entirely in favour of it, and I think it ought to be done?—Take the case where you have them in Lancashire, at the Atherton Pits; they have splendid baths provided by the owners, and I think they are very fully used.

8426. Has that resulted in improving the class of individual who works at the pit in any way?—It certainly has improved the homes of the people.

8427. I agree. Now in page 6 of your proof you refer to borings that have been made in the different parts of the country and then been lost?—Yes.

8428. Is not it the duty of the Inspector of Mines to report on borings that are made in his district?—Where does he get his information?

8429. Surely if you are living in a district you know where there is a boring going on?—Yes, but you would have to be there every day to see the results.

8430. Is not the result somewhat manifest; if the boring is given up one would assume the result was a bad one. People do not bore for the fun of it?—No, they bore for their private information.

8431. Do not you think the Inspectors of Mines have made such records?—I do not know what they have done, but at the same time I would not give undue weight to what the inspectors get from Colliery Owners.

8432. You lay great emphasis on the fact that if the nationalisation of collieries took place the provision of houses would be a foregone conclusion?—I think so.

8433. Do you agree then that the State has been very successful in rapidly supplying the houses which are very urgently required for every class of worker at the present time?—No, otherwise we would have had nationalisation years ago.

8434. Do not you think that if private enterprise as regards house building had not been stifled there would have been a great many more houses for the workers at the present moment?—I do not quite understand your question.

8435. My question is that the Land Act and the land conditions which have been imposed and the taxes on the land have interfered very seriously with the building of houses by private owners, and that the State has not in return taken its responsibility and supplied those houses which are so badly needed?—Does not that show that the best way of getting over the difficulty would be for both the land and the houses to belong to the State?

8436. I do not think so. The State do not seem to have made very good use of the taxes they have

got from the land so far?—Because the legislature has been constituted largely of employers of labour.

8437. Is that quite a fair thing to say when you consider the number of workers' votes in this country compared with employers of labour?—I am merely stating the fact.

8438. I do not think you ought to try and bring home the fact to the employers of labour?—Well, if you take the constitution of the House of Commons, is it not true.

8439. But who put them there?—Unfortunately, the workers.

8440. Thank you. If you had the control sketched out in your programme (it has been very well sketched out, I may say) would not you finally be at the beck and call of political control?—I do not see the connection.

8441. You would have a Minister of Mines; you would have your Council in London?—Yes.

8442. And every time there was a change of Government, your Minister of Mines would change, I suppose?—Yes, I think so, but the Council need not, and, after all, the Minister would only be chairman.

8443. The Minister, having control of his department, surely would have a certain amount of control over the Council?—You must remember he has got to be responsible to Parliament?—For reporting to Parliament, yes.

8444. He has got to be responsible to Parliament because he is dealing with public funds?—That is so, but we do not propose that the Minister of Mines should be in the same position, or a corresponding position, with what, say a Minister of the Government is at the present time, even with an Advisory Committee.

8445. I put it to you that no other position is a feasible or possible one. He is a Member of the Government and he has to be responsible to Parliament for the results of his department, which is to nationalise mines?—Yes.

8446. How can he be in any other position different from any other Minister?—His Council would be responsible.

8447. The House of Commons would not accept the responsibility of his Council. They would make him personally responsible?—Yes, but as the House of Commons becomes educated to these things—

8448. So we really have to educate the House of Commons first before we talk about nationalisation?—I think there is a good deal to be done in that direction.

Mr. Arthur Balfour: I quite agree with you; there is a great deal.

8449. *Mr. Evan Williams*: I think you have said that it is one of the most serious complaints on the part of the miners that all information in regard to the working of the collieries has been denied them in the past?—No, I did not say that. When I said information had been denied to them I was referring to the commercial side largely.

8450. You do not complain of the amount of information that is given to them as to the technical side?—No, but I do complain that they have no opportunity, or no right to assist in the management of the trade.

8451. Would you say that, on the whole, at the present moment the miners have or have not any knowledge of real value of the way the industry has been carried on?—I think there are many men working in the pits to-day who could assist the management considerably if they had any machinery for doing so.

8452. You admit the mining industry is a very complicated industry?—That is so.

8453. Both on the technical side and on the commercial side?—Yes.

8454. And you do admit that the miners have not a very large knowledge of it at the present?—That is so.

8455. It has been withheld from them by the owners?—That is so.

8456. So you would be no doubt under a good deal of difficulty from that lack of knowledge in drawing

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up a scheme for the regulation of mines in the future?—I think that probably is true. As we get experience doubtlessly we will improve our system of management.

8457. Do not you think, considering this lack of knowledge that you are suffering under at the present time, it is a little bit premature to lay down hard and fast lines for the conduct of the industry in the future?—No, I do not. I think that we will still have available the expert knowledge. I see no reason why the expert knowledge that is now in the service of the private colliery owners should not be in the service of the State.

8458. Supposing from now on full and complete information on all sides of the industry were furnished to the workmen, do not you think that, benefiting by that information, they might, in a few years, be able to decide better as to the conduct of the industry than they are to-day?—I have no doubt at the present time private owners in a few years will know much more than they do to-day.

8459. Of the conduct of the industry?—Of the industry, yes, and its possibilities.

8460. But do you think it is wise to say at the present moment, in the present state of comparative ignorance on the part of the miners of the conduct of a very complicated industry like this, that unless the principle of nationalisation is granted it is useless to ask them to withdraw their notices?—I think so.

8461. So that, even though you have not the knowledge of the industry, you are prepared to say that a certain course is one that must be followed up, and that there should be a very radical departure from anything that has been done in the past?—So far as the working of the mine is concerned, we have a large number of working men who possess managers' certificates; I think you will know that.

8462. You are proposing in this to take over the whole conduct of the industry?—Quite.

8463. Technical and commercial?—With the expert knowledge we would take over also. I do not mean that a collier is going to work all the commercial side of the industry. We never meant any such foolishness as that.

8464. We will come to that presently. Supposing, as a result of the knowledge that the miners might obtain during the next few years, they were shown that, under the present system, or under some other system, better results could be obtained both for them and for the nation than by central control and national ownership of this kind, would you still say that nationalisation was the best course?—If it was shown that it was better, of course, I would accept it, but I do not agree that it will be shown.

8465. Do not you agree that a chance should be given for it to be shown before launching the Nation into a tremendous experiment of this kind?—Why has it not been done? Surely there has been sufficient opportunity over the generations that have gone.

8466. You are assuming what we deny, that both the miners and the Nation would be better off under nationalisation?—That is so.

8467. Has it been proved? I am putting it very seriously. Do not you think that it is a most dangerous policy to propose an enormous experiment of this kind on the part of the miners in the present state of comparative ignorance of the whole administration, both technical and commercial, of a complicated industry of this kind?—No, I do not. It will be first, as I have suggested, by the National Council. That National Council will have all its expert advisers just as any board of directors have; that is followed by the District Councils and the Pit Councils.

8468. Let us take your proposed administration in detail. There is to be a National Council, half of whom are to be appointed by the Miners' Federation of Great Britain?—That is my suggestion.

8469. By whom is the other half to be appointed?—I think it states how they are to be appointed, does not it?

8470. Only as to half?—"Ten members, five of whose members shall be appointed by the Minister for Mines."

8471. What class of representatives are those to be? Two of them I see are to represent the interests

of the consumers?—If he is a wise Minister, and we always have wise Ministers, he will probably choose the men who are experts in the trade.

8472. Supposing there were a Minister of Mines appointed, no Government of this country would dare name such a Minister without consulting with the Miners' Federation or with Mr. Smillie, for instance?—I do not know about Mr. Smillie.

8473. Do you think any Government would dare to appoint a Minister of Mines without consulting Mr. Smillie?—I do not think the miners would agree if they had the power to allow you to consult Mr. Smillie only.

8474. I am putting Mr. Smillie for the moment?—You are putting him in a false position.

8475. I am speaking of Mr. Smillie as the head of your Federation at the moment?—Quite, and that is all.

8476. First of all, the Miners' Federation would have a considerable word to say in the appointment of the Minister of Mines. They would have the absolute appointment of five members, and the other five would be appointed by the Minister?—As part of the general community they would doubtlessly have a share in the appointment of the Minister because they would have a share in the appointment of the Government; other than that I do not see how they would.

Mr. Robert Smillie: I may as well clear up this point. The Employers' Federation were not consulted about the appointment of the present Coal Controller.

Mr. Evan Williams: But the Minister of Mines is in a very different position.

Mr. J. T. Forgie: I might just clear that up too—neither were the coalowners.

8477. *Mr. Evan Williams:* What I want to get at is really for information. Are the other five to be experts of any kind at all?—Appointed by the miners.

8478. They are to be experts appointed by the Minister?—I should certainly leave that to the Minister's judgment.

8479. The men appointed by the Miners' Federation would be members of the Federation, I take it?—Not necessarily.

8480. With regard to the District Councils, half of those again are to be elected by the Miners' Federation. Whom are the other half to be elected by?—They would be appointed by the National Council.

8481. Then the Pit Councils; half of them are to be appointed by the Miners' Federation?—Yes, members of the Federation.

8482. You do not specify whom the other half are to be appointed by?—They would be appointed by the District Council.

8483. Then the five members of the Miners' Federation are elected by men at the pits?—Nominated by the men at the pit.

8484. And retiring annually?—Yes.

8485. Would they give their whole time to this job?—Oh, no; I do not think it would be necessary at all.

8486. To what extent do you propose that they should take on the responsibility of the management of the colliery?—Much the same as an agent of a colliery does now who directs the manager.

8487. They would direct the manager?—Yes.

8488. Would they take any of the responsibility off him?—He would have his own responsibility.

8489. But he would have to do what they told him?—If they told him, yes; just as the manager now has to do what his employers tell him to do.

8490. I am speaking now of the conduct of the colliery underground?—Yes.

8491. Would this Council share at all in the responsibility, or do you propose that they should take any of the responsibility off the manager's shoulders?—I propose that it does take responsibility, and a lot of responsibility.

8492. Off the manager's shoulders?—Not necessarily off the manager's shoulders. He would have his own responsibility.

8493. At the moment the manager is responsible for the whole safety of the mine; is that responsibility to be shared?—Yes, I think so.

8494. Then if there were any prosecutions or anything happened the responsibility would be dis-

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tributed?—I do not see at all where the Pit Council would clash with the provisions for safety in the mine.

8495. I think one of the main objects was to increase safety?—Quite.

8496. They direct the manager to do certain things without taking the responsibility for the result of those?—I say they must take their own responsibility.

8497. And if anything happens for which the manager is liable would they take the responsibility off him?—I think that their influence would be in the direction of the manager making better provision for safety and not reducing it.

8498. Managers often commit errors of judgment in difficult cases?—Quite.

8499. And the manager has to bear the responsibility of any error of judgment?—The manager has to bear the responsibility of that?

8500. Yes, if anything happens?—No. What penalty is he under for errors of judgment?

8501. There is a good deal in the Act?—No, there is none whatever.

8502. I believe there is?—No, there is none.

8503. At the present time the owner or agent of a mine by the Act—

Chairman: What section?

8504. Mr. Evan Williams: Coal Mines Act, 1911, Section 2, Sub-section (4). At the present moment neither the owner or agent of a mine required to be under the control of the manager may take part in the technical management of the mine unless he is qualified to be a manager; that is the position?—Yes.

8505. Do you propose that the Mines Act should be altered to permit of this Committee taking part in the technical management of the mine?—The same qualification should be required of the manager.

8506. So that every member of this Committee should have a manager's first class certificate?—It would be much better if they had; I see no reason why they should not.

8507. You would confine it to men who had first class certificates?—Not necessarily first class. You might have second class.

8508. So that, instead of the present one manager with a first class certificate, you would have ten others with first or second class certificates to assist in carrying on the management of the colliery?—In order that they might have the technical knowledge.

8509. For the purpose of acquiring knowledge?—No; that they might have the technical knowledge to understand what was being done.

8510. That is why you ask for the certificate you mean?—Quite; that there may be a standard of knowledge before they are put on to this Pit Council.

8511. So that you would share the responsibility that one now bears between 11 people?—No, I would not. The manager would still be responsible, as he is now. He would have to report to his Pit Councils, as he has now to report, say, to his managing director, but that Pit Council would probably play a part that the managing director does not, inasmuch as they would assist him by their advice and suggestions, just as he would assist them.

8512. In effect, do not you think it would amount to putting 11 cooks instead of one?—I do not think it would be that, but at the same time it would not leave the autocratic power with the manager as at the present time. I do not want him to have that.

8513. You see that autocratic power is conferred upon him by the Mines Act. The discipline of the mine again is in the hands of the manager. You would not for a moment suggest that there should be less stringent discipline than there is at the present time?—No, I would not.

8514. Would you think that to have an elected body, changed every year, to share the management of the mine would be conducive to better discipline?—I think the thing conducive to better discipline is greater knowledge by the workmen themselves.

8515. I quite agree. And you admit that safety very largely depends upon discipline?—That is so.

8516. Do you think that an elected body of this kind, changed every year, would be a fit body to

assist in maintaining the discipline of the mine?—I think so.

8517. Mr. Robert Smillie: Did you say they must be changed every year?—I propose to appoint a pit committee for a year, not necessarily to be changed every year. They are eligible for re-appointment.

8518. Mr. Evan Williams: They submit themselves for election every year?—Yes, not necessarily changed.

8519. Mr. Robert Smillie: It was put to you changed?—Not changed.

8520. Mr. Evan Williams: Liable to be changed?—Thank you, Mr. Smillie, that might have been misunderstood.

8521. They would have to stand election every year?—Yes.

8522. I daresay you have had more knowledge of election of all sorts than I should?—We have not said elections; we propose it should be nomination.

8523. Re-appointed?—Re-appointed.

8524. By the Miners' Federation? You said he nominated by the workers of the mines?—Yes, nominated.

8525. How is that nomination to take place, except by election?—They would nominate their men and send their names to the District Council.

8526. Supposing there were 20 nominated for five seats; what would happen then?—The selection would be by the District Council then.

8527. With the District Council?—Yes; there is a distinction between nomination and election.

8528. I want to know what you propose. It has an important bearing on this?—Quite so.

8529. The nomination would be by the men employed at the pit?—Yes.

8530. Supposing more than the required number was nominated, the appointment would be made by the District Council?—Yes.

8531. Not by the men themselves?—I think the men would not nominate more than was required.

8532. Is that your experience in the matter?—Yes.

8533. Are there not such things as elections of pit committees at the present time on the miners' side?—Yes, that is where they are making the election.

8534. You think there will be no more than five appointed?—I think they would probably agree; the men at the pit would agree on whom they were going to nominate.

8535. Then if there is a matter of difference between them they have to stand election?—Only this; that the District Council before they agree to the nomination out of the Pit Committee would have a good reason for doing so. I quite agree unless there was some special reason for not doing so they would accept the nominees of the workmen.

8536. My difficulty is to believe that not more than the required number would be nominated; there would have to be some other body to select?—The District Committee would do that.

8537. My fear is that these annual elections, or any elections at all would undoubtedly affect it?—I think you are missing or confusing the two terms, nominating and electing.

8538. I want to understand it. Would you confer upon Pit Councils the whole of the management of the colliery, commercially and technically?—They would only have powers delegated to them by the District Council.

8539. Who would do the selling of the coal from a particular colliery?—I think that would be decided probably by the District Council.

8540. The District Council would sell all the coal of that district?—Probably they would, but the details would be worked out by the District Council.

8541. How do you propose the coal should be sold for export, for instance?—It would be sold largely as sold now, I daresay.

8542. Would you employ the same exporter and middleman as you do now?—No; I think we could do without the exporter and the middleman.

8543. Who would conduct the export business?—I think the State could really do it itself.

8544. You think the State should have a staff to conduct the export business?—Yes, to co-ordinate it, so as one district is not competing with the other.

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8545. And sell by the State?—Yes.

8546. And all the coal for abroad would be sold by the State?—Yes, all the coal for abroad would be sold by the State and at home.

8547. What is the function of the District Councils with regard to the commercial part of the business?—Before you can deal commercially with the coal you must know what it is costing; you must know its quality and a thousand and one things must be common knowledge to both sides, both the commercial side and the industrial side.

8548. And those thousand and one things are to be known by the District Council?—They would co-ordinate.

8549. The District Council, before they could exercise any proper supervision on these matters, would have to get all this knowledge?—Quite.

8550. They would?—Yes.

8551. And what class of people do you suppose the District Councils would be composed of?—I think we would get the services, as I said, the expert knowledge we now have.

8552. You would have that expert knowledge on the District Councils?—Yes.

8553. And you would have that technical knowledge on the District Councils?—Yes.

8554. Your Councils would be a Committee of Experts; is that your idea, nominated by the Miners' Federation?—I did not say there would be a Committee of Experts, but certainly they would have the services of experts.

8555. To advise these Councils?—Yes.

8556. These Councils, with the advice of experts, would manage a part of the district as far as coal is concerned?—Yes.

8557. Divide the orders between the collieries?—They would allocate the trade among the pits.

8558. They would decide, if there was insufficient trade, which pits were to stop and which were not to stop?—Yes, or how far they could all be kept going.

8559. You know in bad times the bad quality coal suffers the most? They would decide all these matters at the District Councils?—Quite so.

8560. The National Council in London, the Central Council, would supervise the whole of the districts?—Yes.

8561. They would really be the board which controlled the whole of the working of the collieries in the country?—Quite so. They would concentrate all the information and all the machinery.

8562. They would exercise the functions that the Coal Controller exercises now and a good many more?—Yes; they must be much wider powers than he has.

8563. Have you made an estimate of the staff that would be required at this central office in London to carry on the whole of the coal districts of the country?—Not otherwise than this, that it must be small compared to the aggregate staffs now engaged in the coal trade.

8564. Would it surprise you to know that even for the amount of control there is at the present time there is a very large staff in London, and at the collieries the staff must be increased if the work that is thrown upon them by the central control is to be done at all?—Yes.

8565. I take it to properly control from a central office every fact and figure in regard to every colliery in the country must be transmitted to London?—I would suggest under nationalisation there would be such co-ordination that a large part of all the labour at present, even the Coal Controller getting his limited information, would be obviated—a large part of it.

8566. Do you think the establishment of Government control in the past has meant the reduction of staff anywhere? Can you give us any instance where Government control has meant reduction of staff at all?—No. I would not say it has increased it either over the whole industry. I do not know of any instance that we have.

8567. You have not considered that part?—Other than this, as I have already said, the staff necessary

will be nothing like equal to the staff now employed in the aggregate in the coal mining industry.

8568. On what do you base that information?—On the number of companies each having a staff, and a large staff, I think, too.

8569. Do you propose to decrease the staff at the pits for instance to start with?—No, I should not do that. I think a central office staffs would be largely abolished.

8570. Central office staffs?—Yes.

8571. Of what kind?—Take the central office of a company at the present time.

8572. You would have one central office for a district?—Yes.

8573. Is your opinion that that would decrease the staff employed?—I think it would most decidedly.

8574. Have you had any experience of centralisation on a large scale?—No, I have not. I went to work in the mine when I ought to have been at school, and have been a wage earner only.

8575. Has anyone who has drawn up this scheme had any experience of centralisation on a large scale or conversion of a private industry into a State industry?—I do not think we have. I do not think we have had many instances of that kind in the country.

8576. With regard to housing, I suppose in Northumberland and Durham practically all the houses are provided by the coal companies?—I should say 75 per cent.; I am making a rough guess.

8577. Is there an obligation on the part of colliery companies to provide houses there?—No, it is only a custom.

8578. In other parts of the country colliery companies do not own houses at all?—I am not quite sure that that is true; I think you are wrong.

8579. I do not say there is not in any district any houses belonging to the colliery companies?—I think you will find in many districts there are a large number of houses belonging to colliery companies.

8580. In every district?—Yes.

8581. I should not like to go as far as that?—Go to Doncaster. Whom did Broadworth belong to?

8582. That is a new district?—Yes.

8583. The colliery companies have put up new houses?—Yes.

8584. Are the new houses fit houses for men to live in?—I am speaking again from memory. Mr. Smith will tell you. I remember a strike for a long, long time in Yorkshire, I think, where the men were turned out of the houses by the colliery companies, and in Scotland I think the colliery companies own the houses.

8585. That is not the point I am upon. Where companies are now putting up new houses are they good houses or are they not?—They are not the class of houses they ought to put up.

8586. Even the new ones are not?—Even the new ones are not.

8587. Your view is the State would put up better houses than the colliery companies?—Yes, I do say so.

8588. In a good many districts colliers, I believe, have built or bought their own houses in the past?—Yes.

8589. A large number of them?—Yes, some of them.

8590. Not always the collier who earns the most money is the one that builds his own house?—No, that may be so.

8591. What would you say about those houses; have you any experience of them; are they good houses?—I should say they were much better houses than the houses erected by the colliery companies. At the same time, not many miners have been able to build the house he ought to have.

8592. A good many miners have been able to build houses?—With his own limited means such house had to be limited.

8593. Do not you think it would be a far better thing for the State to encourage miners to build their houses than to build them for them?—Much better for the Government to build the houses, and thereby secure a better citizen.

8594. Do not you think the better citizen is the man who owns his own house, than the man who

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lives in somebody else's?—No, I do not say that necessarily follows.

8595. It is a matter of opinion?—It is a matter of experience too.

8596. It is one experience against another, in any case?—Yes.

8597. Your view is that the miner will be better off as a servant of the Government than as a servant of a private employer?—I think so, yes.

8598. Has that been the experience of Government servants in the past?—Governments have not been in the past what they ought to have been. They have not been in the past probably what they are now, and are not now what they will be in the future.

8599. Do you remember you were sitting next to me at the Conference in the Central Hall, hearing Mr. Ammon speak for the Post Office servants?—Mr. Ammon was speaking; I could not hear what he was saying.

8600. I happened to hear, and, based on the experience he gave, I should think Government employment would be the last thing any working man would want to go into?—I do not know how many Government officials are here. I scarcely think they will agree with you.

8601. I have not heard one who is here speak in any different strain from that. Do you imagine under Government control there will be a better output per man than at the present time?—I think up to date machinery would be more readily adopted, and the output would increase.

8602. Do you think if there had been State control during the past 20 years the output of the country would be higher than it is to-day?—Yes, I think so.

8603. You think so?—Yes.

8604. Has that been the experience of Government establishments during the last 20 years?—I rather confine myself to mining.

8605. Do you know anything about the shipyards?—I confine myself to mines. I have been a miner nearly all my life.

8606. I think it is a pity you confine yourself to mines when there is other information?—I can see where there can be more up to date machinery applied; I am confirmed in that view by the Report of the Coal Conservation Committee.

8607. Do not you think in preparing a scheme of that kind it would be wise to consider cases where the Government have been trying to introduce some sort of commercial enterprise. Take shipyards, for instance?—I do not think that is a fair instance at all.

8608. You do not think so?—Not under the exceptional circumstances that they have taken them. It is unfair absolutely to compare what has been done either by control or by actually taking the industry over during the war.

8609. I think they are instances of Government control at any rate, and they have not been very successful, have they?—There is a wide difference between control and ownership.

8610. Do you know of any Government department that is called efficient in the country or in the House of Commons or anywhere else? Is it not one of the complaints of the community as a whole that the Government is not run efficiently?—I think one of the wonders of the world is the Post Office service; that is a nationalised industry.

Sir Arthur Duckham: You do not include the telephones, do you?

8611. *Mr. Evan Williams:* There is a good deal of difference between the Post Office and the running of mines?—Yes, and that is why I suggest you should keep to mining instead of taking me to somewhere else.

8612. With regard to the barriers, did I understand you to say it is possible to work off all the coal without leaving any barriers at all?—I think there will probably have to be barriers left for some purposes, but a small quantity compared to boundary barriers.

8613. Between properties?—Yes; all that ought to be worked out.

8614. I think you stated that barriers are left between two properties worked by the same owner?—No.

8615. You do not say that?—No.

8616. I understand your proof to mean that?—I am sorry if that is at all conveyed; I did not mean that.

8617. It is rather conveyed, and I am glad to see it is not so. Do you know at the present moment, when the boundary between two colliery companies is irregular, very frequently an arrangement is made to draw a straight line and cut an economic boundary between them?—I did not know that, but I do know that the lines are often irregular in working to a boundary.

8618. Would it surprise you to know, in a very, very large number of instances, arrangements are made to draw a straight line instead of an irregular boundary between two companies, under private ownership?—You know more about it than I do. Would you tell me if all regular lines are drawn?

8619. I do not say all?—Are there not even wedge-shaped royalties which make it costly?

8620. No landowner would leave coal unworked unnecessarily. They are supposed to be a grasping lot?—We have the report in Northumberland, where 4 per cent. of the total possible coal has to be left as barriers.

8621. You do not say how much of that is necessary barrier and how much not?—A large quantity of it is boundary barriers.

8622. You think less would be left under State control?—As boundary barriers there would be none.

8623. Boundary barriers are very necessary, even for safety?—I do not think so.

8624. Suppose you work an inclined seam and work the upper part first, and there is water and afterwards you work the lower part, is it wise to work off the barrier between those two?—You will find, when a strip of coal is left in, instead of helping your roof it breaks it.

8625. That is just the point. A narrow barrier is of no use. If you leave a barrier by force of nature, you have to leave a wide one?—The best way is to remove all the coal.

8626. And continue to pump all the water from the lower depth?—By State ownership you would plan your whole area to be mined, and probably you would have a centre from which to pump.

8627. And you would pump water from a big depth instead of pumping some from a smaller depth?—I think in the end it would be cheaper than having so many pumping stations.

8628. *Mr. J. T. Forgie:* I want to take you to the barrier question. You stated that up to 4,000 feet depth in the Northumberland district you had 7,000,000,000 tons?—The actual figures are 7,040,348,147 tons.

8629. Take it at 7,000,000,000 tons, out of which you said 280,000,000 tons have to be left in barriers?—Yes, in round figures.

8630. How do you ascertain that?—I heard Mr. Cooper ask the question and you said there is no shaft deeper in Northumberland than 200 fathoms. 4,000 feet deep is nearly 700 fathoms. How do you ascertain there is that coal there?

Sir L. Chiozza Money: Can we have the report?

Mr. J. T. Forgie: I do not think it is necessary. It is not a question of report at the present moment.

Sir L. Chiozza Money: It is not Mr. Straker's calculation, but that of the Royal Commission.

8631. *Mr. J. T. Forgie:* I am not going into whether the statement is right or wrong, but on a technical point. How were those figures got? I suppose they were got from some report?—These figures are taken from the report of the Royal Commission on coal supplies in 1905. I may assume how these calculations were made the same as you may.

8632. You say if the Government had the control or the ownership of the minerals in the country and the ownership of the mines they could work the coal in such a way that they would not require barriers?—Nothing like the barriers required now.

8633. Do you say they could sink 4,000 feet deep at once and commence to work the bottom seams and

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come upwards? Would the Government do that if they had the ownership of the mines?—I do not think they would.

8634. Suppose they sunk to the upper seams how could they prevent the water getting to the lower seams afterwards?—I do not think they can. That happens under private ownership.

8635. We have not got down to these seams yet. The private owner would not go to the lower seams?—They have gone to deeper ones.

8636. According to your statement the Government would go to the lower seams and pump the water from there?—I did not assume that.

8637. It breaks down your argument that Government ownership would save barriers?—I do not think it does.

8638. They would have some barriers?—They would probably have some barriers, but not for the division of properties.

8639. The divisions of properties are small barriers; they do not affect water holding up. I suppose you admit the landowner is keen to get all his coal out, and he does not leave coal unworked in the shape of barriers if he can help it, as long as he gets 6d. a ton on it for royalty?—He is always anxious to prevent his neighbour getting his coal.

8640. If he does there is an action in court?—There is always a difficulty of knowing without a barrier in between.

8641. *Mr. R. W. Cooper*: Thieving may work away the barrier?—Yes.

8642. I have known cases of that sort?—So have I.

8643. *Mr. J. T. Forgie*: Are you sure nationalisation would make for progress?—I feel quite confident about it.

8644. It would improve the working men's condition?—It would.

8645. It would be a benefit to the community at large?—Yes.

8646. And, generally speaking, it is a thing to be desired?—That is so.

8647. You would on what Mr. Williams has put to you run the risk of an experiment of that huge nature to get this desired end?—I think that is an end devoutly to be wished.

8648. Having no knowledge of what might happen; having no experience of the past, you admittedly say you have no knowledge of the business and no idea what might take place in the future of an experiment of this kind, all the same you are prepared to risk it?—No. I do contend the nation will have the services of all the expert knowledge the private owner has now; therefore, the risk is not what you suppose.

8649. As cheaply?—Yes.

8650. Why did not the nation develop the coal at the start. It was left to private enterprise. The nation could quite well have started to work the coal at first as well as private individuals?—I think they probably could; only the nations, as individuals, have to make progress.

8651. Supposing you do nationalise the mines and the result is disastrous; what will you do then?—I do not agree it will be disastrous.

8652. I am putting a hypothetical case. You need not answer it unless you like?—In the case of disaster of any kind I cannot tell you what would happen.

8653. Would you be looking round the country for coal owners again?—That would depend upon the character of the disaster. It is a position I cannot imagine at all.

8654. You admit it is a very big venture?—No, I do not think it is a big venture, because I think, again, we can get all the experts.

8655. Property worth £200,000,000 or £300,000,000 is not a big venture?—I understand you to mean that a big risk will be taken.

8656. You consider the nation would be taking this without risk at all with an absolute certainty of prosperity and progress?—Yes.

8657. You are sure of that?—Certain of it.

8658. You would not consider what you would do in the event of a disaster happening. You think there is no necessity to consider that?—I cannot contemplate disaster in the matter.

8659. We have been told as coal-owners by some of your friends that what we have said would be the result of granting the men's demands has been all wrong; that we have taken a gloomy view and a pessimistic view of the future; the industry will find it all; pay the miners' demands; the industry will progress and people will pay no more for their coal. We have been told that?—I had to confess to Mr. Williams we had not an experience in the past of some things, but we have an experience in the past as to the pessimism of colliery owners when reforms are proposed.

8660. Do you think your side has any more justification for saying that about our prognostications as to the future of the trade if we grant these demands, than we have about your idea of your progress due to nationalisation of the mines in the future?—Your prophecies are discredited from the fact that what improvements we have had you have opposed with the same sort of gloomy forecasts.

8661. Wages have risen?—Yes.

8662. Prices of coal have risen to the public?—General prosperity.

8663. The coal trade has not been a highly prosperous trade considering its risks?—I think it is, considering the figures that have been presented.

8664. We have had figures presented to us. You said something which the miners wanted was knowledge of the business?—Yes.

8665. How far are you going to distribute that knowledge to go beyond the District Councils or Pit Committees?—I would have schools and everything for the miners.

8666. Would you bring every miner into the office once a day to show him the books, give him the details, the price and the cost?—That is too absurd to ask.

8667. How otherwise can you give it? Your knowledge will be required to be confined to the District Councils and the Pit Committees?—The knowledge would be obtained from the workmen's representatives on the Council. I would go further, and establish classes and schools for the purpose of giving this knowledge.

8668. Surely, if you had knowledge in the way Mr. Cooper said the coal-owners were prepared to give it in the future, you could distribute that through the same schools?—If the coal-owners were prepared to allow us to share in all the management and distribution of the coal, the commercial side, that would get over that difficulty. I would then object to this, that all the results, all the value of that wealth of the coal-owner which the coal miner was producing should go into their own special pockets.

8669. I suggest to you that your scheme of nationalisation is ownership by the State of the mines and minerals, and control by the miners?—With a National Council to look after the interests of the community where these things might clash with those of the people immediately employed in the industry.

8670. You leave to the discretion of the manager of mines the appointment of the five other members. but you did not leave it to his discretion to appoint your people?—Oh, no.

8671. Go back to the profits; I notice on page 2 of your document you give a lot of figures for 1913 up to 1918?—I quote Mr. Dickinson's figures.

8672. They are quite correctly stated, too. Then on page 3 you say: "Working these profits out in proportion to output in each year, we get an average profit during the war of 2s. 6-76d. or 25-63 per cent. on capital invested." Then you say later on: "In addition to the above profits, there are the royalties, which ought to belong to the nation. These equal, at present, about 6½d. per ton or over 5 per cent. on capital." Then lower down you say: "Royalties and by-product profits would add at least another 10 per cent. to the 25-63 per cent., making for the four war years 35-63 per cent." What do you mean by "by-products"?—It would take one almost a week to go over all the by-products out of coal at the present time.

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8673. I can put it simply. It is not the number I want. I want to know where are they to come from. Is it those made in blast furnaces and gas companies?—I assume those made in the works connected with the collieries.

8674. They are not connected with the collieries?—Many have them.

8675. The coal is sold from the colliery to the by-product establishments?—Take Cumberland. I think most of the by-product works there are in connection with the collieries.

8676. They may be on the same piece of land or adjoining it?—They are in connection with the collieries.

8677. They are not in connection with the collieries?—They are. Even the gas coming from the by-product works is conducted to heat the colliery boilers.

8678. The collieries have to pay for the gas. My point is this. You take a valuation; do you include in that valuation the valuation of the by-products from blast furnaces and coke ovens, and so on, when you come to the 35 per cent. you mentioned?—The 5.41 per cent. is calculating 10s. a ton on the capital value.

8679. It is an estimate?—Yes.

8680. And a very wide estimate; it may be a very wrong estimate. Have all the collieries got by-product plants?—No.

8681. You are distributing here the amount from two or three collieries, or 20 or 30 collieries, among the whole lot to get your 10 per cent.?—I do not assume the collieries that have the by-products have only made 5 per cent.

8682. I do not ask you to assume anything of that sort?—I can only take 5 per cent.

8683. You mentioned something about 10s. a ton of capital value. Would you add anything on this for by-product and coke oven plants?—There must be something added for that.

8684. Go back to paragraph 2. You say: "If the same rate of profit continues and the mines were purchased by the issue of Coal Mines Stock to the present owners, carrying an interest equal to War Loan, say 5 per cent., there would be a profit of over 20 per cent., which means that in five years the purchase price would be paid off out of profits. If the present rate of profit continues, the purchase price would be paid off in slightly over three years." Paid off by whom, and to whom?—The Government would purchase in one form or another the mines from the present owners, and if they did so by giving them Government Stock carrying 5 per cent. it would leave 20 per cent.

8685. Are those war profits?—If the present profits continue.

8686. Are not the war profits going to the Government now in any case?—Yes; it does not alter the fact.

8687. It does considerably, seeing they are war profits.

8688. *Sir Arthur Duckham*: I should like to tell you I am not a coalowner and I have no connection with the colliery industry. I have been a Government servant for over four years, holding positions from the lowest rank to perhaps the highest rank. Is this your own scheme or an official scheme of the Federation? I will tell you why I ask. The Chairman introduced it to us, I think, as an official scheme. It is your own scheme?—I think I explained that this embodies the principles decided upon by the Miners' Federation Conference, but the form in which it has been put is put by myself in conjunction with legal advice.

8689. This form of committees; that is not official?—The forms of control I put in.

8690. Is it official or not?—That has not yet been submitted to the Miners' Federation.

8691. We may take your statement that this is a sort of minimum that the miners require is not quite correct?—I should not say the miners would adopt this in all its details.

8692. I want to make it perfectly clear?—I want to make it quite clear.

8693. *Mr. Frank Hodges*: I should like to point out what appears in Mr. Straker's précis on page 2 under paragraph (f): "The revelations since this inquiry commenced have confirmed the miners' suspicions and opened the people's eyes, so that it is useless to ask the miners to withdraw their notices without the acceptance of the principle of nationalisation by the Government"?—Yes.

Sir Arthur Duckham: Some principle.

Mr. Frank Hodges: Not any scheme of control.

Sir Arthur Duckham: Not the principle. There may be lots of principles of nationalisation; you can have all sorts of directions we should not like bureaucratic control. We are agreed upon that.

Mr. Hodges: I thought I would indicate there is no such reference as you stated in Mr. Straker's précis.

Sir Arthur Duckham: About the miners accepting it or not.

Mr. Hodges: About the detailed scheme of control being a scheme the miners would strike on.

Sir Arthur Duckham: In his evidence he gave me the impression that that was his opinion.

Sir L. Chiozza Money: No, really he did not give that impression.

8694. *Sir Arthur Duckham*: I only want to make it clear, as much from Mr. Straker's point of view as anybody else's. Has this scheme of yours been got out by any experts on commercial management or anyone who has in any way been concerned in carrying on big concerns?—Not that I am aware of.

8695. Would it not have been fairly easy for you to have got somebody who had had great control to assist you?—I am not sure that it would be easy. I do not think they would favour our project much.

8696. I am not prejudiced against nationalisation or anything of that sort, but I put it to you that this system of committees of yours would result in something like an American football match, where you have your whistle blown every five minutes and then you have an argument?—Of course, I do not agree with that.

Sir L. Chiozza Money: That is a statement, not a question.

8697. *Sir Arthur Duckham*: I was trying to put it in the form of a question, as you do so well. This scheme of yours is based on the needs, as you consider, of one class chiefly. It takes no consideration for the many other people who at present are earning their living in connection with this trade?—I think I have said in the précis that that is a misconception. It is altogether wrong. Nothing can be further from the truth, is what I say.

8698. May I have the reference to that?—It is on page 7.

8699. "But the public would largely benefit by securing cheaper coal for all purposes"?—Yes.

8700. You have used all your profit on the coal by paying for the capitalisation of the coal?—No; I only said what was possible to be done with the money.

8701. On page 3 you say "pay back the money."

8702. *Mr. Sidney Webb*: He only says it could be done?—I only pointed out the value of the figures, that 20 per cent. net profit would pay it back in five years. I did not imply that all that money should be set aside for that purpose.

8703. *Sir Arthur Duckham*: You suggest that all these other people in the industry who have capital invested, who have given their lives to this work, and who have trained themselves for this work, should be compensated when they are put out of business?—Compensated by getting the value of their property.

8704. If you have a business, you have a goodwill. Do you compensate them for goodwill?—No.

8705. You do not compensate anybody for goodwill?—No.

8706. You do not recognise goodwill?—No.

8707. I am speaking with some knowledge of Government work. You have a Minister running a committee; is that committee an advisory committee or a directing committee?—A directing committee.

8708. Then the Minister is not responsible?—No other than as the go-between between the Government and his committee.

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[Continued.]

8709. Then you go away from all principles of government as understood at the present time?—Quite.

8710. Absolutely?—Quite so.

8711. Who gets sacked, hanged or shot, or whatever it may be, if there is a mistake made; would it be the whole of the committee?—I do not want them all to be sent to the House of Lords.

8712. No, that would be pretty bad for them?—That is what becomes of Ministers who are failures at the present time.

8713. I daresay it is a fair punishment; but who bears the responsibility of this committee if there is a mistake made—what happens?—The Council.

8714. What happens to the Council?—They would probably be condemned by the Government or by Parliament.

8715. What happens to the poor Minister? You know what the principle of government to-day is?—I am not concerned much with what is going to happen to him because I do not expect anything disadvantageous to him is going to happen if he is filling his office well; otherwise we are not going to keep him at the public expense.

8716. Is it possible to conceive that you can get a man of big enough calibre to run the whole of the coal mines of England?—No, that is why we appoint these councils.

8717. Could you possibly get a committee to run direct as a committee without somebody responsible for carrying out their direction and who has to bear this responsibility?—With the district council and the pit councils I think we can.

8718. You have to start at the head. Now you come down one. Who appoints the chairman of your district council?—I am not sure that there is any provision made. I take it that they would appoint one of their own number.

8719. He would not be appointed by the Minister?—No.

8720. He would not be the direct representative of the higher council?—He might be appointed by the higher council.

8721. Again you have absolute divided responsibility?—I have dealt with this on broad lines. Many of these details could be settled afterwards.

8722. The whole thing is so serious, and I am looking at this really from the point of view of trying to find out how the thing would work and how you could make the thing work. I put it to you that it is divided responsibility?—Yes.

8723. Absolutely right through, and if some people on the committee made a mistake and the other people said: "I did not make a mistake," only those who made the mistake would get the sack?—The committee would be responsible as a whole, not any individual member of it.

8724. I cannot see who would sack him.

Mr. Robert Smillie: You could appoint a sacker.

Mr. Arthur Balfour: He would be the busiest man in the country.

Mr. R. W. Cooper: You might have a hanging committee.

8725. *Sir Arthur Duckham:* Really the scheme is not thought out right through; you have not seen how it meets the needs?—If the Minister was efficiently filling his office, he would be retained in that office; if he was not efficiently filling it, I take it that the Government or Parliament would remove him.

8726. I take it that the Minister has not an office to fill, because it is not his office; it is the committee's office?—Quite so.

8727. Now I want to raise one point with you which I think is very important in all these considerations. You have mentioned all sorts of directors who run businesses, and you seem to be very suspicious of these directors; why is that?—In what respect am I suspicious?

8728. That they do not earn their money?—I do not know what money they get.

8729. You simply say that they will be wiped out?—I take it that they will have salaries.

8730. But you are not going to make any use of the directors?—Some of them might be appointed on some of these councils.

8731. But otherwise you would wipe them out?—Is it true that all directors are appointed because of the value of their knowledge to the concern?

8732. As you ask me the question, I may tell you that I am on about six boards of directors, and I assure you there is not one director on any of those boards who does not earn his fees six times over.

Sir L. Chiozza Money: That is very interesting, but it is not evidence.

Mr. R. H. Tawney: Do those companies make no profits?

8733. *Sir Arthur Duckham:* They all made good profits, and I am a very small shareholder?—I have known men appointed as directors, not because of any knowledge that they might possess of the industry at all, but because of their name.

8734. You propose to wipe out all these directors?—I say we would get the expert knowledge for the service of the State just as it is for the private owners of the present time.

8735. You mean the expert knowledge of the mine manager and all those people in the works?—I mean the commercial side as well.

8736. Therefore you include the directors. You are going to give them jobs?—I do not think that they are all required.

8737. I put it to you that these great businesses have been built up by the brains of the directors?—In other words, a council or committee for the company.

Sir L. Chiozza Money: That wretched committee!

Sir Arthur Duckham: Quite so. May I tell you the difference between your manager and a managing director? Do you know what a managing director does? May I tell him, Sir Leo?

Sir L. Chiozza Money: It would be most interesting.

Sir Arthur Duckham: May I, Mr. Chairman?

Chairman: Yes, certainly.

The Witness: Tell me what is meant by a committee.

8738. *Sir Arthur Duckham:* I want to know that from you. I am talking about the running of a colliery?—That is so, the managing director of a colliery—I think I know what his work is, but still I would be glad of any help.

8739. What does the managing director of a colliery do?—He absorbs both the commercial side and the industrial side.

8740. He pulls the whole thing together?—Yes.

8741. Is he a useful man?—Yes.

8742. He earns his money?—Decidedly.

8743. Are you going to keep him?—Or a man to do his job.

8744. Now with regard to this question of housing. I have every sympathy, and I think everybody here has every sympathy, with the housing question. The housing question is a separate question, and you would not suggest that it should be specially for mines. Should it not be left to the Government as a general question, or would you have it for mines specially?—In connection with the mining industry I would say Yes for miners, but I would not for a moment exclude any other body.

8745. You know the difficulty of building houses at the present time from the lack of materials and all sorts of things?—Yes.

8746. And the very heavy expense?—Yes.

8747. I mean that houses built at the present time could not be rented at a payable rent to ordinary people?—I agree; largely from the cost of timber.

8748. Bricks and everything else?—When we get our foreign timber and are not dependent on the monopoly of British owners for it, it will be different.

8749. Foreign timber is coming in?—Yes.

8750. There is one man, I suggest, who wants to have some consideration paid to him, and that is the consumer. How are you going to treat the consumer? Is he going to be allowed to choose what sort of coal he wants? Are you going to have big pits for mixing this coal, and give him a standard coal?—He cannot do that now.

8751. That is under control?—Under control he cannot, but in all cases when there was no control he could not.

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[Continued.]

8752. Certainly he had a choice?—No.

8753. Excuse me, a man could buy coal from where he wanted to buy it?—Yes, but there must always be the cost of it, which would limit his choice.

8754. Are you going to give the consumer any choice with regard to buying his coal from where he wants it?—I think that is a detail that should be settled by the distributing authority.

8755. I can assure you that the consumer is unhappy under the present control?—Yes, I know that.

8756. The economies gained over control are very readily lost by uneconomical use of the coal?—Have you considered what would have happened with the consumer during these last four years if there had been no control.

8757. I am not talking of war time; I am talking of peace time. The only thing I say is that control has been uneconomical from the consumer's point of view: do you agree with that?—I think the consumer has been saved considerably by the control.

8758. Do you realise that there is as much difference in coal as there is between chalk and cheese?—I know there is a good deal of difference.

8759. Do you know that some coal suits some processes where others would not?—Yes, I know that.

8760. And you know that there may be great inefficiency arise from having coal sent to a place that it was not suitable for?—I do not think any distributing society would fail to recognise that.

8761. Do you know that the consumer is safeguarded to-day?—I do not know the point.

8762. The point being that if he does not like the coal he gets from one person, he can buy it from another?—Yes.

8763. That safeguard you propose to do away with?—I would establish a distributing authority who would know as well as the consumer himself the coal best adapted for certain purposes.

8764. Then if I were a consumer, could I put pressure on that man to give me the coal I wanted?—You could ask for it.

8765. I am a Government servant, and I know what asking means?—You have not had any experience of a distributing authority.

Sir Arthur Duckham: I have had a fair amount of experience at the Ministry of Munitions, where we distributed a lot of stuff, and we got very heavily blamed for the distribution.

8766. *Sir Thomas Royden*: What is your definition of a profiteer?—A man who has exploited the circumstances of the war for his own benefit while the rest of the nation has been sacrificing.

8767. You say that the Government and the coal distributors have been profiteering during the war?—Yes.

8768. Now, the figures that were given us by Mr. Dickinson this morning show that for the first three quarters of 1918 the profit on coal sold for home use in this country is about 7d. Is that profiteering?—No, I think it is a fair profit.

8769. Similarly, if you take the export trade, the profit is 7s. Was that profiteering?—7s. a ton?

8770. Yes?—About 70 per cent. I should say it was most decidedly.

8771. May I point out that one of the objects of your scheme is to get the highest price out of the foreigner to eliminate competition between the collieries? I think it is a very laudable desire?—I have no objection to it.

8772. So that, in fact, on these particular transactions neither the coal owners nor the distributor nor the Government was profiteering?—Oh, yes.

8773. May I take it that that is your conclusion?—My conclusion is this, that if they were making such huge profits out of the foreigners they ought to have given the consumer the benefit of that at home and allowed him cheaper coal.

8774. May I go on to your scheme—and I should like to explain, as *Sir Arthur Duckham* has done, that I have no direct interest. I am only trying to relieve my mind of certain difficulties that your scheme presents to me. First, with regard to the composition of the Mine Council, you will agree with me that the Miners' Federation of Great Britain is a very efficient body?—I do.

8775. It is the belief of that Federation that they are qualified to administer the coal industry more efficiently,

having regard to all conditions, than others, by reason of their particular knowledge?—No, I have not said that.

8776. I ask you, do you consider it?—I assume that they believe that the nation would get the services of the expert ability that is in the industry now and run it in the interests of the nation instead of in the interests of a few colliery owners.

8777. I will put it again. Is it your belief that the Miners' Federation of Great Britain is the best instrument that could be used for that purpose?—I believe that the Miners' Federation would look after the interest of the mining side—that is the workmen's side—and the others would look after the interests of the community. Consequently, both sides would be equally safeguarded.

8778. So that the Miners' Federation would put all its nominees on this Committee for the purpose of looking after the interests of its members primarily?—Quite so; or rather they would put them there in order to see that the interests of their members were not sacrificed; but they are there also to look after the well-being of the whole community.

8779. It is common sense primarily that they are there to look after the interests of their members. They represent 50 per cent. of the Committee; the other 50 per cent. would be composed of two nominees of the Minister to represent the interests of the consumers, and three others who should also be nominees of the Minister. I put it to you that in all probability they also would be, if not members of the Miners' Federation, at all events closely in sympathy with it?—The two other members?

8780. No, the other three?—No, that does not follow. I mean if the Minister appoints three.

8781. He appoints five under your scheme?—He appoints three from a certain section and two directly from the consumers. Neither of these would have anything to do with the Miners' Federation.

8782. I do not say necessarily, but I say probably they would be?—I think it would be well if both sides of that Board had considerable sympathy with each other for the sake of harmonious working.

8783. That is not an answer to my question. I put it to you that if they were not members of the Federation they would be closely connected with it?—I do not see any necessity for it.

8784. Then I will leave it there. On one side you would have the representatives of a homogeneous and very efficient and strong Miners' Federation; on the other side you have heterogeneous members representing nobody in particular. So that, humanly speaking, the influence of the Miners' Federation on that Committee in practically all cases would be paramount. Is not that the intention?—No, certainly not.

8785. I put it to you that it would be the effect?—I do not think it would be the effect.

8786. In the event of disagreement between the two you do not provide, so far as I can see, for that eventuality. You do not provide for a disagreement between the five Miners' Federation representatives on the Committee and the other five?—Yes. I have known disagreements on Boards of Directors.

8787. Here you have an even number, which is a small detail, but it has to be considered?—I do not contemplate at all their being divided in that way.

8788. I think you must?—I am afraid you do not appreciate the desire of the Miners' Federation to work for the public good?

8789. It is a question of opinion. They might take a different view as to what is the public good?—They might not all agree on that.

8790. I understand that you are opposed to monopolies, whether owned by individuals or by a particular section of the public?—That is so.

8791. More especially when it is a monopoly of a national asset like coal?—That is so.

8792. The monopoly, at the moment, of that national asset is in the hands of private owners?—At the present moment it is in the hands of private owners.

8793. And your objection to it is that the profit arising therefrom goes into the hands of those private shareholders?—Quite so.

8794. I put it to you that the danger of your scheme is that you transfer that monopoly from one class of beneficiaries to another class of beneficiaries. In other words, I put it to you that the danger of your scheme would be that instead of the profits from the coal mining going

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into the pockets of the shareholders would they go into the pockets of the miners?—No. Instead of the profit of the industry going into the pockets of the few, as it does at the present time, it would go to the whole community, including the miners.

8795. You put it that the control which would be exercised by the Miners' Federation would be a more altruistic control than it is now? Whereas the shareholders' control is devoted to putting money into their pockets, the miners' control would not be devoted to putting money into the miners' pocket?—The miners' control would be to conduct the whole industry on better lines.

8796. Why should the miner be more unselfish in that respect than the capitalist? Why should he not take all he can get out of the industry?—The miner, I dare say, has been brought up in a different school.

8797. I put it to you that to the ordinary onlooker the effect of your proposals would be to transfer the management of the coal industry from one private interest to another private interest—from the capitalist to the worker. I put that to you as being the effect of your proposal so far as I can see it myself?—With which I disagree.

8798. I suggest if that is so, there is no particular reason for supposing that the miners would be any more altruistic or unselfish in their management than the capitalist. I know you disagree with me?—Yes.

8799. To come down now to questions of detail, clearly the trade would still be subject to the same fluctuations in the matter of demand as before; at times the collieries would be busy and at times they would not; in other words there would be sometimes unemployment. Do you suppose that the miners would voluntarily agree, under those circumstances, to take lower wages, or how would you propose that that matter should be dealt with?—I think probably the trade could be better allocated so that the effect of short time would not fall altogether on a section of the miners while the other sections were doing well.

8800. Is it your suggestion that the industry should be self-supporting?—I am going to suggest that over a number of years it would be more than self-supporting, as it is now.

8801. If it made losses, how do you propose to meet them, because that is a contingency one has to take into account, you know?—I am going to suggest that over a number of years losses will not be made.

8802. I am only putting it to you that losses are made, and how are you going to meet them?—As they are met now: the good years go with the bad years.

8803. By a reduction of profits. You propose that the losses would then fall on the worker, under your scheme?—I do not think it is necessary; in fact I do not think it is good policy which is usually followed by employers of labour, to reduce wages in order to recoup losses.

8804. But you must pay wages out of some fund: out of what fund would you pay them?—For the time being it would be better to keep the wages up to maintain the purchasing power of the people. Trade will recover its equilibrium quicker that way than by a reduction of wages.

8805. How do you propose to keep wages up if you are not selling the coal at a price that enables you to pay those wages?—Out of the profits made the year before or the year after. I take it that the average profits would pay it. I do not see that there is any necessity for these fluctuations in wages that we have. The average profits spread over a number of years would pay an average wage.

8806. How do you propose, under your scheme, that the price to the consumer in this country should be fixed?—By a central council, the Mining Minister and his council.

8807. What factors have you in view which would enable them to arrive at a proper price?—One of the factors which would determine the price to the consumer would be the ability of the consumer to purchase.

8808. I am afraid that does not really answer what I want to find out. We will assume, for the sake of argument, that you find the demand is falling off, the whole demand of the trade: would you put up the home prices, you having been already in the position to get as much as you can out of the export trade: would you put up the prices to the home trade to keep up wages?—I do not think it is necessary. If you always take it year by year, that might be necessary, but if the State owned its own industry, it would not do that: it would calculate probably, in deciding prices and wages, upon a number of years. I take it at the present time that you

really cannot take less than 15 or 20 years in arriving at what really is the return for capital in the mining industry. You cannot take it year by year.

8809. Are you familiar with the conditions prevailing in Germany before the war in the coal-mining industry?—I did not know much about them. Year after year I attended our Miners' International Congress and heard the statements made.

8810. It has been stated here that under State ownership those mines were very profitable, but I put it to you that, having regard to the conditions in Germany, it is hardly a fair analogy to make, because Germany was essentially the home of bureaucracy, and you do not propose that there should be any bureaucratic control of mines?—No.

8811. So that there is no parallel with the conditions that then prevailed in Germany and what you propose should prevail here?—I think in Germany they were not the best mines by any means that belonged to the nation, principally in Upper Silesia, I believe.

8812. The control in Germany is essentially bureaucratic; your control is essentially local?—That is so.

8813. So that there is no real analogy to be drawn between the two; is that a fair conclusion?—If Germany was bureaucratic, then we are against it.

8814. Do you think it was?—I could not say.

8815. I should like to take you to another point that is not clear to me which has been touched upon already, and that is this question of it being necessary from the point of view of freedom of spirit of the miners to have a complete control of the management of the industry. Sailors and firemen are an essential part of the equipment of a ship?—Yes.

8816. Would you suggest that they would suffer in freedom of spirit if they were not allowed to conduct the navigation of the ship?—I do not quite follow what you mean.

8817. There are various functions to be exercised in the prosecution of a ship's voyage; one of them is the captain's, in which he exercises supreme control?—Yes.

8818. Your suggestion is, as I understand it, that what I may call the rank and file—I say it without any disrespect—of the industry should control the industry completely, and throughout, on the technical side, and on the commercial side?—By established machinery for doing so.

8819. I still do not follow you?—I mean that they do not propose to manage simply by caprice or whim at any time. There would be established for the management of the mine that which could not be upset at any moment, no doubt subject to rules and regulations.

8820. *Mr. Herbert Smith*: Will you tell us whether the miners by asking for nationalisation are antagonistic in any way to the Nation's interests?—I believe that by asking for nationalisation they are taking a step in the public interest.

8821. You were asked by *Mr. Forgie* whether this was not taking a big risk. We have had the experience of private ownership for many years. There does not seem to have been much risk, as shown by the results up to now, from private enterprise as far as they are concerned from a profit point of view?—I believe I have known some odd cases where a mine has not been a success.

8822. I am taking them generally?—Most decidedly it has been a success.

8823. Would you not think by the way that they hang on so tenaciously that that does not prove that they are very profitable? If it was a bad bargain would they not want to be relieved from it?—I believe it is a fairly successful industry, or otherwise they would not hang on to it so much.

8824. Is there any justification for Somerset and Forest of Dean working at low wages owing to private enterprise? The men go down the pit like other men. Ought they not to have as good wages as other men?—I think under nationalisation these men would be rendering a service to the Nation, and ought to be paid as other miners are paid. That would certainly be one of the benefits coming to the mining community.

8825. *Mr. Robert Smillie*: Were you a member of the Executive Committee of the Miners' Federation of Great Britain when the Coal Organisation Committee authorised the Board of Trade to put a limit to the rise that could take place in coal prices? You remember the Four Shillings Act?—Yes.

8826. Were you a member of the Executive Committee at that time?—I was.

8827. Do you remember the representatives of the

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[Continued.]

miners reporting that they had expressed themselves in favour of fixing a price beyond which the public would not have to pay for coal?—I remember the miners expressing themselves strongly against any rise in the price of coal.

8828. Did you ever know any miners in your own district or anywhere else condemning the three representatives on the Coal Organisation Committee for agreeing to that?—I am afraid the representatives were subjected to a good deal of condemnation because of that.

8829. Do you think that was a selfish act on the part of the miners in view of the fact that their wages were regulated by prices?—I think the miners were much more in favour of keeping prices down, not only of coal, but of other commodities, rather than having to ask for advances in wages to meet these high prices.

8830. The miners have expressed themselves more than once that if the cost of living could be kept down they would prefer that, rather than that their wages should go

up?—I think part of the agreement made with the Coal Controller was that if in the future there was a reduction in the cost of living they would be prepared to consider a reduction of wages.

8831. The war wage only, of course?—Quite so, the war wage.

8832. Do you think the miners, in pressing at the present time for the nationalisation of the mines, have in their minds the general public and the poorer class of consumers just as much as they have the miners—that they are pressing for this in the interests of the general community?—The principal thing for the miners is greater safety for themselves and cheaper coal for the public.

8833. Has a resolution been carried again and again at Trades Union conferences and at Labour Party conferences by practically every Trades Union in the country in favour of the public ownership of the mines?—Yes; also the nationalisation of railways and land—all the principal industries, I think.

(The Witness withdrew.)

(Adjourned to to-morrow at 10.30.)

FIRST STAGE.—TWELFTH DAY.

SATURDAY 15TH MARCH, 1919.

PRESENT:

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

MR. ARTHUR BALFOUR.

MR. R. W. COOPER.

SIR ARTHUR DUCKHAM.

MR. J. T. FORGIE.

MR. FRANK HODGES.

SIR LEO CHIOZZA MONEY.

SIR THOMAS ROYDEN.

MR. ROBERT SMILLIE.

MR. HERBERT SMITH.

MR. R. H. TAWNEY.

MR. SIDNEY WEBB.

MR. EVAN WILLIAMS.

SIR RICHARD A. S. RED MAYNE (*Assessor*).

MR. H. J. WILSON (*Assessor*).

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

MR. GILBERT STONE (*Assistant Secretary*).

Chairman: Gentlemen, I want to say before the first witness, Mr. John Robertson, is called that we have a good many witnesses to call to-day who must be disposed of, and I hope you will not blame me if I try to get through the evidence as quickly as we can. May I say, with regard to asking questions, that it will be most useful if they are put to elicit

any fact; but when it comes to a question of opinion we shall hear what the opinion is, and as to that we shall be able to judge for ourselves. Personally I never think it is much use to try and make a witness alter his opinion when he is in the witness-box. I certainly would not do it myself and I do not think anyone here would.

MR. JOHN ROBERTSON, Sworn and Examined.

8834. CHAIRMAN: I believe you are the Chairman of the Scottish Union of Mine Workers?—Yes.

8835. I will read your proof, which says:—"Mining is admitted to be a dangerous occupation; but even by persons living in mining districts who are well informed the nature and extent of this danger is not fully realised. The persons employed in and about the Mines of the United Kingdom number fully 1,000,000.

"Fatal Accidents: The price paid by the Miner.—Going back for fifty years there has been an average of 1,100 persons killed each year, so that 55,000 persons have been killed in the mines. In 1913 there were 1,753 killed; in 1914 there were 1,219 killed. In the ten years from 1907 to 1916 there was a total of 12,400 men killed, or an average each year of 1,240.

"Non-fatal Accidents: The price paid by the Miner.—In 1913 there were 176,868 persons injured and off work for more than seven days. There is no record of accidents under seven days. In 1914 there were 158,862 persons injured and off work for seven days and over. So that in twenty years there cannot have been less than an average of 160,000 persons injured each year or a total of about 3½ millions. This number is doubled with the addition of minor

accidents where less work is lost than seven days. *Mining is more deadly than war.*—The miner is always on active service. He is always in the trenches.

