THE PROBLEM OF THE COAL MINES

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VIII.

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ARNOLD D. McNAIR.

NOTE.

In these post-war years all accepted political doctrines are undergoing challenge, and a vast number of intelligent people have lost the anchorage of political principle, and are drifting in bewilderment on a sea of conflicting ideas.

The pamphlets of which this is one are designed as a contribution towards clarifying this confusion. They are issued under the auspices of the Council of the Liberal Summer Schools. But they are not intended to preach a rigid party orthodoxy. Their aim is constructive study and enquiry rather than dogmatic assertion or acrid denunciation. Some of the writers are not even professed adherents of the Liberal party But all have been invited to write because they have given special study to the subjects with which they have to deal. And all are united by two beliefs: the first, a deep dissatisfaction with many aspects of the existing order, at home and abroad; the second, a conviction that these evils cannot be cured by the glib repetition of sweeping formulæ, or by violence or class-conflict, or by mere destruction, but only by hard thinking and good will.

THE PROBLEM OF THE COAL MINES

CONSIDERATIONS of space compel me to beg leave to make five assumptions in this pamphlet: (i) that the meaning of the frequent stoppages of work in the coal-mining industry owing to industrial disputes, of the constantly recurring crises, and of the constantly repeated demand by the official organ of some 800,000 miners for big changes in the framework of the industry is that there are serious defects in the organisation of the industry; (ii) that those defects mainly consist in the fact that the present organisation has not been modernised so as to afford adequate scope to the newer aspirations of a substantial number of the miners who want to take a more active and more mental part in the industry; (iii) that these aspirations are natural, and should be encouraged instead of being stifled; (iv) that the present distribution of the ownership of the royalties over some 4,000 persons, and of the mines over some 1,500 different undertakings produces loss of efficiency; and (v) that these are defects which call for political action.

It seems to me to be most appropriate that these problems should be dealt with in the "New Way" series of pamphlets which are being issued by the Liberal Summer School Group, and for two reasons: firstly, because the suggestions contained in this pamphlet are essentially in line with the principles by the application of which Liberalism has solved other problems; and, secondly, because the Liberal Party, not being committed to a doctrinaire formula for the cure of all industrial ills, such as "the supersession of the capitalist system by a Socialist Commonwealth," is free to examine each industry on its merits and in the light of its special circumstances, and to apply to each problem the remedy which seems most likely to solve it.

No one who has come into contact with the British miner can be surprised to find that he is not exempt from the newer aspirations which are noticeable in the workers engaged in most of our industries. He has for a long time taken a prominent position in political and educational matters, and he considers that the time has now come when he should have some opportunity for expressing himself and his views in the affairs of his industry. I quote paragraph xv of the Interim Report of the Coal Industry Commission in 1919, signed by Mr. Justice Sankey, Sir Arthur Balfour, Sir Arthur Duckham, and Sir Thomas Royden—a distinguished judge and three distinguished business men:

"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?"

I also quote paragraph xxxi of Mr. Justice Sankey's Final Report, noting, however, that it appears amongst his "Reasons for State Ownership of Coal Mines":

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

Any cynical reader who thinks that thus to attribute to the British working-classes higher ambitions and a desire for something deeper and higher in life is merely unnecessary spiritualizing of a purely mundane matter is making a profound mistake in his diagnosis of the working-class movement. It is easy and dangerous to represent it simply as a movement to get a larger share of the loaves and fishes, but, unless my experience has been very exceptional, there is at the bottom of it a thoroughly sincere spiritual element, "a divine discontent," and the man who refuses to recognise that fact has some big surprises in store. So much for the problems. How are they to be tackled?

The First Step—State Acquisition of the Royalties.

