

**THE WORLD**

**TEXTILE**

**CONFERENCE**

**BY LEWIS L. LORWIN**

*Economic Adviser to the International Labor Office*

**A WORLD  
AFFAIRS BOOK**

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TEXTILE CONFERENCE**

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## NOTE

Dr. Lewis L. Lorwin, American economist, has for the past two years been in Geneva, Switzerland, as Economic Adviser to the International Labor Office. In this capacity, he has had charge of the preparation of the Office Report on "The World Textile Industry," which will be submitted to the Washington Conference as a basis for its discussions.

Dr. Lorwin has written this booklet unofficially. In his presentation of the facts and in his interpretations of the possibilities and meaning of the Washington Conference, he is expressing his personal views.

# THE WORLD TEXTILE CONFERENCE

## I.

### A NEW KIND OF CONFERENCE

**I**N APRIL, 1937, there will be held in Washington, in the auditorium of the United States Department of Labor, an international conference to be known as the Tripartite Technical Textile Conference. Called by the International Labor Organization (usually referred to as the I.L.O.), the conference is being held in Washington at the recommendation of the President of the United States.

Many international conferences have been held since the World War; indeed, the post-war period has often been referred to as the "age of world conferences." However, since the failure of the famous Economic and Monetary Conference in London in 1933, there has been widespread scepticism concerning the usefulness and desirability of general international conferences. But the World Textile Conference to be held in Washington is of a new kind, representing in purpose, in procedure, and in technique a distinctive departure in the history of international efforts towards the settlement of world problems.

In harmony with the general structure of the I.L.O., the Washington Textile Conference will be tripartite in character: i.e., composed of delegates from three groups—employers, workers, and governments. Attendance, however, is being limited to countries which have a special interest in the world aspects of the textile industry.

There are some twenty nations deeply concerned with the export and import of textile raw materials and semi-finished and



finished goods: the United States, the United Kingdom, Japan, France, Germany, Canada, Italy, China, India, Mexico, the U.S.S.R., Switzerland, Belgium, the Netherlands, Czechoslovakia, Australia, Brazil, Spain, Poland, Argentina. In each of these the textile industry employs 50,000 or more workers. It is from these countries that most of the delegates will come. It is expected that from 50 to 60 delegates will attend, accompanied by from 125 to 150 technical advisers. All the countries to be represented at the Conference are Member States of the I.L.O., unless (as is hoped) Germany, which withdrew from the I.L.O. in 1933, is represented.

The distinctive features of the Conference are its purpose and its method. For the first time, a single great world industry will be examined in detail by employers, workers, and government representatives whose economic welfare is bound up with the destinies of that industry. And this examination will have a large and objective purpose in view. As a rule, the annual sessions of the International Labor Conference are concerned with specific proposals for international labor treaties (known as Draft Conventions) which must be discussed and voted upon.<sup>2</sup> But the Washington Textile Conference, as its name indicates, will not discuss a specific legislative proposal, and will not have to spend much time in voting. Its real object is to lay the foundations for a broad social policy in a great world industry by assembling as complete a picture as possible of all the technical, economic, and social conditions that bear on labor conditions in the industry.

In other words, the World Textile Conference is based on the belief that action should proceed from full knowledge and that facts should be the handmaidens of policy. The delegates, therefore, are being selected on the basis of their special relation to and

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<sup>2</sup> The general procedure of the I.L.O. is described below.

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knowledge of the problems of the textile industry, and they will be assisted by technical advisers having an intimate knowledge of the various aspects of the industry.

The technical-conference idea was carried out to a limited extent in planning the Preparatory Maritime Conference in 1935, which led to the Maritime Conference of 1936, at which an international code for seamen was adopted. But the Washington Textile Conference will be the first one to bring the idea to full development.

## II.

## THE REASONS FOR THE CONFERENCE

**T**HE purpose of the Washington Textile Conference may be made clearer by a brief review of the origins and work of the I.L.O.

The I.L.O. was founded in 1919 on the idea that world peace can be made secure only if it is based on social justice. The experience of the nineteenth century had shown three things. First, that governments faced with serious social discontent and unwilling or unable to meet the demands of their people for better living conditions were tempted to try to maintain themselves by adventures in foreign policy which often led to war. Second, that national programs of economic expansion which ignored the possibility of improving the standards of living of the people accentuated the struggle for foreign markets and thus aggravated the economic causes of international friction and conflict. Third, that the failure of one nation to adopt humane conditions of labor was an obstacle in the way of other nations which desired to improve conditions in their own countries, especially if these nations were dependent in large measure on foreign trade for their economic welfare, and were competitors in the same foreign markets.

It was against this background of experience that the Preamble and Constitution of the I.L.O. were formulated. As one reads that document to-day, he is aware of both the imagination and the realistic thought that went into its making. The Preamble sets forth a large program of general aims, as well as a series of immediately possible reforms, as steps toward the gradual attainment of the ultimate ends. Its great social and humanitarian aim is to raise the standard of living and the status of labor in all countries by preventing unemployment; by giving the workers

and their families protection against sickness and hazards arising out of industry; by assuring freedom of association; and so forth. Among the concrete reforms which are to be introduced as soon as possible are the eight-hour day; a weekly rest of at least twenty-four hours; and the abolition of child labor. The I.L.O. has thus been given a dynamic character, a basis for continuous progress—a mandate to enlarge its task of labor reform in accordance with the general economic and social advance of the world.

The mechanism created to achieve these ends contains many original features. With some amendments, this mechanism has persisted since 1919, and furnishes the body through which the spirit of the I.L.O. finds expression to-day. The nucleus of the Organization is the General Conference, which is held annually, usually in June of each year. Each country which is a member of the I.L.O. may send four representatives or delegates to the Conference; two of these delegates represent the governments and two the employers and workers respectively of each of the Member States. Each delegate may be accompanied to the Conference by advisers, not more than two for each item on the agenda of the meeting. When questions affecting women particularly are to be considered by the Conference, at least one of the advisers is expected to be a woman.

The Conference is a quasi-legislative body. The agenda of each session contain a series of proposals which the delegates discuss and vote upon. The work of the Conference may result in the adoption of a Draft International Convention, or of a Recommendation. A Draft Convention is in effect a draft of an international treaty concerning labor conditions, and must obtain a two-thirds vote of the Conference to be adopted. When adopted by a session of the Conference, a Draft Convention must be submitted by each Member State to the proper authorities for rati-

fiction. The aim of an International Draft Convention is to establish a uniform minimum standard for all countries on some labor question, e.g., hours of work in an industry, the prohibition of night work in certain industries, child labor, or social insurance. Although a Draft Convention is supposed to have general application, it must also have due regard for climatic conditions, imperfect development of industrial organization, and other circumstances which create special situations in some countries.