"Disease.—The above, of course, does not include what he pays by death from disease contracted in his occupation. The above is the sum of what he pays in death and accident. What does he get in return? How is he rewarded?

"Standard of Life.—What I mean by the Standard of Life is: (1) A sufficiency of food and clothing; (2) education; (3) good housing amidst pleasant surroundings; (4) leisure and recreation. This claim is not made because of circumstances arising out of the war. Previous to the war, during the war and now, the miner cannot get these things because either of low wages or the price of the articles being too high. This is more especially the case with the low-paid workmen underground known as datallers or oncost men, and the surface workers. For these classes of men mining may be said to be a sweated industry.

"Cost of Living: Wages not keeping pace with cost of living previous to the war.—According to calculations made by Professor Ashley, of Birmingham University, from Board of Trade figures, wages were falling behind the cost of living previous to the war.

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The cost of living over five years had increased by 3s. 6d. per week, while wages had only increased by 2s. 3d. per week. All over the British coalfields in 1914 owners were claiming a general reduction in wages. The miner, because of the nature of his work, needs a sufficiency of nourishing food, and even in pre-war times could not always get this. This is borne out by the reports of medical officers when dealing with cases of tuberculosis, which I shall refer to later on. The average income of the cases investigated is 6s. 6d. per head, calculating two children under 12 years as one person. That is to say—i.e., a household of six persons—if there were two children under 12, the calculation would be made on five persons." Then your proof says: "Pre-war. Medical Officers (Impartial persons). It is impossible to get a sufficiency of food and clothing on less than 1s. per day." Does that mean the Medical Officers' opinion or what?—No, it is the opinion just expressed, that taking the seven days it is less than 1s. a day for each person.

8836. The average income is 6s. 6d. per head, so that works out at less than a 1s. a day?—Yes, per person.

8837. Now we come to housing:—

"Housing.—The housing question is not a land question, as is very often stated. Bad housing exists in mining districts where land is cheap, and is often worse where the land has a very low agricultural value. Houses in mining districts are too small. Most of them are badly constructed, insanitary and nothing done to improve the surroundings. It seems that when a colliery village has to be built the owners consider it an essential to destroy all the natural beauty. Trees, hedges and shrubs are absent. Few will dispute the opinion but that the miner should have as good, if not better, housing accommodation than is considered necessary for other workmen. He spends so many hours each day under exceptionally arduous conditions where he is deprived of daylight, and works in an atmosphere which even under the best conditions cannot be considered ideal." Then you state that bad housing is common to all the mining districts, and say that all are bad, but some are worse than others, and that it is difficult to tell the proportion of men living in company-owned houses as they are mixed up in colliery districts.

Then under the heading of "Vital Statistics" you say:—"England and Wales, the proportion seven persons per apartment was 4.55; for the Counties of Northumberland and Durham 4.94 and 4.72 respectively.

"PERCENTAGE of Tenements with more than two persons per room.

Administrative Counties of Durham and Northumberland.	Total Administrative Counties.	Total Urban Districts.	Total Rural Districts.	England and Wales.	
Durham 28.5 Northumberland 28.7	28.6	8.9	9.8	6.5	9.1

NOTE.—The proportion of persons per tenement at the Census, 1911, was 4.94 for Durham, 4.72 for Northumberland, and 4.55 for England and Wales.

"Overcrowding. Table 3.—Showing Proportion of Tenements, or various Number of Rooms, to 1,000 Tenements of all kinds, and the Number and Proportion of the Population living in conditions of Overcrowding (more than two in a room) in England and Wales; in Durham, Northumberland, Yorkshire (West Riding), Lancashire, Glamorganshire and Staffordshire, and in certain Colliery Districts." Now, we will look at that and take out some of the figures. I think, perhaps, it is best to take the last column but one: "Number of persons living more than two in a room." Over the whole of England and Wales there are 3,139,472, and that is 9.1 per cent. of the total population. Now, the table compares with the whole of England and Wales some of the mining districts, and the first is Annfield Plain (Durham), which has a proportion of 41.4; Leadgate (Durham), 43.6;

Ashington (Northumberland), 32.2; Featherstone (Yorks), 17.1; Normanton (Yorks), 18.5; Skelmersdale (Lancashire), 16.8. All those, as will be seen, are a higher percentage than the average for the United Kingdom. Then we have Heanor (Derby), which is also 4 per cent., and Rhondda (South Wales), which is 5.1. There are a number of other comparisons. Then the proof proceeds:—"It will be seen from the Tables that a very much larger proportion of our mining population live in two and three-roomed tenements than is the case elsewhere; that the number of persons per tenement, or private dwelling, is higher than in other parts of the country; and that the overcrowding of these tenements is excessive. Thus, even in England and Wales, where the housing conditions are acknowledged to be better than Scotland, one in every ten persons was living under conditions of overcrowding; but in certain mining villages of Durham this was true of four out of every ten persons.

"Scotland.—Housing conditions in the mining districts of Scotland are very bad. Recently the Housing Commission issued its report; but previous to that from the Medical Officers' reports, housing and sanitary conditions were bad. In 1909 the Local Government Board asked the Medical Officers to furnish a report on the housing conditions of miners in Scotland."

Then this is as to the report by the Medical Officers in 1910: "Conditions very bad; but worse since then, as few new houses have been built and little repairs done."

Then we come to Lanarkshire as a sample of Scotland, and Mr. Robertson says: "I will take Lanarkshire as an example of the housing of miners in Scotland, and also give samples from other districts. Lanarkshire is divided into three wards: Upper, Middle and Lower. Between 50,000 and 60,000 persons employed:—Upper Ward, 25.8 houses occupied by miners; Middle Ward, 44.4 houses occupied by miners; Lower Ward, 15.0 houses occupied by miners.

"Houses, how they are owned:—Mineowners, 7,242 (leased 957); owned by miners, over 1,000; rented, 12,099; total, 24,000 houses (about).

"Area, Upper Ward—Acres, 327,013; population, 43,000. Area, Middle Ward—Acres, 186,268; population, 198,000. Area, Lower Ward—Acres, 26,591; population, 55,000."

Now comes an important table with regard to houses in the Upper Ward: "Upper Ward—1 apartment houses, 221; 2 apartment houses, 870; 3 apartment houses, 47; 4 apartment houses, 19; houses with gardens, 625; common washhouses, 209; private washhouses, 508; no washhouses, 446; houses having coal cellars outside, 941; houses having coal cellars inside, 16; no coal cellars, 206; houses with privy, common middens, 665; houses with privy, private middens, 57; pail closets, 103; w.c.'s., 265; without any convenience, 75; slop sinks outside, 59; slop sinks inside, 303; without sinks, 809."

Now we come to the Middle Ward where there are 35,000 miners and their families resident in 17,000 houses. Then we come to the heading "Apartments":

"Number and size of houses set forth in plans submitted under Bye-laws regulating the building of houses eleven years 1898 to 1908:—1-apartment houses, 1,336; 2-apartment houses, 6,107; 3-apartment houses, 1,511; 4-apartment houses, 1,159; 5-apartment houses, 1,159; total, 10,737.

"Medical Officer's report.—These statistics relate to all classes of the community—the greater proportion of one and two-apartment houses occupied by miners.

"Hamilton overcrowding. (Lanarkshire).—Before dealing with Medical Officers' reports of mining villages proper we will deal with a few industrial towns to show that the evil is general. The population of Hamilton is 38,000—large proportion are other workers besides miners. Of the 38,000 inhabitants 27,000 have to live in one and two-roomed houses. Ground occupied between 300 and 400 acres with the whole population, six per room.—Average number of individuals per house."

8838. (To the witness) Does that mean to say that the average number of individuals per house is six?—Yes.

8839. "Palace Pleasure Grounds, 2,500 acres—

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Town is built mostly on ground owned by Duke of Hamilton. *Wishaw (Lanarkshire) overcrowding*, 28.5. —In Wishaw 28.5 of the population live in houses of one room." Here comes the number of people in one room. There are 2,768 persons where there are more than five to a room; there are 1,237 persons where it is a case of more than six to a room; there are 510 persons where it is a case of more than seven to the room; and 190 persons where it is more than eight to the room. Then the proof proceeds: "There were numerous houses with one apartment: husband, wife, and seven children" in one apartment—that is nine; husband, wife and six children in one apartment, and also several houses with three men, one woman and two children.

Then we come to "Kilsyth (Stirlingshire) overcrowding: Population, 7,963; overcrowded, 71.6; living in one-roomed houses, 26.1." What does that mean?—That means there are more than two in a room.

8840. "Armadales (Linlithgow) overcrowding.—Population, 4,627; overcrowded, 77.5. 27.1 living in houses of one room. One-roomed house dimensions.—15 feet by 14 feet by 9 feet, from which must be deducted 12 feet by 4 feet by 9 feet for two recess beds. Coals stored.—It is in such houses that the coals are stored under the bed."

"Mr. Justice Day.—Drink the shortest way out of Manchester. Need we wonder that men and women take the shortest way out of these villages?" Is that what Mr. Justice Day said?—Mr. Justice Day is reported to have said that drink was the shortest way out of Manchester—I mean, to forget the surroundings under which they live, and I repeat Mr. Justice Day's statement and do not wonder sometimes that people should take the shortest way to get out of these surroundings when they are blamed for drink.

8840a. I quite understand. "James Nimmo and Company (Chairman, Sir Adam Nimmo; Chairman, National Association of Coalowners), Holytown mine." Then you refer to pages 175 and 176 of the Medical Officer's report, which says this:—"Holytown mine, 433 employed. One hundred and seven two-apartment houses, one storey, brick built. No damp-proof course, no garden ground. Sculleries used as wash-houses, no boilers, thirty-six pail privies; eighteen open ashpits.

"*Longriggend, description.*—The mine-owners' houses number 241 and are described in five groups, as follows: Twenty houses of one apartment, fifty-eight houses of two apartments, single storey, brick built, erected thirty years ago, no damp-proof course, plastered brick. Internal surface of walls damp. No wash-houses, no coal cellars. Four open privy middens, six open ashpits in front of the house at a distance of from 15 to 20 feet. Action has been taken by medical officer with regard to insanitary condition of houses. *East Longrigg*: Twenty-two houses (one-apartment), fifty houses (two-apartments). *Eastfield Rows*: Twenty houses (one-apartment), forty houses (two-apartments)."

8841. *Sir Arthur Duckham*: Does that mean condemned?

Chairman: I am coming to that. "The same description applies, and the Medical Officer had then decided to take action because of the insanitary condition of the houses." You say action has been taken. What was the nature of the action?—I understand action was taken to have the houses improved, and since then the Eastfield Rows, I believe, have been closed, but the others are still standing.

8842. They got a Closing Order from the Magistrates, I suppose?—Yes.

8843. Now we come to Tuberculosis in Lanarkshire, Blantyre and Cambuslang Parishes. In those two parishes there were 218 cases of tuberculosis. Housewives, 54; domestics, 13; scholars, 23; servants, 2; miners, 36. You say that 168, or 78 per cent. of the cases, occurred in one-apartment and two-apartment houses?—Yes.

8844. Now we come to: *Sleeping accommodation*: 23 had a room to themselves; 41 shared the room with 1 other person; 38 shared the room with two other persons; 35 shared the room with three other persons; 20 shared the room with four other persons; 18 shared the room with five other persons; 18 shared the room

with six other persons; 9 shared the room with more than six persons. *Incomes*: One-apartment houses, 6s. 4d.; two-apartment houses, 6s. 8d.; three-apartment houses, 9s. 3d. Two children under 12 counted as one person." What do those figures of income mean?—That means per person, on the same basis of the calculation set out on the first table.

8845. Now we come to tuberculosis in "Avondale, East Kilbride, Glassford, Stonehouse, Dalsersf, Dalziel, and Hamilton parishes: 112 pulmonary. Housewives, 13; domestics, 5; miners, 23; scholars, 21. *Housing accommodation*: One-apartment houses, 103; two-apartment houses, 327; three-apartment houses, 104; four-apartment and over houses, 91. *Sleeping accommodation*: 40 had a room to themselves, 19 shared the room with 1 other person, 16 shared the room with 2 other persons, 22 shared the room with 3 other persons, 14 shared the room with 4 other persons, 5 shared the room with 5 other persons, 2 shared the room with 6 other persons."

8846. *Mr. Robert Smilie*: Are those afflicted persons?—Yes.

8846a. *Chairman*: "In 53 cases patients were alone in bed, in 35 cases patients slept with 1 person, in 16 cases patients slept with 2 persons, in 4 cases patients slept with 4 persons. The average weekly income was 6.3 shillings." What does that mean? Is it that there were some cases where the man was ill and slept in a bed with four other persons?—Yes. A person suffering with consumption had to share sleeping accommodation with the number of persons given.

8847. Now we come to "*Bothwell and Combunethan Parishes*—278 cases: Housewives, 51; domestics, 24; miners, 46; scholars, 87. Medical officer states that 81 per cent. of the cases occurred one- and two-apartment houses. *Sleeping accommodation*.—Of the 278 cases: 47 had a room to themselves. 25 shared with 1 other person. 32 shared with 2 other persons. 46 shared with 3 other persons. Remainder shared a room with 5 other persons. 118 occupied a bed alone. 90 shared with 1 other. 69 shared with 2 others. 9 shared with 3 others. 2 shared with 4 others."

8848. *Sir Arthur Duckham*: May I ask a question there which occurred before. Where you have "9 shared with 3 others" does it mean nine lots of three or three lots of three?—118 suffering from tuberculosis occupied a bed alone. 90 of those suffering from tuberculosis had one other in the bed with them; 59 shared it with 2 others; 9 with 3 others—or 4 in a bed; and in two cases there were 5 in a bed.

8849. I did not know it was tuberculosis cases?—Yes.

Sir Chiozza Money: For the purpose of the comparison, two under 12 years of age are taken as one, are they not?

The Witness: No, that is only for the basis of the calculation of the income.

Chairman: Now with regard to Monkland, Old Monkland and Shotts Parishes. We have similar statements with regard to the accommodation, but I will go to the sleeping accommodation in respect of 202 cases. 19 had a room to themselves, 29 shared with one other, 36 shared with two other persons, and in 106 cases of tuberculosis they shared a bed with three other persons. Of the 202 cases, only 57 slept alone.

Mr. Arthur Balfour: Shared the room—that is, not shared the bed.

Chairman: Yes, in 106 cases. Then the average income was 5s. 11d. per head. Then the witness says: "The County of Lanark has spent on buildings between £300,000 and £400,000. The cruelty of it is not only the spending of the money, but these patients, when improvement takes place, are sent back to the houses where they contracted the disease."

8850. *Sir Arthur Duckham*: Does that mean Sanatoria?—I mean that they are taken from these houses and taken to the sanatoria buildings and after they have either improved or supposed to be cured they are sent right back into the places they left where they contracted the disease.

8851. The £300,000 or £400,000 is for Sanatoria?—Yes, the Lanarkshire Insurance Commissioners have spent between £300,000 and £400,000 on sanatoria buildings.

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8852. *Chairman*: Now we come to "Death-rate. Infantile mortality under 12 months. Lanarkshire:—20 years, from 1891 to 1910, 188,531 born, of whom 22,279 died before they reached the age of 12 months. Blantyre, 143 per 1,000. Bothwell, 146 per 1,000. Bellshill, 156 per 1,000. Holytown, 142 per 1,000." That is infantile mortality. The highest is Bellshill, 156 per 1,000?—Yes. The figure for sanatoria cost is a repetition of what has been already given.

8853. Now we come to the infantile mortality for Yorkshire Rural. What is that?—I am speaking from the Medical Officers' reports. I understand it is the area where the population is situated in rural districts, and are mostly mining areas just as the others are.

Mr. Herbert Smith: Under Rural and Urban District Councils?

Chairman: Yes. Now we are going to infantile mortality in Yorkshire Rural in the case of infants under 12 months. The figures are:—"Altofts, 140 per 1,000; Rothwell, 142 per 1,000; Wombwell, 143 per 1,000."

Mr. Herbert Smith: Those are largely mining.

Chairman: "Bishopthorpe, 177 per 1,000."

Mr. Herbert Smith: That is agricultural.

Chairman: "Meltham, 176 per 1,000."

Mr. Herbert Smith: That is a woollen district.

Chairman: "Whitwood, 161 per 1,000."

Mr. Herbert Smith: That is mining.

Chairman: "Barnsley, 110 per 1,000; Doncaster, 110 per 1,000; Rotherham, 112 per 1,000."

Mr. Herbert Smith: Those last are largely mining.

8854. *Chairman*: Then we come to "West Riding. Overcrowding. 2,793 families in one-roomed houses; 81,908 living in houses of two rooms. 58 per cent. of the population living in houses of from one to four rooms." Then "Durham. 132 per 1,000 births." Is that infantile mortality?—Yes.

8855. That is under 12 months?—Yes.

8856. In Northumberland it is 120 as against 109 for the whole of England. Now we come to the question of baths. I understand you to say that the clause in the Coal Mines Act of 1919 says that the miners are to contribute 3d. a week provided the two-thirds majority are in favour of it?—Yes.

8857. Then you say: "The miner returns from his toil in the pit covered from head to foot with coal dust, his clothes dirty and frequently wet with perspiration. Provision. Has to be dependent upon a two-thirds majority of the miners. Clause 77 from originally drafted Bill was as follows:—"In every mine required to be under the control of a manager, sufficient and suitable accommodation and facilities for taking baths must be provided for the persons employed underground." I want to ask you a question there. Do you mean that as the Bill was originally drafted that was the clause?—Yes.

8858. During the course of the time in which it became an Act that further thing was put in, that the miners should have to pay 3d. and it would only be when they had a two-thirds majority in favour of the bath?—Yes.

Sir L. Chiozza Money: Who did that, if I may ask a question arising out of yours, sir?

Chairman: For the moment I have forgotten that. No doubt I can find it in a minute. Was it put in the House of Commons or in the House of Lords?

8859. *Sir Chiozza Money*: Do you remember at whose instance?—I do not remember.

Chairman: Then your proof proceeds: "In France, Germany and Belgium, provision of spray baths is compulsory, also pit clothes washed and mended." Do you mean at the mine?—In Germany the clothes are washed and mended at most of the mines and in some of the mines in France, but bathing largely was compulsory in the three counties.

8860. Then the proof proceeds to ask what are the advantages. "Advantages (a) Better health. (b) Cleaner homes. (c) Men travelling long distances in trains and trams." Does that mean to say that in many cases the men have to travel a long distance in workmen's trains or trams in dirty and wet clothes before getting home?—Yes, in some of our districts in Lanarkshire, and I believe it is very general in the mining districts throughout Great Britain, they travel 10 or 12 miles in their clothes wet to the waist.

Sir L. Chiozza Money: Could we send for the report in Hansard on the debate on this clause in the House of Commons to see who made these alterations.

Chairman: We will get that. I have my own copy of the Act here which will probably tell me but I have not had time to look at it yet. "Coal-Owners and Competition. British coal-owners when wages question was under discussion, raised the question of competition from Continental countries, yet in these countries baths were provided. Baths and present housing.—Think of the conditions in these single rooms, pit clothes, drying in front of the fire, same room where the family sleep. Sickness, accouchments. How can the children have a chance. The woman has spent her day cleaning, miners come home from work, and it has all got to be done over again. Do we wonder when the women folks lose heart? Education.—Probably the miners' children make as much as the children of others between five and fourteen years. The New Education Act provides for adult education.

"Bright lads.—It is not so much education to raise the outstanding individual; but to raise the general level of education amongst the mining community that is wanted. Better housing, improved education and improved health is a good investment. Worst form of economy:—Bad housing, bad health and a population indifferently educated.

"To provide good housing:—Private enterprise has failed. We cannot—must not—trust private landlords or coal owners. It must be done by the State. There is a legacy of bad housing, the result of many years of greed, selfishness and ignorance. I have not calculated the cost of doing it well, but I know the cost in bad health and degradation. The miner is entitled as a human being to have a good house to live in, amidst pleasant surroundings. It is the duty of the State to provide this, and I am convinced that the State will find, as some farseeing and humane employers who provide this have found, that it is the best possible investment." Now comes a note from Dr. Russell, formerly Medical Officer of Health of the Local Government Board:—"Let us ask ourselves what life in one room can be, taken at its best. Return to those 126,000 men, women and children, whose house is one single room, and consider whether, since the world began, man or angel ever had such a task set before them as the creation of the elements of a home, or the conduct of a family life, within four bare walls. You mistresses of houses, with bedrooms and pictures, dining-rooms and drawing-rooms, kitchens and washing-houses, pantries and sculleries, how could you put one room to the uses of all? You mothers, with your cooks and housemaids, your nurses and general servants, how would you in your own persons act all those parts in one room, where, too, you must eat and sleep, and find your lying-in room and make your sick bed? You fathers, with your billiard rooms, your libraries and parlours, your dinner parties, your evening hours undisturbed by washing days, your children brought to you when they can amuse you, and far removed when they become troublesome, how long would you continue to be that pattern husband which you are—in one room? You grown-up daughters with your bedrooms and your bathrooms, your piano and your drawing room, your little brothers and sisters to toy with when you have a mind to, and send out of the way when you cannot be troubled, your every want supplied without sharing in menial household work, your society regulated, and no rude rabble of lodgers to sully the purity of your surroundings, how could you live and preserve the 'white flower of a blameless life'—in one room? You sick ones, in your hushed seclusion, how would you deport yourself in the racket and thoughtless noise of your nursery, in the heat and smells of your kitchen, in the steam and disturbance of your washing-house, for you would find all these combined in a house of one room? Last of all, when you die, you still have one room to yourself, where in decency you may be washed and dressed and laid out for burial. If that one room were your house, what a ghastly intrusion you would be. The bed on which you lie is wanted for the accommodation of the living."

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8861. *Mr. Arthur Balfour*: After hearing the reading of your proof, I am sure there is nobody here who would wish to ask you very many questions. The conditions that you refer to are such that they must certainly be put right?—They are taken from the Medical Officers' Reports.

8862. What are the dates of those Medical Officers' Reports?—They are from 1910 onwards.

8863. On page 2 of your proof you raise a very important point, namely, that of the prices of articles being too high?—Yes.

8864. To what do you attribute their being too high?—There may be various causes for that. For instance, we have generally admitted the existence of profiteering.

8865. I am taking the normal times now, not war-times prices. These figures, I take it, are based on normal times?—The prices are too high, in my opinion, because the national wealth is in the hands of individuals, and the worker gets a very small share of what he produces.

8866. Do you not think that the reason why the prices of articles is too high is owing to the restriction of production?—No. I think the worker does too much. I am astonished that anyone should accuse the worker of underworking. In my opinion, the worker overworks himself. The fault is in the distribution of production, not in the production itself.

8867. If you say that a bricklayer can lay 1,000 bricks a day and his Union restricts him to laying 300 to 400, you would not say that he would be overworking?—If everybody laid bricks he might do his proper share. I do not think a man was born to work like a steam engine, and that he was called upon to calculate at the end of the day how many bricks he could lay down. After all, he is a human being, and he has a mind as well as a body.

8868. But you do see that it would increase the cost of the house that he lives in?—The difficulty is that so many try to get out of doing work and put their share of work on to others, and then they blame the worker for not doing enough work. I have always understood that we have solved the question of production and that what we now have to solve is the question of distribution. There is no lack from any want of production. The question turns upon the distribution.

8868a. Am I not right in saying that economists' arguments are all based on theory?—I do not think so.

8869. Do you say that they are borne out by facts?—I think so.

8870. Then can you tell me some of the facts?—Yes, I could. If you have a shilling to divide among three persons, and you give the man who works 2d., another individual 6d. and another individual 4d., you have made, I contend, a bad distribution.

8871. I agree with you?—When you apply that to the aggregate of the wealth production, that is how it works out. It has been done by economists and is not denied.

8872. May I ask you is that again based on fact or on theory?—We have the evidence of our own eyes that that is how it works out in practice, because the man who gets the 2d. lives in poverty, and the other leaves a big fortune behind him.

8873. This 2d. and 6d. and 4d. that you have referred to—are they actual figures?—I could get actual figures if I took some of the legacies the other individuals leave behind them.

8874. Then I may take it that the figures you took to illustrate your case are not actual?—No, the 2d., the 6d. and the 4d. are not.

8875. Now, with regard to the bathing question: has a vote ever been taken at the mines as to whether they did or did not want baths?—No, I think no vote has been taken.

8876. Would it not be desirable that the Miners' Federation should take a vote?—No. Whether it is the State or a private individual who owns the mines, it is the duty of the State or the private owner to provide the baths.

8877. *Mr. Robert Smillie*: Each individual colliery must take its own?—Yes, each individual colliery must take its own ballot.

8878. *Mr. Arthur Balfour*: I was very much struck by the evidence that you gave on sanitation on page 4. Surely the Sanitary Inspector ought to take very drastic action in cases of the kind there referred to?—Yes, you would think that they ought to.

Mr. Robert Smillie: They have in some cases taken drastic action and have got owners to close some houses, but the people have had no place to go to and have begged with tears in their eyes to be allowed to remain.

8879. *Mr. Arthur Balfour*: I do not want you to think that I have not the utmost sympathy with the miners?—I should be astonished if it were otherwise.

8880. *Mr. R. W. Cooper*: I entirely share *Mr. Balfour's* sympathy. You must not suppose that any of my questions that I am going to put to you convey a contrary meaning. I know nothing about Scotland. What particular part of Scotland do you live in?—I live in the town of Hamilton.

8881. You have mentioned the county of Durham?—Yes.

8882. You have mentioned particular districts there. Do you yourself know Durham?—I have been in some of the mining villages.

8883. Have you seen any of the more modern mining villages in Durham?—Yes, I have.

8884. Which were they?—I cannot just call them by name, but I have seen some of the houses at Dipton. I think they are new houses.

8885. Have you been at all on the east coast between Hartlepool and Sunderland?—No, I do not think so; but I am quoting from the Medical Officers' Reports, and good or bad housing is always demonstrated by the results.

8886. I am only trying to see whether you can inform the Commission that the whole of the county of Durham is not quite so black as the references you have made would imply?—I would call them not good and bad, but bad and worse.

8887. Annfield Plain?—Generally that is my idea. 8888. You have just told me that you have not been anywhere except at Dipton?—I have made inquiry where houses in mining villages are being erected on the principle of Bourneville and Port Sunlight and what they call improved places, but they are more like barracks.

8889. Let me test that again. You will forgive me, I am sure; but I want to get to the bottom of this. What villages in Durham have you yourself actually seen?—I cannot tell the names of the villages I have seen, but I have been over the greater part of Durham, and I have not seen what I would call an ideal village.

8890. Cannot you remember the names of any of the places in Durham that you have visited?—I have been to Annfield.

8891. In Annfield Plain there are one or two small collieries, are there not?—Yes.

8892. On the other hand, are there not there a large number of modern houses?—I have seen the houses you refer to, if you apply the term "modern" to houses that have been built within the last 20 years, but I would not say that they had modern requirements, or that they were anything like an ideal house.

8893. Do you know Annfield Plain Railway Station?—No, I cannot call it to memory.

8894. If you do not remember the railway station, whereabouts were the houses in Annfield Plain that you saw?—What do you mean by "where"?

8895. Can you give me an idea where the houses were?—It is impossible to recall to memory where they were situated, whether they were by the roadside or not.

8896. They would not be situated down the pits?—No, certainly not. You may be able to tell me where the ideal houses in Annfield Plain are, because I could not find them. I would be delighted to pay them a visit if you would tell me where they are to be found.

8897. And may I tell you where there are some quite respectable, decent, modern houses: that is, close to the railway station?—If they come up to the ideal standard I would be only too pleased to visit them.

I quite agree. I am only trying to relieve a little the darkness of your picture with regard to Annfield Plain.

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[Continued.]

Mr. Herbert Smith: Your questions are with regard to Durham?

8898. *Mr. R. W. Cooper:* Yes, I am not talking about Scotland. Have you visited the new mining coalfield between Hartlepool and Sunderland?—No.

8899. Do you know that three or four very large collieries have been established in that neighbourhood?—Yes, I suppose they have been.

8900. And that hundreds and thousands of houses have been built?—They are modern houses.

8901. Certainly, they have been built within the last 15 years.

8902. Are you referring to houses built eight or ten to the acre?—That I cannot tell you; I do not know how many there are to the acre.

8903. Then you do not know any more about it than I do?—I should like to see a pleasant house, but I understand from the questions you put to me that it is very difficult. Where I am, I can cast my mind all over the British coalfields, and I want to know if they are built eight or ten to the acre, or if they are built on the tenement system.

8904. They are not tenement houses at all; they are self-contained houses. Do you know Yorkshire at all? Have you visited any of the mining districts in Yorkshire?—Yes, I have visited there in the same way that I have visited Durham. I know there has been an attempt at one of the places there.

8905. Have you visited any of the Yorkshire pits that have been established within the last fifteen or twenty years?—I always keep as far away from the mine as possible.

8906. Then you do not like going to a colliery?—No, I do not like going to a colliery because there is usually trouble if I go there, and I like to always keep away from trouble.

8907. *Mr. Evan Williams:* I have one or two questions I want to put to you with regard to the figures. When you give the income per week per person, have you taken into account the wages earned by boys, that is the sons of those who are working?—Yes, I have found this with regard to pensions: I am on the Central Pension Committee for Scotland, and in making up these incomes I find that they take the family income. When a boy begins to earn wages, that goes into the family income; it is a family income going into the house.

8908. The whole of it?—Yes, and you will see from the number of rooms that the income is higher per person where there are three rooms in some of the statistics that I have given. It is very creditable to the miners that they do put the money into a pool to bring up their younger brothers and sisters. I think that is pretty general.

8909. I know we have in Wales families earning over £600 a year; it all goes into the family exchequer, and it is a very creditable thing. About the middle of page 4 you gave, in Lanarkshire, about 24,000 houses altogether; you gave 7,242 as belonging to mine owners, 12,099 rented, which makes a total of about 19,300, and then you only give 1,000 as owned by miners?—Yes.

8910. Does it not follow that the difference between the 19,000 and the 24,000 must be owned by miners?—No. I have not gone on to deal with houses that are divided into four or five apartments. Suppose I gave 24,000 houses, and I make up a total of 20,000, there is an absence of 4,000, and the reason is that I have excluded the houses divided into 4, 6, 10, 12, or 20 apartments. I do not expect any of the miners would be living in a 10, 12, or 20-apartment house.

8911. I think that your figure shows that Wales compares very favourably with the rest of the country?—I am not wanting to give Wales a bad character.

8912. Because the most crowded districts in Wales come out at about half of the whole country, taken altogether?

Mr. J. T. Forgie: You have drawn a very serious picture of the houses occupied by the miners in Scotland?—I have presented the medical officers' reports.

8913. I do not say that they are anything but fair, and I do not think that the coalowners can strongly support the old class of houses, but probably you

would be aware that the coalfields in Scotland are a fairly small area, and that the life of a colliery in Scotland is not likely to be a lengthy one; it is not likely to be the same as the life of a colliery in some of the places in England, as, for instance, in Northumberland and Durham, and that when these houses were built they were built according to the time in which they were built. They satisfied the public authorities of those times; they satisfied the demands of the miners for houses at that time—do you agree with that?—and that very often there was a great demand for single-roomed houses in preference to an apartment house?—I attribute that to the spending power of the miners. If he spends a larger amount on a house he has to want it out of something else, and it is a question of whether it is better to give the child a bigger house or more food from the income.

8914. At all events, if there was a single-roomed house, you will admit that that house had more demand for it than any others?—Yes, but it was not from the desire of the miners to herd in a single-roomed house; it arose from the limited income, and from his having to pay so much for his rent. He does not take the long view; his breakfast the next morning is more important, and he spends more on food rather than on the house.

8915. You have not said anything about the more recently built houses?—I want to give credit for wherever there is an attempt to improve the houses.

8915A. There are a large number of Lanarkshire collieries that are coming near to exhaustion?—I should not say that. I know that is stated from the point of view of the coalowners, but I should not say that from the Royal Commission on the available supply of coal, where, I think, it is given as 200 years.

8916. In a large part of Lanarkshire the coal supply is being exhausted, so far as the upper seams are concerned?—I think it is.

8917. And those are the seams that give the largest return in coal output; I am referring to the upper seams?—I should not like to say so.

8918. From your experience of mining, I do not think you would be likely to expect the same output from the lower seams as from the upper seams?—Not with hand labour.

8919. Would you give us a slight description of some of the newer houses you have seen in Lanarkshire or in Ayrshire?—I will take Lanarkshire. I like to be charitable while I condemn, and I have been thinking over Lanarkshire and casting my mind over the county as I know it—and I know every foot of it. I was thinking about Hamilton Palace houses, and about your own firm, William Baird & Co., at Bedley, and half-a-dozen houses that have been erected by Wm. Dixon, Ltd.—six out of probably 100 or 150 houses. I should say the Bedley houses are the best type of houses we have in Lanarkshire, but I would not like to call them ideal. They are built in a row, there is no garden ground, the open privy middens are in front of the houses, and being a mining population, taken out into an isolated district, there is no provision made for recreation of the individuals out-of-doors; that is to say, when the day is over there is no social club, no elevating influence of that kind, no gardens where the children might be taught gardening and the younger men might be induced, when we had got the shorter working days, to spend their time in gardening, cultivating flowers and so on.

8920. There is ground for gardens in Bedley. In building houses in Scotland it has been very seriously considered, and the experience of the past is that the gardens have not been cultivated.—That may be due to the bad old conditions of the miners. The fencing was left undone and there were long working hours. If a man spent 10 hours underground, he was, after all, a human being, and he did not want to go and work in a garden; he wanted to be free when his work was finished.

8921. Do you think if they got reduced hours they will do gardening?—I think the miner is equal to any other class, and he will dig his garden and grow fruit

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and flowers if he is given a chance, the same as they do in Bourneville.

8922. Will you agree with me that the gardens were better cultivated before they had the eight hours' day? When the miners had the longest day, the gardens were more cultivated, and that they have been going out of cultivation more and more every year?—Probably that was due to the fact that when they were working a very long day, they had to work a still longer day to get a little out of the gardens, just as they have done during the war, by taking allotments.

8923. Are you aware that several firms have built institutes and clubs? At Bedley, for instance, that you have mentioned, are you aware that there is a club room there? True, it is of small size and it might have been larger but for certain circumstances.—Yes.

8924. Do you know that there is one at Trewthyr? There is an institute where they have two billiard tables, 6 baths, a beautiful hall and recreation room, gymnastics, and a bit of ground? Do you think that has been a success?—I do not think that men that live under the conditions that the medical officers describe can appreciate these things. You might put up a very beautifully painted picture by one of the old Masters there, and blame the men for not appreciating it.

8925. I put my question because of a remark you made a little while ago that no accommodation of that kind was being provided for the men, and I was following up that remark by showing you that we have provided them in a large number of places, and that generally speaking where they are established they are a failure. Would you like me to say this, that in that institute which I have referred to, we have six beautiful baths, and there is every accommodation for bathing, but as a fact each bath is only used 6 times a year?—Do you infer that the miners would not use baths generally if they had them?

8926. I am not inferring anything, I am only endeavouring to give you the benefit of my experience?—I should not wonder, if there are only 6 baths for the mining population of Kilsyth, that they do not use them.

8927. I was not referring to Kilsyth. With regard to the clubs which you complain are not introduced, the place I am referring to is very meagrely attended. It was supplied free of cost, and it does not even pay its way. The firm which owns it provided the baths; they do not object to that, but what they do feel is that when these places are put up, they ought to be used?—If I saw the institute, I should be able to give an opinion as to why it is not used.

8928. I will take you down there some day?—While you are on the question of baths, I want to say that there ought to be a bath in the house, and that is not the case at Bedley.

8929. Have you seen the village at Prestwick?—No.

8930. There there is central washing accommodation. You have not seen them?—I have not.

8931. Do you think it fair then to come here and give the picture you have given?—I am only giving the medical officers' reports. They are not mine.

8932. I know myself that there are some bad conditions in Lanarkshire. Besides the houses which you picture so very badly here as being in a long row, or being tenement houses, have you not seen some of those houses that are very comfortable and very nice?—Yes.

8933. Does not the tenant have something to do with the class of house?—I do not think any tenant can make a single-roomed house into a six-roomed house. Your point is that they keep them clean.

8934. Have you not seen very many nice houses, well kept, comfortable and healthy?—If they were one-roomed houses, I would neither say that they are comfortable nor healthy; but to the credit of the housewife, she does keep them clean.

8935. I was not referring to single-roomed houses; I was referring to two and three-roomed houses?—Yes, they are well kept.

8936. There is something, after all, in the tenant of the house, so far as the condition of the house is concerned?—Yes, I say there is.

8937. I do not want you to think that I have any sympathy with these particular houses?—I hope you will use your influence to get them improved.

8938. I think, if it had not been for the war, that a great many of the houses in Lanarkshire would have been improved, so far as they can be improved. I do not suppose that you apply those remarks of yours entirely to colliery-owners' houses. It is a general complaint that you make, is it not?—Yes, the complaint about the houses I think is a general complaint, but the mining villages that are situated mostly in the country or in a rural area where there is plenty of land, are probably as bad as, if not worse than, those which are situated where the land is dearer.

8939. I suppose before you can build houses in Lanarkshire, or in any county in the country, it has been the custom for a long time, at least since the Local Government Act, that the plans and all the conditions must be put before the County Council?—Yes, a very necessary thing, I should think.

8940. Before you could build those houses, the authorities must agree to the plans and specifications. That is so, is it not, and these authorities at present have a very large representation on them of your own people?—No, I should not say so. If you are referring to Lanarkshire, I should say, not; I should say we had neglected that.

8941. You have a large number of your representatives on the County Council?—We have four what we call Labour representatives.

8942. But there are a good many others who really represent the Labour side as well?—They would deny that.

8943. They support you in all your movements for improvements in the houses?—I would not say that they do.

8944. At all events, your representatives on the Council have not been either pushing enough or strong enough to get the building conditions altered for recent houses; your building regulations in the County Council stand as they were 10 or 15 years ago, with one or two slight alterations, do they not?—Yes, I think so.

8945. And I suppose, so far as these regulations go, any coalowner or any man who builds a house in Lanarkshire is bound to comply with those regulations?—Yes.

8946. When the County Council build houses themselves, do they comply with their own regulations?—I cannot say.

8947. It has been told to me that they do not?—I am not here to justify the County Council.

8948. Have you seen those new houses that have been built recently?—Yes; you mean the houses that have been built for the munition workers?

8949. Do you consider that those are ideal houses?—I do not. I consider that the minimum housing accommodation ought to be at least three bedrooms, a sitting room, a kitchen, a scullery and a bathroom. I should say that that should be the minimum accommodation.

8950-1. Do you consider that a house of that sort would be much used by the miners, every room of it? I should like you to understand that I am not putting any questions to you as being at all out of sympathy with the thing?—I am not replying in that way. Some miners have come to be coalowners in two generations, and you would not know them from the aristocracy. Give the miner a chance, and I am confident that, amongst the mining population, they have both a desire and are capable of being trained to live as well as any other section of the community.

8952. I think he will, and I hope he is going to get the chance in the future?—I hope so, too. We will see to it that he does.

8953. I think the coalowner has only built the houses as being something attached to the works?—They sometimes say the same thing about running collieries; they sometimes say that they have no desire to run a colliery, only to keep the men in work.

8954. I do not think that any profits the coalowners have made out of houses can ever warrant them in building any more. You are of opinion that the State should build all the houses in the future?—I think it is the duty of the State.

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8955. Then, if a coalowner desires to build houses near his colliery, do you think that the State is likely to build them for a colliery that will only last, say, for some 25 years?—I suppose the coalowner could build his house and take his risk.

8956. I thought you said the State should build, and that no coalowner should build?—I say it is the duty of the State.

8957. Do you expect that the Government will build a better class of house, or a house of your ideal description?—Yes; when they elevate the ideal of the men who make the laws.

8958. When will that be, do you think?—We are doing all we can. We did it with 62 at the last election, and we are willing to work and wait.

8959. In the meantime, do you consider that those houses that are being built partly with State aid would meet your wishes?—They are not built from the ideal of the worker.

8960. You say it would take some time to educate the House of Commons up to your ideal, but, in the meantime, do you think those houses would meet the situation?—We think the houses are an improvement on what exists.

8961. You have seen some of the miners' own houses, houses they had built themselves?—Yes, I have lived in one of them.

8962. Probably, you built one yourself?—No, my father did.

8963. Then you have seen some houses that have been built by miners?—Yes.

8964. Among those there have been good and bad?—They usually cut their coat according to their cloth, according to the money they have saved; they build the houses accordingly.

8965. I think that is what we all do?—Yes.

8966. Now a few questions with regard to the infantile mortality statistics that you gave us. You mention here various places. What are those figures, 143 per 1,000?—Children under 12 months.

8967. I notice in these districts, which are largely mining districts, the figures are 153, 146, and so on?—Yes, they are taken from Dr. Wilson's report.

8968. I notice that in the mining districts of Lanarkshire the figures are very much the same; one or two are a little lower, but I notice that there are three figures very high; there is 177, 176 and 161. Would you be surprised to know that the figure of 176 is in Bishopsthorpe, an entirely agricultural district?—Yes.

8969. Mining in this list does not come out at top?—It does not make the mortality in the mining districts any less.

8970. It is not the worst?—Then it shows it requires somebody to do what we are doing now for the woollen districts.

8971. Do you think that nationalisation of mines will help on the housing question very much?—I do not think by itself it will help the housing.

8972. Unless you nationalise the whole of the houses in the country—all the workers' houses?—Merely to nationalise the mines I do not think will help on the housing questions.

8973. I suppose the State would take over all the coalowners' houses along with the mines?—I do not know whether it will or not; I do not know what it will decide, as to whether it will take the mines along with the houses or not.

8974. I should like to bring out one thing in connection with the nationalisation demand of yours. I suppose you are free to speak on that question?—Yes.

8975. I see that Mr. Straker, yesterday, stated that one of the objects of the Mining Council was to protect the public, or to protect the consumer. I should like to bring you back to Lanarkshire. That means, of course, that the miners, if they get the mines nationalised, purchased by the State and practically controlled by themselves, will still have some regard for the interests of the community and the consumer?—The miner always has.

8976. I will take it at that, that they always have. I suppose you know at the present moment there is a great scarcity of coal; there is not too much coal in this country?—I suppose not.

8977. Therefore there is every necessity for keeping up the production of coal to the highest point. I suppose it has been the custom in Lanarkshire for a long time prior to the war only to work five days a week?—Yes, five days per week.

8978. And that during the war they recognised the necessity for a larger output of coal owing to the men being drawn from the mines, and you agreed to work 11 days per fortnight?—In common with the rest of the Scottish miners.

8979. And you placed no opposition in the way of certain collieries if they chose, and their men agreed, to work 12 days a fortnight?—I thought it was 11 days.

8980. Some did work 12 days, and you raised no objection. That was done in the interests of the country at that time. Now, I suppose the output of coal is still short of the demand?—I understand so.

8981. And that, while it meets the home demand quite fully at the present moment, there is a large quantity of coal that we want to export for the purpose of getting back to this country the necessary raw material and food; we have to give that coal in order to get the food and raw material back; therefore, if we do not get a large production of coal, we shall not have the requisite coal to export; is not that the case?—Yes.

8982. Will you tell me, before you decided in your Lanarkshire County Union to reduce the working days from 11 days a fortnight to 5 days a week, whether you had that in view, and what consideration you gave to the community and to the national interest?—I think it would be generally admitted that, with our method of working 5 days a week, and the organisation at the collieries, we get as much coal in the 5 days as we would working the 5½ days; that is to say, with half a day on Saturday.

8983. Are you seriously of that opinion?—I do not like to give an opinion as I have not gone into the figures.

8984. Will you take it from me that that is not so?—Will you take it from me that there is a very large additional output derived from working 11 days per fortnight?—You say so.

8985. I think you know it. If a man works 11 days instead of 10 days a fortnight, he is bound to produce more?—I think if a man works underground 5 days per week he has done sufficient, and he has done his duty to the State.

8986. That is not my point. We did not challenge your position then. We said, of course we did not think a miner should work 5 days any more than any other man, but at present we have a shortage of coal output to meet the necessities of the nation, and I want to know if when you in Lanarkshire decided to reduce your output by practically 8 per cent., you had that before your mind, and were having full regard to the national interest?—If there is a shortness of coal, you might as well argue that the Lanarkshire miners should work 7 days a week. To my knowledge we worked 5 days a week, and then for the period of the war we worked 11 days per fortnight, and then went back to 5 days, which I think is a good week's work underground.

8987. Then may I take it that you give no regard to the public interest?—There is always the interest of the individual. I think if the miner spends five days underground he does his duty by the State, and probably more than his duty in coal getting, which is a disagreeable occupation.

8988. Is five days in Lanarkshire worse than five days in England?—It does not make it any better because they work more in England.

8989. But in other parts of Scotland they work more?—The same applies to other parts of Scotland as in England.

8990. Do you not think it was a very unpatriotic thing on the part of the miners of Lanarkshire to reduce their hours of work in times of stress?—No, I do not think so.

Mr. Robert Smilie: Do you want the witness to change his opinion?

8991. Mr. J. T. Forgie: He has not answered my question yet?—I say that the Lanarkshire miners are not unpatriotic.

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8992. I did not say that. I said that it looks so?—The Lanarkshire miner in adopting his five days' policy considered that he had done his duty by the State; and those people who complain about his not getting enough coal ought to go and dig their own coal. We gave 14,000 of them for a bob a day to fight the Germans.

8993. I take it that the Lanarkshire miners do not consider the national interest, but if they do five days work a week they consider that they are having regard to the national interest.

8994. I do not see why the Lanarkshire miners any more than the others should work five days a week?—I do not see why they should work more than five days underground.

8995. *Sir Arthur Duckham*: Am I to understand that these figures you gave are for the conditions existing since 1910?—Yes.

8996. They are all for the conditions existing since 1910?—Yes.

8997. *Mr. Robert Smillie*: Have the miners of Lanarkshire complained to the coal masters on several occasions during the past two years about some of the pits working on Sunday?—Yes. I have heard the coal going over the screens when the church bells were ringing.

8998. When the mine owner was at church some of the men were down in the pit producing coal?—I do not know. He may not have been at church.

8999. Are there not many of our collieries in which there may be anything from 50 to 150 men working every Sunday in the pit?—Yes.

9000. Now speaking of baths, do you know that it was at the instance of the mine owners that a clause was put into the Act, saying that if it required more money to erect and maintain the baths, that would mean 3d. per man per week to the workman and 3d. per week to the mineowner, and that even if a ballot were taken they would not then be bound to erect the baths?—I understand that it was at the instigation of the Coal Owners.

9001. Is it not because baths cannot be erected and maintained at 6d. a week that the miners have not the baths?—Yes.

9002. You say that the question of land did not come into the housing question much, but have not the Hamilton people been desirous of getting a piece of ground near?—We are adjacent to the Hamilton Palace, and I have looked across a piece of vacant land there many times, but I have never seen even one cow grazing. We have been desirous of getting some land there to build workmen's houses, but he will not give the ground under £500 an acre.

9003. The Hamilton people are anxious to build houses, and the Duke of Hamilton will not give a piece of waste land there under £500 an acre?—Yes—and after we do build the houses they will pull them down again about our ears. I happen to live in one of twelve houses that have been built, mostly inhabited by workmen. The houses that I refer to were built 13 years ago, and now they are, some of them, practically uninhabitable because of the coal having been taken away underground. I am lucky because I built mine on a fault.

9004. Under the lease, if the town or an individual takes a piece of ground from the Duke of Hamilton and pays him an annual rent for that piece of ground, he claims the right to take the coal away from underneath the ground and thus let down the houses without paying any compensation?—Yes.

9005. I suppose you consider that to be intolerable?—Yes, we do.

9006. Are you going to allow that?—I think not.

9007. Do you know Larkhall?—Yes.

9008. There there are a number of people who own their own houses?—Yes.

9009. Have you seen the gardens of those houses?—Yes.

9010. Do you think there is a single foot of any of the gardens attached to any of those hundreds of houses there that is not cultivated?—I think not.

9011. Do you think there is a real desire among the miners to get a bit of ground to cultivate?—I think there is a real desire among every man to have a garden to cultivate.

9012. Do you know that the manager could at a day's notice dismiss our people and put them out of the houses?—Yes.

9013. And that the miners gave up cultivating the gardens because they were in some cases turned out after they had cultivated?—That is so.

Mr. Robert Smillie: Sir, I want to make a correction. I was dealing yesterday with the death rates, and I mentioned Rhondda as 20 per cent. Now I have a letter from the Clerk to the Rural Council, saying that I was wrong, and that it is really 11 or 12 per cent. I am glad to make the correction.

9014. *Sir L. Chiozza Money*: You have handed round some photographs. Would you kindly tell me whether among those photographs there are any houses belonging to the United Collieries Company, Limited?—Yes, one of them is in the Wishaw district.

9015. It has been suggested to you that there was not enough profit made by these Colliery Companies before the war to enable them to give better housing accommodation?—From my own knowledge of these houses, I can remember that place at Craigneuk, where I think the houses have been sold three times over from one Company to another. They are sold and re-sold; and that applies to most of the mining villages.

9016. *Chairman*: I did not catch what was put to you?—I have been asked a question about the houses at Craigneuk and about the leases of the mines being short. These photographs I have handed in are of houses at Craigneuk. My own memory of them goes back 45 years, and I have known them as being sold at least three times to different Companies.

9017. *Sir L. Chiozza Money*: Do you know that the United National Collieries paid before the war, in the period 1893 to 1910, an average dividend of 17 per cent.?—That is not the company.

Mr. Robert Smillie: That is the United Collieries.

9018. *Sir L. Chiozza Money*: Do you know what the dividend of the United Collieries is?—No, I cannot say.

Mr. Arthur Balfour: I should like to know now what the United Collieries did pay, because I believe they have never paid any dividend.

9019. *Sir L. Chiozza Money*: Can you tell me the dividend paid by William Dixon, Ltd., before the war?—I think it is a private company.

9020. Was it 8 per cent.?—I cannot say.

9021. Are these the cottages attached to this colliery?—I think it will be generally admitted that this is the type of house throughout Lanarkshire. They were visited by Mr. Dickinson and Sir Richard Redmayne a few years ago. I think the photographs really improve them, as photographs do.

9022. There is a statement that James Nimmo & Co., the Chairman of which is also the Chairman of the National Association of Coalowners—

Mr. Evan Williams: There is no such body as the National Association of Coalowners.

Mr. Robert Smillie: He was the Chairman of the Mining Association of Great Britain.

9023. *Sir L. Chiozza Money*: Do you know what the dividend paid by them was?—I do not want to speak from memory, but the dividend was fairly high.

9024. Do you know that the average dividend was 7 per cent. in that period?—I should not be surprised.

9025. Do you think that would have afforded sufficient funds under a national system to build houses for these miners?—Apart from the question of dividend, I think it is the very best possible investment that an employer could make—to build a good house and give his workman good surroundings and good food—in fact, give him the standard of living of a man the same as you would give a horse the standard of living.

9026. Do you know that James Nimmo & Co. paid 20 per cent. free of income tax?—I should not be surprised.

9027. Are you aware that there are many colliery companies whose works earned very high rates of dividend?—Yes.

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9028. And that there is no system by which those profits would be devoted to the bettering of the social condition of the miners? May I ask whether you support nationalisation on the ground, among other things, that such profits might be so devoted? Do you know anything of the work of the Ministry of Munitions in that connection?—Yes.

9029. Do you know that at places like Gretna, where the work is carried on on the national system, provision is made for the workers?—It is done in our own district. At Moss End they are building houses, and at a place called New Stevenson they have built houses near to the munition works.

9030. In spite of the great hurry with which these things have had to be done, and in spite of the serious difficulties in the way of getting material and labour, yet the State did make proper provision for the housing of its employees? Has not that been the universal rule in connection with State operations during the war?—I suppose it is.

9031. May I ask you if you can give evidence on that subject of your own knowledge?—I know of two in my own district.

9032. What are houses like that you know of—what is their character?—They are the highest standard of workmen's houses that there are in the district.

9033. I did not know that district, and therefore I put that question to you at a venture, from my general knowledge of the subject. You can give evidence of your own knowledge that in connection with these munition works the houses that have been erected were of the highest standard of workmen's houses, but they were not ideal, I take it?—They were not ideal.

9034. But still they were much higher than the general standard?—Undoubtedly much higher.

9035. It was suggested to you by Mr. Forgie that the miners of Lanarkshire were unpatriotic because they would not work more than five days a week at coal mining?—Yes.

9036. I may ask you to give your opinion on this. Do you not think that the average middle-class man is very lucky that an able-bodied man should work all his life five days a week in getting coals for them?—What I say is, if he complains about a man not working more than five days a week underground, he should do his own digging.

9037. Mr Sidney Webb: It has been suggested that part of the bad housing in the mining districts is accounted for by the facts that the mines themselves

(The witness withdrew.)

Mr. JOHN POTTS, Sworn and Examined.

9044. Chairman: Mr. John Potts, I think you are the Treasurer of the Yorkshire Miners' Association?—Yes, that is so.

9045. I need not introduce you any more except by that title. Everybody will know what that means. You speak as to the mine workers' demand for shorter hours, and you say:—

"May I submit to the Commission the fact that the principle of shorter hours due to the workers in the mining industry has been previously recognised by the House of Commons when passing the (1908) Coal Mines Eight Hours Act? This Bill, after passing through the House, contained an Eight Hours legal enactment from bank to bank. But upon being referred to the House of Lords it was so altered as to bring into operation an approximate average of nine hours underground. The arduous and dangerous nature of the miner's calling, the long hours, foul atmospheric conditions, the moisture, the heat of our deep mines (verging upon 1,000 yards) in numerous collieries, and which are continually increasing in numbers, are such that the workers are perforce compelled to work almost in a nude condition.

"Demobilisation.—An important factor to which I would draw your attention is that large numbers of the finest and strongest of our miners in the various districts volunteered their services to the cause of the country, and are now being gradually demobilised. They must, of necessity, be found work as they return to the mines. These men, after defending their

are short-lived. Do you think that is any excuse for any improper houses?—I do not think that is any excuse, and I do not think it is true; because, taking my own district of Lanarkshire, I can go back in my mind and can picture a case where houses that were condemned in 1842 are still occupied, and I think there have been at least two or three different companies in possession.

9038. Accepting the fact that a colliery lease is not a very long one as a rule and the better seams do get worked out, we can understand the reluctance of owners to put up substantial houses, but how do you suggest, under those circumstances, that the people are to live?—If the coal has got to be extracted for the advantage of the State, or if the coalowner wishes to extract it for the advantage of himself, if he builds houses then he ought to conform to the conditions of the individual. They ought not to be herded together like cattle for the convenience of the community.

9039. When the State does that sort of thing in the case of munition works, where the life is necessarily expected to be shorter, I gather that in your experience the houses so put up were not inferior to what they ought to be?—They were very much in advance with regard to accommodation and surroundings of anything that I know of.

9040. Is it, as suggested, that we ought to expect the workmen to live under inferior conditions because the industry in which they are employed for the public advantage is short lived?—I do not think so.

9041. You would claim that the miner is entitled to have just as good houses even if the colliery is a short-lived one?—Yes.

9042. Just as good as if it were a long-lived one?—Yes.

Sir Arthur Duckham: There is one point with regard to the housing for the Ministry of Munitions. That was for a short period, if you want evidence upon that point we ought to have it from an official. They are temporary houses. I should like to have photographs put before the Commission of the houses and to have information with regard to them if it is necessary.

Mr. Robert Smillie: We will take you and see them. Sir Arthur has probably seen the houses at Gretna.

9043. Sir L. Chiozza Money: There are other houses at Chepstow?—There may be criticisms.

country, are not only entitled to employment, but they are worthy of better conditions and shorter hours than existed preceding the war. Having regard to the number of men who have entered the mines from other industries, added to the demobilised soldiers and sailors, will, in due course, create a surplus of mining labour beyond the requirements of the industry. The only way to commemorate and recognise their bravery is to ensure employment with shorter hours and better conditions than hitherto operating. It is also reasonable to infer that danger to life and limb would be appreciably diminished by shorter hours. Thoughtfulness and alertness on the part of the workers can hardly be expected when the brain is fatigued through bodily exhaustion. The laborious and adverse atmospheric conditions underground are the origin of much sickness. Nystagmus (disease of the eyes), beat elbow, and beat knee have become very prevalent. This will be easily understood by such instances as the one cited before the Commission of a pit in which men had to work while it was impossible for the pit-ponies to live in the atmosphere.

"Absenteeism.—During the period of the war the subject of Absenteeism has been brought into prominence by the employers, who claimed that the amount of absenteeism ought to be reduced. I find in a recorded report of a Departmental Committee (ordered by Mr. McKenna, 16th April, 1915) that Sir T. Ratcliffe Ellis puts the figure of avoidable

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[Continued.]

absenteeism at 12·4 per cent., whilst (for Yorkshire) Mr. Parker Rhodes puts the total absenteeism at 15 per cent., and the avoidable absenteeism at 9 per cent. That Enquiry also elicited the information that other districts were similarly situated. Future records will show that by reducing the hours of labour more regular time would be made, and the workmen better fitted physically for securing a greater output, especially on the part of the weaker and more elderly workers. Accepting Mr. Rhodes' figure of 9 per cent. (assuming it correct), I certainly agree that 9 per cent. of avoidable absenteeism might be reduced to, say, 4 per cent.—thus the gain of 5 per cent. (on the coal output for 1917) would materially relieve the situation by the production of 12,424,962 tons—not now being produced. I attribute the main cause of absenteeism amongst the younger and stronger miners to the fact that they retire to bed at 10 p.m. or later, and have to rise again between 3.30 and 4.30 a.m., thus not getting adequate sleep. They are then physically unfitted to systematically follow their arduous work throughout the week. By starting the mines at, say, 8 a.m., instead of 6, the workmen would get their natural sleep and be fitted to increase the output by working more regularly.

“Other Trades granted Shorter Hours.”—May I remind you that shorter hours have already been conceded to the Engineers, Shipwrights, Iron and Steel Trades, and to Railway workers and Dockers. Whilst these trades are not satisfied with the present working hours, what must be the attitude of coal mine workers, doing the most arduous, laborious and dangerous work amid most deplorable conditions? The workers in the trades referred to have at least the benefits of working on the surface of the earth, and have opportunities of breathing pure air, privileges not enjoyed by the miner. As compared with the hours of other trades, no sound argument can be brought against the miners' demand for a Six Hours Day.

“Effect of Shorter Hours on Output.”—I admit that some reduction of output may appear temporarily. To what extent such percentage reduction would be is beyond accurate calculation. To compensate for such fall in tonnage the miners are prepared, by mutual arrangement, to approve of recommending double-shift working throughout Great Britain, where such is not now in operation, and arrange for an extension in districts where double-shift working is partially in operation, to increase the aggregate tonnage output—subject to safeguarding the wages of the workmen engaged in the preceding shift. Conveying the workmen (as near as practicable) to their working places would go far to increase output, by expending their energy in working instead of walking. Serious complaints reach us that on account of the lack of house accommodation workmen are obliged to walk, or to travel by train, tram, or cycle for miles, and to arrive at the collieries by 6 a.m.—this in itself being a considerable expenditure of energy which would otherwise go into the production of coal. Other suggestions for increasing the output that the miners' side offer are, by opening extensions of coal faces to find room for additional workmen, with provision of hauling appliances to convey such coal when produced by mechanical methods substituted for the present system of tramping long distances, the use of mechanical power for hauling full tubs up gradients instead of two or three men having to push them up, when their labour might be employed at the coal face.

“Higher Tonnage Rates.”—The claim put forward is that piece-workers' tonnage rates shall be re-arranged in proportion to the shortening of the shift. The claim for a higher standard of life warrants this, apart from the 30 per cent. advance, having regard to the cost of living. The miners' claim for shorter hours carries with it an application that no reduction in wages shall take place by the introduction of shorter shifts.

“Your serious attention is directed to the results which followed the reduction of miners' hours (from 10 to 8) in the coalfields of the United States of America. By a U.S.A. Government Report (Final Report, Vol. IV., 1902, Industrial Commission, Supreme Court of U.S.A.), the case for the shorter

hours proves for each year of the Eight Hour Day, for the country as a whole, a larger output per day for each workman than the highest output of the Ten Hour Day. In the words of the Report, the decidedly increased output is ‘ascribed solely to the increased energy and promptness of the workmen.’ Statistics published with the Report provide evidence (quoting the words of the Report) to ‘support the testimony of the witnesses before the Industrial Commission that in the industry of coal mining the shorter working day has increased the efficiency of both workmen and the management.’”

