CABINET
IRON AND STEEL BILL

MEMORANDUM BY THE MINISTER OF SUPPLY

ON 28th May, 1946, Parliament approved by 338 votes to 184 the following Resolution:

"That this House approves the decision of His Majesty's Government to bring forward proposals for transferring to the ownership of the nation appropriate sections of the iron and steel industry with a view to its efficient organisation in the public interest." (Hansard, Col. 1122.)

After consideration of C.P. (47) 123, 132, 185 and 215 during the spring and summer of 1947, the Cabinet—

"authorised . . . drafting of a Bill on the lines set out in Appendix I to C.P. (47) 123."

(C.M. (47) 40th Conclusions, Minute 2, 28th April, 1947);

"agreed that the drafting of legislation to give effect to the scheme already approved . . . should be pressed forward."

(C.M. (47) 57th Conclusions, Minute 5, 26th June, 1947);

"agreed that Government supporters should be informed that the Government adhered to their intention to bring appropriate sections of the iron and steel industry under public ownership, that it was doubtful whether it would be possible to introduce the necessary legislation in the 1947-48 session and that, before coming to a final decision on this point, the Government required more time to consider it in the light of the present economic situation."

(C.M. (47) 70th Conclusions, Minute 6, 7th August, 1947).

The Prime Minister announced in the House of Commons on 21st October, 1947, that—

"it is the intention of His Majesty's Government in the present Parliament to nationalise the relevant portions of the iron and steel industry."

(Hansard, Col. 33.)

2. In fulfilment of these decisions, I now attach a draft Bill to give effect to them. An earlier draft (attached to S.I. (M) (48) 22) has been examined by my colleagues on the Socialisation of Industries Committee, and S.I. (M) (48) 35, 36, 37 and 38 dealt with particular and minor aspects to which effect has been given where necessary. The same draft was circulated to Departments at the official level, and the draft Bill now attached takes account of the conclusions of the Committee and of points of detail which have been raised.
3. The general lay-out of the Bill follows previous nationalisation measures, but there is the important difference that, whereas in previous measures assets or whole undertakings were transferred and merged into a single organisation, in this case it is the securities of selected companies which are acquired, and the existing company structures will continue for the time being, subject to the control of the sole shareholder (i.e., the Iron and Steel Corporation of Great Britain).

Outline of the Industry

4. To assist the Cabinet in considering the Bill as a whole, and its implications, some description of the industry follows.

5. The "iron and steel industry" is a term loosely used, but generally regarded as covering the production of pig iron and ingot steel, together with the casting of iron and steel and the shaping of steel by rolling, forging, drawing or extrusion. This, broadly, is the field covered by the control orders for iron and steel under Defence Regulations. The cutting or machining of steel is recognised to be a part of the engineering industry.

6. There are about 2,600 firms, above the level of the village blacksmith, engaged in some way in the industry. Some 2,000 of these operate iron or steel foundries and have no other interest in the industry. Many of them produce iron or steel castings exclusively for machinery or other products they manufacture themselves. Others produce mainly for sale, but their individual production is relatively small and its make-up in most cases highly diverse. No one has ever seriously suggested the nationalisation of this group of 2,000.

7. The balance of 600 firms account for the production of iron ore, pig iron, ingot steel, billets, &c, heavy sections and joists, plate, sheet, tinplate, light re-rolled products, forgings, drop forgings, tubes and wire. About 350 companies are engaged in the production of forgings, drop forgings, tubes, wire and crucible steel, and have no other interests in the iron and steel industry. The Cabinet has already decided that public ownership should not apply to these sections. There are also about 110 companies each producing less than 20,000 tons per annum of re-rolled products. About half of them re-roll small quantities for use in their engineering or other production and the other half are mostly jobbers and specialists. Another 40 concerns or so are relatively unimportant producers of iron ore, pig iron, steel, plate, tinplate and sheet. Virtually the whole of the production of iron ore, pig iron, carbon and alloy steel, billets, &c, plate, sheet, tinplate and re-rolled products is accounted for by a core of about 100 companies, and these companies also have important interests in other sections of the industry, such as forgings, tube and wire.

8. Over the industry as a whole the constituent companies have a wide variety of interests. Many of the smaller producers of drop forgings and re-rolled products are primarily engineers, while the majority of the more important companies for good technical and commercial reasons have developed end- or by-products in other industries (particularly engineering and chemicals). Others, starting originally in the finishing industries, have developed back into the iron and steel industry to be assured of their raw materials. As a result there are very few companies at the core of the industry which are "clean" in the sense that their activities are confined to the various forms of iron and steel production. (This cleanliness was a feature of the railway, electricity and gas undertakings; it was secured, in the main, for coal and road transport by transferring only the colliery and haulage assets respectively.)

9. But for the founders, drop forgers, foundry pig and iron ore producers (classes which have their own separate trade associations), the majority of the companies within the industry are members of the Conferences of the British Iron and Steel Federation. The Federation has a firm hold over its constituents in such matters as the bulk purchase of raw materials, the planning and adjustment of production, distribution and the allocation of orders, and, but for the Iron and Steel Board, would determine selling prices of the basic products. The power of the Federation is considerable and it has proved its effectiveness in securing coherent planning and organisation of the industry.

Scope of Acquisition

10. After much thought, I reached the conclusion that acquisition of all companies producing in 1946 or 1947 upwards of 50,000 tons of iron ore, or
upwards of 20,000 tons of pig iron, ingot steel (carbon and alloy combined) or of re-rolled products (i.e., light rolled products, plate, sheet and tinplate combined), would give ownership—and thereby control—over a field which, with certain exceptions, would be broadly comparable with that over which the Federation exercises control. Moreover, from the trade union angle, it would secure similar treatment of the great bulk of those who regard themselves as within the industry. This scheme, referred to as "Scheme C" in S.I. (M) (48) 22 and with more detail in S.I. (M) (48) 36, I propose to continue to call Scheme C for the purpose of this paper.

11. Companies engaged in the sections to be excluded are numerous, but it is not necessary to transfer them in order to secure the economic power which is bound up in the industry. The Corporation will have substantial interests in these sections through its acquisition of the Scheme C companies, but it will not have a dominating position, and some machinery—either continuance of the Federation or otherwise—will be necessary to secure proper planning of production in certain directions. There are potentialities for trouble, but, with good sense on the part of the Corporation and of the companies remaining in private ownership, the problem can be overcome.

12. Under Scheme C on the basis of the latest information available, 102 companies qualify for compulsory acquisition (17 of them being subsidiaries of some of the other 85). These bring in their train another 138 wholly-owned subsidiaries, many of which are outside the iron and steel industry. Some of my colleagues on the Socialisation of Industries Committee were inclined to the view that the administrative problems would be such as to over-burden the Corporation, particularly in the early stages, and that an element of competition would be no bad thing. They at first preferred a smaller scheme which I put before them as a possible alternative. The issues were expanded at length in S.I. (M) (48) 36, and in subsequent discussion attention was concentrated on Scheme D, which (again on the basis of latest information) would involve acquisition of 32 companies each producing upwards of 60,000 tons of ingot steel, together with 100 wholly-owned subsidiaries. Appendix V reproduces in full those parts of S.I. (M) (48) 36 which discuss the pros and cons of the alternative scheme. Scheme D is virtually identical with Scheme C on the production of steel, but it is much weaker on the intermediate sections where steel is shaped to the requirements of the consuming industries. In my view, the fringe of private enterprise over which the Corporation would have neither ownership nor control would be so large as to be an embarrassment to the State, to the Corporation, and to the companies themselves. I stated my firm conclusions on this problem in S.I. (M) (48) 36. They are:

"Taking the long-term view, as we must, when providing for the future of the iron and steel industry, I have no doubt that its proper planning and the smooth administration of its affairs can only be achieved by the bigger scheme. The main argument against this is that the number of units to be digested in the early days would put an unbearable strain on the Corporation which might affect the orderly functioning of the industry. I do not share the view that the immediate administrative problem will be serious or that it will be materially affected by the additional units. It must be remembered that the management of each unit is to be left intact, to run its affairs as before, and will be affected only when the Corporation is ready to make changes. Moreover, even if greater difficulties than I anticipate should develop in the early days, I still think it is right to take that risk rather than set up, deliberately, an organisation that we believe to be intrinsically unsound, and which indeed in the medium and the long term will involve the Corporation in greater administrative and organisational difficulties than the bigger scheme. For the smaller alternative scheme proper planning of the industry would be impossible and there would be permanent conflicts between the nationalised and unnationalised sections of the industry. The Government would be blamed for having turned a healthy industry into an unhealthy one. Sooner or later we would be forced to take over the additional units and establish yet another organisational structure. All the difficulties and disturbances of the present nationalisation measures would have to be gone through again.

I hold strongly that the unity of the industry as it exists to-day through the operations of the Federation must, as far as possible, be preserved. That

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can only be done by the bigger scheme as it virtually gives the Corporation ownership of the field which the Federation now controls.

For these reasons I have no hesitation in recommending Scheme C. This is essentially an occasion when caution is likely to be more dangerous than boldness.”

13. The majority of my colleagues on the Socialisation of Industries Committee accepted these arguments in favour of the larger scheme, which I am satisfied is the only sound solution to secure the unity of and proper planning within the industry.

14. If it is desired to lighten it in any way, it may prove possible, without damaging the scheme as a whole, to eliminate about half a dozen iron ore producers whose main assets are mining leases of whose nature and duration I have no knowledge. I suggest, however, that we should reserve judgment on this and make the concession during the Committee stage if a convincing case is made for it.

15. Appendix I gives brief particulars of the companies which would qualify to be transferred by Scheme C. Those marked with an asterisk would be affected by Scheme D. Appendix II is a chart indicating the respective output proportions of the industry which would be affected by Schemes C and D.

16. Thus the basis of the Scheme is that, in accordance with the principles to be defined in the body of the Bill, all the securities of the companies which will be named in a schedule, will be transferred on a given date to the Iron and Steel Corporation of Great Britain. The Corporation will become the sole shareholder, and the managements will remain undisturbed until the Corporation is in a position to re-group or re-organise the companies.

Options

17. My colleagues on the Socialisation of Industries Committee agree with me that no option to demand inclusion should be given to firms below the line for compulsory acquisition. Such firms will be allowed as of right to expand their production to double that in a base year or to the line itself, whichever is the less. They can exceed this by licence from the Minister. To grant options would mean that we should be saddled with concerns which were inefficient, or no longer economic, and which we do not want, as well as with the introduction of a special compensation formula.

Compensation to Stockholders

18. I propose that this should be settled with the Chancellor of the Exchequer.

Powers of Corporation and of Companies

19. From what is said in paragraph 8 above, it is clear that the Corporation will inherit companies with activities far removed from iron and steel and with untapped powers in their memoranda for much wider activities. About 21 per cent. of the 295,000 employees of companies which will come into public ownership under Scheme C are classified as engaged in industries other than iron and steel. Some 35,000 are taken up in general and constructional engineering, another 10,000 in the manufacture of bolts and nuts, some 7,000 more in coke and chemical production and the remainder spread thinly over several other industries, including the non-ferrous and brick industries. Among the powers which the companies now possess, some of which are exercised, are to operate as bankers, distillers, dye makers, printers, salt miners, builders, farmers, shipbuilders, locomotive and motor manufacturers, timber merchants.

20. It will undoubtedly be a point of complaint that in nationalising these companies we are nationalising a great deal more than iron and steel, and that private enterprise will be subject in its own field to competition from a State undertaking with a virtual monopoly in iron and steel, backed by State credit and Treasury guarantee. But this position must be faced. The existing integration is in many cases physical and is generally founded on good commercial and technical considerations. There is still wide scope for developing by-products and it would be unsound to attempt to restrict the companies. To do so would hamper them and the Corporation. I therefore propose to introduce the first alternative Clause 2 which gives the Corporation the sum of the existing powers in the memoranda of the companies, and allows each company to rest on its own memorandum. If need be, however, I should be prepared to fall back on the
second alternative—which restricts the Corporation to the sum of the activities actually performed at the date of transfer by the companies, and limits each company to activities which it can undertake under its memorandum and which it or some other company was actually performing. In either case the Minister would have power to authorize additional activities.

The main answer, however, must be that the duty imposed on the Corporation by the Bill is to produce iron and steel, and that it can be trusted not to enter unreasonably into fields beyond.

Justification for Public Ownership

21. When this issue was before the Cabinet last year, it was proposed to publish a White Paper simultaneously with the Bill for the purpose of (a) giving the case for public ownership, (b) explaining the transfer, (c) indicating future policy. It is my belief that a White Paper for the purposes of (b) and possibly for outlining certain matters of future organisation, would be helpful, but I am convinced that any attempt in a White Paper to justify the Bill itself or to impose a policy on the new Corporation is inappropriate and might be an embarrassment to the Government.

22. We must, however, be clear in our minds as to the grounds of our case. My own view is that it is wrong that this industry, tightly organised and concentrated—as of technical necessity it must be—in relatively few hands, and vital as it is to the country's whole economy, should be left in a position where sectional interest can be pressed against the national good. There is no question in this industry of inefficiency, or of disinclination or inability to carry through essential modernisation. The main argument must be that a basic industry cannot remain in private hands. While Steel House has hitherto been reasonably amenable to Government economic and social policy, no Government should be in the position of being dependent for an industry such as this on the goodwill of a small body of industrialists.

Financial Implications

23. The Corporation will be the sole shareholder in the publicly-owned companies whose structure will remain. The Corporation will no doubt allow and encourage each to make appropriations to hypothecated reserves (e.g., depreciation, repairs, pension funds, &c.) which will be at their own disposal. After these appropriations, the Corporation as sole shareholder will transfer to itself as a dividend the balance on profit and loss account. The aggregate of these balances will represent the bulk of the income of the Corporation. The main charge on this income will be the interest payable on Iron and Steel Stock, together with appropriations to general reserve (which should be at the disposal of the Corporation and not of the underlying companies).

24. Appendix II is an estimate, on the basis of the last financial year of the companies concerned, of income and expenditure. The estimated surplus (on the basis of a 3 per cent. stock and provision for redemption in 90 years at 3 per cent.) is about £3m. If interest rate on the stock were $\frac{1}{2}$ per cent., and redemption in 150 years at 3 per cent., the surplus would be about £5m. Thus, the effect of substituting State for private credit would, in present circumstances of relatively high production and with current prices, be between £3m. and £5m. For purposes of illustration only, this surplus is equivalent to either—

(a) A reduction of the controlled price of steel by 4s. to 6s. 6d. per ton (i.e., a reduction by 1 per cent. or 2 per cent.); or

(b) an increase in the earnings of the workers in the industry by 4s. 6d. to 7s. 6d. per week (i.e., an increase of 4 per cent. to 7 per cent.).

25. The foregoing calculations take no account of the subsidies now being made to the industry, at a rate of about £25m. per annum; in the main they cover the difference between the cost of imported steel, pig-iron, ore and scrap, and the home-controlled prices of these materials (and certain high cost home production). It is our present policy to maximise supplies of those commodities by buying abroad in whatever quantities we can at any price which is not too outrageous. At present rates of consumption, the effect is to subsidise steel prices by about 10 per cent., and removal of the subsidies would involve an increase of prices of about that amount. If, however, the new Corporation were to bear the whole cost of the subsidies without any corresponding increase in the price of steel, the estimated surplus of £3m. to £5m. would be automatically converted into a deficit of £20m. to £22m.
26. I hope to discuss with my colleagues (on the Production Committee) the implications of these subsidies, which are now closely woven into the price structure of the industry. It is my provisional conclusion that in view of the Government's stabilisation policy, their continuance in part may be inevitable and that we must face the prospect of this nationalised industry starting its life as a charge on public funds, whether on its own account or through the Ministry of Supply Vote.

27. I turn now to certain matters which do not affect the drafting of the Bill or the arguments we use, but of which the Cabinet should be aware.

Interim Arrangements for Supervising the Industry

28. The day-to-day relations between the industry (as represented by the British Iron and Steel Federation and the Joint Iron Council) on the one hand, and the Government on the other, are now conducted by the Iron and Steel Board which, under an independent Chairman, is composed of two leaders of the industry, two Trade Unionists, a representative of consumers and an ex-Treasury official. The staff are in the main Civil Servants, but there is a working understanding whereby on certain matters they rely on the services of Steel House officials. The Board (which by its appointment has no responsibility for nationalisation, and on this footing has secured the confidence of both sides of the industry) is performing a most useful function in pressing forward with the Development Plan, securing maximum current production, and regulating distribution in accordance with the decisions of the Materials Committee.

29. When the Bill is introduced, if not before, it is, I think, inevitable that all or some of the members will resign. I cannot now foresee what will be the precise outcome, but there would be advantage in the interim period, while my Department will be in active opposition to the industry, if some semi-independent body were available to maintain friendly control. I therefore propose to do what I can to maintain the Board—or at any rate an independent Chairman—but if this proves impossible there will be no alternative but to absorb the staff of the Board into my Department and maintain with the industry the best relations that circumstances will permit on matters affecting development, production and distribution.

Timing

30. The Bill should be ready for introduction at the end of September or beginning of October, 1948. It will be technical and not readily understood, and I should therefore prefer a reasonable interval before Second Reading, and a reasonable interval before it enters Committee, to give opportunity for discussion with interested parties.

31. On the assumption that the Lords pass the Bill on the first occasion, it would receive the Royal Assent in the summer of 1949. The Corporation would be appointed in the early autumn, 1949, and the transfers of the companies could be effected on or about 1st January, 1950.

32. If, however, the Lords reject the Bill, and it has to be enacted under the Parliament Act procedure, Royal Assent could not be given until the spring of 1950. With the imminence of a General Election, there would no doubt be difficulty in obtaining members to serve on the Corporation until the results of the General Election were known. It might not be possible to effect the transfers until the end of 1950 or beginning of 1951.

