

COUNTY COUNCIL OF ROSS AND CROMARTY
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Angus Macleod, Esq.,
Park House,
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Lewis.

Dear Mr. MacLeod,

You will remember that, about the middle of February, you were kind enough to spend some time with me discussing the circumstances and outlook for the Harris Tweed Industry in Lewis. I learned a lot and was most grateful for your kindness. During those few days I talked in a similar way with several other people with different interests in the industry and, at the end, drew up my conclusions from all I had learned. I send you a copy of these in the hope that they may be of some interest and value.

These are very much my own personal conclusions and so the only value they can have is that they are those of an impartial observer who was freely given much information and a variety of opinion. In the process of putting them together, I shall not be surprised if I have made several mistakes, but these do not invalidate the general conclusion. It is my hope that they may be of some use in getting common ground for action to save the Orb industry, now in serious crisis.

What I would like to see happen now would be an assembly of all the interests in the island industry, under the chairmanship of the Rev. Murdoch MacRae, to consider the present state of affairs and to pool ideas as to what positive steps can be taken. I shall be glad to help if I can, but you will appreciate that what an official can do is limited.

Again many thanks for your welcome, your kindness and your confidence last month.

Yours sincerely,
County Development Officer.

Confidential

Personal Conclusions of County Development Officer

on brief enquiry into Harris Tweed Industry, February 1960

My purpose was to inform myself about the present circumstances of the industry and thereby to equip myself better to offer assistance, if occasion arose. Strengthening of the local economy is my job, and requires me as far as possible not to take sides except on behalf of the industry or the community as a whole. My method was, in the first instance, to talk with a small number of persons with a variety of interests in the industry. At a later stage it may be useful to extend the enquiry to include everyone. While I obviously cannot claim that after this I have all the answers, it may be of value to record the conclusions of

an impartial observer to whom a wide variety of views within the industry were generously made known, for the most part freely and fully.

Inevitably the main theme was the competition of the Shield producers and what, if anything could be done about it.

It is accepted that the several distinct interests in the island industry have all contributed, though in different degree and with different investment, to the success of the industry. There is widespread a remarkable awareness of the social value of the industry which has often been sufficient to temper normal business self-interest. Equally it is accepted that there have been many clashes between the groupings of interest, and also within them; and that, as many of the difficulties have never been resolved, hard feelings and mutual suspicions remain. At this present time of possibly moral crisis, more than ever the only basis for constructive thought and action is to accept things as they are and, starting there, to try to work out what needs to be done.

Among the very many points made these appeared to be the main ones:-

1. The whole island industry is in danger, though for some sections of it the danger is more immediate than for others. While it is no more in the interest of the Shield producers than of the Orb producers for Harris Tweed to become a mere cloth type, the general fear that this perpetual threat may be brought much nearer realisation by the transfer of two production processes to the mainland seem to be amply confirmed by the recent decision of the U.S. Federal Trades Commission (affecting almost half the total Orb production). The Harris Tweed market is today a very big attraction to competitors elsewhere. If it came to power-loom competition there would be few crumbs left for even the toughest island concern, even similarly equipped.
It therefore seems clear that in the long run everyone concerned in the Orb trade stands equally to lose his stake in the industry, be it large or small. Many people realise this, some very clearly, but the point ought to be brought fully home to everyone concerned. At present it is doubtful if many weavers or mill operatives have a clear idea of the present situation, and this is a great weakness.
2. It appears to be generally accepted now that the difference of nearly 2/- per yard selling price between Shield and Orb tweed is too great for the Orb trade to survive without some major change in circumstances.
3. Most attention and hope is fixed upon the forthcoming legal struggle over the registration of the Shield Trade Mark. It is generally agreed that the outcome will only really help if such a resounding victory is gained that a legal process may follow to reserve the exclusive use of the name "Harris Tweed" to the Orb, the respect of this is not very good. This concentration of attention therefore appears to be due mainly to a feeling that this defensive battle is the only action that can be taken.
4. Another common theme is somehow to bring the Shield producers under certification control also. The main reason for this is a belief that this action must put commercial competition on a more equal basis, ending sub-standard production which is assumed to be the cause of the present disparity of prices. It is suggested that this argument might be developed in the Trade Mark case. Alternatively some think the Shield producers might be brought within the Orb, either by persuading them to install spinning, etc., and finishing plant in the islands, or by altering the Orb standard to include mainland-spun yarn. Unless other as yet unknown factors come in, I do not see why the Shield producers should find it attractive to share the Orb market at extra cost to themselves, when they have every reason to think that they can take it over completely when they wish.
5. The consciousness of the undoubted value of the industry to Lewis, and of its purchase of so much Scottish wool, leads many to hope that the same argument will bring Board of Trade support for the maintenance of the Orb industry, either as it is or slightly amended to give a better prospect of a compromise being forced upon the Shield producers. Whatever the government might do if it has a fundamentally different approach to the Highland and to industry, at present such hope of partial intervention seems to me quite unrealistic - it cannot take sides, whatever its private sympathies.
6. Should the outcome of the probably long legal section not be decisively in favour of the Orb, what then? (In the meantime Shield encroachment on markets will doubtless continue). Purely commercial competition seems the only course of action left. This is thought of as desperate measures, as any other measures which it seems can be taken are thought to be in force now anyway. Desperate measures mean some kind of drastic change from present methods, perhaps by reducing or departing from Orb standards, or by uneconomic price-cutting. Almost any of the alternative forms of action visualised would be at heavy cost to the island economy, and would almost certainly end the Orb industry as it has been till now; but it is unquestionably the legitimate right of any firm to take action for self-preservation. Whether any of these measures would succeed or ensure even survival in the long run (para. 1 above) is open to question.

