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TRADE COMPETITION AFTER THE WAR AND HOW TO MEET IT.

By R. S. DOWER, M.A.

When I was asked to speak on this subject to the Yorkshire Section of the Textile Institute, I felt a little hesitation on two grounds. One was that I am not a technical expert in the textile trade. I know practically nothing of the interior management of a woollen or worsted mill. Therefore, I can only speak as an economist, and from the point of view of the student of economics who takes an interest in every business and is interested in the organisation and the prosperity of all our businesses. I felt also that this subject was one which, in some respects, was a little premature. I hold the opinion very strongly that our principal business at this present moment is to win this war, and that we ought to concentrate all our attention upon that; but, at the same time, we certainly have to prepare for the peace which will follow the war much better than we prepared for the war. We were not prepared for this war. When peace comes, we want to be prepared for it in some measure, and, therefore, in our leisure moments—in the little time we can spare from the discussion of the war—we may, perhaps, very profitably discuss a subject like this. I feel as if I were a Daniel in a den of experts, and I hope that if I put my foot in it, metaphorically speaking, upon any technical subject, you will forgive me. We do not know what the conditions will be after the war; how long it will last and what the result, political and military, will be; and, therefore, it is difficult for us to come to any definite cut-and-dried conclusions. So I deprecate any sudden or hastily arrived at conclusions about what should be the policy of this country when the war is over, and the policy of any particular trade. We shall have to face new conditions. This war will not leave this country or the world where it was before, and we shall have to adapt our minds, our businesses and our methods to these new conditions, whatever they may be. There are one or two outstanding points which seem to me to arise in the course of a good deal of discussion which has taken place already. The first is that a larger revenue will be needed when this war is over. The war is costing us a great deal of money—£5,000,000 a day. It will leave us with a national debt three or four times larger than it was before the war began. We shall, therefore, have to raise anything from £100,000,000 to £200,000,000 a year more in revenue, and if we are going to do that it will be almost, if not entirely, inevitable that we shall put a considerable number of tariffs on for revenue purposes. That is one of the conclusions that we shall have to come to whether we like it or not. Secondly, we shall also have to recognise that after the war we are going to have more State control and less individualism. I do not mean that we are going to have Socialism. I do not think we are, but we are going to have more State control over industry. A man is not going to be able to manage his business in that entirely individualistic way that he has done in the

past. The national point of view, the interest and control and interference of the State, will be a greater thing in our future history than it has been in the past; necessarily so because of the action of the State during this present difficulty—action necessary for its security. Thirdly, we have discovered during this war that there are quite a number of things that we have been importing in the past, that we cannot yet make for ourselves, which are very important for our safety and for our trade. We find that there are certain things necessary to the arts of war and also essential to the arts of peace which we are not able at the present time to make entirely for ourselves. We have been in the habit of importing these things from Germany and elsewhere, and we have discovered that during war time it is vital that we should be independent of our enemies and should be able to produce the things we require for the prosecution of the war and the maintenance of our industries. You know the kind of things. Dyes are the standard example; but there are many other things that we shall have to make provision for in the future, that we shall either have to make at home or have under our own control—the “key industries” which vitally affect other large industries; these things we have all unanimously come to the conclusion we must have under our own thumb in the future, and we feel that they must be protected—if we are going to compete successfully in manufacturing—against the unscrupulous competition, the underhand competition, of those who are now our enemies. That is, to some extent, an infringement of our policy in the past, and there are some people who naturally hesitate about changing a policy of that kind. We have been for many years a Free Trade nation. We have looked very jealously upon any interference of the Government with industry, but I want to plead to-night that we should keep an open mind on this and other subjects. I do not think that we ought to rush to any conclusion. I do not think that, because we are in a difficulty now, because of the want of certain things that we are not able to make and ought to be able to make, we ought to rush to the other extreme and say that we should have a full-blown measure of Protection. That would be going from one extreme to the other. What I rather plead for is that we should keep an open mind to recognise and face the new conditions which will exist when the war is over. We must be prepared to put our political and fiscal and economic ideas very largely into the melting-pot and try to see what is needed in the national interests.

