Labour's Outlook in Great Britain

British Industries will Continue Under a Higher Cost of Production

By W. E. DOWDING.

LONDON, Eng., Sept. 8th.

This week, in the meetings of the British Association and the Trade Union Congress, the relations of employers and employed after the war have been under discussion. At the same time the subject is being written about by some of our most trusted publicists. Very little that is new is being added to our stock of apprehensions. On the one side organized labour takes up the firm attitude of better conditions and better pay. On the other side the employers maintain a non-commital attitude, making no promises, but expressing their earnest desire that the friendliest of relations will be possible. In the meantime the demand of the railwaymen for higher pay is coming up for consideration in conference with the railway companies next week.

Raising the Rates of Pay.

We must not lose sight of the fact that what organized labour has been striving for since 1914, and in a measure securing, has been a raising of the rates of pay; and there is no doubt of its determination to maintain war rates in peace-time. Rates of pay are not the same thing as total earnings. The pressure of urgent work will not be so great when the war ceases, so that even if present "rates" are preserved the incomes of the wage-earning classes will be reduced. Thousands of men have been working long hours without the accustomed holidays, and the idea has got into their minds that the permanence of the improved rates is to be their reward for present diligence. Their leaders are confessedly using war conditions as a lever to raise the standard of living among wage-earners. This is what they have always fought for, and they cannot be blamed for seizing so good an opportunity to make a big stride toward their goal.

In some directions, pains are being taken to point out to the wage-earners that higher wages will necessarily mean higher prices. From that position it is only a short step to the proposal to fix prices higher by means of import duties.

High Wages Mean High Prices.

That is a rough and scanty outline of the discussion as it now runs, but I am not at all sure that high wages will necessarily mean high prices. So far as the Government purchasse of war munitions illustrate the point, we have seen prices decline while wages rose, and contractors have still been willing to undertake production on these terms. There is also the consideration, illustrated by many cases in the past, that better pay and the consequent higher standard of living make better workmen and lead to a higher and steadier standard of production. You may take it for granted that these things are being most carefully watched so that experience accumulated during the war may be put to good use afterwards; but up to the present time we have certainly not enough to place the conclusion beyond doubt.

For one thing, nobody can possibly tell what effect the cessation of hostilities will have on the impulse which now drives so large a proportion of our population to put forth their best effort. One looks with fear upon the prospect of the effect of the withdrawal of that impulse simultaneously with the inevitable reduction in total earnings, even if present rates of pay be maintained, and here we come to the kernel of the whole matter.

In my own opinion if this country is to avoid an industrial revolution of the worst kind, there must be no tampering with the existing rates of pay. It will be bad enough when the diminishing opportunities of overtime and rush-work cut off a large slice of present total earnings. In two years our industrial population has acquired habits and enjoyed a standard which they will not lightly let go. The industrial conflict after the war will be keener than ever. We have set out teeth against any encouragement of trade with our present enemies, and the opportunities the war has given have brought new and persistent activities into the field of competition. Unless we can maintain our productive level we shall be doing great injury to the future of our nation.

Higher Cost of Production.

In contemplating future trade relations with this country, therefore, it will be safe to assume that we shall be working under a higher cost of production—certainly in wages, and probably in material also. This possibility has been foreseen by some of the larger exporting industries which have been built up on the basis of a low cost of production enabling them to compete throughout the world with countries where commercial conditions have not been so simple as they have hitherto bee nhere. The cotton trade is one example. If what I say occurs, the cotton trade will have to face a period of readjustment. It may even witness the passing of its cheaper productions into the hands of the inhabitants of countries of India and Japan where low wages will rule for many years to come. Something of the same kind happened in the silk industry of England. The simple weaving of silk became unprofitable here, but after the period of readjustment we found ourselves with a silk industry far superior to the old one and actually using as its raw material products of a kind that it used to consider its own finished article. In another industry, viz, the making of straw hats, there was a precisely similar experience though the readjustment took longer. I could mention several other cases, and I have no doubt that other countries as they develop will share the experience. But nobody looks with comfortable feelings to any such period, long or short, in the history of so great an industry as our cotton trade. For that reason we already see political forces re-grouping themselves afresh, with home-industries desiring protection, and not afraid of high wages, on the one side; and on the other exporting industries desiring low wages, free trade and consequent cheap production on the other. I believe from all I can see at present that the majority of our wage-earners are inclined to side with the former group, and in such matters as these and in this country it is votes that count.

FALLACIES IN GERMAN WAR FINANCE.

(Concluded from page 5.)

drawings between 1918 and 1920.....	250,000,000
(2) March, 1915.	
5 per cent. at 98.50, irredeemable before 1924.	2,071,250,000
5 per cent. Treasury bonds at 98.50, repayable at par by four half-yearly drawings between 1921 and 1922....	193,750,000
(3) September, 1915.	
5 per cent. at 99, irredeemable before 1924......	3,040,000,000
(4) March, 1916.	
5 per cent. at 98.50, irredeemable before 1924, and 4½ per cent. Treasury bonds, repayable at par in ten annual drawings between 1923 and 1933....	2,675,000,000

No doubt these are expansive figures, but the extent to which they are genuine money in the accepted sense or the product of credit duplication is a question to which no satisfactory answer can be given, but evidence of far-reaching inflation is not wanting, and the statement that special facilities are to be provided for borrowing on war loan scrip when the fighting is at an end does not, to say the least, increase the chances of an early return to a convertible currency.

BANK DIVIDENDS.

The Imperial Bank has declared its regular quarterly dividend of 3 per cent., payable November 1st. The books will be closed from October 17th to 31st, both days inclusive.

The Standard Bank has declared its regular quarterly dividend of 3¼ per cent., payable November 1st to shareholders of record October 23rd.

The Merchants Bank of Canada has declared its regular quarterly dividend of 2½ per cent., payable November 1st to shareholders of record October 14th.

PERSONALS.

Mr. Clarence A. Bogert, general manager of the Dominion Bank, has returned from a tour of the Western Provinces.