

Britain Rescues Coal Royalties

Great Britain is nationalizing coal royalties. But in the move there is no attempt to deal with the problem of adjusting the extra-legal institution of absolute private ownership of natural resources along the lines proposed by Henry George to the demands of modern social conditions. The step is clearly one to "socialize" the actual and potential losses of the recipients of the unearned income from ownership of coal deposits by confiscating the earned income that is the property of the taxpayer.

Far from applying the principle of the socialization of rent, the Tory "socialists" propose to buy out the 4,300 holders of hereditary rights to coal royalties. The £66,450,000 purchase price will be raised by issuing government bonds to that amount in addition to the £400,000,000 rearmament loan already authorized. On the issue, interest will accrue which must be paid by the general taxpayers of Great Britain under a tax system fully as regressive as our own.

The purchase price was set by the arbitration board after that agency had determined that the annual value of the royalties was £4,430,000. Thus the valuation is equivalent to between 15 and 18½ years anticipation of future income. Because of the depressed state of the industry, the actual or potential competition of other fuels, and the present level of the prevailing rate of return on capital claims, this may well be the period

of capitalization as far as coal royalties are concerned.

Thus, to the royalty owners, it makes comparatively little difference whether they sell out their royalties in the investment market to new private owners or whether they sell out to the government; they are getting practically the market price.

Under nationalization, they have the advantages of selling in a sellers' market and of shifting their holdings out of an industry which is being progressively strangled by the royalty system.

But the producing groups in the industry, the coal miners, operators and investors, must continue to pay, first to the private owners and later to the Coal Commission to amortize the bond issue, the same present rents in addition to the general tax burden for nothing more than permission to produce from the resource fuel needed by shipping, iron and steel producers and other consumers.

Even if the industry can be aided to become more efficient, and, in decades to come, the more exorbitant of the rates can be reduced, it can only look to a slight expansion of the market from the nationalization scheme. Meanwhile the Church

of England and certain members of the aristocracy, the royalty owners, will be assured a continuing unearned income from a much safer medium of investment.

—Lancaster M. Greene.

See: "Protection of Free Trade," pp. 178—179.
 "Progress and Poverty," pp. 359—361.
 "Teachers Manual," (P. & P.) L VII, Q 18.

