

Labor Government May Choke On Big Lump of Steel, Iron

Nationalizing the Industry Is Last Great Experiment During First Five Years in Power

Britain's Socialist Party has won a bitter fight in the House of Commons—and also between that body and the House of Lords—to nationalize the iron and steel industry before the next election. It has unusual interest to Americans. Not only does it involve the most difficult industry which the Labor Party has yet taken over, but it also concerns the basic material for armaments. And America is facing heavy expenditures to arm European nations until they are in a position to equip themselves. The performance of British steel may determine when, and if, that time comes.

E. T. Leech who has spent a month in the British Isles for the Scripps-Howard Newspapers, today reports on this subject, 10th in a series of articles.

By E. T. LEECH, Scripps-Howard Staff Writer
LONDON, Aug. 24—Britain, and particularly its Labor Party government, may choke while trying to swallow a huge bite of iron and steel.

Nationalizing the steel industry is the last great experiment in state ownership to be tried by the Socialists during their first five years in power. They will have to get re-elected before attempting any others. Under the British system, there must be a general election by next July—five years after the present government took power.

The government could call an election earlier. Politically it might be wise to do so—because its troubles are multiplying, and the outlook is dark. But it is determined, and has won a parliamentary fight,

to take over Mr. Leech steel before the election. And there are technical reasons, growing out of the time limits for enacting laws, why that can't be done if an election were held this year.

The Socialists are not happy about this. The Labor Party was well split over the wisdom of seizing iron and steel at a time when its other nationalized industries were losing money and running into labor and production trou-

ble. Left-wing Socialists—in whom theory is more important than realities—forced the decision to go ahead with this most difficult of all nationalizing schemes.

THE CONSERVATIVES are pledged to repeal the bill and block the actual transfer if they win the election. They could do so, because even if title to the steel industry has passed to the state before the voting, the transfer of operations cannot have been completed. This, incidentally,

is the only industry for which the Conservatives have made such a strong pledge.

The other state businesses—with possibly small exceptions such as trucking and the Liverpool cotton exchange—will stay nationalized regardless of which party wins. The eggs are too thoroughly scrambled to be un-

scrambled.

Steel is different from the rest in other respects. It is the greatest of all war industries. British arms could be hampered or wrecked if the state steel industry proved no better than some of the others which have been taken over. Or if the transfer of ownership got it all tied up in red tape and management woes.

Another big difference is that the private iron and steel industry has been relatively successful and efficient. Not up to most American standards, but comparing better than does much other British manufacturing. It is meeting the production quota set by the Labor Party. It pays far above most British industry—and has had little labor trouble. And it has been modernizing faster than most.

So the Socialists do not have the excuse that it is a failure, that it is badly obsolete and that it requires modernizing which only government money and direction can make possible. This was the excuse—and usually there was a great deal of truth to it—for taking over railroads and coal and most of the other state busi-

nesses.

HERE IS the official reason for seizing iron and steel—or, rather, the 107 biggest firms with over three-fifths of the total volume

—as given in the Labor Party platform:

"This vital (steel) industry has been controlled for too long by a small group of people answerable only to themselves. Steel determines the level of employment and sets the scale of the nation's production. In a democracy such power must be given to the people."

There is a conspicuous absence of charges against its production, efficiency and labor policies, which feature explanations of much of the other socialization schemes. This one is being done as a matter of Socialist theory, rather than so-called economic necessity.

There is no getting away from the fact that in other cases—especially coal and the railroads—plants and equipment were run down, production was low, finances were desperate, and everybody—especially the employees—suffered from what were backward, losing, short-sighted methods.

The utilities, too, were behind modern standards and needs. The Bank of England was so closely associated with government and official finances that its absorption was a natural.

American business men, who pride themselves on learning from experience and experiment, can get a lot of worthwhile tips from what happened to these British businesses.

In a nutshell, the lesson is:

"Keep modern and efficient; don't get too big and monopolistic; compete with each other. British business didn't do those things."

