

CAN WALES
AFFORD
SELF-GOVERNMENT?

By
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TWO SHILLINGS

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Foreword to Revised Edition

"Can Wales Afford Self-Government?" has now been out of print for some years, and we have been repeatedly asked to publish a revised edition. Had we had time to collate and analyse in detail the more recent facts and figures relating to the subject, we should have preferred to publish a completely rewritten "Can Wales Afford Self-Government?"—*not* because the events of the past seven years have in any way weakened the force of the arguments set out in the first edition and the statistics on which they were based, but rather because these seven years have brought forth such a wealth of material to reinforce those arguments, and even to show that in some cases they were understated.

Time has been lacking, however; and some of the relevant statistics required for bringing the subject completely up-to-date are not yet available to the public, and will not be until, e.g., the figures of the next Census and the Final Report of the Welsh Advisory Council are published. In preparing this revised edition, therefore, we have merely brought the phrasing up-to-date, omitted a few passages, and made some minor additions which should help to indicate the way in which more recent developments have strikingly confirmed the thesis originally set forth by us in 1939—that Wales cannot afford to be much longer *without* self-government.

For the sake of convenience, the use of the term "Eire" is throughout restricted to the self-governing Twenty-six Counties, though, strictly speaking, it should apply to the whole of Ireland.

"W.M." in the footnotes = "Western Mail," and "D.O.T." = "Department of Overseas Trade."

June, 1947.

CHAPTER I

THE RESOURCES OF WALES

“Wales could never afford self-government; she has not the resources”—how often one hears that argument! And yet, in 99 cases out of 100, the people who make such statements cannot give a single valid reason for them. They are just “talking in the air,” without ever having studied the facts; and a question of practical economics like this can never be settled without a careful study of the facts involved. Let us examine the facts about Wales, then, honestly and fairly, and see to what conclusion they will lead us.

* * * *

An ex-Editor of the “Manchester Guardian Commercial” has expressed the view that “Wales has more resources in herself, *more of the raw materials of subsistence for the population she possesses*, than England has in relation to her population”; and the “Times Trade Supplement” has stated that very few countries of the same size possess such a rich variety of natural resources as the Principality of Wales. Let us see if the facts bear out these statements.

What are the resources of Wales?

First of all, **her territory**. Her thirteen counties cover an area of about 8,000 square miles, or about 1/11 of the area of Great Britain. Not very large as countries go, though many times larger than the area of small self-governing States like Luxemburg that manage very well—and, indeed, from the point of view of efficient national administration the possession of a reasonably small and compact territory is actually an advantage.

A comparison may help us to see the matter in perspective. Wales, with her population of approximately 2½ millions, has a territory only a little less than that of Holland (12,582 square miles) or Belgium (11,752 square miles), each of which, under self-government, has been able to support a prosperous population of over 8 millions—more than 3 times as many as Wales supports at present. Wales has only a little over 300 persons per square mile, while England and Belgium have had to crowd more than twice as many into each square mile;¹ thus our country has plenty of living space for her people, and scope to expand her population when economic circumstances are more favourable.

But even if this land of Wales is not too small, is it perhaps too poor in quality to support a normal population? Is it like Finland, where less than 7% of the land is cultivated, and waste land, lakes and forests cover most of the remainder? Or Sweden, where over a third of the country is composed of useless wastes of rock and bog?² Is much of the soil of Wales a mere infertile sandbank like that of Denmark, or is her agriculture handicapped by climatic extremes and severe snowbound winters, like that of all the Scandinavian and Baltic countries?

In comparison with these countries, Wales has been generously endowed even from the point of view of agriculture (to say nothing of her mineral wealth as yet). Though over a quarter of her land area is more than 1,000 feet above sea-level, cultivation can in many cases be carried considerably higher, and her rough mountain grazings are noted as a breeding ground for sheep. Her equable climate and high rainfall make her land admirably adapted for pastoral farming, while there are areas of rich soil in such districts as the Vale of Glamorgan, the Towy Valley, and Anglesey, which was once reputed to be able to supply all Wales with wheat. In 1937 Wales had 566,000 acres out of her total land surface of 5,099,000 acres under arable cultivation, while another 2,143,000 acres were under permanent pasture, and 1,749,000 under rough grazings.³

1. New Encyclopaedia, p. 1584 & 1051; Daily Mail Year Book, 1937, p. 196—7.
2. Statesman's Year Book, 1938, p. 887; M. Cole & Others: Democratic Sweden, p. 145-6.
3. J. P. Maxton (Editor): British Agriculture, p. 227 ff.; Statesman's Year Book, p. 50.

In a comparison of the uses to which England and Wales put their land surface in 1933, it was computed that England had 5.1% of her surface under woods and plantations, 11.3% under rough grazings, 42.8% under permanent pasture, 26.5% arable, and 14.3% other land, while the corresponding figures for Wales were 5.0%, 33.8%, 41.8%, 11.9% and 7.5%.⁴ It is true that Welsh agriculture has for generations suffered badly from neglect and that, as we shall see later, much of the land is not being put to the best uses of which it is capable (e.g., large areas of rough grazings could be converted into good pastures, while others might more profitably be afforested). Experience during the recent war, however, shows how greatly the productivity of Welsh agriculture can be increased, and that within the space of a few years.

In 1937 Welsh arable crops were comparatively unimportant, and were mainly used for livestock feeding and home consumption; probably the net sales of crops did not exceed "5% of the total farm sales." In that year the livestock on Welsh farms comprised 120,605 horses; 844,068 cattle; 4,463,347 sheep; and 239,690 pigs; and in relation to her population Wales had proportionately more horses, cattle, sheep and pigs than England, also more poultry (4,109,389 fowls, 238,886 ducks, 140,903 geese, and 101,933 turkeys).⁵ By 1939 her tillage acreage had fallen to 292,399 acres; but under the stimulus of war-time conditions it rose to 884,983 acres in 1943. At the same time her cattle population actually increased from the 1939 figure of 858,597 to 905,455 in 1943 (including an increase of over 18% in the dairy herd), though there was a fall of 15% in the sheep population, and also a decrease in the number of pigs.⁶ It is true that these war-time increases in agricultural productivity were achieved by a policy which was in no way designed to suit Welsh farming conditions, and which in fact did not suit them and often achieved its results at the cost of impoverishing the land; but the fact that such results were achieved even under such a policy is an indication of the far better and more enduring and well-balanced increases of output which could be achieved under a system

4. L. D. Stamp & S. H. Beaver: The British Isles, p. 109.
5. Maxton: British Agriculture, p. 230; Ministry of Agriculture: Agricultural Statistics, Vol. LXXII, Part I, p. 15, 28, 31 and 37.
6. W.M., 17/4/44 & 18/10/44.

of scientific and intensive farming deliberately planned to meet the special needs and conditions of Welsh agriculture.

The proportion of Welsh territory under **woods and plantations**, as we have already seen, is practically the same as that in England, but in both cases it is absurdly low, and "the position is little short of a scandal when one has a country which is essentially one which could be forest-covered and which has incredibly large tracts of moorland and heathland which might well be productive of good timber."⁷

But it is when we come to consider, not the surface wealth of Wales, but the wealth that lies below the surface, that we begin to realise how exceptionally rich our country is in natural resources. The quality of Welsh coal is already world-famous, but perhaps the extent of Welsh coal reserves is not so widely known. In 1905, a Royal Commission on Coal Supplies published a Report containing expert estimates of the total available reserves in the proved coalfields of each unit of the then United Kingdom, at a depth not exceeding 4,000 feet. According to this Report, the total *net* available reserves in the proved coalfields of Wales amounted to 28,207,464,408 tons (the total coal remaining unworked in these coalfields was estimated at 33,443,000,339 tons for South Wales, and 2,513,026,200 tons for North Wales, but deductions were made from these figures to allow for losses due to faults and coal not capable of being worked). For England the *net* figure was 56,851,289,403 tons, for Ireland 174,458,000 tons, and for Scotland 15,681,456,356 tons.⁸

In addition, it was estimated that at a depth greater than 4,000 feet in proved coalfields the net available reserves of coal were 5,239,433,980 tons for the whole of the United Kingdom, of which 1,864,791,571 tons (or about a third) were in South Wales. Sufficient data were not available for an estimate of the further coal reserves existing at a depth of less than 4,000 feet in concealed or unproved coalfields in Wales; but the Commission referred in this connection to the great available resources of anthracite under St. Bride's Bay and Carmarthen Bay, estimated by Sir W. T. Lewis to amount to 383,024,000 tons.⁹

7. Stamp & Beaver: *The British Isles*, p. 109.

8. Royal Commission on Coal Supplies: *Final Report, Part I.*, p. 25.

9. *Ibid.*, p. 26.

Let us turn back for a moment to those figures of net available coal reserves in proved coalfields, and examine their significance. They show that Wales has almost twice as much coal as Scotland, a country nearly four times her size, and half as much as England, a country more than six times her size.¹⁰ Or, to put it in another way, for every member of her population Wales has coal reserves amounting to approximately 11,300 tons, while England for each member of her population has only about 1,477 tons. In other words, Wales has about eight times as much coal in relation to her population as England. Still more fortunate is her position in contrast to Ireland (excluding the Six Counties), which has only about 36 tons of coal per head of the population, and in contrast to Denmark, which is "practically devoid of natural riches."¹¹ In comparison with these States, her coal resources alone are enough to make Wales fabulously rich. Yet this is the country that is spoken of as being too poor to be able to afford self-government! It is true that the export trade in Welsh coal is never likely to regain in the post-war period the importance which it possessed in the early years of this century; but against this may be set the newly-discovered potentialities of coal as a raw material for, e.g., by-products industries and the plastics industry, and the likelihood of still greater developments along these lines through advances in scientific research.

Moreover, the coal reserves of Wales by no means represent the whole of her mineral wealth. There was even a time when the mining and smelting of iron was of greater importance in her industrial life than coal-mining, though that is more than a century ago. Little iron is mined in Wales to-day, as the big steel and tinsplate industries depend mainly on imported ore, though the haematite iron mine at Llanharry, near Taff's Well, was producing 5,000 tons a week in 1936.¹² In the period from 1859 to 1927 the ore-field around Llanharry yielded about 2 million tons of ore from four mines; and according to a Special Report of the Geological Survey (1927) it "should contain a reserve much greater than that amount," and "in view of the high grade of

10. *New Encyclopaedia*, p. 1370; *Nelson's Encyclopaedia*, IX., p. 335.

11. D.O.T.: *Report on Denmark (1938)*, p. 11.

12. H. Marquand & Others: *Second Industrial Survey of South Wales*, Vol. II, p. 11 ff.

the ore, and the comparatively large tracts of undeveloped ground, the future production of haematite in the Llanharry district is likely to maintain the standard of recent years." The Report estimates the ore reserve of the area east of the Miskin Fault at $4\frac{1}{2}$ million tons, while west of it "the concealed ore-field, which stretches westwards from the Trecastle and Llanharry pits, should contain a large reserve of ore."¹³

Other Special Reports of the Geological Survey deal with the other iron ore reserves of Wales. While the reserves of unbedded iron ores in North Wales are estimated at only a few thousand tons, the reserves of bedded ores (i.e., "beds rich in iron which form members of a stratigraphical sequence") are very great. The reserves of carboniferous bedded ores in North Wales (Flint and Denbigh) are estimated at 20,000,000 tons, and in South Wales at upwards of 5,000,000,000 tons. The Report observes that "under existing circumstances constancy of supply would be contingent upon the possibility of working coal and ironstone in association." In reference to South Wales it points out that "courses of mine-ground are numerous, and associated with the lower coal-seams in all parts of the field, and . . . the amount which has been extracted is trivial in comparison with the amount which may be assumed to exist. It would be possible . . . to arrive at . . . an enormous estimate of reserves," but this "would bear little relation to the amount that could be worked under any circumstances at present conceivable," so it seemed better "to adopt a figure which, though arbitrary, is certainly not an overestimate, than to give one which would be of no account for practical purposes." It is on this conservative basis that the Report gives the figure of upwards of 5,000,000,000 tons for South Wales.¹⁴

It is worth while to compare the estimate of Welsh reserves of carboniferous bedded ores (5,020,000,000 tons) with the figure for England and Wales together—7,229,688,000 tons.¹⁵ Of these iron ores Wales has well over twice as large reserves as England. Or, in other words, of carboniferous bedded ores alone (excluding her large reserves of haematite) Wales has reserves amounting to over 2,000 tons per head of her population, while England has only about 57 tons per head of hers.

13. Geological Survey Special Reports (Iron Ores), Vol. X., p. 69.
14. Ibid., Vol. IX., p. 1; Vol. XIII., p. 1 ff. & 101 ff.
15. Ibid., Vol. XIII., p. 2 f.

In addition to coal and iron, Wales possesses reserves of **lead, zinc, copper, silver and even gold**, though any precise estimate of their extent is hard to come by. In a Memoir on lead and zinc resources of North Cardiganshire and West Montgomeryshire, the Director of the Geological Survey says: "The lead mines described in this Memoir have been extraordinarily productive, and it is by no means certain that large deposits may not yet be discovered in the area." While, "with a few exceptions, there are no considerable reserves of ore" in existing mines in this area, "the future depends upon such success as may be obtained in further prospecting," and the introduction of more modern methods of handling the ore is a factor which should help to make mining ventures profitable.¹⁶

A list of the principal British lead mines, published in 1933, shows that out of the nine principal mines in Great Britain Wales had two—Halkyn in Flint, and Nantymwyn in Carmarthenshire.¹⁷

Another Geological Survey Memoir on lead and zinc ores in the carboniferous rocks of North Wales points out that "a fabulous amount of lead and zinc was formerly got from the mines in the Llanarmon district," and that "the group of mines described in this memoir include some of the largest lead and zinc producers in Britain, such as the celebrated Minera Mine. Some of the veins have yielded over a million pounds worth of ore, and it seems probable that the district is by no means exhausted, but that, if trade conditions permit, mining may be successfully carried on again on a large scale." The Memoir estimates that if the "Llanarmon Mines Drainage Scheme" were undertaken, and deeper drainage done in the Halkyn district, the two districts might yield 32,640 tons of lead-ore annually, together with four or five thousand tons of blende.¹⁸

As regards copper, a Geological Survey Memoir recalls the fact that in the first half of the 19th century the Parys Mountain Mines in Anglesey were "important contributors" to the copper output of Britain (which was then over 50%

16. Geological Survey Memoirs (Lead and Zinc), Vol. XX., p. iii and 184 ff.
17. Imperial Institute: Lead, p. 41.
18. Geological Survey Memoirs (Lead and Zinc), 1921, p. ii, 3 and 16.

of the total *world* output), and "ranked high as copper mines." With some exceptions, reserves in existing mines are now considered to be unimportant, but "the presence of gold in the ore of many of the lodes in North Wales may encourage further exploitation."¹⁹

Another great source of wealth for Wales is to be found in her deposits of **slate and building stone** and other geological deposits of commercial value. "Slates of commercial importance" occur in Caernarvonshire, Montgomery, Merioneth, Denbigh and Pembrokeshire; and in 1927 it was stated that "Wales, with about 60 slate-mines and slate quarries employing more than 8,000 people, produces the best slate in the world and furnishes over 80% of the total slate-output of the British Isles."²⁰ Wales also possesses clays suitable for making bricks, tiles and pottery, and an abundance of Lias limestone, which is used to make cement. Silica (which is in demand for use in the steel industry) has been extensively quarried in South Wales, e.g., at Kidwelly, Glyn Neath and Dowlais; and "over large stretches of intervening moorlands the rocks remain unexploited so that huge reserves must still exist." Dolomitic limestone, which furnishes the raw material for refractory bricks, is another valuable deposit, and "in view of the increasing demand for dolomite a detailed combined chemical and geological examination of the possible field seems to be required in order to determine the best localities." A similar examination, as Prof. Cox suggests, is required in the case of many of the other mineral resources of Wales; the country possesses great reserves of wealth which have not yet been adequately explored, much less developed.²¹

All these great natural resources are not situated in some inaccessible Antarctic Continent or buried in the depths of some tropical forest. On the contrary, they lie in a country most favourably situated at one of the chief junctions of the world's trade routes, bordering upon England with her huge market, and looking west to the Irish Sea and the Atlantic—equipped, moreover, with excellent ports and with facilities for road and rail transport (though

the latter stand in much need of improvement). There is no natural obstacle to hinder their exploitation; and they have already been exploited to some extent, so that Wales to-day has important coal, iron, steel, tinplate and slate industries, as well as minor industries such as cement, artificial silk and woollen textiles (to name only a few). All this means that Wales already possesses a considerable measure of industrial equipment and inherited industrial skill, and is thus in a much more favourable position for building up a balanced national economy than other countries which were almost wholly agricultural when they achieved self-government, and thus had to begin building up their industries from rock-bottom, e.g., Eire, Latvia, Estonia, etc.

Moreover, the accessibility and unrivalled natural scenic beauty of Wales have made her particularly suited for another important industry—the **tourist industry**, which has been expanding of late years. Of the total occupied population in Wales at the 1931 Census 21.09% were engaged in transport and communications, entertainment and sport, and personal service (including hotels), all of which depend largely upon the tourist industry. These occupations employed "more people than agriculture and manufactures combined in the whole of Wales." In North Wales the percentage of the occupied population engaged in them was as high as 25%, while for England and Wales as a whole it was only 20.54%.²²

Another great potential source of wealth for Wales consists in her resources of **water-power**. A Board of Trade Committee's Report in 1921, while not attempting to give an estimate of *total* water-power resources, gave details of schemes installed up to 1918, and calculated that "if all the schemes put before them were developed, 250,000 kw. continuous could be generated." The estimate for Scotland was 195,000 kw., for Wales, 36,000 kw., and for England 20,500 kw.²³, so here again Wales appears in a much more favourable position than England. A more recent estimate (1927) puts the available water-power resources of Great Britain at "850,000 B.H.P., of which 250,000 B.H.P. are

19. *Ibid.*, Vol. XXX., p. iii, 1 and 4.

20. F. J. North: *The Slates of Wales* (1927), p. 2 and ii.

21. H. Marquand and Others: *Op. cit.*, Vol. II., p. 23 ff.

22. Hen Wlad fy Nhadau, March, 1937, p. 23 ff. (Article by J. Morgan Rees).

23. Stamp & Beaver: *The British Isles*, p. 91 ff.

developed."²⁴ No separate figures are given for Wales, but if her share of the *undeveloped* British water-power resources is proportionate to her share of the limited resources mentioned in the Board of Trade Report (and probably this would be an underestimate), it will be seen how great her wealth is in this respect. It has been pointed out by experts that "Wales is an ideal country for impounding schemes because of the high rainfall, the impermeability of the rocks, sparse population, and reasonable distance from large centres of population"; and the gigantic reservoirs which supply water—not to Wales herself, but to the English cities of Birmingham, Liverpool and Birkenhead—have long been a familiar feature of the Welsh landscape. Her rivers and lakes and her proximity to the sea have also given Wales the possibility of building up a valuable **fishing** industry.²⁵

But of all the forms of wealth which a nation possesses the most important is its **people**; for it is they who have to work upon and develop the material resources with which Nature has endowed the land; and it is upon their number, energy, intelligence, thirst for knowledge, perseverance, strength of character and capacity for making the best of their resources that the prosperity of the nation will depend.

How does Wales stand in this respect? In the first place, are the numbers of her population large enough to enable them to form an efficient self-governing unit? Certainly they are, when we compare them with the populations of other small nations in the world to-day. Leaving out of account miniature self-governing States like Luxemburg, we find that Wales (with a population of 2,479,000, according to the Registrar-General's 1937 estimate) before the recent war had actually a larger population than Latvia (1,950,502) or Estonia (1,126,413), or New Zealand (1,559,000), and very little less than Eire (2,944,000) or Norway (2,809,564), while Denmark, Finland and Lithuania, with between 3 and 4 millions apiece, were not very far ahead.²⁶

24. Statesman's Year Book, 1938, p. 57.

25. R. C. S. Walters: The Nation's Water Supply, p. 110; Hen Wlad fy Nhadau, August, 1938 (Article by E. H. Jones).

26. Statistical Review of England and Wales, 1938, Part II., p. 10; Statesman's Year Book, 1938, p. 840 ff.; H. de Chambon: La Republique d'Estonie, p. 109; Ireland: Statistical Abstract, 1938, p. 1; A. MacEwen: The Thistle and the Rose, p. 190.

What of the quality of the people? Wales has produced not only famous poets, musicians and religious leaders, but also leaders in the political and economic spheres—men like Robert Owen, the founder of the modern co-operative movement, and Dr. Richard Price, "one of the pioneers of democracy in these islands," at whose death the National Assembly of France decreed a week of mourning; men like the founder of Lloyds Bank and Sir Hugh Myddleton, the 17th-century goldsmith and Merchant Adventurer, who provided London with its water supply; men who have played a decisive part as individuals in shaping the destinies of the British Empire, from Lord Burleigh in Elizabeth's day to Mr. Lloyd George in our own, and men who were among the signatories of the Constitution of the U.S.A.²⁷ Moreover, the level of culture and general education among the Welsh people of the present day is admittedly high. In this connection it is interesting to learn that in Wales before the war from 17.7% to 55% of the ten-to-eleven-year-olds in elementary schools passed into the Grammar Schools, as against 4.2% to 26.4% in England, and that free places in grant-aided Grammar Schools in 1937 amounted to 66% in Wales, as against only 44% in England.²⁸ Is it conceivable that a nation with this record should be unable to produce men and women capable of administering the affairs of their own small country? Are the Welsh people less fitted by Nature for self-government than those of every other little nation in Europe?

27. Idris Jones: Modern Welsh History, p. 62 and 215.
28. Spens Report, p. 320 and 307.

CHAPTER 2.

THE RUIN OF WALES

Our examination of the available facts concerning Wales has undoubtedly borne out the statements we quoted at the outset: that very few countries of the same size possess such a rich variety of natural resources, and that Wales possesses more resources in relation to her population than England. One would imagine that a country so richly endowed should be one of the most prosperous in the world, with its people growing in number and in quality and enjoying an incomparably high standard of living. Such a suggestion, however, must sound like a cruel mockery to anyone familiar with the life of Wales to-day, with ruin and depression evident on every hand.

What is the present position with regard to those raw materials with which Wales has been so lavishly endowed by Nature? What is the actual condition of the Welsh people at the present day?

