

PROOF.

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FABIAN TRACT, No.



## London's Water Tribute.

It costs less than £700,000 a year to supply London with water; but London has to pay over £1,700,000 for the water so supplied. The balance pays dividends to shareholders on stock, of which the market value is probably now £33,000,000. But this nominal capital value of thirty-three millions sterling is merely the inflation due to fond anticipation of purchase by the public at an extravagant price. The actual capital expenditure has been only a little over fourteen millions sterling. Twenty years ago the proprietors valued their investment on the Stock Exchange at not more than £140 for each £100 of outlay. In 1883, after the Conservative Government's prodigal offer of 1879-80, it stood at £213, and now it stands on an average at about £227 per £100. But London is not bound by these extravagant estimates; and the London County Council may, if it chooses, give the companies the go-by, and imitate Manchester and Liverpool in seeking for itself an unpolluted supply from afar.

London is at present supplied with water from the works of eight companies of private shareholders, whose expenditure, largely swollen by the former reckless competition between rival companies, by legal and Parliamentary charges, and by the wasteful extravagance engendered by abundant wealth. It is probable that duplicates of the existing works, mains and other plant could be constructed for a much smaller sum—say, ten millions sterling, which could be raised on the credit of the County Council at about 3 per cent.

Even on the inflated outlay, a splendid dividend is paid. The companies make an annual profit of more than a million sterling, equal to over 7½ per cent. on the whole, notwithstanding lavish pay and pension to all the superior employés, and handsome fees to directors. The ordinary shareholders often get as much as 11 per cent., as, for instance, in the case of the New River Company for the last five years.\*

### RATES PER CENT. OF DIVIDENDS.

(Corrected from "Stock Exchange Year Book, 1891.")

\* The shareholders of the New River Company possess, moreover, anomalous electoral privileges. The owner of ever so small a fractional part (provided that it produces £2 a year) of one of the original shares possesses a vote as a freeholder in every county constituency in which the company owns property, or through which its pipes pass. These shares also escape probate duty, and pay only succession in place of legacy duty. One of the original "Adventurer's Shares" was sold by auction in 1883 for £122,800. The original capital contributed on this share was probably about £100.

These excellent dividends are earned owing to the extraordinary legal rights possessed by the companies, under their private Acts of Parliament, to levy a water rate in proportion to the rental, without reference to the amount of water supplied. As London Houses increase in number or size (about 2 per cent. per annum) and those already built rise in value (about 1 per cent. per annum), so the water revenue goes up. It rose 58 per cent. (more than half as much again) between 1872 and 1883, though the number of houses only rose 32 per cent., and the quantity of water delivered per house was nearly always less than in 1872. *There is no limit to the possible tribute thus leviable upon London*, in return for a supply of an article of prime necessity to its inhabitants. The actual figures for 1887 to 1889 are given below.

*Number of Houses and Average Daily Amount of Water supplied by the Metropolitan Water Companies in the Years 1887, 1888, and 1889.*

In 1889 the number of houses supplied had grown to 752,788, and the water rentals to so that, whilst the number of houses supplied had in 15 years risen 46 per cent., the rental received had risen 71 per cent. The average payment per house rose from £1 18s. 0d. to £2 4s. 5d., whilst the quantity of water supplied to each house, has, on the whole, positively decreased.

The result is shown in the growing profits of the companies.

*Net Water Rental of the Metropolitan Water Companies for the Six Years 1884 to 1889.*

(Continued from "Six Years' Water Supply, 1881.")

London - Water-supply.

The shareholders of the New River Company received a dividend of 10 per cent. on the 1st of January 1889. The amount of the dividend was £1,000,000. The company has a capital of £10,000,000. The dividend is paid in cash. The company has a profit of £1,000,000. The dividend is paid to the shareholders of the New River Company. The company has a capital of £10,000,000. The dividend is paid in cash. The company has a profit of £1,000,000. The dividend is paid to the shareholders of the New River Company.

The water supplied is, moreover, often of doubtful quality. Five companies derive it wholly or partially from the River Thames; the two largest mainly from the River Lea; and only one (Kent) from deep wells. As the population in these river valleys increases, and as the extensive use of manures on the land becomes more general, the sources of supply become steadily more polluted. London must, ere long, imitate Glasgow, Liverpool, and Manchester in seeking a supply of water from some lonely lake. We want an aqueduct from the Welsh hills, to lay on a constant supply of pure, soft water. But the existing "water lords" will not willingly see their polluted supply made obsolete.\*

The necessity for their suppression by a public authority is admitted; and as long ago as 1879 the Conservative Government decided upon this course. The price proposed to be paid (£33,118,000) was, however, so outrageous that the Government was obliged, by the public outcry, to abandon the scheme. After 13 more years' extortion, the companies would now, no doubt, demand even heavier terms than in 1879.

The water companies possess, however, no legal monopoly. In the past, indeed, active rivalry, frequently existed between them; and even now two companies, in several instances, supply the same area. It is quite open to the County Council to obtain Parliamentary powers to construct a competing supply; and the defunct Metropolitan Board of Works had fully decided to take this step. The London County Council should promptly seek power to construct a new supply, and, at the same time, to arrange to take over the existing service at a fair price. There being no legal monopoly, the shareholders can have no "vested interest" in the present excessive dividends. It is accordingly quite unnecessary to offer them anything more than the actual value of their mains and other street plant. Even if they were reimbursed their whole extravagant outlay (£14,140,434), the interest payable by the County Council on a loan of this amount would not exceed £425,000, or £650,000 less than is now paid to the share and bondholders, irrespective of the saving likely to accrue from unification of management. This amount is equal to 6d. in the pound of London's rates, and would amply suffice to provide any improved service required, as well as afford a useful surplus towards the cost of London government. The metropolis should no longer lag behind nearly every important provincial town, in permitting its water supply to remain in private hands.

With a municipal water supply, the present survivals of the evil cistern arrangement must disappear, and a "constant supply" be made universal. The present statistics on this point are as follows:—

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\* "Farnham, Guildford, and Woking still deliver untreated sewage into feeders of the River Thames. Staines continues to pollute the main stream. . . . Instances of the pollution of the River Lea are not wanting." (P. 137, Local Government Report, 1887-8, C-5,526).

*Statistics of the Number of Houses Supplied, and Proportion of them with a  
"Constant Supply" of Water, and the Average Daily Supply.*

The existing "water-rate" (4 per cent. on the rateable value, and upwards) might continue to be levied as part of the County Council rate; but there is no reason why any special charge should be made for water, any more than for roads, drainage, police, or other services of public utility. We can, at least, afford "Communism in water."

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