I am rather sorry to see that the Chambers of Commerce throughout the country have been passing a good many resolutions, some of them, I think, rather foolish resolutions, and they are going to have a meeting in London to consider them. I regret to see that so many of the Chambers of Commerce have concluded very hastily that we ought at once to change our policy because of the difficulties that we are now having to face. I see, for instance, that the very first resolution that the Associated Chambers of Commerce are going to discuss practically deals a deadly blow at the whole principle of our international trade. It suggests that we ought to supply our own needs from within our own boundaries and from our own soil; a policy which is absolutely impossible. We have grown to the position that we occupy in the world because of our foreign trade—because of our widely-extended export industries—and if we lost that foreign trade and attempted to live upon what we could produce in this country in the way of raw

material and food we should become a fourth-rate small island in the North Sea and lose that great position of the greatest trading and financial nation in the world. It is, therefore, to my mind, rather a foolish and emotional panic which induces men to say that we ought to go in for a policy of being self-sufficient and raising our own requirements in our own country. We should forfeit our trade with foreign countries, for we must import raw material and food. Where would our textile trade be if we had to raise our own textile materials in this country? We have to find markets for our exports, and we must export to import. A little reflection should surely be sufficient to show the impossibility of doing without our very large and increasing foreign trade. Exports and imports are merely two sides of the same thing. Therefore, I plead that we should all keep an open mind. I suggest to the Free-traders that they should recognise the importance of the new conditions.

The policy of the past may have been the wisest and best policy for those conditions, but it may be necessary now that we should change some of these views and change some of the details of our past policy in order to meet the new conditions that we have to face, and to meet them in the spirit of wisdom and prudence. Then, to the Protectionists or Tariff Reformers who are present, I suggest that this is not the opportunity to propagate their views behind the protection of the war. It does not seem quite a fair thing to make the war an opportunity for pushing political ideals which have been in the background for the last few years. Let us all try to look at the thing quietly and calmly and reasonably, with a view not to our own particular profit or to the profit of our own particular trade, but for the profit and well-being and security of the country as a whole. I believe that some change is inevitable. The new conditions created by this war will compel us to do some things that we would not have done three years ago. It is only a question of how far we are going to go. Take the point I have mentioned. I told you that after this war we shall have to raise more revenue, and we shall almost certainly have to do so by indirect taxation, by putting more tariffs or higher tariffs upon imported goods. So far as this is done to raise revenue, it is not necessarily an infraction of Free Trade. Free Trade has never barred the raising of revenue by tariffs. We do it now on tea and tobacco, and so on. The point in the past has been that we have put these tariffs upon things that we do not make in this country. The essence of Protection is a discrimination between home supply and foreign supply, and though we put on a considerable number of duties they are not Protective if we accompany them by an Excise duty here. Excise is a difficult matter and means complex machinery. The probability is that we shall have a certain amount of Protection involved in these new duties.

Then, we must remember—especially those who are Free Traders—that there are some considerations in life which are greater than wealth. Free Traders consider that a policy of free imports tends to the greatest amount of wealth, and I believe it does; but there are some things which are greater than the material prosperity of the country, and one such thing is the security and defence of the country. Adam Smith, the great apostle of Free Trade, admitted this, in "The Wealth of Nations," in the historic phrase "Defence is greater than opulence." The security of the country is a greater matter than the prosperity of the country, and if we have to do certain things for the security of

our country which may cost us something and may injure our trade to some extent, we may have to do them because National Defence comes first. At the same time, I still feel that, from the economic point of view—that is, from the point of view of making wealth—the case for Free Trade is unassailable. That is my personal opinion. I have never yet seen any ground for thinking that, for this country and from the economic point of view alone, we should be wise in changing our Free Trade policy; but I freely admit that this war has brought out the importance of National Defence. We have not been alive to the danger of the conditions of the world in which we live. We have not been alive to the importance of protecting ourselves, not only from the military and naval point of view, but also from the point of view of our commercial prosperity—especially in relation to such things as dyes and other important raw materials and requisites of industry, such, for instance, as the spelter trade, which I am more interested in personally. The smelting of zinc spelter which has been carried out in Germany, has been a very great disadvantage to us. It has caused spelter to rise to an enormous price, and we found that whilst the ore from which this zinc was smelted was obtained from our own Australian Colonies, it was in German hands. Why was it in German hands? That brings us back to the educational point of view. It was in German hands because we were unable to make anything of that ore. We could not smelt it. It presented difficulties of a technical and chemical nature that we could not surmount. The Germans, with their superior research and education, came along and provided the method by which these refractory ores in Australia could be turned into spelter, and so they got the trade; and, with their customary astuteness, they got a monopoly of the trade and we found ourselves in the hands of Germany as intermediaries between the producers of the ore in our own Colonies and the finished product required by this country. That sort of thing, looking at the matter from the point of view of national safety, has got to be stopped. We have got to find some technical methods of making these things for ourselves and controlling our own raw material, and, therefore, I think that for such purposes some discrimination against Germany may be necessary. At the same time, I do not agree with those people who say that we ought to crush the German people and German trade. What we have to do is to crush German militarism, and that must be done for the safety and security of the world, but we cannot crush a nation of sixty-eight millions of people, and we cannot stop them from trading. What we must do is to protect ourselves from their monopolistic and unscrupulous competition in certain essential requirements. We must remember—as Mr. Hobson was pointing out to us in an address at the Luncheon Club at Leeds—that when this war is over we are expecting Germany to make reparation for the great injury which she has done. We shall insist upon indemnities. We do not hear much about them nowadays, but at the back of our minds, we are expecting to make Germany pay the bill. How is Germany going to pay the bill unless she can go on working and trading? Therefore, do not let us get exaggerated ideas of crushing German trade. I believe that we shall not be very anxious to do business with Germany for some time to come, nor will Russia and France. The feelings of dislike that we have will prevent a great deal of the trade which has taken place in the past. Therefore, I do not know that we need be in a hurry to crush the rest of it and