Let us begin with **agriculture and the life of the countryside**. According to Prof. Stapledon, an expert whose authority is unchallenged, only 39.8% of the lands of Wales before the recent war were doing their duty, even if we assume for the sake of argument that all the land under crops, together with the greater part of the pasture-land, was "pulling its weight in the cause of food production," and that the bulk of the rough grazings were "doing their duty" in the sense that they were not at present improvable on an economic basis. "On the standard of evaluation adopted, and the most confirmed believer in 'laissez-faire' has no grounds to cavil at our assumptions, 60% of the

lands of Wales are in urgent need of drastic improvement, or of wholesale reclamation."²⁹

Efforts at improvement were indeed being made in the inter-war period, but, in the absence of any vigorous co-ordinating national policy to back them up, they could not stem the drift of Welsh agriculture towards decay. Land continued to go out of cultivation; at least 152,000 acres of Welsh land was bracken-infested before the recent war;³⁰ and much of her choicest agricultural land has been rendered useless by the growth of a worse kind of weed—being seized by the English Government to provide sites for its tank ranges and aerodromes and munition factories, which do irreparable damage to the soil.

The neglect of agriculture under the English regime is illustrated by the fact that the proportion of the occupied population getting their living by agriculture is only about 7% in England and Wales, while in Belgium (a small, highly industrialised and densely populated country) it is over 19%, in Holland 20.6%, and in Denmark 34.8% (pre-war figures).³¹ Its consequence for Wales has been a steady depopulation of the rural districts. During the fifty years from 1871 to 1921 no less than five Welsh rural counties (Cardigan, Merioneth, Montgomery, Pembroke and Radnor) showed decreases of population, while almost all the English counties showed positive increases. Nor does the Welsh agricultural and rural exodus show any sign of abating in more recent years. In the 15 years from 1921 to 1936 the number of farm workers declined by *one-third* (from 68,139 to 47,763), and not one county showed an increase. As a result of this constant drain, the population of Wales is even more ill-balanced as between town and country than that of England. Only about 12.5% of the population of Wales may be described as rural, and 87.5% as urban (and most of these in one county, Glamorgan), while for England and Wales together the proportion is about 20% rural and 80% urban. Moreover, as Mr. J. E. Tomley, President of the National Conference of Friendly Societies, has pointed out, the decrease is mainly due to "the healthy people going away for employment" and "leaves a larger proportion of

29. R. G. Stapledon & Others: *A Survey of the Agricultural and Waste Lands of Wales*, p. 8 f.

30. Stapledon: *The Land, Now and To-morrow*, p. 243.

31. W. M., 18/1/35.

the sickly" in the depopulated areas;³² further, this means a terrible cultural loss to Wales.

Meantime, though Wales is pre-eminently a pastoral country, and "has produced from time immemorial the keenest and cleverest herdsmen in Great Britain, and some of the most skilled dairy farmers,"³³ the people of her urban districts (and to a great extent of her rural districts too) are faced with a deficiency of milk and other livestock products in their diet, this deficiency often falling most heavily of all upon the children. The position with regard to fruit and vegetables is similar. Wales does not produce enough to supply even her own existing home market, reduced as it is by the low purchasing power of most of her population. Thus we have the "extraordinary spectacle" of industrial centres with a large population (e.g., in the Ammanford district) "encircled by small holdings which are contributing in negligible amount to the food supply of the district," while at the same time it was reported in the pre-war period that "the depressed market of South Wales, concentrated in Glamorgan and Monmouthshire, takes over half a million pounds' worth of potatoes from Ireland and the eastern counties of England each year, even now," while even agricultural North Wales "has to draw supplies from Ireland."³⁴

Reference has already been made to the "scandal" of inadequate **afforestation** in Wales. Moreover, out of her 253,461 acres of woodland in 1924, 140,458 acres, or 55.4%, were "degenerated and largely useless woodland." War fellings had "swept away the bulk of the best coniferous timber, the best ash and much good oak" (and still more has been "swept away" since, during the 1939-45 war, at least 20,000 acres of woodland having been devastated in South Wales alone). The value of the total products of the Welsh woodlands (trees felled, charcoal, etc.) in 1923-4 was estimated at only 10% of England's total, though the area of her woodlands was nearly 13% of England's woodland area. Of pitprop material Wales produced only 761,589 cubic feet (value £24,064), though at the same time she

was importing large quantities of pitprops from abroad.³⁵ The handling of the afforestation problem in Wales by the Forestry Commission has been far from satisfactory, and shortly before the war it elicited a protest from the Carmarthenshire Agricultural Committee because the Commission was planting trees on land which would be of much greater value for agricultural purposes. On that occasion Mr. D. O. Davies referred, for instance, to an excellent 500-acre sheep farm at Llansawel which had been taken over for afforestation and lost to agriculture, while, on the other hand, there were extensive tracts in the Amman Valley which were suitable for afforestation and had once grown splendid larch, but were now growing only trash. At Glangwili, again, the Commission had cut oak saplings which in ten years' time would have been of much greater value than the trees they planted, for which they would have to wait thirty years.³⁶

"But," it may be argued, "Wales, like England, is primarily an industrial country. Her agriculture and forestry are only side-lines; it is the prosperity of her industries that is the real test of the prosperity of the country." Very well, then—let us apply this test, and see how Wales is prospering under English rule.

First let us take **coal**, which has for generations been the basic industry in Wales. In 1913 the Welsh coal output was 60,514,774 tons, and the number employed in the industry 249,082. By 1937 the Welsh coal output had fallen by nearly a third, to 40,544,935 tons, and the number employed in the industry had fallen by over 41% to 146,172. The number employed in the industry is now around 116,000 (about 107,500 of them in South Wales), having fallen by one-fifth in less than ten years.³⁷

Moreover, Wales in the inter-war period suffered much more than other British areas from the deterioration in the position of the coal industry. In years of heavy slump South Wales (where the bulk of the Welsh coal industry is concentrated) "has generally been much harder hit than any other large coalfield, and in times of reviving output South Wales has generally lagged behind the recovery of the other

35. Stapledon & Others: *Op. cit.*, p. 38; Forestry Commission Census of Woodland, 1923, p. 6, 14, 17, 33 ff. & 82 ff.; W.M., 1/2/46.

36. W.M., 17/4/39.

37. Reports of H.M. Inspectors of Mines for 1913 and 1937; W.M., 20 and 25/5/46.

32. W.M., 17/2/37 and 28/10/37; Maxton: *British Agriculture*, p. 228 f.

33. *Quarterly Review*, Vol. 251, p. 302.

34. *Welsh Journal of Agriculture*, Vols. XII., p. 69 ff. & XIII., p. 69 ff.; Stapledon: *Op. cit.*, p. 228; W.A.O.S. Report, 1935, p. 10; Maxton: *British Agric.*, p. 231.

areas . . . What this really means is that South Wales has been losing ground fairly steadily right through the post-war years. . . . It has been going back, not only in comparison with relatively prosperous coalfields, such as Yorkshire and Derbyshire, but—what is rather more surprising—it has also lost ground in comparison with depressed areas such as Northumberland and Durham. . . . Compared with 1924 Yorkshire and Derbyshire outputs last year were down by 9%, Durham was down by 14%, whereas South Wales had dropped 30%—easily the worst record of any important coalfield in the country.”³⁸ There was a slight improvement in South Wales coal exports in 1938, but in March, 1939, it was reported that the South Wales coal trade was “still depressed” and the future outlook was “far from encouraging.” The 1939-45 war still further worsened the position, e.g., through the Government policy revealed by the Minister of Mines when he stated in 1941 that owing to lack of transport facilities for South Wales coal “it was necessary to limit the number of men to be employed in South Wales, and in a number of cases suitable men had been transferred to Midland district coal pits.”³⁹

The picture presented by the **other Welsh extractive industries** is not a whit more rosy. The lead and zinc industry is “moribund”; iron-mining is practically confined to Llanharry; the number of insured workers (aged 16 to 64) in the slate-quarrying industry fell from 9,190 in July, 1929, to 8,340 in July, 1938, and, owing to the Government’s war-time policy of closing down Welsh quarries and shifting the workers to England, had fallen still further to about 5,000 in 1944. The possibility of turning to the advantage of the lead-mining industry in West and Mid-Wales “the exceptional facilities which the district affords for developing water-power” has been neglected, and all over Wales the efficient development of industry has been hindered by high electricity costs, in spite of the exceptionally good supply of coal and water available for power production.⁴⁰

What of the other major Welsh industry—or group of associated industries—**iron, steel, and tinsplate**? Here, again, we find that the general situation is very similar to

38. Broadcast by Mr. Stanley Parris, 13/3/39.

39. W.M., 28/3/39, W.M., 22/10/41.

40. Geological Survey Memoirs, Vol. XX., p. 184 ff.; Marquand & Others: Op. cit., Vol. II., p. 50 ff.; Reynolds News, 22/10/44.

that of coal, and that the industry as a whole has been severely depressed in the inter-war period. In the case of pig iron and steel output, it was stated in 1939 that South Wales has “lagged generally behind the other main producing districts”; its share of the total British steel output “has fallen sharply almost without a break since 1924, and last year’s recession fell more heavily on South Wales than on any other large steel producing region.” The number of insured iron and steel workers fell from 35,510 in July, 1929, to 33,780 in July, 1938, while the number of tinsplate workers fell from 28,910 to 25,180. In the middle of 1938, unemployment in the tinsplate industry reached the figure of 53%, and though it afterwards recovered to 35%, there was little sign of any real improvement. While the world export trade in tinsplate remained stable in the ten years from 1924 to 1934, and even increased a little, the share of Wales in this trade fell from 76% to 50%. Incidentally, the tinsplate trade is a most important customer of the South Wales coal, iron and steel industries, which furnish it with raw materials, so any depression in this trade has very widespread reactions. The temporary stimulus given to the steel industry by the war is bound of its very nature to be brief. As for the Welsh tinsplate industry, its whole future has been mortally endangered both by the Government policy of closing down Welsh works and transferring the workers to England, and also by the Lend-Lease agreements with the U.S.A., in accordance with which “America has for some years been supplying all the tinsplate required by Australia, New Zealand, and has supplied the tinsplate hitherto produced in Wales to South America.” At the moment (May, 1946) the world demand for tinsplate exceeds the supply; but labour shortage due to the Government transference policy has incapacitated the Welsh tinsplate industry from meeting this demand, so it is most unlikely that Wales will ever regain these lost markets.⁴¹

The depression in the basic industries is reflected in the appalling figures of Welsh **unemployment**. In 1936, for instance, unemployment in Wales (29.4%) was more than 100% more severe than in Great Britain as a whole (13%). Even during the temporary “boomlet” of 1938, the Welsh

41. Broadcast by Mr. Stanley Parris, 13/3/39; W.M., 28/3/39; Yr Efydydd, Mawrth, 1939, p. 34 ff.; W.M., 3/8/44 and 23/5/46.

unemployment figure of 25% was three times as bad as that for London (8%), and—still more remarkable—much worse than the figures for the other “depressed areas” of N.E. and N.W. England and Scotland (16 to 18%). Every year for the thirteen years prior to 1939, without a single exception, South Wales (where the bulk of the Welsh industrial population is concentrated) had “the worst unemployment rate of any Region” in Great Britain. Even to-day, a year after the end of the war in Europe, the Welsh unemployment figure (around 70,000) is already about half what it was during the great depression after the 1914-18 war, and six times as bad as in England in relation to total population.⁴²

If unemployment in the heavy industries were being compensated for by the development of **new industries**, the position would not be so serious, but here again the plight of Wales is desperate. According to a Survey issued by the Board of Trade shortly before the war, 541 new factories (giving employment to 46,700) were opened, 237 extended, and 361 closed in Great Britain in 1937; in Wales only 13 new factories (employing 1,050) were opened, three were extended and 2 closed. New Scottish factories employed only 1,150; so this was the position—for every 45 persons who found employment in new factories in England, only one found such employment in Wales in 1937; “and developments in previous years were on an even smaller scale. . . . It looks as if (taking relative populations into account) Wales was getting new factories at less than half the rate of development in England—and the disparity would, of course, be very much greater if we took relative needs for new employment into account.” On the same basis, Wales “had the unfortunate distinction of being almost every year well below every other Region . . . in the value of factory plans passed” up to the end of 1937, though there was some small improvement in 1938. Since the war ended we have been hearing daily of the ambitious plans for new factories in Wales, but as yet their actual contribution towards solving the problem of post-war employment has been small.⁴³

Non-factory industries have done little or nothing to

42 Ministry of Labour Report for 1936, p. 5 and 99; Broadcast by Mr. S. Parris, 13/3/39; Y Ddraig Goch, Mai, 1946.
43. Board of Trade: Survey of Industrial Development, 1937, p. 2; Broadcast by Mr. S. Parris, 13/3/39.

redeem the balance. The development of the tourist industry, for instance, is largely held up by inferior roads—a motorist of 30 years' experience declared at a meeting of the North Wales Resorts' Association that he could tell immediately his car crossed from England to Wales by the difference in the roads. Again, it has been urged, for strategic reasons and to compensate for the depression in the major industries, that S. Wales, with its good geographical position and well-equipped ports, should be developed as a great exporting and importing centre for the Midlands. After 1924, however, the South Wales share of British overseas trade (both imports and exports) fell almost without a break, and in 1936 was the lowest on record. Meanwhile, Bristol across the Channel was increasing its share (especially of imports) every year; the Port of London took an enormous and ever-growing share of overseas trade, and even the North-Eastern and Clyde ports, while tending to decline, were maintaining their position better than South Wales. The war brought a temporary diversion of general cargo trade to the comparatively safe South Wales ports; but as soon as this temporary stimulus was removed the decline set in with renewed intensity, and already in the first 9 months of 1945 their total trade (9,446,160 tons) was nearly 2,000,000 tons less than in the corresponding period of 1944, and less than half the corresponding figure for 1938.⁴⁴

Just one more set of figures to illustrate the general position. In the fourteen years prior to 1939 London and the South of England found employment for over 1,500,000 new workers—more than twice the entire industrial population of Wales. In the same period the depressed areas of Scotland and the North of England just about held their own. In Wales, on the other hand, employment fell by over 125,000. Perhaps after all the other figures 125,000 may not sound a very large number, but remember it means a drop of 20%—that is, one out of every five of the industrial population of Wales.⁴⁵

This brings us to the most important asset of all that Wales possesses—her **population**. How is this invaluable asset faring under English rule? We have already seen that

44. Stapledon & Others: Op. cit., p. 50; W.M., 18/4/39; Broadcast by Mr. S. Parris, 13/3/39; W.M., 30/10/45.
45. Broadcast by Mr. S. Parris, 13/3/39.

migration from the rural counties has been a feature of Welsh life for something like a century, but since the 1914-18 war the tide of depopulation has swept over the industrial counties also. In 1931 Wales had over 63,000 fewer people living within her borders than in 1921, the heaviest decrease taking place in the industrial counties of Glamorgan, Monmouth, Brecon and Carmarthen. Again, in the period from 1931 to mid-1937, though Wales had a higher birth-rate than England, and though her excess of births over deaths should have given her a population increase of 1.64%, she actually suffered a population loss of 4.35%—this meant that she had lost practically 6% of her population by migration in six years. Over the same period the population of England increased by over 3%, and about a third of that increase was due to immigration, especially to South-east England.⁴⁶

It may be argued that the present loss of population is only making up for the abnormal increase of population which Wales experienced in the 19th century, but other countries which had similar great increases have not experienced similar losses. E.g., from 1801 to the present day the population of England increased in an even greater ratio than that of Wales; but the population of England is still increasing, while that of Wales is now rapidly decreasing.

If we take the Welsh Counties which include the so-called "Special Areas" (the Government's euphemistic way of saying that the areas are specially depressed), we find that from mid-1931 to mid-1935 the loss by outward migration exceeded the natural increase (excess of births over deaths) by nearly 160% in Glamorgan, over 160% in Monmouth, 400% in Brecknock, and nearly 200% in Pembroke. Over the fourteen years from 1921 to 1935 Glamorgan lost 203,973 by outward migration; Monmouth 88,380; Brecknock 9,666; and Pembroke 11,112. To a great extent this migration movement was intensified by the official Government policy of transference. For instance, in the 8 months from January to August, 1936, under the auspices of the Ministry of Labour or through Special Areas Grants there were transferred from the South Wales Special Areas 4,054 men, 2,270 women, 2,183 boys and 1,346 girls—nearly

10,000 persons in all, not counting 4,578 men who are known to have found work for themselves outside the area during that short period.⁴⁷ With few, if any, exceptions, these transferees were transferred out of their own native country altogether and sent away to England.

A peculiarly revolting feature of these transfers is that while Welsh workers were being driven out of Wales, aliens were being brought in to take the few jobs that remained. Thus, according to the Welsh Board of Health's Report for the year 1933-4, 17,867 holders of National Health Insurance entry cards migrated out of Wales during the year; but at the same time 13,389 migrated into Wales, largely from Durham, Lancashire and Yorkshire.⁴⁸ Probably some of these were Welsh exiles returning home, but it cannot be doubted that many of them were aliens; and since then a high proportion of alien labour was known to be employed in munition works, Trading Estate factories, etc., in South Wales, this tendency having been intensified during the recent war.

Another most dangerous feature of the migration movement is that it is draining away from Wales the young, the healthy, the energetic, the workers on whose brawn and brain her future should depend. E.g., 75% of the migrants from the four Counties of Glamorgan, Monmouth, Carmarthen and Brecon between 1921 and 1931 were between 15 and 45 years of age. As Captain Crawshay has put it, "*the policy of transference is robbing Wales of her most enterprising sons and daughters*;" it is also robbing her of the adults of reproductive ages who should be the parents of the next generation in Wales. Not only so, but those who migrate are often those whose education has cost Wales most expense, and who should have been fitted by it to become leaders in her economic life. In 1936, for instance, 41% of the pupils leaving technical schools in Monmouthshire obtained posts outside the area (which "almost invariably means England"); for Crumlin Technical College the figure was 50%, and also for Cardiff Technical College. In the Rhondda, recent pre-war statistics show that 90% of the handicrafts pupils left the area, as did 65% of the chemical engineering students at Treforest. As for night classes,

47. Third Report of Commissioner for Special Areas, p. 171 and 181.
48. W.M., 9/8/34.

"nine out of every ten pupils gaining the national certificate depart for England." In the five years up to 1936 only 17% of the degree students at Swansea University College found industrial posts locally, and only 10% of those at Cardiff University College. What is true of Scotland is also true of Wales, except that no doubt a far greater proportion of Welsh graduates go to England. Scotland has at least a quarter of her graduates living in England, and people sometimes ask what would happen to them under Home Rule. But what happens to the young Dutchmen and Danes, Swedes and Finns? "They do not starve at home. They do not seek fame and fortune abroad. . . . Their own countries absorb them. . . . In the normal country, the ambitions of youth are satisfied (with the exception of some few abnormally restless individuals) within the national frontiers. Scotland, where those conditions do not exist, is not a normal country. Her export business in the cream of her own youth—which we in our blindness take for granted—is something quite extraordinary," and a grave and irreparable evil.⁴⁹

It is officially stated that in the twelve years from mid-1926 to mid-1938 Wales lost 378,700 of her population by migration—an average of 31,558 a year. For the 15 years prior to 1939 the figure must be at least 400,000—or about one-sixth of our population. Remarking on this, Mr. George Williams, Chairman of the National Industrial Development Council, stated that "at a conservative estimate," this "meant that we had subsidised British industries in the prosperous areas to the extent of £150,000,000." This is indeed a very conservative estimate, since each juvenile worker transferred has cost local rate-payers an average of £54 to educate in his nine elementary school years, and when to this is added the cost of technical or other higher education in many cases, it will be seen that the subsidy from impoverished Wales to prosperous England has reached outrageous dimensions.⁵⁰

Many of these people have gone away without having had the opportunity to do a single day's work for Wales in repayment of what their education and maintenance in youth had cost the nation. Moreover, it is estimated that

49. Welsh Advisory Council Report (1944), p. 126; Liverpool Evening Express, 25/1/38; W.M., 4/4/39; J. Torrence: Scotland's Dilemma, p. 31.

50. W.M., 22/3/39, and 14/12/38; Marquand and Others: Op. cit., Vol. III., p. 204 ff.

from 1921 up to 1939 the total exodus from Wales was not less than 500,000—a fifth of the country's population. This is equivalent to what would happen if 7,700,000 of the best youth of England had been shipped to France—and even then they would be in a better position because, unlike us, they would have a Government of their own at home to make adjustments to enable them to return. We could see that this kind of transference is wrong when Hitler did it to the Czechs; but many Welsh M.P.'s and Civil Servants, who must know these facts, say not a word about it when the victims are their own people, though it is just another Fascist way of murdering a small, defenceless nation without going to war about it. During the war the exodus from Wales continued, as more and more Welsh men and women were taken away from their native land to serve in the English armed forces or to work in munition factories, while English evacuees and "keymen" poured into Wales to take their places. Nor has the end of the war put an end to this disastrous exodus; indeed, it seems likely to be intensified by the new regulation which obliges any person unemployed for six months to take up employment wherever available under penalty of forfeiture of unemployment pay in the event of refusal. The authorities are using this regulation as a means of furthering their established policy of wholesale transference of Welsh workers to England—witness the case recently cited where 200 Rhondda girls were denied unemployment benefit because they refused to take up work in England.*

Is this draining away of the life-blood of the nation a necessary evil? Must we accept the depopulation of Wales as inevitable? To answer these questions, let us look for a moment at the position of some of the other small nations of Europe. The population of Denmark increased by 4.4% between 1930 and 1935, and that of Latvia by 2.7% in same period; the population of Estonia increased by 1.7% between 1922 and 1934, and that of Norway by 6.2% between 1920 and 1930. The population of Finland showed

* (Since this paragraph was written, a Government White Paper has shown that nearly 10,000 men and women were transferred to work outside Wales in the year ending 31/7/46; if we take into account the fact that many of these will have taken their families with them, this would give an annual rate of loss by migration not far short of the average annual figure of 31,558 in the inter-war depression years from 1926 to 1938).

an increase of nearly 15% in the 20 years prior to 1939, and the chief increase was in the people at the "breadwinning ages" (20—60), who rose from 49% to 55% of the population. Finland had only 711 emigrants leaving the country in 1936. In this respect the experience of Estonia is particularly significant. While under Russian rule, Estonia suffered continuous losses by the migration of her population to Russia (estimated at an average of 3,500 a year from 1897 to 1914—and it must be remembered that Estonia's population is less than half that of Wales). The chief reason was the intense desire to get land, which was almost impossible in Estonia under the Russian landlord system. With the achievement of self-government this system was done away with, emigration stopped, and (as noted above) the population increased.⁵¹ Substitute "England" for "Russia"; add "or work" to "get land"; and you have a parable of what is happening in Wales to-day and what might happen in the future if we were free.

