

doubted whether it was such as to attract the new capital needed by a new and expanding industry. . . . After 1932 the industry acquired greater stability. It was some years, however, before greater prosperity showed its effects in distributed profits." From about 1910 some United Kingdom manufacturers had been seeking to export in competition with American and German manufacturers (see paragraphs 18 and 19). Referring to the world market, the manufacturers have told us that "after the 1914-18 war, and particularly during the slump of the late twenties . . . [they] . . . had the choice of taking orders at a loss or facing the greater loss entailed by empty shops". In these conditions informal discussions took place in 1930 between some American, British, German and Swiss manufacturers "to explore the possibility of making an agreement with the objects of obtaining statistical information and of raising the price level of heavy electrical machinery to an economic figure". As a result of this meeting the International Notification and Compensation Agreement was signed. In 1934 the agreement was superseded by the International Electrical Association, an unincorporated body operating similar arrangements. We describe these arrangements and the organisation of the Association and its incorporated successor, The International Electrical Association Ltd. (IEA), in Chapter 4.

43. During the 1939-45 war United Kingdom manufacturers continued to make electrical machinery, but they also made service equipment including radar and aircraft. After the war they found themselves with full order books, while most countries of the world, including the United Kingdom, were short of electrical plant. We have described the control of materials and machinery production and the allocation of priorities between the demands of the home and of export markets during and immediately after the war in paragraphs 22 to 27.

CHAPTER 2. THE BRITISH ELECTRICAL AND ALLIED MANUFACTURERS' ASSOCIATION

(1) Objects ; Membership ; Organisation

44. The British Electrical and Allied Manufacturers' Association Incorporated (BEAMA) is the successor of the National Electrical Manufacturers' Association (NEMA), a body founded in 1902 mainly by manufacturers and traders whose interests lay in the lighter engineering products, although manufacturers concerned with heavier plant were also members. We have described in paragraph 41 the general conditions prevailing when the NEMA was formed. The BEAMA is a company limited by guarantee and may not distribute any profits.

45. The principal object of the BEAMA as set out in the company's Memorandum of Association is to promote and protect the interests of electrical manufacturers and others dealing in or supplying electrical goods in the United Kingdom. It is the Association's primary aim to secure the co-operation of every concern in the electrical and allied industries so that it can speak for the whole of those industries on all matters affecting them. The interests of the BEAMA extend considerably beyond machinery the subject of the present inquiry.

46. The Articles provide that membership of the Association is open to "*bona fide* manufacturers in the electrical or allied industries within the British Empire": in practice membership has been confined to manufacturers within the United Kingdom. Admission is by 80 per cent. majority

vote of the Council (the governing body) of the BEAMA. The Association has told us that "the considerations which the Council now bear in mind when reviewing an application are as follows :"

- (i) "that the Company is under British control ;"
- (ii) "that the standard of the Company's products is consistent with the high reputation of the Association and its members ;"
- (iii) "that the Company's financial status is sound ;"
- (iv) "that the Company is engaged in manufacturing and is of general good repute in the industry."

In the years 1948-53 104 applications for membership were received, of which 89 were successful. Since the formation of the BEAMA's predecessor organisation in 1902, membership has grown from 29 to some 400 ; of this total, 58 concerns make machinery and plant covered by our inquiry. Members pay an annual subscription, based on the manufacturing wages paid yearly in connection with products within the scope of the BEAMA's activities and ranging from a minimum of £20 to a maximum of £3,500. The Articles of Association provide also for an entrance fee of 10 guineas, but this has not in practice been charged since 1937. In 1952 eight members, all of them manufacturers of machinery within the reference, paid the maximum subscription then ruling, while some 120 members paid the minimum. The voting power of members is related to the amount of their annual subscription. Between 1937 and 1953 the Association's annual income from subscriptions increased from £12,515 to £51,408.

47. The BEAMA is divided into Sections by type of product, and members of the Association normally belong to the Sections dealing with their products. Each Section deals with the technical problems relating to the particular type of machine with which it is concerned, and with such matters as conditions of contract, standardisation, transport of heavy loads, exhibitions, or the availability of materials insofar as these are concerned with specific products ; the Sections do not deal with the determination of selling or buying prices. There are 32 BEAMA Sections, of which eight are concerned with machinery within our terms of reference.

48. The management and control of the business and affairs of the BEAMA are vested in a Council comprising representatives from 24 member companies elected from candidates nominated by the Sections and by the Council itself, with power to co-opt up to ten additional members : it is normal to co-opt the full number permitted in order to ensure that the interests of each Section are covered. Of the 34 Council members for the year 1955-56 16 are representatives of manufacturers of machinery within the scope of our inquiry, although nearly all of these make other goods as well. The Council controls and guides the affairs of the Association through a number of specialist committees.* There are also ten Overseas Committees whose main object is "to foster British prestige and increase the

* Namely:—

Council Committees:

Emergency ;
Export Policy ;
Finance ;
Membership ;

Monopolies (Inquiry) ;
Production ;
Research.