The first step towards a healthier state of affairs in the coal-mining industry applies not to the mines themselves, but to the minerals, to the coal royalties. (With coal are usually included certain cognate minerals, such as fireclay, stratified iron-stone, etc., which need not complicate our argument.) This distinction between the ownership of coal royalties and the ownership of coal-mines is not at first sight obvious to all; but it is fundamental, and, at the risk of being too elementary,

I must elaborate it. The ownership and leasing of coal is one thing; the business or industry of mining it is quite another thing. State ownership of the former in no way involves State ownership of the latter. That lies at the root of what is to follow. As is pointed out in paragraphs 56 and 57 of the Final Report of the three colliery owners' representatives on the Sankey Commission, in company with Sir Arthur Balfour and Sir Allan Smith, there is

"a radical difference between the mere ownership by the State of a national asset like coal, and the conduct by the State of an industry like the coal industry, whether with or without its export trade. Coal is our principal national asset, and as it is a wasting asset it is in the interests of the State that it should be worked to the best advantage."

A landowner, under the surface of whose land coal, whether suspected or not, has been discovered, may decide to mine the coal himself, but more frequently—indeed, usually—he grants to some persons or company a lease to mine that coal on payment of what is called a royalty of so much for every ton extracted. Thereupon the landowner is called the mineral-owner or royalty-owner, and the persons or company who actually engage in the business or industry of coal-mining and pay him the royalties we shall call the colliery-owners. (Do not be misled by the confusing term "coal-owners." Very frequently the colliery-owners are called the "coal-owners," and their associations "coal-owners' associations." That is quite a misnomer. The real coal-owner is the landowner, the royalty-owner, though it may well happen that the two functions of owning the minerals and mining them may be combined in the same person.)

Coming back to the royalty-owner, it will be seen that his functions are not very onerous. He signs receipts for his royalties and occasionally negotiates the terms of a lease. But as regards the coal-mining industry, he "toils not, neither does he spin." I do not say that reproachfully in any way; but my point is that his function is merely to let a prescribed area of coal and to allow the colliery-owners to mine it on the terms of a lease granted by him. The total number of royalty-owners, large and small, has been put at 4,000.

The first step should be for the State to buy out these 4,000 royalty-owners and acquire the ungotten coal and the right to receive royalties for mining it in the future. The royalty-owner's functions are proprietary rather than industrial, passive rather than active. The effect of the step recommended would be to substitute the State for the royalty-owner on payment of adequate compensation, and thus place the State in the strategic position of being able to deal to the best advantage with what is admittedly one of our principal national assets—our coal.

At the same time, as the process of acquisition of the royalties by the State will in many cases involve a severance of the title to the surface land and to the minerals respectively, it will be necessary by legislation to protect the State and its lessees from the possibility of the exaction of oppressive rents for the use of so much of the surface land as may be required for the many and varied operations connected with mining the coal. It is also necessary that the proposed legislation should vest in the State all the coal that may be under its territory, whether at present ascertained or not. In so far as the expectation of coal does not at present

increase the value of the land, no case for compensation for unascertained and undiscovered coal would seem to arise.

We can arrive at an approximate estimate of the total amount annually paid in coal royalties in this way: Average output of coal for five years before the war, roughly, 270,000,000 tons; average royalty, 5½d. per ton, which means, after deducting coal for colliery consumption and the mineral rights duty paid to the State by the royalty-owner, roughly £5,500,000 per annum paid in coal royalties. Regarding this as an annuity, the capital value is 68¾ millions sterling if we allow a purchaser 8 per cent. on his money (12.5 years' purchase), or 55½ millions sterling if we allow him 10 per cent. (10 years' purchase). For all practical purposes the annuity may be regarded as perpetual.

Although the policy of acquiring the royalties for the State was accepted in principle by the Coalition Government in 1919, the reform has not yet been accomplished.

All the four Final Reports of the members of the Sankey Commission concurred in recommending this reform—the Chairman, the miners and their colleagues (the miners with a reservation as to compensation), the colliery-owners with Sir Arthur Balfour and Sir Allan Smith, and, finally, Sir Arthur Duckham. The reasons are set out in detail in paragraphs viii to xvii of the Chairman's Report (Cmd. 210), and need not be repeated here.

But I will quote the summary made in the colliery-owners' Final Report (Cmd 210, p. 42) of the defects in the present system of ownership of royalties contained in the third report of the Acquisition and Valuation of Land Committee.