I am very much obliged to you for that statement giving your views.

Mr. Arthur Balfour: I think we are going to have another witness on the wage question?

Chairman: Yes.

9046. *Mr. Arthur Balfour:* If you were satisfied working the shorter hours would result in increasing the price of coal to the extent where the demand for it fell off and therefore a great deal of short time was worked, would you still press for the shorter hours?—I cannot quite grasp your question.

9047. If you were satisfied by working shorter hours, you would so increase the cost of coal that there would not be the demand for it, and shorter time would have to be worked throughout the collieries in consequence of that, say two or three days a week owing to your demand, would you still press for shorter hours?—Decidedly so. I do not think that is likely to arise.

9048. Would you then benefit the large number of men you expect to?—The miners are bound to benefit. The point you are putting is not likely to arise.

9049. The price is 24s. 10d. at the pithead. Do you mean to tell me if that is increased by 4s. it would make it 28s. 10d. at the pithead that it can be maintained at the pithead as a commercial price?—The price is agreed. The price can be reduced lower than it is to-day.

9050. How can it be reduced?—By changed methods of working to what we are working to-day.

9051. You would change the methods of working?—It is a matter of output. If you want to define how it might be increased without increasing the price, if you take the general run of the collieries throughout the various districts they are working now from a shaft pillar forward in long wall system. I have always held the opinion that it ought to be worked straitwork to the boundary, thus leaving behind you all waste and danger, and you will find the output will increase and coal will be sold to the public cheaper than it is now sold.

9052. You say here “by a United States of America Government report the case for the shorter hours proves for each year of the eight hour day for the country as a whole a larger output per day for each workman than the highest output of the ten hour day. In the words of the report, the decidedly increased output is ‘ascribed solely to the increased energy and promptness of the workmen.’” Can we depend upon the increased energy and promptness of the workmen to increase the output in this country?—You are speaking about America.

9053. Can we depend if the 6 hours is adopted on the same energy and promptness to increase the output per man?—In reply we can take our men as being equal to any of the American workmen. The facts relate happenings in America. Take this country and take Durham as against Yorkshire. Shorter hours are being worked in Durham and the output per man per year stands higher in Durham than in Yorkshire.

9054. We have evidence from practical men that 40 per cent. of the workers are not producing the maximum amount of coal they reasonably could.

Mr. R. H. Tawney: Whom did we have that evidence from?

9055. *Mr. Arthur Balfour:* Mr. Frowen. I shall be glad to withdraw it if it is wrong. What do you say about that?—I do not know of it; I have not seen it.

9056. If the miners of this country would produce the maximum amount they can produce, then you could have your demand?—Under the existing conditions I take it the miners are producing all they can. It is a matter of giving assistance to the miners to enable them to produce more than they are doing. That can only be done by two methods.

9057. *Mr. R. W. Cooper:* You talk about there being a reserve of surplus mining labour beyond the requirements of the country?—Yes.

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9058. Have you known of any case of demobilised soldiers finding it difficult to get back to their old employment?—I have.

9059. Are there any in Yorkshire?—There are not so many now as there were.

9060. Does your Association keep a return of these men?—I am acting on behalf of the Association in that matter.

Mr. Cooper : I believe somewhere in the Controller's Department there is a return to show the extent to which employment has been found for all demobilised soldiers.

Chairman : We shall have it if there is one.

Mr. R. W. Cooper : I remember the last time I met the late Controller I heard him make a statement on that subject.

9061. What is nystagmus?—It is really a disease of the eyes.

9062. What is it caused by?—Mostly by the lamp.

9063. By the use of the Davy lamp, the safety lamp?—Mostly by any lamp.

9064. Is there any lamp down a pit except a safety lamp?—You have the electric light and the ordinary light.

9065. Does the electric light affect the case of nystagmus?—They both do, more or less.

9066. Is not nystagmus a disease the men contract underground in consequence of the necessary use of a safety lamp?—It is a necessary use, I agree.

Mr. Sidney Webb : Not having a better lamp?

Mr. R. W. Cooper : Perhaps you can invent a better. You cannot have an open lamp.

9067. What is beat elbow?—A soreness caused to the elbow.

9068. What caused by?—The reason of following his employment.

9069. Tell me more fully what you mean by that. Do you know what it is; many do not. What is it caused by?—I am not a medical man, but it has been decided it comes within the compensation.

9070. Certainly, it is an industrial disease. What is beat hand?—On the same lines.

9071. What is that caused by?—Following his employment.

9072. Is it not caused by the constant use of the pick?—It is caused by using his tools.

9073. And pit knee. What is that?—Arising from kneeling, and that sort of thing.

9074. What has that to do with atmospheric conditions?—They arise out of the ordinary nature, following his employment.

9075. They are all industrial diseases under the Compensation Act?—Yes.

9076. With regard to absenteeism and early rising. Do you know the County of Durham?—Well. I have been there; it is a good many years ago.

9077. What time did the first shaft go down when you were there?—4 o'clock.

9078. Have you any figure showing the amount of absenteeism in 1917?—No, I am not dealing with Durham.

9079. You talk about the shorter hours granted to other trades. What are those at the present moment. What are the number of hours at present now settled with the engineers per week?—The engineers have 47 hours.

9080. Is that a temporary arrangement? That is a permanent arrangement; I think it is so.

9081. What are the shipwrights working?—47 hours.

9082. The iron and steel trades? From 12 hours to eight.

9083. The railway workers and the dockers?—Eight hours have been conceded. I think I am slightly wrong with regard to the dockers.

9084. *Mr. Herbert Smith* : It is 44?—It is 44 they are asking for, but it has not yet been conceded.

9085. *Mr. Herbert Smith* : It has been conceded?—The carters is 48.

9086. *Mr. R. W. Cooper* : You make some allusion to housing accommodation in Yorkshire. Do you know of any of these new Yorkshire pits that have been sunk at Maltby and other collieries?—Yes.

9087. Could you tell the accommodation with regard to the housing provisions there?—In the first place there is insufficiency of accommodation.

9088. Take with regard to the class of the houses first. What class of house has been built at these new collieries?—Not exactly the class of house that we require.

9089. Do you know Maltby; what about that?—There is plenty of room for improvement in the houses at Maltby.

9090. Look at this photograph and tell me if that represents the houses in Maltby village. [*Handing photograph to the witness.*] Photograph do not always give a correct representation of what is inside. This is the front row facing the main road.

9091. They are still there; look at the whole lot?—Yes, a pretty fair description. I want to say this. Those give the outside appearance of the houses and not the inside.

9092. If you would like to see the plans you can have them?—I have been in there and had my tea there. I know what I am talking about.

9093. I know what I am talking about. I assume that. Have you in your district any pits working three shifts?—No, we have the double shift and the repairing shift. A few go on at night, but that is all; no continuous winding three shifts.

9094. Suppose that it was suggested in your district as a means of abating the reduction of output, how would that suggestion be received, in your opinion?—It would be resented.

Chairman : Mr. Cooper has asked questions with regard to Yorkshire. Does anybody else want to ask any questions?

9095. *Sir Thomas Royden* : With regard to demobilisation of soldiers in your proof you mention there the necessity for finding work for the soldiers, men that have been out serving. Was that the basis, or was that the consideration that you had in view when you fixed the reduction in hours to 6 from 8?—No. Our hours are not based on that at all. Our reduction of course which we claim is on the ground that we are entitled to it from the trade point of view.

9096. On what account do you consider you are entitled to it? I am not disputing the point whether you are or not, but on what basis do you arrive at the 6 hours?—That means 7 hours in reality from bank to bank. We think that is long enough for any man to work underground.

Mr. Arthur Balfour : At question 4977 there is this "Taking the average amount over the country you think the miners could turn out a great deal more coal in the time than they have been doing." The reply is "I would not put it like that." Take a district where there may be 100 men employed, 60 per cent. of these men were working on what has been termed fixed prices. That is men would be doing the best they could, but the other men working upon a day wage, what we call a minimum wage, would not be doing all they could.

Mr. Sidney Webb : He says if 60 per cent.

Chairman : The passage has been read and we can form our own opinions.

9097. *Mr. R. H. Tawney* : We have heard some astonishing evidence about accidents. We are told from 1907 to 1916, 12,400 miners were killed; in 1913, 1,753 were killed, and in the same year 176,000 were injured, that is to say about 8 divisions. What would be the effect of a reduction of hours on this accident rate? Do you think it is likely to diminish it?—I do.

9098. Would it be possible for you to amplify that at all?—If the hours were reduced, in my opinion, the men would get more sleep; they would be stronger; more fit for work and more alert when they get to their work. Facts may prove in the first hour of the working time that a miner works you may get a higher rate of accidents by death or otherwise, and that can be accounted for when it arises. Passing over that hour, if the men work six hours and had more recreation and rest, you would find the accidents, in my opinion, would go down instead of being as they are under the long hours.

9099. That is to say, a shortening of the hours is really an addition to safety?—I agree.

9100. It is not a matter merely of the miner having an easier time, it is a matter of saving human life?—Yes.

9101. *Mr. Herbert Smith* : We have had some plans or photographs put in with regard to Maltby. Would you say they represent, from an occupying point of view, ideal houses?—They do not, and I made comments inside the houses about them.

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9102. Are they not cheaply constructed?—That is so.

9103. Am I right in saying the contract rates for labour to build those houses were from £17 10s. to £19 10s. per house?—I have heard so; I have not a proof of it.

9104. In your paper you refer to the effect of shorter hours and the method of getting output. Were you here the other day when Mr. Richardson, from Barrow, was giving his evidence?—No.

9105. How long have you been an official—I do not mean in a permanent position—in Yorkshire dealing with various towns?—Over 30 years.

9106. Do you remember a single instance where Yorkshire miners refused to work with machines if prices were settled?—I do not. If you will allow me to illustrate that. The only point I found on going to the branches was at a colliery, at the initiation, the miners' committee took exception to it. Having seen them they took no exception, and we fixed up the machines at the same pit, and we have heard no complaints from that day to this.

9107. At page 264, at question 6454, I put this question to Mr. Richardson, "Can you give me a single pit where men have refused to work at a reduced price?" He said "Yes," and gave his own colliery. Do you remember at Barrow the introduction of machinery?—I do.

9108. Do you remember why the machinery was introduced?—It was introduced into Barrow because the men could not earn wages by hand at that time.

9109. This wire which I got then is correct. My secretary says: "Mr. Richardson agreed to introduce coal-cutting machinery because men could not live at ordinary hand work rate and afford the same price."—I know it. I dealt with the Barrow case.

9110. Will you turn to page 268 starting at question 6604. He is dealing with the conveyers: "With regard to conveyers. Do you know there are managers that have caused the introduction of conveyers in Yorkshire? (A.) I know where they have been tried and proved a failure. (Q.) The men do not care for them? (A.) I do not mean where they have refused to work them, but where they have been worked and they have not filled in larger quantities than they were doing when they filled into tubs and trammed it. (Q.) Where was this case? (A.) My own colliery. They are all pulled out and lying in the gateways doing nothing. (Q.) Handcross. Take another colliery. There would be about 2 tons per man per shift. When they got no conveyer how much did they get when they abolished the tramping? (A.) I did not know they had trams there. I thought they started from the pit bottom. (Q.) was it 30 cwt. per man per shift? (A.) I could not tell you. In that particular case it was worked, I think, piece work, in most cases it is worked by day work." Do you know why conveyers were taken out at the Barrow Colliery?—I could not, speaking of conveyers, tell you why they were taken out. I was not in touch with it.

9111. Then my own secretary writes: "Conveyers taken out more than 12 months ago on account of coal being worked out. Men to work them on day wages." That is from the secretary at Barrow. You fixed up some prices with regard to the machines in Yorkshire?—I have fixed up with Mr. Richardson conveyers.

9112. Let me see if you agree with this. At Glasgow ordinary getting price 1s. 6½d., standard price; machinery introduced and the men accepted 1s. 0½d. in 1905?—Yes.

9113. At Waterloo Main getting price 2s. 8½d. to 2s. 3½d. Machine introduced and the men accepted 1s. 5½d. in 1905. It varies from 3d. to 1s. per ton difference?—That is right.

9114. At 28 collieries. Do you know a single colliery where we have had a strike in Yorkshire where men have refused to work with conveyers or machines?—Not a single one.

9115. Are men prepared to work with machines?—Yes, I have a list of collieries that I know of where I know they have the machines in, either conveyers or coal cutting machines, and it is a long one.

9116. Coming to page 2 with regard to the method to be adopted. You deal with the system of tramping. Can you tell us the distance that men from 18 to 45 tram in Yorkshire in many collieries, ordinary hand trams?—In West Yorkshire there are people tramping 400 yards and up to 500 yards to-day.

9117. What about South Yorkshire?—The south is not quite so bad. We have tramping in South Yorkshire, but it is gradually being improved on slightly by the owners. Still there is a lot of tramping to-day.

9118. Is it fair to say it takes a man 90 per cent. of his time to tram?—Yes.

9119. The output would be increased by adopting mechanical appliances by 30 cwt. per two men?—Yes, it could, and more than that. As a matter of fact we had arranged it in a district in Bentley and proved it by taking the rope to the face where they were tramping.

9120. With regard to the question of double shifts. Am I right in saying that your own opinion is to recommend double shifts in various parts of the Miners' Federation?—Yes, that is my opinion, and I believe, if I may say so, if there is a difficulty to meet the situation by the Government and the authorities that the miners would agree—I am speaking of the leaders—to recommend to the men throughout the country where double shift is not now in operation and where it can be put in operation without injuring the other workmen in the first shift it would be adopted, or where there is a single shift working now and an afternoon shift running partially and not winding coal, subject to being able to wind the coal, we would extend that time that would meet the requirements of the Nation.

9121. *Chairman*: All over the country?—Yes.

9122. *Sir Arthur Duckham*: Should be adopted or might be adopted?—I am only going to suggest it. Our side is going to ask the men to recommend it and ask them to accept it.

9123. *Mr. Herbert Smith*: You believe the idea prevails in Yorkshire?—Yes; I have asked a few people, and they are agreed their districts would do the same, and in Yorkshire we are prepared to do it.

9124. With regard to time that is spent in walking. You have seen the figures put in by Mr. Gibson—the distance men have to walk to work?—No, I have seen the report in the papers; I have not seen the figures.

9125. Do you know that for some time in Yorkshire we have been agitating for riding men in or paying them as against walking in?—Yes.

9126. What difference would it make per day to the output, taking it as an average?—We should probably get at least 40 minutes' work per day more out of the men if two miles underground as between walking and riding to the nearest point to the face.

9127. In 1910 we asked for particulars in Yorkshire. Can you give us them?—Yes; these are the figures scheduled, and it is a summary statement from the schedule. From one mile to two miles walking underground—

9128. Am I right in saying it was in 1910?—Yes, August, 1910. From one mile to two miles underground—these are branches, and our branches sometimes number one mine, two mines, or three mines, according to the size of the colliery and according to the group it happens to lie in—from one mile to two miles travelling there were 72 branches; then workmen travelling in that district from two miles to three miles, 43.

9129. *Mr. Robert Smillie*: Is that each way?—Yes. Over three miles, nine; the number of branches from 120 yards to one mile is 30. The next question submitted to our Conference was: "Do the men ride any portion of the way from the shaft to the working face; if so, what distance do they ride or walk?" The answer is: "The number of branches who ride a portion of the distance is 25.

9130. *Mr. Evan Williams*: What do you mean by branches?—The branches of the Union, which may include one, two, or three collieries; we call lodges branches. Riding all the distance, seven. The number of branches that walk all the way, 122. I have given you the distance, and those are the numbers and the numbers with regard to walking as against riding or partially riding.

9131. How much has that been reduced since 1909?—I do not think much change has been made.

9132. It would be a material improvement if riding appliances were put for the man?—Each individual workman, if he has two miles to travel, will work at least some 40 minutes more at the coal face as against

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walking in, and that is apart from taking the fatigue out of the men in travelling.

9133. I made this point. Our figures were taken in 1910, and the owners' figures were supplied to Mr. Finlay Gibson, and there is no analogy between the two?—No.

9134. With regard to your second shaft. What is? There is an upcast and downcast?—Yes.

9135. Can you give us the percentage of collieries that have the shafts fully equipped?—I should not think there is more than 25. You mean have winding coal at both?

9136. Yes, equally well at No. 1 as at No. 2?—I should think there is more than 25 per cent. that wind at both shafts for each seam, and, if required, it could be made so, if it is not to-day.

9137. *Mr. Frank Hodges*: What do you estimate in cwts. if you have made an estimate of the possible reduction in cwts. per day for a man employed during the first few stages of the change from the eight hours to the six—in the initial stages?—You mean for that period what effect it would have upon us?

9138. Yes?—If the suggestion that we make was adopted by conjoint action, I do not think it would make much difference in the introduction. There might be a slight fall for a short period, but it would get back to the normal condition in a short time. I should not like to fix the time; it is a theoretical opinion.

9139. *Sir Arthur Duckham*: With regard to the question of riding in. We have heard a lot about it. I know very little about it. Can the men be ridden in when the journey is a long journey and a large number of men working on the face?—In new collieries it could be done to-day; in the majority of collieries it could be with slight alterations.

(The witness withdrew.)

Chairman: There are two short witnesses now and they are both Co-operative witnesses. I will hand the statistics and the proof to Mr. Sidney Webb. When

9140. What sort of alterations?—The roof would have to be attended to. The mine roads have not been laid out for the riding in and out of the mine, but with a little expenditure on the mine roads they could be made to work in a very short time.

9141. From that point of view the difficulty seems to be this: If you have a certain large number of men going in, they cannot go in at one time. The men would have to wait until an empty train came out again?—Supposing you were taking 60 tubs at once; to get into a tub and you take 120 at a run. They very often have runs with 40 to 60 and in some cases more.

9142. You think you could take almost any number of men to one face at the same time?—You could not take them all at once. The men go down, as the cage goes down, in rotation. They are taken forward and then they are coming again for the next run.

9143. The cage would take the men quicker than the tubs?—The important factor is, sitting there whilst waiting for it coming back, they would be saving their energy.

9144. They would be wasting time?—No.

9145. *Mr. Herbert Smith*: Would there be any necessity, in any one district that you know of, for more than one turn in that district?—The second turn would take the whole.

9146. *Mr. Robert Smillie*: There are four men in each tub?—Yes. I have been four in a tub. You usually get in two unless it is arranged for four.

9147. *Mr. Herbert Smith*: Would there be any necessity to run a second train or truck in any district you know of?—It would have to be a large district to require a second.

Mr. THOMAS BURTON, Sworn and Examined.

9148. *Chairman*: I think you are the Coal Manager of the Scottish Wholesale Co-operative Society at Glasgow?—Yes.

9149. You have prepared a report* to be placed before this Commission the contents of which give (1) The pit-head price of coal, (2) Distributive costs, (3) Difference between pit-head price of coal and price to consumers, (4) Glasgow Local Authority prices, (5) S.C.W.S.—that is the Scottish Co-operative Wholesale Society annual sales. I propose to read the short letter you have sent upon the subject and hand it to Mr. Webb and ask him to ask you any questions upon it.—“In answer to your enquiries I have examined all the data at my command and will give you the result of same. I may state, however, that the time at my disposal has been very limited, having only received your request on 10th inst. The pithead prices for domestic coal bought by the Scottish Co-operative Wholesale Society, Ltd., average as follows:—(1) Lanarkshire (Area No. 18), 25s. 4d. per ton; (2) Ayrshire (Area No. 20), 25s. 6d. per ton; (3) Fifeshire (Area No. 19), 24s. 11d. per ton; (4) Lothians (Area No. 17), 23s. 4d. per ton. I find that during the last 12 months practically all the domestic coal sold in Glasgow Area has been retailed as second grade coal, the maximum retail selling price of which is to-day 2s. 3d. per cwt. Railway Transport Charges.—This expense varies according to the distance between the various collieries and the depots, but I have estimated the average cost of railway haulage and wagon hires to the Co-operative Societies in the principal towns as follows:—Lanarkshire Pits: Glasgow Depots, 2s. 3d. per ton; Paisley, 2s. 6d. per ton; Clydebank, 2s. 6d. per ton; Greenock, 2s. 8d. per ton. Lothian Pits: Edinburgh, 2s. per ton. Ayrshire Pits: Ayrshire, 2s. per ton. Fifeshire Pits: Dundee, 4s. 3d. per ton; Perth, 3s. 3d. per ton. Other Charges:—This I presume refers to distributive expenses incurred between Depots and Consumers Household Bunker. This expense varies considerably according to the locality, the turnover of the Society, and the supply of suitable labour.

I have read the statistics and the proof I will ask Mr. Webb to ask questions upon them.

On the question of distribution charges I have submitted to you the costs of various Societies during the year 1918:—Document No. 5, Kinning Park Society, Glasgow, 9s. 5½d. Document No. 7, St. Rollox Society, Glasgow, 7s. 0½d. Document No. 9, Cowlairs Society, Glasgow, 6s. 9d. Document No. 10, Cathcart Society (a small society), 10s. 6d. The expense shown on documents 5, 6, 7, 9 and 10 are minutely detailed and can be verified by examination of the respective Society's books and balance sheets. Documents No. 8 and 11 are of recent date. Document No. 12: Pit-head price of coal and consumers' price is based on the statement of Kinning Park Co-operative Society's expenses for the 6 months ending December, 1918. I have purposely taken this instance owing to its being the highest verified rate of Co-operative Distribution expenses in Glasgow which has come under my notice. Documents No. 13 to 18 have been put forward at my request and are vouched for by the respective Co-operative Societies mentioned. I shall be pleased to give you any further information within my power.

9150. *Mr. Sidney Webb*: Our enquiry for the moment is directed in getting some idea of the work that the co-operative movement does in the distribution of coal. I think, in the Scottish Wholesale Society, they distribute about 300,000 tons of coal a year?—Yes.

9151. You distributed that not merely to a few Societies, but to a great many Societies?—About 150 to 160 from the north of Scotland to the south.

9152. You say that the Scottish Wholesale Society endeavours to take the coal at cost price and charges a commission?—We charge a commission of 9d. per ton.

9153. That is acting as factors and as wholesalers you charge a commission of 9d. per ton. Do you remember how that compares with the commission allowed by the Controller?—The Controller allows 1s. a ton. At the same time when we charge 9d. a ton to the individual society, we pay back in dividends 2½ per cent., and that only allows us 2d. per ton.

* See Appendix 47.

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MR. THOMAS BURTON.

[Continued.]

9154. 2½ per cent. would come to what in a ton of coal?—Sevenpence, that leaves us 2d. per ton, roughly speaking.

9155. You give back 7d., therefore you only charge about 2d. commission per ton?—Yes.

9156. Do you find the business at that rate remunerative. Do you reckon your coal department covers its expenses?—Yes, the coal department stands on its own basis.

9157. It is carefully audited?—Yes.

9158. The charge the coal department has incurred is debited to the coal department?—Yes.

9159. Therefore your charge is only 2d. a ton as compared with the amount allowed by the Coal Controller of something like 1s.?—Yes.

9160. That is a fair comparison?—Yes.

9161. Are you supplying coal to the retail co-operative societies?—Yes, we supply our retail societies; we buy collectively.

9162. Then you put in figures from a number of representatives of retail societies as to what their charge is, and it comes, does it not, to 8s., 9s. or 10s. per ton on that price?—That is the distributive cost.

9163. Then, on the average of four societies, you gave in Glasgow 9s. 8d. a ton?—Yes.

9164. Can you give us any comparison between the Controller's margin and that margin?—I was requested to attend a meeting of the Fuel Committee at Glasgow, and we put in our cost to that Committee, but the Chairman of the Local Fuel Committee in Glasgow would not take our cost, because he said, owing to our turnover we could distribute coal very much cheaper than the merchants and the retail price in Glasgow is therefore based on the merchants' cost, not on ours.

9165. Can you give the Commission any idea what that is?—Their distributive expense, as a rule, runs from 2s. to 2s. 6d. more than co-operative distribution costs.

9166. 12s. as compared with 9s. 8d. That would be only 2s. 4d. more. I want that figure. What is the proper comparison?—The total distributive cost if you take document 11 is 9s. 8d.; 1s. 8d. for leakage; that is shortage in turnover and railway carriage, which makes the total distributive cost 13s. 7d. That is the total distributive cost. Merchants' costs were practically 1s. 6d. to 2s. 6d. per ton above the co-operative cost.

9167. How about the dividend which you give back. Is this 13s. 7d. the actual price charged to the consumer, or how about the dividend?—We charge to the consumer in Glasgow 2s. 3d. per bag. That is the price fixed by the local authorities, and, out of that 2s. 3d. we pay a dividend of 1s. 8d. in the £, which practically works out at about 3s. 9d. per ton.

9168. *Sir L. Chiozza Money*: 3s. 9d. a ton returned?—3s. 9d. per ton.

Mr. Sidney Webb: You sell your coal in competition with the coal merchants?—That is so.

9169. And presumably, therefore, at an equivalent price, quality for quality?—We must sell the coal according to price—the coal is according to the price.

9170. The Controller's price?—Yes.

9171. Sold at the Controller's price?—Yes.

9172. Therefore it is the same as the merchants charge. Yet out of that you are able to return as dividend to the consumer 1s. 8d. in the £, which comes to an equivalent of 3s. 9d. a ton?—Yes.

9173. Would it be fair to say that by using your system for the distribution of coal in Glasgow you are saving 3s. 9d. per ton as compared with the competitive commercial system?—That is so.

9174. And you do that because you have a very large business? Supposing you carted it for all Glasgow. Supposing all the citizens of Glasgow were so confident of this advantage that you became distributors for the whole lot and you had to take the whole household distribution in Glasgow, could you do it at the same price or cheaper?—The cost would go down.

9175. If you had the distribution of Glasgow you would not only do it at 3s. 9d. a ton cheaper than the existing system but even more than that?—I am sure we should do it at less.

9176. *Mr. Arthur Balfour*: You are a wholesale co-operative society and you retail this coal to other subsidiary co-operative societies?—Yes.

9177. It is only fair to add the 9d. to the distributive cost?

Mr. Sidney Webb: No, that is included.

Sir L. Chiozza Money: You have not an answer to the question and it is important.

9178. *Mr. Arthur Balfour*: It is only fair to add the 9d. to the 6s. 6d. in Sheet No. 13, leaving aside for the moment your return?—Yes.

9179. *Mr. Webb* has elicited from you that you consider there is a saving of 3s. 9d. a ton to the consumer?—Yes.

9180. Do you pay Income Tax?—That is a question I would rather leave unanswered.

9181. I think it is a very fair question.

Chairman: What is the answer?

Mr. Arthur Balfour: Is it "Yes" or "No"?—On what?

9182. On your profits?—No, I do not think so.

9183. Therefore the State is losing 6s. at the present time on every 20s. of your profit?—

Mr. Sidney Webb: Does it make a profit?

9184. *Mr. Arthur Balfour*: The State is losing 6s. in taxes on every 20s. because you give it back to the people in another form, that is in reduction of the price of coal?—You must take into account that the people we are giving it back to are the working people.

9185. Who do not pay Income Tax?—They have not to pay Income Tax unless their income is above the charge rate. If you are making them pay Income Tax all these people could go and demand back what you have taken from them.

9186. The fact does remain, the country has to be carried on and somebody has to find the money. By your system you do not find your share of the money and somebody else has to find it. Do you agree?

Mr. Sidney Webb:—No.

Mr. Arthur Balfour: I may take it silence is consent?

9187. *Sir Arthur Duckham*: The question I am going to ask is with regard to Excess Profits Tax?—We pay Excess Profits Tax.

9188. *Sir Thomas Royden*: Is there any statement, presumably there is, that would enable you to form a judgment as to what was the comparative cost to the consumer under your system, and under the ordinary system? Is there some table showing the price at which coal is selling to the consumer where the ordinary merchant is compared with the net price that you were selling at?—There is a price fixed by every Local Authority for each district, and all merchants or co-operative societies must sell at the price fixed by the Local Authorities.

9189. The rebate, or dividend, or surplus, or whatever you call it, is returned to the member, representing the difference he pays to the co-operative society or the money paid to the ordinary merchant?—The ordinary merchant charges the same price as we do.

9190. Supposing you charge 40s. as the price and that is the price you both charge under the Controller's regulation, then you show a surplus and return to the members 2s. 4d. or 1s. That means the man who deals with you gets his coal that much cheaper?—Yes.

9191. *Sir L. Chiozza Money*: You were asked about Income Tax. May I ask, do limited liability companies pay Income Tax?—I think so.

9192. Do they pay them as companies? Does a limited liability company pay it as a company? May I put it this way? Is it not the fact that limited liability companies are used by the State as collectors of taxes from their shareholders?—Yes, that is so.

9193. Is it not the fact that it is not the company that is taxed, but the shareholders through the company?—That is so.

9194. Is it not the fact that the Chancellors of the Exchequer of both parties, after having investigated the subject, have held it is perfectly unfair to tax Co-operative Societies because most of their shareholders were under the income tax limit?—Yes.

9195. Are not the questions which *Mr. Balfour* put to you a little irrelevant to the subject of income tax?

Mr. Arthur Balfour: Are they? The limited companies pay on their total.

Sir L. Chiozza Money: It pays nothing and collects income tax from its shareholders.

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MR. THOMAS BURTON.

[Continued.]

Mr. Arthur Balfour: It pays.

9196. *Mr. R. W. Cooper:* Have the maximum retail prices of Glasgow been confirmed by the Coal Controller?—Yes, they have.

9197. How does the margin allowed in Glasgow by your Local Fuel Committee compare with the margin of the rest of the country?—Glasgow has been treated more generously with regard to retail prices than other parts of the country.

9198. It is suggested yours is the highest margin in the county?—Practically the highest price in Scotland.

9199. Is there any member of your Society, or of any of your Co-operative Societies, on the Local Fuel Committee of Glasgow?—There is one.

9200. What was his attitude in fixing the margin?—Just one of many. Practically speaking, the Local Fuel Committee consists of so many Councillors, so many merchants, so many baggers, and he has only one vote among many.

9201. What is the margin allowed for distribution in Glasgow?—The merchants' prices are practically put in at 13s. 11d. at that time. That was the basis on which the retail price was fixed, 13s. 11d. on the pit price.

9202. It is suggested it is 14s. 7d.; is that so?—Yes.

9203. Look at your document No. 12 for the moment; was there any difference of opinion amongst the Fuel Committee in fixing that for Glasgow, or was it fixed unanimously?—It was practically fixed unanimously. I happened to be at the meeting.

9204. Apparently your distributive expenses and your leakage and your surplus together amounts to 16s. 8d., according to document No. 12?—That is so.

9205. Kindly tell us how it shows that those three items amount to such a sum as that?—Cartage charges in Glasgow have increased by 100 per cent. this last year. There is a leakage. May I explain the leakage is caused by short weight-stones, and loss in turnover of 1s. 8½d. The balance 3s. 10½d. surplus which works out at 1s. 8d. per pound. Take the pit price at 25s. 4d. and the commission 9d., railway cartage 2s. 3d., distributive expenses 11s. 0½d., leakage 1s. 8½d., and that makes 41s. 1¼d.; 3s. 10½d. surplus makes 45s., which is the retail selling price in Glasgow.

9206. The 45s. is the selling price in Glasgow, and 41s. 1¼d. is the average price at the pit-head, inclusive of these other things?—Yes.

Sir L. Chiozza Money: It is 3s. 11d.

Mr. R. W. Cooper: It says 3s. 10½d. I read the exact figure; we need not discuss it.

Sir L. Chiozza Money: I am agreeing with you.

9207. *Mr. J. T. Forgie:* Did the representative you had on the Fuel Committee make any objection to taking the higher price?—Yes, he did make an objection, but Mr. Walker, the Chairman of the Local Fuel Committee, stated publicly that he could not take our expenses because he acknowledged that our form of distribution and the method of distribution could not be put forward as fair because we delivered all our coal to order, whereas the bagger in Glasgow is a hawker; he hawks the coal, and his expenses are more than ours, necessarily very much more.

9208. The fact is you accepted the payment?—We could not do otherwise; it was fixed by the district.

9209. How was this dividend distributed, was it amongst your coal buyers or the whole members of the Society?—The dividend was given back to the purchasers.

9210. To the purchasers of what?—The coal.

9211. The coal only?—Yes.

9212. You did not distribute that amongst people who purchased groceries?—No, it is a dividend for the coal purchasers.

9213. Let us be quite clear upon that. Are your dividends paid to people who buy one class of food and another class of food and coal separately, or is it one uniform dividend?—A uniform dividend for all purchasers.

9214. Do all your customers buy coal?—No.

9215. Then part of this profit went to purchasers who did not buy coal from you?—It would not go to the purchaser who did not buy coal for the reason he would not get a dividend.

9216. Part of it went into other people's pockets?—I am giving you the whole dividend declared.

9217. Is it the case that you had a great deal more coal last winter as a Society than the winter before. In Glasgow you got 100 per cent.?—No. We got in 1917 about 330,000 tons of coal, whereas in 1918 we only got about 298,000 tons.

9218. Practically 100 per cent.?—No, 89 per cent.; 11 per cent. short.

9219. The order of the Controller was you were to get 75 per cent.?—Our customers have increased greatly.

9220. Your number of customers?—Yes.

Mr. Sidney Webb: The amount?

9221. *Mr. J. T. Forgie:* He said the number?—The number has increased. The Controller made it very clear to us; we were to get coal on registration.

9222. In the winter you got a number of additional customers?—Yes.

9223. And took them from some of the other smaller retail dealers?—I would not say that either.

9224. *Mr. Evan Williams:* Would it be possible to supply the City of Glasgow with coal without hawking in bags?—Yes, I think so.

9225. *Mr. Robert Smillie:* Are you really getting coal equal to your members who registered with you?—No, we were very short for our members.

9226. You only registered your own members?—Yes.

9227. Your own co-operators?—Yes.

9228. Previously they were being served by merchants outside of you, but when it came to registration they registered with you?—That is to say being co-operators.

9229. You had considerable trouble I think in getting the Coal Controller's Department to recognise that you had those people with you?—Yes.

9230. You have been told you were not to get coal for them, and they were to go back to the merchants with whom they had previously registered?—Yes.

9231. In every other class of goods where people have to register they were allowed from time to time to change from one grocer to another for instance?—That is so.

9232. But not in coal?—Not in coal.

9233. Do you remember in May of last year that there was a demonstration of miners held in Lanarkshire?—Yes.

9234. The co-operative members joined in that demonstration?—Yes.

9235. The members of the Local Co-operative Society?—Yes.

9236. Had you difficulty in getting coal for some time after that?—There was an acute shortage after that.

9237. Is it a fact that some of your co-operative buyers were told, either by merchants or coal masters, they were not going to supply you because you had taken part with the miners who made the demonstration?—I do not think any coal master made such an assertion, but there was a lot of loose talk to that effect. No actual master ever made that assertion.

9238. Did anybody make it; did any coal sellers?—I cannot say that any responsible party ever made that assertion.

9239. If two of your responsible co-operative officials came to me and told me that was so, and led me to raise the matter before the Coal Controller, would that be right—two officials of the society? You say it was not true?—No, I cannot say it was not true, but it never came to my knowledge that any coal master or any responsible representative of coal masters made that threat.

9240. Enquiries should be made. I do not care to make a statement, as I did before the Coal Controller, if there is no ground for it. Do you buy the coal?—I buy the coal for all Scotland for the societies.

9241. You have no difficulty on that account, as far as you know?—I cannot say I had any difficulty.

9242. *Sir L. Chiozza Money:* Are you aware there have been a number of complaints by coal merchants that the Coal Controller fixed a margin that did not afford them a profit?—Yes, we have had complaints from several in Scotland, that the margin is very, very near.

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MR. THOMAS BURTON.

[Continued.]

9243. How do you account for that if you can produce a surplus of 3s. 10 $\frac{1}{2}$ d., shewing on your system the Coal Controller has fixed too high a price at 4s.? How do you account for the complaints?—Every Local Committee bases its own prices.

9244. How do you account for the complaints of the merchants?—I will give you an instance in Scotland, where the prices fixed by the Local Committee barely left a profit.

9245. Probably the merchants' complaints are true, but the explanation is found in the fact that this system is uneconomic. I suggest that is the explanation rather than they are making an untrue complaint?—I would not say that here because certain merchants in certain districts have not got the same profit. It all depends upon the party that had charge of the Local Fuel Committee. It is mostly in rural districts where these prices are fixed so near that

(The witness withdrew.)

(Adjourned for a short time.)

Mr. SAMUEL ALLEN, Sworn and Examined.

9248. *Chairman*: I think you are the Manager of the Coal Department of the Co-operative Wholesale Society, Limited, at Manchester?—Yes, I represent the whole country, England, Wales and Ireland.

9249. I believe you have certain statistics which speak as to the organisation of the co-operative movement in the coal trade, dealing in particular with (1) distributive costs; (2) sales and average prices; (3) profits for the five years ending December, 1918?—Yes.*

9250. Do you also hand in statistics showing the pit-head price per ton of coal at various collieries dealt with by the Co-operative Wholesale Society, and the railway rates and the wagon hire per ton?—Yes.

9251. *Mr. Sidney Webb*: I think the Co-operative Wholesale Society sells nearly one million tons of coal a year, does it not?—That is so.

9252. Your system is, I think, that you are wholesale dealers and you dispose of the coal to the retail co-operative societies?—That is so.

9253. I see you tell us that your distributive costs as a wholesale society for the average of five years ending 1918 were 2 $\frac{1}{2}$ d. or nearly 2 $\frac{1}{2}$ d. per ton?—Yes.

9254. Could you tell us what is the system on which you proceed in charging the retail societies: Do you charge them an inclusive price including your commission, or do you make a special charge for commission?—We state, in the first instance, what the pit-head price is, the railway rate and the wagon hire, and then we charge our commission on top of the pit price.

9255. Could you tell me what your commission is?—In some cases 6d. and in others as high as 9d.; it depends very largely upon the price of coal per ton.

9256. Your commission is 6d. to 9d. a ton. That would be comparable, would it not, to the rate which is allowed by the Controller to factors and the wholesale dealers?—Much less.

9257. Yes, you charge very much less, but the item corresponds to what the ordinary factor charges. The ordinary factor charges a shilling and the wholesale dealer charges on an average 18d., we were told, but you charge 6d. to 9d.?—Yes.

9258. We have to be brief, and therefore I will not ask you about a great many things. You supply to the co-operative retail societies, and the co-operative retail society sell to the consumer at the same price as the ordinary coal dealer sells?—In many cases at less at the present time.

9259. At any rate they cannot easily charge more because it is in competition with them?—Exactly.

9260. Therefore we may assume they do not charge any more. After that there goes back to the consumer a dividend on his coal purchases?—Yes.

9261. I know the dividends vary very much, but could you give the Commission some idea of what the dividend is in some of the different co-operative societies? We have been told in Glasgow it amounts to the equivalent of 3s. 9d. a ton. I do not think it is quite so much in England?—Of course the dividends are not paid on the price per ton, but they

there is very little margin left for the merchants. As a rule the prices in Glasgow have been fairly good.

9246. With regard to your knowledge, do you think it would be possible to create for the whole of Glasgow a system like yours with proper inspection which would fit the needs of Glasgow? Do you think there is difficulty about it as a practical business proposition?—I do not think there is any great difficulty.

9247. What would you do? What sort of system are you contemplating; a system where you would collect the orders from each street?—You could divide Glasgow into districts and have certain divisions in Glasgow where all orders would require to be placed by the consumer, so that no overlapping would take place, and all coal should be ordered by the consumer and there should be no coal hawkage. It is the hawkage that is the greatest curse in Glasgow.

are paid on each pound sterling spent by the customer. You may take it that dividends at the present time are being paid (if I go to Lancashire, that will be typical) in Lancashire from 1s. 3d. up to 2s. 6d. 2s. 6d. would be the highest, and it is only in one or two cases.

9262. In the pound?—Yes.

9263. May we take it that that coal is £2 per ton?—That is about the delivery price to the consumer's place.

9264. Therefore a dividend of 1s. 3d. in the pound would be equivalent to 2s. 6d. per ton of coal?—Yes.

9265. And a dividend of 2s. 6d. in the pound would be equivalent to 5s. per ton of coal?—Exactly.

9266. Do you think that the retail societies lose money on their coal department? Is it fair to say that they make the dividend on their coal?—Yes, they make the dividend on the coal. In fact, I may say on the whole, from my knowledge, which is pretty wide with regard to these societies, because I am consulted on almost every point with regard to their retail trade, they make generally more dividend on the coal department than they do on some of the other departments they deal with.

9267. Therefore we may take it the saving of 2s. 6d. in the low dividend up to 5s. in the highest dividend on each ton of coal to the consumer, if he is a co-operator, is a real saving in the cost of distribution?—Yes.

9268. And that saving is made because the co-operative system of distribution is more economical than the system of distribution by a number of merchants and dealers?—That is so.

9269. I suppose that is very largely because of the quantities dealt with?—The quantities dealt with and the organisation, which has been perfected from time to time.

9270. That is to say, the organisation of the co-operative movement in distribution is superior in economy to that of the merchant and dealer and hawker?—Shall I put it in a very simple way? A lorry or waggon delivering for a retail co-operative society would draw up, say, at a row of premises and deliver at most of them, and perhaps dispose of the load in bags, where the load is delivered in bags, and not loose in a cart, at that one block of premises. Now, the private trader generally has to deliver a few bags in one road, and then, perhaps, he has to go to another road or street a few hundreds of yards away. Therefore, the co-operative vehicle is back again at the station or wharf long before the other man has disposed of his load.

9271. Therefore, if you were asked by the Commission or the Government to organise the distribution of coal for all the households, instead of only for the co-operative members, you could make still further economies, could you not?—Well, this is the principle, in my opinion: I have perhaps been in a great part of the organisation of this, so far as the ground covered by the Co-operative Wholesale Society is concerned, and I am firmly convinced that this is the

* See Appendix 48.

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MR. SAMUEL ALLEN.

[Continued.]

cheapest method which has ever been found of organising the supply and delivery of fuel.

9272. *Mr. Evan Williams*: If you were dealing in coal alone, would you effect the same economy?—This is coal alone which I have been speaking of. I have quite sufficient with the coal department, dealing with a department of this size, without dealing with articles of any other kind, especially in our institution which is the largest trading concern in the world.

9273. My point is with regard to the dividend which you return to the buyer; that is dependent not only upon your profit upon coal, but upon all other articles you sell, is it not?—The dividend, of course, is received from the retail co-operative socie-

(The witness withdrew.)

Mr. VERNON HARTSHORN, Sworn and Examined.

9278. I believe you are a Member of Parliament and Miners' Agent of the South Wales Miners' Federation?—Yes.

9279. The way I propose to examine you is to read the *précis* that you have been good enough to give us and then ask you to add to it such remarks as you think you ought to add.* You say in your proof: "The advance of wages of 30 per cent. is not asked merely to meet the rise in the cost of living. It is asked for because of the resolve of the miners that their pre-war standard of life shall be raised. The opinion that an advance of 50 per cent. should be asked for was strongly entertained at the Southport Conference. The 30 per cent. represents the minimum that will satisfy the miners in their desire for a higher standard of life than that which they had in 1914.

"The necessity of meeting the rise in the cost of living (which the Ministry of Labour now puts, February, 1919, at 120 per cent. above the level of July, 1914), enters into the demand. The total increase of wages since the beginning of the war averaged over all the districts of the Miners' Federation of Great Britain now stands at 78 per cent. This means that an advance of 42 per cent. on pre-war wages is necessary in order to restore the miners to the position of 1914.

"But even supposing the miners' wages had risen further, or the cost of living had not risen so high, supposing the Government offer of 1s. (roughly equivalent to 10 per cent.) had restored the miners to their pre-war position, this would leave 20 per cent. as the miners' demand, which would be a very moderate rise when the whole conditions of the miner's life are taken into consideration. Further, if Mr. Lowes Dickinson's figures be taken, it would show that the profits of the coal industry had risen from a pre-war average of £13,000,000 to a rate of £39,000,000 for quarter ended September, 1918, while the miners' average income had risen from £82 to £169 in the same period. This would mean that profits had been trebled, while wages had little more than doubled. But the Federation figures show 78 per cent. and not 105 per cent.

"The arguments for this advance, based mainly on the desire of the miners for a higher standard of life, but partly on the necessity of meeting the cost of living increase, the detailed figures of advances in each district since the beginning of the war, together with special illustrations from the largest of the coal-fields, will form part of the evidence."

Now will you kindly tell us your view?—I think you will gather from the *précis* that such figures as I hand in will aim at placing before the Commission what the miners regard as representing their pre-war standard of existence and also the extent to which that standard has been maintained during the war. As I say there, even if such figures as I put in prove to be inaccurate, and even if the other side can prove that on the question of the standard of living, or the cost of living, wages have kept pace with the increase in the cost, yet the miners still say that the pre-war standard of living was so inadequate that they must insist upon a substantial advance in wages.

I think in considering this demand the general conditions of the miner's life and the nature of his employment must be taken into account. If you take the ordinary working day of any miner (I have

ties. I may say that the Wholesale Co-operative Society has a small dividend which it pays to its retail societies.

9274. But it is a dividend which depends upon the whole transactions of the society and not in this case upon the coal alone?—Exactly.

9275. If you returned a dividend to the coal buyer upon his coal and upon the result of your transactions in coal, would that be as high as it is at the present time?—Higher in some cases. I have already told Mr. Webb that in some cases it would be higher.

9276. Do you think it would be higher if they dealt in nothing but coal?—Yes, in some instances.

9277. But in this case not?—Exactly

in mind a representative case in my own district), the colliery starts winding coal at 7 o'clock in the morning. The men have to be down somewhere between 6 and 7 o'clock—say an average of half past six. They come up between 3 and 4—say an average of half past three. So that we get the miner in his pit clothes from about 5 in the morning until, say, half past three when he ascends the pit, and by the time he gets home and has his food and a bath and gets out of his pit clothes again, it is half past four. Of course, I think that a miner is at work all the time he is in his pit clothes. A man has to leave his bed in the cold winter mornings and come down into a cheerless kitchen without any fire. He cannot take his clothes up to his bedroom, but he has to come down to change, and the moment he gets his pit clothes on he cannot move from chair to chair or room to room. Every movement he makes leaves its mark, and it is the same when he comes home. You have had some evidence on the matter I have noticed during the day, and I do not want to detain you for any length of time on this position. Then, of course, you have to bear in mind that the collier's work is done in the bowels of the earth in the darkness. I think it is true to say that during the whole of the winter months a miner never gets more than one or two hours of daylight on any day except Sunday. I know from personal experience, having worked at the coal face myself for about 12 years, that it is a very arduous occupation and very laborious. I know when I was a growing lad it was quite a common thing for me, after I got home in the night and after getting my food, to lie down on the hearthstone in front of the fire, feeling too tired and stiff and lifeless to get a bath and rest. In the morning, when I was hauled out of bed, I felt it was like going to the gallows to get up at all. I think that is the common experience of the miner, having regard to the nature of his occupation.

Then I would just say also that it is a very hazardous calling. I do not think the public fully realise that one out of every six or seven—certainly one in every seven—of all the men and boys employed in the industry, surface and underground, every year get injured to an extent that renders them idle for at least seven days, and a very considerable number of them, of course, are rendered idle for a much longer period, and large numbers of them are totally and permanently disabled. I think about four men are killed in the mining industry every 24 hours, Sundays and weekdays. This is an occupation in which men are blown to pieces. Only recently I had to deal with a compensation claim for two young men, the only sons of, parents, who were both killed instantaneously in one of the collieries in my district. That probably is not a thing that often happens, but it is by no means unique, and every miners' agent has that experience. When we get explosions, it is no uncommon thing to get four or five or six dead men laid out in the same house. I have seen a father, a son-in-law, and four sons—six of them—who all left the house hale and hearty in the morning, brought back in the evening charred corpses, and no one left in the home but the two widows, the mother and daughter. In the mining industry the casualties are more like those of the battlefield than anything else. The only difference between the soldier and the miner is that the miner

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can never ask for an armistice. We cannot even treat for terms of surrender. The casualties go on every day.

Now what the miners say is this: Having regard to the arduous and hazardous and unpleasant nature of their calling, they consider that they are rendering a useful service which places the public under an obligation to ensure to them a decent civilised existence in return for those services. I think you may take it that the miners will no longer consent to be regarded as mere hands whose chief function is to produce profits for idle shareholders. They will insist upon being regarded as useful public servants, and to be treated as such. I think in that respect, or on this point, I might just say that whatever is done in the matter of an advance in wage, or a reduction of hours, at the present time, resulting from this inquiry, unless the mines become State owned we shall certainly have a very serious situation in the mining industry. I think State ownership of the mines has become inevitable. At the present time the miners are in the frame of mind in which they are prepared to treat and deal fairly and to recognise all the interests that have grown up in the industry. But I am perfectly certain that, unless the demand for State ownership is conceded at the present time, Syndicalism, or, if you like, Bolshevism, will take the place of the demand being put forward by the miners at the present time. Now none of us want that. I am sure everyone representing the miners in the capacity of leaders, at any rate, is anxious that the change shall take place without any unfairness to any of the interests that have been developed in the industry. Of course we quite realise what we always say about the profiteering of the colliery owners, but there are a large number of people who have devoted their money and genius and experience in a sense to the service of the community, the same as a miner has. A large number of them have invested their money in it on the understanding that the State would treat it as a proper investment, and we do not want to alter that. We want them to be fairly treated. But I think I am only stating an actual fact when I say that, if this is not conceded at the present time, a movement will develop among the miners which will take a different form from that of nationalisation. I assume that colliery owners, on the other side, know exactly what I am referring to. They have experience of its development in each of the coalfields to-day, and I think it is in the public interest and in the interests of everyone connected with the industry that a real and determined effort should be made to put the mining industry on a basis of State ownership. I do not know that I desire to say more than that at the moment in connection with the general aspect of things.

On the question of wages I intend to put in figures in a minute or two, which I shall be able to prove, to show that the average earnings of all underground workers over 21 years of age in the South Wales coalfield at the outbreak of war were about 37s. 9d. a week.

9280. *Mr. Arthur Balfour*: Including hewers?—Yes, all underground workers, and, with the inclusion of surfacemen, I have estimated it would be about 36s. Taking the whole of the men in South Wales as an average, 36s. would have been about their pre-war earnings. I think I shall be able to prove that even that standard has not been maintained during the war, but before going on to that I should like to say that this is not a new movement among the miners. It is not that the miners realised now that they had not a proper standard of existence before the war. As a matter of fact, in 1914 a tremendous movement was developing in the labour world for an improvement in the standard of existence then prevalent. For the first time in the history of the mining movement all our agreements were terminated in 1915. Scotland, Wales and different parts of England had been making general wage agreements each overlapping the other, and 1915 was the first date upon which they were all coming to an end together. It was the first time when it was possible for the Miners' Federation of Great Britain, as such, to take concerted action with a view to getting new

general agreements. They also arranged with the railway men and the transport workers that a common programme should be agreed upon and common action taken, if necessary, in order to secure a higher standard of living. Then the war broke out and immediately the miners dropped their movement. It was not that they needed to have done it, because if ever there was a time in the history of the country when the miners had power and could have enforced their demands, it was during the war. I do not know whether it is generally known that miners' wages in the past have always depended upon the selling prices realised in the market. We have had an audit of the coalowners' books, and when it has been ascertained what the average selling price was our wage was determined thereby. If the price of coal had gone up, wages followed; if the price of coal went down, then the wages went down. It was all to our advantage, if we looked at matters from a selfish point of view, to get as high a price for coal as possible; but the first thing the Welsh miners did, or their leaders did, at the outbreak of war was to appeal to the coalowners of Wales not to raise prices during the war. We told them, "if you will not raise prices we will not ask for increases of wages. Let us realise we are in this all together and do not let us take advantage of the situation in order to depress the position of those not so favourably circumstanced," and they agreed to do that. Just about that time the Admiralty had asked the Welsh coalminers to work on Sundays, a thing unheard of in the Welsh coalfield, and to go and cut coal on Sundays. But we agreed to do it. We asked the colliery owners if we worked on Sundays to give us double time. They said: "It does not come very well to ask for double time with one breath and with the other ask us not to put up the price of coal." Then we said: "You shall not have that excuse," and we agreed to work on Sundays at ordinary time, without anything extra beyond what is ordinary time and one-third. I say that to show that we were not only prepared to allow our movement for an improved standard of living to stand in abeyance, but we were prepared to do what we could to prevent an increase in the selling price of coal in the interests of the community. Of course, the miners know and the leaders know that we could have exploited the war position had we cared to. But from the outbreak of war until now, not only South Wales, but the Miners' Federation of Great Britain has laid down this proposition and adhered to it, that the Federation could not justify the use of its power for improving its pre-war position during the war. We could justify the use of the power to maintain that standard and to get increases in wages to cover the increase in the cost of living, but beyond that we said the power must not be used. No one, I may say, has more distinctly insisted upon that in all the conferences that have been held during the war than our President, Mr. Smillie. But, although that has been the case during the war, it is only right I should say that the miners are determined now to get very substantial improvements. When this matter came up for discussion before the Executive—we had it under discussion several times with the National Executive—we had demands in from nearly every coalfield in the kingdom, and I think there was not one of the demands for less than 50 per cent. advance. We went into the matter. We knew that already it had been decided by conference that we must go in for the 6-hour condition and we came to a conclusion, I might say that even in the Executive it was only by a majority, and we were not agreed upon it, and there were strong feelings in the Executive that we ought to go for more; but we agreed to go for 30 per cent. and put that before the Conference, and it was very difficult to get our Southport National Conference to agree to the 30 per cent. we were asking for, and they accepted only on the clear understanding that so far as the Federation are concerned it must be regarded as irreducible. That is clearly the position the miners take up. I am perfectly satisfied on this—if the miners get all they ask for as to wages and hours, they will have still an existence which very few outside mining circles would exchange with them. Of course, the miners say: "We are serving the community and rendering a

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useful service. If we cannot get a better existence than we have had up to now, we will change jobs and let some of the others do coal getting and we will go and do something else." I think they have made up their minds that they will not do the job any longer on the old terms.

Having made those few observations I propose to hand in the figures.*

9281. *Chairman*: Will you draw attention to the first table, which is headed "Miners' Federation of Great Britain," and which is a statement showing percentage advance received by each coalfield in addition to the war wage?—Yes.

9282. *Mr. Arthur Balfour*: From what date is this?—1914.

9283. The end of 1914?—It is at the outbreak of war.

9284. *Sir Arthur Duckham*: Is this up to the present day?—Yes. Now it is rather a difficult matter to understand or decide what actual wage the miners have received. Up to September, 1917, all our advances were given on a percentage basis. Had that continued it would have been a very easy matter for anyone to say what was the exact amount of percentage advance obtained by any coalfield. Up to that date South Wales had received 46 per cent. That is on their total pre-war wages. Durham had received 35.550 per cent., Yorkshire 32.32 per cent., Scotland 43 per cent., Lancashire and Cheshire 32.32 per cent., Mildand Federation 32.45 per cent., and Northumberland 46.77. I do not know whether I need read all these.

9285. *Chairman*: I think we appreciate them?—Those were the percentage advances. Now you will see in each coalfield there are 3s. in addition to that.

9286. *Mr. Robert Smillie*: Per adult?—3s. a day for all persons above 16 years of age. You will see at once that a lad of 16 with a wage of 3s. pre-war who has had 3s. added to that has received 100 per cent. He got 46 on the percentage basis, and that flat rate represents 100 per cent. to him. A man who was getting 5s. a day pre-war has had 46 per cent., but the 3s. represents to him 60 per cent., so that he will have had 106 per cent. A man who was getting 10s. a day will have had 30 per cent., which, plus the 46 per cent., is 76 per cent. A man getting a pound a day will have had 15 per cent., and a man getting 30s. a day will have had 10 per cent. In order to find what the actual advance in wages this 3s. represents it is necessary to ascertain the average earnings of the men in each coalfield, and when you know the average earnings of the men in the coalfield you can determine what is the average advance which that 3s. represents. That is what I wanted to draw attention to there.

Now I propose to hand in figures to show what that represents in South Wales (*handing documents*). Will you look at the sheets marked 5 and 6, which are the last two, and will you take No. 6 first? You will observe the class is given, as timbermen, rippers, assistant timbermen, assistant rippers, and so on, on the left-hand side of the sheet. Then you have the rates, under 2s. 10d., and so on up to 8s. and over. Then you find in this statement the number of men on each of these rates. You will see I have drawn a number of thick black lines, and that shows the position in 1912.

9287. *Mr. Arthur Balfour*: This is in Wales?—Yes.

9288. *Mr. Evan Williams*: Are these the figures got out for the minimum wage?—Yes, they are figures which I will explain. These were the figures taken from the colliery owners' books in 1912.

9289. By the coalowners?—Yes, by the coalowners, and a copy of them was supplied to us. The returns from each colliery were supplied to us. We spent ten weeks in arbitration upon these figures, because it is upon these figures that the minimum wage was based. We spent ten weeks in ascertaining whether these figures represented the whole of the wages in the Welsh coalfield. It was all to our advantage to prove that these wages were too low, and to get them higher if we could, because the chairman, in fixing the minimum, must have regard to the average, and

if we could have raised these rates we could have done it. But after ten weeks this is the result. Now, the minimum wage raised all those to the left of the red line, and you will see under timbermen there were 2,603 under 6s. a day. Now, all those were brought up to 6s. 6d. In the same manner there were 721 rippers under 6s. There were 2,812 assistant timbermen under 5s. Now, all I want to say in addition to this sheet is this: that from 1912 to 1914 two things happened. One was the raising of these rates which are to the left of the line up to the minimum rates. The other thing was an advance in wages of 6½ per cent. over and above the actual figures on this sheet. That is all that took place. These rates are the same now as then with the exception of the percentage change which has taken place and the 3s. war wage, and one or two other small alterations, which I will mention later on.

9290. *Mr. Arthur Balfour*: These are the percentages of advance which you have just read?—Yes.

9291. And they apply now?—No. There is something between now and the war which I will come to in a minute. Now will you look at sheet No. 5 where you will see exactly the same information for the piecework colliers? I have drawn the red line where the minimum wage was fixed there. If you will observe, there are 21,792 men who were under 7s. a day; they were between 6s. 9d. and 7s., and I am taking that at 6s. 10½d. The independent Chairman fixed the minimum at 6s. 10½d. for colliers, so that all those men have been raised. Now with reference to the other earnings the men working on the same price lists are paid the same rates. If they do the same work they will earn the same money, the only difference with them being that those above the red line could not be paid less than 6s. 10½d. Now if you go back to 1 and 2, you will see what I have done there is to show 21,792 at 6s. 10½d. That is the actual colliers on the minimum in 1912. Since then and before the war they got 6½ per cent., bringing them up to 7s. 4d. Their present rate is 13s. 8.56d. That is an advance of 87 per cent. That is their 46 per cent. that they have received under the percentage basis, and those men have received 41 per cent. on the 3s.

Mr. Frank Hodges: That is the 3s. represents 41 per cent. to those men?—Yes. The 3s. war wage represents 41 per cent. to those men.

Mr. Arthur Balfour: I just wanted to be clear on that.

The Witness: Now as the wage of the men goes up the percentage advance goes down in the nature of things until we get to the bottom of the list when the colliers getting the highest wages before the war have received only 55.3 per cent. That is 46 per cent. by percentages, and the 3s. represents to them less than 10 per cent., and the average for all the colliers, 63,223 colliers, works out at 78.3 per cent.

9292. *Sir Arthur Duckham*: There is just one figure in the first column, the number of colliers. To which year do those numbers refer?—1912.

9293. They do not refer to 1919 at all?—Yes.

9294. You cannot bring the same number into the same category?—What I am putting is 21,792 in 1912 were getting less than 6s. 10½d. a day, and they are working to-day on the same price lists. If they are working under similar conditions and do the same amount of work they will get the same wage except they cannot get less than 6s. 10½d.

9295. There may not be the same number of men working?—There may be that point, but I think I shall be able to show this is the very position of the coalfield to date.

9296. I only just wanted to see what the position was?—Yes. I shall be very glad if you will put questions. If you will turn to page 2, you will see I have worked out the day men in the same way, having taken from sheet 6 all the day men's rate in 1912, having added to them 6½ for 1914, the pre-war rate, and showing what advance they have obtained, and the average for the day wage men is 94 per cent.

