

# Lancashire's Problem and Answer

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IN the second half of the nineteenth century Turkey was looked upon as the sick man of Europe; in the second half of the twentieth century, the European cotton industry affords an economic parallel. Unfortunately, though, whenever the question of the cotton industry is raised, emotionalism is allowed to cloud the issue, and consequently instead of firms seeking to adapt themselves to changing circumstances, their managers tend either to abandon hope or to dissipate their energy and resources in urging the government to pursue policies which, even if adopted, would barely offer a temporary respite. Accordingly, the purpose of this article is twofold. First to analyse the problems facing the trade, for until they are clearly recognised, it is impossible to suggest the appropriate remedies, and then to suggest the policy which the industry and the government should follow.

Currently, the European industry is caught between competition from countries with low wages and those with a high degree of productivity. And if present trends were allowed to continue, the ultimate result must be the gradual disappearance of a considerable part of the traditional European textile industry. This contrasts with the 37 per cent increase in textile production which has taken place in the last twenty years, primarily in areas outside the older centres of the industry, namely western Europe and Japan, and mainly in the U.S.A. and India.

Simultaneously, the textile industry, particularly in the U.K., is undergoing marked structural changes. There has been a slight fall in the total numbers employed in textiles in this country since the peak year of 1951, but this has arisen from the fact that a policy of deliberate over-expansion was undertaken in the immediate postwar years. The important factor is that there is no overall marked decline in employment, but the pattern is changing. Certain sections of the industry, in particular cotton spinning and weaving, are contracting whilst others, notably those concerned with the production of newer man-made fibres are expanding. Furthermore, much of this new development is occurring in areas outside the traditional centres of the industry. Also changes in technology are taking place. For example, the conventional method of making cloth by weaving is declining and woven fabrics are being replaced increasingly by knitted goods and by bonding. Along with this has been the loss of markets by woven textiles to substitutes (such as paper and aluminium foil, and rubber and plastics) both in industrial and consumer markets.

One further factor of major importance has been the loss of export markets. Whereas in 1949 over nine hundred million square yards of cotton cloth were exported, by 1957 the figure was less than half this. In part this has arisen because other countries have raised tariff barriers against Lancashire's exports.

Personal experience and the weight of evidence leads one to conclude that continental manufacturers are more aware of the nature of the problem than are their counterparts in Lancashire; they are raising productivity to a level comparable with that in the U.S.A. This was confirmed by Mr. G. H. Jolly, technical adviser to the Federation of Master Cotton Spinners' Associations, Ltd., following a visit last year to a Belgian mill. He found "labour productivity fully equal to the best United States mill," whilst Lancashire compared very unfavourably. The Operative Hours of Production compared with the best 25% U.K. mills on a similar count was:—

	<i>Belgian Mill</i>	<i>25% Best U.K.</i>
Card Room ... ..	1.95	5.0
Ring Room ... ..	2.43	6.5
Total ... ..	<u>4.38</u>	<u>11.5</u>

Clearly, then, Lancashire and other European textile producers must tackle the question of increasing productivity. This will necessitate the redeployment of labour, the introduction and general implementation of modern wages systems, and outlawing of price-fixing agreements which act as built-in rigidities, not built-in stabilisers, and which cut deep into employment whilst maintaining profits during a slack period—and, finally, the development of a marketing system adapted to mid-twentieth century conditions. Allied with this, there must be a high level of machine utilisation, which will necessitate shift-working.

This is in line with the recommendations made in 1946 by the Working Party Report on Cotton, which summed up the position with the slogan "Fewer and better mills." It has been the failure of the industry to follow the policy as outlined in that Report that accounts in no small part for its present dilemma.

Enough has been written to show that government assistance to the industry by imposing restrictions on foreign cloth imports would not solve the problem, and there is always the possibility that such action might lead to retaliation with unfortunate repercussions for other British industries. This is not to rule out any help whatsoever from the government, and several steps could be taken to afford assistance.

Firstly, the industry is asked to sell under conditions of free trade without being allowed the benefits which flow from buying in a free market. Tariff restrictions therefore should be removed from machinery, man-made fibres and other imports of the industry.

Secondly, the government should sponsor an economic conference which has as its objective the liberalisation of international trade in raw cotton, yarn and finished cloth. In recent years fluctuations in raw cotton prices and the "politicalisation" of this market has created tremendous uncertainties and dislocation of trade.

