

It will be noted that in all the other industries referred to in the table the same position applies. This is important in the light of the cumulative wages load carried by the Engineering Industry.

OTHER INDUSTRIES.

It will be convenient at this stage to examine the conditions prevailing in industries which either supply materials to the Engineering Industry or themselves use machinery and other products of that industry or both.

ACCUMULATION OF EXTERNAL FACTORS.

An examination of these conditions will show not only that the depression and unemployment are general, but also that there must be in those industries causes of unemployment and high costs which contribute to the high costs and unemployment in the Engineering Industry. For instance, when, owing to the high cost of materials, coal, iron, steel, etc., which it uses, the Engineering Industry has its own costs put up, then it must, as already explained, charge higher prices for its products which it sells to the industries which supply those materials.

Also, when, owing to these high costs, the Engineering Industry is unable to export to other countries, Transport Industries suffer because they are not given so many Engineering products to carry.

It is important to notice that in all industries some proportion of the cost of production is external, and this proportion increases as the industry assumes a more finished character. An industry cannot of its own accord reduce these external costs either by negotiation with the Trades Unions or in any other way.

To take an elementary example : if the local rates payable on a factory are £1,000 in a year and 1,000 similar articles are produced, the cost of rates on each article is £1. But if, owing to trade depression, high costs or any other cause, the factory only produces 500 articles, then the cost of rates on each article is £2 and the charge to the buyer must go up £1. On the other hand, if the factory can produce and sell 2,000 articles, then the cost of rates on each article is only 10s., the charge to the customer can be 10s. less, and obviously the likelihood of selling is so much the better.