England jumped the world on what is called "the industrial revolution"—a term left for making things with machinery. That is what made the British Empire. Britons bought raw materials, turned them into finished goods and sold them back to the world at a profit. They developed shipping and insurance and world-wide investments to make this trade possible—and made profits from those services.

BUT BEFORE World War I, British industry was slipping. Other industrial nations—particularly America and Germany—were forging ahead through research, technical advances and mass production. British business men fell into the comfortable ways-of-country squires, settled down to ease and security, and relief on prestige and a head start.

They went in for combinations rather than equipment. The passion for security—for group safety—started at the top, not with the labor unions. In many fields, the world passed England by, and she may never catch up.

Today these proud—and also very kindly and decent—people live on foreign aid. And they are meeting their desperate problems with appeals for more grants, more borrowing, more outside investment—and more combination.

The British iron and steel industry denies it was a monopoly. Well, it smelled a lot like one. It certainly worked in far closer agreement as to prices and policies than has, for example, the American Iron and Steel Institute.

At least the steel industry gave the Socialists some well-documented claims that it is a monopoly. And therefore must be swallowed.

The bill for this swallowing will be some \$1200 million—based on security exchange prices of the firms affected. The firms angrily claim that the government used tricks to force down market prices before fixing this figure.

It will be paid—as have other nationalizing bills—with 3 per cent stock (or bonds in our language) which will have no maturity date and no provisions for retirement. Hence British financiers claim this isn't state debt—just "an exchange of paper." It is a high-jabutin economic scheme for buying something with nothing—another reason why the world shies away from investing in the British Empire.

Tomorrow: Britain Gets Ready to Vote.

Hoosiers Awarded Two Scholarships

Kermit Hibner Fred Harless

The Indiana State Medical Association today announced that medical school scholarships have been awarded to Kermit Q. Hibner of Indianapolis and Fred Harless of LaGrange.

Mr. Hibner will enter the Indiana University School of Medicine in September. The scholarship has a value of \$500 a year. He is a veteran, married and lives at 342 S. Arlington Ave.

Mr. Harless, whose scholarship is for \$200 a year, will start his sophomore year at the IU Medical School next month. He is the son of Mr. and Mrs. Walter E. Harless of LaGrange.

Five other students at the IU Medical School now hold medical association scholarships.

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RCA Aims At Peak Production

Volume Planned For 1949-'50

The RCA plant in Indianapolis got the green light today, increasing production to peak volume for the rest of the year and early 1950.

Word from Allen Mills, general sales manager, informed local plant management that the industry as a whole would sell from \$1.5 to \$2 million in receiving sets before the end of the year.

The RCA plant is increasing employment as fast as applicants can be examined and classified. It is expected that 300 will be added to the payroll in the next ten days, mostly in television.

Some eight production lines are turning out TV receiving sets in the daytime. It is expected, since testing is a long and thorough procedure, that a shift soon will be added at night to clear the floor for the next day's production.

Mr. Allen's message to local officials predicted that television would top all electrical goods sales by early 1950 since even the most saturated areas are only about 20 per cent covered by sets.

He discounted the belief that television represents the "rich man's market," adding that 77 per cent of all TV sales this year were to families with incomes under \$5000 a year.

Class to Have Fish Fry

The annual fish fry of Aldergate Class of Broadway Methodist Church will be held Thursday and Friday nights at Broadway Methodist Church, on the church lawn.

Today's Weather Fotocast



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TONIGHT AND TOMORROW—The official forecast for late tonight and early tomorrow promises that pleasantly cool temperatures will continue to overrun the northeast quadrant of the nation as well as the Northern Plains. The usual warm moist air will flow up from the Gulf along the western periphery of the high pressure cell centered in the lower Ohio Valley.

Official Weather

UNITED STATES WEATHER BUREAU
—AUG. 24, 1949

Temperature in °F. and in °C.

Relative humidity in per cent.

Wind speed in miles per hour.

Cloudiness in per cent.

Visibility in miles.

Pressure in millibars.

Excess since Jan. 1.

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