

to-day £10 a ton; ship plates, £17 15s. a ton before the rise in coal; £19, the probable new price; American price, £14; crown bars, £21 a ton before the rise in coal; £22 10s., probable new price; American price, £11 15s.; pig iron, Cleveland No. 3 foundry, before the rise, £8; after it, £9; and No. 2 Pittsburgh, £6. These figures must make everyone realize how grave was the crisis with which we were faced, because we lived by nothing else than our exports, and our export trade was gravely threatened by this position which has arisen.

The Key Figure.

The White Paper showed some of the figures on which the decision to raise the price of coal was fixed. Obviously the key figure was the output of coal during the coming 12 months. The only way to determine what that figure would be was to base the estimate on experience of actual output, either for 20 weeks of this year (as in the White Paper) or 26 weeks of this year, or a selected recent period. There was a good deal to be said for each of those bases. If factors determining the possible output of coal were all confined to the coal industry, and strictly limited to it, it might be possible to say, "Well, by goodwill, by the same sort of patriotic leadership of the miners which they got from their leaders during the war, they could get the output up at once." No amount of work on the part of the miners could get the output of coal up to the figures we wanted, although they could get it up a long way, until we had got all the other things right. So that we were absolutely bound to look at the factors which surrounded the coal industry in deciding what estimate to take. On the basis of the 20 weeks of the early part of the year, the estimate would be 217 million odd tons; or on the first 26 weeks of the year, 216 million tons; whilst for a selected four weeks, when all these factors were concentrated upon the output of coal, the estimated output was 214 million tons. The estimates involved one factor which had been followed from the Sankey Report, viz., whilst the actual hours were being reduced by 12½ per cent., the reduction of output was only taken as 10 per cent.; but with the factors outside the coal industry operating upon it, he was not sure that that 10 per cent. only might not be rather optimistic. With those estimates they had taken the 217 million tons figure to work on, which showed a deficit of £46,600,000 upon the working for the coming year. Those figures were handed in to the Coal Commission, and had been before the public, for weeks, but there had been no serious criticism of them. That £46,600,000 was 4s. 3d. per ton on all the coal raised, but it was related to a tonnage of 161 millions, which would be affected by the increase because there was the coal used in the collieries—18 million tons—on which it was no use putting 6s. a ton even for book-keeping purposes. There was also the miners' coal, which was part of the miners' wages; and then there was the coal for export and bunkers sold at open market price above the minimum, viz., 32 million tons of coal which were already earning more for us than they would earn if the 6s. were put on.

Cost of Coal Control.

In addition to that there was the cost of the coal control, at present 0.7d. per ton; but in view of all the new circumstances and new difficulties, another 0.3d. per ton must be allowed for coal control, which would make the future cost 1d. per ton, which would make miners, not on any Report, but by working."

5s. 10½d. as the absolute necessary increase to get a balance. To that they had added 1½d. in order to give a slight margin according to that estimate. Another estimate was got at in a different way: worked out from the actual subsidised cost—subsidised by export to obtain from the figures actually in possession of the Coal Control, and which were given to the Sankey Commission. Taking the 216 million tons basis, and export trade—at the pit mouth, a relatively easy thing knocking off the 18 million tons used in the collieries and the six million tons for miners' cottages—from which, by the way, there was derived a revenue of almost exactly £1,200,000—there remained 192 million tons for commercial disposal. The subsidised cost of raising this 192 million tons was £281,250,000. Knocking off the £1,200,000, left £280,000,000. Domestic and industrial use absorbed 157 million tons. The present average pithead price obtained for the coal was 22s. per ton, equal to £172,700,000—leaving a balance of £107,350,000 to be obtained from the sale of coal for export and bunkers. For these purposes and on this basis there would be only 35 million tons available. At present the prices for this export and bunker coals ranged from 15s. per ton for the poorest quality, small broken dross, up to 90s. per ton. Last year's average was 29s., at present the average price was 39s., but unfortunately our diminished exportable quantity was having the effect that the average composition of our export and bunker mass was deteriorating. Trade returns for June 1917 showed that the small coal exported amounted to 535,000 tons, a ratio of roughly 1 to 4. This year we exported 724,000 tons of small, and only 1,500,000 odd tons of large, a ratio of 1 to 2, so that the average price that we were getting for our export coal was falling because the quality of the composition of the mass of the coal was less good than before; and as the amount of coal we had to export declined, the composition got worse. So they were estimating for a price of 35s. for our export on the average, as against 29s. last year, and 39s. at the moment. That meant that we might expect to receive £61,250,000 for our export and bunker coal. When that had been deducted from the £107,000,000 which ought to have been paid for by export, we were left with a deficit of £46,100,000. This deficit, according to this method of calculation, had to be spread over 157 million tons, and it worked out at 5s. 10½d. per ton, which, with 1d. per ton for coal control, gave 5s. 11½d. These two different methods checked each other, and both pointed to the 6s. increase in the price of coal if the country was prepared to go on subsidising its domestic coal out of the profits of its exported coal.

Foreign Competition

It was rather dangerous to imagine that during the coming year we were going to have a great deal of coal to export at a good price, because competition was getting very keen. American coal f.o.b. Atlantic ports was almost exactly 20s. and America was nearer some of the places to which we sent coal than ourselves. Another competitor was oil. On the West Coast of South America the shortage of patent fuel coal had the effect of establishing oil in the market. During the war the American oil companies made contracts for three years with various consumers who used to be patent fuel coal at 10s. per ton delivered, and now the three years' period has terminated the American oil companies had intimated that they were prepared to contract for one year for 70s. per ton of