As a means of servicing the Conference with the information necessary for its work, the International Labor Office was established.<sup>2</sup> The Office is now housed in its own large building on the shores of Lake Geneva. A staff of over 450 persons of many nationalities carries on the work of collecting information, studying various economic and social problems, and preparing the materials needed by the Conference for the work of its annual sessions. At the head of the Office is a Director, who is appointed by the Governing Body described below. The first Director of the Office was the famous French statesman, Albert Thomas. Since 1932, Harold B. Butler has been Director.

The Governing Body is a kind of executive council which controls the work of the Office, has charge of finances, and prepares the agenda of annual sessions of the Conference. The Governing Body is tripartite in character and consists of thirty-two persons—of whom sixteen represent governments, eight represent employers, and eight represent workers. The members of the Governing Body are appointed by the Conference for a period of three years.

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<sup>2</sup> Both the International Labor Organization and the International Labor Office are generally referred to as the I.L.O. In French, the International Labor Organization is known as the O.I.T. (*Organisation Internationale du Travail*) and the International Labor Office as the B.I.T. (*Bureau International du Travail*).

It can thus be seen that in its form of organization and method of operation, the I.L.O. has broken away from stereotyped patterns and made two innovations which are especially important. First, by adopting the tripartite principle, i.e., a system of representation by functional economic groups—employers, workers and governments—the I.L.O. has cut across national lines and laid the basis for more practical international co-operation in industrial and economic affairs. Second, by using the method of Draft Conventions or international agreements on labor standards, the I.L.O. has made it possible to set up international minima for the labor laws of different countries and to level out the labor standards of newly industrializing countries in accordance with the general progress of modern society.

In the eighteen years of its existence, the I.L.O. has adopted more than fifty Draft Conventions relating to various topics. It has set up minimum standards for the protection of children, and for eliminating objectionable features of industrial life in unhealthy and hazardous occupations; it has given protective standards to special groups of workers, such as seamen; and it has developed a system of general principles and concrete applications in the field of social insurance. More than seven hundred ratifications of various Conventions by most of the Member States have been registered. Thus, the work of the I.L.O. has helped to bring the laws protecting wage earners in different countries into greater agreement in order to lay the foundations for what may be called a World Labor Code.

The major work of the I.L.O. was carried on during a period of general economic expansion, with a progressive trend towards political pacification. From 1924 to 1929 especially, it seemed that such problems as those of reparations, of world debts, of Franco-German relations, were moving towards amicable solutions. At the same time, this was a period of economic prosperity

which, although not entirely sound or general, was sufficiently extensive and widespread to enable employers, workers, and governments to consider hopefully the specific problems which confronted them with regard to industrial relations. It was as a result of this political stability and economic prosperity that some of the most important International Labor Conventions were adopted between 1925 and 1929.

However, in 1929 the situation changed, as a result of the depression. As the economic crisis deepened from 1929 to 1932, more and more workers were thrown out of employment, wage rates and earnings fell, and all prices, especially those of agricultural products, collapsed, and thus decreased the purchasing power of masses of the people throughout the world. The havoc wrought by this greatest depression in modern history brought about a general tendency in most countries to withdraw within their own national boundaries, and to reorientate economic life on a nationalistic basis. Currencies were devaluated, tariffs were raised everywhere, import quotas were imposed limiting the possibility of trade between nations, long-established channels of communication were diverted or clogged up, industries were redirected without regard to costs or benefits or ultimate possibilities. The result was a series of developments which almost destroyed the world economy built up in the course of the preceding century.

Before long, it became clear that these policies were inflicting special hardships upon the working populations of the world. It also became clear that the the extensive system of International Labor Standards which had been built up by the I.L.O. through its Draft Conventions was in danger of being undermined.

Under these circumstances the I.L.O. took the offensive, and in 1932 formulated a large economic and social program to combat the depression. This program became the basis of a world-wide

discussion that gave rise to many measures of an international character for restoring the functioning of the economic system on a world scale.

One of the basic ideas advanced by the workers' group and by many government delegates in the I.L.O. as a means of meeting the economic crisis was that of reducing the hours of work, particularly the adoption of the American plan of the forty-hour week. It is well known that the movement for the reduction of hours of labor in the United States was conceived not merely as a means of alleviating toil and of improving conditions of work, but also as a method of establishing a balanced economy in which there would be a better adjustment of consumption to production, which would in turn assume both continuity of income and higher standards of living for everybody.

From 1933 to 1935 the I.L.O. held a number of special meetings at which the general subject of the reduction of hours of work was discussed. At the Nineteenth Session of the International Labor Conference in 1935 (at which delegates from the United States were represented for the first time), the subject entered a phase of practical application. After much discussion that Conference adopted a Draft Convention approving the principle of the forty-hour week in industry generally.

This Draft Convention gave rise to a number of specific questions. One of the major questions was: Which industries were best prepared for the application of the general principle of the forty-hour week? At the sessions of the Labor Conference in 1935 and 1936 the industries for which a reduction of hours was discussed were iron and steel, building, glass, public works, and textiles. Only with regard to two industries—public works and the glass industry—did the Conference find it possible to agree to a Draft Convention for a forty-hour week. No agreement could be reached with regard to the iron and steel industry, nor to the



building industry; and a considerable discussion arose with regard to the reduction of hours of work in the textile industry.

In the course of this discussion the Twentieth Session of the Conference in 1936 repeatedly stressed the idea that it is necessary to have full knowledge of the conditions of the textile industry before steps are taken to reduce the hours of work. This idea may also be said to be in some ways an American contribution, for it has been a peculiar characteristic of American development in recent years to make research serve as a basis of policy.

Out of this discussion the Washington Conference was born, for the purpose of examining all the facts which bear upon the textile industry in its world relations, and of studying these facts as carefully as possible as a first step to action which is vital to the lives and happiness of millions of people. How much the American representatives contributed to this conception is clear from the Record of the Proceedings of the 1935 and 1936 Sessions of the Conference. At the 1935 Session, one of the United States Government delegates, Mr. Walton H. Hamilton, first proposed the idea of a comprehensive study of the world textile industry. At the Session of 1936, Mr. John G. Winant and Miss Frieda Miller, government delegates from the United States, introduced the following resolution, which has resulted in the calling of the Conference in Washington:

The Conference, taking into consideration:

(1) that there is a general desire for the improvement of the wages, hours, and other working conditions of textile workers throughout the world;

(2) that, having regard to the varying standards of hours, wages, and working conditions in different countries, such improvement requires the co-operation of the countries concerned, and that the International Labor Organization provides the appropriate means of attaining agreement on equitable standards of hours, wages, and working conditions;

(3) that the establishment of such equitable standards can be achieved only by discussion between the representatives of Governments', employers', and workers' organizations in the various countries:

Decides to request the Governing Body to convene a tripartite conference which would include the necessary technical and expert assistance from textile-producing countries. It would be the purpose of this conference to consider how the work already undertaken by the International Labor Organization in connection with the improvement of conditions in the textile industry can best be advanced and to take into account all those aspects of the textile industry which, directly or indirectly, may have a bearing on the improvement of social conditions in that industry.