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

It should be mentioned that the Mines (Working Facilities and Support) Act, 1923, represents a somewhat "tinkering" attempt to obviate many of these obstacles in the way of the best economic exploitation of our coal by enabling the Railway and Canal Commission, on reference to it by the Board of Trade, to grant in certain cases the power to work minerals and ancillary rights for facilitating the working. It will be noticed, however, that the burden of proof which an applicant for this power must discharge is a very heavy one, and not much benefit can be expected from the Act. The applicant must have an interest in the minerals in question, or in minerals adjacent to them, and he must show that

"there is danger of minerals being left permanently unworked "(*a*) by reason of the minerals being comprised in or lying under "land which is or has been copyhold land, or land subject to "a lease exception reservation restriction covenant or con- "dition, or otherwise not being capable of being worked without "the concurrence of two or more persons; (*b*) by reason of "the minerals being owned in such small parcels that they "cannot be properly or conveniently worked by themselves."

There is also a power to grant the right to work minerals when an adjustment of boundaries has been

agreed upon by the owners of two adjacent collieries, but cannot be carried out owing to the failure or refusal of lessors or surface-owners to concur. But section 4 further limits the granting of these powers by providing that neither the right to work minerals or any ancillary right shall be granted unless it can be shown that it is not reasonably practicable to obtain the right in question by private arrangement for any one or more of a number of reasons which may be summarised as follows: that the persons having the power to grant the rights are too numerous, have conflicting interests, cannot be found, have not the necessary legal powers of disposition, unreasonably refuse to grant them, or demand unreasonable terms.

If among the many reasons for the State acquisition of the coal royalties I had to make a selection, I think I should put the two following in the forefront: (1) that the technical mining difficulties and obstacles resulting from the ownership of the minerals being in the hands of several thousand landowners and preventing the economic working of coal are still very great—of these difficulties there is abundant evidence in the testimony given by Sir Richard Redmayne and the late Mr. James Gemmell and others before the Sankey Commission in 1919—and (2) that until the State has acquired the royalties it is not in a position to compel the economic re-grouping of the mines which is necessary in many districts for the most advantageous development of the industry. To this point I shall return later.

The Method of State Acquisition of the Royalties.

How is the State to acquire them? Not piecemeal, but once and for all in one final settlement, by an Act

of Parliament providing adequate compensation in the form of State securities. The assessment of the compensation is largely a technical problem, and there is nothing insuperable about it. It is being done every day for the purpose of death duties, transfer on sale, etc. Supposing, for the sake of argument, 55½ millions sterling is the total capital value of the royalties, an ingenious method which has been recommended is to set aside that sum not in cash, but in bonds and appoint a tribunal to divide it equitably amongst all the mineral-owners. That is called "throwing the bun to the bears." The State then knows its total commitments, is not involved in interminable arbitrations, and can get on with what lies ahead at once, leaving the claimants to fight out the compensation amongst themselves. This does not mean that the State will have to find 55½ millions sterling in cash. It means this, in the words of Sir Richard Redmayne, in giving evidence before the Sankey Commission: "The State would in effect say to each owner of a mineral tract: The value of your property to a purchaser is in present money £x, and you are required to lend to the State the amount of this purchase price at, say, 5 per cent. per annum, in exchange for which you will receive bonds bearing interest at that rate in perpetuity, which bonds you can sell whenever you like."

The Socialist Remedy.

So far, I think, most Liberals and all Socialists will be on common ground. But here we part company. Why, we shall be asked, are you not prepared to go the whole way and nationalise the industry itself, the management of the mines themselves? The answer is that State ownership of the royalties and State ownership of the

business of coal-mining are two entirely different things, involving entirely different functions; the first is the ownership of property, the second is the conduct of an industry. It is true that Mr. Justice Sankey, in the year 1919, after an impartial enquiry, recommended State ownership of the mines, coupled with a democratic system of managing the State undertaking. The attitude of the colliery owners was expressed by their principal and official witness before the Sankey Commission to be as follows:

> "I am authorised to say on behalf of the Mining Association that if owners are not to be left complete executive control they will decline to accept the responsibility of carrying on the industry, and though they regard nationalisation as disastrous to the country, they feel they would in such event be driven to the only alternative—nationalisation on fair terms."

