

been allowed to export to most countries except Australia, North America and Japan. Since 1947 British Luma does not appear to have been formally bound by any quota provisions, although negotiations for renewal of the licence have been in progress. The E.L.M.A. members at first offered terms whose effect would have been to allow sales to increase by fixed annual increments to double the 1947 level in eight years with an extra allowance for fluorescent lamps: but a later offer made no mention of quota limitation. In the meantime British Luma has formally terminated the old agreement (see paragraph 80) and no question of quota arises in the current negotiations for a patent licence.

105. There is one aspect of the more recent development of the system of quotas to which attention should be drawn. The quotas fixed in 1924 were derived entirely from trading in filament lamps, but the development of discharge lamps has had to take place, so far as the E.L.M.A. members are concerned, within the limits of that quota pattern. Thus a manufacturer who has gained a bigger share of the market for fluorescent lamps must have either exceeded his total quota or taken an unduly small share of the market for filament lamps. To some extent fluorescent lamps have simply replaced filament lamps in use, but their introduction has, we are informed, expanded the total market for lamps substantially, and the system of quotas has given each member the right to a share in the expanded market whether or not he has contributed to its expansion.

CHAPTER 7 : THE INDEPENDENT MANUFACTURERS

106. Independent Manufacturers in most cases make either general service filament lamps or motor lamps or specialize in a limited range of types, such as flashlamps, miniature medical lamps and telephone switchboard indicator lamps, for incorporation in instruments or apparatus. They do not produce any kinds of discharge lamps other than fluorescent lamps and neon tubes, and none of them produces a range of types of filament lamps comparable with that made by the two principal members of E.L.M.A. Many are small companies. The competition offered to the E.L.M.A. members has in the past been most marked in the field of general service filament lamps, but since the war has extended to fluorescent lamps and has increased in some other types of filament lamps. The output of the Independent Manufacturers has been given earlier, in paragraph 3.

107. Two Independent Manufacturers, Thorn and Ekco-Ensign, have expanded rapidly in the war and post-war periods until their lamp businesses are similar in size to those of medium-sized E.L.M.A. members: their output, particularly of general service filament lamps and of fluorescent lamps, is substantial and production is highly mechanised. These two companies are now closely associated, Thorn having acquired a controlling interest in Ekco-Ensign: each is also associated with interests extending beyond the lamp-making field. Thorn has installed modern and highly mechanised plant for making fluorescent lamps and claims to have the largest output of these lamps in the United Kingdom. At present the greater part of this output is exported and there appears to have been no attempt so far on the part of the company to undercut the retail prices charged by E.L.M.A. in the home market, though it claims in its recent advertisements to have doubled the life of its lamps, which sell at the same prices as before. Ekco-Ensign is a substantial manufacturer of filament lamps and markets fluorescent lamps on a smaller scale than Thorn.

108. British Luma, whose relations with members of E.L.M.A. have been described in paragraphs 79, 80 and 104, operates on a much smaller scale than

Thorn and Ekco-Ensign. The company is jointly owned by the Co-operative Wholesale Society (C.W.S.), the Scottish Co-operative Wholesale Society (S.C.W.S.) and the Swedish Kooperativa Förbund. It entered into a patent licensing agreement with members of E.L.M.A. in 1937 but did not start commercial production of lamps until 1939. The Phoebus organisation decided that it should receive no help from E.L.M.A. members ; until the end of the war it was deprived of much of the technical assistance it would otherwise have expected to receive from its Swedish associate. The company makes general service filament lamps and fluorescent lamps ; practically the whole of its output is distributed through the wholesale and retail co-operative societies.

109. Since there is considerable disparity in type of product and in size between the various Independent Manufacturers, and since, except in the cases we have mentioned, each operates independently of any other lamp manufacturer, they should not be regarded as a group having common practices and trading methods. Such generalisations as we make about them in this and later chapters apply in varying degrees to individual manufacturers.

110. Most Independent Manufacturers have informed us that where appropriate British Standard Specifications exist they conform to them. We describe the views of some of them about these specifications in Chapter 9. In other cases they may work to their own internal specifications or to the special requirements of large customers, including Government Departments. Lamps for ultimate sale to the general public are in some cases supplied unbranded or marked with distributors' brand names :* for such lamps net terms are usually quoted and the manufacturer exercises no influence on the subsequent reselling price. In most cases, however, lamps are marked with the manufacturer's brand name and are retailed at prices fixed by him, such prices being at present the same as those fixed by E.L.M.A. : margins are, however, bigger than those allowed by E.L.M.A. We are informed that the Independent Manufacturers expect distributors to maintain the prices and discount rates which they fix and indeed that distributors press for a price-maintained article ; in no case, however, is there machinery for enforcement, nor has the need for any been felt. We consider the effect of E.L.M.A.'s selling arrangements on those of the Independent Manufacturers in Chapter 11.

