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UNITED STATES TARIFF COMMISSION
WASHINGTON

Depreciated Exchange and International Trade



SECOND EDITION

WASHINGTON
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UNITED STATES TARIFF COMMISSION.

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SUMMARY.

In this report the effect of depreciated exchange rates on international trade is examined, first, by a consideration of international price levels as measured by index numbers, second, by comparison of foreign and domestic prices of a number of specific commodities and third, by a study of wages in the United States, England, and Germany.

In the comparison of international price levels the standard index numbers for various countries, as published in the Federal Reserve Board Bulletin, have been used. The purpose of this comparison is to determine to what extent paper prices abroad have risen relative to American prices as the rates of exchange on the several countries have fallen. The particular form in which this comparison is made is that of the equivalent purchasing power in foreign commodities of foreign monetary units expressed in dollars as compared with the rates of exchange expressed in dollars. Arithmetically the equivalent purchasing power in dollars is determined first by dividing the foreign index number of prices into the American price index. This gives a percentage which is applied to the par of exchange. In Table A following, for example, the "Parity of purchasing power"¹ for England in January, 1919, is determined by dividing the London Statist's index number of wholesale prices for that month—224 (1913 equal 100)—into the index of American wholesale prices as calculated by the Federal Reserve Board—195. This division gives a percentage of 87.06. Applying the percentage to the par of sterling—\$4.8665—we obtain \$4.2368 as the purchasing power of a pound sterling in the English market. On the same date—January, 1919—the gold value of the pound is \$4 7579, a difference between the internal and external value of the pound of about 52 cents, or nearly 11 per cent.

In Table B the same comparison is made by expressing the purchasing power parity as a percentage of the exchange rate for each month since the beginning of 1919.

TABLE A — *Parity of purchasing power and rates of exchange*

Period	England		France		Germany	
	Parity of purchasing power	Exchange rate ^a	Parity of purchasing power	Exchange rate ^a	Parity of purchasing power	Exchange rate ^a
January 1919	\$4 2368	\$4 7579	\$0. 1082	\$0. 1832	..	..
January 1920	4. 0732	3 6794	0955	0951	\$0. 0365	\$ 0. 0127
July	4. 0694	3. 8671	0973	0813	0398	0253
January 1921	3. 4192	3. 743	0775	0645	0239	0153
February	3. 4859	4. 872	0718	0717	0245	0164
March	3. 5097	3. 910	0904	0704	0248	0160
April	3. 4971	2. 930	0795	0724	0238	0158
May	3. 6142	3. 974	0830	0830	0236	0163
June	2. 6906	3. 790	0828	0805	0240	0149
July	3. 6883	3. 632	0825	0781	0229	0130
August	3. 8027	3. 651	0831	0775	0201	0118
September	3. 950	3. 724	0802	0728	0191	0097

¹ The expression "Parity of purchasing power" or "Purchasing power parity," as it is often called has been made familiar to the financial world during and since the war through the writings of Prof. Gustav Cassel on the subject of exchange rates in relation to international trade.

^a Monthly average of daily noon buying rates for cable transfers in New York City.

^b Rates for March, 1920.

A point to be considered in this summary of German wages is: What rate of exchange should be used in particular cases? Without entering into a detailed discussion here, it may be said that if the subject under consideration is an industry in Germany which is manufacturing for the export trade in competition with American producers, the wages of the German laborers in the particular industry should be converted at the current rates of exchange. On the other hand, if the general industrial situation in Germany as compared with the United States is considered, German wages in terms of the cost of living is the proper conversion rate. The real cost to the German community of the products which it exports is the amount of food, shelter, and clothing which wage earners are able to command with their wages. Furthermore, the laboring class in Germany is a direct charge on the Government to the extent that subsidies of food and transportation enable the consumers to pay less than the actual cost of the commodities and services subsidized. Food subsidies allow the individual manufacturer to pay lower wages than under open-market conditions, but his gain is largely robbing Peter to pay Paul.

EXCHANGE AND THE TARIFF.

From the facts and figures presented in this report it appears that the tariff problem between the United States, England, and France has been largely eliminated, *so far as the exchange situation is concerned*, by the close adjustment of the internal and external value of sterling and the franc.

Special products may present special problems, and in some cases unit costs in France and England may be abnormally low because wages in those countries are not as completely adjusted to international values as prices are, but in the main, serious competition from them is not to be expected because of the discount on exchange alone. As compared with American prices, paper prices for these countries have risen on the average as much as exchange has fallen.

On the other hand, Germany still has a decided advantage in the world markets because of the discount on the mark. As trade restrictions, both physical and artificial, are removed, the discrepancy between internal and external values will be eliminated, but until this comes about particular industries in Germany have a decided advantage in world trade.

Not only are German prices unadjusted to world markets but German wages, and therefore costs of production are still more out of line with international values. Because of restrictions on emigration, food subsidies, and the low value of the mark abroad as compared with its domestic purchasing power, unit costs in Germany for articles involving much labor will be low for some time to come.

The foregoing considerations indicate that great difficulty would be experienced in levying and administering a tariff to offset the low rates of exchange. A flat rate of duty against all products from all countries obviously will not accomplish the purposes intended because of the different degrees of price adjustment to an international gold basis. Not only is there a difference in the extent of this adjustment among countries, but the prices of different products in the same

The significance of this comparison of purchasing power parities and exchange rates grows out of the fact that when the parity rate is below the exchange rate, exports from the particular country will be discouraged, and when the parity rate is above the exchange rate, there will be a bounty on exports, that is to say, if the mark in September, 1921, can be bought for less than 1 cent gold and at the same time can be exchanged for about 2 cents worth of goods in Germany, imports from Germany to the United States will be stimulated in the absence of physical and artificial restraints of trade.

COMPARATIVE PRICES OF PARTICULAR COMMODITIES.

In addition to the foregoing tables of relative price levels as measured by index numbers, there are presented in the text the international price comparisons for about 75 commodities covering the years 1914, 1919, 1920, and the first nine months of 1921. Only a few tabular comparisons are included in the summary, however, for illustrative purposes.

The products whose prices are given in the table were chosen by commodity experts, and for the different countries they are as nearly identical in quality as can be selected from trade publications.

The fundamental point which these tables are meant to bring out is the fact that there are varying degrees of price adjustment to a gold basis for various commodities in different countries. Such products as wheat, copper, and cotton have about the same gold price the world over after due allowance is made for the cost of transportation and artificial restraints of trade. On the other hand, there are many commodities, such as articles of fashion, or peculiar foodstuffs, which rarely enter international trade, whose prices are adjusted locally with little reference to the price of similar commodities in foreign countries. A third class of products occupies an intermediate stage with respect to international price adjustments. Examples of these are specialized textile fabrics, aluminum ware, and highly wrought manufactured goods of various sorts. In times of normal trade operations the prices of such goods are only roughly adjusted to a parity in the several markets of the world, and under conditions of fluctuating exchange rates their prices are often far from the gold parity.

In the tables which follow, no attempt is made to account for the discrepancies in the quotation for certain products among the various countries, but attention is called to the fact that the depreciated exchange rates become less and less a disturbing factor in the trade of a particular commodity when its gold price approaches an equality the world over.

SUMMARY.

TABLE C.—Comparative prices.

WHEAT
[Bushel]

Year and month	Minneapolis ¹	Winnipeg ²		Year and month	Minneapolis ¹	Winnipeg ²	
		Exchange				Exchange	
		Par	Current			Par	Current, plus 15 cents
Oct 1 1920.	\$2.36	\$2.42	\$2.19	Oct 1 1921	\$1.45	\$1.29	\$1.52
15	2.32	2.45	2.21	3	1.43	1.28	1.52
Nov 1	2.18	2.31	2.08	4	1.42	1.23	1.46
15	1.84	2.09	1.86	5	1.38	1.18	1.42
Dec 1	1.61	1.84	1.62	6	1.39	1.16	1.40
15	1.63	1.88	1.61	7	1.36	1.15	1.39
Jan 3 1921	1.89	1.99	1.69	8	1.35	1.14	1.38
15	1.83	1.95	1.70	10	1.38	1.17	1.41
Feb 1	1.62	1.72	1.53	11	1.42	1.22	1.46
15	1.79	1.97	1.73	12.	1.40	1.19	1.43
Mar 1	1.73	1.92	1.68	13	1.39	1.18	1.42
15	1.63	1.86	1.62	14.	1.42	1.21	1.45
				15.	1.39	1.20	1.44
				17	1.32	1.16	1.41
				18	1.26	1.10	1.35
				19	1.27	1.09	1.34
				20	1.30	1.08	1.35
				21	1.35	1.13	1.38
				22.	1.33	1.11	1.35
				24	1.36	1.11	1.37
				25	1.35	1.13	1.39
				26	1.33	1.11	1.37
				27.	1.34	1.09	1.35
				28	1.34	1.11	1.37
				29.	1.34	1.11	1.37
				31	1.33	1.11	1.37

¹ No 1 dark northern spring² No 1 northern ManitobaPRICES OF CANADIAN AND AMERICAN WHEAT¹

Date of purchase	Canadian No 1 northern Manitoba		American dark No 1 northern spring	Excess column 3 over column 4
	Prices c i f Buffalo in bond, Canadian funds	Canadian price in American currency, plus 35 cents duty	C i f Buffalo	
	2	3	4	
Sept 27. 1921	\$1 4375	\$1 6499	\$1 5975	\$0.0505
Oct 6	1.2275	1.4600	1.4250	03.50
7	1.1975	1.4390	1.3850	05.30
8	1.1888	1.4310	1.3788	05.22
10	1.1900	1.4340	1.4200	01.40
18	1.2000	1.4450	1.2925	1.25
20.	1.1200	1.3740	1.3250	04.90

¹ Prices in Buffalo quoted by private firms from actual purchases

SUMMARY.

TABLE C.—Comparative prices—Continued

COTTON

[Pound]

Year and month	New York.	Liverpool, England		Osaka, Japan	
		Exchange		Exchange	
		Par	Current	Par	Current
1921					
January	\$0. 1475	\$0. 2165	\$0 1572	\$0 1673	\$0 1612
February	1430	1891	1485	1720	1692
March	1125	1484	1187	1327	1293
April	1200	1538	1242	1439	1398
May	1245	1664	1359	1499	1456
June	1140	1660	1334	1468	1422
July	1160	1634	1198	1388	1343
August	1280	1768	1356	1435	1379
September	1605	2611	2008	1608	1563

PIG IRON.

[Gross ton]

Year and month.	New York	England		France		Germany	
		Exchange		Exchange		Exchange	
		Par	Current	Par	Current	Par	Current
1921							
January	\$39. 50	\$54 74	\$39. 77	\$87 64	\$27 02		
February	34. 50	47 44	37 27	87 64	31 83		
March	31 00	36. 50	29. 20	68. 63	26. 67		
April	29. 50	29 20	23. 57	68. 03	24. 53		
May	27 50	29 20	23 85	49. 99	20. 21	\$400. 98	\$26. 07
June	26. 50	29 20	23 48	46. 07	20. 22		
July	25. 50	29 20	21 40	47 05	18. 61		
August	23. 50	34 07	26. 14	38. 23	16. 30		
September	23. 50	32 85	25. 29	38. 23	15. 59		
October	23. 50	28. 20	22. 37	35. 30	12. 97	393. 00	13. 10

COPPER

[Pound]

Year and month	New York.	England		Germany	
		Exchange		Exchange	
		Par	Current	Par	Current
1921					
January	\$0. 1275	\$0. 1770	\$0. 1286	\$1 6100	\$0. 0927
February	1275	1667	1309	1 3500	0906
March	1200	1597	1277	1 6100	1115
April	1250	1584	1279	1 6900	1142
May	1237	1584	1294	1 6850	1095
June	1325	1662	1335	1 6700	1110
July	1263	1662	1218	1 9300	1000
August	1175	1640	1258	1 9800	1116
September	1162	1575	1212		

SUMMARY.

TABLE C—Comparative prices—Continued

WHITE LEAD

[Pound]

Year and month	New York.	England		France	
		Exchange		Exchange	
		Par	Current	Par	Current
1921					
January	\$0 0900	\$0 1380	\$0 1002	\$0 3064	\$0.094
February	0900	1108	0870	2451	090
March	0800	0988	0790	1838	080
April	0750	0869	0701	1750	060
May	0750	0933	0762	1926	070
June	0750	0956	0768	1663	070
July	0750	0956	0701	1401	050
August	0650	0856	0733	1401	050
September	0688	0972	0748	1401	050

BENZOIC ACID

[Pound]

Year and month	New York.	London		Hamburg	
		Exchange		Exchange	
		Par	Current	Par	Current
1921					
January	\$0.6500	\$0 6386	\$0.4639	\$5 1200	\$0 257
February	5800	6386	5016	4 2100	270
March	5500	5575	4459	4 0500	270
April	5500	5575	4501	4 3300	280
May	5500	5575	4554	3 8400	270
June	5000	5971	4797	3 8000	240
July	5000	5971	4376	3 5900	180
August	5000	4561	3499	3.6700	207
September	5500	4561	3511		

WORSTED YARN¹

[Pound]

Year and month	Boston	Bradford, England		
		Exchange		
		Par	Current	Current plus duty
1921				
January	\$1 4700	\$1 5000	\$1.0900	\$1 2
February	1 4700	1 3900	1 0900	1 2
March	1 4700	1 2300	9000	1 1
April	1.3500	1.0300	.8300	.9
May	1.3700	9900	.8100	.9
June	1 4200	9900	.7600	1.3
July	1 3500	1.0340	.7990	1.3
August	1.3500	9935	.7622	1.3
September	1.3500	9732	.7492	1.3

¹ Dutiable at 18 per cent. After May 27, 1921, 45 cents per pound additional.

SUMMARY.

TABLE C.—Comparative prices—Continued.
ALUMINUM WARE.

Article.	German invoice price, April— ¹		United States wholesale prices, April, 1921 ²
	1914	1921	
Teakettles	\$0.8309	\$0.4130	\$3.69
Do	6549	3760	3.90
Do	7098	4050	4.23
Coffee pots, 2 quarts	6060	5990	2.50
Berlin kettles, 4 cm	3450	3650	1.42
Berlin kettles, 20 cm	4200	4330	1.87
Preserving kettles, 20 cm.	2250	2830	1.08
Preserving kettles, 26 cm	3880	5530	1.74
Frying pans, 22 cm	2770	2280	1.20
Stewpans, 18 cm		4150	1.17
Teapots, 12 cm		5940	2.61

¹ Prices obtained from the United States customs records

² Prices obtained from private firms

The third section of the report concerns itself with a comparison of wages in the United States, England, France, and Germany. Some of the wage differences between this country and Europe are due to relatively permanent economic causes which are in operation in peace as well as war, but a portion of the low wages abroad as expressed in dollars is due to the depreciated exchange. The wage rates given for Germany are converted into American money, first at the rate of exchange on the date of the wage quotations, second, at a rate based on the equivalent purchasing power over commodities at wholesale, and third, at a rate based on the relative cost of living in Germany and the United States as measured by the index numbers for a family budget.

TABLE D —Average hourly earnings in major manufacturing industries in the United States and Germany.¹

Industry	United States		Germany					
			Converted at current rate of exchange		Equivalent purchasing power based on United States and German price indices.		Equivalent purchasing power based on relative cost of living in United States and Germany	
	Males	Females	Males	Females	Males	Females	Males	Females
Metals	\$0.657	\$0.406	\$0.117	\$0.064	\$0.197	\$0.106	\$0.267	\$0.144
Chemicals	643	364	092	053	155	088	211	119
Paper	630	369	086	045	143	074	196	101
Lumber ²	563	284	091	057	151	095	206	129
Meat packing	596	414	098	058	164	096	227	130
Cotton ³	533	392	084	062	139	104	189	141
Silk ⁴	508	348	084	062	139	104	189	141
Wool ⁵	623	488	084	062	139	104	189	141
Hosiery and knit goods ⁶	623	396	084	062	139	104	189	141
Furniture ⁷	541	331	110	060	183	104	243	135
Leather tanning	660	362	100	063	166	105	226	142
Boots and shoes ⁸	656	433	100	063	166	105	226	142

¹ Statistics for wages in United States for December, 1920, compiled by the National Industrial Conference Board, Research Report No 35, March, 1921. German basic wages reported by Statistisches Reichsamt for February, 1920, readjusted to May, 1921, by application of the wage index number published by the Frankfurter Zeitung for the Frankfurt district

² German figures cover building industry

³ German figures cover textile and clothing industry.

⁴ German figures cover wood working industry

⁵ German figures cover chiefly tanning industry.

A point to be considered in this summary of German wages is: What rate of exchange should be used in particular cases? Without entering into a detailed discussion here, it may be said that if the subject under consideration is an industry in Germany which is manufacturing for the export trade in competition with American producers, the wages of the German laborers in the particular industry should be converted at the current rates of exchange. On the other hand, if the general industrial situation in Germany as compared with the United States is considered, German wages in terms of the cost of living is the proper conversion rate. The real cost to the German community of the products which it exports is the amount of food, shelter, and clothing which wage earners are able to command with their wages. Furthermore, the laboring class in Germany is a direct charge on the Government to the extent that subsidies of food and transportation enable the consumers to pay less than the actual cost of the commodities and services subsidized. Food subsidies allow the individual manufacturer to pay lower wages than under open-market conditions, but his gain is largely robbing Peter to pay Paul.

EXCHANGE AND THE TARIFF

From the facts and figures presented in this report it appears that the tariff problem between the United States, England, and France has been largely eliminated, *so far as the exchange situation is concerned*, by the close adjustment of the internal and external value of sterling and the franc.

Special products may present special problems, and in some cases unit costs in France and England may be abnormally low because wages in those countries are not as completely adjusted to international values as prices are, but in the main, serious competition from them is not to be expected because of the discount on exchange alone. As compared with American prices, paper prices for these countries have risen on the average as much as exchange has fallen.

On the other hand, Germany still has a decided advantage in the world markets because of the discount on the mark. As trade restrictions, both physical and artificial, are removed the discrepancy between internal and external values will be eliminated, but until this comes about particular industries in Germany have a decided advantage in world trade.

Not only are German prices unadjusted to world markets but German wages, and therefore costs of production are still more out of line with international values. Because of restrictions on emigration, food subsidies, and the low value of the mark abroad as compared with its domestic purchasing power, unit costs in Germany for articles involving much labor will be low for some time to come.

The foregoing considerations indicate that great difficulty would be experienced in levying and administering a tariff to offset the low rates of exchange. A flat rate of duty against all products from all countries obviously will not accomplish the purposes intended because of the different degrees of price adjustment to an international gold basis. Not only is there a difference in the extent of this adjustment among countries, but the prices of different products in the same

country are affected in different degrees by paper inflation. For this reason offsetting duties should be levied on specific products and the rates should be fixed with an eye to the particular source from which protection is sought. Moreover, the list of commodities given special protection should be revised from time to time because, as the adjusting process goes on, products are constantly shifting from the class whose prices are fixed locally in paper money to the class of goods whose prices are on an international gold basis and which, therefore, require no offsetting duties against the exchange rate

DEPRECIATED EXCHANGE AND INTERNATIONAL TRADE.¹

INTRODUCTION AND STATEMENTS OF THE PROBLEM ²

If the exchanges were fixed at the present levels, prices and costs of production in various countries would so adjust themselves in the course of time that international trade would not be affected by the exchange rates.⁴

The "high" or "low" rates of exchange on a given country are not important within themselves, but the changes in rates are the disturbing factors. The changes are of two sorts: First, the daily fluctuations either upward or downward which affect speculative markets for exchange itself and which also affect trade by introducing elements of uncertainty into international dealings, and second, the long-time upward or downward swings of exchange which seriously affect international values of all commodities. The temporary fluctuations are important, but no attempt is made in the present investigation to account for them except occasionally when reasons for sudden changes are obvious. The effects of the long drifts are of chief importance for purposes of tariff legislation, and it is to these that attention is directed.

The disturbing effects of these changes assume various forms, but all of them are in the nature of maladjustments due to the lag in economic reactions. Prices, especially of certain standard products, respond quickly to the changes in exchange rates, wages move more slowly in answer to the impulse, and other items of cost, such as rents and overhead charges, respond to the change only after years of pressure.

The whole problem of exchange, therefore, as it affects international trade at any particular time is the degree to which the various economic factors have adjusted themselves to the prevailing rates. For this reason any statement of conditions based upon the facts of a given date must be revised continually as the adjusting process goes on.

¹ In the preparation of this report the commission had the services of George P. Comer, of the commission's staff, and of others.

² Without attempting to give an exhaustive list of authorities, the following men may be mentioned whose writings constitute the theoretical foundations of the present discussions.

Goschen, *Foreign Exchanges*, 1862.

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⁴ In this report the "rate of exchange" means the gold value of foreign currencies expressed in United States dollars.

In this study the degree to which the adjustment had taken place down to the middle of 1921 is set forth, first, by international price comparisons as measured by index numbers; second, by price quotations for certain specific products, such as wheat, copper, and pig iron, whose markets are world-wide; third, by price studies of commodities whose production and distribution are relatively limited in scope, such as aluminum ware and certain chemical and metal products; and fourth, by a comparison of wages in the chief industries of the United States, England, France, and Germany.

INTERNATIONAL PRICE ADJUSTMENTS MEASURED BY INDEX NUMBERS.

The international price comparisons as measured by index numbers are important not only because the use of the indices eliminates erratic price fluctuations of particular products, but also because it permits of a comparison between the rise of prices and the fall of exchange, a comparison which is fundamental to the whole exchange problem because it indicates the degree of adjustment to stabilized conditions in which the "high" or "low" exchanges are not a disturbing factor. If paper prices in a given country have risen above American prices in the same proportion that the exchange has fallen, there will be no disturbance to trade caused by the prevailing (and unchanging) rates; that is to say, if the paper prices of German products in general have risen since 1913 ten times more than American products have risen and the mark exchange has fallen to one-tenth its former gold value, there will be no advantage, on the average, in buying marks in the United States and spending them in Germany. By similar reasoning, if the increase in German paper prices over the increase of American prices is less than the fall of exchange it becomes profitable to purchase marks in the United States and spend them in Germany.⁴

Assuming this statement of the relation of prices and exchange rates to be correct, the further question of determining the actual price levels in various countries remains open. The best data available on this subject are the index numbers of wholesale prices published in various countries. These are not exactly suited to the purpose, however, because the prices from which the indices are computed are but samples of the whole body of price data in a given country. Furthermore, these sample tests are somewhat different in various countries, and for that reason the resulting indices are not exactly comparable. How important this discrepancy may be is indicated by the notable differences in indices compiled by different authorities in the same country. A more important discrepancy perhaps than any of the above grows out of the fact that in every case these indices do not measure exactly the absolute price differences among countries but show only the changes in prices within a given country at a given time as compared with a base price in the same country. It therefore by no means follows that the base of 100 per

⁴ Arithmetically the advantage to be gained in purchasing goods in Germany when the increase in mark prices over the increase in dollar prices is less than the fall of exchange may be illustrated by assuming American prices to be two times those of 1913, German prices 15 times the prewar level, and the mark exchange at one-tenth of par. Under such conditions the paper mark, costing \$0.0238, would purchase in Germany one-fifteenth of the amount of goods it purchased in 1913, but in the United States it would purchase only one-twentieth of the prewar amount, i. e., the mark will purchase 33 1/3 per cent more goods in Germany than in the United States.

cent in one country represents the same absolute prices as are represented by the same percentage in another country. To the extent that the absolute prices represented by the base year are different in different countries there is an element of fallacy in the statement that normally exchange rates should follow comparative price levels in various countries.