absolutely stop the trading connection between this country and Germany when the war is over. We cannot sell to Germany without buying from her, and some amount of trade between the two countries is more or less inevitable. There are some things—for instance, potash—that we get from Germany and have difficulty in getting elsewhere; and I have no doubt, at any rate, that some of the dyes that we ought to be able to make and that we shall be able to make ultimately—and the sooner the better—we shall have to get for some time to come from Germany, either directly or through some intermediary country. The result of it all is probably that we shall put on duties, for revenue purposes primarily, which will be, to some extent, protective, and that we shall probably give some preference to our Colonies. We shall also be very strongly inclined to make some discrimination against Germany—at any rate, in some cases.

There is also a proposal—a great many people want it and you see the desire expressed in the Chambers of Commerce resolutions—to discriminate between our Allies and the neutral countries. That would involve a four-fold tariff—a most complicated thing—a low tariff against our Colonies, a higher one against our Allies, a still higher one against neutral nations, and the highest of all against Germany. A four-fold tariff would be a very complicated thing, because—especially after the sweet simplicity of Free Trade—it would take a long time to establish and would require a great deal of reorganisation to get accustomed to it. I think it is too complicated, and it introduces an element of danger in discriminating between Allies and neutrals. We all feel, I think, that we would like to show some preference for France and Russia and to treat them better than other and neutral nations, but there is this danger in doing so: that if we do we rather tend to push the neutrals away from us, and we shall have Germany competing for them, and the danger is that Europe would be divided into two great fiscal camps—a mid-European one, headed by Germany doing their utmost to get the small neutral nations into their camp, and we, along with France and Russia, forming the other fiscal camp.

What about America? America occupies the position of a neutral nation, and the most powerful and the richest nation in the world. After this war, America will have improved her position enormously, and the competition we shall have to face will be far more important from America than from Germany. Germany will be for some time more or less exhausted. She will make strong efforts to regain her trade, which will be hampered by shortage of men and shortage of capital and shortage of raw material; but America has been making fortunes out of this war. America has changed from being a debtor nation to being a creditor nation. America is learning and saving money, and building up her finance until she is able to finance herself and prepared to finance other people, and she is going to compete with us for the position of financial leader of the world. We must bear in mind that if we discriminate between our Allies and neutrals we are discriminating against America, and what I should like to see would be the friendliest and closest co-operation between our country and America, and not economic rivalry or friction. I have tried to put before you the whole consensus of the position—the points of view involved and the difficulties involved. There is just one other difficulty I might mention: that we must not necessarily assume that the countries which are now our Allies will always and for ever remain so. History does not teach us that. In the course of a generation we may find that we

are more friendly with one nation and less friendly with another, and there is, therefore, something to be said for not tying ourselves too closely to preferential fiscal relations with those who at present are our Allies. I am talking to you quite frankly, and trying to look at the matter from an economic point of view. We have every reason to be proud of our Allies and thankful for them, but, at the same time, we have got to consider our fiscal policy in a calm and temperate way, not from the point of view of patriotic resentment against Germany at the present moment, but from that of the needs and interests of the future.

