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The European Coal Crisis, 1926-1927

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THE *International Labour Review* for May 1926 contained an article entitled "A Brief Survey of Coal-Crisis Literature", to which the present sketch must be considered a sequel.¹

The former article endeavoured to portray the international situation previous to the momentous coal stoppage and general strike in Britain dating from 3 May. After a summary allusion to the world's fuel resources, it dealt with the problems confronting especially the United Kingdom, Germany, Poland, Czechoslovakia, and Belgium, nations already involved in the throes of the "coal war". Next it described a second group composed of nations affected as yet only slightly or indirectly by the struggle, but which might be drawn in more fully if peace were long deferred, and which counted among its members France, Spain, Canada, Japan, Australia, and India; the first two of these countries may be said to have become active combatants in 1927. Finally, it described at a distance a third group, composed of nations whose exporting activities had hardly begun but whose potentialities in this sense were tremendous, and whose entrance into the conflict would work havoc to the present principals and, by repercussion, to all concerned, unless in the meantime some remedy were discovered and applied. In this group were included China, possibly South Africa and Russia, and above all the United States.

In the first part of the article, then, we showed (1) that there existed early in 1926 grave national crises in certain countries recognized as central pillars of world economy; (2) that these

¹ Cf. also the contribution by the present writer to *Europa*, 1927, on "The European Coal Crisis, 1926", or a fuller treatment of the same subject in the *Journal of Political Economy* (University of Chicago), announced for April 1928.

national crises, by provoking a "coal war", had become international in their consequences; and (3) that this "coal war" threatened to assume more ruinous proportions in future through the entry into line of one or more members of the third group.

The second part of the article consisted of a survey of the multifarious "solutions", plans, programmes, and remedies which had been propounded or applied nationally or internationally; and it concluded with the pious hope that an "economic Locarno" might be at least sighted if not attained by the International Economic Conference which the League of Nations was preparing to assemble at Geneva.

Between May 1926 and December 1927 the wheel turned full circle: from overproduction to threatened shortage and back to overproduction.

The British loss of working days, which finally reached the staggering total of 150,000,000, appeared likely to cause in the world a gross deficit of possibly 116,000,000 tons, and during the early autumn of 1926 the disruption of the regular system of supply was a serious menace to the industrial life of several Continental countries. Even in Germany the inland districts were becoming alarmed lest they be sacrificed to the foreign demand, while after 1 November all exports from France and Belgium were forbidden, and measures were discussed for the limitation of fuel consumption. Meantime the coal shortage in Austria had been pronounced dangerous, and Denmark was officially rationed. Poland had exported so rashly that she was obliged to import from Czechoslovakia. Everywhere precautions were taken against the threatening penury of fuel, and the immense stocks that had seemed a curse, now appeared a blessing.

It is interesting to note that while Britain's adversity was their opportunity, yet her coal rivals enjoyed without glee a prosperity which they recognised to be of short duration. Their industrial journals in majority expressed the opinion that when the British miners had got back to work, and had relieved the fuel-hunger of certain industries, the second campaign of the world coal war would begin, almost imperceptibly at first but with steadily gathering momentum, from all sides at once, until, in the struggle for the recovery of old trade or the retention of new, markets would again be glutted, stocks would again accumulate, and mines would again be closing down or working at a loss. It was predicted that the ultimate and paradoxical result of the British stoppage would be

an aggravated crisis through more ruinous overproduction. Indeed, so far had the world's power of production outgrown its normal power of consumption, that by 31 December the United States had been able to increase its total coal output by 70,800,000 tons, or 13.2 per cent., thus making good 61 per cent. of the British deficit, while the Continent of Europe had raised its extraction of anthracite by 36,800,000 tons, or 12.6 per cent. — of which 13,200,000 are to be credited to Germany, 4,300,000 to France, and 4,400,000 to Poland. The final result was an estimated aggregate output for the world of 1,184,100,000 metric tons in 1926, which shows a shrinkage of only 3,700,000 metric tons as compared with 1925. With the exception of Great Britain itself, the nations suffered through the British stoppage not so much from famine as from chaos.

Once the British mines had begun to work again, the supply everywhere soon overtook the demand, and during December 1926 and January 1927 the international coal situation began reverting slowly toward the conditions of overproduction and accumulation of stocks which prevailed before the great stoppage.

This seven-months struggle had ended in utter defeat for the miners, with disruption of unions, suppression of national agreements, lowering of minimum wages, lengthening of hours, and, at the workers' expense, decrease in the costs of production. Accordingly, as long as the world's need of coal was still unsatisfied and the British mines were working intensely, the British owners could enjoy the unwonted experience of watching chronic or subsidy-covered losses transmuted into profits: the first quarter of 1927 revealed a total credit balance of £3,497,463. Unhappily this triumph was of short duration, and the owners' "solution" soon lost its efficacy: the second quarter witnessed a decline in demand and a fall in prices, while the statistical summary of the Mines Department disclosed a national debit balance of £2,855,857, or a loss of 1s. 0.65d. per ton, even though the permissive Eight-Hours Act had reduced working costs by 2s. 8d. per ton. By 25 June the unemployment figure had reached 233,291.