Is it not significant, too, that Scotland (under English rule like Wales) suffered a 40,000 net loss of population in 1921-31, and that 63,000 emigrated from Scotland to England during that period, and 330,000 to other quarters (this includes a net loss of 65,913 skilled tradesmen by migration overseas)?⁵²

"But," it may be said, "even if the population of Wales is diminishing in quantity, English rule has brought it great improvements in quality—in the **health and the standard of living** of the people." Let us see how the facts of the ordinary Welshman's life to-day fit in with such a view.

When he came into the world, his mother was 40% more likely to die in giving him birth than the Englishman's mother—the maternal death-rate since 1891 has been about 40% higher than in England. Of the ten worst administrative counties in England and Wales for maternal mortality before the last war eight were Welsh. In 1937 the maternal death-rate, both from puerperal sepsis and

51. W.M., 29/5/46; Statistical Review for 1937, p. 110; Statesman's Year Book, 1938, p. 840 ff.; V. Lindgren, Twenty Years of Economic Reconstruction in Finland, p. 3; H. de Chambon: Op. cit., p. 122 ff.; D.O.T. Report on Denmark (1938), p. 72.

52. G. M. Thomson: Scotland, That Distressed Area, p. 22; A. MacEwen: Op. cit., p. 43 ff.

from other causes, was higher in Wales than in England—in the latter case it was practically 100% higher. Maternal deaths from "other causes" reached the shocking figure of 11.01 per 1,000 births in Cardiganshire—more than five times the average for England and Wales, and every other Welsh county except two was well above the average.⁵³

As an infant, the Welsh child is about 10% more likely to die than the English child—Welsh infant mortality in 1937 was 62.52 per 1,000 live births, as against 57.61 for England and Wales. The odds before the war were one in three that his mother would be emaciated and anaemic, and so unable to bequeath to him a strong constitution. A special report on maternal mortality in Wales showed that 30% of expectant mothers were anaemic and under-nourished. During his childhood he himself will probably be under-nourished, under-sized, and prone to ill-health. (The war-time provision of fruit juice, cod-liver oil, etc., for infants may have brought about some improvement, but this provision is very limited in scope, and its benefits confined to the "under fives"). A survey made some years ago of children aged three to five in Cardiff and the Rhondda showed that 43.2% of the Rhondda children were below normal weight, and 16.8% of the Cardiff children were suffering from *serious* ill-health. As at that time from a quarter to a third of the Welsh working population were unemployed, and the unemployed man's allowance for his children was only 3s. per child, children in such families had to go without the nourishing food for which their parents could not afford to pay. In 486 Cardiff and Rhondda families examined by Dr. Watkins, "the diet of children appeared to consist largely of bread and jam." According to Dr. D. A. Powell, Principal Medical Officer of the Welsh National Memorial Association, "the general standard of food in Wales has gone off considerably" of late years.⁵⁴

When the Welsh child goes to school, the accommodation and equipment of the school are likely to be out-of-date, inadequate, and even "actively injurious to the health of the children." In the matter of school reorganisation "Wales lags behind England," while England herself is far

53. Answers, 22/8/31; W.M., 19/6/37; Statistical Review, 1937, Part I., p. 44 ff.

54. S.R., 1937, Part I., p. 64; W.M., 19/6/37 and 6/12/35 and 19/1/38.

behind a small self-governing country like Sweden—witness the admission of an English writer: "While we are struggling vainly for a limitation of the number in elementary classes to 40, and having to endure a large number of classes containing 45—50 children, it is salutary for us to observe that in Sweden the average, in elementary schools, is a little over 30, and that a class of 40 is regarded as a survival from the Dark Ages."⁵⁵

On leaving school the Welsh boy (and the Welsh girl for that matter) will not have anything like the same widely varied choice of occupations as their English contemporaries. Wales before the war had few industries employing women; only one out of every six women in Wales was in employment in 1931, and one out of every three of these was in domestic service. For the boy in many cases, if he wished to remain in his native land, there was only one choice—"the pit, the mills, or the quarry." In 1929 more than half the insured non-agricultural workers in Wales were "engaged in such laborious occupations as coal-mining, iron and steel smelting, tin-plate manufacture, slate quarrying and mining." Each of these occupations demands a strong constitution to withstand the strain of heavy manual labour; and two of them—coal-mining and slate quarrying—also involve exposure to harmful dust and fumes. Yet, because in most Welsh industrial areas there has been no alternative employment, boys leaving school have been "compelled to enter these industries whether they were physically fitted for them or not. The result was that they broke down under the strain, particularly when their home was impoverished by unemployment, low wages, or bad housing."⁵⁶ It is still too soon to say whether the promised post-war factories (which for the most part are so far only *promised*) will do anything appreciable to improve the situation.

Bad housing conditions are likely to pursue the Welshman *throughout his life*, whether as child or as adult, and their burden is still heavier on the Welsh woman, who spends so great a part of her existence in the home. Before the war, out of the 30 worst counties for *overcrowding* in England and Wales, no less than eleven were in Wales—

55. Cole & Others: *Op. cit.*, p. 304.

56. *W.M.*, 18/10/34 and 1/4/39 (Mr. J. Griffiths, M.P.).

all but two of the thirteen Welsh Counties!—and during the war the Welsh housing problem was gravely accentuated, e.g., by overcrowding due to the English Government's evacuation policy, and by the transference of building workers to England. The Report on Tuberculosis in Wales, issued just before the war, has thrown a lurid light on the backward state of Welsh housing and sanitation, and the details given there are no doubt too fresh in the public memory to need repetition. As an illustration, it will suffice to quote a remark by Mr. Clement Davies: "I have not long returned from a 10,000 mile tour of Africa. I saw the native huts, but I declare that I never once saw cases to compare with some of these that I have seen and heard of in Wales." In addition to bad housing, many districts have to contend with the inconveniences and dangers of an inefficient and perhaps insanitary water supply, only 547 out of the 895 parishes in Wales possessing piped water supplies before the war.⁵⁷

Under these conditions, it is not surprising that the Welshman should be at least 20% more likely to die of tuberculosis than his English contemporary. In 1937 the Welsh T.B. death-rate was 881 per million of the population—27% above the average rate for England and Wales combined; in Merioneth and Caernarvonshire it was as high as 1,314 and 1,304 respectively. In October, 1937, Mr. J. E. Tomley pointed out that, for tuberculosis death-rates, "out of 62 counties of England and Wales the Welsh counties are bunched, seven of them at the top and the whole of us practically in the first twenty." He instanced the fact that in the last seven years about two people had died of T.B. in Caernarvonshire (a rural county with a "festoon of seaside resorts") for every one in the industrial border county of Shropshire. "When you take Gwyrfa, the country all around Snowdon, it is simply sickening. The deaths in that wonderful country—a sort of Garden of Eden really—number seven amongst the whole of the population to every two in Shropshire. This is ghastly. . . . Why should five extra people in every seven die in this Welsh area?" Why, indeed? Well, such an impartial authority as the "British Medical Journal" states that the Tuberculosis Report with

57. *W.M.*, 19/6/37 and 23/3/39.

its "long and minute description of the housing and sanitary delinquencies of local authorities in Wales should not be regarded as an indictment of the people of the Principality, but rather as an indication of the inadequacy of our system of local government to meet present-day needs."⁵⁸ How can Wales ever expect an adequate reform of that system until she is free from the "dead hand" of Whitehall, and able to tackle it for herself?

The years after the outbreak of the war witnessed a rise in the Welsh T.B. death-rate, which remained much higher than the English rate (103 more persons per million dying of T.B. in Wales than in England in 1941, for example). The position was, and still is, gravely aggravated by the deplorable shortage of beds and nursing staff in hospitals and sanatoria; in August, 1944, for instance, it was reported that the waiting list had reached the "grotesque" total of 897, and that patients often had to wait from 4 to 6 months for a bed.

Serious as is the incidence of tuberculosis, there are other diseases that take a higher toll of life in Wales. Heart diseases, for instance, killed four times as many people in Wales as all forms of tuberculosis in 1937, and the death-rate from this cause was considerably above the English rate, while cancer killed nearly twice as many in Wales as T.B. Silicosis, which is 100 times worse in the Welsh anthracite coalfield than in other British coalfields, is another disease which yearly takes toll of the life and health of hundreds of Welsh workers. As regards general death-rates, the lowest county death-rate in Wales in 1937 was in Monmouthshire (12.6 per 1,000 population), while England's lowest was Middlesex (9.8); England's highest was 14.8 in the Isle of Wight, but this figure was exceeded by six Welsh counties, Merioneth being the highest with 16.8 per 1,000. Births exceeded deaths in all but 7 of the 49 English Counties, but only in six of the 13 Welsh counties.⁵⁹ For Wales, with her depleted population, such figures hold little promise for the future.

As we have already seen, the Welsh worker is anything from 100% to 200% more likely to fall a victim to unemploy-

58. Statistical Review, 1937, Part I., p. 44 ff.; W.M., 28/10/37 and 25/3/39.
59. W.M., 25/8/39, 6/2/39 and 11/8/44.

ment than his English counterpart, and is lucky if he is not forced to leave his native land altogether in quest of work. The migration of so many young workers has left Wales with a higher proportion than England of old people whose maintenance burdens the productive capacity of the remaining workers. Wales had 103,262 old-age pensioners over the age of 65 in 1936; many of these were unable to exist on their 10s. a week pension and had to apply for poor relief in order to augment it, thus throwing an extra burden on the rates; the number of such persons was 30,791 in 1937. The total burden of poor relief has been almost twice as heavy in Wales as in England, and has been increasing almost twice as fast. Between 1911 and 1937 the number of recipients of poor relief in Wales increased by 112%, while for England the increase was only 58%. In September, 1938, persons receiving poor relief in Wales numbered 110,285 (102,596 of whom were on domiciliary relief), or 445 per 10,000 of the population; in England they amounted to only 239 per 10,000—so here again Wales was nearly 100% worse off than England. Continuous existence on the low standard allowed by poor relief is bound to take toll of people's health and vitality, so it is not surprising that in 1937 the number of persons under the control of Public Assistance who suffered from sickness, bodily or mental infirmity, was 232 per 10,000 population in Wales, as against 128 for England and Wales, while Domiciliary Medical Relief accounted for 423 persons per 10,000 population in Wales, as against 214 in England and Wales, so in both cases Wales was 100% worse off.⁶⁰

Could there be a more depressing picture of a country poverty-stricken, neglected and decaying? How different from the picture of mediaeval Wales drawn by Giraldus! There is a painful irony in recalling his words to-day: "No one of this nation ever begs, for the houses of all are common to all, and they consider liberality and hospitality amongst the first virtues." Yet this modern poverty is not inevitable, and we are cowards if we allow it to continue. Wales is not poor because she has not enough resources to support her population; we have just seen that

60. Ministry of Health Report, 1937, p. 311; *Ibid.*: Persons in Receipt of Poor Relief, 1938, p. 6 and 11; Welsh Nationalist, March, 1939 (article by W. Samuel).

she is one of the most richly-endowed small countries in the world in that respect (perhaps the richest). Wales is poor because under an alien imperialist Government, seeking alien interests, her resources have been unused, disused and misused; and it is subjection to that Government which has brought her to the verge of ruin.

Giraldus put the whole matter in a nutshell seven-and-a-half centuries ago: "The English love power, the Welsh love liberty." It is the eternal distinction between the imperialists whose whole life comes to depend on dominating others and the nationalists who ask for nothing but liberty to "cultivate their own garden" without interfering with anybody else's. England has chosen the imperialist policy of power—a policy which, as all history teaches, eventually leads to perpetual wars and ruin; and Wales, while subject to England, is made an unwilling participator in that policy and in the ruin which it brings. Indeed, the ruin falls first on the outlying "provinces" such as Wales and Scotland, while the dying Imperial organism gathers its last vital energies around its heart in London.

The policy of power involves both political and economic or financial imperialism. One of its cardinal requirements is the building up of a vast colonial empire, from which the exploiting "mother country" acquires not only political and military but also economic advantages. These advantages "are not simply due to the aggregate amounts of raw materials obtained from the colonies, but also to their relative cheapness to producers in the mother country as compared with foreign producers." Furthermore, the colonies must be equipped with railways and other appurtenances of civilisation; this process is financed by loans on which the investor in the "mother country" draws high interest, and the capital goods required are supplied by exporting industries in the same country; moreover, the colonial Civil Service and business enterprises "provide a useful outlet for professional labour that could not be employed at home." English publicists often speak sanctimoniously about their colonial empire, as though what they had been doing there was bringing the benefits of civilisation to backward races at great cost to themselves.

But who pays the interest on the loans involved, and ultimately foots the whole vast bill? "The natives, the extremely profitable ventures engaged in by business enterprise in colonial possessions, where the exploitation of the native population is notorious! . . . If colonies were a liability instead of an asset they would go begging."⁶¹

Such is one aspect of England's power policy, but economic or financial imperialism does not stop at the political boundaries of the Empire. It seeks its justification in the economic theory that the greatest benefit to the world will result if certain countries which have been specially endowed for the purpose (and especially England, of course) concentrate on the manufacturing industries, and the others concentrate on agriculture, and all these countries exchange their products to the fullest and freest possible extent, with the aid of loans from the industrial countries to the more "backward" countries. "One or two nations become the world's workshops; the rest become its farms." During the 19th century, when England had a practical monopoly of manufacturing industry, it paid her very well (or at least it paid her industrialists and financiers) to follow this policy, just as it paid her economists to preach the doctrine of Free Trade which justified it; temporarily, at least, it seemed to pay her to neglect her agriculture and to concentrate upon the exporting industries and upon making London the centre of the vast and profitable machinery of loans, insurance, etc., involved in maintaining an extensive volume of international trade. Indeed, because of the wider opportunities of banking middlemen's profits involved in foreign trade, it seems to suit the finance imperialists better to have the people importing goods from abroad than to have them producing the same goods for themselves at home—just as happened before the fall of Imperial Rome. Thus they import oil instead of using coal, and import food instead of growing it.

But this policy carries its own negation in itself: in the nature of the case it can have no permanent success. During the 19th century, "Great Britain was building up an unbalanced economic system; other countries were establishing balanced economic systems." In Britain, the soil

61. P. Asher: *National Self-sufficiency*, p. 128 and 159.

became "more neglected than in any other country with any claim to civilisation," leaving the people dependent on imports of foreign food. Becoming "more dependent on international trade than any other country in the world," Britain's ill-balanced economic structure is at the mercy of every change in world trade and in world politics, and her people are involved in constant wars through the clash of her political and financial imperialism with rival imperialisms, such as those of Germany and Japan. The preparation for a future war which threatens her very existence, and the payment for past wars, have saddled the people of England (and the people of Wales as well) with the worst **burden of debt and taxation** in the world, in spite of her repudiation of the payment of interest on her huge 1914-18 war debt to the U.S.A., and in spite of the Lend-Lease arrangements which eased her finances during the 1939-45 war. This year (1946) Britain's expenditure on "Defence" and on the interest and management of the National Debt is estimated to cost £1,660,000,000, having more than trebled since 1939; and taxation per head, which used to be £3 14s. 4d. in 1913, had risen to £64 3s. 7d. in 1944-45. Another feature of the imperialistic system is the great inequality of wealth; 80% of the total capital in England and Wales in 1924-30 was owned by 5% of the population above the age of 25.⁶²

It has been estimated that by 1913 Great Britain had £6,000,000,000 invested abroad (about half of it within her Empire), which simply meant that the mass of the people in Britain (as apart from the dividend-receivers) were the poorer by £6,000,000,000 worth of goods which had been exported without bringing any goods back in return. Normally exports are paid for by imports of goods which the masses consume; but this £6,000,000,000 represented exports *on credit*, which are not paid for by corresponding imports. The interest on these huge loans is supposed to be paid in goods, but before the recent war less than a fifth of it was thus paid, and the rest was mostly paid by *fresh borrowings* from Britain. After 1918, moreover, a new feature became evident, threatening the speedy collapse of the whole structure. The payment of interest on such vast

62. Asher: *Op. cit.*, p. 94 and 148; W.M., 26/4/39; G. D. H. Cole: *Intelligent Man's Guide through World Chaos*, p. 438; G. Daniels & H. Campion: *The Distribution of National Capital*, p. 53 f; W.M., 27/3/46 and 10/4/46.

loans became extremely burdensome to the borrowing countries, which in many cases were increasingly resentful of the foreign political control implied by these loans. They were no longer content to be "the world's farms," but made use of the loans and equipment they had received in order to industrialise themselves, competing fiercely with Britain in the very markets and products over which she formerly enjoyed a virtual monopoly. Some of them paid off the loans they received; others repudiated them altogether. It was stated in the House of Lords in 1939 that of the £1,200,000,000 of British capital sunk in South America, £700,000,000 had not yielded a penny! The 1939-45 war has immeasurably intensified these tendencies; New York has largely taken London's place as the world's financial centre; and the present generation is witnessing the decline of British finance imperialism and "the passing of Great Britain's manufacturing and commercial monopoly."⁶³

"The industrialisation of the East" (and of many Western countries, too) "which has deprived Britain of so many of her foreign markets, is, to a large extent, the consequence of a more rational distribution of economic activities . . . even if all tariff barriers were levelled, Britain could not hope to recapture the position of industrial supremacy which was hers during the greater part of the 19th century." "It seems little likely that we shall ever again sell so much abroad—in volume—as in 1913." Though the system still manages to provide a few financiers and industrialists with profits, the 1939-45 war has brought it to the verge of a breakdown, and what misery such a breakdown will involve for the common people in England and in Wales was tersely forecast by an English economist writing before that war began. "The serious nature of the problem was illustrated as by experiment in the unemployment and poverty that were so prevalent in the country in general and in the depressed areas in particular from 1922 onwards. The problems that emerged during this time—and they became acute in the slump of 1930-32—are a small-scale sample of what might occur on a large scale some day. If the outside world should come to buy less from us than ever, we

63. Asher: *Op. cit.*, p. 80 and 91; *Merthyr Express*, 18/2/39; W.M., 9/5/39.

can be sure that mass unemployment would be decidedly worse than anything we have hitherto experienced."⁶⁴

There, put as briefly and untechnically as possible, is the *fundamental cause of the distresses of Wales—her subjection to the ruinous imperialistic policy of England*. We have already seen something of its effects, e.g., upon her agriculture; the consequences of the policy in its later phases are strikingly illustrated in the inter-war history of the South Wales coal trade.

While England held a monopoly of the world's markets, the South Wales coal trade, of course, was booming, and bringing in huge profits to coal-owners and royalty-owners, though it brought little enough benefit to the miners who had to live in the hideous and insanitary slums of such places as Merthyr and the Rhondda. The industry was expanded at a feverish rate with little regard for either the balanced development of resources or the securing of a *stable* market. Then came the post-1918 slump. By 1936 the South Wales coal output had fallen to 33,947,200 tons as compared with 56,830,000 tons in 1913, the peak year.⁶⁵ In one point after another it can be shown that this **catastrophic depression in the Welsh coal trade was the direct result of the policy of the English Government.**

The War of 1914-18, which was largely the result of English Imperialism, made it difficult for countries which had formerly bought Welsh coal to obtain supplies, and the English Government, which controlled the mines, charged exorbitant prices; thus they were driven to develop their own coal and hydro-electric resources in substitution therefor, with consequent loss of markets to Wales. Another substitute which has been ousting Welsh coal is oil, and "in this the British Government largely set the fashion of substituting oil for coal in the Navy." "Oil-fired men-of-war and merchant ships . . . are nothing more than dumps for a by-product of the petrol industry, which must be disposed of if the subsidised petrol industry is to thrive . . . Because heavy fuel oil must be disposed of, it has necessarily followed that this foreign product has been offered to shipping companies, not at an economic price, but at any price that will make its use more attractive than the use of

64. A. Birnie: *Economic History of the British Isles*, p. 374 f.; Asher: *Op. cit.*, p. 81 f.
65. *South Wales Coal Annual*, 1937.

coal." As a result the coal cargo and bunker exports of the Bristol Channel ports fell from the pre-1914 figure of 34.8 million tons to 17.3 million tons in 1938.⁶⁶ But the English Government did nothing to meet the situation.