Uncertainty

33. There is thus the prospect of an interval of upwards of two years between introduction of the Bill and effective action under it—a period when there will inevitably be some uncertainty in the industry, both as to the personal prospects of individuals within it and on a great mass of contracts and agreements with third parties which could be disclaimed under the retrospective powers in the Bill. I see no way to avoid this uncertainty, although I hope to create a machine whereby agreements and transactions entered into by the companies concerned could, if the directors so wished, be validated on behalf of the Minister and thereby be exempted from subsequent disclaimer or challenge.

34. With a view to limiting the field of agreements which may be disclaimed or challenged, I should prefer not to put at peril those made before the date of introduction. It would obviously be unreasonable to take powers to void any hiving off transactions before some public warning had been given that
existing units should not be broken up in a manner to evade the intentions of Parliament. But no such warning could be given without a great deal of consequential matter which would give plausible grounds for demanding a debate in Parliament. Although there is evidence of a number of hiving off arrangements being made by iron and steel companies, I have no evidence that as yet there have been any deliberately undesirable activities, but I propose to keep an eye on the situation and if there are good grounds for believing that undesirable actions are taking place, I shall seek the authority of my colleagues to issue a warning in suitable terms. Such a warning would no doubt have to indicate precisely the companies concerned and cover such matters as compensation to stockholders, limitation of dividends in the interim period, &c.

Extent of Opposition
35. My colleagues will no doubt appreciate the bitter opposition the Bill will arouse. Apart altogether from the general political aspect and the deep hostility of the industry itself, there will be opposition from a quarter of a million separate shareholders, whose income will be reduced, together with powerful opposition from the trading community at large who, while welcoming the prospect of cheap and abundant steel, will see no clear dividing line between the activities of the Corporation and what they regard as the legitimate field of private enterprise.

36. I attach at Appendix IV a copy of a letter I have received from Sir Archibald Forbes, Chairman of the Iron and Steel Board, in which he expresses fears about the danger in the short term of a fall in production of steel and serious delay in carrying out the modernisation and development plan. I do not share Sir Archibald's fears, although his line of argument will certainly be followed in the general opposition to the Bill. There is no factual evidence to support it, however, and the matter, to my mind, is mainly one of political judgment. I should be more concerned at the possible loss of enthusiasm on the part of the workers and a consequent fall in production if the Bill were postponed. (I would add that, in spite of specific mention at the time of his appointment that the Government would look to him personally for advice as necessary on technical questions involved in the preparation of any plans for public ownership,” Sir Archibald has asked to be absolved from this obligation.)

Conclusion
37. The attached draft Bill is in my view a thoroughly workmanlike measure which gives effect to the decisions of the Cabinet referred to in paragraph 1. It will effectively transfer to public ownership and with minimum disturbance the securities—and the control—of the companies which form the core of the industry, but it is beyond my power to guarantee that the living spirit of those companies will be retained. I seek the support of my colleagues for the structure, and for the main features of the Bill. The details can be further pursued at the official level, and ratified by the Legislation Committee before introduction. I must, however, be assured at an early date that the main features are acceptable and will be implemented. As we may be denied opportunity for revision in the House of Lords, it is the more important that the Bill as introduced shall neither require nor justify extensive amendment.

38. If this assurance is given to me, I further seek authority to inform the British Iron and Steel Federation, the Joint Iron Council and the iron ore producers and, of course, the Trade Unions that the broad outline is fixed Government policy, but that I should welcome their assistance on detail. I expect all but the latter will refuse to co-operate, but I should prefer that the onus for non-cooperation should rest on them, and not on the Government.

Summary
39. I seek the authority of the Cabinet for the scheme embodied in the draft Bill and taken as a whole, and particularly for the following features:

(a) Scheme C—85 companies (paragraphs 12-15).
(b) No options (paragraph 17).
(c) Wide powers for the Corporation (paragraph 20).
(d) Representative bodies to be informed of the outline as embodying fixed Government policy (paragraph 38).

G. R. S.
Ministry of Supply, W.C. 2,
20th May, 1948.
**APPENDIX I**

**IRON AND STEEL COMPANIES TO BE TRANSFERRED ON BASIS OF OUTPUT**

(50,000 tons of iron ore, or 20,000 tons of pig-iron, ingot steel (carbon and alloy combined) or re-rolled products per annum)

* = Companies affected by Scheme D (i.e., production of 60,000 tons of steel per annum)

<table>
<thead>
<tr>
<th>Number of wholly-owned subsidiaries</th>
<th>Name of Company</th>
<th>Nominal Issued Capital (Share and Loan)</th>
<th>Last Dividend on Ordinary Shares</th>
<th>Number of employees of qualifying companies</th>
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<tbody>
<tr>
<td>In iron and steel field</td>
<td></td>
<td></td>
<td>Per cent.</td>
<td>In iron and steel field</td>
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<tr>
<td>Outside iron and steel field</td>
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<td>1. Arthur Lee &amp; Sons, Ltd.</td>
<td>£304,805</td>
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<td>2. Bairds &amp; Scottish Steel, Ltd. (controlled by William Baird &amp; Co., Ltd.)</td>
<td>£2,720,000</td>
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<td>3. Barrow Hamattie Steel Co., Ltd.</td>
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<td>4. Bayliss, Jones &amp; Bayliss, Ltd. (controlled by Guest, Keen &amp; Nettlefolds, Ltd.)</td>
<td>£510,000</td>
<td>not known</td>
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<td>5. Beckenrent Mining Co., Ltd. (wholly-owned subsidiary of United Steel Cos., Ltd.)</td>
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<td>7. Brown Baylley's Steel Works, Ltd.</td>
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<td>8. Bryambo Steel Works, Ltd. (wholly-owned subsidiary of Guest, Keen &amp; Nettlefolds, Ltd.)</td>
<td>£184,857</td>
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<td>9. Barnell &amp; Co., Ltd.</td>
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<td>10. Byfield Ironstone Co., Ltd.</td>
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<td>tax free</td>
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<td>**8. Bryambo Steel Works, Ltd. (wholly-owned subsidiary of Guest, Keen &amp; Nettlefolds, Ltd.)</td>
<td>£1,899,229</td>
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<td>11. Cargo Fleet Iron Co., Ltd. (controlled by South Durham Steel &amp; Iron Co., Ltd.)</td>
<td>£1,137,500</td>
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<td>12. Carron Co. (This company is a chartered company)</td>
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<td>14. Clyde Alloy Steel Co., Ltd. (wholly-owned subsidiary of Colvilles, Ltd.)</td>
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<td>**15. Colvilles, Ltd.</td>
<td>£5,919,550</td>
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<td>**16. Consett Iron Co., Ltd.</td>
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<td>17.</td>
<td>Cranford Ironstone Co., Ltd. (owned jointly by Staveley Coal &amp; Iron Co., Ltd., Park Gate Iron &amp; Steel Co., Ltd., and Stanton Ironworks Co., Ltd.)</td>
<td>75,000</td>
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<td>Crewe Ironstone Co., Ltd.</td>
<td>18,750</td>
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<td>Darlington &amp; Simpson Rolling Mills, Ltd. (controlled by Dorman Long &amp; Co., Ltd., and Crittall Manufacturing Co., Ltd.)</td>
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<td>Darlington Forge, Ltd. (wholly-owned subsidiary of English Steel Corporation, Ltd.)</td>
<td>600,000</td>
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<tr>
<td>27.</td>
<td>Executors of James Mills, Ltd. (jointly owned by Guest, Keen &amp; Nettlefolds, Ltd., and Bayliss, Jones &amp; Bayliss, Ltd.)</td>
<td>400,000</td>
<td>not known</td>
<td>1,315</td>
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<tr>
<td>28.</td>
<td>Frodingham Ironstone Mines, Ltd.</td>
<td>175,000</td>
<td>not known</td>
<td>**</td>
</tr>
<tr>
<td>29.</td>
<td>Gier's Mills &amp; Co., Ltd.</td>
<td>220,000</td>
<td>8</td>
<td>504</td>
</tr>
<tr>
<td>30.</td>
<td>Glamorgan Hematite Iron Ore Co., Ltd.</td>
<td>210,000</td>
<td>15</td>
<td>**</td>
</tr>
<tr>
<td>31.</td>
<td>Goldendale Iron Co., Ltd.</td>
<td>100,000</td>
<td>not known</td>
<td>189</td>
</tr>
<tr>
<td>32.</td>
<td>Guest, Keen &amp; Nettlefolds, Ltd.</td>
<td>16,714,496</td>
<td>11</td>
<td>2,663</td>
</tr>
<tr>
<td>33.</td>
<td>Guest, Keen, Baldwin Iron &amp; Steel Co., Ltd. (controlled by Guest, Keen &amp; Nettlefolds, Ltd.)</td>
<td>7,459,886</td>
<td>10</td>
<td>6,102</td>
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<tr>
<td>34.</td>
<td>Hadfields, Ltd.</td>
<td>1,378,216</td>
<td>17+</td>
<td>3,000</td>
</tr>
<tr>
<td>35.</td>
<td>Hallamshire Steel &amp; File Co., Ltd.</td>
<td>57,500</td>
<td>32+</td>
<td>240</td>
</tr>
<tr>
<td>36.</td>
<td>Hodderow Mining Co., Ltd.</td>
<td>500,000</td>
<td>4</td>
<td>**</td>
</tr>
<tr>
<td>37.</td>
<td>Irchester Ironstone Co., Ltd. (wholly-owned subsidiary of Cargo Fleet Iron Co., Ltd.)</td>
<td>25,600</td>
<td>not known</td>
<td>**</td>
</tr>
<tr>
<td>38.</td>
<td>James Pain, Ltd. (wholly-owned subsidiary of Stanton Ironworks Co., Ltd.)</td>
<td>95,010</td>
<td>not known</td>
<td>**</td>
</tr>
<tr>
<td>39.</td>
<td>J. J. Habershon &amp; Sons, Ltd.</td>
<td>191,656</td>
<td>not known</td>
<td>1,444</td>
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<tr>
<td>40.</td>
<td>John Bagnall &amp; Sons, Ltd.</td>
<td>100,000</td>
<td>not known</td>
<td>262</td>
</tr>
<tr>
<td>41.</td>
<td>John Baker &amp; Bessemer, Ltd.</td>
<td>1,436,434</td>
<td>15</td>
<td>1,138</td>
</tr>
</tbody>
</table>

† This company is newly formed. The authorised capital is £700,000, of which £2 only has been issued so far.
‡ This is a very old chartered company and the capital given of £137,500 is approximate only.
§ Particulars of employment of individual companies producing iron ore not available. Total is approximately 4,370. Those believed to be producing iron ore only are marked **.
<table>
<thead>
<tr>
<th>Number of wholly-owned subsidiaries</th>
<th>Name of Company</th>
<th>Nominal Issued Capital (Share and Loan)</th>
<th>Last Dividend on Ordinary Shares</th>
<th>No. of employees of qualifying companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>In iron and steel field</td>
<td></td>
<td></td>
<td></td>
<td>In iron and steel Other activities</td>
</tr>
<tr>
<td>Outside iron and steel field</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>---</td>
<td>42. John Lysaght’s Scunthorpe Works, Ltd. (wholly-owned subsidiary of John Lysaght, Ltd.)</td>
<td>2,100,000</td>
<td>not known</td>
<td>2,962</td>
</tr>
<tr>
<td>---</td>
<td>43. Johnson’s Iron &amp; Steel Co., Ltd.</td>
<td>17,000,000</td>
<td>not known</td>
<td>329</td>
</tr>
<tr>
<td>---</td>
<td>44. John Summers &amp; Sons, Ltd.</td>
<td>1,080,000</td>
<td>not known</td>
<td>6,430</td>
</tr>
<tr>
<td>---</td>
<td>45. Joseph Sankey &amp; Sons, Ltd. (controlled by Guest, Keen &amp; Nettlefolds, Ltd.)</td>
<td>9,480,000</td>
<td>84</td>
<td>533</td>
</tr>
<tr>
<td>---</td>
<td>46. Kettering Iron &amp; Coal Co., Ltd.</td>
<td>2,100,000</td>
<td>not known</td>
<td>202</td>
</tr>
<tr>
<td>---</td>
<td>47. Lanarkshire Steel Co., Ltd. (controlled by Colvilles, Ltd.)</td>
<td>75,000</td>
<td>not known</td>
<td>1,220</td>
</tr>
<tr>
<td>---</td>
<td>48. Llanelly Steel Co. (1907), Ltd. (controlled by Llanelly Associated Tinplate Co., Ltd.)</td>
<td>*51,582,600</td>
<td>not known</td>
<td>1,305</td>
</tr>
<tr>
<td>---</td>
<td>49. Loddington Ironstone Co., Ltd. (controlled by New Cransley Iron &amp; Steel Co., Ltd., Sheepbridge Coal &amp; Iron Co., Ltd., and Staveley Coal &amp; Iron Co., Ltd.)</td>
<td>21,000</td>
<td>not known</td>
<td>496</td>
</tr>
<tr>
<td>---</td>
<td>50. London Works (Barlowes), Ltd.</td>
<td>175,000</td>
<td>not known</td>
<td>550</td>
</tr>
<tr>
<td>---</td>
<td>51. Millon &amp; Askam Hematite Iron Co., Ltd.</td>
<td>683,000</td>
<td>10</td>
<td>671</td>
</tr>
<tr>
<td>---</td>
<td>52. Monks Hall &amp; Co., Ltd. (controlled by Richard Thomas &amp; Baldwins, Ltd.)</td>
<td>2,585,600</td>
<td>58</td>
<td>15</td>
</tr>
<tr>
<td>---</td>
<td>53. Naylor Benzon Mining Co., Ltd. (wholly-owned subsidiary of Naylor Benzon &amp; Co., Ltd.)</td>
<td>200,000</td>
<td>not known</td>
<td>**</td>
</tr>
<tr>
<td>---</td>
<td>54. Neath Steel Sheet &amp; Galvanising Co., Ltd.</td>
<td>75,000</td>
<td>not known</td>
<td>445</td>
</tr>
<tr>
<td>---</td>
<td>55. New Cransley Iron &amp; Steel Co., Ltd.</td>
<td>78,100</td>
<td>not known</td>
<td>153</td>
</tr>
<tr>
<td>---</td>
<td>56. New Jarrow Steel Co., Ltd. (wholly-owned subsidiary of Cessett Iron Co., Ltd.)</td>
<td>660,000</td>
<td>not known</td>
<td>414</td>
</tr>
<tr>
<td>---</td>
<td>57. Oxfordshire Ironstone Co., Ltd. (owned jointly by Guest Keen, Baldwins Iron &amp; Steel Co., Ltd., and Stewarts &amp; Lloyds, Ltd.)</td>
<td>100,000</td>
<td>not known</td>
<td>**</td>
</tr>
<tr>
<td>---</td>
<td>58. Partridge Jones &amp; John Paton, Ltd.</td>
<td>2,785,346</td>
<td>7½</td>
<td>1,230</td>
</tr>
<tr>
<td>---</td>
<td>59. Patent Shaft &amp; Axletree Co., Ltd. (wholly-owned subsidiary of Metropolitan-Cammell Carriage &amp; Wagon Co., Ltd.)</td>
<td>510,000</td>
<td>not known</td>
<td>**</td>
</tr>
<tr>
<td>---</td>
<td>60. Pease &amp; Partners, Ltd.</td>
<td>2,894,891</td>
<td>10</td>
<td>1,157</td>
</tr>
<tr>
<td>---</td>
<td>61. Pease &amp; Partners Normanby Ironworks, Ltd. (wholly-owned subsidiary of Pease &amp; Partners, Ltd.)</td>
<td>600,000</td>
<td>not known</td>
<td>570</td>
</tr>
<tr>
<td>---</td>
<td>62. Raine &amp; Co., Ltd.</td>
<td>82,491</td>
<td>not known</td>
<td>701</td>
</tr>
<tr>
<td>---</td>
<td>63. Renishaw Iron Co., Ltd.</td>
<td>63,532</td>
<td>not known</td>
<td>319</td>
</tr>
<tr>
<td>---</td>
<td>64. Richard Hill, Ltd.</td>
<td>188,750</td>
<td>20</td>
<td>190</td>
</tr>
<tr>
<td>---</td>
<td>65. Richard Johnson &amp; Nephew, Ltd.</td>
<td>600,000</td>
<td>15</td>
<td>1,000</td>
</tr>
<tr>
<td>Page</td>
<td>Company Name</td>
<td>Shares</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>------</td>
<td>------------------------------------------------------------------------------</td>
<td>--------</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>2</td>
<td>Richard Thomas &amp; Baldwins, Ltd.</td>
<td>9</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Round Oak Steel Works, Ltd.</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Samuel Fox &amp; Co., Ltd. (controlled by United Steel Companies, Ltd.)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Sheffield Forge &amp; Rolling Mills Co., Ltd.</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Shelton Iron &amp; Steel &amp; Coal Co., Ltd. (controlled by John Summers &amp; Sons, Ltd.)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>71</td>
<td>Skinningrove Iron Co., Ltd.</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Smith &amp; McLean, Ltd. (controlled by Colvilles, Ltd.)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>73</td>
<td>South Durham Steel &amp; Iron Co., Ltd.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>74</td>
<td>Stanton Ironworks Co., Ltd. (wholly-owned subsidiary of Stewarts &amp; Lloyds, Ltd.)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>75</td>
<td>Steel Company of Scotland, Ltd. (controlled by Colvilles, Ltd.)</td>
<td>13</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Taylor Bros. &amp; Co., Ltd. (wholly-owned subsidiary of English Steel Corporation, Ltd.)</td>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>78</td>
<td>Templeborough Rolling Mills, Ltd.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The British Steel Co., Ltd.</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>80</td>
<td>The Bynea Steel Works, Ltd.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The District Iron &amp; Steel Co., Ltd. (wholly-owned subsidiary of J. Brookhouse &amp; Co., Ltd.)</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>82</td>
<td>The Glynir Tinplate Co., Ltd.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>83</td>
<td>The Gorse (Lancashire) Co., Ltd.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>84</td>
<td>The Lancashire Steel Corporation, Ltd.</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The Lilleshall Iron &amp; Steel Co., Ltd. (wholly-owned subsidiary of The Lilleshall Co., Ltd.)</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>The Staveley Coal &amp; Iron Co., Ltd.</td>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The Park Gate Iron &amp; Steel Co., Ltd.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>The Sheepbridge Coal &amp; Iron Co., Ltd.</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>88</td>
<td>*89. The Steel Co. of Wales, Ltd.</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>*90. The United Steel Co., Ltd.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>*91. The Whitehead Iron &amp; Steel Co., Ltd.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>*92. The Whitehead Thomas Bar &amp; Strip Co., Ltd. (jointly owned by the Whitehead Iron &amp; Steel Co., Ltd., and Richard Thomas &amp; Baldwins, Ltd.)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>*93. The Wolverhampton Steel &amp; Iron Co. (1948), Ltd. (controlled by Thos. W. Ward, Ltd.)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Particulars of employment of individual companies producing iron are not available. Total is approximately 4,370. Those believed to be producing iron ore only are marked **.
### Number of wholly-owned subsidiaries