But the fiscal side of the matter is only one side. There are quite a number of other things that we might look to the State to do to help us in the coming days. I will just run rapidly over some things which are the subjects of such general agreement that there is no need to go much further into them. We must do more than we have done in the past to control shipping in the interests of importers and exporters. We must improve our patent laws and the law of copyright in order to bring more uniformity and fairness and consideration to our home industries. We shall also have to put some restrictions upon enemy firms trading in this country. We have allowed too much liberty to Germans in the past, with their insidious and permeating policy of getting hold of our industries here. We ought to know when we are trading with Germans, and a registration of firms is a most important element. We ought to be able to know whether we are dealing with aliens or not. Then we need to improve our consular service. Our consular service does not do for our foreign trade anything like what it might do and ought to do. It wants re-organising and improving. We should have Englishmen serving as Consuls all over the world, looking after our interests sympathetically; and a great deal more in the way of information and help to traders might be obtained by an enlarged and improved consular representation. Take the case of Russia. We must do a greatly increased trade with Russia, one of the principal countries of the world, with enormous natural resources, with a great future before it, and immense internal wealth. That great country has been under the economic thumb of Germany, and now it wants to be rid of Germany. Russia is only too anxious to be free, and to come under the guidance and help and direction of English industry and capital. There is a magnificent opportunity for the English manufacturer to find new possibilities of trade and a sympathetic market for his wares in Russia, and we need the help of Consuls to enable us to do it. We need also some of that patient attention to the requirements of foreign trade of which the German has given so much and we have given so little. We need to study the requirements of the country. There should be a large number of young men learning the Russian language and going to Russia to find out what they want, so that we may arrange to supply them with that and not with what we think they ought to want, giving them price lists and quotations in their own currency. I should like to see banking facilities provided in Russia by English banks or by their opening out relations with Russian banks to enable us to give Russian customers more credit facilities than we have hitherto been able to give. If we are going to meet German competition, as we ought to have a magnificent chance of doing, we shall have to do something in all these directions to capture the great and increasing trade of Russia.

Then, we need more encouragement to scientific research and technical education. I am not going into it in any detail, but we can certainly learn a lesson from Germany in this respect. We need to

improve our general secondary education as a basis upon which to build our scientific education. You cannot build a proper scientific research upon the flimsy foundation of elementary education. You want a good basis to start with, and then some public money and a larger interest in scientific research in relation to industrial problems.

So far, I have spoken of matters which are within the scope of the action of the State, but we Englishmen, and especially we Yorkshiremen, have never believed very much in what the State was going to do for us. We have believed a great deal more in what we could do for ourselves, and I hope we always shall do so. We must not look to the State to meet all these new conditions. We must rouse ourselves. I want to say a few words as to what we ought to do ourselves within the limits of our own particular trade. We must work harder. My impression is that we have been getting slack and easy-going, and preaching a gospel of ease and comfort, and getting too much interested in golf and week-ends and motoring. The masters have been doing this; and the men have been too much interested in football matches and cinema palaces, and pleasures generally. It is a good thing for us sometimes to face these things. I think we have been suffering from too much prosperity. We have had things too good for the last generation or so, and have been losing the mental and moral fibre and grit which made our position in the past. We have made our position by working and sticking to business in the past, and we have been in danger during the last twenty years of losing it, and the Germans and Americans have been taking business from us very largely because they have worked harder and have concentrated more upon business and have paid less attention to pleasure and sport. After all, riches are made by human energy working upon the raw materials at command. It is human energy that does it; it is not done by tariffs and State interference. There are rich countries in the world that are Free Traders like England, and there are rich countries that are Protectionist like Germany and America. They are not rich because of their fiscal policy. That policy is consistent with wealth whether it is Protectionist or Free Trade. It is the energy that lies behind the policy that counts, and if we have been rather failing in that energy, this war, with all its economic suffering and loss and bloodshed, may be a good thing for us. It will rouse us out of that fatal complacency of ours, and stir us up to more energy of action as it did a hundred years ago when our forefathers were engaged in a war which, to them, was as great a burden as this war is to us. They felt it more than we do, for England had more or less to fight Napoleon single-handed. Yet, during the whole of the twenty-five years that we were engaged in a life-and-death struggle with Napoleon, we were re-organising our industries. We were at that time introducing all the textile spinning and weaving machinery. All the great textile development took place during that very period, and we were remodelling and reorganising the business methods of the world. What is called the industrial revolution—the introduction of the machinery and motive power—all took place during that great military struggle, and so we laid the foundations of our trade and wealth in a time of great hardship. We were driven to it then. We had to work hard. Necessity is the mother of invention. It is the mother of industry, too. We all of us tend to work hard because we have to, and when we do not need to, we tend to slack off.

