

CHAPTER VI

UNDEVELOPED COMMERCIAL FIELDS

South America and the Monroe Doctrine—Opening of Panama Canal—Developments in Russia—Demands of the British Colonies—The Industrial Growth of India—Effects of Emigration on Industries.

REFERENCE has already been made to the undeveloped fields of commerce in various parts of the world. By this it is not meant that there are certain markets free from competitors and only waiting for the arrival of the commercial traveller. The British manufacturer is already awake to the possibilities of business with every market which has any substantial orders at its command; but he is still inclined to disregard those parts of the world which yet remain undeveloped and without any purchasing power, such as may be found in Asia (China and Japan); in Europe (the Balkan States); in South America (Patagonia, Paraguay, and Peru); in Central America (Costa Rica, Guatemala, and Nicaragua). These countries cover in the aggregate many millions of square miles peopled by hundreds of millions of diverse races in

various stages of civilisation. The greater part of them lack the means of purchasing the British manufacturers' goods. The average commercial traveller would tell you quite truthfully that there is not sufficient business in his special line to pay the expenses of a visit to such regions, and that he cannot afford to waste his time opening up ground for the next generation of travellers coming after him. In this matter the British manufacturer is not, or rather should not be, in agreement with his representative. These vast districts which are now undeveloped, and therefore unvisited by the commercial traveller, will be among the consuming powers of the future. When the Patagonian wastes are no longer wastes, and the mineral riches of Paraguay and Peru are made accessible to the outer world, they will be no less profitable to the British exporter than are already Argentina and Chile. But they need cultivation, whereas at present they are neglected. Many of our successful newspapers at home have representatives and agents in villages that do not provide sufficient revenue by sales or advertisements to pay the postage account of their reporters; but the newspapers are growing with the villages, and

the capital they have thus sunk will yield its return years hence when the villages have become populous towns. Similarly, although the shareholders of the big joint-stock banks are apt to cavil at the heavy expenditure on branch establishments in the suburban areas of London, the directors recognise that the Metropolis is growing at a pace which will render such branches a source of considerable profit in the near future. Brixton, for instance, once a residential suburb for City merchants, has become an integral part of London, and customers' cheques are cleared as rapidly as they would be at almost any West End branch, with the result that business is expanding for the banks located there. The same degree of foresight should govern our attitude towards the undeveloped countries and areas of the world. To the manufacturer and employer who has only a life interest in his business, the practice may not appeal, since it is likely to be non-productive for many years; but it is the basis upon which the enterprising German houses are building up an ever-growing trade.

Without entering upon a subject which is likely to become a grave point of contention, I may here refer to the effect of the Monroe Doctrine upon the commercial development

of South America. Whether the United States policy of 'Americanising' the whole of the South American continent by enforcing an order of 'hands off' against any European Powers is 'recognised' internationally or not, it is unlikely to be directed against Great Britain. For many generations to come our surplus population will find sufficient outlet in our many Colonies, and it is improbable that we shall ever be led to make a war of conquest upon any South or Central American State for the sole purpose of providing new areas for emigration. But the same cannot be said of Germany, whose need for enlarged Colonies is imperative; neither is it impossible that the growth of her trade in certain parts of South America may in time lead to such conditions as would practically Germanise those particular parts of the continent. Herein the Monroe Doctrine becomes a safeguard for the trade of others, because it prevents one or more European Powers establishing any kind of Government in South America without coming to open rupture with the United States, a contingency not to be lightly incurred. I do not believe that the Monroe Doctrine is a myth; yet I think that Great Britain will never have to regard it seriously as dangerous to her

trade expansion in South America. There should consequently be no nervousness among British manufacturers in opening up commercial relations even in the most remote parts of South and Central American countries, for the expenditure need not be extravagant and the return in years to come should be abundant.

