



TELEPHONES

FLEET STREET 7051 (6 lines)
FLEET STREET 3806 (2 lines)

TELEGRAMS

TANNER · FLEET, LONDON

Highlight



The House Magazine of
R.T. TANNER & CO Ltd.

WHEATSHEAF HOUSE
CARMELITE STREET
LONDON E.C.4

New Series No. 20

January, 1957

Meet rising costs by using

STADIUM

Twin-Wire Pulp Boards

The enormous sale of this board is the outstanding advertisement for boards which have no rival in quality and price

White stocked in 2, 3, 4 and 5 sheet Royal & Postal

Tinted stocked in 3 sheet Royal and Postal

SAMPLE SETS ON APPLICATION



Tanners
for **BOARDS**

Tanner's Quarterly Trade Journal

*The Directors and Staff of
R. T. Tanner & Co. Ltd.
once again wish you a very
happy and prosperous New Year*

EVERY YEAR AT this time we attempt to give you an opinion of the likely trend of trade in the paper industry during the next twelve months, and looking back over the last few years, we can derive some pleasure in realising that our forecasts have proved remarkably accurate. We have at no time during the considerable reversals in trade, which have occurred in the post war years, made any attempt to influence our customers wrongly, either to buy on a falling market, or hold off when a rising market is likely to occur. It would hardly pay us to do so because it has always been our policy to obtain the confidence of our customers. Confidence engenders goodwill, and it is exactly that which we intend to gain.

In this issue of our journal we include some more photographs of the staff of our London factory.

In Our Opinion

The year 1957 opens somewhat inauspiciously, and this time it is nearly impossible for us to give an accurate forecast. The probabilities cannot be followed with any great certainty, since the future is so wrapped up in politics and international crises both, all will agree, always most unpredictable. We will therefore be quite frank and state that any possibility of giving long range trends during the next 12 months is well beyond our capabilities, and would be pure guesswork.

Let us consider the situation as it appears to us at present. The last quarter of 1956 ended much as expected, in that demand was remaining reasonably constant, and as the stock piles in the pipe lines from mill to printer were reduced, the volume of orders to the mills picked up slightly. Just at the time when one would have expected an all round increase in buying came the oil crisis and petrol rationing. As we write this article it is too early to predict what result all this is likely to have on our trade. It is plain that the effect will be serious for some months, though the full effect is entirely dependent on the time required to return oil supplies to near normality, both in volume and price. Several paper mills have during the last few years turned over to oil-firing, and these mills will be badly hit for both supplies and cost. However more important to most mills and merchants is the certainly of increased costs of road transport and the seriously restricted services which will be unavoidable. It must not be overlooked that paper mills have to take in enormous tonnages of material before they can manufacture, and then to dispose of the finished material rapidly to prevent a pile-up in the mill, a position which can only be met by a reduction in working hours. At today's costs of material and labour a reduction in full working would be a serious matter to many mills. Much of this material is moved by water and rail, though finally it must be road borne and in the case of merchants, convertors and printers the great proportion must be delivered by road. One thing therefore is certain, immediate delivery is temporarily a thing of the past, but we trust, also of the future. For the time being we must all get used to the fact that one's requirements will be delivered as soon as possible.

Our advice to printers is to order your known requirements well in advance, and see that your stock of regular "bread and butter" lines are maintained, and replaced as

usual. One thing certain is that there will be adequate supplies of paper for all, though it may not be in the right place at the right moment. Much will depend on how the railways will cope with the heavy increase in freights. As this is the festive season, let us at least wish them luck in the task for which they have been waiting, and trust that they will seize the opportunity to show how efficient they can be.

Now for the future three months which are certain to be governed entirely by events in the Middle East. We are not likely to see much change in the demand for paper, and at the end of this period it should be easier to foresee the future. However at present we see no reason to expect any falling off in demand, and in fact any enforced restriction in production may easily create an additional demand. Alternatively if the Middle East situation is at least temporarily settled and the Suez Canal is cleared within three or four months the gold and dollar reserves should improve very rapidly and as we have always contended this would result in increased business immediately.

★

The cover of this journal is printed on Stadium 3 sheet Twin Wire Blue Royal Board and the text on Illustration 70 lb. White Art Double Medium.

★

During January we are issuing a completely re-arranged paper and board price list. This list will be set out in alphabetical order of qualities and it will be tabbed throughout for easy reference. We think that our customers will find this new layout quicker and more convenient to use.

★

The photograph shown on page 40 illustrates the new packing now being adopted for Wheatsheaf and Osotuff Manilla and Castle Cartridge Pockets. These strong cartons containing 250 pockets are proving extremely popular as they show a great advantage over any standard box. They are far stronger, stack firmly to any height, are dustproof and can be opened and shut as frequently as required. The lid cannot be mislaid or damaged in normal use.

These cartons are being brought into use as soon as possible.



The new carton packaging for Wheatstheaf and Osouff Manila and Castle Cartridge Pockets



Harry Burgess
(40 years service)
Transport manager

New, new, new . . .

