

MONOPOLY FOR STEEL ?

THE IRON and Steel Federation have launched their Five Year Plan for spending £120,000,000 on modernising the industry. This is the outcome of the draft report adopted by the employing firms in March. That draft constitution was based on the expectation, though not explicitly stated, that the steel industry will continue to be protected by import duties or quotas, as well as by having liberty to conclude international cartel agreements. A committee of the federation will control price policy so that selling prices shall be based on the costs of economically efficient plants, and another committee will decide what is efficient. Any plant considered efficient will claim the right to "a reasonable return" and also to an additional profit to provide reserves.

The question arises, by what criterion is efficiency decided in the absence of free competition? The plan did not make it clear how far membership in the new organisation is to be obligatory, but "self-government," which is the Federation's aim, will no doubt include sufficient powers to discipline its members, and keep unwanted applicants out.

In June the steel trade unions issued their companion plan, which ran on similar lines. Their aim was to maintain wages by increasing British production of steel from the 13,000,000 tons pre-war, to 18,000,000 tons or more. But if the foreign markets are to be won with this increase of output, it will depend on the comparative quality and price of the British product. A protected industry would allow no room for imports of cheaper semi-manufactured steel, and the unions suggest, in fact, that any such imports should be centrally purchased and sold to re-rollers at prices equal to home-made steel. If, however, the same material is bought by foreign re-rollers more cheaply, how can the finished products of Britain be competitive? A further item in comparative costings is that coal is roughly twice the price here as in America. In spite of this, it has been estimated that, owing to the difference in wages and overhead costs, a fully modernised steel industry should be able to sell many products at somewhat less than the American price, but not if import boards or duties shut out cheap raw materials, and not if the structure of the industry prevents the stimulus of free competition in creating real efficiency.

The steel industry does not stand alone. There were old complaints from the motor-car industry as to the price and quality of British sheet steel. The new plan for 80 in. wide sheet, with other equipment under the proposed scheme, may remove these complaints, if the advantages of modernisation are not offset by a restrictive import policy. "Self-government" in the steel industry may deny self-government to the consumer, who will find the cheapest markets closed to him, and who will have to finance the modernisation of steel in paying higher prices for everything of which steel is a

component part. And if other powerful industries claim the same protection and monopoly what is to become of the consumer's purchasing power, on the one hand, and our export trade on the other?

IT IS IN HISTORY

WE ARE sometimes told we must not go back to *laissez-faire*. The real danger is of our reversion to a state of things common to the Middle Ages, called the "dark" ages. We ought to learn the lesson of such historians as Mrs. J. R. Green, in her "Henry the Second," dealing with social and economic conditions during that reign from 1154 to 1189. Following are some extracts:

"As yet the little boroughs were for the most part busy in fighting for the elementary liberties—for freedom of trade within the town, for permission to hold a market, for leave to come and go freely to some great fair, for the right to buy and sell in some neighbouring borough, for liberty to carry out their own justice and regulate the affairs of their town. . . ."

"Prosperity brought with it the struggle for supremacy and the history of nations was rehearsed on a petty scale, with equal passions if less glory. A thriving village or township would begin to encroach on the common land of its weaker neighbours, would try to seize some of its rights of pannage in the forest, or fishing in the stream. But its most strenuous efforts were given to secure the exclusive right of trading. Free trade between village and village in England was then, in fact, as much unknown as free trade at this day between the countries of modern Europe. . . ."

"Producer, merchant, manufacturer saw in 'protection' his only hope of wealth and security. Jealously enclosed within its own borders, each borough watched the progress of its neighbours with anxious suspicion. If one of them dared defiantly to set up a right to make and sell its own bread and ale, or if it bought a charter granting the right to a market, it found itself surrounded by foes. The new market was clearly an injury to the rights of a neighbouring abbot or baron or town-gild, or it lessened the profits of the 'king's market' in some borough on the royal demesne. Then began a war, half legal, half of lawless violence. . . ."

"Perhaps the village came off victorious, and kept its new market on condition that it should never change the day without a royal order. . . . Perhaps on the other hand, it saw its charter vanish, and all the money it had cost with it; its butchers' and bakers' stalls shattered, its scales carried off, its ovens destroyed, the 'tumbrel' for the correction of fraudulent baker or brewer destroyed.

"Of such a strife we have an instance in the fight which the burghers of WALLINGFORD carried on with their neighbours. They first sought to crush the rising prosperity of ABINGDON by declaring that its fair was an illegal innovation, and that in old days nothing might be sold in the town save bread and ale.

OXFORD, which had had a long quarrel with ABINGDON over boat cargoes and river-tolls, readily joined in the attack; but ultimately by the King's judgment ABINGDON was declared to have had the right to a 'full market,' and WALLINGFORD was discomfited. A little later its wrath was kindled afresh by the men of CROWMARSH, who, instead of coming to the WALLINGFORD market, actually began to make their own bread and ale—by what warrant no one knew, said the WALLINGFORD bakers and brewers. CROWMARSH held out through the later years of Henry's reign and Richard's, had a sore struggle under John, and at last under Henry III saw the officers of justice come down upon them a second time, and make a general wreck of ovens and tumbrel, while the weights were carried off to triumphant WALLINGFORD."

THE CLOSED EMPIRE SYSTEM

AT A meeting in London on June 13, Professor A. G. B. Fisher, of the Royal Institute of International Affairs, discussed the effect upon Dominion relations if Britain were to turn again in the direction of Free Trade. He believed such a move would be welcomed. On the whole the Dominions did not want a closed Empire economic system and any attempt to create one would have unfortunate effects upon Commonwealth relations. They would not be disturbed at energetic efforts to rebuild a freer and more open international system. In their view the re-orientation of British commercial policy would find its most pointed expression in a radical revision, leading ultimately to the abandonment of the Ottawa preferential system. Those who desire the continuance of the Ottawa system, invite us, said Professor Fisher, to abandon any attempt to reconstruct a world system in concert with the United States and instead to fall back on an Empire economic block still more closely integrated than before. This takes for granted a willingness on the part of the Dominions which does not exist, to allow their economic future to be moulded in accordance with a short-sighted and misleading view of the interests of Great Britain. Thriving trade connections outside the Commonwealth were essential for the welfare of every part of it. These are sound and timely expressions and it is to be hoped the new Government's policy will not be inconsistent with them.

Epitaph in a Folkestone churchyard:—
IN MEMORY OF
REBECCA ROGERS
DIED AUGUST 22ND, 1689
AGED 44 YEARS.

A house she hath. 'Tis made of such good fashion,
The tenant ne'er shall pay for reparation;
Nor will her landlord ever raise her rent,
Or turn her out of doors for non-payment.
From chimney money, too, this cell is free.
Of such a house, who would not tenant be?