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Review: British Industry after The War

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Source: *The Economic Journal*, Vol. 26, No. 101 (Mar., 1916), pp. 97-104

Published by: Wiley on behalf of the Royal Economic Society

Stable URL: <http://www.jstor.org/stable/2222051>

Accessed: 27-06-2016 04:41 UTC

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But List the prophet looked to a more distant future. In the last scene of his vision he sees Germany and England as allies in world expansion. Germany will assume the protectorate of Turkey, but will thereby act as guardian of British communications with the East. The south-eastern expansion of Germany was not approved by Bismarck, but has been approved by the man who dropped Bismarck as pilot. At this point the vision of List—with our present outlook—soars into the unreal or the ideal. The last scene is a great confederation of all the European nations—a great United States of Europe—under the hegemony of England, England content to be an equal amongst equals. And for what end? What is to be the binding force of the union? The answer is startling, having regard to present conditions. The United States of Europe was to be founded and maintained to keep in check the United States of America. When, relatively to the gigantic American nation, England had become, so to speak, a little Holland, in her own interest she must strive to lead the United States of Europe against the Marinismus of America.

In his last days the idea of an alliance between England and Germany became the dominant thought with List. His last work was a tractate *On the Value and the Conditions of an Alliance between England and Germany*. For the furtherance of this object he came to England, where he witnessed the final stages of the repeal of the Corn Laws, and saw face to face the leaders of English politics. His project of an alliance was received coldly. The advantages seemed too far off to the practical imagination of the English statesmen. In the opinion of Dr. Kumpmann the chagrin caused by the failure of this cherished scheme was the immediate cause of the tragedy by which he put an end to his life. A fitting omen for the greater tragedy of to-day! "Back to List" is the moral which Dr. Kumpmann commends to his countrymen, but what a gulf must be bridged over before the passage can be made!

J. S. NICHOLSON

BRITISH INDUSTRY AFTER THE WAR.

Report of a Sub-committee of the Advisory Committee to the Board of Trade on Commercial Intelligence with respect to measures for securing the position, after the War, of certain branches of British Industry. (Cd. 8181. 18 pp. Price 2½d.)

THIS report is signed "Algernon E. Firth, A. J. Hobson, Stanley Machin, E. Parkes, Albert Spicer," the last named, however, appending a reservation indicating that he is not prepared

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to swallow the whole of the Protectionist proposals of his colleagues. The President of the Board of Trade publishes the document "without, of course, taking responsibility for any of its conclusions," which is a little like the conduct of the proverbial father who introduces his unattractive son to the schoolmaster with a hint about the unpleasant hereditary characteristics of the boy's mother's family. If the President did not select the Sub-committee, he must at any rate have selected the Committee.

Like many another modern politician, pathetically endeavouring to be "efficient" under the lash of the daily journalist, who despises thought because he has no time for it, the President has displayed an unfortunate readiness to start an inquiry how something is to be done without first asking whether it is desirable to do it.

Early in the present conflict the Board of Trade allowed itself to be rushed by newspaper agitation into giving countenance to what was called the "war on German trade," by which was meant not the operations of the Allies' navies, armies, and custom houses during the war, but a movement in the direction of producing in this country every kind of manufacture hitherto exported from Germany, whether important or unimportant, whether likely to afford lucrative employment or starvation wages. Some measure of success having been attained in this, it is supposed necessary to appoint a Sub-committee "to make recommendations as to the best means of securing the position after the war of industries undertaken in consequence of the Exchange meetings and the British Industries Fair organised by the Board of Trade." Precisely what industries have actually been undertaken in consequence of this unusual—perhaps fortunately unusual—activity of the Board of Trade we are not told. The Sub-committee say:—"The following were the branches of industry to which it appeared that our inquiries could most usefully be directed, having regard to the terms of our reference:—Paper manufacture, the printing trade (including colour printing), the stationery trade, the jewellers' and silversmiths' trade, cutlery, fancy leather goods, glassware (including table glass, laboratory ware and glass bottles), china and earthenware, toys, electrical apparatus, brush, &c., trade, hardware." We can scarcely be expected to believe that the efforts of the Board of Trade caused new industries to be undertaken in all these branches of manufacture, and we notice that the Sub-committee's circular letter of inquiry speaks of "possible measures for assisting British manufacturers to maintain, after the conclusion of the present war,