Among the leading industrial countries of the world, however, there is some presumption that absolute prices before the war were closely adjusted for those products included in the standard index numbers. It is true that a multitude of specialized manufactured articles and the bulk of perishable or immobile products are priced locally almost regardless of the prices of similar commodities in other countries, but in staple articles of commerce international competition brings prices to a rough parity after allowances are made for restraints of trade and costs of transportation.

Inasmuch as this point is fundamental to certain conclusions drawn later, some statistical evidence on the subject is presented in the following table

TABLE 1—Price levels in 1913-14.

	United States	United Kingdom	United States	France	United States	Germany
	137 commodities		41 commodities		37 commodities	
Sum of unit prices (per pound, bushel, yard, etc.) Dollar equivalent	\$361.54 1.00	\$364.23 1.01	\$45.13 1.00	\$48.51 1.07	\$133.03 1.00	\$140.79 1.05
	27 commodities		5 commodities		7 commodities	
Sum of metal prices Dollar equivalent	\$138.95 1.00	\$154.15 1.11	\$1.01 1.00	\$1.07 1.05	\$68.27 1.00	\$66.51 97
	53 commodities		10 commodities		8 commodities ¹	
Sum of chemical prices Dollar equivalent	\$160.36 1.00	\$154.02 96	\$7.76 1.00	\$7.30 94	\$9.81 1.00	\$13.59 1.39
	39 commodities		23 commodities		19 commodities	
Sum of agricultural and food prices Dollar equivalent	\$42.35 1.00	\$39.35 93	\$31.34 1.00	\$35.37 1.13	\$54.32 1.00	\$50.01 1.11
	18 commodities		3 commodities		3 commodities	
Sum of textile prices Dollar equivalent	\$19.88 1.00	\$16.72 84	\$3.01 1.00	\$4.78 95	\$0.83 1.00	\$0.69 1.09

¹ It is noteworthy that the total unit price of eight chemicals in Germany in 1913-14 was considerably higher than the total unit price of the same products in the United States. This is due to the fact that the products listed were chiefly heavy chemicals, such as caustic soda and ammonium sulphate—a class of products in which Germany has not a special productive advantage comparable with the advantage which she enjoys in the cost of fine chemicals.

The close parity of price levels indicated by this table, especially between England and the United States, is doubtless something of

a coincidence and the figures are to be considered merely as a bit of statistical evidence bearing on the subject.

In addition to the possible error in assuming that various index numbers are based on approximately the same absolute price levels in 1913, there is the further error involved in the comparison of relative prices and exchange rates growing out of the daily and weekly fluctuations of exchange which no price indices can reflect. Sudden shifts in exchange quotations covering a few hours or a few days at most will cause perturbations in prices for months. After due allowances are made, however, for these factors, there remains a close connection between price levels and exchange rates. The essential relation is that the exchanges between countries vary normally with the relative price levels of the countries; that is to say (assuming a state of equilibrium in 1913), if the price level in England is 300 per cent of the prewar level and in the United States the level is 200 per cent of the prewar level, the exchange on London will tend to approach two-thirds of par. To the extent that this ratio does not in fact obtain, to that extent is there a difference in the values of the dollar or of the pound in England and the United States, and therefore to that extent will the trade between the two countries be disturbed by the exchange rates.

COMPARISON OF INTERNAL VALUES OF MONEY AND GOLD EXCHANGE.

The actual comparison of price levels and exchange rates given in the table below was determined arithmetically, first, by dividing the foreign index number of prices into the American price index. This gives a percentage which is applied to the par of exchange. In Table 2a, for example, the English index for January, 1919, of 224 divided into the American index of 195 gives a percentage of 87.06. Applying this percentage to \$4.8665, we obtain \$4.2368 as the purchasing power of a pound sterling in English markets. On the same date sterling would buy \$4.7579 worth of gold, a discrepancy whose significance will be discussed below.

TABLE 2A —Purchasing power parities and rates of exchange

ENGLAND

Period	United States index No. ¹	English index No. ²	Percentage which United States index is of English index	Parity of purchasing power ³	Exchange rate ⁴	Percentage which column 5 is of column 6
1	2	3	4	5	6	7
1913	100	100	-----	..	\$4.8665	
1919						
January	195	224	87.06	\$4.2368	4.7579	89.05
February	189	220	85.91	4.1808	4.7579	87.87
March	191	217	88.02	4.2635	4.6875	91.38
April	196	217	90.32	4.3954	4.6650	94.22
May	202	229	88.21	4.2927	4.6712	91.90
June	203	235	86.40	4.2047	4.6202	91.01
July	211	243	86.84	4.2261	4.4189	95.64
August	218	250	87.20	4.2416	4.2724	99.33
September	211	252	83.74	4.0742	4.1772	97.56
October	212	264	80.36	3.9076	4.1860	94.45
November	219	271	80.82	3.9331	4.0968	96.89
December	226	276	81.90	3.9857	3.8164	104.48
1920						
January	241	288	83.68	4.0723	3.6794	110.68
February	241	306	78.76	3.8329	3.1745	113.58
March	248	307	80.78	3.9312	3.7217	105.66
April	263	313	84.03	4.0893	3.9319	103.95
May	264	305	86.56	4.2124	3.8491	109.44
June	258	300	86.00	4.1852	3.9521	105.90
July	250	299	83.62	4.0694	3.8671	105.23
August	234	298	78.53	3.8217	3.6218	105.52
September	226	292	77.40	3.7667	3.5151	107.16
October	208	282	73.76	3.5865	3.4771	103.23
November	190	263	72.25	3.5100	3.4354	102.35
December	173	243	71.19	3.4645	3.4910	99.24
1921						
January	163	232	70.26	3.4192	3.743	91.35
February	154	215	71.63	3.4659	3.872	90.03
March	150	208	72.12	3.5097	3.910	89.76
April	143	199	71.86	3.4971	3.930	88.99
May	142	191	74.35	3.6182	3.974	91.05
June	139	183	75.96	3.6966	3.790	97.54
July	141	186	75.81	3.6863	3.632	101.64
August	143	183	78.14	3.8027	3.651	104.16
September	143	176	81.25	3.9540	3.724	106.18

¹ Federal Reserve Board index numbers of wholesale prices² London Statist index numbers of wholesale prices³ Column 5 derived by applying the percentages in column 4 to the par of exchange, \$4.8665⁴ Monthly average of daily noon buying rates for cable transfers in New York City

TABLE 2B.—Purchasing power parities and rates of exchange

FRANCE

Period	United States Index No ¹	French Index No ²	Percentage which United States Index is of French Index	Parity of purchasing power ³	Exchange rate ⁴	Percentage which column 5 is of column 6
1	2	3	4	5	6	7
1913	100	100			\$0.193	
1919						
January	195	348	56.04	\$0.1082	1832	59.06
February	199	340	55.60	1073	1830	58.63
March	191	337	55.68	1094	1706	64.13
April	196	332	59.04	1139	1672	68.12
May	202	325	62.15	1199	1581	75.84
June	203	320	61.70	1191	1563	76.20
July	211	349	60.46	1167	1432	80.50
August	218	347	62.83	1213	1284	94.47
September	211	360	58.61	1131	1178	96.01
October	212	382	55.50	1071	1118	95.80
November	219	405	54.07	1044	1157	90.23
December	228	417	54.20	1048	0929	112.60
1920						
January	241	487	49.49	0955	0854	111.83
February	241	522	46.17	0891	0703	126.74
March	248	555	44.69	0862	0722	119.39
April	263	588	44.73	0863	0625	134.08
May	264	550	48.00	0928	0675	137.19
June	258	493	52.33	1010	0793	127.37
July	250	496	50.40	0973	0813	119.68
August	234	501	46.71	0901	0696	129.45
September	228	526	42.97	0829	0676	122.63
October	208	502	41.44	0800	0656	121.96
November	190	461	41.22	0795	0800	132.50
December	173	435	39.77	0767	0829	144.99
1921						
January	163	407	40.05	0773	0645	119.84
February	154	377	40.85	0788	0717	109.90
March	150	360	41.67	0804	0704	114.20
April	143	347	41.21	0795	0724	109.81
May	142	329	43.16	0833	0830	100.36
June	139	324	42.90	0828	0805	102.86
July	141	330	42.73	0825	0781	105.63
August	143	331	43.20	0834	0775	107.61
September	143	344	41.57	0802	0728	110.17

¹ Federal Reserve Board index numbers of wholesale prices² Bulletin de la Statistique Generale³ Column 5 derived by applying the percentage in column 4 to the par of exchange, \$0.193⁴ Monthly average of daily noon buying rates for cable transfers in New York City

TABLE 2c—Purchasing power parities and rates of exchange

GERMANY

Period	United States index No ¹	German index No ²	Percentage which United States index is of German index	Parity of purchasing power ³	Exchange rate ⁴	Percentage which column 3 is of column 6
1	2	3	4	5	6	7
1913	100	100			\$0 2380	
1920						
March	248	1615	15.36	\$0 0365	0127	287.40
April	263	1604	16.40	0390	0165	236.36
May	264	1714	15.40	0366	0218	167.84
June	258	1473	17.52	0417	0236	162.94
July	250	1495	16.72	0398	0233	157.34
August	234	1547	15.13	0360	0210	171.44
September	226	1582	14.29	0440	0173	196.54
October	208	1604	12.97	0369	0148	204.74
November	190	1670	11.38	0271	0132	245.31
December	173	1681	10.29	0245	0137	178.83
1921						
January	163	1626	10.03	0239	0155	154.19
February	154	1495	10.30	0245	0164	149.49
March	150	1440	10.42	0248	0160	151.00
April	143	1429	10.01	0248	0158	140.63
May	142	1429	9.94	0236	0153	144.79
June	139	1376	10.10	0240	0149	161.09
July	141	1467	9.61	0220	0140	176.16
August	143	1690	8.46	0201	0118	170.34
September	143	1777	8.04	0191	0097	196.91

¹ Federal Reserve Board index numbers of wholesale prices

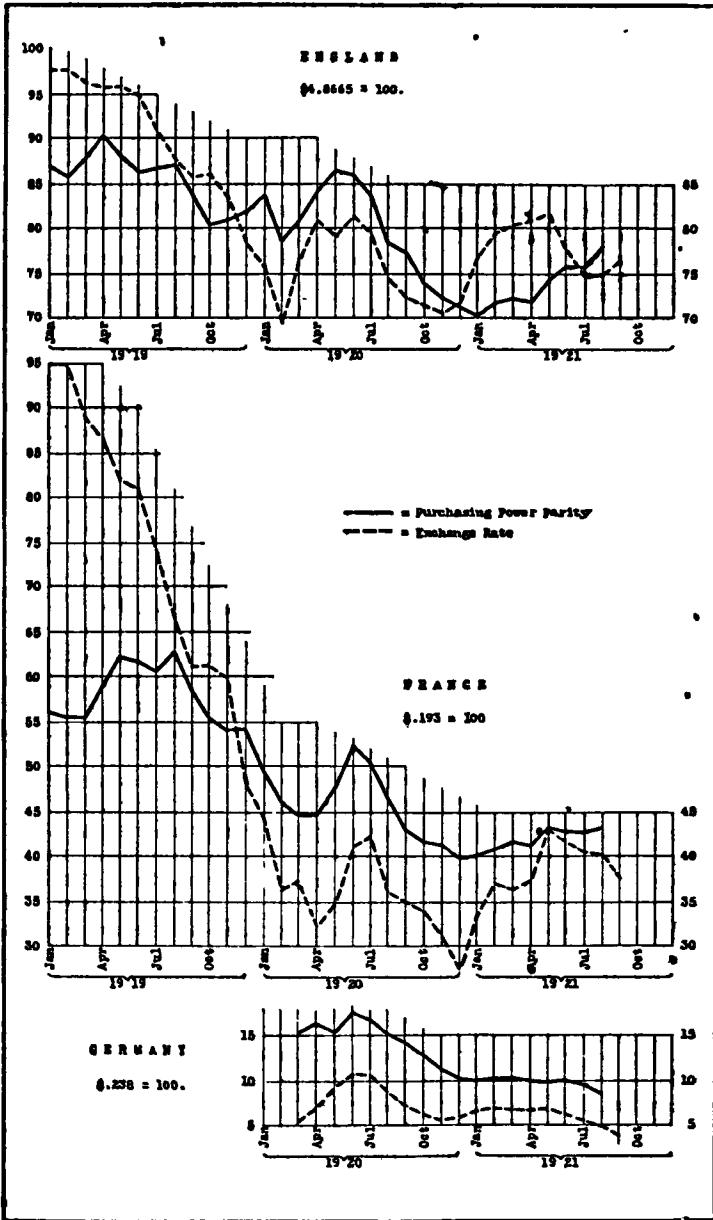
² Frankfurter Zeitung index numbers, as published by the Federal Reserve Board

³ Column 5 derived by applying the percentages in column 4 to the par of exchange, \$0 238

⁴ Monthly average of daily noon buying rates for cable transfers

In the interpretation of these tables, especially that for England, only wide discrepancies between the relative price levels (called "purchasing power parity" in the table) and the exchange rates should be considered significant. Minor differences may be due as often to the inadequacy of the available data as to differences between the purchasing power of money at home and abroad. It is therefore the wide divergence between the two sets of figures at certain periods as compared with others (columns 5 and 6) to which attention is directed. In the early part of 1919 exchange rates for both England and France were considerably above the rate based on the parity of purchasing power, as measured by wholesale prices; that is to say, the gold values of these moneys were greater than their values in terms of domestic commodities. In 1920 the reverse condition prevailed. In the case of France, the internal value of the franc was often 30 to 40 per cent greater at home than its value in gold. In 1921 the two sets of rates approach an identity, especially in the middle of the year. Later figures show another divergence, but whether it is fundamental or accidental can not be determined at this time. In the case of Germany, no figures are shown before March, 1920, because of the lack of reliable index numbers of wholesale prices in that country prior to that date. The first comparison shows a parity rate nearly three times the exchange rate—287 per cent. In other words, the

PURCHASING POWER PARITIES AND RATES OF EXCHANGE.



mark would buy in March, 1920, \$0 0365 worth of German goods and only \$0 0127 worth of gold. By May, 1921, this discrepancy had been reduced almost half. Recently, however, the fall of exchanges has exceeded the rise of German prices to such an extent that the ratio between the two rates is about 2 to 1, that is to say, a dollar's worth of marks will buy in Germany about \$2 worth of such goods as are included in the German index numbers of wholesale prices.

In order to present the data given in these tables in simpler form, a chart is shown on which is plotted the purchasing power parities and the rates of exchange for England, France, and Germany. For comparative purposes the par value of each country's monetary unit is assumed to be 100, and the parities and exchange rates are calculated relative to this base.

So much for the statistical facts. More important for present purposes is the disturbance to international trade caused by the discrepancies between price ratios and exchange rates.

In the first place, attention is called to the effect of pegged exchange in the early part of 1919 as reflected in these tables. From October, 1915, to March, 1919, sterling exchange was fixed arbitrarily at \$4 76 to the pound as a minimum for England and \$0 1830 for France. This fiat was made effective through loans in this country contracted by the allied Governments, from both public and private sources, in order to keep a balance in bank to supply all demands for funds at the arbitrary rate of exchange. So long as drafts on London were available at the fixed rate, there was no occasion for an American exporter to take less for his paper, nor for an importer to pay more, no matter what the state of the "balance of trade" or the conditions of the gold market. Although the rate of exchange was arbitrarily fixed at \$4 76 to the pound, the purchasing power parity in the early part of 1919 was considerably under this figure—around \$4 25 usually, a difference of about 11 per cent. In the case of France the exchange rate was over 18 cents to the franc, but the parity rate was about 11 cents, a difference of about 40 per cent. This discrepancy between the rates had an important influence in the trade between the United States and the Allies during the war and for some months after the armistice. So long as exchanges were above the purchasing power parities exports were stimulated from this country to Europe and imports from there were depressed, that is to say, if a selected list of goods, such as wheat, cotton, and wool, shows a price index 10 or 12 per cent higher in England than in the United States, and sterling exchange is only 2 per cent below par, sterling will buy more of such commodities in the United States than in England and imports into England will be stimulated by the discrepancy.

Stated in other terms, American exporters to England had considerable advantage over the English merchants because both sold their wares at the same price in English money, but the Englishman received in payment a depreciated currency (in terms of commodities) whereas the American seller could convert his paper money into American dollars almost at par. Therefore so long as our prices did not rise as rapidly as English paper prices (and they did not, in fact) there was a tendency to stint our home demand and sell abroad to England and France so long as the exchanges were pegged.

The obverse effect on imports from Europe was caused by the state of the exchanges. An American merchant buying in France

of England must pay the high paper prices, but in making his remittance the paper francs or pounds cost him almost par in American gold.

In short, to all intents and purposes American dollars were heavily discounted in international trade and sterling and franc exchanges were at a premium in actual purchasing power in this country until well into the summer of 1919. The unpegging of exchanges in March, 1919, however, set in motion the slow but certain economic forces which changed the artificial situation created by the pegging process, and by 1920 the pendulum had swung to the other side. The French franc was worth usually 30 to 40 per cent more in terms of domestic goods than it was in gold, and sterling was worth 5 to 10 per cent more in English commodities than in gold. This state of affairs had the reverse effect on trade from that of the pegging process. American buyers must still pay high paper prices abroad, but they could remit at a rate of exchange which had fallen much more than prices had risen. On the other hand, the American export trade was checked because foreign buyers could not meet our prices with exchange rates against them.

During 1921, however, according to these tables, the internal and external values of English and French moneys approached an equality and there was no special bounty on either imports or exports caused by the low exchange rates. In short, paper prices in these countries have risen, on the average, relative to American prices, about as much as their exchanges have fallen.

The great discrepancy between the internal value of the German mark and its gold or American exchange value—usually a difference of about 100 per cent—is not as significant in its effects on American import trade as may be supposed from the figures. It is true that the mark is worth about twice as much at home as abroad, but the numerous restrictions to trade imposed by Germany, on the one hand, and the dearth of exportable commodities in the various industries, on the other, nullifies to a considerable extent the advantage to German exporters given by low exchange rates.*

In the appendix will be found tables similar to the foregoing for Canada, Australia, Japan, Sweden, and Italy. Care should be exercised in drawing conclusions from them, however, especially with respect to Japan, because the economic organization in Japan is so different from that of the United States as to render comparisons based on price indices of uncertain value.

INTERNATIONAL PRICE ADJUSTMENTS OF SPECIFIC COMMODITIES.

The foregoing discussion of the exchange has been in terms of general commodity prices as indicated by index numbers. Such a point of view is important for a general survey of the situation, but for purposes of tariff legislation more specific data are desired—data bearing directly upon international prices of particular commodities—because duties are levied on specific products and not on things in general.

International price comparisons for about 75 commodities covering the years 1914, 1919, 1920, and the first nine months of 1921 are presented in this study, but because of the detailed nature of the infor-

* The Tariff Commission is preparing a report on the artificial restraints of trade in their relation to the exchange problem with special reference to conditions in Germany.

mation most of the tables appear in the appendix and only a few are shown in the text for illustrative purposes.

The products presented in the tables were chosen by commodity experts and they are as nearly identical in quality as can be selected from trade publications. In many cases the matchings are not exact, but with few exceptions they are sufficiently so for price purposes. In a few instances the differences in quotations are caused by differences in quality, but such commodities need not be eliminated from the list because there is a constant difference in price that may be allowed for in the comparison.

The fundamental point which these price studies are meant to bring out is the fact that there are among nations different degrees of price adjustment toward a gold basis for different commodities. Articles having a free international market, such as silver, copper, wheat, and cotton, have about the same gold price the world over, transportation and taxes aside, no matter whether the quotations are in dollars, francs, pounds, or marks.

On the other hand, many articles, such as aluminum goods, pottery, and chinaware, or specialized chemicals and metallurgical products, which either do not enter largely into international trade or whose prices are adjusted slowly, show a great divergence of gold prices in the several markets of the world.⁷ This divergence is found to a considerable extent in normal times, but much of the present discrepancy in prices is due to the fact that the local values of many products have not yet responded to the pressure of international competition.⁸

A second point which should be borne in mind in considering these tables is the fact that, in the nature of the case, international price comparisons of exactly matched commodities will show much closer price adjustments among nations, in the absence of artificial control, than the general run of products which make up the bulk of the world commerce but which can not be matched with certainty. Most of the fabricated articles—textiles, machinery, prepared foods, and countless articles of fashion—permit of sufficient comparisons among countries to indicate that the international price adjustments have not gone as far in these lines as they have for standard articles, but matchings are too uncertain for statistical tabulation.

A further point of some importance is the effect of tariff rates on prices of American products. The duties are given in footnotes to the tables affected, but, except in a few obvious cases, the relation of them to prices is not discussed because of the difficulty in de-

⁷ The price maladjustments among nations, on which special emphasis is placed in this report, are those due to depreciated exchange alone. There are, however, price differences among countries even in normal times which must be considered, or at least must be recognized in any exchange investigation. These normal differences are noticeable in perhaps a majority of the whole list of goods produced in a given country, and in the case of some commodities, such as perishable food-stuffs and specialized articles of fashion, there may be practically no relation among international prices. The reasons for such discrepancies are numerous, but difficulties and expenses of transportation, on the one hand, and unfavorable facilities for production, either by way of poor natural advantages or expensive labor, account for most of them. In the price tables given above such localized or nontraded commodities have been largely eliminated, but such elimination only hides the fact that there is a great multitude of products in the background whose prices are never internationally adjusted and which, therefore, confuse any price studies based on the assumption of equivalent values.

⁸ This lack of uniform adjustment of prices for various commodities leads to much of the conflicting testimony as to the effect of exchange on international trade. A dealer in copper, wheat, or cotton, for example, may say with truth that the exchange situation long since has been discounted in the price of his products and that only the daily fluctuations cause him trouble. On the other hand, a dealer in highly specialized products, such as artificial flowers, toys, or articles of fashion, may say with equal truth that the depreciated exchange is almost a decisive factor in his business. The reconciliation of the conflicting testimony is, of course, to be found in the different degrees of adjustment to the international gold prices of the various commodities under consideration.

termining the extent to which they do or do not increase the domestic prices of particular commodities.

