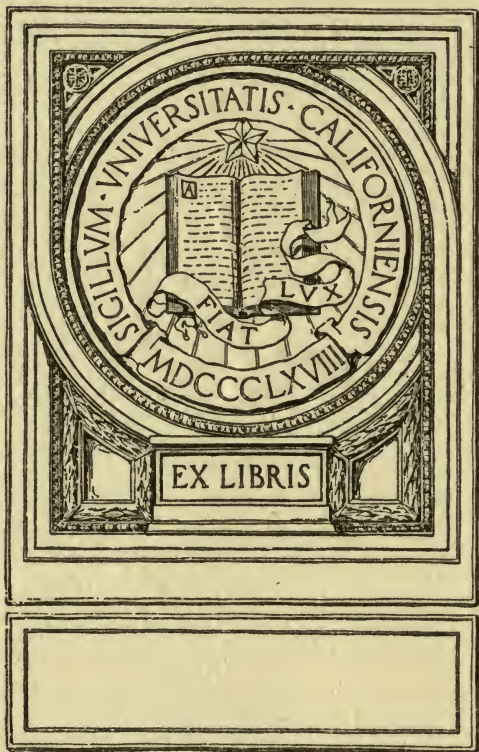
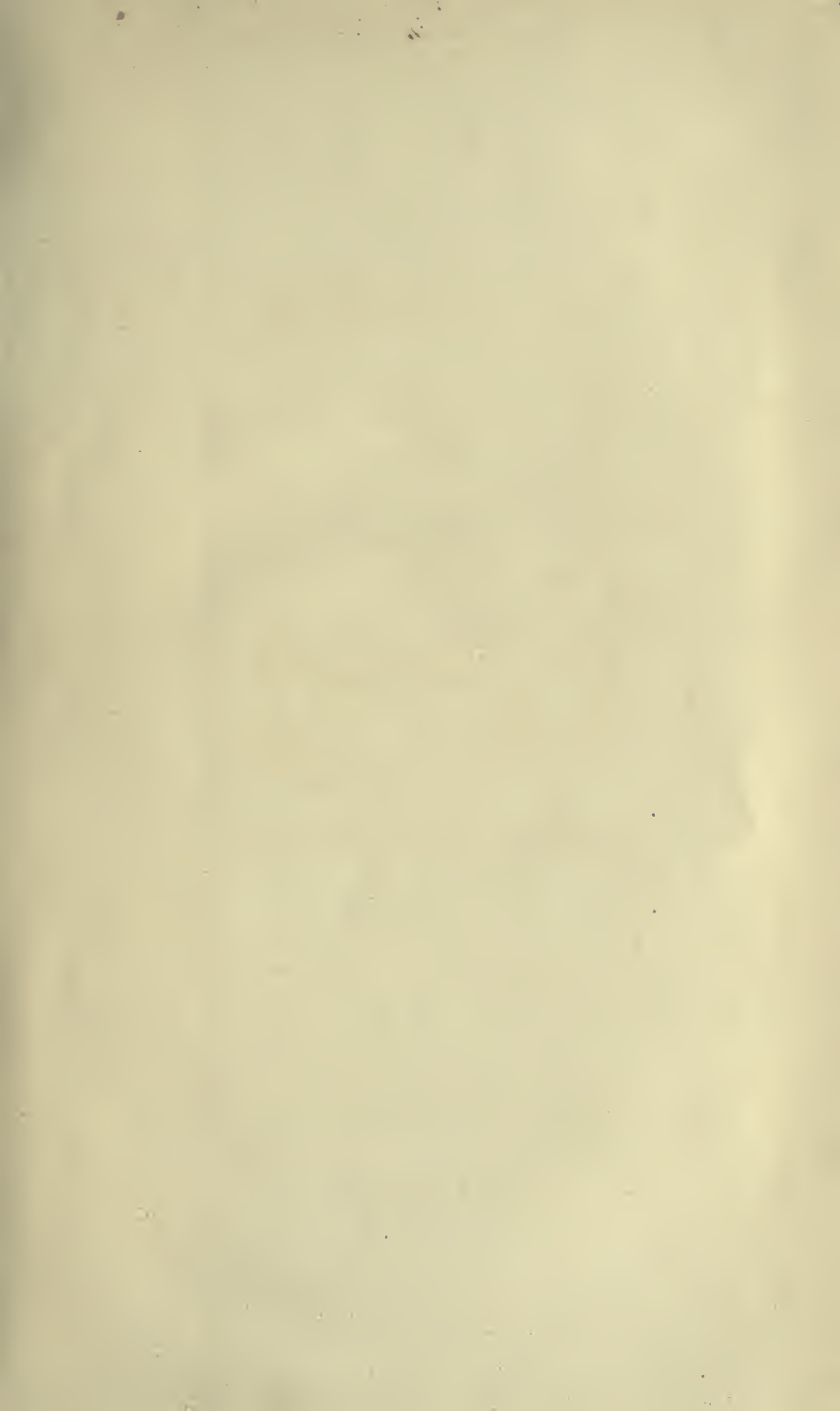


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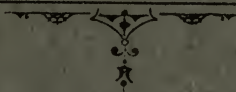




# BRITISH INDUSTRY AND THE WAR

By  
J. Taylor Peddie, F.S.S.

Institute of Industry and Commerce



Longmans, Green and Co.

39 Paternoster Row, London

Fourth Avenue & 30th Street, New York

Bombay, Calcutta, and Madras

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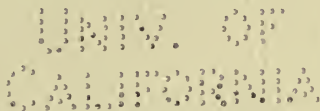
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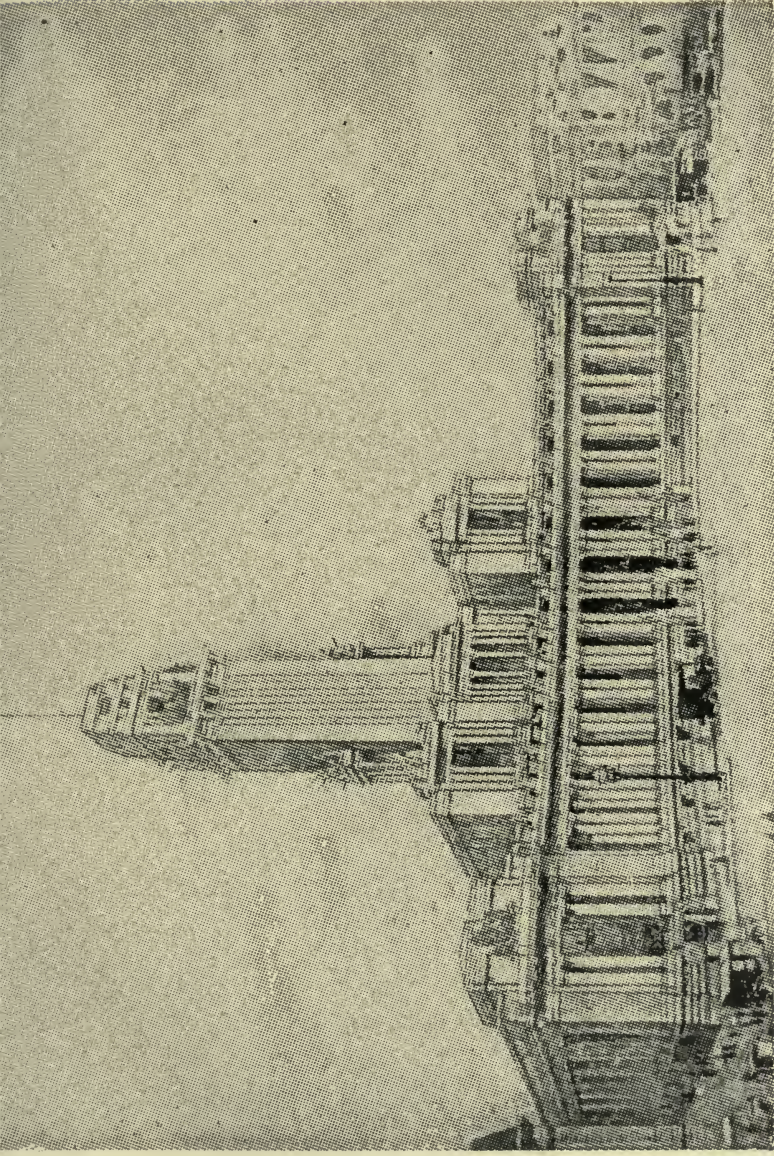
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A. G. R. Mackenzie, F.R.I.B.A.

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## INTRODUCTION.

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In submitting this Book to British manufacturers and others interested in the Institute of Industry and Commerce for consideration, I feel that a few further remarks from me may be necessary, in view of the large number of letters I have received on the subject. In order to remove any misapprehension which may exist with regard to general politics, I may say at once that the objects of the Institute are entirely non-political. I feel generally, with other business men, that Free Trade principles and the principle of Tariffs, if looked at from the standpoint of business, are not divisible questions, but come under one general survey. Questions which may arise in these categories should be considered purely on their merit as business propositions, and it is the only consideration which ought to prevail. I am strongly of the opinion that politics should be eliminated from business altogether, and business from politics. The speeches published herein clearly indicate that leading Liberal and Unionist manufacturers are agreed upon this point.

In stating these views I do not, however, wish to be misunderstood. Politics and Diplomacy in the spirit in which all British subjects have learned to appreciate them in their own State must always occupy the foremost position in the life of the

Nation. But the forces of Industry, as distinct from Commerce, must surely be mobilized just as much as the Army or the Navy. In the life of the Nation each have their own particular function to perform. It is upon Industry, however, that the cost of maintaining the Army and Navy eventually falls, and in a crisis like the present it is essential that the forces of Industry are mobilized upon an efficient footing, more especially when it is borne in mind that the enormous expenditure now taking place upon the Army and Navy will have to be liquidated. If the forces of Industry, therefore, are now mobilized and efficiently organized in co-operation with the Dominions, Colonies, and Dependencies, not only shall it be able to defeat the German objective, but at the conclusion of the War it will be able to assist the State to liquidate the War costs more expeditiously. It is in Industry that the greatest wealth is produced, and the more efficient it becomes the more will it be able to meet the obligations now thrust upon it. The welfare of all the individuals in the State are concerned in this matter for the reason that the degree of activity in art, finance, commerce, and credit values is merely a reflex of the degree of activity and efficiency which may be prevalent in Industry.

F. von Bernhardi, in his Book on "Germany and the War," grasps the principle here involved; he writes as follows (p. 128):—

"In a great civilised State it is the duties which must be fulfilled—as Trietschke, our great historian and national politician, tells us—that determine the expenditure, and the great Finance Minister is not the man who balances the national



accounts by sparing the national forces, while renouncing the politically indispensable outlay, but he who stimulates all the live forces of the nation to cheerful activity, and so employs them for national ends that the State revenue suffices to meet the admitted political demands. He can only attain this purpose if he works in harmony with the Ministers for Commerce, Agriculture, Industries, and Colonies, in order to break down the restrictions which cramp the enterprise and energy of the individual, to make all dead values remunerative, and to create favourable conditions for profitable business. A great impulse must thrill the whole productive and financial circles of the State, if the duties of the present and the future are to be fulfilled."

It is a great pity that Von Bernhardi did not devote the same forceful energy to advance the cause of German culture through Industry instead of through Militarism. If Germany had followed this course she would have in time become the wealthiest nation; she should have encouraged her surplus population to emigrate to other countries with her principles and ignored the fact that she lost them as citizens; for the reason that Commerce is international, and that credit values, wealth and welfare are dependent upon it for sustenance.

In the course of the last few days I have received many cuttings from newspapers, both Unionist and Liberal, with regard to the Institute of Industry and Commerce, the most notable of which is the Editorial in "The Manchester Guardian" of the 16th October. In order to show the strong feeling now prevailing with regard to the movement, I feel I cannot do better than publish it verbatim. I have underlined the essential points.

"The war has stopped certain natural outlets of trade. How far has it opened new ones, and what is the best way of going

to work so as to make the most of them? These are dull questions compared with the merest trifle of news from the front. Yet they are questions on the answer to which, it may be, our ultimate success in the prolonged struggle before us may indirectly depend. We must keep the nation and the Army fed, housed, clothed, and fit for the sustained struggle. This we cannot do unless our industry is maintained, and to maintain our industry under the new conditions involves a new effort. The first direction in which we naturally look for compensation for the loss of the European market is the market that is opened to us by the stoppage of European, and particularly German, exportation. We are by no means to have our own way in these markets. In South America, for instance, where the enforced temporary retirement of Germany from the field leaves a great opening for somebody, the United States are sure to make a determined effort to be that somebody, and, as a neutral, they have advantages which, as long as any German cruisers remain in the Atlantic, cannot be ignored. The practical question is, How far is it possible by organised effort to improve our chances? Much has been written in praise of Germany's consular service and in disparagement of our own. There is no doubt that the German method on that, as on almost every side of German official life, has been more complete and systematic than ours, shown more attention to detail, and taken itself more seriously as an essential factor in the promotion of individual effort. But to say this is only to illustrate once again the well-worn theme of the omnipresence of the State in the life and activity of the individual German. The English method is, on this as on all sides, the reverse. It begins from the individual and builds up from him, the heavy artillery of the State only coming into action far in the rear. Can we readily and with good effect implant the German method on a commerce that has grown up in the English atmosphere? Certainly we ought not to be above learning a lesson even from our foes, and English houses of business, it is pretty generally agreed, might do well to imitate something of that pliability in studying the tastes

of customers, even in small matters, to which the Germans are everywhere said to owe much of their success. If the newly formed Institute of Industry and Commerce ever brings organised wealth and the selected intelligence of the greatest industries to bear on methods of opening fresh doors to trade it will command general sympathy, and we may be sure that at a time like this any representation which a body of business men has to make to the Government will secure a double portion of attention. In any case, we do not suppose that at such a time our Consuls, however much they may be disparaged in some quarters, will be slow to report on the opportunities opening to us, nor do we doubt that, if inquiry be needed to supplement their statements, the Government would be ready with assistance.