<table>
<thead>
<tr>
<th>Name of Company</th>
<th>Number of wholly-owned subsidiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thos. Firth &amp; John Brown, Ltd.</td>
<td>2</td>
</tr>
<tr>
<td>Ullcoats Mining Co., Ltd. (controlled by Millom &amp; Askam Hematite Iron Co., Ltd.)</td>
<td>95</td>
</tr>
<tr>
<td>Upper Forest and Worcester Steel &amp; Tinplate Works, Ltd.</td>
<td>96</td>
</tr>
<tr>
<td>Wellingboro' Iron Co., Ltd. (wholly-owned subsidiary of Stanton Ironworks Co., Ltd.)</td>
<td>97</td>
</tr>
<tr>
<td>William Beardmore &amp; Co., Ltd.</td>
<td>98</td>
</tr>
<tr>
<td>William Jessop &amp; Sons, Ltd. (wholly-owned subsidiary of Birmingham Small Arms Co., Ltd.)</td>
<td>99</td>
</tr>
<tr>
<td>Whitecross Co., Ltd. (wholly-owned subsidiary of the Lancashire Steel Corporation, Ltd.)</td>
<td>100</td>
</tr>
<tr>
<td>Wolverhampton Corrugated Iron Co., Ltd. (wholly-owned subsidiary of John Summers &amp; Sons, Ltd.)</td>
<td>101</td>
</tr>
<tr>
<td>W. Wesson &amp; Co., Ltd.</td>
<td>102</td>
</tr>
</tbody>
</table>

### Nominal Issued Capital

<table>
<thead>
<tr>
<th>Name of Company</th>
<th>Nominal Issued Capital (Share and Loan)</th>
<th>Last Dividend on Ordinary Shares</th>
<th>No. of employees of qualifying companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thos. Firth &amp; John Brown, Ltd.</td>
<td>£3,551,669</td>
<td>10% tax free</td>
<td>1,141</td>
</tr>
<tr>
<td>Ullcoats Mining Co., Ltd.</td>
<td>£400,000</td>
<td>not known</td>
<td>**</td>
</tr>
<tr>
<td>Upper Forest and Worcester Steel &amp; Tinplate Works, Ltd.</td>
<td>£100,000</td>
<td>not known</td>
<td>494</td>
</tr>
<tr>
<td>Wellingboro' Iron Co., Ltd.</td>
<td>£400,000</td>
<td>not known</td>
<td>4,029</td>
</tr>
<tr>
<td>William Beardmore &amp; Co., Ltd.</td>
<td>£2,479,662</td>
<td>17½%</td>
<td>316</td>
</tr>
<tr>
<td>William Jessop &amp; Sons, Ltd.</td>
<td>£524,450</td>
<td>not known</td>
<td>1,294</td>
</tr>
<tr>
<td>Whitecross Co., Ltd.</td>
<td>£750,000</td>
<td>not known</td>
<td>not known</td>
</tr>
<tr>
<td>Wolverhampton Corrugated Iron Co., Ltd.</td>
<td>£500,000</td>
<td>not known</td>
<td>903</td>
</tr>
<tr>
<td>W. Wesson &amp; Co., Ltd.</td>
<td>£75,060</td>
<td>not known</td>
<td>351</td>
</tr>
</tbody>
</table>

### Number of employees

<table>
<thead>
<tr>
<th>Name of Company</th>
<th>No. of employees of qualifying companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thos. Firth &amp; John Brown, Ltd.</td>
<td>5,107</td>
</tr>
<tr>
<td>Ullcoats Mining Co., Ltd.</td>
<td>4,029</td>
</tr>
<tr>
<td>Upper Forest and Worcester Steel &amp; Tinplate Works, Ltd.</td>
<td>1,294</td>
</tr>
<tr>
<td>Wellingboro' Iron Co., Ltd.</td>
<td>1,294</td>
</tr>
<tr>
<td>William Beardmore &amp; Co., Ltd.</td>
<td>1,141</td>
</tr>
<tr>
<td>William Jessop &amp; Sons, Ltd.</td>
<td>494</td>
</tr>
<tr>
<td>Whitecross Co., Ltd.</td>
<td>494</td>
</tr>
<tr>
<td>Wolverhampton Corrugated Iron Co., Ltd.</td>
<td>4,029</td>
</tr>
<tr>
<td>W. Wesson &amp; Co., Ltd.</td>
<td>494</td>
</tr>
</tbody>
</table>

### Note

- In addition to the total employment of 284,126 in the qualifying companies (217,765 in iron and steel and 46,361 in other activities) as indicated above, the wholly-owned subsidiary companies, other than those which qualify, employ some 31,000 workpeople. Thus the total employment figure involved is 295,000.

- Particulars of employment of individual companies producing iron ore not available. Total is approximately 4,370. Those believed to be producing iron ore only are marked **.

- In addition to the total employment of 264,126 in the qualifying companies (217,765 in iron and steel and 46,361 in other activities) as indicated above, the wholly-owned subsidiary companies, other than those which qualify, employ some 31,000 workpeople. Thus the total employment figure involved is 295,000.
### APPENDIX III

#### THE IRON AND STEEL CORPORATION OF GREAT BRITAIN

**Estimated Income and Expenditure Account**

<table>
<thead>
<tr>
<th>Income—</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debenture and Loan Interest, Preference Dividends, and Ordinary Dividends—on the basis of interest and dividends paid in 1946 or 1947 by 45 public companies now being transferred—(All, less tax)</td>
<td>7,644</td>
</tr>
<tr>
<td>Appropriations to Free Reserves made by companies in 1946 or 1947</td>
<td>5,000</td>
</tr>
<tr>
<td>Portion of Iron and Steel Federation Levies, which may accrue to Corporation—(1/- per ton on 14m. tons)</td>
<td>700</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>£13,344</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditure—</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on British Iron and Steel Stock, (£300m.) less tax</td>
<td>4,950</td>
</tr>
<tr>
<td>Annual Provision for Redemption of Iron and Steel Stock</td>
<td>1,472</td>
</tr>
<tr>
<td>Annual Loss on Running M.O.S. Agency Factories at present borne on M.O.S. Vote</td>
<td>500</td>
</tr>
<tr>
<td>Administration Expenses</td>
<td>300</td>
</tr>
<tr>
<td><em>Appropriation to General Reserve</em></td>
<td>3,000</td>
</tr>
<tr>
<td>Estimated Surplus</td>
<td>3,122</td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td>£13,344</td>
</tr>
</tbody>
</table>

*The £3m., which is an estimate of the appropriation to General Reserve by the Corporation, compares with the total of £5m. at present being appropriated by the companies.*

### APPENDIX IV

#### IRON AND STEEL BOARD

(Private and Confidential)

**Chairman's Office, South-West Wing, Bush House, Strand, London, W.C. 2.**

28th April, 1948.

My dear Minister,

The question whether there should be public ownership of the Iron and Steel Industry and if so when, and in what form, this should be effected is not one within the terms of reference of the Iron and Steel Board. Therefore, I must make it abundantly clear that this letter expresses only my own views on certain aspects of the matter and does not in any way purport to convey those of my colleagues. But I consider it my duty to lay these views before you because of the responsibility resting upon the Board for the general supervision of the industry and the oversight and facilitation of production and development.

The Government continues both by official publications and pronouncements by Ministers emphatically to underline the critical economic situation of the country and the vital part which steel production must play in redressing the adverse balance. This is fully recognised within the industry and a great effort has been and is being made to achieve maximum production.

I think it can fairly be claimed that output over the past six months has been most satisfactory and if all goes well the target for 1948, in itself a high figure, may be beaten. And this is being done concurrently with substantial
progress in the carrying through of the modernisation and development plan (probably the largest single industrial project of its kind) designed to increase productive efficiency and obtain greater output in 1949 and succeeding years.

It is essential to any proper consideration of the matter that there should be a full appreciation of the real extent and nature of the effort which is being made and that the sustaining of this effort is essential to the fulfilment of the production objective over the next few years.

The utmost enthusiasm exists at all levels throughout the industry and managements and workpeople are combining in a manner at once impressive and in keeping with the traditionally good relations between both sides. The workpeople have not only extended the field of continuous working, but maintain a high rate of output per shift. Managements are carrying the additional responsibility and burden inseparable from increasing production under conditions where materials and services are not in abundant supply. A high degree of success is attending the continued efforts to secure the maximum utilisation of existing resources by adaptation of plants and modifications of processes. The Central Organisation of the Federation has intensified its efforts to obtain materials of every kind from every source, to secure that these materials are distributed where they can be most efficiently used, to relieve bottlenecks and to adjust the phasing of production and development to current needs.

In considering the managerial problem, both individually and particularly centrally, regard must be had to the complexity of the industry. Raw materials have to be obtained not only from home sources but from all over the world—and in ever-increasing volume. The quarrying and mining of ore and the manufacture of pig iron and coke, in themselves complicated operations, have to be carried out before commencing steel production proper. Basic steel has to be made by differing processes and in many qualities. End products constitute an infinite variety in number, nature, quality and size. Ancillary activities range over a very wide field from the manufacture of bath salts to bridge building. Transport both by sea and by land is itself a major problem. Research is constantly proceeding, both by individual concerns and centrally, concerning improvements in technique, and the development of new processes and products.

I hope that this may convey some indication of the many difficulties which have to be faced, especially in operating under present conditions and those likely to endure for some time to come. Up till now these have been met or foreseen to a degree that calls for high commendation. In my opinion the overall efficiency of the steel industry on the basis of its existing equipment is of an outstandingly high standard and as a result of good organisation within itself the whole instrument is now keyed up to, and is working at, concert pitch.

Above the internal organisation of the industry is the Iron and Steel Board exercising a general supervisory and controlling function on behalf of the State. Although its de jure authority may be limited in some aspects nevertheless from the de facto standpoint it exercises the necessary control over the production and operations of the steel industry. I am assured that the Board commands the confidence of both sides of the industry and I think it can be claimed that it plays its part in supervising operations on behalf of the Government.

In short the whole organisational machine is working smoothly and the result is reflected in the present level of output.

If maximum production is to continue to be obtained the machine must be kept at its present level of efficiency, and there is no room for error or experiment under the "marginal" conditions to which it is now working. In my view the introduction of a dislocating factor in the form of proposals for public ownership would inevitably lead to a loss of production and a slowing down of the development projects. I fail to see how it could be otherwise. Maximum effort could hardly be sustained during a period of acute political and public controversy concerning the industry. Diversion of thought and energy on the part of the leaders of the industry and administrative executives could not be avoided. Disheartenment and doubts about the future would be no more than natural and would affect a large section of the managerial structure. While I believe the public spirit of the management of the industry to be of a high order (and of this there is ample evidence) I do not think that this could altogether offset such human reactions.

Moreover, apart from the probability of disturbance of the higher management for the reasons stated, it would be certain that there would be a dislocating effect deriving from the mere alteration of the structure. The settling down of a new organisation inevitably takes time, and when public funds are involved executive decisions cannot be made with the same degree of despatch. This
industry is engaged in competitive operations demanding prompt decision in light of market conditions.

This letter is not concerned with the long-term aspects of public ownership of this industry. But so far as the short-term is concerned I submit to you with all the emphasis at my command and in light of all the knowledge at my disposal, that if maximum production of steel over the next few years is essential to the economic recovery of this country this will be gravely endangered by proceeding now with any plans for public ownership. Moreover, the securing of the ultimate competitive position of the industry which is the object of the modernisation and development plan (and the second stage of which is about to be considered) might be seriously delayed.

I wrote in somewhat similar terms to your predecessor about a year ago. The additional knowledge which I have gained since confirms the view that I then expressed that from the national economic standpoint there seems nothing to be gained and much which may be lost.

I would therefore most earnestly appeal to you that if, as one understands from ministerial statements, it is still the intention to proceed with the matter, the timing at least should be reconsidered on the grounds that it cannot fail to jeopardise the attainment of maximum steel production during the very period which is said to be all important

Yours sincerely,

(Signed) A. F. FORBES.

Rt. Hon. G. STRAUSS, M.P.,
Minister of Supply,
Shell-Mex House.

APPENDIX V

EXTRACT FROM S.I. (M) (48) 36

(Memorandum submitted by the Minister of Supply to the Committee on the Socialisation of Industries on 3rd May, 1948)

Background to Scheme C

2. Scheme C (i.e., 87 companies) gives substantial effect to the conclusions reached a year ago by the Cabinet (the scope of the scheme being set out on pp. 15-18 of C.P. (47) 123). It transfers to public ownership practically the whole of the iron ore, pig iron, carbon and alloy steel, and (except for minor jobbing and specialist activities) the re-rolling sections of the industry. It aims at providing the new Iron and Steel Corporation with a virtual monopoly in the heavy and re-rolling sections of the industry, thus affording scope for effective comprehensive planning, and the maximum opportunity for reorganisation. It avoids a division of ownership in these sections which would lead to serious complications in such matters as price control, supplies of raw materials and adjustments in overall production to accord with current needs. It enables the Corporation to co-ordinate, reconstruct or close down any of the major plants in the industry that it chooses and ensures that each plant makes the products to which it is best suited.

3. Ownership of pig iron and steel production would automatically secure ownership of the great bulk of United Kingdom iron ore production. It is, however, desirable that the independent iron ore producers should also be transferred, as their continued existence might frustrate planned development of the ore deposits in that there would be privately-owned pockets in the various ore fields over which the Corporation would have no control. While nothing is known of their mining leases, the independents may have more extensive mining rights than their proportion of recent production suggests. Some of them may have to be subsidised.

4. About 45 per cent. of the output of light re-rolled products is produced by the steel-making companies. The balance is spread over some 130 companies. At one end the large companies concentrate mainly on mass production work, and at the other end the small companies deal mainly with jobbing and specialist production. In the middle range, companies do both jobbing and re-rolling appropriate for mass production. There are sound economic and technical reasons
why the mass production type of re-rolling should be integrated as far as possible with steelmaking, and, while it is not easy to distinguish the companies concerned, the transfer of all producing more than 20,000 tons per annum would secure State ownership of the whole field likely to be seriously affected by extension of mass production and thus provide full scope for rationalisation. For similar reasons the greater part of sheet and tinplate production should be transferred with heavy steel production. The modern tendency is towards even greater integration of the production of sheet and tinplate with steelmaking.

5. The fringe companies in the heavy sections to be left in private ownership under Scheme C would probably give rise to some difficulties in control, administration and planning of production, but they should not be serious. The wider the fringe, however, the greater would be the difficulties. Further, a substantial margin of private re-rollers would almost certainly lead, in a time of falling demand, to a price war between them and the Corporation, although the balance of advantage should rest with the Corporation.

6. Scheme C involves the transfer of 87 parent companies and 150 wholly-owned subsidiaries, together with various additional controlling interests. I was naturally concerned lest the control of so many companies should involve too great an administrative burden on the Corporation, particularly at the outset, but I concluded that, as the acquisition of securities should not by itself interfere with the day-to-day operation of the individual companies, their managements could carry on as at present until the Corporation devised a workable system of supervision and control. The Corporation could determine their own pace of action, and would be free either to set up subsidiary bodies to supervise particular sections or to arrange for a number of the smaller companies to become subsidiaries of the larger concerns. There is perhaps some danger, particularly with the smaller concerns, of key individuals leaving the industry, but they would probably be replaceable by expert personnel from the larger units. The greater the number of the companies left in private ownership, however, the wider is the scope for employees of the transferred companies to leave a nationalised industry and find alternative jobs requiring their particular expert knowledge.

7. One important feature of Scheme C is that as far as can be judged it would result in bringing the British Iron and Steel Federation (which now in effect supervises the industry as a whole) under the control of the Corporation, and, although arrangements would be necessary to plan to some extent the operations of the fringe companies (which in all the sections would total between 400-500) with those of the Corporation, Steel House would have outlived its functions, and it could be expected that the expert staff of the Federation would by negotiation be transferred to the Corporation.

Scheme B—Pros

8. The preceding paragraphs state the case for Scheme C. In this and paragraph 9 I set out as objectively as possible the pros and cons of Scheme B (41 companies). It must not be assumed that all the arguments are equally cogent. Among the arguments which can be adduced for Scheme B are the following:—

(i) The Government's pronouncements about the extent of public ownership would be substantially fulfilled by acquiring companies producing about 95 per cent. of the output in the pig iron and carbon steel sections, and the bulk of the production in the iron ore, alloy steel, sheet, tinplate and re-rolling sections. (It would be desirable to add four more companies, mainly with the object of bringing in more alloy steel production.)