During the remainder of 1927 the outlook darkened. The difficulties of the export trade were increased by restrictive measures adopted in Germany, France, Spain, and Portugal, and by the indirect subsidies resorted to in Belgium, Poland, and other countries to ease the strain imposed upon their national industries by the renewed and accentuated competition of Britain. As Lord Gainsford put it: "The days when the foreigner must have British

coal or stop, are gone — probably for ever.”¹ In the twelve months ending with November, 286 pits were closed for economic reasons, and the coal output of the United Kingdom was from 20 to 25 per cent. below potential capacity. The quantity exported as bunkers and cargo was nearly 30 per cent. less than in 1913, whereas the estimated production on the Continent was 12 per cent. greater than in 1913 — an extension of effort first necessitated by the war and then encouraged by the uncertainty of supplies from Britain during the troubled years which followed in the British coal-fields. Even inland consumption had sunk by 3 per cent. or more, owing largely to the sluggish condition of such great coal consumers as the iron and steel and shipbuilding industries : 30 per cent. less pig iron was being turned out than in 1913, while tonnage under construction in the shipyards was 20 per cent. below the pre-war level. Meanwhile the imports of foreign iron and steel — especially unfinished products from France and Belgium — were mounting toward 4,600,000 tons, as compared with 2,200,000 in 1913. Each ton of steel imported was alleged to destroy the demand for 3 or 4 tons of British coal. Lesser causes for the decline of inland consumption were the elimination of waste in coal utilisation, the development of electrical power, and the competition of oil. “ A review of the conditions of the coal industry throughout the world ”, confessed a writer in *Lloyd's List and Shipping Gazette*, “ reveals only the blackest outlook for the industry on this Island. ” In any case, at the close of 1927, in spite of a slight general economic revival, that industry remained more depressed in Britain than in Germany.

Germany

It was said to be during the French occupation of the Ruhr that the German syndicates, with the aid of Governmental indemnities, had seriously begun the technical reorganisation of many of their mines. Before the end of 1925 they had carried rationalisation both of mines and of miners to great lengths, and had achieved an output per man-shift superior to that of 1913. They were thus in a position to take immediate advantage of the cessation of work in the United Kingdom. Their monthly output rose steadily, and by November 1926, the Ruhr had re-engaged temporarily 42,000 from among the 90,000 miners previously “ combed

¹ *Compendium of Commerce*, Nov. 1927.

out", and, with only 407,512 miners, had attained the record daily average of 430,600 tons, as against 386,300 tons achieved in 1913 with 420,300 miners. The national output for 1926 had reached the remarkable figure of 145,400,000 tons (or of 176,500,000 if the lignite be converted into coal-values and added to the rest) — a figure contrasting victoriously with 132,700,000 for 1925 (or with 140,800,000 for 1913 within the same area). As one German expert expressed it, the year 1926 had been for the German industry "a lucky chance". "Had it not been for the English dispute, the Ruhr districts would not know to-day how to maintain an existence."

In spite of the long-term contracts upon which the German mines had cannily insisted in their dealings with their temporary English customers, they began early in 1927 to feel the renewed pressure of English competition in their own "contested areas" as well as abroad. The stocks of the Rhenish-Westphalian Syndicate rose from 590,000 tons in March to 770,000 at the end of April; sales decreased, prices fell, and workers were again dismissed. On 19 July the Chairman of the Syndicate observed that a "price war" was being waged by the British coal industry, which had regained its supremacy in the Hamburg and North German markets. The Syndicate report for 1926-1927 made the very suggestive remark that the English industry, besides achieving a reduction in costs through decrease of wages and increase of hours, had still in reserve the possibility of rationalisation — a reserve which Germany had already exhausted.

In spite of these forebodings, the Germans had the satisfaction of noting in the latter part of 1927 a coal revival due in some measure to the improvement in their iron and steel industry which was associated in some minds with the steadying influence of the International Steel Cartel. Although in November the Ruhr raised 403,000 metric tons, as compared with 384,000 in October, yet the stocks sank from 515,000 tons on 31 October to 404,000 on 30 November. This awakening of the home demand in the "uncontested area" was even enabling the Syndicate to go so far as to refuse some oversea business at unattractive prices. Was this a sign of better times? It would be rash to prophesy while Germany's neighbours and competitors were still in as tate of deepening depression.

Belgium

Possibly the most sorely tried of these neighbours was Belgium, whose production had been strongly stimulated and whose stocks had been nearly consumed during the prolonged cessation of British supply. In March 1927 her coal output reached 2,477,000 metric tons, as compared with her monthly average of 1,925,000 during 1925, and 1,903,000 during 1913. However, as soon as the British miners got back to work, Belgian sales began to fall off, Belgian stocks to pile up, and Belgian miners to work short time. "In Belgium", said *Le Peuple* (of Brussels), "we are in the midst of an immense basin comprising Germany, England, France, and Belgium, in which production is very greatly in excess of demand. At this moment there are in Belgium 1,400,000 tons of coal in stock; it is terrifying." That was in October, and the estimate at the beginning of December was 1,828,000 tons. Severe competition from the German and English portions of the "immense basin" was familiar to Belgium, but in the latter half of 1927 the competition of the French portion waxed keener than before.