“But besides the question of foreign trade there is the problem of home industry. Even here there are possible opportunities for new undertakings which we hope have not escaped the attention of the Development Commission. Take sugar-beet, for example. The whole Continental supply is temporarily cut off, and it will in all reasonable probability be years before it regains its full prosperity. We know of no reason why sugar-beet should not be grown in this country. Indeed, it is done successfully by at least one firm. We know that a good deal of land is under-cultivated, and might be put to more profitable uses, and we have among us Belgian refugees who are sure to number among them practical beet-growers, whose services in the beginnings of a new industry would be invaluable. But the acquisition of land is the first thing, and here the Development Commission should help. Beyond this there is the wider question of the food supply in general. We have no reason to apprehend any failure of the oversea supply. But some of our sources, such as Russia, will be barred, and there is every probability that next year it will pay the country to have more land under wheat. To turn land into arable is also to employ more men, and this, again, is to relieve a congestion of the labour market which will slowly come upon us as the winter advances.

“On this side the primary object of the Government will be to adapt industry to the supply of national needs. The other side of the problem is the best method of dealing with distress. What this method may be is not so easy to say as it is to describe the worst method, which is that of leaving the great body of distress to organised or semi-organised charity. Distress committees we must have with us, for, cast our net as widely as we may, there will always be hard cases slipping through its meshes. But, so far as in us lies, we should make it our aim to secure that a calamity which is common to us all, and which we have shouldered as a nation, taking for it a collective responsibility, should not come upon the poorest classes, just because they are poorest, as a means of reducing them to dependence on their wealthier brethren, however kindly disposed those more fortunate ones may be. We ought to feel at bottom that, however hard it may be to find practical means of expressing it, maintenance for those thrown out of their ordinary work by the war is not a gift which generous people should in the laudable exercise of benevolence freely make, but rather a right which the humblest citizen can fairly claim at the hands of the State. At other times it is often a question whether destitution is the result of failings of personal character or of flaws in the social system. In this case there is no doubt that it arises from the position of the community as a whole. One way of applying that principle is, so far as possible, to organise work, and this is being done to some extent for women. Another way is to develop the State provision of unemployment benefit. In this the Government has taken a first step, and will, no doubt, ere long take a second. How to proceed to deal with those in the uninsured trades and with the mass of non-unionist workers, men and women, for whom suitable work must be provided, is the problem which remains behind, and for which it will be necessary, before the war is over, to discover a solution.”

The management of the Empire's trade is a business proposition, and it should therefore be managed by business people. Mr. Joseph Cham-

berlain had the keen acumen to observe that something more than mere sentiment was essential if the development of the welfare of the citizens of the British Empire towards a higher standard was to be accomplished.

Unfortunately the only weapon that lay open to him by which he might achieve that purpose was through the medium of tariffs. The Institute of Industry and Commerce was not available to him.

The point I desire to emphasise is this, that for as long as the industry of Empire is allowed to remain in the cockpit of party politics, so long will it be impossible to consolidate the industry of Empire into a smooth-running machine. And for the reason that the principles of Free Trade and Tariffs are not divisible questions.

The consolidation of the Empire's trade can be accomplished through the science of modern Political Economy—in other words, through the medium of organised industry. The artificial use of a General Tariff is not necessary to accomplish that purpose, but, should it be necessary in very special cases, who are better able to judge than the specialists—*i.e.*, those directly concerned?

If industry is thoroughly organised, it will not be necessary to place a Tax on Food Imports to stimulate inter-Imperial trade. The importation of Food Imports from our Dominions and Colonies in sufficient quantities would need no artificial stimulant. For I hold the view that if a General Tariff Bill was introduced it would prevent the

Agents-General of the Dominions and Colonies from closely co-operating with the leaders of British industry, and that point never seems to have been considered. It will therefore be seen that in business there should be no politics.

The formation of the Institute did not arise as a consequence of the war. For a number of years I have made a special study of National Economics, and as long ago as July, 1910, I wrote a short article on "First Principles of Production," which was published as an Editorial in *Engineering* in its issue of July 8th, 1910. As it is appropriate in the present case, I am publishing it in the Book, with a slight addition, and it follows this Introduction.

Von Bernhardi, in his book on "Germany and the War," establishes the German principle that "Might is Right." Our answer to that should be that "Right is Might," and seek in every possible way to strengthen the Institute of Industry and Commerce. Ambitious Militarism is Might; Industry and Law is Right. This awful war has cleared away many difficulties that were in the way—we have, in fact, to start afresh—and has brought about the feeling that never again shall Germany devastate industrial life. And the following articles, together with the speeches that follow, indicate the one and only way by which this object can be accomplished.

To be a complete success, however, it ought to be followed up with a re-organisation of the educational system in force at our Universities, tech-

nical colleges, and secondary schools in Great Britain. The great prosperity of German industry during the last twenty years is in a large measure attributable to their wonderful educational system. In addition to the appreciation which German authorities and professors have given to the organisation of industry and its beneficent results, they have made a point of having it treated as a science—and it is a science.

In Germany the organisation of education and of industry comes under the heading of National Economics, and a large proportion of the students at the Universities graduate as B.Sc. in Commerce. The military authorities in Germany have always given preference to those young men who apply for commissions in the German Army who have acquired a degree at the Universities. This is, of course, an added stimulant, and most of the students prefer the commercial degree because of its usefulness after their military service is complete.

The result of this organisation results in German industry being controlled by very able men. This is particularly so in the chemical industry, and for confirmation of this we have only to turn to the Cotton Industry of Lancashire to observe that the German Chemical Industry has captured 90 per cent. of the British Colour Industry, and that Lancashire will not be able to resume the manufacture of coloured goods until long after the present War is finished, or until the industry is again restored in England.

Let us be candid and recognise that we have a lot to learn as a nation in methods of organisation. Organisation by no means implies the loss of individuality; on the contrary, the greater the individuality displayed by individuals in organisation the more efficient does organisation become.

One of our objects must be, therefore, to see that a proper commercial and technical educational system is established in the Universities, technical colleges, and secondary schools in Great Britain. We must establish a B.Sce. degree in commerce, and assist in the drafting of the curriculum. Not only that, but the Institute of Industry and Commerce must be prepared to list the names of all students who graduate successfully in commercial and technical subjects, and find employment for them in the great industries of the country.

The prospect of being appreciated in the services of industry should, to my mind, be as great a stimulant to the students at British Universities, etc., as the prospect of acquiring a commission in the German Army is to the students in the German Universities.

Not only that, but if the procedure here enunciated is followed it will considerably raise the status of industry, if, indeed, that is needed.

The Institute of Industry and Commerce does not seek to compete with Chambers of Commerce, nor the useful work they do; it only seeks to further the welfare of the specialised sections of trade which already operate separately from them.



To carry out and give effect to the objects hereinafter mentioned, it is necessary that the Institute should be placed in possession of substantial funds, and for this purpose I suggest that a Subscription List be opened, which should not be closed until £1,500,000 has been obtained, as a Permanent Fund, even if it takes several years to do so. In view of the substantial support which the Institute of Industry and Commerce can afford to the general trade interests of the country, the raising of such a sum should not be a difficult matter.

I am suggesting that the interest receivable from the capital sum should be devoted each year to developing National and Inter-Imperial trade and other matters of general trade interest. If it is made known that the capital will always be kept intact, and that the interest receivable therefrom only will be spent, I am sure the suggestion will receive the support of all British interests.

I recognise that the proposals may be considered bold ones, but we are now dealing with National problems, and our attitude towards them must be moulded accordingly.

To attempt to deal with National questions in a small spirit only means the courting of failure. If we are to symbolise the conception, gain the confidence of the various Trade Organisations, gain the support of those gentlemen who stand out pre-eminently in our industrial life, gain the confidence of the Government, gain the confidence of

the Dominions and Colonies—in fact, consolidate the various interests of the Empire in a practical form, the money must be raised, and I am confident that, if we have confidence ourselves in the proposals, the peoples of the Dominions and Colonies will come forward and assist us.

“For he who grasps the problem as a whole  
Has calmed the storm that rages in his soul.”

J. TAYLOR PEDDIE.

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**N.B.—The sum of One Shilling is being charged for this Book, the whole of the profits of which will be devoted to the needs of the Institute.—J. T. P.**

# BASIS OF NATIONAL ECONOMICS.

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## FIRST PRINCIPLES OF PRODUCTION.

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The longer we live the more do we recognise that the earning of a living is the main object of human activity. Higher culture is a secondary consideration; man is only ready for culture when his primary wants are satisfied. Faith, hope, and charity are foreign to a hungry man—a fact often overlooked by the prosperous. It is this aspect of human nature that affords an opportunity to Socialists, that gives strength to their movement, that enables them to create bitterness between class and class. And who shall blame the hungry man who adopts Socialism as a creed, if he finds that under existing conditions he cannot secure the basis of all human existence—the earning of a living? But it by no means follows that the hungry man is a good judge of what is the best remedy for the ills which he suffers. The State that encourages its citizens to depend upon social legislation for subsistence, instead of upon individual initiative, is embarking upon a policy fatal alike to itself and the individuals for whom such legislation is intended. Social legislation of that kind is not a force which helps to build up a man's character, nor does it stimulate that independence of thought so essential to progress. The prosperous condition

of the State to-day is due entirely to individual initiative. Similarly, the success of a commercial undertaking can invariably be traced to the same source; it may, perhaps, be bound up in an organisation, but the individuality is nevertheless present.

One of the greatest factors in production is individuality, and Nature has provided that certain men shall possess this quality in a greater degree than others. We know that all men are not equal in ability, and cannot be made so, but it is desirable that all men shall have equal opportunities. In the countries in which this principle finds the widest acceptance economic progress is the greatest. The enormous business activity in the United States of America is in a large measure due to this. One of the advantages of the free play of individuality is that by it the creative class of man—the man with ideas—is brought to the front. Men are divided into three classes—viz.: 1st. The creative, the men of genius, the originators. 2nd. Those who manage for the first—the administrators. 3rd. Those who do the labour appointed by the first and second—the artisans.

It will be obvious, then, that economic conditions should be such as will ensure a free growth of the first class. As a class it is, numerically, very small, and even under the best conditions will never grow beyond a certain small proportion. One of the conditions essential for its growth is that we shall not judge a man by what his father was, but by what he is himself. If a man has done

good to the community, he is entitled to all the rewards the community can give him, both socially and otherwise. If this principle were agreed to, and if the opportunities were provided, it would be an inspiration for all men to do what they could to prove themselves worthy of respect. We should then bring forward the creators, the men on whom the second and third classes are dependent. It is these economic conditions that Democracy should look for; under such a system she would learn that the class who ruled her (*i.e.*, the creative) were the providers of her daily bread; under such a system she would abandon Socialism, in the sense in which that word is broadly understood. Instead of the State providing for the individual, it would be recognised that it is the duty of the individual to provide for the State, and also that the State should create conditions conducive to that end. Individuals, however, can only provide for the State through industry, and it should be the function of the State to fit individuals to engage successfully in industry. The extent to which a man can enjoy the pleasures of life is largely dependent upon the opportunities he has in industry, upon experience gained therein, and upon the amount of thought he gives to the daily task. The more thought and effort one man gives over another the more successful will he be, if he can continue to maintain it.

“He only gains his freedom and existence  
Who daily conquers them anew.”

There is no finality. Things that are new to-day are old to-morrow.

As already indicated, man's welfare entirely depends upon industry, and especially upon those industries related to the applied arts. It is in these that man employs his hands and exercises his mind, and it is the duty of the State to afford opportunities for all to gain knowledge which may be turned to account in these industries. It is in industry that man now thrives, and the greater the skill with which he can exercise his hands the greater is the value of his services, not only to himself, but to his employer and the State. Personal service is the greatest asset the individual can give, provided, of course, it is efficient, and the degree of comfort derived therefrom depends entirely upon individual capacity and opportunities.

It has been assumed in the past that capital and labour were the prime factors in wealth production. This is a mistaken belief. It may have been true in the early days of manufacture, when labour played a more important part in production than machinery, but such is not the case to-day. The prime factors in production are enterprise, experience, and knowledge. There is plenty of capital in the City, and plenty of labour walking the streets, yet they do not produce wealth. Enterprise, aided by experience and knowledge in the form of management, is required to utilise these forces—*i.e.*, capital and labour. Labour is the second factor in production, and capital the third factor. It is essential, however, that management and labour should be highly skilled, for otherwise neither can profitably assist capital.

If capital cannot find profitable employment in industry it will, of necessity, drift to other channels where it can. The welfare of the community is largely dependent upon the free circulation of money among individuals, and it is only through industry that we can hope successfully to achieve this result. The circulation of money is greatest when industry is prosperous. Similarly, when industry is prosperous, so are those businesses associated with the satiation of the wants of man, such as grocers, bakers, clothiers, boot factories, and textile factories, etc. This becomes obvious when it is realised that the wants of the individual increase with his ability to pay.

We have indicated that enterprise, experience, and knowledge are the principal factors in wealth production. This applies to the manager in management, and to the workman at his machine. Modern economics demand this differentiation. Enterprise, knowledge, and concentration are wealth productive, and especially so if confined within the sphere of activity in which experience has been gained. In other words, specialisation is the key to profitable production. If these forces are to be utilised for the common good, they will require some form of organisation, and a good organisation requires good management. If these forces are not organised and managed, unemployment will be prevalent in labour and in the higher spheres of life. We perceive that one of the greatest factors in production is management, and as the evolutionary process advances we recognise this more and more.

