

## CHAPTER XIII

## FUTURE OF BRITISH COMMERCE

Views of Traders—National Organisation—National Education.

If the theory be sound that trade moves in cycles, and that periods of depression follow periods of active trade at regular intervals, we may anticipate that we shall shortly enter upon a cycle of lean years. Yet there are at present none of those symptoms of over-production which are usually held to precede commercial crises and a period of trade inactivity. The general outlook for British trade at the time of writing may best be summed up in an extract from the Budget speech of the Chancellor of the Exchequer.

The views therein expressed were not those of Mr Lloyd George, but the 'opinions of business men in every quarter of the country.' The disturbing factor has been the trouble in the Far East. Up to the present it does not seem to have diminished the activity of the workshops in the slightest degree, but it has exercised a very retarding effect upon new

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orders coming in. New orders are more scanty and slow, and that is very natural. Business men are waiting to see what will happen before they launch out upon new enterprises and new expenditure. When trade is good orders flow in, because there is a general feeling of confidence. That general sense of confidence had been arrested by doubts as to what was going to happen in the Near East. It is not so much the actual field of conflict that was creating that nervous apprehension, but the fear that it might be extended.

Mr Lloyd George's comments on the immediate future were as follows: 'What I am told by business men is this. The order books now are full. That is what I hear from everybody. They will be full for months. There is enough work already ordered to keep the workshops and factories of this country—and I believe that is true of the Continent—in full work for months to come. And the question now is whether these orders will hold out until confidence is restored and new orders begin to flow in. I have naturally made inquiries from business men, and of course I have made very careful inquiries from what are called the diplomatic sources, and I must say there is a greater feeling of confidence,

and a much greater feeling of buoyancy, than existed a few weeks ago. The general feeling is that the greatest danger is over. Undoubtedly, what constituted the greatest element of irritation has almost entirely been eliminated. There is a general feeling that in a very short time peace will be restored and you will get normal conditions. The waste of war will, of course, have to be repaired, and that will take time; but the trade boom is so high, prosperity in all these countries has been so great, and the flood has attained such dimensions that it will not take long to repair the devastations of war, and the countries of Europe will enjoy a prosperity such as they never witnessed before. That is the conclusion, I am very pleased to be able to say, which business men come to. I am not giving my own view; I am giving what I have gathered from the opinions of business men in every quarter of the country, and that is their anticipation.'

The persistent upward movement in the price of raw materials is, however, a grave matter. Sir Francis Webster, a well-known Scottish linen manufacturer, dwelt upon the effects of the constant rise in the price of raw materials at the last meeting of the British

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Association. 'The elements of a serious economic condition,' he said, 'seem to be gathering. They involve rapid alterations in the prices of raw materials. These are among the most certain causes of commercial disaster. Over-production is not the cause of bad trade. The cause may more accurately be described as over-consumption. Prices soar till they topple. It is not, as many economists say, that men cannot buy. But wise men will not buy. What is called over-production naturally follows. A peculiar adjunct to high prices—and it is a serious one—is that just when prices are getting to their top wages begin to fall. This may sound paradoxical. A sage old friend used to say—and his words made me look out—that trade went very well until the labourer got unreasonable. But there is reason in his unreason. For he does not know. High prices do not denote plenty, but scarcity, and scarcity of raw material and high wages are incompatible.'

What, then, can we discern of the future of British commerce? Dr Jowett was wont to say that we see farthest into the future when we consider the present. Broadly speaking, the weak spots in the present position of

British commerce, as I have attempted critically to outline it in the foregoing pages, may be summarised thus :—

1. The volume of British trade is being maintained, but is not increasing in the same proportion to the growth of the world's trade as is the trade of other nations ;
2. The physical and geographical advantages peculiar to Great Britain are being outweighed by the superior organisation of competing nations ;
3. Our manufacturers do not receive from the people the same skilled assistance that the people of other nations are giving to their countries' commerce ; and
4. The application of new inventions and discoveries in commerce is not encouraged to anything like an adequate extent.

The remedy for each of these defects, if defects we admit them to be, is to be found in *National Organisation* and *National Education* directed towards commercial as distinct from purely academic development.

*National Organisation* means the recognition of commerce as a branch of service, the due maintenance of which is as vital to the national welfare as the upkeep of the Navy or

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the Army. When the question of encouraging trade and commerce throughout the Empire was specifically referred to the Dominions Royal Commission, it was an official admission of the need for such encouragement of trade and commerce. But we do not refer questions concerning the encouragement of the Navy to a Royal Commission; it is taken for granted that the Government of the day, irrespective of party politics, desires to see the Navy flourish. The country is allowing the intricate and delicate commercial machinery of the nation to be so dissected and reconstructed and generally bedevilled by all kinds of political and departmental amateurs, that, if prompt measures to prevent it are not taken, we shall ultimately see our commerce reduced to the same state of chaos as obtains in the Army, and would obtain in the Navy had not public indignation been aroused.