France

Hitherto, the French coal industry had escaped the worst effects of the Anglo-German price struggle on French soil thanks to the steady fall of the franc and the accompanying expansion of the iron and steel trades. The recovery of the national money and the renewed influx of British coal at low prices combined to draw France for the first time into the "coal war". By 30 April 1927 the accumulation of stocks was estimated at 2,000,000 tons. On 25 May the French Government instituted a temporary system of import licences, which Mr. Tardieu explained in a public letter of 1 July to Lord Derby as follows :

It is an unavoidable necessity for France, if she is to escape economic and social disturbances, to set up a barrier against the influx of foreign coal which has weighed upon us since January, and which was leading us to surplus stocks and unemployment.

This expedient operated to reduce importations rather from Germany than from Britain; but after the *entente* achieved at Geneva in November by the Conference for the Abolition of Prohibitions of Imports and Exports, the French Government let it be known that the licence requirement would cease as from 1 January 1928.

Nevertheless, the national coal industry remained in a difficult position. As Mr. de Peyerimhoff put it¹: "We are subjected, on the West, North, and East, to the converging pressure of plethoric productive systems looking for outlets. French production is poorly armed for resistance." It is handicapped geologically and geographically as well as "by the absence, now almost complete, of tariff protection. . . . In France the miner is working three-quarters of an hour less than in England and Germany. For this reason, and also because of the quality of the coal bed, the average daily output of the French miner amounted only to 601 kilograms during the third quarter of 1927, as against 1,040 kilograms in Great Britain and 1,127 in the Ruhr. Our technical improvements, pushed just as far as in the best-equipped foreign basins, cannot make up these differences in output." Nevertheless, production was maintained at a record level, and in 1927 French extraction totalled approximately 51,800,000 metric tons, as against 51,400,000 in 1926. But consumption was not keeping pace with production, and on 23 December Mr. Tardieu admitted in the Chamber that stocks stood at 3,300,000 tons. Thus we see that all the members of the "immense basin" — Britain, Germany, Belgium, and finally France — were suffering from national coal crises whose causes and effects were both international. The other principal basins involved in competitive export and import were those of Poland and Czechoslovakia.

Poland

The British disaster had proved a godsend to the mining and allied industries of Poland. Unemployment sank rapidly, while production rose from a monthly average of 2,423,000 tons in 1925 to 3,704,000 in November 1926. Exports to Sweden and Denmark increased from 45,000 tons a month in 1925 to 235,000 a month in the first half of 1927; to Italy, from 7,000 to 121,000 tons monthly in the same period. Indeed, so much Polish coal went forth to capture new markets that Czechoslovakian fuel had to be called in to help satisfy domestic requirements. In the springtime of 1927 Scottish and English exporters began effectively to challenge the new Polish positions in Scandinavia. However, after a lethargic summer, the Polish mines became vigorous again in the autumn, partly as a result of a further "rationalisation of the personnel", which had reduced the number of miners from 127,548 in January

¹ *L'Information financière, économique et politique*, 24 Dec. 1927.

to 109,494 in June and raised the output per man-shift from 1,148 kilograms to 1,173 during the same half-year. In December there were rumours that efforts were to be made to relax the long-drawn coal hostilities between Poland and Germany, and that Polish exporters were planning to yield unprofitable ground to their British rivals in Scandinavia while inaugurating a "big push" against them in Italy and elsewhere. In the meantime a lesser fuel producer was being sadly overrun by the opposing coal armies of her more powerful neighbours.

Czechoslovakia

Indirectly rather than directly Czechoslovakia had profited by the misfortune of the English coalfields. Her monthly coal extraction rose almost automatically from its average of 1,063,000 tons during 1925 to 1,620,000 in November 1926, while lignite showed the same tendency. This brief "boom" was even more artificial here than elsewhere, and it broke the moment the British miners were compelled to surrender. In January 1927 coal production was down to 1,312,000 tons, and in February to 1,119,000, while lignite fell correspondingly. Exports had fallen more precipitously still. Said the *Prager Presse* for 1 February :

Our market situation is the second worst in the world. Exports, which in 1924 had reached only 40 per cent. of the pre-war level, had sunk to 30 per cent. in the spring of 1926. . . . Events in England sent export figures soaring, and in November they even exceeded those of the seasonal periods of pre-war years. However, in December they fell to two-thirds, and in January probably to below one-half. . . . The coming months . . . will confront us with a competition which will overshadow everything we have ever experienced . . . since the war.

This melancholy prophecy was only too well justified by events, even though output rose again in the autumn. The coal industry of Czechoslovakia was in an especial sense the victim of unfavourable political situations and tariff policies. The same remark would hold true of the much smaller industries of other Succession States.

With Austria and Hungary, or even with Spain and Holland, it is hardly necessary to deal in our limited space. The coalfields of these and other European countries were relatively passive sufferers from the international coal crisis. Russia's position remained practically neutral (in spite of her success in raising her output from 17.6 million metric tons in 1925 to about 30.6 millions in 1927), while Italy, the great importer, alone may have seemed to

be seriously benefiting from the unwonted intensity of the battle which Europe's chief coal purveyors were waging for her custom.