(ii) The scheme includes all the companies working on a large scale, and excludes a wide range of companies which tend to concentrate on special lines. It also admittedly excludes some smaller companies which are efficient and prosperous, and which the Corporation would no doubt like to have, but their significance in the general economy is relatively small.

(iii) The problems of transfer would be eased. Scheme B relates to units whose organisations should be the better able to stand the shock of acute political controversy for many months. The smaller units are in greater danger of disintegration under that controversy.

(iv) The problems of administration after transfer would be reduced: the day-to-day worries of the smaller companies which would filter to
the Corporation might be quite as complex as those from the larger companies; indeed, possibly more so since the directors might be less sure of themselves. There might be a real danger of swamping the Corporation with details of administration. Moreover, if it is intended to hive off non-iron and steel activities, where appropriate, the process might be easier in the case of the larger units, where there is increased specialisation and more departmentalism, than in the case of the small units where the activities are likely to be well scrambled.

(v) If market prices were adopted as the basis of compensation there would be less work for the arbitration tribunal:

\[
\begin{array}{cc}
\text{Scheme B} & \text{Scheme C} \\
(\text{as modified in para. 8 (i))} & \\
\text{Nominal issued capital} & \text{£176 million} & \text{£182 million} \\
\text{Proportion quoted} & 81\% & 79\% \\
\text{No. of classes of securities} & \\
\quad \text{Quoted} & 68 \ (16) & 72 \ (18) \\
\quad \text{Unquoted} & 52 \ (25) & 107 \ (65) \\
\end{array}
\]

(vi) Some competition from medium and small-sized firms would be no bad stimulus to the Corporation. Whereas in the public utility field duplication of services results in absolute waste, and there is therefore a powerful case for absolute monopoly, in the field of trade, competition can help to promote efficiency, and can act as a check on prices.

(vii) By agreement, or if necessary by subsequent legislation, the Corporation could acquire excluded companies at a rate to suit its own convenience. Scheme B would, in fact, result in a publicly-owned cartel, which could be used to influence, in the public interest, the activities of the sections left in private ownership.

\text{Scheme B—Cons}

9. Arguments which can be adduced against Scheme B (as modified in paragraph 8 (ii)) are:

(i) There would be 44 more companies in the main sections (iron ore, pig iron, steel, re-rolling, sheet and tinplate) left in private ownership than would be the case under Scheme C, many of them being fairly sizable units.

Many of our supporters, including employees of the excluded companies, would find it difficult to understand why so many companies which have always been considered as an integral part of the iron and steel industry, are to be left out. The scheme would savour of capitalist cartel technique rather than socialisation, and critics of the Government would contend that, despite the time at their disposal, Ministers had shied away from the task of preparing a comprehensive and coherent scheme and had snatched at an easy but irrational and half-hearted solution.

(ii) While the scheme should break the power of Steel House, the Federation would still remain a force in the industry in continuing to look after the interests of the excluded companies.

(iii) The division of the industry would create many problems of administration and control. Effective supervision of the industry as a whole and the operation of arrangements for subsidies, bulk purchasing, statistics, production planning, reorganisation, consumers' committees, and research, could be achieved only by close co-operation between the Corporation and the Federation or its successor. It is highly important to ensure that the coherent planning of the industry as a whole, more or less on present lines, should continue. At present there is a comprehensive organisation of virtually the whole range of production in the iron and steel industry in the Federation "Conferences." Guidance is given to a joint "Supplies Committee" of the Conferences by the Iron and Steel Board and by the various user Departments, through the permanent staff of the Federation, which can thus take steps rapidly to adjust production at all stages to meet the Government plans. This influence of the Steel Board and
the Federation rests in the ultimate on the Government's powers under Defence Regulations, but they are kept in the background, and in practice the co-operation of the industry stems from a desire to meet national needs and to demonstrate that control through "self-government" is effective.

Under a limited scheme of the character of Scheme B, the only way to continue the cohesion might be for the publicly-owned companies to continue as members of the Federation (through the Conferences), the Corporation using its strength to dominate the policies of the Federation; but any such arrangement would be exceedingly unsatisfactory and might lead to constant trouble.

(iv) The Ministry of Supply would have to "sponsor" the privately owned sections and endeavour to secure that they get a fair crack of the whip. This would inevitably make for friction between the Department and the Corporation.

The difficulties outlined in (iii) and (iv) above admittedly apply in some degree to Scheme C, but they would be much less serious and should be surmountable.

(v) Would-be "deserters" from transferred companies would find it easier to secure employment with private enterprise concerns.

(vi) Any suggestion that the field excluded might be reconsidered at a later date and compulsorily transferred would have a stultifying effect on the companies concerned, some of which are important units whose production and morale must be kept up.

Description of Still Smaller Scheme (D)

10. Should my colleagues consider, in spite of the arguments in this paper, that Scheme C is too ambitious and should at this stage be drastically restricted, it would, I think, be logical to go a step further than Scheme B, and limit compulsory acquisition only to the important carbon and alloy steel producers. The effect of such a scheme—called D—is shown statistically in relation to Schemes B and C in Appendix I; compared with Scheme B, it has the following features:

(i) By taking the thirty-two companies producing more than 60,000 tons of steel per annum, we should have a virtual monopoly of steel production and of heavy and primary rolling. Because of the wide ramifications of those companies we should also secure important but not necessarily dominating interests in the intermediate and finishing sections.

(ii) We should leave in private ownership eight more pig-iron companies, some of them important concerns. But these companies are substantial producers of foundry pig iron and we do not aim deliberately to interfere with the foundry industry. Some also make haematite iron used for both foundries and steelmaking, but the steel companies which would be transferred have a substantial output of haematite iron and should not be seriously jeopardised if these few producers remained in private ownership, though flexibility in planning iron ore and pig-iron production would be impaired.

(iii) None of the independent re-rollers would be transferred, and by comparison with Scheme B the following companies would be excluded, except in so far as some of them are controlled by companies to be transferred:

<table>
<thead>
<tr>
<th>Company</th>
<th>1946 Production (Tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guest, Keen and Nettlefolds, Cardiff</td>
<td>314,596</td>
</tr>
<tr>
<td>Whitehead Iron and Steel Co., Newport</td>
<td>154,667</td>
</tr>
<tr>
<td>Templeborough Rolling Mills, Ltd., Rotherham (partly owned by United Steel)</td>
<td>127,678</td>
</tr>
<tr>
<td>Darlington and Simpsons, Ltd., Darlington (partly owned by Dorman Long)</td>
<td>109,622</td>
</tr>
<tr>
<td>Smith and Maclean, Glasgow (controlled but not wholly owned by Colvilles)</td>
<td>101,811</td>
</tr>
</tbody>
</table>

Guest, Keen and Nettlefolds have wide interests apart from re-rolling and own or control upwards of twenty subsidiaries, some of which are outside the industry. Darlington and Simpson are primarily window section specialists, over whose affairs Dorman Long have some influence. We should secure control of Smith and Maclean in
any event, and the Corporation would have a one-third interest in the Templeborough Company which should be operated as an integral part of the United Steel organisation. By the transfer of the thirty-two steel companies we should secure direct control of 46 per cent of the total production of light re-rolled products, and some 81 per cent of sheet and tinplate. The exclusion, under Scheme B, of re-rollers between 20,000 and 75,000 would, in any event, substantially reduce the scope for rationalisation within the Corporation's field.
Iron and Steel Bill.

ARRANGEMENT OF CLAUSES.

PART I.

THE IRON AND STEEL CORPORATION OF GREAT BRITAIN.

Clause.  
1. The Iron and Steel Corporation of Great Britain.  
4. Liability of Corporation for debts of publicly-owned companies.  
5. Powers of the Minister in relation to the Corporation.  
7. Appointment of Committees to represent interests of consumers.  
8. Compulsory purchase of land.  
10. Corporation not to be exempt from taxation, etc.  
11. Liability of Corporation in actions, etc.

PART II.

ACQUISITION OF CERTAIN IRON AND STEEL UNDERTAKINGS:  

Acquisition of undertakings.

12. Transfer to Corporation of securities of scheduled companies.  
13. Registration of Corporation in companies’ register.  
15. Disclaimer of agreements and leases.  
17. Compensation for transferred securities.  
18. Stockholders’ representatives.  

Control of dividends and interest and safeguarding of assets pending transfer.  

19. Control of dividends, interest and other payments.  
20. Final payment of dividends and interest.  
21. Re-opening of transactions resulting in dissipation of assets.  
22. Avoidance and disregard of certain transfers.

Transfer of assets of Minister.  

23. Transfer of certain assets of the Minister to the Corporation.
PART III.

LICENSING OF UNDERTAKINGS NOT ACQUIRED BY CORPORATION.

Clause.
24. Activities in Second Schedule not to be carried on except under licence.
25. Rights of existing undertakings.

PART IV.

FINANCE.

27. British Iron and Steel Stock.
29. General reserve.
30. Ordinary powers of investment.
31. Sums which are to be chargeable to revenue account.
32. Accounts and audit and statistics.

PART V.

MISCELLANEOUS AND GENERAL.

Conditions of employment and pension rights.
33. Machinery for settling terms and conditions of employment of staff, etc.
34. Provisions as to pension rights.
35. Compensation to officers in connection with transfers.
36. Additional provisions as to referees appointed by Minister of Labour.

Iron and Steel Arbitration Tribunal.
37. Establishment of Iron and Steel Arbitration Tribunal.
38. Procedure and enforcement of orders of arbitration tribunal.
40. Staff and expenses of arbitration tribunal.

General.
41. Regulations.
42. Duty to furnish information.
43. Disclosure of information.
44. False information.
45. Provisions as to prosecutions and as to offences by corporations.
Clause.
46. Service of notices, etc.
47. Expenses of the Minister.
48. Interpretation.
49. Short title and extent.

SCHEDULES.
First Schedule.—Provisions as to Iron and Steel Corporation of Great Britain.
Second Schedule.—Iron and steel activities.
Third Schedule.—Companies securities of which vest in Corporation.
Fourth Schedule.—Modifications as to constitution and proceedings of publicly-owned companies.
Fifth Schedule.—Issue of British Iron and Steel Stock in satisfaction of compensation.
   Part I.—Provisions applicable to securities with values determined before the date of transfer.
   Part II.—Provisions applicable to other securities.
Provide for the establishment of an Iron and Steel Corporation of Great Britain and for the transfer to that Corporation of the securities of certain companies engaged in the working, getting and smelting of iron ore, the production of steel, and the shaping of steel by a rolling process, and of property, rights, liabilities and obligations acquired or incurred by the Minister of Supply in connection with the carrying on of any such activity as aforesaid; for defining the functions of the said Corporation and the said companies; for the licensing of other undertakings engaged in any of the said activities; and for purposes connected with the matters aforesaid.

B E it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same as follows:

5

PART I

THE IRON AND STEEL CORPORATION OF GREAT BRITAIN

1.—(1) For the purposes of this Act, there shall be a public authority to be called the Iron and Steel Corporation of Great Britain (in this Act referred to as "the Corporation").

(2) The Corporation shall consist of a chairman and not less than four nor more than ten other members, and the chairman and all other members shall be appointed by the Minister from amongst persons appearing to him to be persons who...
have had wide experience of, and shown capacity in, industrial, commercial or financial matters, administration or the organisation of workers.

(3) Every member of the Corporation shall hold and vacate his office in accordance with the terms of his appointment and shall, on ceasing to be a member, be eligible for re-appointment:

Provided that any member may at any time by notice in writing to the Minister resign his office.

(4) A person shall be disqualified for being appointed or being a member of the Corporation so long as he is a member of the Commons House of Parliament.

(5) Before appointing a person to be a member of the Corporation, the Minister shall satisfy himself that that person will have no such financial or other interest as is likely to affect prejudicially the discharge by him of his functions as a member of the Corporation and the Minister shall also satisfy himself from time to time with respect to every member of the Corporation that he has no such interest; and any person who is, or whom the Minister proposes to appoint to be, a member of the Corporation shall, whenever requested by the Minister so to do, furnish to him such information as the Minister considers necessary for the performance by the Minister of his duties under this subsection.

(6) A member of the Corporation who is in any way directly or indirectly interested in a contract made or proposed to be made by the Corporation, or in any contract made or proposed to be made by a publicly-owned company which is brought up for consideration by the Corporation, shall disclose the nature of his interest at a meeting of the Corporation; and the disclosure shall be recorded in the minutes of the Corporation, and the member shall not take any part in any deliberation or decision of the Corporation with respect to that contract.

(7) The Minister may appoint one or more members of the Corporation to be deputy chairman or deputy chairmen of the Corporation.

(8) The Corporation—

(a) shall pay to their members such remuneration (whether by way of salaries or fees) and such allowances as the Minister may, with the approval of the Treasury, determine; and

(b) on the retirement or death of any of the members as to whom the Minister may, with the approval of the Treasury, determine that such provision should be made, shall pay to or in respect of them such pensions as he may so determine.
(9) The provisions of the First Schedule to this Act shall have effect with respect to the Corporation.

First alternative.

2.—(1) Subject to the provisions of this Act, the Corporation shall have power to carry on any of the activities specified in the first column of the Second Schedule to this Act and any other activities which any publicly-owned company is for the time being authorised by its memorandum of association or charter of incorporation to carry on.

(2) Subject to the provisions of this Act, the Corporation shall have power—

(a) to hold such interests in companies as are transferred to them by Part II of this Act, and to acquire by agreement and to hold interests in any company whose activities consist of or include any activities which the Corporation are immediately before the acquisition authorised to carry on;

(b) to form, or take part in forming, any company whose activities will on formation consist of or include any activities which the Corporation are then authorised to carry on; and

(c) to exercise all rights conferred by the holding of interests in companies.

(3) The Corporation shall not exercise their powers under the last preceding subsection so as to bring any company into public ownership or so as to form a publicly-owned company unless the Minister consents thereto and the activities carried on by the company immediately before it comes into public ownership or, as the case may be, the activities to be authorised by the memorandum of association of the company on its formation, consist wholly or mainly of activities which the Corporation are then authorised to carry on:

Provided that the consent of the Minister shall not be required for the formation of a publicly-owned company solely for the purpose of taking over assets and activities of any existing publicly-owned company or companies or of the Corporation.

(4) Subject to the last preceding subsection, the Corporation shall have power to do any thing or to enter into any transaction (whether or not involving the expenditure, the borrowing in accordance with the provisions of this Act or the lending of money, the acquisition of any property or rights or the disposal of any property or rights) which in their opinion is calculated to facilitate the proper carrying on of
their activities, and any reference in the two last preceding subsections to the activities of the Corporation shall include a reference to the doing of any such thing or the entering into any such transaction by them.

(5) For the avoidance of doubt it is hereby declared that the preceding provisions of this section relate only to the capacity of the Corporation as a statutory corporation, and nothing in the said provisions shall be construed as authorising the disregard by the Corporation of any enactment or rule of law.

Second alternative.

2.—(1) Subject to the provisions of this Act, the Corporation shall have power to carry on—
(a) any of the activities specified in the first column of the Second Schedule to this Act;
(b) any other activity of the same or substantially the same nature as an activity which any publicly-owned company was carrying on at the time when it came into public ownership; and
(c) any other activity authorised by the Minister being an activity which in the Minister's opinion can conveniently or advantageously be combined with any activity referred to in paragraph (a) or (b) hereof.

(2) Subject to the provisions of this Act, the Corporation shall have power—
(a) to hold such interests in companies as are transferred to them by Part II of this Act, and to acquire by agreement and to hold interests in any company whose activities consist of or include any activities which the Corporation are immediately before the acquisition authorised to carry on;
(b) to form, or take part in forming, any company whose activities will on formation consist of or include any which the Corporation are then authorised to carry on; and
(c) to exercise all rights conferred by the holding of interests in companies.

(3) The Corporation shall not exercise their powers under the last preceding subsection so as to bring any company into public ownership or so as to form a publicly-owned company unless the Minister consents thereto and the activities carried on by the company immediately before it comes into public ownership or, as the case may be, the activities to
be authorised by the memorandum of association of the company on its formation consist wholly or mainly of activities which the Corporation are then authorised to carry on:

Provided that the consent of the Minister shall not be required for the formation of a publicly-owned company solely for the purpose of taking over assets and activities of any existing publicly-owned company or companies or of the Corporation.

(4) Subject to the last preceding subsection, the Corporation shall have power to do any thing or to enter into any transaction (whether or not involving the expenditure, the borrowing in accordance with the provisions of this Act or the lending of money, the acquisition of any property or rights or the disposal of any property or rights) which in their opinion is calculated to facilitate the proper carrying on of their activities, and any reference in the two last preceding subsections to the activities of the Corporation shall include a reference to the doing of any such thing or the entering into any such transaction by them.

(5) A publicly-owned company shall have power to carry on any activity for the time being authorised by its memorandum of association or charter of incorporation, being an activity of the same or substantially the same nature as an activity which that or any other publicly-owned company was carrying on at the time when it came into public ownership, or being an activity authorised by the Minister under the preceding subsection, but shall not have power to carry on any other activity.

(6) Any question arising under this section as to whether any activity is of the same or substantially the same nature as any other activity shall be determined by the Minister.

(7) For the avoidance of doubt, it is hereby declared that the preceding provisions of this section so far as they relate to the powers of the Corporation relate only to the capacity of the Corporation as a statutory corporation, and nothing in the said provisions shall be construed as authorising the disregard by the Corporation of any enactment or rule of law.