Thirdly, the government should abolish the bans on

trade with the Communist bloc. The people of Hong Kong turned to the manufacture of textiles after 1950 when an embargo was placed on their entrepôt trade with China, and the relaxation of this ban would allow Hong Kong and Japan to look to the Chinese market which is the natural outlet for their goods. This would thus lessen some of the pressure on Lancashire's home and foreign markets.

Finally, the government should instruct the nationalised industries to review their policies in regard to buying textiles. Prior to nationalisation, for instance, hundreds of coal mines were each ordering separately with a resultant steady flow of orders. In contrast nowadays one can find the section of the trade making industrial

## Cotton in the Commons

*Protectionists turn their attention from the "menace" of cheap butter to the "threat" of cheap textiles.*

THE Cotton industry was debated in the Commons on June 30 on a supply motion moved by the Labour Opposition. Mr. Harold Wilson, opening, claimed that the industry was bleeding to death. Imports of grey cloth had mounted from 76 million yards in 1953 to 372 million yards last year. Exports had fallen a further 25 per cent since 1954. In the same period 367 mills had closed—some were the most modern, highly efficient and highly equipped imaginable—and since the present Government came to office 78,000 workers had left the industry. Even these figures did not tell the whole story. The Government had "utterly betrayed" the Labour Government's pledge that it would "look after the industry."

Hong Kong feared that quotas were to be imposed cutting their exports almost to nothing: Lancashire feared the open-ended nature of the trade and dangers of further expansion of British imports. "In these circumstances, where there are fears from opposite directions, I think that a settlement would be possible." Working conditions in Hong Kong today were of the kind made illegal in this country a century ago. "No hon. Member in any part of the Committee can defend women working for 12 and 13 hours a day. We cannot defend women, or men for that matter, working a seven-day week."

The Government should set up a buying commission to regulate imports. Thus armed, a Minister should go to Hong Kong to negotiate an agreement (to limit exports to Britain). Action should be taken to deal with labour conditions in the Colony.

Lancashire and the cotton unions were not saying, and never had said, that they would not have imports from any country with lower living standards than their own. [Unparalleled magnanimity? Or inability to enforce an embargo?] A deep-eyed socialist-protectionist, Mr. Wilson confessed:

*"If we were to say that it is right in all circumstances to place tariffs and quotas on goods purchased from*

textiles being disrupted because some body, such as the National Coal Board, temporarily withholds an order.

On final point remains. Protection for Lancashire, we are told, is justified because it would prevent currency drain resulting from outside purchase of essential textiles and because the industry is needed for strategic reasons. Neither of these contentions warrants serious consideration. The cotton industry is one with a low conversion factor—cotton is bought, frequently for dollars, and this comprises the main item of cost in the finished article for the labour content is low. On balance of payment grounds therefore the industry is expendable. One would have thought that the possibility that any future war would be fought with nuclear weapons disposed of the defence argument.

*countries with lower labour standards than our own, obviously we could not honestly protest against tariffs put on our exports by the United States and Canada."*

Delectable admission, worth remembering.

Sir David Eccles, President of the Board of Trade, said that cotton was the gravest problem in the private sector of the economy. There had been a stupendous decline in exports, markets having been lost as a result of two world wars and through other causes. The Board of Trade was fully aware of what was happening; it watched with real anxiety the severe and continuous amputations suffered by the industry. Nevertheless, "there has been greater expansion of employment in Lancashire than the contraction in the textile industry." An operative there could nearly always find another job fairly quickly. But in India, Pakistan or Hong Kong if an operative lost his job he and his family came near to starvation.

It was quite untrue to suggest that Lancashire enjoyed no protection. The tariff against non-Commonwealth textiles was "fairly stiff"—17½ per cent against piece goods; 20 per cent against made-up goods. Stringent quotas had been imposed on Chinese and Japanese textiles.

In 1954 retained imports amounted to about 3 per cent of home consumption. Today the figure was something over 15 per cent. India had voluntarily agreed to limit exports to Britain; he expected that Pakistan would similarly agree. It would then be necessary to renew negotiations with Hong Kong in the hope of securing similar agreement. A three-year agreement would offer an opportunity in which to bring about a hopeful transformation of the Lancashire industry. Change was inevitable "but the acceptance of gradual change does not mean that we should allow a violent disruption." Agreement would have to be voluntary—threats to impose restrictions on Commonwealth goods were not appropriate within "the family." Imperial Preference—under fire in the debate—was of mutual benefit. "How could we go to the Montreal Conference [in September] and make our ease for maintaining mutual preferences if, just before, and unilaterally, we had imposed restrictions on textiles from Asia?"