## III.

## THE PROBLEMS BEFORE THE CONFERENCE

THE work of the Textile Conference will be based in large measure on a Report prepared by the International Labor Office entitled *The World Textile Industry: Economic and Social Problems*. This Report is a survey of the available information on the production of textiles, on the world trade in textile products, on the changes which have taken place in the industry in recent years, and on the conditions of textile workers, such as wages, hours, employment, and unemployment. It is the first report of its kind. A summary of the findings of this Report is the best introduction to the coming discussions of the Washington Conference.

## I. WORLD ASPECTS OF THE TEXTILE INDUSTRY

As the Report points out, the textile industry is one of the most important in the world. At least 14 million persons throughout the world are gainfully occupied in the manufacture of cotton yarn and cotton piece goods, woollens and worsteds, silk yarn and silk goods, rayon goods, linens, etc. Of this number, some 10 million persons are employed in factory establishments; the rest are home workers. If one takes into account the millions of people in different countries occupied in raising the raw materials of the industry—planting and raising cotton, breeding sheep for the clip, raising silk cocoons, planting flax, making rayon by chemical processes, one gains an idea of the many millions whose livelihood depends upon this large and diversified industry and its subsidiary industries. The Conference, however, will concern itself with the textile factory industry and its workers.

The importance of the textile industry in the economic life of some countries may be shown by a few figures. In the United

States, for instance, there are over 1,000,000 textile workers, and textile mill products in 1933 accounted for about 9 per cent of the net value of all manufactures. Great Britain also has over 1,000,000 workers in the textile industry, and in 1930 the output of the industry was about 14 per cent of all factory production. France and the Soviet Union have about 900,000 textile workers each, while India and Italy have somewhat over 700,000 each. In India, China, and Japan the structure of industrial production pivots largely on textiles. In Japan over 1,000,000 workers, or almost 50 per cent of all industrial workers, are employed in textile establishments; textile production constitutes about 26 per cent of all production. Textile exports in 1935 amounted to 56 per cent of total exports from Japan; more than 34 per cent from Italy; over 27 per cent from Great Britain; over 21 per cent from Switzerland, and over 20 per cent from the United States. Exports of textile products from all countries in 1935 were over 17 per cent of total world exports.

The textile industry has a widely ramified international character. Almost all countries are brought into more or less close economic relations through their interest in selling or buying textile raw materials, semi-finished products, and finished goods. Thus, only a few countries are more or less self-sufficient in one or more textile raw materials. That is true of the United States with regard to cotton and to a less extent as regards wool; of India with regard to cotton and jute; of the Soviet Union as regards wool, cotton, and flax; of Japan as regards silk. But most of the important textile producing countries are deficient in one or more of the raw materials. Japan, the United Kingdom, France, Germany, and other countries, for instance, have no raw cotton whatsoever. Very few of the wool-manufacturing countries produce all their own raw wool. Silk manufacturing the world over is dependent on the raw silk produced chiefly in the Japanese

Empire. The linen industries of Great Britain and other countries are dependent on the flax grown chiefly in the Soviet Union and the Baltic States. No major rayon manufacturing country, with the exception of the United States and Germany, is of importance as a producer of wood pulp, which is the raw material of rayon. Jute is practically a monopoly of India, which exports the raw jute to countries making jute textiles. In fact, a large part of the world's textile raw materials is produced in countries which are not themselves important manufacturing centers. In many countries, the textile raw materials are grown primarily for the export trade, and such exports are of great importance to the national economy. In other words, the economic fortunes of countries which are not textile manufacturing countries are closely bound to the fortunes of countries which make and export textile manufactured goods.

A few figures may illustrate these general statements. In 1934-35, the total world production of ginned cotton was estimated at 51,600,000 quintals; of this total over 90 per cent was grown in the United States, India, China, the Soviet Union, Egypt, and Brazil; the United States alone supplied nearly 41 per cent of this total. The total production of raw wool in 1934 was estimated at 1,656,300 metric tons. This total was produced in some sixty different countries, but nearly two-thirds of it came from Australia, the United States, Argentina, New Zealand, and the Union of South Africa; Australia alone was responsible for more than 25 per cent. The world production of wool is thus concentrated to a large extent in the Southern Hemisphere and in the countries of the British Empire. Of the 938,000,000 lbs. of silk cocoons produced in 1934, over 75 per cent were raised in Japan alone; the remainder chiefly in China, Korea, Italy, the Soviet Union, and India.

The manufacture of textile products is carried on to some ex-

tent in almost all countries of the world. Yet the industry shows peculiar patterns of international distribution, which differ somewhat for the different branches of the industry. Thus, the capacity to produce cotton yarn and cotton cloth and knit goods is concentrated largely in nine countries: the United States, Japan, the United Kingdom, India, China, Germany, the Soviet Union, France, and Italy. The capacity to manufacture woollen and worsted semi-finished and finished goods is concentrated also in nine countries: the United Kingdom, the United States, France, Germany, the Soviet Union, Italy, Japan, Spain, and Belgium. The capacity to produce raw silk is concentrated in the Far East, mainly in Japan; while the production of silk tissues is concentrated in the United States, France, Italy, Japan, and China. The production of linen goods is carried on chiefly in Great Britain, the Soviet Union, and Belgium. Jute products are made mainly in India, Great Britain, the United States, Argentina, Brazil.

Productive capacity in the textile industry is measured to some extent by the number of spindles and looms of different types. On July 31, 1936, there were in all countries 151,700,000 cotton spindles in place; of these 44,000,000 were mule spindles and 107,700,000 ring spindles. Of this total, the United Kingdom had 27.3 per cent; the United States 18.6 per cent; Japan 7.2 per cent. But the United Kingdom had a very high proportion of mule spindles, while the United States, Japan, China, Brazil, Mexico, and other countries in which the textile industry is of most recent development, had almost entirely ring spindles, which are more highly mechanized. The cotton power looms of the world in 1934 numbered 3,400,000, of which 79 per cent were "ordinary" and about 20 per cent "automatic," the balance being ordinary looms with "automatic" attachments. The United Kingdom had 23 per cent of all ordinary looms and only 2.3 per cent of automatic looms; the United States had 70.4 per cent of all automatic looms.

Limitations of space do not permit further details concerning the distribution of plant and equipment in other branches of the industry.

The peculiar way in which the production of textile raw materials and semi-finished and finished goods is distributed gives rise to a large and diversified world trade in textiles. The bulk of the raw cotton, raw wool, raw silk, etc., is shipped from the few countries where it is produced to the various textile-manufacturing countries. A large trade is carried on in such semi-finished products as cotton yarn and wool yarn and wool tops. The more industrialized countries of Western Europe sell cotton yarn in considerable quantities to the less industrialized countries of the Balkans and Latin-America, which have developed their weaving establishments more than their spinning. The United Kingdom overshadows all other countries in supplying over one-third of the total world exports of cotton yarn. Some thirteen countries, all of which (with the exception of Canada and Australia) are in Western and Central Europe, carry on the bulk of the world trade in wool tops and wool yarns.