9297. *Mr. Arthur Balfour*: Again including war wage?—Yes.

9298. But it does not say so?—What I am putting is that that 1919 column which shows the wage in 1919 includes the war wage.

* See Appendix 30.

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9299. I wanted to be quite clear because it is rather important?—Yes. You will see in 1914 they were getting 5s. 4d. Now they are getting 10s. 9½d. That is 102 per cent. That is for those on the lowest rates, but as we go down they do not get more than 80·9 per cent. in the end and the average is 94 per cent., so that we get for the piecework colliers an increase of 78·3 per cent. and for the average day men 94 per cent. That is what the percentage on the war wage really amounts to. Now will you look at page 3?

9300. *Mr. Robert Smillie*: The difference in percentage now between the pieceworker and dayworker is caused by the 3s. flat rate?—Yes. The day wage men have a lower wage, and therefore they have a higher percentage advance.

9301. *Chairman*: You were coming on to page 3?—Yes. Now I want to repeat a statement here that I made in the House of Commons, and I wish to make it with the figures before me. I have found a lot of people denying the statement I made. I would like to make it now in the presence of Mr. Williams, who knows as much about this business as I do. I think I said at the outset that I am basing all my calculations on five days a week. I said in the House of Commons, and I repeat now, that the pre-war wages of the day wage men in South Wales were analysed as follows. There were 21,693 who got an average weekly wage of £1 6s. 8d. There were 11,300 whose average wage was 5s. 10·9d. and their weekly wage was £1 9s. 6d. There were 22,717 whose weekly average was £1 11s. 10d. That was over 80 per cent. of the day wage earners getting less than 32s. a week. There were only 12,283 above 32s.; and there were only about 1,200 out of the total of nearly 69,000 who got over £2 a week; and the average I work out at 6s. 2d. per day, or an average of £1 10s. 10d. per week. Now with regard to the pieceworkers there were 21,792 with an average of £1 16s. 8d. per week, 10,519 with an average weekly wage of £1 19s. 3d., 12,886 with a weekly wage of £2 5s. 5d., and 10,972 with an average weekly wage of £2 12s. 10d. That accounts for about 88·8 per cent. of the total. There were only 216 men out of the 63,000 piecework miners who were earning more than a pound a day. The figures are before you and can be seen. They are taken from the coal owners' books, and there can be no question about them at all. The average works out at 9s. 0·6d. per day.

9302. *Mr. Arthur Balfour*: The highest figure you gave is 10,972 at 10s. 6d. Then you say there were 216 earning more than a pound a day. How many were there between the 10s. 6d. and the one pound?—You have 88·8 per cent. included in that. Then you have 11·2 per cent. to account for.

9303. *Mr. Herbert Smith*: Is this £2 5s. per week before stoppages?—Yes.

9304. The stoppages are taken out of that?—Yes, that is right.

9305. Explosives?—No, not explosives.

9306. Tools?—Yes, tools.

9307. *Mr. Robert Smillie*: But explosives would be used?—Yes, except in the case of minimum wage men. They would get their minimum apart from explosives.

9308. *Mr. Evan Williams*: In the majority of cases the companies supply the powder?—In the steam coal collieries we do not use much powder. I think the customs vary at the different collieries on that point. The average for all the underground workmen under 21 years of age was 7s. 6·6d. per day or an average of £1 17s. 9d. per week. The present wage, as you will see from (1) and (2), of day wage men is an average of 11s. 0·6d. per day or 94 per cent., and the colliers 16s. 1·7d., or an average of 78·3 per cent., and the general average increase in the wages during the war for all mine workers in South Wales works out at 86·4 per cent. Now it is rather interesting to look at Mr. Finlay Gibson's figures to see to what extent his figures and mine are in agreement as to 1914. You will see that he gives all underground labour totals, all surface labour totals, and the average. I give the average for all underground workmen at 7s. 6·6d.; he gives it at 7s. 8·2d.—only a difference of 1½d. between us—although I have worked it out from the data supplied us in 1912, by adding the percentages and bringing about the

changes wrought by the Minimum Wage Act, which comes to the same average within 1½d.; and he gives for all adult labour, surface and underground, 7s. 3·77d.; that is £1 16s. 3d. I estimate it at £1 16s. in my statement. That really represents the wage business. I have only one other figure to deal with, but what I want to emphasise now is that I have been trying to show, and I hope I have succeeded, that if you want to know the actual advance that has taken place you must find out the average wage of the coalfield in order to ascertain what the 3s. represents, and then find out the percentage advances which have taken place during the war in the respective coalfields. Now a friend of mine, one of the Executive, after making very elaborate calculations, came to this conclusion, that what is called the day wage rate of colliers represented the average, and he has worked out on that basis what advance has been secured to each coalfield, assuming that to be the average; and he has placed the average down here, as you will see, for South Wales at 7s. 4d., Durham 7s. 0½d., and so on all the way down; and in the right hand corner he gives the percentage advance for each coalfield, and it works out at an average of 77·8. In looking through Mr. Finlay Gibson's returns I find that the majority of those are almost exact. For instance, Scotland is given as 7s. 1·83d.; it is given here as 7s. Of course that would only make a very trifling difference in the percentage increase. I cannot go through them all because they are mixed up a bit. We have Midland Federation and we have Bristol, which is given as 4s. 11½d. by me, and the owners give it as 5s. 0·2d.; Forest of Dean 5s. 5d., the owners 5s. 7½d.; Somerset 4s. 11½d., and they have 4s. 11·86d. Yorkshire is together with us, and it is put as 8s. 3d., and it is given here as 8s. 0·23d. Cumberland is given by me at 7s. 0½d., by the owners as 6s. 11·35d. Lancashire and Cheshire cannot be taken because there are arithmetical mistakes there, and it is not worked out.

9309. *Mr. R. W. Cooper*: Would you mind giving me Durham and Northumberland?—I am coming to that. In Monmouthshire and South Wales we give 7s. 4d., the owners 7s. 3·77d. In Durham and Northumberland the figures are at variance, but, apart from those two coalfields, it is a remarkably near calculation. Since I have had these owner's sheets in my hand I have gone through them and have found the actual average advance in wages represented on these sheets, and they work out at 81 per cent. That is taking the actual advance that has been secured in percentage.

Mr. Arthur Balfour: Including war wage?—Yes, including war wage. That is what has actually taken place, so far as we know about it. We get from here the actual wage in 1914. We know what the percentage has been added on to it, we know what war wage has been added.

9310. *Mr. Frank Hodges*: The basis of the calculation is taken in 1912?—I am pointing to this sheet of the owners now. I have not had time to prepare that statement, but I do not think, as far as our general percentage advance is concerned and the war wage, that it can be far from the region of 80 per cent. I think that is practically certain. I hope I have finished with the figures now.

9311. *Chairman*: Is there anything that you desire to add?—I do not think so. I think I will leave it there.

9312. *Mr. Arthur Balfour*: I thoroughly understand your figures. I am neither a coal-owner nor a collier, but I would like to ask you to try to show me what you calculate the advance of wages which you are now asking for amounts to per ton of coal raised. You see it is vital to the settlement of the question?—I think my estimate of it is about 3s. 1d. a ton.

Chairman: 30 per cent. increase equals 3s. 1d. a ton.

9313. *Mr. Herbert Smith*: You do mean 3s. 1d. on getting prices?—I mean the total cost.

9314. *Mr. Robert Smillie*: And the 30 per cent?—Yes.

9315. *Mr. R. H. Tawney*: Assuming other things to be the same?—Yes. What I am taking is this: You have the average wage in 1914 (I am taking now

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South Wales) of 7s. 6d. If you add 46 per cent. to that, that would be 11s. 1d. a day; that is to say, if the average then was 7s. 6d., 46 per cent. has been added, because we are not asking for 30 per cent. on our total wage, we are asking it on the 7s. 6d. plus 46 per cent. That comes to 11s. 1d. a day.

9316. *Mr. Arthur Balfour*: So that your calculation is that a 3s. 1d. a day advance represents the 30 per cent. increase?—Yes.

9317. What does that mean in millions of pounds on the output? Take, if you like, the 1918 output, which was 230 million tons?—Do you want me to do some arithmetic, because I have already done a tremendous lot during the week.

9318. I want a picture of the whole thing before me. It is 230 millions tons output at 3s. 1d. per ton advance.

9319. *Chairman*: It is so important that Mr. Dickinson, who is here, will give it?—I make it 34 million pounds.

9320. 230 million tons at 3s. 1d.?—No. that is 36 million pounds.

Mr. Arthur Balfour: Now, will you help us again? What do you say would be the decrease in output due to the reduction of hours from eight to six on the average?—I do not think it is possible for anyone to answer that question. I have not been able to form an estimate myself at all.

9321. We are in an extreme difficulty because we must form an estimate before we come to a decision. I wish you would help us with your experience?—I think so much depends on the manner in which the altered hour system is put into operation, what changes take place, and whether there would be any changes. Take, for instance, the standing charges, if you can maintain your output. Even though you get an increase in your wage bill, your standing charges would be the same per ton if you can maintain your output.

9322. Maintain what output—the 1918 output?—Yes. You would not have any increase (if you maintain your output) per ton as far as standing charges are concerned, whereas if you had a reduction in your output the standing charges would go up, and what I am putting is, unless we know whether the output is to be maintained, you cannot tell whether there is going to be an increase on that to start with.

9323. You would agree with me that you might maintain your output, but you might materially raise your cost by having to put more men into the mine to do it?—That is possible.

9324. Will you assume that there would be a decrease of output of 10 per cent.?—I should be surprised if there is any decrease at all in the total output. I think there will probably be a reduction per man per day.

9325. Of course, that would raise the cost?—I think we shall have to admit that there will be some increase; I cannot estimate it at all.

9326. The difficulty in estimating the exact figure is that 1914 had an output of 265 million tons, whereas 1918 had 230 million tons. Would you go back to the 265 million tons or the 230 million tons of 1918?—I do not see any reason why the industry should not produce its heaviest output yet.

9327. And the 265 million tons in 1914?—Yes.

9328. 1913 was 287 million tons?—I do not see any reason why we should not maintain that output as soon as the collieries develop after the war. During the war there has been a curtailment in development.

9329. Again, on the basis of putting more people into the mine to do it?—Yes.

9330. That makes an additional cost.

Mr. Frank Hodges: Not necessarily more than you had in 1914, because there is a deficit now of 123,000.

9331. *Mr. Arthur Balfour*: What we want to try to find out is what will be the reduction?—I think you can depend on this, that with reduced working hours there will be a substantial reduction in absenteeism. I think that is practically certain, and especially if, with a reduced working day, men start work later in the morning, because a very large number of our men have to be out of bed at half-past 4 or 5 in the morning, and quite a lot of them sleep

late, and there is a good deal of absenteeism due to that. If they were starting at 8 in the morning instead of 6 or 7, I think there would be a reduction of absenteeism due to that fact.

9332. The position we are in, quite frankly, is that the best official estimate we have got from the figures compiled at the Coal Controller's office and Sir Richard Redmayne's and Mr. Dickinson's is 8s. 2d., of which 4s. represents wages.

Sir L. Chiozza Money: I am very sorry to interrupt you, because I know you want to be fair about it, but Mr. Dickinson has not yet presented his second estimate based on Sir Richard Redmayne's estimate. We are waiting for that now.

9333. *Mr. Arthur Balfour*: The difficulty I am in is the number of men and the varying factors. Let us assume that that figure of 8s. 2d. is the only official figure we have before us. We are told that 4s. of that is wages and 4s. 2d. reduction of hours and other things resulting therefrom. There is a tremendous difference between the 8s. 2d. and your 3s. 1d. to me. I want you to help us, if you can, and tell us what you think ought to be added in your view?—I could not give you a figure. It would be a pure guess. I would not give a figure unless I was able to back it up with something, and I am not in a position to do that.

9334. What do you think the reduction of output per man would be?—That again I think is very difficult to say. I think, myself, there will be more or less speeding up with a reduction of hours. The men, knowing that they will be coming out in 7 hours instead of 9, will be putting all the movement into it that they possibly can, and I do not know at all what would be the effect of it.

9335. I wish you could give us an estimate of it, because without some help from you, who have such great experience, we have nothing to compare with on your side. We have had the other side's figures and we should like to have your side's?—If you would ask me my experience, my experience is that I think it is possible in lots of cases that have come under my notice for the men to produce more than they are producing now, and that they would produce very nearly as much as they are producing now if they had the shorter days, conditionally that they had not the thing before them which has sometimes prevented them filling, and that is the idea that they are producing for profit. You may think that that is a put-up case, but I am continually meeting men and continually discussing this in Lodge meetings—Sir Richard Redmayne knows I have taken cases to the Coal Controller and asked for investigation—where I have felt that more could be done; but the men say to me when I go to them, as I did during the war: "Why should you ask us to fill more coal? Look at what profits the colliery owners are making"; and they have pointed out to me that the colliery owners are getting their capital back every five years, and they say: "Why should we go on adding to our output for these people?" I do not know to what extent that is the case; but if all the miners' leaders, instead of preaching class war and class hatred and class antagonism, as they have been doing for the last quarter of a century, if they could only turn on to developing a social conscience and getting the miners to realise that they were working not for profits but for the community, I think a very considerable amount of the deficiency that you expect from the 6 hours might be made good from the development of that social conscience. I do not know whether that will be treated as a bit of sentimentality, but it harmonises with my experience. It is what I think would happen, arising out of my experience.

9336. Will you try and give me a figure from which I can calculate something as to reduction of output per man?—I have tried to calculate the thing out myself, and that is where I have stuck on the calculation?—I suppose the actual reduction, taken generally, is about 28 per cent. of the working time—somewhere about that, I suppose.

9337. 28 per cent. as a gross calculation? If you take 28 per cent., and the men are going to work at the same rate, I suppose you will get a corresponding reduction; but you have so many factors coming into

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the calculation that makes it impossible to give a figure.

9338. We have had an estimate from Sir Richard Redmayne that that figure could be brought down to 19 per cent?—You mean to say that it would roughly be one-fifth of the output knocked off. I should be very surprised if it meant as big a reduction as that.

9339. You see that 20 million odd tons off would make an enormous difference to standing charges?—Yes. But I do not think you are going to have any reduction. I believe you are going to maintain your output, even though it means additional men straight away or in the very near future.

9340. In one or two years?—Long before two years. After all, you have this fact to bear in mind—I have not the figures by me, but in the mining industry there is a general increase in the number of men and a general advance in the output, and had there been no war such developments would have taken place as would have given us a much larger output than 128 millions.

9341. There had been a fall per man already, although the total output was greater?—There were probably other considerations.

9342. I am leaving out 1912. Would you accept that figure of 19 per cent. for the moment as a basis for your calculation?—If Sir Richard Redmayne has given it, that is his estimate, but I have not made the calculation. I can only say that I should be surprised if it is so high.

9343. 19 per cent. would make a difference on the labour cost of something like three to four shillings.

Mr. Sidney Webb: It rather depends on whether you get more men on.

9344. *Mr. Arthur Balfour:* Yes, it does. All our figures are without war charge, and, unless it was made very clear, your figures were not going to compare with ours?—I have been trying to ascertain what is the total advance.

Mr. Herbert Smith: Mr. Finlay Gibson's figure includes the war wage?—Yes, all Mr. Finlay Gibson's figures are since the war.

Mr. Arthur Balfour: We have been discussing mostly figures without war wage. I did not want to have any misunderstanding about it.

Chairman: Would it be convenient for you, while we are doing this, to say what it would be at 10 per cent.?

9345. *Mr. Balfour:* At 10 per cent. it would be a reduction of 23 millions, taking the 1918 output?—Yes, 23 millions on the year's output.

9346. Can you tell us what that would mean in wages? It means another calculation?—No, I cannot.

Chairman: I have that figure of 10 per cent. on 23 millions.

Mr. Arthur Balfour: What does that mean in shillings and pence per ton, may I ask?

Chairman: 2s.—no, that figure is wrong; it is based on a different estimate.

Mr. Arthur Balfour: It is extremely difficult. Your factors move all the time. I must get some figure of Mr. Hartshorn's so that I can go on with the argument.

Mr. Sidney Webb: Imagine a 6s. loss.

Mr. Arthur Balfour: Yes, let us imagine a 6s. loss and correct it afterwards.

Chairman: I have it on 234 million tons, that is 26 million pounds, and that is 2s. 2d.

9347. *Mr. Arthur Balfour:* Let me go on at 6s., without tying ourselves to that figure, because we can correct it afterwards. That appears to be the lowest possible figure that we can get down to. Our official estimate is 8s. 2d. We have had other estimates from the owners and others who very much exceed that, but I want to take the very lowest, because I am anxious to find some means of doing what the miners want if possible. The average price of coal is 24s. 10d. at the pithead to-day?—Is that an agreed figure?

9348. Yes, we have had that given to us as an agreed figure. Do you think that, in view of the war having stopped and our becoming subject to American competition, we can carry this industry on at a price of 24s. 10d. average price at the pithead?—Of course, it is a high figure for peace times, there is no doubt about that, but I see no reason at all why

there should not be considerable reductions take place in the case of production in other directions.

9349. Gradual reductions?—I do not see any reason why there should not be some substantial reduction take place in the cost of production due to some articles that enter into the cost of production.

9350. You would agree with me that if you added that 6s. to the 24s. 10d. and made it 30s. 10d. that as an average price which would not enable us to maintain our trade?—I do not know. I have heard that, of course, every time there has been anything on.

9351. Let me tell you that at the present time we are losing very considerable orders in this country owing to our cost of production?—I should be surprised to hear that.

9352. I can assure you that is so?—Am I to understand from that that the collieries are idle in consequence of lack of trade, due to prices.

9353. No, there is a good deal of war work still to be cleared up. I am speaking of exports other than coal. Do you not think that if we are going to compete with these other countries that have so enormously increased their productive capacity in all other goods, that what we ought to do is to decrease our price of coal per ton?

9354. *Mr. R. H. Tawney:* May I ask what your question was?

Mr. Arthur Balfour: I asked Mr. Hartshorn whether he did not think, in view of the whole position of the possibility of competition with other countries, that we are at a point where a reduction in coal is what would help us, and what would enable us to recover our export trade. I suggest 5s.?—I have been on the Coal Organisation Committee and on the Coal Controller's Advisory Committee all through the war, and I have not come into contact yet with any evidence which would lead me to think that there is going to be any trouble in disposing of such coal as we can produce for some time to come.

9355. You will agree that it is impossible to maintain our neutral price?—That question might have been put some years ago on a very much lower figure than it is being put now. It has been maintained.

9356. If we are unable to maintain our neutral export price?—Then I suppose I must admit that a point has been reached.

9357. It would have a material effect on the average price per ton?—Yes, I think a price could be reached at which it would affect our export business.

9358. I think I have now got to the point where I must take you to the other side of the question. The profits per ton in 1918 were 3s. 6½d.?—So I have heard.

9359. That is including the owners' profit, the Government's profit, the Coal Controller's levy, and the depreciation as a wasting asset, which Dr. Stamp told us ought to be allowed for at the rate of two millions per annum in 1913. If you are to increase the labour cost by 6s., where are you going to get it from? You have 3s. 5½d. in profit; supposing you took the whole of it, where are you going to get the rest from—the 2s. 6½d.?—The remarkable thing about it is that nobody is asking whether we are going to make good a deficiency in the standard of living of the workers. There seems to be tremendous concern about where we are going to make good these losses.

9360. Might I ask you one question for the moment: while you are getting the war wage that is making good the extra cost at the moment?—I am contending that, with war wage and everything else, we have not had much more than 80 per cent. during the war, whereas we have had, the *Labour Gazette* says, an increase of 120 per cent. in the cost of living. My wife says it is substantially more, and most of the labourers' wives say it is substantially more, but it is certainly substantially more than we have had.

9361. If it can be given to you and the trade of the country carried on, I am most anxious that you should have it; but I ask you, with the price of coal as it is at present, and a demand of 6s. a ton on the coal raised against a profit of 3s. 6½d. per ton, where it is to come from—it has to come from somewhere?—We got a bit further than that: we say if it cannot

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be obtained, then the industry is not worth carrying on. If we cannot maintain the standard of existence we had before the war and improve it and maintain our industry, then we had better go back into agriculture.

9362. You are cleverer at figures than I am, and you must admit that the coal-owners of this country cannot pay 6s. with 3s. 6½d.—I do not say they can.

9363. Where are they to get it from?—I suppose if there is anything in excess of what the industry is making at the present time, it will have to come out of the community in some shape or other.

9364. Come out of the community in the increased cost of coal?—Yes, that is assuming that the consumers of coal in manufacturing and other industries are not prepared to forfeit some of their profits instead of putting up their prices. If the steel manufacturers, who are large users of coal, and who may have to pay more for their coal, are not prepared to sacrifice some of their profits, but are going to carry the additional cost of the steel into the steel, it will be handed on to the consumer. I do not think this question is confined at all to the miners or the mine owners. I think the other manufacturers who are making very substantial profits ought to be content to accept less.

9365. I want to point out to you that what is going to happen is that the mine owners must have in their banking account that 2s. 5½d. to pay with. I am assuming that you wipe out all profits for the moment. They have to get another 2s. 5½d. a ton to pay wages with. Where are they to get it from?—They will have to get it from the increased price, I suppose.

9366. They will have to put up the price?—Yes.

9367. You would not desire that the coal-owners should make nothing. In that calculation I have assumed that there is no profit at all. You would not desire that, would you?—It is all assumption, I agree. No, I do not desire it. Under existing conditions I assume that as long as we recognise property and return on capital, the colliery owner is as much entitled to it as anyone else.

9368. May I take it that the average of 1913, namely 1s., represents a fair profit?—Of course, I do not accept that figure for a moment.

9369. It is not my figure: it is Dr. Stemp's figure from the Inland Revenue?—I do not accept their figures either.

9370. If you allow, for a moment, that the 5 years' average of 1913 should remain 1s. for the coal-owners' profit, you are then up against 5s.?—May I put the question to you?—I suppose it is rude of me to question you.

9371. *Chairman*: Put a question by all means?—I have been telling you that we had certain percentage advances and certain war wage advances. Since we had any percentage advance, the average selling price of coal in South Wales has gone up 5s. a ton. Now we have not had a cent. of that. Where it has gone to, I do not know, or what has become of that 5s. or 6s. It applies in every coalfield in the same way, because our average prices are taken out in such a way as to exclude the 4s. which the Coal Controller gets, and he pays the war wage. He takes 4s. out of the realised prices, pays the war rate himself; but apart from that, the selling price of coal has gone up 5s. 7d.; that we have not had a cent. of. I do not know what is becoming of this money.

9372. *Mr. Arthur Balfour*: I am afraid I do not know?—We do not get a penny of it.

9373. All I know is that the coal-owners' figures for 1913 show 3s. 6½d. per ton, and I think you agree now that 1s. a ton was the coal-owners' profit in 1913, therefore, there is 5s. a ton to be found. A large portion of that 3s. 6½d. at present goes to pay taxes of this country. If you absorb it in wages—I am not saying that you should not, but if you do, somebody else has to pay those wages?—Yes, but the profits recorded in the Income Tax Department are not the profits of the industry.

9374. The profits for 1913 that I have here are not the profits recorded in the Income Tax Department; they are the profits taken from the balance-sheets

audited in each case and examined in certain cases in the Coal Controller's presence?—That does not realise the profits. Every company utilises an enormous amount of income for development purposes. That is taking place all over the industry, and what happens is this: you get developments paid out of current income. By and by the colliery company says: "Now we have so improved this concern that we will distribute a couple of hundred thousand pounds in bonus." The profit has gone into the concern, and you have only to follow the share lists to see that an enormous amount of profit never finds its way into the balance-sheets at all. You have only to follow the Stock Exchange in order to see where the profits are being sent really.

9375. Anything of that kind is added back in income tax. I agree there is a certain amount of development goes on in the mines, or should go on, to keep them efficient, but all the other things you have mentioned are added back in income tax?—I shall want a bit of convincing before I believe that all the hard headings, and all the development work in the collieries, are returned in the returns of the coal-owners when they make up their income tax returns.

9376. I am still in this difficulty: Leaving the coal-owners 1s. a ton profit somewhere we have to find 5s. We can find 2s. 5½d. by stopping the Excess Profits tax, by stopping the Coal Controller's levy and all those things; but we are still 2s. 5½d. short?—It seems to me that whatever is required to meet the demand, unless it can be met by a reduction in cost due to a change in management or more economical working, it will have to come out of an increased price. You must either reduce cost in one direction or increase the price if you make up the cost in wages.

Mr. Robert Smillie: You are quite willing to relieve the coalowner of any responsibility at all by taking over the mines?

9377. *Mr. Arthur Balfour*: We have really got back to the position that we had 5s., half of which has got to go on to the price. We have another 2s. 6d. to make up, which has got to come out of the taxes of the country?—I do not quite follow that. Perhaps I am a bit dense.

9378. There is a difference of 5s. between 1913 and the 6s. on which you and I agree to base that argument. That 5s. has to be found; 2s. 6d. of it appears as profits in 1918. That is what the coalowners have to pay away, but you have to find another 2s. 6d. before you can pay 5s. away?—I suppose we had 14s. or 13s. a ton increase during the war.

9379. On the price of coal?—Yes; that has gone somewhere, and we have had a very small portion of it.

9380. I agree entirely with you, but the 1918 figures, based on 80 per cent. of all the collieries, is an average profit of 3s. 6½d. a ton?—It seems to me that it is the business of the Government to ascertain where the money has gone. It is here. It is in the price already.

9381. You do admit that there is no place where this Commission can put its hands on that money for the moment, or where they can see it without raising the price of fuel?—All right.

Mr. Arthur Balfour: I do not think we need pursue it. I think you and I are in agreement on that. Is it possible to have the exact figure now?

Chairman: Yes, I have the figures now. I asked Mr. Dickinson to work out the figures on this sort of basis that Mr. Balfour has been putting, and I had hoped earlier in the day to call him, about 12 o'clock, before Mr. Hartshorn was called, in order that we might ask Mr. Hartshorn his view on the class of question that Mr. Balfour has been good enough to put to him, but Mr. Dickinson had not then completed his tables accurately. He has now completed it. I think it would be convenient, if it is not inconvenient to you, Mr. Hartshorn, that you should leave the box for about five minutes and change seats with Mr. Dickinson. He shall go into the box to give his figures and you can come here and listen.

(The witness withdrew.)

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9382. *Chairman*: I want you to explain this table that you have put forward*?—I have worked this table out with the idea of showing what, on the most favourable basis I can see at present, the cost of the miners' demands would amount to. I have assumed in the first instance that the average output per person employed that prevailed in the five pre-war years will prevail now and in the future—that is 257 tons per person. I have further assumed that the number of persons employed is, approximately, 1,100,000, which is about the same as in 1913. In assuming that output it should be, I think, mentioned that the attainment of that output is necessarily dependent on two things, first that there are places enough open in the mines to enable the output to be got, and secondly that all the workers have got back into their stride which they must necessarily have lost to a certain extent owing to their energies in the war and the change of occupation in the Army that many of them have had for several years. So that while no doubt, as has been said, that pre-war output can be reached in a reasonable time, again it would hardly be safe to say, I understand, that it could be reached at this minute. Assuming that it was reached at this minute, on that basis the present cost, without any reduction of hours or any further increase in wages, would be 20s. 2d. per ton. The 30 per cent. increase in wages would cost 45 million pounds. Then I have assumed what must, I think, be called a minimum reduction in output due to shorter hours of 10 per cent., which is, as you will remember, considerably less than the 18 per cent. estimated by Sir Richard Redmayne. On that basis, with the same number of men employed, the resulting output would be 255 million tons, and the wages cost on that would be 18s. 9d. as compared with 13s. 9d. without those changes, and the total cost 25s. 6d. as compared with 20s. 2d. That is an increase of 5s. 4d. per ton, which on the 255 million tons represents 68 million pounds, of which 45 million pounds represents the wages increase and 23 million pounds represents the reduced hours. Any further reduction in output due to shorter hours would increase that 23 million pounds in a greater proportion. Now that 68 million pounds is the sum which on these hypotheses has to be found. I estimate that the greater spread of overhead charges by the increase in output from what it was in September, 1918, to the assumed output of 283 million tons would increase the profit shown in the September quarter from 3s. 7d. to 4s. 8d. Then I have taken the excess of that profit over 1s. 6d. per ton, which is higher, to remember that everything—prices, cost of living—has gone up, as has been said over and over again, very materially. I have, therefore, assumed this 1s. 6d.; that leaves 3s. 2d. a ton or 40 million pounds of profit in excess of that 1s. 6d. Now that is not all available, because I think it has been pretty clearly demonstrated that the high prices at present being charged for coal shipped to neutrals cannot be maintained, and I have been informed in the Coal Miners' Department by Mr. Lee, who has already given evidence, that we must look for a considerable reduction—possibly 30s. or £2 a ton—on the prices charged for neutral coal if we are to retain those markets. That is equivalent to about 1s. a ton on the whole output, or 12 million pounds. That reduces the margin of profit available on these assumptions to meet the excess cost of the miners' demands to 28 million pounds, and leaves a deficit of 40 million pounds to be made up. To meet that there are, of course, one or two things in the future. One is a fall in the price of materials and stores, which, on the other hand, it might be said should benefit firstly the consumer who has had to pay the increased price of coal to meet it, and secondly the effect of any economies that can be introduced in the industry either in production or distribution, which economies must, of course, take some considerable time to effect to the full extent.

9383. *Sir Arthur Duckham*: You say economies in production. You have taken your economies in production in allowing the 10 per cent.?—No, I have assumed that the reduction in output due to the hours might be 10 per cent.

9384. Have you not taken any economies into account in arriving at that figure?—No.

Mr. Evan Williams: On what have you based the assumption of 10 per cent.?

Chairman: I asked Mr. Dickinson to take the figure of 10 per cent. for the purpose of making this calculation for me. It is an assumed figure.

9385. *Sir L. Chiozza Money*: I am sure we are all very much obliged to you for the trouble you have taken over this. May I ask you one two questions about it. As I understand it it is perfectly clear that you have not taken into consideration in making this estimate anything for mitigations which were suggested by Sir Richard Redmayne as operating in the near future with increased economy of management?—I have said that I have not taken into account the possible economies.

9386. It does not even take into account the making good of the backwardations in the mines which has taken place throughout the war?—It is based on the output that existed in the 5 years before the war.

9387. The royalty is supposed to stand?—Yes.

9388. With regard to the rise of price, have you considered the prices of mining stores?—Yes.

9389. Have you formed any opinion from that as to what you think would be the figure to take for possible savings in say a year from this time?—I have not the vaguest idea.

9390. It does appear that it is something considerable?—I suppose there must be some fall in prices, but it is impossible to say what it may be.

9391. If you take the very important item of timber, that has gone up three or four times. It is practically certain, considering what a short voyage it is to get the timber, that that item will most certainly fall?—I think it is most probable.

9392. If you take the other things, like fodder, the prices there are enormously exaggerated?—They are very high.

9393. Even if we do not get back to the old prices, there will still be a great saving?—I have said that in my opinion the saving in prices should accrue to the benefit of the consumer who has paid for them.

9394. In that case the consumer is the colliery company?—No, I am talking of the consumer of coal, not of stores.

9395. We are basing our calculations on the present prices of coal and the apprehensions that are expressed, so that any saving on the present price of coal could be allocated to the miner or the coal-owner?—They could be, but if you allocate them to the miner or the owner you could not reduce the selling price of coal.

9396. If we take it that the price of coal remains the same, then there is something for the miner and the coalowner?—If you do not apply it to reduce the price of coal you can apply it to something else.

9397. Supposing the nation consented to extinguish the royalties?

Chairman: That would be six millions.

9398. *Sir L. Chiozza Money*: I prefer to take it per ton. If we take it at 6d. a ton, then if the nation ever cancelled the royalties or paid off the royalty owners, there is a gain of 6d.?—If you do not pay royalties there is 6d. more available.

9399. I am looking at this price per ton. Then, of course, there is the question so far as the internal consumption of the coal is concerned. We have had some evidence with regard to the domestic consumers. There is a pretty considerable saving to be effected by better distribution?—Saving in expense?

9400. Yes. That to-day has been expressed at anything from 2s. 6d. up to 5s. a ton. In the case of Glasgow it was 3s. 9d. returned to the consumer?—Yes, whatever you can get.

Chairman: Does that 3s. 9d. enter into the 24s. 10d.

Sir L. Chiozza Money: I am taking Mr. Dickinson's figure of increased cost due to fuel demands. I am suggesting to Mr. Dickinson that there are some very

* See Appendix 3.

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considerable figures to take into account on the other side, and as far as I can see, if you take this table of mining stores, there is a considerable figure, it does seem to me that no less than 1s. 6d. a ton can be taken into consideration there—when you take timber, fodder, explosives, all of which stand at exaggerated figures—

Chairman: Is that 1s. 6d. a ton at once.

Sir L. Chiozza Money: No, in the course of 6, 9 or 12 months, but certainly not more than a year.

9401. I am on the assumption the State is willing to expropriate the royalties or pay them out. It can if it likes make that 6d. available for the miner.

Mr. J. T. Forgie: You said within a year.

Sir L. Chiozza Money: I should think less than that.

Mr. J. T. Forgie: Are you certain you will get that reduction in cost within a year?

Sir L. Chiozza Money: Yes.

Mr. J. T. Forgie: You did not put it as possible, you said "Certainly within a year."

Sir L. Chiozza Money: I should say 1s. would be taken off some of them.

Mr. J. T. Forgie: You said within a year.

Sir L. Chiozza Money: Timber is fairly certain. Then there is the question of the railway costs. Have you noticed the estimate in that respect? Mr. Davies, I think, gave some figures and hinted at a fair possible saving through the pooling of the wagons. This was under the private ownership of railways. There is the last valuation to be put in on that, which is 1s. a ton. Some are already realised and some realisable. I admit these are hypotheses. If there is any reason in them then you get 1s. 6d. on account of the stores operating within the near future; you get the 6d. royalty, assuming it to be treated in the way I have stated. The nation might prefer to extinguish the royalties than face a miner strike.

Chairman: They might.

Sir L. Chiozza Money: Then there is the question of the railways. I say put under private ownership for the sake of argument 1s.

Chairman: That is 3s.

Sir L. Chiozza Money: Then we get the middleman in respect of the domestic consumption.

Chairman: Is he to be extinguished?

Sir L. Chiozza Money: Assuming in that case the more capable agents are retained and organised and the others paid out, then we get his 4s., or if you like put it at 3s.

Mr. Evan Williams: That is not on the whole country's output.

Sir L. Chiozza Money: No, on the domestic output. Then the coal owner's profit we put at 2s. 6d..

Mr. Arthur Balfour: 1s. 6d.

Mr. Sidney Webb: I thought it was 1s. on the five-year average to 1913-1914.

The Witness: It was.

9402. Do you suggest they should be given 50 per cent. increase?—I assume that because everything has gone up.

Sir L. Chiozza Money: I assumed the original 1s. and deducted it from 3s. 6d.

Chairman: The coal owner is to have the same

Mr. HARTSHORN recalled and further examined.

9412. *Mr. Balfour:* Mr. Hartshorn, we really come back to the fact put down in pounds, shillings and pence per ton, and you are putting it in total figures, that we have £40,000,000 sterling; that is, after having wiped out all the present excess profits and the Controller's levy and everything of that kind. Do you agree, depending upon one very important matter to which we shall have to rely on the miners that they would give us 255,000,000 tons per annum?—Yes.

9413. Whereas at the present time they are only giving us 230,000,000 tons per annum. Do you think we could depend on the miners to give us 255,000,000 tons per annum?—I have said before, subject to the miner realising that he is being treated and is acting as a public servant, I think there would be a very general effort on the part of the miners' leaders to get the miners to do all they possibly could. I think, in addition to what the miners are doing at the present moment, we are going to have a substantial increase in the number of collieries. I do not think 255,000,000 is an exaggerated estimate at all. I think we shall

profit as before the war and nothing extra because of the war.

Sir L. Chiozza Money: It is a shilling per ton. The capital employed being 10s. a ton, or one-tenth, which seems not unreasonable, assuming the private ownership of coal to continue. The addition of that sum so far as the coal going to the domestic consumer is concerned is 8s. 8d. as compared with Mr. Dickinson's 5s. 4d. From that is to be deducted 1s. because of the decreased price obtained from neutrals, which reduces it to 7s. 6d. so far as coal goes to the domestic consumer. It does not seem to me there is quite a margin as far as domestic output is concerned to meet any possibility of the reduced output being more than the 10 per cent. met by Mr. Dickinson. I put these figures because Mr. Dickinson must have thought a good deal about them, and he might be inclined to say whether he thought them reasonable or some other figures he would like to substitute, or say nothing about them at all.

Chairman: I expect he would say nothing about them because these are hypotheses, if I might put it, which have gradually to be worked out.

9403. *Mr. Sidney Webb:* Sir Leo Money has put to you some very interesting hypotheses on which you prefer not to put a figure at present?—Certainly.

9404. Suppose we do not put a figure and left them out of account for the moment, that would leave a large deficit to make up, a deficit which on your figure of £40,000,000 is something like 3s. a ton?—Yes, roughly.

9405. Assuming that that was the last word to be said as far as arithmetic could help us at this moment, we might have to conclude without nationalisation, or, as I should prefer to say, unification, there would be this deficit of £40,000,000?—I think you have a deficit of £40,000,000 anyhow. You have to try and see how you can make it up.

9406. We might come to the conclusion that without unification it would be impossible to grant the miners' demands short of a rise in price?—That is for the Commission to say.

9407. *Mr. R. H. Tawney:* On your table we have to meet the 3s. a ton?—Roughly, yes.

Chairman: You understood that that 10 per cent. reduction in output is merely an estimated figure. It is not a proved figure or a figure which the Commission accepts; it is taken for the purpose of making a table.

Mr. Evan William: This is all calculated on output.

Chairman: No decrease in price?

9408. *Mr. Evan Williams:* On the total output and not on distributable coal?—Inasmuch as the mine consumption is part of the expense it makes very little difference; it comes in the other charges.

9409. *Mr. Hartshorn:* I suppose the present and prospective charges are all on the same basis?—I have allowed for a reduction of charges due to the increased output as compared with the present basis.

9411. *Mr. Evan Williams:* You have made no allowance for the possibility of increased number of men to get the reduced output?—No.

have a very substantial increase in the number of men employed.

9414. What is your idea of the increase in number?—I suppose there are 100,000 in the Army.

Chairman: Over 250,000 have been returned.

Sir Richard Redmayne: 450,000 went in.

9415. *Mr. Robert Smillie:* There would be a large number of the 250,000 released that have not started yet?—We are estimating there are 100,000 to come back.

9416. *Mr. Balfour:* You think with 100,000 we should get the output?—I think so; I have not made the calculation.

9417. If we get under 100,000 men back and have to work these together at your basis of 1,200,000 instead of 1,100,000 that would add to the cost?—We can considerably increase this, I think, when we get the men back.

9418. That will throw a different complexion upon the transaction?—I do not think we can get them all at once. I think we can get them within a reasonable time.

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9419. Supposing in some way or other this £40,000,000 could be found, would the miner feel he was under an obligation to give the country the greatest possible quantity of coal he could produce?—Generally. There are cases where he did not do so. There certainly would be a general effort made on the part of our Federation. We have during the war, when we have found there was a great need of coal, used our organisation to induce the men to give up holidays, to work more regularly and to put forward more efforts in the nation's interest. If we found a reduction following from the decision of this Committee—

9420. The miner is a very reasonable person, as far as I have met him upon this Commission. He would appreciate it, for instance, it turned out that 220,000,000 tons was the output and not 255,000,000 tons that would be an impossible position. That is one that would have to be discussed and met in some way?—What would happen, I assume, is this: If as a result of anything done by the Commission it was found they were getting into a difficult situation, the fact would be brought to the notice of the Conference, and it would be put before the Conference, and we would feel, in common with everybody else, we were under an obligation to meet the position. I do not appreciate the difficulty that seems to be troubling the minds of some people. I do not think there is going to be anything other than a temporary decrease in the mines.

9421. Mr. Straker said the determination of the price was the ability of the community to purchase. That is true?—We are discussing prices under such abnormal conditions. When you talk about 24s. 10d. cost at present and 5s. 4d., you say that would bring it to so much more. I think you gave a figure of 31s. 8d. There are so many other elements entering into the cost, apart from wages, in such an abnormal position that we consider the present cost should come down.

9422. I am anxious to get it from you that when we get to the point when the community cannot any longer afford to pay the price of things, whether coal or anything else, the price is bound to fall; if it does not the consumption is reduced?—If you say the community, certainly; take the community as a State I agree.

9423. Mr. Straker says that, and I agree with him?—I do not know whether you interpreted that community in its co-operative capacity or individual.

9424. I meant everybody?—We are a bit off the date when the community will be unable to meet what is called the miner's demands.

9425. It depends enormously upon the export trade what we can do?—Of course we do a big export trade, and the general prosperity lies on the export trade.

9426. I include coal and everything in export trade. In doing this export trade, whether coal or semi-manufacture of products, we have to meet competition from outside?—Yes.

9427. Do you anticipate that will be of such a nature that we need not worry about coal being at the average price of 24s. 10d.?—My view is long before other countries can outdo us in our mines we shall have reached a more normal condition.

9428. Everything depends upon your output?—Yes.

9429. Everything?—Yes.

9430. Do you know anything about the wages of coalminers in Germany?—No, not for a comparative purpose.

9431. We shall have competition to meet from Germany?—Yes. None of us know what is happening in Germany.

9432. We may assume it will be what may be called "Unfair competition." Germany is so short of raw materials that she will have to export something, and she will be bound to export coal, even at a loss?—We cannot discuss anything in connection with Germany because of the high politics with which we are not competent to deal.

9433. I want you to bear that in mind?—My information is the Germans are going to nationalise their mines and make what they can out of the industry. I assume they will be going in for improved

conditions; in any case, they will have a pretty fair burden, and I cannot see how they will oust us.

9434. Take the German State Railways, which are nationalised. The German State Railways, financially, have been a success. Do you know what sum has been paid per annum to the German State Railways by the War Department and the Navy Department of Germany in removing enormous bodies of troops and war material over Germany in peace time?—I do not know.

9435. You can conceive some of the money that has made the German State Railways successful is buried in the Army and Navy Estimates?—Yes.

Chairman: Mr. Balfour has asked a number of questions which have elucidated the points. Is there any gentleman wishing to ask any further questions?

Mr. Evan Williams: I do not want to ask any question on the line Mr. Balfour has taken.

Chairman: You can ask as many questions as you like.

9436. Mr. Evan Williams: Do you know, Mr. Hartshorne, what proportion of the general increase in the cost of living was due to the increase in the price of coal?—I do not.

9437. It is, I think, a material item?—It would be.

9438. That does not apply in the case of the miners?—No, not so far as the lower scale miner is concerned.

9439. You have taken a daily wage in each case in your comparison?—That is so.

9440. And multiplied that by 5?—Yes.

9441. I am confining myself to South Wales. Do you know what the average days work in South Wales comes to in a week?—I have taken it from Mr. Gibson's total and it is 20.6 days per month; that is about 5.15.

9442. It is over 5?—It is 5.1 according to these figures although all other statistics I have come in contact with are against that.

9443. The monthly mean given to you is 5.73 days?—No, 6 working days. It is not an official figure given to you. I have here a document made by the Statistical Department of the Board of Trade and I find on page 12 the average number of days on which workpeople attended for work for 1917-1918 and 1918-1919 are given. They are given for each month; the total for the quarter and the total for the year.

9444. That is substantially over 5 per cent. a week?—Not in this document. This is not the number of days the pit shows but the number of days per man worked. It is given as less than five days in South Wales; it is given as 240 days in the year.

9445. That is Bank Holidays and Sundays, and everything else?—If you have 52 weeks, that is 200, and it is given here for 1917-18 as 246 and 1918-19, 249.

9446. That takes strikes and everything else into consideration?—I think the average number of days per week the men worked—I might take from figures you have published—notwithstanding you have 5.73 given as the average number of days on which the pit worked; the men do not work those days. The men are injured to a very large extent, and a lot of time is lost through that.

9447. The possible number of days the men work is over 5?—Yes, when the man is able to work.

9448. On the afternoon or night shift the man who works five is paid six?—If he loses one on his own accord he gets four.

9449. That would substantially increase the weekly wage from the figure you gave. There are a large number of men who work the afternoon and night shift?—I have given the actual daily earnings and I have multiplied them by five in each case. The man who works six days a week would have a weekly wage above that, and the man working four days would have a bit less, having regard to the fact that Mr. Gibson's total shows just over five days a week.

9450. The man who works five on the afternoon or night shift gets six?—Yes.

9451. And in working out your weekly total that would make a difference?—It would make a difference to individually.

9452. And to the average too?—I do not think so.

9453. You deal in averages. If there is a considerable portion of the men who get six for working

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five, then your average weekly total of wages must be increased?—You know, as well as I do, every document issued from South Wales where you deal with the conditions worked, if a man has had six days' wages you allow it at six days for the night shift, although he has worked five. That is covered in your total.

9454. What I am comparing is the weekly earnings you have arrived at by multiplying by five with the figure that it ought to be, something more than five, because a substantial number got paid six for working five?—I consider that is included in it.

9455. In 1914 about half the men on the afternoon and night shift were paid six for five?—Yes.

9456. At the present time all are paid six for five?—Yes.

9457. That, again, affects the comparison between 1914 and the present time?—Some of the men on afternoon and night shifts have received advances by having that anomaly wiped out in that way I agree.

9458. There is a general rise in piecework rates, taking the coalfield as a whole?—I cannot agree to that.

9459. A new piecework price list is always an improvement on the old one?—I cannot see how you can say that, having regard to your being Chairman of the Conciliation Board and your opposition to their being changed.

9460. I myself have opposed as strongly as possible every increase when not warranted?—I do not know any single price list that has been changed during the war, while you have always opposed a single price list to be changed.

9461. There are some?—I do not know of one and no price list that has been brought to the Conciliation Board which have been contended obsolete and the men cannot make wages on them—I cannot remember a single case of your side agreeing to have them revised. I do know you have refused.

9462. I can give you cases?—I do not think it is material.

9463. Any new price list is an improvement compared with somewhere else in that same seam. There has been an upward trend in these work rates?—Possibly there has been a trifle.

9464. What increase in these work rates do you estimate will be necessary in consequence of granting the miners' demands?—I really have not worked that figure out. We should have to go pretty carefully into that, and I suppose the Commission will go into that.

9465. How do you propose the Commission should go into it?—I assume our representatives have agreed amongst themselves what sort of proposal they are going to put to you upon that.

9466. Is it going to bear any relation to the reduction in output per shift per man?—I understand the demand of the miners to be this. We get 80 per cent. at once on wages; we get a reduced number of hours per day, and that our wage system shall be so adjusted as to ensure to us no reduction in wages; whatever formulæ will embody that or whether it is on record I take it the formulæ that will meet that will depend upon your decision on certain facts.

9467. With regard to day work men it will adjust itself?—There is nothing very difficult there.

9468. On what basis would the Commission go upon when deciding with regard to the piecework men?—I think they will have to come to a conclusion as to what will be the actual thing.

9469. You will have to base your demand on your estimate of what the reduction in output per man per shift will be?—I think so. When you have agreed certain facts you must base your estimates upon them. I do not see how you can avoid that.

9470. *Mr. R. W. Cooper*: I should like you to clear my mind on a point. Supposing that our assumption with regard to the probable future prices turns out to be wrong, and prices fall much more than any expect. by what process would the wages be reduced?—Do you mean under the present system of ownership?

9471. Yes?—Of course, up to now as you are aware we have not had any wage agreements; they are practically all in suspense. I take it whoever will be the owner in future I suppose will have to enter into

an arrangement with the Miners' Federation of Great Britain as to the future regulation of wages. We have always made arrangements in the past.

9472. Suppose a certain amount is added to the wages, so much per cent., would any reduction of that percentage be worked out in the district according to the existing machinery. Is that your idea?—For instance, we have got a war wage put on of 3s.

9473. That is a thing apart from the war-wage. I am thinking of the percentage, the ordinary percentage added to the basis rates?—That is a matter that will have to be discussed. I understand you to say not the application of this thing but afterwards.

9474. Let us assume 30 per cent. was granted by the Commission. Supposing that 6 or 8 months hence it was found there was a heavy fall in prices so that the trade could not stand it, what machinery would there be then in existence to adjust the wages without undue friction?—I do not think there is any machinery except the Association of Great Britain and the Mining Federation of Great Britain, each would approach the other or the Government.

9475. Would it not be better to try the District Association?—I do not think the Federation will go back to that system. The Federation has decided in future that whatever system of wage regulation is adopted it must be upon national lines through the Miners' Federation of Great Britain as a whole.

9476. Every man thinks of his own locality. I am thinking of Durham, where it has been said they have a special method of calculating these percentages. They add these percentages to a certain basis rate as you know?—Yes.

9477. They have got as far as this that, in future, instead of regulating the advance or reduction of the percentage in accordance with the selling price, costs have to be ascertained every quarter?—That is done in every coalfield.

9478. That is tantamount to making a profit basis instead of price. Do not the Federation allow that idea to go forward?—As far as allowing it to determine the wages in the district, I think the probabilities are it will be discontinued; that it will be continued for the purposes of information and for final application is, I think, probable. We shall really require it. It is part of the Federation's plan, I think, to deal with the wages question Nationally not locally in the future.

9479. The wages vary slightly in the different districts?—Yes.

9480. Do I understand you to mean you are getting rid of the existing district machinery and making it a sort of national machinery?—I think so.

9481. Apparently you fear the idea of making the variation in the profits the cardinal consideration than a variation of selling price?—I do not follow you.

9482. At present the percentage value is the selling prices which are ascertained periodically. I rather gathered from one of your answers you feared the idea of, instead of regulating the selling price, regulating by the ascertained profits of the districts?—I did not know I had given a reply to that effect.

9483. I may have misunderstood you?—I was trying to point out that our wages had always been regulated by selling prices and I was trying to point out that we desired not to increase the prices, although we should have had an advance in wages by so doing.

9484. I am not imputing that to you. In Durham we have certain machinery which is on practically complete new lines. I understand it is your policy to say to Durham: "You must not proceed to complete that machinery"?—I think if the machinery provides for settling the Durham wages question apart from the Miners' Federation of Great Britain, there would be something said about it in the Federation.

9485. When you talk about this 30 per cent., is that a 30 per cent. addition to the percentages which are at present added to the basis rates in the various districts?—We are asking for 30 per cent. to be added to the total present wage, less war wage, that is to say, the basis rate with the percentage of whatever that realises and we ask 30 per cent. upon that.

9486. You have a basis rate on certain figures plus the existing percentage; that gives a certain actual

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wage now in force and you ask to have 30 per cent. on that?—That is right.

9487. In Durham, where the average for hewers is 9s. 6½d., you ask for 30 per cent. on the 9s. 6½d.?—That is right. Their present wage is 12s. 6½d. and we ask for 30 per cent. upon 9s. 6½d.

9488. *Mr. Evan Williams*: Mr. Potts told us that as far as the Executive of the Miners' Federation are concerned they would strongly recommend a double shift. It is of importance we should know the position with regard to South Wales?—South Wales has not discussed the matter.

9489. Do you think there is any possibility of the miners in South Wales changing their attitude with regard to double shifts?—I do not think so. I think the miners in South Wales would go to the extent of agreeing to setting apart certain districts in different collieries to absorb all labour that can be secured coming back from the Army and maintaining the output in that way for a limited period.

9490. They have not done it up to now?—One of the reasons is because this thing is hanging up. I would do it at any rate.

9491. They are not all so reasonable as you?—I am glad somebody thinks I am reasonable.

9492. Your feeling on that point is there is no possibility of the miners in South Wales changing their attitude?—I do not think the miners of South Wales would agree to an all-round double shift of coal.

Mr. J. T. Forgie: I do not wish to ask any questions of Mr. Hartshorne, but I am assuming Mr. Dickinson is still being examined?

Chairman: Yes.

M. J. T. Forgie: Mr. Dickinson, I want to refer to your statement and make it certain that we know what it is, and that the Press have it properly. It is this: that this assumption that we are going on of 250,000,000 tons of output is based on a 10 per cent. reduction on the highest output we have ever had in 1913 of 283,000,000 tons?

Mr. Dickinson: My highest is 287,000,000.

Mr. J. T. Forgie: You base it on 283,000,000 tons. It is based on a 10 per cent. reduction upon that?

Mr. Dickinson: Yes.

Mr. J. T. Forgie: And also there is not taken into consideration any other factor that was going to increase the cost, that has been omitted in your figures. Perhaps there is something you do not know?

Mr. Dickinson: There may be.

Mr. J. T. Forgie: This figure is based on a 10 per cent. reduction only on the 283,000,000, the highest output we have had, and there are other factors that might add to the cost of which you have no knowledge, and the 10 per cent. reduction is taken as a suggestion by the Chairman.

Sir L. Chiozza Money: It is equally true Mr. Dickinson has not taken into account the many heads of improvement named by Sir R. Redmayne.

Mr. R. W. Cooper: Is it based on 24s. 10d. average at the pit?

Mr. Dickinson: Yes.

Mr. R. W. Cooper: That was the price shown for the September, 1918, quarter?

Mr. Dickinson: Yes.

Chairman: This total has certain assumptions. If those assumptions are not true you must have something to guide your mind by. This is an assumption taken on the 283,000,000 tons; it is taken upon the assumption that there will be only a 10 per cent. reduction. You must have some table to show those things. I need not say it again; this document is nothing else but an assumption.

Mr. Herbert Smith: Like the 8s. 2d.

Sir L. Chiozza Money: One other thing is, if 18 per cent. is substituted for 10 per cent., does the 5s. 4d. come as nearly as possible to 6s. 10d.?

Mr. Dickinson: No, 7s. 11d.

9493. *Mr. R. W. Cooper*: Mr. Dickinson, in this assumption what price for neutrals are you assuming?—6,000,000 tons to neutrals and there may have to be a reduction of £2 a ton on that, £6.

Mr. R. W. Cooper: Leaving a price of about how much?

Mr. Dickinson: 30s. to 40s.

Mr. R. W. Cooper: That is the reduction?

Mr. Dickinson: Leaving a price of 30s. to 40s.

9494. *Sir Arthur Duckham*: Mr. Hartshorne, the Miners' Federation have put forward a policy of State ownership?—Yes.

9495. It has not put forward any definite policy of control of how that State ownership should be run?—You mean the machinery?

9496. Yes?—No.

9497. Did the Miners' Federation make an estimate of the effect of these demands when they put them forward?—No, I do not think we did. As a matter of fact we endeavoured to get the data from the Controller and it was denied, because, after consulting the Law Officers of the Crown, he was told that it was not permissible to hand the information he had and which we wanted. It was private, and they said under the Act of Parliament they could not divulge the statement.

9498. You made a statement about starting early in the morning. I sympathise with that. If you work double shifts you would have to start one shift early in the morning?—Yes. I am not suggesting we should not start early. I suggest instead of 6 or 7 we start at 8 o'clock.

9499. These men going to bed at 10 o'clock at night, if they work shorter hours would they go to bed earlier than 10 o'clock at night—that is their own lookout?—Yes.

9500. I asked Mr. Thorneycroft a question the other day and his answer surprised me. It was, if at the present time, under present conditions, you could get the owners, managers and men pulling together in the pit to the best possible extent of their power of brain and body what increase in production would you get? and he gave me the figure of 10 per cent. What is your estimate?—It is quite impossible for anyone to speak for the country.

9501. Say, South Wales?—I have really only got information relating to my own particular district.

9502. What is your own estimate?—The South Wales coalfield is divided into a number of districts. There is a miners' agent for each and he is absolutely the Pope of Rome in his own district.

9503. An autocrat?—Yes. I got to know information about that. I have been talking in my district and I would rather not talk in public.

9504. I would like it to be bigger. My feeling is it would be bigger. But you cannot give me a figure?—I would rather not.

9505. *Mr. R. H. Tawney*: Nationalisation or State ownership is part of the miners' programme?—Yes, and has been for years.

9506. This is not a new movement?—No.

9507. When did it first come forward?—The matter has been discussed in our conferences for a long number of years. I think the first time the Federation really discussed a Bill was about 1910 or 1911. I may say that years before that at each annual conference the Executive were authorised to draft a Bill but they did not do it.

9508. That is to say the demand has been before the Government for a long time and it is incorrect to say, as part of the Press says, that it has been sprung upon them at the last moment?—Yes.

9509. There has been plenty of opportunity to consider its bearings and the form in which it would be worked out?—Yes.

9510. *Mr. Herbert Smith*: Could you give us, Mr. Hartshorne, what the selling price of coal was in 1914?—Unfortunately, I have not the figures here. I thought I had them, but I find I have not brought them down. I have them for Scotland, Wales and some of the other coalfields.

9511. It would not be less than 12s. 6d. a ton?—I could not be certain. Our selling price is rather different in South Wales to what it is in other coalfields. We divide large from small, and the agreement is based on the selling price for large coal only.

9512. We have some figures handed in by the Co-operative Wholesale Society of some collieries, and they quote there that they are paying 25s. 3d. a ton; that is at the pit. Before the war they were paying 11s. a ton. The point I want is this on the selling price. While that has gone up from 11s. to the 25s. 3d., miners' wages in Yorkshire have gone up

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68-68. Under our present Conciliation wages, which were 11s. 6d. selling price then and 25s. now, we should be entitled to a big advance even including war wage?—I should think our average would be about 14s. or 15s. a ton per week; it is now 31s. I cannot give you the exact figure.

9513. I am right in saying even Government prices they put 13s. on and 4s. limitations, three half-crowns and a one shilling and sixpence?—Yes, that is right. Of course the exports to neutrals have thrown up the average substantially above that.

9514. In reply to a question Mr. Cooper put to you about Durham, is there any reason why we should expect miners in South Wales to work 8 hours whilst they only work 6½ and 7 in Durham?—I know of no reason.

9515. Mr. Robert Smillie: I think there has been an effort made in South Wales, especially to do something to raise the lower-paid people about the mines?—Yes.

9516. I think you had succeeded once or twice in raising the lower-paid men and the lower-paid men on the surface?—That is so.

9517. In your last two war wages it was made a flat-rate advance in order to help the lower people?—That is right.

9518. There is one class, a very numerous class, that has been little heard of here. In your excellent statement you have told us that about 1 in 7 of the men workers are killed or injured every 12 months?—Yes.

9519. And that 1 in 7 of the cases of accident are off far more than 7 days?—Yes.

9520. Consequently they come under the compensation clause?—Yes.

9521. Do you think it is right that the owner in whose employment he has been injured should be held responsible for their maintenance until they are able to resume work again?—I have never been able to see when a man was injured why he should not have his full wages during his period of incapacity.

9522. You know the Act of Parliament in which we wished to have the full wage paid. The Act of Parliament was ultimately framed to give only half of the worker's earnings?—50 per cent.

9523. Up to £1 and the limit was £1?—Yes.

9524. If a person was earning £3 a week, and it took that to keep his house when well, if injured and laid on a bed of sickness he got £1 only?—Yes.

9525. You are aware since the war broke out the Miners' Federation by Act of Parliament secured a

small change in that of 25 per cent., but the highest any person can get at the present time is 25s. a week?—Yes.

9526. Are you aware there are some thousands of these men and boys who have been injured during the past 15 or 20 years that are getting no more in some cases than 8s. per week compensation at the present time and some 12s. 6d. or 15s. and many of them, of course, £1 and 25s. Are you aware we approached the Home Secretary a short time ago on behalf of those people whose families in some cases were starving, and asked that there should be a Bill introduced to raise their contribution by 75 per cent?—That is so, to make it 100 per cent. on pre-war.

9527. Are you aware he gave a very sympathetic reply in which he thought we had made out the case for many of these unfortunate people?—That is so.

9528. Did he first state there was no use bringing in a Bill into Parliament as at present constituted because the employing industry would oppose it and the Government could not carry it?—Yes.

9529. Sir Arthur Duckham: I have the exact words of it here, and I will read it to you if you like?—It was to that effect.

9530. Mr. Robert Smillie: I put the case on behalf of our Executive?—I was present.

9531. Perhaps a shorthand note is not what people say. They go over them afterwards. It is a fact he asked us to see the employers and see whether or not we could induce the employers to help us by deciding not to oppose a measure of that kind?—Yes.