The greatest and most modern force in wealth production is organisation. But in using this expression it should not be assumed that individuality is lost in organisation; on the contrary, it is a greater factor than ever, and the more that individuality is developed in individuals in an organisation the stronger does it become. It is, however, essential that the individuals composing an organisation should work cohesively and for one purpose.

An organisation is not successfully created that does not have within it departmental or sectional organisation, and the severest test to which an organisation can be put as to its efficiency is whether it can maintain a continuity of policy and quality.

In creating an organisation the greatest care should be exercised in avoiding over-centralisation: similarly, in preventing too much decentralisation. Organisation should follow what may be termed natural tendencies, *i.e.*, no individual or section should be cramped for elbow room; arms or action should be allowed to swing naturally. If they are held it may be considered that there is too much centralisation, and if they swing too freely that there is too much decentralisation. The safest course to follow therefore is the one of natural tendency, for it will allow the fullest scope to the free play of individuality and individual initiative.

The large producer has many advantages which the smaller has not; he can afford to instal new machinery built specially for cheapening produc-



tion as it appears on the market. As already stated, what is new to-day is old to-morrow, and nowhere is this more true than in engineering. Cheap production is a boon to humanity, for it tends to bring luxury within the reach of all; cheap production in one sphere of activity stimulates further production in other spheres of activity, as it makes possible what in other circumstances might be impossible. As an illustration, let us take the case of a sewing-machine. This is a necessity in most homes, more especially in poor ones. If the cost of producing these machines were high, only the better-class families could afford to buy them; but if the cost of production be low, every family may buy them; and so we come to see that one of the essential factors in human welfare is cheap production. It should be our main object in life, therefore, to bring about a general recognition of this principle; to see that the economic aspect of it is thoroughly understood by the workman himself. But it should be borne in mind that cheap production will not be brought about by cheap labour or by forcing labour to do more than it is physically capable of doing. Labour should have an adequate return for the services which it performs in production, and labour should not expect more. The value of labour is not determined by the weekly wage each workman receives, but by the services each workman renders in return for the wages received. All first-class firms prefer to pay their employees adequate wages, because the payment of such

wages ensures efficient service, and in addition conduces to good relations between employer and employee; and the more the principle is recognised in an organisation the more successful does it become in proportion. The more this proposition is examined the more will the principle be conceded; for, needless to say, if cheap production or efficiency be not ensured, the trading capacity of the firm becomes crippled, and so good wages cannot continue to be paid.

There are four factors in production—1. Material. 2. Labour. 3. Establishment charges. 4. Profit. The first and second items are more or less constant in production in a good organisation, whether upon a large or small scale, but the chief concern of the management of a well-organised company is to cover their establishment charges and earn a profit. If production be upon a large scale, this may be more easily accomplished, because the numerous units of goods produced bear each a proportion of the whole of the charges, thereby ensuring minimum cost per unit of goods; but if production be upon a small scale, each unit of goods produced, bearing its proportion of the whole of the charges, is increased in cost.

It is not therefore surprising to find a tendency towards amalgamation or fusion of interests, as there is thereby achieved the fulfilment of the dominant necessities to efficiency in production. There are also greater opportunities of encourag-

ing that origination and resource which are first essentials in production, as the larger output makes it more easy to offer the financial inducement to the well-trained thinker with experience to ensure capable management. There is, too, the greater possibility of a larger surplus of profit to ensure the prosecution of that experimental research without which there can be no certainty of progress in methods of manufacture and in the improvement of products. These should be the first claims provided for out of revenue, if the future prosperity of any establishment, and, indeed, of the nation, be aimed at. We are not here concerned with the question how these are to be met—whether, in the first case, profit-sharing or bonus be the medium, or, in the second case, a sound policy of depreciation reserve or direct allowance for experiment; but any failure, either through insufficient profit or improvident finance, must bring its regrettable check to advance. The working classes are most dependent on the maintenance of industrial supremacy, and, while the economy of high wages should be recognised, because thereby some measure of efficiency of labour is ensured, those workmen are short-sighted who show any hesitancy to recognise the importance of the creative originator and the capable manager, with all the financial claims of the cost of production which these involve. The balance-sheet of an industrial company should be examined with a full conception of these necessities. A reserve fund, wisely administered to conform to the

sound principles of production which we have enunciated, is as important to the humblest of workers as to the richest capitalist.

As we wax hot in faction,  
In battle we wax cold ;  
Wherefore men fight not as they fought  
In the brave old days of old.  
Then none were for a party,  
Then all were for the State ;  
Then the great man loved the poor,  
And the poor man loved the great.

*Macaulay.*

J. T. P.

## BASIS OF IMPERIAL ECONOMICS, SCIENCE & INDUSTRY.

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To those who make a close study of economics there remains one great impression, uppermost of all—that, notwithstanding the conditions surrounding modern existence, no great living force can survive which is not permeated with the Christian doctrine. It is perhaps a strange thing to say in a materialistic age, but if a retrospective survey is taken of all the convulsive movements that have taken place in the past the conviction becomes more impressive. Pure religion and the earning of a living are all-pervading forces, and are inseparable; they are always at work, and can never be separated. Certain it is that if any attempt is made to separate them in any economic or political change, such change will never become a permanent feature in life.

Similarly, if a survey is taken of the working conditions which surround the forces of industry, one is forcibly brought to the conclusion that science and industry are also inseparable forces. If cheap production is a boon to humanity, scientific investigation is more so. If cheap production in one sphere of activity stimulates further production in other spheres of activity, scientific investigation in one sphere of activity must assist

investigation in others, for the reason that it will make possible what in other circumstances might be impossible. In the close application of science to industry Germany can be said to have taken the lead. At this moment it is, therefore, necessary that we should take stock of our present position. We should be candid, and recognise that British industry has not appreciated the advantages that could be derived from a close association with science as a living force. It may be due to the working conditions with which the State has surrounded industry, but whatever may be the cause, a change must be effected.

The lack of cohesion between science and industry in British industry is perhaps in no small measure due to the individualistic theory—that self-satisfied feeling brought about by the knowledge that our moral force is second to none; i.e., the one has been a reflex of the other. But we must learn to disassociate industrial activity from the political, and closely examine the conditions surrounding the former.

In surveying the field of industrial activity we must for the future include scientific research. As already indicated, these two forces are inseparable—we have arrived at that period in the world's history where the two must be linked up definitively.

It is an accepted axiom in political economy that no man lives entirely, or even largely, unto himself; he can only do so with the co-operation of others. For this reason economics does not deal

with individuals solely, but with individuals as part of a larger body called society. If this proposition be accepted—and it must—we are forced to conclude that scientists must be co-opted in developing the progress of industry. They cannot live unto themselves, and the knowledge and experience which they gain should, as far as possible, be distributed through industry for the benefit and welfare of the community.

We have said that Germany has been the first to largely adopt this view with considerable profit to herself commercially. A survey of the field of German industry will confirm it. Manufacturers in that country usually devote a fixed percentage of their profits to the maintenance of a well-equipped laboratory and an efficient staff of chemists. It does not matter whether it be in the metallurgical or the chemical sphere of activity—it is looked upon as a necessary part of the business. In consequence of this, we find that Germany has been responsible for the production of those delicate aniline dyes largely, if not wholly, used in the Lancashire cotton industry (and owing to the war this branch of the Lancashire industry has come to a stop); also that she is responsible for the production of the Nernst lamp, the flame arc lamp, the squirted tungsten lamp, the drawn wire tungsten lamp, and the half-watt lamp, etc., etc. They are essentially laboratory products—the result of a careful and comprehensive study by trained chemists, physicists, and metallurgists. As a result of these scientific discoveries the

German industries concerned have acquired considerable wealth for themselves, and all other countries desiring to avail themselves of the benefits of the discoveries must pay tribute to them in the form of royalties or a fixed cash payment. As a comparative study it is not creditable to ourselves, and whilst mankind must thank German industry for these benefits, let us see to it in the future that we participate in the work. It must be recognised that the moral effect upon purchasers in neutral markets is considerable. The knowledge that these inventions originate first in Germany must considerably assist in the distribution of German manufactures.

Mr. W. H. Dawson, a well-known authority on industrial conditions in Germany, has a very interesting article in the "Fortnightly Review" on "The Campaign Against German Trade," and the following remarks of his on the relation of German science to German industry are very interesting:—  
"Probably the German is, on the whole, less practical and less bold in enterprise than the Englishman, but if he lacks in initiative he excels in diligence and application. Often he is twitted with an excessive love of system. But excess or deficiency of system must be tried by results, and the German's fondness for system has certainly produced results in various directions which other nations have found inconvenient. His critical spirit encourages this predilection for methodical plans of action. For the German takes little for granted; he has no blind faith in the experience



and methods of others; he will not embark upon a project until he is sure what he wants, and has satisfied himself as to the best means of attaining his end; but once clear as to his goal he makes for it, and as a rule he gets there.

“ Very much of the success which he has attained in industry is directly attributable to the fact that excellent systems of primary and secondary education are supplemented by provision for technical instruction and special scientific study and research. The German chemical industry, perhaps more than any other, owes its importance to science and scientific methods. It is estimated that in the chemical manufactories of Germany there is on an average one university-trained chemist to every forty workpeople—a ratio of science to labour probably equalled in no other country in the world. A recent German writer on this industry boasts that ‘ empiricism has absolutely disappeared from present-day methods of production. We see at the head of our works men who would be an ornament to any chair of chemistry, surrounded by their staffs of thoroughly trained chemists. The larger manufactories have well-equipped and often model laboratories for scientific research, which it is a pleasure to work in. Nowhere is the alliance between science and technics so intimate as in Germany, and no one doubts that the pre-eminence of the German chemical industry is due to this fact.’

“ The truth is that while in this country science is still barely tolerated, in Germany it is valued and respected as the natural ally of industry.

Science—in other words, the sum of knowledge and observation co-ordinated and systematised—is to the alert German the dynamo from which issues the energy which has enabled him to conquer matter, build up and sustain great industrial enterprises, invade the markets of the world, and assert for himself, with an almost dramatic rapidity, an honourable and a leading place in the arena of international trade rivalry.

“In the application of science to industry there is never cessation or slackening. When at the centenary celebration of the Berlin University in November, 1910, the Emperor advocated the establishment of the school of research, half a million pounds were placed at his disposal for the purpose before the meeting dispersed. Under this scheme a research institute for chemistry, physical chemistry, and electro-chemistry has already been established, and other institutes are to be established in different parts of the country. One of these will be placed in the centre of the Rhenish-Westphalian colliery industry, and it will be devoted exclusively to research in connection with coal and its derivatives.

“‘There will be opened up to the institute,’ so runs an official *communiqué*, ‘a sphere of work which not only claims a high scientific interest, but which will prove of conspicuous importance for the districts named and their industries, and in particular for the colliery and smelting industries, and the undertakings allied thereto. From research of the kind epoch-making results

can be expected only after systematic work carried on for some years, and this can be done only in a purely scientific institute equipped with all the aids of modern technology. An institution of this kind can alone apply itself with any prospect of success to problems the solution of which would add greatly to the resources of civilisation.'

"Perhaps the most significant part of the official statement is the intimation that 'the deep interest of industrialists in the project referred to may be concluded from the fact that a number of the larger works in the colliery, smelting, and allied industries of Rhineland and Westphalia have guaranteed yearly contributions, which will cover the cost of carrying on the institute for many years to come. These works will co-operate in the management of the institute.' It may be added that the town of Mülheim-on-the-Ruhr, where the institute will be established, will provide the necessary buildings free of cost."

It should not be assumed that we have made no attempt to improve our position; we can turn to the work now being done by the Imperial Institute as an example. The research laboratories and workrooms of the Imperial Institute have been established in order to provide for the investigation of new or little known natural products from new sources, with a view to their utilisation in commerce. The laboratories also furnish trustworthy scientific and technical advice on matters connected with the agriculture, trade, and industries of the countries constituting the British

Empire. Materials investigated in the research laboratories are afterwards submitted to further technical trials by manufacturers and other experts, and, finally, are commercially valued. Our only fault lies in failing to achieve cohesive action and in failing to appreciate the good work which leading chemists and metallurgists have been doing in this country for us: they have sought for their opportunities, but British industry has refused it to them.

For the next generation or two the basis of Imperial economics will be the importation and utilisation in British industry of our requirements in raw materials from our Dominions and Colonies. We have been dependent upon Germany for a very large part of our materials; we have allowed Germany to take certain of our industries by the methods previously indicated. To restore the industries we have lost through *laissez faire* must be our first objective, but this can only be accomplished with the co-operation of the Dominions and Colonial Governments. The laboratory of the Imperial Institute must also be utilised in conducting the requisite experiments; but if all this is to be accomplished the forces of industry must be organised on a practical working basis. The natural tendencies of industry must be changed gradually to new and safe channels, and in view of what the Dominions and Colonies have done for us in this great war, it is our obvious duty to develop the business with them. Certain it is that we cannot expect them to purchase more of our finished

products unless we increase their purchasing power correspondingly. It will be seen, therefore, that scientific research and the importation of raw materials from our Dominions and Colonies constitute the basis of Imperial economics, partly of National economics, and that all concerned should adapt themselves to the changed conditions.

# THE CAPTURE OF GERMAN TRADE.

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## PROBLEMS AND DIFFICULTIES OF THE TASK.

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By LORD ABERCONWAY.