Emerson said that mankind was as lazy as it dared to be, and

there is a great deal of truth in that. We have been daring to be rather lazy. We have not been working in the most scientific and up-to-date manner, as the Americans and Germans have done. We have a great deal to learn from them. Look at America. Do you realise that the Americans produce three times as much wealth per head as we do? Why is this? Partly, because they work harder. Partly, it is the better atmosphere, but partly, and mainly, it is because they have got three times as much horse-power and machinery per man. Every man who works in a factory in America has got more machinery and horse-power behind him than he has in England, and he has got more capital per head. Therefore, they are working more efficiently in America than we are here. The last census of production in England and America brings out that fact—that they produce three times as much per head as we do. That is efficiency. By efficiency I do not mean merely hard work. It is something more than that. It is hard work done in the best possible way, and that is the kind of thing which our competitors have been studying and we have been neglecting, and it is this efficiency which not only determines the fortune and prosperity of the employer but the rate of wages and prosperity of the employee. The rate of wages, according to the latest economic view, is mainly determined by the efficiency of the worker; the efficiency of the whole concern; the policy of the organisation and of the individual. It is efficiency that makes the rate of wages, and a policy on the part of the working-man of going easy and restricting output is all against him and against his wages and against the interests of the employers, too. Both master and man should throw overboard that policy of going easy and recognise that we have all got to do our best. We ought to produce more wealth. That is what we are out for and is what we are in business for; I do not mean making our own individual fortunes, but getting as much wealth and turning as much out of our factories as we can, and making the same labour and capital go further by putting more brains, method, and system into it.

There is a great deal in this respect that we can learn from America. I admit America sometimes overdoes it. We think the American falls down and worships method, and perhaps it is so, but we can learn a great deal by the study of how to do a thing right. I have been very much struck by a recent investigation by an American called Taylor into scientific management. Quite a number of people in America are now experts in going to a factory and looking round and seeing what could be done, and, after half a day of going round it, they are able to say "We advise you to do this thing or that in another way," or "We think you are not getting enough produce here," or "You are wasting time and energy there." For example, it was found, in a case in which men were shovelling material, that they were shovelling sixteen tons per day each man. By a careful study of the work and of the length of time at work and the amount of rest required, it was found that a man could shovel 59 tons without being exhausted if he did it in the right way. Most striking of all was a case of the carrying of pig-iron. This expert came along and said "Here are 20 men carrying pig-iron from a steamer to the shore. Let me take a man, and he shall do exactly as I tell him, and I will see what he does in a day. He shall work and rest alternately and do exactly what I tell him for as long as I tell him and at the pace I tell him"; and at the

end of the day that man had moved $47\frac{1}{2}$ tons instead of $12\frac{1}{2}$ tons. A good deal turns upon rest. Wherever you have got heavy physical labour you cannot go on doing it efficiently for very long without rest. There is a good deal in studying the relationship of these causes to output. There is no doubt that, in cases like that, a judicious amount of rest intermixed with the work enables a man to do more and produce more. I notice that, to-day, in the munition factories it is found that it does not pay to go on working seven days a week, and that the Sunday rest or its equivalent is necessary if we are going to produce our maximum; and I believe that the solution of half our labour difficulties will be found to be in the satisfactory dealing with this problem of efficiency. If we can get both masters and men to look at it in the right spirit—if the masters keep their mind upon the way they run their mills and factories and consider how to do it most efficiently and could get their men to look upon it in the same spirit, we should produce more wealth and have higher wages and shorter hours and bigger profits.

I am inclined to think one of the troubles of the immediate future will be when wages fall from the high level they have gone up to during this war. I should like to see them keep up on the high level, but that can only be if there is a corresponding increase in efficiency—hard, effective work and good management and good organisation. If it could be so, it would be better for the men and, by avoiding the usual economic friction, it would be better for the master as well. We do not live in this world merely to work. We work in order to live. It is a good thing for us that we have to work, but let us do it in the best possible way and get over it as quickly as we can, bearing in mind that the end of it is the production of wealth and not merely the filling in of a certain amount of time. Then, there is a similar vein of thought that is applied to capital. We want to see that every ounce of machinery and every pound spent in auxiliary capital—tools, plant, and so on—is working efficiently. If it is not working efficiently, scrap it and put something better in its place. Keep that effort and machinery and organisation up to date and working efficiently for the well-being of the concern and the industry and, ultimately for the well-being and prosperity of the country. Then—partly by the help and direction of the State and partly by our own industry and organisation and enterprise—we shall be able to meet and face successfully, I hope, the competition we shall have to meet after the war.

DISCUSSION.