such new developments of industry *as they may have undertaken in consequence of present conditions*," not such as they have undertaken in consequence of the measures taken by the Board of Trade. Further on the letter becomes even wider in scope. It asks for observations on assistance to scientific research; on copyright and patent law, trade-marks and merchandise marks, transport, finance, and trade fairs and exhibitions; and then expresses readiness to receive suggestions of a general character "in regard to such matters as the conditions under which, prior to the war, the manufacture of" articles in which the addressees were interested "was carried on in this country in competition with Germany and Austria-Hungary, and any special difficulties which that competition encountered." The inquiry thus gets completely away from its original purpose, and becomes little more than an invitation to persons carrying on particular trades to say how they would like the Government to assist them in competing with persons carrying on those trades in Germany and Austria-Hungary. Even this is not wide enough for the Sub-committee; it actually proceeds to receive the complaints of the printers against the copyright law of the United States and agrees to their proposal that our own law should be assimilated to it, which would not affect German and Austrian competition in the least degree.

A very natural consequence of the Sub-committee's methods was that all the particular matters on which it asked for guidance were "regarded as of secondary importance in comparison with one question, and that is the possibility or otherwise of tariff protection after the war. Practically all the representative firms and associations consulted by us asked for a measure of protection." Why? The effects of the war are given as a reason in section 49, which recalls the fears felt by the agriculturists in 1814 and their successful demand for a higher protection against the disastrous foreign competition which they imagined would ruin them on the conclusion of peace:—

"There is a general fear that, immediately after the war, this country will be flooded with German and Austro-Hungarian goods, sold at almost any price, and that the competition in price which was going on before the war will be accentuated, with resultant serious difficulty to all manufacturers of goods of kinds (*sic*) exposed to this competition, and positive disaster to those manufacturers who have been encouraged to extend their operations or engage in new branches of industry with a view to capturing trade hitherto carried on by enemy countries."

This fear is said to be based on two beliefs, firstly, that large stocks of some things have been accumulated, which the Sub-committee evidently doubts, and secondly, that Germany "will make every effort to recover her position in the world's markets and to crush nascent competition, and that in carrying out that policy cheapness will be a potent weapon," which the Sub-committee accepts. The possibility of the British manufacturers making every effort to retain their newly gained position and to crush renascent competition, and of their using cheapness as a weapon in the conflict, does not seem to have crossed the mind of the Sub-committee. It is strange that in these days, when everything is scarce and dear and the populace of all Europe cries out against its futile Governments because they do not keep prices down, there should be found even a Board of Trade Sub-committee so old-fashioned as to believe that plenty and cheapness are the evils against which we must be on our guard.

But, as in 1814, the war and its cessation are by no means indispensable to the demand for Protection. "The causes of the ability"—would it not be well to think also of willingness?—"of German firms in the past to undersell their British competitors" were discussed, and "most emphasis was laid on" (a) the low German export railway rates and "other transport advantages," including apparently the existence of the River Rhine, (b) the German import duties, which enabled manufacturers to combine to sell cheaper abroad than at home, and (c) the low German wages per unit of work accomplished. Superior organisation and greater attention to work by workmen seem to have been mentioned at least in one case as the explanation of the lower labour cost; the report does not suggest that anyone ever thought of inquiring whether the profits and salaries of business management were lower in Germany.