Of greatest importance, however, is the world trade in cloth and piece goods. The world trade in cotton piece goods is carried on by some seventeen countries; of these, Japan and the United Kingdom furnish about 70 per cent of the total in volume and about 64 per cent in value. In 1935, the United Kingdom exported 1,762,600 quintals of cotton piece goods, valued at £39,500,000 sterling, while Japan exported 2,410,800 quintals, valued at £29,100,000 sterling. The other important exporters of cotton cloth and goods are France, Italy, the United States, Belgium, the Soviet Union, Czechoslovakia, the Netherlands, Germany, and Switzerland.

The world trade in woollen and worsted tissues is carried on by some sixteen countries, most of which are in Central and

Western Europe, with the exception of Japan, which has become in recent years a major exporter of woollen goods. The most important exporter of woollens is the United Kingdom, followed by Italy, Germany, France, Poland, Japan, and Czechoslovakia. The markets for woollen goods are widespread, depending upon climatic conditions and upon national income. A number of countries are engaged in the world trade in silk tissues, but the international markets for silk fabrics are dominated largely by France and Japan. In so far as rayon manufactures are concerned, Japan is by far the most important exporter in the world, although France, Italy, Germany, and the United Kingdom also export rayon goods. The leading supplier of linen goods to world markets is the United Kingdom, followed by Belgium, Czechoslovakia, and the Soviet Union. The largest exporters of jute products are India and the United Kingdom.

In brief, the textile industry is today perhaps more international in character than any other. Its raw materials are drawn from all over the world. The manufacture of its semi-finished and finished products is extremely widespread. Its products enter into all market outlets, from backward colonial areas to the most advanced industrial countries. The prices, both of its raw materials and of its finished products, are formed in world markets by a competitive process which has steadily grown in extent and intensity. Textiles, in fact, are the staples of world trade *par excellence*. From the mills of the United Kingdom, Japan, France, Germany, and other countries, there pours forth a stream of textile products converging on the markets of the whole world. The competition among the principal textile exporting countries thus acts as a medium which transmits to the whole world structure the effects of changes in wage rates, of currency depreciation, of the erection or the breaking down of tariff barriers, etc. In a word, so many countries have become so largely dependent for their



economic well-being upon the success or failure with which they carry on one or more branches of textile production and commerce that the industry may be said to be a true nerve-center of the present system of international economic relations.

## 2. CHANGING PATTERNS OF TEXTILE PRODUCTION AND TRADE

The picture of the textile industry as sketched above differs markedly from that of two decades ago. Great changes have taken place since the World War in the relative position of the countries which count most as textile producers and exporters, or both, and in the relative importance of different markets. These changes are the result of basic influences which have been reshaping the textile industry for many years; but they have been accelerated and complicated by the economic consequences of the World War and by the monetary and commercial policies developed during the depression of 1929-1933.

The major structural changes which have taken place in textile manufacturing in recent years can be summarized here only briefly. In the first place, the importance of Great Britain as a producer of textiles, especially cotton textiles, has been diminishing, while the importance of Japan and India has increased. The number of spinning spindles in place in the United Kingdom decreased from 55,652,000 in 1913 to 41,391,000 in 1936; in Japan, on the other hand, the number of spindles increased from 2,300,000 in 1913 to 10,867,000 in 1936, while in India the number of spindles increased from 6,084,000 in 1913 to 9,705,000 in 1936. Similar changes have taken place in the number of looms in the three countries.

Second, cotton textile manufacturing has been growing rapidly in newly industrializing areas, notably China, Mexico, Brazil, and the Balkan countries. Only a few years ago, China, for example, was one of the great import markets for cotton piece goods.

Today she is rapidly approaching self-sufficiency. The number of cotton spindles in China increased from 982,000 in 1932 to 5,010,000 in 1936. The Soviet Union has also become one of the largest textile producers in the world.

Third, textile manufacturing in several European countries has suffered profound disturbances as a consequence of the new national boundaries carved out after the World War. In Czechoslovakia, Austria, and Poland especially, large textile industries which had been built up before the War were severed by the World Peace from the markets to which they had been adjusted.

Fourth, difficulties in obtaining raw materials, resulting from policies of foreign exchange control and bilateral trade agreements, have stimulated peculiar structural problems for the textile industries of Germany and Italy.

And fifth, in two of the largest textile manufacturing countries, India and the United States, the textile industry has been shifting from regions of higher to regions of lower labor costs, giving rise to internal difficulties which could not but have repercussions on the industry internationally.

Even more significant have been the changes in the world trade in cotton textiles. First, there have been important shifts in import markets. The imports of cotton cloth into India, for instance, have declined as Indian mills have become increasingly capable of satisfying domestic requirements. The same thing has happened in China, in the Near East, and in some Latin-American countries. In general, the post-war period, in so far as the textile industry is concerned, has been a period during which the industrial revolution leaped across old regional boundaries, and spread to new and distant countries. Combined as it was with a long and deep economic crisis, this trend of the industrial revolution brought sharp pressures to bear upon international trade in textiles and rearranged its entire network.

Second, there have taken place spectacular changes in the position of the leading exporters of cotton cloth and piece goods. Great Britain, for instance, which before 1914 was the dominant supplier of cotton cloth to the world, has suffered from a drastic and almost unbroken decline in her export shipments of cotton cloth ever since the end of the World War. The decline in English cotton exports has been especially striking and important so far as the markets of India and the Far East are concerned. Thus, the imports from the United Kingdom into India dropped from 3,044,000,000 yards of cotton cloth in 1913-14 to 489,000,000 yards in 1935. Similarly, the United Kingdom has practically lost its market in China for cotton piece goods. In 1926, the United Kingdom exported to China cotton piece goods to the value of £6,288,000 sterling. In 1935, her exports fell to £389,000. Although the fall of British exports in other markets during these years was less marked, it was important. In general, the decline of British exports was in the coarser and cheaper cotton fabrics. This explains why the United Kingdom, although it has lost its position as the leading exporter of cotton piece goods *by volume*, is still the leading exporter of such goods *by value*.

In contrast to the decline of the United Kingdom from its former status as "the workshop of the world," in so far as cotton goods are concerned, is the spectacular rise of Japan to the status of what might be called "the workshop of the Far East," and to the position of the leading exporter of cotton piece goods *by volume*. Total Japanese exports of cotton goods increased from 1,418,000,000 square yards in 1928 to 2,708,000,000 square yards in 1936. Between 1931 and 1935, Japanese shipments of cotton goods to colonial Africa increased threefold; shipments to India and Ceylon rose by 40 per cent; shipments to Australia increased from 14,000,000 square yards in 1929 to 87,000,000 square yards in 1935; to the Philippine Islands from 27,000,000 square yards

in 1929 to 88,000,000 square yards in 1935. Japan also made headway in South America, increasing her exports from 29,000,000 square yards in 1929 to 198,000,000 square yards in 1935. Japanese cotton goods exports to India rose from 9,000,000 yards in 1913-14 to 526,000,000 yards in 1935.