Other Specialist Committees reporting direct to the Council:

Contract Conditions ;
Education ;
Electric Welding Industry ;
Export Panel ;
Fuel Efficiency ;
Publicity ;

Materials ;
Mining and Flameproof Enclosure ;
Standardization ;
Taxation ;
Traffic ;
Electricity Development.

volume of imports from the United Kingdom" in the territories concerned. They deal only with the same kind of matters as the Council itself. Discussion of matters affecting exports takes place in the BEAMA Export Panel, the members of which are chosen for their personal knowledge of overseas markets and conditions. In addition, the BEAMA is represented on the Overseas Policy Committee of The Federation of British Industries and on other bodies in the United Kingdom and overseas concerned with export trade; and it has also played a large part in founding and operating the Electrical Industry Export Service which provides information about exports to its members, who need not be members of the BEAMA itself.

49. The administration of the BEAMA is under the control of a Director and a Secretary appointed by the Council and invested "with such powers as the Council may think expedient". The Association employs a staff of about 200. Each Section and Committee has a Secretary who acts *inter alia* as a channel for general information, both commercial and technical, collected and collated within the BEAMA for dissemination to the Sections. The BEAMA also provides accommodation and secretarial services for the Groups and for certain allied trade associations, the cost being met by the bodies concerned. Group agreements covering similar or related machinery are administered by one Secretary who is usually also Secretary of the corresponding BEAMA Section. The BEAMA has told us that "by long experience, this method of operation has been found to be the best and most economical, ensuring that the staff allocated to any particular Section of the work are specialists . . .": "were it necessary for each Trade Group to provide its own secretarial services, the charge on industry would be out of all proportion to the work entailed . . .". We describe the relationship between the BEAMA and the Groups further in Chapter 3.

50. In 1953 the BEAMA had a total income, including membership subscriptions and contributions to administration costs by Groups and other bodies, of £200,178: expenditure totalled £199,997, of which £169,390 represented salaries and administration costs (including those incurred on behalf of Groups and others) and taxation and £30,607* subscriptions and donations to research and other bodies.

(2) General Activities of the BEAMA

51. The BEAMA itself has described its main functions as:

- (i) "To assist the Government by the provision of statistics and information thereby facilitating its negotiations in the national interest."
- (ii) "To act as a mouthpiece for the electrical industry in negotiations with Government departments."
- (iii) "To direct to all appropriate members, enquiries for electrical and allied equipment received from overseas purchasers who are unaware of the names of British makers."
- (iv) "To maintain liaison with other industries, nationalised undertakings and other Trade Associations, on all matters of common interest."
- (v) "To provide a forum for discussion on all matters of general interest to the industry; for example, Contract Conditions, Research, Standardisation, Publicity, Education and Training, just to name a few."

* This sum was distributed as follows:—

To The Electrical Research Association	...	...	...	...	£21,297
To British Standards Institution	...	...	...	...	£2,450
To Others	...	...	...	...	£6,860

52. Some idea of the scope of the BEAMA's principal interests and activities can be gained from the titles of the various Council Committees (see footnote to paragraph 48); these by themselves, however, do not give a complete picture of the many spheres in which these interests are pursued through the Association's membership of Government, professional, technical and commercial councils and committees in both the national and the international field.* We have already referred in paragraphs 28 to 33 to the part played by the Association in research and standardisation and we describe the BEAMA's work on conditions of contract in Chapter 5. It is relevant here to mention one other aspect of its many other activities, namely the close contact which has for many years existed between the Association and electricity supply authorities in the United Kingdom. This led to the formation of the BEAMA/IMEA† Joint Committee in 1921 and later to the constitution of a four-party committee consisting of representatives of the BEAMA, the IMEA, the power supply companies‡ and the Central Electricity Board, and more recently of the BEA/BEAMA Joint Committee with its sub-committees.§ Insofar as these matters are also of interest to the Groups and are directly relevant to our inquiry, some aspects of them are referred to again in greater detail in later chapters of our report.

CHAPTER 3. THE GROUPS

(1) General Description of the Groups and their Activities

53. We have described in paragraph 41 the conditions prevailing in the electrical industry in the early years of the present century when the first Groups were formed. These Groups are not and have never been formally incorporated bodies, and indeed it is not always entirely clear what constitutes an individual Group. Considered as a whole the Groups are concerned with the operation of a number of agreements, 37 of which relate wholly or in part to machinery and plant within the scope of this inquiry. Each agreement is concerned with a particular type of plant (e.g. transformers), or with plant of a particular type within a specified range of size or output (e.g. steam turbines of 300 to 11,000 kW) or for a particular purpose (e.g. electrical equipment for rolling mills); it may be concerned with the home market or with exports or with both. Since each agreement contains provisions for periodical meetings of the signatories and the general administration of the agreement by the signatories, each may be said to set up a separate Group. In practice, however, there are a number of cases where two agreements,

* The Association's Handbook for 1955-56 shows the BEAMA as being represented on more than 100 such councils and committees.

† That is the Incorporated Municipal Electrical Association, a body which existed to promote the interests of municipal supply undertakings.

‡ That is the privately owned, as distinct from the municipally owned, supply undertakings.

§ There are seven sub-committees dealing respectively with:—

- General Conditions of Contract;
- Contract Price Adjustment Clause and Formulae;
- Turbo-Alternator Standardization;
- Transformer Standardization;
- Switchgear Standardization;
- Quantity Buying Terms and Discounts;
- Meters Technical.

Until January 1954 there were also two sub-committees (Nos. 5 and 7) dealing respectively with Transformer and Turbo-Alternator Prices, representation on which on the manufacturers' side was in effect a matter for the Groups concerned.