

## THE MONOPOLY TINKERING ACT

AN Act recently become law is generally described as having "curbed" monopoly. It is difficult to estimate exactly what is meant by this vague term. Anyone who doubts if anything wrong can be satisfactorily curbed would do well to find out exactly what this latest addition to the mass of legislation proposes to effect.

Under the Monopolies and Restrictive Practices (Inquiry and Control) Act a Commission is set up, and additional staff engaged, for the purpose of investigating certain questions concerning restrictions in selling goods; these questions to be passed on to the Commission by the Board of Trade. Only goods into which restrictive practices enter to the extent of one-third or over are to be considered; restrictions of labour are excluded, and also any restrictions imposed in the operations of a nationalised industry, or a Government department. Finally, if a restriction is considered to be not against the public interest it will not be checked. The Board of Trade may take a civil action against any person responsible for a restrictive practice found, after all these reservations, to be within the meaning of this Act.

The dictionary defines monopoly as "sole power of dealing in anything; exclusive possession." With this in mind we can obtain some picture of the extent to which this Act will extinguish monopoly if we take a hundred cases and divide them (quite arbitrarily, we admit) into categories. Production, we know, implies use of land, labour and capital, and it may be convenient here to place separately the operation of exchange which employs all the other factors together.

If we assume that the hundred cases of monopoly are divided equally into these four categories we find seventy-five are immediately excluded from the scrutiny of the Commission. Of the remaining twenty-five, half may escape the detection of the Board of Trade; of the remaining twelve half again may be able to show they are within the one-third tolerance. Of the six remaining, three may be able to show that the restriction emanates from a Government agency. Of the three then remaining one may be able to put up a good plea of operating in the public interest, and there does not seem to be any obligation or compulsion on the Board of Trade to proceed against both the others. This might leave only one of the hundred for definite action.

One cannot help suspecting that although some clumsy, ignorant or least-influential among restricters may be affected by this new Act, the really large operators will need only to make some adjustments in their methods.

This Act is not a party measure. In its *Industrial Charter* the Conservative Party makes similar proposals. The Liberal Party, in 1938, in the original draft of its *Ownership For All* policy, made more effective proposals, but seemed to forget about them until recently, when it revived only part of its original proposals. This raises the question: Why this sudden interest?

Sir Arnold Plant, of London University, has served on some previous investigations and contributes an article on the subject to *Lloyd's Bank Review*. Nothing could be more discreet than this article, but a suspicious reader might read the answer to our question as: American pressure.

Some years ago an American observer, Professor Ben Lewis, reported: "The philosophy of control and restriction has quietly been finding its most complete expression in the rigid regimentation of the entire range of contem-

porary British industry. The British Government is leading the movement by precept, example, inducement and compulsion."

It is important to remember that this opinion was not expressed of a Labour, but of a "National" Government, and Professor Ben Lewis pointed out that this fabric of monopoly was the natural result of the tariff policy adopted in the years after 1931. He might have pointed out, as Henry George pointed out, that *unless* the manufacturers form price rings they cannot obtain any advantage from a tariff. This sequence of high tariffs, Big Business, Government control has repeated itself again and again. From 1870 to 1914 the German Government consciously pursued this method of semi-nationalisation in preparation for war.

Recent investigations in England have publicly revealed the existence of price rings in the building trade and the cinema trade, and it would be absurd to deny the prevalence of rings or similar practices in almost every trade. But, for any British Government to make a pretence of tackling the evil until it has itself set the example by sweeping away its own monopolies and those it has encouraged is little better than hypocrisy.

Under the natural order every man has an exclusive right to the product of his own labour. This is not monopoly, provided there is no artificial impediment to prevent others producing similar things. Therefore, monopoly, if it exists in society, is created by law, and the remedy is not to make new laws and multiply officials and non-productive effort, but to abolish the laws which make monopoly possible. In the realm of exchange, if our Government would abolish all laws restricting free exchange there would be no need either for Commissions or a host of other officials appointed by the Board of Trade.

But this is not the whole story. In England, under Free Trade, it is true that few price rings could operate, the power of Big Business was considerably checked and the whole tone of trade and public spirit was much higher. Yet monopoly was pressing and extending its power, and this had nothing to do with technical development. Mr. Churchill at that time wondered if the pressure of land monopoly in England was not great enough to counteract all the advantages over other countries which Free Trade conferred on us. Before goods can be exchanged they must be produced, and before any production can start land must be available. All the other monopolists must bow to the land monopolist. The richer they become the more he can force them to pay toll to him.

Difficult circumstances will often tempt previously honest men to become robbers. By collecting land rent for revenue we would relieve the community of this pressure of the first robber, the land monopolist, and the second robber, the tax collector. With life so much easier it is not likely that the urge to other monopoly would survive.

If the present Act stimulates controversy on the subject of monopoly it will serve a useful purpose. If it merely lulls the public into an idea that "something is being done," it will be worse than useless.

F. D. P.

---

A Free Copy of "Land & Liberty" is an invitation to become a subscriber. Monthly, 6d. By post, 5s. a year; U.S.A. and Canada, \$1.