If that attitude of non-co-operation were to persist, then I think any other impartial investigator would feel bound to come to the same conclusion as Mr. Justice Sankey. But "complete executive control" is rather a defiant phrase, and I cannot agree that nationalisation is "the only alternative." A good deal has happened since 1919, and if both sides could be convinced that there is a practicable alternative I am hopeful that this ultimatum would be withdrawn.

Herein lies the difference between the Liberal and the Socialist outlook. The Socialist wants nationalisation of this and many (and eventually most) other industries *for its own sake;* it is an end in itself; it is a matter of dogma for him; it is the formula of his creed—"the supersession of the capitalist system by a Socialist Commonwealth." For the Liberal it is one of many possible means of securing the contentment and efficiency of an industry, and once he

is convinced with regard to any particular industry that the non-co-operative attitude of any section of the industry or any other cause makes it the only means he will not shrink from adopting and enforcing it. At present he is not convinced in the case of the coal-mining industry. Private enterprise has in the past produced or tolerated hideous industrial conditions, and the regulative action of the State was required to extirpate them. That same regulative action must now take a more positive form. It is easy to point to the attitude of John Bright and other distinguished Liberals upon State regulation of industry, but Liberalism is not a stereotyped dogma, is not static but dynamic, and during the last sixty years and more it has not fought shy of using State regulation to achieve better industrial conditions.

The Liberal declines to accept the alleged antithesis between the "motive of service" and the "motive of profit." The motives of the average man and woman are far too mixed to admit of so simple an analysis. There are very many men engaged in private enterprise whose main motive is the service of the community, just as there are very many men engaged in the Government service or in other non-profit-making occupations, such as teaching, whose main motive is personal ambition. Again, the Liberal attaches great importance to preserving in any industry or other occupation the utmost variety of conditions and flexibility and room for experiment and initiative, and great importance to the driving force which results from the constant need of personal attention and of personal responsibility, by which he means responsibility not merely for making profits, but also *for not making losses*

—an unpleasant side of industry which the Socialist is apt to forget. These benefits of private enterprise the Liberal is not prepared to sacrifice until he is satisfied that the system of private enterprise is incapable of modification so as to meet the changed conditions of the times and the aspirations of the workers in industry to which I have referred earlier.

The Administration of the Royalties.

Let us return to the royalties. The minerals or royalties being acquired by the State, what then? For the first time the State would be placed in a strategic position for the control and development of this great national asset. Having acquired the minerals and issued bonds to compensate the former owners, the State enters into the receipt of the royalty payments, and these payments will be kept alive. (It has been suggested that one reason for keeping the royalties alive is that it would enable the State to differentiate between the rich and the poor coal areas.)

We must now decide between at least two courses: (*a*) Is the State to do nothing more and merely wait for existing leases to expire and fall in, and then attach any new conditions it may consider necessary upon receiving applications for renewals? Or (*b*) is the State to be empowered by Parliament to determine the existing leases at any time and so accelerate the time when it can attach new conditions and make certain re-groupings of the mines? My answer is that the latter course (*b*) must be adopted. The same Act of Parliament which vests the coal and the royalties in the State, or another Act passed at the same time, should give the State power to determine the then existing leases if and when it chooses, subject to just compensation for disturbance

in the event of the existing lessees refusing to take a fresh lease. Most leases are granted for terms varying from thirty to sixty years, and although they are falling in year by year, we cannot afford to wait until they have all fallen in if we are effectively to deal with a pressing problem.