On land, too, Government action not only failed to help the Welsh coal trade to expand its home market, but actually hindered it. Up to 1930, on the roads the steam wagon "was practically the only type of vehicle used for heavy goods transport. The Road Traffic Act of 1930, the Road and Rail Traffic Act of 1934, and competition from the Diesel oil vehicle between them caused the steam wagon almost to disappear. In four years from 1930, the number of steam wagons in service declined from 7,750 to 2,708. Indirectly, the coal trade probably lost far more through changes in land transport." These losses might have been made good by the development of producer-gas road vehicles using coal. The French Government stimulated the use of such vehicles by tax remission, but the English Government did nothing to help, and actually hindered their use by higher taxes and legal discrimination against them as regards maximum speed and weight.⁶⁷

In an effort to re-establish London's supremacy as the world's financial centre, the Government in 1925 went prematurely back to the Gold Standard; and this action suddenly raised the value of the £ by 10% in relation to the value of other currencies, thus making Welsh coal 10% dearer to foreign buyers, e.g., in France, which had been its chief overseas market. The immediate consequence was a falling-off in trade, and "an effort to lower costs by reducing wages and by lengthening hours of work" which "precipitated the general strike" (1926) "and the subsequent long-drawn-out dispute in the mining industry, during which markets were lost which have never been regained."⁶⁸

It might have been expected that some of the handicaps imposed by the Gold Standard policy would have been removed when England went off the Gold Standard again in 1931; but the Government simultaneously dealt a new blow to the export trade by adopting "what has every

66. H. Marquand & Others: *Op. cit.*, Vol. I., p. 48 ff.; W.M., *Trade Supplement*, 8/1/34, p. 5 and 8; W.M., 10/4/39.

67. Hen Wlad fy Nhadau, November, 1938 (article by T. Young).

68. Marquand & Others: *Op. cit.*, Vol. I., p. 388 ff.

appearance of being a permanent policy of protection" and "has definitely limited the future expansion of exporting industries." The Ottawa Agreements, for instance, by giving tariff preferences to fruit from the Dominions, put obstacles in the way of the long-established exchange trade in coal and fruit between Wales and the Mediterranean countries. Finding that her old Free Trade policy would no longer work, now that she has lost her dominant position in world commerce, England tried to secure a larger share of her dwindling foreign markets for coal by making **trade agreements** with other countries, but, needless to say, these agreements were designed to benefit the *English* coalfields first of all, and were often **definitely disadvantageous to Wales.**⁶⁹

For instance, in 1933 and 1934 the English Government made trade agreements with the Scandinavian and Baltic countries to ensure that they should take a certain proportion of their coal imports from Britain. These agreements benefited the coalfields of N.E. England and Scotland, but were actually detrimental to Wales, since they resulted in the diversion of German and Polish coal, which had previously found a market in the Northern countries, to compete with Welsh coal in its own special markets, especially in the Mediterranean and South American countries. Another agreement which proved injurious to Wales was the Anglo-French Trade Agreement "whereby South Wales must buy French pitwood at a higher cost than other pitwood and suffer cuts in her coal exports to France."⁷⁰

There were "comparatively few restrictions abroad on the imports of British coals in 1930," but to an increasing extent from then on other countries met British Protectionist policy by imposing tariffs, quotas and trade restrictions of all kinds, and also trying to undermine or avoid the machinations of the finance imperialism of London, with its exports-on-credit system, by setting up a system of barter among themselves (Poland, for instance, bartered coal with Italy for ships). The effect of all this is reflected in the figures of South Wales coal exports in the first half of 1934, as compared with the first half of 1930; her exports to France,

69. *Ibid.*

70. Hen Wlad fy Nhadau, May, 1936, p. 28; W.M., 9/8/34.

Italy, Belgium, the Iberian Peninsula, and South America showed a total decrease of over 3,000,000 tons. The share of South Wales in the coal export trade of the United Kingdom fell at the same time to 39.62% as compared with 41.64% in the second half of 1930. Other losses which Wales suffered as a result of her subjection to English foreign policy were the loss of her coal trade with Italy during the "sanctions" period, and the loss of her coal trade with the Irish Free State during the Anglo-Irish "economic war."⁷¹

In September, 1934, Mr. W. North Lewis, at the Annual Meeting of Insoles, Ltd., complained that the South Wales colliery companies were practically shut out from the markets of England and at the same time were being shut out of their former markets in Europe and America through the Government's trade agreements, which had helped the English coalfields at the expense of Wales. He also declared that the Coal Mines National Industrial Board was influenced by the English coal-owners, who were seeking to destroy the coalfields of Wales; this Board, with its system of quotas for the different coalfields, was another product of English Government action, having been set up by the Coal Mines Act of 1930. Again, while other countries were assisting their coal industries by providing cheap transport, the English Government actually introduced legislation in 1936 which involved a "sharp reduction in the rebates on coal and coke for export which have been allowed since 1929"—a measure particularly disadvantageous to South Wales, owing to its great dependence on the export trade.⁷²

During the 1914-18 War the Government encouraged the abnormal expansion of the Welsh coal industry in order to supply its abnormal war-time needs for coal (and incidentally made enormous profits out of it during the period of control). When peace came, it decontrolled the industry, and dis-owned responsibility for its fate. But not merely did it fail to help the industry; over and over again in the inter-war period deliberate Government action thrust it deeper and deeper into the slough of depression. There was no genuine attempt to remedy the situation by encouraging alternative industries; the total numbers employed by the new Treforest

71. W.M., 9/8/34 and 9/9/34; Marquand & Others: *Op. cit.*, Vol. I., p. 51 ff.

72. W.M., 1/10/34 and 8/9/34; Marquand & Others: *Op. cit.*, Vol. I., p. 48 ff.

Trading Estate were less than those thrown out of employment by the closing of a single colliery—the Cymmer Colliery, Porth. The only “remedy” offered by the Government was the disastrous policy of transference; and the effect of this policy upon the growth of new industries has been well summed up by the eminent economist Mr. G. D. H. Cole: “In general, transference is applicable only to younger workers; and it therefore tends to leave a population including fewer fully efficient workers and more elderly workers and non-producers who have to be supported by their labour. The effect of this is to discourage businesses from settling in the area.”

In the inter-war history alike of the Welsh coal industry and of the other heavy industries, an ominous feature was the **rapid growth of big “Combines.”** The Government did nothing to hinder this anti-social development; and indeed the new regulations concerning quotas, etc., introduced in 1936 under the 1930 Coal Mines Act, were designed “to facilitate rather than hinder the progress of concentration.” In November, 1937, it was stated in the House of Commons that 75% of the S. Wales coal output was being produced by four large companies; and since then there have been further mergers. As early as 1931 it was estimated that 80% of the steel, tin and sheet works in South Wales were affected by the combination tendency, as well as collieries and brickworks. Not only are the different industries, and the different units within each industry, linked together in the combination movement, but intermixed with it all, and ultimately controlling it all, are the old agents of finance imperialism—the banks. This was very clearly brought out in the case of the Richard Thomas combine, which had for a time been trying to take a somewhat independent line. In the summer of 1938 it was forced to seek additional capital from the banks to complete its Ebbw Vale scheme, and the condition which they laid down for granting this aid was that it should work “in co-operation, rather than in uneconomic competition” with the rest of the trade. To ensure this, representatives of other steel interests (e.g., Guest Keens) were appointed to the Board of Directors, and the tinplate works were put under the control of a committee

of four, the head of which was none other than—Mr. Montagu Norman, Governor of the Bank of England!”

Not only has the combine movement resulted in dehumanizing the relations between employers and workers, but it has also offered a wide field for **financial jugglery** which, while making large fortunes for a few individual Company promoters, has crippled the industries concerned with the burden of interest payments on enormously inflated capital. An example of this may be given from the history of the Amalgamated Anthracite Co. (which, by 1928, had brought 80% of the South Wales anthracite output under its control, has never been able to pay an ordinary dividend since and hardly any on its Preference Shares, and was obliged in 1939 to cut down its capital from £9,500,000 to £4,581,600). When this Company was formed in 1923, Sir Alfred Mond purchased the shares of the old Cleeves and Gurnos Companies for £1,470,488, and sold them again for £1,576,717 to the Weymouth Syndicate, in which he was a shareholder. In the same week this financial syndicate resold the shares for £1,768,717 to the new public company—the Amalgamated Anthracite Co., of which the Chairman was Sir Alfred Mond! As the “Stock Exchange Gazette” pointed out, a profit of between £200,000 and £300,000 was made on these transactions, and this went not into the industry but into the pockets of the promoters, leaving the new Company’s capital inflated to that extent. This instance might be paralleled many times over from the history of the Combines. Being completely indifferent to the welfare of the Welsh people, who have been the principal sufferers, the English Government has made no effort to stop these practices; indeed, before the war a member of the Government, Sir Samuel Hoare, had once been Chairman of Directors of the United Anthracite Combine,⁷³ and Sir Alfred Mond had been in the Cabinet before he founded the Amalgamated Anthracite Company. The Bill to nationalise the coal mines will indeed sweep away the combines, but, as it stands, it will leave the control of the Welsh coal industry in alien hands instead of putting it where it should be—in the hands of the Welsh people. The Welsh miners

73. W.M., 27/3/39; Hen Wlad iŷ Nhadau, Nov., 1937; Marquand & Others: Op. cit., Vol. 1., p. 54 ff.; Time and Tide, 16/7/38.
74. W.M., 23/3/39; Stock Exchange Gazette, 1923, p. 1468; “Times” Volumes of Company Prospectuses, No. 67, p. 206 ff.

who helped to vote the Socialists into power think that under nationalisation they will be dealing with their own Socialist representatives, but what in fact they will find themselves dealing with is a bureaucratic corporation, largely directed by former coalowners.

Another way in which Wales has had to pay dearly for her political subordination to England is through her **subjection to the irrational English system of local government and rating**. Under this system, the highest rates prevail in the most depressed areas, because of the liability of the local authorities for unemployment (up to 1935) and poor relief payments. A vicious circle results; the costs of industrial companies are raised because of the high rates in these areas, so they are forced to restrict their activities, thus throwing more men out of work; this throws a fresh burden on the rates, which rise still higher and become still more burdensome to industry, and so on. Moreover, the finances of the local authorities depend mainly on grants from the Central Government, and these grants are calculated mainly on a population basis (the bigger the population the bigger the grant); so that the migration movement and the Government's transference policy, by draining the population away from the Welsh depressed areas, result in the areas which need the most help getting the least. Competent authorities are agreed that local taxation ought to be based mainly on "ability to pay," but here the direct reverse is the case. The Bishop of Llandaff's Industrial Committee pointed out that out of 1,087 urban areas in England and Wales in 1934-5, only 20 had rates of 20s. in the £ or over; all of these twenty areas were in South Wales, and 17 of them in the depressed "Special Areas." Again, in 1937-8, out of 27 Councils with rates exceeding 20s. in the £, 26 were in Wales. Meantime, the ratepayers of wealthy London had to pay only about a penny rate towards the maintenance of their parks, for all the principal parks of London are under the Office of Works, and paid for by the *taxpayers* of Great Britain (of course including Wales), who also have to pay for the roads through these parks and pay £10,000 a year to the London Fire Brigade!⁷⁵

If they were free from the dead hand of Whitehall, the

75. Y Triban, Gwanwyn, 1939, p. 8 ff.; W.M., 5/12/35 and 7/9/34.

Welsh local authorities could do much to help Welsh industry, but at present **Whitehall holds the purse-strings and the power of legislation**, and so has the final veto on all their activities. To a large extent, Welsh local government is "government" only in name; it is simply an instrument for carrying out the decrees of the bureaucracy in London. "A Town Council cannot put in a new boiler or borrow money for its Electricity Department without getting the consent of the Electricity Commissioners in London . . . All unemployment schemes, however small, have to meet with the approval of the Unemployment Grants Committee—again in London. Roads, harbours, piers, transport, telephone, and many other matters where local knowledge is essential, have to go to Departments in London."⁷⁶ And, of course, the great bulk of the administrative expenditure in connection with Welsh affairs is spent in London, instead of enriching Wales by being spent in the country.

At the present time, Wales has about 190 separate councils to administer its local affairs; yet the product of a penny rate for the whole country is less than that for the City of Westminster, which has a single council; and any possibility of the separate councils co-operating for certain purposes so as to save expense is hindered by the "red tape" of Whitehall. A striking instance of the way in which co-operation between Welsh local units has been frustrated by English authority occurred in connection with the gift of Dyffryn Gardens to the Welsh nation. The Welsh County Councils were willing to share in the expense of maintaining them, but were not allowed to do so because of some legal objection to the Welsh Councils acting as a unit (at bottom it was not only legal, but political), and the Glamorgan County Council had to take the responsibility alone.⁷⁷ At present the various small Councils are each providing their own water supplies—a very expensive business; much expense could be saved if several of them co-operated for the purpose. But though the whole system of local government and rating so obviously requires overhauling, this will never be properly tackled by an overburdened Imperial Parliament—least of all will it be tackled with any consideration for special Welsh needs and conditions.

76. A. MacEwen: *Op. cit.*, p. 76 and 79.
77. W.M., 1/5/39 and 14/12/38.

The indifference of the English Government to Welsh interests has resulted in the imposing of other handicaps upon the balanced development of industry in Wales—for instance, the absence of even tolerably good transport facilities.

Of particular importance in this connection is the fact that between North and South Wales, two ideally "complementary" regions from the economic point of view, both road and rail communications are especially bad, so that "a journey from North to South Wales takes longer than a journey from North or South Wales to London." A practical and economically feasible scheme for the construction of a great Central Road linking North and South Wales was worked out in detail by the late Mr. R. O. Rowlands long before the recent war; but the English Government persists in refusing to sanction its construction, and prefers to give priority to the Severn Bridge Scheme which, taken in conjunction with its other schemes for linking North Wales more closely with N.W. England and South Wales with the English Midlands, will have the effect of splitting Wales still further into two and rendering impossible her healthy normal development as a natural economic unit.⁷⁸ Already, with few exceptions, all the Welsh transport arteries seem to converge on England, as though the object of their designers were to make it easy for English goods and governors to come into Wales and for the Welsh people and profits to be driven out of it. An adverse factor, too, for Welsh development has been the fact that the English-owned G.W.R. Company controls nearly the whole of the South Wales railway system and the South Wales ports, and has a large share in the control of the bus services as well. In this connection, the Bishop of Llandaff's Committee pointed out that "shipment costs are heavier at the South Wales ports than at the other principal coal exporting centres of the country" and that "the transport costs of South Wales coals have enormously increased" (railway rates for inland coal by 65.3%, and railway rates for shipment coal by 75%, between 1913 and 1935).⁷⁹

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over Wales might be multiplied; but these must suffice for the present.

Instances of the detrimental effects of English control over Wales might be multiplied; but these must suffice for the present.

If this were a murder trial, the circumstantial evidence would be damning. If Welsh prosperity has been murdered, England is the murderer.

Examine the facts; they point to one conclusion. The vital question is *not*, "Can Wales afford self-government?" but "Can Wales afford to be without self-government any longer, and survive?"

78. Y Faner, 15/5/46.

79. Maxton: British Agriculture, p. 228; W.M., 4/12/35.

CHAPTER 3

THE REMEDY FOR WALES

Only under self-government is there any chance of the ruin already wrought by uncontrolled exploitation being remedied, and of the rich resources of Wales being developed so as to serve the welfare of her people.

One of the first concerns of a Welsh Government would be to free the heavy industries from the irresponsible control of the combines. There are various ways in which it might be achieved. In Finland, for instance, the State owns profitable copper-mines, sulphuric acid works, etc.; in New Zealand some of the coal-mines are owned by the State, and some have been developed by "small groups of co-operative miners," and the possibility is envisaged that "one day the Miners' Union will run the State mines as co-operative ventures, selling coal to the community at a guaranteed price." In addition to producers' co-operative ventures on these lines, there is the possibility that mines and factories might be owned by consumers' co-operative societies or by co-operative Public Utility Boards composed of representatives of local authorities, on the lines proposed by Mr. Saunders Lewis; both these methods are in successful operation in Belgium. In Ireland, again, industry has so far been mainly left in the hands of private Companies, subject to provisions that the bulk of the capital shall be held by Irish nationals and to legislative safeguards against exploitation of workers and consumers. Any or all of these and other methods could be adopted and adapted in Wales, with due consideration for the circumstances of the time and of the particular industry concerned.⁸⁰

Once freed from its subjection to the caprices of English foreign and domestic policy, the Welsh coal trade would be able to rely upon a secure home market, and would at last have a fair opportunity of building up stable markets abroad. Here the political severance of Wales from England would not be a disadvantage, but a positive advantage, for "it has been proved a hundred times over that the motto, 'Trade follows the flag,' is not necessarily true at all. What trade follows is friendship, intelligence, enterprise, absolutely honest and fair dealing";⁸¹ and all these are more likely to be found in a small self-governing State than in the dealings of an aggressive, imperialist Power. After the U.S.A. won their independence, their trade with England actually showed a great increase instead of a decrease; and the same thing may well happen in the case of Wales.

Having taken steps to ensure that it should be run for the benefit of the workers and the nation, and not in the interests of a few profiteers, a Welsh Government would give the Welsh coal industry every encouragement and assistance in adapting itself to modern requirements. It has often been pointed out that the demand for smokeless fuel much exceeds the present supply, and here the fact that much of South Wales coal is a natural smokeless fuel gives it an advantage which should be exploited to the full. Experiments in the production of oil from coal should be encouraged, and also the development of, e.g., plastics industries using coal as their raw material, for it is often easier and more profitable to find a market for an artificial product "adapted" from the raw material of a natural product than to find a market for the natural product itself, and this policy also ensures the maximum employment within the producing country. (Norway, for instance, does not merely sell her timber and fish in their raw state, but works them up as the raw material for paper and rayon pulp and cod-liver oil). Again, instead of putting obstacles in the way of using producer gas road vehicles (lorries, buses, etc.), as the English Government did before the war (because of its unwillingness to interfere with the vested interests of the English Railway Companies), a Welsh Government would actively stimulate their use (already advocated by the Welsh National Industrial

80. Lindgren: *Op. cit.*, p. 55 ff.; J. A. Lee: *Socialism in New Zealand*, p. 226-7; *W.M.*, 17/8/34.

81. Sunderland: *India in Bondage*, p. 395.

Development Council), since "if large numbers of producer gas vehicles were on the roads, the resulting additional employment to miners would run into thousands." The gas is produced from solid fuel on the vehicle itself; anthracite, gas coke, low temperature coke, and peat coke have been used successfully in tests; and the fuel cost is amazingly low—about 25% of that of a petrol vehicle with similar payload.⁸²

In the other extractive industries, too, a Welsh Government would see to it that the best possible use was made of the mineral resources of the country, e.g., the iron ore field round Llanharry, the lead and zinc deposits of West and Mid-Wales, and the slates of North Wales (in giving Government grants for housing, for instance, a preference could be given to houses roofed with Welsh slates). In the development of these industries, as well as of agriculture and the tourist industry, more efficient transport, and in particular the construction of a great Central Road through Wales from North to South, would be of the utmost assistance, besides providing direct employment for a large number of workers. This again would be linked up with the development of afforestation, water-power and electricity, for which, as we have already seen, there is tremendous scope ("forest and woodland actually occupy a smaller proportion of the surface in the British Isles than in any other European country," and the average production of electricity per head in Great Britain in 1936 was only about half that in Sweden).⁸³

Again, a Welsh Government would be on the watch to prevent Welsh water-power resources from being exploited by English cities like Birmingham without adequate compensation. When the Elan Reservoir was built, for instance, Birmingham agreed to send 27 million gallons of water daily down the Wye, but in 1935 they brought in a Bill (later withdrawn—at least temporarily) to reduce the amount by a third till certain further reservoirs were built. "There was no proposal that there should be any monetary compensation, and so it had the appearance as if Birmingham was just trying to save itself the expense of constructing these extra three reservoirs." The reduced volume of water in the Wye would have spoilt the spawning

beds and ruined the salmon rod fishing, the capital value of which is estimated at about £500,000—just as lack of Government control resulted in the destruction of the Rheidol and the Ystwyth fisheries by the lead-mines' effluent, and the pollution of the rivers in the coal-mining valleys. Under the English Government, Wales has no defence against such exploitation, but the position would be very different when she had a Government of her own.⁸⁴

A Welsh Government would never allow the prosperity of the country to be dependent on the fortunes of one or two major industries, as in the past, but would encourage the development of new light industries of all kinds, so as to ensure a balanced economy. As well as encouraging plastics and by-product industries in connection with the coal trade, it would, for instance, promote the manufacture of tin containers and food-canning factories in close connection with the existing tinplate works. Travelling in Canada, Major Robson Brown, of Llanelly, observed that every tinplate centre there had factories making tin containers close at hand; but, instead of this being done here, a factory near London was manufacturing 1,000,000 containers a day before the war from West Wales tin, though it would be easier and more economical to manufacture them in Wales and transport the finished product. Calcium carbide and plastics factories were among the recommendations of the Industrial Survey, and for both Wales possesses excellent facilities, e.g., abundant supplies of anthracite, limestone and water which are required for making calcium carbide.

Then there is the textile industry. If Finland in the cold North can supply nearly the whole of her own domestic demands for textile goods (having some years ago, e.g., set up a factory to supply the total home demand for artificial silk yarn), surely Wales can do the same! The existing artificial silk industries in Flintshire and the small woollen factories scattered up and down the country form a nucleus of skill and organisation which is capable of great development. Before the war it was reported that "the new Welsh tweeds, designed by an expert colourist, are being marketed in the West End, and large quantities have been

82. W. Eames: Broadcast on 25/1/39; Hen Wlad fy Nhadau, Nov., 1938, p. 21 ff.
83. Stamp & Beaver: Op. cit., p. 109; M. Cole & Others: Op. cit., p. 165.

84. Joint Committee on Water Resources: Minutes of Evidence (1936), p. 16 and 27.

exported to America and Holland";⁸⁵ a recent post-war exhibition of Welsh textiles in London was a great success; and, with adequate Government assistance, much more might be done to build up a "quality" market abroad as well as supplying home requirements. By freeing the Welsh co-operative societies from excessive dependence on the English C.W.S., it would be possible to ensure that many more of the products which they sell should be manufactured locally. A Welsh Government would also protect Welsh co-operative societies and individual traders from unfair competition by English chain stores which manufacture practically all their goods in England.

An industry which is capable of playing a very important part in the future economic life of Wales is the **tourist industry**. Switzerland, with a population of about 4 million, had 3,305,673 tourists in 1935, and one-seventh of her national income came from the tourist traffic, directly or indirectly (it must be remembered that a thriving tourist industry means a greatly increased demand for the products of agriculture and other industries). In 1946 it was estimated that tourists had spent £10 million in Ireland during the past season. Wales, with her unsurpassed natural beauty, should be equally popular as a tourist centre; and in this way her "heather fell" districts, e.g., in Merionethshire, which are of little use for agriculture, may yet be profitable to the nation, even economically, for, with their scenic loveliness they "offer special opportunities for development as tourist centres" when proper roads and other facilities are provided. Even to some of the present "depressed areas" the tourist industry may bring new life, once the filth of industrialism has been cleared away by concerted effort; for "it is well to remember that there are other parts of Great Britain which were formerly industrialised but in the gradual process of economic development now depend for their livelihood in the main on agriculture and tourist traffic and prosper under the new conditions."⁸⁶

In developing a balanced economic system, a Welsh

85. *Y Cymro*, 9/11/35; *W.M.*, 16/10/37; D.O.T.: Report on Finland (1939), p. 21; *Hen Wlad fy Nhadau*, Autumn, 1935, p. 14.

86. *Hen Wlad fy Nhadau*, March, 1937, p. 28; Stapledon & Others: *Op. cit.*, p. 50; Third Report of Commissioner for Special Areas, p. 61.

Government would of course place special emphasis on **the revival of Welsh agriculture**. Such assistance as the English Government has given to agriculture has usually been given to branches of the industry which are of little or no value to Wales, e.g., to wheat, of which Wales grows very little, and to beet sugar, for the manufacture of which Wales has at present not a single factory. The measures of a Welsh Government, however, would have special regard for the needs and interests of Welsh agriculture, instead of making them subordinate, first, to the interests of English agriculture, and, secondly, and to a still greater extent, to the interests of English industry and finance imperialism.

In the improvement of pastures and livestock husbandry, full advantage would be taken of the experiments and expert conclusions of Prof. Stapledon and his colleagues, whose work at the Plant Breeding Station has already been so successful as to justify confidence in their forecasts of future possibilities. According to Prof. Stapledon, of the 2½ million acres of permanent grass and arable land in Wales, a million acres urgently need improvement of a kind which could be done easily without re-arranging the size and orientation of farms. This would cost £4 10s. per acre, plus 4s. for extra fencing, etc., and £4 10s. for extra stock; so to get the best results from these million acres an expenditure of £9,200,000 would be required. In addition, at least 600,000 acres of the 1½ million acres of rough and hill grazings are suitable for improvement; but, to be conservative, let us say that 300,000 acres could with advantage be improved without delay. In this case the cost per acre would be somewhat higher, and the reclaiming and stocking of the 300,000 acres would cost £2,980,000.