Although the changes in the cotton textile industry have been the most spectacular, the shifts in the woollen, silk, and other branches of the industry have also been important. As regards the woollen industry, Great Britain is still the leading manufacturer and exporter of woollens and worsteds. But France, Italy, Germany, and Czechoslovakia have lost much ground, while Japan has developed a considerable woollen textile industry largely directed towards the export market. Another change in this industry is the growth of woollen manufacturing in countries producing raw wool, especially in Australia and Argentina. Similarly, the growth of silk manufacturing in Japan has caused difficulties for the silk industries of France and Italy.

In general, the tendency has been for textile manufacturing to move to new centers and for the trade in textiles to seek new channels. These shifts have been made possible by the fact that textile industries, especially weaving, can be set up comparatively easily; that the technology of the industry is fairly simple; that the necessary labor can be obtained easily; and that governments have adopted industrial, commercial, and monetary policies in recent years to facilitate the development of domestic textile industries in their respective countries.

### 3. THE STRUGGLE FOR TEXTILE MARKETS

Because of the foregoing shifts and changes in textile production and trade, the various textile-producing countries have found themselves involved in a struggle for markets which has grown increasingly intense and critical in recent years. Every nation has

tried to use whatever means it had at its command to gain or retain for itself as large a share as possible of the world market. This struggle has been carried on in various ways, but the most important methods used have been: (1) exclusivist commercial policies; (2) currency devaluation; and (3) efforts to reduce production costs, especially labor costs. All that can be attempted here is a brief sketch of the application of these policies to a few of the leading textile countries.

Let us begin with Japan. It is important for an understanding of the background of Japanese trade expansion since 1931 to keep in mind what happened in that country between 1929 and 1931. During the pre-depression period, as today, Japan had to import many essential raw materials, as well as substantial amounts of foodstuffs. Japan paid for these imports largely out of the credit balance obtained from her exports of raw silk to the United States. But, in 1930, the price of raw silk began to fall drastically, and Japan's international balance of payments was profoundly modified. Although the volume of Japanese raw silk imported by the United States increased, the value of such imports went down from 356 million dollars in 1929 to 106 million dollars in 1932, and declined further in the years that followed. Japan thus faced a debit balance in her trade with the United States. In order to meet this situation and to continue importing essential raw materials and foodstuffs, Japan was compelled to rearrange her trade with the rest of the world. The rearrangement took two forms: (1) a devaluation of the yen; and (2) a vigorous expansion of exports of cotton, wool, and silk tissues.

Although Japan may have regarded herself justified in her new policy, other governments were alarmed by the increasing flow of Japanese textile exports, and began to take special measures to limit the volume of the stream. In January, 1934, India made an agreement with Japan restricting the quantity of Japanese

cotton piece goods which might be imported into India, based on the amount of Indian raw cotton purchased by Japan. In May and June, 1934, the United Kingdom imposed quotas on the imports of cotton and rayon piece goods into the Crown colonies (except British East Africa and Hong Kong), which, although affecting all foreign countries, in practice were largely directed against Japan. During the same year the government of the Netherlands imposed an emergency quota system on the Netherlands East Indies, which had the effect of limiting Japanese imports into those islands. In October, 1935, after negotiations with the United States, the Japanese government voluntarily agreed to limit her shipments of textiles into the Philippine Islands. According to a study issued by the Joint Committee of Cotton Trade Organizations in June, 1936, cotton piece goods exported from Japan were subjected to restrictions in 56 out of 106 markets which are distinguished in Japanese export statistics. In 40 of these cases, the restriction took the form of a quantitative limitation, while in the other 16 cases restriction took the form of tariff preferences, in favor of Japan's principal competitor, the United Kingdom. The quantity of trade affected by these restrictions was about 67 per cent of the total Japanese piece goods exports in 1935.

While Japan was largely the passive victim of restrictive commercial measures, the United Kingdom took the initiative to protect whatever textile markets she could against further competition. The first act came in 1931, when the pound sterling depreciated, which was equivalent in its effects to a protective tariff. In March, 1932, the Import Duties Act was passed, which marked a definite breach on the part of Great Britain with traditional free trade principles. In August of the same year the Ottawa Agreements were adopted, which widened the preferential tariff margins which India and the Dominions had already

been granting to the United Kingdom. Finally in 1934, quota systems were introduced by Great Britain into the Crown colonies.

It is only too well known that the enormous home market of the United States, the largest single market in the world, is protected for the benefit of the domestic textile industry by means of high tariffs. Besides, the American textile manufacturers enjoy tariff advantages in the Philippine Islands and in Cuba.

France supplies another application of the general policies considered here. French textile exports contracted very markedly during the depression years. Confronted by this problem, France fell back upon her tariffs and upon an elaborate system of import quotas. These were applied not only at home, but throughout the French Empire, which (including the colonies, protectorates, and mandates) is one of the largest trading areas in the world. As a matter of fact, the foreign markets for French cotton cloth between 1927 and 1935 would have disappeared almost completely had not France concentrated upon exporting her cotton goods to her own colonies and maintaining her privileged position there by the commercial policies described.

Although they were not able to use the methods described above, Germany and Italy tried to obtain the same effects in other ways. Chiefly through strict exchange control and bilateral trade agreements, these two countries succeeded in establishing for themselves preferential conditions in certain markets, especially in the Balkans and in South America.

Much has been written on currency devaluation in recent years, and the subject is fairly familiar to most readers. The devaluation of the yen made available to Japanese textile exporters a very wide margin within which they could reduce price quotations in terms of foreign currencies, and yet obtain equal or larger sums of yen. The devaluation of the yen was undoubtedly a primary factor in prompting Japanese textile sales in 1931 and 1934. The

United Kingdom and the United States obtained fewer advantages from the devaluation of their respective currencies, but still benefited from it.

Another way in which various textile countries tried to obtain an advantage in world markets was by means of reducing costs of production. In general, markets depend but little upon differences in prices of raw materials. The textile raw materials are produced for and sold in the world market in the widest and truest sense of the term. The prices which textile mills in different countries have to pay at any given moment for their raw materials are determined by world market quotations, and do not differ essentially from country to country, except for transportation charges, etc. It is an inherent characteristic of the world market for primary commodities that identical prices should be charged to all purchasers at the same moment, and that all purchasers willing and able to pay should, regardless of their nationality, be equally welcome. The practice of selling domestic or colonial supplies of raw textile materials to home mills at lower prices than to foreign mills is a form of discrimination to which economic nationalists have not as yet given thought.