With these three points in mind—the varying degrees of adjustment to a gold basis for the different commodities shown, the greater maladjustment of specialized but peculiar articles which can not be matched for price purposes, and the possible effect of tariff rates on American prices—attention is directed to the tables following.

METAL PRODUCTS.

The first set of quotations is for some representative products in the metal industry—gold, silver, copper, tin, pig iron, structural shapes, and some of the ferroalloys. Numerous other price comparisons for metal products are shown in the appendix.

Comparative prices.

TABLE 3A—Silver.

[Troy ounce]

Period	New York ¹	London ²	
		Exchange	
		Par	Current
1914			
January	\$0.5757	\$0.5931	
February	5751	5903	
March	5807	5912	
April	5852	5899	
May	5818	5967	
June	5647	5516	
1919			
January	1 0100	1 0600	\$1 0400
February	1 0100	1 0600	1 0400
March	1 0100	1 0400	1 0000
April	1 0100	1 0900	1 0400
May	1 0100	1 0600	1 0400
June	1 0900	1 1600	1 1000
July	1 0700	1 1600	1 0900
August	1 0600	1 2200	1 0900
September	1 1300	1 3300	1 1400
October	1 1900	1 3900	1 2000
November	1 2100	1 4300	1 2200
December	1 2900	1 6000	1 3100
1920.			
January	1 3000	1 6500	1 3000
February	1 3400	1 8500	1 3100
March	1 3100	1 8400	1 2900
April	1 2600	1 5800	1 2700
May	1 1000	1 3900	1 0900
June	9900	1 2500	1 0200
July	9000	1 1100	9098
August	9138	1 2300	9471
September	9150	1 2500	9231
October	9150	1 2900	9212
November	8000	1 1400	8143
December	6968	9714	6971
1921.			
January	6663	9413	6639
February	6313	8264	6491
March	5575	7115	5692
April	5612	7115	5743
May	6138	8499	6237
June	5775	7340	5898
July	5950	7805	5720
August	6175	8517	6534
September	6225	8517	6566

¹ Grade Bar, 999 fine. Source. The Engineering & Mining Journal

² Grade. Sterling, fine 925, converted to 999 basis. Source. The Engineering & Mining Journal.

Comparative prices—Continued.

TABLE 3B—*Electrolytic copper.*

[Pound]

Period	New York ¹	England ²		Germany ³	
		Exchange		Exchange	
		Par	Current	Par	Current
1914					
January	\$0 1487	\$0 1524			
February	1475	1551			
March	1437	1443			
April	1437	1465			
May	1420	1432			
June	1400	1410			
1919					
January	2300	2279	\$0 2228		
February	1875	2279	2228		
March	1500				
April	1537	1769	1704		
May	1525				
June	1650				
July	1900				
August	2275	2484	2227		
September	2275	2498	2152		
October	2162	2541	2190		
November	2125				
December	1825				
1920					
January	1925	2702	2110		
February	1925	2713	1935		
March	1875	2756	1940		
April	1900	2528	2045		
May	1925	2430	1916		
June	1900	2300	1855		
July	1900	2151	1747		
August	1900	2406	1885		
September	1900	2477	1812		
October	1850	2435	1751		
November	1500	2129	1598		
December	1350	1868	1333		
1921					
January	1275	1770	1286	\$1 61	\$0 0927
February	1275	1667	1309	1 36	0905
March	1250	1597	1277	1 61	1115
April	1200	1584	1279	1 69	1142
May	1237	1581	1294	1 68	1095
June	1325	1662	1335	1 67	1110
July	1263	1662	1218	1 93	1000
August	1175	1640	1238	1 98	1116
September	1162	1575	1212		

¹ Source The Iron Age² Source The Iron and Coal Trades Review³ Source The Chemiker Zeitung

Comparative prices—Continued.

TABLE 3c.—Tin

(Pound)

Period	New York †	England ‡		Germany §	
		Exchange		Exchange	
		Par	Current	Par	Current
1914					
January	\$0 3 40	\$0 3 673			
February	4087	4043			
March	3790	3776			
April	3790	3719			
May	3310	3402			
June	3045	3042			
1919					
January	7150	5382	\$0 5262		
February	7200				
March	7250				
April	7250				
May	7250				
June	7250				
July	7050				
August	7000	5968	5350		
September	5400				
October	5475				
November	5600				
December	5400				
1920					
January	5925	8224	6422		
February	5900	8528	6081		
March	6325	8615	60 4		
April	375	7562	6120		
May	6025	7535	5941		
June	5150	647	5217		
July	4850	5516	4562		
August	4850	6322	4832		
September	4575	6029	4411		
October	4350	5883	4202		
November	3950	5714	4049		
December	3350	4541	3259		
1921					
January	3400	4725	3432		
February	3300	3943	3097	\$4 58	\$0 3045
March	3000	3339	2913 ¹	4 96	3420
April	2850	3244	3135	4 61	3100
May	3187	3819	3120	5 10	3315
June	3150	3801	3054	4 75	3158
July	2988	3988	2703	5 12	2652
August	2850	3432	2 33	5 15	2915
September	2675	3357	2684		

† Source The Iron Age

‡ Grade Straits Source The Iron and Coal Trades Review

§ Grade Straits Source The Chemiker Zeitung

Comparative prices—Continued.

TABLE 3D—Pig iron

[Gross ton]

Period	Cincinnati ¹	Great Britain ²		Germany ³		France ⁴		Belgium ⁵	
		Exchange		Exchange		Exchange		Exchange	
		Par	Current	Par	Current	Par	Current	Par	Current
1914									
January	\$14.00	\$12.29		\$17.03					
February	13.75	12.62							
March	14.00	12.41							
April	13.75	12.53							
May	13.75	12.55							
June	13.75	12.55		17.03					
1919									
January	34.60	24.09	\$23.55	60.18	\$26.19				
February	34.60	24.09	23.55	60.18	30.52				
March	34.60	23.12	22.19	60.18	24.46				
April	30.35	23.12	22.27	81.93	31.50				
May	30.35	34.67	33.95	94.26	29.78				
June	28.50	38.93	37.11	97.78	28.40				
July	28.35	38.93	36.73	105.86	33.67				
August	28.35	38.93	34.90	124.83	31.48				
September	31.10	39.90	34.38	124.83	22.82				
October	31.35	38.93	33.54	157.46	28.94				
November	32.60	38.93	33.34	157.46	21.49				
December	37.60	38.93	32.02	220.79	21.79				
1920									
January	39.60	42.58	33.25	319.76	27.54				
February	43.60	42.58	30.36	392.76	24.75				
March	43.60	42.58	29.97	402.43	17.06	\$43.32	\$30.39	\$122.53	\$46.57
April	43.60	48.66	39.37	429.01	25.57	102.93	36.59	122.53	46.17
May	45.60	44.66	38.37	432.50	31.62	102.93	31.94	166.65	55.36
June	45.60	52.92	42.70	420.45	45.29	115.67	46.56	171.55	72.54
July	45.60	52.92	43.01	420.45	46.29	117.63	50.17	176.45	79.19
August	45.60	52.92	40.45	401.11	38.75	117.63	46.51	147.04	61.95
September	46.50	54.75	40.05	401.11	34.36	117.63	42.18	122.53	46.99
October	46.50	54.75	39.04	401.11	26.95	117.63	40.48	112.73	41.25
November	42.50	54.75	38.78	401.11	21.90	88.22	28.89	100.48	34.83
December	42.50	54.75	39.29	401.11	24.50	88.22	27.74	98.03	32.82
1921									
January	39.50	54.74	39.77			67.64	27.02	98.03	31.59
February	34.50	47.44	37.27			67.64	31.83	81.36	31.20
March	31.00	46.50	29.20			68.62	25.67	72.54	28.27
April	29.50	29.20	23.57			68.03	24.53	58.81	22.18
May	27.50	29.20	23.85	400.98	26.07	49.99	20.21	56.85	22.92
June	26.50	29.20	23.48			46.07	20.22	61.27	26.89
July	25.50	29.20	21.40			47.05	18.61	46.07	17.59
August	23.50	34.07	26.14			34.23	16.30	39.21	16.19
September	23.50	32.85	25.29			34.23	15.59	42.15	16.69
October	23.50	29.20	22.37	393.00	13.10	35.30	12.97	40.20	14.54

¹ Grade No 2, southern Source The Iron Age.² Grade No 3 foundry, G M & B Source The Iron and Coal Trades Review³ Grade No 3 foundry Source The Iron Trade Review⁴ Grade Foundry, Longwy, 3 per cent si, sand-cast Source The Iron Trade Review.⁵ Grade Foundry, 3 per cent si Source The Iron Trade Review

Comparative prices—Continued.

TABLE 3E—Structural shapes

[Pound]

Period	Pitts- burgh ^{1,2}	Great Britain ³		Germany ⁴		France ⁵		Belgium ⁶	
		Exchange		Exchange.		Exchange		Exchange	
		Par	Current	Par	Current	Par	Current	Par	Current
1914									
January	\$0 0122								
February	.0122								
March	.0122								
April	.0113								
May	.0115								
June	.0113								
1919									
January	.0280			\$0 0345	\$0 0150				
February	.0280			.0453	.0220				
March	.0280			.0453	.0184				
April	.0245			.0453	.0174				
May	.0245			.0561	.0177				
June	.0245			.0561	.0163				
July	.0245			.0561	.0178				
August	.0245			.0771	.0194				
September	.0245			.0771	.0141				
October	.0245			.1041	.0191				
November	.0245			.1041	.0142				
December	.0245	\$0.0380	\$0.0313	.1888	.0186				
1920									
January	.0245	.0396	.0309	.1850	.0159				
February	.0245	.0423	.0301	.2867	.0181				
March	.0245	.0445	.0313	.2897	.0123				
April	.0245	.0488	.0394	.2991	.0178				
May	.0245	.0532	.0419	.3906	.0285				
June	.0245	.0521	.0420	.3350	.0369	\$0.1272	\$0.0512	\$0.1360	\$0.0575
July	.0322	.0500	.0406	.3350	.0369	.1272	.0542	.1360	.0610
August	.0285	.0521	.0398	.2856	.0286	.1579	.0624	.1119	.0501
September	.0285	.0543	.0397	.2956	.0253	.1228	.0440	.0943	.0362
October	.0277	.0543	.0387	.2956	.0199	.1228	.0422	.0899	.0329
November	.0277	.0521	.0369	.2525	.0138	.1031	.0338	.0822	.0285
December	.0245	.0478	.0343	.2525	.0154	.1031	.0324	.0702	.0234
1921									
January	.0245	.0478	.0347			.0699	.0277	.0680	.0219
February	.0245	.0478	.0376			.0699	.0326	.0614	.0235
March	.0222	.0413	.0330			.0790	.0295	.0548	.0214
April	.0200	.0380	.0306			.0656	.0236	.0415	.0156
May	.0200	.0380	.0310			.0678	.0274	.0411	.0165
June	.0220	.0380	.0305			.0656	.0288	.0415	.0182
July	.0200	.0315	.0231			.0416	.0165	.0368	.0140
August	.0185	.0315	.0242	.1942	.0110	.0368	.0157	.0341	.0141
September	.0178	.0283	.0226			.0433	.0177	.0324	.0128
October	.0163	.0250	.0192	.2697	.0090	.0416	.0153	.0359	.0130

¹ Dutiable at 10 per cent ad valorem² Grade Structural material, I-beams, 3 to 15 inches Source The Iron Age.³ Grade. Structural shapes, beams Source The Iron Trade Review.⁴ Grade Finished steel, beams Source The Iron Trade Review⁵ Grade. Finished steel, normal beams and profiles Source The Iron Trade Review⁶ Grade. Normal beams and profiles Source The Iron Trade Review.

Comparative prices—Continued.

TABLE 3F—Ferromanganese

[Gross ton]

Period	Atlantic ports ¹	Great Britain ² (for export)		Great Britain ² (for local consumption)	
		Exchange		Exchange	
		Par	Current	Par	Current
1914					
January	\$47 00			\$46.85	
February	36.50			41 97	
March	38.00			41 97	
April	38.00			41 97	
May	39 00			41 97	
June	38.00			41 97	
1919					
January					
February					
March					
April	150.00				
May	150.00				
June	125.00	\$121 66	\$116 00	121 66	\$116 00
July	125.00	121 66	114 00	121 66	114 80
August	110.00	121 66	109 05	121 66	109 05
September		111 94	96 44	121 66	104 80
October		111 94	96 44	121 66	104 80
November	110 00	111 94	95 86	111 94	95 86
December	120.00	121 66	100 00	121 66	101 00
1920					
January	130.00	131 40	102 62	131 40	102 60
February		158 18	112 80	146 00	104 10
March		170 32	119 90	158 16	111 30
April		170 32	137 80	140 08	145 70
May		218 99	172 70	140 06	142 00
June	225.00	218 99	176 70	140 06	145 20
July	237 50	218 99	177 80	140 06	146 28
August	212 50	218 99	187 37	140 06	137 63
September	170.00	218 99	160 20	140 06	131 73
October	170.00	218 99	156 16	140 06	128 40
November	155.00	218 99	135 15	140 06	127 55
December	125.00	184 93	132 73	170 33	122 24
1921					
January	100 00	160 50	116 65	155 73	113 12
February	90.00	136 26	107 04	136 26	107 02
March	90.00	109 50	87 58	121 66	97 30
April	90 00	97 33	78 57	97 34	78 58
May	90 00	92 46	75 54	107 06	87 46
June	81 25	87 60	70 38	87 60	71 34
July	70.00	73.00	53.51	87 60	64.21
August	70.00	70.56	54.14	87 60	67.21
September	70.00	70.56	54.32	87 60	67 44

¹ Grade 76-80 per cent Source The Iron Age² Grade 76-78 per cent export Source The Iron and Coal Trades Review³ Grade 76-78 per cent loose Source The Iron and Coal Trades Review

Comparative prices—Continued.

TABLE 3G.—Ferroalloys.

[Pound.]

Period.	Ferrochrome.			Ferrotungsten.			Ferrosilicon ¹		
	New York L. S.	Great Britain ²		New York L. S.	Great Britain ³		New York L. S.	Great Britain ⁴	
		Exchange.			Exchange.			Exchange.	
		Par.	Current.		Par.	Current.		Par.	Current.
1920.									
January		\$0. 1629	\$0. 1272		\$0. 6893	\$0. 5383			
February		1629	1162		6792	4643			
March		1530	1093		7502	5260	\$60. 00		
April	\$0. 2050	1530	1245	\$1. 0000	7502	6070	87 50		
May		1530	1213	1. 0000	7905	6233	87 50	\$121. 66	\$65. 94
June	1450	1592	1364	1. 0000	7905	6373	79 00	121. 66	98. 16
July	1450	1592	1399	1. 0000	7905	6422	85 00	114. 36	98. 63
August	1750	1592	1217	1. 1200	7905	6042	82 50	114. 36	87 41
September	1750	1592	1145	1. 1200	7905	5783	82 50	107 06	78. 32
October	1475	1592	1135	97 00	7905	5637	83 75	107 06	76. 34
November	1475	1592	1128	85 00	6669	4739	83 75	107 06	75. 85
December	1750	1464	1065	70 00	6669	4800	82 50	107 06	76. 86
1921.									
January	1650	1456	1069	57 00	5873	4270	79 00	97 33	70. 70
February	1650	1340	1052	57 00	4865	3821	78 00	92 46	72. 63
March	1450	1340	1072	57 00	4863	3729	82 50	87 60	70. 06
April	1500	1340	1060		4471	3610	87 50		
May	1500	1300	1064	5300	4471	3652	82 50		
June	1500	1300	1047	5250	4471	3592	82 50	77 80	62. 56
July	1400	1300	0955	5250	4053	2971	70 00	75 43	55. 28
August	1400	1267	0972	5250	3851	2654	65 00	70 56	54. 14
September	1200	1150	0892	4250	3590	2771	65 00	64 69	49. 79

¹ Drossible at 15 per cent ad valorem.² Grade: Carbon, 6 to 8. Source: The Engineers' and Mining Journal.³ Grade: 6 to 8 carbon, 60 per cent base. Source: The Iron and Coal Trades Review.⁴ Grade: Ferrotungsten, 70 to 80 per cent W. Source: The Engineers' and Mining Journal.⁵ Grade: Ferrotungsten, 60 to 85 per cent. Source: The Iron and Coal Trades Review.⁶ Grade: Ferroalicon, 50 per cent. Source: The Engineers' and Mining Journal.⁷ Gross ton.⁸ Grade: Ferroalicon 45.50, base 45 per cent. Source: The Iron and Coal Trades Review.

Comparative prices—Continued.

TABLE 3B—Gold

[Troy ounce]

Period	New York ¹	London ²	
		Exchange	
		Par	Current
1920			
Jan 16	\$20 67	\$26 06	\$20 44
Feb 13	20 67	25 96	20 65
Mar 12	20 67	26 07	19 82
Apr 16	20 67	25 21	20 54
May 14	20 67	26 28	20 61
June 18	20 67	25 11	20 54
July 16	20 67	25 91	20 75
Aug 13	20 67	27 43	20 61
Sept 17	20 67	28 59	20 68
Oct 15	20 67	28 71	20 46
Oct 16	20 67	28 71	20 44
Oct 22	20 67	29 08	20 61
Oct 23	20 67	29 08	20 54
Nov 19	20 67	28 79	20 40
Nov 30	20 67	28 47	20 40
Dec 14	20 67	28 89	20 50
Dec 17	20 67	28 26	20 56
1921			
Jan 1	20 67	26 63	20 43
Jan 15	20 67	26 63	20 50
Feb 1	20 67	26 07	20 44
Feb 15	20 67	25 54	20 58
Mar 15	20 67	25 67	20 58
Apr 25	20 67	25 36	20 60
May 12	20 67	25 04	20 56
June 15	20 67	24 86	19 35
July 15	20 67	27 59	20 57
Aug 15	20 67	27 25	20 52
Sept 9	20 67	26 78	20 49

¹ Mint price in the United States for gold 0 90 fine² Open-market quotation in London for gold 0 916 fine.

The prices of silver, copper, and tin, are found to be approximately equal in the large markets of the world when current rates of exchange are applied to the quotations. Indeed, in articles of such universal distribution as these any continued maladjustment in gold prices can come about only because of serious restraints of trade.

The international prices of pig iron, however, were not adjusted during much of the period covered by the quotations. The English and American prices follow each other with some regularity, but the quotations from Germany, France, and Belgium show little similarity either among countries or from month to month in the same country. Prices in Germany converted at current exchange ruled lower than any of the other countries represented. Twenty to thirty dollars per ton was a fair price there in 1920, as compared with \$40 to \$60 in other markets. In October, 1921, the quotations in Germany, France, and Belgium were \$13 to \$14 50 per ton, as compared with \$23 in the United States and England.

Structural shapes are not well adjusted to a gold basis. The October prices for the various countries ranged between 1.9 cents per pound for England down to 0.9 cents for Germany.

Other interesting price comparisons are those of the ferroalloys (alloys used in the manufacture of steel). In the case of ferroman-

ganese there are two prices quoted in Great Britain—the domestic price, which at current exchange is not far from the American market price of the same product; and the export price, which is about 25 per cent lower than the domestic price. The other ferroalloys shown—ferrochrome, ferrotungsten, and ferrosilicon—show practically no adjustment to a gold basis according to the table. The prices in Great Britain at current exchange are usually at least 50 per cent lower than for the same products in the United States.

The price of gold in the open market in London is compared with the mint price in the United States. In practice it may not be true that our mint price of gold is exactly equivalent to a quotation in a free market, but it probably is sufficiently so for comparative purposes. From the table it is seen that the two series of prices are about the same at current rates of exchange. The English quotations run 10 to 15 cents per ounce under our mint price of \$20.67, but it is not certain whether the discrepancy is a matter of transportation and insurance expense to the United States or whether the rates of exchange applied to the sterling quotations were sufficiently accurate to reflect the nice adjustment of prices in the two countries.

It may be questioned whether a commodity so intimately connected with the medium of exchange in which prices are quoted as gold is should be included in international price comparisons. As a matter of fact in most European countries gold is merely a commodity of commerce and is bought and sold in London as wheat or wool is marketed. This statement does not cover all the facts in the case, but for price purposes we may regard gold as a commodity of commerce. The idea has been advanced that gold yet exercises a peculiar force in exchanges because it is still used in liquidating bank balances. An American buyer of London exchanges, for example, must be able to purchase the exchange at the gold value (not par) of sterling because otherwise he will buy gold itself in the London market. This is true arithmetically, but the reason back of it is the fact that the United States is on a gold basis and therefore 23 22 grains of gold is equivalent to an American dollar in any free market of the world and the price of gold in foreign moneys will follow the dollar exchange quotations practically as a matter of identity.

In general, it may be said with some degree of certainty, that the depreciated exchanges of Europe are now fairly well discounted for the metallurgical products represented both in the text and in the appendix, and therefore that there is no great incentive either to import or export because of the exchange situation. It must be emphasized, however, that this statement is limited to the premises on which it is drawn and that special commodities, whether represented in these tables or not, may show great price discrepancies among nations because of the depreciated exchange alone.

CHEMICAL PRODUCTS.

The next group of tables to which attention is directed is for representative commodities in the chemical industry. The prices of only a few commodities are given in the text, but a considerable number are to be found in the appendix.

Comparative prices.

TABLE 4A.—White lead

[Pound]

Period	New York 1,2	England 3		Paris, France 4	
		Exchange		Exchange	
		Par	Current	Par	Current
1914					
January	\$0 0550	\$0 0597	.. .	.. .
February	0550	0597	.. .	.. .
March	0550	0588	.. .	.. .
April	0550	0588	.. .	.. .
May	0550	0588	.. .	.. .
June	0550	0588	.. .	.. .
1919					
January	1000	.1280	\$0 1251	\$0 2188	\$0 201
February	0900	1302	1273	2945	294
March	0900	1194	1146	2945	254
April	0900	1194	1150	2945	231
May	0900	.1128	1105	2945	.24
June	0900	1128	1075	2845	23
July	0900	1107	1045	2945	22
August	0900	1107	0992	2188	174
September	0900	1085	0835	2188	13
October	0900	1085	0835	2188	13
November	0900	1085	0829	2188	12
December	0900	1139	.0937	2451	.12
1920					
January	0900	1325	.1035	2451	11
February	1000	1510	1077	.2451	08
March .....	.1050	1597	.1124	3501	12
April	1050	1597	.1292	3501	.12
May	1050	1597	1259	3501	10
June .....	.1050	1499	1299	3939	15
July	1050	1434	1155	3064	134
August	1050	.1412	1079	3064	.121
September	1050	1380	1009	2976	10
October	1050	1380	0984	2329	.11
November	1050	1380	0976	2329	.10
December .....	.0900	.1380	0990	2064	06
1921					
January .....	.0900	1380	1002	3064	.064
February	0800	1108	0870	2451	.094
March	0800	0988	.0790	1838	.064
April	0750	.0869	0701	1750	.062
May	0750	0933	0762	1926	07
June .....	.0750	0958	0768	1963	074
July .....	.0750	0956	.0701	1401	064
August .....	.0850	.0956	0733	1401	.054
September	0688	.0972	.0748	1401	.05

1 Dutiable at 25 per cent ad valorem

2 Grade Am dry casks Source The Oil, Paint and Drug Reporter

3 Grade Whitelead or lead carbonate Source The Chemical Trade Journal, London

4 Grade Ceruse in poudre Source La Revue des Produits Chimiques

Comparative prices—Continued.

