

of the textile machinery exported by the principal producing countries. On the basis of the first eight months of 1930 that percentage has fallen to 41.5 per cent.

Germany, who before the war supplied 36 per cent., now supplies 39.3 per cent. and America who supplied 2.8 per cent. now supplies 8.2 per cent.

Similarly, with machine tools the British share before the war was 11.5 per cent., it is now 8.3 per cent. The American share was 37.6 per cent., it is now 42.3 per cent.

For agricultural machinery our share in 1913 was 21.7 per cent., it is now 5.7 per cent., whilst America has gone forward from 61.3 per cent. to 83.1 per cent.

In 1925 this country gained supremacy as the greatest exporter of electrical machinery and it succeeded in maintaining that position until 1929; but on the basis of information available for the first eight months of 1930 America has forged ahead of us, and Germany, who in 1913 held supremacy, is challenging both countries closely.

An examination of this aspect of the question is contained in Appendix "C".

FOREIGN COMPETITION.

Despite suggestions to the contrary by some Government authorities and misleading suggestions in a part of the popular Press, abnormal unemployment prevails in every one of the principal manufacturing industries of the country.

The main fact over the whole range of British Industry is that costs of production are too high to enable products to be sold. Mr. Lloyd George stated, in his recent pamphlet dealing with unemployment, that in order that Industry may recover it is necessary that over the whole range its costs should be reduced about 10 per cent.

In Engineering, foreign prices are from $2\frac{1}{2}$ per cent. to 40 per cent. below British, according to the kind of goods produced.