

New British Trade Combines

Great Britain develops great industrial combines which, unlike many in the United States use their power in overcoming foreign trade competitors but do not abuse their power over British Consumers

Very few Canadian business men realize, except in a vague way, just what wonderfully perfected machinery for international trade Great Britain now possesses, according to P. Harvey Middleton, Assistant Manager of the Foreign Trade Bureau of the Guaranty Trust Company of New York, who has just returned from Europe, where he made a particular study of British foreign trade organizations. No American authority, either governmental or private, has published a report describing the British network of associations, combinations, monopolies, banks, and governmental departments so ingeniously constructed for the capture of trade in every part of the world, civilized and savage. This report endeavors to explain the fundamentals of some of these British organizations, and to give some conception of their co-ordinated scope.

This report also seeks to set forth what already has been done by governmental and private organizations to strengthen the hold of the British trader and manufacturer in foreign markets. The British business man is today determined to recapture the trade won from him in pre-war days by the Germans. Great Britain today has enormous resources to draw upon. Mesopotamia is certain to become one of the great granaries of the world as a result of the irrigation system planned by British interests. The absorption of German East Africa will enable the British railroad builder to realize his dream of a line from the Cape to Cairo. German South-West Africa and other German colonies will yield rich returns to the British miner and agriculturist. The new treaty with Persia—frequently described as the greatest diplomatic stroke since the acquisition of the Suez Canal shares by Disraeli—will give the British Government a controlling interest in the Persian oilfields which may well be one of the big factors in paying off the British war debt.

A typical example of the method by which the British plan to recapture their overseas trade is the organization known as the British Trade Corporation, incorporated in 1917, with an authorized capital of £10,000,000, of which £2,000,000 is fully paid up. Since its incorporation this company has facilitated the export of goods of many millions of pounds value. Although it was anticipated that it would be beneficial chiefly to the small merchant, its policies have been freely availed of by some of the largest British manufacturers.

In conjunction with the London and Westminster, Lloyd's, and the National Provincial Banks, the British Trade Corporation formed the South Russia Banking Agency. The British Trade Corporation also has an investment in the Portuguese Trade Corporation, which was specially started to compete with German interests. Another subsidiary is the Anglo-Brazilian Commercial and Agency Company, which has opened branch houses in Brazil, particularly at places where German influence in the past was strongest. Although they had experienced difficulty in getting delivery of goods ordered by manufacturers, satisfactory progress is now being made.

Another undertaking in which the British Trade Corporation has invested is the Levant Company, Ltd., which seems to have a promis-

ing future as the representative of British influence in the Near East. In this connection, the British Trade Corporation has acquired the entire capital stock of the National Bank of Turkey. The Levant Company has purchased a substantial interest in the business of J. W. Whittall & Company, Ltd., of Constantinople, and has opened branches, or established subsidiary companies in Batoum, South Russia, Serbia, Roumania, Bulgaria, Bagdad, Greece, Egypt, and the Sudan. Offices of the National Bank of Turkey are in operation in Constantinople and Smyrna.

The Anglo-Danubian Association for the purpose of promoting trade between the Austro-Hungarian Succession States and Great Britain and her Allies, was recently formed in London. It is proposed to supply raw materials on trust to those states, the finished products being re-exported to markets which can pay either in goods or money. Throughout the process of manufacture, the materials are to remain the sole property of those who send them. A mission will proceed to Austria and Czechoslovakia, where investigations will be made into the legal condition, insofar as it affects the security of the goods, and negotiations will be entered into to secure additional safeguards from the governments concerned. The British Government has already given its approval.

The P. & O. Banking Corporation, Ltd., was incorporated recently in London. It is intended to open branches of the Corporation at all ports where the P. & O. Company and its allied steamship lines operate. Branches already have been established in Bombay, Madras, Calcutta and Karachi.

It was announced in March, 1919, that in order to be in a position to compete for foreign business, several English banks had formed the British Overseas Bank, Ltd. The business of the bank is conducted on specialized lines, and effective co-operation with trade is maintained by the presence on the governing council of representatives of trade interests.

The bank specializes in all matters of exchange, payments and receipts abroad, and the handling of foreign collections, documents and securities. Commercial credits are issued and the bank is conducted on specialized lines, and colonial and international trade. Agencies and branches, if and where necessary, will be established in order to maintain an efficient representation in all parts of the globe.

An intelligence bureau is maintained to provide up to date and reliable information. Such particulars of developments abroad as the bank may consider likely to lead to the satisfactory extension of its clients' foreign transactions are communicated to them. Agency business is undertaken. The associated banks support the British Overseas Bank, and provide the nucleus of business.

Announcement was made in April, 1920, of the incorporation in London of the Anglo-Baltic and Mediterranean Bank, Ltd., which was established primarily to finance importations of raw materials, and to provide facilities to British manufacturers, merchants and shipowners. Its promoters pointed out that most of the important raw materials are to be found in the countries surrounding the Baltic and Mediterranean, and they contended that no British

bank had attempted so far to cater comprehensively to these new spheres.

It is not intended to compete in the ordinary joint stock banking business. The bank expects instead to transact all branches of foreign banking business, including foreign exchange, insurance, commercial credits, freight forwarding and warehousing, as well as to conduct a special shipping department. Branches will be opened in Hull and Newcastle to finance the Baltic timber trade.

The bank intends to establish an agency for banks abroad, and has received promise of support from banking institutions and business houses in Norway, Sweden, Denmark, Finland, Belgium, Holland, Italy, Switzerland, France, Spain, Portugal and the United States.

The African and Eastern Trade Corporation is a recent amalgamation of three firms, which have been in close alliance with each other for many years past. During the last year the operations of the Corporation have been extended to East Africa, with the intention of having a chain of stations right across the continent, linking up East Africa with the Congo. The company is now also established in Morocco, Syria, Palestine, Mesopotamia, Persia, Constantinople, Roumania, Bulgaria and Singapore. It hopes soon to open branches in Egypt and possibly in China. ¼

The Federation of British Industries is a trade organization of about 20,000 British manufacturing and producing firms. In November, 1918, the British Manufacturers' Corporation—an organization of 300 British firms for the expansion of export trade—was amalgamated with the Federation of British Industries. The Federation maintains trade commissioners in foreign and colonial markets, and is in no way connected with the British Government. None but all-British firms is admitted to membership. It is organized by trades and by districts, and conducts expositions in foreign countries and in England, brings buyer and seller together, compiles an export register, and is governed by a grand council of 211 members.

The Foreign Trade Department of the British Government is known as the Department of Overseas Trade, and was formed in 1918 by the British Foreign Office and the British Board of Trade jointly, a certain number of its officers being appointed by each of these organizations. It is responsible to both departments and maintains a field service of three kinds: (1) Trade Commissioners for the British Empire; (2) Commercial Attaches in foreign countries, and (3) Consults in foreign countries.

There is a growing demand for closer association among British industrial concerns, in order that more economical methods of production may be adopted. Coupled with this demand is a plea for association as a means of facilitating sales. The various departmental committees of the British Board of Trade, formed to investigate the position of specific trades after the war, laid particular stress on this matter in their reports.

The Committee on Engineering Trades said: "We are inclined to think that in the future a non-associated manufacturer will be far more likely to damage the trade of the country than general combinations."

The Committee on Electrical Trades said: "Only by the creation of strong combinations will it be possible for Great Britain to compete with the great foreign corporations, which not only manufacture but undertake comprehensive contracts, make powerful financial alliances, and thus exert in every direction greater influence than is possible in the case of any individual firm."