Therefore, says Prof. Stapledon: "If a fluid capital of 12 million pounds were placed at the disposal of Wales on the basis of a final repayment with interest at the end of 20 years, a programme considerably larger than that which I have postulated could be put through"; this sum would leave an ample margin for administrative and other charges; the money would not have to be spent all at once, as the process of reclamation is gradual, and twenty years would be more than enough to allow for the liquidation of all the loans required. *There is not the slightest prospect of such a*

programme being carried through by any English Ministry; but, when we come to consider the finances of self-government, we shall see that a Welsh Government would be fully justified in pledging its credit "to finance the agricultural resuscitation of Wales, and in earning a profit in doing so also entirely revolutionize the outlook of the farmer, and bring order, tidiness and progress where now there is only make-shift and steady decline."⁸⁷

It is hardly necessary to emphasize the extent to which a vigorous agricultural policy of this kind would assist in solving the unemployment problem. To begin with, it would go a long way to providing a permanent solution of the problem by making it possible to settle more families upon the land. If improvements like those proposed were carried out, "it is likely that Wales could more than double her present stock-carrying capacity in terms of both cattle and sheep," and this "without any fundamental change in her rural sociology." "On the other hand, if we turned to really intensive methods, with a great deal more crop production, which would have to be accompanied by a greatly increased agricultural population, we could still further and very greatly increase food production," and improve pastures, thus laying a secure basis for land settlement. "Land settlement and land improvement are closely inter-related, for people can only be settled upon land that has a reasonable standard of productivity. If large areas of land can be converted from rough grazings into decent farm land, then it becomes possible to settle families where before there were no such possibilities."

Apart from this, a programme of land reclamation would provide employment in all sorts of indirect ways. Lime would be required to improve the hill grazings; this would provide work at the kilns, e.g., in the "important belt of carboniferous limestone" on the Usk escarpment of the Brynmawr mountains, near one of the worst "depressed areas" in South Wales.⁸⁸ The provision of fencing and gates would give work to the timber and wire industries in Wales (whereas at present we import gates, e.g., from Kent, and fences from Gloucester); the improvement of farm roads and buildings would give work to the quarries, and so on.

87. Stapledon: *Op. cit.*, p. 178 ff.

88. Stapledon & Others: *Op. cit.*, p. 8, 84 and 101.

And every man thus employed would mean a saving to the Welsh Government in the cost of unemployment relief, as well as the bringing of happiness and purpose into a formerly unhappy and purposeless existence.

Prof. Stapledon envisages the creation of a system of summer camps for young unemployed men, who would work in groups on adjacent farms. The State would provide their board and outfit and a moderate wage, part of which would be refunded to the State by the farmer for whom the work was being done. "Unless work is undertaken for private individuals (necessarily at a cheap rate) the out-door employment could not be found in sufficient amount . . . and the innumerable needs of the land would remain unattended to." The young men would be having experience of "creative, healthy and stimulating work," and incidentally receiving training to fit them for land settlement later on. It is interesting to observe that a somewhat similar system prevails in Sweden, where work of utility to private individuals may also be undertaken, provided it is carried out by a public body. The Civilian Conservation Camps of the American Works Progress Administration also occur to mind. If such camps were set up in a self-governing Wales, their atmosphere would be very different from that of the existing Government Training Camps for unemployed or of the military camps of an imperialist State. They would become centres of Welsh culture and social life as well as of economic activity, and a means of revivifying the districts where they were situated; the workers would be conscious that they were engaged for the first time on work for their own nation, and "land improvement is, of itself, a most stimulating enterprise; derelict acres are deadening alike to the soul of man and to the well-being of animals. A district agog with land improvement will be a district agog with enterprise in all directions—has that been sufficiently realised?"⁸⁹

Such summer camps would not, of course, be the only means of affording large-scale employment under the auspices of the State or local authorities; there is, for instance, much scope for direct and indirect employment

89. *Ibid.*, p. 9; Stapledon: *Op. cit.*, p. 178 and 239 ff.; M. Cole & Others: *Op. cit.*, p. 79 ff.

in the making of roads, the carrying out of drainage and sewerage schemes, etc.

From the point of view of the agricultural expert, Prof. Stapledon endorses the **system of owner-occupiership** which has long been part of the Welsh Nationalist Party's policy for agriculture, since "active ownership," as he puts it, "is perhaps the strongest of all incentives to land improvement" and encourages individual independence and initiative. The swallowing up of the family farmer by "large and fully-equipped farming companies . . . would be the greatest ill that could befall the countryside"—especially in Wales, where natural conditions and inherited tradition alike favour a system of small mixed farms. "Everything that could be achieved by land nationalisation can be achieved by other and less irrevocable means." E.g., the advantages of small and large-scale farming can be combined if the farmers unite to purchase expensive equipment (such as caterpillar tractors) through their own co-operative societies, or if it is purchased for them by the local Agricultural Education Committees. Both for purchasing and for marketing, a Welsh Government would of course encourage the agricultural co-operative societies, which, even under the present adverse conditions, show "steady progress."⁹⁰ It would also encourage the extension of small holdings.

"Despite the lack of proper organisation and of an all-pervading national policy," writes Prof. Stapledon, "the County Council small holdings have been anything but a failure." With "an all-pervading national policy" and proper organisation behind them, how successful they might be! Even as things are, inquiries made in 1929-34 showed that, economically, small holders "stood out firmly in the general agricultural community." It is sometimes argued that industrial workers cannot be successfully settled on small holdings; but experience at Boverton in South Wales contradicts this; in 1943, for instance, the Boverton Castle co-operators (former industrial workers, numbering between 60 and 70) made a profit of nearly £21,000 on the year's farming. Besides, except in a few districts, the gulf between industry and agriculture has not been very wide in Wales. Many miners have spent their childhood on

90. Stapledon: *Op. cit.*, p. 194, 199 ff, 309 ff; *Welsh Journal of Agriculture*, Vol. XIII., p. 108.

farms, and many farm workers have worked at one time or another in the mines. Moreover, in certain spheres of production specially suited to small holdings, e.g., fruit, eggs, and special products, "the ex-townsmen is likely to beat the countryman." In these and similar spheres, there is a tremendous amount of leeway to be made up in Wales. For instance, it is a scandal that we should be so largely dependent on imported potatoes when we possess such excellent facilities, e.g., for the production of early potatoes in Pembrokeshire, and in view of the fact that, "simply because of the nature of the commodity," overseas supplies are unfitted to take the place of those produced at home. There are also regions on the Atlantic seaboard of Wales "eminently suited to the production of broccoli on a considerable scale"; and, in general, "there exists an enormous scope for the ultra-localisation of market gardening and fruit growing," since "the more perishable a product the nearer should it be grown to the actual consumer. The whole excellence of soft fruit and vegetables turns on their freshness."⁹¹ There are thus strong reasons why Wales should grow her own supplies of such commodities. Furthermore, her proximity to the densely populated areas of England gives her an advantage over overseas countries in marketing her products there in the freshest possible state, and should enable her to obtain a secure hold upon these markets for her surplus production.

Of course, a Welsh Government would not aim at *absolute* economic self-sufficiency (such an ideal is neither practicable nor desirable in the modern world), but it would aim at the *utmost measure of self-sufficiency that is practicable*, taking both social and economic values into account. To remedy our present lop-sided state of stalemate and depression, it would not hesitate to give extensive assistance to agriculture, both by expert advice and organisation, and, if necessary, by a system of guaranteed prices, such as was adopted to a greater or less extent before the war by New Zealand, Finland, Eire, Estonia and Latvia. Generous credit facilities would also be made available to stimulate the development both of agriculture and of varied industries; this means that Wales would have to have her own national

91. Stapledon: *Op. cit.*, p. 25 f., 227 and 244 ff.; Stamp & Beaver: *Op. cit.*, p. 175; *Welsh Journal of Agriculture*, Vol. XII., p. 57; *W.M.*, 18/9/44.

banking system. The grip of international finance on Welsh economic life might to a great extent be loosened by the development of Welsh co-operative banking; in some cases, too, its grip upon her export trade might be evaded by the making of barter agreements—a system which in 1939 received the endorsement of no less a country than the U.S.A.⁹². Socially, (e.g., in the spheres of education and health), Welsh Government policy would be directed to providing the means of "the good life" within Wales for her own citizens and to making it possible for her exiles to return to live and work in and for their own country, as most of them ardently desire to do.

Some may say, "This is merely a dream—a Nationalist Utopia! If Wales were to attempt to stand on her own feet economically, her last state would be worse than her first—she would sink into an abyss of poverty and unemployment worse than anything she has yet experienced!" The best answer to these croakers may be given by pointing to what has actually been achieved by small self-governing countries whose circumstances are comparable to those of Wales.

Let no one imagine that the sufferings of some of these countries during the recent war invalidates the argument based on their achievements under self-government. Latvia and Estonia, for instance, would have been over-run and devastated in just the same way if they had been part of the big imperialist States of Germany and Russia instead of being small self-governing nations. In fact, this did happen during the 1914–18 war; the only difference in the 1939–45 war was that, being self-governing, they had so much more to lose in the way of prosperity and the priceless treasure of freedom.

Of the six countries whose cases are cited below, Eire, thanks to self-government, has been able to preserve her neutrality; New Zealand has been comparatively unscathed by the war; Finland has fought heroically for her independence, and, at the cost of much suffering, has managed to preserve some measure of freedom; Denmark, though totally devoid of military might, has withstood the evil effects of foreign invasion as well as, if not better than, any of the other occupied countries. Latvia and Estonia,

⁹². Y Faner, 19/4/39, p. 3.

owing to their peculiarly disadvantageous geographical position, caught in a vice between imperialist Germany and imperialist Russia, are the two that have suffered most. And the lesson to be drawn from their sufferings is not that self-government for small nations should be abolished; for while they were self-governing they were prosperous and happy. On the contrary, the lesson of the recent war and its sufferings is that there will be no future for humanity till the right of all nations to self-government is established by abolishing the imperialist system which ruthlessly involves small nations in its recurring wars, sweeping away their self-government in its pursuit of power politics, and, through the loss of their self-government, destroying their prosperity as well.

Let us begin by considering **Denmark**, a country which has no problem of lopsided balance between industry and agriculture, since the working population is divided between them on something like a 50--50 basis. Denmark, like Wales, was before the war a country with a large export trade; but, unlike Wales, Denmark was also a self-governing country. Twice during the last sixty years Denmark has been threatened with economic crisis through the collapse of this export trade; twice she has averted such a crisis through the active co-operation of her people and her Government. The first crisis was in the 1880's, when Denmark, then mainly a grain-producing country, was overwhelmed by the competition of cheaper grain-producing areas overseas. She met this crisis by diverting her whole agricultural economy to livestock products, which brought her a ready market and a great increase in prosperity; but this change-over could never have been carried through effectively if she had not had her own Government to facilitate it. The second crisis was in the 1930's, when, in consequence of the Ottawa Agreements, the exports of Danish livestock products to their chief market in England were drastically restricted. This crisis, which was very serious for a time, was also successfully met and overcome by the Danish people and their Government in co-operation, by regulating exports, developing alternative industries, etc. Similarly, they are now recovering from the economic dislocation of the recent war, perhaps more rapidly than any other European country.

The Report of an Englishman, the Commercial Secretary to the English Legation at Copenhagen, on Denmark's economic position immediately before the recent war deserves the careful study of every Welshman; it contains many lessons for Wales, and Welshmen may well blush when they contrast what it says of the *natural* resources of Denmark with the great—but neglected—natural riches of their own country. "Denmark can look back on a period of five years during which the country progressed steadily towards greater prosperity, suffering one set-back only—and this beyond the control of man—namely, the comparative failure of the harvest in 1936. Throughout this period, her foreign trade . . . was controlled by the authorities in accordance with a preconceived plan and with specific objects in view, namely, the defence of the currency, the maintenance of foreign markets and the safeguarding of employment at home. . . . If trade control can succeed at all, it is likely to do so in Denmark. *The country is small, and its activities can be supervised at close quarters.* It is also in many respects an ideal field for applied economic thought. It is practically devoid of natural riches, and if it is to play any important part in international commerce and industry (as it unquestionably does), this can only be accomplished by the exertion of thought, initiative and skill. The ground is favourable for the further reason that education, and an intelligent view of the value of method, permeate the entire population—whatever the position or occupation of the individual—bringing about co-operation on a large scale in commerce and industry, and even in that usually most intractable of all economic activities, agriculture, while the standard of commercial and technical training is probably as high as anywhere in the world."⁹³ Yes, we might add, and certainly both it and the general standard of living are far higher than in Imperialistic States like England or in their subject satellites, like Wales.

If we look for a moment beyond the borders of Europe, we shall see another small self-governing country—New Zealand—with a population a million less than that of Wales, but enjoying the Dominion status which we seek, whose social services and standard of living are an example

93. D.O.T. Report on Denmark (1938), p. 1 f.

to the world. Like Denmark, New Zealand has been dependent for the greater part of her export trade on the sale of agricultural products (and world agricultural prices have for a number of years consistently lagged behind the prices of industrial products); she is also handicapped by having to send her products across half the world to reach their principal market in England. Yet, in spite of these handicaps, the intelligent direction of New Zealand's economic life by her Government has enabled her to afford her citizens a truly remarkable standard of prosperity, including social services of which we could only dream in Wales—family allowances, pensions to married couples of £3 a week at the age of 60, adequate pensions for miners incapacitated by silicosis (this measure was passed as long ago as 1915) and a public hospital system, which in 1935 expended £1,734,894 and only charged £355,530 to its patients. In New Zealand the State takes a very active part in economic life. It owns and controls transport, communications, hydro-electric services, and industrial enterprises; it uses the credit of the State Bank "to enable people to consume goods which were in abundance but which could not circulate during the depression under the capitalist profit system." Besides instituting a system of guaranteed prices for agricultural products, the State undertakes the marketing, e.g., of New Zealand butter and cheese; but while developing the export market it does not neglect to build up the home market and home industries—witness its prohibition of imported carpets, boots, shoes and hosiery in 1939.⁹⁴ Though a Socialist Government, it is carrying out the principles of economic nationalism. Without self-government, it is easy to imagine what New Zealand would have been to-day—one of England's neglected and impoverished outlying "farms"; with self-government, her success has made her the envy of the world.

It may, however, be argued that Denmark and New Zealand have enjoyed self-government for generations, and that therefore their present position is not to be compared with the position in which Wales would find herself at the outset of her self-governing career. Let us therefore examine the facts concerning *four countries which during the*

94. J. A. Lee: *Op. cit.*, p. 44, 83 and 157 ff.; Daily Herald, 3/4/39; W.M., 3/5/39.

inter-war period were still in the first generation of self-government—Eire, Latvia, Estonia and Finland. And note this first of all—every one of these four countries started its independent existence with its territory newly ravaged and laid waste by war; in the case of Eire and Finland the horrors of civil war were superimposed on those of foreign invasion. Now it is true that Wales *may* attain self-government at the end of some future war (as these countries did at the end of the 1914-18 war), with her cities bombed and her economic life disorganised; it is also true that the havoc wrought by depression, unemployment and migration upon her population, industries and agriculture under English rule is almost comparable to the havoc wrought by war. But it is not conceivable that in any even remotely probable set of circumstances she will have to begin her self-governing career under *worse* conditions than these countries had to face at the beginning of theirs—and yet, in spite of all, they made themselves within a few years self-respecting, respected and successful nations.

Let us begin by considering Eire, the country nearest home. The Irish Free State (as it was known until 1937) began its existence with "tragically reduced resources, in population, in wealth, and in economic organisation. The exclusion of East Ulster had cut off one-third of the whole population of the country, and separated from the rest of Ireland the industries and the industrial population which would have provided a reasonable balance between industry and agriculture. The Free State has had to develop with a total population of less than three million people, among whom a wholly disproportionate number were old men and women, surviving from the years after the Famine in the '40's, when the Irish population was much greater than it is to-day." Bridges and buildings had been blown up, factories destroyed, communications shattered; at the same time anything from 150,000 to 200,000 Irishmen demobilised since the 1914-18 war were requiring to be absorbed into employment. (The financial situation was also extraordinarily difficult, but this will be dealt with more fully later on). Yet by 1939, "Ireland is not only paying its way, but in accordance with the size of its population is one of the wealthy nations of the world—millions at its back, and

its credit high."⁹⁵ The Government has done much to remedy the unequal balance between agriculture and industry, and has passed many measures for the welfare of the people, including holidays with pay and family allowances.

At first the rate of increase in industrial employment was comparatively slow, e.g., between 1926 and 1931 it increased by 8%, while net industrial output increased by 5%. In the six years prior to 1939, however, employment in industrial production increased by 46%, and the net value of output by 36%. New industries set up since 1931 provided employment for 60,000 people. Opponents of economic nationalism have sometimes talked as if the adoption of this policy by Eire would mean that the Irish people would have to do without luxuries or pay far higher prices for them. The falsity of this idea was demonstrated, e.g., early in 1939, when a chocolate factory, "built by Irish labour, designed by a Dublin architect, financed largely by Irish capital," was opened in Dublin by Messrs. Mackintosh & Rowntree, employing 500 or 600 workers, and using "100% Irish products" for its raw materials. "Though the materials used were dearer and the wages higher, the price of their products to the consumer was the same as in England . . . It would take a herd of 10,000 cows to produce the milk used in the factory, and thousands of acres of sugar beet to produce the sugar consumed"—thus the benefit of the new factory was not confined to industry, but also spread to agriculture. This is only a single illustration; similar developments have taken place in almost every branch of industry, from cement to ladies' hats. And all this has been done in the face of the difficulties caused by Partition, the "economic war" with England, and the lack of industrial experience and training and traditional skill. The great hydro-electric Shannon Scheme, sponsored by the Government, has helped greatly in stimulating development, and increased electrical consumption in Eire from 80,000,000 units in 1929 (the year of its completion) to about 300,000,000 units in 1937. In 1942-3 the total number of units generated was 414 millions, and further schemes are in course of preparation. Measures

95. D. Gwynn: *Op. cit.*, p. x. and 237; W. Eames: Broadcast on 25/1/39.

have also been passed to assist agriculture, e.g., by the erection of sugar-beet and potato-alcohol factories and the standardising of produce; the tillage area has greatly increased, and "there has been a marked intensification in forestry operations in recent years." A far-reaching law for the extension of peasant proprietorship was passed soon after the setting-up of the new State, and the Government has also shown its readiness to assist co-operative enterprises.⁹⁶ Not least among Eire's gains through self-government is the fact that the increased self-sufficiency which it made possible enabled her to avoid being dragged into the recent devastating war.

The published "unemployment" figures for Eire have sometimes created a false impression, since the existing register is "in no sense a register of unemployed persons, but includes small farmers and the sons of large farmers, who are available for occasional work." Thus the figures are in no way comparable with our own, which represent genuinely unemployed workers, most of them industrial. It has been estimated that the Irish figures as published should be halved to arrive at a comparable figure of genuine unemployment; but even if we take them at their highest as published, the Welsh unemployment total in 1938 was more than 60% higher—and that on a smaller population. Coincident with the new registration system has been a great reduction in the burden of poor relief; while the recipients of home assistance in Wales increased by over 8% between 1929 and 1938, their number in Eire declined by 43% since 1934.⁹⁷

In the first five years of the Irish Free State's existence more houses were built in Dublin City and suburbs than in the thirty years between 1890 and 1921; and since then the campaign has been pushed forward vigorously all over the country in an effort to remove the terrible legacy of bad housing left by English rule. For instance, while Merthyr under the English Housing Acts had erected only 462 houses up to June, 1936, Waterford (a town with less than half

96. Irish Year Book, 1936, p. 148; Irish Times, 28 and 30/3/39; Geographical Magazine, June, 1938, p. 101; Irish Statistical Abstract (1938), p. 40; E.S.B. Report for 1942-3.

97. Irish Times, 30/3/39; Persons in Receipt of Poor Relief, 1938 (H.M.S.O.), P. 6; Irish Statistical Abstract, 1938, p. 106 f.

Merthyr's population and a third of its rateable value) erected over a thousand in the same period. The number of secondary school pupils in Eire rose in the ten years prior to 1939 from 25,375 to 36,647. Nearly 5 million school meals were provided in 1938 in county boroughs and urban areas, and nearly 3 million in Irish-speaking rural areas. In 1939 the Minister for Local Government was able to report "an enormous reduction in the mortality rate, and a great improvement in public health of the people generally." The Irish tuberculosis death-rate had ranged from 2.9 to 2.07 per 1,000 between 1898 and 1918, and remained in the neighbourhood of 2 per 1,000 during the last years of English rule, but under self-government it rapidly decreased in Eire, and by 1938 was down to 1 per 1,000—a reduction of over 50% in twenty years. (As in other countries, there was an increase in tuberculosis after the outbreak of the war, but in Eire this increase was small; the total T.B. mortality was only 3,398 in 1943—347 more than in 1931.) Deaths from infectious diseases also reached a new low record in 1938, and there was not a single case of typhus, once so prevalent.⁹⁸

There is still much to be done in Eire to make up the leeway which is largely due to centuries of English imperialist rule; but undoubtedly "the people of Ireland, though a small nation, are better off and have a surer hold on the world and on life than twenty years ago. . . . But, without the timely stimulus and support of the new idea that came with independence, it would probably have been a different story. And this idea was that the Government, the State, should make the means of subsistence of the people of the island its chief consideration, its chief care." It is this idea, and the power to carry it out brought by self-government, which made possible the "heroic economic feats that have undoubtedly been performed."⁹⁹

Latvia began her independent career a few years earlier than Eire, and under even worse conditions. Before the 1914-18 war she had been ruled by imperialist Russia, but in practice control was mostly in the hands of her German landlords—the "Baltic Barons." During and immediately

98. Gwynn: Op. cit., p. 275; Y Triiban, IV., p. 16; Irish Times, 17 and 31/3/39 and 1/4/39; Irish Independent, 11/10/44.

99. W. Eames: Broadcast on 25/1/39.

after the 1914-18 war the contending Russian and German armies surged to and fro across her territory till 1920, destroying bridges, crops, forests and factories. Nearly a quarter of the farm houses in the country were destroyed, and the population was reduced from 2,500,000 in 1914 to a little over 1,500,000 in 1920.

