

## EMPIRE RESOURCES AND WAR DEBT

### Scheme to Relieve the Burden of Taxation—Full Use of Unutilized Resources

A paper was read on "Payment of War Debt by Development of Empire Resources," by Mr. H. Wilson Fox, M.P., at a meeting of the Royal Colonial Institute, London, England, last month.

"It cannot be properly or reasonably assumed," said the lecturer, "that the intervention or participation of the state in a limited number of branches of industry would sound the death-knell of individual enterprise in this country. On the contrary, it would almost certainly have the effect of providing an immense number of new openings for capitalists and workers. Take, for example, the electrical industry. Can it be doubted that if by state action practically unlimited supplies of cheap power were made available throughout the length and breadth of the land an almost indefinite expansion of the industry would take place? Moreover, so far as the comparatively few industries in this country in which the state might elect to participate are concerned, the empire resources development committee contemplates that any action taken would be on co-operative lines, so that a place might be found in a reorganized industry for the capital, brains and energy of those who are already engaged in it, while the state would assist with improved facilities, assistance and additional capital. The aim in each case would be to make a larger profit in the common interest by making full use of resources or opportunities which at present are either unutilized, only partly utilized or wasted.

#### Some Concrete Proposals.

"The first proposal is concerned with the fish supply of the United Kingdom. The committee—mainly on the initiative of Lord Dunraven, Mr. Moreton Frewen and Mr. Alfred Bigland, M.P.—have investigated the conditions affecting the supply and distribution of fresh fish in these isles, and has ascertained the following remarkable facts. The first is that the consumption of fresh fish (exclusive of shell fish) in the United Kingdom under pre-war conditions was less than 1½ oz. per head of population per day, out of about, say, 40 ozs. of food consumed on the average per head per day. The total weight of fish thus consumed was about 600,000 tons per annum. The second is that the amount received by the fishermen for these 600,000 tons of, as it is termed in the trade, "wet fish" was about £14,000,000, while the total retail price paid for them by the consumers was certainly not less than £25,000,000. The third is that practically unlimited supplies of the best food fishes could be obtained from the fishing grounds of Canada and Newfoundland and sold here at a considerable profit at prices far lower than those ruling before the war.

"The committee does not for a moment suggest that the whole of the difference between the £14,000,000 and the £25,000,000 which I have mentioned went into the pockets of the middlemen, though undoubtedly it is a very profitable trade. What it does say is that there is great waste and inefficiency in the process of supply and distribution; that if the means of transportation both at sea and on land were improved, and better facilities for cold storage were provided in every town and hamlet, the business of fish supply could be organized on an entirely new and vastly extended basis; that the trade could be carried on under conditions which would, in the majority of cases, not only improve the position of the fishermen and others now engaged in the industry, but also assure to the public plentiful and constant supplies of the best fish at greatly reduced prices; and that the state might reasonably expect to make a profit of from £25,000,000 to £50,000,000 per annum. It will be admitted that such results would justify considerable effort in order to attain them.

#### Canada's Grain Lands.

"A proposal of a different nature, emanating from Mr. Moreton Frewen, is that the home government, through the agency of an empire resources development board, might co-operate with the Dominion and state governments in Canada in the early development for sale of large tracts of grain lands, by the construction of roads, railways, granaries, elevators, docks and other facilities needed to make these lands readily accessible, and to assure to settlers the opportunity of marketing their crops to advantage. The suggestion made to the committee was that 'if we can negotiate a land grant of 200,000,000 acres from the great provinces of Alberta, Sas-

katchewan and British Columbia, we insure our food supply; we insure the food supply of the United States, and within the next quarter of a century the sale of farms in this improved domain would pay off the last penny of the empire's debt.' In justice to Mr. Frewen, it must, however, be recalled that at the time this suggestion was made it was not anticipated that the war debt would assume the proportions which now seem probable.

#### Power Supply and Coal.

"One proposal is that the state should take in hand the consolidation of the electrical power supply of the United Kingdom upon adequate and comprehensive lines. During the last ten years an investment by the Victoria Falls Power Company of £7,000,000 in establishing a power supply business on the Witwatersrand in South Africa by the use of steam-driven electrical plants of large capacity, has resulted, even in a district where coal is cheap, in a profit to all concerned—producers, consumers and the government—of more than £4,000,000 per annum. Moreover, nothing is being earned by the manufacture of by-products from the coal used.

"In this country the existing demand for power is more than fifty times as large. Coal is relatively expensive. The cost of installation per unit of plant would probably be less, and a substantial portion of the necessary distribution plant is already in existence. On the other hand, the load-factor would probably, at any rate at first, be considerably lower. It can, nevertheless, be argued with considerable force that if the state were to deal with this business on modern lines it might derive a profit of at least £100,000,000 per annum, while furnishing the community with supplies of light and power at far cheaper prices than those at which they are delivered to-day. The opportunity of obtaining practically unlimited supplies of cheap electrical power would certainly give rise to a greatly increased demand and would, in particular, tend to cheapen, improve and extend facilities for transportation. In this domain, similarly, the last word has not yet been said. Here, too, it is extremely probable that the state could co-operate with the proprietors of our railroad system with great material financial advantage and with considerable benefit to the general community. The possibility of effective action of this character largely, in fact primarily, turns upon questions of management.

#### As to the State's Necessities.

"The post-war revenue, which the government will have to raise by one means or another in order to discharge its ever-growing obligations, cannot now be expected to be less than £600,000,000 per annum, and may even exceed £700,000,000 per annum. It is idle to hope for any early and substantial reduction of government demands owing to the application of any method of pruning. Nor am I personally sanguine that the situation can be dealt with satisfactorily by resort exclusively to ordinary methods of taxation. Taxation of imports is not likely to yield any sum which will go far to meet our needs, while the burden of the income tax cannot be increased indefinitely with safety either by the raising of rates or extension of the area of its incidence. Some new method of obtaining money for the state must certainly be found, and for my part I am convinced that that new method must be based, not upon conscription of wealth already in existence, which I believe would be found to be both a dangerous and largely impracticable expedient, but upon the production of new wealth under conditions which will assure to the state itself the direct receipts of a substantial share of the profits earned. This, at any rate, is the belief and gospel of the empire resources development committee.

#### In Regard to Finance.

"With regard to finance, it is proposed that the precedent of the existing development commission of the United Kingdom might be followed. That commission was, in the first instance, financed by means of an annual grant of £500,000 from the consolidated fund for a period of five years, which ended on March 31st, 1915. This fund was placed at the disposal of the treasury, and might be spent by it on the advice of the development commission, but not otherwise. The development commission has no executive authority itself in regard to expenditure, and has pointed out the disadvantages of its position in this respect in a series of convincing reports. It is proposed in the present case that the board for the development of empire resources shall have full executive authority within its own sphere, and that, in the first instance, provision for its operations might be made on the basis of £10,000,000 per annum for a period of ten years."