TABLE 4B—Citric acid.

[Pound]

Period	New York 1,2	England 3		Paris, France 4		Milan, Italy 5		Hamburg, Germany 6	
		Exchange.		Exchange		Exchange		Exchange	
		Par.	Current	Par.	Current	Par.	Current	Par.	Current
1914									
January	\$0.5100	\$0.4745				\$0.5296		\$0.4586	
February	.5100	.4745				.5296		.4478	
March	.5100	.4745				.5120		.4425	
April	.5100	.5475				.5034		.4721	
May	.5100	.5676				.5120		.4829	
June	.5300	.5878				.5296		.5450	
1919									
January	1.2500	1.1300	\$1.1000	\$1.22	\$1.1500				
February	1.2500	1.1000	1.0700	1.22	1.1800				
March	1.2500	1.1100	1.0600	1.14	1.0300				
April	1.2500	1.0600	1.0200	1.14	1.0600				
May	1.1200	1.0500	1.0300	1.18	1.0100				
June	.9800	1.0600	1.0100	1.18	.9800				
July	.9800	1.0500	.9900	1.18	.9400				
August	.9800	1.0500	.9400	1.18	.8400	1.4000	\$0.8440		
September	.9800	1.0400	.9000	1.18	.7500	1.5300	.8210		
October	.9300	1.0400	.9000	1.75	1.0700				
November	.9300	1.0300	.8800	1.75	1.0300				
December	.9000	1.0300	.8500	1.75	.9200	1.6600	.6990		
1920									
January	.8400	1.0300	.8074	1.75	.8465	1.8800	7389	12.4100	\$1.0700
February	.8400	1.0900	.7806	1.92	.7336	1.8800	6096	17.0000	1.0700
March	.8400	1.3300	.9413	3.06	1.1100	3.0600	.8702		
April	.8400	1.6400	1.3200	3.06	1.0800	3.5000	.8853	19.9600	1.1900
May	.8400	1.7000	1.3400	3.67	1.1400	6.3900	1.4500	15.1000	1.1000
June	.8400	1.5200	1.2200	3.85	1.5500	5.4200	1.7700	13.4900	1.4800
July	.8400	1.3700	1.1200	2.88	1.2300	4.2000	1.2300	9.7000	1.0700
August	.8400	1.1900	.9144	2.18	.8650	4.7200	1.6900	10.0000	.9700
September	.8400	1.0900	.8009	2.18	.7845	3.8500	.9324	9.1700	.7900
October	.7500	1.0900	.7807	2.18	.7528	3.6700	.7964	9.1000	.6500
November	.6500	.7907	.5602	2.18	.7165	3.1500	.5994	9.4400	.5100
December	.5500			1.66	.5232	2.9700	.5677	9.4400	.5800
1921									
January	.4700			1.53	.4723	2.2700	.4077	9.7000	.5558
February	.4700	1.3400	1.0500	1.53	.5564	2.2700	.4318		
March	.4700	1.3400	1.0700	1.31	.4913	2.2700	.4318	7.2300	.4983
April	.4700	.5500	.4400	1.31	.4724	2.2700	.5050		
May	.4700	.5200	.4200	1.31	.5295	2.1800	.5467	6.4700	.4205
June	.4700	.6100	.4900	1.40	.6147	1.9200	.5288	7.8200	.5200
July	.4700	.6100	.4500	1.40	.5539	1.9200	.4251	7.3400	.3802
August	.4700	.5900	.4300	1.23	.5226			7.5500	.4258
September	.4700	.5900	.4500	1.23	.5000				

1 Dutiable at 5 cents per pound

2 Grade Crystals, dom Source The Oil, Paint and Drug Reporter

3 Grade Crystals. Source The London Pharmaceutical Journal and Pharmacist.

4 Source La Revue des Produits Chimiques.

5 Source Giornale di Chimica Industriale

6 Grade Bleif kryst Source Chemiker Zeitung

Comparative prices—Continued.

TABLE 4C.—Caustic soda

[100 pounds]

Period	New York 1,2	England 3		Paris, France 4		Milan, Italy 5		Germany 6	
		Exchange		Exchange		Exchange		Exchange	
		Par	Current	Par	Current	Par	Current	Par	Current
1914									
January	\$1 81	\$2 20						\$2 54	
February	1 81	2 20						2 62	
March	1 81	2 20						2 62	
April	1 81	2 20						2 62	
May	1 81	2 20						2 62	
June	1 81	2 20						2 62	
1919									
January	3 60	5 75	\$5 62						
February	2 90	5 31	5 20						
March	2 85	5 31	5 10						
April	2 60	5 31	5 12						
May	2 50	5 31	5 21						
June	2 65	5 09	4 86						
July	3 00	5 09	4 82	\$6 30	\$5 04				
August	3 25	5 21	4 67	6 30	4 49				
September	3 25	5 21	4 49	6 30	4 01	\$10 50	\$5 63		
October	3 35	5 21	4 49	6 30	3 82				
November	3 50	5 21	4 46	7 70	4 53				
December	3 80	5 21	4 29	7 70	4 06	15.75	6.62		
1920									
January	4 50	5 21	4 07	8.75	4 23	17 50	6 87		
February	4 50	5 21	3 71	8.75	3 33	17 50	5 67		
March	5 00	5 21	3 67	11 81	4 31	19 25	5 47		
April	6 75	5 21	4 21	11 81	4 20	22 76	5 75		
May	7 00	5 86	4 62	12 25	3 80	39 39	9 21		
June	6 25	6 95	5 61	12 25	4 93	39 39	12 90		
July	6 50	6 95	5 64	12 25	5 22	35 01	10 76		
August	6 00	6 95	5 31	12 25	4 84	35 01	12 53		
September	4 80	6 95	5 08	12 25	4 39	35 01	8 47		
October	4 00	6 95	4 95	12 25	4 21	35 01	7 58		
November	4 25	6 95	4 92	12 25	4 01	29 32	5 57	91 72	\$3
December	3 70	5.97	4.28	12.25	3 85	28.88	5 51	68.00	4
1921									
January	3 50	5 97	4 33	10 94	3 37	26 26	4 70	66 90	3.
February	3 90	5 81	4 56	10 91	3 97	25.34	4 81		
March	3 60	5 81	4 64	10 94	4 09	23 63	4 48	52.62	3.
April	3 60	5 81	4 69	10.50	3 79	21 88	4 85		
May	3 75	5 81	4 75	9 63	3 89	19 26	4 81	52 33	3
June	4 00	5 81	4 67	9 63	4 23	17 07	4 69	49 63	3
July	4 10	5 81	4 26	9 63	3 81	17 07	3 77	53 95	2.
August	3 60	5 81	4 46	9 63	4 11				
September	3 95	5 81	4 47	9 63	3 93				

1 Dutiable at 25 cents per 100 pounds.

2 Grade 76 per cent Source The Oil, Paint, and Drug Reporter.

3 Grade Sodium hydrate, 76 per cent Source The Chemical Trade Journal, London.

4 Grade 76-77 per cent nondecoloroe. Source La Revue des Produits Chimiques

5 Grade Fused, com 76-78 per cent Source Giornale de Chimica Industriale.

6 Source Chemiker Zeitung

Comparative prices—Continued.

TABLE 4D—*Linseed oil.*

[Pound]

Period	New York 1,2	London, England 3		Paris, France 4		Hamburg, Germany 5		Toronto, Canada 6	
		Exchange		Exchange.		Exchange		Exchange	
		Par	Current	Par	Current	Par	Current	Par	Current
1914									
January	\$0.0840					\$0.0528			
February	.0840					.0507			
March	.0868					.0534			
April	.0880					.0566			
May	.0868					.0539			
June	.0860					.0566			
1919									
January	2067								
February	1933								
March	1933	\$0.1260	\$0.1209						
April	2000	1260	1214						
May	2107	.1760	.1723					\$0.2140	\$0.2081
June	2174	2498	2382					2311	2247
July	2600	2716	2562					2610	2531
August	2960	2737	2451					.3640	3458
September	2960	2172	1871					.3640	3500
October	2480	.1760	.1516					.3640	3491
November	2480	.1988	1711					.3640	3563
December	2360	.2281	.1876					2640	2517
1920									
January	2360	.2346	1832			2.3700	\$0.2000	2640	2416
February	2360	2303	1642					.2960	2590
March	2360	2781	.1957					2960	2516
April	2454	2346	.1898	\$0.4990	\$0.1774			3220	2930
May	2294	.2194	1730	.5471	.1698			3220	2908
June	2227	2107	1700	.4596	.1850			2810	2459
July	2067	.1651	.1341	4027	1717			2810	2417
August	2000	1716	1312	4464	.1765			.2810	2455
September	1627	1738	1371	4727	.1695	2.3200	2000	2810	2515
October	1600	.1760	1255	.4902	1686			2810	2564
November	1360	.1521	1078	.4815	1577			1560	1425
December	1087	1032	0741	.3283	1032			1250	1098
1921									
January	1087	0891	0647	2626	0810	2.1300	1220	1250	1075
February	0935	.0675	0528	1882	0684			.1140	1012
March	.0894	0722	0577	1970	.0737	1.2700	0875	1030	.0926
April	0867	0565	0456	.1576	0568	.0674	0578	0980	0669
May	0800	.0630	0514	1663	0672			0980	0876
June	1000	.0895	0558	.1751	0768	.0775	.0666	.0980	0873
July	.0974	0771	0565	.1795	.0710				
August	1027	0798	.0812	.1926	.0821	0802	.0611		
September	.0974	.0825	0635	.1926	.0785				

1 Dutiable at 14 cents per pound.

2 Source: The Oil, Paint and Drug Reporter.

3 Grade Spot. Source: The London Oil, Seed and Grain Reporter.

4 Grade H P. Source: La Revue des Produits Chimiques.

5 Grade Holland oil—quoted in marks until April, then quoted at Amsterdam in florins. Source: Chemiker Zeitung.

6 Grade. Boiled. Source: The Canadian Chemical Journal.

Comparative prices—Continued.

TABLE 4E—Benzic acid

[Pound]

Period	New York ^{1, 2}	London, England ³		Hamburg, Germany	
		Exchange		Exchange	
		Par	Current	Par	Current
1914					
January	\$0 2350	.	.	\$0 2320	
February	2350	..		2120	
March	2350			2120	
April	2350			228	
May	2350			2212	
June	2350	..		2104	
1919					
January	2 0000	.			
February	1 5000				
March	1 3500				
April	1 2500				
May	8000				
June	8000				
July	7500				
August	7500	.	.		
September	7500				
October	7500				
November	7500				
December	7500	..	.		
1920					
January	7500	.			
February	7500				
March	7500				
April	7500				
May	7500				
June	7500	.	.		
July	7500				
August	7500	.	.		
September	7500				
October	6500				
November	6500				
December	6500				
1921					
January	6500	\$0 6386	\$0 4639	5. 120 ⁴	\$0 2934 ¹
February	5800	6396	5016	4 2100	2796 ¹
March	5500	5575	4459	4 0500	2790 ¹
April	5500	5575	4501	4 3200	2903 ¹
May	5500	5575	4554	3 6700	2385 ¹
June	5000	5971	4797	3 8000	2527 ¹
July	5000	5971	4376	3 5600	1844 ¹
August	5000	4561	3499	3 6700	2070 ¹
September	5500	4561	3511		

¹ Dutiable at 15 per cent ad valorem, plus 2½ cents per pound, act of 1916² Grade Tech Source The Oil, Paint and Drug Reporter³ Source La Revue des Produits Chimiques⁴ Grade Bensoesaur aus toluol Source Chemiker Zeitung

Comparative prices—Continued.

TABLE 4F—Anthracene.

[Pound]

Period	New York 1,2	England 3	
		Exchange	
		Par	Current
1914.			
January		\$0 0125	.. ..
February		0125	.. ..
March		0125	.. ..
April		0125	.. ..
May		0125	.. ..
June		0125	.. ..
1919.			
January		1824	\$0. 1783
February		1824	1783
March		1015	0974
April		1015	0978
May	\$0. 2500	1319	1292
June	2500	1319	1257
July	1500	1319	1246
August	1500	1319	1182
September	1500	1421	1224
October	1500	1421	1224
November	1500	1421	1217
December	1350	1421	1169
1920.			
January	1350	1824	1424
February	1350	1824	1301
March	1350	1824	1284
April	1350	1824	1476
May		1824	1438
June		1824	1471
July		1824	1482
August	1600	1824	1394
September	1700	1824	1334
October	1700	2534	1807
November	1700	2534	1795
December	1700	2534	1819
1921.			
January	1600	2534	1841
February	1700	3142	2468
March	1500	2940	2352
April	1700	2737	2209
May	1700	2233	1824
June	1500	2233	1794
July	1500	2233	1636
August	1500	1670	1281
September	1650	1720	1326

1 Dutiable at 15 per cent ad valorem, plus 2½ cents per pound, act of 1916.

2 Grade. 40-50 per cent. Source: The Oil, Paint and Drug Reporter.

3 Grade. 40-50 per cent. Source: The Chemical Trade Journal, London.

Comparative prices—Continued.

TABLE 4G—Alizarin

[Pound]

Period	New York ^{1,2}	England ³	
		Exchange	
		Par	Current
1914			
January	\$0 1550	\$0 1419	.
February	1550	1419	.
March	1550	1419	.
April	1550	1419	.
May	1550	1419	.
June	1550	1419	.
1919			
January	3 5000	4866	\$0 4758
February	3 5000	4866	4758
March	3 5000	4866	4671
April	3 5000	4866	4687
May	3 5000	4866	4765
June	3 5000	4866	4639
July	3 5000	4866	4595
August	3 5000	4866	4563
September	3 5000	4866	4192
October	3 5000	4866	4182
November	3 5000	4866	4187
December	3 5000	4866	4003
1920			
January	3 5000	4866	3800
February	3 5000	4866	3470
March	3 5000	4866	3425
April		4866	3437
May		4866	3437
June	1 5000	4866	3926
July	1 5000	4866	3953
August	1 5000	4866	3719
September	1 5000	4866	3569
October	1 5000	4866	3470
November	1 0000	4866	3448
December	1 0000	4866	3492
1921			
January	1 0000	4866	3534
February	1 0000	4866	3824
March	1 0000	4866	3892
April	1 0000	4866	3928
May	1 0000	4866	3975
June	1 0000	4866	3910
July	1 0000	4866	3566
August	1 0000	4866	3734
September	1 0500	4866	3746

¹ Dutiable at 5 per cent, act of 1916² Grade Red. Source The Oil, Paint, and Drug Reporter³ Grade Artificial, 20 per cent. Source The Chemical Trade Journal, London.

White lead, the first on the list in order of the degree of price adjustments, is found to have a similar gold value in New York, London, and Paris for practically all the months shown. Paris quotations were seriously off in the early part of 1919, but after that time 1 or 2 cents per pound was the limit of variation at current exchange rates.

The price of citric acid is also well adjusted; the latest quotations for the various countries in 1921, running 47, 45, 42, and 43 cents per pound, compare favorably both absolutely and relatively with the prices for June, 1914—53, 58, 53, and 54 cents. In short, the exchange seemingly no longer affects the citric-acid trade except for the uncertainty of daily fluctuations.

The prices of caustic soda tell roughly the same story. They are somewhat out of line in 1921 between England and the United States, but not more so than in 1913-14.

Linseed oil is in the same general class with respect to the degree of adjustment. England and Germany show a lower price than other countries—around 6½ cents per pound at current exchange as compared with 8 to 9 cents for the United States and France. Probably the American duty on flaxseed causes the price of oil to be somewhat higher in this country than in England.

The price of benzoic acid in Germany and the United States is worth noting. In 1913 and 1914 the quotations were almost identical, but in 1921 the German prices at current exchange were less than half the American price—apparently a case of maladjustment because of the depreciated exchange.

Anthracene and alizarin offer an interesting contrast. Both of them being important intermediates for coal-tar dyes, one should expect their price movements to be similar in England and the United States. As a matter of fact, the price of anthracene is closely adjusted, but that of alizarin shows no approximation to an equalization between the two countries. The American prices of the latter during 1921 were regularly \$1 per pound as compared with less than 40 cents in England. If the prices for this product in both countries had not been almost equal in 1913 and 1914, there would be grounds for believing that the products were not the same in quality. The regularity of the American quotations renders them somewhat artificial and indicates that the price differences in the two countries are not due to the exchange situation alone but rather to restrictions on imports of coal-tar products.

AGRICULTURAL PRODUCTS.

The main agricultural products show about the same degree of price adjustment to an international gold basis as metals and chemicals. The quotations for the period immediately following the war are not especially significant because of governmental control, but the prewar and recent quotations are significant until the emergency tariff in the United States became effective in May, 1921.

Comparative prices.

TABLE 5A—Wheat.

[Bushel]

Period	Minneapolis ¹	Winnipeg ²		Period.	Minneapolis ¹	Winnipeg ²	
		Exchange				Exchange	
		Par	Current			Par	Current plus 35 cents ³
1914.				Oct 1 1921			
January	\$0 8650	\$0 8350	...	3	\$1 45	\$1 29	\$1 52
February	8962	8950		4	1 43	1 28	1 52
March	9312	9112		5	1 42	1 23	1 46
April	8675	8937		6	1 38	1 18	1 42
May	9125	9112		7	1 39	1 16	1 40
June	9312	9525		8	1 34	1 15	1 39
				9	1 35	1 14	1 38
Nov 1 1920	2 1800	2 3100	\$2 087	10	1 38	1 17	1 41
2		2 3000		11	1 42	1 22	1 46
3	2 1300	2 2700	2 050	12	1 40	1 19	1 43
4	2 0500	2 2400	2 024	13	1 39	1 18	1 42
5	2 0100	2 2200	2 006	14	1 42	1 21	1 45
6	1 9400	2 1500	1 940	15	1 39	1 20	1 44
8	1 8700	2 0800	1 872	17	1 32	1 16	1 41
9	1 7900	2 0000	1 872	18	1 26	1 10	1 35
10	1 8700	2 1300	1 800	19	1 27	1 09	1 34
11	1 8100	2 1000	1 898	20	1 30	1 09	1 35
12	1 7500	2 1100	1 878	21	1 35	1 13	1 38
13	1 7900	2 0800	1 878	22	1 33	1 11	1 35
15	1 8400	2 0900	1 851	24	1 36	1 11	1 37
16	1 8600	2 1200	1 860	25	1 35	1 13	1 36
17	1 8200	2 1100	1 889	26	1 33	1 11	1 37
18	1 7900	2 0900	1 880	27	1 34	1 09	1 35
19	1 7100	2 0500	1 836	28	1 34	1 11	1 37
20	1 6200	1 9800	1 824	29	1 34	1 11	1 37
22	1 5700	1 9500	1 757	31	1 33	1 11	1 37
23	1 6700	1 9500	1 721				
24	1 6000	1 8700	1 718				
25		1 8300	1 643				
26	1 5300	1 7900					
27	1 5500	1 8300	1 571				
29	1 5700	1 8700	1 613				
30	1 5500	1 7800	1 648				
			1 562				

¹ Grades No 1 northern, 1914, No 1 dark northern, 1920-21. Source The Northwestern Miller² Grade No 1 northern Source The Northwestern Miller³ The emergency tariff rate on wheat is 35 cents per bushel

Comparative prices—Continued.

TABLE 5B.—Cotton

[Pound]

Period.	New York †	Liverpool, England ‡		Osaka, Japan §	
		Exchange		Exchange	
		Par	Current	Par	Current
1914					
January	\$0 1250				
February	1265				
March	1300				
April	1340				
May	1390				
June	1385				
1919					
January	3240			\$0 3942	\$0 3906
February	2675			3281	3376
March	2610			2935	2998
April	2830			2899	2960
May	2915	\$0 3618	\$0 3543	3234	3354
June	3290	4249	4051	3664	3807
July	3415	5491	5181	3963	4058
August	2485	4133	3701	4113	4212
September	3140	3997	3444	3739	3791
October	3225	4273	3681	3898	3962
November	3865	5165	4422	4337	4409
December	3975	5140	4828	4879	4935
1920					
January	3925	6205	4845	4960	4923
February	3915	5850	4172	4778	4695
March	4025	6168	4341	4730	4506
April	4175	5927	4795	4945	4687
May	4145	5483	4323	4730	4792
June	4000	5751	4641	4309	4442
July	3925	5408	4393	3692	3818
August	4000	5434	4154	3630	3512
September	3175	4808	3517	2998	2968
October	2550	4050	2888	2393	2475
November	2025	3656	2599	1963	2010
December	1600	2343	1682	1673	1705
1921.					
January	1475	2165	1572	1673	1612
February	1430	1891	1485	1720	1692
March	1125	1484	1187	1327	1293
April	1200	1538	1242	1439	1398
May	1245	1664	1359	1499	1456
June	1140	1660	1334	1468	1422
July	1160	1634	1198	1388	1343
August	1280	1768	1356	1435	1379
September	1605	2611	2008	1608	1573

† Grade Raw American uplands middling Source The Journal of Commerce
‡ Grade American uplands, fully middling (F. M.) Source The Manchester Guardian
§ Grade Raw American uplands middling Source The Japan Cotton Merchants' Union.