3.—(1) It shall be the general duty of the Corporation so to exercise and perform their functions as to secure that the products of the activities specified in the first column of the Second Schedule to this Act are available in such quantities, and of such types, qualities and sizes, and at such prices, as may seem to the Corporation best calculated to further the public interest in all respects.
PART I.

Liability of Corporation for debts of publicly-owned companies.

(2) It shall be the duty of the Corporation so to exercise and perform their functions under this Act as to secure that the combined revenues of the Corporation and all the publicly-owned companies taken together are not less than sufficient to meet their combined outgoings properly chargeable to revenue account, taking one year with another.

4. If any sum required by any judgment or order to be paid by a publicly-owned company is not paid by the company within fourteen days from the date on which execution becomes leviable to enforce the judgment or order, the Corporation shall be liable to pay that sum and that judgment or order shall be enforceable against the Corporation accordingly.

5.—(1) The Minister, may, after consultation with the Corporation, give to the Corporation such directions of a general character as to the exercise and performance by the Corporation of their functions (including their powers of controlling the activities of publicly-owned companies) in relation to matters which appear to him to affect the national interest, and the Corporation shall give effect to any such directions.

(2) In carrying out measures of reorganisation or works of development involving substantial outlay on capital account, and in securing the carrying out by publicly-owned companies of such measures or works, the Corporation shall act in accordance with a general programme settled from time to time with the approval of the Minister.

(3) In making provision for the training and education of persons employed by the Corporation or any publicly-owned company, and for research, the Corporation shall act in accordance with a general programme settled as aforesaid.

(4) Without prejudice to the preceding provisions of this section, the Minister may, after consultation with the Corporation, direct the Corporation—

(a) to discontinue or restrict any of their activities or to dispose of any part of their assets; or

(b) to secure the discontinuance or restriction of any of the activities of a publicly-owned company, or the disposal of the whole or any part of the assets of any such company, or the winding up of any such company;

and the Corporation shall give effect to any such direction:

Provided that—

(i) the Minister shall not give any such direction unless he is satisfied that it can be given effect to without prejudice to the proper discharge of the duties of the Corporation under this Act; and
(ii) after the expiration of five years from the passing of the Act, a direction requiring the disposal of the whole or a [substantial] part of the undertaking of any publicly-owned company shall only be given by order, and any such order shall be a statutory instrument and be subject to annullment by resolution of either House of Parliament.

(5) The Corporation shall furnish the Minister with such returns, accounts and other information with respect to their property and activities, and the property and activities of the publicly-owned companies, as he may from time to time require.

(6) Without prejudice to the provisions of the last preceding subsection the Corporation shall, as soon as possible after the end of each financial year of the Corporation make to the Minister a report on the exercise and performance by the Corporation of their functions during that year and on their policy and programme, and generally on the activities of the publicly-owned companies, and the Minister shall lay a copy of every such report before each House of Parliament.

The report for any year shall set out any direction given by the Minister to the Corporation during that year unless the Minister has notified to the Corporation his opinion that it is against the interests of national security to do so or the Corporation is of opinion that the procedure will be contrary to their commercial interests.

[6. Where the Corporation have acquired, for the purpose of the carrying on by them or any publicly-owned company of any of the activities specified in the first column of the Second Schedule to this Act, any imported materials the total cost of which, including any expenses incurred in or in connection with the transport of the materials and any import duty payable thereon, exceeds the price at which such materials are sold by the Corporation in Great Britain, the Minister may, with the approval of the Treasury, pay to the Corporation out of monies provided by Parliament an amount not exceeding the difference between the cost and the price aforesaid.]

7.—(1) The Minister shall, after consultation with the Corporation and such bodies as appear to him to be the principal bodies representing the interests of consumers of the products of the activities specified in the first column of the Second Schedule to this Act, provide by regulations for the appointment of a committee or committees for the purpose of representing the interests of those consumers—

Subsidy in respect of imported materials.
Regulations may—

(a) prescribe the functions of any committee so appointed;

(b) provide for informing the Minister of the proceedings and reports of any such committee and for enabling him, after consultation with the Corporation, to give directions to the Corporation in respect of any matter arising out of any such report;

(c) provide for the appointment by any such committee of sub-committees to act in relation to particular localities or classes of consumers;

(d) require the Corporation to provide officers and office accommodation for any such committee or sub-committee, and to pay allowances to the members thereof; and

(e) for any other matters relating to any such committee for which provision appears to the Minister to be necessary or expedient.

A member of any such committee shall not by reason of his appointment as such a member be disqualified for being elected to, or for sitting or voting as a member of, the Commons House of Parliament.

8. The Minister may authorise the Corporation to purchase compulsorily any land required for any purposes connected with the exercise and performance of their functions, and the Acquisition of Land (Authorisation Procedure) Act, 1946 (except section two thereof) shall apply as if the Corporation were a local authority within the meaning of that Act and as if this Act had been in force immediately before the commencement of that Act.

9. The Corporation may, with the consent of the Minister, promote Bills in Parliament and may, without any such consent, oppose any Bill in Parliament.

10. Nothing in this Act shall be deemed to exempt the Corporation from liability for any tax, duty, rate, levy or other charge whatsoever, whether general or local.

11.—(1) The Public Authorities Protection Act, 1893, and section twenty-one of the Limitation Act, 1939, shall not apply to any action, prosecution or proceeding against the Corporation, or for or in respect of any act, neglect or default done or committed by a servant or agent of the Corporation in his capacity as a servant or agent of theirs.
(2) In their application to any action against the Corporation or any publicly-owned company sections two and three of the Limitation Act, 1939 (which relate to the limitation of actions of contract and tort, and certain other matters) shall have effect with the substitution for references therein to six years of references to three years.

PART II.

ACQUISITION OF CERTAIN IRON AND STEEL UNDERTAKINGS.

Acquisition of undertakings.

Subject to the provisions of this Part of this Act, all securities of the companies specified in the Third Schedule to this Act shall, on the day of , nineteen hundred and fifty, vest in the Corporation by virtue of this Act, free of all trusts and incumbrances:

Provided that—

(a) this section shall not apply to securities the whole beneficial interest in which is, at the date of transfer, held by the Corporation or by a company specified in the Third Schedule to this Act;

(b) the Minister may, on a joint recommendation by any such company and by the Corporation to the effect that a different date ought, in relation to that company, to be substituted for the date aforesaid, by order direct that this section shall have effect with the substitution of that date for the date aforesaid and references in this Act to the date of transfer shall be construed accordingly in relation to that company.

(2) The companies specified in the Third Schedule to this Act are, subject as hereinafter provided, those which in the opinion of the Minister fulfill the following condition, namely, that the plant owned by the company or used for the purposes of the company's undertaking on the day of , nineteen hundred and forty-eight, produced, either in the year nineteen hundred and forty-six or in the year nineteen hundred and forty-seven, a quantity of the products of any one of the activities specified in the first column of the Second Schedule to this Act not less than the quantity specified in the second column of that Schedule in relation to that activity:
Provided that the said Third Schedule does not include any company in whose case the plant owned by or used for the purposes of the company's undertaking on the said date, being plant used in carrying on any of the said activities, consisted wholly or mainly of plant used for the purposes of the manufacture of motor vehicles.

(3) For the purposes of the last preceding subsection, where any plant has since the beginning of the year nineteen hundred and forty-six been replaced by other plant, any products produced by the plant so replaced during that year or the year nineteen hundred and forty-seven shall be deemed to have been produced by the plant by which it was replaced.

13. The Corporation shall be entitled, in respect of the securities of any company which are transferred to them under the last preceding section, to be entered in the company's register of members, and in any register of holders of other securities of the company, without the delivery to the company of any instrument of transfer, and any person concerned with the keeping of any such register shall accordingly register the Corporation therein; and the Corporation shall on the date of transfer become entitled to all the rights and advantages of members of the company, notwithstanding that they are not entered in the register of members, and to the exclusion of all other persons.

14. The provisions of the Fourth Schedule to this Act, which relate to the constitution and proceedings of publicly-owned companies, shall have effect, in relation to any such company so long as it remains in public ownership, notwithstanding any enactment or other instrument applicable to the company, and when any company comes into public ownership or ceases to be in public ownership, the Corporation shall publish that fact in the London and Edinburgh Gazettes.

15.—(r) Where a company specified in the Third Schedule to this Act has made or varied an agreement or lease on or after the day of nineteen hundred and forty- , and before the date of transfer, and the agreement or lease remains unperformed, in whole or in part, on that date, and the Corporation are of the opinion that the making or variation of that agreement or lease was not reasonably necessary for the purposes of the activities of the company, or that the agreement or lease was made or varied with an unreasonable lack of prudence on the part of the company, the company shall, if so directed by the Corporation, by notice in writing given to the other parties to the agreement or lease within three months from the date of transfer disclaim the agreement or lease:
Provided that any of the said other parties may, within two months from the date on which the notice is served, refer to arbitration under this Act the question whether or not the agreement or lease or variation thereof ought to be disclaimed under this section, and the Corporation shall be made a party to the arbitration.

(2) Where the arbitration tribunal is satisfied on any such reference that the making or variation of the agreement or lease was not reasonably necessary for the purposes of the activities of the company, or that the agreement or lease was made or varied with an unreasonable lack of prudence on the part of the company, the tribunal shall, subject as hereinafter provided, confirm the notice, but shall otherwise revoke it:

Provided that if it is shown that the making or variation of the agreement or lease was in the ordinary course of business of the company and was in no way connected with any provision made by this Act or with any anticipation of the making of any such provision, the tribunal shall revoke the notice.

(3) Where a notice is so given by a company with respect to any agreement or lease and is not revoked by the arbitration tribunal, the agreement shall be deemed to have been frustrated or, as the case may be, the lease shall be deemed to have been surrendered, on the date on which the notice of disclaimer becomes final and the parties thereto for that reason to have been discharged from the further performance of their obligations thereunder.

(4) Where an agreement is deemed to be frustrated as aforesaid, subsection (3) of section two of the Law Reform (Frustrated Contracts) Act, 1943 (which requires the court to give effect to any provision of the contract intended to operate on or notwithstanding the frustration of the contract), shall not apply to that agreement.

(5) Where any agreement or lease is disclaimed under this section the arbitration tribunal shall have exclusive jurisdiction to determine claims arising thereunder with respect to the period before the frustration or surrender, and (in the case of an agreement) any claims arising under the Law Reform (Frustrated Contracts) Act, 1943, and the tribunal may, in the case of a lease, on the application of either party thereto, make such modifications (if any) of the provisions of the lease relating to repairing obligations or any other provisions taking effect on or within a limited time before the determination of the lease as they think just.

(6) For the purposes of this section a notice of disclaimer which is not revoked shall be deemed to become final on the following date, that is to say—
PART II.—cont.

Termination of long-term agreements.

(7) This section shall not apply to any agreement or lease the making or variation of which has been approved in writing by the Minister, either generally or specially, and whether before or after the date of the making or variation of the agreement or lease.

16.—(1) Where any agreement subsisting on the date of transfer between a company specified in the Third Schedule to this Act and any other person, not being a lease or an agreement for a lease or an agreement for the rendering of personal services, and the terms of the agreement provide for or contemplate its performance over a period which extends, or is likely to extend beyond the expiration of five years from the date of transfer, either the company or any other party may, by notice in writing, determine the agreement as from such date, not being less than six months nor more than twelve months from the date of the service of the notice, as may be specified therein, and the party by whom the agreement is determined shall pay to every other party to the agreement compensation for the loss (if any) suffered by that party in consequence of the determination of the agreement.

(2) Where a notice is so given with respect to any agreement, the agreement shall be deemed to have been frustrated on the date specified in the notice and the parties thereto for that reason to have been discharged from the further performance of their obligations thereunder.

(3) Any question as to whether a notice is a valid notice under this section or whether compensation is payable under this section to any party or as to the amount of the compensation shall, in default of agreement between the parties concerned, be determined by arbitration under this Act, and, if any such question is referred to arbitration, the arbitration tribunal shall have exclusive jurisdiction to determine claims arising under the agreement with respect to the period before the frustration and any claims arising under the Law Reform (Frustrated Contracts) Act, 1943, with respect to the agreement.

17.—(1) Compensation for the vesting under this Part of the issue by the Corporation in accordance with the provisions of the Fifth Schedule to this Act to each person who, immediately before the date of transfer, was the holder of such
securities, of such amount of British Iron and Steel Stock as, in the opinion of the Treasury, is on the date of transfer of a value equal to the value of the securities held by him, having regard (in estimating the value of the stock so issued) to the market value of government securities at or about that date.

(Remainder of the clause to be printed separately.)

18.—(1) In the case of any company the securities of which are to vest under this Part of this Act, there shall be appointed, not later than the date of transfer, an individual, in this Act referred to as the "stockholders' representative," and it shall be his duty to represent the interests of all holders of securities of that company in connection with the determination of the amount of compensation payable in respect of those securities.

(2) The stockholders' representative shall be appointed, in the prescribed manner, by the holders of the securities of the company in question:

Provided that if those holders of securities fail to appoint a stockholders' representative before the prescribed date, the Minister shall appoint such a representative.

(3) The Minister shall pay out of moneys provided by Parliament to a stockholders' representative such remuneration (whether by way of salary or fees) and such allowances, and such expenses incurred by him in the exercise of his functions, as may be determined by the Minister with the approval of the Treasury, and any sums paid by the Minister under this subsection shall be repaid to him by the Corporation on demand.

(4) Regulations shall make provision—

(a) as to the mode of appointment of a stockholders' representative and the notices to be given thereof;

(b) as to tenure and vacation of office by a stockholders' representative and the appointment, where the office falls vacant, of a new stockholders' representative;

(c) for any other matters relating to the office of stockholders' representative for which provision appears to the Minister to be necessary or expedient, including the exercise of functions through agents.

The regulations made with respect to the matters mentioned in paragraphs (a) and (b) hereof shall be made not less than two months before the date of transfer but without prejudice to the varying of any such regulations as may subsequently appear to the Minister to be necessary.
A.D. 1948.

PART II. —cont.

Control of dividends, interest and other payments.

19. — (1) Where any company specified in the Third Schedule to this Act has, without the approval of the Minister, paid in pursuance of a resolution passed after the day of , nineteen hundred and forty- , interest or a dividend on any of its securities in respect of the last complete financial year before the said day or any subsequent period before the date of transfer, being payments which, regard being had to any interest or interim dividend paid before the said day in respect of that year or period, are in excess of the payments of interest or dividends permitted under this section, all persons who were directors of the company at the time when the resolution of the directors was passed authorising or recommending the payments shall, subject to the provisions of this section, be liable to pay to the Corporation an amount equal to the total amount of the excess.

(2) The payments of interest or dividend permitted under this section are as follows: —

(a) in the case of securities forming part of the loan capital of the company, payments at the minimum rate required to prevent the company from committing any default in respect of its obligations to the holders of the securities;

(b) in the case of securities forming part of the share capital of the company—

(i) if the securities fall in the class, or in one of the classes, which ranks or rank lowest in order of priority for payment of dividend (in this section referred to as "ordinary shares"), payments of dividend at the rate of four per cent. per annum or the annual rate paid on that class of securities in respect of the last financial year or (at the option of the company) the last but one financial year in respect of which a final dividend was paid before the day of nineteen hundred and forty- whichever is the higher rate;
(ii) if the securities fall in a class ranking for dividend in priority to the ordinary shares, payments of dividend at the minimum rate required to enable, in accordance with the constitution of the company and the rights attaching to the various classes of securities, the permitted payments of dividend to be made on the ordinary shares:

Provided that such payments of dividend shall only be made out of the net revenue of the company for the period in respect of which they are made as certified by the auditor or one of the auditors of the company or out of any funds or reserves so certified as applicable in accordance with the normal practice of the company for the purpose of maintaining or equalising rates of dividend, and no payment made otherwise than out of that revenue or out of those funds shall be permitted, so, however, that this proviso shall not prevent the payment out of the net revenue for any period of the permitted dividend on any securities mentioned in paragraph (ii) hereof notwithstanding that the payment or a part thereof is attributable to an earlier period, if the payment is made by virtue of cumulative rights attaching to the securities.

(3) Notwithstanding anything in the last preceding subsection the Minister may—

(a) in the case of securities of a class falling within paragraph (b) of the last preceding subsection, being a class on which a final dividend was never paid before the said day, approve a rate exceeding four per cent. as the rate at which payments of dividend are permitted under this section;

(b) in the case of any securities which after the said day were issued at a price below the market value thereof or were issued free, direct that the payments of interest or dividend thereon permitted under this section shall be less than those which would otherwise be permitted or that no such payments shall be permitted.

(4) Where any such company as aforesaid has, without the approval of the Minister, made in pursuance of a resolution passed after the said day and before the date of transfer payments of dividend in respect of any period prior to the last complete financial year before the said day, other than such payments of dividend on securities mentioned in paragraph (ii) of the last preceding subsection as are permitted to be made under that subsection, all persons who were directors of the company at the time when the resolution of the directors was passed authorising or recommending the payments shall, subject to the provisions of this section be liable
(5) Where, in pursuance of a resolution passed after the said day and before the date of transfer, any such company as aforesaid has, without the approval of the Minister—

(a) made any payments to their members for the purpose of reducing the share capital of the company otherwise than by redemption of any redeemable securities;

(b) made any other payments to their members out of capital moneys; or

(c) distributed assets other than money to their members;

all persons who were directors of the company at the time when the resolution of the directors was passed authorising or recommending the payments or distribution shall, subject to the provisions of this section, be liable to pay to the Corporation an amount equal to the total amount of the payments or, as the case may be, the total value of the assets distributed:

Provided that this subsection shall not apply to any such payment or distribution to any such member otherwise than in his capacity as a member.