IVOREX

HIGH WHITE Pulp Boards

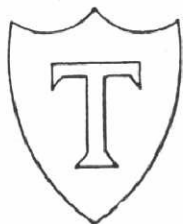
Royal 13½, 16½, & 21 lbs.

Postal 17, 20½, & 26½ lbs. 100's

Smalls 3½ Cwt.
1/7^{5d.}/₈ 1/7^{1d.}/₈ per. lb.

STOCKS NOW AVAILABLE

Tanners
for **BOARDS**



Miss Edgerley
Stanley Hall (46 years service)
Punching, tabbing, drilling and slotting department

Report on Restrictive Practices

Since the war price control of papers has done much to stabilise trade, and now that any form of price control is under fire, we reprint with full approval the statement submitted to the Monopolies and Restrictive Practices Commission by The British Paper and Board Maker's Association (Incorporated).

The method of fixing price by free competition is not operative for labour, for most of the professions, and for that part of industry that is managed by State-appointed bodies, and Governments all over the world are striving to restrict its effects on primary materials. Its operation in that part of industry that is managed by private enterprise is mitigated in a number of ways, one of which is agreement between separate producers as to the prices they will charge.

The classical doctrine taught that supply and demand were kept in equilibrium by the fluid movement of price in uninhibited competition. As the price moved down the quantity demanded moved upwards and the quantity offered moved downwards, and vice versa. The price at any time would tend to be such as just to pay the highest-cost unit of production that was needed to make up the total quantity demanded at that price. In other words the price would be equal to the marginal cost of production. It was not, it may be observed, the lowest or the average cost, but other would-be producers were always on the heels of the marginal producer trying to reduce their costs so as to undercut him. This doctrine may not have been so far out as a description of the situation a century ago, when industry mainly consisted of many small producers with small fixed capital, rising and falling ("clogs to clogs in three generations"). In modern conditions the value of the doctrine is no more than as a statement of tendency, in the long run, other things being equal; as a starting point in fact from which the deviations may be plotted.

In the long run of course the prices of commodities move broadly in accordance with their relative costs of production. It does not always work out in the shorter run, however; neither supply nor demand is elastic enough. With the large modern industry, prices may in times of depression fall lower and lower, or in times of shortage rise higher and higher, unless a brake is applied. As will be explained below, it is as a brake to prevent undue fluctuation harmful both to producer and consumer that agreement upon common prices is justified in the paper industry.

The paper and board industry makes a wide variety of goods, and while it contains a number of big concerns, it includes many much smaller firms, often engaged in making specialised papers and boards. Price agreements between makers of various kinds of paper and board grew up in the conditions of depression that arose between the two wars, and usually under the stress of foreign competition. They were agreements on minimum prices, at a time when the object was to prevent prices from falling still further. On the outbreak of the last war the situation changed and the danger was of prices rising too high in conditions of shortage. The materials of the industry (apart from waste paper) are mainly imported, and the Ministry of Supply established a close control. Prices for nearly all varieties of paper and board were fixed by statutory order. The Ministry of Supply took the current prices (whether under agreement or not) as the basis for the Control Orders; and they made adjustments from time to time by additions or reductions derived from considering the average changes in costs of representative samples of products. The Control Orders laid these prices down as maxima, but they were in effect standard prices. Statutory control of prices came to an end for most papers in June, 1950.

The shortage of paper and board has continued. The capacity of the industry is being modernised and extended on a substantial scale, but to establish a new large paper-making machine with its ancillary equipment may cost millions and take several years. Not only does the consumption rise with general industrial and commercial activity, but the uses of paper and board in packaging and in printed matter are steadily growing. Given the continuance of a high level of industrial and commercial activity in the country, the demand for paper and board is inelastic. Individual makers would prefer to retain their connections and the goodwill of their long-established customers rather than sell to the highest bidder, but nevertheless in the absence of the agreements between manufacturers prices would probably now be appreciably higher than they are. The competition in fact would be more severe among the consumers than the producers. A recession in general activity, on the other hand, would be liable to exercise an even more severe downward pressure on paper and board prices.

Moreover the industry is liable to temporary fluctuations not due to any change in actual consumption. Paper and board being very large the raw material of other trades, large

stocks are held by those who need them for converting for packaging other goods, or for printing. Any fear of a shortage, or of a rise in price, encourages greater stocking, with a snow-ball effect. Similarly the expectation of a fall in price encourages firms to live on their stocks and hold off purchasing. On the other hand, overheads are heavy in paper and board making, and short-time working highly uneconomic. Unless therefore there is a deliberate effort to maintain a degree of stability, a marginal shortage or a marginal excess, or the fear of either, leads in the paper trade to quite disproportionate fluctuations and confusions.