Italy

Italy's problem was not how to sell coal, but how best to buy it. Before the war she obtained approximately 87 per cent. of her fuel from Britain, and her orders formed the "backbone of the British Mediterranean trade". After the war she sought a measure of independence, not only by raising the generating power of her electric establishments from roughly 1,360,000 h.p. in 1913 to possibly 4,000,000 at the close of 1927, but also (possibly to avoid difficulties of transfer in realising her share of the Dawes annuities) by accepting 300,000 tons¹ per month of Reparations coal from Germany, and by making advantageous purchases from Poland, even though British coal fell about 14 per cent. in price after the month of March. It is estimated that in 1927 Italy's total fuel imports, in terms of coal, rose to about 14,000,000 tons, an increase of roughly one-third over pre-war requirements. Under these circumstances there was some discussion in the Italian press of the advisability of setting up a national coal-purchasing agency, which should insist on an increase of Italian exports, especially to England, in direct return for continued fuel purchases. Such an Italian programme would represent the inverse of the programmes of the great coal-exporting nations, and would have little to gain immediately from an international "solution".

"INTERNATIONAL SOLUTIONS"

In the previous article (May 1926) we outlined the various international agreements, remedies, programmes, and "solutions" which had been more or less hopefully advocated up to that time. Unfortunately for the coal industries and mine workers of Europe little progress has been accomplished in this direction. The generally successful International Economic Conference of 1927 has come and gone. Coal was one of the subjects to which only silent tributes were paid. In spite of the work of the Preparatory Committee, nothing could be done without the coal owners, and nothing could be done by European owners without the British.

¹ This amount was raised to 605,000 tons for January 1928.

The only suggestion of international co-operation emanating from the British Royal Commission and susceptible of realisation by an intergovernmental agreement without waiting for some central control of British mines, had been the hint that "if a common level of working hours, through the intervention of the International Labour Office or otherwise, could be agreed upon, it might be advisable to accept it, even if it meant some small increase here to meet part-way a decrease elsewhere."¹ No governmental initiative was taken in this direction. Nevertheless, a somewhat similar though merely preliminary piece of international work was brought to completion during 1927, namely, the enquiry of the International Labour Office into the hours and wages of coal miners in the principal coal-producing countries, undertaken at the request of the International Federation of Miners. Unfortunately, in the complex uncertainty of the case and owing to the lack of comparable material, it was impossible to base the report on governmental statistics other than those relating to European countries and to the year 1925, with the result that this document, which has striven for meticulous accuracy with regard to the year in question, necessarily portrays the British situation as it had entirely ceased to be in 1927. The British miners, who, by comparison with their fellow-workers on the Continent, appeared in an enviable light in the former year, had fallen to a quite unenviable position in the latter. Nevertheless, if the Office's report, periodically rewritten, extended, and perfected, were to lead to the adoption of common standards of calculation for the hours and wages of coal miners it would have made an indispensable contribution to any eventual international arrangement.

In spite of the inaction of governments and coal owners, many of the Continental members of the International Federation of Miners continued in 1927 to voice their conviction as to the pressing necessity for some understanding among the chief exporting nations. In this particular the mantle of Mr. Frank Hodges, the former Secretary, had fallen upon the shoulders of his successor, Mr. Delattre, who declared in the Brussels *Peuple* of 24 November that "the remedy for the world coal crisis lies in the limitation of production by an international agreement". "Belgium", he declared, "is one of the countries most interested

¹ Mr. de Peyerimhoff, Chairman of the Comité Central des Houillères de France, recently advocated among other things the international unification of working hours. (Cf. *L'Information financière*, 24 Dec. 1927.)

in such an agreement. Why does not the Belgian Government endeavour to summon a conference of all coal-producing countries? The League of Nations, the International Labour Organisation, the Economic Committee — these are organs competent to deal with this matter, and it is practically certain that a suggestion of this nature will be received and considered with care and with every desire to bring it to realisation. Good will has always been shown by these institutions. Why not profit by it?" On 28 November, in the Belgian Chamber of Representatives, Mr. Delattre made a speech which, though less categorical, showed a similar trend of thought. Most of the Continental leaders were like-minded.

Especially was this true in Germany, where we find the *Bergarbeiter-Zeitung*, the organ of the German Miners' Union, declaring on 29 May that "only an international agreement in the coal industry can effect a permanent remedy", while their General Meeting at Saarbrücken in July repeated its demand for a systematic international management of coal resources. At their National Conference held in the Prussian Landtag on 15 November, Dr. Berger observed that national syndicates, which were regarded in Germany as the first condition for the formation of international agreements, were "on the march" in England, Belgium, France, and even Poland; but that was not the only condition; there could be no coal agreement in purely capitalistic forms; it was therefore their duty, especially in the International, to work out forms better adapted to an agreement.¹ At Essen on 10 December, at a meeting of the German Federation of Christian Trade Unions, called to welcome the Director of the International Labour Office, President Imbusch deprecated the competitive coal struggle, carried out at the expense of the miners, and appealed for an *entente* among coal-producing countries.²

In the other coal countries, miners' leaders and publications in great majority expressed similar opinions, although occasionally we hear a dissenting voice from the Extreme Left, as, for example, when *L'Internationale Syndicale Rouge* warned the mine workers that international cartels would "sacrifice the proletariat to the mercies of international capital".

However, not only miners' federations but business men's organisations, as well as Continental statesmen, economists, experts, and

¹ *Bergarbeiter-Zeitung*, 26 Nov. 1927.

