

THE SHARP EDGE OF PROTECTION

IN THE BATTLE of protection versus free trade, most governments tend to be more influenced by private interests than by consumer interests. None-the-less, concessions to the justice of the free trade cause and its economic wisdom are made from time to time. The Board of Trade sometimes rejects applications from home manufacturers for increased tariffs, and occasionally removes or reduces a tariff or two. Politics and protectionist pressure groups apart, it is in any government's own interest to promote free trade as essential for the increased prosperity for which it has assumed responsibility.

This means that the free trade door is always ajar. As nationalisation of various industries proceeds, however, the position changes, for now the government itself has a vested interest in protection. Oil imports must not be allowed to compete with coal on an equal basis. The government "protects" its own coal industry so as to swell its profits or to reduce its losses as the case may be. The state versus private air lines controversy is in the same category.

Now it is happening to steel. Mr. Richard Lamb, chairman of the Liberal Monopolies and Consumer Affairs Panel, summed up the position well in an open letter to Mr. Richard Marsh, the Minister of Power, last month, from which the following is an extract:

"The automatic pricing policy of the National Steel Corporation has shocked many people.

"With heartless disregard for consumers and exporters, its first act has been to put up steel prices. Hence forward, it states, there will be no competition in prices, but only in the relatively unimportant fields of service and delivery dates. John Summers, which was selling cheaper than other firms, has been ordered immediately to put up its prices to all its customers.

"The National Steel Corporation's decision to eliminate price competition is a blatant flaunting of the verdict of the Restrictive Practices Court. Common prices for heavy steel were declared against the public interest in the Restrictive Practices Court as recently as 22 June, 1964. The Court rejected the arguments of the steel manufacturers that common prices were in the public interest and agreed with the Registrar of Restrictive Trading Agreements that individual producers should be at liberty to depart from the common prices if they wished to do so.

"The Court ruled that even if prices of heavy steel products fell during a recession because of price competition, the fall would not be sufficient to result in any serious hindrance to the expansion or modernisation of the industry.

The National Steel Corporation has now told the motor industry that if it imports steel it will not qualify for a new Corporation loyalty bonus of thirty shillings a ton. This is blackmail. It is also a breach of G.A.T.T.

rules about fair competition. Motor manufacturers have been importing foreign sheet metal which, in spite of paying an import tariff, is cheaper than the home product. Now the British motor industry will have to pay more for its steel, and this will put it at a disadvantage in export markets.

"British shipyards have also frequently complained that they are unable to compete in international markets because of the high price of British steel.

"It is alleged that the loyalty bonus will prevent the 'dumping' of cheap steel here from abroad, but if other countries are dumping steel here at below the cost of production, why cannot the National Steel Corporation follow the normal procedure of an anti-dumping application to the Board of Trade? Then steel buyers can state their objections. Steel manufacturers are protected by import duties of ten per cent to thirty-three per cent already.

"Liberals have held for many years consistently and sincerely that price competition must operate in nationalised industries as in the private sector."

A Letter From Port Elizabeth

M. D. ANCKETILL

AT THE INITIATIVE of municipal councillor Mr. D. F. Ellis, a strong movement is afoot to introduce site-value rating into the fifth largest city in the Republic of South Africa.

Mr. Ellis circulated brochures and other documents among councillors so that a perhaps little known subject, yet tried tax procedure, could become part of their thinking.

New ground is being broken and there is a fair amount of opposition in the minds of such councillors who adhere to the established local order. However, the debate has stimulated thought and also some interest at higher levels.

At the moment money has been voted for a suitable person to investigate the city's system of taxation, and it may be some time before further action, or a decision, may be reported.

With the adjacent town of Uitenhage, Port Elizabeth is the motor car assembly centre of the Republic, and also has many factories producing component parts. It is the wool and mohair entrepôt of South Africa, and with its fine harbour is the point of exit for huge quantities of fruit and mineral ores for the British Isles and Europe.

It is the fastest growing city in South Africa. Although much smaller than Johannesburg, Port Elizabeth has established a higher rate of progress. Its population is around 354,000, comprised of 120,000 Europeans, 80,000 Cape Coloured (a mixed race), some 4,000 Asiatics and perhaps 150,000 Africans or Bantu.

In the early years of this century, the Transvaal and