In these circumstances the papermaking industry attaches much importance to a reasonable degree of stability in the trade, and is quite prepared deliberately to keep prices below what competition might raise them to at one time, if by these means it can hold itself together to prevent them falling catastrophically at another. There is no question of preventing prices from responding to the longer-term influences of economic circumstances. The aim is to even out the curve, and in particular to avoid violent fluctuation downwards and upwards in response to marginal changes in supply and demand. This is important in an industry which is to so large an extent the necessary ancillary of many other industries, and in which purchases are dependent in quantity and regularity less upon the absolute level of prices than upon whether they are expected to rise or fall. The industry believes it works to the benefit of both sellers and buyers, and in its degree assists in maintaining stability in the country's economy as a whole.

In view of the great variety of papers and boards, price questions are not dealt with by the main British Paper and Board Makers' Association, but by its constituent sectional Associations of the makers of many of the different kinds of paper and board, who discuss prices among themselves. The procedure is generally similar. A number of price agreements were in existence before the war, but they started again in 1950 from the prices established by statutory order during the period of Government control. It is the general practice to meet at intervals of three or six months and discuss whether any change should be made in the existing prices, having regard to all the circumstances and in particular to changes in the costs of materials, wages, etc. Movements in costs are, of course, fully taken into account in considering whether to change prices, and the experience of the different makers is exchanged so far as is necessary for this purpose. There is,

however, no formalised routine either in regard to this or to consultation with customers before deciding on alterations in price, although conversations between supplier and customer often take place before any alteration is made. Any changes decided upon are made known to merchants and other customers; sometimes it is intimated that they will not be changed again for at least three months or six months, sometimes it is not felt possible to give a definite undertaking as to a period. The prices are expressed as minimum prices, but it is understood that they are intended as standard prices, while allowing flexibility for special qualities and characteristics, and in fact they are so treated. The Associations have generally speaking no written constitutions, and (except in the case of the resale price maintenance agreements which exist for certain kinds of paper, concerning which evidence was furnished to the Commission in 1953) there are no arrangements for enforcing the prices. If agreement is not reached there is no obligation on a dissenting mill or mills to accept the decision of the others; it is then for the others to consider whether they shall agree upon a price among themselves only.

Since the end of the war, with the exception of one period, the course of prices both of woodpulp and of paper has been upward, and the pressure of demand has been strong. Woodpulp is one of the most important and the most fluctuating element in papermaking costs, and is also entirely imported. Under the influence of the world-wide boom, pulp prices trebled and quadrupled during 1950 and 1951. Paper prices in this country had to follow suit, but were settled by agreement between the makers and not merely by the frenzy of competitive demand, and were raised much less. Far from the rising prices checking demand, with each increase the pressure to buy grew, until at the beginning of 1952 the bubble burst. World woodpulp prices began to give and speedily collapsed, consumers of paper discovered they were overstocked and orders were cancelled. The British papermakers were left with substantial working stocks of high-priced pulp and expensive short-time working. But they held together and reduced prices in an orderly manner, until confidence was restored and consumers gradually began to resume ordering.

Since then demand has continued greater than the industry can supply. Pulp prices have gradually risen and the cost of fuel and chemicals, transport charges, and wages have steadily increased. The economies in overheads from overtime working

have enabled the industry to absorb part of these rising running costs, working at a smaller margin per unit of output. Prices have been kept stable for as long as possible, in the interests of makers and consumers alike, and generally speaking the prices of the different grades of paper have been raised, by a moderate amount, only at yearly intervals since the end of the recession.

Stop Press

Extract from a customer's letter dated 21st December, 1956:

"We would refer to our recent order for 7,000 Stadium Pulp Boards assorted weights and sizes. We have had occasion in the past to complain of paper, etc. supplied and as this particular board has run so well we feel it only fair to write to you informing you how pleased we are with the way it has machined."

★

Airpost Bank has been discontinued by the mill and we should be pleased to offer alternative samples against your demands for this type of paper.

★

Spartacote machine coated printing is no longer being stocked and in future we are stocking Cotinex machine coated printing.

★

Kleerwytte Cartridge has also been discontinued and we have added two new lines of Mellotex Cartridge. We now stock Mellotex Cartridge in Smooth and Matt White and Pure White Smooth and Matt.

★

The shade of Dorset Bond has been considerably improved and we should be pleased to forward samples on request. We also now stock Dorset Bond cut 10 x 8 and 13 x 8 in S/O Large Post 15 lbs. and 18 lbs.

★

Scriveria Duplicator has also been improved in shade and is now stocked in 10 x 8 and 13 x 8.

forty-eight

Improved colour—same quality

DORSET

CREAM WOVE BOND

		<i>Smalls</i> 3½ Cwt.
Large Post	15, 18, 21 lb.	
Medium	18, 21½ lb.	
Dbl. Cap	20, 24 lb.	1/6 ^d . 1/5½ ^d .
Dbl. Large Post	30 lb.	
Dbl. Medium	36 lb.	per lb.

Also stocked in 10 x 8 and 13 x 8 s/o Large Post
15 and 18 lb.
500 sheets

SAMPLES WILL GLADLY BE SENT
ON REQUEST



Tanners

for PAPER