² *Der Bergknappe*, 24 Dec. 1927.

publicists, continued during 1926-1927 their staunch support of an international *entente*, not as a distant ideal but as a practical programme. Chancellor Luther was reported as saying on 28 April 1926 that he would welcome an international agreement among mine owners which would get rid of the cut-throat competition that affected mine workers as much as mine owners. In May, the Twelfth Inter-Parliamentary Commercial Conference advocated the establishment of international boards of coal owners and workers for the regulation of world conditions in the industry. In the *Internationale Bergwirtschafts-Zeitung* of June-July, Professor Zadow took the view that "American competition and the growing independence of the countries of the southern half of the globe with respect to their coal wants will make the need for an *entente* on European production ever more imperative". Numerous articles in the same sense appeared in Germany up to the close of 1926, although the lack of response in the United Kingdom resulted in a growingly discouraged tone. An article in the *Berliner Tageblatt* of 22 November affirmed that Germany was evidently still willing to come to an agreement. "But in England, after the victory of the owners and the rejection of the demands for reform put forward by the Samuel Commission, there is not the slightest tendency toward such a tie." Accordingly the flood of German discussion of the possibilities of an international understanding slowly subsided during 1927, and we note only an occasional hopeful article, such as that in *Der Deutsche* of 15 December. In the *Deutsche Bergwerks-Zeitung* of 1 January 1928, Dr. Röchling recalled a gloomy past and forecasted a gloomier future: "In 1923 England benefited by the crippling of the Ruhr; in 1926 we benefited by the English strike. In both cases the effects lasted about a year and a half. In the coming spring, therefore, . . . the merciless struggle between Germany and England must find exhaustion in some new folly unless it is possible for these two countries to come to a settlement. But is that possible?"

Others than Germans were envisaging these possibilities, but none too optimistically. Early in December a Dutch Minister emphasised his belief that an international understanding would undoubtedly do much toward restoring equilibrium to the coal industry; however, the influence of Holland on the international coal market was too slight for any initiative on her part to prove successful.¹

¹ *Deutsche Bergwerks-Zeitung*, 7 Dec. 1927.

Of the few Continental writers who continued to study the problem, the great majority had come to feel that some degree of unification must be attained in the national industries, and especially in the British industry, before any international effort would have much chance of success. As Jehan Martin wrote in *Pax* of 18 November, à propos of *ententes* among coal owners announced from England :

As a matter of fact it is in a restriction of production that a local solution to the present coal crisis will be found. And this local solution must be followed by a further step which will logically be toward an international agreement applying to European production the same principles of controlled production, of economy, and of sound administration. The Steel Agreement has provided a model. We are convinced that, sooner or later, the coal industry will have to follow this example.

The idea has already taken root. Its realisation has encountered serious obstacles in the absence of a central organisation in Great Britain, in the hostility of that country and of competent circles in Germany. . . . Will not the intensification of the crisis which is compelling British mine owners to unite in their efforts, tend to prepare the way for European co-operation ?

The British attitude toward an international coal treaty in the near future has been for the most part lukewarm or hostile. True, the miners' leaders have been generally favourable toward the principle of some eventual international arrangement, provided it involve the levelling upwards of general working conditions to the highest point already anywhere attained. Nevertheless, they seemed in the majority to feel that nothing worth while could be accomplished until after the nationalisation of British mines. It is noteworthy that even the programme of the Labour Party adopted on 5 October made no mention of the international aspects of the question, although in August, in the House of Commons, Mr. Whiteley had suggested that the time had now come to call an international conference of mine owners for the purpose of setting up an international board of control of export prices so as to permit of the payment of reasonable wages.

The Government's view was evidently expressed by Colonel Lane-Fox, who declared that it would be perfectly impossible, under present world conditions, to bring about any binding agreement which would not be liable to be undercut and defeated by the competition of those who would not come into the arrangement ; and that, though international co-operation and agreement was the ideal of the future, it was not a practical suggestion for dealing with the difficulties of the moment.

Even Sir Alfred Mond, whose advocacy of an international,

and more particularly an Anglo-German, understanding aroused so much interest in 1925-1926, had come to feel, by 21 November 1927, that "international agreements appear impossible"¹, while Mr. Frank Hodges, now Chairman of the Institute of Fuel, had turned from the international division of markets, regulation of exports, and standardisation of working conditions to the development of Britain's competitive power through the more scientific utilisation of coal.

Only occasionally did some eminent specialist revert cautiously to the international idea, as when Sir Richard Redmayne, in a message to the *Daily News* in the early summer of 1927, made the following prediction :

One aspect of the problem — a purely commercial one — which will sooner or later have to be taken into consideration, is that of distribution as regarded from the international point of view. Great saving could be secured under a scientifically conceived international agreement relative to coal supply.

However, no matter what might be the opinion of labour leaders, captains of industry, chief inspectors, or Conservative governments, the attitude of the coal owners of the United Kingdom towards every suggestion of international co-operation in coal was consistently and uncompromisingly negative, especially after the great stoppage. Their views found authoritative expression in the important Cardiff daily, the *South Wales Journal of Commerce* of 3 May 1927, just before the opening of the International Economic Conference :

The policy that is favoured both by the majority of the colliery owners and by the exporters of the country is that of complete independence, and whatever decisions may be reached at Geneva can have no direct or immediate effect on this insular British coal policy. . . . It is economically within the power of the South Wales and other British coal-exporting districts, by supplying superior coal at a relatively low price, to undermine, and ultimately destroy, the nationalist policies that are being pursued in France and other foreign countries. There is no policy that can do so much for the material well-being of European countries as that which promotes international trade, and, for the expansion of international trade, the export of coal from the United Kingdom in large and increasing quantities is almost as necessary a condition as the removal of tariff barriers. There may be certain industries where the progress of nations can be helped by international agreements, but the mining industry is not one of them.