It was under these circumstances that Latvia had to undertake the task of building up an independent economic existence, but she tackled it with courage. Laws were passed to encourage peasant proprietorship and the co-operative movement, which extended all over the country. The chief industries were agriculture and forestry, but the profits from these were used to establish other industries, thus gradually achieving a more balanced system. In the words of the President, agriculture, "besides providing foodstuffs for the population, renders more than 50% of the export currency which, in turn, is used for importing raw materials for local industries, thus securing an opening for industrial products in the local market." Latvia has very little or no mineral wealth, but she made the utmost use of her resources, and in 1939 was constructing a great hydro-electric station on the River Daugava (the loan for which was raised in Sweden, instead of in one of the big centres of international finance). The State owned railways, forests, etc., and took an extremely active part in the regulation of the country's economic life, but chiefly with the aim of helping the people to help themselves. There was *no* unemployment problem in Latvia; indeed, in pre-war years as many as 48,000 Polish and other foreign labourers had to be imported to help with the harvest, but increasing efforts were being made to meet the requirements of agriculture with local labour. Permanent agricultural labourers enjoyed the benefits of family allowances as well as health insurance. The standard of education was high, and the school buildings were palatial as compared with ours in Wales.¹⁰⁰

Valuable work was done by the State Land Bank, the State Mortgage Bank (for urban housing), and the Latvian Credit Bank, which functioned in close collaboration with the Ministry of Finance and owned 40 million lats out of the

100. W.M., 2/11/37; Latvian Economic Review, Oct., 1938, p. 4 and January, 1939, p. 4 and 6s

56 million lats capital of the 7 commercial banks operating in Latvia. In 1935 68% of the capital of the commercial banks belonged to foreigners; but by 1938 "96% of the fundamental capital of Latvian credit institutions is in the hands of Latvian citizens." If anything of the kind were proposed for Wales, there would be an outcry that "it would mean the end of international confidence and trade"; but Latvian experience shows how baseless such an outcry is. According to a report made by the English Government's Commercial Secretary at Riga in 1938, "the present economic position of Latvia is good"; the Government's agricultural policy was showing good results; exports of butter, timber goods, hide, flax and flax yarns and threads had all increased; and employment in Latvian industry increased from 71,683 in 1933 to 108,618 in 1937, while the index of industrial output rose from 114 to 160 (1930-33 = 100). The attitude of the Latvians themselves was well expressed by the President of their Chamber of Commerce and Industry, Mr. A. Berzins: "In striving to make Latvia really and truly the State of the Latvians, it is clear that we have been endeavouring simply to recover that which was taken away from us, and which is ours by right. . . . But our national aspirations have not gone beyond actual rights, and I can affirm here that they never will. For it is not the nature of the Latvians to increase their own strength in order to weaken others. . . . In our opinion, national economic achievements can only be conducive to peaceful, successful collaboration in the international plane, i.e., with all countries near and far."¹⁰¹

The position of Estonia was very similar to that of Latvia. Before achieving autonomy at the end of the 1914-18 war, she, too, had suffered from a combination of Russian rule and German landlordism; and she, too, began her autonomous existence with war-ravaged territory and a dislocated economic system. Her century-old textile industry, for instance, was designed to supply the Russian market, and the loss of this market after the 1914-18 war placed it in a difficult position, as its output exceeded the consuming capacity of Estonia; but it succeeded in developing new markets. The shale oil industry appeared

101. W.M.: Oct., 1938, p. 10, and January, 1939, p. 15 and 24; D.O.T. Report on Latvia (1938), p. 2, 14 and 33 ff.

likely to become very valuable, and Estonia also possessed ample raw materials for the cement, match, paper and other industries. After the introduction of peasant proprietorship by the new State, considerable progress was made in all branches of agriculture; the co-operative movement was highly organised, and there was a bank for agricultural credit, controlled by the Ministry of Economic Affairs, as well as the National Bank and private banks.¹⁰²

The Government ran "schemes of state-assisted and state-controlled industries" (most of the railways and forests were State-owned), "subsidies, commercial agreements, exchange control, import licences," on which the English Consul in Tallin commented: "Whatever may be the theoretical objections to such a system, it must be admitted that in practice in Estonia it has met with success." His general comment on the economic condition of the country in 1936 runs as follows: "comparative prosperity, trade increasing, industries thriving, favourable trade balance, commercial activity, agricultural contentment, and no unemployment." In spite of a bad harvest in 1935, "the country is enjoying economic and financial advantages which are being carefully husbanded by the Administration. . . . Industries of all types were started or enlarged, and unemployment reduced to a figure representing only the transient and the unemployable" (1,276 "applicants for work" at Employment Exchanges in 1936—if that English Consul had been in Wales how different his report would have had to be!). "Trade agreements were concluded with a number of countries, and confidence was restored in public finance." The eight-hour day became law in 1931, though it is not law in great Imperial England yet. The number of workers employed rose by over 26% between 1929 and 1935. Estonia was the first new State to recognise minority rights, which were governed by a generous law of 1925. Here, as in Latvia, the educational standard was high; the proportion of University graduates to the total population was higher than in almost any other country in the world.¹⁰³

Lastly we turn to Finland, which, like Latvia and Estonia, was under Russian rule before the 1914-18 war

102. H. de Chambon: *Op. cit.*, p. 124 ff., 164, 174 and 184.
103. D.O.T. Report on Estonia (1936), p. 1 ff. and 28; *Statistical Year Book of the League of Nations* (1937), p. 55; *Latvian Economic Review*, January, 1939, p. 21.

(though at times enjoying a fairly considerable measure of autonomy), which, like them, began existence as a State under most difficult war conditions, and which has such an impressive record of success that many volumes would be required to do it justice. After the civil war, with Russian and German intervention, which in 1918 left tens of thousands in internment camps and thousands more in exile in Russia, "from every point of view, social, economic and political, the future seemed black indeed. The gulf between the classes gaped wider and uglier than ever before." Moreover, "the currency was depreciated, trade relations were partly broken off, and the work of reconstruction demanded large funds." Finland, like Wales, was largely dependent upon her export trade; and before the 1914-18 war about 30% of the value of her trade was with Russia, but the war practically eliminated that important market. "In order to maintain the imports necessary for the material welfare of the country, it was essential to force Finnish exports into other, often already replete markets. This hard problem was solved"; new markets were found; and in every sphere of the national life "the people of Finland set themselves with remarkable rapidity and still more remarkable steadiness to reconstruct the liberal-democratic foundations which Russification and warfare had so nearly overthrown."¹⁰⁴

During the inter-war period Finland's foreign trade, especially exports, increased and became more varied in character; the debit balance became a credit balance; and imports of foodstuffs largely gave place to imports of machinery and raw materials for production. (Before the 1914-18 war about 70% of Finland's exports consisted of timber and timber products—compare the position of coal exports in Wales. Finland's wealth in forests—half of which are State-owned—partly makes up for her lack of coal.) "Finland like so many other States is evolving in the direction of, and indeed aiming at, increased self-sufficiency," and the Government has vigorously developed the resources of the country. The traffic length of the railways (almost wholly State-owned) increased by 40% in the twenty years prior to 1939—and this in a country where

104. J. H. Jackson: *Finland*, p. 103 f.; V. Lindgren: *Op. cit.*, p. 1 and 20.

difficulties in the way of communications make crossing the Welsh mountains look like child's play. The value of the output of the metal and machinery industries more than trebled in fifteen years, and other industries (e.g., footwear, textiles and rubber) also developed rapidly. Finland produces more than enough copper for her needs, and nickel and iron mines were being opened up in the inter-war period; "improvements in the technique of ore refining and the rise in metal prices have made possible the economic exploitation of deposits which had hitherto been regarded as unworkable." (If in Finland, why not in Wales as well?) While maintaining a free trade policy to some extent, the Government did not hesitate to make reciprocal trade agreements as occasion demanded, and to take measures for crop marketing, price stabilisation, etc. Before 1934 it was found necessary to make many increases in tariff rates, "largely for the purpose of revenue, but also as a means of protecting the local industries," but later it was found possible to reduce some of them without detrimental effects. Finland's home market developed as well as her foreign markets; it is estimated that total sales in home trade more than doubled in a decade and a half. The volume of Finland's industrial production rose by 79% between 1926 and 1937, its value by 95%. Despite the widespread rationalisation of industry the number of workpeople rose between 1917 and 1936 by 73%." It is interesting to observe that employment in handicrafts rose from 33,000 in 1923 to 38,000 in 1935, though "it seems as if they were unable to develop in competition with industry."¹⁰⁵

Lindgren's book contains a passage which every Welshman should study word by word and apply to our own case—noting particularly that it was, of course, the setting-up of a Government of their own that made it easier for the people of Finland "to obtain the necessary capital." Lindgren points out that there has been plenty of scope for the expansion of Finland's industrial production in the inter-war period, because, firstly, "it had extraordinary resources of local raw materials at its disposal, principally timber of various kinds and suitable for various industries, but also minerals and metals; it has been possible to turn their

105. Lindgren: *Op. cit.*, p. 17 to 48; D.O.T. Report on Finland (1939), p. 2, 21 & 42 ff.

manufacture with advantage in the direction of exports on a large scale," and, secondly, "the home market was governed to an appreciable extent by imported industrial products, so that here there was a natural field for an increase in local production. Greater facilities than before in obtaining the necessary capital and the advance in electrical engineering, which made it possible to utilise Finland's great supply of water-power, have helped to extend production."¹⁰⁶

Not less worthy of note is the fact that while Finland was "progressing on the way from a raw-material-producing to a manufacturing nation," every care was taken "to see that the development of agriculture kept pace with that of manufactures." The population of the rural districts increased, though not so fast as that of the towns. 60% of the population get their living by agriculture, and "both in extent and intensity its development has been very considerable" in recent times. As in the other countries under consideration, owner-occupiership has been taking the place of landlordism (the proportion of tenant farmers fell from 19% to 8% between 1920 and 1930; the proportion of labourers also fell, while the proportion of farm owners increased; 75% of the farms were small holdings). "Over half the adult population of Finland are co-operators," and co-operation has played a large part in agriculture. Though the State contributed loans, research, and—in times of crisis—subsidies, "responsibility for the striking progress in agriculture lies not so much with the State as with the individual farmers who, once freed from hopeless conditions of lease and labour, proved themselves one of the most progressive groups of producers in the world. The key to their success is to be found in their infinite capacity for taking pains and in their extraordinary collaboration through the co-operative movement."¹⁰⁷ Here, again, the self-governing national State has helped people to help themselves.

The cultivated area in Finland rapidly increased in the inter-war period, and the acreage of arable land per head of the population was twice that in Great Britain and Northern Ireland. Crops increased by 80% in the period of 20 years since the winning of independence. Finland became practically self-supporting as regards barley, oats and

106. Lindgren: *Op. cit.*, p. 33.

107. *Ibid.*, p. 3 ff.; Jackson: *Op. cit.*, p. 131 ff. and 181.

potatoes, growing the great bulk of her own rye and wheat as well; "if it suits her commercial policy, Finland can make herself self-supporting in cereal, vegetable and animal footstuffs." As in Wales, livestock products bring in most of the cash income of agriculture (75%—half of which comes from milk). Stocks of animals increased in the 20 years prior to 1939, and the output of milk per cow rose by 40%.¹⁰⁸

Finland's Central Bank for Co-operative Societies made a practice of granting credits to small co-operative banking societies for their members. The difference between interest rates on deposits and rates charged for loans averaged only 1.25% in 1935, while in England and Wales under the joint-stock banking system it was nearly 4%.¹⁰⁹

Finland had *no unemployment* though "the Government have prepared plans for an extensive public works programme to furnish employment in the case of necessity." Should such necessity arise, here is the considered view expressed in the Report of the English Department of Overseas Trade: "Of Finland's capacity to ride out impending economic storms with far greater comfort than the last, there cannot be any doubt. Her capital structure has been built up on the most sturdy lines and her economy reinforced generally. Past tribulations have tempered the national stamina while determination to win through such troublous times as may lie ahead should stand the country in good stead. It can certainly be said of Finland's past achievements that they compel too much admiration not to inspire confidence in her future, given peace in which to work out her destinies, and the peaceful conditions which not only make for stabilisation but stimulate endeavour."¹¹⁰ And in spite of all that Finland has suffered in the past 8 years, in spite of the forcible seizure by Russia of much of her territory and of the valuable nickel mines around Petsamo which promised to be one of her chief future sources of wealth, it is still true that her past achievements and the spirit and quality of her people inspire unbroken confidence in her future.

Like Norway, Sweden and Denmark, Finland "found a middle way between private enterprise and State control

108. Lindgren: *Op. cit.*, p. 3 ff.; Jackson: *Op. cit.*, p. 181; D.O.T. Report on Finland (1939), p. 1.

109. Jackson: *Op. cit.*, p. 134.

110. D.O.T. Report on Finland (1939), p. 3 f.

... In each there is a more real equality of opportunity than in England; in each the distance between the rich and the poor is shorter" (there were only 12 people with an income exceeding £6,500 a year in Finland in 1931). In the inter-war period Finland brought about "a marked improvement in social conditions"; generous provision was made for the aged and those in need, and also for artists. "Such a thing as a slum does not exist in Helsinki," the capital. "More books in proportion to the population are published every year in Finland than in any other country." University education is free, so is secondary education (except for nominal fees of a couple of £'s paid by the well-to-do). Children attend the elementary schools from the age of 7 to 13, and for the next two years pursue a vocational course in advanced schools to fit them for their life's work. 40% go to the secondary schools, as against 20% in England. There are excellent technical schools, and eleven Folk High-schools. (These are pre-war figures.) Thus, in the short period of peace allowed her after her attainment of independence, Finland prepared her people for the future, spiritually as well as materially. As Lindgren says, "During the past 20 years the foundations, on which Finland's economic and cultural development will have to continue building in the future, have been broadened and at the same time strengthened against impacts from outside."¹¹¹

Is it merely a coincidence that all these small self-governing countries can show a record of increasing prosperity in the inter-war years (difficult years as these have been for world trade and economic life), while Wales can only show a record of depopulation and depression verging on despair? Wales is no less rich in natural resources than they are—richer than many of them; and is it possible that the Welsh people, whose ancient laws from the days when Wales was free have been hailed by Continental scholars as the finest legal code in mediaeval Europe, are no longer able to govern themselves—that they are inferior in character and capacity to every other little nation in the world? No, the conclusion is obvious—it is English misgovernment that is causing the ruin of Wales and the neglect of Welsh resources; it is only in self-government that Wales can find the remedy.

111. *Ibid.*, p. 71; Jackson: *Op. cit.*, p. 15 ff. and 216 ff.; *Geographical Magazine*, March, 1936, p. 333; Lindgren: *Op. cit.*, p. 59.

CHAPTER 4

THE FINANCES OF SELF-GOVERNMENT

The mention of self-government for Wales usually provokes a host of questions on these lines: "How can Wales afford self-government?" "How can Wales produce all her own requirements?" "Is not Ireland worse off under self-government than she was before?" These more general questions have been sufficiently answered in the foregoing pages; but they are often followed by other questions about FINANCE, which the questioners evidently regard as the final bugbear! For instance, people ask, "How would Wales get the necessary funds to start her self-governing career?" "Would not self-government cost more than the present system, and would it not mean a rise in taxes?" "How could an independent Wales afford to pay unemployment benefit, since we had so many unemployed after the 1914-18 war, and are likely to have them again before long?" "What would the Budget of a self-governing Welsh State be like?"

There are a couple of general observations which need to be made with regard to these questions before coming down to details. In the first place, a country's finance is not something which can be considered in isolation from the rest of its economic and cultural life. Money in itself is not wealth; it is simply a means for the exchange of goods and services. Finance is at bottom a matter of credit, and credit depends on confidence, or the degree of trust or belief that people have attained in one another.

A country's credit depends in the final resort on the confidence of its own citizens and those of other States in the adequacy of that country's natural resources and in the

character of its people and their ability to develop those resources. As regards these essentials, Wales is at least as well situated as any other small self-governing country; and when she has a Government of her own it will be able to canalise the confidence based upon her possession of those natural assets so as to acquire whatever loans may be necessary to assist the work of national development.

In the second place, a Welsh Government's policy with regard to the unemployed would be not just to sit down and wait for "pennies from heaven" to enable it to pay their dole, but to adopt a vigorous programme of constructive work (as already outlined in the preceding pages) which would enable the unemployed to find employment. In this way—though of course not at once—the unemployed would cease to be a mere deadweight burden, and would become an active asset, helping in the creation of more wealth for the nation.

Now, as to this question of **how the new State would find funds to start its self-governing career**. People sometimes talk as if the new Welsh State would have to "start housekeeping" with a host of urgent bills coming in every day, and not a penny in its purse to meet them! They forget that under the Dominion status which Nationalists claim for Wales, the new Welsh Government would have full powers of taxation, and that from the moment of the setting-up of the new State the power of collecting taxes of all kinds—Customs duties, income tax, payments for postage stamps, etc.—would be transferred from the English to the Welsh Government. Until the latter Government had time to introduce its own first Budget, or until it passed laws for their repeal, the existing English taxes would continue to operate in Wales, and their yield from week to week would automatically go to replenish the Welsh Treasury.

It may, however, be argued that the launching of the new State would involve considerable extra expense, and the yield of the existing taxes would be insufficient to meet it; and that therefore the State would immediately find itself in bankruptcy. People who advance such arguments must have paid singularly little attention to everyday experience

in the economic world around them. When a man comes in for a rich legacy, even if the actual money involved is not paid over to him at once because of legal formalities, he never has the least difficulty in obtaining an advance on the strength of the legacy to meet his immediate financial requirements. Similarly, the Welsh State, which will be entering into the rich inheritance of Wales itself, with all its natural resources and unused potentialities of wealth, need not anticipate the least difficulty about obtaining loans—and obtaining them at home in Wales, too. Besides, a State has the advantage over an individual of not being confined to the short span of an individual's life-time and therefore of being able to mortgage the future indefinitely. For short periods, Governments are usually able to meet any financial requirements not met directly out of taxes by means of short-term credit from the banks, through the issue of Treasury Bills, etc.; and this the Welsh Government would probably do for the first few months of its existence. Later, when the occasion was favourable, it would have to consider the launching of one or more large-scale National Loans to meet exceptional expenditure.

It is accepted as a maxim of sound finance that, while the ordinary day-to-day expenditure of a State ought to be met out of taxation, Governments are justified in borrowing for expenditure on (a) charges of an abnormal, non-recurring character, and (b) constructive undertakings which will yield an adequate return eventually. Now certainly the expenditure which a Welsh Government would have to undertake in order to repair the ravages of English rule and to recondition the countryside would be of an abnormal non-recurring kind, and much of it would also be constructive expenditure which would ultimately yield a profit (e.g., expenditure on electricity schemes, the Central Road, agricultural reconstruction, etc.). The Welsh Government, therefore, would be fully justified in borrowing for these purposes, e.g., in raising a loan for the £12,000,000 required to finance Prof. Stapledon's scheme of land reclamation; and it would be facilitated in doing so by the fact that, since the process of land reclamation is gradual and the money has not all to be spent at once, the amount required could be raised in instalments instead of in a single sum,

thus making it easier to take advantage of favourable conditions on the money market. Bodies like the Welsh University, the Welsh Churches, industrial companies, etc. (like their Irish counterparts), as well as individuals, should welcome the opportunity of investing in a loan on the security of their own country and Government, especially since the precariousness of overseas investment has been so strikingly demonstrated of late.

It may help to make the position clearer if we compare the experiences of some of the small countries whose recent history we have been considering, and find out how they overcame those serious financial difficulties which are supposed to attend (and sometimes, but not always, do attend) the launching of a new self-governing State.

We have already seen something of the difficult conditions under which the **Irish Free State** began its existence, with its whole economic life dislocated as a result of the Anglo-Irish war, partition, and the civil war. This state of things was bound to be reflected in its finances. Even the swollen expenditure estimates (£37,709,000) of the first year of independence (1922) were far exceeded in the following year as the result of the civil war. In April, 1923, the expenditure estimate was £42,000,000, of which £10,385,000 was to meet compensation claims for damage caused during the previous fighting, and £10,664,500 was for the Army; and though by 1924 the estimate was down to £32,000,000, "the whole financial situation was still profoundly affected by the abnormal conditions," and abnormal expenditure continued as long as compensation claims remained outstanding and the army had to be maintained on an excessive scale to keep order. Arrears of taxation were only beginning to come in (it must be remembered that the non-payment of taxes had been part of the campaign against the English), though in later years the Government succeeded in collecting them, with much benefit to the revenue.¹¹²

In 1924, however, the first serious attempt was made to frame a normal Budget, balancing revenue and expenditure; and this year "saw the foundations of the Free State's financial system securely laid." The work of building up a sound financial structure continued in subsequent years.

Already by 1927, as "part of a deliberate policy of restoring confidence," the Minister of Finance was able to reduce the Irish income tax by 1s. to 3s. in the £, 6d. below the English rate of income tax (then at 3/6 in the £); and in the years that followed it remained (and still remains) below the English level. By 1932-3 expenditure on the Army had been brought down to 4.8% of the total Budget expenditure as compared with 12% in 1925-26.¹¹³

In the autumn of 1923, when the collection of arrears of taxation was still doubtful and transport and communications were still more or less in chaos owing to the destruction of roads and bridges, the Irish Government courageously determined to float its first National Loan for the sum of £10,000,000, and with equal courage resolved to float it on the home market in Ireland instead of in London. "To have floated the first Loan at all, when the Free State was only emerging from a state of civil war, and when the Loan itself was required only to pay the cost of so much futile and senseless destruction, was one of the biggest achievements of the new Government in those first critical years." The Loan was immediately over-subscribed. Among the biggest subscribers were ex-Unionist bodies like the (Protestant) Church of Ireland, the Board of Trinity College, Dublin, and the Directors of Guinness, Ltd., sinking old prejudices in loyalty to the new régime; but the great bulk of the £10,000,000 required was subscribed in small sums, showing how widespread was the confidence of the Irish people in their own new State. Though the terms of the Loan (issued at 95 with 5% interest) "were at the time not much more advantageous than the prevailing terms of any other gilt-edged security floated in the British Commonwealth," it was quoted within a few months at 99, and subsequently rose still higher.¹¹⁴

By the time a second National Loan was required it was possible to float it under peaceful and settled conditions; and this time the money was wanted to pay, not for destruction, but for construction—drainage schemes, the Shannon electricity scheme, and agricultural credit. A less amount of money was required than in 1923; "there was no longer the same special reason for borrowing as there had been when

113. *Ibid.*, p. 266; Paper by Mr. J. Eason, read before Irish Statistical Society.
114. Gwynn: *Op. cit.*, p. 337 ff.

the Irish Exchequer received only half the income tax on investments held by Free State citizens in other countries. The recent arrangement with the British Treasury to abolish double income tax payments had removed this difficulty; and there was no longer the former reason for creating an Irish Trustee Stock into which Irish citizens could convert their other securities." It was decided to float £4,000,000 of the Loan in Ireland, as before, and the other £3,000,000 in New York. The whole of the New York issue was over-subscribed within two hours on December 5, 1927 (which speaks well for the ability of a small self-governing State to command international credit); the Irish issue was also over-subscribed, mainly by small subscribers, as before.¹¹⁵

Two more National Loans, at lower interest rates, had been issued on the home market by the end of 1933, and soon rose far above their issue price; and the First National Loan was converted on favourable terms in 1935. At this time the Irish Free State's total debt amounted to about £48,500,000, or £16 per head, while the total debt of the United Kingdom of Great Britain and Northern Ireland was £7,902,000,000, or £169 per head—more than ten times as much per head. Meantime, a financial dispute had arisen between the Free State and England as to which of them was liable for the payment of land annuities (interest on sums advanced for land purchase to tenant farmers in Ireland before the creation of the Free State) and other monies (e.g., pensions for England's armed police in Ireland); and the refusal of Mr. de Valera's Government to pay these sums resulted in the launching of the "economic war" by England against Ireland. The capital value of the sums in dispute was estimated at about £100,000,000. In 1938, however, Mr. de Valera succeeded in securing a settlement of this dispute, and of all other financial questions outstanding between England and Ireland, for a single payment of £10,000,000.¹¹⁶ To meet the exceptional and non-recurring expenditure involved, another £10,000,000 loan was successfully floated in Ireland before the end of the year.