Comparative prices—Continued

TABLE 50—Beef

[100 pounds]

Period	New York ^{1, 2}	London ³		London ⁴		Buenos Aires ⁵		Buenos Aires ⁶	
		Exchange		Exchange		Exchange		Exchange	
		Par	Current	Par	Current	Par	Current	Par	Current
1914									
January	\$13 50	\$13 94		\$9 25					
February	13 25	13 94		9 76					
March	13 25	13 43		9 25					
April	13 25	13 43		8 87					
May	13 25	14 17		9 25					
June	13 25	13 43		9 63					
1919									
January	27 00	28 80	\$28 25	27 88	\$27 25	\$12 10	\$12 36		
February	24 50	28 89	28 25	27 37	26 76	12 51	12 76		
March	24 50	28 89	27 73	27 37	26 37	12 74	12 82		
April	25 50	25 84	24 41	25 82	22 95	13 16	13 37		
May		25 84	24 82	23 82	23 43	13 37	13 77		
June	25 50	25 85	24 64	20 27	19 74	13 80	14 34		
July		25 85	24 39	26 10	24 65	13 59	14 40		
August	23 75	25 85	23 17	18 24	15 76	15 08	14 99		
September	23 50	25 85	22 27	18 24	15 72	15 92	15 85		
October		25 85	22 27	19 77	17 03	16 56	16 50		
November	24 50	30 41	25 04	27 37	23 44	14 14	14 40		
December	20 50	30 41	25 01	27 47	22 52	14 22	14 45		
1920									
January	20 00	30 41	23 75	27 37	21 35	12 51	12 74	\$12 51	\$12 74
February	18 50	30 41	21 68	27 37	19 52	12 51	12 70	12 95	13 14
March	17 50	30 41	21 40	20 27	14 27	13 37	13 84	15 50	15 91
April	20 25	30 41	24 60	20 27	16 47	12 51	12 75		
May	22 00	30 41	23 97	20 27	15 38	13 25	13 52	14 65	14 72
June	18 50	30 41	24 53	20 27	16 55	12 49	12 39	12 74	12 73
July	27 00	12 94	26 76	20 27	16 47	12 51	12 28	13 80	13 55
August	24 00	34 46	26 34	20 27	15 49	14 20	14 08	14 44	13 39
September	24 50	33 45	24 47	20 27	14 83	13 57	12 00	15 28	13 51
October	23 50	30 40	21 68	20 27	14 46	14 31	12 41	14 86	12 89
November	22 00	32 44	22 98	20 27	14 36	14 95	12 35	16 14	13 33
December	18 50	32 94	25 61	20 27	14 55	12 51	10 05	12 10	9 72
1921									
January	19 00	31 97	26 40	20 27	14 72	12 51	9 74	12 51	9 74
February	16 50	36 32	28 53	20 27	15 92	12 82	10 53	12 10	9 94
March	16 50	34 45	27 57	24 33	19 46	12 71	10 25	11 25	9 22
April	16 25	34 46	27 83	24 33	19 64	12 30	9 73	11 25	8 90
May	16 75	34 97	28 56	22 30	18 21	11 24	8 27	9 54	7 02
June	15 75	33 45	26 88	20 27	16 29	8 69	6 60	7 84	5 95
July	14 75	26 86	19 68	20 27	14 85	10 39	7 33	9 54	6 73
August	16 50	26 35	20 21	19 25	14 77	9 66	6 72	8 48	5 72
September	16 50	27 87	21 45	23 31	17 94				

¹ Dutiable at 2 cents per pound after May 21, 1921² Grade Good steer Source The National Provisioner and The Market Reporter³ Grade English Source The Statist⁴ Grade Argentine chilled hind quarters Source The Statist⁵ Grade Frigorifico steer, good quality Source The Review of the River Plate⁶ Grade Fat steer, frigorifico quality Source The Review of the River Plate

Comparative prices—Continued.

TABLE 5D.—Butter

[Pound]

Period	New York 1. ¹	London, England ²	
		Exchange	
		Par	Current
1914			
January	\$0 3700	\$0 2854	
February	2725	2702	
March	3075	2702	
April	2500	2669	
May	2687	2430	
June	2725	2496	
1919			
January	6800	5475	\$0 5354
February	4900	5475	5354
March	5825	5475	5255
April	6625	5475	5274
May	5850	5475	5361
June	5187	5475	5291
July	5000	5475	5166
August	5400	5475	4908
September	5800	5475	4716
October	6375	5475	4716
November	6950	5475	4688
December	7350	5475	4504
1920			
January	6950	5475	4275
February	6400	5880	4193
March	6500	6590	4638
April	6700	6590	5332
May	6400	6590	5196
June	6000	6590	5316
July	5900	5700	4600
August	5600	5700	4400
September	5700	6500	4800
October	6200	7200	5200
November	6200	7200	5100
December	5700	7200	5200
1921.			
January	5600	7299	5302
February	5000	7299	5733
March	5250	6488	5190
April	4950	6488	5238
May	3550	6060	4951
June	2900	4626	3717
July	3450	4474	3279
August	4350	5604	4299
September	4150	5386	4146

¹ Dutiable at 2½ cents per pound, 6 cents per pound after May 27, 1921² Grade Creamery, 92 score Source The Market Reporter and The National Provisioner³ Grade Danish Source The Statist

Comparative prices—Continued

TABLE 5E—Coffee

[Pound]

Period	New York ¹	London England ²	
		Exchange	
		Par	Current
1914			
January	\$0 1043	\$0 0960	
February	1112	0955	
March	1087	0908	
April	1087	0922	
May	1087	0884	
June	1137	0905	
1919			
January	2087	1428	\$0 1396
February	2009	1428	1396
March	1987	1428	1371
April	2009	1950	1883
May	2073	2129	2085
June	2337	2433	2319
July		2781	2624
August		2996	2687
September		2933	2527
October		2824	2455
November		2889	2474
December		2824	2323
1920			
January		2911	2273
February		2954	2107
March		2998	2119
April	1875	2933	2373
May	1875	2715	2145
June	1900	2607	2103
July	1788	2118	1721
August	1659		
September	1125	1955	1430
October	1000	1629	1162
November	0900	1684	1193
December	0888	1575	1130
1921			
January	0863	1575	1144
February	0825	1521	1195
March	0825	1358	1086
April	0878	1086	0876
May	0725	1205	0984
June	0793	1205	0968
July	0793	1216	0891
August	0838	1281	0983
September	0888	1292	0995

¹ Grade No. 7 Santos Brazil. Source: The Journal of Commerce.² Grade Brazil Santos, good. Source: The Statist.

Comparative prices—Continued.

TABLE 57.—Flaxseed.

[Bushel]

Period.	Minneapolis ^{1,2}	Winnipeg, Canada ³		Buenos Aires, Argentina ⁴	
		Exchange		Exchange	
		Par.	Current	Par.	Current
1914.					
January	\$1 49	\$1 23		\$1 30	
February	1 49	1 27		1 28	
March	1 60	1 35		1 27	
April	1 55	1 37		1 36	
May	1 54	1 34		1 38	
June	1 62	1 40		1 41	
1919					
January				2 01	\$2 06
February				1 99	2 03
March				1 99	2 01
April					
May				2 13	2 20
June				2 81	2 92
July				3 92	4 15
August				4 52	4 49
September				3 70	3 68
October				2 34	2 33
November				2 72	2 72
December				3 04	3 09
1920					
January	4 65	4 98	\$4 56	2 53	2 57
February	5 30	5 14	4 50	2 36	2 40
March	5 18	5 34	4 54	2 88	2 94
April	4 65	5 12	4 66	3 04	3 10
May	4 75	5 05	4 56	3 08	3 09
June	4 06	4 46	3 90	2 91	2 91
July	3 85	3 97	3 41	2 74	2 69
August	3 22	3 45	3 01	2 66	2 45
September	3 21	3 45	3 09	2 79	2 45
October	3 06	3 18	2 67	2 61	2 26
November	2 73	2 80	2 53	2 46	2 03
December	2 06	1 96	1 72	2 06	1 66
1921					
January	2 06	2 09	1 80	1 82	1 42
February	1 68	1 68	1 49	1 57	1 29
March	1 80	1 82	1 59	1 63	1 34
April	1 60	1 54	1 37	1 47	1 16
May	1 67	1 57	1 41	1 66	1 24
June	1 93	1 83	1 63	1 83	1 39
July	1 90	1 77	1 55	2 01	1 42
August	2 02	1 99	1 78	2 54	1 71
September	1 95	1 97			

¹ Dutiable at 20 cents per bushel, 30 cents per bushel after May 27, 1921.² Grade No. 1. Source. The Minneapolis Daily Market Record³ Grade No. 1 Source. The Minneapolis Daily Market Record⁴ Grade Linseed (4 per cent). Source. The Review of the River Plate.

The prices of wheat are given in different form from those of other commodities in these tables. Instead of giving the quotations on the 1st of each month during the year, the daily quotations in the heavy crop-moving season are given—November in 1920 and October in 1921. (November, 1921, statistics were not available at the time of publication.) For comparative purposes the prices of the same grades of wheat are given for the last half of 1914. The quotations are for No. 1 dark northern spring wheat in Minneapolis and No. 1 northern spring in Winnipeg, f. o. b. Port Arthur and Fort William. Attention is called to the fact that to the Winnipeg quotations for 1921 at current

exchange the emergency tariff rate of 35 cents per bushel is added. After such an addition is made the prices of Canadian and American wheat are almost the same in the two markets. Winnipeg ruled 5 or 6 cents per bushel higher in both 1920 and 1921, but the difference is due to the better quality of the Canadian wheat. It will be observed that the differences in the quotations in November, 1920, are large on some days, but these differences are no greater than some of the fluctuations overnight in Minneapolis.

In addition to these wheat prices taken from trade journals, some quotations based on actual purchases in September and October, 1921, have been obtained from private firms.

*Prices of Canadian and American wheat*¹

Date of purchase	Canadian No 1 northern Manitoba		American Dark No 1 northern spring	Excess of column 3 over column 4
	Price c i f Buffalo in bond, Canadian funds	Canadian price in American currency, plus 35 cents duty	C i f Buffalo	
1	2	3	4	5
Sept 27 1921	\$1 4375	\$1 6480	\$1 5975	\$0 0505
Oct 6	1 2275	1 4600	1 4250	0450
Oct 7	1 1975	1 4380	1 3850	0530
Oct 8	1 1888	1 4310	1 3788	0522
Oct 10	1 1900	1 4340	1 4200	0140
Oct 13	1 2000	1 4450	1 2925	1525
Oct 20	1 1200	1 3740	1 3250	0490

¹ Prices in Buffalo quoted by private firms from actual purchases

From the two tables of prices given above it seems certain that no special advantage due to exchange rates can be obtained in buying wheat in Canada rather than in the United States.

Prices of cotton of the same grades are as closely adjusted in all important markets as the price of wheat. Dealers in New York, Liverpool, and Osaka, Japan, pay practically the same price for up-land middling except for a slight disadvantage for Japan because of ocean rates, but this difference is usually not more than 1 or 2 cents a pound.

The situation with respect to beef prices is not clear. London and New York prices were about the same in 1914 and in 1920, but in 1921 English prices were far above New York quotations. Probably the explanation of the discrepancy is to be found in the precipitous slump in American prices, which has not yet been reflected in the English market for native beef. The prices of Argentine beef, however, dropped in London long before the American price decline set in. The two sets of quotations—American beef in New York and Argentine beef in London—are now about equal at current exchange.

The prices of butter, coffee, and flaxseed are also included in the tabulation of agricultural products. Danish butter in England is compared with 92 score creamery butter in the United States. Both of these are the highest grades marketed to any considerable extent.

in the respective countries. American prices ruled higher in 1919 and 1920, but by 1921 a close parity had been reached, which continued throughout the year with minor exceptions.

Brazilian coffee, as is to be expected, is roughly the same price in London and New York for similar grades. The changes in quotations are not always synchronous, but they are sufficiently so to eliminate most speculative gains through arbitrage.

Flaxseed presents an interesting case of a close price adjustment on an article on which there is an import duty. The Underwood tariff carried 20 cents per bushel on this product, and it is observed that the Minneapolis quotations are roughly 20 cents per bushel higher than those of Winnipeg at current rates of exchange. After May 27 the duty was 30 cents, and that was roughly the difference in prices in the two markets during the summer of 1921. Buenos Aires quotations run lower than either Canada or the United States, but the tariff and transportation charges probably account for the difference.

TEXTILES.

The evidence for a price adjustment in textiles sufficiently close to eliminate the effect of exchange rates is inconclusive. Some products show a close adjustment, but others equally common to world markets show little equality of gold prices. It is true that there is a tariff on imports to the United States for all the textile products represented, but this element does not account for the inconsistencies found in the tables.

Comparative prices.

TABLE 6A—Print cloth

[Yard]

Period	New York 1,2	Manchester, England 3		Osaka, Japan 4	
		Exchange		Exchange	
		Par	Current	Par	Current
1914					
January	\$0 0518	\$0 0490			
February		0473			
March		0473			
April		0491			
May		0493			
June		0491			
1919					
January					
February	0875			\$0 1515	\$0 1540
March	0875	1330	\$0. 1276	1815	1899
April	0975			1957	1999
May	1200	1492	1461	1485	1517
June	1513	1687	1608	1508	1560
July	1725	1719	1622	1622	1748
August	1875	1865	1670	1545	1582
September	1600	1833	1579	1476	1511
October	1700	1930	1662	1476	1497
November	1900	2011	1722	1565	1621
December	2000	2233	1841	1859	1890
1920					
January	2300	2583	2001		
February	2225	2514	1793		
March	2250	2790	1963		
April	2400	2838	2296	1932	1840
May	2225	2838	2238	1656	1570
June	2250	2838	2289	1225	1241
July	2250	2693	2188	0997	1030
August	1650	2530	1934	0990	1013
September	1425	2336	1709	1935	0958
October	1425	2076	1480	0863	0904
November	1050	2011	1425		
December	0650	1427	1024		
1921					
January	0800	1330	0968		
February	0925	1233	0968		
March	0800	1062	0849	0656	0639
April	0663	1062	0857	0708	0688
May	0663	1079	0881	0408	0785
June	0675	1064	0853	0830	0804
July	0638	1032	0756	0882	0853
August	0694	0999	0766	0893	0858
September	0800	1097	0844	0866	0868

1 Dutiable at 12½ per cent.

2 Grade 38½ inches, 64 by 60, 5.35 yards per pound Source The Textile World Journal

3 Grade 16 by 15, 39 inches, 37½ yards, 8½ pounds Source The Manchester Guardian

4 Grade 30 inches, 120 yards, 16½ pounds Source Japanese exporting firm and Weekly Report of R. Yamamoto

Comparative prices—Continued.

TABLE 6B.—Cotton yarn. (a)

[Pound]

Period	New York 1,2	Manchester, England 3		Osaka, Japan 4	
		Exchange		Exchange	
		Par	Current	Par	Current
1914					
January	\$0 2400	\$0 2037			
February	2350	2012			
March	2350	2024			
April	2300	2062			
May	2200	2088			
June	2200	2113			
1919					
January	5950			\$0. 4660	\$0 4737
February	5400			4629	4764
March	4250	5321	\$0. 5107	5072	5181
April	4600			4946	5052
May	4950	6537	6402	5178	5355
June	5900	9679	9227	5584	5802
July	6450	7855	7411	7188	7361
August	7200	8361	7488	6956	7124
September	6900	8311	7161	6945	7042
October	7500	8260	7116	7125	7243
November	8000	9331	8417	9045	9195
December	7650	1 0196	8374	8731	8831
1920.					
January	8600	1 2000	9419	7345	7441
February	8300	1 2490	8885	7694	7564
March	8750	1 4800	1 0400	8698	82-6
April	8750	1 4800	1 2000	8003	7586
May		1 2700	1 0000	4830	4893
June	8650	1 2600	1 0200	4685	4840
July	8650	1 1100	9057	4174	4317
August	6900	1 1800	9065	4051	4149
September	6500	1 1600	8527	4002	4098
October	5800	9020	6432	2842	2939
November	4200	6892	4853	4240	4342
December	3400	5473	3504	3360	3424
1921					
January	3100	4257	3092	2946	2840
February	3100	4501	3583	3009	2923
March	2900	3547	2837	2428	2365
April	2450	3547	2863	2562	2489
May	2300	3649	2981	3012	2926
June	2300	3750	3013	3050	2955
July	2250	3750	2749	3253	3148
August	2250	3750	2877	3315	3186
September	2725	4155	3195	3800	3694

1 Dutiable at 10 per cent ad valorem

2 Grade No 20s southern carded, single skeins (warp twist) Source The Textile World Journal.

3 Grade No 20s, water twist bundles Source The Manchester Guardian

4 Grade 20s. Source The Japan Cotton Merchants' Union and Weekly Report of H. Yamamoto.

Comparative prices—Continued.

TABLE 6C—Cotton yarn (b)

[Pound]

Period	New York ^{1,2}	Manchester, England ³		Osaka, Japan ⁴	
		Exchange		Exchange	
		Par	Current	Par	Current
1919					
January	\$1 22	\$1 85	\$1 82		
February	1 02	1 07	1 63		
March	94	1 67	1 60		
April	95	1 55	1 49		
May	97	1 63	1 60		
June	1 32	1 67	1 59		
July	1 62	1 79	1 69		
August	1 87	2 01	1 81		
September	1 92	2 05	1 77		
October	2 02	2 05	1 77		
November	2 05	2 28	1 95		
December	3 20	2 76	2 28		
1920					
January	3 62	3 37	2 64		
February	3 82	3 80	2 71		
March	3 82	4 30	3 03		
April	3 50	4 44	3 60		
May	3 25	4 35	3 44		
June	2 57	4 22	3 41		
July	2 42	3 51	2 85		
August	2 25	3 34	2 55		
September	2 10	3 00	2 19		
October	1 50	2 82	2 01		
November	1 25	2 29	1 62		
December	95	1 92	1 38		
1921					
January	85	1 68	1 2200		
February	80	1 50	1 1800		
March	80	1 00	8000	\$0 6040	\$0 5881
April	70	1 27	1 0300	7040	6833
May	70	1 28	1 0500	8948	8587
June	72	1 20	9690	9720	9410
July	79	1 18	8684	1 1278	1 0913
August	79	1 16	8938	1 1580	1 1130
September	85	1 20	9284	1 3210	1 2940

¹ Dutiable at 20 per cent ad valorem² Grade No 60/2 southern ply, 2 skeins, combed Source The Textile World Journal³ Grade No 60/2, Egyptian, combed plain Source The Wool Record and Textile World⁴ Grade No 60/2. Source. Weekly Report of H. Yamamoto

Comparative prices—Continued.

TABLE 6D—Worsted yarn

[Pound]

Period.	Boston ^{1,2}	Bradford, England. ³		
		Exchange		
		Par	Current	Current plus duty
1914				
January	\$0. 8125			
February	8125			
March	8250			
April	8250			
May	8375			
June	8375			
1919				
January	2. 3700			
February	2. 2500			
March	2. 1500			
April	2. 2000			
May	2. 5700			
June	2. 4500	\$2. 52	\$2. 40	\$2. 83
July	2. 6700	2. 61	2. 47	2. 91
August	3. 0000	2. 67	2. 40	2. 83
September	3. 1000	2. 67	2. 30	2. 71
October	3. 2500	2. 67	2. 30	2. 71
November	3. 3000	2. 98	2. 55	3. 01
December	3. 4200	3. 34	2. 75	3. 24
1920				
January	3. 6200	3. 37	2. 64	3. 11
February	3. 8200	3. 40	2. 43	2. 87
March	3. 7700	3. 40	2. 40	2. 83
April	3. 9200	3. 89	3. 15	3. 72
May	3. 7200	3. 60	2. 84	3. 35
June	3. 3000	3. 60	2. 90	3. 42
July	2. 8700	3. 46	2. 81	3. 31
August	2. 8700	2. 73	2. 08	2. 47
September	2. 3200	2. 73	2. 00	2. 36
October	2. 1000	2. 55	1. 83	2. 15
November	2. 1000	2. 02	1. 43	1. 69
December	1. 7200	1. 72	1. 23	1. 45
1921.				
January	1. 4700	1. 50	1. 09	1. 29
February	1. 4700	1. 39	1. 09	1. 29
March	1. 4700	1. 23	. 98	1. 15
April	1. 3500	1. 03	. 83	. 98
May	1. 3700	. 99	. 81	. 95
June	1. 4200	. 99	. 80	1. 39
July	1. 3500	1. 03	. 76	1. 35
August	1. 3500	. 99	. 76	1. 35
September	1. 3500	. 97	. 75	1. 33

¹ Dutiable at 18 per cent ad valorem to May 27, 1921, after that date, 45 cents per pound additional.² Grade 2-36s, 1-blood (Bradford system) Source The Textile World Journal³ Grade 2-36s, 58s (Bradford system) Source The Wool Record and Textile World

From these tables it is seen that cotton print cloth is closely adjusted for New York, Manchester, and Osaka in all the years shown except the early part of 1919, when the American price had not yet responded to the post-war inflation.

Cotton yarns, on the other hand, show no consistent price variations in the markets represented. Sometimes Manchester and sometimes New York is higher with little or no indication of close trading in the product. The causes for the discrepancy, whatever they may be, are probably not to be found in the exchange situation nor in the 20 per cent duty imposed by the American tariff, because for the past

several months English prices have been much higher than our own—a situation directly contrary to the tendencies of the tariff and exchange.

It will be observed in the tables showing the prices of worsted yarn that an additional column has been added, in which is given the prices in Bradford converted at current exchange, to which is added the import duties. There is not a close adjustment of Boston and Bradford prices prior to June, 1921, but after that date the prices, duty paid, are almost identical.

FOREIGN INVOICE PRICES, 1914-1921.

Another list of foreign prices was obtained from invoices of imports through the New York customhouse for April, 1914, and April, 1921, with a view of comparing prewar and present prices for similar commodities. When practicable, present American quotations are given for comparable goods, but in some cases this is not possible either because of peculiarities in the imported products or because of inadequate descriptions on foreign invoices.

TABLE 7—Comparison of foreign invoice prices with American quotations

CHEMICAL PRODUCTS						
Article and description.	Country	Foreign invoice prices, April, 1921 ¹				United States price April, 1921 ⁴
		Amount of invoices examined ²		Invoice unit price ³		
		1914	1921	1914	1921	
		<i>Pounds</i>	<i>Pounds</i>	\$	¢	
Binoxide of barium	Germany	41,512	77,043	\$0 048	\$0 1134	\$0 214-80 23½
Barium chloride (pound)	do	42,107	52,068	009	027	03 - 04
Barium carbonate	do		59,182	025	035	035- 037
Oxalic acid	do	26,545	26,455	0497	191	* 18 - 25
Do	do		26,455		147	* 16 - 18
Potash, binoxalate of	do	9,050	4,480	0756	258	
Potash, carbonate of, 96-98 per cent (United States, 80-85 per cent)	do	3,858	21,384	0475	067	06 - 08
Potash, yellow prussiate of	do	45,006	32,720	110	188	25 - 30
Potash, oxalate of	do		1,120		187	66 - 75
Potash, bicarbonate, U S P	do		10,320		108	14 - 15
Sal ammoniac	do	23,249	21,340	050	048	065- 08
Epsom salts	do	441	1,102	* 346	* 80	* 1 12 - 1 40
Chloride of magnesium	do		124,005		015	
Nitrate of soda	do		112,110		073	
Yellow prussiate of soda	do		22,172		125	13 - 135
Tartaric acid	do	1,654		238		
Do	Italy		5,600		* 28	39
Citric acid (crystals)	do	13,426	5,600	433	40	47
Crude tartar (71 per cent)	France		22,496		016	10 (30%)
Potash, yellow prussiate of	do		636		* 2 9	25 - 30
Tartar of lime (50 75 per cent)	Spain		34,843		079	10 (30%)
Yellow prussiate of soda	England		38,106		* 181	13 - 13½
Washing soda crystals	do		33,600		028	019- 02
Sal ammoniac	do		129,390		10	06½- 08 17 - 18

¹ Tabulated from United States customs records
² The amounts of the invoices actually examined give no indication of total imports for the month
³ Converted at rate of exchange given on invoice
⁴ Oil, Paint, and Drug Reporter, Apr 4, 1921
⁵ February, 1921, invoice price and quotation
⁶ March, 1921, invoice price and quotation.
⁷ Price per 100 pounds
⁸ Price laid down in New York ex duty

The first table to which attention is called is for certain standard chemical products whose prices are matched with quotations in American trade journals. Out of 15 products listed from Germany, every one of them, without exception, showed a higher price—usually two or three times higher—in 1921 than in 1914, conversions being made at current exchange. It is also seen that every German quotation, with one exception—nitrate of soda—showed a lower price than the corresponding American quotation. The few recent quotations from Italy, Spain, and France are not sufficient in number or scope to form the basis of any far-reaching conclusions, but in the main these prices are not as far different from those of similar products in New York as the German quotations are.