The actual administration of the royalties, which mainly consists in the granting of leases, might either be placed in the hands of a Government Department responsible to Parliament, such as the Mines Department of the Board of Trade, or (and this seems to be preferable) entrusted to a small statutory body (whom we may call for purposes of reference the "Royalty Commissioners"), whose duty it would be to administer this State property in the best interests of the nation, and who would be less exposed to political influences than a Department. I think three Commissioners would be enough, and they must, of course, be men who are thoroughly familiar with the industry, though I should be sorry to see them regarded as the representatives of any particular sections of the industry. They should probably include one or more men who have practised as mining engineers, and, in any case, they must have access to first-class technical advice. Among other powers they must have the right to acquire, by negotiation or by compulsion, the power to bore for coal. Whether the legal property in the coal and resulting royalties is vested in a statutory corporation consisting of the Commissioners or left to the State, does not seem to me to matter much. What is important is that they should administer the property and account to th Exchequer for the proceeds.

Grouping of Colliery Undertakings.

At present there are about 3,000 pits owned by about 1,500 companies or individuals, and producing

an aggregate output of over 270 million tons per annum. Already there have been many large amalgamations, and in my judgment there ought to be a great many more. (i) Many fortunately situated small pits making a good profit will be found, but on the whole small collieries are economically unsound. In many cases at present the units are too small, having regard to the class of work being done, to the cost of up-to-date machinery and upkeep, and to the variableness of the trade. Broadly I believe it to be true that the larger collieries are, as a general rule, more efficient than the smaller ones. (ii) In respect of co-operation in pumping, larger units would frequently make for efficiency and reduced cost; Sir Richard Redmayne, speaking of South Staffordshire before the Sankey Commission, said that we had already lost a part of that coalfield through disagreement between neighbouring owners as to pumping. (iii) The advantages of larger units in facilitating the advantageous buying of timber, ponies, rails, machinery, and the vast amount of other materials required in a colliery will be obvious to most business men. (iv) In a large number of cases the managerial staff of a colliery undertaking is perfectly capable of managing a much larger concern than is at present entrusted to it, with a resulting economy in overhead charges. (v) At present the standard of maintenance and efficiency in different colliery undertakings varies greatly, and there is no doubt that many weaker concerns could be much improved by coming under the influence of more powerful management with a consequent benefit to the capital invested and to the labour of all grades employed in them.

It is not proposed that the Royalty Commissioners should chop up the coalfields into mathematical sections and group by compulsion the collieries in those sections. I am merely laying down the board principle

that to get the best out of our national asset the Commissioners should bring about through their power of granting leases the formation of larger working units than at present usually exist. The geological and other conditions in the different coalfields vary enormously, and these will form a very relevant factor in deciding upon the ideal unit of size.

Finally, upon this subject, it may be pointed out that, although colliery amalgamations are from time to time taking place, it is impossible so long as there are some 4,000 royalty owners and some 1,500 colliery undertakings to expect any deliberate policy of amalgamation or other concerted action with a view to the most economic development of our coal resources. Their national value is so vital to us that we cannot leave their development at the mercy of caprice or chance. Once place the State in the position of royalty-owner, and the Royalty Commissioners can see to it that leases will only be granted to lessees who are ready to work an economically profitable unit, and can secure a practicable degree of unification and the more scientific development of our gradually diminishing coal resources. The first important business of the Commissioners would be to set on foot investigations with a view to the amalgamation and re-grouping of collieries, wherever that policy was demanded by economic or geological considerations.

The Lessees of the Future.

How far will the lessees to whom the Royalty Commissioners will grant leases to work the coal be the same persons and companies as the present lessees? In this matter it is desirable to maintain the maximum amount of flexibility and variety. I do not think we have yet discovered the ideal unit, the ideal organisation for the development of our principal national asset. So much do

our coalfields differ in geological formation, in tradition, in the subdivision and classification of labour, in outlet for trade, that it is unlikely that any single unit or organisation will be the ideal one for every coalfield. Therefore we must resist any attempt, especially an early attempt, at stereotyping or standardising the type of lessee. By trial and error we shall learn much.