Mr. JOHN A. GUY said he could not say much about the working harder in America, but he knew of no country in Central Europe—and he was fairly well acquainted with them all—that, hour for hour and man for man, did or could produce the amount of work produced in our English mills and factories before the war. He was rather astonished that Mr. Dower had referred to shipping and not to railways. There ought to be a great investigation into both railway and shipping charges, so far as this country was concerned. He believed that often in the past, through the shipping and railway rates, our trade had been undermined by the preference given. Those in the trade knew that it had been possible to get goods from the centre of Europe delivered at Bradford cheaper than

goods delivered from the centre of England. He certainly hoped that out of this war a remedy for this sort of thing would accrue. He thought they should commend Mr. Dower's remarks on the consular services. As to the acquirement of foreign languages by the English commercial traveller, he agreed that language was important, but thought that it was more important for travellers to be thoroughly acquainted with the production of the goods they sought to sell. Mr. Dower evidently thought it was very likely that large increases may be made in the import duties on goods. He (Mr. Guy) looked upon all duties upon imported goods required in manufacture as a detriment to trade as a whole. Most of the goods imported into this country were required to make something else out of them. If it were a matter of raising revenue, would not a direct tax be infinitely better than a tax on certain imports? We must keep our exports up to the largest extent possible. We had not, perhaps, in the past, as Mr. Dower said, sufficiently prepared ourselves for national defence. But he thought the war had shown that we had one weapon of defence, and if that weapon had not been so well prepared and so great, the war situation would not have been in so advantageous a position for us as it was to-day. That weapon of defence—our greatest—was the wealth of the country. If we were going to do anything to impoverish that wealth by restricting the exportation of our goods, we might arm our men with military weapons of defence and destruction to the utmost, as the Germans had done, and the wealth of other countries might cripple us.

MR. HOLDER: May I ask for a little more information with regard to the statement that the American produces three times as much per head as we do in this country? Does that computation take into account the fact that we have larger numbers of leisured people here than they have in America, and are we quite sure that the census of production is taken in the same manner in both countries, and to what extent does it take account of different values?

MR. DOWER: The census of production in the two countries was not for exactly the same year, but very nearly so. One was for 1907 and the other for 1909. They were not carried out on exactly the same basis, but the results were based, I think, upon the number of people engaged in the industry in proportion to the wealth produced by that industry. Something must be allowed for differences of value, prices being higher in America than here, but, broadly speaking, there is no question whatever from the figures that, taking a particular industry in America, more wealth is produced in proportion to the number of men engaged in that industry than is the case here. The questions of unemployed and leisured people are not considered. The census of production simply takes a short cut; there are so many persons engaged in a trade and there is so much production in that trade. I admit there is something in the prices being higher in America than here, and that will probably account for part of the greater production per head. I am not sure that that has been taken fully into consideration. It would make some slight difference, but, still, broadly speaking, the result was that something like three times the amount per head is produced in value. We cannot get at quantities. Beyond that there is the fact that there is three times the horse-power and, roughly, three times the amount of machinery, and that is a very interesting and striking thing. Another thing which is rather interesting is that in America they not only produce more wealth per head, but they expend rather less than half the amount per head upon drink that we do.

CHAIRMAN: If the yardage and poundage could be got at, it would be a fairer basis than the value.

Mr. DOWER: I agree that you must make some allowance for the prices being higher in America. Suppose the price is 25 per cent higher, or even 50 per cent higher, that does not account for 300 per cent higher production.

Mr. HOLDER: I should think from what one hears that the cost of making goods in America is very considerably greater than it is here—as to clothing, for example. I should also like to ask if there is any information splitting these figures into different trades so as to show to what extent they apply to the textile trade and what to other trades which have been largely developed in America.

Mr. DOWER: I only give you the general result.

Mr. HOLDER: In textiles, it cannot, I think, be three times.

Mr. DOWER: It is taking the average, speaking generally, over the whole of the trades taken into account.

Mr. H. W. BROADBENT: I should like to say how interested I have been in the lecture. It has struck me whilst the lecturer has been speaking the one outstanding fact we recognise is that the German is a man who knows, and if we are going to defeat the man who knows, in the future, we shall have to know something more than he does. I remember reading the other day the opinion of an American mill owner. He said this war will teach us that it will be the commercial traveller who will defeat the Prussian militarism. I do not think we need put ourselves out of the way to say what we are going to do in the future. In Germany they have taken advantage of the cartel system. It has been through that system they have been able to encourage research work. I do not agree that the cartel system is a means to inspire successful competition. We shall have to look for our salvation to research work. Of course, it is a very great disadvantage for the people of a country if they do not support each other, but the most serious handicap of all to commercial people is when the Government itself gets in the way. It is an awful business then, and I think the Government's first duty to the commercial man is to get out of the way and let the man who has it in him get through; the sooner he gets through, and the Government find it to their interest to support him, the sooner we shall reap the advantage. Many of the trades that we are so anxious about just now, are not, when you come to reckon them up, very nice trades. They are, perhaps, trades that we want just now, but there is the future before us, and we may not want them any more than we wanted them in the past. If we wanted to get hold of the German dye trade in this country, and we had considered that it was better than other things we have been so busy with, I think we could have had it.

