



## Fabian Tract, No. 32.

*The Fabian Municipal Program, No. 3,*

# THE MUNICIPALISATION OF THE GAS SUPPLY.

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 gasworks. 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 173 in seven years. No public authority in the United Kingdom having once municipalised its gasworks 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 £14,000,000. On this amount they manage to obtain a handsome profit, the annual surplus being nearly

A MILLION STERLING,

or over seven per cent. So abundant, indeed, is the profit that huge salaries and pensions are paid, and unnecessary renewals executed, merely to avoid returning a larger surplus. For, unlike the water companies, 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. The largest company paid 12 per cent. for 1891.

*Particulars for the years ended 31st December, 1889 and 1890.*

*(Return No. 182 to the House of Commons. Price 3d.)*

	Receipts.	Expenditure.	Surplus.
1889.	£	£	£
Gas Light and Coke Co. ... ..	3,170,549	2,199,426	971,123
South Metropolitan Co. ... ..	911,172	707,217	203,955
Commercial Co. ... ..	321,478	223,137	98,341
Total ... ..	4,403,199	3,129,780	1,273,419
1890.			
Gas Light and Coke Co. ... ..	3,429,625	2,727,380	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

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 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 £14,270,000; but, assuming the whole of this amount to be reimbursed to the shareholders, the interest payable by the Council would only be £428,000 a year, as compared with £1,273,419 paid to the share and bond holders for 1889, and as much as £1,529,026 paid them for the year 1888. The average profit for the three years, 1888-1890, was £1,248,595, and the difference between this and the interest which would be payable by the London County Council amounts to £820,595. 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, the present market value of their shares, the County Council could effect a saving of half a million sterling.

In Manchester, besides clearing off the capital cost by a sinking fund, the Corporation has applied about a million of money, the profit of its gas works, in aid of the permanent improvement of the

town. In 1889-90, a net profit of £21,994 was made on gas supplied at 2/6 per one thousand feet.

Birmingham, with gas at 2/3 per 1,000 feet, made £70,337 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 gas remains the same in Bradford in the present year (1892), while that in London north of the Thames has been raised to 3s. 1d.

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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