It must be emphasized, however, that the fact that German invoice prices shown here are lower than American prices for the same product does not necessarily indicate that the general run of chemicals is cheaper in Germany than in the United States. The very fact that the quotations are from import invoices presumes that the price will be as low or lower than those in the United States for the same grade of products, otherwise the articles will not be imported.

In the second table is shown the invoice price of aluminum ware imported from Germany and some aluminum prices obtained from private firms in the United States.

TABLE 8 — Comparison of foreign invoice prices with American quotations.

ALUMINUM WARE

Article and description	Country	Unit of quantity	Foreign invoice prices, April, 1921 ¹		United States price, April, 1921 ²
			Invoice unit price ³		
			1914	1921	
Aluminum teaspoons.....	Germany.	Gross	\$1 495	\$1 356	
Do	do	do	1 55	1 515	
Dessert spoons	do	do	2 102	2 550	
Tablespoons	do	do	3 084	2 699	
Do	do	do	2 428	2 214	
Basting spoons	do	Dozen		90	
Do	do	do		60	
Forks	do	Gross	2 327	3 15	
Do	do	do	3 165	2 60	
Teakettles	do	Each	8309	412	\$3 369
Do	do	do	6549	376	3 90
Do	do	do	7098	405	4 23
Skimmers	do	do	079	093	
Do	do	do		144	
Water kettles, 20 cm	do	do	539	525	
Water kettles, 22 cm	do	do	641	619	
Water kettles, 24 cm	do	do	722	693	
Coffee pots, 1 1/2 quarts	do	do	531	485	
Coffee pots, 2 quarts	do	do	608	569	2 50
Convex saucepans, with covers, 20 cm	do	do		687	
Lipped saucepans, with covers, 20 cm	do	do	20		1 53
Berlin saucepans, with covers, 24 cm	do	do	551		2 25
Convex saucepans, with covers, 22 cm	do	do		659	
Berlin kettles (1914), 18 cm	do	do	343	395	1 42
Berlin kettles, (1914), 20 cm	do	do	420	433	1 87
Berlin kettles, (1914), 24 cm	do	do	521	638	
Berlin kettles, (1914), 26 cm	do	do	637	792	
Rice boilers, 14 cm	do	do	443	467	
Rice boilers, 18 cm	do	do	553	707	
Lipped preserving kettles, 20 cm	do	do	255	293	1 08
Lipped preserving kettles, 24 cm	do	do	356	450	
Lipped preserving kettles, 26 cm	do	do	398	553	1 74
Frying pans, 20 cm	do	do	227	199	
Frying pans, 22 cm	do	do	277	228	1 20
Frying pans, 24 cm	do	do	327	285	
Milk cans, 1 liter	do	do	265	314	
Milk cans, 2 liters	do	do	384	428	
Outside polished, Sunray finish					
Stew pans, 18 cm	do	do		415	1 17
Rice boilers, 18 cm	do	do		415	
Milk boilers, 18 cm	do	do		412	
Coffee jugs, 16 cm	do	do		568	
Frying pans, 20 cm	do	do		237	
Ladles, 10 cm	do	do		136	
Skimmers, 10 cm	do	do		095	
Dinner carriers, 14 cm	do	do		449	
Kettles, 22 cm	do	do		1 009	
Teapots, 12 cm	do	do		594	2 61
Tea strainers	do	do		034	
Aluminum					
Sheets, 275 pounds	do	Pound		28	
100 pounds	do	do		26	
Coiled sheets	do	do		26	
Soft aluminum sheets, 18 B & S gauge					
590 5 by 295 27, 102 mm	do	do	225		
17 1/2 by 22 1/2 inches	do	do	227		
Sheets, 1 by 2 meters	do	do	291		
Aluminum sheets and plates					
6 by 2 feet, 18 gauge	England	do		358	
6 by 2 feet, 20 gauge	do	do		358	
6 by 2 feet, 22 gauge	do	do		275	
12 by 3 feet, 16 gauge	do	do		343	
12 by 4 feet, 16 gauge	do	do		343	

¹ Tabulated from United States customs records² Converted at rate of exchange given on invoice³ Wholesale prices quoted by an American manufacturer

It is possible that the American ware the prices of which are shown in this table is somewhat higher in quality than the German product, but this difference probably does not account for the whole difference in prices. A more significant comparison in some respects is the prewar and present German prices. In many instances the quotations for a particular item are almost identical in the two periods.

GERMAN INTERNAL AND EXPORT PRICES.

A third table, compiled from the customs records, is especially significant in relation to the exchange situation. It is a comparison of German internal and export prices of certain commodities, chiefly earthen and china ware.

TABLE 9.—German internal and export prices, March and April, 1921

Commodity.	Amount of invoice at German internal price	Amount of invoice at export price	Difference	Percentage increase over internal price
	Marks	Marks	Marks	Per cent.
Decorated chinaware	5,141 67	6,246 50	1,104 83	21
Do.	1,016.09	2,225 53	1,209 44	119
Do.	954 58	1,414.16	459 58	48
Do.	448.40	612 50	164.10	37
Do.	263 27	532 50	269 23	102
Porcelain	37 57	84 20	46 63	124
Do.	802.03	1,816.32	1,014 29	126
Earthenware	103.77	328.00	224 23	216
Do.	1,141 41	3,003.37	1,861 96	163
Locks	967 50	1,212 70	245 20	25
Chemicals and laboratory supplies	79,563.00	106,364.00	26,801 00	34
Sundries (aluminum ware, pocketknives, dolls, etc.)	2,784 00	4,617 00	1,833 00	66
Worsted yarn.	19,413 30	53,282.22	33,868 92	174
Do.	12,870.11	16,666.32	3,796.21	30
Do.	14,888.94	18,328.77	3,439 83	20

Both internal and export prices were given on the invoices, together with the rates of exchange to be applied to the quotations. Therefore, the figures in the table represent actual transactions between specific firms on a particular date, chiefly in April, 1921. Many of the export prices run over 100 per cent above the internal quotations, but there is little consistency among them. One shipment of decorated earthenware, for example, may run 20 per cent over the domestic price and another may be over 200 per cent in excess. The whole series of quotations seem to indicate that the German manufacturers were charging American purchasers what the traffic would bear. This conclusion implies no condemnation of German methods, but the table shows that Germany has an advantage over foreign competitors in the chinaware industry because of depreciated exchange alone.

SIGNIFICANCE OF INTERNATIONAL PRICE ADJUSTMENTS TO A GOLD BASIS.

The foregoing presentation of prices for representative commodities in various industries in different countries of the world leads to the conclusion that for standard products having a world-wide market the exchanges have worked themselves out to a gold basis to such an

extent that international trade is little disturbed by price discrepancies due to depreciated exchange. On the other hand, there are many products more or less specialized in character whose prices are not so adjusted. Few of such products are included in these tabulations, however, because of the difficulty or impossibility of obtaining reliable price quotations upon exactly similar goods. For this reason, therefore, the degree of price adjustment indicated in these tables may be misleading. It is certain that there are a great many industries, especially in central Europe, producing goods largely for home consumption but partly for export whose prices are quite low when converted to dollars at current rates of exchange. It is equally certain, however, from the trend of prices of the commodities studied that the degree of this maladjustment is diminishing. Partly by Government edict, partly by cartel control, and partly by private initiative, foreign buyers of German goods are forced to pay, as time goes on, more and more nearly the ruling market price for their purchases.

PRICE ADJUSTMENTS VS. VALUE ADJUSTMENTS.

The similarity of prices all over the world of standard commodities, such as wheat, copper, and cotton, may seem to remove all questions of disturbance to international trade in these products, so far as exchange rates are concerned, except for the erratic daily fluctuations. Such is not the case, however, if the rates of exchange and the *internal* purchasing power of money are not adjusted, i. e., if the two sets of rates shown in Table 2 are not identical. It may, indeed, be true that there are no special advantages from exchange to an American wool dealer or wheat broker in buying their commodities abroad, but the American public will consume a larger portion of the world's exportable surplus of these commodities than if exchanges were at par, and, conversely, countries whose exchange is at a discount will take a smaller portion of such commodities than normally. Stated more exactly, if sterling exchange has fallen more than English prices have risen, American wheat in Liverpool commands a larger quantity of English goods than if exchange and prices moved together.

This point is sharply focused by examining the prices in England and the United States of cotton, coffee, beef, wheat, copper, and tin. Every pound of these products which England buys in the remote markets of the world must be paid for in gold, so far as prices are concerned. No matter how shrewd her buyers are, they find the premium American dollars bidding against them in the world markets, and they, in common with their French and German competitors, must pay the same gold prices as the American purchasers, no matter how depreciated their paper currency may be. This situation inevitably results in a restriction of their foreign purchases below what they would be if their domestic prices had adjusted themselves to the international levels.⁹ Stated conversely, countries whose exchange is at a premium act as a magnet, so to speak, for commodities of

⁹ An intermediate stage of general price adjustments which may persist for a long period of time is that in which the standard import and export products are adjusted to a gold basis, whereas the bulk of commodities entering into domestic commerce are priced locally in terms of paper money. Under such conditions both the importable and exportable products are overvalued in terms of the average run of domestic products. It is probable that those conditions prevail at the present time in England and France especially in the latter country. If so, these countries are not handicapped in buying American goods so long as they can pay for them in exports which are priced at international gold values.

international trade, and therefore imports are stimulated by the maladjustment of international values even though international prices of particular commodities are equivalent. How potent this magnet may become is perhaps illustrated by the fact that in 1920 the United States imported over 31,000,000 pounds of sugar from Germany¹⁰

In the case of many articles, such as aluminum ware and pottery, shown in the tables above, which either do not enter largely into international trade or whose prices are adjusted slowly, there are not only the general reasons outlined above for increased imports to this country, but there are special reasons in the form of differential profits to be made by the importer because of the exchange rates. An article made in Germany, for example, at German paper cost and sold ordinarily to German consumers at local prices may offer great advantages to the occasional American buyer. It may be supposed that the number of such products is limited to a few specialties, but such does not seem to be the case in many countries of Europe. Relatively few German products are so adjusted and many in Italy and France are out of line to a considerable extent. The reasons for such maladjustments are numerous, but lack of free movement of trade accounts for most of them.

ARTIFICIAL CONTROL OF PRICES.

Moreover, it does not always follow that the actual economic maladjustment is reflected in the price quotations because in many cases the prices are fixed artificially. In some commodities, especially those coming from Germany, the profits on foreign trade caused by the state of the exchange are so obvious that trade combinations, to take advantage of them, are the rule in many industries. If German purchasers are in combination they may, and do, charge what the traffic will bear in each purchasing country; that is to say, they sell in foreign markets at foreign price levels regardless of their own domestic prices or the quotations which they make in other countries. No implication of reprehensible trade practices is involved in this statement of fact. Indeed, in some cases, at least, Germany must protect her necessities of life by this excess charge for exported goods. Such a situation, however, renders Germany a serious competitor in world markets because, knowing the ruling prices in a given country she may demoralize the trade by quoting just under the standard prices no matter how low they may be forced down. In some cases the differences between domestic and export prices are matters of record and a considerable number of them are given in Table 9.

¹⁰ To those who are familiar with our recent balance of trade with Germany, the figure of the magnet may seem inappropriate. Our exports to that country far exceed our imports, as the following table shows

Fiscal year ending June 30

	1910	1914	1919	1920	1921
United States Imports from Germany	\$168,805,137	\$189,919,136	\$944,981	\$45,085,975	\$90,773,014
United States exports to Germany	249,555,926	344,794,276	8,818,882	202,176,079	381,771,609

The exchange situation is only one of many forces determining international trade, and in this case the dire need of Germany for goods, especially for basic raw materials, far outweighs the adverse exchanges.

WAGES AND RATES OF EXCHANGE.

Closely related to international price studies are the prevailing rates of wages within countries whose exchanges are disturbed. In general, the purchasing power of a given money should be reckoned in terms of labor as well as commodities, because funds devoted to wage payments are almost of equal volume to those used in the purchase of commodities. Moreover, wage rates may be more disturbing to international trade when exchanges are maladjusted than commodity prices because wages are adjusted much more slowly to international conditions than prices. The quotations for wheat, copper, and wool flash all over the world, and any discrepancies are quickly adjusted by alert brokers, but wage rates shift slowly, and often it is a matter of years before they return to normal after a period of disturbance. For this reason the price of a given product may be adjusted to a gold basis in the markets of the world, but producers of it in countries whose exchanges are at a discount may have a competitive advantage because of the low wages paid as compared with the international value of the article. German chemicals, for example, will sell at world prices, but the wages paid to the laborers who make them will be based on the prevailing domestic rates, which may or may not be adjusted to a gold basis. Whether in fact they are so adjusted will be discussed in connection with the wage tables below.¹¹

A COMPARISON OF WAGES IN THE UNITED STATES, GREAT BRITAIN, AND GERMANY.

TABLE 10A—*Building industry.*

[Rate per hour as of May, 1921]

Occupation	United States ^a	Great Britain ^b	Germany ^c		
		At current exchange	At current exchange	Equivalent purchasing power ^d	Equivalent in cost of living ^e
Carpenters	\$1 03	\$0 38	\$0 098	\$0 163	\$0 221
Masons	1 10	38	099	164	223
Laborers	57	34	080	132	179
Plasterers	1 16	38	097	161	218
Bricklayers	1 18	38	099	164	223
Marble-setters	1 06	45	099	164	223
Lathers	1 10	---	097	161	218
Painters	99	38	097	161	218
Plaster tenders	76	34	084	139	189
Steam fitters' helpers	71	34	084	139	189
Stonecutters	1 05	45	099	164	223

^a Monthly Labor Review^b The Labour Gazette (British)^c German basic wages reported by Statistischer Reichsamt for February, 1920, readjusted to May 1921.^d By application of the wage index number published by the Frankfurter Zeitung for the Frankfurt district.^e Equivalent purchasing power based on United States and German wholesale price indices.^f Equivalent purchasing power based on relative costs of living in United States and Germany.

¹¹ This species a disadvantage of German manufacturers who sell their wares for gold or its equivalent in the world markets and pay wages in German paper need not necessarily result in price cutting by them. They may choose to reap the benefits of high profits on a limited output rather than demora in their markets. If a given market is broad and Germany contributes a relatively small proportion of the total supply, the world price may hold up indefinitely to a level which permits of a flourishing industry in several countries whose costs are widely diverse.

TABLE 10B—Woolen and worsted industry.

[Rate per hour as of May, 1921]

Occupation	United States ¹	Great Britain ²	Germany ³		
		At current exchange	At current exchange	Equivalent purchasing power ⁴	Equivalent in cost of living ⁵
Weavers	\$0 646		\$0 092	\$0 152	\$0 206
Dyehouse workers	451	\$0 294	081	134	182
Spinners (frame)	446		090	150	203
Spinners (mule)	653				
Other employees	494	313	081	135	180
Card tenders	411	328	075	124	169
Comb tenders	442	325	075	124	169
Twister tenders ⁶	386		063	105	142
Spool tenders ⁶	367		063	105	142

¹ Monthly Labor Review² The Labour Gazette (British)³ German basic wages reported by Statistischer Reichsamt for February, 1920, readjusted to May, 1921 by application of the wage index number published by the Frankfurter Zeitung for the Frankfurt district⁴ Equivalent purchasing power based on United States and German wholesale price indices⁵ Equivalent purchasing power based on relative costs of living in United States and Germany⁶ Females

TABLE 10C.—Transportation.

[Rate per hour as of May, 1921]

Occupation	United States ¹	Great Britain ²	Germany ³		
		At current exchange	At current exchange	Equivalent purchasing power ⁴	Equivalent in cost of living ⁵
Gang foremen	\$0 96	\$0 279			
Machinists	80		\$0.099	\$0.163	\$0.222
Blacksmiths	78				
Painters	71	295			
Unskilled laborers	44	286			
Skilled laborers	74	277	099	165	224
Section men	37	267	095	158	215
Freight engineers	1 10	388			
Freight firemen	53	299			
Passenger engineers	1 29	425			
Passenger firemen	99	321			
Car repairers	77	304			
Freight conductors	92	326			
Freight brakemen and flagmen	73	272			
Passenger conductors	1 09	372	088	147	199
Passenger brakemen and flagmen	80	272			
Engine-house men	49	275	113	189	255
Train dispatchers	1 05	368			
Yardmasters	1 09	363			
Engineers (tugs)	79	375	099	163	222
Captains or pilots	83	437			
Ship's officers	72		088	145	198
Firemen and oilers	58	323	079	132	175
Deck hands	52	323	076	126	171
Bargemen	50		075	125	169
Deck hands, lighters	52		075	125	169
Carpenters	65		109	181	246
Porters	41		076	127	172

¹ Monthly Labor Review and data of Interstate Commerce Commission and Bureau of Railway Economics, first quarter, 1921² The Labour Gazette (British) and data of Bureau of Railway Economics (United States), first half, 1921³ German basic wages reported by Statistischer Reichsamt for February, 1920, readjusted to May, 1921, by application of the wage index number published by the Frankfurter Zeitung for the Frankfurt district.⁴ Equivalent purchasing power based on United States and German wholesale price indices.⁵ Equivalent purchasing power based on relative costs of living in United States and Germany.

TABLE 10D —Coal-mining industry

[Rate per hour as of May, 1921]

Occupation	United States ¹	Germany ²		
		At current exchange.	Equivalent purchasing power ³	Equivalent in cost of living ⁴
Mine examiners	\$1 00			
Tracklayers	94			
Tracklayers' helpers	91			
Bottom cagers	94			
Drivers	94			
Trip riders and grippers	94			
Water and machine haulers	94			
Timbermen	94			
Pipemen	93			
All other inside day laborers	91	\$0 105	\$0 181	\$0 245
Firemen and stokers	91			
Surface workers (minimum)	86	108	290	213
Sinkers	1 00	140	231	314
Shift leaders	1 05			

¹ Monthly Labor Review Rate effective Aug 16, 1920² German basic wages reported by Statistischer Reichsamt for February, 1920, readjusted to May, 1921, by application of the wage index number published by the Frankfurter Zeitung for the Frankfurt district.³ Equivalent purchasing power based on United States and German wholesale price indices⁴ Equivalent purchasing power based on relative costs of living in United States and Germany

TABLE 10E —Chemical industry

[Rate per hour as of May, 1921]

Occupation	United States ¹	Great Britain ²	Germany ³		
			At current exchange	Equivalent purchasing power ⁴	Equivalent in cost of living ⁵
Laborers					
Male	\$0 390	\$0 271	\$0 094	\$0 155	\$0 211
Female	272	172	.053	.088	120
Foremen					
Chemical operators	674		.097	.168	228
Mechanical operator	557		.096	.159	216
Process men					
Assistants	500	312	.094	.155	211
Primary	683				
Secondary	544				

¹ Monthly Labor Review for May, 1920² Ministry of Labor, "Rates and Hours of Wages," December, 1920 Amended by the Labour Gazette May, 1921³ German basic wages reported by Statistischer Reichsamt for February, 1920, readjusted to May, 1921, by application of the wage index number published by the Frankfurter Zeitung for the Frankfurt district.⁴ Equivalent purchasing power based on United States and German wholesale price indices⁵ Equivalent purchasing power based on relative costs of living in United States and Germany

TABLE 10F.—*Metallurgical industry*
 [Rate per hour as of May, 1921]

Occupation	United States ¹	Great Britain ²	Germany ³		
		At current exchange	At current exchange	Equivalent purchasing power ⁴	Equivalent in cost of living ⁵
Toolmakers	\$0 890	\$0 400	\$0 109	\$0 182	\$0 246
Chargers for blast furnaces	400	350	090	150	203
Other blast-furnace workers	330	270	087	145	197
Stamped or pressed metal workers	600	200	098	182	220
Borers	550	370	099	165	230
Turners	780	458	068	163	221
Millers	650	370	107	179	242
Armature winders	800	458	097	160	228
Pattern makers	800	479	104	174	236
Boilersmiths	800	468	105	177	239
Strikers	500	340	090	150	203
Brass dressers	550	334	116	192	261
Brass casters	830	413	097	161	218
Brass polishers	550	354	105	165	224
Brass molders	890	355	096	159	215

¹ Average estimate by experts of the Tariff Commission of wages paid in the chief commercial districts in the metallurgical industry

² The Labour Gazette (British)

³ German basic wages reported by Statistischer Reichsamt for February, 1920, readjusted to May, 1921, by application of the wage index number published by the Frankfurter Zeitung for the Frankfurt district

⁴ Equivalent purchasing power based on United States and German wholesale price indexes

⁵ Equivalent purchasing power based on relative costs of living in United States and Germany

TABLE 11 — *Foreign wages compiled from private sources of information, January-July, 1921*

Industry	France— conversions made at \$0 074 per franc	Italy— conversions made at \$0 042 per lire
Chemical		
Common laborers	\$0 111	\$0 121
Do	130	
Do	157	089
Do	150	
Do	130	063
Do	143	084
Skilled labor or process men		084
Do	139	105
Do	167	147
Do	173	112
Do	157	
Do	305	
Control or plant chemist		167
Do	231	210
Do	444	
Do	694	
Do	207	
Research chemist		167
Do	370	210
Do	781	
Assistant chemists or aids	185	
Do	315	
Do	370	
Chemical engineers		210
Do		263
Pipe fitters	222	
Do	259	
Machinists	223	
Do	255	
Blacksmiths	200	
Do	255	
Carpenters	200	
Do	229	
Firemen	160	
Do	175	
Plant operatives (unskilled)	139	
Do	201	
Yardmen	134	
Do	175	
Plant foremen	185	
Do	278	
Corn products, refining		
Common labor	148	
Process men	148	
Do	185	
Mechanics	222	
Do	259	

The outstanding feature of the preceding tables is the variation in wages in the United States by industries and processes in the same industry as compared with a relatively constant rate for all employees in Germany. The wages in the building trade, for example, run close to \$1 an hour in the United States, a little less than 40 cents in Great Britain and almost exactly 10 cents an hour at current rates of exchange in Germany. The wages, based on equivalent purchasing power in terms of wholesale prices in Germany, are something more than 50 per cent higher than at current exchange and "real" wages, namely, the wages in terms of cost of living are over 100 per cent higher than the earnings based on current exchange. Some discussion of the fundamental difference in these various wage calculations for Germany will be given in the proper place below.