Now there must, of course, be some cause or causes why a particular thing is sold by the producers of one country at a lower price than producers of another country care to take, and presumably one or more of these causes must be proper and legitimate, even from the point of view of the second country; otherwise, in a world in which each country's affairs were well ordered by its Government international trade would cease. It would be extremely interesting to have from the Sub-committee or from some authoritative Protectionist source a definite statement of belief on the question what causes are proper and legitimate. The Sub-committee does not, indeed, say plainly that the other countries of the world ought to combine to force the German Government

to charge higher railway rates on exported goods ; to remove potteries from the banks of the Rhine to some district with a geographical situation more like that of Staffordshire ; to prevent combinations from selling things dear to Germans and cheap to the rest of the world ; and, finally, to enact that no one in Germany shall take less wages, salary, or profit for the same kind and amount of work than the highest paid for that kind and amount of work anywhere else. But from the tone in which it discusses these matters we can safely infer that it really supposes that it would be a fine thing for the British Empire, and, indeed, the whole world outside Germany (and possibly Austria-Hungary, with perhaps Turkey and Bulgaria), if this could be done. Failing this possibility, the Sub-committee recommends indiscriminate protection :—

“15. *Tariff Protection*.—We are of opinion that where the national supply of certain manufactured articles, which are of vital importance to the national safety, or are essential to other industries, has fallen into the hands of manufacturers and traders outside this country, British manufacturers ready to undertake the manufacture of such articles in this country should be afforded sufficient tariff protection to enable them to maintain such production after the war.

“With reference to the strongly expressed opinion of many of the witnesses that the enactment of protective duties on the industries other than those referred to in the preceding paragraph, which have formed the subject of our inquiry, is essential to their maintenance, we wish to report that in view of the following considerations :—

- (a) that there exists a strong desire to respond to the feeling in our Dominions in favour of an Imperial preference in trade, and that there is also a strong desire to arrange preferential trading with those who are our Allies in the present war, and
- (b) that the present high direct taxation tends to raise the rate of interest on money, and cheap and abundant capital for the employment of their labour is of the greatest importance to the working classes,

it will be necessary to impose some widely spread import duties, and we are therefore prepared to recommend that a larger proportion of the Revenue should be raised by reasonable import duties. We are of opinion that such import duties would go a long way towards satisfying the requests for special protective treatment for the industries which we have had under consideration.”

The first of these paragraphs, omitting the words "or are essential to other industries," merely embodies an old generally received "exception to the general rule of Free Trade." It was thought of in the days of ropes and sails, and is now perfectly obsolete. It is almost incredible that five men who have presumably read the newspapers during the present war could put forward tariff protection as a means of securing the manufactured articles which may be of vital importance in the next war. Something much greater in effect than prohibition of importation, to say nothing of mere taxation of imports, will be required if the various countries are to prepare for the next war—whether in the present grouping or in some new grouping which may commend itself to the philosophical sentiment and commercial jealousies of ten years hence. Factories and trained workers will have to be kept at the call of the Government, as horses have been in recent years.

The inclusion in this paragraph of articles "essential to other industries" is amazing. There are many industries which everyone admits to be unimportant not only to national safety, but also to individual comfort. Moreover, it is not always possible to make the sharp distinction between raw material and manufactured article which seems to be necessary if we are to reconcile the new doctrine of keeping out essential manufactured articles with the old doctrine of letting raw materials in.

The second paragraph is worth following carefully. It alleges that "it will be necessary" to impose duties on many imports for two reasons, between which there is the sharpest opposition. Firstly, it will be necessary because a two-step, or more probably a three-step, preferential tariff must be imposed in order to satisfy the Dominion and Allied sentiment: there must, that is, be either free admission or a very low rate for Imperial goods, a low rate for Allies' goods, and a higher rate for goods from the countries with which we are now at war and from the countries now neutral. Now it is perfectly certain that an arrangement of this kind, if it embodied rates which gave the Dominions and Allies rates (or absence of rates) likely to consolidate the Empire or the Alliance, could not produce much money; one effect, and an intended one, would be to divert trade from its old channels, increasing trade between this country and the Dominions and the Allies subject to no duties or low duties, at the expense of the trade between this country and other countries subject to the higher duties. But the suggestion of the sentence marked (b) and the remainder of the paragraph is that an enormous sum of money is going to be raised by this egregious tariff. It is not only to "tend" to put cheap