For similar reasons the *Colliery Guardian* of 24 June felt that "the fashionable cry for international agreements" was "so un-

¹ Letter to *The Times*, 21 Nov. 1927.

fortunate at the present time". It then stated the crux of the question thus: "Under any perequation scheme of an international character, the allocation obtained by Great Britain would be much lower than either normal conditions or the country's status as a coal producer entitles us to demand." Already Mr. Frank Hodges, while still Secretary of the International Federation of Miners, had realised that this was where the shoe pinched. On 6 October 1926, he had declared himself in favour of international regulation of coal, but he did not want a quota fixed for Great Britain on the basis of a declining share of the world's markets. He would like to see it based at least on Britain's pre-war share of the markets.¹ We have found no authoritative utterance to indicate that the Germans might have accepted that proposition as a basis of negotiation. Accordingly the organs of coal owners' opinion in the United Kingdom stood firm for free competition, for unrestricted output and export, even when *The Times* itself had come to believe that "the rational method of avoiding this conflict, which must involve heavy losses all round, would seem to be some form of international agreement — on analogous lines to the Continental iron and steel control"², and the *Manchester Guardian Commercial* of 17 July had concluded that "this all-round overproduction and war of price cutting . . . point logically to some form of international agreement". Indeed, we find *The Times Trade and Engineering Supplement* of 30 July in complete agreement with the coal masters:

For the British coal-mining industry to consent at the present time to enter into anything in the nature of an international coal cartel would be most foolhardy. . . . When we have won back a considerable portion of our pre-war custom in the European markets, it will be soon enough to enter into such *pourparlers*.

In the same tone the *Compendium of Commerce* for July asserted that "coal owners believe that the soundest policy is to fight it out with our competitors, and they believe that . . . what is happening will do more for the industry from the point of view of economic efficiency than all the theories of all the sages." During the latter half of the year, continuous and discouraging financial losses failed to daunt this fighting spirit. We can do no better than quote again from the chief organ of the Welsh owners³, which on 20 October summed up the situation in these words:

¹ *The Times*, 7 Oct. 1926.

² *Idem*, 21 June 1927.

³ *South Wales Journal of Commerce*.

It may be a popular view on the Continent that all the troubles of the coalfields there are due to the competition of British coals, and it is not surprising that in Germany, France and other Continental countries there is a strong body of opinion favourable to the international regulation of production and distribution of coal. What it is necessary to emphasise is that the advantage which British coals hold in the seaboard markets and the Mediterranean is entirely an economic one, based on natural and not on artificial factors; that the material interests of the United Kingdom demand that this advantage shall be exploited to the utmost; and that the mining industries of Continental Europe must either immediately or ultimately recognise this fundamental consideration and conform their coal policies to it. . . . The United Kingdom has no choice but to fight for its rightful position in the world export trade.

The next day the Ruhr Syndicate took up the gauntlet :

The English desire to fight could not be more clearly expressed. Whether we wish it or not, we are forced to stand up to this fight.¹

It was slightly superfluous for Reuter on 19 December to announce " an authoritative denial of the report that a European coal cartel, comprising Great Britain, France, Belgium, Germany, and Poland, is projected ".² In the words of the Brussels *Soir* : " The European coal industry is struggling against itself, and the competition between basins is now nothing but a merciless internecine war. " Thus ended 1927.

NATIONAL SOLUTIONS

From this hurried glance at the international " solutions " still under discussion in 1927, it is clear that even the most " internationally-minded " observers, whether in Britain or on the Continent, had come to the conclusion that some centralising measures in the British industry were an indispensable pre-requisite to any profitable negotiations for either an Anglo-German or a wider international coal treaty; in other words, that the next step forward would consist in the frank adoption in Britain of the policy of " rationalisation " in the most comprehensive sense of that word — a policy already applied with wonderful thoroughness in the major basins of Germany and only to a lesser degree in those of Poland and France.

Throughout 1927 increasing progress was being made in England

¹ *Deu. Bergwerks-Zeitung*, 22 Oct. 1927.

² *Daily Telegraph*, 19 Dec. 1927.

in the amalgamation of contiguous enterprises, in the mechanisation of the process of coal getting, in standardisation of machinery, in fuel research resulting in better carbonisation, hydrogenation, and pulverisation.

Toward the close of the year the air was full of "schemes", projects, remedies, and national "solutions", varying from the national research bureau, advocated by Professor George Knox (to serve as a "storehouse for the work of researchers which can be drawn upon as required"), to the nation-wide "100 per cent. trust" of Lord Beaverbrook, and the nationalisation programme of the Labour Party.

At Blackpool on 5 October the Labour Party passed a resolution demanding nationalisation of the mines, repeal of the Eight-Hours Act, suspension of recruitment of miners from outside the industry, raising of the age for leaving school, superannuation for miners at 60, national maintenance of unemployed, compulsory grouping and amalgamation of mines, establishment of coalfield selling agencies, and the municipal sale of coal. This platform encountered general opposition in the other parties and social groups.