9532. Are not the miners at the present time very anxious about that class of people?—Yes. You get in the mining districts next door neighbours. All among the miners they have these injured persons interspersed in the villages, and it is talked about in the mines and everybody realises these men have been unfortunate to be injured and they ought to have sufficient coming in to get them three meals a day. I think it is a deplorable thing nothing can be done for them.

9533. Those men in the mines who have volunteered and went to the front and have been injured in the war have rather better arrangements made for them than the victims of industry?—Yes.

9534. Do not you think those people should be put on a basis that our wounded soldiers have been and that you think is not nearly as high as it ought to be?—Yes.

(The witness withdrew.)

MR. ROBERT SHIRKIE, Sworn and Examined.

9535. Chairman: I think you are the Secretary of the National Federation of Colliery Enginemen and Boilermen?—Yes.

9536. You have been good enough to send us a copy of your proof. I am going to read it and then ask any of the Commissioners who desire to do so to ask you questions. You say in your proof:—"1st: Wages of Colliery Enginemen and Boilermen.—In the past years throughout the Coal Fields of Britain, there has been considerable trouble in labour matters, because of the fact that there is no uniformity in the wages paid to the respective classes in the different parts of the country. This trouble has, of late years, been intensified since the classes named have been more united through Associations and Federations, thereby bringing the men more together, and of making comparisons of the wages paid in the various parts of the country. In this way, the lower paid districts become dissatisfied, and serious labour troubles have resulted. My Federation is convinced that unless the question is solved in the manner indicated, greater unrest will ensue, as there is a greater communication between the classes named than ever before.

"My Federation does not agree that the fact that in some districts of the country there are richer coal fields than others should prevent the workers from being paid a uniform minimum wage.

"Briefly, I desire to put the following before the

Commission for its consideration:—(a) That winding enginemen have a minimum wage of 10s. per shift. (b) that all other grades of enginemen should have a wage of 9s. per shift. (c) That charge boilermen should have a minimum wage of 8s. 6d. per shift. (d) That boiler firemen should have a minimum wage of 8s. per shift.

"2nd: Working Hours of Colliery Enginemen and Boilermen.—My Federation believe that the working hours of the above classes of workers have been too long, in the past. Especially is this the case with regard to winding enginemen. These men have a very heavy responsibility resting upon them. Indeed, in 1911, the Government put a clause in the Coal Mines Amendment Act, limiting the working hours of the winding enginemen to 8 hours per shift. This was done for the safety of the workmen who descend and ascend the shafts. The work, physically, is very considerable also, and in many places, it is indeed too severe a strain on the winding enginemen to be on duty for 8 hours. My Federation therefore considers that the working hours of winding enginemen be limited to 6 hours per shift. Also, that a minimum of 6 shifts per week be guaranteed to them. Further that all continuous shift enginemen and boilermen and boiler firemen should have a working shift of 6 hours. That all continuous shift enginemen, boilermen, and boiler firemen should have at least 7 clear days' holiday in each year, with full payment for same."

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[Continued.]

Is there anything you would like to tell the Commission in addition to that?—Yes. The reason I am here is that I understand the Commission was appointed to enquire into all grades of colliery workers. I am representing a very important grade, namely, the colliery enginemen and boilermen, and a class who, while not anything like so numerous as the members of the Miners' Federation, yet is very important at the collieries. In the past we have had trouble, and trouble has arisen with them, as with the Miners' Federation, which means the dislocation of the whole of the collieries. What I want to point out is that according to the evidence which we know of, and some of us believe it has been shown, the miners have not been treated as a chosen people in the past, and I want respectfully to say, that the class whom I represent are not treated in as fair a manner as men in similar occupations in other industries. Of course, there are no similar occupations so far as winding enginemen are concerned, because it is only at collieries where winding enginemen are employed—that is, men winding the coals up and down the shaft. It is in respect of those that I wish to point out that in other industries enginemen, I can say, without any reflection upon the services they perform, do not fill the same important or responsible position as the winding enginemen fill at the collieries. The winding enginemen are all under Statute, and are legislated for in the Coalmines Act, and they are under it all the hours of the shift. Not only that, but they are legislated for to the extent that they must turn up at their shift or they are liable to prosecution. The same may be said in respect of the boilermen and other classes of enginemen. One thing that is not in my proof which I would draw your attention to is this. It has been a grievance for many years, and it is a growing grievance, and that is with regard to the question of week-end labour. That is Sunday labour and overtime generally. It applies to us in a way it does not apply to the Miners' Federation members in regard to the working of overtime. Practically all overtime and week-end work that is done at the collieries is done by the class of men whom I represent. In other industries overtime is treated by extra remuneration. That is, you have in some industries time and half, time and a quarter, and if you take the railways you have double time for Sunday labour. With regard to us in the collieries, there is no such thing. Overtime is paid at the bare minimum rate, and the same may be said in respect of Sunday labour. Another peculiarity about our men, if it is a peculiarity, is this: that we mostly work seven shifts. No matter whether the pits are working in the sense of drawing coal or whether they are idle, it does not matter to our class of men—we have to be there. We have to keep the water out of the pits. We have to raise and lower workmen for repairing and feeding horses, and such like, so that it means that practically the whole of the class I represent work seven shifts per week. Whether that may have anything to do with the fact that they are not treated to extra remuneration at week-ends, I will leave for some of our employers to deal with, but what we say is this. What we ask for here particularly is six hours for the winding enginemen. I may point out that at a good many collieries the winding enginemen already work less than eight hours by arrangement with some of the employers. What we feel is that with the changes that we hope are coming for the miners of the nation it will make the pits even busier than they have been in the past so far as the pits are concerned. Consequently we hold for six hours. We have three men at the shaft at the present time, because they have to work the whole of the 24 hours as well as the seven shifts a week. We ask for four men at each shaft instead of three, and six hours instead of eight. We ask the same for continuous shift workers. That is because they have to work 365 days in the year. They have no holidays, because even when the miners take holidays at different periods of the year our men get no holidays. Consequently we ask that the hours of the shifts be reduced and that arrangements may be made that would permit of them getting a holiday. I think that is really the burthen of

what we have to say. But I want to point this out to you—That we have not been satisfied with our conditions. When these things were mentioned, such as the great variations in rates of wages, it has more aggravated us than the miners of the nation. In some districts there are something like between 3s. and 4s. between the day wages and winding enginemen. That is in different districts. We hold, as I have said in the statement, that the question of whether a mine is a better paying mine or not should not matter, but that the labourer is worthy of his hire, and that a minimum rate of wages being fixed would go a long way to solve the problem of the unrest that has been with our class of men. It is not a new point to bring these things here. We have been presenting claims for shorter hours and higher wages for a long time past, and many of our agreements that ran out before the war or during the war were allowed to remain in abeyance because of the fact, as the miners have stated on their part, that we wished to keep things going and not have trouble during the time when it was a crime to make trouble. So that up to the present time we are in the position that we are just waiting, but we are certainly like the miners and we cannot wait any longer. When this Commission was appointed we thought that we, representing a very important grade of the workers, should appear and let you know our thoughts.

9537. I am very much obliged to you. Will you tell me one or two things which I want to understand about your case. What sort of training is it necessary to have to become a winding engineman?—There are different associations throughout the country making up the Federation, and every association has its methods of training. The generally accepted one is that young men shall go on to the boiler fires. They migrate on to a non-winding engine, such as the haulage engine or electric engine or fan engine. During the period of their boiler power work they are getting instructions according to rules from their fellows on those other engines. That is the non-winding. When they are on the non-winding engines, then they aspire to reach the winding engines. During the period of their working on the other classes of engines they get instructions for winding engines, and then it is only that in co-operation with the management they can get these instructions, and it is in co-operation and by the consent of the management that they can fill the winding enginemen's place. Mr. Thomas Ratcliffe Ellis, at the enquiry in 1911 when he spoke of the enginemen, said that the winding enginemen were the aristocrats of the colliery. Of course, he said, there was no need for giving them a coronet. That was when they wanted an 8-hour day.

9538. Now supposing there has been a man who has been at one of these other engines and he has to go on to a winding engine. Does he go there for the first fortnight while an experienced engineman is there, or is he put on to the job straight away to do it without any help?—He could not do that. What is done sometimes is this. He needs at least a fortnight, and sometimes it is a month that he is put with the experienced winding enginemen.

9539. I daresay this may be wrong on the figures, but it rather looks to me like this. I do not say one way or the other that your demands are unreasonable, but I simply wanted to ask you this. It means having a great deal more in the way of the number of winding enginemen if you have to have four shifts instead of three?—A good number more?

9540. Yes?—It certainly means more.

9541. Are those men available, so to speak, to-morrow, or does it take some time to get them?—We think they could be had very shortly. That has always been brought up by the coal-owners.

9542. I am not a coal-owner?—No, but I want to illustrate it. We asked for an 8 hour day in Scotland. I come from Scotland and I can speak more particularly of it. We wanted an 8-hour day, and that was one of the strongest objections which the coal-owners had ostensibly at any rate to give us, namely, that they had not men to fill the place. We asked them if they would give an 8-hour day, and we set out that the men were procurable. We have never had the slightest difficulty at any time in getting men to fill the places, because there are so many in

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[Continued.]

training. For instance, the unskilled worker can be taken to the boiler fires and trained very shortly with his colleagues always with him. These men can be removed to the non-winding engines very shortly, and at the present time we have a great many men in training (not in store for this, of course), some of whom are nearer ready than others at the engines ready to take the place of the winding enginemen.

9543. Why I asked the question was this. I have not asked any questions up to now, but we have six gentlemen representing one interest and we have six gentlemen representing another interest. I thought I would help you to put your case before the Commission. Does anyone want to ask the witness anything?

9544. *Mr. Arthur Balfour*: I must ask one question. (To the witness): What are the present rates of these men whom you represent? If we do not know that we cannot estimate what we are paying at all. You say the winding-enginemen have a minimum wage of 10s.?—I say they should have that.

9545. What is the number of the present minimum?—They are so varied, as I have stated.

9546. Could you put it in a table. I cannot estimate it without that.

Mr. Robert Smillie: You have *Mr. Finlay Gibson's* table.

Mr. Arthur Balfour: Is it in that?

Mr. Herbert Smith: Yes. On No. 4.

9547. *Mr. Arthur Balfour*: Then what is the total cost of the advance you want?—It would depend on the wages. We have a higher wage at present than this minimum.

Mr. Robert Smillie: That is the point. They take that as a minimum.

9548. *Mr. Arthur Balfour*: You see my point. I want to know whether we are talking about £500 or £50,000,000?—It is nothing. Our present lowest wages are above the minimum.

9549. You take a minimum?—Yes.

9550. How many men are there in your Association?—In the nation, the colliery-enginemen and boiler-men, I think, will run to about 45,000 to 50,000.

9551. *Mr. Evan Williams*: Do I understand where the present wages are above these minimum rates which you ask for there should be no change in their wages?—At the present time?

9552. Yes?—I ask that the usual rate of the usual increases that are going in the coalfield should be given them.

9553. If the miners get 30 per cent, you would ask 30 per cent. upon the present wages too?—Certainly, but that would not alter the minimum we are asking for.

9554. That is quite apart from the minimum?—Yes.

(The witness withdrew.)

Mr. ERRINGTON BREWIS, Sworn and Examined.

9566. I believe you are the Chairman of the London Coal Merchants' Society and the London Coal Committee?—Yes.

9567. You first of all desire to hand in statements showing the cost of delivery of one ton of coal from the colliery with all intermediate charges to the consumer's cellar within the Metropolitan area, and a comparative statement showing the cost of the same in August, 1914?—Yes.*

9568. These statements refer to coal delivered by van from the various London railway coal depots to dwelling-houses, hotels, bakeries and other institutions where supplies by van are the only medium of delivery. Now I want to go through that. These are for Best Derby coal in August, 1914. Now for Best Derby coal in August, 1914, am I right in saying that the average selling price was 25s. 6d. per ton?—Yes.

9569. That is delivered to the consumers' cellars in London?—Yes.

9570. And it is made up in this way for Derby Brights, is it not?—Yes.

9571. The coal at the pit, 11s. 6d.; railway rate, 6s. 4d.; wagon hire, 1s. That is 18s. 10d. Then comes an item of 11½d., composed of several items—wages, loaders, big sacks, half sacks, screening and

This minimum is under any wage there is at the present time.

9555. But you are asking that 30 per cent. shall be added on to the present wage if the miners get 30 per cent?—Certainly, that is so.

Mr. Robert Smillie: You have not put that in the *précis*.

9556. *Mr. Evan Williams*: That is not in your proof?—No, but the agreements in the coalfield with the various associations carry that.

9557. It is important that this Commission should know that?—I am very happy to tell them.

9558. Where there is only one winding shaft, which is very general in some districts, the winding engineman in the afternoon and night shift has very little to do?—That is not so.

9559. He winds no coal?—That may be. He may not wind coal, but a winding-engineman's duties are not confined to winding coal.

9560. What else is there to wind when there is no coal and nothing but materials going?—There is the shaft to examine. Then he has his engines to keep in order and to keep clean, and, in addition to that, there are scarcely any collieries where the engineman does not get extra duties at night attending to other engines that he has not during the day.

9561. Do you say that in general?—I say that is pretty general. Where it is not the case, then he is so confined to his one engine that he cannot attend to anything else.

9562. He spends eight hours from the time he takes the handle until the time he goes away. There is no more time occupied than the eight hours, is there?—That is so.

9563. If on the afternoon and night shift he is only there in attendance, you still ask a reduction to six hours?—If he was only there in attendance, yes; but we do not agree he is only there in attendance.

9564. *Sir Thomas Royden*: I understand from your proof that the absence of uniformity in the wages paid in respect of classes in different parts of the country is rather responsible for considerable trouble. I should like to ask you whether these proposals which you put forward establish the effect of bringing the members of your Federation into line with men at similar work in other industries?—I am not sure that it would bring them up.

9565. It would not put them in excess?—No, I do not think so. I do not know anything about the minima of the men in other industries, but I know with regard to gross wages of men in other industries that they are higher than ours. In addition to the other benefits, I say they get paid for extra time and week-end labour.

foremen's fee, landing coal to heaps, &c. That is 11½d. Then there is another item of 10½d. which is: Carmen, delivery in big sacks, driving money and attendance at stables. Then railway siding rent, demurrage, weighbridge charges, weights, scales and tools, &c., are 1d. Sacks are 1½d. Then comes a great number of items—vans, trolleys, and weighing machines, horse depreciation, forage and bedding, shoeing and veterinary attendance, harness and stable expenses, stable rent, local rates, heating and lighting, lamps, &c.—that comes to 1s. 0½d. Then comes loss on small and weights, 4d. Then there is an item of salaries, 1s. 3d.; and establishment charges, 1s. 1½d.; making 2s. 4½d. Now will you explain these figures. What is the 18s. 10d.?—You deduct the 18s. 10d., which represents the cost at pit, railway rate and wagon hire, and that leaves the 5s. 9½d. as the cost of the distribution.

9572. Then you have as average selling price £1 5s. 6d., and cost £1 4s. 7½d. The margin of profit is 10½d. To whom is that?—10½d. to the merchant.

9573. Then there is a memorandum: "There is an additional charge upon all supplies obtained through factors." So that what it comes to is this, if I may get it as quickly as I can, cost at pit, 11s. 6d.;

* See Appendix 46.

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[Continued.]

railway rate, 6s. 4d.; wagon hire, 1s.; and distribution, 5s. 9½d.—That is it.

9574. Those are the four figures I want the Commissioners kindly to note. That is August, 1914. Now will you come to the same class of coals, Best Derby Bright for 1918. The controlled public price is 43s. 6d. per ton delivered to cellar. That, I suppose, compares with the 25s. 6d. of 1914?—Exactly.

9575. Now the cost at pit is 23s. 3d. per ton in 1918, as against 11s. 6d. in 1914?—Yes.

9576. Railway rate is the same 6s. 4d., and the wagon hire remain the same?—No, there is 6d. increase. It is 1s. 6d. in 1918.

9577. Yes. Then the 11½d. of 1914 becomes 1s. 9d., and the item for carmen, &c., goes from 10½d. to 1s. 10d.?—Yes.

9578. Then railway siding rent, demurrage and so on remains the same, at 1d.—Yes.

9579. Then sacks have gone from 1½d. to 5d., vans, trolleys and weighing machines, &c., have gone from 1s. 0½d. to 2s. 7d. The loss on small and weights has gone from 4d. to 7d. Salaries and establishment charges have gone from 2s. 4½d. to 3s. 3d. Then you have here in the 1918 figures "Debenture and capital charges 3d." The whole total of the last figures comes to 41s. 10d. Then you go on to say that the controlled selling price is 43s. 6d. net cost and the cost of rates, coal and wagon 31s. 1d., leaving a margin of 12s. 5d. The controlled selling price is 43s. 6d., and the cost per ton delivered 41s. 10d., and the difference is 1s. 8d. Now I want to get the clear figures, so that it may be understood. The present price is this: Cost at the pit 23s. 3d.; railway rate 6s. 4d.; wagon hire 1s. 6d. Now what is the distribution cost at present? I want to get the thing that compares with that 5s. 9½d. cost in the 1914 figures?—It is 10s. 9d.

9580. That is to say, cost at pit 23s. 3d., railway rate 6s. 4d., wagon hire 1s. 6d., and distribution cost 10s. 9d.?—Yes.

9581. Is there anything else to go on, or does that make the total?—There is the additional charge upon all supplies obtained through the factors. That is the only item.

9582. I am much obliged to you. Now the next thing is, you also hand in a statement* showing the average of men's weekly earnings from the 1st February to the 30th June, 1914, and the corresponding period of 1918. You say in your statement: "These figures were carefully prepared in August, 1918, at the request of the Coal Controller, for the consideration of the demands for an increase of wages by the London Coal Porters' Union, and were accepted both by the merchants and the representatives of the men as correct. The statements will show the various items in connection with the cost of loading, delivery, establishment charges and profits of the merchant trade in London." Now take the wages. The trolley-men's returns from 34 firms in 1914 show an average of £2 2s. 7d. In 1918 this same class of gentlemen were getting £5 1s. 6d., and that makes an increase of 138 per cent. for the trolley-men. Now we come to the carmen. There we have a return from 57 firms. They used to get in 1914 £1 11s. 5d. They get now, plus a war bonus of 7s. 6d., a total of £3 4s. 10d., which is an increase of 106 per cent. Then the loaders are given under returns from 64 firms, and in 1914 they were getting £1 1s. 8d., but with a war bonus of 7s. 6d. they are now getting £3 12s. 8d., an increase of 100 per cent, so that the position of the men in that sphere of activity is that one class of men have 138 per cent. increase; another class have 106 per cent., and a third class have 100 per cent. increase?—Yes.

9583. Then you say in your proof that the cost of cartage shows a considerable increase over the war period. We have had from another source the increase in oats, hay, bran, oat straw, and wheat straw. I will not read your figures, but the Commissioners will no doubt look at them and take notice of them. Then you go on to deal with sacks, and I do not think we have had sacks before. You say: "Sacks are an item of great expense. In January, 1914, sacks cost 4s. 3d. each. In January, 1919, sacks cost 16s. 9d. each. Increase, 12s. 6d. each." Then your proof proceeds: "It requires 20 sacks to

furnish an ordinary 2-ton van and represents a capital cost of £16 15s. per van in the street. The merchants have to fill by shovel and deliver in the Metropolitan area over 1,000,000 sacks per week to keep London supplied, the average deliveries in London being 100,000 tons per week." We will note that figure. "The increases in establishment charges largely arises in the cost laid upon the merchants in carrying out the rationing order. Increase of wages to the clerical staff and high cost of stationery and postage. The pre-war average profit per ton to the merchant was about 8d. per ton, the margin of profit during the war period has ranged from 10d. to 1s. 8d. It is important to note in connection with profits a higher margin per ton is required on the reduced turnover in tonnage forced upon the trade by the Control." Is there anything you wish to add to that very clear statement?—Not that I can think of.

9584. *Sir Thomas Royden*: I should like to ask one question. May I ask you whether in all these figures of distribution those are absolute net figures to you and contain no discount or rebates? Are they actually out-of-pocket disbursements?—Yes.

9585. There is one item I should like to ask you about with regard to establishment expenses. Do those establishment expenses include the salaries of partners?—No.

9586. They are just payments to clerks?—Yes.

9587. *Sir L. Chiozza Money*: Can you conceive any more economical method of distribution than this which involves these charges which you have so kindly described to us?—No, I cannot. I have been 30 years in business trying to find out a more economical process, but up to the present I have not discovered it.

9588. It was given in evidence by the Coal Manager of the Co-operative Wholesale Society, speaking for the whole of England, Ireland and Wales, that out of the Coal Controller's prices they returned to their consumers from 2s. 6d. to 5s. per ton. Can you tell me how that was done?—Well, if you take Liverpool, for instance, they have a margin of 14s. 4d. per ton. He also puts in a statement of cost of delivering in the hilly districts of 8s. 5d. or in level districts 7s. 6d., or at convenient stations in level districts 5s. 8d. So that if we take 14s. 4d. as his margin and we given him the 7s. 6d. as the cost, he has 6s. 10d. as a net profit, so that he could well afford to return a good dividend to the customers.

9589. But you are aware that the prices he deals with are not his but prices arranged for him by the Coal Controller. They are the same prices that merchants charge for the same class of consumers in the same place in these three countries. The Co-operative Society are not charged extra prices, but they are the same prices as are charged by other merchants. Why do other merchants not make the same profit?—Possibly the other merchants have the same profit.

9590. You think that London is more hardly treated by the Coal Controller?—I do not think it is hardly treated, but it appears to me a very extraordinary statement to say that in Liverpool they have 6s. 10d. margin over, and if such a thing prevails it is time that profiteering was stopped.

9591. Do you speak for the Woolwich merchants?—Yes. They are in the Metropolitan area.

9592. Are you aware that in Woolwich the Co-operative Society returns 2s. 5d. out of the prices?—2s. 5d. per ton of coal.

9593. Yes?—Is it not 2s. 5d. in the £ on the turnover of the goods they trade in?

9594. No, 2s. 5d. a ton. We were assured that it would be more on coal if it were taken alone.—I cannot deny the statement.

9595. May I suggest to you it is a more economical form of distribution than you concede?—No, I do not believe so.

9596. You do not think if you organise a society by which, instead of the various merchants sending vans at odd times to odd customers, you have a system of collecting orders and making distribution and limiting the number of retain agencies and so forth, it could be done more cheaply?—No.

9597. *Mr. Sidney Webb*: With regard to the

* See Appendix 31.

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[Continued.]

Edmonton Co-operative Society, I may remind you serves the whole district of London down to Westminster—I mean from the boundary of London on the West right up to Edmonton. It is not Edmonton really, but Central London. They give us as a railway rate 6s. 1d., and you give 6s. 4d.—With what coal?

9598. This is Derby Brights?—What are Derby Brights? There are lots of them.

9599. This is from Selston colliery?—Possibly that is so.

9600. Then it is not the lowest rate as you say in your proof?—It is a variation from the colliery. It depends upon what colliery you take. I have taken here the medium railway rate and selected a colliery that gives the best Derby coal at an average London rate.

9601. Then it is not the lowest London rate, but an average rate?—It is the lowest London rate from that particular colliery. That is the Bentinck Colliery.

9602. I notice the Silvertown Society, which is East London, gets its coal at 5s. 5d. railway rate?—There again you are not touching the best Derby coal. 5s. 5d. would be Warwickshire, the lowest sort of coal that comes to London, and the selling price would not be the price of 43s. 6d.

9603. No, it is 2s. less. I notice that you say you supply 100,000 tons a week. That is a little over 5,000,000 tons per annum?—Yes.

9604. That is a very big business?—Yes.

9605. I notice your establishment charges per ton, which I do not say are extravagant, come to 3s. 3d.?—Yes.

9606. That would mean total establishment charges for the whole trade of £800,000 a year. That sounds rather a large sum?—These establishment charges are heavy at the present time, because they are made up under the exceptional conditions under which we are trading.

9607. But surely the co-operative societies have the same exceptional conditions to contend with. Their establishment charges are equally swollen with yours and, nevertheless, selling at the control price, the Woolwich Co-operative Society is able to return 2s. 5d., and the Stratford Co-operative Society are more than that per ton, and the Edmonton Society about the same amount per ton. The West London Society apparently is not so prosperous, because it is 1s. in the £ dividend, which would mean a little over 2s. per ton on the coal. But the members of those societies make those savings at any rate, do they not?—If they make it out of coal then they are doing exceptionally well.

9608. Supposing all the consumers in London were to become members of one or other of these Co-operative Societies—there are only four practically—they would all make savings?—On these figures it would be a great saving to everyone if they joined them.

9609. Still more, if there was only one Co-operative Society for London they would make greater savings?—But the thing is impossible. We consider, as merchants, that we can compete with any Co-operative Society or any organisation which you might set up, and we believe we could deliver cheaper.

9610. It is incredible to you it should be otherwise, but I ask you to notice there cannot be any suggestion that the Co-operative societies are being charged a cheaper price than you are charging them. It is the controlled price, and you are all on a level as regards the consumer, and yet they are able year after year out of a very large trade going on to pay those dividends, and I have received it myself and it is an actual fact?—So they may if they are allowed in districts to take 5s. or 6s. more.

9611. I am speaking of London for the moment. You are telling us it cost £800,000 a year for establishment charges, and all one can say is that the co-operative society manages to do the business in some cheaper way, and to do it at the rate of 2s. or 3s. a ton less, which would come at 5,000,000 tons to £500,000 or £600,000 a year?—Yes.

9612. I notice you put down here, and I know the

Coal Controller has allowed it, 3d. for debenture and capital charges?—Yes.

9613. You will allow me for my purposes to add that to the profit, because I include all interest with profit. That would make up the present profit to 1s. 11d. a ton, including these debenture charges?—Yes; less any factorage that has to be paid.

9614. Now 1s. 11d. a ton on 5,200,000 tons is £500,000 a year profit over and above all the expenses. I do not say, of course, you are not entitled to some remuneration for the work, but I am only asking you whether £500,000 is not rather a large amount for the aggregate work?—1s. 11d. is the extreme figure that is represented on these sheets as a profit.

9615. Pardon me, it is not any particular part. This 1s. 11d. is on the entire 5,200,000, because it is reckoned out per ton?—Less the factor's charges, which come in in many merchants' cases. With regard to the small merchant, it will cost a full shilling which is allowed to the factor. When you go down the scale it will cost many firms 8d. a ton to the factor. I think it is generally admitted that 4d. a ton would be a fair average charge to allow for coal coming through factors into the metropolitan area, so that you can reduce the 1s. 11d. by 4d.

9616. But the co-operative society does not buy its coal from the factor but from the co-operative wholesale society?—I am surprised to hear that they do not buy it from the factors. I do not buy from the factors but I think you are told the co-operative societies in the Metropolitan area buy from factors as a rule.

9617. They buy the bulk of it from the Co-operative Wholesale Society, whose charges are rather less than 2½d. a ton?—Well, you will have an opportunity of ascertaining that from the next witness, who is a factor, and you will get better information from him than I can give you on that point.

9618. Then I see that the profit, subject to what you explain, which is 1s. 11d. now, was only 10½d. in 1914. That is a rise of rather more than a shilling a ton, which would represent £260,000 a year additional profit in 1919 as compared with 1914?—Well, 10d. against 1s. 7d. would not represent a shilling a ton rise.

9619. I do not know how you make it 10d. against 1s. 7d. If you take 4d. off 1s. 11d. you would take 4d. off the 1s. 10d. The factor got as much five years ago?—No, he did not.

9620. What did he get?—2d. or 3d., possibly.

9621. Then the difference is very nearly a shilling, if not quite?—Yes.

9622. Was it necessary, when you were getting a living profit five years ago, that you should be given an extra profit of rather more than 100 per cent.?—That advance largely arises through the reduction in quantities and the turnover in quantities that the merchant has been compelled to do.

9623. We get rather more than half the coal we used to get. If we only get half the coal you would be making as much profit at the high price, but we get more than half the coal. Therefore, I think you are making more profit than you were five years ago?—I admit we are doing better under the Control than we were in open competition before.

9624. You would be very sorry that the control should be taken off, very probably?—No; I do not say I should be very sorry for that.

Sir Arthur Duckham: There is a point I should like to make. There is a question with regard to the co-operative society being able to do this work cheaper. May I suggest the £5 16s. paid to the trolleyman, which seems to be rather a high wage, is a wage which the co-operative society do not have because they do not have trolley-men but firm orders, and some of the money Sir Leo and Mr. Webb were asking about would come out of the trolley-men's wages?

Mr. Sidney Webb: Yes, it is a difference in the system.

Sir L. Chiozza Money: The cost would be more if you take it about in pails.

Sir Arthur Duckham: That may account for it.

Mr. Sidney Webb: Yes.

(The Witness withdrew.)

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MR. GEORGE ROSE.

[Continued.]

Mr. GEORGE ROSE, Sworn and Examined.

9625. *Chairman*: I think you are Chairman of the National Council of Coal Traders and Chairman of the Railborne Coal Factors and Wholesale Merchants' Association?—Yes.

9626. In your proof you say: "Coal Factors have for the past 60 years been the recognised distributors of a large proportion of colliery's output to manufacturers, public utility works, and the smaller merchants throughout the country. By purchasing a definite tonnage, or in some cases a proportion of the output, and undertaking to provide railway wagons to lift the coal purchased, they have assisted to ensure continuity of work at pits without regard to the prevailing state of markets. Most large collieries have found that distribution through factors has been more economical than through agents appointed to represent their colliery alone—as one factor selling 50 to 100 quantities of coal can do so at a much lower expense per ton—covering a wide area at lowest possible expenditure. On the other side there are some 27,000 to 28,000 retail coal merchants and dealers in Great Britain, of whom only about 1,500 to 2,000 have railway tolls accounts or direct accounts with collieries. Therefore, about 25,000 retailers are dependent for their supplies on the factors or wholesale distributors. The Railborne Coal Factors and Wholesale Merchants' Association was formed at the request of Mr. Runciman (then President of the Board of Trade) in 1915. The National Council of Coal Traders—linking up the seven largest associations of coal distributors (wholesale) was formed in 1918 and approved by Sir Guy Calthrop, who desired to have an organisation he could deal with representative of the trade. The seven associations represented on the National Council are responsible for the proper distribution of 75 to 80 million tons per annum. I can speak as to the cost of distribution both in pre-war days and to-day, and from figures recently compiled state the cost in 1913 was 5.48, or, say, 5½d. per ton, and in 1918 was 7.70, or, say, 7¾ per ton. In view of the fact that in 1918 we were working to a scale of margins agreed with the Coal Controller, and based on pre-war profits—our net margin of profit was reduced from about 7d. per ton in 1913 to, approximately 4½d. per ton in 1918." Coal Transport Reorganisation Scheme.

"This became operative in September, 1917. In the late months of 1917 we requested the Controller of Coal Mines to withdraw the order owing to the confusion and unnecessary dislocation of trade and the great increase of cost to the consumer, by his being compelled to use unsuitable coals costing in many instances several shillings per ton more than the coal he preferred and had found most suitable to his requirements. As an opinion we considered the possible saving in ton mileage was a small advantage when compared with the losses in other directions, and we still are of the same opinion, and in January last repeated our request to the Controller of Coal Mines to withdraw the order at the earliest possible moment. I claim that the Factor is the cheapest and most efficient means of distributing coal throughout the country and that any form of State or local control through district committees must be more costly—as it eliminates the individual effort—stops healthy competition and must be detrimental to the consumer.

Pooling of Railway Rolling Stock (Privately Owned).—It is admitted that wagons owned by railway companies do not earn the same results as those privately owned and *privately looked after*, consequently no economy can be looked for. Nothing can eradicate the necessity for considerable empty haulage. The right now given to railway companies to use private wagons on *back* journeys when and as required is a more efficacious mean of meeting any temporary shortage and is a much less costly procedure." I am very much obliged for those remarks. Will you kindly add anything to them which you think is necessary?—I can only add to the remarks which I have made in that short statement a few details relative to one or two of the points raised. I have two communications sent to me during the last few days, and the evidence of Mr. Watson, the Chairman of the National Gas Council, as to the

increase of coal for the manufacture of gas is a point which I think will bear me out to some extent in relation to the coal transport re-organisation costs. In the "Yorkshire Post" of March 11th, there is a long article in which the Leeds Corporation state that instead of drawing their coal from the collieries in the immediate neighbourhood of Leeds, they are drawing it from Durham at an increased cost of £39,000 a year, and I see they suggest putting up the price of gas 6d. per thousand feet to compensate them. I have listened very carefully to the evidence which has been given on behalf of the co-operative societies, and as I do a good deal of business with them, I was very pleased to hear one of them had returned over 2s. a ton to their consumers, but I cannot on the table before me see where the figures come from, as apparently their costs are not very much less than some of the factors. Their margins are considerably greater when re-charging their coal to the retail traders or to the retail societies and I am rather at a loss to see where the margin comes in.

Sir Arthur Duckham: Mr. Webb, in the earlier part of our proceedings, stated that there was one interest which controlled a large amount of the coal distribution in London; I think you said 75 per cent., Mr. Webb?

Mr. Sidney Webb: The figure is uncertain because it depends upon whether you take household coal only.

9627. *Sir Arthur Duckham (to the witness)*: Is that the fact?—No, nothing like it.

9628. Is it any very large amount?—I can give you practically the figures. It is less than one-seventh of the turnover in the London area. The group of firms in question (there is no doubt as to who they are) control something over 12 per cent.

9629. Do you know whether that group of firms, in consequence of their amalgamation or working arrangements, distribute more cheaply than smaller firms?—Their figures were considered by the Controller in connection with mine and four other firms in the early days of 1917 and their cost of distribution per ton was within ¼d. of mine and was ¼d. more than two other firms.

9630. Do you know other cases besides Leeds which have suffered from this distribution of coal?—Yes, I have numerous cases in my own business. I was supplying up to a few weeks ago some thousands of tons of re-allocated Welsh coal to the camps in the West of England. The coal did not suit them. They object to it, but they took it under the distribution scheme. They are paying 8s. 4d. a ton more than for the coal which they prefer and were perfectly satisfied with.

9631. So that there have been great losses in England through this distribution scheme?—Yes, we have maintained that the losses were far greater than the saving in mileage. It has not been a saving to the general public.

9632. *Sir L. Chiozza Money*: Do I understand that you are opposed to the pooling of wagons?—Yes, on general principles.

9633. You are aware that in Germany, where they have a State Railway system, they have found it advantageous to have pooling as between the States?—It is quite possible. I am not prepared to discuss it, because I do not know.

9634. Do you know business men were sent out from this country—well-equipped business men—by the Caledonian Railway Company and North British Railway Company to investigate the German system, and they so approved of it that they came back and advocated some system like it for adoption?—I believe a number of railway officials are in favour of pooling.

9635. That does not alter your opinion?—No.

9636. With regard to the co-operative societies, where do you suggest the dividends come from if they do not come out of coal?—It is very difficult to prove anything with regard to a co-operative society which is dealing in things and commodities and making profits out of all of them.

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MR. GEORGE ROSE.

[Continued.]

9637. But if the manager comes here and states on oath that the profits are made out of the coal, are you not rather inclined to believe him?—It is a rather difficult question to answer, but I know of numerous cases where absolutely the reverse applies.

9638. Numerous cases?—Yes.

Mr. R. H. Tawney: The reverse of what?—The reverse of profit. There is certainly not 2s. 5d. in the £ returned from some of the co-operative societies on coal profits.

9639. *Sir L. Chiozza Money*: But this gentleman came to speak for England, Wales and Ireland, and another gentleman came from Scotland, and they all told the same story?—They were not speaking for London.

9640. Do you know the Woolwich Co-operative Society pays 2s. 5d.?

Sir Arthur Duckham: On coal?

The Witness: That is what I want to know. Is it 2s. 5d. on coal?

9641. *Sir L. Chiozza Money*: That is the assertion. Do you deny it?—I should like to investigate their costs.

9642. It is rather strange if the figure applies for the whole of the country even if Woolwich were an exceptional case, why it should not be general?—As I supply coal to the Co-operative Societies I know exactly what their costs are.

9643. Do you supply to Woolwich?—I have done.

9644. Do you now?—No.

9645. When did you last?—A year or two back we supplied a considerable quantity.

9646. In the early days of the war?—Yes.

Sir Arthur Duckham: Can we get those figures?

Mr. Sidney Webb: We have asked for them.

Sir L. Chiozza Money: We have a better figure for the whole of the country. If it were the Woolwich figure I can understand it being doubted.

Sir Arthur Duckham: I am not doubting it, but the figure would be most valuable to the Commission if Mr. Webb could get it.

Chairman: I am sure Mr. Webb will help us if he can.

Mr. Sidney Webb: Yes, I am a member of the Society and I can bring the balance-sheet.

9647. *Mr. R. H. Tawney*: You buy from the collieries, I understand?—Yes.

9648. And do you sell direct to the retailer, consumer or merchant?—Possibly half the business is done direct to the consumers and the remaining half goes to the small merchants throughout the country.

9649. That is to say, in addition to this cost per ton which you give here, you have to add on the cost per ton to the merchant, have you not?—Oh no.

9650. I mean in order to ascertain the cost to the consumer and cost of distribution?—Yes, of such coal.

9651. That is one half of the supply?—No, one half of our tonnage, which represents approximately one third of the tonnage which the retail merchants deal with, taking the country throughout.

9652. What is the object of having more than one intermediary?—There are many reasons. You see these small merchants are spread about small villages and towns up and down the country. They cannot attend a market without great waste of time to buy coal. If a colliery sends its own representative down into small areas to sell coal he can only sell a very limited tonnage. It is that which we consider justifies us in buying largely and selling at a low rate of profit.

9653. Part of your function is to supply the small merchant and without you the small merchant could not remain in existence?—A very large number of them would certainly close down.

9654. Is there any reason why he should remain in existence?—I think so, because everyone has a right to live.

9655. Yes, but has he a right to live if there is a more economical method of carrying on the business?—If you kill everyone off who does not live economically enough, you will kill off a lot.

9656. But I thought you said something about a healthy competition?—Yes, he creates a competition.

9657. What about a healthy competition which would eliminate cost in the distribution?—I agree if you prove it to be so, but you have to prove it.

9658. I understand you to say that one of your functions is to keep the small merchant in existence?—Yes, I do not agree that it is less efficient. You claim it, but I do not agree to it because the small trader working in his own business is quite as well able to deliver it at a

fixed rate or a controlled price as a large firm, and get a living profit out of it as well.

9659. That is to say, you do not think there is any advantage to be gained like the co-operative system?—If you go into one large scheme, it will be detrimental to the consumer.

9660. You are not convinced by the figures?—No, because I do not understand what is meant, but they do not agree with my own experience.

Mr. Sidney Webb: I think you know that the trade done in coal by the co-operative movement is quite a large one?—Yes.

9661. Taking only that which is dealt with by the Co-operative Society, it comes to practically one million tons a year?—Yes, a considerable business.

9662. That is something like 3 per cent. of the whole household coal in England?—Yes; I think it is more than 3 per cent.

9663. Three per cent. is a considerable amount?—Are you referring to more than 3 per cent. of coal actually consumed in house coal?

9664. You think it is more than 3 per cent.?—My figures are wrong—I beg your pardon.

9665. The domestic consumption of England alone would probably be 30 million tons?—Yes, in that neighbourhood.

9666. Therefore, it is about 3 per cent. You have the facts, have you not, that the Co-operative Society could not go on practically paying 2s. 6d. to as much as 5s. a ton dividend on that huge amount from year to year? They have not a bottomless pit out of which they can take that profit?—They are spread over very large numbers.

9667. I am not saying they make an enormous sum, but practically every consumer who buy his ton of coal from a retail co-operative society gets it at the same price as every other merchant supplies it at, and nevertheless gets back from 2s. to 5s. per ton of the price. Do you really suggest that the co-operative movement can take that very considerable discount on that very large turnover out of any other source than out of its profits?—It must be extremely difficult for a co-operative society to attach any particular expenses to any particular department or to split up its profits in an equitable manner. Now they have to deliver coal to-day at a controlled price. They are selling a good many other articles which they are not selling at a controlled price. If they are making a huge profit on those articles, they can afford to give back the dividend on their spending capacity.

9668. Are you aware that the coal department is kept separate from all the other departments, and is debited with every charge, including interest on capital employed 5 per cent., and nevertheless gives back that dividend?—I am not aware of that fact, and I cannot understand it in the face of the figures I have before me.

9669. Would you mind considering the factors you specially know about. The Co-operative Coal Society acts virtually as a factor with regard to these retail societies?—Yes.

9670. We have here their audited accounts for their actual distributed expenses of the Co-operative Wholesale Society per ton of coal, and they come to 2d., 3d., 2d.; the average for five years is 2·4d.; that is not quite 2½d.?—I have the London district here.

9671. That is also given separately. It runs to some thing more?—It goes up to 5½d. in 1918.

9672. The average for five years is 3·6d.?—As the expenses were rising, I see the wholesale society co-operative distribution was rising. It went up from 3d. in 1914 to 4½d. in 1918.

9673. It went from 2d. in 1914 to 3·1d. in 1918?—I do not think that is a fair comparison, because you know as well as I do that the Manchester Co-operative Society do a very large business on a different scale to the way it is done in the south of England. It cannot be done on the same basis in the south of England. Co-operative expenses, I find, went up from 2½d. to 5½d. I find also that the profits went up from 2½d. to nearly 9d. in 1916.

9674. You must not take separate years like that. Obviously the year that had the highest expenses they could not have the highest profits?—I cannot understand these figures. I suppose I may not ask you questions.

9675. Yes. Can we elucidate it in any way?—There is one thing that strikes me as very curious. Your profits in the London district of the wholesale society go from 2½d. in 1914, 5½d. in 1915, 9d. in 1916, 7½d. in 1917 to 1d.

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MR. GEORGE ROSE.

[Continued.]

in 1918. They were selling in 1918 upon the same margins as other factors. I cannot understand how their profits went down in one fell swoop.

9676. Do you know that the whole practice of the co-operative movement differs from that of the ordinary trader, in that they do not attempt to get out of their customers all that they can? They attempt to carry on business at cost prices, and as they must put themselves right and be on the safe side they are obliged to make a little profit and that they are quite pleased if they make a small profit rather than a large one. Might not that be the explanation?—It might be, but I cannot understand the serious drop, because I know in 1918 the Wholesale Co-operative Society was charging some of their retail societies a greater amount than I was.

9677. If you attended an annual meeting of the Co-operative Society you would find the shareholders criticising the management because the profit is too large, therein differing from other organisations that I ever heard of. Might not that have something to do with it?—It might, certainly.

9678. I think you said something about this rather large firm or group of firms, whose name we will not mention. Could you give us any idea what its turnover is?—For the metropolitan area I believe in household

coal it is under 300,000 tons per annum. I am not touching the gas coal or bunker coal.

9679. How about the other turnover?—That, of course, is very large; I cannot tell you what it is.

9680. When you said one-seventh were you referring to household coal?—The coal coming into the metropolitan area; the total is one seventh.

9681. That is to say that they do about one-third of the total household coal?—No; they do about 300,000 tons a year.

9682. What proportion is that of the household coal? The quantity is roughly five million tons a year coming into the metropolitan area. Therefore, it would only be 6 or 7 per cent.

9683. And the other? I could not tell you what they do in the total, but I believe it is estimated in trade circles that they control about one-seventh of the bunker and manufacturing coal coming into the metropolitan area.

9684. One-seventh of the turnover other than household?—Yes.

9685. Then, of course, the common impression that they do very much more must be that they are confounding them with other firms?—It is like so many of the fairy tales that one hears.

(The witness withdrew.)

MR. WALLACE THORNEYCROFT Recalled.

Chairman: You have some information that Sir Leo asked for. This is the question that Sir Leo asked with regard to Mr. Talbot's statement, that it took 4 tons of coal for one ton of finished steel produced, and Sir Leo was good enough to draw our attention to a letter and a pamphlet from Professor Watkinson of Liverpool. You desire to say something with regard to that, I understand. You have been good enough to obtain a paper read before the Institute of Mining Engineers by Sir John Haldane at the general meeting on June the 8th, 1916. I propose to circulate those. The members need not read them to-night. Now Sir Leo, I will leave it to you.

Sir L. Chiozza Money: I think it is very kind of Mr. Thorneycroft to give us this information. I do not know that it is necessary to take it from him verbally now.

9686. *Chairman*: If you read the last three tables I think they contain the gist of the information*.—They do. That is Statement V. (a). It brings together the Statements I., II., III. and IV. showing the total coal consumed to make a ton of steel in the work specified in Statement I. (b) in the year 1916, cold metal process. The coal used per ton of pig iron worked out at 40.08 cwts. The pig iron per ton of steel 17.84 cwts., that is Statement I. (b), consequently the hundredweights of coal used in producing pig iron per ton of steel would be 35.75. In addition to the pig iron we have the ingot moulds which are ultimately melted. The pig iron used to make one ton of ingot moulds is estimated at 21 cwts.; the coal per ton of pig iron 40.08 cwts., equal to 42.08 cwts. per ton of ingot moulds. The coal used to make the moulds, per statement on II. (a) is 8.33 cwts. per ton of moulds. The total coal used to make a ton of moulds is, therefore, 50.41 cwts. The moulds per ton of steel is .69 cwts.; the coal per ton of steel for moulds is, therefore, 1.74 cwts. The ferro-manganese and so forth is—coal per ton ferro, 65.11 cwts.

(Statement III. (a)). Ferro per ton of steel, 37 cwts. (Statement III. (b)); consequently the coal used in the ferro per ton of steel is 1.2 cwts. *Note*.—The balance of the metallic charge required to produce the finished steel is made up of steel scrap, and the fuel required to melt this scrap is included in steel works direct coal. That works out, as per Statement IV. (a), at 42.86 cwts. The total is 81.55 cwts. The coal used to raise calcine and transport ores is an estimated figure of 3.70 cwts., making a total cost of 85.25 cwts.

Sir L. Chiozza Money: I do not think there is anything to call in question the accuracy of these figures which Mr. Thorneycroft has so kindly given us. I do not suppose he has read the pamphlet on which the letter was based. It deals with other technical processes in producing steel which have not yet advanced in many parts of the country and it runs as follows:—"It has been proved that when coke ovens, blast furnaces and steel works are combined it is possible to make the finished steel without any coal beyond that fed into the coke ovens. The coke oven gas and the blast furnace gas suffice for all that is required, and also for the generation of all the power required in the works." That is to say, instead of making your pig-iron with one lot of coal and then making your steel out of another lot it is all combined in one process.

9687. *Chairman*: What is your view as to that?—That is fiction founded upon fact. There are works, for instance the Skinningrove works, where they have coke ovens, blast furnaces and steel works all on the one site, but I do not think they have got so far, quite, as using no coal at all, but they are approaching it.

Sir L. Chiozza Money: It only shows what extraordinary economies have yet to be introduced.

Mr. Arthur Balfour: You would have to build entirely new works on a new scale?—Yes.

Adjourned to Monday next at 10.30.

* See Appendix 52.

FIRST STAGE.—THIRTEENTH DAY.

MONDAY, 17TH MARCH, 1919.

PRESENT:

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

MR. ARTHUR BALFOUR.

MR. R. W. COOPER.

SIR ARTHUR DUCKHAM.

MR. J. T. FORGIE.

MR. FRANK HODGES.

SIR LEO CHIOZZA MONEY.

SIR THOMAS ROYDEN.

MR. ROBERT SMILLIE.

MR. HERBERT SMITH.

MR. R. H. TAWNEY.

MR. SIDNEY WEBB.

MR. EVAN WILLIAMS.

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

ALDERMAN HARPER PARKER, Sworn and Examined.

9688. *Chairman*: I think you are an Alderman of the town of Stoke-upon-Trent, and you are the general secretary of the National Council of Mine Workers, other than miners?—That is so.

9689. About how many men are there in your union?—There are upwards of 50,000 men affiliated to the Council at the moment. Within the last few weeks since the representation has been put in there has been a lessening of the numbers.

9690. I propose to read a precis of your evidence, and then I will ask you to tell me what your difficulties are and what your suggestions are. "Alderman Harper Parker will give evidence in support of the following demands:—

"1. He will speak in support of the demand for an increase of 30 per cent. advance on the present rates of wages.

(a) That the present working hours per shift be reduced to 6 hours.

(b) That an advance of 30 per cent. be granted on the present rates of wages.

(c) That all percentages, war bonuses, and war wage advances be merged into the wages rates.

(d) That in respect to night work (this to include, in the case of men who are already on 8 hour shifts; the afternoon and night shifts) and week-end shifts, time and half shall be paid as from the end of the day shift for all work, and double time shall be paid from midnight on Saturday to midnight on Sunday.

(e) That two weeks' holidays be granted in each year with full pay.

"2. He will explain the area covered by the representation of the Council in the coalfields of Great Britain.

"3. He will explain the grades of workers covered by the representation of the Council.

"4. He will specifically refer to necessity for a shorter working day, in the case of winding enginemen, boilermen and boiler stokers, stationary enginemen and pump attendants.

"5. He will speak in support of the plea for the merging of percentages and war advances.

"6. He will speak in support of the claim for overtime rates to be paid.

"7. He will speak in support of the claim for two weeks' holiday with full pay."

Will you kindly now come to these points and then discuss it with me, because I know on one side of the table we have one set of gentlemen and on the other side another set. I want to hear exactly what your difficulties are and what your suggestions are?—If you please, Sir, may I refer to the areas covered in the coalfields by the Council?

9691. Yes, the areas covered by the representation.—The areas then are South Wales, North Wales, Cheshire, North Staffordshire, South Staffordshire, East Worcestershire, West Staffordshire, Shropshire, Forest of Dean, North Warwickshire, Leicestershire, South Derbyshire, and part of the Yorkshire coalfield, and the mechanics and craftsmen in Scotland. The grades of colliery workers represented by the National Council are as follows:—winding enginemen, stationary and other classes of enginemen, pump attendants, power house attendants, boilermen, boiler stokers, assistant stokers, electrical workers, mechanics, craftsmen and their assistants, motor men, locomotive drivers, shunters and stokers, and colliery craftsmen. The number of workers actually represented at this moment by the Council is upwards of 50,000—those are organised workers apart from the percentage of workers who are not organised within the limits of the several unions. If I may, I would like to explain very briefly the course which has brought us before this Commission.

9692. Yes, certainly.—In last year the National Council placed an application before the Controller of Mines for a shorter working day. Negotiations pro-

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ceeded as between the Controller of Mines and the National Council, and eventually an offer was made to the Council of a working day of 8½ hours. That was to come into operation, if accepted, six months after the signing of peace. That offer was placed before the membership of the several unions, and it was definitely rejected by the men. The negotiations with the Controller proceeded, and eventually, after several conferences had taken place with the Controller and the Mining Association of Great Britain jointly on one side, and the National Council on the other, a further offer was made of a 49 hour week of six days, that is that a week of six days should be determined by 49 hours a week. This matter was discussed very seriously in December of last year. Matters were in an acute stage and the Mining Association pledged their word that if the men would accept the 49 hours they would meet us in January of this year to discuss the question of an absolute 8 hour day. They met us in January, and after consideration they informed us that inasmuch as the Government were then about to institute a Commission to enquire into the question of hours and other matters they did not feel competent to proceed further with regard to the discussion in relation to our application. We felt then at that moment that if there was to be a Commission to enquire into the conditions and hours of colliery workers we were entitled to ask that we might have consideration in respect of that Commission; hence our application for the position here. I wanted to make that position clear so as to show consistency of our procedure. I would like to explain also that the question which we had before the Controller and the Mining Association was only part of the demand which we placed before the Controller of Mines early in 1918. That demand included the question of wages in addition to the hours. The question of wages was eventually settled by an advance of 1s. 6d. per day. We followed on the question of hours after the question of wages had been settled as I have described. When we came to the point of the question of hours and wages being gone into by this Commission we ourselves put forward as a council the demand which you have read out this morning, and we feel that in relation to the men that we represent we are entitled to ask for the conditions embodied in that demand. May I say in respect of the different grades of workers affiliated to the Council they are workers who more or less carry very heavy responsibilities and perform very arduous duties in relation to the working of the collieries. Each grade is an essential part, and very much so, if I may use the expression for the expeditious and efficient working of the collieries.

9693. Do you mind stopping there one moment? I am going to ask you occasionally questions, because here I am independent. I do not ask other witnesses questions, because one gentleman, either on one side or the other does that, but as you are not represented on the Commission I want to get your story out?—If you please.

9694. Just stopping there a moment, could you tell me—I daresay you have not got it accurately—about what wage the different classes of your Union are getting? For example, you see you speak of winding enginemen, boilermen, boiler stokers, stationary enginemen and pump attendants. About what wage are the winding enginemen getting?—The present rates, including all the war advantages and percentages that have been put on since the commencement of the war, is a varying quantity in the different coalfields.

9695. It is, I agree.—I want to make this confession at the outset, that I have not got that complete, but I have some figures here. In the Lancashire and Cheshire and North Wales coalfields the winding enginemen are now receiving a rate of 12s. 10d. per day, inclusive of all war advances.

9696. How much of that is war wage?—I have not got their actual rate that they had before the war, but it is made up of the pre-war rate plus 23½ per cent. plus 18 per cent. war bonus, and 3s. per day war advance.

9697. Very well, I will come back to that. It is 12s. 10d. a day at present?—Yes, that is right.

9698. Now, with regard to the boilermen, what sort of wages do they get?—Their rate in the coalfield in the same relation is 9s. 9d.

9699. And the boiler stokers, what do they get?—That is the boiler stokers I have given you.

9700. It is the same thing; boilermen and boiler stokers 9s. 9d. P.—Yes.

9701. Now, these stationary enginemen; what about do they get?—Taking the fan engineman, his rate is given as 10s. inclusive.

9702. Are there any other classes of stationary enginemen other than fan enginemen?—Yes; there are fan enginemen, ventilating engine attendants and power house attendants.

9703. About how much do they get?—The figures are not given me here, but generally we find it does not vary much; the rates are somewhere near to each other.

9704. Now the last people are pump attendants; how much does a pump attendant get?—I have not got that; they have not given me that.

9705. Never mind. Do you know from your experience, it may not be quite to the penny, but is it 7s., 8s. or 9s. a day, or what is it?—The rates, if I may explain it, in respect of what we call stationary enginemen, as we apprehend them, include fan enginemen and you go right down to pump attendants, and they may vary a copper or two a day, say 3d. a day, not more.

9706. They are about 10s. P.—They are about 10s.

9707. Your position is this, the winding engineman gets the most; he is about 12s. 10d. P.—That is right.

9708. Then the boilermen and boiler stokers are about 9s. 9d. P.—Yes.

9709. And the rest of the men, the stationary enginemen, the fan enginemen, the ventilating enginemen and the pump attendants get round about 10s.—That is right.

9710. You are asking for 30 per cent. to be granted on the present rates, that is exclusive of war wage. Could you give me any sort of idea (I daresay it will be, perhaps, a rough idea) of what that would come to in pounds, shillings and pence if it were conceded?—It would be a different quantity in accordance with the rates that are now on.

9711. Yes, I know that, but have you made any calculation as to this. Supposing, for example, the full 30 per cent. were given, how much would it mean a year. Give me first of all how many men are there about; can you tell me how many men there are altogether?—If you take winding enginemen, if you have three winding pits included within the limits of the colliery you get 9 men, and so far as the stokers are concerned it will depend on the number of boilers that are being used for the generation of steam as to how many will be on each shift. The nine men as winding enginemen cover the whole of the 24 hours working on the three shifts. It will depend, I say, on the output of the mine, the number of boilers required for the generation of steam or power of any other kind, how many men there are on each shift in the boiler house. It will be a different number.

9712. Very well, I will not trouble about that. We have got these figures. Now we might go on perhaps to the next point. You were just getting to this: You explained the grades of workers covered by the representation of the Council, and you have told me something about what their wages are. Now if you will kindly look at your precis just for the moment you say you will refer specifically to the necessity for shorter working day in the case of the winding enginemen?—If you please. I would like to urge that in respect of the winding enginemen their duties are of a most responsible character.

9713. No doubt.—We regard them, if I may be pardoned for saying so, as the most responsible workmen there are about the surface of the mine.

9714. Under the Act, I think at present they are limited to a nine hours' day?—It varies. They are

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limited to an eight-hour day generally speaking, and under certain conditions they may work nine hours.

9715. That is what I thought.—We feel that this class of men have never yet been recognised at their proper value. I would like to say that I am speaking from the experience of a winding engineman of 22 years.

9716. You yourself were a winding engineman for that time?—Yes, and I feel on behalf of the members I represent that the labour of these men has never been recognised at its proper value; that they are worth far more to the interest of the colliery than is represented by the rate which they are paid even at this time.

9717. About what age does a man get to when he first becomes a winding engineman? Is it the sort of job they get quite young in life?—22 years of age is the limit fixed in the Statute.

9718. I thought so. How long can you stick on as a winding engineman; is there some age limit the other way, or do you find men of 50, 60 and very old men winding?—Yes. We have men over 70 years of age winding to-day.

9719. Now go on and tell me about them, will you, because it is interesting?—If I may put my feeling with brevity, I will put it in this way. You might get out of your seat and forget your glasses. You would simply either come back for them or send for them.

9720. Yes, that is right.—If a winding engineman forgets for a single instant he can never recall it. The result is either damage to property or risk or injury to life and limb.

9721. You mean to say he is on the stretch the whole time?—The whole of the time.

9722. What about his meal times?—Under the provisions of the Mines Act there is no provision for meal times for the engineman. There is a short cessation which varies in the period, but 20 minutes, generally speaking, I should say, and in that period he is expected to go round his engines and see that they are ready for setting away again at the end of the time.

9723. I am asking these questions not because I do not know—I know something about it—but I want the public to know. Who fixes the time that a winding engineman should be allowed for his meals?—There is no time fixed; no one fixed it; it is determined by the time that the pits are off work in order to allow a meal time to the other workers round about.

9724. You told me what the wages of these winding enginemen are, and the age they have to be before they start. You have told me, you and I quite agree they are always on the stretch and have human life, of course, in their charge. Just tell me now something about these other classes of men, for instance, the boilermen and boiler stokers, the stationary enginemen and pump attendants. Just tell me your view with regard to them?—In respect of the boiler attendants, that work is of a very heavy and arduous character. If I might emphasise it, I might say it is very heavy in very many instances in the different coalfields, according to the magnitude of the mine and the output. The men are constantly at work under very bad conditions. They are in the midst of heat and dust, and in regard to the length of day that they have to work in some instances in these coalfields of Britain, boiler stokers and boilermen are working 12 hours per day at the present time.

9725. As much as that?—They are not included in the Statute. We have been able to reduce the working hours of boilermen and stokers by trade union effort. We have succeeded very largely, but there are still areas where they are not working any shorter working day than 12 hours at the present time.

9726. Then with regard to the stationary enginemen, what about them?—The same things applies; they are in the same coalfields. They work on 12 hours. We have been able in some of the coalfields to get them reduced and put on an 8-hour

working day, and in others we have been able to get from the coalowners an 8-hour working day during the week-ends. You see, when a man is on 12 hours, in order to change over on to either shift, he has to work two shifts in succession, making a shift of 24 hours. The coalowners have been good enough to recognise that fact where they were not able to recognise the necessity for the 8-hour day, and they have consequently given that 8 hours in the week-ends, otherwise it is 12 hours.

9727. I want to ask you if you have thought about this sort of question—I daresay you have—If this demand for the shorter working day is conceded, would it be necessary to employ more winding enginemen and more boilermen and stokers, more stationary enginemen and more pump attendants to do the present work?—It would.

9728. Have you formed any sort of idea as to how many more men would be required?—If you take the winding enginemen, the men who are already on 8-hour shifts, it would mean another shift to be put on, making four shifts; that would mean on 12 hours two more shifts being put in.

9729. Does that apply to the others?—That applies in the same relation right through. Where they are on eight hours it will mean one shift, and where they are on 12 hours it will mean two shifts being put in.

