



Fabian Tract, No. 32.

The Fabian Municipal Program, No. 3,

THE MUNICIPALISATION OF THE GAS SUPPLY.

(SECOND EDITION. REVISED DEC. 1893.)

LIGHTING by gas has become a necessity of the life of a great city. Nevertheless some persons who advocate the public supply of water hesitate to apply the principle of municipalisation to their local gas-works. Few of such persons, however, can be aware of the rapidity with which the public supply of gas is increasing. Already one-half of the gas consumers in the kingdom burn gas which they themselves as citizens have made through their local governing bodies; excluding London and its neighborhood, the proportion is, indeed, over two-thirds. The number of local authorities undertaking the gas supply has grown from 148 to 182 in nine years. No public authority in the United Kingdom having once municipalised its gas-works has ever retraced its steps or reversed its action.

But London, along with Liverpool and Dublin, Sheffield and Bristol, and a few other large towns, still leaves this essentially public service in the hands of private capitalists.

These speculators have succeeded in arming themselves with large and far-reaching statutory powers, to the arbitrary and oppressive exercise of which the consumer is constantly liable. Against a powerful company the individual has practically no defence. No private corporation ought to be entrusted with such authority. It can only be safely vested in a representative public body, directly responsible to, and therefore capable of being effectively controlled by, public opinion.

London's gas supply has now fallen, by successive amalgamations, into the hands of three colossal companies (in 1855 there were 20), whose capital outlay, including past competitive waste and lawyers' bills, exceeds £15,000,000. On this amount they manage to obtain a handsome profit, the annual surplus being, on an average, over

A MILLION STERLING,

or more than seven per cent. In London our gas proprietors are limited by Act of Parliament as to their dividends, according to a sliding scale, and any excess is now partially devoted to a reduction in the price of gas. Nevertheless the largest company regularly pays its shareholders 12 per cent.

Particulars for the years ended 31st December, 1890, 1891 and 1892.
(See the Annual Returns to the House of Commons, Price 3d.)

			Receipts.	Expenditure.	Surplus.
			£	£	£
1890.					
Gas Light and Coke Co.	...	...	3,429,625	2,727,880	702,245
South Metropolitan Co.	...	...	1,000,662	842,883	157,779
Commercial Co.	...	...	341,892	258,577	83,315
Total	...	...	4,772,179	3,828,840	943,339
1891.					
Gas Light and Coke Co.	...	...	3,673,112	2,899,084	774,028
South Metropolitan Co.	...	...	1,075,400	860,885	214,515
Commercial Co.	...	...	351,498	295,913	55,585
Total	...	...	5,100,010	4,055,882	1,044,128
1892.					
Gas Light and Coke Co.	...	...	3,711,095	2,674,033	1,037,062
South Metropolitan Co.	...	...	1,135,001	821,376	313,625
Commercial Co.	...	...	347,429	280,701	66,728
Total	...	...	5,193,525	3,776,110	1,417,415

Notwithstanding a net profit of nearly three-quarters of a million sterling, the Gas Light and Coke Company raised its price in 1890 by 10 per cent., and in December, 1891, by a further 12 per cent. (from 2/6 to 3/1 per 1,000 feet), in order to pay a 12 per cent. dividend to its ordinary shareholders. This involved an additional charge upon two-thirds of London amounting to over half a million a year.

But the gas companies have no legal monopoly; and the local authority (in London the County Council) can obtain Parliamentary powers to construct a competing supply, unless the companies consent to transfer their works on equitable terms. The London works could undoubtedly now be constructed for much less than the total capital outlay of £15,178,365; but, assuming the whole of this amount to be reimbursed to the shareholders, the interest payable by the Council would only be some £456,000 a year, as compared with three times that amount now paid annually to the share and bondholders. The average profit for the three years, 1890-2, was £1,134,960, and the difference between this and the interest which would have been payable in interest had the London County Council owned the works amounts to £678,000. This sum would cover nearly one-half of the net expenditure of the London School Board. Even if the shareholders were given £25,000,000, which is about the present market value of their shares, the County Council could probably effect a saving of half a million sterling.

In Manchester, where the City owns the gasworks, the Corporation, besides clearing off the capital cost by a sinking fund, has applied about a million of money, the profit of its gas undertaking, in aid of the permanent improvement of the town. In 1891-2, a net

profit of £74,278 was made on gas supplied at 2/6 per one thousand feet. Birmingham, with gas at 2/3 per 1,000 feet, made £22,144 profit in the same way after paying interest on gas loans. Why should not London do the same, and ensure, at the same time, the fair treatment of London's ten thousand gas stokers?

Here is the experience of Bradford. "The Gasworks of this Borough," wrote the town clerk in 1890, "belong to the Corporation, and the profits last year amounted to £18,000, equal to about 4d. in the £ on the rateable value of Bradford, the price of the gas being 2s. 3d. per thousand feet, with discounts varying from 2½ to 12½ per cent.; in addition to which the public lamps are lighted free of charge." The cost of street lighting in London, which is paid for by the ratepayers, is equal to a rate of twopence in the £; so that, in Bradford, municipal gas saves the pockets of the ratepayers the equivalent of a sixpenny rate.

The pecuniary profit to be made by completing the municipalisation of the gas supply is, however, of less importance than obtaining complete control over this essentially public service. The thousands of gas-workers ought to be secured fair wages, proper hours of work, and adequate protection against accidents. At present but little is done to bring the comforts of gas, either for lighting or cooking, within the reach of the poor, and even in London only every other house has gas laid on. Little attention will be paid to lighting the poorer streets, the public stairways, or the slums and alleys of our great cities, so long as every cubic foot of gas is jealously charged for by a capitalist company. Our gas, moreover, is practically our winter sun, and no private considerations ought to be allowed to stand between us and our main source of artificial light. Whatever progress may be made with electric lighting, the use of gas for heating and cooking purposes will remain, and, indeed, experts tell us the consumption of gas must inevitably increase. We need not fear that our municipal gasworks will become obsolete for many generations to come.

Hence INSIST ON THE MUNICIPALISATION OF THE
GAS SUPPLY.

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