

## THE DEPRESSION.

The depression in a number of industries and in what way Engineering is affected by them, and in turn affects them, has been pointed out.

Other examples could be given, but these will be sufficient to show how general is the depression and how one industry's depression affects the rest.

Low sales and therefore low production mean high costs, and high costs in one industry mean high charges to those which use its products and they in turn must charge more.

It has been shown how inextricably bound up with all industries is the Engineering Industry, and how depression in any one or all of the other industries has a reaction on some section, at least, of the Engineering Industry.

It is not suggested that the vicious circle so clearly demonstrated is avoidable. It is not; but attention has been directed to the intermingling of industry, from which it is clear that if any serious endeavour is to be made to rehabilitate our industries, piecemeal attempts will accomplish little or nothing for they will be nullified by the continuance of existing conditions in other directions.

Production costs in all industries in this country appear, so far as can be ascertained, to be greater than elsewhere, and our industrial salvation appears to depend on a realisation of this fact and a universal recognition that only by a concerted effort by all concerned can we re-establish ourselves on a competitive basis.

Not only is the relationship vertical, that is to say, up from the industries producing the raw materials or semi-manufactured materials which engineering finishes into the completed product, as in the case of Coal, Iron and Steel, but it is horizontal, that is to say, as between Engineering and other finishing industries which in their processes use the finished product of Engineering, as in the case of the Textile industries. When the reactions in Coal and Iron and Steel and Engineering are examined, there is revealed the vicious circle, as the Coal and Iron and Steel pre-charges paid for by the engineer in his purchase price are again charged against the Coal and Iron and Steel manufacturers in their purchases from engineers.

### **The Use of Imported Products.**

It may be convenient here to refer to the attempts to keep down costs by using foreign products. If coal is so dear as to make it difficult or impossible for the Engineering Industry to carry on,