(6) Where, in pursuance of a resolution passed after the said day and before the date of transfer, any such company as aforesaid has redeemed any securities which the company was not under an obligation to redeem before the date of transfer or made payments in respect of the redemption of any securities which exceed the minimum payments required to satisfy the rights existing on the said day of the holders of the securities, all persons who were directors of the company at the time when the resolution of the directors authorising or recommending the redemption or the payments in respect thereof was passed shall, subject to the provisions of this section, be liable to pay to the Corporation—

(a) in the case of securities which the company was not obliged to redeem, the amount (if any) by which the sums paid in respect of the redemption of those securities exceed the compensation which would have been payable under this Part of this Act (but for the redemption) to the holders of those securities; or

(b) in the case of securities which the company was obliged to redeem but for which the payments made exceeded the said minimum payments, an amount equal to the total amount of the excess.
(7) For the purposes of this section—

(a) references to the payment of a dividend shall include a reference to any payment by a company to its members in their capacity as members out of the net revenue of the company; and

(b) any transaction the effect of which is that assets of a company are transferred to any person otherwise than in the capacity of a member of the company, and the consideration for such transfer is given to the members of the company or any class thereof, shall be deemed to be a distribution of those assets to the members of the company or that class thereof.

(8) Any claim under this section by the Corporation against the directors of any such company as aforesaid shall be made before the expiration of a period of twelve months beginning with the date of transfer, and, if so made and not settled by agreement, shall be determined by arbitration under this Act, and, if the arbitration tribunal decides the claim in favour of the Corporation, it shall make such orders against all or any of the said directors in respect of their liability on the claim as it thinks just, having regard to all the circumstances.

(9) References in this and the next following section to any payments of interest or dividend made or permitted to be made by any company shall be construed as references to the gross amounts of those payments, that is to say, to the amounts thereof before any deduction is made therefrom in respect of income tax, and, if any such payment has been made by a company without deduction of income tax, the amount paid shall be deemed for the purposes of this and the next following section to be a net amount paid after deduction of income tax, and the gross amount of that payment for the purposes of this section shall be calculated accordingly:

Provided that, in determining the amount recoverable under this section from the directors of any company in respect of payments of interest or dividend made by that company, there shall be deducted from the amount which would, but for this proviso, be so recoverable a sum equal to the income tax chargeable on that amount at the standard rate for the year in which the payments became due.

20.—(1) Where the securities of a company vest under this Part of this Act, the company shall, subject to the next following subsection, make the following payments as soon as possible after the date of transfer to the persons who immediately before that date were holders of securities of the company:—

(a) interest payments on any securities forming part of the loan capital of the company, which have
accrued up to the date of transfer and have not been paid, at the maximum rates permitted under the last preceding section; and

(b) subject to the next following subsection, payments of dividend for the final financial period on any other securities of the company at the maximum rates permitted under that section;

and for the purpose of any such payments the statutory or other provisions relating to the company shall be deemed to permit payments of interest or dividend in respect of the final financial period.

(2) The payments required to be made by a company under paragraph (b) of the preceding subsection shall not exceed the amount certified by the auditor or one of the auditors of the company to be the aggregate of—

(a) the amount of the net revenue of the company for the final financial period, less the total amounts paid by the company before the date of transfer by way of interim dividend on any securities mentioned in that paragraph in respect of the final financial period, and less the total amounts of the payments mentioned in paragraph (a) of the preceding subsection, in so far as those amounts would not otherwise be deducted in calculating the said net revenue of the company for the final financial period; and

(b) the amount of any funds or reserves possessed by the company at the date of transfer and applicable in accordance with the normal practice of the company for the purpose of maintaining payments of interest and equalising rates of dividend;

and if the aggregate of those amounts is insufficient to enable all the said payments to be made in full, the payments shall be made in the proper order of priority and according to the respective rights attaching to the securities in question.

There shall be paid by the Corporation to any auditor appointed under this subsection such remuneration as the Minister may with the approval of the Treasury determine.

(3) In this section, the expression "final financial period" means such part of the financial year during which the date of transfer occurs as precedes that date:

Provided that where any company has not, before the date of transfer, paid a final dividend in respect of the last complete financial year before that date, the said expression means that year together with such part of the financial year during which the date of transfer occurs as precedes that date.
21.—(1) This section shall apply where a company specified in the Third Schedule to this Act has, on or after the day of nineteen hundred and

(a) made any payment to any person without consideration or for an inadequate consideration;

(b) sold or disposed of any of its property or rights without consideration or for an inadequate consideration;

(c) acquired any property or rights for an excessive consideration;

(d) entered into or varied any agreement so as to require an excessive consideration to be paid or given by the company; or

(e) entered into any other transaction of such an onerous nature as to cause a loss to or impose a liability on the company substantially exceeding any benefit accruing to the company;

and the payment, sale, disposal, acquisition, agreement or variation thereof, or other transaction was not reasonably necessary for the purposes of the company or was made with an unreasonable lack of prudence on the part of the company:

Provided that this section shall not apply—

(i) to any payment or other transaction to which section nineteen of this Act applies;

(ii) to any payment or other transaction made or entered into for any charitable purpose;

(iii) to any payment or other transaction made or entered into in connection with the determination of any question, dispute or matter falling to be determined under any provision of this part of this Act or any regulations made thereunder; or

(iv) to any payment or other transaction which has been approved in writing by the Minister, either generally or specially, and whether before or after the date of the transaction.

(2) The Corporation may, in the case of any company, at any time before the expiration of a period of twelve months beginning with the date of transfer, make an application to the arbitration tribunal in respect of any transaction to which in the opinion of the Corporation this section applies, and all parties to the transaction, and all persons who were directors of the company at the date when the transaction was entered into shall, unless the tribunal otherwise directs, be made parties to the application.

(3) Where the arbitration tribunal is satisfied that the transaction in respect of which an application is made is a...
transaction to which this section applies, then, unless it is shown by any of the parties to the application that the transaction was in the ordinary course of business and was in no way connected with any provision made by this Act or with any anticipation of the making of any such provision, the tribunal shall determine the extent of the net loss or liability caused to or imposed on the company by the transaction, and shall make such orders against all or any of the parties to the application (other than the Corporation or a publicly-owned company) as it thinks just, having regard to the extent to which they were respectively responsible for the transaction or benefited from it, for the payment by them to the Corporation of sums sufficient to enable the net loss or liability, or such part thereof as the tribunal thinks just, to be made good or met.

(4) Where the company has disclaimed an agreement or lease by a notice under this Part of this Act, being an agreement or lease entered into or varied on or after the said day of ..., nineteen hundred and forty ..., the Corporation may make an application to the arbitration tribunal under this section in respect of any loss or liability caused to or imposed on the company before the date of transfer, and, in the case of a lease, any loss or liability caused to or imposed on the company between the date of transfer and the disclaimer of the lease, in consequence of the onerous nature of the agreement or lease.

(5) Where an application is made to the arbitration tribunal under this section in respect of any transaction, the tribunal shall have exclusive jurisdiction to determine claims arising in respect of the transaction.

22.—(1) Where any company specified in the Third Schedule to this Act has, at any time after the day of nineteen hundred and forty ..., by a single transaction or a series of transactions, transferred or purported to transfer to any other person, not being such a company as aforesaid, a substantial part of the undertaking of the company, the transaction or series of transactions shall, unless it has been approved by the Minister before or after it took place, be void, and be deemed always to have been void.

(2) Where any transaction or series of transactions is rendered void by the preceding subsection, the Corporation shall be entitled, at any time before the expiration of a period of twelve months beginning with the date of transfer, to claim from the person to whom the undertaking or part thereof was transferred or purported to be transferred, compensation in respect of any loss caused to the company as a result of
anything done in consequence of the transfer or purported transfer, and any question whether such compensation is payable or as to the amount thereof shall, in default of agreement, be determined by arbitration under this Act.

(3) Where the Minister approves the transfer of the undertaking or any part of the undertaking of any such company as aforesaid, he may so subject to such conditions as he thinks fit, and those conditions may include—

(a) a condition that the company whose undertaking or part thereof is transferred shall cease to be included in the Third Schedule to this Act;

(b) if the transfer is to a company, a condition that the company shall be included in the said Schedule;

and the Minister may by order direct that the Third Schedule shall be amended, in such manner as may be necessary to give effect to any such conditions, and this Act shall have effect accordingly.

[(4) Nothing in this section shall affect anything done in the course of the winding up of a company by the court in a case where the company is unable to pay its debts.]

Transfer of Assets of Minister

23. The Minister may, after consultation with the Corporation, transfer to the Corporation, on such terms as he may, with the approval of the Treasury determine, any property or rights held by the Minister for the purpose of the carrying on by him or any other person of any of the activities specified in the first column of Second Schedule to this Act or any other activities which the Corporation are for the time being authorised to carry on.

PART III.

LICENSING OF UNDERTAKINGS NOT ACQUIRED BY CORPORATION.

24.—(1) Subject to the provisions of the next following section, no person shall, after the date of transfer carry on in Great Britain any of the activities specified in the first column of the Second Schedule to this Act, except under the authority of a licence issued by the Minister under this section:

Provided that a person shall not require a licence under this section—

(a) for the carrying on of any such activity, if and so long as the products of that activity do not exceed in any year the quantity specified in relation to that activity in the third column of the Second Schedule to this Act; or
[(b) for the production of steel (including alloy steel), in a case where the plant owned by that person or used for the purposes of his undertaking consists wholly or mainly of plant used for the purposes of the manufacture of motor vehicles.]

(2) A licence issued under this section shall be issued on such terms and conditions as the Minister thinks fit, which may (without prejudice to the generality of the preceding provisions of this subsection) include conditions limiting the period for which the licence is to be in force and the extent to which any of the said activities is to be carried on, and conditions for controlling the sale of the products of those activities as respects price and the person to whom they may be sold; and before issuing a licence under this section, the Minister shall consult with the Corporation.

(3) Where the undertaking or any part of the undertaking to which a licence issued under this section relates is transferred, the holder of the licence may, after giving notice in writing to the Minister, assign the licence to the person to whom the undertaking or part thereof is transferred, and the licence shall thereupon have effect as if it had been issued to that person, but shall only authorise the use of plant comprised in the undertaking or part of the undertaking transferred or plant replacing that plant on the same or approximately the same site.

(4) The Minister may, with the consent of the holder of the licence, vary any licence issued under this section, or replace it with another licence so issued.

(5) This section shall not apply to the Corporation or any publicly-owned company.

(6) If any person contravenes the provisions of this section, or fails to comply with any term or condition of a licence granted to him thereunder, he shall be guilty of an offence and shall be liable on summary conviction, to a fine not exceeding [one hundred pounds] or on conviction on indictment, to a fine not exceeding [five hundred pounds]; and if the contravention in respect of which he is convicted is continued after the conviction, he shall be guilty of a further offence and liable in respect thereof on summary conviction to a fine not exceeding [twenty pounds] for each day on which the contravention is so continued or, on conviction on indictment, to a fine not exceeding [one hundred pounds] for each day on which the default is so continued.

25.—(1) Where a person at the date of the passing of this Act carries on in Great Britain an undertaking the activities of which consist of or include any of the activities specified in
the first column of the Second Schedule to this Act and furnishes before the day of , 19
[Alternative, within such period ending not less than one month before the date of transfer as may be specified by the
Minister in the order appointing the date of transfer under section twelve of this Act] the particulars mentioned in the
next following subsection, the Minister shall issue to that person, before the expiration of months after the
date on which the said particulars were received by the Minister a licence under the preceding section authorising him
to carry on such of the activities specified in the said first column of the Second Schedule as were activities of the undertaking at the date of the passing of this Act and were specified in the said particulars; and the said person shall, pending the issue to him of the said licence, be entitled to carry on any of the activities aforesaid without a licence.

(2) The particulars to be furnished under the preceding subsection are the following that is to say:—

(a) the name of the person carrying on the undertaking;
(b) if the undertaking is carried on by a company, the registered office of that company, and in any other case the principal place of business of the person carrying on the undertaking;
(c) the activity or activities carried on by the undertaking, being activities specified in the first column of the Second Schedule to this Act; and
(d) the quantity of products produced in each of the years nineteen hundred and forty-six and nineteen hundred and forty-seven by the undertaking in carrying on each of the said activities.

(3) A licence which the Minister is required by this section to issue shall be subject to the following conditions only, that is to say, to a condition limiting the extent of any such activity to the production of—

(a) double the quantity produced in the year nineteen hundred and forty-six or the quantity produced in the year nineteen hundred and forty-seven, whichever is the greater, by the undertaking in carrying on the said activity, or

(b) the quantity specified in the second column of the Second Schedule to this Act in relation to that activity,

whichever is the less, and to a condition requiring the said person to furnish to the Minister such returns, at such periods, of the quantities of products of the said activity thereafter produced by the undertaking, as may be specified in the licence.
(4) If the Minister desires to contend, for the purposes of this section, that the quantity produced by any undertaking in any year in carrying on any activity specified in the first column of the Second Schedule to this Act is wrongly specified in the particulars furnished as aforesaid, he may, at any time before the expiration of the said three months, refer the question as to what is the correct quantity so produced for determination by arbitration under this Act, and in that case he shall not issue a licence in pursuance of this section in respect of that undertaking until the said question has been determined by such arbitration, and subject to any such reference or any agreement between the Minister and the person carrying on the undertaking, the figures specified in the said particulars shall be taken to be correct.

PART IV.
FINANCE.

26.—(1) The Corporation may with the consent of the Minister and with the approval of the Treasury, or in accordance with the terms of any general authority given by the Minister with the approval of the Treasury, borrow temporarily, by way of overdraft or otherwise, such sums as the Corporation may require for meeting their obligations or discharging their functions under this Act including the temporary lending of money to any publicly-owned company.

(2) Any publicly-owned company may, with the consent of the Corporation, or in accordance with the terms of any general authority given by the Corporation, borrow temporarily, by way of overdraft or otherwise, such sums as the company may require for the purposes of its undertaking.

(3) The Corporation may, with the consent of the Minister and the approval of the Treasury, borrow money by the issue of British Iron and Steel Stock for all or any of the following purposes, that is to say—

(a) the provision of money for meeting any expenses incurred by the Corporation or any publicly-owned company in connection with any works the cost of which is properly chargeable to capital;
(b) the redemption of any British Iron and Steel Stock;
(c) the provision of working capital required by the Corporation or any publicly-owned company;
(d) the acquisition under section two of this Act of any undertaking or part of an undertaking or interest in any company;
(e) any other purpose for which capital moneys are properly applicable by the Corporation or any publicly-owned company, including the repayment of any money temporarily borrowed under the two last preceding subsections for any of the purposes mentioned in this subsection:

(4) The aggregate amount outstanding in respect of the principal of any stock issued by the Corporation otherwise than for the purpose of paying compensation under Part II of this Act, and in respect of any temporary loan raised by the Corporation or any publicly-owned company, shall not at any time exceed the sum of £\_\_ million pounds:

Provided that nothing in this subsection shall prevent the Corporation from borrowing in excess of the said sum for the purpose of redeeming any British Iron and Steel Stock which they are required or entitled to redeem or repaying any money temporarily borrowed under subsections (1) and (2) of this section.

(5) Where the Corporation issue British Iron and Steel Stock direct to any company or to the members thereof, as consideration for the purchase of the undertaking or part of the undertaking of the company or for the purchase of any interests in the company, the Corporation shall be deemed, for the purposes of this section, to borrow the amount of the principal of the Stock so issued.

(6) Save as provided by the preceding provisions of this section, neither the Corporation nor any publicly-owned company shall borrow any money.

27.—(1) The Corporation—

(a) may create and issue any stock required for the purpose of exercising their powers under the last preceding section;

(b) shall create and issue such stock as is required for the purpose of satisfying any right to compensation which under any provision of this Act is to be satisfied by the issue of British Iron and Steel Stock;

and the stock so created and issued is in this Act referred to as "British Iron and Steel Stock."

(2) Subject to the provisions of this section and of the Fourth Schedule to this Act, British Iron and Steel Stock shall be issued, transferred, dealt with and redeemed upon such terms and in accordance with such provisions as may be prescribed by regulations made by the Minister, with the approval of the Treasury, and any such regulations may, in relation to any
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ART IV. —cont.
Treasury guarantees.

British Iron and Steel Stock, apply with or without modifications any provision of the Local Loans Act, 1875, or of any enactment relating to stock issued by a local authority.

(3) Any British Iron and Steel Stock in which no person is interested except the Corporation shall be cancelled.

28.—(1) The principal of and the interest on any British Iron and Steel Stock created and issued for the purpose of satisfying any right to compensation which, under any provision of this Act, is expressly required to be satisfied by the issue of stock, shall be guaranteed by the Treasury, and the Treasury may guarantee, in such manner and on such conditions as they think fit, the redemption or repayment of, and the payment of any interest on, any other British Iron and Steel Stock or any temporary loan raised by the Corporation or any publicly-owned company.

(2) Any sums required by the Treasury for fulfilling any such guarantee as is provided for by the preceding subsection shall be charged on and issued out of the Consolidated Fund of the United Kingdom or the growing produce thereof (hereinafter referred to as "the Consolidated Fund"), and any such sums shall be repaid together with interest thereon at such rate as the Treasury may determine, by the Corporation to the Treasury in such manner and over such period as the Treasury may, after consultation with the Minister, determine.

(3) Immediately after a guarantee is given under this section, the Treasury shall lay a statement of the guarantee before each House of Parliament.

(4) Where any sum is issued out of the Consolidated Fund under this section, the Treasury shall forthwith lay before each House of Parliament a statement that that sum has been issued.

29.—(1) Without prejudice to the Corporation’s power to establish appropriate reserves for replacements or other purposes, the Corporation shall establish and maintain a general reserve.