Efforts to reduce costs of production in the textile industry are thus largely centered on labor costs, which are a fairly high percentage of the total costs of production. Labor costs are thus one of the important elements in the determination of textile prices, and an extremely important factor in international competition.

Labor costs per unit of output depend upon wage rates and upon labor productivity. It is very difficult, in view of the fragmentary condition of the available information, to give a complete picture of wages, productivity, and per-unit labor costs of textile products in the different countries. In general, however, the information at hand indicates that the spread in labor costs has been considerable in recent years in different countries, and



that this spread has been due primarily to differences in wage rates.

The struggle for markets could not but aggravate the competitive relations between the major textile countries. World attention, however, has been largely focused on the acute competitive relations which developed between Japan and other countries. Such concentration is justified, perhaps, because of the spectacular penetration of Japanese textile goods into most markets, despite tariffs, quotas, and other restrictive measures. But such singling out of Japan simplifies the picture too much, and gives an inadequate idea of the real complexity of world competition in textile products. This is fully portrayed in the Report of the International Labor Office.

#### 4. WHAT IS WRONG WITH THE TEXTILE INDUSTRY?

There is a widespread belief that the basic difficulty of the world textile industry is a condition of excess capacity resulting in "over-production." On the other hand, it is contended that the real trouble is lack of purchasing power, resulting in under-consumption of textile products by the mass of the people.

The idea that excess capacity is at the root of all the troubles in the textile industry has given rise to many efforts in different countries to hold down textile output and to curtail textile productive capacity. As is well known, the textile codes under the N.I.R.A. between 1933 and 1935 almost all embodied provisions restricting productive capacity by limiting machine and plant hours. Under the Cotton and Silk Textile and Hosiery Codes, for example, manufacturing operations were limited to eighty hours a week or to two shifts a day, and forty hours a week per shift. In the United Kingdom many efforts have been made to curtail production and to maintain prices by voluntary agreements, all

of which on the whole have been unsuccessful. These private agreements finally led to the so-called Cotton Spinning Industry Act of 1936, which may result in the elimination of some 10 million spindles through the buying up of obsolete and inefficient machinery by means of a tax imposed upon the industry. In Japan too, the Japanese Cotton Spinners' Association has made various efforts to restrict production by sealing up spindles and making its members observe extra holidays. Similar efforts have been made in Germany, Italy, India, and elsewhere.

The widespread character of these restriction schemes indicates that there is a serious problem of excess capacity in certain textile areas. Such, for instance, is the cotton area of Lancashire; of New England, in the United States; of Bombay, in India; of certain areas in Central Europe; etc. These areas affect international competition and make for considerable friction, but their existence cannot be taken to mean that there is a world-wide excess capacity to manufacture textiles with relation to the needs and consumption requirements of the world.

As a matter of fact, even in the period from 1925 to 1929, when the production of textiles rose considerably, it may be said that no "excess capacity" existed in the true sense of the word. True enough, the facts seem to indicate that during this period there was a disequilibrium between the potential productive capacity of the industry and the effective demand for textile products. This is evidenced by such facts as the large number of cotton spindles in various countries of Europe and the United States that were idle; by falling prices; and by contracting mill margins, upon which the financial and business success of the industry depend. But when one examines consumption figures, one finds an entirely different picture. Regardless of increasing production, the effective demand for textiles during the post-war years seems to have risen very slowly. Even at the peak levels of 1928-29 the

total consumption of textile fibers for all uses was only a little larger on a per capita basis than the average consumption of 1909-1913. Throughout the world as a whole, it may be estimated that during 1909-1913, the average per capita consumption of all textiles was about 50 yards a year, while in 1928-1929 it was about 55 yards, a net increase of only 5 yards. In some countries, such as Japan, the increase in per capita consumption of cotton and wool increased considerably during this period, but in general the increase in the standards of living of various populations during these years did not find a marked expression in an increased consumption of textiles.

Although it may be true that this fact is due in part to changing habits of consumption, it is undoubtedly also true that to a great extent it reflects low purchasing power throughout the world, and an incapacity on the part of the lower income groups in different countries to spend more money on clothing. The differences in the consumption of cotton piece goods, for instance, in different countries, are striking. In 1929 the per capita consumption of cotton piece goods in the United States was about 64 square yards. In Canada it was 37.7 yards, and in the United Kingdom 35 square yards, while in Japan consumption was 21.4 yards, in India 16.1 yards, in China 10 yards. In other countries it was still smaller. These differences are not to be ascribed to climatic conditions, for countries with not dissimilar climates show large differences in the per capita consumption.

On the other hand, studies of family budgets show that, as the family income increases, a larger absolute amount, as well as a larger proportion of the family budget, is spent on clothing. The differences in these expenditures are considerable, even in the United States. The studies made by the United States Department of Labor within the last two years show that, for instance, in various New Hampshire towns during 1933-1934, families with

incomes of \$1,055 a year spent \$112 on clothing, while families with \$1,327 a year spent \$176 on clothing.

In brief, the textile industry, like many other industries, shows the existence of a real paradox. From a commercial point of view, the textile industry may be described as suffering from over-production in the sense that the effective demand for textiles falls behind potential productive capacity; from a social point of view it is an industry of under-consumption. As in other industries, the solution for the paradox lies in measures and policies which would enlarge real income and the purchasing power of the mass of the people in all countries.

#### 5. THE CONDITION OF THE TEXTILE WORKERS

The character of the workers in the textile industry, their composition by age and sex, their skill and working habits, their mobility, their wages, hours of work, and working conditions, are vital factors in determining the outcome of international competition in world textile markets. But even more important from the larger humanitarian and social point of view are the questions raised with regard to the effects of international competition upon the textile workers. Who are the workers who carry on the textile industry and help to make it what it is? What place have they in the industry? What is their reward for their labor, and how does it compare with the reward of workers in other industries? How have the competitive practices in the industry affected the lives of the men, women, and young people who have entered the industry in order to secure a livelihood? What economic and social problems in general have the varying fortunes of the industry raised for those who call themselves and want to be textile workers? How can the condition of these workers be improved so as to provide for them a better and more secure livelihood?

It is with these questions concerning the workers in the textile industry that the I.L.O. is primarily concerned. The International Labor Office has prepared its elaborate Report on the entire textile industry only because of the belief that fuller knowledge of all the economic aspects of the industry would help to answer more effectively the questions concerning labor. This position is in line with the underlying principle of the I.L.O. that the improvement of labor conditions in any industry is the surest way to its rational reconstruction internationally, and is thus conducive to harmonious world economic relations.

Looking at the textile industry from this point of view, one finds that it presents a number of difficult problems. In all countries, this industry is still one which includes in its labor force an especially high percentage of women workers and young persons. In Italy, for instance, more than three-fourths of all the workers in the industry are women. In Austria, France, Switzerland, and Czechoslovakia, the percentage is about 60. In Canada and the United States it is about 44. In general, about 50 per cent of all gainfully occupied persons in the textile industry are women. In all countries the percentage of women in the textile industry is higher than the average for all industries.

