

at that time did not advocate the Socialism of Protection. He was a Free Trader and, more than that, he saw that Free Trade, as it was understood, was not enough. He saw that Free Trade alone did not touch the fundamental cause of poverty, and that land monopoly was the underlying evil.

Bad as things were, there was a growing demand for

progress in the right direction. This demand was checked by the Kaiser war. But it can never be extinguished while men and women retain the capacity to think and act and to devote themselves to something beyond their own immediate personal gain. This, surely, is the information which the Dads should impart to their sons and daughters.

THE IRON AND STEEL INDUSTRY

UNDER the Marketing Acts of the Conservative-Socialist Government of 1931 thousands of small potato merchants were suddenly deprived of their freedom to carry on businesses which had received no kind of privilege or protection at public expense, and were not organised in any ring or trust. Here was one of the first steps towards a nationalisation policy, but this particular suppression of private enterprise was almost ignored by the Conservative Press at the time. It is interesting to compare this incident with the volume of Conservative protest when a Labour Government proposes to nationalise such a powerful body as the Iron and Steel Federation.

According to Sir Andrew Duncan, as reported in the *Daily Telegraph*, November 18th, the Federation has "never been a monopoly in the normal sense of the term." It is, one presumes, that kind of private enterprise which meets Conservative aspirations, and for this reason is worth our examination.

The British steel industry arose and developed successfully under conditions of free exchange and free competition, though hampered by the private land monopoly which could engross those situations giving access to iron ore or any other advantage, and influenced by the artificial concentration of capital, which arises where that monopoly is present. During the great slump of 1930-1933 the steel industry, in common with all other industries, suffered from the general reduction in demand, and its difficulties continued until the re-armament programme brought the State into the market as its best customer. But during the slump the steel interests, like other great concentrations of capital, had taken fullest advantage of the panic in order to obtain Government favour and protection. First, the steelworks were derated and corresponding rates paid out of taxes. Then the railways—themselves compensated by the same method of derating—were obliged to give preferential freights to steelworks and the coal these works required. Then duties were levied on imported steel, so that the price could be raised on the home market to enable the steel interests to export steel and sell at a cheaper rate to the foreigner.

This was an earlier example of the "export drive," but it did not meet with much applause from such an industrialist as Lord Nuffield, who, in fact, complained loudly at this method of subsidising his foreign competitors. His protests, however, did not receive as much publicity as the "orderly marketing" by which the steel barons organised in a Federation sponsored by the Government, imposed regimentation and fixed prices within the industry and, eventually, under the same Government backing, negotiated an international cartel as a further defence of their privileges. This cartel was very useful when, under the urgent need for steel as the Hitler war drew near, the tariff was removed; and a further safeguard was granted by a subsidy on imported ore, so that the Federation obtained its raw material partly at taxpayers' expense.

If the Federation is or was not a monopoly in the normal sense it would be very interesting to know what

does, in fact, constitute a monopoly according to modern Conservative philosophy.

A private monopoly is seldom or ever so secure as a State monopoly and for that reason the former must always be more efficient. Moreover, it does not enjoy that privilege of exemption from taxation which State monopolies normally obtain. For these reasons, if one must choose between two evils, a private monopoly is perhaps the lesser. But whatever the merits of the present controversy between the Government and the Conservative Party we must never lose sight of the fact that, as far as questions of principle are concerned, it is a sham fight, not a contest between privilege and freedom. The very noise and bluster of the battle seems designed to divert attention from the real reforms which could bring prosperity to every industry for which the situation and natural resources of our country are most suitable, and bring more zest, leisure, ease and true security into the lives of all our countrymen.

The steel industry, like all originally successful British industries, expanded because natural conditions were suitable, and during the earlier part of the Nineteenth Century the governments of the time removed some of the burdens and restrictions which hampered many of its foreign competitors. These governments, by taking off the duties which previously granted privilege to British steel interests, promoted efficiency within the industry and checked its tendency to form rings and combines. At the same time the removal of protection from other industries enabled the steel workers to obtain all their material and equipment at the lowest natural price. Such measures of encouragement have been proved by experience to be of more permanent benefit than any subsidy and if the steel industrialists were to demand these now, no Socialist government could charge them with monopoly.

But the industrialists could go much further than that. They still pay a quarter of the rates levied on all their industry; they and their employees suffer a crushing burden of taxation upon all their operations, as if production were a crime; every industrialist *qua* industrialist must pay tribute to land monopoly, which inflates the cost of the sites on which the industry must operate. To transfer the burden of rates and taxes from buildings, industries, dwellings and production to the value of land, whether put to its full use or kept idle, would reduce all the costs of the steel and other industries. All commodities would become cheaper, the value of present wages, salaries and genuine profits would rise, and future wages would rise with the vastly enlarged opportunities for production.

It is true that with this opening up of opportunity the power of the great combines would be broken, and that feeling of frustration (which breeds the desire for State monopoly) would decline. Perhaps the steel magnates unconsciously fear this eclipse of their power. But would it not be wiser for them to risk this event rather than offer a half-way house in the march to the totalitarian State?