We must abandon utterly the idea that our commerce is a sort of national milch cow, to be taxed and turned about at the pleasure of any party that happens to be in power, and, as it were, divinely immune from the evils that arise from unskilled guidance. The Colonial Secretary reported in the

House of Commons on 8th May, 1913, that the Government had appointed twenty-three trade commissioners or Imperial State correspondents (it was not quite clear from the newspaper reports what exact title they would bear), and that it is their duty to advise merchants and manufacturers in the home country on what trade openings there were in the Dominions, and especially to watch the movements of foreign competition. So far, so good; but it is by no means far enough.

I do not wish to discredit the Commercial Intelligence Department of the Board of Trade, which is doing to the best of its ability such work as lies within its power; but to depute to a sub-department of the Board of Trade, originally formed for publicity work, the task of organising and directing British commerce on national lines in the face of the fierce competition with the great national organisations of continental countries, is like putting a fly in the road to stop a traction engine. It shows a lamentable inability on our part to grasp the vital importance to Great Britain of the coming conflict between the commercial nations of the world.

Centuries ago, as we have seen, our physical and geographical advantages made

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competition with us difficult. We had coal and iron deposits at the very door of our blast-furnaces, with the means close at hand for conveying our manufactures to any part of the world. To-day abundant fuels and driving forces and transport systems are common to Germany, the United States, France, Japan, and most other nations. Only by superior organisation on practical and national lines may we hope to outpace our rivals. That organisation should not be left to the clerical staff of a sub-department of a minor department of the Government, but should be the national work of a powerful Ministry of Commerce, whose Council should include the leading manufacturers and merchants, and whose voice should be directly heard in the Cabinet itself.

Because a demand for such a Ministry has not yet come from manufacturers it cannot be argued that it is not desired. This partisan age is so ready to fling accusations of self-interest at any public man, who urges the creation of a new office or department that it is not difficult to understand why manufacturers and merchants have remained silent on the question.

With National Organisation there goes hand,



in hand the question of *National Education*. The difficulties which the educationists have to face during the coming decade have already been discussed. Single-handed the theorists have failed to achieve any marked success. In co-operation with business and commercial men, merchants and manufacturers, it should be possible to evolve a practical working system of 'commercial cadets' which would not clash with the principles of trade unionism.

The need of National Education to fulfil the commercial requirements of the nation is admitted on all hands ; but not until the false ideas regarding trade and commerce held by the 'upper classes' are replaced by the fullest appreciation of the scientific aspects of trade and commerce shall we hope to make much progress in the improved manual training of the general community.

In scientific research for industrial ends we lag woefully behind other countries, especially Germany. Sir Francis Oppenheimer, the British Commercial Attaché at Frankfort-on-Main, referred to this point in a valuable report which he sent home in May, 1913. Commenting upon the 'stage of satiety' which he thought had been all but reached in the trade between England and Germany, he said :

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'The best chances of future developments seem to lie, as far as the German exports to the United Kingdom are concerned, in the results which German scientific methods achieve in their application to industry; as far as imports into Germany from the United Kingdom are concerned, opportunities lie in an increasing taste for British comfort, refinement, and luxury, which grows with this German prosperity. There can be little doubt that if United Kingdom traders made determined efforts in that direction they could succeed in still considerably increasing the value of their exports to Germany.' If scientific methods applied to industry can achieve further developments in German exports, it is clear that Great Britain may also study the subject with advantage.

Another authority, Mr A. Chaston Chapman, President of the Institute of Brewing, says: 'What scientific methods, thoroughness, and a high degree of organisation can do is best exemplified by the history of industrial Germany during the past few decades, and we shall do well to learn the lesson while there is yet time. Many of our leading manufacturers are, in no way behind their continental *confères* in their appreciation of Science, and not a few

have reaped to the full the benefits which they have so well deserved. Still it cannot be denied that among a not inconsiderable section of the industrial community scientific investigation is looked upon with cold suspicion or regarded at the best as an interesting intellectual amusement.'

The Institute of Electrical Engineers is to be congratulated on having taken some steps in connection with research work among the firms concerned in the electrical industry. A Research Committee which has been set up by the Institute will act as a 'clearing house' of points relating to research, and investigations have already been commenced into the properties of magnet steels, insulating oils, and the heating of buried cables.

The industrial realm wherein scientific research may reap boundless fruits is vast indeed. We have so much yet to learn in the economical use of coal, the utilisation of its by-products, the storage of the enormous heat power given us by the sun, the application to our industries of the many electro-chemical processes now in their infancy. Who can doubt the enormous increase in productive power that awaits the country that actively applies its talents to the development of

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scientific industrial research? Here, then, lies a field wherein the higher educated classes of our country may work with distinction, extending the commerce of Great Britain and enlarging her influence in the world's markets so as to bring within our control branches of industries and avenues of employment for all the teeming millions of our people.