The soundness and stability of Eire's economic and financial position after sixteen years of self-government

115. *Ibid.*
116. Irish Year Book, 1938, p. 240; Irish Times, 15/4/37 and 13/5/38.

were summed up in an article in *Lloyds Bank Monthly Review* by Mr. J. P. Colbert, Chairman of the Industrial Credit Co., Ltd., and a former editor of *The Statist*. He pointed out that there had been no inflationary financing of Budget requirements, and that "the comparison of the present debt figure should not be with the comparatively clean slate which the twenty-six counties were given on the establishment of the Free State, but with the national debt burden attributable to the Free State immediately prior to its establishment. The effective comparison of the existing debt should be, therefore, with a figure of approximately £200 millions, representing the amount of the British National Debt, which, on a basis of comparative financial capacities, might fairly be apportioned to the twenty-six counties on their establishment as a separate fiscal entity." (In other words, Eire's burden of debt, most of which had been used to increase the country's assets, was in 1938 about a quarter of what it was before she got free from English rule). Because of the large investments held by Irish citizens abroad, "the Free State would probably rank as the largest creditor nation in the world on a *per capita* international comparison," and therefore its adverse balance of visible trade need cause no alarm. "Not only has the country not been realising its capital assets in order to cover current consumption, but during these years there has been a net accretion of capital." Mr. Colbert's definite conclusion was that Eire was to be ranked among the strongest economic entities in the world, and was growing in economic strength. This view is borne out by the consistently high prices of Irish Government Stocks. The real test of a country's strength and stability is during times of crisis; and during the critical year of 1938 the Irish 3½% National Loan never fell lower than 94½, while the English 3½% War Loan, with all the prestige of Imperial England behind it, went down as low as 90.¹¹⁷ Irish Government Stocks have continued to hold this advantageous price position during and since the recent war.

Eire has her own coinage, which circulates in the country side by side with English coinage. As most of her trade is done with England, she has found it wiser to keep

117. *Irish Times*, 10/1/38; *Wilson's Investment List*, January, 1939.

her currency linked to sterling, so that there has never been any divergence from parity between the two currencies. A similar policy of keeping their currencies more or less closely "pegged" to sterling was adopted in the inter-war period by other countries trading extensively with England, e.g., Denmark and the Baltic countries (just as England "pegs" her currency to the U.S. dollar); but of course it is a policy which the Governments of all these countries, including Eire, are free to change at any time if they consider that such a change would be to their advantage.

It has been thought worth while to describe the financial history of Eire in some detail, because of the parallels existing between that country and Wales. For instance, it was to *English* rule that Eire was subject, as Wales is to-day, before she attained independence; and in the building up of her financial structure under autonomy Wales could find many precedents in the experience of Eire, e.g., in making an agreement with England for the avoidance of double income tax. Lack of space forbids equally full discussion of the financial history of the other countries mentioned, but some details from the experience of Finland may be quoted, lest it should be imagined that the financial success of Eire is something unique and exceptional among small self-governing countries.

Financially, as well as in other ways, Finland started her career as a State under circumstances of the utmost difficulty. Because of her political subjection to Russia and the consequent linking of her currency to the depreciating Russian rouble, the internal purchasing power of the Finnish mark had fallen by 1917 to one-third of its pre-1914 level, and its foreign purchasing power to one-half. (Latvia and Estonia experienced similar difficulties for similar reasons, and similarly overcame them). Expenditure due to the aftermath of the 1914-18 war and the establishment of independence brought the Finnish mark still lower; by 1921 its purchasing power was down to 9% of pre-war parity at home and 7% abroad. At the same time the requirements of the new State temporarily increased the need for funds, "which the resources of the financial institutions were unable to meet." During this initial period "long-term credit in the form of bond loans had to be resorted to on a large scale,"

By 1922 Finland's total indebtedness in bonds was more than double what it had been at the beginning of 1918, and amounted to nearly 1,900 million marks (1,600 million marks of which were State bonds); but only 500 million marks of this represented external issues.¹¹⁸

With the improvement in the economic conditions of the country under self-government, the financial position soon improved. In 1925 Finland stabilised her currency, and returned to the gold standard; she had to go off gold again in 1931 in order to maintain her trade connections with Great Britain, but overcame the effects of the crisis comparatively soon. From 1932 onwards, capital constantly increased, the bank rate came down, and the balance of payments was favourable. Finland's National Debt at current rates of exchange reached its highest point in 1932 (6,000 million marks), but by the end of 1937 was down to about 3,828 million marks, most of which was internal debt. More debt was subsequently redeemed, and by 1939 "the country's virtual independence of the foreign capital market" was "of outstanding importance." It is also worthy of note that "alone of the nations who owed money to the United States, Finland discharged her obligations punctually and in full"—contrast Imperial England. At its 1937 figure, Finland's National Debt amounted to about 1,000 marks per head of the population, or about £4 per head—contrast the truly imperial dimensions of the United Kingdom Debt of £169 per head as far back as 1934-5, since when it has soared to a figure of something like £555 per head.¹¹⁹ The experience of Finland proves conclusively that, no matter what the difficulties attending its first years of independence, a small country can very soon set its affairs upon a sound financial basis, given a few years of freedom from imperialist control and the self-government necessary to enable it to develop its resources.

When we come to apply the experience of these small self-governing countries to the case of Wales, however, we are immediately confronted with one great difficulty—the difficulty of obtaining comparable figures. How can we say, for instance, whether taxes are likely to be higher or lower under self-government when we have no official figures to

118. Lindgren: *Op. cit.*, p. 48 ff.

119. *Ibid.*, p. 55 ff.; Jackson: *Op. cit.*, p. 179; D.O.T. Report on Finland (1939), p. 2.

show the present burden of taxation borne by Wales? The English Government has consistently followed a policy of refusing to publish financial statistics for Wales separately; its rule has been to publish such statistics for England and Wales as a single unit (or for the "United Kingdom"), with nothing to indicate how much Wales contributes to the revenue or how her contribution compares with her share in the benefits of Government expenditure. In itself this refusal of the English Government to publish separate financial statistics for Wales is highly suspicious. If Wales is really getting more than she gives as a member of the English political and economic system, if her association with England is bringing her substantial financial benefits, would not the English Government be anxious to publish the figures, if only to exhibit its own generosity to the world and to shut the mouths of the advocates of Welsh self-government? Its refusal to publish them strongly suggests that they would prove what for other reasons seems all too **probable, that Wales has been overtaxed** for years, and even now, in her present impoverished state, is contributing more than her fair share to English revenues in relation to her taxable capacity.

This probability is greatly strengthened when we compare the experience of Ireland and Scotland, countries which, like Wales, have been subordinate units in the English political and financial system. The Committee appointed by the English Government to inquire into Irish Finance in 1912 reported that "the experience of the last few years amply confirms the theory that a financial partnership with Great Britain does lead in Ireland to a scale of expenditure beyond the requirements and beyond the resources of the country itself," and recommended (with minor reservations) that an Irish Government should be given full powers of taxation.¹²⁰ Of course, a great part of this excessive expenditure was on "Imperial services," such as the English Army, Navy and National Debt, which were of no concern to Ireland and no benefit to her, and from which she got free after self-government. Some idea of the burden inflicted on Ireland under this system may be gained from the fact that in the negotiations with England

120. N. Mansergh: *The Irish Free State*, p. 251.

Mr. de Valera, on the advice of his legal and financial experts, put in a claim for £400,000,000, representing over-taxation of Ireland by England in the past.

The position as far as Scotland is concerned has been similar. Here again the English Government has been very chary of publishing figures showing the financial relations between itself and Scotland, but such figures have been published at intervals; for instance, in 1931 the Financial Secretary to the Treasury stated that in 1924-5 Scotland's contribution to the revenue had been about £75 million, and of this £25 million had been spent on purely Scottish services. In other words, of all the revenues raised in Scotland *two-thirds* were being spent on general United Kingdom and "Imperial" services, and only a comparatively small fraction of the money taken for these services would be disbursed again by the Government in Scotland. In 1920-21 (a time of inflated currency) the total Scottish revenue was £119,753,000, of which £33,096,000 was spent on local services, and £86,657,000 was Scotland's contribution to "Imperial expenditure." In the previous year (1919-20), Scotland's "Imperial" contribution was practically the same (£84,496,500), and it has been calculated that this was 12.6% of the contribution of England and Wales, though Scotland's taxable capacity, as estimated by Mr. Edgar Crammond in 1913, was only 11.65% of that of England and Wales. Thus, on the basis of her taxable capacity, relative to England and Wales, Scotland was contributing over £6,000,000 too much to "Imperial expenditure." Scotland has evidently been over-taxed for years, and the burden of over-taxation is getting heavier as her taxable capacity decreases—Scottish net receipts from income tax, which had been 11.9% of the English receipts in 1900-01, had fallen to 7.9% of the English receipts by 1929—a striking indication of the progressive impoverishment of the country under English rule.¹²¹ It is safe to assume that, if the figures were available, they would tell the same story in regard to Wales.

Practically the only financial figures which the Government publishes separately for Wales are figures relating to the **finances of the Welsh local authorities**. The Ministry

121. A. MacEwen: *Op. cit.*, p. 82 ff.; G. M. Thomson: *Scotland, That Distressed Area*, p. 30.

of Health Report (1937) shows, for instance, that the Welsh local authorities in 1934-5 had a total income of £25,335,074, of which £8,167,809 was from public rates, £10,126,893 from Government grants, and £7,040,372, "other income," while the corresponding figure for England and Wales was £461,387,310 (£154,782,080 from rates, £125,037,136 from grants, and £181,568,094 "other income"). The total expenditure of the Welsh local authorities in this year was £24,661,186, of which £5,311,208 was for loan charges; most of this expenditure was for education, public health, highways and bridges, poor relief, housing and police. The expenditure figure for England and Wales was £454,759,269, of which £100,984,164 was for loan charges. On capital account the Welsh local authorities had an income of £3,156,698 from loans, £256,451 from Government grants, and £554,517 from sales of land and other sources (£3,967,666 in all), and their expenditure was £4,203,655 (including sums transferred to sinking funds, etc.). For England and Wales the corresponding receipts figure totalled £78,174,406 (of which £2,107,830 was from Government grants), and the expenditure figure was £80,657,889.¹²²

Figures of rateable value for 1934 show the **rateable value** of England at £273,888,480, and the rateable value of Wales as £11,402,943. Opponents of self-government sometimes use these figures as an argument against the possibility of financial independence for Wales, pointing out that according to them the rateable value of England is 24 times as great as that of Wales, though her population is only 15 times as great, and drawing the conclusion that Wales could never support herself without financial subsidies from England. One comes, for instance, across statements like this (made by Mr. Vyrnwy Lewis): "A nation of 2,000,000 people (sic.) could not support efficient services in a land the assessment value of which was under £13,000,000, an amount less than 50% greater than the City of Westminster with its 140,000 people." These advocates of a continuation of the present system which is so *efficiently* driving Wales to destruction overlook the fact that rateable value is by no means a reliable index of a country's existing wealth, much less of its potential wealth. For a rate is a tax levied on

122. Ministry of Health Report (1937), p. 162.

only one kind of wealth; it is a tax paid by the occupier of immovable property in proportion to the assumed letting value of that property; it has no necessary relation to the income or profits which the ratepayer may be receiving (a wealthy man, e.g., might live in quite a small house, though receiving a large income). A coal-owner, for instance, may have his plant in Wales assessed at its assumed letting value and pay rates on it (though since 1929 he will be relieved of paying rates on $\frac{3}{4}$ of its net annual value), but the local authority has no power to tax him in any way on the profits he is drawing from it yearly and probably spending almost entirely outside Wales. A Welsh Government, however, would be able to tax all such income as it arose, including the income derived from Wales by companies with their headquarters in London; it would also have power to tax all the varied forms of wealth, through death duties, Customs duties, and all the multifarious forms of taxation known to the modern State; and thus its capacity to raise revenue would have a much wider basis than that of the local authorities. It must be remembered, too, that the property whose value is reflected in figures of rateable value is mostly house property, and the deteriorated condition into which house property in Wales has been allowed to fall under English rule is notorious—witness the findings of the Tuberculosis Report issued just before the war. Furthermore, rateable value takes no account of the potential wealth of a country—e.g., the great resources which Wales possesses in her soil and under her soil, and which are only waiting for “the timely stimulus and support” of self-government to be materialised into actual wealth, as has happened in other countries.¹²³ As for the City of Westminster, it must be remembered that the Head Offices of Government, banks, and many business enterprises operating in Wales, are there and increase its valuation; if these were in Wales, as they ought to be, Welsh rateable value would be correspondingly increased.

Even if we assume that relative rateable value is an acceptable measure of national wealth, this is far from showing that Wales could not afford self-government (quite apart from the fact that self-government, as we have already

123. Rates and Rateable Values, England and Wales (H.M.S.O., 1935), p. 62 ff.; Manchester Guardian, 15/5/30; Everybody's Book of Politics, p. 210 ff.

seen, might be expected to increase her wealth). In 1934 the rateable value of Wales was approximately one-twenty-eighth of that of Great Britain,—suppose we assume that her contribution to the following year's British Budget was in that ratio; we shall find that it amounted to about £29½ millions, a sum which, as we shall see later, should be quite sufficient to meet a normal year's expenses under self-government, i.e., at current rates of national expenditure in Wales.

In spite of the obstinate persistence of the English Government in concealing the statistics relating to Welsh finances, there are certain tests which we can apply to assist us in calculating the **Budget capacity of Wales** and the expenses which the Welsh State would probably have to meet under self-government. In 1911, for instance, when Mr. Lloyd George was Chancellor of the Exchequer, the late Mr. E. T. John succeeded in obtaining from him figures of the assessments to income tax for 1901-02 and 1911-12 of the four units of the then United Kingdom—England, Wales, Scotland and Ireland. The figures themselves are now out of date, but they enabled Mr. John to calculate that on this basis of income tax assessments (and it must be remembered that about half of the United Kingdom's tax revenue was raised by income taxes) the share of Wales in the accumulated wealth of the United Kingdom was 3.05%. If the contribution of Wales to the Budget of 1935 were reckoned on this basis, it would give her a Budget figure of £24,744,000; if her contribution to the Budget of 1939 were similarly reckoned it would amount to £28,278,000.¹²⁴

Incidentally, on this basis, the wealth per head of population before the 1914-18 war was £13 6s. 6d. in Wales, and only £9 4s. 0d. in Ireland—so Wales was about 45% wealthier than Ireland! People who moan about the impossibility of Wales being able to afford self-government should contrast the state of things revealed in these figures with the prosperity and strong economic position of Eire to-day and ask themselves if their own country is really incapable of achieving what has been achieved by a country originally so much poorer. On the same basis the wealth of Scotland just before the 1914-18 War was £20 2s. 3d. per head,

124. E. T. John: Wales, its Politics and Economics, p. 32 ff.; G. D. H. Cole: Op. cit., p. 448; W.M., 26/4/39.

and that of England £25 7s. 0d.¹²⁵ These figures clearly indicate how England has been sucking the wealth from her subject "provinces," people who made their fortune in Scotland or Ireland or Wales or other parts of the Empire residing and spending it (and therefore being assessed for income tax) in England. Under self-government fortunes made in Wales would be taxable at source, i.e., in Wales, and so the Welsh income-tax assessment would be much higher.

The figures obtained by Mr. E. T. John enabled him to make another calculation. Assuming that taxation was more productive in Wales than in Ireland, but less so than in England and Scotland, he estimated that in 1916-17 Wales was contributing £21,981,060 out of an aggregate United Kingdom revenue of £550,000,000, or 4%.¹²⁶ On this basis, Wales' contribution to the 1935 Budget would be £32,992,000, and her contribution to the 1939 Budget would be £37,704,000.

It may be contended, however, that if Wales is being steadily impoverished by English rule, her proportion of the wealth of the United Kingdom and her contribution to the Budget must now be less than it was when Mr. E. T. John made his calculations. There is an element of truth in this contention; but it is more than offset by the fact that when these calculations were made Eire was still part of the United Kingdom and now is so no longer. Since Eire's assets and her Budget contribution have now been subtracted from the United Kingdom balance sheet, it is obvious that the percentage share of assets and contributions of each of the remaining members of the United Kingdom must have risen accordingly. And since (even though Eire's expenses no longer figure in the United Kingdom Budget) the total Budget expenditure has risen enormously since then, it is obvious that the contribution of Wales must also have enormously increased, absolutely as well as relatively. Therefore, though no exact comparison is possible in the absence of recent authentic figures, we may safely say that Mr. E. T. John's estimates of 3.05% as the share of Wales in the wealth of the United Kingdom, and of 4% as her contribution to United Kingdom revenue, are under-

125. E. T. John: *Op. cit.*, p. 33.
126. *Ibid.*, p. 39.

statements rather than over-statements as far as the present-day position is concerned.

Probably the best available basis, however, for calculating the **taxable capacity of Wales** and her contribution to United Kingdom revenues is the simple population basis. This principle was recognised by the Final Report of the Royal Commission on Local Taxation relating to Scotland in 1902. After referring to other methods of calculating the contributions of Scotland and England to the revenue and their consequent claims to Government grants, the report states: "In view of the complexity and obscurity of the calculations made in 1888 we consider that the population of the two countries constitutes a better and simpler measure of their respective claims." There is thus ample precedent for applying the population basis to the case of Wales. In 1934-5 the population of Wales was approximately 5.4% of the population of the United Kingdom of Great Britain and Northern Ireland;¹²⁷ assuming that she contributed to the Budget of the following year in proportion to her population, her contribution was £44,539,000. On the same basis her contribution to the 1939 Budget would be £50,900,400.

The application of the population basis to Welsh finances makes it possible to meet the case of those who will never be satisfied until they are presented with a detailed picture of the share of Wales in the United Kingdom Budget under English rule and of a Welsh Budget as it might be under self-government. Therefore, let us clinch the matter by considering in detail, first, **what Wales is paying at present towards the U.K. Budget** on a population basis, and, secondly, what she would have to pay if she were framing her own Budget as an autonomous State.

Here is the United Kingdom Budget for 1935-6, as published in summarised form by the Economic Intelligence Service of the League of Nations. (The year 1935-6 has been selected because it will be possible to compare the U.K. Budget with the Budgets of several small self-governing countries for the same year while comparable figures for more recent years are not available. But it must be remembered that, whereas the total U.K. Budget in that year was only £824,800,000, in 1939 it was £942,600,000, or over 14%

127. A. MacEwen: *Op. cit.*, p. 82 ff; *Irish Year Book*, 1936, p. 240.

greater, and that therefore the total Budget burden upon Wales increased in a similar proportion in the short space of four years since 1935. Since 1939 the increase has been still more startling—see Appendix.) Figures are given in millions of £'s, to the nearest decimal point.

ESTIMATED U.K. BUDGET, 1935--6.

Receipts.		Expenditure.	
	£		£
Income Tax ...	232.5	Army ...	43.5
Surtax ...	51.5	Navy ...	60.0
Land tax, etc. ...	0.8	Air ...	20.7
Excess profits and Corporation profits tax ...	1.7	Imperial and foreign affairs ...	8.5
Motor-vehicle duties ...	31.2	Central Govt. and finance ...	2.0
Death duties ...	80.0	Home Dept., Law & Justice ...	17.0
Customs duties ...	188.6	Health, Labour and Insurance ...	160.8
Stamps ...	25.0	Trade and Industry ...	11.4
		Common Services (works, stationery, etc.) ...	7.9
Total tax revenue...	717.7	Education ...	54.1
Total non-tax receipts	107.1	Pensions (mostly War pensions) ...	46.0
		Exchequer contributions to local revenues ...	45.3
		Revenue departments ...	77.3
		Margin for supplementary estimates ...	4.0
		Consolidated Fund services (including £224.0 for National Debt Service, £26.2 to Road Fund, etc) ...	261.8
		Restoration of cuts ...	4.0
Total receipts ...	824.8	Total Budget Expenditure ¹²⁸ ...	824.3

On a population basis, the share of Wales in this Budget would be as follows:

RECEIPTS.		EXPENDITURE.	
	£		£
Income tax ...	12.6	Army ...	2.3
Surtax ...	2.8	Navy ...	3.2
Land tax, etc. ...	0.04	Air ...	1.1
Excess profits and Corporation profits tax ...	0.09	Imperial and foreign affairs ...	0.5
Motor-vehicle duties ...	1.7	Central Govt. and finance ...	0.1
Death duties ...	4.3	Home Dept., Law & Justice ...	0.9
Customs duties ...	10.2	Health, Labour & Insurance ...	8.7
		Trade and Industry ...	0.6

128. League of Nations: Public Finance, 1928-35, Vol. V., p. 6 ff.

RECEIPTS—Continued		EXPENDITURE—Continued	
	£		£
Excise duties ...	5.7	Common services (works, etc.) ...	0.4
Stamps ...	1.4	Education ...	2.9
Total tax revenue ...	38.8	Pensions (mostly War pensions) ...	2.5
Total non-tax receipts ...	5.8	Exchequer contributions to local revenues ...	2.4
		Revenue departments ...	4.2
		Margin for supplementary estimates ...	0.2
		Consolidated fund services ...	14.1
		Restoration of cuts ...	0.2
Total receipts ...	44.6	Total Budget expenditure ...	44.5

Of course, it is unlikely that in each one of the items listed above the share of Wales would be exactly on a population basis, but as a rough estimate of the general position the picture given by these figures is accurate enough.