In the wool and worsted industry American wages are less than half those in the building trade—40 to 50 cents in the former case as compared with over a dollar in the latter. The few English quotations available run around 30 cents per hour. The German textile wages are slightly less than in the building trades—about 8 cents per hour at current exchange and 16 to 18 cents in terms of the cost of living. The comparative wages in transportation and mining as between the United States and Germany show roughly the same difference as in the other industries. German wages are practically constant at 8 to 10 cents an hour and American rates around 50 cents to \$1 per hour.

The comparative wages in the chemical and metallurgical industries are especially significant. The standard wage in the United States seems to be from 50 to 75 cents per hour and from 30 to 45 cents per hour in England. Germany, on the other hand, shows a rate averaging about 10 cents per hour at current exchange, about 18 cents per hour in terms of the purchasing power over commodities at wholesale, and from 20 to 25 cents per hour in terms of the cost of living. Inasmuch as many chemical products in Germany are competing directly with similar ones produced in England and the United States, the wage rate at 10 cents per hour at current exchange becomes an important factor.

In addition to wages from official sources, some rates were obtained from private firms in the United States having a knowledge of foreign conditions. The data thus obtained are shown in Table 11. The rates in France at current exchange are seen to be anywhere from 15 to 25 cents per hour for ordinary labor. This rate is about half-way between the wages for similar occupations in Germany and in England and less than half the rates in the United States.

SIGNIFICANCE OF WAGE COMPARISONS.

So much for the bare facts given in the tables. Greater care must be exercised in drawing conclusions from them, however, than from the tables of comparative prices. The price tables may be taken at their face value, so to speak, but wage comparisons involve so many unsettled questions that close attention to the assumptions on which they are based is necessary if sound conclusions are reached. In the first place there is no indication in these tables of the productivity of labor in the different countries. Not all of the differ-

ences in wage rates among countries shown in the table are due to the exchange situation, but many of them are due to the difference in output per man under the various social and economic conditions under which the labor is performed. It is a commonplace that although the per diem wages may be higher in the United States than in Europe the more favorable condition with respect to nutrition, equipment, and natural resources under which American laborers work in many industries may render unit costs lower in this country than abroad. This problem constitutes a separate inquiry, however, and it is left out of consideration for present purposes.

Another phase of the international wage question which causes considerable difficulty is that of the rate of exchange which should be used in the conversion to American money of the paper wages paid in the various countries. To the superficial observer the current rate of exchange seems to be taken for granted as the proper rate; that is to say, if coal miners in Germany are getting 60 marks per day and the mark is worth $1\frac{1}{2}$ cents in New York the wages are said to be 90 cents in American money. On the other hand, those who are more familiar with the German industrial situation object to such a conversion rate and advocate instead a rate which will indicate more nearly the true purchasing power of German wages. If, for example, the mark has depreciated 18 times in terms of dollar exchange and the cost of living has increased but 10 or 12 times, the true purchasing power of the mark would be equivalent to considerably more than the exchange rate. More exact calculations of the probable purchasing power of wages are indicated in the tables above. In these tables three rates are used for converting German paper wages into American money—first, the ordinary exchange rates as quoted in New York; second, a rate based upon relative wholesale prices in Germany and in the United States, and third, a rate based upon the cost of living for an ordinary family in the two countries. The determination of the rates in the last two cases may be illustrated as follows. The index number¹² of wholesale prices in Germany for May, 1921—1,429—divided into the index for the United States¹³—151—gives a ratio of 10.57 per cent. This percentage applied to the par of exchange—23.82 cents—gives a purchasing power parity of 2.517 cents as compared with the dollar exchange for the period of only 1.51 cents. If we apply this parity of 2.517 cents to a German wage of 60 marks per day, we obtain a commodity wage of \$1.51 as against an apparent wage of 90 cents per day. Similarly, if we divide the German index for the cost of living¹⁴ in May, 1921—990—into a similar index¹⁵ for the United States¹⁶—142—we obtain a percentage of 14.53. This figure applied to the par of exchange brings the purchasing power of the mark in terms of a family budget up to 3.41 cents.

¹² Frankfurter Zeitung, 77 commodities

¹³ In calculating the wholesale purchasing power of German wages in terms of dollars the index numbers compiled by the United States Department of Labor are used instead of the Federal Reserve indices (used in Tables 2a, 2b, and 2c), because in the number and kind of constituent commodities the former index is better suited to this comparison than the latter.

¹⁴ Cost of living in Berlin of family of four by Dr. R. R. Kuczynski, of the statistical office at Berlin-Schöneberg.

¹⁵ Constructed by the United States Bureau of Labor Statistics. Both German and American indices given in Federal Reserve Bulletin, July, 1921, p. 847.

It must be emphasized, however, that this last statement is not actually equivalent to saying that a worker in Germany getting 60 marks per day can buy the same amount of necessities of life as an American worker getting \$2 per day (60 m × 341 cents). The error in such a statement lies in the difference in retail prices in Germany and in the United States for 1914, the base year for the index. The whole calculation rests on the premises that prices in both countries were 100 per cent in 1914, but no assumption whatever is made as to actual prices in the two countries. If, for example, retail prices in Germany in 1914 were only half those in the United States for similar articles, then the actual purchasing power of the mark as here calculated (nearly 341 cents) would be doubled. If, on the other hand, prices of necessities were higher in Germany in 1914 than in the United States, the assumed purchasing power of the mark at present is too high. In this connection reference is made to the similarity, on the average, of the prewar wholesale prices for 37 commodities in the United States and Germany shown in Table 1 of the text.¹⁶

It will be observed in the preceding calculation that the indices for the cost of living and the wholesale prices in May, 1921, are much farther apart in Germany than in the United States—990 against 1,428 in Germany and 142 against 151 in this country. The discrepancy in Germany is due chiefly to two causes—low rents and food subsidies. Because of governmental control, rents are only 50 to 60 per cent higher than they were in 1914, an item which holds down the indices for the cost of living to a great extent. The food subsidies take the form of Government purchases, largely of imported commodities, at the world market price and their resale to consumers at a substantially lower figure. During the current year (1921) the food subsidies in Germany will be limited practically to breadstuffs, but for the year ending March 31, 1921, there were heavy subsidies of breadstuffs, meats, cooking fats, and potatoes. The exact amount

¹⁶ Some evidence of the fact that German laborers were fairly well paid in terms of consumable goods in 1920 is shown by the following comparison of wages in the chemical industry and the cost of living in 1914 and 1920.

Wages in the German chemical industry and the minimum cost of living, 489 establishments

[Quoted from Statistische Reichsamts by Consul Maurice Parmelee in special report to the United States Bureau of Foreign and Domestic Commerce under date of May 22, 1921.]

	Skilled workers				Unskilled workers			
	1914		1920		1914		1920	
	Cost of living ^a	Wages.	Cost of living ^a	Wages.	Cost of living ^a	Wages.	Cost of living ^a	Wages.
Unmarried men	100	232	100	188	100	161	100	175
Married couple	100	174	100	131	100	121	100	122
Married couple with 1 child	100	162	100	113	100	106	100	107
Married couple with 2 children	100	135	100	103	100	94	100	97

^a Includes food, fuel, light, and rent only.

In commenting on this table Mr. Parmelee says:

"These figures illustrate very pointedly that, while skilled workers in this industry were apparently not so well remunerated in 1920 as in 1914 in proportion to the cost of living, the unskilled workers were better remunerated in 1920 than in 1914 in proportion to the cost of living. In fact, by the year 1920 the unskilled workers had attained almost as high a level of remuneration as the skilled workers."¹⁷

paid for these subsidies is not known, but the emergency budget for 1920-21 included an item of 3,000,000,000 paper marks for this purpose. The previous year the sum of 7,750,000,000 marks went into subsidies, but it is expected that the current year will see a substantial reduction of the item over last year.¹⁷

It is evident that from the point of view of international competition these food subsidies are a mixed blessing to Germany. To the extent that relatively cheap food enables German employers to hold down wages, there is an advantage obtained by German manufacturers in their competition in the world markets. On the other hand, the actual cost of the food must be paid by the German community as a whole, whether the individual or the Government pays the price in the first instance. Special industries and special classes of the population may enjoy differential advantages because of the subsidies, but for the most part the practice is merely robbing Peter to pay Paul.

Having applied three conversion rates to German paper wages in these tables, the question arises as to which rate should be used for particular purposes. In general, the three rates are properly applied, respectively, to three distinct problems. If an industry is directly competing in the American market and producing goods almost exclusively for export, the dollar rate of exchange should be used in converting the foreign cost of producing instead of the higher parity rate. If it be admitted that current rates should be used in converting the prices of direct purchases, it seems obvious, if the true competitive position of the foreign producer is determined, that the same rate should apply to the cost of producing goods manufactured solely for export. If goods are sold for dollars and paid for in paper marks, it is a matter of indifference, so far as the rate of exchange is concerned, whether they were bought directly or indirectly through wage payments.

On the other hand, in comparing the industrial situation in Germany and the United States with respect to the relation of wages and other costs of production a conversion rate based on the general purchasing power of money in each country should be used. The commodity equivalent of wages is important in determining the drift to or from large-scale production involving great quantities of raw materials and heavy outlays for machinery and equipment. In general, the low wages in Germany as compared with commodity prices, especially of imported materials and equipment, tend to discourage large-scale production there and to shift the industrial activities toward the industries in which labor is the predominant element of cost, that is to say, Germany may best profit in world trade by selling her labor in the form of highly wrought goods, such as optical instruments, toys, and complex chemical, metallurgical, and textile products.

If the third problem in relation to wages is considered, namely, their equivalent in the necessities of life, a conversion rate based on the cost of living in Germany as compared with the United States is the proper figure. Not only is this true when the probable physical condition of labor due to proper nourishment is the point at issue

¹⁷ Special report of Howard W. Adams to United States Bureau of Foreign and Domestic Commerce, May 21, 1921.

but also it is the proper rate when the "real" cost of labor to the German community is sought, that is to say, the relative amounts of food, clothing, and shelter which labor is able to exact from a community for its service is the actual wage and the true measure of the cost of production. Some manufacturers producing goods for export may be able to compete temporarily in foreign markets because of low exchange rates alone, but, in general, the competitive position of Germany in world trade will be determined, so far as wages are concerned, by the commodity equivalent of wage payments

THE EXCHANGE PROBLEM AND THE TARIFF

A fundamental assumption in the foregoing discussion runs to the effect that when the purchasing power of a given money becomes the same at home and abroad the exchange problem for the particular country is solved for the average run of commodities. There are many qualifying circumstances affecting this rule, an important one of which is the fact that the index numbers used to measure the purchasing power of money at home and abroad are often inadequate, but in general the doctrine is sound.

If the foregoing proposition is accepted, a glance at Tables 2a and 2b shows that the American tariff problem with respect to England and France, so far as the exchange situation alone is concerned, has largely been eliminated by the adjustment to an approximate equality of the external and internal purchasing power of the moneys of each country with respect to the commodities whose prices are included in the index number used in the comparisons. The ratios of wholesale prices in each of these countries to American prices were almost equal during 1921 to the rate of exchange for sterling and franc bills, that is to say, on the average the American purchaser buying these goods in either country would have to pay a paper price sufficiently high to offset the low rates of exchange.

In the case of Germany, however, the internal and external purchasing power of the mark has not been equalized and there is a premium on exports from that country to the United States to the extent that the price ratios exceed exchange rates. This excess is about 97 per cent, according to Table 2c (the current exchange is \$0.0097 and the purchasing power parity is \$0.0191 in September, 1921). Stated in other terms, this discrepancy means that, on the average, aside from artificial restraints of trade, an American importer can buy in Germany for \$1 goods worth about \$2 in this country. It should be borne in mind that this statement applies only to American and German prices as measured by index numbers. Particular commodities may or may not show such discrepancies. Furthermore, the question of physical and political barriers against trade are important. Not only is there a scarcity in Germany of many articles of commerce, but the export prices for many commodities are higher than the ruling domestic price and some exports are prohibited altogether.

The tariff problem as affected by the exchange situation is brought into sharper focus by the price comparisons of particular commodities. As a rule the gold prices for standard articles are about the same the world over. More exceptions are found in German markets than elsewhere, but even there the adjustment has largely been

made in the absence of artificial restraints of trade. For commodities in which the gold price adjustment has taken place there are no special profits to be made in international dealings because of the exchange rates; therefore special duties to offset the exchange are largely unnecessary. It is erroneous to suppose, however, that offsetting duties would be entirely inoperative even where the price adjustment has taken place, because in some cases, especially in Germany, the magnet of premium money in other countries is so strong that the domestic supply of German commodities is skimmed to supply the foreign demand.¹⁵

The relation between foreign wages and international exchange is also closely connected with the tariff problem. Even after international prices for standard articles have adjusted themselves, it may be true that wages are seriously maladjusted with respect to international values. In the long run the purchasing power of money in terms of labor will adjust itself to a normal gold basis, but the change will be slow because of the immobility of labor and the social habits of the various countries. Furthermore, the "normal gold basis" will never approximate an equality of wages among nations either per diem or per unit of product, because of the various social and economic conditions under which men labor. For this reason care must be exercised in assuming that wage differences in the tables shown are due to exchanges alone.

In the case of England, the situation is uncertain. The rates per hour for the industries compared are usually about half those prevailing in this country, but most of this discrepancy is probably due to causes other than the depreciation of sterling, because the exchange discount is not sufficiently large to account for more than a fraction of the difference in wages. In the case of Germany, however, the evidence is clear. German manufacturers have a great advantage in world trade because of the prevailing low wages as compared with the value of the commodities produced for export. The extent of this advantage is not the whole difference between German and American wage rates (about 10 cents per hour in the former country at current exchange as compared with 50 or 75 cents per hour in the latter), because of the difference in the productivity of labor in the two countries. That there is, however, a lower labor cost due to exchanges alone for the average German products in terms of gold than for similar products in the United States is beyond question. Practically all the data presented in this report point to this conclusion. Prices, whether measured by index numbers or shown for individual commodities; wages converted at the various purchasing powers of money—gold rates, relative wholesale values, and cost of living; higher prices for export than for the domestic market, all point to the advantage enjoyed by employers of German labor in producing commodities for the world trade. That this advantage is not a greater factor in the competition with other countries is due largely to the physical and artificial restraints of trade yet imposed on the German producers.

¹⁵ When the domestic price of a particular product is as high as the foreign price (the assumption underlying the present argument) it is a matter of indifference to the German manufacturers whether they sell to the home or export trade, but, according to the table, the ruling world price is so high as compared with the prices of the general run of domestic products that the home market will sharply restrict its demands for the overvalued article.

The foregoing considerations indicate that great difficulty would be experienced in levying and administering a tariff to offset the low rates of exchange. A flat rate of duty against all products from all countries obviously will not accomplish the purposes intended, because of the different degrees of price adjustment to an international gold basis. Not only is there a difference in the extent of this adjustment among countries, but the prices of different products in the same country are affected in different degrees by paper inflation. For this reason offsetting duties should be levied on specific products and the rates should be fixed with an eye to the particular source from which protection is sought. Moreover, the list of commodities given special protection should be revised from time to time because, as the adjusting process goes on, products are constantly shifting from the class whose prices are fixed locally in paper money to the class of goods whose prices are on an international gold basis and which, therefore, require no offsetting duties against the exchange rate.

APPENDIX A.

Purchasing power parities and rates of exchange

CANADA.

Period	Federal Reserve Board index No	Canadian index No	Percentage which United States Index is of Canadian Index	Parity of purchasing power ¹	Exchange rate	Percentage which column 5 is of column 6
-	2	3	4	5	6	7
1913	100	100	--- ---	....	\$1 0000	... ..
1919						
January	195	212	91 99	\$0 9199	...	... ..
February	189	207	91 31	.9131	...	... ..
March	191	205	93 18	.9318	...	... ..
April	196	206	95 15	.9515	.9750	97 60
May	202	210	96 19	.9619	.9718	98 98
June	203	210	96 67	.9667	.9710	99 56
July	211	218	96 79	.9679	.9625	100 58
August	218	223	97 76	.9776	.9559	102 27
September	211	223	94 62	.9462	.9643	98 13
October	212	222	95 50	.9550	.9637	99 10
November	219	227	96 48	.9648	.9550	101 03
December	226	240	94 17	.9417	.9278	101 50
1920.						
January	241	248	97 18	.9718	.9125	106 50
February	241	254	94 89	.9489	.8768	108 23
March	248	258	96 13	.9613	.8975	107 11
April	263	261	100 77	1 0077	.9112	110 60
May	264	263	100 39	1 0039	.9031	111 16
June	258	258	100 00	1 0000	.8812	113 48
July	250	256	97 66	.9766	.8843	110 44
August	234	244	95 91	.9591	.8856	106 30
September	226	241	93 78	.9378	.9039	103 76
October	208	234	88 89	.8889	.9113	97 54
November	190	225	84 45	.8445	.8938	94 49
December	173	214	80 85	.8085	.8607	93 94
1921.						
January	163	208	78 37	.7837	.8800	89 06
February	154	199	77 39	.7739	.8806	87 88
March	150	194	77 32	.7732	.8800	87 86
April	143	187	76 48	.7648	.8601	85 92
May	142	183	77 60	.7760	.8668	86 53
June	139	179	77 66	.7766	.8859	87 66
July	141	176	80 18	.8018	.8819	90 92
August	143	174	82 19	.8219	.8978	91 54
September	143	172	83 14	.8314	.8985	92 52

¹ Column 5 is derived by applying the percentages in column 4 to the par of exchange—\$1 in this case.

Purchasing power parities and rates of exchange—Continued

AUSTRALIA

Period	Federal Reserve Board index No	Australian index No	Percentage which United States index is of Australian index	Parity of purchasing power ¹	Exchange rate	Percentage which column 5 is of column 6
1	2	3	4	5	6	7
1913	100	100	.	.	\$4.8665	.
1919						
January	195	172	113.38	\$5.5176		
February	189	168	112.50	5.4748		
March	191	169	113.02	5.5001		
April	196	171	114.62	5.6779		
May	202	172	117.44	5.7152		
June	203	173	117.35	5.7108		
July	211	176	119.89	5.8344		
August	215	182	119.79	5.8295	4.2875	136.60
September	211	185	114.06	5.5507	4.2175	131.61
October	212	200	106.00	5.1584	4.2050	122.67
November	219	199	110.06	5.3760	4.1050	130.47
December	228	197	114.73	5.5833	3.8600	144.65
1920						
January	241	203	118.72	5.7775	3.6950	156.39
February	241	206	117.00	5.6938	3.3850	164.21
March	248	209	118.67	5.7750	3.7050	155.87
April	263	217	121.20	5.8981	3.9875	144.66
May	264	225	117.34	5.7103	3.8900	146.79
June	258	233	110.73	5.3886	3.9700	135.73
July	250	234	106.84	5.1993	3.8493	135.07
August	234	236	99.16	4.8256	3.6650	131.67
September	228	230	98.27	4.7823	3.5450	134.90
October	208	215	96.75	4.7043	3.4950	135.10
November	190	208	91.35	4.2455	3.4375	123.51
December	173	197	87.82	4.2737	3.5100	121.76
1921						
January	163	196	83.17	4.0474	3.7325	108.44
February	154	192	80.21	3.9634	3.6912	100.31
March	150	181	82.90	4.0343	3.9287	102.69
April	143	171	83.63	4.0998	3.9550	102.90
May	142	166	85.35	4.1632	3.9625	105.07
June	139	162	85.81	4.1759	3.7900	110.20
July	141	150	89.68	4.3156	3.6320	118.62
August	143	160	89.38	4.3500	3.6510	119.14
September	143	160	89.38	4.3500	3.7240	116.80

¹ Column 5 is derived by applying the percentages in column 4 to the par of exchange—\$4.8665 in this case

Purchasing power parities and rates of exchange—Continued

JAPAN

Period	Federal Reserve Board index No	Japanese index No	Percentage which United States index is of Japanese index	Parity of purchasing power ¹	Exchange rate	Percentage which column 5 is of column 6
1	2	3	4	5	6	7
1913	100	100			\$0 4985	.....
1919						
January	195	214	91 13	\$0 4542	5175	87 77
February	189	213	88 74	4423	5125	86 31
March	191	206	92 72	4622	5087	90 86
April	196	206	95 15	4743	5106	92 90
May	202	214	94 40	4705	5156	91 26
June	203	228	89 04	4438	5112	86 82
July	211	247	85 43	4258	5087	83 71
August	218	251	86 86	4329	5062	85 52
September	211	257	82 11	4093	5056	80 96
October	212	271	78 23	3899	5082	77 03
November	219	280	78 22	3899	5050	77 21
December	226	288	78 48	3912	5025	77 86
1920						
January	241	301	80 07	3991	4968	80 34
February	241	313	77 00	3838	4825	79 55
March	248	321	77 26	3851	4750	81 07
April	263	300	87 67	4370	4862	89 88
May	264	271	97 42	4856	5087	95 46
June	258	247	104 46	5207	5040	103 32
July	250	239	104 61	5214	5131	101 62
August	234	235	99 58	4964	5131	96 75
September	226	230	98 27	4898	5131	95 46
October	208	226	92 04	4588	5106	89 86
November	190	221	86 00	4287	5056	84 80
December	173	206	83 99	4186	4963	83 84
1921						
January	163	201	81 10	4042	4850	83 34
February	154	195	78 98	3937	4737	83 11
March	150	191	78 54	3915	4837	80 94
April	143	190	75 27	3752	4825	77 76
May	142	191	74 35	3706	4831	76 71
June	139	192	72 40	3609	4900	73 65
July	141	196	71 94	3586	4801	74 70
August	143	199	71 87	3585	4836	74 13
September	143	207	69 10	3444	4820	71 45

¹ Column 5 is derived by applying the percentages in column 4 to the par of exchange—\$0 498 in this case

Purchasing power parities and rates of exchange—Continued.

