

EXTERNAL FACTOR OR FACTORS NOT DOMESTIC TO ANY ONE INDUSTRY.

British Engineering, however, is in a peculiar position.

In any examination of the Engineering Industry it must be kept in mind that Engineering is a finishing industry, *i.e.*, it uses as its raw material the finished products of many other industries, and its products are sold for immediate use in production.

It has to carry the accumulated burden of charges of other industries which at the various stages contribute to the supply of its materials.

It will thus be clear that according as the selling prices of these other industries are high, so its own costs and therefore its prices to customers, are increased.

This applies with equal force in the case of wages, taxation, rating, social charges, transport, etc., which these prior industries pay. They are all reflected in their selling price to the Engineer, and so the latter has to contend, throughout the processes of industry, with an accumulation of these charges.

Taking all these factors together, which for the purpose of clarity and simplicity are herein described as "pre-charges," there remain of the prices charged by British Engineering to its customers, at the most some 30 per cent. within which a direct reduction of costs can be sought.

It follows that no inquiry into the causes of unemployment in this industry is of value unless there is also an inquiry into the charges made on it for the materials which it uses, or the services—for example, transport, power and light—which it employs.

Then there are causes imposed due to the action of Trade Unions, as, for example, restrictions which limit output, compel unnecessary employment of several classes of workmen when in fact no such variety is necessary, and where there is a consequent loss of time in carrying out particular work, and a resultant increase of cost, since overhead charges accumulate while work is interrupted.

WAGES.

It is important to keep in mind that wages as wages are liable to give the outsider an entirely wrong impression. They should on no account be confused with earnings.