(2) The Corporation shall contribute to the general reserve such sums at such times as they may determine and the management of the said reserve and the application of the moneys comprised therein shall be as the Corporation may determine:

Provided that—

(a) no part of the said reserve shall be applied otherwise than for the purposes of the Corporation or of publicly-owned companies; and
(b) the Minister may, with the approval of the Treasury, give to the Corporation directions as to any matter relating to the establishment or management of the said reserve or the carrying of sums to the credit thereof, or the application thereof, and the Corporation shall give effect to any such directions.

(3) It is hereby declared that the purposes of the general reserve include the prevention of frequent fluctuation in the prices of products of the Corporation and of the publicly-owned companies, and the financing of works the cost of which is properly chargeable to capital, and the powers of the Corporation in relation to the said reserve shall be exercisable accordingly.

30. Any sums in the hands of the Corporation which are not immediately required for the purposes of its business may be invested in such manner as the Corporation thinks proper.

31. The Corporation shall charge, and shall secure that the publicly-owned companies charge, to revenue account in every year all charges which are proper to be made to revenue account, including, in particular, proper provision for depreciation of assets or for renewal of assets and, in the case of the Corporation, proper provision for the redemption of capital and proper allocations to the general reserve, and any reference in this Act to outgoings properly chargeable to revenue account shall be construed accordingly.

32.—(1) The Corporation shall keep proper accounts and other records and shall prepare in respect of each financial year—

(a) a statement of the accounts of the Corporation; and

(b) a [consolidated] statement of accounts dealing with the state of affairs and profit and loss of the Corporation and the publicly-owned companies as a whole;

in such form as the Minister, with the approval of the Treasury, may direct, being a form which shall conform with the best commercial standards:

Provided that where the financial year of any publicly-owned company does not coincide with that of the Corporation, the statement mentioned in paragraph (b) of this subsection shall deal with the state of affairs of that company at the end of its financial year ending with or last before that of the Corporation, and with the company's profit or loss for that financial year.

(2) The accounts of the Corporation shall be audited by auditors to be appointed in respect of each financial year by the Minister.
A.D. 1948.

PART IV.
—cont.

(3) So soon as the accounts of the Corporation have been audited, the Corporation shall send a copy of the statements referred to in subsection (1) of this section to the Minister together with a copy of any report made by the auditors on either of those statements or on the accounts of the Corporation, and the Minister shall lay a copy of those statements and of that report before each House of Parliament.

(4) The Corporation shall compile and publish periodical statistics and returns relating to each of the principal activities of the Corporation and the publicly-owned companies, and the Minister may give directions to the Corporation as to the form of those returns and the manner of publication.

PART V.

MISCELLANEOUS AND GENERAL.

Conditions of employment and pension rights.

33. — (1) Except so far as the Corporation is satisfied that adequate machinery exists for achieving the purposes of this section, it shall be the duty of the Corporation, either directly, or indirectly by exercising control over publicly-owned companies, to seek consultation with any organisation appearing to them to be appropriate with a view to the conclusion between the Corporation and that organisation or, if the Corporation so decide, between publicly-owned companies and that organisation, of such agreements as appear to the parties to be desirable with respect to the establishment and maintenance of machinery for—

(a) the settlement by negotiation of terms and conditions of employment of persons employed by the Corporation and by publicly-owned companies with provision for reference to arbitration in default of such settlement in such cases as may be determined by or under the agreements; and

(b) the promotion and encouragement of measures affecting the safety, health and welfare of persons employed by the Corporation and by publicly-owned companies and the discussion of other matters of mutual interest to the Corporation and those companies and such persons, including efficiency in the operation of the business of the Corporation and those companies.

(2) The Corporation shall send to the Minister and the Minister of Labour and National Service copies of any such agreement as aforesaid and of any instrument varying the terms of any such agreement.
(3) Nothing in this section shall be construed as prohibiting the Corporation or a publicly-owned company from taking part together with other employers in the establishment and maintenance of machinery for the settlement of terms and conditions of employment and the promotion and encouragement of measures affecting the safety, health and welfare of their workers and the discussion of other matters of mutual interest to them and their workers.

34.—(1) The Minister may make regulations for all or any of the following purposes, that is to say—

(a) for providing pensions to or in respect of persons who are or have been in the employment of the Corporation or a publicly-owned company;

(b) for the establishment and administration of pension schemes and pension funds for the purposes of the preceding paragraph, for the continuance, amendment, repeal or revocation of existing pension schemes relating to the like purposes and of enactments relating thereto and of trust deeds, rules or other instruments made for the purposes thereof, for the transfer in whole or in part, or for the extinguishment, of liabilities under any such existing pension schemes, and for the transfer in whole or in part, or winding up, of pension funds held for the purposes of any such existing pension schemes, so, however, that nothing in this paragraph shall be construed as authorising the diversion of any such funds to purposes other than those of the preceding paragraph;

(c) for making any provision consequential on any such provision as aforesaid including provision for the dissolution or winding up of bodies, whether incorporated or not, the continued existence whereof is unnecessary having regard to the regulations.

(2) Where provision is made by any such regulations for the amendment, repeal or revocation of any existing pension scheme or of any enactment relating thereto or any trust deed, rules or other instrument made for the purposes thereof, or for the transfer or extinguishment of any liability under any pension scheme or for the transfer or winding up of any pension fund held for the purposes of any such scheme, the regulations shall be so framed as to secure that persons having pension rights under the scheme, whether such persons as are mentioned in paragraph (a) of the preceding subsection or not, are not placed in any worse position by reason of the amendment, repeal, revocation, transfer, extinguishment or winding up:
Provided that this subsection shall have effect subject to such limitations as may be prescribed for meeting cases in which, in connection with any provision made by this Act or in anticipation of the making of any such provision, pension rights have been created otherwise than in the ordinary course.

(3) Regulations made under this section shall not be invalid by reason that in fact they do not secure that persons having pension rights are not placed in any worse position by reason of any such amendment, repeal, revocation, transfer, extinguishment or winding up as is mentioned in the last preceding subsection, but if the Minister is satisfied or it is determined as hereinafter mentioned that such regulations have failed to secure that result, the Minister shall as soon as possible make the necessary amending regulations.

Any dispute arising as to whether or not the said result has been secured by any regulations made under this section shall be referred to a referee or board of referees appointed by the Minister of Labour and National Service after consultation with the Lord Chancellor, or, where the proceedings are to be held in Scotland, after consultation with the Secretary of State, and the decision of that referee or board shall be final and the Corporation shall give effect to that decision.

(4) Without prejudice to the generality of the preceding provisions of this section, regulations made under this section may contain provisions authorising any person who, being a participant in any pension scheme to which the regulations relate, becomes a member of the Corporation, being treated as if his service as a member of the Corporation were service in the employment of the Corporation, and the pension rights of any such person resulting from the operation of any such provision shall not be affected by any provision of this Act which requires that the pensions, if any, which are to be paid in the case of members of the Corporation are to be determined by the Minister with the approval of the Treasury.

(5) Nothing in this section, and in particular nothing in subsection (2) thereof, shall be taken to derogate from the power conferred by subsection (4) of section sixty-nine of the National Insurance Act, 1946, to make regulations providing for the modifying or winding up of pension schemes in connection with the passing of that Act.

(6) Regulations made under this section may contain such supplementary and consequential provisions as the Minister thinks necessary, including provisions as to the manner in which questions arising under the regulations are to be determined and provisions adapting, modifying or repealing enactments, whether of general or special application.
(7) Regulations made for the purposes of this section may be made so as to have effect from a date prior to the making thereof, so, however, that so much of any regulations as provides that any provision thereof is to have effect from a date prior to the making thereof shall not place any person other than the Corporation or a publicly-owned company in a worse position than he would have been if the regulations had been made to have effect only as from the date of the making thereof.

35.—(1) The Minister shall by regulations require the payment either by the Corporation or the company, in such cases and to such extent as may be specified in the regulations, of compensation to officers of any company specified in the Third Schedule to this Act, being officers who suffer loss of employment or loss or diminution of emoluments or pension rights in consequence of the company becoming a publicly-owned company.

(2) Different regulations may be made under this section in relation to different classes of persons, and any such regulations may be so framed as to have effect as from a date prior to the making thereof, so, however, that so much of any regulations as provides that any provision thereof is to have effect as from a date earlier than the making thereof shall not place any person other than the Corporation or a publicly-owned company in a worse position than he would have been in if the regulations had been made to have effect only as from the date of the making thereof.

(3) Regulations made under this section—
   (a) shall prescribe the procedure to be followed in making claims for compensation, and the manner in which and the person by whom the question whether any or what compensation is payable is to be determined; and
   (b) may in particular contain provisions enabling appeals from any determination as to whether any or what compensation is payable to be brought, in such cases and subject to such conditions as may be prescribed by the regulations, before a referee or board of referees appointed by the Minister of Labour and National Service, after consultation with the Lord Chancellor or, where the proceedings are to be held in Scotland, after consultation with the Secretary of State, and where any such provision is made as is specified in paragraph (b) of this subsection, the decision of the referee or board of referees shall be final.
(4) No regulations shall be made under this section unless a draft thereof has been laid before Parliament and has been approved by resolution of each House of Parliament.

36.—(1) The Minister of Labour and National Service may, with the consent of the Treasury, pay, out of moneys provided by Parliament—

(a) to any referee or to the members of any board of referees appointed by him under either of the last two preceding sections such fees and allowances as he may with the consent of the Treasury determine; and

(b) to persons giving evidence before any such referees or board such allowances as he may with the consent of the Treasury determine.

(2) Nothing in the Arbitration Acts, 1889 to 1934, shall be construed as applying to any proceedings before a referee or board of referees appointed under either of the two last preceding sections by the Minister of Labour and National Service.

Iron and Steel Arbitration Tribunal.

37.—(1) For the purpose of determining any question or dispute which under any provision of this Act or any regulations made thereunder is expressly required to be determined by “ arbitration under this Act,” or any matter in respect of which jurisdiction is given to the arbitration tribunal under this Act, there shall be established a tribunal called the Iron and Steel Arbitration Tribunal (in this Act referred to as “ the arbitration tribunal ”) and the arbitration tribunal shall subject to the provisions of this section, hear and determine every such question, dispute or matter as aforesaid.

(a) The arbitration tribunal shall, as the Lord Chancellor may direct, either sit as a single tribunal or sit in two or more divisions, and shall, for the hearing of any proceedings, be constituted as follows:—

(a) one member shall be a barrister or solicitor and he shall be the president of the tribunal;

(b) there shall be two other members of whom one shall be a person of experience in business and the other shall be a person of experience in finance:

Provided that, in relation to any proceedings which, under the provisions of subsection (5) of this section, are to be treated as Scottish proceedings, this subsection shall have effect as if for the words “ barrister or solicitor ” there were substituted the words “ advocate or solicitor who has practised in Scotland ”.
(3) The members of the tribunal shall be appointed by the Lord Chancellor, except that any member or members appointed by virtue of the proviso to the last preceding subsection shall be appointed by the Lord President of the Court of Session, and any member appointed by the Lord President shall only act in relation to proceedings which are to be treated as Scottish proceedings.

(4) The Members of the arbitration tribunal shall hold office for such period as may be determined at the time of their respective appointments and shall be eligible for reappointment:

Provided that—

(a) a member may at any time by not less than one month's notice in writing to the Lord Chancellor, or the Lord President of the Court of Session, as the case may be, resign his office;

(b) the Lord Chancellor, or the Lord President of the Court of Session, as the case may be, may declare the office of any member vacant on the ground that he is unfit to continue in his office;

(c) if any member becomes bankrupt or makes a composition with his creditors his office shall thereupon become vacant.

(5) Where any such question, dispute or matter as aforesaid arises out of or in connection with the transfer of the securities of any company, or in connection with any transaction of any company or in connection with the licensing of any undertaking, and the principal place of business of the company or the principal place at which the undertaking is carried on, as the case may be, is in Scotland, the proceedings before the tribunal in respect of the question, dispute or matter shall, subject to the provisions of this section, be treated as Scottish proceedings.

(6) If any member of the arbitration tribunal becomes, by reason of illness or other infirmity, temporarily incapable of performing the duties of his office, the Lord Chancellor, or the Lord President of the Court of Session, as the case may be, shall appoint some other fit person to discharge his duties for any period not exceeding six months at one time, and the person so appointed shall, during that period, have the same powers as the person in whose place he was appointed.

(7) The arbitration tribunal may, at any stage in any proceedings before them, refer to a person or persons appointed by them for the purpose, any question arising in the proceedings, for inquiry and report, and the report of any such person or persons may be adopted wholly or partly
PART V.
—cont.
Procedure and enforcement of orders of arbitration tribunal.

38.—(1) The arbitration tribunal shall be a court of record and have an official seal, which shall be judicially noticed, and any order of the tribunal shall be enforceable in England and Wales as if it were an order of the High Court.

(2) The provisions of the Arbitration Acts, 1889 to 1934, with respect to—

(a) the administration of oaths and the taking of affirmations; and

(b) the correction in awards of mistakes and errors; and

(c) the summoning, attendance and examination of witnesses and the production of documents; and

(d) the costs of the reference and award,

shall, with any necessary modifications, apply in respect of any proceedings before the arbitration tribunal, but, save as aforesaid, the said Acts shall not apply to any such proceedings.

(3) The arbitration tribunal may, and if so ordered by the Court of Appeal shall, state in the form of a special case for determination by the Court of Appeal any question of law which may arise before them, and an appeal shall lie to the Court of Appeal on any question of law or fact from any determination or order of the arbitration tribunal on a claim under Part II of this Act against the directors of a company.

(4) The Minister shall have a right to be heard in all proceedings before the arbitration tribunal and proceedings on a case stated by or an appeal from that tribunal.

(5) Subject to the provisions of this section, the procedure in or in connection with any proceedings before the arbitration tribunal shall be such as may be determined by rules to be made by the tribunal with the approval of the Lord Chancellor.

(6) In relation to proceedings which, under the last preceding section, are to be treated as Scottish proceedings, this section shall have effect subject to the following modifications—

(a) for subsections (2) and (3) there shall be substituted the following subsections—

"(2) The arbitration tribunal shall have the like powers for securing the attendance of witnesses and the production of documents, and with regard to the examination of witnesses on oath and the awarding of expenses as if the arbitration tribunal were an arbiter under a submission."
(3) The arbitration tribunal may, and if so directed by the Court of Session shall, state a case for the opinion of that Court on any question of law arising in the proceedings, and an appeal shall lie to the Court of Session on any question of law or fact from any determination or order of the arbitration tribunal on a claim under section nineteen of this Act against the directors of a company or on an application under section twenty-one of this Act in respect of any transaction. An appeal shall lie, with the leave of the Court of Session or of the House of Lords, from any decision of the Court of Session under this subsection, and such leave may be given on such terms as to costs or otherwise as the Court of Session or the House of Lords may determine;”

(b) in subsection (5) for the reference to the Lord Chancellor there shall be substituted a reference to the Secretary of State,

and, in the case of any such proceedings, the tribunal shall, except in so far as for special reasons they think fit not to do so, sit in Scotland.

39.—(1) If, at any stage in any proceedings before the arbitration tribunal which would not otherwise fall to be treated as Scottish proceedings, the tribunal are satisfied that, by reason of the fact that questions of Scottish law arise or for any other reason, the proceedings ought thereafter to be treated as Scottish proceedings, the tribunal may order that they shall thereafter be so treated, and the provisions of this Part of this Act shall have effect accordingly.

(2) If, at any stage in any proceedings before the arbitration tribunal which would otherwise be treated as Scottish proceedings, the tribunal are satisfied that, by reason of the fact that questions of English law arise or for any other reason, the proceedings ought not to be treated as Scottish proceedings, they may make an order that the proceedings shall thereafter not be treated as Scottish proceedings and the provisions of this Part of this Act shall have effect accordingly.

40.—(1) The arbitration tribunal may, subject to the Staff and consent of the Treasury as to numbers, appoint such officers as they consider necessary for assisting them in the proper execution of their duties.

(2) There shall be paid to the members of the arbitration tribunal and to any such officer as aforesaid such remuneration (whether by way of salaries or fees) and such allowances
A.D. 1948.

PART V.
—cont.

(3) There shall be paid to any person to whom proceedings are referred by the arbitration tribunal under section thirty-seven of this Act for hearing and determination such remuneration (whether by way of salaries or fees) and such allowances as the tribunal may, with the approval of the Treasury, determine.

(4) Any such remuneration and allowances as aforesaid and any other expenses of the arbitration tribunal shall be defrayed in the first instance by the Minister out of moneys provided by Parliament, but the amounts from time to time so paid by the Minister shall be repaid on demand to the Minister by the Corporation.

General.

41. Any power conferred by this Act to make regulations shall be exercisable by statutory instrument and any such statutory instrument, not being an instrument which is required to be laid before Parliament in draft, shall be subject to annulment in pursuance of a resolution of either House of Parliament.

Duty to furnish Information.

42.—(1) It shall be the duty of every person who carries on any of the activities specified in the first column of the Second Schedule to this Act—

(a) to produce such books of account, records and documents, to supply copies of and extracts from such books, records and documents, and to furnish such other information, as may reasonably be required by the Minister for the purposes of the provisions of Part III of this Act relating to the licensing of undertakings or for other purposes arising out of the provisions of this Act; and

(b) to provide facilities for the examination of any such books, records and documents, and the taking of copies thereof and extracts therefrom, and facilities for inspecting any property of the said person for the purpose of verifying other information furnished by him as aforesaid.