On the assumptions usually made the Orb industry appears to be unable to help itself, save by purely defensive legal action; and to be likely to be forced to destroy itself in the end.

7. One way out does seem possible. It is to prune manufacturing costs and thereby reduce the price of the finished product to a level at which it can compete with the Shield produce. Obviously this has been generally ruled out as a practical proposition, or action would have been taken long ago. The tendency has been to assume that the Shield producers, claiming to produce tweed to identical standards except for processing on the mainland, must be cheating to sell at so much lower a price. The different location does give certain advantages, against which Stornoway producers also have certain advantages, but the total difference should not be as much as about 2/- or a sixth less on the selling price per yard. Any cheating would have to be pretty wholesale to make such a difference.

Some opinion and some evidence supports the idea that, whatever, the Shields may do, the Orb price is unnecessarily high. One indicator of this is the price of Orb yarn, which is usually kept steady and is not affected by the fluctuation of the raw wool market. It may be that, on average, standard weight yarn is sold at cost price plus reasonable profit margin but this is clearly not the case with lightweight and featherweight yarn, the additional cost of which seems to be more closely related to the agreed selling-price of all finished tweed than to production costs; and bears no relation to the additional cost of such yarn on the mainland. The spinners have some excellent modern plant. Yet over the last eighteen months the cost of standard weight Orb yarn (less usual discounts has been 9/- and is now 6/7d per lb. Fully comparable yarn from Mainland spinners has been available at prices varying between 7/5d and 8/- per lb over the same period (in both cases freight apparently borne by consignor). Allowing the same profit margin it seems reasonable to conclude that the Orb cost of yarn production is much higher than it should be. Under the special protection of the Orb mark this industry has not experienced the continual keen competition usual elsewhere and the presence of wasteful but accepted practices would not be surprising. Some such are admitted (for instance the employment of unproductive men) and others may exist account for the extra costs.

The other parts of the process of producing tweed might also be scrutinised again with advantage. Distribution is a costly matter in which reorganisation among the producers, though difficult, might reduce costs as well as being fairer to the weavers. Wage reductions proposals could make but a small contribution which might cost too much in other ways, and it is in other fields that reductions need to be sought. The recent reduction of 5d per lb. for standard weight yarn has not affected the selling price so far.

The industry is a large consumer of Scottish wool, which appears to cost more than comparable wool from other parts. Is this price necessarily so high?

The total of all reductions possible may not bring Orb tweed down to the Shield price. In understand that agents are convinced that the long H.T.A. advertising of the Orb mark has given it a market advantage over comparable cloth worth perhaps 6d or even 1/- per yard. Surely the remaining gap can be spanned by all parts of the industry severally putting their house in order.

8. A feature of the industry most striking to someone outside is its disunity. There is remarkably little sign of common purpose or of common reaction to the present undoubted crisis. Complete unanimity is not to be expected, of course, but while a few favour the present fluid state of affairs it does seem to me a grave weakness that so many with essentially the same interest should not even know what the others are thinking about the present crisis. The only general organisation for the industry, the H.T.A., is remote and keeps out of internal affairs, while of the group interests the small producers' organisation has collapsed and the weavers' union appears to have a very limited grip on its membership. With this state of affairs it seems that the prospects of effective price reduction such as has been suggested above, or of any other action on behalf of the whole Orb industry, will be seriously hampered, if not worse.

Whatever the past history of such matters in the industry, I think that some kind of regular forum for the whole industry is badly needed. An impartial chairman with accepted status would be needed - and is available. The present crisis makes imperative what was already needed, a joint and continuous effort to improve the efficiency of the industry. Part of its work will be to clear up the difficulties, inequalities and distrust which have dogged it so long and which have in various ways made this prosperous industry so surprisingly vulnerable to the Shield attack. The unique protection of the Orb Trade Mark has allowed this state of affairs to survive so far, but not change seems indispensable.