and abundant capital at the command of the working classes, but is actually to be big enough to constitute "a larger proportion of the Revenue." In 1913-14 the Customs contributed $35\frac{1}{2}$ millions out of a total revenue of $198\frac{1}{4}$ and a total tax revenue of 163 millions : the Committee which had to arrange a preferential tariff likely to cement the Empire and the Alliance and at the same time to produce more than 18 per cent. of the, perhaps, doubled or more than doubled revenue which will be required after the war, would certainly find itself confronted by a stiff task. It would be driven inevitably to the taxation of necessary articles of food coming from the Dominions, to say nothing of the Allies. The present Sub-committee endeavours to reconcile the working classes to this prospect by the suggestion that if they will pay more for the things which they consume, and thereby relieve the wealthy of some direct taxation, the wealthy will save more, so that capital will be cheap and abundant, which will make employment plentiful. Was ever net spread more openly in the sight of any bird? The working classes are often inexpert in economics, but they are not so hopelessly stupid and ignorant as to be taken in by this revival of that wage-fund theory of the eighteen-forties which has been justly ridiculed by all their advocates for seventy years. They will decline to put a penny in the slot on the assurance that the machine will eventually hand out a farthing. The comfortable people who suppose that the war is going to afford a suitable opportunity for shifting a larger proportion of the burdens imposed by the incompetence of national Governments on the backs of the working classes are living in a fool's paradise : it is far more probable that, if the belligerents' national debts are not simply repudiated, drastic levies on property will take place throughout Europe in order to redeem them at the expense of the propertied classes, including, of course, the holders of the national securities themselves.

The individual purchaser, under the Sub-committee's proposals, is to be allowed to please himself whether he will contribute to the revenue by buying a foreign article on which a Customs duty is paid or a home-made one (at the same or a higher price) on which no duty has been paid. But the inhabitants of a locality acting collectively through their local authority, and even the inhabitants of the whole country, acting through the national Government, are to be allowed no such liberty. Recommendation 6 (b) runs as follows :—

"All Government Departments, Local Authorities, and Statutory Bodies entrusted with the control of monies raised by taxes

or rates should be under legal obligation to purchase, so far as possible, only goods produced within the British Empire.

"To meet exceptional cases the Board of Trade might be empowered to grant licences to Public Bodies for the purchase of foreign goods where special circumstances, including, for example, the existence of a combine or 'trust,' can be proved."

Anyone who has ever assisted at the "opening of contracts" by a local authority will smile.

Perhaps the lowest depth of all is reached in Recommendation 4, in which the Sub-committee propose a special merchandise marks law for German and Austrian goods : these are to be marked "Made in Germany" or "Made in Austria-Hungary" without any alternative, while goods from other foreign countries are to be "similarly marked either with the country of origin or with the words, 'ForeignMade' or 'Not British.'" It is not clear whether the choice between "Foreign Made" and, say, "Made in Belgium" or "Made in Bulgaria" is to be embodied in British legislation or left to the discretion of the trader in each case ; but either way the Sub-committee is dallying with an almost incredibly childish proposal for nothing but a mere petty annoyance of two countries with which a treaty of peace will have been concluded.

It might be imagined that "practical men" such as the Sub-committee was intended to consist of would realise not only that we are at war, but also that it is to most of us extremely disagreeable, and that when peace is once concluded, almost all of us will wish that peace to continue. In the heat of conflict the ordinary person says many foolish things in conversation with his family and friends, but five "practical men" assembled round a table at the Board of Trade to consider after-war problems ought to have been able to imagine how these problems will appear when peace succeeds war, and passion subsides in the breast of the victors. It will not then seem anything but sheer lunacy to offer petty insults to fallen enemies, and at the same time to do everything possible to make those fallen enemies and the rest of the non-Ally half of the world into a single trade group economically independent of the Allies, and the best motto for an essay propounding such a policy would be, *Solvat sæclum in favilla*—our world will end in smoke and fire.

EDWIN CANNAN