Lord Beaverbrook's advocacy of one great, all-inclusive, national coal trust found numerous supporters, among them Sir Samuel Instone, who took the position¹ that trustification embodied all the virtues of unified control: bulk purchasing, stabilisation of prices and elimination of redundant expenses, with none of the vices of nationalisation, such as State control. However, in view of the sharp criticism his ambitious project aroused in interested quarters, Lord Beaverbrook put forward² the German coal-cartel system as a possible alternative solution for Britain's coal troubles.

The coal owners laughed to scorn all such "fantastic schemes". "Lord Beaverbrook", says the *Colliery Guardian* of 9 December, "wants the credit-monger to rule the roost." The voice of Labour was not so uniformly harsh. The Secretary of the Yorkshire Miners' Association declared emphatically that in existing circumstances Lord Beaverbrook's proposal of a single trust was the only practical alternative before the industry.³ "Whether we like it or not," avowed the Treasurer of the South Wales Miners' Federation, "combines or trusts are inevitable in order to regulate the output and avoid that competition which has brought the coal trade of

¹ *The Times*, 22 Nov. 1927.

² *Daily Express*, 30 Nov. 1927.

³ *Idem*, 21 Nov. 1927.

this country to its present condition. . . . The question would have to be determined by the people of this country whether they would own and control these combines or trusts, or allow them to be operated by private individuals for private gain and profit."¹ "Ah! There's the rub!" retort the owners. The miners' leaders, as interpreted by the *Colliery Guardian*, "think that the banker may, after all, be used as a cat's paw, and that they will be able to compass the extra tenth of the way toward nationalisation." Mr. Frank Hodges took a middle view: complete national trustification would be too unwieldy and cumbersome to be efficient; district and county amalgamations on a definite geological basis would be of the greatest value.²

Much less ambitious than any of the preceding conceptions was the "Miners' Charter", granted in advance at a meeting in Cardiff by Mr. Lloyd George on behalf of the Liberal Party, whose voice would be "paramount in the next Parliament". The "Charter's" demands included nationalisation, with compensation, not of mines but of existing royalties; control of minerals by a Commission empowered to compel grouping and amalgamation; formation of a National Mining Council, with district and pit committees; deduction from compensation to royalty owners of a sum for social purposes, including provision for surplus workers; regulation of recruitment and pensioning of old miners to lessen unemployment; organised transfer of unemployed to other industries; and State aid to mining research work.³

Some of the foregoing measures are also countenanced by Sir Alfred Mond, Chairman of the National Fuel and Power Committee. "Consideration", he wrote to *The Times* of 21 November, "must be given to the transference of part of the surplus personnel to other industries and to other parts of the Empire." For the technical reorganisation of the industry, new capital is necessary, and as the public is "not at present disposed to invest fresh money in collieries", Sir Alfred urged the revival of the Trade Facilities Act "in a national emergency like this to help to carry on a most important basic industry in its present troubles. What seems to be going on at the present time in the coal industry is the performance of a surgical operation without any anaesthetic: the uneconomic pits are slowly bleeding to death. . . . The Government cannot

¹ *Western Mail*, 21 Nov. 1927.

² *The Times*, 5 Dec. 1927.

³ *South Wales Journal of Commerce*, 19 Dec. 1927; *Daily Telegraph*, 19 Dec. 1927.

imagine that it can stand aloof and indifferent in a crisis like the present position of the coal industry." Again, in his presidential address to members of the Institute of Fuel, Sir Alfred advocated vigorous modernisation of methods: "It is really a very melancholy fact that . . . the fuel problems of this country are in a relatively backward and crude position. Whereas you have at one end of the scale the most advanced practices, you have at the other end the most crude and out-of-date practices, more worthy of the beginning of the nineteenth century than the first quarter of the twentieth. . . . If we consider the research work in Germany set up before the war and continued ever since, and compare it with the efforts in this country, it will really make us blush."

Another undertaking of Sir Alfred Mond, wider in scope but including the coal industry, was the initiative taken by himself and twenty-three other prominent industrialists in inviting the General Council of the Trades Union Congress to a discussion ranging over "the entire field of industrial reorganisation and industrial relations" and aiming at the "twin objects of the restoration of national prosperity and the corresponding improvement in the standard of living of the population". The former object could be completely "attained only by a full and frank recognition of facts as they exist, and an equally full and frank determination to increase the competitive power of British industries in the world's markets".

The invitation was accepted by a majority. The most vigorous dissent came from Mr. A. J. Cook, Secretary of the Miners' Federation, who deplored the co-operation of trade unions with employers for the prosperity of capitalist industry, and predicted disappointment for the workers and disillusionment for the public.¹

The Federation's weekly, *The Miner*², was no more tolerant of some of the regional schemes of the coal owners themselves: "They are going to limit output, they are going to exploit the home consumer for the benefit of the foreign consumer." "A last despairing attempt to galvanise into life the corpse of clumsy, costly mismanagements" is a gruesome metaphor attributed to the Secretary of the Yorkshire Miners' Association. Both accusations were directed against the Yorkshire, Nottinghamshire, and Derbyshire owners' project of a compulsory scheme operating through a Central Collieries Commercial Association and involving regulation and allocation of output, with a levy of 3d. on every ton raised in the area to

¹ *The Times*, 21 Dec. 1927.