9730. I am again asking you these questions, because you and I are just talking about it together. What sort of training is necessary? Supposing we were to say, for the sake of argument, this were to come in, where would you get the men?—In relation to winding enginemen, it would be necessary for there to be a period of training, because you cannot transfer a man into a winding engine house unless he is absolutely competent.

such a measure could be put into operation safely—

9731. How long do you think it would be before a couple of months, or three months, or four months?—To fix a period, I should say in order to insure safety it would be three months, having regard to the difference in constitution and temperament and capacity of the men. You get a winder that will take to an engine in five minutes.

9732. Like a duck to water?—And another one will not take to it until he has been fully trained. I say three months is a fair period to allow.

9733. I quite understand all about (4); that is with regard to shorter working hours. Now will you come to No. 5. You are going to speak in support of the plea for the merging of percentages, and other war advances?—Yes. In that relation I want to urge that the rates which have been paid to the crafts, which I represent here, have never yet been commensurate with the value that they have given in return. There is an urgent need that these men, in common with the other workers in the country, to have such a rate for their labour as will enable them to live in a different manner that they have been able to live. What I mean is, they have just been down on the subsistence level, and at the end of the week, instead of having something to put by for a rainy day, oftentimes the expenditure is over the income. We feel that the value of the labour given by these men should be raised considerably, in order that they may have opportunities given them for their own improvement, and for the bringing up of their families in a better way than they have been able to do at the present time, and we feel that if during this war, out of sheer necessity, the work done by these men has been estimated at its present value, that value should remain because their work will remain, and although it may differ in degree, its character will be exactly the same when the war is over. We feel that the value that the Government has agreed to recognise up to the present time should remain. I may say we are always out to lift the value of labour; that is our perpetual desire.

9734. I quite understand that, and I want now to come to the next one in support of the claim for overtime to be paid. I just want to ask you, supposing the underground workers are reduced, I suppose the surface workmen must, of necessity, be somewhat longer employed than those who are underground?—

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Yes, that is necessary generally, apart from the shift workers.

9735. That brings me to this claim for overtime rates to be paid; what have you got to say about that?—In that relation we ask that practically the same recognition should be given to the mechanics and craftsmen and general workers about the surface of the mine as is given in the surrounding trades. For instance, a blacksmith, a carpenter, or a fitter, in the engineering trades have certain overtime rates fixed. We say that the value of his labour at a colliery and his ability is exactly the same as if he were working in what we call a private works where overtime would be worked and paid. Specifically in relation to that point I want to place before you our claim for the payment of overtime rates to the shift workers on all shifts, apart from the day shift. We believe that they are entitled to it, and that is why we ask for it. It is a new idea, but during this war the Government, from its arbitration Courts has recognised in respect of the chemical trades, the engineering trades, the shipbuilding trades and the iron and steel trades that so far as the shift workers are concerned, they are entitled on the night shift and the week-end shifts to extra remuneration, because of the fact that by working nights and working week-ends they are denied the advantages of their natural rest and they are denied the opportunities, to a very large extent, of improving their means of recreation and improvement generally. We feel that the time has arrived when the shift workers at collieries should be recognised in that relation, and they should be paid in respect to night work or afternoon work an extra rate per shift above what would be recognised as far as the day is concerned because of the extraordinary character of the period during which the shift has to be worked.

9736. Now I come to the last item, that is in support of the claim for a two weeks' holiday with full pay; just tell us about that?—We have come to the conclusion that these men, of whichever grade may be referred to, are entitled to ask that after they have given a year's service that service should be recognised as it is recognised in many other trades, and that a period of rest and recreation should be granted to them at the expense of the firm to whom they have been giving of their best all through the year. We think it is reasonable to ask that that period should be determined by two weeks. So far as colliery workers are concerned, I am bound to say that we have not had the pleasurable experience of having had one day's holiday yet. We think the men we represent are fully entitled to that period of rest just the same as the office staff and other people who are granted periods of rest at the end of the year. We think the colliery worker should be treated just as justly as they are treated.

9737. Now that finishes No. 7. If you will allow me to say so, you have put it very clearly indeed. Is there anything more you want to add to that at present?—No.

Mr. Evan Williams: You have referred to the negotiations with the Mining Association of Great Britain during the latter part of last year. Your demand originally was for an 8-hours day for the men in your Union, exclusive of mealtimes?—If you will pardon me, it was for an 8-hours day in the original application, inclusive of everything. The argument arose as to whether or not it should be inclusive or exclusive, and the offer was made of an exclusive day.

9738. When we came to terms with you for an 8½-hours day, with 20 minutes for mealtimes, you as a Council, accepted that, did not you?—If you remember, we accepted it after a long period—well, not a long period, but a strenuous period of negotiation, on the distinct pledge given by the Mining Association that they would meet us in January to discuss the question of the 8-hours day, inclusive of everything.

9739. Was not that after you found your men had refused to accept the arrangement you tentatively made with us?—If I may remind you, in the first place the Controller of Mines—

9740. I do not want to go into this at any length. I simply want to bring you to the final demand that was made on the Mining Association?—If you

will pardon me reminding you, the first offer made to us as a Council was made by the Controller himself as representing the Government before we met the Mining Association, and that was an offer of an 8½-hours day, exclusive of meal-times, to come into operation six months after peace was signed.

9741. I am dealing now with the actual negotiations, with the actual settlement we made with you in December?—That is right. I was only putting the position to you. We pressed the application for an 8-hours day inclusive of meal-times. Then we were brought into conference with the Mining Association, and we proceeded along that line until the offer was made by the Mining Association of a 49-hour week of six days.

9742. Which your Council accepted for recommendation to your members?—Yes; but you will pardon me if I remind you that we only accepted it on the distinct pledge that you would meet us in January to discuss the question of the 8-hour day inclusive.

9743. Was not that after you came back and found your members would not accept?—We came back and told you that our members would not accept the 49-hour week as offered to us. We certainly came back and told you that, and then at the final interview you gave us a pledge that you would meet us in January, and we went back and pressed them to accept it, and they did so on those grounds.

9744. We said that having met you we would not refuse to discuss any question you might raise without giving any pledge.—I have not got my papers here, but I have told you my impression.

9745. The application made by you in February was for an 8 hour day inclusive of meal times, was not it?—That is so.

9746. And that is the last demand that you officially made upon the Mining Association?—If you will pardon me, no. A copy of this demand that has been referred to this morning, was placed in the hands of Sir Thomas Ratcliffe-Ellis at once.

9747. Do you know what date that was?—I have not got it, but it was in February.

9748. Was not it some considerable time afterwards?—In February, and I think Sir Thomas Ratcliffe-Ellis's acknowledgement of it promised that he would bring it before the Mining Association.

9749. In February when we met you, you gave us to understand that if the 8 hours day was accepted that would settle the matter as far as your Association was concerned?—At that time we were discussing the 8 hours day separate and apart from any further demand that we might think it necessary to make.

9750. I quite understand that. No labour leaders make a settlement for ever?—Well, it would not do, would it?

9751. These new demands were, as you say, made in a letter to Sir Thomas Ratcliffe-Ellis some time in March?—In February.

9752. Well, they have not been brought officially before the Mining Association at all. Have you made any estimate as to the amount of increase that your demands mean?—I am afraid I have not gone into that.

9753. Would you take it in steps?—You ask for 30 per cent. as I understand, on the whole of your present earnings?—Yes.

9754. That is inclusive of war wage?—That is inclusive of war wage.

9755. The Miners' Federation demand is for 30 per cent. of the wages, exclusive of war wage?—Yes.

9756. You have gone one better there?—Yes.

9757. That means that for every 100s. paid now 130s. will have to be paid in the future, if granted?—Yes.

9758. Then you stated in reply to a question put to you by the Chairman that you would want four men for every three that are employed now?—Yes.

9759. That means another 33½ per cent. on to the cost due to the four men being put on?—Yes.

9760. That is for all classes of men in your Association?—That is where they are working eight hours now.

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9761. Yes, where they are working eight hours now, if they are working longer than eight hours of course the advance is still more?—That is so.

9762. And the number of men required to be employed is still more?—Yes.

9763. Taking the eight-hour men that would mean another 33½ per cent. on to the 130s.?—Yes.

9764. That is 173½ per cent.?—Yes.

9765. Then you ask that all shifts except the day shift shall be paid time and a half?—Yes.

9766. Does that mean exactly that only one out of the four six-hour shifts is to be paid at the rate of time and a half?—There would be a consideration in taking the 24 hours and dividing it up into three parts; we are asking that the afternoon shift and the night shift —

9767. You are dividing the day into four parts and asking for six hours shift each?—If six hours is granted it would divide it into four parts.

9768. You are not assuming that the 6 hours would be granted, I take it?—I am really.

9769. Out of those four shifts how many of them would you ask to be paid at the rate of time-and-a-half?—I was about to say that it would alter our expectation inasmuch as the 24 hours would be divided into four parts, and we should be bound to recognise that what we call the day shift now would extend into the second shift of 6 hours.

9770. So that 2 out of the 4 would carry the time-and-a-half?—Yes.

9771. I understand you to say that when you first asked for this time-and-a-half you only contemplated 3 shifts of 8 hours?—No.

9772. I thought you said your expectations had been altered?—If I used that term, yes.

9773. Have you estimated what all that means in cost?—I am afraid we have not gone into the case. We go into what is necessary so far as our people are concerned.

9774. We will come to that later. I am dealing with the cost at the present time. That means that 5 shifts will have to be paid where 3 are paid now. You have 2 shifts paid at 1 and 2 paid at 1½; that makes 5?—Yes.

9775. So that instead of 33½ on the 130 you want 66½?—Yes.

9776. That brings you up to 226s. 8d. for every 100s. earned at the present time?—Yes.

9777. Then you are asking for two weeks' holiday with pay, I take it?—Yes.

9778. That means another 4 per cent. on top of that again?—Yes, I suppose so. It means something, anyhow.

9779. Which would add another 9s. So your demand is that the man who gets 100s. now is going to cost the company in future 235s.?—If you put it in that way; you have gone into it. We say that these men have been underpaid.

9780. That is really what it does mean. The men in your union are a very respectable, decent living class of men?—All of that, I should hope.

9781. You have always taken pride in that—men who could pay their way?—As far as they are able.

9782. But they do succeed?—They can only succeed in the same ratio as any other man who has the same amount of money at the end of the week. He can only make it go so far.

9783. In your negotiations with us you have always prided yourselves on representing a very respectable class of man?—I did not know that we pleaded any special virtues, but we do try to keep ourselves respectable.

Chairman: No doubt you are quite justified.

9784. *Mr. Evan Williams:* I quite agree. They are people who do not run into debt as a rule?—They are just human. They have to run into debt if they have not got the money to pay with.

9785. But generally speaking they do not?—I could not say that. They can only go as far as their earnings will carry them.

9786. I have experience of them too, and I know you could not say in the past they have not been able to earn a living wage?—Yes. It depends on what you call a living wage. If a living wage means a mere

subsistence then I am bound to agree that they have subsisted—they have just existed.

9787. Are not your winding enginemmen looked upon as the highest paid class at a colliery?—I do not think so. Are you speaking of the surface workers now?

9788. Of all the workers?—I do not think they are the highest paid.

9789. On day wages?—Well, I should say, at any rate, they compare favourably.

9790. There is nothing wrong with their wage as a living wage?—The winding enginemmen?

9791. Yes?—Having regard to the responsibilities there is a great deal wrong with it.

9792. No, with their living wage as a means of existence, and decent existence?—I think so. Would you say that £4 per week, we will say, is sufficient to enable a man to rear a family in a proper way and keep himself decent in these times if you allow for the increased cost of living?

9793. Most working families have been brought up on less than that, you know?—That may be so.

9794. I am not going to argue the question with you, because the Chairman very properly pointed out there is very little chance of a witness changing his opinion in the witness box. You would not say that a class like winding enginemmen require 235s. for every 100s. they earn to-day?—My position here is to put forward the plea that their labour that they give is worth as much as we are asking for it, and we want to say that in our opinion the labour of these men should not be determined by the output of the mine.

9795. It is not, is it?—Because of their responsibility we say it should not be.

9796. But is it?—We say it is very largely, otherwise they would be paid more than they are.

9797. Do you say that your boilermmen and that kind of man are paid higher rates depending on the output of the mine?—If they were paid the value of their labour as we conceive it, they would be paid much more than they are now, and it would not be dependent on the output of the mine.

9798. You are speaking of absolute value without regard to the produce of the industry, or the ability of the industry to pay?—It is the only commodity the workers have to exchange for the necessities of life.

9799. And you think they ought to get it whether the industry can afford it or not?—There has always been reason on the side of the men. We have never taken the extreme course, but if you ask me my opinion of the value of their labour I am bound to put it that they are.

9800. Have you estimated the number of extra men that would be required for all classes represented in your union ——. I do not mean the membership of your union, which, by-the-by, you used to tell us amounted to 100,000, but now you say 50,000; what is the explanation of that?—There has been an alteration within the last few weeks that I did not want to refer to.

9801. Have you made any estimate as to the number of men? You claim to represent a more or less skilled class of workman?—That is so.

9802. In these classes at all the collieries of the country have you made any estimate as to the number of men that there are at the present time employed?—No, I have not gone into it particularly in respect of each colliery.

9803. It would run to a very large number?—It would.

9804. 200,000, I should think. I do not want to put a figure to you which is far off the mark, but I think you would take it from me that 200,000 is not very far off the number of men in these classes in your union and in the other unions?—Yes.

9805. And the granting of a 6 hours day to these men means at least another one-third?—Yes.

9806. That means 60,000 more of these skilled men to be employed at the collieries?—Yes.

Chairman: I think we appreciate that.

9807. *Mr. Evan Williams:* Where are these men to be got from; that is the point I want to get at?—It would find work for those lads that are coming back—many of them,

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9809. You are depending upon the men coming back?—To a large extent. We want to see them all placed in work, and we want to remove, so far as our sections are concerned, the question of unemployment altogether and find work for every man.

9810. The Miners' Federation are claiming 100,000 of them to come back and work the mines?—Yes.

9811. And there is not another 60,000 to come?—The question of giving us a 6-hour day is not dependent entirely on the lads that are coming back.

9812. Only one more question. Are you in favour of the nationalisation of mines?—I am, and we are absolutely.

9813. Are you in favour of the scheme that was put forward last week by the Miners' Federation for nationalisation?—Generally speaking, yes. I am not going to say that I have gone minutely into the statements.

9814. *Sir Arthur Duckham*: Why should the boiler-men and stationary enginemen in the mines get shorter hours and higher pay than men similarly

employed in other industries?—Take the case of the stationary enginemen. The work is of a very monotonous character. True, it is not very heavy work, but those men are held responsible to the law for the performance of their duties. For instance, if you found a man who through fatigue had closed his eyes whilst on duty, he would be held responsible under the Coal Mines Act for neglect and would be taken into a Court of Law.

9815. But his work is no harder than similar work in other industries. It is really the winding enginemen that you are basing your claim upon?—With respect to boiler firemen, speaking of that class, I would say that their work at the collieries is heavier than it is in other industries.

9816. But it is really on the winding enginemen that you are putting forward your claim?—I want to plead for the whole of them.

9817. You would own that there is greater responsibility placed on the winding enginemen?—Yes, I do admit there is a difference.

(The Witness withdrew.)

Mr. JOHN WILLIAM WILLIAMS, SWORN and Examined.

9818. *Chairman*: Where do you live?—At Wrexham, North Wales.

9819. What are you?—I am an agent of a trade union in North Wales—the North Wales Surface-men's Union.

Chairman: Mr. Williams, who is the agent of the branch of the North Wales Surface-men's Union, gives evidence as to the following things:—

"No. 1. That the above workers, as regards wages and hours, have not participated in advances and better conditions to the extent that even the underground workers have done, which is chiefly due to lack of organisation as compared with miners some few years before the war.

"No. 2. That unskilled and semi-skilled workers' wages at the majority of collieries ranged between 17s. and 21s. per week prior to the war period advances.

"No. 3. That skilled craftsmen at collieries have not received the same remunerative consideration from their employers as the engineering shops.

"No. 4. That the wages vary in different coal-fields because of not having a recognised basis rate per job.

"No. 5. That not until January of this year have the hours of craftsmen and semi-skilled colliery workers been reduced to 49 from 54 and 58 per week for between 40 and 50 years, which were actually working hours exclusive of meals."

Now I have read your precis. I want you to be good enough to enlarge a little on all of those things, because we are anxious to have your opinion. With regard to the first one—"That the above workers, as regards wages and hours, have not participated in advances and better conditions to the extent that even the underground workers have done, which is chiefly due to lack of organisation as compared with miners some few years before the war."

Witness: There is another document that I send in, giving the reasons for our claims.

Chairman: Then I will read that:—

"Reasons for Our Claims.

"2. That we believe that by a new method of management which would mean placing every individual worker, skilled and unskilled, to perform their respective duties, placing at their disposal modern and up-to-date facilities, not only would a considerable amount of energy necessary to the health of the individual be saved, but that the

workers would be able to turn out as much labour in 6 hours as they do in the present 8 hours and 10 minutes per day.

"2. That we believe, that if provisions, such as clothing and cabins for such persons that are exposed to all kinds of weather could be found by the colliery management, it would preserve the health and energy of the above to the extent of being able to perform their unpleasant duties with the greatest efficiency and in far less time.

"3. That we believe that paying double time for all week end work to those that are called upon to work such would aid the individual to purchase the necessities for the recuperation of lost energy expended in the performances of duties which are very often excessive as compared with the ordinary 6 days working week and which would lead to the abolition of overtime work.

"4. That we believe that in the interest of the colliery workers of the nation mentally and physically, and which would cater to a higher standard of health, that at least a fortnight holiday with full pay should be given.

"5. That we believe the standard of living among the workers at collieries should in future, contending as we do that they are an important asset to the industrial life of the nation, be lifted up to a higher plane of life, which can only be realised by the Government protecting the individual subject from the everlasting injustice which has made us into a physically C. 3 nation.

"(Signed) J. W. WILLIAMS."

9820. That puts it very clearly. Is there anything you want to add to that?—No.

9821. *Mr. Arthur Balfour*: If you had a fortnight's holiday per year you would have really to close the mine for a fortnight?—I do not think so, because they could be let off individually. It would be absolutely impossible to let the whole mine off for a fortnight, but I believe that some scheme could be resorted to, whereby you could let them off, if not individually, just two or three at a time, in the same way as they are doing at chemical works.

9822. If you have four 6-hour shifts you would have to keep a reserve of men?—Yes. I am speaking for the craftsmen and general workers. I am not speaking of the winding enginemen.

9823. You are speaking of mechanics?—Mechanics and general workers.

(The Witness withdrew.)

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MR. WILLIAM HOPKINS.

[Continued.]

Mr. WILLIAM HOPKINS, Sworn and Examined.

Chairman: You are at Sunny Bank, Thomas Town, Merthyr Tydvil, and you are the General Secretary of the Monmouthshire and South Wales Colliery Enginemen, Stokers and Craftsmen's Association, Forest of Dean Coalfield included, which is affiliated with the National Council of Mine Workers other than Miners, and you are going to give evidence in support of the following:—

"1. I desire to respectfully place before the Commission the grievance in regard to the wages, hours and conditions existing in the Monmouthshire and South Wales coalfields, in respect to the enginemen, stokers, blacksmiths, fitters, carpenters, sawyers, electricians, &c., which is creating intense dissatisfaction amongst the said grades of workmen, in consequence of the great inadequacy of the earnings to meet the present high cost of living, and in order to meet the insufficiency:—

1. That the present hours per shift be reduced to 6 hours.
2. That an advance in wages on present rates of 30 per cent. be granted us.
3. That all percentages, war bonuses and war wage advances be merged into the wages rate.
4. That in respect to night work and week-end shifts, time and half shall be paid for night work, and double time from midnight on Saturday until midnight on Sundays.
5. That two weeks' holiday be granted each year, with full pay.

"The present hours worked by the enginemen, stokers employed at continuous engines and boilers are 8 hours per day, and 7 days per week, which means being on Sunday duties.

"The craftsmen are engaged on an average 8½ hours per day (twenty minutes meal time inclusive)."

9824. Will you kindly tell me anything extra that you have to say? I think you and I come from the same part of the country, and this is not the first time we have met. Tell me what your difficulties are and what you suggest?—Taking the first item, our men are very earnest and consider that the time has arrived when 6 hours per day, or per shift, would be quite sufficient for them to be on duty, especially when you take into consideration the fact that the majority of our men are working 7 days per week. That would mean 42 hours of their time, and they believe earnestly that they should have more time to consider their interests, in general. In some of the places our men are working in a high temperature—that is to say, in some of the engine rooms and so on. I want to put it in this way: there is not only one engine there, but they have three engines or four engines, as the case may be. They may be looking after a fan and be looking after the air compressor and the electricity generating engine. When you consider that those men have to look after all those engines, I think it will be quite evident to everyone that the time has now arrived when 6 hours is not too short a time for them to be on duty. Then so far as the other men are concerned, whom I am representing, the craftsmen—that is to say the smiths, the stokers, carpenters, and so on—at those collieries, one must instance now that the hours of all these craftsmen in the engineering trades have been reduced, and we say that the men at the collieries should have at any rate as short hours as any other engineering shop in the country. That is the point that our men desire me to put forward.

9825. Now what about this advance in wages?—With reference to that matter, I think you will all agree with me that the advance in the cost of living has been very great since 1914. I see figures quoted by the Board of Trade—I do not know whether they are correct or not—but they say 129 per cent. for December and 130 per cent. for February.

9826. It has gone down a bit to-day, if you have seen the newspapers?—I have not seen that to-day. I have simply had the "Labour Gazette." I have

got the figures there. Even if you take what Mr. Finlay Gibson himself has given as to the increase in wages, he says the winding enginemen have had 85½ per cent. advance in wages; the enginemen other than winding enginemen have had 95 per cent.; then he puts the stokers and boilermen at 115½ per cent., and the tradesmen at 97½ per cent. If you add that up you will find that that is an average of 98·37 per cent. The advance in the rate of living has gone up to 130 per cent., so that even what we are asking now will not put the men back in the same position as they were in 1914.

9827. You say even if you have the whole 98 per cent., as the cost of living has gone up 130 per cent., that still leaves something?—Yes. You will agree with me that they would only be put back in the same position as they were before the war.

9828. I want you to tell us quite shortly about your third point, namely, that all percentages, war bonuses and war wage advance should be merged into the wages rate. Why do you say that?—At the present moment we in South Wales are paid a certain standard with 55·83 per cent. plus 3s. war wage included. According to the times we live in we believe honestly that it should be all put together in a certain rate. Instead of having 5s. 6d. per day as the case may be with 55·83, that the whole should be merged into that and be one amount. That is the idea.

9829. Which would you prefer? Assume for the sake of argument that 10 per cent. is 1s. Which would you prefer, 30 per cent. or 3s.? I want you and I to have a talk about it. Supposing you had the choice, looking at what is the best thing all round for everybody, and you had to recommend either 30 per cent. or 3s., which would you choose?—I should suggest 30 per cent.

9830. Why?—That would be more decisive for us to get it into the whole earnings.

9831. If you had the 3s. rate it rather helps the under man a bit?—Are you suggesting to have a flat rate?

9832. I am not suggesting it; I am asking what your view is?—If you meant a flat rate, of course, it would be fairer, so far as the lower paid men are concerned.

9833. That is what I am thinking. The price of living is just the same for the lower paid man as it is for the others?—That is quite right.

9834. Now let us go on to the next one, that in respect to night work and week-end shifts, time and a half shall be paid for night work and double time from midnight on Saturday until midnight on Sunday. We quite understand that. Is there anything you want to add to it?—I do not want to add anything to what the previous speaker has said. I do not want to take up your time.

9835. What about these two weeks' holiday?—As far as the two weeks' holiday is concerned, it may be that, as far as the mining industry goes, it is a new introduction, but we think that the time has now arrived when men who are working week in and week out, such as the enginemen, stokers and craftsmen generally are, should have those two weeks in the year. It says here with full pay. At the present moment the companies are giving some people, at any rate, certain holidays during the year. It is thought that if the men had, say, two weeks in the year they would return back with more energy than by being in their works from the 1st January to the end of December.

9836. *Sir Arthur Duckham:* There is one question I should like to ask you, and that is this: this demand covers all the trade?—It covers the enginemen, stokers and craftsmen in South Wales.

9837. Does it not cover the blacksmiths, fitters and so on?—Yes, that is what I mean.

9838. It covers all those craftsmen?—Yes.

9839. If an increase were granted and shorter hours were granted, you fully recognise that every other craftsman in every other trade would ask for similar advances?—No doubt they would.

9840. *Mr. Arthur Balfour:* With regard to your third point, that all percentages, war bonuses and

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[Continued.]

war wage advances should be merged into the wages rate, you do not mean to intimate by that that you would expect, as the cost of living falls, that that rate would again fall?—That would be a matter that we should have to give further consideration to as far as regards there being any reduction in that respect. I think the time has arrived when we should consider the position of the workmen who should have a higher standard of living than we have had previously; so that I do not know about that. I should not like to say that it should be governed entirely upon that.

9841. But you would admit that if it is put on for a specific purpose—that is to say, the increased cost of living during the war—therefore, it is right that it should come off as that cost of living descends?—I think that question should be raised when the time arrives. I think that we should have something for the worker in these days, that they can look forward to without looking to merely getting sufficient to live and buy clothes, and for that to be the end of it. I do not think that item is too high.

9842. Surely you are covering that by No. 2 in your programme?—That is the 30 per cent.

9843. You see you are mixing the things up very much in that way, because you have this increased cost of living war bonus, and then you want to put 30 per cent. on top of that in addition?—We think the system we have at the present moment—standard rate, the percentage and the war wage—should be done away with, and that we should have one item.

9844. But you do see that the suggestion I made to you was a reasonable one—that, as it was put on for a specific purpose, when that purpose disappears it ought to come off again?—I should not like to be guided entirely upon that.

9845. *Mr. J. H. T. Forgie*: Are you not asking for something added on to the top of that 30 per cent. in the demand for time and a half for night shifts and for double time on Sundays? Is not that an increase in the wages?—That is an increase. I am not disputing that for a moment.

9846. With regard to the six hours day, assume that six hours is granted and that only one shift was winding coal, what would your men have to do in the other three shifts?—They generally attend to any winding that is necessary, and you know quite well that there is a great deal being done in a mine without raising coal.

(The Witness withdrew.)

Chairman: Mr. Herbert Smith has been kind enough to get some details to place before the Commission.

Mr. Herbert Smith: A question arose when Mr. Richardson was giving evidence. Sir Arthur Duckham asked for certain information. We have consulted 169 branches out of 172. We have got replies from them, and with regard to all men at the coal face there are 92.6 that joined when working shifts. With regard to conveyors, where they have been introduced the increase of output is just over 65 per cent. between hand tramping and conveyor.

Chairman: Thank you. That is most useful.

Mr. Frank Hodges: I asked the other day for a return from the Ashington Coal Company which set forth the rate of interest that they received from their capital, their divisible and undivided profits.

9847. That is comparatively small, is it not?—It depends entirely; in some places they let down timber and raise water, and so on.

9848. In places where there are only five days worked a week beside the three shifts they have very little to do; there would be two days at the end of the week that they would have very little to do?—In our locality in South Wales we are working six.

9849. On the stretch of mine that Mr. Parker mentioned it was said to be one week out of four?—How is it one week out of four?

9850. If the coal is wound one shift, then the other three shifts that he is on he would not have his mind stretched to the same extent that Mr. Parker brought out?—I think at any time that a man goes to that engine house he ought always to be on the alert.

9851. It cannot be to the same extent as when he is winding coal?—I do not know that; you can say the man is listening for signals that may be given.

9852. May I put it that he would have a comparatively easy job three weeks out of four?—Once a man goes into the engine house, then his time begins and he has to keep his mind on it.

9853. I admit that; but he would not have a hard job the other three weeks?—I cannot agree to that.

9854. I think you mentioned that he had other duties to attend to?—I was referring to the stationary engines.

9855. If he has winders there does he not always get someone to look after those engines?—I was referring to fan engines and power house engines.

9856. You would admit that one man is quite able to look after several engines when he has no winding to do?—We have no winders, so far as I know doing that.

9857. You are not claiming in your demand that every man should only have one engine to attend to, whether large or small?—Whatever he is attending to now we say he should only have 6 hours.

9858. *Sir L. Chiozza Money*: Do you think that if prices fell to pre-war level your men would be content to return to the pre-war standard of living?—I do not believe that.

9859. Do you think that the men who lent money to the nation on the War Loan would be content to have their rate of interest reduced when the fall in the cost of living takes place?—I do not think we shall have that.

Chairman: What happened was this: I asked Mr. Ridley Warham to get them. He brought them, but said he had to go to Paris almost at once on business.

Mr. Evan Williams: Has Mr. Herbert Smith any information as to any change being made in the piecework rates on the introduction of conveyors?

Mr. Herbert Smith: Yes: it varies from 1s. to 3d. a ton between hand got and machine, running to an average of about 5½d.

Mr. J. H. T. Forgie: Can we have those figures put in?

Chairman: Yes; they are on the note.

Sir L. Chiozza Money: May I ask whether the figures have been obtained from America and Germany with regard to wages?

Chairman: I have a great deal to circulate after lunch. I think a lot of them have been got.

Mr. ALBERT EMIL DAVIES, Sworn and Examined.

9860. *Chairman*: I think you are General Manager of the Banking Corporation, and a writer on finance and economics?—Yes—of a banking Corporation.

9861. Are you an Alderman of the London County Council, or is that a pleasure to come?—I think from information I have received I shall be to-morrow.

9862. Then I will congratulate you, if you will allow me to do so?—Thank you very much.

Chairman: Mr. Davies says:—

“The following are instances of Colliery Companies’ profits, the extent of which has in most

cases been obscured by the capitalisation of Reserves or other readjustments of Capital.

“It will be seen that the most successful companies are able by these methods and by dividends, which are in reality much larger than they appear, to return to their shareholders every few years the whole of the Share Capital originally subscribed by them; and that the undistributed Reserves are still so considerable that the present market price of the shares is several times their nominal value.

“It is submitted that if the coal reserves of the country were pooled the enormous profits made—

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[Continued.]

and partially concealed—by the large companies would be available to meet part, at least, of any additional working costs that may be necessary; and the incentive to build up reserves for subsequent distribution, which obscures the enormous profits actually being made, would disappear."

9863. Then you give certain summarised financial history of some of the colliery companies. You understand figures very much better than I do; therefore will you take one or two of the collieries and indicate the reasons that you have for making the remarks that I have just read. Take one or two instances, and then the Commissioners will have your views before them?—The Powell Duffryn Steam Coal Company, with an ordinary share capital in 1913 of £541,000 odd and £115,000 odd in preference shares, disclosed profits after deducting depreciation, Income Tax, Excess Profits Duty and coal mines excess payments for the 15 years ending last year of about 5½ millions sterling, of which over 3 millions have been paid out in cash dividends, in addition to which £1,100,000 of bonus shares, which are now worth three times that amount, have been distributed as a free bonus. I have worked out that £1,000 invested in 1903 in those shares would have received dividends since that time equal to £3,800, and would in addition with the bonus shares received now be saleable for about £5,500. The company has just recently offered another bonus to its shareholders by allowing them to take up new shares for 35s. at the rate of one for five, and the existing shares are quoted at 61s.

9864. That is a striking example. Will you give us another one?—I will take the Ocean Coal & Wilson's, Limited. That company was registered in 1908. In that year it had ordinary share capital of £2,000,000 and £1,396,000 in 5 per cent. cumulative preference shares. During the eight years ending 1917 they paid out over 3½ million pounds in cash dividends, and gave away one million pounds of bonus shares, which are now worth over three million pounds. £1,000 invested in 1913 in these ordinary shares, when they were quoted at £10 for the £5 share, would have received cash dividends equal to about £745 in the five years, and would be saleable now for £2,365.

9865. If I remember rightly, those are two South Wales companies. Shall we now take a Scotch one? Can you give the particulars with regard to the Lochgelly Company?—Yes. The Lochgelly Iron and Coal Company is a much smaller company. Its capital is £140,000 in 5 per cent. preference shares, and £210,000 in ordinary shares. For ten years ending May, 1918, the dividends paid on the ordinary shares were over £200,000, in addition to which a visible reserve of £150,000 and a carry forward of £48,000 odd have been built up out of undistributed profits, as shown in the accounts. £1,000 invested in this company's shares in 1910 would have received dividends equal to about £987, and would now be saleable at a little over £2,000.

9866. Now you have given two from Wales and one from Scotland; how about one from England? I think that would be sufficient to illustrate your point. Take one in Yorkshire?—Yes, there is a Yorkshire colliery called the Manvers Main. In 1915 shareholders in the Manvers Main were given one bonus share for every two shares held. For the ten years ending June, 1918, the dividends paid were equivalent to 163 per cent., but that is counting the bonus shares. On the actual capital, the dividends for the ten years are equal to 195 per cent. In addition, the company has paid off in the last ten years out of profits £285,000 odd of debentures. £1,000 invested in these shares eight years ago at their then price of £1 16s. 6d. each would have received in cash dividends £840, and could now be sold for about £2,500.

9867. I see there are other striking examples, and I regret that the time at our disposal is short; but you have given two from Wales and one from Scotland, and one from England.

Mr. Robert Smillie: He might analyse the Fife Coal Company.

Witness: The Fife Coal Company is a very large concern. In 1909 the shareholders were given, for

every 4 shares they held, one bonus ordinary share and one 5 per cent. preference share. During the ten years ending 1918 the dividends paid were equivalent to about 243 per cent. on the increased capital, including the bonus shares, or over 300 per cent. on the actual capital. In addition, the accounts brought out a fortnight ago show a reserve of £500,000, and a carry forward of £126,000. Now this company, it seems to me, has created a secret reserve, because it is writing down its assets, but it has called its shareholders together to give it powers to make a distribution of bonus shares.

9868. Chairman: You have given 2 for Wales—Powell Duffryn and The Ocean; 2 for Scotland, Lochgelly and Fife; but you have only given one for England, that is the Manvers Main. Just give another for England. How about Sheepbridge?—Sheepbridge is partly an iron company, but it is mixed, as most of these companies are, coal and iron. In 1917 one bonus share was given for every 3 shares held. For the ten years ending June last the dividends equalled 144 per cent. upon the capital.

9869. Then I believe you go on to say what £1,000 invested has yielded?—Yes: £1,000 invested in 1909 in these shares, when they were quoted at 29s., would have produced in the ten years cash dividends of about £993, and would be saleable to-day at about £1,980.

Chairman: Now you have given 2 from each country.

9870. Mr. Arthur Balfour: You are the general manager of which banking corporation?—Of the British, Foreign and Colonial Corporation.

9871. What should you consider a fair dividend as a return for your capital in that concern?—Eight or nine per cent. without any watered capital.

9872. Would you be surprised to hear that Dr. Stamp gave us that the average dividends of the collieries in this country are below the dividends of all other industrial concerns?—I should like to know on what capital he counted that. If you keep on watering your capital, you can keep your dividends low.

9873. He counted it on the actual capital which includes excess profits?—Yes; I suppose that includes the watered capital.

9874. Are you satisfied that these concerns would make these profits if they were nationalised?—I hope not.

9875. Where would the money go to then?—It would go partly to improving labour conditions and partly to supplying the community and all the interests which depended on coal being as cheap as possible, with coal at as cheap a price as possible.

9876. Then you anticipate that the management would not be as efficient as is possible if they did not make profits?—I do not measure efficiency by profits.

9877. Can you point to anything which has been nationalised that has been a success?—Oh, dear me, yes.

9878. Will you tell us what that is?—The Post Office in this country, and any amount of monopolies abroad; for instance, the State coal mines in New Zealand and Australia.

9879. Take the case of the Post Office first. The Postal Department has made profits?—It happens to have made profits.

9880. Handsome profits?—I do not think they are handsome profits on the capital invested—5 millions a year is nothing on the size of the undertaking.

9881. You know that is now being used to raise taxes?—Yes.

9882. Do you approve of that?—I am not sure; that is quite another point. If there is no other way of raising money, yes; it does at least go to the nation.

9883. Is it quite another point? You raised the question that these companies have made too much profit. If the Post Office under nationalisation has made a profit, is it right to increase that profit out of the public services?—My point is that these companies have made too much profit. These profits should be pooled over the industry.

9884. Now take the case of the telephone: Is that a glorious success for nationalisation?—It was a very

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[Continued.]

great failure under company control; it is not very much better yet under nationalisation.

9885. You would not claim that we are getting as good a service as we did under the National Telephone Company?—We have had a war in between.

9886. Before the war did we get as good services under the Post Office as we did under the National Telephone Company?—I should say decidedly so, or at any rate not much worse, if that is possible.

9887. *Mr. R. W. Cooper*: You mentioned Australia?—Yes.

9888. Can you tell me about what was the annual output before the war? Can you say about what was the output of coal in Australia before the war?—I do not carry that in my head, but I know that two or three of the State Governments nationalised their mines and went on increasing the number of mines they bought.

9889. I want you to give me some idea of the output that comes out of these State-owned mines in Australia?—I am sorry I have not that in my head.

9890. Do you not think that, instead of putting in the aggregate amount during ten years, it would have been a fairer thing to give the average dividend per annum during the ten years?—I do not think it would make any difference. One can divide it by ten.

9891. It is one thing to speak of £1,000 receiving £987 altogether in nine years, and it is another thing to say that that £1,000 has only yielded at the rate of £11 per annum?—You can do that by the figures I have given you.

9892. True; but do not you think that the second way would have been the fairer way of presenting the matter to the public?—I think the public is intelligent enough, if it is told that ten years' dividends amount to £1,000, to divide it by ten.

9893. Would you not in the ordinary affairs of life, when you are trying to represent the dividend-yielding capacity of a share, say the yield was so much per cent. per annum?—I might.

9894. Would you not, in the ordinary affairs of life, if you were discussing with me the shares in a certain company, say the yield was so much per cent. per annum over so many years?—I might.

9895. Would you not do it as a matter of ordinary business?—No, not necessarily.

9896. Think seriously?—I might say the dividends during the last 8 years have aggregated 80 per cent.

9897. Would you not say that they have averaged so much per cent. per annum?—That is a matter of taste.

9898. I should have thought that it was a very peculiar taste not to put it in that way?—We are not all built the same way.

9899. You think the fairer way to put it is as the aggregate and not the average?—I think the one way to an intelligent person is quite as clear as the other.

9900. *Mr. Evan Williams*: Do you know for how many years the Powell Duffryn paid no dividend at all?—I will just look. My figures go back fifteen years, and during those 15 years it has paid a dividend consistently.

9901. Do you know that for nearly 30 years there were only two small dividends paid by that company?—No, I did not know that.

9902. I thought you did not. It is a paying concern at the present time, undoubtedly?—Yes, undoubtedly.

9903. Do you imagine that the men work harder there now than they used to when the company paid no dividends?—I am not competent to pass an opinion on that point.

9904. Is it the fact that their present prosperity was due to the genius of the management entirely?—I should have thought part of it was due to the coal.

9905. You may get similar seams in similar conditions, one making a profit and the other making a loss, may you not?—You mean that one set of managers is more efficient or more inefficient than the other?

9906. Yes.—Quite so, that goes without saying.

9907. The result of profit or loss is more due to the management than it is to anything done by the work-

men?—I think it is quite impossible to answer a question of that sort, because you could not get anything at all without the workmen. But if your question is merely intended to point out that some managers are more efficient than others, certainly, I agree fully with you.

9908. And that the profits made are due to the efficiency of the management?—Undoubtedly; in part, of course they are.

9909. Do you think it right that profits made by good management should go to help collieries where the management is bad?—Not under the present system of ownership, but under a national system of ownership, decidedly so.

9910. Do you think you would improve the management by a nationalised system? Would there not still be the same divergence between individual managers?—I presume the State would dismiss inefficient managers, just as one of these big collieries would do if it sometimes gets an inefficient manager; it would dismiss him.

9911. You think the State would do the same?—Surely.

9912. Have you any idea how long it takes a company before it can make any profits at all from the time it begins to sink its pits?—I should think two or three years.

9913. Would you be surprised to hear that it is something like ten years?—I did not know that.

9914. I thought not. You said that the Ocean Coal and Wilson's Company have paid coalmines excess profits?—I have not their balance sheet in front of me, so I cannot answer that. Most of them return their profits in that fashion, at any rate.

9915. Do you know whether they are the owners of their collieries at all?—They hold all the shares of companies which do own the collieries.

9916. What else do they own?—This company was registered in 1908 to hold all or any of the shares of the Ocean Coal Company, Limited, and Wilson & Co., Limited, and any interest in which this company has an interest. The Ocean Coal Company works nine companies.

9917. They own Ocean shares, and they own also Wilson shares?—Yes.

9918. That is quite a different business?—Yes.

9919. Shipping coal to depots abroad?—Yes. They may have other assets.

Mr. Evan Williams: Yes, a good many other assets.

9920. *Mr. J. T. Forgie*: May I ask you whether you know anything about a colliery at all—its vicissitudes and its physical difficulties?—No, except that I have relatives in South Wales and often go down there and have a talk with them.

9921. You know nothing about collieries?—No, no more than the ordinary director.

9922. You only come here to speak of the profits they have made during the last few years?—I have come here to give evidence on the financial aspects of these big profits and their effect on the minds of the colliers.

9923. You have not considered it worth your while to go into the past history of a colliery, when it has not made any profits at all?—I have taken the ten years or twelve years, as the case may be.

9924. In these 10 or 15 years you have not taken into consideration the deferred dividends on money spent on sinking collieries, which *Mr. Williams* has referred to, over sometimes 10 years, and I have even known 20 years?—The fact is that most of these companies have returned their capital two or three times over.

9925. That is to say, those that you have mentioned?—They are the biggest.

9926. Of course, they are the exception?—Are they?

9927. Very much so?—Am I to answer that statement that they are the exception?

9928. You can, if you like?—I have before me here two books: one is the publication of a Sheffield stockbroker, and there I find that out of 27 companies in that compilation 16 have given large capital bonuses. I have also here the South Wales Coal and Iron Handbook for 1918, published by a member of the

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Cardiff Stock Exchange, in which he shows that 15 out of 31 companies have given large capital bonuses; so that it is not a mere isolated instance.

9929. It is only 50 per cent., after all?—That is all I have troubled to trace.

9930. You have not thought it worth your while to go into their past history to see how long it took them to become dividend paying?—I have not gone into more than 15 years.

9931. You have not gone into the past history of those companies, some of which have gone for 30 years without paying a dividend?—On the other hand, I have not given instances of capital bonuses during the last 30 or 40 years.

9932. *Sir Arthur Duckham*: You were not here when Mr. Stamp gave evidence?—No. I read some of it.

9933. He gave evidence to the effect that, taking the actual assets of the mines, the average dividend before the war was 9 per cent. on all mines. Do you think that excessive?—I should not think it excessive if it was on the actual capital.

9934. He said it was on the actual money sunk in the mines?—All I can say is that, however eminent an authority Dr. Stamp is, it does not sound correct.

9935. Dr. Stamp's figures were accepted by most people. It was not disputed by the Commissioners. Do you think that is excessive?—If that is on the actual capital that has been put into the mines in cash, I do not.

9936. Therefore, you do not consider that the profits made by all the coal mines, taking them together, is excessive?—If that were the average dividend on the actual capital put in, and if it did not ignore all the capital bonuses that are given in the meantime.

9937. I think the Inland Revenue look after that pretty well?—Yes. But I must point out that a lot of companies issue fresh shares at a price much below market price to enable a man to cash a good deal of profits that do not count in the dividend.

9938. Have you yourself been able to dodge the Income Tax people?—I have never dodged the Income Tax people.

9939. Following on Mr. Cooper's point, is it your usual practice to state the profits of a company in the way you have stated them here—that is to say, over 8 years they made so much, or over 9 years so much, or over 7 years so much, or over 5 years so much, or do you say the dividend is so much per annum? Is it your usual practice?—I have two usual practices: one is to say that the aggregate dividends over so many years amount to so much, and the other is to give an actual list of the dividends.

9940. If you are dealing with a company, do you say the return is so much per annum?—I usually give the actual dividend each year.

9941. What is the usual practice in the City? It is usually given per annum?—I should say the usual practice when the conditions justify it is to show the actual dividend for each year.

9942. What is the point of saying that an investor receives 100 per cent. on his investment over a certain time? Ought he to give the money back again when he has made the 100 per cent.? What is the point of putting it in that way?—I should like to answer that fully. The reason for this evidence is this, that I think the psychological effect upon the miners of these big dividends, and all these capital bonuses is bad for the nation, and bad for the trade and industry. I will make that point clear. I am prepared to admit that I think it is quite conceivable that the miners or the railway workers or people like that might ask more than the conditions of an industry justify; but so long as you have all this capital-mongering, as long as these men see big dividends, and then every few years they see a lot of bonus shares, which means that the dividend looks much smaller than it really is, and then every two or three years they see new shares being created and offered much below the market price—they see all those things happen; they find a few local people who hold 100 or 200 shares making hundreds of pounds out of it—they feel that the industry is

making millions, and you cannot convince them that they are asking too much. Let those profits be pooled over the whole industry, as they would be if it were nationalised, with their representatives on the Board of Management, so that they may know that there was no hanky-panky: it would be possible to show the miners and the railway workers that there did come a point when they were asking more than the industry really could stand. I am thinking of the trade and industry of this country, which is dependent on cheap coal, and my point is that so long as this goes on you would not get the men into what is actually a reasonable frame of mind.

Mr. Arthur Balfour: You were quoting from a book. Might we have that handed round to the Commission?

9943. *Sir Arthur Duckham*: Do you think if the miners knew that the mines were earning 9 per cent. before the war on the capital put into the mines it would relieve their minds?—No, because they would still see some shareholders getting hundreds per cent.

Mr. Frank Hodges: I think you were misquoting Dr. Stamp, because he said the actual amount invested in the mines could never be ascertained.

Sir Arthur Duckham: I should like to have that referred to. The Commission accepted the 10 per cent.

Mr. R. W. Cooper: It is Question 838.

Chairman: At Question 838 Dr. Stamp is asked this by Sir Leo Money:—

“The inducement to come into the industry before the war was not as great as in some other industries?—(A) For a man considering industry as a whole, and not a particular proposition, it was a very difficult industry to put money into. The average return of profit on capital as a whole before the war was between 9 and 10 per cent., taking industry all over on all classes of capital. (Q) And in the mining industry it was rather less?—(A) It was rather under 9, taking into account their specific incidence.”

Mr. Sidney Webb: That does not bear on the question of what was the actual capital.

Sir Arthur Duckham: I thought the point I made was accepted by the Commission, but I do not want to assume that unless it is accepted.

9944. *Mr. R. W. Cooper*: (To the Witness.) How many colliery companies are there in Great Britain?—A few hundreds.

Mr. Frank Hodges: The Chairman put the question to Dr. Stamp at Question 942.

Chairman: Yes:—

“(Mr. Frank Hodges): How would you get the amount of invested capital if you had no reliable information to go on?—(A) I should continue the rule of thumb of 10s. a ton, which anybody knows. (Q) Which, as you yourself said is not to be absolutely relied upon?—(A) No, it is frankly the best case that one can make.”

Sir Arthur Duckham: We accepted that as the best figure that could be obtained.

Mr. Sidney Webb: We will accept it when we come to assess the compensation.

9945. *Sir Arthur Duckham*: And it had been checked up on several collieries and no one objected to the question being taken. The only point I would make with regard to this is this. (To the Witness.) You say the miners feel that these large profits are being paid by certain companies, and, therefore, you choose out a few and make this statement. Do you think the present position would have been easier if you had included in these figures at the other end of the string companies which made great losses?—No, these are the big companies. I submit it is the big companies which make big profits. I am quite prepared to admit a lot of small collieries have made losses. That is my point. If you pool them, you will not have some companies making these big profits and the miners hearing of the capitalists round them, or the better-off, who are making hundreds per cent., and you will be able to show the miners that there comes a point when their demands are unreasonable. You cannot make a man believe his demands are un-

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reasonable with regard to what he considers a mere pittance or living wage, when he knows the big companies round him are making these enormous partially concealed distributions.

9946. Then you would have efficiency paying for inefficiency?—I would have efficiency take over inefficiency.

9947. Therefore, you would like these large collieries with good management to take over the bad collieries and run them?—I think that would be a better thing than leaving them as they are; but in that event, presumably, all the profits would go to the shareholders in the large collieries, instead of to the nation. In other words, the profits of efficient management would still go to a small body of people.

9948. *Sir Thomas Royden*: Generally speaking, what is the inference you wish the Commission to draw from these figures of yours?—Well, I really tried to make it clear in the last answer.

9949. I am afraid you have not made it clear to me?—I will try again. As the miners consider they are inadequately remunerated, when they hear in many cases of very large dividends being paid and they find that a company often gives away shares for nothing which can at once be sold at an enormous profit—when they find that dividends are paid free of Income Tax and a dividend which would be 50 per cent. on the real capital now sounds as 20 per cent. free of Income Tax, but brings in more money than the 50 per cent.—when they find a company issuing new shares to its shareholders at 31s. when the old shares are quoted at 62s.—when they find all these things, it makes them think that all the industry is equally prosperous, and it makes them discontented and it is a danger to the trade of the country, because it may cause the miners to ask more than the industry can afford. If, therefore, you nationalise this particular industry, which is vital to all the other industries of the country, you are doing away with that discontent, and you will bring the workers to what you may call a reasonable frame of mind, particularly if they have their representatives on the Boards of Management, and it will conduce to the prosperity of the country.

9950. In other words, you come to give evidence as to the psychological effect on the mind of the miners and of certain very exceptional collieries which, for the purposes of your argument, you have not treated alike, but you have picked out some instances over 20 years and over 15 years and one over 8. Is it a coincidence that your illustrations are not on all fours with one another?—Oh, no.

9951. Will you explain it?—Yes, if there is any imputation, I may say it is due entirely to the fact that some of these colliery shares were not quoted until certain years. I have based my figures upon the hand-books which I place in the hands of the Commission.

9952. To come back to what I was saying, the figures themselves have no value for your argument, and your argument is simply this, to go back to what you said before: That certain parts of the industry being highly profitable have an unfortunate effect upon the minds of the workers. Is it simply that?—“Simply that?” I should think the psychological effect of these things is of tremendous importance to the country.

9953. I want to reduce it as much as possible. It is that, is it not?—Yes, it is that.

9954. You do not profess to give in these figures anything like a picture of the coal industry as a whole?—I give a picture of what I consider to be the representative big companies. These are all large companies except perhaps one.

9955. Of course I know you admit you do not know anything about the coal-mining industry, but perhaps it will be known to you that there are very large collieries that do not pay a dividend at all and are strictly unprofitable. I suggest it would be fairer for your argument if you included those?—There may be some, but I think very few. I am familiar with financial things and I do not know of a big company that is not profitable.

Mr. Robert Smillie: Are we to take it that there are a large number of colliery companies which have not paid a dividend?

Sir Thomas Royden: No, I say there are big companies which have not paid a dividend. I may be misquoting the witness, but I thought he said there was a merit in a large concern from the efficiency point of view. I put it to him that there are large concerns which are not profit-making concerns.

Mr. Robert Smillie: At the moment.

Witness: I put it to you that they are a very small minority, is that not so?

9956. *Sir Thomas Royden*: It will be interesting to the Commission to know whether you have come as a voluntary witness, or at someone's suggestion?—I have been asked to come.

9957. By whom?—I believe by the Miners' Federation, but I am not sure.

9958. *Mr. Arthur Balfour*: I have now your book before me. I take it the Albion Steam Coal Company is a fair-sized concern. You did not mention that?—I believe it is.

9959. In 19 years there were nine years when they paid no dividend at all. There were six years when they only paid 5 per cent., and one year when they paid 10 per cent. Then, if you take the Blaenavon Company, which appears to be a considerable concern, they had four years to 1915 when they paid no dividend at all.

Mr. Robert Smillie: Could you not put a witness to prove these things?

Mr. Arthur Balfour: The witness has handed in this book.

Mr. Robert Smillie: But Mr. Balfour is not called as a witness for the moment.

Mr. Arthur Balfour: I am reading at the moment from the document the witness has handed in.

Mr. Robert Smillie: But you are putting questions to him in it.

9960. *Mr. Arthur Balfour*: (To the Witness.) Is not that correct?—I have not the book before me, but I will quite accept it. I said that 15 companies out of that 31 in that book have paid capital bonuses.

9961. Would it not have been fairer to have quoted some of these other companies together with the better paying companies you have cited?—I still say the majority of them are remarkably prosperous.

9962. *Sir L. Chiozza Money*: With regard to that, will you take that book in your hand? You have been accused of making selections from this book. Do you know that 31 companies are quoted in this book?—Yes.

Sir Arthur Duckham: There is no accusation of making selections from the book. I do not know what the book is. The evidence is with regard to collieries generally.

9963. *Sir L. Chiozza Money*: May I amend that and ask you with regard to collieries generally? May I ask whether this book is compiled by a stockbroker and not by yourself?—It is compiled by a member of the Cardiff Stock Exchange.

9964. Does he say in the preface: “These returns as a whole show as high a yield as any industrial concern in the country?”—Yes.

9965. Is it also the fact that of the 31 companies quoted in this book, no fewer than 18 pay dividends of 15 per cent. and over?

Sir Arthur Duckham: Can we take the evidence from a stockbroker put in in this way? He might be making a statement for his own purpose.

Sir L. Chiozza Money: It is curious that while Mr. Balfour asked questions out of the book, Sir Arthur Duckham did not interfere, but when I ask questions he says it is improper. I suggest he should have thought before he asked those questions.

Chairman: I suppose the position is this. The Witness produced this book, which is a book compiled by a Cardiff stockbroker.

Witness: I may say it is published by the Business Statistics Company, Limited, of Cardiff, which is very reputable.

Chairman: I am not saying it is a reputable or a disreputable company, but let us get the facts. There is no necessity to get excited. This is a book compiled by a Cardiff company, issued, I understand, by a Cardiff stockbroker, which contains some very striking figures, and Mr. Balfour

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shows it contains striking figures, and Sir Leo Money is within his rights in drawing attention to the note in the front by the stockbroker.

9966. *Sir Leo Chiozza Money (To the Witness)*: May I ask if it is the fact that 15 out of these companies paid 25 per cent. and 10 per cent. and over?—I have not made a calculation, but I should say it is so.

Sir Leo Chiozza Money: This is in 1917.

Sir Thomas Royden: Then they are not comparable.

9967. *Sir Leo Chiozza Money (To the Witness)*: It is suggested that you have done an unusual thing in adding the year's profits together. Is it not the fact that this stockbroker adds the year's profits together?—Yes, that is correct.

9968. Now may I bring you back to the interesting question you were asked, whether 10 per cent. was an excessive return upon capital? May I ask whether you would think that an excessive return on capital if the nation were employing the capital?—Yes, I should.

9969. In other words, you were using the term in its commercial sense?—Yes.

9970. But you do not come here to advocate that the State should run coal mines in a commercial way, do you?—Most decidedly not. I was trying to make it clear that part of my evidence is given with the object of showing how important it is to trade and industry that you should have coal as cheaply as is consistent with the well-being of the community.

9971. When the coal-mining industry is run on directly the opposite principle, is it not the interest of the colliery proprietor to get as much as he can for his coal?—Yes.

9972. And also a system of wages has arisen which makes it the incentive of the workman to hope the price of coal will go up?—I believe that is so.

9973. Now with regard to the question asked as to the Post Office, it was suggested to you that the Post Office made an enormous profit. May I ask what you think would be the condition of the postal service if the Post Office work was divided into about 1,500 different companies like the collieries all over the country? Would you get a letter taken for a penny?—I should imagine a letter from Glasgow would cost half-a-crown and from the City to the West End possibly a halfpenny.

9974. Is it not the fact that you anticipate that if coal were dealt with in the same way as letters, and you wiped out all the intermediaries between the colliery and the consumer, the consumer would get his coal very much cheaper than he now does?—I believe so.

9975. *Mr. R. H. Tawney*: I am not going to trouble you with these figures, but I want to be clear as to your views. You were asked whether State-owned collieries would not make lower profits, the suggestion being, I think, that that would be a proof of inefficiency. You said you hoped they would. Does that mean that you think that the amount of profits is not by itself an absolutely final indication of national prosperity?—I do think that. I think there are some things which are vital to the whole community, such as coal, power and railways, which for the sake of all the other trades and the community should be run at cost.

9976. For example, of these large profits some, as you say, might go to the general public and some might go in improved conditions to the miners?—Yes.

9977. You gave us the profits of the Fife Coal Company. Would it surprise you to know that that company, which has paid 300 per cent., I think you say, on the actual capital, is said by the Royal Commission on Housing in Scotland to own a large percentage of the miners' houses in Fife of which 80 per cent. have only two rooms? Does it not occur to you that these large profits under a system of State management might be used to put right that kind of thing among others?—Yes, certainly.

9978. I want now to take you to a question asked by *Mr. Evan Williams* which is constantly coming up, and he will correct me if I misrepresent him. He asked you whether these large profits were not due to good

management, the suggestion being, I think, that in some way, if they were, that was a justification for them. I should like to ask you two things about that. In the first place, I am afraid I may be ignorant of financial matters, but when large profits are paid are they paid to the managers or to the shareholders?—Generally to the shareholders. I am a manager myself, I may say!

9979. Supposing they are made by good management, is there any reason why they should be paid to the receivers of dividends who have never even seen the coal mine?—No, I must say I do not think there is.

9980. They are not actually a stimulus to good management?—I can conceive cases where the manager does benefit to some slight extent in the case of profits. It is usually advisable to give him some slight incentive.

Mr. Evan Williams: I should like to argue this later on.

Chairman: No doubt you will be able to do that after Saturday.

Mr. R. H. Tawney: I shall be proud to sit at *Mr. Williams'* feet at any time.

Chairman: And I will attend if I may.

9981. *Mr. Herbert Smith*: You have not taken out the best paying concerns in these estimates so far as you are concerned. You might have taken out the Carlton Main Colliery Company, Limited, and Henry Brigson and Co., Limited, who have been paying 25 per cent. for some years?—I should like to make that clear. I have not gone through the books to find out the most extravagant cases, as some of the Commissioners seem to think, but I took those most easily got which were in these little handbooks.

9982. *Mr. Frank Hodges*: The balance sheets which you quote are the balance sheets of public companies, are they not?—Yes.

9983. Do they show the amount of capital that has been set to reserve as a rule?—They show some of the capital that has been set to reserve—some of the profits placed to reserve.

9984. What is the reason of not disclosing the whole of the profits that have been placed to reserve?—"To strengthen the financial position of the company" is the formula.

9985. Have you ever had any balance sheets of private companies pass through your hands?—No.

9986. One has been placed before the Commission at my request this morning. I do not know whether I ought to ask a question upon it because I am the only one who has had it so far.

Chairman: That is the Ashington Coal Company.

Mr. Frank Hodges: Yes.

Mr. Evan Williams: Was it not understood that this was put in entirely privately?

Chairman: I have not seen it myself. What is the particular point?

(*Mr. Frank Hodges conferred with the Chairman.*)

Mr. Frank Hodges: Have the other side any serious objection to the point being raised? The Chairman of the Ashington Company told us he was selling coal for home consumption below cost price. That has been made public. In the light of that I want to ask an explanation founded on the drawing up of a balance sheet which the witness might be able to give some information upon.

Mr. R. W. Cooper: With all submission, is not the proper person to ask *Mr. Warham* himself?

Mr. Frank Hodges: But he is not here.

Mr. R. W. Cooper: It is hardly fair to ask a witness of this particular sort a question about another company's balance sheet.

Witness: May I ask what "particular sort"?

Mr. Evan Williams: I submit it is not fair to the Ashington Company to get this from the witness.

Chairman: Let us consider it. We have had the profits of some of these other companies, but this is a private company. I do not suppose this witness will be able to answer it. We will consider this in the interval, and have him here again at half past two, but I do not suppose he will be able to answer it.

Mr. Frank Hodges: I think he could answer the question I would put.

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Sir Arthur Duckham: Could not Mr. Dickinson answer it? He is an able accountant.

Mr. Frank Hodges: I think he is as much in the dark as I am.

Sir Arthur Duckham: Would the Witness, Mr. Davies, be more in the light?

Mr. Frank Hodges: He is accustomed to draw up balance sheets.

Mr. Robert Smillie: If it is to be put to anyone there is as much right to put it to the Witness as to Mr. Dickinson.

Sir Arthur Duckham: I would sooner it be put to Mr. Dickinson.

Mr. Frank Hodges: If Mr. Dickinson comes into the box I will put the question.

