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# Reversing the Process of Nationalization <br> Effects and Hazards of New Legislation in Britain <br> Nationalisation ou dénationalisation 

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## Article abstract

After carrying during the previous half-century a nationalization legislation, Great Britain by the recent Royal assent given to the Transport Act and the Iron and Steel Act, has brought on denationalization of these industries concerned. The Author comments briefly on this important question considering the Transport denationalization as a more difficult and hazardous measure than the Iron and Steel denationalization. In concluding, the Author hopes that both Transport and Steel Acts will at least be successful in securing the removal of their subjects from the party arena.

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## Reversing the Process of Nationalization

Effects and Hazards of New Legislation in Britain

Oscar R. Hobson

> After carrying during the previous half-century a nationalization legislation, Great Britain by the recent Royal assent given to the Transport Act and the Iron and Steel Act, has brought on denationalization of these industries concerned. The Author comments briefly on this important question considering the Transport denationalization as a more difficult and hazardous measure than the Iron and Steel denationalization. In concluding, the Author hopes that both Transport and Steel Acts will at least be successful in securing the removal of their subjects from the party arena.

The Royal Assent has recently been given to two Acts of Parliament, the Transport Act and the Iron and Steel Act, which provide for the denationalization of industries previously nationalized by Britain's Labour Governments of 1945 and 1950. Those Governments had passed legislation providing for State acquisition of seven different industries or services. They were the coal-mining industry, the Bank of England, the telecommunication services of Cable and Wireless, Ltd., railway and long-distance road transport, the electricity and gas industries and, finally, the iron and steel industry.

In the case of the Bank of England and Cable and Wireless, the process of nationalization consisted, apart from the compulsory expropriation (with compensation) of the previous private owners, merely in the transfer of the power of appointment of directors to the Government; subject to that, the two institutions continued to function precisely as before. The other nationalizations, however, all involved the amalgamation of existing undertakings, and the establishment of new public boards to administer the amalgamated industries.

## Socialist Policy

This nationalization l egislation was in line with Socialist policy developed over the previous half-century. That policy

[^0]never contemplated State ownership of all industries, but only of those which were regarded as "key" industries or, on the other hand, liable to "exploit" the public or the workers.

In addition to the industries mentioned, it was (and is) contemplated by Labour Party leaders that further industries should be brought under public ownership, but it was generally accepted that the nationalized sector would not exceed 20 per cent, of the whole.

On the other hand, Conservative Party policy has not been rigidly and of set principle opposed to State ownership of industry. It was a Conservative Government which in 1926 set up the Central Electricity Board to construct and own the long-distance electricity transmission lines; it was a Conservative Government which in 1938 compulsorily expropriated the owners of the country's coal deposits; and it was a Conservative Government which in 1938 set up the British Overseas Airways Corporation as a State-owned concern.
: The Conservative Party vigorously opposed the passage of all the nationalizing measures brought in in 1945-51. But it only proposes to reverse two of them - and one of those only partially. On the other hand, as regards one of these, steel, there was in the Labour Party at the time of its nationalization, considerable difference of opinion on the wisdom of that act. It is fair to say, therefore, that in current British politics nationalization lies in the controversial fringe - is a "boundary dispute" rather than a matter of ideology.

## New Monopolies Created

The basic reason which has induced the present Government to go back on nationalization in respect of transport and steel is that nationalization in these cases gratuitously created new monopolies which did not exist before. Electricity, gas and cable communication were "natural" monopolies, and, though coal-mining was not, coal had been so bedevilled by class bitterness extending over generations that nationalization seemed the only port left open in which refuge from the storm could be sought.

But by merging rail and long-distance road haulage under the British Transport Commission and by merging all the steel works of the country under the British Iron and Steel Corporation, the Labour Government set up new monopolies, whose creation caused alarm through-
out industry. So far as transport was concerned, the duty imposed on the Commission of "integrating" road and rail haulage was believed to herald the loss by industry of its freedom to dispatch its traffic by the mode which best suited it. As regards steel - the only strictly manufacturing industry to be nationalized - the danger of creating a monopoly appeared to be particularly great, since steel is the key material for Britain's industries in a way in which even coal is not, and the steel industry can never be sheltered from foreign competition.

The nationalization of the steel industry was never effectively carried through; the new Steel Act is, therefore, quite a simple affair. It winds up the Corporation (which holds the share capital of the companies), orders it to hand over the shares for resale to the public, and set up a new Iron and Steel Board with powers of supervision over the industry, including the power to control prices. This replaces the old Board which was abolished by the Labour Government when it nationalized the industry. There are great hopes that it will prove the successrul compromise between outright nationalization and unfettered private enterprise. Its composition is extremely strong, and the fact that three prominent trades union leaders have agreed to serve on it clearly endows it with much greater authority than if organized labour had boycotted or cold-shouldered it.