² 10 Dec. 1927.

provide a "subsidy to enable the export trade to re-establish itself in foreign markets".¹

As the mines of these three counties are responsible for nearly a third of the total production of the United Kingdom, organised action on their part might be expected to give the whole national industry a strong impulse toward greater cohesion. "In the next few months", wrote a Labour correspondent, "all the chief coal fields are likely to explore possibilities in the same direction. All the areas are faced with a common problem — the excess of output over market demands, a great redundancy of available labour, and a depression of prices that results in loss on output."² "There is throughout the British mining industry", observed an influential coal owners' journal,³ "a widespread determination to do something that may have the effect of bringing order out of the present chaos." The reference was more especially to the projected South Wales Coal Marketing Association, which was to be officially considered by the colliery owners on 5 January 1928.⁴ This was a temporary scheme, binding only till the end of 1928, for the regulation of prices and not of output. Throughout 1927 the South Wales coalfield had been suffering ever-increasing losses, which in the October quarter had amounted to 1s. 3.52d. a ton. Such losses, following upon the catastrophic stoppage of 1926, had brought it about that most of the collieries, according to the *South Wales Journal of Commerce*⁵, had exhausted their reserves, and were very heavily indebted to banks and other creditors. The new plan aimed at restoring the industry to a remunerative basis by the grouping of collieries and fixing of minimum prices according to the classification of coals; a contribution of 3d. a ton on the total output was to create a compensation fund for the benefit of collieries suffering losses through want of trade at proper prices. Clause 23 contained a safeguard against the exploitation of consumers: "Minimum prices must be fixed sufficiently low to encourage an increased volume of trade, and under no circumstances must the proceeds from such prices be designed to exceed the average cost."

The South Wales price programme, unlike the three-county output proposals, seemed to enjoy the support of the organised miners. Even Mr. Cook declared: "The South Wales move is a

¹ *The Times*, 16 and 17 Dec. 1927, etc.

² *Daily Telegraph*, 7 Dec. 1927.

³ *South Wales Journal of Commerce*, 2 Dec. 1927.

⁴ No decisive action was taken at this meeting.

⁵ 30 Dec. 1927.

welcome one, and I hope it will be taken up and lead to the unification of all the coalfields of Great Britain."¹

It is not surprising, then, that the *Colliery Guardian*² put out a danger signal :

A probability must be faced that in the end these schemes may produce something very like the German syndicate system and that an element of compulsion may also increase the resemblance.... What we have to strive against is the acceptance of the whole of the German system, where all the decisions of a number of separate syndicates are capable of being overridden by a national coal council.... The coal owners cannot be blamed if their knowledge of human nature and of the abiding characteristics of the British people forbids them to cherish any illusion that the new-found popular fervor for the trust and the cartel has a really substantial foundation.

The *Manchester Guardian Commercial* notes regretfully that while " hitherto the coal owners have been among the most uncompromising Free-traders ", they are now deserting their *laissez-faire* traditions for such " pestilent heresy " as the three-counties " gigantic policy of dumping at the expense of the British market " and the " cooperative price-rigging schemes " of South Wales.³

From the foregoing summary of the earnest discussion now going on all over the United Kingdom, it will be rightly inferred that while certain political principles may combine with certain economic habits to oppose the renovation of the mining industry, yet the mass of opinion is now for the first time in favour of thorough-going reform.

In another publication⁴, in 1926, the present writer alluded to " one ineluctable aspect of the coal question which is both national and international, and that is the hard and unpleasant truth that, especially in the United Kingdom, there are too many mines and too many miners. Any programme of reform which Britain may eventually adopt, must include the closing, sooner or later, of uneconomic pits and the transfer of mine workers to other employment somehow, somewhere. " Upon this point all reformers now seem agreed. On 16 December, Mr. Neville Chamberlain confessed⁵ that the coal industry was not likely to employ in the future anything like as many men as were employed before the war ; probably 200,000 had permanently lost their place in the mines ; the Govern-

¹ *Daily News*, 4 Nov. 1927.

² 9 Dec. 1927.

³ 8 Dec. 1927.

⁴ *Unity*, Sept. 1926.

⁵ *The Times*, 17 dec. 1927.

ment was going to appoint an Industrial Transference Board whose business would be to transfer the unemployed from the old places to the new so as to give them a fresh start in life. A week later the King's Speech to the Commons contained this sentence :

To facilitate the transfer of labour from industries with restricted opportunities for employment, and in particular the coal-mining industry, a Board is to be appointed. . . . My Ministers look with confidence for co-operation from all who can assist in this work, both at home and overseas.

At the close of 1927 the drift in Britain was towards the abandonment of "unintelligent" pits; toward the reduction of the number of miners by pensioning off the old, or refusing entrance to the very young, and by transferring the remaining surplus no one knew where; toward more intensive and wholesale research into oil extraction, pulverisation, gasification, low-temperature carbonisation, and general scientific utilisation of coal and its by-products, with the help of privately endowed or Government-aided institutes, committees, or bureaux; toward greater control of prices or of output or of exports; toward further mechanisation, standardisation, and modernisation; toward some measure of unification or centralisation, whether national or regional; in short, toward that general "rationalisation" which Germany had already realised, and which each coal-producing nation must realise according to its own particular genius, needs, and circumstances.

Not until then will the possibility and desirability of international agreements as to hours, prices, markets, output, or exports enter the realm of practical politics.