Witness: Could not Mr. Dickinson and I confer over the balance sheet?

Chairman: You shall confer as to the balance sheet, and you shall go back into the box.

Mr. Robert Smillie: I submit the point is whether we are entitled to deal publicly with the figures on this sheet. I feel we are. It is not a question of who is to deal with it. We have this supplied either on the condition that we will deal with it publicly or not. We can either deal with it publicly or not.

Mr. Evan Williams: I was under the impression that it was promised by Mr. Ridley Warham under a distinct understanding that it was not to be dealt with in public.

Chairman: We will see what Mr. Ridley Warham said.

Mr. Robert Smillie: I think Mr. Evan Williams has this in mind. We asked if we could get the balance-sheets of private companies before this Commission and it was agreed we could get them not with the names upon them but an index number that we ourselves understood.

Chairman: The passage is at page 173 in the Shorthand Notes of the seventh day, and it starts in the course of the answer to Question 4278, put by Mr. Frank Hodges:—

"We said we could not give them that at that price because we could show from the period they came it was a higher price, and we got 24s. 3½d. for the other quality. We want to get the highest price. (Q) I want to examine those figures in considerably more detail before I satisfy myself you charge the cost against the actual inland price you could get. You are a private limited company?"

—(A) Yes. (Q) You do not publish balance-sheets?"

—(A) No. (Q) Why not?—(A) I did not know you would want them brought here. I have particulars of the profits if that is what you mean. (*Sir Arthur Duckham*): Shall we get those in Mr. Dickinson's figures? (*Mr. Robert Smillie*):

It would prevent a long cross-examination if we had the capital of the company. (*Mr. Frank Hodges*): That is very essential information and I shall come to that in a moment, but that is not my point at present. Can you submit to the Commission the amount of money your company spent in five years prior to 1914 for repairs, renewals, depreciation, and development?—(A) I am afraid I cannot now. I had no idea you would ask me anything of that sort. I came here really on the question of export. (Q) Can you provide us with them? (A) No doubt we could take out that. (Q) And the amount of money you have spent on renewals, repairs, depreciation, and development for five years since 1913?—(A) Yes

(*Mr. R. W. Cooper*): Since 1913 or before? (*Mr. Frank Hodges*): I ask for both. (*Chairman*): Before the war and after the war. (*Mr. Frank Hodges*): How long has your company been in existence?—(A) As a limited company since 1898. (Q) 21 years?—(A) Yes. (Q) What was its original capital?—(A) In 1898? (Q) Yes.—(A) The total amount of capital was £517,120. (Q) How made up?—(A) Made up of ordinary capital 32,640 £10 shares, with £8 only paid, making £261,120, and 52,600 preference shares of £10 fully paid.

(*Mr. Robert Smillie*): What interest?—(A) 5 per cent. (*Mr. Frank Hodges*): Can you give us the annual rate of interest which you have declared on your

ordinary capital since then?—(A) Of course we have added largely since then to the capital. You speak of what is the capital of the company. It is difficult to give the capital of a colliery company: we are continually adding to it. (Q) We want to get at that. (*Mr. Robert Smillie*): There was new capital subscribed?—(A) There was no new capital subscribed. I am willing to give you the information, but as it is a private company is it quite fair to give it in public? I am willing to give you the information. (*Mr. Robert Smillie*): We ought to fix this now. The witness's point. You are bound to supply the Commission with it?—(A) We should be pleased to do so, and do not wish to do anything else. (*Mr. Frank Hodges*): The list of suggestions I make here are the questions which are really applicable to very similarly situated collieries in the coal industry. (*Chairman*): Would you mind doing this, Mr. Hodges? You have some questions which, if I may say so, are very pertinent ones. Will you read them out slowly, and then we shall know exactly what you want? (*Mr. Frank Hodges*): (1) The original capital and how the capital has been increased. (2) The annual profits divisible and put to reserve. (*Chairman*): Since when? (*Mr. Frank Hodges*): In a company of this description since the commencement. (*Mr. Arthur Balfour*): You mean actually divided? (*Mr. Frank Hodges*): Yes, divided, and the profit put to reserve. In a company of this description, which is only 20 years old, I should say from the commencement. (*Chairman*): What is the next question? (*Mr. Frank Hodges*): The amount of undivided profit that has gone to increase the original capital. Lastly the amount of money there has been set aside for renewals, development, depreciation and general improvement (a) for the 5 years prior to the war, and (b) for the war period. (*Chairman*): Anything else, Mr. Hodges? (*Mr. Frank Hodges*): That covers all at present. (*Chairman*): I quite appreciate your point, and Mr. Smillie has very fairly said it is a reasonable one." Mr. Smillie's point was: "We ought to fix this now. The witness's point is a very fair one. You are bound to supply the Commission with it."

And the witness put it that, as it was a private company, it was not fair to have it made public.

Mr. R. W. Cooper: And that is how the matter was left.

Chairman: Now, if we put this before ourselves when we debate in private, will that satisfy you? What I feel about it is this. Mr. Ridley Warham has gone to Paris. He certainly, rightly or wrongly, has given these figures upon the faith of an assurance that we would not make them public. That is what I feel.

Mr. Frank Hodges: I submit, naturally, to your ruling, sir.

Chairman: Do not submit to my ruling, because it is a matter for the whole Commission. But I do not like to break faith with anyone. If Mr. Warham were here I should ask him, "Do you object to this being made public?"—and if he said "No," we would have them, and if he said "Yes," I should ask him to stretch a point; but he has gone away under the impression that they will not be made public. I do not say that is right or wrong, but I do not want to break faith.

Mr. Frank Hodges: If he said "No," what would be the position of the Commission?

Chairman: Then I should begin to argue with him, but I do not want to break faith.

Mr. Robert Smillie: I take it, you would have allowed any question on this if he had not had the Ashington Colliery mentioned.

Chairman: Yes. I think we must have it discussed in private. I wish we had done as Mr. Smillie suggested and put a figure of 1 or 10 upon it.

Mr. Frank Hodges: I am very glad you did not, if you will pardon me saying so. It is right the Ashington Colliery Company should be mentioned. They said they were selling coal below cost. That has been made public and circulated in the papers,

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[Continued.]

and the balance sheets show a remarkable state of affairs for that period.

Sir Thomas Royden: I think it is only fair to say he said on the coal he sold domestically he made a loss and 84 per cent. is export.

Mr. Frank Hodges: What was the purpose of that observation?

Chairman: I see your point. You want to show from the balance-sheet that your contention is right. Now cannot we leave it at that? We have now got the balance-sheet and know what Mr. Hodges has said after he has looked into it. That is enough for our point.

Mr. Robert Smillie: There is a more important point. It is taken because we and others have quoted from the balance-sheets of public companies that the private companies are not making nearly the profits of others. I know of several private companies that have shown for a period of 10 or 15 years far higher profits than those, but we cannot get them or make them public. That is the position. The smaller collieries are not the worst paying collieries and the private companies are not the worst paying companies, and wherever the capital has not been watered it shows a worse position.

Chairman: I rather agree with what Mr. Smillie says, but I want to be careful of this. This Commission, in my view, is entitled to make things public, and the reason for the moment I am asking Mr. Hodges not to make it public is not because I do not think we should be entitled to it, but because I do not want there to be a semblance of breaking faith with a gentleman. But I entirely agree with Mr. Smillie.

Mr. Robert Smillie: I agree if you give a pledge you would not break it.

Chairman: That is the point. I would not break faith with anyone. If you ask me, I think these could be made public, but it is a question of keeping one's word, and that is far more important.

Mr. Evan Williams: It is only fair to Mr. Warham to say that he waited here two days.

Chairman: Yes. No one suggests he has not been perfectly fair. Now I think this little book might be put on the Notes. I do not personally understand the book, but questions have been asked, and I think it might be advisable to get what appears to be the best and what appear to be the worst. All I desire to do is to be impartial. I propose to read out the Powell Duffryn Colliery and the Albion Colliery figures which have been mentioned as the best and the worst, and see how it comes out. Now these are the Powell Duffryn Steam Coal Companies figures and the dividends, Preference and Ordinary, for the last 10 years, which I am going to read. The Preference is 6 per cent., and they have always been paid. The dividends for the last 10 years on the Ordinary are as follows, starting from 1907, and the record goes to 1917: 1907, 20 per cent.; 1908, 20 per cent.; 1909, 15 per

cent., free of Income Tax; 1910, 20 per cent., free of Income Tax; 1911, 20 per cent., free of Income Tax; 1912, 20 per cent., free of Income Tax; 1913, 25 per cent., free of Income Tax, and that has this note, Interim at 20 per cent. upon the old capital—final, 20 per cent. upon the enlarged capital; 1914, 20 per cent., free of Income Tax; 1915, 20 per cent., free of Income Tax; 1916, 20 per cent., free of Income Tax and 1917, 20 per cent., free of Income Tax. The profits are put at the side of that and it has this dagger marking it: "Profits after allowing for depreciation, and in 1915 to 1917, after allowing for Excess Profits Duty." So that these last two figures apparently of 20 per cent., free of Income Tax, are after allowing for depreciation, and for the last two years after allowing for Excess Profits Duty. That is a very startling example. Now Mr. Balfour asks for one the other way, and I propose to read that and then leave it. This is the Albion Collieries: 1907, 6 per cent. preference, and 10 per cent. ordinary; 1908, 6 per cent. preference, 5 per cent. ordinary; 1909, nothing on either, and there was a loss; 1910, nothing on either; 1911, nothing on either; 1912, nil, nil; 1913, nil, nil; 1914, 6 per cent. paid on the preference and nothing on the ordinary; 1915, they paid a good bit on preference, 24 per cent., and it says all this was paid out of 1914 profits; then 1916 they did better again—they paid 18 per cent. on the preference, that is three years' preference dividend.

Mr. R. W. Cooper: Arrears, I suppose.

Chairman: Yes, I am simply calculating it. Apparently by 1916 they paid off all the arrears of their preference, and so you may take it the Albion has already paid its preference of six per cent. They paid off the arrears in two years, and in 1916 they began to pay 5 per cent. on the ordinary, and in 1917 they paid 5 per cent. on the ordinary.

Witness: May I add one note?

Chairman: Please, because I do not understand these figures.

Witness: The Stock Exchange Year Book says with regard to the Albion Steam Coal Company, that in 1901 an Act of Parliament was obtained and in exchange for each existing ordinary share there were issued one ordinary and one six per cent. cumulative preference share of £10 fully paid.

Mr. Sidney Webb: It was thus watered to the extent of 100 per cent.

Mr. Evan Williams: The money was in the concern.

Sir Leo Chiozza Money: That is the exceptional case, and all the others are like that?

Chairman: No. I have read what is supposed by one side to be the best, and what is supposed by the other side to be the worst.

Sir Arthur Duckham: It is only in that book. I submit it is fallacious to take that book.

Chairman: I have said that it is only in that book.

(The Witness withdrew.)

MR. CHARLES TENNYSON, C.M.G., Sworn and Examined.

Chairman: Are you assistant director of the Federation of British Industries?—Yes.

9987. Will you tell me what the Federation of British Industries is?—It is an association partly composed of manufacturers' associations and partly individual firms. It is really, I suppose you may call it, a technical society for promoting the efficiency of British manufacturers.

9988. How long has it been in existence?—For between two and three years.

9989. And you are an assistant director?—Yes.

9990. I will leave the other Commissioners to ask you any further questions as to that. Now you say in your proof:—

"The demands, which are of immediate importance as affecting industry, are:—(1) The increase of 30 per cent. in wages. (2) A limitation of working hours from 8 to 6. In this survey it has not been possible to take into consideration the effect on the cost of coal of a decrease in working hours,

and accordingly it has been based solely on the effect of a 30 per cent. increase in wages, and as such shows the minimum effect. For the basis of the survey it has been taken that the increase of 30 per cent. in wages would entail a 20 per cent. increase in the pit mouth price of coal. In order to find the cumulative effect on industry, generally, it was decided that a questionnaire—copy below—framed on cost factors which would be seriously affected, should be circulated through the associations affiliated to the Federation, to representative manufacturers. The figures detailed in the questions a, b, c, d, e and f, have been established on the 20 per cent. increase (4s. per ton) in the price of coal at the pit mouth, and accordingly must be regarded as showing only the increases in the respective cost factors necessitated by a 4s. rise in the price of fuel at pit mouth, other possible causes of increase being omitted. The increases detailed in the questions g and h have not been established." Then you set out the following table:—

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[Continued.]

Increase in Selling Price necessitated by—	Per cent. increase in Selling Price.
(a) 20 per cent. increase in fuel cost	*
(b) 10 per cent. increase in electricity and gas (if purchased)	*
(c) 16s. per ton increase in steel	
(d) 20s. per ton increase in copper	
(e) 20s. per ton increase in brass	
(f) 5 per cent. increase in building material	
(g) 10 per cent. increase in machinery	
(h) 5 per cent. increase in freightage	

9991. Were these the questions sent out here?—Yes.

9992. How did you put the questions? I want to understand it?—The question was an invitation to the firms concerned to indicate in the right-hand column there the estimated increase in selling price which would be caused by the increase in the particular cost factor shown in the left-hand column.

9993. Then the questions would be like this: If there is a 20 per cent. increase of coal, what is the increase in your selling price? If there is an increase of 10 per cent. in electricity and gas if you use it, what is the increase in your selling price? If there is a 16s. per ton increase in steel, and so on. You assume there will be those increases of 20 per cent. in fuel, 10 per cent. in electricity and gas, and 16s. per ton increase in steel and so forth?—Yes.

9994. Then looking at the next table which you supply on those assumptions, taking steel forgings, it is said there will be an increase of 5.23 per cent. in selling price. I want you to explain this table, which I have never seen before. How did you get that increase? Was it by asking the steel forgings people what they thought would be the increase based upon this assumption?—Yes.

9995. *Sir Arthur Duckham*: May I ask what the 5.23 means? Is it 5.23 times or 5.23 per cent.?—It is 5.23 per cent. increase on steel forgings.

9996. *Mr. Evan Williams*: On the present price?—Yes.

9997. *Chairman*: Then according to this the increases will be: Steel wire rod, 11.25; and steel wire, 3.19. Then under engineering: locomotive building, 1.487; and general engineering, (A) 2.25 and (B) 3.726. Why are there two heads there?—The reason is because there were a great number of returns in a large industry like this, and the returns show that they fall into two divisions. In one class it was evident, owing to the processes employed, a great deal more fuel or power was consumed and in the other a great deal less, so that they were separated into two classes. Then, wheel and axle, 4.026; boiler-making, 5.28; rivet bolt and nut, 10.0; machine tools, (A.), 3.884, and (B.), .86?—There is the same explanation there.

9998. Then we come to non-ferrous. Copper, 1.927; brass, 2.185 wire, 1.735; tubes, 5.77; rubber cables, 1.96. Then under the heading of industry: building bricks, 5.0; flint glass, 5.17; chemical glass, 14.85; sulphuric acid, 2.6; brush manufacturers, 1.5; tanners, .75. Then textiles: silk, 2.15; bobbins, 3.0; dyeing, 1.75; bleaching, 2.75; rope-making, 2.8. Then you go on in your proof:—

• “Other replies which have not been based on the Questionnaire are as follows:—

Wool and Worsted.—An increase of 5s. per ton in coal would mean a net annual increased charge on the industry of £817,930, which it is estimated would necessitate an increase of 2½ per cent. in selling price.

Dyeing.—A 5s. per ton increase in coal would mean an increase of £20,000 to £25,000 per annum in the net coal bill of this industry—entailing an approximate increase in selling price of 1 per cent.

Hosiery.—Estimated increase of 20 per cent. fuel cost would entail 1 per cent. increase in selling price. Increased costs of machinery would further increase the selling price.

Bleaching.—An increase of 20 per cent. in fuel cost is equivalent to a charge of 4 per cent. on the ordinary share capital. Recent dividends on this capital averaged 7.5 per cent.

Flour.—An increase of 20 per cent. in fuel charges would necessitate an increase in selling price of flour of 4d. per sack of 280 lbs.

Paper.—An increase of 20 per cent. in fuel charges would necessitate an increase of 8.6s. per ton of manufactured paper.

Brewing.—30 per cent. of works cost is represented by fuel and power.

Heavy Chemicals.—30 per cent. of works cost is fuel and a 20 per cent. increase in cost of coal would necessitate a 10 per cent. increase in selling price.

Drain Pipes and Accessories.—Twenty-six per cent. of works cost is represented by cost of fuel.

Boot Polish, Paraffin Candles, Leather Goods and Rubber Trades would not be seriously affected by the direct increase in cost of fuel.

Salt.—Increase of 20 per cent. in fuel, together with consequent increases of material, it is estimated would mean a 6s. per ton increase—on present price—5 per cent.

“General Economic Effect.

“From the foregoing figures it is plain that the increase in the price of coal will mean a general increase in prices of goods produced for the Home market, with a consequent general rise in the cost of living. This will inevitably result in demands for increased wages in other industries, and this would, in several trades where labour costs are high, be much more serious than the effect of the increase in price of raw materials and other cost factors.

“In this respect the question of the export trade is also of great importance. The result of a loss of output would seriously affect the national economic position. It can be truthfully asserted that coal is the only product of any importance that we export, the other chief exports being re-exports of raw material as manufactured goods, after coal, either as fuel or power or both, has been added. Thus:—

1. The increase in coal cost, especially in accompanied by a decrease in output, will mean a decrease in the amount of coal exported.
2. The increase in coal prices means an increase in selling prices of all exports, which would eventually tend to a reduction of exports, especially to markets where the competition is keen.

“The effect of these two factors on our position as a producing nation needs the most careful consideration.”

9999. Do you wish to add anything to that yourself?—No.

10,000. *Mr. Arthur Balfour*: The export trade in this country has been largely arrested by the war, has it not?—Yes. I think I may add something before you ask me questions. I am really here to explain how these figures have been arrived at, so as to make it perfectly plain. I am not authorised to speak or give evidence on behalf of my Federation.

Chairman: That is what I expected you would say when I asked if you wished to add anything.

10,001. *Mr. Frank Hodges*: Are you not here to answer questions relative to your Federation?—Certainly, and to explain what the Federation is; but as regards economic questions, any opinion I could give would be purely a personal opinion of very little value.

Mr. Sidney Webb: May we take it that these opinions stated here are the opinions of the Federation?

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[Continued]

Mr. Arthur Balfour: I think there is a gentleman here who can answer as to them.

Chairman: In that case it is better for the Director to come into the box. This gentleman, if he would allow me to say so, cannot speak to it.

(The Witness withdrew.)

Mr. ROLAND THOMAS NUGENT, Sworn and Examined.

Witness: I can only answer questions on the general purposes of the Federation. I can offer no opinion upon the subject for which this Commission has met.

Chairman: We will see the usefulness of your evidence in a moment.

10,003. *Mr. Arthur Balfour:* How many members have you in your Association?—187 trade associations. We have 1,080 members altogether, of which 187 are trades associations, and the others are firms and companies. I believe there is one private individual.

10,004. I think you will agree that our export trade has suffered very heavily by the war?—Certainly I should, but I should like to say that I am only giving my personal opinion, and not the Federation's opinion.

10,005. *Mr. R. H. Tawney:* Are we going to examine the witness about the subject before the Commission or about the Federation. (To the Witness.) I understand you can only speak to the latter?—I should say that Mr. Tennyson, with an assistant, conducted an investigation on the subject of the probable effects of the increase of cost of coal on other industries, and he can give evidence with regard to the manner in which it was found. The evidence is the figures given to us, but we are unable to swear to them.

Mr. Sidney Webb: What is the general statement at the end of Mr. Tennyson's proof called "General Economic Effect?"

Mr. Arthur Balfour: I was going to ask about that.

Mr. Sidney Webb: Whose opinion is that? This must have been drawn up by some one. It is either Mr. Tennyson's opinion or Mr. Nugent's opinion or the opinion of the British Federation.

10,006. *Chairman:* Or someone else?—I think I can tell you that Mr. Tennyson wrote it and I approved it as a logical deduction from the figures given.

Mr. Tennyson: If I may break in, those opinions were expressed by our members in answering the questionnaire. They are not opinions really, but considerations. They call attention to those considerations, and they were, therefore, included in the Report.

Mr. Sidney Webb: But the individual members cannot have all said this thing. It must have been put together.

Mr. Tennyson: Certain individual members called attention to those considerations.

Mr. Sidney Webb: (To the Witness.) You say: "It is plain that the increase in the price of coal will mean a general increase in prices of goods." That is an opinion and not logic.

Witness: It is an obvious conclusion.

Mr. R. H. Tawney: Whose conclusion?

Witness: Anyone's, I should say.

10,007. It is not anyone's, but someone's. We want to know whose it is. Would you ask those questions, Mr. Balfour? I only want to know whose evidence this is.

Mr. Arthur Balfour: Can Mr. Nugent answer my question?

Chairman: Mr. Balfour, you had better start again.

10,008. *Mr. Arthur Balfour:* (To the Witness.) You agree, do you not, that the export trade of this country has suffered very heavily by the war?—Yes.

10,009. And it is very important that we should manufacture at the lowest possible cost to recover it?—Yes, it is an obvious necessity.

10,010. Both with regard to the whole economical situation and to regulate the rates of exchange?—Yes.

10,011. I understand the report of your members is that this increase in cost of coal which is brought

Sir L. Chiozza Money: It would be very interesting to have both your opinion and his.

10,002. *Chairman:* It would be very interesting, and if you like we will have this gentleman on Friday after we have reported. (To the Witness.) Obviously you have prepared statistics only?—Yes.

about by 30 per cent. on the miners' wages would seriously handicap them in their export trade?—That would be the effect. It would handicap to the extent of the increase in price.

10,012. And that has not taken into account the reduction of output involved in the reduction of hours from 8 to 6?—No. We have taken the figures available to us at the time. If there were no increase in coal, our figures would not be affected, but assuming an increase in the cost of coal the effect would be as stated.

10,013. Are you aware that the competition in America has been very seriously felt in the export trade?—I am aware it is being extraordinarily felt in almost every export market.

10,014. Unless we can compete from the point of view of price, it would be very difficult to recover our export position?—I should say it would be impossible.

10,015. Would that mean unemployment in this country?—Yes.

10,016. And a very grave time when men are being demobilised?—Yes.

10,017. Therefore you look upon it as a grave menace to this country?—Yes, always assuming the price of coal goes up.

10,018. *Sir Arthur Duckham:* Are these increases in cost here shown for the increase in cost due to the higher price of coal directly used in works?—I should like to consult Mr. Tennyson. He prepared the figures.

Sir Arthur Duckham: I would like that answer. May I ask Mr. Tennyson that figure?

Chairman: Certainly. Mr. Tennyson is here and he has been sworn.

Sir Arthur Duckham: (To Mr. Tennyson.) Are those increases on the price of coal for the increased cost of fuel used at the works?

Mr. Tennyson: If you turn over the page, you will see (a), (b), (c), (d), (e), (f), (g), and (h), and then will you refer back to the questionnaire?

Sir Arthur Duckham: You have taken the increased cost of the raw material?

Mr. Tennyson: Yes.

Sir Arthur Duckham: This is especially designed to show the cumulative effect of the increase which may be anticipated in the various cost factors. It may or may not come under the steel or copper, for instance?

Mr. Tennyson: Yes.

Sir Arthur Duckham: It is pure assumption?

Mr. Tennyson: Yes.

Sir Arthur Duckham: Founded on the assumption in these figures.

Mr. Tennyson: It only shows what is indicated by those particular facts.

10,019. *Sir L. Chiozza Money:* (To the Witness.) Are you aware that wages in the United States are very much higher than here?—Naturally I am aware of it.

10,020. And you knew they were that before the war began?—Yes.

10,021. And you knew they have about doubled during the war?—I could not answer that from my own knowledge.

10,022. You know they have very greatly increased?—Yes, as they have done here.

10,023. Why are you so apprehensive of American competition if you know American wages are so high?—Because other American costs are so much lower. Take coal, for instance.

10,024. So that high wages do not necessarily mean dear goods?—Obviously not necessarily.

10,025. Do you also know that high wages in some

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[Continued.]

instances lead to cheap goods?—Yes, but there are also a number of other factors which you are leaving out of account. The selling price of goods abroad depends upon all the cost factors, of which wages are only one.

10,026. Are you aware it is historically true that the industrial efficiency of the United States has really been caused by high wages?—I should accept that with great qualification. It has been through many causes which we could discuss here for a week.

10,027. Will you admit it is a very big factor?—No, I do not wish to be misunderstood. Speaking personally I am in favour of high wages.

10,028. At any rate you will admit it is a factor in producing efficiency?—Certainly it is a factor in producing efficiency.

10,029. Has it occurred to you that the low rate of wages which obtained for a very long period in the British coal mining industry hardly promoted the development of efficiency of the industry?—I am afraid I have no knowledge of that.

10,030. You have not given any attention to that?—No, it is absolutely outside my knowledge.

10,031. *Mr. Sidney Webb*: Just one question. You told us from this table that it has been established that if there is an increase in the price of coal, which you do not do otherwise than assume, therefore there would be an increase in selling price to the effect given in the table on all these goods. You say "it has been established"?—That was perhaps an unfortunate term.

10,032. You do not mean it has been established?—It cannot naturally be established until the price of coal goes up and you see what is the effect.

10,033. What you mean is that these firms have said so?—That is their estimate.

10,034. It is merely that you have put it to them if there were a 20 per cent. increase in the cost of coal, what would their selling price go up?—Yes.

10,035. And they have told you their selling price would go up to that amount?—Yes.

10,036. It is hardly justifiable to say it has been established?—No, it is an unfortunate expression.

10,037. And you say: "It is plain that the increase in price of coal will mean a general increase in prices of goods produced for the home market with a consequent general rise in the cost of living." You are taking it as established?—Well, I think it is established. If you take a very important item in your cost of production and put that cost up, it follows that your general cost of production must go up and consequently your selling prices.

10,038. Must the selling price go up because the cost of production goes up?—Almost inevitably. The margin of profit on most manufactured articles is so small that it could not possibly stand an increase.

10,039. You say that the margin of profit is so small that it could not possibly stand an increase?—I should like to say the margin of profit in most cases is so small that an increase in the general cost of production is bound to mean an increase in the price of selling.

10,040. You said a general increase in coal will mean an increase in the general cost of production?—Yes.

10,041. There are 20 things to be said if the price of coal goes up. Does it necessarily mean an increase in the cost of production?—If you use coal.

10,042. Might it not cause economy in coal consumption?—Yes.

10,043. Are you aware that the use of coal to raise steam in this country is frightfully wasteful?—I daresay it is.

10,044. If it is wasteful, is it not possible that an increase in the price of coal might lead to a reduction of that waste?—It might lead to a reduction of that waste if—

10,045. Put it in another way. Supposing—?—I wish you would let me finish what I am saying.

10,046. If the price of coal were very low, would it not promote that waste?—It might, but what I wish to say is this. Already coal is such an important factor in cost that the utmost economy in most industries has been already arrived at—

10,047. Are you prepared to say that in the face of the very important testimony given by the experts?

—I am not a fuel expert, but I know industries where constant research goes on with regard to economy of fuel.

10,048. But a Committee has lately investigated that and pointed out that the use of coal was frightfully wasteful in this country and that very great economies could be made?—I know that.

10,049. Assuming the price of coal goes up and that it increases the cost of production, let us take the first of your items here, the steel trade. Do you suggest that if the price of coal is increased and if the cost of production of steel goes up, therefore the selling price of steel must necessarily go up?—I can see what you are driving at already, but I think—

10,050. Have you any knowledge of the Excess Profits Duty which is now being paid by steel concerns in this country?—I respectfully submit that I came here to present the balance sheet of the Federation of British Industries for which this Committee asked, and I do not think the price of coal has anything to do with it, and I am not competent to give evidence on that, and as I am on oath I prefer not to do so.

10,051. You have said: "It is plain that the increase in the price of coal will mean a general increase in prices," and you put in a statement to show that in steel it means in one case 5 per cent., and in another case 11 per cent., and when I ask you how you arrive at that, apparently it is that these people have told you that they would increase their selling prices, if the cost of production went up, to that extent. When I ask you whether it would not be possible that they might have to bear it in reduction of their profits, you say that you are not able to give evidence on that?—I do not think I am, but I would remind you what I am here for is to put in the balance sheet of the Federation, and I am prepared to be cross-examined on that to any extent. Mr. Tennyson put in the figures, and has explained the method of calculation by which they were reached. He cannot do more than that.

10,052. But something more has been done. A statement has been made as to the general economic effect of those figures. That has been put in and I rather understood that that had been done with your approval?—That has been done with my approval but—

10,053. Do you still maintain that?—As a personal opinion, yes.

10,054. I put it to you, do you still maintain that an increase in the cost of production of steel will necessarily cause an increase in the selling price of steel?—It would depend entirely to my mind on the amount of the increase in cost of production.

10,055. Then some increase in the cost of production of steel may not necessarily mean an increase in the selling price?—It might not; but, on the other hand, it might mean it, because capital would leave the industry. No one can do more than guess.

10,056. You have pointed out that it may cause a decrease in the profits of steel?—Yes.

10,057. Is not that the most obvious thing that will happen if you remember the amount of Excess Profits Duty being paid on steel?—I do not think you can calculate from Excess Profits. You will get a very bad disappointment if you do, because circumstances and everything have been abnormal. If you assume the rate of Excess Profit earned is going to be any indication of what the industry will earn in normal times, you will go very far wrong.

10,058. But what inference do you draw. You draw the inference that the present cost of production of steel cannot possibly go up without the selling price going up on the ground that the profits are at the margin in steel. Take another item you have said something about, (h) the freightage. I gather you say that the increases detailed in (g) and (h) have not been established. Therefore I do not rest anything on that. Do you not think it is possible that increases in the cost of fuel might not cause an increase in freights. Is there not another source from which it might come, namely, the shipowners' profits?—Yes, but you are assuming all round—

10,059. I am assuming nothing, but asking you questions?—I state that it might be possible for it to

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[Continued.]

come from the shipowners' profits. Again I must disclaim any detailed knowledge of the shipping world, but I know at the present moment there are certain ships, coastwise ships for instance, running at a loss.

10,060. You are basing your argument on the assumption that freights cannot possibly be reduced without causing the shipping industry to go bankrupt?—I am assuming that for the sake of argument.

10,061. *Mr. Herbert Smith*: Will you tell us who asked you to come here and give evidence?—It was decided by a meeting of the Executive Council of the Federation that I should be asked to prepare figures showing as far as possible—it was realised in many cases they could be only estimates—the cumulative effect in the rise of the price of coal on the other industries of the country.

10,062. Can you tell us what object this British Industry Federation has in view?—Its primary object is to promote the co-operation of manufacturers with one another, to assist to improve the technical processes of production and so forth, to attempt to improve the commercial organisation and selling organisation of manufacturers, and particularly, of course, to attempt to improve the export trade and to push the sale of British products in foreign countries. I think, perhaps, a rather good illustration of one of the purposes I can give you now is this. A delegation has just returned from Paris, sent by the Federation, which has been discussing with the French Government and with French industry representatives the best method of reconstructing the industries of France.

10,063. Is not your main object to fight workers, both industrially and politically?—Most emphatically, no. Our rules say, it is true, "To promote, wherever possible, co-operation between employer and employed"; but really we do not touch any detail of labour work. We must, however, study labour problems, because they react upon the commercial and other problems which are our particular concern.

10,064. *Mr. R. H. Tawney*: Under which of the headings you have given does the report which you have issued denouncing part of Mr. Fisher's Education Act come?—That is on the part devoted to technical education.

10,065. *Mr. Frank Hodges*: You have come to produce your balance sheet?—Yes.

10,066. Will you hand it round?—Yes. I have copies of the balance sheets for the last two years. (*Handing same.*)

10,067. Have you also your Articles of Association and Rules?—I am afraid I have not them with me, but I can get them for the Commission in 20 minutes if you would like them. They have been very widely published, and I assumed the Commission would be able to get them for themselves. I should say we have no Articles of Association, because we are a voluntary association, but we have Rules and Objects.

10,068. Have you a list of subscribers?—I can put that in if it is wished.

10,069. I should be very much obliged if you can get that.—Certainly.

10,070. *Chairman*: You will send that to us?—Yes.

Mr. Arthur Balfour: If I remember correctly, Mr. Hodges asked me if I could produce the balance sheets. I am glad it has been produced. I should like to make it perfectly clear (I am a member of this Association) that it has nothing to do with labour questions at all.

Witness: Nothing whatever beyond this. For instance, we issued a report on housing, which members of the Commission may have seen. If you count housing and similar questions as labour questions, we have; but we take no part in discussions on wages, conditions, or anything of that nature.

10,071. When my firm joined the Association I undertook no obligations whatsoever with regard to labour conditions, lock-outs or strikes?—There is nothing of that sort, absolutely.

10,072. *Mr. Frank Hodges*: I notice in your balance-sheet under "Details and Management Account" an item for "Intelligence, Miscellaneous Expenses, £415." That is in the year 1919. Do you subscribe

to any political bodies in this country?—None whatever.

10,073. *Sir L. Chiozza Money*: (*To the Witness*). I take it you imagine these increases, or these estimated increases, will have a certain effect upon the public mind?—It was thought they would have considerable effect.

10,074. Would not that make you rather cautious in making such estimates?—I did not anticipate this would be published; but if it is, it is the best that can be done.

10,075. Are you sorry you have produced it, as it will be now published?—No, I am not at all. It is every bit as sound as other statements which have been made.

10,076. I do not ask you with regard to other statements, but only what we are upon?—I think I should explain. What I have been trying to explain is this. Naturally you cannot produce definite evidence on this point. We put that in to be what use it can be to the Commission. I cannot take further responsibility than that. We exercised all the care we could and scaled the figures down. It may be some good to the Commission or it may not.

10,077. Of course you base this upon the estimate that the increase in the cost of coal will affect the manufacturing industry?—Yes.

10,078. You have never investigated the use of power in this country and the waste of coal in manufacturing?—Personally I have not, but many of the men who supplied us with information have.

10,079. Do you know the last Commission on coal found we were using 5 lbs. of coal where we need only use 2 lbs.?—No doubt that is correct, but I cannot give evidence on technical points; I am not a technical man.

10,080. But you have?—That is not my evidence. My evidence is to tell you how the statement was compiled.

10,081. This is put in without responsibility, because the other gentleman explained he knew nothing about it. He only knew these figures had been furnished to you and you put them down on paper. You say you knew he had put them on paper and yet you know those figures are going out to the public and will be put before the public as being reputable and respectable figures, which apparently you are denouncing at the moment?—I am not denouncing them. They are not like Mr. Smillie's statements about infantile mortality.

Sir Leo Chiozza Money: That is not my question.

10,082. *Mr. B. H. Tawney*: I wanted to bring you back to the answer you gave to Mr. Balfour as to the object of this Association. You say you have nothing to do with labour questions. Do you not consider the question of hours a labour question?—Certainly I should.

10,083. Do you not remember that your Federation, or the Education Committee of your Federation, issued a report in which they denounced the whole principle of reducing the hours of young people between 14 and 18 for the sake of universal education?—I was the Chairman of that Committee.

10,084. I remember you signed it.—And it did absolutely nothing of the kind you suggest, but it pointed out that for a long time to come it would be impossible to provide the full education, as you would have seen if you had read the report carefully.

10,085. This is a question of fact?—But has it much to do with the price of coal?

10,086. You said you did not want to answer about the price of coal, but about the objects of your Federation, and you gave an answer to Mr. Balfour which was inconsistent with the facts?—I beg your pardon, it was nothing of the kind.

10,087. Very well—which I think was inconsistent with the facts. When I pointed it out you said you did not want to deal with it at all?—I beg your pardon, let us take this education report. With regard to the education report, I am treating now with a thing of 1½ years ago, and I have been in the Army since and my recollection on some points is bad. We did not deal with the hours of young persons, but we pointed out that in many industries it would have a serious effect, which was perfectly true, if it took

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MR. ROLAND THOMAS NUGENT.

[Continued.]

young persons out, and Dr. Fisher's Act did not propose to give them education when it got them out.

10,088. Did it not?—No.

10,089. Have you read the Bill?—Yes.

10,090. Really! And it did not propose to give them education when it took them out? Have you read the Act?—I have read the Act.

10,091. And you think the Act does not propose to give them full education?—The Act does not propose to give them anything like sufficient education.

10,092. I agree with you?—We said we should like a whole-time education for the whole day.

10,093. For how many—for the selected young persons who were thought to be worthy of it?—No, but the process which I believe is already adopted by the London County Council of giving it to all who were intellectually capable of benefitting by it.

10,094. Now we do not differ, if I may say so. I began by saying you opposed universal continued education. You now say that you are in favour of continued education for those who are intellectually capable of profiting by it; that is to say, you mean not all. That is your meaning?—Not all.

10,095. Then we do not disagree, but I humbly submit you should not have contradicted the statement I made about your point.

10,096. *Sir L. Chiozza Money*: May I ask whether you do or do not agree with the statement headed "General Economic Effect" on the last page of the memorandum?—Do you ask me personally or as representing the Federation?

10,097. As representing the Federation, of which, I understand, you are the Director?—Then I should say that the Management Committee of the Federation considered this report and instructed me and Mr. Tennyson to put it in. They instructed me that as

(Adjourned for a short time.)

Mr. JOHN STRACHAN, Sworn and Examined.

10,103. *Chairman*: Mr. Strachan, I think you are the General Secretary of the National Federation of Colliery Under Managers and the Scottish Association of Colliery Under Managers?—Yes.

10,104. You desire to lay before the Commission the following statement:—

"Gentlemen,

"To qualify for a position as under manager it is necessary to obtain a first or second class certificate of competency under the Coal Mines Act. To receive one of these certificates the aspirant must in his leisure time attend mining classes for about four years, and the number of failures at these examinations every year prove that the obtaining of a certificate of competency is no easy matter. In addition to securing his certificate, the candidate for one of these positions has to acquire a good practical knowledge of shaft work, pumping, coal-cutting machines, haulages, and all other classes of work incidental to mining.

"To gain the necessary practical experience in these branches, the aspirant has to give up the more remunerative work of coal-getting and work for the ordinary on cost wages.

"Having secured his certificate and acquired the necessary practical experience, and been appointed to a position as under-manager, he is invested with full power to employ and discharge men, he is held responsible for all work carried on in the mine, keeping up of outputs, and keeping costs within reasonable limits.

"He has to be at the pit in the morning in time to receive the fireman, or deputies' reports and to see that everything is in order for the pit to start winding coal at the proper time. He is on duty during the whole of the shift, and he has to see that everything is in order for the afternoon shift, and give the necessary instructions to the officials in charge that all repair work may be carried through ready for the pit resuming operations the following morning. In addition to all this, in the event of an accident, or a breakdown, he is liable to be called out at any hour of the day or night, and in such a case he may be, and

the Executive Council had not had the time to consider it owing to the time at which this Commission sat it could not be put forward as the Report of the Federation, but as a series of figures compiled with the greatest care which could be given to them. I was to say distinctly that is all they were.

10,098. The figures are put forward and again they are not put forward. They are owned and again they are disowned.

10,099. *Mr. Robert Smillie*: (To the Witness.) What was your remark about my figures on infantile mortality?—I am sorry, but I had lost my temper and I was a little rude.

10,100. You would not suggest I would endeavour to put figures here to mislead the Commission?—I would not suggest anything.

10,101. Will you tell us what this payment of £1,000 to the Tariff Commission for statistical and other information was?—They are a body which compiled a very large number of statistics mostly on foreign trade, export and import figures. I believe that they were originally formed to draw those figures up with the idea that eventually there might be a tariff in this country and they were connected with the Tariff Reform League but I have no knowledge of their previous history. It was brought to my knowledge that they had valuable figures relating to the trade of other countries and a large amount of statistics not available anywhere else, and a payment of £1,000 was made for the use of those statistics. We had the use of the statistics which they had gathered for 15 years.

10,102. Was it not the Tariff Reform League?—I am not sure whether it was the same body or not. This was a statistical body and we have had nothing to do with them beyond paying them for the use of these statistics when we wanted them.

often is, on duty for many hours at a stretch, for which he receives no extra remuneration.

"In many districts he has a good deal of Sunday work, particularly in districts where coal cutting machines are at work, as, if the miners are at work on Saturday, men have to be at work on Sunday in order that the machine run may be cut again for Monday morning, and repairs and extensions of haulages are usually carried through on that day, and the under-manager has to be there, in the majority of cases, to supervise the work. He has very heavy responsibilities under the Coal Mines Act. In the absence of the manager, he has the same responsibility as the manager, he is held responsible for the acts of his subordinates, and may be called to account by the manager or the Mines Inspector for acts done in his absence.

"He is not only liable to heavy penalties under the Mines Act, but the Home Office may, by the powers conferred on it by Section 11 of the 1911 Act, order an enquiry to be held as to his competency to hold a certificate, and his certificate may be suspended or cancelled, and he may, in addition, be ordered to pay the expenses of the enquiry which may amount to over £200. Two such enquiries have just been held in Scotland in the case of members and their certificates have been suspended in both cases, and they have also been saddled with expenses. The under-manager has to keep the time and book the rates of all the employees in the mine, and has power to pay for deficiencies, or to bargain with men for the payment of deficiencies in their work not covered by the ordinary tonnage rates of the district. He has charge of valuable plant and machinery, and is expected to see that stores are not wastefully used. In the event of an accident or a breakdown, he is expected to be in readiness to take charge of operators at once, and much may depend on his resourcefulness and skill; as in many instances in mining if the proper measures are promptly taken much valuable property, and even on occasion human life, may be saved.

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[Continued.]

"For all these duties and heavy responsibilities, in some of the districts, notably in Scotland, where the wages are below the average paid in England, these officials are paid a wage much below that of the average miner, and in many cases their weekly earnings are less than the average weekly earnings of the firemen and deputies under their charge.

"My Executive are of opinion that if the duties and responsibilities of these officials were fairly taken into account they would not be overpaid if the minimum wage were fixed at 50 per cent. over the rates of the firemen or deputies in the various districts. That is to say, if the firemen or deputies rate were, say, 14s. per day, the weekly wage of the under manager on that basis would be $14 + 7 \times 6 = 126s.$ per week, leaving the fireman or deputy to be paid for overtime as at present, and the under manager with an upstanding wage.

"One point the Executive Council wish me to make clear, there are some of our members in Scotland in full charge of a pit, or a big district of a pit, who are not registered as under managers, but are known as overmen, though they are practically carrying out all the duties of under managers, in the view of my Executive they ought to be paid as under managers.

"There is another class of officials, members of our Federation, they are known in some of the English districts as underlookers, and in Scotland as section overmen. They are referred to in the Mines Act as an official superior to the fireman or deputy but inferior to the under-manager.

"These officials have also onerous duties to perform and are responsible for their own section or district but have not the same responsibilities as the under-managers. My Executive are of opinion that these officials ought to have a minimum wage of 25 per cent. over the firemen or deputies rate, reckoned in the same way as that of the under-manager. They are also of opinion that once the ratio is established, the wages of these officials should always be maintained in the same proportion to that of the firemen or deputies.

"My Executive Council believe that the time has arrived when some alteration should be made in the conditions and hours of employment of these officials. As I have pointed out above, they are responsible under the Mines Act for the whole 24 hours; they are also responsible to the employers for 24 hours per day, Sundays included, and it is not uncommon in some districts for the under-manager to be on duty 60 to 70 hours a week, and occasionally as many as 90 or 100.

"He may be newly home at the end of a shift when something may go wrong with a pump, a haulage engine or a coal cutting machine, or a bad fall may take place. He is sent for, and when he returns to the mine he may have to remain 20 or 30 hours before matters are put right again.

"In view of the fact that the hours of every other worker in or about the mine are now regulated by law, my Executive are of opinion something ought to be done to regulate the hours of these officials.

"Security of tenure.—The Executive are also of opinion that before one of these officials can be dismissed he should receive one month's notice, and that some court of appeal ought to be set up where the official would have the right to be heard before being finally dismissed, as dismissal may end his career as a colliery official. We have had some trouble on this score lately in one or two cases in the Midlands.

"I am instructed by the Executive to draw your attention to one other point. In South Staffordshire the under managers sent in a claim to the owners for an increase of wages 18 months ago; after 12 months they arrived at an understanding, and an agreement was drawn up and signed by both parties under which certain concessions were given, said concessions to be retrospective as from 1st September, 1918, but owing to some disagreement between the owners and the Coal Controller the men have not yet been paid.

"JOHN STRACHAN, Secretary."

10,105. With regard to the last agreement, you say you ought to have been paid as from 1st September last?—Yes; the agreement was retrospective to 1st September, 1918.

10,106. What reason do they give why you should not be paid?—I understand the Coal Controller's Department and the owners cannot agree as to the allocation of money that is to be paid.

Chairman: I must make enquiries as to that.

10,107. Mr. J. T. Forgie: Was this agreement made between the Coal Controller and you, or the owners and you?—The Coal Controller gave his consent. It was made between the Owners' and Colliery Under-Managers' Associations, and the Coal Controller gave his consent. I have a copy of the agreement here.

10,108. Chairman: Is there anything you want to add or tell us in addition to what I have read out?—I ought to have stated that the Colliery Under-Managers' Association of Scotland represents the under-managers and the iron stone under-managers, and fire clay under-managers, as well as the coal under-managers.

10,109. How many would that be?—About four or half a dozen for fire clay; I am not sure of the number in iron stone. There are about 30 or 40 all told in the shale area.

10,110. Mr. Arthur Balfour: What rates are they paid now?—The rates are different in the different districts. The Lancashire people have an agreement for 5 guineas minimum, and they have 18s. war wage on the top of that.

10,111. Mr. R. W. Cooper: Where is that?—In Lancashire and Cheshire it is 5 guineas plus 18s. war wage. That makes £6 3s. 0d. as a minimum, but their wages in that district range up to over £7 a week.

10,112. Will you explain that. I do not understand how they range; are they paid so much a shift?—No, they have an upstanding wage in all cases. In some collieries they are paid higher than in others, the minimum wage being 5 guineas.

10,113. They range up to what?—Over £7 in Lancashire and Cheshire and in South Staffordshire; that is the district I have referred to where the agreement has not yet been put into force. When that comes into force there is a £4 minimum per week, plus 29s. war wage; that makes a total of £5 9s.

10,114. Mr. Arthur Balfour: Have you many there? How many have you there; a dozen?—Three altogether.

10,115. Will you take them all?—North Staffordshire the minimum wage is £5 15s. The average wage in that district runs out at £6 2s. 6d.

10,116. Any war wage there?—That is inclusive of the war wage.

10,117. What is the war wage in that case?—I am not sure; I cannot answer that. This agreement has been come to there between the under-managers and the Owners' Association as well.

10,118. The next one?—The Cannock Chase District average, £6 10s. There is no minimum fixed there. There is no agreement between the two associations in that district.

10,119. The next one?—Scotland. The minimum wage for the under-manager is £4 18s.

10,120. Is there any war bonus there?—That includes war bonus; that includes everything. Then, with regard to overmen referred to in the statement, the minimum wage is £4 8s. It is only fair to say the average wage is a little higher. The average wage, I take it, for under-managers works out at something like £5 3s. for the whole of Scotland. The minimum wage is £4 18s. and £4 8s. for overmen.

10,121. Mr. R. W. Cooper: Are the positions and duties of each of the under-managers the same in these five districts?—Yes; they are all under the same Mines Act.

10,122. Have they exactly the same duties to perform in each case?—There is a little variation according to the variation in seams. Where the seams are up to about 6 feet the job is sometimes a bit easier. In Scotland, where they are from 16 inches to 5 or 6 feet, the 16-inch seam, as you can easily understand, is a more difficult job than the seam where the man has plenty of room to work.

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MR. JOHN STRACHAN.

[Continued.]

10,123. Is that the cause of the apparent variation in the rates of payment?—I do not think that is the cause. The average all over England is higher than that in Scotland.

10,124. I see that Lancashire is different from Sout. Staffordshire?—Yes.

10,125. Is that owing to the character of the mine?—No, I think it has practically grown. I think there has been no system until now. This Association is a very young one, and we have been trying to improve conditions and get the lower paid districts levelled up.

10,126. Is there an upstanding colliery wage?—Yes, an upstanding colliery wage.

10,127. Is the oversman the man who ranks next to the under-manager in these districts?—Yes.

10,128. Is your oversman in Scotland the same as what we call oversman in England?—Yes; in some districts in England you call them overlookers, that is sectional oversman in Scotland.

10,129. Do you know Durham?—Only slightly. I have no practical experience of the Durham coalfield.

10,130. *Sir Thomas Royden*: How many people are included in the Federation?—The Federation itself

(The Witness withdrew.)

includes 1,370; 720 of these are in English districts, and 650 in Scotland.

10,131. Does the use of coalgetting machinery involve extra work outside the shifts?—It does.

10,132. It depends?—The long wall cutting certainly. The cutting of the smaller seams involves extra work for the officials.

10,133. *Sir Arthur Duckham*: I want to ask a question with regard to the relationship of the under manager to the other people in the mines. Whom does the under manager get his instructions from?—The manager.

10,134. Is that the same with the fireman and the manager in that case. I am trying to see the hierarchy of the mine?—The manager is the chief.

10,135. Then the under manager?—Yes, then the under manager.

10,136. And under those two?—The oversman.

10,137. And if not the oversman, the firemen?—Yes; in the case of big collieries there are often two or three, or perhaps more oversmen in the various sections of the mine, and the oversmen are each responsible for their own section.

Mr. WILLIAM BETHELL, Sworn and Examined.

Witness: In the first place I would like to protest against the means used to secure my attendance here to-day. A telephonic communication reached me at 7 p.m. on Friday night requesting my attendance at 10.30 on Saturday. Obviously, with a large responsibility, one cannot leave on what would practically mean half an hour's notice. We are always anxious to give all information to this and other Commissions. I think it could have been arranged without interference with my slumberings on Saturday, or my meditations on the Sabbath.

Chairman: Thank you very much. It is very good of you to have come. Gentlemen have come from the far north of Scotland to assist us, whilst I see you have come from Woolwich.

10,138. You are the manager of the Royal Arsenal Co-operative Society, Limited, of Woolwich?—Yes.

10,139. You are going to speak as to the following:—

"I speak as to factors' price, retail prices, and intermediate costs of distribution for six months ending January, 1919.

"Trade dealt with at three depots:—

	Trucks.
North Woolwich (G.E.R.) Accommodation	12
Bexley Heath (S.E. & C.R.) do.	8
Brockley Lane (G.N.R.) do.	6
	26

Receiving Offices for orders.	Registered Customers.
Woolwich 11	3,982
Erith 5	726
Greenwich 2	677
Bexley Heath 3	720
Camberwell 2	859
Lewisham 2	1,076
Deptford 1	614
	26
	8,654

Distribution for year 1918.

Woolwich	8,730
Bexley Heath	3,503
Brockley Lane	4,414

16,647 tons.

Results for last accounting period, 6 months ended January, 1919.

	Per ton.
	s. d.
Expenses of Distribution ...	8 7-29
Balance returned to members	1 11-46
Total gross profit	10 6-75
Average selling price realized	£2 3 10

	Average cost. (Factors' price.)	Selling price. Woolwich.
	s. d.	s. d.
Small Kitchen Nuts ...	22 9	44 6
Best Kitchen, etc. ...	23 6	45 6
Bright House ...	24 0	46 6
Best Selected ...	26 0	49 6
Average price, all varieties	23 8	45 9

Details of expenses.

Loading—1s. 1d. and bonus = 1s. 6d. per ton.

Delivery (4-mile radius)—1s. and bonus = 1s. 6d. per ton

	£	s.	d.	
Distributive expenses.	3,216	19	8	
Depreciation ...	259	14	6	
Interest ...	105	19	0	
	3,582	13	2	8,324 tons
				8 7-29

Balance returned to members. 732 1 8 1 11-46

Sales Transfer... 16,402 1 10

Sales and transfer. 1,747 18 2

18,150 0 0 8,324 tons 43 8-7

Average price, sales only 43 10
Average cost price, coal w.h. and carriage ... 33 3-3

Details of Distributive Expenses.

	£	s.	d.
Distributive wages ...	1,474	5	8
Rent, rates, and taxes ...	13	6	0
Electric light ...	5	0	0
Repairs ...	108	14	9
Repairs Works Department ...	108	7	4
Travelling ...	12	10	9
Sundries ...	1	9	8
General horse expenses ...	1,246	17	6
General ...	246	8	0
	3,216	19	8-"

That is a most interesting table.

10,140. *Mr. Sidney Webb*: You have put it so clearly, that I have but a very few questions to ask you. The members who buy their coal from your society get back practically 2s. a ton?—Practically 2s.

10,141. It would be fair to say, would it not, that that indicates that your system of distribution, so far as the purchaser is concerned, comes to 2s. a ton less cost than the commercial arrangements. It is a fair comparison, you think?—I am hardly in a position to speak of outside commercial arrangements. I am only concerned with our own.

10,142. The question has been raised as to whether that 2s. per ton really represented the saving. It

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[Continued.]

has been asked whether we can be quite sure that all the expenses which are incurred by your society in connection with the coal distribution are really charged to the coal distribution?—They are set out on the second page.

10,143. They include depreciation of capital?—Yes.

10,144. They include interest at 5 per cent. on the capital employed?—About 5 per cent.

10,145. Under "General" does that include anything for office expenses?—Yes, they are on the second page set out, distributive wages; rent, rates and taxes; electric light; repairs; repairs works department; travelling; sundries; general horse expenses; and general. The office expenses would undoubtedly be included under "general."

10,146. You are convinced, from your knowledge of the business, the coal department bears all the charges it ought to bear?—Yes.

10,147. You are not sponging on the tea or other goods?—There is not much opportunity there.

10,148. You are not Woolwich alone; you reach all the way to Wandsworth?—From Raynes Park to Erith.

10,149. Raynes Park, near Wimbledon, to Erith?—Yes.

10,150. You cover a great deal of South London?—Yes.

10,151. You only have, I notice, registered as customers for coal, 8,654. Supposing you got a great many more members in that area, could you manage the business as cheaply, or more cheaply, per ton?—I say the tendency would be to make it cheaper—slightly.

10,152. You do not deal with it all from one depot, for instance? With such a large area you deal with it from more than one depot?—Yes, from three.

10,153. Presumably, if you had to deal with a still larger number of people and a still wider area you would multiply the depots, but the cost would not increase per ton?—No, the tendency would be to decrease slightly.

10,154. *Sir Thomas Royden*: With regard to the cost of delivery, the delivery within four-mile radius is 1s. with 6d. bonus, totalling 1s. 6d. a ton. Does that represent the actual cost?—No, that is a wage cost alone; the payment to the delivery men alone.

10,155. The other costs appear under some other heading?—They are included in this 8s. 7d., which, of course, includes the loading and delivery as well.

10,156. Are those trucks you mentioned the property of your society?—Some of them.

10,157. Would it handicap you, or would you view with equanimity the suggestion that you should not be allowed to keep your private trucks?—We prefer to keep our own. We find it has been more economical and we are more sure of getting our coal.

(The Witness withdrew.)

Chairman: Is Mr. Charles Roberts, a director of the Liverpool Chamber of Commerce, here? Apparently he is not. Is Mr. Summers here? Apparently he is not. So we cannot call him. The last witness is now going into the box; he is an In-

land Revenue witness. There will be no evidence called after this witness. If a gentleman arrives after this he cannot give evidence because it will be too late for this part of the enquiry.

Mr. ERNEST CLARK, Sworn and Examined.

10,158. *Chairman*: Mr. Ernest Clark, I think you are a Deputy Chief Inspector of Taxes under the Board of Inland Revenue?—Yes.

10,159. You say:—

"I have been in the Government service for 36 years, first as a clerk in the National Debt Office, afterwards as a Surveyor and Inspector of Taxes under the Board of Inland Revenue (except for one year when I was lent to the Cape Government). I am accustomed to deal for the Kingdom as a whole with the results of the work in the districts scattered throughout the country, including the aggregation and analysis of statistics rendered by the Surveyors of Taxes. I have dealt with the returns rendered for the 122 districts in the Kingdom which contain collieries. The results are shown by the printed tables* already furnished, and by the further tables which I now hand in. All these tables must be read in connection with the relative notes.

"The further Tables show—

Table 10.—The true arithmetical result of Tables 1 to 9 so far as they relate to coal mining and coke ovens.

Table 11.—The true comparison, by ratio, of the main Tables 1, 4 and 7—

(a) without considering variations in capital;
(b) considering variations in capital.

"I am prepared to explain the compilation of Tables 1 to 9 if the Commission deem expedient. If not, I will at once go to Table 10 and either start from the result or from the first entries. In any case I propose to proceed from Tables 10 and 11 by verbal evidence.

"*Coal Mining Industry.*

"I should like in the first place to make clear the position of the Board of Inland Revenue in regard to the furnishing of statistics. That Board exists primarily to administer the revenue arising from taxes imposed by Parliament, and in order to do that efficiently it obtains, wherever it can, accounts and balance sheets of the companies and persons carrying on business. From these accounts,

after any necessary further explanation or information has been secured, the liability to Income Tax and Excess Profits Duty is computed. The obtaining of statistics arises only incidentally in the work of the department. The Board's function is to obtain revenue, and in cases where losses and not profits are known to have been made, we do not always analyse and record our statistics, since it is obvious that there is going to be no yield of duty. We do not collect statistics as a main part of our activities—they are only obtained incidentally in connection with those activities and they are limited to the information obtained for revenue purposes. Moreover, the particular information required by this Commission did not exist in an aggregated form until the last day or two. It had to be obtained for the Commission from the information in the possession of the Surveyors of Taxes, whose offices are scattered over the United Kingdom. If there are any gaps in the information now furnished to the Commission, the explanations lie in these facts. The total number of colliery undertakings in separate ownership amounts to 1,069, excluding 242 small concerns with outputs of less than 2,000 tons per annum, and representing less than $\frac{1}{2}$ per cent. of the total output of the United Kingdom. The number dealt with in the tables is 969 concerns, 241 carried on by individuals and firms and 728 concerns carried on by limited companies. The difference in numbers does not, however, fairly represent the divergence of the statistics given from the total of the concerns in the class. Although the number missing is comparatively large, the tonnage omitted is very small, and is estimated not to exceed 2 per cent. This mainly arises from the fact that the concerns, in respect of which no accounts have been received and examined are, with a very few exceptions, so unimportant for revenue purposes that their returns have been accepted after an enquiry which is not of so exhaustive a nature as to produce information useful for statistical purposes. No figures for the year 1918 are given in the tables. The accounts for that year are only needed for Income Tax purposes in time for the assessment to

* See Appendix 54.

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be made in the autumn of the present year 1919, and the very great bulk of the accounts are not made up—certainly are not furnished—until a period in the year later than the present date. The calendar years shown in the tables are the years nearest in date to the financial years of the undertaking. Accounts, which include a year's working, may be made up to any date during the calendar year. Those made up to any date prior to the 30th June have been classified as belonging to the previous calendar year. I should like now to pass to the Notes on the Tables. First as to the *General Note*. As explained in the written Notes various statutory averages are adopted under the Income Tax Acts for the ascertainment of the taxable profit. For Coal Mines the average is that of the five preceding years; for Iron Works it is the profits of the preceding year; for other trades and manufactures under Schedule D it is the average of the three preceding years. It has been the custom of the Board prior to the war to abstract the assessments on mines (i.e., coal mines and other mines), and certain other industries and to publish in their Annual Report the total amount of the assessment (on the five years' average). From these annual five years' average figures Dr. Stamp estimated the *annual* profits arising, and he and Mr. Dickinson have given evidence in regard to those five year concerns to the Commission. In determining whether a concern is to be assessed upon a five years' average regard is had to the principal industry carried on. Where the principal industry is that of mining, the concern falls into the five year class, no matter what is the nature of any subsidiary or ancillary business carried on, or whether that ancillary business, if carried on alone, would fall into the one year class or the three year class. The actual instructions to the Board's officers are as follows:—'When a concern in one class is carried on in combination with concerns in another class and cannot be separately distinguished (as Collieries and Ironworks), and where considerable prominence belongs to one of them, the profits from the less important source should be included with the leading industry or concern.' The statistics presented by Dr. Stamp, therefore, always included a certain amount of profits arising from industry which was not wholly the industry of coal mining. Conversely, concerns whose principal business fell to be assessed on a one or a three year average were excluded from the mines statistics in the Board's reports, even though they carried on the business of coal mining, since the mining business was subsidiary. When, however, the Coal Mines Control Agreement was entered into there was brought within its operation every coal mine, no matter to whom it belonged, or whether it constituted the principal or subsidiary business of the proprietor concerned. For the purpose of giving information to this Commission, it was, therefore, decided to obtain statistics for all concerns falling within the scope of the Coal Mines Control Agreement, so far as figures were available to the Board of Inland Revenue. The tables therefore include, not only the five-year concerns, with their subsidiary business, but also one and three year concerns, which happen to carry on a coal mine, but the main business of which is not that of coal mining. For this reason the tables, if added together, would not represent the same series of statistics as those previously presented to the Commission by Dr. Stamp and Mr. Dickinson. An endeavour has been made to eliminate from the total profits those which appertain to the activities other than coal of the one and three year industries, and I have endeavoured also to arrive at some estimate of coking profits as distinguished from colliery profits. I will refer to these matters later.