The correspondence that has appeared during the last two months in our leading newspapers on the capture of German trade shows that public interest in this question holds a place second only to that felt in the warlike operations on the Continent. Everybody knows that for many years past German manufacturing industries have shown a remarkable increase of output. Much of this output is exported. What the increase, if any, in home consumption may be in Germany is difficult to estimate, but the export figures are available for comparison with our own. While in every branch of industry Germany has been pushing ahead—thanks to her high standard of education, technical ability, and organising power—we in this country have felt her competition more in our metallurgical industries than in any other important existing trade. But in other leading trades, such as textiles, she competes successfully with our manufacturers, who seem in some cases unable or unwilling to produce what she sends us, or if they can produce it, then only at a higher price than Germany will take. Our hard cotton yarns for hosiery and

cheap woollen materials for ready-made clothing may be taken as examples. In chemical products and processes competition has been very severe between the two countries. Her methods of dyeing are, or seem to be, superior to ours. She has the practical control of many branches of chemical manufacture, and she supplies some of the finer requirements of scientific processes, such as lenses, electric carbons, and instruments of all kinds. Electrical apparatus and similar things are made and sold by her all over the world, of a quality and at a price which have hitherto defied competition.

#### POSITION IN IRON AND STEEL.

But while we in this country have not troubled much about these smaller trades, and, indeed, have been glad to buy what she has been able to sell us, we have felt her competition in the heavy iron, steel, and machinery trades, other than marine engine building, as a serious burden. In these industries a vast capital is engaged in Great Britain. In the lighter trades Germany has often been first in the field, and consequently we have sunk comparatively little capital in competitive plant here, but in the heavy metallurgical trades we were not only first in the field, but, prior to the war of 1870-71, practically held all the world's markets in our grasp. - Since then Germany, France, and the United States have established enormous metallurgical plants, and, with their great increase of population and of prosperity, Germany and the United States have far outstripped us in their output in many departments. In the last six years

Germany's pig-iron production has risen from 11,000,000 tons to 19,000,000 tons, while ours has risen only from 9,000,000 to 10,000,000 tons, omitting odd figures. The United States' production has increased from 16,000,000 to 30,000,000 tons in the same period. Of course, this production has been largely helped by tariffs, which tend to exclude our ordinary blast furnace products from our competitors' countries, though to a fair extent we hold and retain the neutral markets of the world. With regard to semi-manufactured steel a similar state of things prevails. It is, however, interesting to note that out of a total export of 422,000 tons of pig-iron during the period between January 1 and May 31 this year we sent 116,000 tons to Germany, Holland, and Belgium, the greater part being doubtless for German consumption. Probably much of this came back to us in the shape of cheap steel. During the same period we imported 44,000 tons of pig-iron from Germany, much of this being of special quality.

#### ORGANISATION OF INDUSTRY.

But while tariffs prevent our sending iron, steel, and—to some extent—machinery into Germany, that alone would not account for the fact that Germany sends us great quantities of her manufactured metallurgical products, delivering them to her customers here usually at a lower price than we can actually make them at our works. The secret of this is organisation, and it is quite time that attention should be given to this hitherto neglected side of our commercial system. Our plant



and appliances are for the most part excellent. In this respect we were left behind when Germany first built her metallurgical works and competed with our then antiquated and inefficient furnaces, forges, and rolling mills; but we have long since copied her technical methods and overtaken them by establishing greatly improved appliances. Nevertheless we are continually being beaten on the commercial side. We are suffering from too much individualism in trade. What we need is better organisation of industry on more collective lines.

As an illustration of successful German methods, take the Westphalian Coal Syndicate, which controls practically the whole North German output of fuel. While English coalowners are struggling against one another—often for bare existence—and caring little at what price they sell their products so long as they maintain a full output, the German collieries are in a working alliance, distributing on fair lines the burden of loss or the balance of profit, as the case may be, having regard, of course, to the physical and mechanical requirements of individual collieries. To some extent English coal centres are entering into combinations for supporting prices at a reasonable level. Beyond that level no combinations in this country could be maintained; and combinations such as this and such as the Steel Rail Association and others with which the steel trade is familiar do not mean that the producers are attempting to fleece the public. On the contrary, they have never succeeded, and never

will succeed, in doing more than keep things going on lines which prevent serious loss in bad times and which ensure fair profits in good times.

Take again the great Steel Syndicate in Germany which controls the output of this manufacture; it decides what is to be sold inland and on what terms, and it fixes the quantities and the prices of steel to be exported. Owing to the existence of tariffs its members are enabled to command their home market and also to compel the home consumer to pay very profitable prices for what he is obliged to consume. But they are also able to sell, often at less than cost, the whole of their surplus production to Great Britain and other countries in competition with our wares. This is what has been called "dumping," and it has been the subject of much discussion. Whether it is to our advantage as a nation or not is an open question. It undoubtedly hits hard most of our iron and steel producers, and hinders the expansion of these particular trades. On the other hand, it is of undoubted advantage to trades which require semi-manufactured material for highly finished products. For instance, Germany has recently been selling common iron bars delivered in Birmingham at £1 a ton less than it costs to produce them in Midland rolling mills. The same state of affairs prevails as regards cheap steel shafting and plates for shipbuilders. Attempts, not however successful, have been made to sell railway material such as tyres, springs, and axles in this country at prices far lower than they can be made at in Sheffield. It

should be noted, however, that in most cases the quality is inferior to what we produce ; but though they seem to suit some markets, such, for instance, as cheap tramp steamer yards, railway engineers have seldom ventured to try these products. On the other hand, to take one instance which represents others, the tin-plate and sheet mills in South Wales are to a large extent kept going on a profitable basis by the fact that they consume great quantities of German steel billets at a price much lower than they could buy material made in South Wales itself.

#### THE TRADE IN MACHINERY.

As to machinery, German exports are very large, but not so large as ours. In the period of four years 1909-12 she sent out £95,000,000 worth of machinery, against our £121,000,000 worth ; but she beats us easily in certain details, such as electric generators and motors, as well as in light machine tools. For some reason or other she has always been ahead in the design and construction of electrical machinery, although in late years English producers have had their hands full of orders. As to light machine tools, England has for many years ceased to hold a front place. Every engineering firm which wants to increase its plant in a hurry has to buy either from Germany or from the United States. In the latter country light machine tools are kept in stock, and in many cases they are of a better design than any that can be bought at home. Bootmaking machinery and engineers' tools are examples of this condition of

things, though it will be admitted that we now make many of these appliances. On the other hand, heavy machine tools are almost a British monopoly; none come here from Germany or the United States, though in some cases we successfully copy and use German designs. We export these goods on a large scale, and fine machine tools can be seen at work in foreign shipbuilding and engineering establishments bearing well-known British makers' names, even though a heavy import duty has had to be paid by the purchaser.

We hold our own as against Germany in the export of dynamos, electro-motors, and the like, but we are altogether beaten in electric glow-lamps and appliances for lighting and for power transmission. As for locomotives and railway rolling stock, it should be remembered that whatever Germany may export, our shops are, as a rule, full of British and Colonial orders, and every railway company knows the difficulty of placing orders at home for immediate requirements with any hope of prompt delivery. Hence the "scare head" paragraphs in our newspapers when urgent circumstances compel us to place contracts for a few locomotives abroad. Agricultural machinery, too, for export to countries other than the United States is still largely in British hands. The prestige of the Eastern Counties machine-makers remains undiminished. We export £10,500,000 worth, against the £5,000,000 worth exported from Germany. The excellence of our products breaks down many tariff restrictions in countries like Austro-

Hungary, Roumania, and Russia. The magnitude of our exports to Central Europe may be gauged from the fact that some of our leading machinery firms have large stocks and book debts locked up abroad at the present time, which it is impossible to realise owing to the war.

### THE LIMITS OF POSSIBILITY.

What is now under consideration is how far the British manufacturer can capture the general export trade of Germany to our own and neutral markets at the close of the war. Here a great deal of sentiment and prejudice must be jettisoned before a true appreciation of the position can be seized. We must dismiss from our minds the thought of revenge, however fascinating this may be at the moment. The idea of ruining German trade utterly has a dangerous attraction for the patriotic Briton. He does not stop to reflect that unless we buy from Germany she would be unable to pay for what she buys from us, and that unless Parliament were by legislation to exclude all German imports from entering this country, the ordinary course of competitive trade would compel buyers to take from Germany what they could not get in quality and price as advantageously at home. It must also be remembered that Great Britain is a country of 45,000,000 inhabitants only, of whom millions live on incomes derived from foreign and other investments, or on salaries connected with our vast shipping, banking, and mercantile organisations, and with non-productive businesses which directly minister to the luxuries of the rich. In this

respect we are probably unique among the nations of the world, so that the population available for labour in manufactures is relatively smaller than is sometimes imagined. Germany with her 65,000,000 of population and no wealthy class is more fitted to-day for industrial enterprise than we are, so far as labour is concerned, while as a producer she enjoys the advantages of lower wages, longer working hours, and the capacity for hard work which is to some extent disappearing in many trades here.

We may, therefore, reject the possibility of capturing the whole of Germany's export trade, or, indeed, of very largely increasing by any sudden change of methods or of fiscal policy our existing output for home or foreign consumption. We have not got the men or women to do it. If the work were offered to us we could not take it at any price after a certain point had been reached; and in some trades that point has been already reached. We have not got there yet in pig-iron, steel goods, machinery, or manufactured iron; our plants in these trades are still capable of much more production, and there is no shortage of men in the rougher departments. As the supply from Belgium and Germany of channels and girders is stopped, this trade must fall into our hands, temporarily at all events. On the other hand, wages in some trades are unduly high, just as in others they are, perhaps, unduly low, and with our high local rates and the requirements of Factory Acts, local building by-laws, compensation for accidents, insurance, and so forth, our standing charges are probably

much higher than in Germany. Our people, too, work shorter hours, and as wages rise the tendency is to decrease working hours still further, and—what is most deplorable—to give less work per man per hour than was the case when wages were lower.

#### PROTECTION OF EXPENDITURE

Suggestions have been made that, provided some assurance be given that capital invested in developing certain industries would be protected against German competition at the close of the war, money would be found here for that purpose. It is pointed out that it is not reasonable to expect a man to put many thousands of pounds into new plant to turn out what Germany has hitherto been sending us, unless he be assured that he will not be subject in future to German competition. Apart from the fact that this proposal, if adopted, would open the door to protective tariffs of all kinds and re-open the question of Protection versus Free Trade, it should be remembered that the industries which would gain by a system of this kind are not among the most important as far as bulk goes. They are, perhaps, more complicated on the technical side. Germany has evolved a class of expert artificers in these trades which probably could not be found at short notice here. It is doubtful whether there is a trained body of workers available for large extensions. It would be practically impossible for any other country to create the skilled operatives we possess in such trades as fine cotton spinning or cutlery. They are the product of many generations of workers. The same con-

siderations are applicable to some of the trades in which Germany appears to enjoy a monopoly. And though it be possible to build up a general tariff wall against Germany, it is unlikely that a tariff limited to a definite period could be successfully applied to special trades. The more practical course is to consider how far we can develop our heavy metallurgical and engineering trades on existing lines. These are, after all, of vastly greater importance than carbons, filament lamps, and mathematical instruments, so far as they promote employment at home and profitable consumption in our colonies and in neutral markets. Makers of high-speed steel are already combining to produce here the supplies of tungsten which have hitherto been exclusively manufactured in Germany.

#### BANKS AND FINANCE.

It has also been suggested that our banking system is unsuited to all the requirements of modern trade. No doubt it is largely old-fashioned in its methods, but from the bankers' point of view the success which has hitherto followed that system is conclusive against Germanising their methods. Our banks never take risks in commercial undertakings; they will give temporary overdrafts and sometimes well-secured short loans to traders requiring them, relying on the general credit of the trader himself; but there they stop. In Germany, on the other hand, the bank is more in the nature of a financial institution which absorbs debenture issues and even share issues of in-



dustrial concerns. A German bank will have large investments in the stock of a dozen important manufacturing companies, on the board of each of which the bank will have one or more representatives as directors. The result of this is that individual concerns in Germany are managed in the common interest, and the bank will not allow cut-throat competition among firms where its investments lie. They have to give and take and to adapt their businesses to the general good, as in the case of the Steel Syndicate.

Of course, finance of this kind means an artificial and more or less unhealthy development of industry, and it is not unlikely that before many months are over there will be a huge collapse of commercial and banking credit in Germany owing to the breakdown of this system of finance. At the same time it would be good for our trade if we had financial institutions to which resort could be had for dealing with industrial short-term debentures, which are already a popular form of investment in manufacturing centres here. Such debentures are practically ignored by our banks, who seem to prefer placing their reserves in "gilt-edged" securities and writing down depreciated values every year, in the belief that they are investing their reserves in the safest possible way.

It has been suggested also that our Government, which has been experimenting in guarantees of late on a big scale, might establish a system of guaranteeing a proportion of 50 per cent. of industrial loans from banks to manufacturing customers, so

that, though banks would still share in the risks, they might safely venture to be more liberal in their dealings with enterprising manufacturing firms. A good deal might be said for this, but we must avoid the danger of too much reliance on the State. The old *laissez faire* theory of economics has, no doubt, disappeared under the flood of Socialistic ideas which have dominated our legislation for the last ten years. But State Socialism has its limits, and if the individualism of the British trader were destroyed and he were taught to look for State subsidies to back him up in case of loss, British trade would be the poorer in the long run. It must not be forgotten, too, that the enormous destruction of material caused by this war on the Continent and the loss of men hitherto engaged in productive trades will cause an abnormal European demand for iron, steel, and machinery over the next few years. This demand Great Britain will be ready to supply, and our resources will probably be taxed to the utmost to replace the wastage of war for many years to come. Those who are now preparing for this "boom" by works extensions will have no cause to regret their expenditure.

#### REFORM REQUIRED IN METHODS.

With regard to foreign and neutral markets in which Germany and England compete, we have undoubtedly lost trade by sticking to inflexible and old-fashioned methods. If we send small goods to South and Central America we make them according to established designs and English measurements, and we label them in the English language.

