

Weekly Notes

Keeping Asian Textiles Out

A LITTLE over three years ago when Lancashire first made an approach to the cotton textile exporting countries of the Commonwealth and requested them to impose voluntary restrictions on their exports to the United Kingdom they had pleaded that such restrictions were needed for a temporary period to enable the British textile industry to rehabilitate itself and stand on its own feet. A scheme for the re-organisation of the Lancashire industry had then been approved and the British Government had promised the industry a considerable amount of financial assistance to enable it to carry out the proposed programme of reconstruction. Last year, Hong Kong, whose agreement with Lancashire was to have ended at the end of January 1962, was persuaded to extend the agreement for a further period of eleven months so that it would terminate at the same time as the other two agreements — those with India and Pakistan.

In view of the larger quota given to Hong Kong for these eleven months, the Indian and Pakistan quotas for 1962 were also raised to some extent. While there was no indication of the attitude that Lancashire would adopt regarding continuation of these agreements after December 1962, these developments had suggested that a policy which would be acceptable to India, Pakistan and Hong Kong would be evolved for British textile imports from these countries after December 1962. While these countries would have been justified in asking for the elimination of all restraints on their exports to the United Kingdom in view of the fact that the period required for the reconstruction of the British textile industry would have been over by that time, an agreement on the basis of larger quotas would perhaps have been acceptable to the Indian, Pakistani and Hong Kong industries.

In view of the above, the British Government's reported action in approaching India and Pakistan to accept cuts in their exports of cotton textiles and yarn lacks any

justification whatsoever. Lancashire had been trying to persuade the U K Government to restrain textile imports from Asian countries at the level of the first three months of 1962. Imports during these three months were at a particularly low level—after having been maintained at a very high level during the preceding six months. To fix imports at the level proposed by Lancashire would, therefore, involve a substantial cut in the annual level of the textile exports of these countries to the United Kingdom. The surprising part of the whole affair is that the Lancashire delegation which met Mr Macmillan was led by Lord Rochdale, who had played an active part in negotiating the current voluntary agreements with the three countries and had emphasised at that time the purely temporary character of the restraints that Lancashire was asking of these countries.

The viewpoint of the Lancashire textile industry has received support, however, from the Parliamentary Select Committee on Estimates. This committee has pointed out that if a solution to the problem of textile imports is not found, the expenditure of £2.3 million already incurred by the British Government on assistance to the industry "will have been to no purpose". The Committee does not seem to have appreciated the point that the British Government's assistance was intended to make the industry capable of withstanding competition without the imposition of any restraints on imports. What would be the purpose of that assistance if restraints have to be continued?

Lancashire's Problems Unsolved

DEVELOPMENTS in the British textile industry during the recent past need in fact to be very carefully examined in order to determine what future the industry has in the economy of the country. While investment is being made in the industry in order to modernise it and thus make it capable of withstanding competition without external assistance the other part of the programme which calls for the elimination of the weak and ineffi-

cient units is not being effectively implemented. It is only if the textile industry in Britain becomes not only more efficient but also smaller and more compact, that it will be able to withstand competition from the developing countries.

A programme aimed at transforming the industry on these lines will also have the advantage of widening the scope for imports, thus providing the assistance to the textile exporting countries, which they need so badly. As it is, there are signs that even a modernised and more compact textile industry in Lancashire may face complex problems in relation to the supply of labour. The industry can operate efficiently only if it is run on a three-shift basis; labour willing to work on this basis is not available. The women workers who have formed the traditional labour supply of the British textile industry are unwilling now to accept the conditions of employment which the industry has to offer to them; alternative avenues of employment — offering more attractive terms — are now available. Nor is it possible to attract male labour, apart from the difficulties involved in the use of such labour in an economical manner. Labour however, does not appear to have any faith in the future of the industry.

Whatever the consequences such a policy may have for the amount already invested by the British Government in the form of assistance to the textile industry, it is clearly necessary at this stage to formulate a policy for the industry which will recognise the realities of the situation. The British Government will have to balance the assistance it has already provided to the textile industry against the much larger amounts of assistance it is providing to the underdeveloped countries whose growth depends upon textile exports to the developed countries including Britain. The British delegation at Brussels has been pressing the Common Market countries to recognise the need for the maintenance and expansion of the manufactured exports of the developing countries of the Com-