All the following types of lessee seem likely, sooner or later, to demand attention:

(i) *The Present Lessees.*—I see no reason to doubt that in the vast majority of cases the present lessees would be prepared to continue to operate their mines, paying royalties to the State instead of to the present royalty-owner. Where the unit is sufficiently large and the management efficient the Commissioners would grant a fresh lease, with any modifications in the terms which might be considered necessary. If the present lessees do not want the lease, there are others who will.

(ii) *Larger Groups.*—In a great many cases, however, the Royalty Commissioners would refuse to grant separate leases in respect of each of a number of small collieries, and would indicate that they were only prepared to receive applications for leases by groups of persons or companies prepared to amalgamate themselves into a corporation representing a larger output.

(iii) *District Coal Boards.*—Sir Arthur Duckham's scheme of statutory companies known as District Coal Boards requires consideration. Without necessarily adopting his districts, there are many areas where it might be found that voluntary amalgamation was impracticable, and that the desired result could only be attained by an Act of Parliament providing for the compulsory amalgamation of persons and companies working a

specified area and the issue of shares in the new corporation in exchange for the previous holdings.

(iv) *Public Authorities.*—I should very much like to see, sooner or later, in some area, a lessee in the form of an organisation which, though not national—not the State—should be at any rate public, with a constitution representative of all the interests concerned, including the principal consumers. It may well be that in one or more of our coalfields a public authority of this type, with a large measure of joint control from top to bottom, would be a suitable lessee of the minerals in that area. The important point is that public management need not mean bureaucratic State-management with the disadvantages popularly associated with it.

(v) Nor can the fact be overlooked that it might be found desirable that such a body as the Admiralty should itself, as lessee, be responsible for a group of mines in whose output it was intimately concerned. If that did happen, I think it is important that in its relation to the State and to the Royalty Commissioners it should be on the same footing as other lessees.

(vi) Amongst applicants for leases one would not be surprised to find a co-operative society or a guild of miners. The great value of the system under discussion lies in its flexibility and in the opportunity for experiment which it affords.

Progressive Joint Control.

To return to the human aspect of the problem referred to in the earlier part of this pamphlet, I think there is no doubt that State acquisition of the royalties would in itself produce amongst many of the miners a considerable degree of satisfaction. But there is a much deeper reason for discontent to be removed. We must create some machinery for enabling all the persons

engaged in the industry, through their money, their brains, or their manual labour, or a combination of those interests, gradually to exercise an effective voice in its direction.

So far the common organs of employers and employed in the industry, such as Conciliation Boards, have been used mainly for purposes of negotiation. The time has now come when organs must be developed which, while not usurping the functions of the mine-manager or, on a larger scale, the managing director, will begin to exercise an effective share in the control and direction of the industry. Moreover, miners are exposed to an unusually high risk of injury and loss of life, and thus have a very direct interest in devising and adopting measures for increased safety. These measures nearly always mean expenditure, and thus an increased cost of working, and so long as their adoption (except in so far as made compulsory by the Mines Department) rests solely with bodies on which capital alone is represented there will be fruitful cause for suspicion and discontent. The miners are apt to argue that dividends and safety precautions are mutually antipathetic, and will continue to do so as long as they have no part or lot in the reconciliation of these competing obligations. The question is not whether this argument of the miners is well founded or not; the point is that their suspicion is natural, and any excuse for it should be removed.

As an instance of an attempt—at present abortive—to introduce what might have developed into Joint Control we must look at the Mining Industry Act, 1920.

The Mining Industry Act, 1920.