We also quote the price in pounds, shillings, and pence. Each firm works for itself, and cannot afford really efficient commercial travellers to push its commodities. If this system has been modified, it is due to the crushing effect of German organisation. Germany, with her army of clever bagmen, quotes the price in dollars, makes to patterns and measurements understood by the customer, and labels her goods in Spanish and Portuguese. So long as our manufacturers sat quietly at home waiting for orders, can it be wondered that Germany has scooped up many of the lighter trades? Her Government, too, has helped in ways which might be legitimately adopted by our own. For instance, German success in the production of certain fine drugs has been due to the enlightened policy of facilitating the use of commercial alcohol—a course which must be adopted by the British Government if this trade is to be captured and permanently held.

The best thing that British manufacturers can do is to reform their methods, to organise their sales departments on a more enterprising basis, and combine as far as possible with their rivals, so that their products may be sold without competition in price and at the same time more efficiently. It must not be forgotten that in the United States we have a trade rival likely to be far more powerful in the future than Germany has ever been in the past, and one has only to go to Canada and compare the methods of American and English firms doing business there to understand why

Canada buys such a large proportion of her requirements from the United States, even though she might buy them here.

The true key to unlocking the door of industrial combination is no doubt to be found in the happy union of individual enterprise and trade combination on a firm and frank basis. The idea that every man must till his own cabbage patch and fence it off from his neighbour must be abandoned. There is far too much of this jealousy in English metallurgical manufacturing concerns, especially amongst the salaried officials, but it may be hoped that the class of man represented on the boards of directors has a wide enough outlook to initiate and support a policy of effective combination.—

*Published in "Times" Engineering Supplement, October 30th, 1914.*

Movements have already taken place in this direction. Private firms and limited companies who are working for the Government at the present crisis are being brought into a closer contact than is usually the case in the endeavour to comply with the almost overwhelming demands of the nation for stores and armaments. There is, perhaps, nothing very new in this; but the spirit of national service, rather than of private interest, will doubtless permeate them and lead to progress towards combination on Imperial grounds for foreign trade. The Institute of Industry and Commerce which has been recently inaugurated by a public dinner, when interesting addresses

were delivered by J. Taylor Peddie, Sir George Reid, Earl Grey and Sir Charles Macara, has, with an influential committee, already begun to organise and to issue literature on this question. The Government are coming to the front as collectors and exhibitors of products made in Germany which might well be made at home, and there is no lack of information at the service of approved manufacturers' associations should they be established. A successful war on our part would mean a ready access to every neutral market for some years to come, but it is well that our traders should be prepared for less favourable conditions when Germany again comes forward as a manufacturing country. And it must never be forgotten that the United States is a rival which we may imitate, but which we can never wholly overcome in matters of trade.

ABERCONWAY.



# Institute of Industry and Commerce.

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## REPORT OF SPEECHES AT INAUGURAL MEETING

SAVOY HOTEL, STRAND, W.C.,

*Thursday, 8th October, 1914.*

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### SPEAKERS.

J. TAYLOR PEDDIE, F.S.S. (*in the Chair.*)

SIR CHARLES MACARA, BART.

C. J. FAIRFAX SCOTT, M.A.

THE RT. HON. SIR GEORGE REID, K.C.  
K.C.M.G., D.C.L.

THE RT. HON. THE EARL GREY, P.C., G.C.B.

THE RT. HON. LORD ABERCONWAY, K.C.

SIR GEORGE PRAGNELL.

# Institute of Industry and Commerce.

*Present at the Luncheon.*

- J. TAYLOR PEDDIE, Esq.  
(Chairman).
- THE RIGHT HON.  
THE EARL GREY, G.C.B.
- THE RIGHT HON.  
LORD ABERCONWAY.
- THE RIGHT HON. SIR GEORGE  
REID (High Commissioner for  
Australia).
- SIR JAMES HEATH, Bart.
- SIR E. H. HOLDEN, Bart.
- SIR CHARLES W. MACARA,  
Bart.
- HON. SIR JOHN McCALL, M.D.  
(Agent-General for Tasmania).
- HON. SIR JOHN TAVERNER,  
K.C.M.G.
- SIR GEORGE PRAGNELL.
- SIR ROBERT HADFIELD, F.R.S.
- BEN. H. MORGAN, Esq.
- C. J. FAIRFAX-SCOTT, Esq.
- HON. PETER McBRIDE (Agent-  
General for Victoria).
- J. B. WHITING, Esq.
- HUGH A. ALLAN, Esq.
- HARRY E. BRITTAIN, Esq., M.A.
- RALPH S. BOND, Esq.
- COLONEL J. R. WRIGHT.
- GORDON SELFRIDGE, Esq.
- HON. P. PELLETIER (Agent-  
General for Quebec).
- HON. J. HOWARD (Agent-General  
for Nova Scotia).
- E. PARKES, Esq., M.P.
- JOHN LAWRIE, Esq. (Managing  
Director, Messrs. Whiteley's, Ltd.)
- RICHARD REID, Esq. (Agent-  
General for Ontario).
- G. McL. BROWN, Esq.
- J. A. SPENDER, Esq.
- HON. SIR T. A. COGHLAN (Agent  
General for New South Wales).
- ALFRED DOCKER, Esq. (Chair-  
man, Messrs. W. Coward & Co.).
- CAPTAIN RIALI SANKEY.
- C. PALMER, Esq.
- J. R. ROBERTSON, Esq.
- COLONEL COSTELLO.
- MAJOR M. H. GREGSON.
- W. M. BOTSFORD, Esq.
- C. P. JOHNSTON, Esq.
- HUGH SPENDER, Esq.
- WALTER DEAKIN, Esq.
- CHARLES WICKSTEED, Esq.
- H. GOODMAN, Esq.
- F. C. SALTER, Esq.
- REG. J. LAKE, Esq.
- S. R. LITTLEWOOD, Esq.
- G. BELDAM, Esq.
- PERCY ROSLING, Esq.
- A. JACOB, Esq.
- STAFFORD RANSOME, Esq.
- J. H. ROSCOE, Esq.
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## PROVISIONAL ORGANISING COMMITTEE.

(Appointed by Resolution of Meeting).

J. TAYLOR PEDDIE, F.S.S. (Chairman.)

SIR JAMES HEATH, BART.

HUGH ANDREW ALLAN, Esq.

SIR GEORGE PRAGNELL.

ALFRED DOCKER, Esq.

C. J. FAIRFAX SCOTT, M.A. (Hon. Sec.),  
British Iron Trade Association.

With power to add to their number.

N.B.—The Committee have extended invitations to other leading representative business men to join them, and have undertaken the formation of the Institute and the finding of the preliminary expenses.

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## IMPERIAL ADVISORY COUNCIL.

J. TAYLOR PEDDIE, F.S.S. (Chairman.)

THE HON. SIR JOHN McCALL,  
Agent-General for Tasmania.

THE HON. RICHARD REID,  
Agent-General for Ontario.

THE HON. P. PELLETIER,  
Agent-General for Quebec.

THE HON. JOHN HOWARD,  
Agent-General for Nova Scotia.

THE HON. PETER McBRIDE,  
Agent-General for Victoria.

THE HON. HARRISON WATSON,  
Agent-General for Prince Edward Island.

## THE CHAIRMAN'S SPEECH.

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The CHAIRMAN: My Lords and Gentlemen,—We are gathered here to-day to initiate a discussion with reference to the formation of “The Institute of Industry and Commerce,” and also to receive an address from the Right Hon. the Earl Grey. Before the speeches commence, however, it is essential that I should outline to you the general principles upon which the Institute is being formed, so that a clearer conception may be formed of the objects which are in view, and that a proper appreciation may be obtained by all concerned of the speeches which are to follow. I will be as brief as possible.

At the outset I wish to demonstrate that the need for an Institute of Industry and Commerce is based upon the soundest principles of modern political economy.

If you take a retrospective view of the whole tendency of industry—I will not localise it to Great Britain—you will find that it has drifted towards specialisation particularly in management, organisation, production and distribution, and the more that individual companies or units conduct their operations upon these principles, the more efficient do they become.

In combination with this tendency you will find that the various individual companies or units have formed themselves into what is known as trade

organisations. The individual firms have found the need for an organisation that would specialise and develop the interests of their own particular section of trade; and we, therefore, find organisations in existence such as : The British Iron Trade Association, the British Engineers' Association, the British Electrical and Allied Manufacturers' Association, the Machine Tool and Engineering Association, the Chamber of Shipping of the United Kingdom, the Master Cotton Spinners' Federation, the Employers' Parliamentary Association, the Master Printers' and Allied Trades' Association, the Institute of Builders, etc. Each of these organisations, in their respective spheres of influence, wields considerable power for good, and I am glad to say that they are very strongly represented here to-day. I wish you to observe that these tendencies towards specialisation have been natural ones, and not artificial. The Germans, particularly, have been quick to exploit them to national advantage.

Materialism dominates our economic life to-day, and, that being the case, it is necessary that we should examine the conditions under which we live.

If it is necessary for the energies of the individuals composing an organisation to work cohesively and for one purpose, it is as surely essential for the individual organisations to work cohesively and for one purpose; more particularly in the present national emergency. The greatest handicap we live under is that economic conditions are never allowed to formulate definitively; changes

constantly take place, and at the present moment we are passing through the greatest economic change—a crisis, in fact—in the history of this country, or, for that matter, of the world. There is no use blinking at the facts; you must face the situation.

Efficiency must, therefore, be effected to meet the situation, and that can best be done through the medium of combination. Hence my reason for proposing the formation of the Institute of Industry and Commerce. There should be an honorary president and honorary vice-presidents elected, but chosen from among those who stand out pre-eminently in our industrial life, and it should be an honour not lightly given away. (Applause.)

The court of directors—that is to say, the executive—should be composed of those gentlemen who may be elected by the trade organisations. As the election of the directors will always be in the hands of the trade organisations, it will ensure a keenness and energy on the part of the executive of the Institute at all times.

In consequence of the war many problems have arisen which have to be solved, the most notable of which is the supply of colours for the Lancashire cotton industry. A very strong article appeared in the "Manchester Guardian" last week, pointing out that the Lancashire cotton industry must come to a stop, as the Germans were in control of the supply, and there are no adequate facilities for manufacture in this country. It will, therefore,

be obvious to you that if the cotton industry must come to a stop, there will be a considerable reflex action upon the other industries of the country; but I will leave Sir Charles Macara to deal with that aspect of the question more fully.

At the conclusion of the war a great many more problems will arise for solution, and I do not think that a more competent body than the Institute of Industry and Commerce, organised on the lines I have suggested, could undertake the solution of them. A steady force is necessary if we are to reap any advantage at the conclusion of the war.

The following are a few of the important general questions that require attention:—

(1) Increase banking credits in so far as they affect industry (hear, hear);

(2) The establishment of an efficient commercial Consular service, kept directly in touch with the requirements of British manufacturers (hear, hear);

(3) The careful investigation of railway rates and freight rates, and the removal of all inequalities injuriously affecting our traders;

(4) The securing of large contracts for the industry of this country which are in many cases a consequence of the large loans floated on the London markets (hear, hear);

(5) The standardisation of company law throughout Great Britain, the Dominions, and Crown Colonies in order to facilitate commerce within the Empire; and

(6) The removal of all restrictions to British commercial travellers travelling within the Empire, such as the payment of licence taxes.

For instance, I understand a commercial traveller has to pay £24 before commencing business in the Province of Quebec, and if he goes West to Regina he has to pay another tax of £40. The suggestion is that these taxes should be removed. (Applause.)

Well, Gentlemen, that is roughly the idea. At this stage I can only indulge in first principles; but we have with us to-day a gentleman whom I consider to be the pioneer in this country of trade organisations, and who has done more than anyone else for the cotton industry of this country. I refer, of course, to Sir Charles Macara. (Applause.) If you judge by results achieved, then the laurels belong to him. Sir Charles will, I am sure, be able to confirm all that I have said, and be able to give you an indication of what his experience has been in the development of trade organisations, which I need hardly say is a very extensive one.

Now I have led up to the main point. Up to the present I have developed the position in what you may term "National Economics," which is the name applied to the subject in Germany. But I now come to what we may call "Imperial Economics." I mean, of course, Lord Grey's magnificent conception of "Dominion House." After this war is over I trust that the mad race for armaments will cease. (Hear, hear.) If it should be the case

(and I am sure we all hope it will be), there will be nothing left for the Dominions and ourselves to do but to develop the question of "Imperial Economics." Lord Grey's suggestion is that the Dominions and Colonies should organise their London offices at Dominion House. Looked at from the standpoint of Empire, the scheme is magnificent and logical, and if his lordship can find room for us in Dominion House and so bring us all together, he will have earned the gratitude of his countrymen. Dominion House would then be, in fact, the British Empire, or all that it stands for, and a lasting monument to the patriotic work he has so generously undertaken. (Hear, hear.)

In conclusion, I wish to put forward one request, and that is that all present will use their influence and power to help the project along, particularly those gentlemen who look after the interests of the Dominions and the Crown Colonies. If it can be successfully completed it will be a reminder to the present and to future generations, in passing by the edifice, that human welfare can best be developed through peaceful industries, and not through war and engines of destruction. (Applause.) The earning of a living is the basis of all human existence, and it can best be earned by developing industry and cheapening production. In that direction, and that direction alone, can the greatest good be achieved for human welfare. (Loud applause.)



## SIR CHARLES W. MACARA, BART.

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I now have much pleasure in calling upon Sir Charles Macara to address you.

SIR CHARLES W. MACARA, Bart. (who was received with applause): Mr. Chairman, my Lords, and Gentlemen,—I am sure we must have been very much gratified with the admirable address we have listened to from Mr. Peddie, who has sketched the future of the proposed Institute of Industry and Commerce in a way that must have impressed everyone here. Mr. Peddie asked me to come here to-day to say a few words in the advocacy of the scheme that he has promoted. I have the greatest pleasure in doing so. As I have devoted many years of my life to the organisation of industry—(applause)—both national and international, I am able to justify from practical experience my belief that it is absolutely necessary not only for our great industries to have their separate organisations, but that there ought to be some organisation through which all the industries can co-operate. I am one who thinks that we should make firmer the great position we hold among the nations of the world. I can also testify from my own experience, from visiting other countries, that we are still in the front, but that it will be necessary for us to combine in a greater degree than we have ever done if we are to remain in that proud position.