In Russia we hardly realise the possibilities of the next ten years. Not only has the Russian Admiralty recently obtained power to expend over 500,000,000 roubles on naval construction, but a similar sum is to be spent on the enlargement and equipment of several Russian ports, and other sums on the sluicing of rivers and the construction of interior river ports, new fortresses, canalisation, etc. It is estimated that at least 20 per cent. of the money set aside for these improvements is to be spent abroad. In anticipation several German, French, and Belgian firms have already established branches in Russia in the shape of Russian technical bureaux, but nothing has yet been done by British interests. This is not a matter which should be left to the enterprise of an individual firm, but should form part of our national organisation. The work of representing British interests in this

respect is quite as important as the necessity of providing money and a staff to secure for the British Foreign Office a minutely detailed report of the naval purposes to which the Russian Government intends to devote the money. For we may be certain that such report has already been received at our Foreign Office, but we are not quite so certain that details of the expenditure on foreign goods has been received by the Board of Trade, or that steps have been taken to look after British manufacturers' interests in the matter.

A second most important factor in the development of South and Central America is the completion of the Panama Canal. South of the Isthmus of Panama extends a coast line of five thousand miles down to the south of the Chilian Republic, and north-west runs another coast line about three thousand miles in extent. The countries whereto these coast lines give ingress buy and sell with the rest of the world a trade valued at nearly £100,000,000 per annum. When the canal is opened and the Pacific ports of these countries are placed in closer touch with those of Europe, this trade with the Western Pacific Coast should show a vast expansion. It has expanded during the past ten years by no less

than 100 per cent. despite the drawbacks in communication, and British manufacturers cannot afford to neglect the possibilities opened up by the development of these countries.

Whilst the British manufacturer is 'nursing' the undeveloped areas of the Far East and of South America, the British Colonies are, and should be for many years to come, supplying him with big orders for their fast-developing industries and commerce. The builders of our Colonial Empire have followed the economic principle that every man, woman, and child added to a country's population represent a new and productive asset. Those who begrudge the draining of Great Britain in order to provide our Colonies with their life-blood should not forget that every unit added to the population of Canada, Australia, New Zealand, and Africa means an increase in the earning power of those countries, and consequently a substantial advance also in their purchasing power. The remarkable growth in the population of Canada during the past two decades has necessitated the construction and equipment of thousands of miles of railroad. During the past ten years our railway wagon and locomotive workshops have been working under the greatest pressure so supply

the demands made upon them for rolling stock for our Colonies. Similarly most of the work occupying our machine-shops has been on account of pressing Colonial demands for machinery for all classes of industries, from the widespread and established agricultural industry down to the small and newly erected candle-making factory of a western township. Hitherto we have been apt to look upon our Colonies solely as grain-growing, stock-raising, and wool-producing countries. The industrial expansion in Canada during the past years has tended to moderate this impression, and her patriotic desire to establish shipyards to build Dreadnoughts has probably shown the 'old people at home' that wheat-growing is not her only mission in life. In 1790 Canada had 264 different kinds of industries; in 1905 the number was 274; in 1910 it was over 300. Canada's exports of manufactured products is now about \$144,000,000, and although this figure may seem relatively small to older countries accustomed to big export returns, it represents an increase of 70 per cent. for the past ten years. Out of a total population of 7,231,000, some 514,000 are engaged in industrial factories, workshops, etc., and reckoning that

every industrial worker supports, on an average, at least two others on his or her earnings, Canada has more than one-fifth of her whole population directly interested in her industrial activity. This does not take into account the large number who are indirectly employed. Each year sees our Colonies establishing workshops and factories to supply their own requirements, and, although it may be many decades before they are in a position to do so fully, the probability is one which the British manufacturer of the next generation will have to face.

Canada does not stand alone in this respect. Australia and New Zealand are rapidly increasing their manufacture of articles consumed at home. If the exports of the United Kingdom to our Colonies during the past ten years are analysed, it will be found that those exported articles which show the greatest increase are mainly machinery. It is going to equip the workshops and to make articles hitherto imported by our Colonies from Great Britain.

Nowhere is the change more apparent than in the Indian Empire, where vast steel and iron works and big manufacturing industries are gradually being established. I do not refer to the workshops of the

Government railways, military works, or other semi-Government establishments, but to private enterprises financed and directed by the Indian people themselves.

India is, indeed, one of the finest and most important markets which the world has to offer in the future to the British manufacturer. Given three or four good monsoons and it will be impossible to set a limit to the demands of the natives of India for goods which British manufacturers have for sale.