This Act is one outcome of the Sankey Commission of 1919. All the Final Reports recommended some system of committees and councils in the industry for

the representation at different stages and for widely differing purposes of all the elements concerned in the industry. In the following year (1920) this Act of Parliament was passed, Part II of which, headed "Regulation of Coal Mines," provided for a system of Pit Committees, District Committees, Area Boards, and a National Board, representative of all sections of the industry. It also conferred power upon the Mines Department of the Board of Trade to give the force of law to, and compel compliance with, recommendations sent up to it by the three last-mentioned bodies after being passed by a majority of the representatives of the colliery-owners and the management, and also by a majority of the representatives of the workers. The adoption of this Part of the Act was made dependent upon the willingness of both the colliery-owners and the miners to work it. Its fate seems to have been as follows:—First, the miners, hoping for something more drastic, said "No," while the colliery-owners said "Yes, lest a worse thing befall." Then popular feeling swung more "to the right," the trade depression set in, and the miners began to be "under-dog"; thereupon the colliery-owners said "No," and the miners said "Yes, lest we get nothing at all." There the matter rests. Now there lies in that Act, or an amending Act, the potentiality of great good for the mining industry. The time has passed for the mistrusting insistence upon a majority of "both sides" before the State will lend its sanction for the enforcement of recommendations. Something bolder than that is required. But the revival or re-enactment of that Act, with modifications born of a more generous and more trustful spirit, is at any rate one method of introducing an instalment of Joint Control into the mining industry. Whatever method may be adopted, it seems certain that the present Advisory Committee of the Mines

Department should be transformed into a powerful and representative National Mining Board.

Financial Secrecy.

The second remedy advocated for the removal of discontent and suspicion is more Financial Publicity. Secrecy as to profits, which always suggests that they are as large as to make one ashamed of them, has been the bane of the coal-mining industry. For nearly half a century wages have borne some relation to *selling prices*, and there have been quarterly audits of typical selected mines in each district by joint auditors appointed by the owners and the miners. But over *profits* a curtain was drawn, except in so far as the compulsory filing at Somerset House by public companies of a document called a Statement in the form of a balance sheet enabled the curious to draw not very accurate conclusions. It is not easy for the plain man to read a balance sheet or to estimate profits, especially when shares are being subdivided, or bonus shares are being issued, or large sums carried to reserve. The result has been continual and natural suspicion on the part of the miners, who doubtless imagined the colliery-owners' profits to be much larger than they were. The miners knew that whenever they asked for an increase in their wages they were liable to be told that such an increase would turn a moderate profit into a substantial loss, but the amount of the profit they had to take on trust. Selling prices, yes, but profits, no.

The war and coal control partly killed that, and it must not return. By the settlement of June, 1921, for the first time the miners have established the principle of the adjustment of their wages in accordance with the proceeds of the industry "as ascertained by returns to be made by the owners, checked by a joint

test audit of the owners' books carried out by independent accountants appointed by each side." That is an important step, but does not go anything like far enough. In particular, information as to the many items of cost other than wages that go to make up the pit-head cost must be made available. The withholding of that information is one of the causes of the pending crisis.

At least two good results would accrue if colliery-owners would give their workmen's representatives more information as to the financial side of the business: (i) a great deal of the suspicion and mistrust of the miners would be removed, and they would realise why and when their wages must undergo fluctuations; (ii) publicity coupled with costing returns would make it possible to draw comparative conclusions as to the cost of production in different mines and districts, which would be a fruitful source of experiment and improvement. Publicity does not involve publication of lists of customers, British or foreign.

Nor do I see why publicity should stop at the pit-head. The consumer would very much like to know the reason for the excessive difference between the pit-head price received by the colliery and the retail price paid by him, and miners have been known to suspect that, although their employer may cease to have any direct financial interest in the coal when he sells it, he may be selling it to a factoring or merchanting company which he controls, or in which he is interested, thus securing for himself another profit on it at a later stage.

I suggested in an earlier form of this pamphlet that both joint control and more financial publicity could be achieved by the insertion of covenants in the leases stipulating that these changes should be introduced. I think, however, on reflection, that the

direct method of mutual agreement or legislation is preferable.

The Export Trade.