On the basis of these figures, Wales' share of the burden of Budget expenditure in 1935-6 was about £17 16s. 0d. per head, the tax burden alone being about £15 10s. 0d. per head. In the Irish Free State in the same year (a difficult year—at the height of the "economic war") the Budget total was in round figures £33,000,000, or £11 per head, and total taxation was only about £8 8s. 0d. per head. In Estonia in the same year the Budget total was 69,500,000 kroner, or about £3 8s. 0d. per head (reckoning 18 kroner to the £), and taxation per head was less than half this figure, a large proportion of the revenue being derived from State property and enterprises. In Finland in 1935 (the Budget year in Finland coincides with the calendar year) the Budget total was in round figures 3,355,000,000 Finnish marks, or about £4 per head (reckoning 227 Finnish marks to the £), and total taxation was only about £2 14s. 0d. per head.¹²⁹ Detailed examination of the Budgets of Denmark and other small self-governing States would tell a similar story. So much for the financial benefits of belonging to a great Imperial State! Moreover, as anyone who has visited these countries can testify, our inordinately high scale of taxation and Budget expenditure has not secured for Wales a higher standard of living than that enjoyed by

129. Ibid, Vol. XV., p. 4 ff, and X., p. 7 ff.; H. de Chambon: Op. cit., p. 179 ff.

them—for the simple reason that under the English system so great a proportion of the expenditure (nearly half the Budget) goes, not to be spent in Wales or on construction, but to pay for past destruction and for preparations for destruction in the future.

We are now in a position to consider the items of expenditure for which Wales would have to budget under self-government, and to compare these with the expenditure which she already has to meet annually, as illustrated by the Budget figures for 1935-6. At the top of the list in the United Kingdom Budget comes expenditure upon the *fighting services*. But under Dominion status Wales would be perfectly free from all obligation to contribute to the upkeep of the Imperial Army, Navy and Air Force; she would be free to have her own defence forces, or to have none at all, if she so wished; this is the position in every one of the self-governing Dominions. Now, in view of the fact that the Welsh Nationalist Party has officially renounced war as an instrument of policy, it may be assumed that self-government would bring an immediate cutting-down of expenditure on the fighting services. To cover all contingencies, however, let us assume that a free Wales might contribute towards the upkeep of an International Police Force or some similar body. As Wales is only a small country, this contribution would not be large; let us put it at £300,000, replacing her 1935-6 expenditure of £6.6 million on the fighting services.

The next item in the United Kingdom Budget is "*Imperial and foreign affairs*." Under self-government Wales would not have to share the cost of administering the Empire, but she would of course wish to maintain trade representatives abroad and perhaps an Ambassador in certain countries with which she has especially close ties, e.g., America. The Irish Free State in 1935-6 spent £90,000 on Foreign Affairs, Finland about £181,000, Estonia about £59,370. Probably a yearly expenditure of £75,000 would be ample for the needs of Wales; this would mean a saving of £425,000 as compared with the 1935-6 figure.

Taking the items of *Central Government and Finance and Revenue Departments together*, we find that in 1935-6 they cost Wales £4.3 million on a population basis. Under self-

government Wales would have a new Customs frontier to administer, which would mean a certain amount of extra expense; on the other hand, the fact that Welsh affairs would now be controlled by a Welsh Government in Wales itself would mean an enormous saving in the expenses involved in the duplication and "red tape" of the present system, under which all Welsh affairs have to be referred to London before anything can be done about them in Wales. Prof. Marquand, for instance, in his *South Wales Needs a Plan*, has pointed out how under the Special Areas Act any proposal for development had first to be considered by the Sub-Commissioner in South Wales, then sent to the Commissioner for the Special Areas, then passed on to the Ministry of Labour and passed up and down that hierarchy in the usual way, and perhaps even sent back for comment to the Divisional Controller of the Ministry of Labour in Wales, and then, if approved, sent back along the same route to the Sub-Commissioner in Cardiff,—so that, under the circumstances, it is a wonder that the Commissioner accomplished anything at all, no matter how little. All this humbug, with the unnecessary expenses and waste of time involved, would be cut out under a Welsh Government. To be on the generous side, however, we may leave the estimate practically unchanged at £4,000,000, and also make no change in the estimate of £900,000 for the Home Department, Law and Justice.

Next we come to the item of £8.7 million for *Health, Labour and Insurance*. Almost half this item represents expenditure on Labour, mostly for unemployment relief, and in the 1935-6 United Kingdom Budget this accounts for about £79 million. On a population basis the share of Wales in this expenditure would be about £4,266,000; but it may be claimed that, as the incidence of unemployment has consistently been so much more severe in Wales than in other parts of the United Kingdom, this underestimates the burden of unemployment relief which Wales would have to bear under self-government. The 1939 figure of unemployed in Wales was 142,311; the present figure is about 70,000. Even if we assume that the English Government's present disastrous economic policy brings the unemployment figure in Wales up to something near the 1939 figure before the

attainment of self-government, it may be expected that the extensive schemes of land reclamation, road construction, etc., on which the Welsh Government would immediately embark would remove a large number from the unemployed register and place them in employment. The effects of this policy, however, would not be fully felt in the first year of self-government; a vigorous drive would also be required to bring health conditions in Wales to something like a tolerable level, and this would mean expense. Against this may be set the fact that these are departments of expenditure where considerable saving would result from the elimination of duplication and "red tape" through severance from Whitehall, and through the reorganisation of their administrative side on a more rational and human basis by a Welsh Government on the spot. Balancing the different factors against each other, we are certainly not on the conservative side if we allow £10,700,000 million for this "Health, Labour and Insurance" item—an item which might be expected to fall rapidly in subsequent years as the Welsh Government's constructive policy mastered unemployment.¹³⁰

It will be part of the policy of a Welsh Government to encourage *trade and industry*, but this will not be done to any great extent by subsidies at the expense of the taxpayer; and therefore the item under this heading in the Budget may be left unchanged, also the item for "*Common Services*." The *Education* estimate may also be left comparatively little changed at £3,200,000, but the waste involved in administration from Whitehall will be cut out.

The greater part of the "*Pensions*" item is accounted for by War pensions (£2.3 million), and a Welsh Government would be under no obligation to pay pensions to those who had served in the English fighting forces. Under self-government the English Government would continue to pay War pensions to its ex-servicemen in Wales, as it does at the present day to its ex-servicemen in Eire. This would reduce the Pensions estimate from £2.5 million to about £300,000.

The figures for Exchequer contributions to local revenues and for the supplementary estimates margin might be left unchanged, while the "Restoration of cuts" item, which

was a purely temporary feature, would be eliminated. To avoid misunderstanding, lest the Exchequer contribution to local revenues should seem too small, it should be pointed out that most of the £10 million odd, which was previously quoted as representing Government grants to Welsh local authorities, is accounted for in the Budget under other headings, e.g., Education.

Lastly comes the *biggest item of all—the item of £14.1 million for Consolidated Fund Services*. £12 million of this is accounted for by the service of the United Kingdom National Debt; hence a question of the utmost importance is—would Wales be free of liability for the service of the National Debt under self-government?

Wales could make out a very strong case for complete exemption from liability. In the first place, her representation in the British Parliament has always been too small to exercise the slightest influence in deciding whether or not the Debt should be incurred, and the majority of her representatives have often been opposed to the policy of the ruling Government.

The Irish precedent should carry great weight in deciding this question. As the result of the financial negotiations following the attainment of independence, the Irish Free State was exempted from all liability for payment towards the United Kingdom National Debt, and in 1938 Mr. de Valera made a final settlement of all the financial claims by either side that remained outstanding through the payment of a lump sum of £10,000,000 to England. If England made what from her point of view was such a generous settlement with the new Irish State, which had taken up arms against her during the 1914-18 war, shot down her soldiers, and all but disrupted her Empire, surely in common decency she could not refuse to make an equally generous settlement with Wales! Moreover, the fact that England herself has withheld the interest payments on her own War debt to the U.S.A. does not place her in a very strong moral position for demanding the payment of interest from others. In any case, the burden of debt, especially in the Imperial countries, is reaching such astronomical and unbearable proportions that probably they will soon find that their only way of salvation lies in wiping it out or scaling it down drastically

(especially in view of its stupendous increases during the recent war); if this happens before Wales attains her freedom, the question of her liability towards the National Debt will automatically be solved in advance.

Probably the fairest way of deciding the liability, if any, of Wales towards the National Debt would be to make the Welsh Government responsible only for that portion of the Debt which is held by residents in Wales, as in that way the Welsh State would get the benefit of taxation upon the interest upon that portion of the Debt for which it had assumed liability.

Furthermore, Wales can put in strong counter-claims which would have to be taken into consideration in any assessment of her liability. Her representatives can point to the wastage, neglect and deterioration of her resources through English misrule. They can put in a claim for over-taxation in the past, and press for full publication of the figures. They can point to the way in which Wales has subsidised English industries in the prosperous areas to the extent of at least £150,000,000 in recent years through the export of her youth. They can recall the statement of Mr. E. T. John that, whereas the population of Wales was only 5.35% of the population of the United Kingdom during the War, her share of the production of coal was 19.7%, and that therefore during the period when coal-mining profits were commandeered by the State, Wales (even assuming the Welsh section of the industry to be no more remunerative than the average of all other districts) was clearly contributing under this item more than 3½ times its share per head.¹³¹ Arguments of this kind could not be ignored in any fair settlement between Wales and England; and it is quite conceivable that Wales could establish her case for complete release from liability towards the National Debt.

Suppose, however, that this did not happen, and that instead England made a final financial settlement with Wales on the basis of Wales paying over a lump sum of £10,000,000, as in the case of Eire. Eire was not asked to pay this whole sum at once in the first years of self-government; and no doubt the Welsh Government could arrange to pay it in instalments—half of it, say, at once, and the other half after

131. E. E. John: *Op. cit.*, p. 32.

some years, when the economic strength of the nation had been re-established under its own Government. In accordance with the principles of sound finance, exceptional expenditure of this kind should be met by loan; so this would mean a sum of £5,000,000 to be borrowed at once. In addition, £12,000,000 or more would be required to finance Prof. Stapledon's land reclamation scheme and other reconstruction work; but not all this money would require to be raised or spent at once, so it would be sufficient if the Welsh Government began by raising its First National Loan for £10,000,000—half of it to meet its Debt settlement with England, and the other half for its own constructive schemes. If the Irish Free State, whose pre-1914 wealth per head as revealed by income-tax assessments was so much less than that of Wales, was able to raise its £10,000,000 First National Loan on the home market, even under the then prevailing conditions of political and economic chaos, there is no reason whatever to suppose that Wales could not easily do the same. Thus she would obtain the advantages of having an internal instead of an external debt, among the chief of these being that an internal loan brings with it no danger of foreign political control and that, when the shares in such a loan are held by the State's own citizens, the interest on it is mostly spent at home and a portion of it comes back through taxation to the State, whereas, when the shares are held by foreigners, the interest goes abroad and represents a dead loss to the State.

A Welsh Government need not feel the slightest hesitation in borrowing freely, especially for reproductive expenditure. If New Zealand, with her 1½ million population, can support the huge debt of £280,581,000 (or about £187 per head)¹³² a very high proportion of which is external debt, and yet maintain such a high standard of living, surely Wales, with her 2½ million population and her great natural resources, need not shrink from incurring a few million pounds of debt to finance the long-delayed development of the country, especially if the greater proportion of it is internal debt.

Assuming that interest and management of the £10,000,000 First National Loan would cost 5%, this would

132. *Irish Year Book*, 1936, p. 240.

mean a yearly cost of £500,000, and the debt item under "Consolidated Fund Services" would thus be reduced by £11,500,000. If the other items under this heading remain unchanged, we get a total for "Consolidated Fund Services" of £2.6 millions instead of £14.1 millions.

We are now in a position to draw up a rough skeleton estimate of the expenditure side of **Wales' first Budget** under self-government, an estimate which allows not only for the maintenance of the present standards of unemployment expenditure, etc., but also for the launching of new schemes of reconstruction. Here are the figures:

**ESTIMATED EXPENDITURE IN
MILLION £'S.**

International Police Force ... ..	.30
Foreign affairs ... ..	.075
Central Government, Finance and Revenue Departments	4.00
Home Department, Law and Justice ... ..	.90
Health, Labour and Insurance	10.70
Trade and Industry ... ..	.60
Common Services (works, etc.) ... ..	.40
Education	3.20
Pensions ... ..	.30
Exchequer Contributions to local revenues	2.40
Margin for supplementary estimates ... ..	.20
Consolidated Fund Services	2.60
Total Budget Expenditure	25.675

Under this Budget the total expenditure for Wales would amount to about £10 per head—just about half of what it was in 1939. On the revenue side, we may assume that the revenue would be raised in the same proportions as it is at present, until the Welsh Government has time to draw up its own scheme of taxation; so, if the proportion of tax to non-tax revenue remained the same, the taxation required to meet this Budget would be reduced to about £9 per head. It must be remembered that this skeleton Budget has purposely been drawn up to allow for the minimum of change, and that within a few years there would probably

be a considerable rearrangement of items and reorganisation of finances by the Welsh Government, both on the revenue and on the expenditure side.

It seems worth while to append the **1935-6 Budgets of the Irish Free State and Estonia, and the 1935 Budget of Finland**, for purposes of comparison. Such comparison must be undertaken with some caution, because Budget classifications and the proportion of State expenditure to that of the local authorities vary in different countries. (In Eire, for instance, the State spends more, and the local authorities less, on education than in Wales. In Denmark the expenditure of local authorities is greater than that of the State; in Estonia, it was less than a third of State expenditure). Ignorance of these facts may give rise to curious mistakes. For instance, some years ago a Mr. Idris Davies contrasted the £547,329 estimate for the Irish Free State Ministry of Local Government and Public Health with the grant of several millions made by the English Government to Welsh local authorities, and argued from this that England gave much more help to local authorities than the Irish Free State could afford to give, and that therefore Wales would be worse off under self-government.¹³³ He was, of course, unaware that many of the items for which the English Government gives grants to the Welsh local authorities (e.g., education) appeared in the Irish Free State Budget under other headings than that of "Ministry of Local Government and Public Health"! But, though caution is needed in the comparison of individual items, the general picture conveyed by all these Budgets is quite clear; and the fact that countries like Finland and Estonia could maintain such excellent standards of life at such a small public expenditure makes us seriously ask whether Wales could not do the same, whether even our skeleton Budget is not considerably over-estimated, and whether, in fact, self-government is not an even more paying proposition than it might have appeared to be at first.

We have now surveyed in succession the resources of Wales, the misuse and neglect of those resources under English rule, some of the ways in which those resources

133. A MacEwen: *Op. cit.*, p. 181; H. de Chambon: *Op. cit.*, p. 181; Liverpool Daily Post, 1/10/37.

could be used for the welfare of the Welsh people under self-government, and the available data concerning Welsh finances in comparison with those of several other small countries which, unlike Wales, enjoy self-government. The intelligent reader will not only weigh carefully all this accumulated evidence, but will also be on the alert to collect more evidence for himself on each of these subjects at every opportunity. The more thoroughly he studies every aspect of the matter, the more surely will he be led to the conclusion that the only rational answer to the question, "Can Wales afford Self-Government?" is an unhesitating "Yes!"

APPENDIX I

Irish Free State Budget, 1935-6

<i>Estimated Receipts.</i>	<i>£ Millions</i>	<i>Estimated Expenditure.</i>	<i>£ Millions</i>
Property and income tax, including surtax	5.21	National Defence	1.69
Corporation profits tax	0.51	Foreign Affairs	0.09
Excess profits tax	0.23	Justice	0.28
Motor vehicle duties	1.00	Supreme Organs of Government and General Administration (including police /1.85)	2.33
Death duties	1.13	Public Health	1.37
Customs duties	10.22	Social administration (including old age pensions £3.45; unemployment insurance and assistance £1.52, and relief schemes £0.33)	5.30
Excise duties	5.88	Economic administration (including post office, agriculture, forestry, etc.)	8.82
Stamps	0.95	Education	4.67
Total taxation	25.23	Financial administration	0.95
Miscellaneous receipts	3.45	Pensions (widows, retired, etc.)	0.68
Post Office	1.92	Repayment of Dail Eireann external loan	0.01
Total capital receipts	0.29	Total supply services	26.19
Proceeds of loans	1.81	Total Central Fund Services (including Public Debt Service £2.52; Road Fund, etc.)	4.92
		Total capital expenditure	1.96
		Grand Total ¹³⁴	33.07
Grand Total	32.70		

Finland Budget, 1935

<i>Estimated Receipts.</i>	<i>£ Millions</i>	<i>Estimated Expenditure.</i>	<i>£ Millions</i>
Income and property tax	2.3	Ministry of Defence	2.3
Chemist's tax	0.006	Foreign Affairs	0.2
Customs duties	6.1	Justice	0.5
Excise duties	1.4	President	0.009
Stamp duties	0.7	Parliament	-0.05
Total tax revenue	10.506	Government and Government Chancery	0.05
Miscellaneous administrative receipts	1.0	Ministry of the Interior	1.5
Interest and dividends	1.1	Social welfare	0.24
Share in profits of Bank of Finland	0.2	Agriculture (including exports premiums)	1.6
Public undertakings (railways, Post Office, forests, etc.)	1.1	Trade and Industry	0.3
Capital receipts .....	.8	Communications	0.7
		Education	2.1
		Finance	0.2
		Net losses on public undertakings	0.0
		Pensions and grants	0.4
		Debt service	1.2
		Miscellaneous expenditure	0.5
		Revenue-producing capital expenditure	1.7
		Non-revenue-producing capital expenditure	1.3
Grand Total	14.706	Grand Total ¹³⁵	14.849

134. League of Nations: Public Finance, 1928-35, Vol. XV., p. 4 ff.
135. Ibid, Vol. X., p. 7 ff.

Estonian Budget, 1935-6

Estimated Receipts.	£ Millions	Estimated Expenditure.	£ Millions
Direct taxes	0.4	President	
State rights and revenues	0.2	National Assembly	0.02
Indirect taxes	1.1	Prime Minister and Government	0.01
State monopolies	0.7	Chancery	
Receipts from State enterprises and capital	1.4	Council of State	0.05
Miscellaneous receipts	0.04	Ministry of Public Instruction and Social Welfare	0.02
Extraordinary revenues	0.01	Ministry of National Defence	0.7
Total	3.85	Ministry of Justice	0.7
Subtract repayment of arrears from previous years	0.01	Ministry of Economic Affairs	0.14
		Ministry of Agriculture	0.2
		Ministry of Interior	0.2
		Ministry of Communications (including railways)	0.24
		Ministry of Foreign Affairs	1.1
		Service of Debt	0.06
		Extraordinary expenses	0.2
		Other items	0.3
			0.01
Total	3.84	Total 136	3.95

APPENDIX II

The absence of comparable figures makes a detailed comparison of post-war budgets on the same lines as the 1935-6 comparison impossible; but some notes on the 1946 U.K. Budget, and some comparisons between it and the 1946 Eire Budget, may be of interest. In comparing the following figures with the figures for the 1935-6 Budgets, the influence of war-time and post-war inflation must be taken into account.

Here the figures for the estimated U.K. Budget, 1946-7, in millions of £s to the nearest decimal point:—

Receipts.	£ Millions	Expenditure.	£ Millions
Income tax	1,111.0	Army	675.0
Surtax	80.0	Navy	243.4
Excess Profits & N.D.C. Tax	325.0	Air Force	252.4
Motor vehicle duties	45.0	Imperial and foreign affairs	76.4
Estate duties	140.0	Central Government & Finance	11.3
Customs duties	595.0	Home Dept., Law and Justice	29.9
Excise duties	592.0	Health, Labour and Insurance	345.6
Stamps	29.0	Trade and Industry	147.4
Other duties	1.0	Common Services (Works, etc.)	83.0
Total tax revenue	2,918.0	Education and Broadcasting	138.9
Total non-tax receipts	243.3	Pensioners	129.3
Total receipts	3,161.3	Exchequer Contributions to Local Revenues	65.3
		Consolidated Fund Services (including £490.0 for National Debt Services)	568.0
		Other items	1,121.0
Excess of expenditure over revenue	725.6	Total Budget Expenditure	3,886.9

Thus since 1935-6 the U.K. Budget total has increased between four- and five-fold—in a single decade.

136. H. de Chambon: *Op. cit.*, p. 179 ff.

If we assume that Wales' population ratio to that of the U.K. as a whole remains the same as before the war (i.e., about 5.4%), and that she contributed to the Budget in that ratio, her share of this year's Budget expenditure amounts to £209.9 million, the burden per head being £84, and the tax burden alone being over £63 per head. On this basis the reader can easily work out for himself the amounts which Wales is at present paying towards the various items in the U.K. Budget which would be greatly reduced under self-government, e.g., £63.2 million for "Defence" and £26.5 million for the Service of the National Debt.

The total 1946-7 Eire Budget, on the other hand (though itself swollen by war-time conditions), amounted to £53.9 million, £48.2 million of which was raised by taxation. Again taking pre-war population figures in the absence of accessible up-to-date statistics, this would represent a burden of about £18 per head (the tax burden per head being about £16 10s. 0d.)—less than a quarter of the burden Wales has to bear. Moreover, while the U.K. Budget showed a deficit of £725.6 million, the Irish Budget presented a surplus, which enabled the Minister of Finance to reduce Income Tax by 1/- to 6/6 in the £, abolish Excess Profits tax and duties on sugar, take 9d. a gallon off the price of petrol and fuel oil, and make other substantial concessions to the taxpayer. It is of interest, too, to note that no less than £3,000,000 of Eire's total Budget expenditure is being spent, not on her own needs, but on voluntarily relieving distress in Europe; that defence expenditure is only about $\frac{1}{15}$ of the total expenditure, whereas in the U.K. Budget it is around $\frac{1}{2}$ of the total; that Eire devotes about one-ninth of her Budget expenditure to education while England allots it only about one twenty-eighth of hers; and that the Irish National Debt is only about £33 per head (and much of this is productive debt, giving a fair return, whereas almost the whole of the U.K. debt is deadweight debt) as against £555 per head in the U.K. Decidedly, post-war as well as pre-war Budgets indicate that it pays better to be a small self-governing nation than, like Wales at present, the satellite of a "great Imperial Power."¹³⁷

137. W.M., 10/4/46; Irish Independent, 9/3/46 and 9/5/46.

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