Mr. DOWER: As this gentleman has referred to the dye trade, may I say that if you look in the evening paper to-night you will see an interesting speech of Mr. Milton Sharp, the Chairman of the Directors of the Bradford Dyers' Association, who brings out the most interesting and telling fact that we allowed the Germans to monopolise the dye-ware trade, with the result that when war broke out we had no facilities for making high explosives and Germany had, and she was able to turn her thousands of employees in dyeworks on to making high explosives because that work is akin to the work of the dye trade.

We were in such a serious position in consequence of this that, a year last November, Lord Moulton was asked by the Government to take this matter in hand and organise the supply of high explosives. That is a year last November, and Lord Moulton's Committee has saved the situation very largely by bringing into play all the facilities we have and extending them. That shows the intimate connection between the defence of our country and the maintenance of certain industries. It was of vital importance that we should have had the dyeware trade in this country, and we must have it in future because it is wrapt up so completely with national defence.

Mr. BINNS, after alluding to suggestions that there was a tendency to lack of courtesy to buyers in this country, said if we had buyers coming to us we should welcome them when they arrive and not send men to the far ends of the earth in order to get their business. If they are here we must have some means of receiving them in a proper spirit, not only in the way of giving them cheap goods but in our general attitude towards them, and if there was any lack of courtesy on our part it was going to be a very sad thing for this country. Perhaps (he continued) the lecturer will tell us, also, does not his general view amount to the suggestion that there is such a thing as a balance of effort? I take it he means that there is a general balance of effort which will run all through human endeavour, and if this is so, does he not think that in our schools, where we come to a class of sixty children, what is effort to one is not effort to another? Would it not be very much better if we could look at things in a national light and pay a little more money in order to have a regulated effort right away from school life and during the four years after they leave school before they go into business life? Is it not the fact that the schoolmaster knows very little about commercial life and we know nothing whatever about the school life? And is it not time that the schoolmasters and those interested in business circles got their heads together to see if some more connected scheme could not be evolved? The schoolmasters cannot do it themselves, and the schoolmasters would not give us credit for knowing anything whatever about their side of the question.

Mr. BENSON: I have been exceedingly interested in the lecture to-night. I am very much in the position that Mr. Guy is in—that I am a Free Trader and doubt very much the wisdom of applying some of these suggested tariffs, and my own feeling is that it would pay us as a nation to drop that idea and turn our attention more to commanding the raw materials which we produce within the Empire. My own idea is that the Empire could be made self-supporting, so that we could produce for all trades all raw and manufactured materials that we need. What would have happened if Germany had had possession of Australia and produced the wool which Australia does? Would they have given it to every part of the world as we do? If you could control the supply of wool in Australia and give us in this country the first use of it in the future our textile traders would be very well established. Take the case of cotton. If we could produce in the Empire all the cotton, what a great mine of wealth that would be. Some day we may find that America is at war with us and we are dependent upon America and cannot get it.

Mr. DOWER: We have been there once.

Mr. BENSON: My feeling is that if we could reverse that process and apply our attention to making within our own Empire all the raw materials, and have the first call upon them for ourselves, we should do far better to direct our attention in that direction. I do not like this self-depreciation and laudation of the Germans and Americans and everybody else. I think we are quite as good and clever as any of them. Our difficulty in the future will be the labour problem. Take the condition of our country for eight years prior to this war. Were we all gallivanting and neglecting our trade and businesses? We had the finest trade in the world. America and Germany would have given anything for the trade we enjoyed. Our trouble was not want of work or prosperity, but want of workpeople. So it is now, and after the war we shall settle down to a trade which will employ every man, woman, and child we can get hold of. What more do we want? What we shall suffer from, I think, is the question of adjustment. We may lose a great trade with Germany and Austria, but we certainly should see that we get it from Russia, and it is in these directions that our energies ought to lie. In regard to the textile trade, the biggest part of the cloth which we were exporting to Germany has been simply sent on to Russia, and there is a great possibility for us there, and if we would tackle this problem more on these practical lines we should find the greatest advantage in it.

Mr. CHAPMAN said he had been reading an article written by a Russian, who stated the number of the people in the country, their riches, the goods they required, and the conditions under which trade ought to be done. He was struck by the statement that when the Russian got goods he usually could not afford to pay for them at the time he required them, and so he was in the habit of having long credit. The German had realised that fact, and was quite prepared to give him the six months that he required. The question arose as to how far the trader in our country is likely to do the trade under present conditions so far as banking facilities are concerned? He should like to hear Mr. Dower's opinion on the matter and his opinion as to whether it should be left absolutely to the financiers or whether the Government should intervene? In regard to sticking to business, he thought the majority of the people of this country engaged in trade did stick to business well.