One of the commonest objections urged against any change whatever in the present constitution of the coal-mining industry is the great importance of placing no handicap upon the ingenuity and enterprise which have built up our valuable export trade. That is a very red herring. There is no reason why the result of carrying out the suggestions contained in this pamphlet should interfere with the coal export trade in the least. What these suggestions are concerned with is the way in which the coal should be won and made available for use. They do not touch the way in which the output is distributed. The coal exporter and the self-exporting colliery can continue to export as freely as hitherto, and unless it can be shown that the effect of these suggestions would be to reduce the output, and, therefore, the quantity available for export, the export trade remains unaffected. Indeed, the natural result of greater harmony and more efficient units of working in the industry will be to increase the output and produce a larger surplus available for export, while at the same time providing a larger fund for the remuneration of all the elements—capital, management, and labour—engaged in the industry.

The General Consumer.

For the same reason, the general consumer may be expected to benefit from the more scientific exploitation of our coal resources. But I am inclined to think that he has even more to expect from the elimination of unnecessary distributors and distribution costs than from reduced costs of production. All the signatories of the Sankey Commission Reports draw attention to

the beneficial use of local authorities in the distribution of coal, not as a monopoly, but in competition with merchants and co-operative effort; and the Chairman refers to the use, in country districts, of the local railway station-master. As with milk, so with coal, there is a most unnecessary overlapping of retail distributors, each with his own equipment of offices and vehicles. As already mentioned, full publicity as to items of cost between the pit-head and the cellar will show the consumer where his money goes.

Conclusion.

The coal-mining industry will never return to 1914. Those who think that the miners will ever be content with the subordinate position they occupied in the industry before the war are cherishing an idle dream. It was *the* key industry during the war, and the war shook the whole industrial structure from top to bottom. Miners were invited by the State to give their counsel, to undertake responsibilities, and to exercise important functions in the direction of the industry in a degree which has entirely altered their attitude towards it. They were taken into partnership by the State, and their co-operation in these various ways satisfied them and many impartial observers that they had both the right and the capacity to contribute their knowledge and experience of the industry to a more enlightened working of it. Whatever may be the issue of the negotiations now pending for a revision of the Agreement of 1921, there is good reason to believe that the principle of profit-sharing embodied in that Agreement will endure for some time. The adoption of that principle, so far from satisfying or diverting any desire on the part of the miners for a share of control, seems to me to be an added reason for it; for the miners are more directly

and immediately interested than before in the efficient conduct of the industry.

No one but a fanatic will deny that, side by side with its drawbacks, there are solid advantages in the system of private enterprise. The wholesale destruction of that system in the coal-mining industry would be for all practical purposes irrevocable, and before doing that every attempt should be made to apply a scheme which will preserve for the industry the large fund of experience and initiative which is represented by the colliery-owners, while removing the very real obstacles which at present stand in the way of the legitimate desire of the miner to have a share in the control of the industry. With a less *non possumus* attitude on the part of the colliery-owners' than was displayed in 1919 I believe it to be possible to achieve this, and the foregoing suggestions are an attempt to show how it can be done. They may be summarised as follows: State acquisition of the royalties, leases from the State or Royalty Commissioners to mine the coal, more financial publicity, a representative National Mining Board, and a progressive share for the workers of all classes in the industry in the control of the machinery which so largely determines their social and economic conditions.

Note.—I have avoided statistics as much as possible, but a few figures will enable us to realise the important place which the coal-mining industry holds in the life of the nation, and I shall take 1913 as the last normal year. In that year the total output of British coal was 287,430,473 tons, of which 73,400,118 tons were exported. The value of such important exports to a country so dependent as ours upon foreign countries for food and raw materials is enormous. The coal both helps to pay for our imports and reduces the freights by supplying outward cargoes to the ships which go to fetch our imports for us. The number of British mines was about 3,000, owned by about 1,500 companies or individuals, and the number of workmen employed was 1,110,884. Of these 642,900 are believed to have been members of the Miners' Federation of Great Britain.

Sir Josiah Stamp (in his evidence before the Sankey Commission in 1919) calculated that, based on the output of five years preceding the war, the capital involved in the industry would be £135,000,000. It would now be much more.

In the year 1923 the output was 276¾ million tons ; the amount exported 79,450,000 tons ; the number of persons employed was approximately 1,180,000, of whom about 800,000 are believed to be members of the Miners' Federation of Great Britain.

March, 1924.

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