The particular industry with which I am connected, the cotton industry, is passing through a fearful crisis at the present moment. As no doubt you are aware, the cotton industry is one that is severely hit by the unfortunate position that we are in at present. It is an overseas industry. Every pound of our raw material has to come from abroad, and 80 per cent. of the products of the spindles and the looms is exported, and we have to maintain that industry in face of the competition of the world.

Now, gentlemen, ten years ago a crisis of a very severe character, which resembles the present one, occurred, but that was from an entirely different cause. The cotton industry of the world had developed at a greater pace than its raw material, and in 1904 we were face to face with a condition of things that closely resembles the position to-day, only, as I say, it arose from a different cause—from a scarcity of raw material. At that time I approached Mr. Balfour, who was then Prime Minister, and member for Manchester, and led a deputation representing both masters and men, which laid before him what was impending. That was no less than the stoppage of the mills for at least four months in the year 1904. I thought it was too large a matter to be dealt with unless by the Prime Minister of England, and I asked him to summon a conference of the leading men engaged in the cotton industry of the world who were equally affected with England, and try to devise some means of tiding over that impending disaster.

Unfortunately, Mr. Balfour did not see his way to take any action in the matter.

I also proposed that a Department of the Board of Trade should be opened so that we might have more reliable information regarding the raw materials upon which our great industries depend. He approved of both suggestions, but nothing was done. So it was left for the organisation of which I am the head to take the initiative. I can assure you it was with fear and trembling that I entered upon that enterprise, but with the assistance of the Swiss cotton manufacturers we made bold to summon jointly the conference which was held at Zurich in 1904.

My Lords and Gentlemen, our organisation in coping with that crisis enabled us to play Providence for the Lancashire operatives. We gave them two-thirds of their wages spread over twelve months, instead of their having full wages for eight months and nothing at all for the other four. We came through that crisis most successfully, and the Lancashire operatives were even able to have their holiday week at Blackpool or in the Isle of Man. That, gentlemen, is an illustration of what organisation can do.

The present position is an exceedingly serious one. For years past the British Cotton Growing Association and the International Cotton Federation have been trying to develop the cotton fields of the world—the present existing cotton fields—and to open up new ones in any part of the world where it can be done successfully. We have been

doing that because the average requirement of the cotton industry for some years now has been an additional 500,000 bales per annum to meet the ever-increasing demand. Unfortunately, there is no upheaval in any part of the world which does not affect the cotton industry of England. The war of the Balkan States with Turkey affected our third largest market; the revolution in China affected our second market; the revolution in Mexico, and everything else of that sort has more or less affected the English cotton industry, so that we were not in a good state to meet this bolt from the blue—this greatest war the world has ever seen. But the position that that war has brought about is that, instead of a scarcity, there is quite a third of the raw cotton of the world for which there are no buyers. That has very far-reaching effects. England has 40 per cent. of the cotton machinery of the world, and is also responsible for the cotton-growing of India and Egypt. America produces five-eighths of the cotton crop of the world, and has from 20 to 25 per cent. of the machinery. Although America is not at war, America, I believe, is very much worse off than England to-day.

The problem we have to face is to find some means of dealing with a situation which has involved everyone, from the planter to the distributor of the manufactured products, to save them from loss and to re-establish confidence. What the price of raw cotton may get to if it is allowed to take its course no one can say, and no one can tell what further loss there may be upon those who

are engaged in the industry. That, of course, renders it impossible for orders to be got from our foreign customers, as no one will buy in such circumstances, and we have not been able to get financial assistance, which is a very serious matter with an overseas trade like this. Our large customers are nations now at war, and all finance has been upset. I have had a long conversation to-day with one of the leading banking authorities, and he is doing his utmost—I hope he will be successful—to deal with the financial position of the great merchants who distribute the products of the Lancashire spindles and looms throughout the world. (Applause.) He entirely agrees with the views I am placing before you now, and has promised his assistance.

I was consulted in the first few days of the war as to what the prospects were of keeping the Lancashire cotton industry going. I explained what the Federation had done, that we had acted very promptly, as we always do, but that all our efforts were of no avail unless the financial position could be successfully coped with and the transport difficulty met. “These two,” I said, “are absolutely essential unless this great industry is to be brought to a standstill.”

Gentlemen, this raw material crisis is one that may not only affect the present, but may affect the future of the industry. I have been advocating for years that a reserve of cotton ought to be put away whenever an opportunity arises from an excessively large crop, or from such an occurrence as has

happened now. If it is possible to devise the means by which a third of the cotton crop of the world can be put away, it may mean the saving of our great Lancashire industry from total unemployment. It is a big order. It means the finding of seventy millions of money, or perhaps more, or guaranteeing the people who are concerned in this trade in the same way as the Government have so successfully done in regard to other industries. I would like to pay a tribute to the manner in which this crisis has been faced so far, by the energy that has been displayed by the Ministers in dealing with an unparalleled situation. (Applause.) The question I refer to, however, is as great as, if not greater than, anything that has had to be faced so far, and I sincerely hope that something will be done to cope with it, as it is evident that the great population dependent on the cotton industry will have to be maintained; and it is infinitely better that they should be employed in producing wealth than be a drain upon the resources of the country. (Hear, hear.) We have to think of how to keep this great industry going, which represents one-third of our total exports of all manufactures. That will give you some idea of the magnitude of the industry. It is the wonder of the world how it has been built up and how it goes on, in spite of all competition.

In going through the world as president of the International Cotton Federation I have visited the cotton-fields both of America and Egypt, and wherever I have gone it is admitted that England

is in the forefront, and that it is perfectly impossible, as long as we go on our present lines, to oust us from this great trade.

There is another problem of equal importance that has been brought into prominence by this gigantic clash of arms. The food supply is one that I have given attention to in connection with the International Institute of Agriculture, which was promoted by the King of Italy. There are no fewer than fifty-four States working together in Rome in dealing with the agriculture of the world, and statistics are periodically issued which are invaluable. For example, the annual production of wheat and rye is something like 650,000,000 quarters, and it is surprising to hear that of this 350,000,000 quarters are produced by France, Germany, Austria, and Russia. As you know, there has been a considerable destruction of foodstuffs already, and, with the flower of the manhood of these countries fighting, it is impossible to say what effect it may have upon the food supply of the world. That is a problem that might affect the cotton industry very seriously, as the cotton planters always grow foodstuffs along with the cotton. There is very little doubt that foodstuffs under these circumstances will get to a high price, and doubtless, as the English farmers have been urged to put every available acre under wheat, the planters who supply this great industry will also be urged to do the same. You see, gentlemen, the securing of this large quantity of cotton might establish confidence and enable the mills of England to run half-time, or forty hours

a week. But it might do much more than that. If there is a great reduction of the area under cotton it might enable the mills of England and America, and perhaps of our Allies, to run full time the following year. It has far-reaching effects, and the probability is that with the great reduction in the output of cotton goods there may be great scarcity and large profits may be reaped, and it is possible in the circumstances that in the next cotton season after this one there might not be sufficient cotton—it is highly probable—to run the mills half-time, and those profits would be nullified.

I hold that very little can be accomplished by individuals. However large a business may be, it is a fly on the chariot wheel if you take into account these great problems that I have tried to explain. It is only by foresight, by the watching of these problems and dealing with them in a thoroughly businesslike way, that we can hope to face them when they arise, and grapple with them successfully. It is a matter of supreme moment not only to the capitalist class, but to the labouring classes, that these problems should be dealt with in that way. I am proud to say that the working classes of Lancashire, the Lancashire operatives, have taken a keen interest in the promotion of those public-spirited movements in regard to increasing the supply of raw material which is necessary for their industry. I have always tried to work harmoniously with labour, and I firmly believe in the thorough organisation both of capital and labour for promoting industrial harmony, just



as I have been an advocate of the thorough efficiency of the defensive forces of this country as the best means for preventing war.

My Lords and Gentlemen, one cannot help feeling sorry that that grand soldier, Lord Roberts, did not command the attention he deserved—(applause)—but I fear that that falls to the lot of most men who look ahead. (Applause.) My work has all been absolutely voluntary; I have been dragged into one thing after another, and I do not know where it is going to stop, but it will have to stop, because it is impossible for me to go on. But perhaps one of the most trying things I have experienced in my career is the terrible apathy that one has to overcome before getting the people roused. (Hear, hear.) I have no reason to complain of the success of the movements I have led, but it has meant most determined and hard work, and, as I have said to Lord Grey, I hope that he will not be discouraged in regard to his great scheme because it has not commanded the attention it deserved. If he will persevere—and I speak from my own experience—I believe that his efforts will result in a magnificent monument to his memory, and an enormous advantage to the British Empire. (Loud applause.)

MR. C. J. FAIRFAX SCOTT, M.A.

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The CHAIRMAN: I will now call upon Mr. Fairfax Scott to discuss the Commercial Consular Service.

Mr. C. J. FAIRFAX SCOTT, M.A.: Mr. Chairman, my Lords and Gentlemen, I think it is only due to an audience of this important character that I should offer you an apology, or rather an explanation of why I address you to-day. When I was speaking to Mr. Peddie on this scheme he explained to me that the important part of the programme of this Institute was the commercial organisation of the Consular Service. I noticed that you met that remark of his with some approval, and it emboldens me to ask your indulgence for a few moments in placing before you a few what I think are rather telling facts. I also explained to Mr. Peddie that I was working in Germany in the years 1892 to 1896 studying trade methods and commercial organisation, and part of my work was to write a memorandum on the Consular Service of the different nations of the world at that date. In making my investigations then it struck me how very backward we were at that date even as compared with some other nations. When I came back from Germany I was asked by a Chamber of Commerce to give evidence before the Departmental Committee upon the organisation of commercial intelligence, at which I put for-

ward my views on the improvement of the Consular Service. Since then I have tried in a very small way to follow the matter up by writing letters and articles to the Press, to the "Times," in 1904 and 1908, and to the "Morning Post." Formerly, in perhaps happier days, it was only necessary to have a real good idea and to write a letter to the "Times," and then it would be followed by a leading article; and the idea soon became an accomplished fact.

My Lords and Gentlemen, to-day we seem to live in different times. To-day is the day, not of writing letters to the Press, as perhaps the preliminary part of it, but of getting those ideas followed up by organised battalions, and it seems to me to be the essence of to-day's meeting to get those organised battalions behind some of the ideas which have been put before us to-day.

The facts I would like to put before you are important ones. I am just going to treat of the American Consular Service, as shown in Germany and in Canada, as compared with the British Consular Service. In Germany there are salaried American Consuls whose salaries range from £500 to £1,600 a year, the average being about £800 a year. The total salaries paid to those twenty-three Consuls per annum is about £19,000. There are also, besides, fourteen Consular Agencies where the fees represent about an average of £500 per Agency—whereas Great Britain at that time had only seven salaried Consuls, including three Vice-Consuls in Germany, nearly all at ports, ex-

cepting Berlin. Therefore, regarding the Consular Service from a business point of view, may I emphasise the point as to salaried Consuls? Every man is worthy of his hire, and business men do not expect really good service from a man who is not properly paid. There are unpaid British Consuls, but most of them are Germans. One wonders what is happening during the war with these German British Consuls, and also what will happen after the war.

I should like to put before you the figures of the American exports to Germany, and the British exports to Germany, because I think that one can claim that the American Consuls, with their frequent and business-like reports, have something to do with extending American trade with Germany. In 1901 there were £49,000,000 of exports to Germany from America, while in 1912 it reached the large total of £79,000,000. There was thus an increase in eleven years of £30,000,000 worth. Exports from Great Britain to Germany in 1901 were 27½ millions, and in 1912 42 millions. This shows an increase in eleven years of 14½ million pounds' worth.

As regards Canada, with a population of about 7,000,000 people, as against more than 60,000,000 in Germany, the United States have thirty-two fully salaried Consuls right from one end of Canada to the other. Their salaries range from £400 to £1,200 a year each, averaging about £620 per annum, with a total of £20,000 paid to salaried Consuls every year. There are also thirty-two Con-

sular Agents who receive an average of £300 a year in fees. I should like to give you the figures of the increase of trade between the United States and Canada and Great Britain and Canada. In 1900 the American exports to Canada were 22½ millions, whereas in 1912 they reached the large total of 73 millions, the increase in twelve years being no less than £51,000,000. The exports from Great Britain to Canada in 1901 were 9 million pounds' worth, and in 1912 they amounted to 24 million pounds' worth. This shows an increase in eleven years of £15,000,000—an increase of trade between Great Britain and Canada of £15,000,000, as compared with £51,000,000 worth of American trade with Canada!

I think, my Lords and Gentlemen, in regard to this comparison there is some advantage in having national trade representatives in our Colonies and at foreign ports on a far better organised scale than at present. These men who are to be appointed as representing trade should be well-trained men of good business experience. I hope, gentlemen, that the question of the promotion of a more efficient commercial Consular Service will be soon followed up.

I think from what the Chairman said just now that the Institute might take up the question of education, that this Institute might help to influence the education of the whole of the country, from the universities and the colleges right down to the bottom, from the point of view of getting men well trained to pursue business in this country

in a profitable manner. It has been done largely in the United States and in Germany. A suitable motto of this Institute might be "Educate, Organise, Co-operate." From twenty years' study of this question I think those are the keynotes that one might usefully follow.

My Lords and Gentlemen, I beg to thank you for your kind indulgence. (Loud applause.)

## THE RIGHT HON. SIR GEORGE REID.

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The CHAIRMAN: I have much pleasure now in calling upon the Right Hon. Sir George Reid, High Commissioner for Australia.

