



Creeping Pervasion of Industry

RAY LINLEY

"A list about eight feet in length"

FULLY OWNED State industries are financial monsters showing, on the whole, all the worst abuses possible to monopoly power." This is the view expressed in a brief Aims of Industry paper* which argues that the advance of State control in industry should be halted and reversed.

One significant aspect is that because nationalisation and the poor performance of public undertakings has provoked so much public hostility, State intervention in industry has taken more subtle and insidious forms. For example, nationalised industries may form new companies or may acquire shares in existing companies. The intention is that these companies should then be expanded to trade more extensively either in sectors directly connected with the enterprise or by diversifying into new fields. The costs involved are low enough to be absorbed into the accounts of the nationalised industry, so that although most annual reports of nationalised concerns have listed new holdings, the creeping pervasion goes generally unnoticed.

In addition to the activities of public undertakings, the Government itself has taken direct shareholdings in more and more companies, under the provisions of the Industrial Expansion Act, through powers given to Industry Boards and through the Industrial Reorganisation Corporation. The total number of separately registered companies in which the State held financial interests in 1969 was 914. As a supplement to the paper there is an impressive pull-out list of these, showing the name of each company and the percentage State holding. It is not until one stands back and looks at this list which, although set in very small type, is about eight feet in length, that one can comprehend the true extent of State influence in industry. Each month, more may be added to the list.

The main argument put forward for the reduction of State industrial interests is that of efficiency.

The paper concludes by suggesting that a suitable policy might be a gradual one. Some of the peripheral activities of State corporations could be restored to the private sector. Where only partial ownership exists, shares could immediately be offered to the public.

The minimum appeal is that creeping Government ownership should be allowed only by Parliamentary sanction so that the public could at least be aware of what was going on. "The tendency in recent legislation defining State bodies' powers is to give them a blank cheque to diversify at will."

The economic arguments briefly put forward would seem indisputable. How greater is the case for diminishing Government intervention if one adds to these the primary moral ones which are not referred to in this paper. Each time Government oversteps the mark, it is unjustifiably infringing the liberties of individuals, both as consumers and producers. What is needed is a decision as to just what is and what is not the province of Government. Good economics follows on naturally.