

In any case, however, there is one distinction between land transport by road or rail, and sea transport.

The former is a "sheltered" industry. It is not compelled to compete with foreign transport.

Sea transport is in a different category. It is immediately in competition with German, French, Dutch, American, Italian and other sea transport. It will therefore be examined separately.

#### **Land Transport.**

It is important to realise that the cost of transport is "cumulative", that is to say, it increases all through the process from the time when the first ton of coal is put on the railway until the engineering product reaches the consumer.

The needs of the Railways are very largely engineering and, necessarily, if engineering costs are increased they must charge more for their products and so the charges which the railways make are thereby increased.

On the other hand, the railways—though they have no real foreign competition—cannot eventually do other than lose by loss of trade in the engineering industry. They will have fewer engineering products to carry and also fewer of the raw materials needed by engineering. Therefore their own fixed charges, those of which they cannot diminish the total, will be spread over a smaller amount of goods carried, and the cost of carrying those goods be so much higher. Thus engineering and transport affect each other.

It should be pointed out that railway freight charges on industrial goods have increased about 60 per cent. since the war. The effect of such an increase on the cost of engineering goods can readily be understood, particularly having regard to the cumulative effect which has been already referred to.

In 1913, the railways carried on an average in each month about 30,740,000 tons, at a total cost to customers of about £5,360,000. Since 1927, they have never reached that figure. In July, 1930, the total dropped as low as 24,480,000 tons and the receipts therefrom to £8,200,000.