The same is true of young persons in the industry. The United States has perhaps the lowest proportion of young persons in the industry: namely, about 2.1 per cent. Great Britain, Belgium, and Germany have about 4.7 per cent, while Japan has the highest percentage, 19.5. About 24.1 per cent of all persons in the industry in Great Britain are under twenty-one years of age, while in Japan almost half the persons in the textile industry are under twenty.

The textile industry is further characterized by a high percentage of unskilled and semi-skilled workers. With many important exceptions, of course, textile manufacturing processes require of

the labor force chiefly deftness, speed, and attention, rather than the exercise of muscular strength or the possession of high-grade craftsmanship.

Partly because of this composition of its labor force, partly for other reasons (such as lack of labor organization, inadequate legal protection, etc.), the textile industry may be characterized on the whole as a low-wage industry. The hourly wage rates in textiles are lower than the average for all industries together. They are lower in general both for men and women textile workers. In the countries for which statistics exist, e.g., the United States, Sweden, and Poland, the average weekly earnings of textile workers have been lower than the average for all industry. On the other hand, average *real* hourly and weekly wages of textile workers *in employment*, owing to the fall in the cost of living, increased in the United States from 1929 to 1933, but fell slightly in 1935-36. Japan shows a special situation. The real wages of her textile workers declined considerably from 1931 to 1936, despite the expansion in textile production and exports. When wages in the different countries are reduced to a common gold basis, it is seen that, in 1935-36, hourly wages in gold in China, Japan, and India were less than 20 Swiss gold centimes; in Austria, Hungary, Italy, Poland, and Czechoslovakia they were between 35 and 40 Swiss gold centimes. In Sweden, Germany, and Great Britain hourly wages were between 55 and 75 Swiss gold centimes; while in the United States and Canada they were above one gold Swiss franc. In comparing wage rates and wages in different countries, account must be taken of differences in productivity, in the quantities and grades of textiles produced, in industrial organization, and so on. Nevertheless, there can be no doubt that the differences between "high-wage" and "low-wage" textile countries cannot be explained on economic grounds alone; and that, in general, textile workers in most countries appear to be in

a worse position with regard to wage rates and earnings than most workers in other industries.

Hours of work, like wages, are important as a factor in international competitive conditions; and also from the point of view of alleviating the workers' toil, and of giving employment to the largest possible number of workers in order to reabsorb into production those who are unemployed.

What may be called normal hours of labor are regulated by law, custom, collective agreements, and arbitration awards, and vary considerably from country to country. In general, the main textile-producing countries may be divided into three groups, according to whether the normal hours of work are above, equal to, or lower than 48 in the week. The first group of countries in which the normal hours exceed 48 per week includes China, India, and Japan. The second group of countries, in which the hours are 48 per week, includes Austria, Belgium, Brazil, Canada, Czechoslovakia, Estonia, Germany, Great Britain, Mexico, the Netherlands, Poland, Rumania, Spain, Sweden, and Switzerland. The third group includes countries in which the normal hours are less than 48 per week, such as Australia with 44 hours, France with 40 hours, Italy 40 hours, New Zealand 40 hours, the United States 40 hours, and the U.S.S.R. with 7 hours a day.

Partly as a result of the depression, partly as a result of other factors, the trend from 1929 to 1935 was toward a decrease in the number of hours actually spent at work. In this respect, the countries may again be arranged in three groups. In the first group are China, Japan, and India with the longest working day, from  $8\frac{1}{2}$  to  $11\frac{1}{2}$  hours. The second group includes Austria, Sweden, and Switzerland, with an actual working week of 45 and 48 hours; the third group includes countries like the United States, Italy, Germany, Poland, France, and the U.S.S.R., where the working week has been reduced to 40 hours or less.

Important also are the different regulations in the major textile countries concerning the prohibition of night work, overtime, maternity leave, paid holidays, etc. Of even greater importance are the differences with regard to the organization of textile mills on a single, double, or triple shift basis.

Shorter hours in recent years have meant to textile workers not welcome leisure but lack of work and loss of income. Even in ordinary times, textile workers seem to suffer more from short-time work and partial unemployment than workers in most other industries. But, in recent years, this has been aggravated by the large amount of total unemployment due to the economic depression and to technical improvements.

In addition to the depression and technological factors, the employment of textile workers has been affected adversely by the structural changes described above, which, in a number of regions, have left "stranded textile areas," with unemployed and underpaid textile populations. Structural changes have perhaps most deeply affected the condition of the workers in Lancashire, England; but a similar situation exists in the New England area of the United States, where the number of workers in the cotton industry declined from 194,891 in 1923 to 19,956 in 1933, and where even those remaining in the industry have suffered heavily from reduced earnings and from unemployment.

These, in brief, are the problems with which the textile workers are faced, the solution of which on an international scale will be considered at the Washington Conference.



## IV.

## AN EXPERIMENT AND AN OPPORTUNITY

IT IS not intended here to anticipate the course of the discussion at the Washington Conference or the concrete proposals which may eventuate from it. Most likely, the Conference will appoint a number of committees on the major problems of the textile industry considered in the Report prepared for it by the I.L.O., and these committees may, as a result of their proceedings, elaborate general or specific measures upon which the Conference would then act.

But some general observations on what the Conference can or might accomplish may be helpful. Keeping in mind the main purpose of the Conference—that of outlining a broad social policy for the industry on the basis of a careful analysis of all the economic factors involved—one may suggest four major lines along which the Washington Conference may make its contribution.

In the first place, the Washington Textile Conference may advance greatly the cause of "self-government by discussion" and of international economic co-operation by the rational and reasonable procedure of give and take. The employers, workers, and government delegates at the Conference will have an opportunity to throw aside traditional fears and hesitations, and to set themselves with open minds to an examination of the problems of the industry in the welfare of which they are so vitally interested. The Report which will be set before them will have brought together a great deal of information on the textile industry which is readily available and which could be marshalled within the limited time at the disposal of the International Labor Office. But in the possession of those who have spent many years in the industry there undoubtedly exists a vast fund of intimate knowl-

edge on the most difficult problems of the industry—especially on the various elements involved in costs of production—which, if freely given and properly used, would certainly help the Conference in its efforts to lay a solid foundation for economic and social policies in the industry.

Second, the delegates to the Conference have an opportunity to rise above conflicting particularistic group and regional interests and to view the interests of the industry as a whole in such a way as to reconcile all interests in a common program. This seems essential if the present frictional elements in the industry are not to become aggravated with serious consequences far beyond the limits of the industry.