## A Hazardous Measure

The transport denationalization measure is a more difficult and hazardous one. It provides for the sale by the Transport Commission of the road haulage undertakings and vehicles it had compulsorily acquired under the Transport Act of 1947, but for its retention of the railways. It provides, too, for the elimination of the 25 -miles operating limit to which privately-owned road goods transport (other than vehicles carrying their owners' own goods) has been subject. The longdistance haulage monopoly is to be effectively broken up, and the trading community will have the full flexibility of the old privately-owned road haulage services restored to it.

The railways, for their part, are to be decentralized - the excessive centralization of all the nationalized undertakings has met with some criticism in all political parties - and they are given much greater liberty than they have ever had to vary their charges. It remains to be seen whether they will be able to hold their own against private enterprise road competition.

It is devoutly to be hoped that both Transport and Steel Acts will at least be successful in securing the removal of their subjects from the party arena. Few things could be more disastrous for Britain than that these two great and cardinal industries should continue to be the plaything of politics.

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## NATIONALISATION OU DENATIONALISATION

La sanction royale vient d'être domée à deux lois, la loi sur les transports (Transport Act) et la loi sur le fer et l'acier (Iron and Steel Act), qui comportent la dénationalisation d'industries précédemment nationalisées par les gouvernements travaillistes anglais de 1945 et 1950. Ceux-ci avaient fait adopter des lois permettant la reprise par l'Etat de sept industries et services: l'industrie houihere, la Banque d'Angleterre, les services de télé-communication de la Cable and Wireless, Ltd., les transports par chemin de fer et les transports routiers sur grandes distanees, l'industrie du gaz et de l'électricité, celle du fer et de l'acier. Sauf dans le cas de la Banque d'Angleterre, les autres nationalisations cependant donnèrent lieu à la fusion des entreprises qui existaient et à la formation de conseils publics de gestion.

Cette législation était conforme à la doctrine socialiste élaborée au cours des cinquante dernières années. Cette politique n'a jamais envisagé que l'Etat fût propriétaire de toutes les industries, mais seulement des industries-clés et des monopoles: les premières, parce qu'il fallait en augmenter le rendement, et les autres, parce qu'elles pouvaient exploiter le public ou les ouvriers.

D'un autre côté, la politique du parti conservateur n'est pas absolument, et par principe, opposée à la nationalisation. Les expropriations en 1926 de l'électricité et des lignes de transport d'énergie sur grandes distances et en 1938 des gisements de charbon, sont l'oeuvre des conservateurs. Par la suite, opposés qu'ils étaient à l'adoption de toutes les mesures de nationalisation proposées de 1945 à 1951, ils n'ont maintenant l'intention d'en anmuler que deux, dont l'une en partie seulement. Au sein du parti travailliste, il y avait également divergences d'opinions. En Angleterre, la nationalisation est une sorte de terrain neutre s'offrant à la controverse plutôt qu'un point d'idéologie.

La raison essentielle qui a poussé le gouvernement actuel à revenir sur la nationalisation des transports et de l'acier est qu'elle créait de nouveaux monopoles qui n'existaient pas auparavant. La nationalisation de l'industrie de l'acier n'a jamais été effectivement appliquée; la nouvelle loi est donc une affaire toute simple. Elle liquide la British Iron and Steel Corporation, qui possède le capitalaction des sociétés, lui ordonne de revendre les actions au public, et constitue un nouveau Conseil du fer et de l'acier nanti de certains pouvoirs de réglementation en particulier à l'égard des prix. Ce Conseil remplace l'ancien aboli par le gouvernement travailliste lors de la nationalisation de l'industrie. Par sa composition même, le Conseil est puissant et le fait que trois dirigeants importants de syndicats ont accepté d'en faire partie lui donne clairement beaucoup plus d'autorité que si les organisations syndicales l'avaient boycotté ou lui avaient tourné le dos.

La dénationalisation des transports est une mesure plus difficile et plus hasardeuse. La loi ordonne à la Transport Commission de vendre les entreprises de transports routiers et les véhicules qu'elle avait obligatoirement acquis aux termes de loi de 1947, mais lui permet de conserver les chemins de fer. Elle supprime également la limite d'exploitation de 25 milles à laquelle les entreprises privées de transport de marchandises avaient été assujéties. Ainsi le commerce retrouve dans ce domaine la souplesse dont il bénéficiait autrefois.

Il est à espérer sincèrement que ces deux lois, sur les transports routiers et sur l'acier, réussiront au moins à sauver ces questions de la lutte entre partis. Il serait vraiment désastreux que ces deux sphères d'activité d'importance capitale, restent le jouet de la politique.


[^0]:    HOBSON, Oscar F., Financial Editor of the "News Chronicle" and "The Star," London, England.