111. The patent policy of the E.L.M.A. members, as described in Chapter 5, has been a factor which independent competitors have had to take into account in the past ; we have shown how two of the present members joined E.L.M.A. in accordance with the terms of settlement of actions for infringement of patents brought by other members. Those Independent Manufacturers who make only filament lamps can now operate freely without fear of infringing other manufacturers' patents, but the position of those who make discharge lamps remains uncertain. Some of them claim that they are hampered by this very uncertainty ; and Thorn (against whom an action for infringement remains unsettled) and Ekco-Ensign have considered it worthwhile to negotiate with the E.L.M.A. members for patent licences in the field of fluorescent lamps, as described in paragraphs 85 to 87. Nevertheless these two manufacturers have not so far been prevented from developing their fluorescent lamp businesses, and we see no reason why the current patent licensing policy of the E.L.M.A. members (see paragraph 88) should place them in a worse position than before.

* The practice of marking lamps with customers' brand names appears in the case of the Independent Manufacturers to have been more common formerly than it is at the present time, probably because the Controlled Companies have captured much of this trade. Such lamps are generally supplied to wholesalers or to chain stores.

112. The supply of lamp components is dealt with in all its aspects in Chapter 10. Briefly, most Independent Manufacturers rely principally on E.L.M.A. members for the supply of components, and none of them makes its own components to the same extent as the two principal members of E.L.M.A. One Independent Manufacturer, Thorn, has a subsidiary company which produces sufficient lamp caps to meet the needs not only of the parent company but also of some other Independent Manufacturers and some E.L.M.A. members: certain other components, including tungsten and molybdenum wire and glass tubing for fluorescent lamps, are produced by independent manufacturers who are not themselves manufacturers of lamps: one Independent Manufacturer of lamps draws its own tungsten wire but only for its own use. There is at present in the United Kingdom no independent supply of machine-blown glass bulbs for general service filament lamps or the glass tubing and rod used in the production of filament lamps. Independent Manufacturers have told us that in view of the productive capacity already existing in the United Kingdom they do not feel justified in incurring the considerable capital expenditure necessary to instal plant for the manufacture of glass components on a large scale.

CHAPTER 8: THE CONTROLLED COMPANIES

113. Members of E.L.M.A. own the following lamp-manufacturing companies in the United Kingdom, none of which is a member of E.L.M.A.:—

Splendor Lamp Co. Ltd. (Splendor)
Britannia Electric Lamp Works Ltd. (Britannia)
Ismay Lamps Ltd. (Ismay)
Gnome Electric Lamp Works Ltd. (Gnome)
Evenlite Tube Lamp Developments Ltd. (Evenlite).

Practically the whole of the share capital of Britannia, Ismay, Splendor and Evenlite is owned jointly by the E.L.M.A. members (except Stella, B.E.L.L. and Aurora): Gnome is a wholly-owned subsidiary of Britannia. Splendor was until recently a wholly-owned subsidiary of N.V. Splendor of Nijmegen, Holland: nearly 40 per cent. of the share capital of N.V. Splendor of Nijmegen was owned jointly by certain E.L.M.A. members and an ex-member, A. C. Cossor Ltd., the remaining, majority, interest belonging to Philips (Holland). An arrangement has recently been made by which these holdings in N.V. Splendor of Nijmegen have been sold to Philips (Holland), while the share capital of Splendor has been acquired by those E.L.M.A. members who already owned the other Controlled Companies. The present financial relationships are shown in the diagram in Appendix 7.

114. The circumstances in which Splendor, Britannia, Ismay and Gnome came under the control of E.L.M.A. members are explained later in this chapter. The fifth company, Evenlite, is in a special position. It manufactures architectural and other tubular filament lamps. It applied to join E.L.M.A. in 1946 but after negotiation was acquired by E.L.M.A. members. The production of this type of lamp by E.L.M.A. members has since been largely concentrated in Evenlite; similar lamps are, however, also produced by B.E.L.L. Evenlite's plant and machinery has been modernised and extended, and the whole of the company's output is supplied to the owner-companies under their brand names.

115. The other four Controlled Companies produce, under their own brand names, lamps which used to be cheaper than E.L.M.A. brands but which are now sold at the same retail prices. They also produce lamps marked with customers' brand names, the customers being mainly chain