(2) The Minister may, after consultation with the Corporation and any bodies appearing to him to represent the interests of consumers and producers of a substantial quantity in value of the products of the activities specified in the first column of the Second Schedule to this Act, make regulations for the following purposes, that is to say—
(a) for requiring any person carrying on any of the said activities who produces not less than a prescribed quantity of the products of those activities to furnish periodical or other estimates or returns about the production of those products; and

(b) for requiring any persons consuming not less than a prescribed quantity of the said products to furnish periodical estimates of their requirements of those products;

and the regulations may contain such supplementary and consequential provisions as the Minister thinks necessary.

[3] Nothing done in complying with any regulation made under the last preceding subsection with respect to the furnishing of estimates by consumers shall be taken as creating any civil right or obligation.]

(4) If any person fails to comply with the requirements of this section, or of any regulations made thereunder, he shall be liable on summary conviction to a fine not exceeding one hundred pounds and, if the default in respect of which he is so convicted is continued after the conviction, he shall be guilty of a further offence and liable in respect thereof on summary conviction to a fine not exceeding five pounds for each day on which the default is so continued.

(5) The Minister shall defray any expenses reasonably incurred by any person in complying with the requirements of this section and of any regulations made thereunder.

43.—(1) No information relating to any individual undertaking, obtained under the preceding provisions of this Act, shall, without the previous consent in writing of the owner for the time being of that undertaking be published or disclosed unless—

(a) the publication or disclosure is required in connection with the execution or for the purposes of this Act or of any regulation made thereunder; or

(b) in the case of information contained in any estimate or return obtained under subsection (2) of the last preceding section, the information is published or disclosed in accordance with directions of the Minister, to the Corporation or to such other person as may be prescribed by the regulations made under the said subsection (2); or

(c) the publication or disclosure is required for the purposes of any proceedings under this Act or any report of those proceedings.

(2) If any person publishes or discloses any information in contravention of this section, he shall be liable on summary
conviction to imprisonment for a term not exceeding three months or a fine not exceeding fifty pounds or to both such imprisonment and such fine or, on conviction on indictment, to imprisonment for a term not exceeding two years or to a fine not exceeding one hundred pounds or to both such imprisonment and such fine.

44. If any person, in giving any information, making any claim or giving any notice for the purposes of any provision of this Act or of any regulation thereunder, makes any statement which he knows to be false in a material particular, or recklessly makes any statement which is false in a material particular, he shall be liable on summary conviction to imprisonment for a term not exceeding three months or to a fine not exceeding one hundred pounds, or to both such imprisonment and such fine, or on conviction on indictment to imprisonment for a term not exceeding two years or to a fine not exceeding five hundred pounds, or to both such imprisonment and such fine.

45.—(1) Proceedings for an offence under this Act or any regulation made under this Act shall not, in England and Wales, be instituted except by or with the consent of the Minister or by the Director of Public Prosecutions.

(2) Where an offence under the last preceding section or any regulation made under this Act has been committed by a body corporate every person who at the time of the commission of the offence was a director, general manager, secretary or other similar officer of the body corporate, or was purporting to act in such capacity, shall be deemed to be guilty of that offence unless he proves that the offence was committed without his consent or connivance and that he exercised all such diligence to prevent the commission of the offence as he ought to have exercised having regard to the nature of his functions in that capacity and to all the circumstances.

46. Any notice or other document required or authorised by or under this Act or regulations made thereunder to be given, delivered or served may, without prejudice to any provisions in that behalf of any such regulations, be given, delivered or served either—

(a) by delivering it to the person to whom it is to be given or delivered or on whom it is to be served; or

(b) by leaving it at the usual or last known address of that person; or

(c) by sending it in a prepaid letter addressed to that person at his usual or last known address; or
(d) in the case of an incorporated company or body or the arbitration tribunal, by delivering it to the secretary or clerk of the company, body or tribunal at their registered or principal office or sending it in a prepaid registered letter addressed to the secretary or clerk of the company, body or tribunal at that office; or

(e) if it is not practicable after reasonable enquiry to ascertain the name or address of a person to whom it should be given or delivered, or on whom it should be served, as being a person having any interest in premises, by addressing it to him by the description of the person having that interest in the premises (naming them) to which it relates, and delivering it to some responsible person on the premises, or affixing it, or a copy of it, to some conspicuous part of the premises.

47. Any administrative expenses incurred by the Minister or any other Minister of the Crown or Government department under this Act shall be paid out of moneys provided by Parliament, and any sums received by the Minister or by any other Minister of the Crown or Government department under or by virtue of this Act shall be paid into the Exchequer.

48.—(1) In this Act the following expressions have the meanings hereby respectively assigned to them, that is to say:

"arbitration tribunal" means the tribunal established under this Act;

"company" means a company within the meaning of the Companies Act, 1929 and a body incorporated by royal charter;

"date of transfer" has the meaning assigned to it by section twelve of this Act;

"emoluments" includes any allowances, privileges or benefits, whether obtaining legally or by customary practice;

"employed" means employed as an officer and "employment" shall be construed accordingly;

"financial year"—

(a) in relation to the Corporation, means a period of twelve months ending with a day to be prescribed so howsoever that the first financial year shall be the period beginning with the passing of this Act and ending—

(i) if the interval between the first date of transfer under this Act and the first occurrence
after that date of the prescribed day is more than six months, with that first occurrence; or
(ii) if the said interval is less than six months, with the second occurrence after the said first date of transfer of the prescribed day;
and, in the case of any alteration of the prescribed day, the duration of the financial year as to which the alteration is first to have effect shall be shortened or extended as may be prescribed, by not more than six months, so as to end on the new prescribed day; and

(b) in relation to any publicly-owned company means the period for which the annual accounts of the company are made up, whether that period is a year or not;

"functions" means duties and powers;
"iron ore" means ore containing not less than one fifth part by weight of iron;
"lease" includes an agreement for a lease and any tenancy agreement;
"loan capital," in relation to any company, means the securities of the company which do not form part of the share capital;
"Minister" means Minister of Supply;
"net revenue", in relation to any company, means the revenue of that company, after deducting therefrom proper provision for the redemption of capital and all charges which are proper to be made to revenue account, including, in particular, proper provision for the depreciation of assets or for renewal of assets and provision for interest on the loan capital of the company;
"officer" includes a managing director and a director whose functions are substantially those of an employee but not any other director, and also includes a servant;
"pension", in relation to any person, means a pension, whether contributory or not, of any kind whatsoever payable to or in respect of him, and includes a gratuity so payable and a return of contributions to a pension fund, with or without interest thereon or any other addition thereto;
"pension fund" means a fund established for the purposes of paying pensions;
"pension rights" includes, in relation to any person, all forms of right to or eligibility for the present or future payment of a pension to or in respect of that person, and any expectation of the accruer of a
pension to or in respect of that person under any customary practice and includes a right of allocation in respect of the present or future payment of a pension;

"pension scheme" includes any form of arrangements for the payment of pensions, whether subsisting by virtue of an Act, trust, contract or otherwise;

"prescribed" means prescribed by regulations made by the Minister;

"publicly-owned company" means a company specified in the Third Schedule to this Act and any other company for the time being included in the group of bodies corporate which is the largest possible group as respects which the following conditions are for the time being satisfied, that is to say—

(a) every member of the group is either the Corporation or a subsidiary (within the meaning of the Companies Act, 1947) of the Corporation; and

(b) no part of the share capital of any member of the group is held by any person other than a member of the group or a nominee of such a member;

and "public ownership" shall be construed accordingly;

"securities", in relation to a company, means any shares, debentures, debenture stock, loan stock, mortgages, income notes, income stock, funding certificates and securities of a like nature, but does not include any security the terms of which enable it to be redeemed, either with notice or upon not more than one year’s notice, at a price equal to the nominal amount of the security together with any outstanding interest, at any time after the expiration of a period not exceeding one year after the creation of the security and that period has expired;

"share" includes stock resulting from the conversion of any share into stock.

(2) References in this Act to any other enactment shall be construed as references to that enactment as amended by or under any other enactment, including this Act.

49. —(1) This Act may be cited as the Iron and Steel Act, 1948.

(2) Without prejudice to the capacity of the Corporation under section two of this Act, this Act shall not extend to Northern Ireland.
FIRST SCHEDULE.

PROVISIONS AS TO IRON AND STEEL CORPORATION OF GREAT BRITAIN.

1. The Corporation shall be a body corporate with perpetual succession and a common seal and power to hold land without licence in mortmain.

2. The Corporation may act notwithstanding a vacancy among the members thereof.

3. The quorum of the Corporation shall be three, and, subject as aforesaid, the Corporation may regulate their own procedure.

4. The application of the seal of the Corporation shall be authenticated by the signatures of the chairman or some other member of the Corporation authorised by the Corporation to authenticate the application of the seal thereof.

5. Every document purporting to be an instrument issued by the Corporation and to be sealed as aforesaid or to be signed on behalf of the Corporation shall be received in evidence and be deemed to be such an instrument without further proof unless the contrary is shown.

SECOND SCHEDULE.

IRON AND STEEL ACTIVITIES.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Minimum production qualifying for acquisition</th>
<th>Minimum production requiring licence</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The working and getting of iron ore</td>
<td>50,000 tons</td>
<td>5,000 tons</td>
</tr>
<tr>
<td>2. The smelting of iron ore in a blast furnace with or without other metalliferous materials</td>
<td>20,000 tons</td>
<td>5,000 tons</td>
</tr>
<tr>
<td>3. The production of steel (including alloy steel) other than the production of crucible steel by melting in pots or crucibles</td>
<td>20,000 tons (in ingot form)</td>
<td>1,000 tons (in ingot form)</td>
</tr>
<tr>
<td>4. Shaping of steel by a rolling process</td>
<td>20,000 tons</td>
<td>5,000 tons</td>
</tr>
</tbody>
</table>
THIRD SCHEDULE.

COMPANIES SECURITIES OF WHICH VEST IN CORPORATION.
FOURTH SCHEDULE.

MODIFICATIONS AS TO CONSTITUTION AND PROCEEDINGS OF PUBLICLY-OWNED COMPANIES.

Meetings.

1. In the case of any publicly-owned company all of whose securities are held by the Corporation, the obligation of a company under the Companies Acts, 1929 and 1947, to hold an annual meeting may be discharged by the holding of a meeting of the Corporation summoned and held in such manner, and after such notice, as may be determined by the Corporation in regulating their procedure, and any power of a company which is by the Companies Acts, 1929 and 1947, or by the company's articles, or otherwise, required to be exercised by the company in general meeting, may be exercised by the Corporation at a meeting summoned and held as aforesaid.

Directors.

2. Any provision in the memorandum or articles of a publicly-owned company requiring a director to hold a specified share qualification shall cease to have effect when the company comes into public ownership.

3. The power conferred on a company by section twenty-nine of the Companies Act, 1947, by ordinary resolution to remove a director before the expiration of his period of office notwithstanding anything in its articles or in any agreement between it and him, shall, in a case of a publicly-owned company, be extended so as to be exercisable notwithstanding anything in any agreement between the company and any person other than the director, and shall not be subject to the proviso to subsection (1) of that section (which provides that a private company is not authorised thereby to remove a director holding an office for life on the eighth day of July, nineteen hundred and forty-five).

Alteration of memorandum.

4. The power conferred by subsection (1) of section seventy-seven of the Companies Act, 1947 (which provides that a company may, notwithstanding the prohibition in section four of the Companies Act, 1929, of alteration of the conditions contained in the memorandum of association of a company except in accordance with that Act, alter by special resolution any conditions so contained which could lawfully have been contained in articles of association instead of in the memorandum) shall, in the case of a publicly-owned company, not be subject to the provisions of subsection (2) of the said section seventy-seven (which provides that that section shall not apply where the memorandum itself provides for or prohibits the alteration of all or any of the said conditions).

Number of members.

5. No petition shall be presented for the winding-up of a publicly-owned company on the ground that the number of its members is less than the number required by law, nor shall any person be liable on that ground as a member of the company for the payment of any of its debts.
6. Any agreement between a publicly-owned company and any other person shall, in so far as it confers any right to appoint any person to, or to hold, the office of director of the company, or any right to subscribe for or purchase or otherwise acquire any part of the company's share or loan capital, be deemed to have been frustrated on the date of transfer, and the parties thereto to have been discharged from the further performance thereof, but any person, other than the company, who suffers loss by reason of this paragraph, shall, unless the agreement could (but for this paragraph) have been disclaimed under Part II of this Act, be entitled to compensation in respect of that loss, and any question whether any person has a right to such compensation, or as to the amount thereof, shall be determined by arbitration under this Act.

FIFTH SCHEDULE.

ISSUE OF BRITISH IRON AND STEEL STOCK IN SATISFACTION OF COMPENSATION.

PART I.

Provisions applicable to securities with values determined before the date of transfer.

1. This Part of this Schedule shall apply to securities in respect of which compensation is payable under Part II of this Act and the values of which are declared by order of the Minister to have been determined under the said Part II before the date of transfer.

2. The persons who, immediately before the date of transfer, were the holders of any securities to which this Part of this Schedule applies shall, by virtue of this Act, become instead on that date the holders of the amount of British Iron and Steel Stock to which they are entitled.

3. The interest on the said stock shall begin to accrue as from the date of transfer.

4. The regulations to be made under Part IV of this Act by the Minister with the approval of the Treasury for prescribing the terms on which and the provisions in accordance with which British Iron and Steel Stock is to be issued, transferred, dealt with and redeemed, shall include provisions whereby any stock or share certificate or other similar document in force immediately before the date of transfer in relation to any securities to which this Part of this Schedule applies shall be treated as applicable to any British Iron and Steel Stock created and issued by way of compensation in respect of those securities until the corresponding document is issued with respect to that stock.

5. Where the holder of any securities becomes, under this Part of this Schedule, instead the holder of British Iron and Steel Stock, he shall hold that stock in the same right and on the same trusts and subject to the same powers, privileges, charges, restraints and liabilities as those in, on or subject to which he held those securities, and any provision of any deed, will, disposition or other instrument, and any
statutory provision as to what is to be done by the holder of the securities or the redemption moneys thereof, shall, with any necessary modifications, have effect in relation to the said stock as it would have had effect in relation to the securities if they had not been transferred:

Provided that nothing in this paragraph shall limit the powers of the Minister under Part IV of this Act as respects the making, with the approval of the Treasury, of regulations in relation to British Iron and Steel Stock.

6. Nothing in this Part of this Schedule affects the making of any payment or distribution, in accordance with the provisions of Part II of this Act relating to the final payment of dividends and interest, to the holders of securities to which this Part applies.

**PART II.**

*Provisions applicable to other securities.*

1.—(1) The provisions of this Part of this Schedule shall apply to such of the securities in respect of which compensation is payable under Part II of this Act as are not securities to which Part I of this Schedule applies.

(2) In this Part of this Schedule, the expression "the conversion date" means, in relation to any securities, such date as may be specified in relation thereto by order of the Minister, being a date as soon as conveniently may be after the compensation payable in respect of those securities has been determined.

2. During the period beginning with the date of transfer and ending immediately before the conversion date, the persons who immediately before the date of transfer were the holders of securities to which this Part of this Act applies shall be entitled to transfer—

(a) the right to have instead British Iron and Steel Stock which attaches to the securities by virtue of the next following paragraph; and

(b) the right to the payment of interest which attaches to the securities under paragraph 5 of this Part of this Schedule;

and the Corporation shall keep a register of all such transfers.

3. The holders of any such rights shall, by virtue of this Act, become instead on the conversion date the holders of the amount of British Iron and Steel Stock to which they are entitled.

4. Interest on the said stock shall begin to accrue as from the date of transfer.

5.—(1) The Corporation shall, on such dates as the Minister may direct, make to the persons who are, at such times as may be specified in the direction, holders of any such rights as aforesaid, payments of interest not exceeding the amount which, in the opinion of the Corporation, will be found to have accrued on the British Iron and Steel Stock ultimately issued under paragraph 3 of this Part of this Schedule in satisfaction of compensation payable in respect of the securities.
(2) If the amounts paid by the Corporation under this paragraph in respect of any such rights are equal to or greater than the amount of interest which is found to have accrued, for the period beginning with the date of transfer and ending immediately before the conversion date, on the British Iron and Steel Stock created and issued as aforesaid in satisfaction of compensation payable in respect of the securities, the interest so found to have accrued shall be treated as discharged.

(3) If the amount paid as aforesaid is less than the amount found to have accrued as aforesaid on the British Iron and Steel Stock created and issued as aforesaid in satisfaction of compensation payable in respect of the securities, the amount so found to have accrued shall be treated as discharged to the extent of the amount so paid and the balance shall be added to and treated as part of the interest (being interest accruing on and after the conversion date), which first falls to be paid after the conversion date on that stock.

(4) Any amount payable under sub-paragraph (1) of this paragraph which has not been paid by reason that it has not been possible to discover the person entitled thereto or that the title thereto has not been established or that a cheque or warrant issued for the purpose of making payment thereof has not been encashed shall, for the purposes of sub-paragraphs (2) and (3) of this paragraph (but not for any other purposes) be treated as paid.

6. Paragraphs 4, 5 and 6 of Part I of this Schedule shall apply for the purposes of this part of this Schedule as if—

(a) any reference therein to Part I of this Schedule were a reference to this Part of this Schedule; and

(b) the reference in the said paragraph 4 to the date of transfer were a reference to the conversion date.
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To provide for the establishment of an Iron and Steel Corporation of Great Britain and for the transfer to that Corporation of the securities of certain companies engaged in the working, getting and smelting of iron ore, the production of steel, and the shaping of steel by a rolling process, and of property, rights, liabilities and obligations acquired or incurred by the Minister of Supply in connection with the carrying on of any such activity as aforesaid; for defining the functions of the said Corporation and the said Companies; for the licensing of other undertakings engaged in any of the said activities; and for purposes connected with the matters aforesaid.

CXCV—G. (5).

21st May, 1948.