The Right Hon. Sir GEORGE REID: Mr. Peddie, my Lords and Gentlemen, after the splendid speeches you have heard, I am going to speak for three minutes on behalf of about 8,000,000 square miles of the British Empire. (Laughter.) I am delighted with this project, and I hope it will not end in a slump. I am delighted with the title of this project. I never thought you could find another new title so good in connection with a league in London. It is a splendid idea. Make it a good one. Make it an influential one, and may the great British industries remember this. They have got something to learn from the Germans—(hear, hear)—and if they do not learn it all the captures in times of war will disappear in times of peace. (Applause.)

I will only mention two things. You know British industry is grand, it is honest, its quality is good, its record is good. But the German looks out for new business like a fellow who has not got another copper—(loud laughter)—and the Britisher looks after new business as if he did not very much care whether he got it or not. (Laughter.) There is a little bit of Junkerdom about the British merchant—a little bit. (Laughter.)

An Australian with a large order went into the office of an historic firm in London, suggesting a slight alteration—in a big order, mind you—in the label. He wanted it spaced a little differently. The gentleman he saw took up his card half a dozen times while the customer was looking on, which was rather insulting in itself. Then he said, “Look here. That label has been put on that way by my grandfather, by my father, and by myself, and you had better go back to Australia and get them used to our way of putting labels on.” Do you think a German would do that? (Laughter.) That is one thing.

Do not forget that commerce has two sides to it. You cannot be sending it out, you know, without getting some back; and do not forget the great Dominions beyond the sea, whose raw materials Germany has been taking so largely to build up her trade. You get those raw materials back again, and build up your trade! (Hear, hear.) And do not forget this. You know it is an extraordinary sort of thing that the Australians are doing now. They are issuing Royal Proclamations every day destroying their trade with other countries in the world in order to secure that you shall have everything you want—(applause)—I call that Imperialism. (Loud applause.) Now, you reciprocate. (Loud and continued applause.)



## THE RIGHT HON. THE EARL GREY.

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The CHAIRMAN: I have much pleasure in calling upon the Right Hon. the Earl Grey to address you. (Loud applause.)

The Right Hon. the Earl GREY: Mr. Chairman, my Lords and Gentlemen,—I should like to be allowed to congratulate Mr. Peddie on his energy in collecting together so distinguished and representative a gathering as has assembled here this afternoon. I hope, with Sir George Reid, that it may be a stepping-stone towards a real practical organisation for carrying out the ideas which have been given expression to in the speeches to which we have listened. I think this luncheon is justified by the speeches made by Sir Charles Macara and Mr. Fairfax Scott. They have both given us facts of the highest importance about which we cannot consider too long or too deeply.

Gentlemen, I am not going to occupy your time at any length, for I know that I could not, even if I were to discourse to you for thirty minutes, say half so much or nearly so pleasantly as Sir George Reid has said to you in three. But I wish first of all to thank Mr. Peddie for the honour which has been done me by the invitation I received to tell you something about my Dominion House scheme. This is the first evidence, I may say, of any interest taken by British manufacturers in my Dominion House scheme. I have often wondered why so

little interest had been felt in a scheme which I am absolutely convinced, if it matures, will lead to the greater prosperity of British manufacturers. (Applause.) Sir Charles Macara has explained the reason. He says we are up against a terrible apathy, which requires heroic exertions to overcome. He has advised me to go ahead, to persevere, and has expressed a belief that if only I do persevere with my friends we shall eventually be successful. I say that with his support, and the support of you gentlemen, I feel we may be able to do great things.

In regard to my Dominion House scheme, I do not want to bore you with a long story at this late hour. Its origin was the difficulty I experienced two years ago in buying some Canadian apples in London. Then I realised for the first time, as I dare say you have all realised before, that it is a matter of very great difficulty for the Londoner, the home consumer, to indulge his natural preference for Dominion products—he does not know where to go to find them or how to get them. Having thus realised that the natural desire to give a preference—a common-sense preference, not a tariff preference—to the products of our kinsmen overseas required an organisation which might enable every consumer in the United Kingdom to know where he could obtain the produce of his kinsmen overseas. Having realised that, I approached the London County Council to know whether they had an available site. To my surprise, I found there was a site unallotted not

very far from here, between Kingsway and the Strand. It is a site of two and a-half to three acres, right in the most central part of London. Well, Gentlemen, I procured an option on that site for three years from the London County Council and constituted myself a sort of non-official broker for the Dominions. For, having secured this option, I naturally put myself in communication with the various Dominion Governments and peoples of the Dominions through the Press in order to enable them to understand that there was an opportunity of a unique character which was within their reach, an opportunity which, if neglected, owing to that terrible apathy to which Sir Charles Macara has referred, would never come again. You are all aware, gentlemen, that this site under option stands in the very centre of London, and that it would be possible, if there is sufficient imagination at home and in the Dominions, to build upon this site a group of buildings of a character which could not fail to impress the whole world with the greatness of our Overseas Dominions. (Loud applause.) I saw a great political advantage in this. I thought that such a group of buildings would do more than, or as much as, any other movement for emphasising and increasing that sense of Imperial consciousness all round the world, on the existence of which the security of our Empire depends. (Applause.) The magnificent rally to the flag from our Dominions has made me realise that the war has done more in five minutes than Dominion

House would be likely to do in a century. So now I have switched off my thought from political value of Dominion House to its commercial value. (Hear, hear.) What is its commercial value? I see Sir John Taverer here, and may I say that I read with the greatest possible interest an address made by him three or four years ago, pointing out that the one thing needed in order to enable the Dominion producer to get a better market in London was some place of which everybody should know the existence, and which should be connected by telephone with a receiving depot on the Thames, under the management of the self-governing Dominions. If my Dominion House project succeeds we shall have on this Aldwych site a hall twice as long as Westminster Hall, broader than Westminster Hall, and as high. It will be the finest building of its sort in the world, and in it will be exhibited the produce of the various Overseas Dominions. For political reasons, I have been anxious to restrict the use of this hall to the self-governing portions of the Empire because I recognise it is on the self-governing portions of the Empire that the administration of the whole Empire depends. This restriction may be thought desirable or not in the future—I cannot say. But a building such as I have suggested, more conspicuous than any building, with the exception of St. Paul's and the Palace of Westminster, right in the centre of the very heart of London, could not fail to make known to every single person who

wished to buy the produce of his kinsmen overseas in preference to the produce of the foreigner, that he would only have himself to blame if he failed to satisfy his desires.

As Sir John Taverner pointed out, it is only necessary to have a telephone communication between the exhibition of samples in the Dominion House and a receiving depot on the Thames, and then the goods could be delivered to the home consumer with fewer shiftings from steamer to lorry, from lorry to depot, from depot to market, and with the result that it would reach the consumer more quickly, and in better condition, to the great advantage of all concerned. The selling and marketing power of the Dominion grower would be increased, and with the increase of his selling power would also grow his purchasing power of the articles that you gentlemen connected with British manufactures produce. (Applause.)

Now we come to the converse of the proposition. If this Dominion House would help in this way to increase the sale of Dominion produce in the home market, it will also help to increase the sale of British manufactures in the Dominions. I think you will all admit this double event would be an achievement of high and distinct Imperial value. I went to Germany, as my friend Sir George Reid suggested we should all go, in order to get hints which we could adopt for the benefit of British trade. I found that in Germany the export manufactured trade was most care-

fully organised. Our Board of Trade has made big developments in this direction of recent years, but more remains to be done. My suggestion was that the basement hall of this great building, of between two and a-half to three acres in extent, should be occupied by a standing exhibition of actual concrete examples of merchandise, that is to say, of manufactured articles imported into the Dominion markets. I was very careful to point out that we did not wish to have an exhibition of articles manufactured in the Dominions, for I am the last person to want to prevent the Dominions from developing their own resources as well as they can; but there are large numbers of manufactured articles imported by the Dominions which ought to be made in England and which are not made in England. The exhibition would be open only to members of approved Manufacturers' Associations. They would be assisted in their endeavours to ascertain the requirements of the Dominions and how to meet them to the great advantage of the British manufacturer.

Take the figures for automobiles sent into Canada. Out of 3,800,000 dollars' worth of automobiles sent into Canada only 300,000 dollars' worth came from the United Kingdom, and the rest from the United States; that is to say, only one-tenth of that particular manufactured article is supplied by England. Then take boots, shoes, and slippers. One would have thought that we were the country that could make boots, shoes, and slippers against the wide world. But in 1911-

12 nearly two and a-half millions' worth of those articles was exported from the United States into Canada, and only 360,000 dollars' worth went from the United Kingdom. That is to say, we do only one-sixth or one-seventh of that trade which we ought to have the whole of. I now go to cotton clothing, and I find, Sir Charles, to my surprise, that one and a-half millions' worth of cotton clothing was imported into Canada from the United States in 1911-12, and only 770,000 worth, or half of that supplied by the United States, from the United Kingdom. I go to the interesting article of corsets, and I find that England only supplies one corset for every twenty-six imported into Canada from the United States. Mr. Peddie tells me that of all the machine tools which Canada imports only 5 per cent. are supplied from this country.—one-twentieth of the total imported. That is not very creditable to us. (Hear, hear.) There must be some reason for it. And one of the objects of Mr. Peddie's suggested Institute of Industry and Commerce is to call the attention of the public to this very point. If there was an exhibition in the centre of London where British manufacturers—and London is the home of small manufacturers—could ascertain for themselves, without paying any overhead charges, the requirements of the oversea markets, this scandalous disparity to which I have referred would soon disappear.

Now, when I come to Australia and New Zealand, from which I have recently returned, I

find that the Dominions Commission have reported in their Blue Book, which has just been issued, that the share of the United Kingdom in the competitive manufactured merchandise (that is, the trade in goods which the United Kingdom can supply) is only 62 per cent., notwithstanding that one-quarter, 25 per cent., of the duty paid by others is remitted for British manufactured articles. In regard to New Zealand, only 73 per cent. of those articles is imported from the United Kingdom, notwithstanding that one-third of the duty paid by other competitors is remitted to British manufacturers.

I have visited all the big Dominions, and there is no conviction more firmly planted in my mind than this, that of the future trade of England, the trade of our children and grandchildren, the major part will be with our kinsmen overseas. You have great nations growing up across the seas whose desire it is to trade with you if they can. That desire will be increased by this war. The populations are steadily increasing, and will increase more rapidly because of this war. In Canada alone Sir Robert Borden, the Prime Minister, pointed out the other day that nearly half a million of the best citizens of Canada are of German descent, and that half million German Canadians are as strong as any Englishmen against the Prussian system. (Applause.) I foresee a great access of Germans to our Dominions after the war, for they love the conditions which they find there as much as they hate some of the con-



ditions they leave behind them. If we can obtain a larger influx of Germans into our Dominions we shall have a combination of German culture with free political institutions, founded upon the deification, not of might, but of right.

I have only this to say in conclusion, that if you look to the future you will realise how important it is that there should be some systematic organisation for enabling home manufacturers to keep in close touch with the Dominion requirements. My Dominion House scheme will supply that organisation. Take New Zealand: the imports per capita of her population are £19·3, and 59·6 per cent. of that high average comes from the United Kingdom. In Australia the imports per head of population are £16·8, and of that 50 per cent. comes from the United Kingdom. The Canadian imports represent £18·8 per head of population, but only 20 per cent. of that comes from the United Kingdom—only 20 per cent.! If you go to other countries not under our flag you will find the facts far less favourable to British manufacturers. Take the Argentine. There the imports average only £10·3 per head, of which only 31 per cent. comes from the United Kingdom. The average import per head of population in the United States is as low as £4·2, or about one-fifth of what is imported by New Zealand, and out of that small amount only 15 per cent. comes from the United Kingdom. Those figures show it is to the interest of British manufacturers to do everything they can to direct

the emigration of our sons to the Dominions and to stimulate the prosperity of the Overseas Dominions, because by so doing they will ensure a greater demand for their own goods.

Now, Gentlemen, what are the causes of the loss to Great Britain of great part of that trade which I contend ought to be ours? I think there are two. One is the comparatively low average production per head of our workers in England as compared with those in the United States. According to the American and British census of production, the United States production per man is twice or three times as great as the average production per man in the United Kingdom.

Sir GEORGE REID: They have not got their grandfathers' machinery over there.

Earl GREY: My friend Sir George always hits the nail on the head; they have not got their grandfathers' machinery over there. They have modern labour-saving machinery, and they employ twice as much horse-power per man as is done in England. If we want to capture the trade in neutral markets we must have a high production instead of a low production. I believe that is far more important than tariffs or anything else; where you have a low production per man you have not the same prosperity as where you have a high production per man. We ought to be on top, and I feel that one of the functions of the proposed Institute of Industry and Commerce should be to create public opinion which will be intolerant of a system which by maintaining a low rate of pro-

duction hands over to foreign countries trade which ought to belong to us.

There are two disadvantages from which we suffer: low production per man and want of industrial organisation. It is that want of industrial organisation which it is the object of this Institution to repair. I hope sincerely, Mr. Peddie, that you may succeed in carrying through your plans. We are all aware that the English factories cannot successfully compete with American and German industries, which, owing to their superior organisation, work like one man. We are far too individualistic, as a rule. We have to combine together in order to hold our own, and if we do that I believe we shall start upon a new era of prosperity and bring new wealth to the country which we all love so well. (Loud applause.)

## THE RIGHT HON. LORD ABERCONWAY.

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The CHAIRMAN: I now have much pleasure in calling upon the Right Hon. Lord Aberconway. (Applause.)