"In regard to the tables themselves:—

No. 1.—*Profits for Income Tax Purposes.*

"It will be clearly seen from the notes handed in that the profits for income tax purposes are not commercial profits. The income tax rules endeavour to measure all profits by one common standard of computation, the main objects of the

rules being to eliminate all capital entries from annual profits and losses. For coal mines this amendment results, inter alia, in the non-allowance of any reduction for the wasting asset of the minerals, or for any writings off of the capital cost of the pit-shaft. These principles are also followed in the Excess Profits Duty computations.

"Excess Profits Duty paid is a deduction in arriving at the profits for income tax purposes, but it has been thought best to show that duty separately under number 7, in order to secure true comparability between various years. The reason is purely technical. Excess Profits Duty was imposed by the Finance (Number 2) Act, 1915, and income tax assessments had already been made in most cases for 1914 and 1915, before the Excess Profits Duty was ascertained. The appropriate income tax allowance for those years was, therefore, made from the Excess Profits Duty charge (i.e., by charging a net, instead of a gross excess profits). In subsequent years Excess Profits Duty was generally deducted before arriving at the income tax profits. This is somewhat technical, and perhaps you will accept my statement that the truer way to deal with this is as has been done under numbers 1 and 7.

"Income arising from the ownership or occupation of land is excluded in arriving at the income tax profits, because that income is taxed directly under Schedule A or Schedule B as a separate subject. Similar considerations apply to income from investment outside the business, which is taxed by deduction before it reaches the hands of the proprietors of the undertaking.

"Before I leave the subject of Number 1, perhaps I may state verbally the figures:—

"Table 1 and the totals of Tables 4 and 7.

	Non-Composite.		Composite.	
	£		£	
1914 ...	9,809,000		14,239,000	
1915 ...	16,990,000		21,689,000	
1916 ...	23,651,000		34,405,000	
1917 ...	16,406,000		31,592,000	

"I shall have occasion to refer frequently to the comparison of the profits of the various years, and for the sake of simplicity I have in every case called 1914, the initial figure and represented it by 100, with which basis of 100 I compare the figures for other years; thus:—

Non-Composite.					Composite.			
1914	1915	1916	1917		1914	1915	1916	1917
100	173	241	167		100	152	242	222

I have already handed in a supplementary table (Number 11) showing for the main divisions, non-composite and composite (with or without coke) these relations, by reference to a basis figure of 100 for the year 1914. In using this table, however, it must be borne in mind that your capital increases

for 1915 over 1914 in the ratio of 2½ per cent.			
" 1916 " 1915 " 6 "			
" 1917 " 1916 " 7 "			

and that the true equivalent relation to 1914 of the identical capital is therefore different to that shown on the table. This is therefore expressed for the material results, on the table itself.

"No. 2.—*Allowance for wear and tear of plant and machinery.*

"As explained in the notes the amount of allowances made for the income tax year nearest in date to any calendar year has been applied to that calendar year as a deduction.

"The allowance for income tax purposes is confined to wear and tear of plant and machinery. The rate, which is determined by the Commissioners of Taxes, has in the past been usually 5 per cent. on the written down value of those subjects which are included in the term 'plant and machinery.' That term does not include capital value of the minerals or of the pit-shaft. In the case of composite concerns the allowances shown are largely for plant other than colliery plant. The totals under 2 for

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wear and tear exceeds the figure (£750,000), which has already been mentioned before this Commission probably because that figure was based on earlier years, and there was an increase over such year in 1914-1918 owing to—

- (a) a different method of calculating depreciation in wagons;
- (b) the substitution for beehive coke ovens of more modern type and of larger capital value;
- (c) the erection of more expensive bye-product plant;
- (d) the increased allowance for wear and tear granted by the Commissioners owing to the existence of war conditions;
- (e) the Excess Profits Duty caused many cases to be converted from a renewal to a depreciation basis, owing to the fact that large renewals depress the standard, whilst there are comparatively few renewals possible in the war period.

"The depreciation of the one and three year concerns should be deducted thus:—

	1914.	1915.	1916.	1917.
Total	1,928	2,225	2,335	2,177
Less 1 and 3 year cases	384	447	458	520
	<u>1,544</u>	<u>1,778</u>	<u>1,877</u>	<u>1,657</u>

"The drop in 1917 may be due to the effect of the 'written down' method of allowance, coupled with the difficulty of obtaining new machinery.

"The ratio between the profits of 1914, 1915 and 1917 separately for the non-composite and the composite concerns is shown in Table II.

"No. 3 (d).—Remuneration of Directors.

"This and the following item appear only in the tables which relate to or include companies. The information was asked for by the Commission, and it may be convenient to explain that in computing the taxable liability of persons and firms no deduction is allowed for salaries or remuneration of the proprietors, i.e., the profits shown under persons and firms include the earnings of proprietor managers, but in the case of private limited companies (whose directors are often the principal shareholders and whose remuneration voted as directors' fees often includes a large element of what would appear as profits in the case of an individual or firm) it is necessary to make an adjustment and accordingly, in the case of companies, earnings of proprietor management, as represented by payment to directors, have been added in order to secure proper comparability.

"No. 3 (b).—Remuneration of other persons concerned in the management.

"Remarks under 3 (a) apply here. The addition is in respect of persons who are not subordinate managers. It is arguable that the adding back of at least some of these amounts is not justifiable in order to get true comparison between companies and persons and firms, because a person of the same class as the manager for which the addition is made might be employed by an ordinary private proprietor of a mine. In any case the amount at issue is small.

"No. 3 (c).

"This, in the case of companies, is the figure which is suggested, subject to the previous remarks, as the true comparable basis with No. 3 in the case of individuals and firms.

"No. 4.—Interest on Loans.

"The amounts shown represent the gross sum payable, that is, the sum before the deduction of Income Tax. It is the sum which constitutes the true charge on the proprietor's profits. It may be noted that the Department has no information as to the number of persons, whether firms or companies, among whom this interest is divisible.

"No. 5.—Royalties.

"Royalties payable are also stated on a gross basis before deduction of income tax. They vary slightly from year to year, due no doubt to the sliding scales and to variation in the tonnage raised. The estimate of £6,000,000, which has previously been mentioned before the Commission proves to be accurate.

"An attempt has been made to arrive at the number of persons who participate in these royalties. The best information the Department can afford on this point is as follows:—

Number of individuals and firms ...	4,303
Number of companies	302

"A large number of the companies receiving royalties are themselves coal-mining companies, and the royalties are presumably paid to them in respect of coal areas which they let on lease instead of working them themselves. The total number quoted should be taken with considerable reserve; it cannot be less than that stated, but the Department has no information with regard to nominees or trustees who may be acting for several beneficiaries, nor as to the number of partners in a concern which receives payment of royalties.

"No. 6.—Profits of the Proprietor subject to Taxation.

"The figures here given represent the (Income Tax) profits of the shareholders and proprietors subject of course to all general taxation, including the payment of Excess Profits Duty and Coal Mines Excess Payments. The Excess Profits Duty represents a payment common to all trades or businesses which make excess profits, but if the payer of Excess Profits Duty is compared with the person not liable to that duty there is some force in the argument that the duty is a deduction from profits rather than a tax on profits.

"No. 7.—Excess Profits Duty.

"The general scope and extent of this duty is explained in Appendix A. It varies from 50 per cent. at the time when it was first imposed to 80 per cent. at the present day, and is charged on the difference between the profits of any year or accounting period and the standard profits in the pre-war years. These profits are ascertained in general on Income Tax principles subject to certain rules: these rules are modified for particular industries.

"Such modifications have been made in the case of coal mining and allied industries, as indicated in the appendix. The amount of Excess Profits Duty shown is a resultant figure from the aggregation of:—

- (a) Duty payable on excesses over the standard.
- (b) Duty repayable on deficiencies below the standard.

"As I have already stated, Surveyors do not, where there is already no liability to duty, pursue their calculations and enquiries in order to ascertain exactly the amount of deficiency. In many cases, no excess liable to duty has arisen during the whole currency of the duty, and it has not been necessary for revenue purposes to compute the deficiencies which would have to be dealt with on an excess arising at a future date. The figures do not therefore include all the deficiencies that have arisen; the extent of the omission cannot be ascertained because it would involve prolonged detailed investigation without any revenue reason.

"Again where deficiencies have been calculated and are included as deductions in the total amount stated, it does not follow that these deficiencies have in fact operated as reductions of duty payable. While in the Tables they have been treated as effective in the aggregate, in the individual case, a deficiency may still be held in suspense waiting for an excess to arise against which it can be set.

"The amounts of Excess Profits Duty shown in the Tables are:—

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1915.	1916.	1917.
£2,783,000.	£13,224,000.	£8,152,000.

"These amounts, however, include duty assessed upon the non-coal profits of one and three year concerns, and, eliminating the non-coal portion, we have:—

1915.	1916.	1917.
£2,489,000	£11,540,000	£3,964,000

"An attempt has been made to check these figures by reference to Excess Profits Duty assessed, but the check is incomplete because the assessments actually made are not divided into classes of industry. For the years 1916 and 1917 the amount of Excess Profits Duty assessed on concerns classed as coal mines, i.e., on the five-year concerns, has been ascertained to be as follows:—

1916	£10,771,000
1917	£8,053,000

"The variation in the two calculations is due to the fact that non-effective deductions appear in the main table.

"The figure of £8,053,000 is not the final total amount for that year. There are certainly some liabilities falling within that year not yet ascertained, agreed and assessed; bearing in mind that our year 1917 under the definition already given, runs to any date prior to 30th June, 1918.

No. 8.—Coal Mines Excess Payments.

"The basis of this Duty has been explained to the Commission by Mr. Dickinson, and a note in regard to the Duty is contained in Appendix B to the Tables handed in.

"The total amount of Coal Mines Excess Payments assessed to the 28th February, is approximately £850,000. The amounts stated in the Tables for 1917 may be fairly taken as correct in respect of accounts for that year.

No. 9.—Profits for Income Tax purposes remaining to Proprietor, subject to general Taxation.

"The general taxation here referred to is Mineral Rights Duty on the annual rental value of freehold minerals, Income Tax and Super-tax.

"The colliery proprietors own a comparatively small proportion of the minerals. The approximate annual rental value, on a gross basis, that is before payment of income tax (and in Scotland, of rates levied upon owners) is £307,000 for the year ended 30th September, 1917. This is an addition to the £5,921,000 for royalties and wayleaves actually paid, shown in the tables for 1917. Mineral Rights Duty at 1s. in the £ is as explained in Appendix C payable on this annual rental value. That duty has to be met out of the profits shown against No. 9.

"Income tax has not been dealt with in the tables for the following reasons: First it is a general tax to which we are all subject; second, the computation of liability upon averages, mainly of five years, throws forward each of the five into which a year's profits are by the average system divided, by 1, 2, 3, 4 and 5 years respectively. The rate of tax at which some of the fifths will be taxed is a matter to be decided by future Finance Acts. The amount of income tax to be borne by these profits is therefore not capable of ascertainment.

"Super-tax is, of course, a further income tax, and like income tax itself, is dependent finally on the income of the individual recipient. It cannot be calculated without a knowledge of the total income of each person concerned, including the thousands of shareholders in the companies. I have accordingly thought it advisable to attach to the main tables one showing the effective rates on various classes of income, i.e., a rate that is borne by any person, coal-owner or other recipient of income, who has an income of the respective amounts shown in the table (page 23/24).

No. 10.—Profits for Excess Profits Duty.

"Profits on this basis are again statutory profits, and while, as I have stated, the principles of com-

putation follow generally those in force for Income Tax, the modifications of the Income Tax rules are so substantial that the resultant figures for Income Tax No. 1 and Excess Profits Duty No. 10 purposes are not comparable. A nearer comparison may be made between the profits stated against No. 6 and No. 10, but even these figures are not on identical bases, owing to the spreading over several accounting periods for Excess Profits Duty of charges allowed in one sum in only one accounting period for Income Tax purposes, and other causes, which are more fully shown in the notes with the tables.

"The same cause which has led to incomplete figures for No. 7 (Excess Profits Duty), viz., the non-calculation of the precise figures where it is obvious that there is no liability to duty, has operated to reduce the profits for Excess Profits Duty purposes (No. 10). Where no liability has arisen, the Surveyors will not have computed the Excess Profits Duty profits, and they have consequently not found their way into the tables.

No. 11.—Standard for Excess Profits Duty.

"This standard is the datum line by comparison with which the profits of subsequent accounting periods are measured. I have endeavoured to explain it in Appendix A, but would emphasise that it is alternative, i.e., it may be either a Profit Standard or a Percentage Standard, the option of selection being, generally speaking, with the taxpayer. The Profits Standard, apart from exceptional cases, is the average of the two best years out of the three pre-war years. The Percentage Standard is a percentage upon the capital at the end of the last pre-war year. The industries dealt with cover three sub-divisions for which special rates have been allowed by the Board of Referees, as shown by the supplementary table already handed in.

"The reasons that diminish the figures on No. 7 and No. 10 also diminish those stated here under No. 11.

"Of the amount stated for the Excess Profits Duty standard for 1915, the amount representing percentage standard is £1,658,820 for all cases, made up as follows:—

	Companies.		Individuals and Firms.	
	£	(No.)	£	(No.)
Non-composite cases	804,707	(135)	71,010	(42)
Composite, including coke ovens	419,334	(14)	99,217	(3)
Composite not including coke ovens	228,081	(16)	36,501	(1)
Totals	£1,452,092	(165)	206,728	(46)
Aggregate	...	£1,658,820	(211)	

It is evident, therefore, that the great bulk of the trade has a profits standard.

No. 12.—Allowance for Deadwork.

"This allowance is fully explained in the notes with the tables, and I think I need add nothing to what is there stated.

"I realise that any figures which I may give to this Commission cannot be of full practical utility unless same endeavour is made to aggregate and relate them to capital. The initial difficulty is that to take the tables as they are is to attempt the aggregation of two things (composites and non-composites) which are not identical. I conceive that the Commission's desire is to have before them actual figures or estimates of the coal mining industry alone.

"I have endeavoured to explain that such statistics do not exist, as actual figures, and to arrive at them I must enter the region of estimates. So far what I have done is to present figures and to explain them. If the Commission so desires I am prepared to give an estimate in which the profits of the coal industry are freed from the added profits derived from the carrying on of subsidiary industries.

"In order that my statement may be followed I beg to hand in Table No. 10. In this Table I start

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by aggregating the figures shown in the original Tables 4 and 7 and this gives me a total of all the composite concerns. As I have already explained this includes one and three year concerns, whose main business is not that of coal. The particulars of these I have obtained separately, and they are shown as deductions in Table No. 10. The resulting figure is the coal and coke (and possibly small miscellaneous profits of the 5 year concerns) on a 98 per cent. sample. I then add the 2 per cent. to get my full 100 per cent. This gives me a figure directly comparable with Dr. Stamp's estimate, in Mr. Dickinson's table, subject to the note which is annexed to Table No. 10. Further I add the coal profits of the one and three year concerns, which are estimated on the basis of the tonnage used by those concerns to the total tonnage.

"The figure finally arrived at is one which still includes one element which may or may not need consideration, according to whether the Commission desires to consider (1) the profit of the coal industry or (2) the profit of the coal industry and the allied industry of coking at collieries.

"The process of coking and the production of by-products goes on, of course, away from collieries, viz., at gas works, but I know of only one case where coke ovens, whose main object is the production of by-products, are carried on apart from a colliery.

"From the information at the disposal of the Board of Inland Revenue there is no possibility of accurately arriving at the aggregate profits of the coking industry carried on in connection with collieries. The figures do not exist in our hands, and, indeed, are seldom shown separately in colliery accounts.

"I have, however, been able to obtain ample figures in regard to coal converted into coke and by-products at nine large collieries situated in the principal coalfields, and these show an average profit of 5s. 5d. per ton for 1917 derived from the process of coking.

"From the Home Office returns, I have estimated the tonnage of coal used by collieries for coking in the years 1914 to 1917—

	1914.	1915.	1916.	1917.
Tons	20,002,000	21,098,000	23,364,000	24,209,000

"Further, I would draw your attention to the relation between the years 1914, 1915 and 1916 (shown on Table No. 11) for composite concerns, including coke ovens.

"If you start with 5s. 5d. per ton profit in 1917 and apply the ratios and tonnage which I have mentioned above, you will get at the profits for coking as follows:—

	1914.	1915.	1916.	1917.
£	£2,010,000	£3,500,000	£6,780,000	£6,500,000

"The Commission has already had before it two estimates—one by Mr. Dickinson, which stated that the coking profits in 1917 exceeded the pre-war profits by £6,000,000, and one by Dr. Stamp that the sum shown in the statistics as "colliery profits" included a certain element of other profits (mainly coke ovens), and that this did not exceed 10 per cent. of the total profit. It will be noted that the figure of my estimate just given for 1914 gets to the figure that Dr. Stamp estimated for that year, viz., 10 per cent. of £21,700,000.

"If you start backwards from Mr. Dickinson's figure, viz., an excess of £6,000,000 in 1917 over pre-war profits, using the same ratios and tonnages, and assuming 1914 to be the same as pre-war years, you get at the following results:—

	1914.	1915.	1916.	1917.
£	2,680,000	4,725,000	9,055,000	8,680,000

"The Commission can no doubt obtain from other sources confirmation or refutation of these estimates. Mine are given for what they are worth—they start in 1917 with a known profit (admittedly on a small sample) and get back to a figure which agrees with Dr. Stamp's estimate for 1914. So far as the revenue is concerned, I am only in a position to say that these figures are not improbable. I must leave it at that. As nearly as

the Revenue can state the profits of the coal and coking industries are:—

1914.	1915.	1916.	1917.
£	£	£	£
20,687,000	33,888,000	50,546,000	37,081,000

and the profits of the collieries only:—

1914.	1915.	1916.	1917.
£	£	£	£
18,677,000	30,388,000	43,766,000	30,581,000

"These figures are before deducting interest, royalties, Excess Profits Duty or Coal Mines Excess Payments, and the corresponding net figures are (having added directors' fees):—

"After deducting interest and royalties				
	£	£	£	£
Coking profits included	14,780,000	28,072,000	44,467,000	31,474,000
Coking profits excluded	12,775,000	24,586,000	37,681,000	24,950,000

"After deducting excess profits duty and coal mines excess payments.				
	£	£	£	£
Coking profits included	14,780,000	25,593,000	32,852,000	26,761,000
Coking profits excluded	12,775,000	22,297,000	28,066,000	21,937,000

"Capital.

"Finally, any profits arrived at can, I presume, be of more value if they are related to capital. I could give the Excess Profits Duty capital, but any calculations based on this alone is incorrect, because that capital does not represent the commercial capital, for three reasons:—

"1. *The true capital is an unknown quantity.*—It is the Department's experience that values placed on capital assets of privately owned mines bear, in many cases, no real relation to the expenditure which has been incurred on the undertaking. A sum in excess of the Government allowance may have been written off; in that case the Excess Profits Duty capital as adjusted would be more than the amount standing in the company's books. On the other hand, the true capital represented by the freehold of an undertaking may never be shown in the books, and it will further be observed that, under the rules for calculating capital for Excess Profits Duty purposes, goodwill is not attached to shares where the trade or business has been converted into a company and the shares in the company are mainly held by the person who was the owner of the trade or business.

"2. *The Excess Profits Duty capital is not always accurately calculated.*—The aggregate given of Excess Profits Duty capital cannot be relied on for another reason. The great bulk of the collieries have a Profits Standard, and where this is the case it is not necessary accurately to arrive at the pre-war capital for Excess Profits Duty purposes, but only to deal with any increases of capital during the accounting period, e.g., if a colliery has a Profits Standard of £15,000 and an alleged capital of £100,000, it is unnecessary to decide whether there should be an amendment of that figure, because the Percentage Standard would only be £9,000 instead of £15,000, and the only reason for considering capital would be to see whether there has been an increase over £100,000 during the period of the Excess Profits Duty. The fact of increase is most easily ascertained by watching the accretions without the necessity for taking the capital at the beginning and the end of the period.

"3. *You must add to the Excess Profits Duty capital the borrowed capital in order to arrive at the true commercial capital.*—The increases in the capital are, however, reliable because it is necessary

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to ascertain the increases for Revenue purposes They are:—

	£
1915 over 1914	3,000,000
1916 over 1914	10,900,000
1917 over 1914	19,500,000

“ Various estimates of the capital value, exclusive of the capital value of the royalties, have been placed before the Commission. That of the Census of Production is £128,000,000—that of Dr. Stamp £135,000,000. The rule of thumb, 10s. per ton output, on the ten years to 1913, inclusive, £130,000,000.

“ The estimates placed before the Board of Referees by the Board of Inland Revenue at the time of the coal application was, minimum, £125,000,000—maximum, £150,000,000.

“ If you take the strictly ascertained capital for Excess Profits Duty purposes and add to it, as you must do in order to arrive at the commercial capital, the borrowed capital, you get a figure of:—

1914.	1915.	1916.	1917.
£	£	£	£
125,000,000	128,000,000	135,900,000	144,500,000

“ This is a minimum and in my judgment must be less by a considerable percentage than the capital as usually understood.

“ The profits on this capital are:—

1914.	1915.	1916.	1917.
£	£	£	£
15,809,000	29,218,000	45,507,000	32,460,000

and the rate of profit is:—

1914.	1915.	1916.	1917.
12·6%	22·8%	33·5%	22·5%

“ These are the figures shown in the previous page for coal and coke profits, after deducting interest and royalties, but adding back interest on loan.

“ Corresponding figures on an initial capital of £135,000,000 which, in my judgment, is the soundest estimate and nearest to the real capital, are—

	1914.	1915.	1916.	1917.
Capital—	135,000,000	138,000,000	145,500,900	154,500,000
Profits—	15,809,000	29,218,000	45,507,000	32,460,000
Rate per cent.—	11·7	21·2	31·2	21·0

“ None of these calculations includes calculations for royalties.

“ I may add that if you exclude the coke oven profit you must exclude the coke oven capital, and your rate of profit will not be materially different.

“ I should like it to be very clearly understood that when I departed from the printed tables and their adjustments (by the deduction of the one and three year concerns) I arrive in the region of estimates, and that anything further I have said is put forward merely for what it is worth as an unbiased estimate based on the facts so far as they can be ascertained.

10,160. Now take us to the table, and briefly indicate what the tables ought to convey to us. I may not, but I am sure the other gentlemen of the Commission will, understand the figures perfectly?—I can do that in two ways. I can explain the tables as a whole or proceed to table 10, which I have now handed in supplementary to my proof, which is an aggregation I can make up of the previously existing tables. Perhaps I might without any explanation go to table 10, and it will, I think, convey the main essentials.

10,161. That is a most valuable idea. It is headed Table No. 10. Explain it in your own way?—I am assuming at this point that my figures in tables 1 to 9 are taken as facts, because those are statistics which have been collected in the last fortnight and have merely been aggregated, and, as explained by notes they show the total for the Kingdom when I aggregate them in the way I wish to aggregate them now. From this particular point, although I am dealing with the

aggregation facts, I am bound to draw conclusions as I go along. The initial difficulty in taking the tables as they stand, the main tables 1 to 9, is to attempt the aggregation of two things; that is composite concerns and non-composite concerns, which are not identical. The earlier part of my proof to which I would refer, if necessary, later, deals with the fact that these statistics as existing in the hands of the Board of Inland Revenue only contain mines where those mines are the principal undertaking. There are other mines which are classified in a different way where they do not form the principal part of the undertaking. For the purposes of this Commission, the whole of the mines are brought together, and, in order to do that, you have to take concerns which include something other than mining, and throughout those are here called composite concerns. I conceive the Commission's desire is to have before them agreed figures or estimates of the whole mining industry alone. Those statistics, as I have said, do not exist as actual figures, and, to arrive at them, I must, to some extent, go into the region of estimates. Up to this point, up to the end of Table 9, I am dealing only with figures and explanations. That I have done in sending in my original statements. From now, if you will turn to Table 10, I would ask you to follow my statement. In Table 10 I start by aggregating the figures which are shown in the original Tables 4 and 7. If you turn to those you will see that they are the figures of composite concerns.

10,162. *Chairman:* Then Table 4, which Mr. Clark refers to, is individual firms and companies, composite, including coke ovens, whether assessable to Income Tax as coal mines or not. Table 7 is individual firms and companies, not including coke ovens?—Those are the whole of the composite concerns, brought together under Tables 4 and 7. The first thing I do under Table 10 is to aggregate those. You see the first thing is a mere addition to get at the total of composite concerns. It is rather highly technical, or rather technical, that we do as a matter of fact assess certain concerns on different averages; that is to say, we would assess a big steel works to which there was a colliery attached as a steel works. We have to deduct for such concerns a sum which represents the profit of what I call the one and the three years average. In these composite concerns, there are included a number of concerns whose main industries, or the principal part of whose industries is not that of the coal industry. I have first to deduct those because they are included in the composite concerns. You then get as a balance in the fourth line these composite concerns assessed on five years average. To that you add the figure of non-composite concerns; that is those that are coal mines only. That is half-way down Table 10 (may I refer to the initial figure under 1914) and you get at a figure of £19,351,000. These statistics which we have prepared include only 98 per cent. of the tonnage of coal. Therefore, I have to add here, in order to get at the total profit, 2 per cent., which comes to the figure £19,738,000 for the year 1914. You then arrive at a figure showing the income tax profits assessed on a five years average, and I work that out in this way, because this figure gives me a figure directly comparable with the estimates which you have already had before you; those are Dr. Stamp's estimates. I think they have been dealt with in Mr. Dickinson's tables. Perhaps I might draw your attention to them at this stage, because those estimates have been used a good deal. I should like to draw your attention to the note which is annexed to that Table No. 10. Immediately preceding Table No. 10 there is a note.

10,163. *Chairman:* Would it be convenient to read that?—I think so, because these figures differ slightly from the figures that have been already placed before you. The figures as adjusted—that is the £19,738,000 gross, wear and tear £1,575,000, net £18,163,000—are comparable with those given by Mr. Dickinson as estimated by Dr. Stamp subject to one reservation on the point of time. In their estimates they necessarily took all the accounts ended on dates between the 1st April and the following 31st March as

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being equivalent to the calendar year, because they are basing them on the revenue year, whereas in the revenue tables the accounts falling between the 1st June and the following 30th June are taken as equivalent to the calendar year. That arises from the fact that accounts are made up by different firms and companies to varying dates throughout the year, and in order to get at a calendar year you must take some date. We have taken all accounts which fall before the 30th June into the preceding year, that is to say, all accounts ending on the 30th June itself and through to the rest of the year fall into that year, and any account ending on any date between the 1st January and the 29th June in the following year falls into that year too, that is to say, we start from the 30th June and we run to the 29th June in order to give you as nearly as can be a calendar year, because the evidence before this Commission has related to calendar years, and we have endeavoured to give them for calendar years. I am saying that these estimates agree with Mr. Dickinson's, except that they are not identical on the point of time; thus, the account ending on the 31st May, 1915, would be taken back in the revenue tables into 1914, whereas they would be taken forward by Dr. Stamp or by Mr. Dickinson and treated as 1915 accounts because they fall after the 1st April. If profits happen to be changing rapidly between March and June, the effect as between the two methods is to transfer a certain amount of profit from the one year to the other, though the aggregate of the two years may be approximately the same by both methods. Some such explanation probably accounts for the difference in 1914 and 1915 shown on this table. I am referring to a difference, and I put for the sake of comparison the figures that have been given by Mr. Dickinson at the bottom of this Table No. 10. You will notice that the net figure arrived at by our method is £18,163,000 for 1914, £29,855,000 for 1915, £44,582,000 for 1916 and £32,854,000 for 1917. The figures that have already been put in by Mr. Dickinson are £21,500,000 in 1914, £27,400,000 in 1915, £43,800,000 in 1916 and £33,700,000 in 1917. It will be seen that the aggregate of these latter figures, that is, the estimated profits for the four years to the 31st March, 1918, amount to £126,400,000 as compared with an aggregate arrived at by this table with the adjustments shown of £125,454,000, so that the estimate already placed before you on these figures up to this point is practically identical with the actual figures that I now have come to, that is, to a particular point in this table where we are dealing with a net figure of £18,163,000 for the year 1914. The table requires one further addition. The main figure that I arrive at at the bottom of the table is the one that I am going to use. I think I ought to explain this especially. You will notice to these figures there is an addition made of £2,524,000 in 1914, £4,033,000 in 1915, and so on across the table. That represents the proportion of coal output which is in those concerns that I have referred to before, which I have already deducted up above. The figure of £18,163,000 is a figure which corresponds with all the published statistics, or rather is on the same basis as all the published statistics of underground mines, but you have to add to that the statistics for such mines as are included in the one and three year concerns, and that addition has been made on the proportion of the output which these mines bear to the total, so that you get finally a figure here on this table of £20,687,000; £33,888,000; £50,546,000; £37,081,000, and I have co-related as to 1914 in the following line. I am speaking now of gross: If £100 profit was made in 1914, £163 was made in 1915, £244 in 1916 and £179 in 1917. That figure includes one element which you may or may not need to consider, that is according to whether this Commission desires to consider the profit of the coal industry only, or the profit of the coal industry and the allied industry of coking at the collieries. The process of coking and production of by-products goes on away from collieries at gasworks, but I only know one case where coke ovens, whose main object is the production of by-products, are carried on apart from the colliery. From the information at the disposal of the Board of Inland Revenue, there is no

possibility of accurately stating the aggregate profits of the coking industry carried on in connection with collieries. The figures do not exist in the hands of the Board of Inland Revenue, and, I think, are seldom shown in the colliery accounts. I am assuming now that you would like me, for the moment, to dissect the coking profits from the coal; whether you wish to use it or not, I propose to do that.

10,164. That would be most interesting and most valuable?—I have been able to obtain sample figures in regard to the coal converted into coke and by-products at nine large collieries, situated in the principal coalfields, and these show an average profit of 6s. 5d. per ton of coal, that is on conversion, over 1917. From the Home Office returns, I have estimated the tonnage of coal used by collieries for coking in the years 1914 to 1917. There were 20,000,000 odd tons of coal used in 1914, 21,000,000 tons in 1915—I am giving round figures—23,000,000 tons in 1916 and 24,000,000 odd tons in 1917. Now may I ask you to refer to one other table which you have annexed, that is Table No. 11. Table 4 is referred to below there in the middle of Table 11.

10,165. That is percentages increase since 1914?—Yes. That is to show the co-relation between the various years. If you will kindly look at No. 6 on that table you will see that that is "Composites with Cokeovens." Profits, after payment of interest and royalties are in the ratio of the various years, 100, 168, 293, and 270. The only method by which I am able to arrive at the coking profits separately for the 4 years is to start backward from 1917, where I have got 24,000,000 tons of coal used at a profit of 5s. 5d., and that gives me an initial figure of £6,500,000 profit in 1917 from the process of coking at collieries. If I worked back first of all in the ratio of quantity, and, secondly, in the ratio of 270 (the last figure here), back to 100 (the last figure in No. 6 on table 11), I arrive at an estimate of profits, and I must ask the Commission to remember this time I am dealing with estimated, and not with actual, figures. I cannot say that the revenues in connection with the profits of coking in 1914 were so much and in 1915 were so much. I can only give you my estimate and show you how I derive that estimate. I arrive at an estimate of the coking profits £2,010,000 in 1914, £3,500,000 in 1915, £6,780,000 in 1916, and £6,500,000 in 1917. That is in my proof on page 419. The Commission has already had before it an estimate as to the coking. That is to say, Mr. Dickinson, in evidence, has said that the coking profits in 1917 were, he estimated, £6,000,000 more than pre-war, and the colliery profits pre-war over a series of 10 years were practically identical with those of 1914. I can prove you that by another table. Therefore I am assuming that the comparison of £6,000,000 excess over pre-war profits is £6,000,000 excess over 1914 profits. If you start with £6,000,000 excess in 1917 over 1914 you can arrive at some figures which will approximate to my figures, but which are higher than my figures all the way through. If you start backwards from Mr. Dickinson's £6,000,000 in 1917, and work backwards using the same ratios and the same tonnages that I have dealt with for my calculations, you get at the following results, that for 1914 there is a profit on coking of £2,680,000, for 1915 a profit on coking of £4,725,000, for 1916 a profit on coking of £9,055,000, and for 1917 a profit on coking of £8,680,000. No doubt the Commission has had before it, or can obtain from other sources, confirmation or refutation of the assumed profit per ton on coking. My figures here are only given for what they are worth. They start in 1917 with a known profit—admittedly a small sample—at a rate of 5s. 5d. per ton on 24,000,000 tons and they go back to a figure which (and it is purely accident and not design) agrees almost identically with the figure that Dr. Stamp mentioned as an estimate, that is, he says in the figures which you had before you as the profits of coal-mining there was a certain element of other undertakings which he said did not exceed, or might be about 10 per cent. You will notice that my figure is £2,010,000, and his figure would be 10 per cent. of a figure of £21,700,000. So far as the Revenue is concerned in regard to those figures, I can only say that they are not improbable, and I must leave it at that.

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I can only say that they are the best estimate that I am able to make of the coking industry apart. Then would you mind turning once more to Table No. 10. As nearly as the Revenue can state the profits of the coal and the coking industries together are £20,687,000 for 1914, £33,888,000 for 1915, £50,546,000 for 1916 and £37,081,000 for 1917. The profits of the collieries only after deducting the estimate of the coking are for 1914, £18,677,000; 1915, £30,399,000; 1916, £43,766,000 and 1917, £30,581,000. Those figures are before deducting interest or royalties or Excess Profits Duty or Coal Mines Excess Payments. For the purpose of arriving at the corresponding net figures I have added back the directors' fees. The directors' fees, you will notice, on all our tables are shown separately. It may be interesting to point out that directors' fees average something like £700,000 in connection with the capital of the total industry.

10,166. *Sir L. Chiozza Money*: Do you know the number of directors?—I am afraid I do not. After deducting interest and royalties including coke profits there again the deduction for royalties is almost identical with the estimate—the total royalties and wayleaves paid by all collieries were for 1914, £5,898,000; for 1915, £5,743,000; for 1916, £6,270,000 and 1917, £5,921,000, very nearly the £6,000,000 that has already been before you on an estimate. The profits of the collieries after deducting interest and royalties and including the profits on coke ovens are as shown in my evidence on page 419, £14,780,000 in 1914, £28,072,000 in 1915, £44,467,000 in 1916, and £31,474,000 in 1917. The corresponding figures, after taking off the coke ovens, were £12,775,000 in 1914, £24,586,000 in 1915, £37,681,000 in 1916 and £24,950,000 in 1917. That, of course, may or may not be diminished according to the view that you take of it by Excess Profits Duty and the Coal Mines Excess Payments. The figures are given in my proof.

10,167. *Mr. Frank Hodges*: With regard to the tables at the bottom of page 22 I see the first one there is after deducting interest and royalties, and the second table is after deducting Excess Profits Duty and Coal Mines Excess Payments?—They are the remaining figure which is left after deducting interest and royalties. I first of all deal with the total profits. Then I deduct the interest and royalties, that is the portion of the profits which is paid away to somebody else other than the proprietor and does not remain in the proprietor's hands. Then the second deduction is to arrive at the sum which actually remains to the proprietor after he has paid Excess Profits Duty and Coal Mines Excess Payments.

Sir Arthur Duckham: Coal Controller's Payment, you mean.

10,168. *Mr. Frank Hodges*: In 1915 we have, including the coke profits, £28,072,000 compared with the figure in the table below, including coke profits £25,583,000. What is the rate? Was it 80 per cent. excess profits?—No. That is only in the year 1915. Those are based on the tables. If I might for a moment explain that, these are based on the main tables. I am a little bit handicapped by having cut out 16 pages of my proof. Those figures that I deduct are the actual figures shown as Excess Profits Payments by the Surveyors in their return and shown, if I might refer to it, as an instance in Table 1. If you look at Table 1, No. 7, you see Excess Profits Duty there is shown as £1,267,000. I am just referring to that table for the purposes of explanation; they are all identical in form.

10,169. *Chairman*: I do not know whether it is convenient at this point for you to tell us what the exact amount of Excess Profits Duty was in each year?—On coal mines—

10,170. On coal mines, yes. How much was collected from coal mines for Excess Profits Duty in each year 1915, 1916, and 1917?—Prior to the beginning of April, 1917, statistics were not kept to show that separately, but for the years from 1917, 1st April, to 1918, 31st March, I can give them to you and for the following year.

10,171. That will do.—£10,771,000 from the first April, 1917, to the 31st March, 1918, and from the 1st April, 1918, to the 28th February, 1919—that is only 11 months, but I am taking it up to the end of last month—£8,053,000.

10,172. Is that for 10 months or made up to the end of the year?—An actual 11 months.

10,173. *Sir Arthur Duckham*: That is excess profits only?—Yes.

10,174. *Chairman*: I am sorry to interrupt you. Now will you kindly proceed?—I presume that these figures are of more value to this Commission if they are related in some way to capital?

10,175. I think so, yes?—I can give you my calculations based on what is called Excess Profits Duty capital, but I want to emphasise the fact that that capital does not represent the commercial capital for three reasons: First of all, the true capital for Excess Profits Duty purposes is an unknown quantity. The values placed on capital of privately owned mines bears in many cases no real relation to the expenditure which has taken place on the undertaking. A sum in excess of the Government allowance may have been written off; in that case the Excess Profits Duty capital as adjusted would be more than the amount standing in the company's books, because we endeavour to get at the real capital. On the other hand the true capital represented by the freehold of an undertaking may never be shown in the books, and it will further be observed that under the rules for calculating capital for Excess Profits Duty purposes goodwill is not attached to shares, that is to say the value of the goodwill is not attached to shares where the trade or business has been converted into a company and the shares in the company are mainly held by the person who was the owner of the trade or business. That is simply a technical explanation of why the capital, even if it were ascertained for Excess Profits Duty purposes, would not be the true commercial capital. There is a second explanation, and that is that we only have the calculations of Excess Profits Duty capital where they have been made. Excess Profits Duty capital is not accurately calculated and does not need to be calculated unless the Excess Profits Duty is being based on what is called a percentage standard. There are two methods of arriving at the Excess Profits Duty, either on the past profits or on a percentage standard, that is a percentage of so much on capital. When you have the profits as your standard it is not necessary to calculate exactly your capital. If you have a profit which is obviously more than, say, 15 per cent. on any possible capital you do not need accurately to determine your capital, because, having determined it, all that you do would be to get 9 per cent. on it, and you had the choice already of taking your profits at your standard. Although you did not have to accurately ascertain your Excess Profits Duty capital prior to the war, you had to ascertain it year by year in order to get at the increase, so that the figures that I give you later showing increased capital for the standard are correct, because you are entitled to a special allowance under the Excess Profits Duty for any increase in your capital, and it may be quite easy to arrive at that increase by seeing how much are the accretions during that year, and, therefore, it is not necessary to determine the original capital. Any capital that you may have determined for Excess Profits Duty is, therefore, incorrect and too little for those two reasons. The third reason is that you must add to your Excess Profits Duty capital your borrowed capital, in order to arrive at your commercial capital, because Excess Profits Duty capital is only the capital of the proprietor. The increases in capital are specific and they are accurate; I can give you those. The increase in 1915 over 1914 was £9,000,000; the increase in 1916 over 1914 was £10,900,000, while the increase in 1917 over 1914 was £19,500,000.

10,176. *Mr. Frank Hodges*: Does that increase represent new capital?—Either new capital or reserve.

10,177. Do not you ascertain which?—I cannot tell you that now. We classify it all as capital. The

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whole of the proprietor's hard assets in the business are classified as capital for Excess Profits Duty purposes.

10,178. Whether it is new or reserve?—Certainly. If it is reserve remaining and used in the business we regard it as capital just as if it was fresh capital brought in.

10,179. *Chairman*: I daresay you have got it somewhere, but I want you for a moment to come back to this Excess Profits Duty. Do the figures you gave us, £10,000,000 or £8,000,000, represent the whole of the Duty—or is that the Excess Profits Duty part?—That is the Excess Profits Duty, Yes.

10,180. The whole of it?—Yes.

Sir Arthur Duckham: I asked him that question, and he said Excess Profits Duty only.

10,181. *Chairman*: And not the Coal Mines Excess Profits, or the 5 per cent.?—No.

10,182. Is that the assessed, or collected figure?—Well, it is rather difficult to say—that is the assessed figure. In the case of such concerns as coal mines generally run by large companies, there is no very great difference between the assessment and the collection, except in point of time. If you carry it on three months the figures approximate. In relating the profits that I have already dealt with to capital I necessarily have to arrive at some estimate of capital. I have told you that the Excess Profits Duty capital does not for three reasons truly represent the commercial capital. Now you have had various estimates of capital before you. The census of production is £128,000,000; the rule of thumb gives £135,000,000 on the five years average to 1913, inclusive. If you remember Dr. Stamp, in his evidence, referred to £135,000,000.

10,183. Yes, he did?—The estimate that was placed before the Board of Referees by the Board of Inland Revenue, in dealing with the coalowners' application for a special rate was a minimum of £125,000,000, and a maximum of £150,000,000. If you take the strictly ascertained capital for Excess Profits Duty purposes and add to it, as you must do in order to arrive at the commercial capital, the borrowed capital, you get a figure of £125,000,000.

10,184. *Mr. Arthur Balfour*: That is taking the minimum figure?—That is an absolute minimum figure; that is taking only the Excess Profits Duty capital, with no alterations, a figure which, in my opinion, cannot be correct for the three reasons I have given, £125,000,000 in 1914, £128,000,000 in 1915, £136,000,000 in 1916 and £144,000,000 in 1917.

10,185. *Mr. Evan Williams*: Have you any idea of what the percentage is that this is below the actual? If this is the minimum it must be less by a considerable percentage. Can you give us some notion of what your opinion is?—It is extremely difficult to form an opinion. I would far sooner leave it to the Commission on the evidence of other experts that they have had. I am not an expert on that point, but my own opinion, for what it is worth, is that it might be 10 per cent. too little, and I therefore used throughout, not only these figures, but the initial figure of £135,000,000. I have two sets of calculations which I propose to put before you, in which I use £125,000,000 in one case and £135,000,000 in the other as the starting point.

10,186. *Sir L. Chiozza Money*: Would you mind telling us if you adopt that arbitrary definition of capital? The great increase occurred in those three years?—I am dealing with the figures which include coke ovens.

10,187. It is on account of that?—Not solely on that account, but the accumulation of profits; the profits are not distributed. If you assume 5 per cent. not distributed, you get a million increase that way. So far as the actual figures are concerned, they are an aggregation of figures rendered by 122 districts independently. The profits on that capital are £15,809,000 in 1914, £29,218,000 in 1915, £45,507,000 in 1916 and £32,460,000 in 1917.

10,188. You have got no approximate figure for 1918?—No. For 1918 the accounts on which we base

our statistics are not yet received. The great bulk of the accounts are the accounts in December, 1918, and March, 1919, and any estimate that we could base on 1917, compared with 1918 with the figures we have would be wrong. We show a decrease for 1918.

Mr. Frank Hodges: Can you give me any reason for that big variation between 1915 and 1916, and then between 1916 and 1917?—Do you mean the increase and the drop?

10,189. The increase and decrease respectively?—If you would not mind, I would prefer to finish my statement and then answer any questions in explanation I should be called upon to answer afterwards. The percentage of profit that that represents is, for 1914, 12.6 per cent., 1915 22.8 per cent., 1916, 33.5 per cent., 1917 22.5 per cent., and if you take what I consider to be more correct, the initial capital of £135,000,000 with corresponding increases for 1915, 1916, and 1917, you get a rate per cent. of 11.7 per cent. in 1914, 21.2 per cent. in 1915, 31.2 per cent. in 1916, and 21 per cent. in 1917. So far as the relation between capital and profit is concerned, I think it is immaterial whether you exclude or include coke-ovens, because if you exclude the coke-oven profit you must also exclude the coke-oven capital, and your rate of profit I think will not be materially different. Those figures are of course aggregations throughout. It does not imply that every owner makes this. He necessarily makes more or less, but those represent the aggregation for the industry. I have summarised only this morning a very short Table indeed by which I thought I might show the general effect of these figures. I will read it first, and you will see whether it is worth while for me to put it in.

10,190. *Chairman*: "Summary of information and estimates in proof of Mr. Ernest Clark, Table 12"—Before I give these as final figures I should like to repeat when I departed from the printed tables and from their adjustments, that is the early part of Table 10, I arrive in the region of estimates and, any further thing that I have said is put forward for what it is worth as an unbiased estimate based on such facts as I have been able to ascertain, but they are not in themselves actual facts. This Table 12 starts with tonnage of coal raised; that is a fact. The profits before charging royalties, interest and taxation, and not including directors' fees are £20,687,000, etc. Those are facts so far as they relate to 1914, 1915, 1916 and 1917, under the heading of "Coal and by-products profits," but the figures of "coking and by-products profits" shown on the right-hand side of the table are estimates. The royalties are ascertained royalties, as are also the relevant profits and interest subject to taxation. Finally, you arrive at a profit and interest accruing to coalowners, subject to ordinary taxation of £14,889,000, £25,756,000, £32,761,000 and £26,547,000. I might draw your attention to the fact that those are about £1,000,000 more than the corresponding figures in another table because you include interest in them. It is obvious that when you are dealing with total capital of the concern, including the borrowed capital, you must include among the profits the interest.

10,191. *Mr. Arthur Balfour*: These figures are subject to the Controller's levy of 15 per cent., I think; you do not call that ordinary taxation?—No, that is so, but as a matter of fact the total sum assessed is only about £250,000. I am sorry. I have deducted Excess Profits and Coal Mines Excess Payments.

10,192. *Mr. Sidney Webb*: Is that not distributed among other collieries?—Yes.

10,193. Surely the Coal Mines Excess Payment is not the Controller's levy, is it?—Yes, I have deducted that.

10,194. *Sir L. Chiozza Money*: That is not taxation, is it?—I was explaining that the profits and interest these differ from the profits which have been previously mentioned, because the whole object of this table is to co-relate capital and profits. The final figure on the table, that is the percentage of profits to capital, is arrived at by taking the percentage on £135,000,000 increased in 1915, 1916 and 1917, the percentage of £14,889,000 in 1914, £25,756,000 in 1915, £32,761,000 in 1916 and £26,547,000 in 1917. I give the final figure in the form not only of a percentage on capital, but in the ratio of profits of the other years to the year 1914.

10,195. I cannot quite understand this. Take the

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estimated capital employed at £135,000,000 in 1914, showing an increase to £154,000,000 in 1917; of course, your percentage of profits to capital is very largely reduced because of that increase, but why that increase; I do not quite understand now. Do you mean to say that only £20,000,000 more capital was employed in 1917 than in 1914?—I think you will find that that is so. You must remember that there has been a very large development in certain sides of the colliery undertakings and that this as it stands includes the coke ovens.

10,196. And it is on that account?—It has been already estimated by Mr. Dickinson, and I have used those figures, that the profits on the by-products have gone up by £6,000,000. If you assume that they were 50 per cent. profits you have got an increase of £12,000,000 in your capital in that way.

10,197. We have not the number of men employed in those particular branches, have we?—No, I have not got them. Do you mean in the coking?

10,198. In the by-products?—No, I have not.

10,199. *Chairman*: Now have you anything more to add?—I am afraid I have not anything more except to answer questions, unless you wish me to go over the original tables.

Chairman: No, I thank you; I think I followed them.

Mr. Arthur Balfour: I think I understand the figures thoroughly; I have no questions.

10,200. *Sir Thomas Royden*: All these figures that you submit are in effect figures in the war period, are they not?—That is so.

10,201. The year 1914, for instance, goes to June, if I understand you correctly?—To June, 1915

10,202. So it only includes two of those months?—That is so. The whole conditions were abnormal.

10,203. There is only one month in 1914?—That is so.

10,204. Then it is not too much to say they are all war years?—That is so.

10,205. And the conditions were entirely abnormal?—Yes.

10,206. Is there any useful inference, do you think, to be drawn from these extraordinarily interesting figures with regard to the coal industry under normal conditions?—Well, I think the figures for 1914 do represent the coal industry under normal conditions, because the average of profits in the 10 years to 1913, inclusive, happen to be exactly £18,100,000. That is, on the same basis as has been put before you or the estimate that has been put before you by Mr. Dickinson, if applied to the years 1904 to 1913 would give an average of £18,100,000, and that is exactly the figure for 1914. 1914 is a typical year; that is why I have used that as the basis of my ratio of 100.

10,207. *Sir Arthur Duckham*: That compares with Mr. Dickinson's figure of £13,000,000 with £6,000,000 royalties which make £19,000,000?—That is so.

10,208. *Sir Thomas Royden*: If I may return to my point, so that although these figures are immensely interesting as showing what happened under State management, they do not really tell us anything useful with regard to what happens in the trade in normal times?—Unless you take the figure of 1914 as typical of normal, because the result arrived at is exactly the same as the result on the average of the 10 previous years.

10,209. With that exception what I say you think is fairly correct?—For 1915, 1916 and 1917 I have no hesitation in saying that they do not represent the normal conditions. 1912 and 1913 were extremely good years, and it might be useful to compare those. For 1912 and 1913 a figure which corresponds in the last table to 11 per cent. would be 15 per cent. 1912 and 1913 happen to be the two best years in the last 10 years and their average would be 15 per cent. to substitute for 11 per cent. in the year 1914.

10,210. Those were, as you say, unusually good years?—Yes.

10,211. So if you take a five year average, for instance, up to the war it brings you back to what you were saying about 1914; that I think is about 1s. a ton profit?—The five year average before the war would be a little more than 1914.

10,212. So it is substantially what you say, 1914 is a fair year to take and the others are abnormal?—Yes.

10,213. *Sir L. Chiozza Money*: And it is equally true that if you cut down profits to the normal figure the price of coal could be substantially reduced?—Yes. You mean the profits in 1916 and 1917.

10,214. Yes?—Yes.

10,215. *Mr. R. H. Tauney*: Your figures do not include any evidence as to the effect of the rise of prices in 1918, because they stop before that?—They do stop before 1918. The effect of the rise in prices in July, 1918 is not reflected in my figures.

10,216. That will appear in a subsequent series if it appears at all?—Yes.

10,217. *Mr. Sidney Webb*: You give in your final figures profit and interest accruing to coalowners subject to ordinary taxation. By that I understand that you have already deducted the Excess Profits Duty and the Coal Mines Excess Payment under the Coal Mines Control Agreement; that is the final table you handed in just now?—Yes.

10,218. The question I have to ask is, on the one hand you have deducted the Coal Mines Excess Payments which the coalowners have made; have you included in these profits also the sum received by the colliery owner under the Controller's guarantee, a corresponding figure on the other side?—No.

10,219. As I understand it, the Coal Mines Excess Payments represent what we call the 15 per cent., which is collected by the Controller for the purpose of paying it over, the sums received under the Controller's guarantee which you say are regarded as trade receipts of the colliery for the year and are included for income tax, and, therefore, are included here properly?—I think the answer to that is none of them have come in yet. In practical effect our figures only go to the 29th June, 1918; there would not be any corresponding receipts.

10,220. That is to say, some of the coalowners have paid over the amount, but the others have not received it?—That is so. I doubt whether it would materially affect the figures, that is so far as the net effect is concerned.

10,221. Whatever it amounts to, a certain sum has to be added to these figures, because you have deducted the Coal Mines Excess Payments which the Controller has swept in, and you have not added to the poorer mines the sums receivable under guarantee from the Controller, which is the other side of that payment?—That is so. But that would not, as a matter of fact, appear in any of these figures at the present time.

10,222. We had it in evidence from the Report of the Coal Controller, as I understood it, that he had paid out more than he received; he was, in fact, a couple of million pounds out?—Yes, but he was speaking of February, 1919, and my figures only go to June, 1918.

10,223. I quite understand, but still, in order to get the accounts for the year correct, it would be necessary at some future date, would it not, to correct these figures when the payments in respect of those years had been made?—That is true, but these figures would have been subject to correction at any time, because they are constantly changed. At the present moment they are simply an aggregation of course.

10,224. The table is of course perfectly made up; I am not criticising that. The point is that you have deducted several millions from the profits?—No, the total is £850,000 at the present time.

10,225. Coal Mines Excess Payments?—Dealt with up to the present moment; and for 1917 is only £300,000.

10,226. You mean probably you have only deducted about £300,000?—Yes.

10,227. Therefore my criticism, so far as it is a criticism, only applies to £300,000 for the year 1917?—Yes.

10,227A. *Mr. Frank Hodges*: On page 24 of your proof you set forth the increase in the capital from 1915 to 1917?—Yes, for that year.

10,228. You said there that the increase was £3,000,000 between 1914 and 1915: £10,000,000 from 1914 to 1916, and £19,500,000 from 1914 to 1917?—Yes.

10,229. That is an increase in the actual true commercial capital of nearly £20,000,000 in those three years?—No, I should think the increase in the true commercial

17 March, 1919.]

MR. ERNEST CLARK.

[Continued.]

capital would be rather more than that; that is the increase in the Excess Profits Duty capital, and to that you would have to add the capital that was borrowed, but in that period you get an increase of what we call Excess Profits Duty capital of £19,500,000.

10,230. But still you show in your summarised Table the separate sheet you handed in, the progression of the estimated capital employed from 1914 to 1917?—Yes.

10,231. That is to say it has grown from £135,000,000 to £154,500,000. That corresponds with the Table you set out here?—Yes.

10,232. What explanation have you got for that very remarkable increase in capital in three years?—Two explanations: one is the immense amount of capital that has been put into the production of by-products, the profit of which has been estimated at £6,000,000 increase over that same series of years, and which would have needed capital of £12,000,000, even if they brought in 50 per cent. profit, and the other is that there were very large profits in 1915 and 1916, not withdrawn from the business but left by the Companies in the business and not distributed as dividend, and which would rank as capital for the succeeding year. Those are the two explanations.

10,233. But, in giving those two explanations, you are in a position to give us information as to what was actually new subscribed capital as against capital that was not subscribed?—No, I am afraid not, because the subscribed capital we do not look at. For all our calculations we start from what we call the asset side of the balance sheet and not the liabilities. The subscribed capital is a liability in a balance sheet. We start from the asset side and take what are called the hard assets.

10,234. That could be ascertained, I suppose, because Treasury sanction has to be obtained before any new subscribed capital is allowed?—Yes. I think you will find that there is very little new subscribed capital. It represents the money left in by the proprietor which he might have withdrawn.

10,235. In other words, what you say is that this amount of increased capital—amounting to nearly £20,000,000—represents undivided profits?—No, I do not say that altogether.

10,236. For the most part?—No, I should not say for the most part. I should think there has been a genuine increase in the capital put up in order to earn this extra £6,000,000 in the coking.

10,237. Exactly, but if it is not newly subscribed capital it must be the balance of undivided profits?—Not necessarily. You may get an increase of capital by conversion of an asset in a balance sheet.

10,238. But that process would not amount to a great deal, would it?—I think that loose cash, or cash that was not immediately needed in the business, would appear as an asset in both periods.

10,239. In view of the known fact that any such cash as that has been put by colliery companies into War Loans there cannot be during these three years any substantial amount for increase in the aggregate capital other than that coming from undivided profits?—Of course, they are not all companies. Broadly speaking I have no doubt that that is so. Broadly speaking, I have no doubt that the profits, instead of being withdrawn from the business as profits, have been left in the business as further capital for the development of the business.

10,240. And that has decreased the rate of profit?—Obviously. If that profit had been withdrawn it would not then have ranked as further capital.

10,241. Suppose the capital employed in the industry has been doubled during these three years your rate of profit would be comparatively insignificant?—If the whole of the profits had been left in the business—

10,242. Yes, you would have no profit at all?—Oh yes, certainly.

10,243. Not at this ratio?—Oh yes, pardon me. If the whole of the profits in 1914 had been left, the capital in 1915 would have been £149,000,000 instead of £138,000,000,

and if the profit of 1915 had been left in the capital of 1916 would have been £170,000,000 odd, and if the capital earned in that year had been left in you would get £202,000,000. You got an earning above the normal earning still.

10,244. I daresay, but you would not have doubled it even then?—No, you would not have doubled it. If you had left the whole of the profits in your business during this period you would not have earned at double the rate because there is only one period in this where you do earn at double the normal rate.

10,245. If the tendency of this table is as I think it is am I right in concluding that the property of the colliery owners has appreciated at the expense of the Exchequer?—No, that is not how I put it. I should say that the colliery owner had earned profits in 1914 at a normal rate, in 1915 at considerably more than the normal rate, in 1916 at double the normal rate, and in 1917 at considerably more than the normal rate, and I should say that a considerable proportion of these profits so earned had been left in the business instead of being withdrawn. I think it is perfectly obvious that that is what was done.

10,246. I judge from what you say that that is exactly what happened. Having appreciated their property to that extent the rate of profit has diminished?—That is so.

10,247. And has not that adversely affected the Revenue?—No, the tax is paid on the actual profit and not on the rate.

10,248. *Mr. Arthur Balfour*: The copy I have got has some very different figures. For instance, in 1916 I have £148,000,000; am I to correct that to £145,000,000?—I am sorry that there should be a mistake in the typing; it should be £145,900,500.

10,249. And for 1917 I have £184,000,000?—That should be £154,500,000.

10,250. *Mr. Evan Williams*: Is not it a fair assumption to make that the increased profits would not have been earned had not the increased capital been left in the business? What you have told us about coke ovens clearly points to that, does not it?—I think that is a fair inference.

10,251. *Mr. Frank Hodges*: That raises another question. Do you think that capital that can be set aside in one year must necessarily be productive the next year, because that is involved in *Mr. Williams's* question?—No, it is not so in the case of collieries. The money set aside to develop a colliery—certainly to start a colliery—is not productive for three or four years, but in regard to capital set aside for the development of coking in the war years, I should say it became immediately productive.

Sir Arthur Duckham: In about nine months.

10,252. *Mr. Frank Hodges*: You would agree that would be a comparatively small amount compared with the total that has been set aside?—Do you mean in the past history of the collieries?

10,253. No, I would say during the last two years that the percentage of capital set aside for coking purposes is not so high as that which has been set aside for development purposes in the collieries?—It is very difficult for me to say that. I should say as a matter of fact that if you are going to earn £6,000,000 additional profits in your coking industry you must have put a good deal more than £12,000,000 into that particular industry, and that only gives you something like £7,000,000 for other developments. As far as the colliery statistics and industry have come before me it has not been a time of development *qua* collieries; they have not had the men.

10,254. *Mr. Sidney Webb*: On this increase of capital on page 419 which finishes up by putting £19,500,000 I should have thought from these figures that these three figures should be added together: that what was added in 1915 was £3,000,000 and in 1916 £10,000,000 more?—No; it is 1916 over 1914. What was added between 1915 and 1916 is £7,900,000.

10,255. And what was added in 1917 would be £9,500,000?—£8,600,000.

Chairman: That will conclude the evidence.

Coal Industry Commission Act, 1919 (*continued*).

SECOND STAGE.

REPORTS (1) by the Hon. Mr. Justice Sankey, G.B.E. (*Chairman*); (2) Mr. Frank Hodges, Sir Leo Chiozza Money, Messrs. Robert Smillie, Herbert Smith, R. H. Tawney and Sidney Webb; (3) Messrs. Arthur Balfour, R. W. Cooper, Sir Adam Nimmo, K.B.E.; Sir Allan M. Smith, K.B.E., and Mr. Evan Williams; (4) Sir Arthur Duckham.
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VOL. I.

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