The figures for 1912-3 clearly indicate the great growth of Indian trade. In that year India's external sea-borne commerce reached a total of £268,500,000, an increase of nearly £28,500,000 as compared with 1911-2. The imports of foreign merchandise aggregated £107,800,000, an advance of £15,000,000, and the exports £161,200,000, an increase of £18,320,000. India, of course, is always liable to disaster owing to the failure of the rains, but, taking a broad view, there is nothing extravagant in the prediction that in the not far distant future her foreign commerce will exceed £300,000,000 per annum.

The detailed figures for the past year have not reached this country at the time of writing, but a newspaper correspondent

cabbling home shows that the value of the imports of cotton goods of all kinds, including twist and yarn, amounted to £42,030,000, an increase of £8,260,000. Imports of piece-goods and twist and yarn from the United Kingdom are returned at £36,000,000, which represents an advance of £7,500,000. The receipts of sugar rose by nearly £2,000,000, the aggregate being £9,560,000.

The increasing importance of India as a market for foreign manufactures is strikingly brought out by the figures now presented. The imports of motor-cars reached £860,000, of which £660,000 came from the United Kingdom, while machinery and mill-work to the value of £3,670,000 was received. Railway plant and rolling stock figures at £4,300,000, instruments and apparatus at £960,000, and glass and glass-ware £1,116,000; hardware, exclusive of cutlery and electro-plated goods, at £2,280,000, chemicals at £620,000, and drugs and medicines at £700,000.

Another indication of the swift growth of our Colonies towards industrial strength is also to be found in the emigration figures of Great Britain. The families who emigrate continue to be drawn mainly from the agricultural classes, because of the attractive terms

upon which they can acquire farms and homesteads; but the number of skilled workmen who are attracted to the Colonies by the high wages paid to industrial workers is also on the increase. Fortunately for Great Britain's surplus population there remain uncultivated vast areas of land both in Canada, Australia, and South Africa which will provide homes for agricultural labourers for many generations to come; but, as decade succeeds decade, the demand from the Colonies and India for skilled artisans will increase proportionately in order to satisfy those countries' industrial requirements. What will become of Great Britain's export trade if her Colonies win their way to a position wherein they can meet their own industrial needs? It is possibly a far-flung hypothesis, but the speculations of to-day often become the certainties of to-morrow.

Before leaving the question of emigration, there is one point which manufacturers and, indeed, all who have any trade relations overseas, should carefully note. Every few years the trend of emigration changes. In the quinquennium 1894-8 there was the rush to South Africa (resulting from the gold discoveries on the Witwatersrand); 1898-1903 and 1903-8 there was a steady flow to Canada;

UNDEVELOPED FIELDS 101

and during 1908-13 there was a wonderful increase in emigration to Australia. Manufacturers would do well to keep a watchful eye on the outward passenger movements from the United Kingdom, and the destination of the passengers. The figures are published monthly in a Government return. It is obviously impossible for a steady flow of twenty or thirty thousand persons per annum into one of our Colonies to take place without a wonderful stimulus to the activities of that country in every respect, and wide-awake exporters will anticipate the demands for manufactured goods which must ensue.

Similarly the harvest conditions and crop reports are a valuable indication of an impending period of prosperity in any country. I have heard an exporter of hardware goods assert that harvest reports from the Colonies do not interest his trade: that they only interest makers of agricultural machinery. He overlooks the fact that the latter are more interested in pre-judging harvest conditions and the possible demand for agricultural implements than in learning the actual harvest results, unless, of course, they have big credits open. On the other hand, it is the profits resulting from the harvest which

should interest the exporter of general goods, for those profits will be used for the purchase of goods which would not be considered in a time of bad crops. For a similar reason, as is generally known, a boom on the London Stock Exchange makes the jewellery trade of the West End quite busy. Competition for trade among the nations is too keen for any advantage to be let slip, and a half-hour's thoughtful perusal of the monthly emigration returns as well as the harvest reports from agricultural countries, the stock reports from pastoral countries, and the commercial reports from industrial countries, would certainly not be time wasted.