Lord ABERCONWAY: Mr. Chairman, my Lords and Gentlemen,—Lord Grey has just said that industrial organisation is the basis on which we are met to-day. In the opinion of all who have experience of our commercial undertakings, industrial organisation must play now a leading part in our success. We are told that individualism has been the making of our Empire and the building up of our trade. That is perfectly true. But we must not forget that when most of us began life individualism was everything, because we had no competitors in our great manufacturing industries. We were up against nobody. We had the command of the manufacture of the world. I believe in individualism, and I hope we shall never lose that great power which the Anglo-Saxon race possesses. But I am perfectly certain that, unless we grasp the principles of organisation which have been forced upon us by modern conditions of trade, we shall lose our hold upon the world's commerce. Look at what Germany has done with her organisation. Look at the Westphalian Coal Syndicate, which has enabled Germany to force her coal at cheap prices into our foreign markets. Look at the German Steel Syndicate, which controls the

whole output of the German blast furnaces and steel mills. They deal with the whole output of Germany, and they can sell bar iron in Birmingham at £1 per ton less than it costs us to make. They can supply our colonies ; but there is not the slightest reason, if we put our heads together, why we should not successfully compete with them.

I am connected with some of the largest trades in the country, the coal trade, the shipbuilding trade, and the steel trade, so I know what I am talking about, and I know that where we have organisations—there are gentlemen here who take part in them—we have rescued our trade from what appeared to be temporary decay. Look at the organisation of the Trade Unions. They have succeeded in maintaining their position against what they call all adverse influences. Why cannot we take a leaf out of their book? (Applause.)

The world must use manufactured commodities, and it seems to me that as we desire to be the leading manufacturing country in the world, we ought, as Mr. Fairfax Scott has well put it, to call upon our Government to play up at all events to the level of the United States and German Governments. Our Commercial Consular Service is poor. Thirty years ago I brought up that question in the House of Commons. I think Lord Grey was a member of the House of Commons at that time. The Government of the day admitted that the Consular Service was bad. They improved upon it to some extent, and that improvement was through that debate. We have now Consular reports of the trade of the

different countries, and we have, I believe, appointed a few commercial attachés. We want to establish a number of men of commercial standing and experience who could be distributed throughout the world under the Foreign Office to a certain extent; that is to say, with the prestige of the Foreign Office, but a commercial training. Unless you have a man commercially trained he is not of any use in promoting our trade with the rest of the world. Let us hope that will be one result of this Association. We believe it can be done, and I believe, as time goes on, it will force itself on the attention of the public and will be done.

I will just say one word, as it were, on the other side, and it is this: We have only a population of 40 millions in the United Kingdom. We cannot manufacture for the whole world—it is quite impossible. If we captured the whole of the German trade we should probably be unable to execute the orders, and therefore it is no good taking any inflated views. We only want to maintain our industrial population in full employment—(applause)—at the wages they at present enjoy, and to bring to those engaged in manufacturing industries a fair return upon their outlay. (Applause.) I think that should be one of the objects of this proposed Institution, and I wish the Institution every success in its endeavours. (Applause.)

## MR. HORATIO SAQUI.

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Mr. HORATIO SAQUI: I should like to say a few words, if I may, Mr. Chairman.

The CHAIRMAN: Certainly.

Mr. HORATIO SAQUI: Well, sir, I should like to express the great pleasure I have in assisting at the inauguration of something which will benefit the great trading community of the country. I think we take too pessimistic a view of the trade conditions of this country. Unless my impression is entirely wrong, the export of manufactured goods to Germany is now equal to the export of manufactured goods to any other country. Taking my own business, I make this statement that the export of manufactured goods by this country is more than equal to the exports of Germany and the United States put together of manufactured goods, and for us to attempt to undertake the manufactures of the whole world would defeat its own object, because how would they pay us? Take the position of things owing to this disastrous war compared with what it was before. Take the condition of Germany under this war, one of our best customers, to whom we supply a large amount of goods. After the war, when there is no money, they will be quite ready to start again, but what successful man in this country will trust them? We are in the fortunate position of being able to

say that we have the pick of the markets, while Germany and some of these other countries have to take what we leave.

You must have seen an article in regard to the making of toys, which was published recently in the "Evening News." If there is anything more ridiculous than that I should like to know what it is. If you were to speak to manufacturers in this country about making toys you would be told: "We are making something more profitable than that."

Here are we, a body of business men, met together with an object which I heartily approve of, and will so far as it lies in my power, personally support. Supposing we influence trade by £100,000,000—it is a large sum, certainly—or say £120,000,000. Are we losing sight of what is happening at the present time when thousands of millions of money is going into the melting pot, because the business men who find that money have no say in the spending of it. Is not it time that we as business men, from now onward, should have this organisation, and should combine with organisations throughout the country, should be represented by business men in Parliament, and should use our organisation to influence business men in other countries, so that never again shall a war of this kind devastate the world? (Loud applause.) We must put Germany in such a position that she shall never do as she is doing for the world again. The poor German business man may not like it, but he has to pay, and because the business man has



not a word in the management of the country he is swamped, and the war goes on.

Now, gentlemen, owing to the invention of telephones, the telegraph, and so on, the world has shrunk, and a war cannot happen in one country without it being felt in all. Let us wake up. We can absolutely prevent this thing ever occurring again if we organise. Let us, therefore, find something of that kind in the Institute that we are about to inaugurate, I hope successfully, and I am sure it will be to our great advantage in the future, and that nothing but good can result. (Applause.)

## SIR GEORGE PRAGNELL.

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The CHAIRMAN: Sir George Pragnell will now move the first resolution.

Sir GEORGE PRAGNELL: Mr. Chairman, my Lords, and Gentlemen,—I also do not intend to speak for more than three minutes. It is only within the last five minutes that I have been asked to propose the first resolution, so that we are really just about to begin business. The resolution is before you, and you have had time during the lunch to study it. I assume from your presence here that you are in favour of that resolution, and therefore I shall not have to labour it at all.

My Lords and Gentlemen.—As chairman of the National Patriotic Association; the Wholesale Textile Association, and in other capacities, I am only able to view with any pleasure or any satisfaction this movement towards an Institute of Industry and Commerce, provided we all look upon it in the highest possible light, and provided it is thoroughly representative of all businesses through their various associations. (Hear hear.) Whilst this war is going on I am every day up against the terrific handicap of overlapping. There is not a charity, there is not a subscription list, there is not an effort that is being made to-day—all of them good—but which is not overlapping in some way or another.

It is most important that if we come into this thing we make it an absolute success, and we can only make it a success if it is thoroughly representative. Therefore, in proposing this resolution, I only want to make two points. We, as a central association of business men and business organisations, although strictly non-political, ought to be in touch with the Government of the day, whatever party may be in power. (Hear, hear.) We ought to be able to render it great assistance. I say this to you, knowing the subject from A to Z in the matter of contracts—because the word “contract” is mentioned—that if the contracts for work or employment had been given out properly during the last two months that this war has been on, when England has to clothe and partially feed the whole of the French Army and Navy, the whole of the English Army and Navy, the Indian Expeditionary Force, and provide supplies in connection with the magnificent work of the Red Cross Society, the St. John Ambulance Association, and so on—as a business man, and not caring who I offend, I say that there ought not to be one woman (and I do not think one man) in this country wanting work to-day. There ought to be no question of a subscription for unemployment, because there is enough work in this country, properly allocated, to go round. That business ought to have been put round properly. If this Institution was working in friendship with the Government of the day, if they had an institution of this kind to whom they could appeal, we should be of

great assistance, not only to the Government, but to the community. (Hear, hear.)

My only other point is this: Someone referred to Lord Roberts. Lord Roberts is a grand soldier, a man who has given up the whole of his life to the country, and with whom, in a very humble way, I have been associated during the last ten years. That man in his capacity and in his own line stands right out from everyone else. It is not a question of whether he is happy or whether he is satisfied; but I maintain that to-day he is, in one word, *justified*. What I would like to say to you, Mr. Chairman, and to you, my Lords and Gentlemen, is this, that in a very few years' time this Association, if handled properly, if it is kept closely to successful business men, without any ornamental persons or persons who want self-glorification or advertisement connected with it, we shall be able to look back upon this meeting to-day and say that one word, "*Justified*." (Loud applause.)

Mr. HORATIO SAQUI: I have much pleasure in seconding the resolution.

The CHAIRMAN: It is proposed by Sir George Pragnell and seconded by Mr. Saqui:—"That this meeting of manufacturers, merchants, and other representative men closely connected with industry and commerce in the United Kingdom assembled at the Savoy Hotel, London, are of opinion that it is desirable to form a Central Institute, having as its main objects the encouragement and promotion of British industry and com-

merce and the development of inter-Imperial trade, and that such body be hereby formed and constituted under the name of 'The Institute of Industry and Commerce.'” (Agreed.)

The CHAIRMAN: I have much pleasure in moving the second resolution: “That an Organising Committee be formed, with full power to take all the necessary steps to form and procure the due incorporation of the Institute, including the approval and settling of the terms of the Memorandum and Articles of Association and Bye-laws of the Institute, with full power to elect the first President, Vice-Presidents, and Council of the Institute.”

Mr. POPPLETON (Wholesale Hardware Association): I beg to second that. (Agreed.)

The CHAIRMAN: I have now much pleasure in moving the third resolution:—“That each of the trade organisations represented at this meeting be invited to nominate a delegate to act on such Committee, and that such delegates, together with”—Sir James Heath, Sir Robert Hadfield, Mr. Hugh A. Allan, Sir George Pragnell, Mr. Alfred Docker, and myself—“comprise the Committee, with power to add to their number, and that Mr. Fairfax Scott be appointed Honorary Secretary of the Committee.” It is purely a provisional committee, and the Committee will take steps to organise the Institute on a thoroughly businesslike basis, and no one will be elected to the Court of Directors unless he is elected by a trade organisation.

Mr. THEO. FIELDING: I beg to second that resolution. (Agreed.)

Mr. POPPLETON: I should like to ask this question, sir: Do you propose to invite from the various trade organisations a delegate or are you going to ask for names this afternoon?

The CHAIRMAN: I am glad you have asked the question, because it enables me to explain that those who are present here to-day do not commit themselves to anything. These resolutions are what may be termed pious resolutions. Any trade organisation which does not agree with the views put forward to-day need not participate. Those agreeing with them will elect a representative or representatives, one or two, to the Council, and the Provisional Organising Committee will have power to elect the President and Vice-Presidents, who shall be men who stand out pre-eminently in our industrial life. (Applause.)

Gentlemen, I thank you very much for your presence here to-day.

A hearty vote of thanks to the Chairman for presiding over a most successful meeting was proposed by Sir JAMES HEATH, and seconded by Mr. HARRY BRITTAIN.

The resolution was put, and carried by acclamation.

The proceedings then terminated.

# Institute of Industry & Commerce.

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## CONSTITUTION AND SOME OF THE PRINCIPAL OBJECTS.

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**President  
and Vice-  
Presidents.**

There will be an Honorary President of the Institute of Industry and Commerce, and Honorary Vice-Presidents, and the gentlemen so appointed will only be elected from among those who stand out pre-eminently in industrial life. The Vice-Presidents will never at any time exceed thirty-five in number.

**Court of  
Directors.**

The Court of Directors will be elected by the Trade Organisations, and will not exceed twenty in number; each organisation will be allowed to nominate one Director only, and invitations have already been issued. Directors will receive remuneration for services rendered.

**Imperial  
Advisory  
Council.**

An Imperial Advisory Council has been formed in connection with the Institute of Industry and Commerce, and is composed of the Agents-General for the various Provinces of the Dominions, Colonies, and Dependencies.

As the Dominions and Colonies are desirous of developing their exports of raw materials

to us, and as we are desirous of stimulating our export trade to them and standardising Company Law and general trading conditions throughout the British Empire, the formation of the Imperial Advisory Council should considerably facilitate the accomplishment of those objects.

The Agents-General are co-operating with the Provisional Organising Committee in every possible way in establishing the Institute upon a satisfactory basis.

**Irish  
Advisory  
Council.**

For the purpose of increasing the National Revenue, it is also desirable that we should endeavour to stimulate Irish industry and increase its efficiency. For this purpose an Irish Advisory Council will be formed, and, if considered necessary by them, a branch of the Institute of Industry and Commerce will be established in Ireland.

The development of Irish welfare, viewed from the standpoint of national economics, is as essential as most questions, and will form part of the programme of the Institute.

**Trade  
Journal.**

For the purpose of stimulating trade within the Empire and in neutral markets, and providing a remunerative source of revenue for the Institute, an Official Trade Journal should be established. A strong Provisional Committee of Journalists and Publishers has been



formed to consider the matter and place suggestions before the Committee for consideration.

The general idea is that the Journal should have special correspondents in all the principal countries, whose duty it will be to point out trade openings and supply interesting illustrations. Home productions would be dealt with in a similar manner.

**Commercial Press Service.** The establishment of a Commercial Press Service in connection with the Trade Journal, with a properly equipped cable service to deal with Foreign, Home, and Colonial trade inquiries, tenders, and other matters of general trade interest is a necessity.

**Banking Credits.** To increase Banking Credits in so far as they affect industry; the scheme adopted should be formulated and operated in conjunction with the existing Banks.

**Consular Service.** To co-operate with the Government in establishing an efficient Commercial Consular Service, kept directly in touch with the requirements of British manufacturers.

**Railway Rates.** To carefully investigate Railway and Freight Rates, and to remove all inequalities injuriously affecting our traders.

**Contracts.** To obtain the large contracts for the industry of this country which are in many cases a consequence of the large loans floated on the London market.

**Company Law.** To secure the standardisation of Company Law throughout Great Britain, the Dominions and Crown Colonies, in order to facilitate commerce within the Empire.

**Travellers' Licence Taxes.** To secure the removal of all restrictions to British Commercial Travellers travelling within the Empire, such as the payment of Licence Taxes.

**Parliamentary Legislation** To consider all Parliamentary Legislation which may affect industry, and what action should be taken (if any).















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