There is a widespread feeling abroad that the source of all the trouble in the textile industry is Japan. Our American newspapers and magazines overflow with articles on the industrial expansion of Japan, on the "little girl in the flowered kimono" who is conquering the markets of the world, on Japanese devaluation, efficiency, low wages, and what-not as the causes of the disturbances in world textile markets. The Report of the International Labor Office contains many facts which show how far the rapid rise of Japanese industrialism has dislocated the textile industry in other countries. But the Report shows also that there are other serious factors in the situation—such as the spread of the industry to new centers in Latin-America, the Near East, the Soviet Union, etc.—the lack of co-ordination in this development, the commercial policies which accentuated the difficulties of the trade in textiles, and so on. A proper policy for the industry thus cannot lie merely in trying to cajole Japan into slowing up her rate of expansion by self-imposed restrictions or otherwise, but by a consideration of all the factors involved.

There is one avenue of approach to the problems of the textile

industry which is clearly indicated by the facts. The figures on the consumption of textiles indicate how tremendous a potential demand for textile products in the world remains unsatisfied. One need not cite statistics to prove this. It is common knowledge that even in the advanced industrial countries large elements of the population are still much under-clothed, as well as under-fed; and if one thinks of the teeming populations of China, India, and other less developed parts of the world and of the ragged condition in which these millions find themselves today, one can easily imagine the possibilities of expansion which the textile industry presents. I have often said after my visits to the Soviet Union and China that if every Russian or Chinese peasant could have a change of one handkerchief per week and have a minimum of sheets and face towels, not to speak of an extra cotton shirt, the present productive capacity of the world would hardly appear excessive, and the possibilities of expansion for the industry would be immense. Here lies perhaps the major problem of the industry: namely, to find the means for tapping this potential demand by co-operative efforts instead of through conflict.

The Washington Conference will also have an opportunity to set a large social goal, both for management and for textile workers, by indicating a program for the improvement of labor standards in the industry. The major reform now being advocated by the workers is a reduction in working hours—with the forty-hour week as the goal—without a decrease in weekly earnings. How this and other labor improvements may be achieved and by what successive steps they should be carried out can be determined only after careful examination of all the relevant facts. Two general comments, however, may be pertinent. First, the present general recovery and the revival in the textile industry itself make an improvement in labor standards easier than would otherwise be the case. Second, the raising of labor standards is an

effective way of improving the competitive practices in textile markets by eliminating "unfair" methods of selling based on the exploitation of labor. The possibility of incorporating provisions for improving labor conditions into commercial treaties and of making tariff schedules contingent upon such improvement, has often been suggested.

Finally, the Washington Conference may provide the means for continued international co-operation in the orderly development of the textile industry. There is obviously need for more and better information on the industry in all its aspects, and both employers' organizations and governments could agree to supply the statistical information necessary for further analysis of the problems of the industry. The International Labor Office is the logical agency through which such information may be effectively used on an international scale. Second, should the first effort made at Washington be successful, it would suggest the possibility of periodic meetings of representatives of the industry for the same purpose. Such meetings again, like the Washington Conference, could be held under the auspices of the I.L.O., which has been called a World Industrial Parliament. It would thus be entirely in harmony with its character, should the representatives of the textile industry come together to sit in a sort of special session of this Parliament. And if and as other industries find it worth their while to follow this example, the I.L.O. might have a series of special sessions from time to time which would supplement its general annual sessions, and thus develop its character of an Industrial Parliament in accordance with its own vital principles of proceeding through functional groups and interests.

Whether the Washington Conference will fulfil the promise it holds will depend, therefore, on the spirit in which the employers', workers', and government delegates to the Conference

approach their problem. In this respect, then, the Washington Conference is not only an opportunity; it is also an experiment, doubly significant because of its new features of organization, procedure, and purpose.

## V.

## THE WIDER SIGNIFICANCE OF THE CONFERENCE

**T**HE importance of the textile industry in world economy gives the Washington Conference a significance far beyond the confines of its own immediate purposes. The degree of success which the Conference may have cannot but affect economic developments and world trade in general. It is obvious, for instance, that an effort to develop markets for the textile industry involves economic considerations of a general character. The demand for textiles is affected by the demand for food and shelter and other goods which are part of the standard of living in different countries. If an increased consumption of textiles is not to be achieved at the expense of reasonable necessities for food and other elements in the standard of living, it must be based upon a general improvement in the standard of living of the people. In other words, efforts to improve the condition of the textile industry throughout the world will stimulate measures for improving standards of living generally and for increasing the purchasing power of the masses of the people in different countries.

The Washington Conference may also hold an important suggestion for the consideration of more general international economic problems. When carefully examined, the textile industry illustrates, in a specific example, the general operation of recent commercial and monetary policies, the effects of the uneven distribution of raw materials, etc. An attempt to grapple with these problems in the textile industry may thus suggest specific ways of dealing with these problems more generally. And the possibility of establishing a system of "fair practices" on an international scale, in the textile industry, suggests the larger possibilities of approaching the more general problems of world com-

mercial practices through a permanent International Trade Commission.

The Washington Conference has still wider significance from the point of view of general international relations and world peace. There was a time when the growth of world trade was believed to lead automatically to good will among nations. We have unfortunately reached a condition where the competition in world markets has become an increasing factor of world friction. A British writer on textile problems recently stated that the Japanese textile manufacturer is "the most hated business man in the world today." Whether or not this is true, the very statement reveals the bitter feelings which have arisen as a result of the developments described in the preceding pages. The struggle for textile markets engenders friction and causes international difficulties fraught with many dangers to the peace of the world. The success of the Washington Textile Conference would remove at least one important cause of international friction, and might be an important step towards better world understanding.

Furthermore, the Washington Conference cannot but dramatize the close link between better world relations and better living conditions for the people, between world peace and social justice. The chief complaint in textile world markets is against those who take undue advantage of their workers in order to be able to sell their products at unduly low prices. It is the international echo of the familiar cry about "unfair competition." What a strange situation that an industry in which women and young persons play such a preponderant part should be one of the greatest sources of international friction and a potential cause of a clash between nations! The Conference may help to solve this paradox by evolving a program of peaceful growth for the industry.

The Textile Conference is being held in Washington twenty years, almost to a day, after the entrance of the United States into the World War. At that time, it was believed that this move on the part of the United States was the determining step which would end all wars and leave the way open for the building of a new world in which reason and peace would prevail. There has been much disappointment in the twenty years that have passed, and much disillusionment in the way in which the world has departed from the lofty aims which seemed to inspire it in 1917, and which presumably justified the sacrifices of the millions of young men who fought in the War.

But out of that great conflict was born the I.L.O., which stands out as representative of the idealism of those days. In its general purpose and in its method it is, at the same time, the culmination of the best social thought of the century that preceded the World War and an imaginative experiment in the newer forms of social action and achievement. It is eighteen years since the I.L.O. began its significant work in the city of Washington. Its meeting in April, 1937, in the same city is as important an event in the development of international relations as was the first meeting. In 1919 the foundations were laid for the general work of the I.L.O. In 1937 this work on behalf of the same world-wide goals of peace and justice is being carried forward by new methods and in a larger spirit.



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