Mr. DOWER: I did not wish to suggest for a moment that any of the gentlemen in this room were addicted to too much golf or motoring or any other form of indulgence, but I think this tendency is too widely prevalent both amongst masters and men. I am merely speaking of a general tendency towards a desire for pleasure and comfort. I do not think that, as compared with our grandfathers who built up the business of the country, we, either masters or men, work as hard. I do not myself for a moment suggest that we ought to work long hours, as Mr. Guy seemed to think I meant. I want to see shorter hours rather than longer. I want men to work hard when they are working and devote themselves seriously to the task of their business, whether masters or men. Frequently, work is looked upon merely as a nuisance which has got to be got through somehow in order to get away to the really serious business of life, which is amusement. There is too much of that spirit. In regard to banking, it is a very difficult subject. I do not personally wish to see any great change in our English banking

system. I should be sorry to see us adopt German methods, because the German method means practically that the bankers have got their thumb upon all the business in the country, and I do not think the Englishman is prepared practically to have the bank in partnership with him. He wants to get as large facilities as he can, and our English banks ought to give more than they do, and the Government might go so far as to put a little more pressure upon them to give a little more facilities for genuine business. But as to putting capital into the businesses and locking up their resources in industrial concerns, I do not think we are likely to adopt it. As to Free Trade, though I am a Free Trader on economic grounds, there are certain points that we must see, and if you look at the resolutions proposed by the Chambers of Commerce all over the country it is evident to my mind that we are going in for Tariff Reform whether we like it or not. I don't like it. I sympathise with Mr. Benson and Mr. Guy, but it seems to me that there is an argument for it on political grounds, and if it is done moderately, and for a time, it may not be as bad a thing as we think. Indeed, I think the old position of absolute Free Trade is simply doomed by the effects of this war. I am not advocating it, but it is simply forced upon us. If you look at the Chambers of Commerce resolutions there is now only one that has passed a resolution in favour of the present state of things, and that is Manchester. But, do not let us make up our minds in a hurry and be rushed into it. Let us look at it all round and recognise that there is need of some modification and change. As to raising the revenue by indirect taxation, I do not think that is practicable, for this reason, that you do not get the load sufficiently distributed. It is important that we should make all classes of the community feel the burden of this war and help to pay for it, and you can only do that by direct taxation. Direct taxation has been extended and will be extended further. I do not doubt that we shall have a 5s. income tax before the war is over, but along with that, if you are going to tap the resources of the whole country, you must have indirect taxation also. Otherwise, the working man is going to get off his equal share. The difficulty of collecting income-tax from the small wage earner is so great that you can better get at him by indirect taxation. I venture to predict that this coming Budget will contain a largely-increased amount of indirect taxation, and it is fairer on the whole to the community to spread the burden in that way. I do not know that there is anything else except to thank you for your kind attention and to say that I have enjoyed the interesting discussion.

The CHAIRMAN said that for their own sake, individually, and for our country, we wanted to look at these matters in the widest way and not depart from settled policy precipitately.

Mr. ROPER proposed a vote of thanks to the Lecturer, and Mr. HOLDSWORTH seconded. Mr. Holdsworth observed that he hoped more State control would not mean more State officials. Employer and employed alike could find the greatest illustration of lack of organisation and efficiency in Imperial and Municipal matters. If we had to change our fiscal policy for the sake of increasing revenue, we might increase it from the State point of view and increase our revenue by decreasing our standing charges.

The resolution was heartily carried.

Mr. DOWER responded, and said he agreed with the last speaker that we did not find the biggest illustration of efficiency in State management, but he thought the State was going to be a bigger sharer in our life than it had been in the past.

Mr. GUY: As Chairman of the Bradford Elementary Education Committee, I should like to say there was a remark made to-night in this room which might be taken to be correct if I did not reply to it. Mr. Binns alluded to classes of sixty in the schools. He has very likely got the information from certain particulars given in Bradford a fortnight ago. There is no such like thing as classes of sixty in Bradford now. Our classes do not average forty in Bradford. I thought if I permitted that remark to go past without repudiation it might be taken that I was giving assent to it.

Mr. BINNS: My only information comes from the fact that some teachers some years ago let me sit at the back of their classes and see what went on, and I was using my own judgment as to what went on, and there were then classes of sixty. That was all.