ITALY

Period	Federal Reserve Board Index No	Italian index No	Percentage which United States index is of Italian index	Parity of purchasing power ¹	Exchange rate	Percentage which column 5 is of column 6
1	2	3	4	5	6	7
1913	100	100	...	.	\$0.1930	
1919						
January	195	324	60.19	\$0.1161	1570	73.95
February	189	320	59.07	1149	1571	72.57
March	191	324	58.96	1137	1417	80.24
April	196	329	59.58	1149	1370	84.97
May	202	336	60.12	1160	1235	94.93
June	203	356	57.03	1100	1234	87.72
July	211	359	58.78	1134	1205	94.11
August	216	368	59.24	1143	1098	104.30
September	211	370	57.03	1100	1022	107.63
October	212	388	54.64	1054	0975	108.11
November	219	438	50.23	0969	0853	114.60
December	226	455	49.68	0958	0770	124.42
1920						
January	241	504	47.82	0922	0693	133.05
February	241	557	43.27	0845	0558	149.64
March	248	602	41.20	0795	0526	151.14
April	263	664	39.61	0764	0494	176.10
May	264	660	40.00	0772	0552	145.11
June	258	632	40.83	0788	0541	145.61
July	250	604	41.40	0799	0574	148.20
August	234	625	37.44	0722	0463	148.45
September	226	655	34.51	0686	0433	159.34
October	208	659	31.57	0609	0395	154.20
November	190	670	28.36	0547	0384	154.28
December	173	655	26.42	0509	0352	144.60
1921						
January	163	642	36.14	0697	0360	193.61
February	154	613	35.08	0677	0367	194.47
March	150	604	24.84	0479	0389	123.14
April	143	584	24.49	0472	0449	105.12
May	142	547	25.96	0501	0521	86.16
June	139	509	27.31	0527	0593	104.77
July	141	520	27.12	0523	0452	115.71
August	143	542	26.49	0509	0431	118.10
September	143	580	24.66	0476	0420	113.33

¹Column 5 is derived by applying the percentages in column 4 to the par of exchange—\$0.193 in this case

Purchasing power parities and rates of exchange—Continued

SWEDEN

Period.	Federal Reserve Board index No	Swedish index No	Percentage which United States index is of Swedish index	Parity of purchasing power ¹	Exchange rate	Percentage which column 5 is of column 6
1	2	3	4	5	6	7
1913.....	100	100	.....	.....	\$0 2680	.....
1919						
January	195	369	52.84	\$0 1416	2860	49.51
February	189	358	52.80	1415	2807	50.41
March	191	354	53.96	1446	2742	52.74
April	196	339	57.82	1549	2687	57.65
May	202	330	61.22	1640	2591	63.30
June	203	324	62.66	1679	2580	65.08
July	211	320	65.94	1767	2442	72.36
August	218	321	67.92	1820	2445	74.44
September	211	319	66.15	1772	2455	72.77
October	212	307	69.06	1850	2395	77.24
November	219	308	71.11	1905	2307	82.58
December	226	317	71.30	1910	2147	88.96
1920						
January	241	319	75.55	2024	2042	99.12
February	241	342	70.47	1888	1702	110.93
March	248	354	70.06	1877	2010	93.40
April	263	354	74.30	1991	2162	92.10
May	264	361	73.14	1960	2120	92.45
June	258	366	70.50	1889	2172	86.97
July	250	363	68.88	1845	2155	85.62
August	234	365	64.11	1718	2052	83.75
September	228	368	62.44	1673	2005	83.44
October	208	346	60.12	1611	1960	82.20
November	190	331	57.41	1538	1900	80.95
December	173	299	57.86	1550	1955	79.28
1921.						
January	163	267	61.06	1636	2102	77.84
February	154	250	61.60	1650	2221	74.29
March	150	237	63.30	1696	2288	74.13
April	143	229	62.45	1673	2339	71.53
May	142	218	65.14	1745	2330	74.90
June	148	218	63.77	1709	2249	76.00
July	141	211	66.83	1791	2104	85.08
August	143	198	72.23	1935	2111	91.67
September	143	182	78.58	2106	2178	96.70

¹ Column 5 is derived by applying the percentages in column 4 to the par of exchange—\$0.268 in this case.

APPENDIX B.

Comparative prices

ALUMINUM

[Pound]

Period	New York ^{1,2}	Great Britain ³		Germany ⁴	
		Exchange		Exchange	
		Par	Current	Par	Current
1914					
January	\$0 1875				
February	1887				
March	1875				
April	1825				
May	1825				
June	1707				
1919					
January	3300				
February	3150				
March	3150				
April	3000				
May	3300				
June	3300	\$0 3250	\$0 3107		
July	3250	3250	3075		
August	3300	3250	2922		
September	3300	3250	2908		
October	3300	3250	2908		
November	3300	3250	2791		
December	3300	3250	2681		
1920					
January	3275				
February	3300				
March	3300	3680	2596		
April	3300	4019	3252		
May	3300	4019	3170		
June	3300	4019	3242		
July	3300	4019	3265		
August	3300	4019	3072		
September	3490	4019	2940		
October	3480	4019	2966		
November	3290	4019	2947		
December	3200	4019	2884		
1921					
January	2840	3585	2604	\$3 42	\$0 1963
February	2840	3585	2616	2 88	1917
March	2825	3250	2607	2 65	1970
April	2825	3250	2631	2 63	1903
May	2825	3250	2662		
June	2825	3250	2619		
July	2825	3250	2309		
August	2475	3250	2501		
September	2475	2498	1923		

¹ Dutiable at 2 cents per pound

² Grade Ingot, 98-99 per cent Source The Engineering and Mining Journal.

³ Grade Export 98-99 per cent Source The Iron and Coal Trades Review

⁴ Grade Ingot, 98-99 per cent Source Chemiker Zeitung

Comparative prices—Continued

BILLETS
{Gross ton }

Period	Pitts- burgh †	England and Wales ‡		Germany §		France ¶		Belgium *	
		Exchange		Exchange		Exchange		Exchange	
		Par	Current	Par	Current	Par	Current	Par	Current
1914									
January	\$20 00					\$21 14		\$18 50	
February	21 00	\$26 77						18.37	
March	21 00	26 77				21 14		18.50	
April	21 00	26 77						17 88	
May	20 00	26 77				21 14		17 65	
June	20 00	25 55						17 40	
1919									
January	43 50			\$70 09	\$30 50				
February	43 50			94 23	47 50				
March	43 50			94 23	38.33				
April	38 50			94 23	36 24				
May	38 50			97 88	30 92				
June	38 50			97 88	28.44				
July	38.50	66.92	\$63 14	97 88	31 13				
August	38.50	73 00	65 44	134 14	33 83				
September	38.50	73 00	62 90	134 14	24.52				
October	38.50	73 00	62 90	182.48	33 54				
November	38.50	74 22	63 56	193 39	26 40				
December	43 00	80 30	66 06	354 09	34 95				
1920									
January	48.00	87 60	68.40	363 55	31 30				
February	52 50	99 79	71 18	546.24	34.41				
March	60 00	107 06	75 36	561 95	23 81				
April	60 00	119 22	96.40	561 95	33 50				
May	60 00	119 22	94 00	755.31	55.20				
June	60.00	126 53	102 10	658.84	72.55	185.27	\$74.59	235 27	\$99 54
July	65 00	126 53	102 78	658.84	72.55	185 28	79 02	235.27	105 58
August	65 00	111 93	85.55	571 80	55.24	191 35	75 65	188 22	79 30
September	60.00	111 93	81 99	571 40	49 00	191 35	68.62	159 79	61 28
October	55.00	104 63	74 61	571 80	38.44	191 35	65.84	159 79	58.47
November	55.00	87 60	62.06	482 34	26.33	151 55	49 63	149 49	51 82
December	43 50	82.73	59 37	482 34	29 46	151 55	47 66	127 44	42 40
1921									
January	43 50	77 86	56.56	.....	.....	151 55	46 72	117 63	37 91
February	43 50	70.56	55 42	.....	.....	146 06	53 04	102 93	39 47
March	38.50	65 70	52 56	.....	.....	146 06	54 64	100.48	39.15
April	38 00	63.26	50.17	.....	.....	117 63	42 41	77 44	29 21
May	37 00	63 26	51 68	.....	.....	107 83	43 57	65.68	26.47
June	37 00	55.96	44 97	.....	.....	107 83	47 33	65.68	28.82
July	33 00	51 10	37 45	.....	.....	82.35	32.57	62 74	23.96
August	30 00	46.23	35.47	362.55	20.45	58.82	25.08	62 74	25.91
September	29 00	41 37	31 84	.....	.....	60 78	24 79	52 45	20 76
October	29 00	36.50	27 96	507 60	16.92	54.90	20 16	64.70	23.47

† Grade O H billets Source The Iron Age
 ‡ Grade Soft steel, d/d Source The Iron and Coal Trades Review
 § Source The Iron Trade Review
 ¶ Source The Iron and Coal Trades Review
 * Source The Iron and Coal Trades Review

Comparative prices—Continued

HIGH-SPEED STEEL

[Pound]

Period	New York 1.1	England 2	
		Exchange	
		Par	Current
1920			
January		\$0 9122	\$0 7124
February		9122	6303
March		9122	6420
April	\$1 25	9122	7380
May		1 0338	8172
June	1 25	1 0338	8340
July	1 27		
August	1 25	1 0338	7902
September	1 25	1 0338	7364
October	1 25		
November	1 25	1 0338	7424
December	1 25	1 0338	7420
1921			
January	1 25	9730	7068
February	1 25	9730	7942
March		9730	7783
April	1 00	9122	7362
May	1 00	9122	7472
June	95	9122	7329
July	95	9122	6985
August	95	9122	6999
September	95	9122	7022

¹ Dutiable at 15 per cent² Grade High-speed steel—18 per cent tungsten Source The Iron Age³ Grade High-speed tool steel—finished bars, 18 per cent Source The Iron and Coal Trades Review

Comparative prices—Continued

STEEL BARS

[Pound]

Period	Pitts- burgh ^{1,2}	Great Britain ³		Germany ⁴		France ⁵		Belgium ⁶	
		Exchange		Exchange		Exchange		Exchange	
		Par	Current	Par	Current	Par	Current	Par	Current
1919									
January	\$0 0270			\$0 0361	\$0 0157				
February	0270			.0469	0238				
March	0270			.0469	0191				
April	.0235			.0469	0180				
May	.0235			.0593	0187				
June	.0235			.0593	0172				
July	.0235			.0593	0189				
August	.0235			0804	0203				
September	.0235			0804	0147				
October	.0235			1074	0197				
November	02 0			1074	0147				
December	0275	\$0 0412	\$0.0339	1882	0186				
1920									
January	0275	.0472	0368	1883	0162				
February	.0300	0510	0364	2805	.0177				
March	.0350	.0618	0435	2859	0121				
April	0375	0618	.0500	2859	0170				
May	0375	0618	0487	3938	0288				
June	.0350	.0695	0360	3454	0340	\$0 1272	\$0 0512	\$0 1316	\$0 0557
July	.03 0	0673	.0647	3494	0360	1272	0542	1316	0360
August	0325	0665	0531	3065	0296	1272	0503	1119	0501
September	0325	0695	0309	3065	0263	1272	0456	0965	0370
October	.0325	.0652	.0465	3065	0206	1272	0438	0899	0329
November	0300	0630	0446	2633	.0144	1053	.0345	0811	0281
December	.0235	0478	0343	2633	0161	1053	.0331	0724	0241
1921									
January	.0235	0456	0331			0877	0270	0658	0212
February	.0235	.0369	0290			0877	0318	0614	0235
March	0300	.0348	0278			0790	0295	0526	0205
April	.0200	0347	0240			0656	0236	0415	.0156
May	.0210	0293	0239			0656	0265	0394	0163
June	0210	0293	.0235			.0613	0269	0381	0167
July	.0190	.0282	.0207			.0394	0156	0350	0134
August	0175	0272	.0209			03 0	0149	0333	0138
September	.0170	.0250	0192			0324	0132	0324	.0128

¹ Dutiable at 10 per cent ad valorem² Source The Iron Age³ Grade 1 to 3 inch Source The Iron Trade Review⁴ Grade Bars, rounds, and rods Source The Iron Trade Review.⁵ Grade Merchant bars Source The Iron Trade Review

Comparative prices—Continued

STEEL PLATES

[Pound]

Period	Pitts- burgh ^{1, 2}	England and Wales ³		France ⁴		Germany ⁵		Belgium ⁶	
		Exchange		Exchange		Exchange		Exchange	
		Par	Current	Par	Current	Par	Current	Par	Current
1914									
January	\$0 0120	\$0 0142				\$0 0112		\$0 0107	
February	0120	0142						0106	
March	0120	0142				0109		0105	
April	0115	0142						0105	
May	0115	0142				0108		0103	
June	0110	0142						0102	
1919									
January	0300	0250	\$0 0244			0405	\$0 0176		
February	0300	0304	0297			0540	0274		
March	0300					0540	0220		
April	0265	0369	0355			0740	0208		
May	0265					0664	0210		
June	0265					0664	0193		
July	0265					0664	0211		
August	0265	0396	0355			0901	0227		
September	0265					0901	0165		
October	0250					1279	0235		
November	0265					1279	0175		
December	0265					2412	0248		
1920									
January	0265	0467	0365			2411	0208		
February	0350	0511	0364			3685	0232		
March	0350	0511	0360			3706	0157	1050	\$0 0399
April	0375	0511	0413			3706	0221		0429
May	0375	0511	0403			5071	0371	1312	0436
June	0375	0511	0412	\$0 1391	\$0 0500	4359	0480	1447	0612
July	0350	0511	0415	1618	0690	4359	0480	1447	0649
August	0325	0511	0391	1618	0640	3879	0375	1360	0573
September	0325	0511	0374	1618	0580	3879	0332	1228	0471
October	0325	0532	0379	1618	0557	3879	0261	1184	0433
November	0285	0532	0377	1443	0473	3334	0182	1096	0378
December	0265	0521	0374	1421	0447	3334	0204	1009	0336
1921									
January	0265	0521	0378	1096	0338			0811	0261
February	0250	0478	0375	1096	0398			0768	0294
March	0210	0456	0365	1009	0377			0669	0261
April	0200	0412	0332	0744	0268			0547	0206
May	0220	0412	0330	0918	0371			0534	0215
June	0220	0412	0331	0766	0376			0530	0233
July	0190	0326	0239	0639	0253			0460	0176
August	0180	0326	0230	0613	0261			0403	0166
September	0170	0304	0234	0613	0250			0416	0165

¹ Dutiable at 12 per cent ad valorem² Grade Tank plates Source The Iron Age³ Grade steel plates, ship, bridge, and tank Source The Iron and Coal Trades Review⁴ Grade Plates, bridge, and tank, 5 mm and thicker Source The Iron Trade Review⁵ Grade Finished steel plates, over 5 mm Source The Iron Trade Review⁶ Grade Plates, $\frac{1}{8}$ -inch Source The Iron and Coal Trades Review

Comparative prices—Continued

STEEL HOOPS

[Pound]

Period.	Pitts- burgh 1, 2	England and Wales 3		Germany 4	
		Exchange.		Exchange	
		Par.	Current	Par.	Current
1914					
January	\$0. 0135	\$0. 0153			
February	0130	0153			
March	0130	0153			
April	0125	0153			
May	0125	0153			
June	0125	0142			
1919					
January	0330	0401	\$0 0392		
February	0330	0423	0414		
March	0330	0450	0432		
April	0305	0450	0433		
May	0305	0505	0494		
June	0305	0505	0481		
July	0305	0505	0475		
August	0305	0537	0481		
September	0305	0537	0463		
October	0305	0537	0463		
November	0305	0537	0460		
December	0325	0537	0442		
1920					
January	0325	0586	0458	\$0 2077	\$0 0179
February	0350	0597	0426	3086	0194
March	0400	0699	0485	3129	0133
April	0400	0770	0623	3129	0186
May	0500	0760	0569	4370	0319
June	0500	0793	0640	3868	0425
July	0550	0793	0644	3868	0426
August	0550	0793	0606	3437	0332
September	0550	0793	0580	3437	0295
October	0550	0793	0585	3437	0231
November	0500	0793	0582	2956	0161
December	0305	0694	0491	2956	0181
1921.					
January	0305	0581	0422		
February	0305	0500	0393		
March	0280	0435	0348		
April	0275	0380	0307		
May	0275	0390	0310		
June	0275	0358	0288		
July	0250	0369	0270		
August	0240	0326	0250		
September	0225	0326	0251		

1 Dutiable at 10 per cent ad valorem

2 Source The Iron Age

3 Grade Staffordshire Source The Iron and Coal Trades Review.

4 Source The Iron Trade Review.

Comparative prices—Continued

STEEL RAILS

[Ton]

Period	Pitts- burgh †	England †		Germany †		Belgium †	
		Exchange		Exchange		Exchange	
		Par	Current	Par	Current	Par	Current
1914							
January	\$28 00	\$29 81	.	\$28 52			
February..	28 00	31 63					
March.	28 00	31 63		28 52			
April	28 00	29 81					
May	28 00	29 81		28 52			
June	28 00	29 81					
1919							
January	55 00	52 92	\$51 74	72 51	\$31 55		
February	55 00	65 10	63 65	96 68	49 04		
March	55 00			96 68	39 32		
April.	45 00			96 68	37 17		
May	45 00			137 76	43 53		
June ..	45 00			137 76	40 00		
July	45 00			137 76	43 82		
August	45 00	80 30	72 00	137 76	34 75		
September..	45 00			137 76	25 18		
October ..	45 00						
November.	45 00						
December	45 00						
1920							
January	45 00	91 25	71 27	635 25	54 70		
February	45 00	91 25	65 07	671 55	42 30		
March	45 00	96 12	67 65	686 67	29 11		
April	55 00	102 20	82 70				
May	55 00	111 93	88 26	912 82	66 72		
June	55 00	111 93	90 30	802 70	88 36	\$24 09	\$124 42
July	55 00	111 92	90 92	802 70	88 36	24 09	112 00
August	55 00	121 66	92 99	713 24	69 09	249 98	105 31
September	55 00	121 66	89 00	713 24	61 12	215 66	82 70
October.	55 00	121 66	86 76	713 24	47 92	205 86	75 32
November	55 00	121 66	86 38	616 53	33 65	183 80	63 73
December.	55 00	121 66	87 11	616 53	37 66	161 75	53 61
1921							
January.....	45 00	121 66	88 36			151 94	49 97
February.....	45 00	102 20	80 28			137 24	52 62
March	45 00	87 60	70 06			127 44	49 66
April	45 00	73 00	58 93			120 93	38 82
May	45 00	73 00	59 62			98 03	39 52
June.....	45 00	73 00	58 65			98 03	43 02
July.....	45 00	68 13	49 93			98 03	37 44
August	45 00	68 13	52 27			88 23	36 44
September	45 00	68 13	52 44			88 23	34 93

† Grade Bessemer, heavy, at mill Source The Iron Age

‡ Grade Steel, heavy, 60 pounds Source The Iron and Coal Trades Review

§ Grade Government Source The Iron Trade Review

¶ Grade Standard Source The Iron Trade Review

Comparative prices—Continued

TIN PLATES

[100 pounds]

Period	Pitts- burgh ^{1,2}	Great Britain ³		South Wales and England ⁴	
		Exchange		Exchange	
		Par	Current	Par	Current
1914.					
January	\$3 40	.....	.....	\$2 87	.....
February	3 25	.....	.....	2 96	.....
March	3 30	.....	.....	2 99	.....
April	3 40	.....	.....	2 93	.....
May	3 30	.....	.....	2 80	.....
June	3 30	.....	.....	2 77	.....
1919					
January	7 35	\$16. 79	\$16. 42	.....	.....
February	7 35	.....	.....	.....	.....
March	7 35	.....	.....	.....	.....
April	7 00	.....	.....	.....	.....
May	7 00	.....	.....	.....	.....
June	7 00	.....	.....	.....	.....
July	7 00	.....	.....	.....	.....
August	7 00	.....	.....	.....	.....
September	7 00	.....	.....	.....	.....
October	7 00	.....	.....	.....	.....
November	7 00	.....	.....	.....	.....
December	7 00	.....	.....	.....	.....
1920					
January	7 00	13. 50	10. 54	.....	.....
February	7 00	15. 77	11 25	.....	.....
March	7 00	16. 45	11 51	.....	.....
April	7 00	17 46	14. 12	.....	.....
May	7 00	17 12	13 50	.....	.....
June	7 00	16. 67	13. 45	.....	.....
July	7 00	16. 00	13. 00	.....	.....
August	9 00	13. 29	10. 16	.....	.....
September	9 00	12. 95	9. 48	.....	.....
October	9 00	12. 39	8. 83	.....	.....
November	8. 50	9 23	6. 54	.....	.....
December	7 00	9. 12	6 54	.....	.....
1921					
January	7 00	7 43	5. 40	.....	.....
February	7 00	7 43	5. 84	.....	.....
March	7 00	6. 30	5. 04	.....	.....
April	7 00	4. 90	3. 95	.....	.....
May	6. 25	4. 90	4. 00	.....	.....
June	6. 25	5. 65	4. 54	.....	.....
July	5. 75	5. 43	3. 98	.....	.....
August	5. 25	5. 32	4. 08	.....	.....
September	5. 25	4. 79	3. 69	.....	.....

¹ Dutiable at 15 per cent ad valorem² Grade 100-pound box Source The Iron Age³ Grade I C cokes, 20 by 14, 112 sheets, 108-pound box. Source The Iron and Coal Trades Review⁴ Grade Bessemer steel coke, 108-pound box Source The Iron and Coal Trades Review.

Comparative prices—Continued

WIRE RODS

[Gross ton]

Period	Pitts- burgh 1, 2	Great Britain 3		Germany 4	
		Exchange		Exchange	
		Par	Current	Par	Current
1914					
January	\$25 00			\$23 84	
February	26 00			23 72	
March	26 50			23 48	
April	26 00			23 11	
May	26 00			22 75	
June	24 50			22 51	
1919					
January	57 00				
February	57 00				
March	57 00				
April	52 00				
May	52 00				
June	52 00				
July	52 00				
August	52 00				
September	52 00				
October	52 00				
November	58 00				
December	58 00				
1920					
January	60 00			483 40	\$41 62
February	60 00			754 10	47 51
March	70 00			761 35	32 29
April	70 00			761 35	45 38
May	70 00			1,093 05	73 30
June	75 00			866 77	93 42
July	75 00			866 77	93 42
August	75 00			764 02	73 80
September	75 00			764 02	63 47
October	75 00			764 02	51 35
November	70 00			657 63	36 01
December	57 00			657 63	40 17
1921					
January	57 00				
February	57 00	\$81 51	\$64 04		
March	52 00	81 51	65 20		
April	52 00	76 65	61 84		
May	48 00	76 65	62 60		
June	48 00	76 65	61 59		
July	45 00	76 65	51 68		
August	42 00	61 48	49 47		
September	40 00	60 83	46 83		

1 Dutiable at 10 per cent ad valorem

2 Source The Iron Age

3 Grade Soft Source The Iron and Coal Trades Review

4 Source The Iron Trade Review

Comparative prices—Continued

WIRE

[Pound]

Period	Pittsburgh ¹	Great Britain ²		Germany ³	
		Exchange		Exchange	
		Par	Current	Par	Current
1914.					
January	\$0. 0190				
February	0200				
March	0200				
April	0200				
May	0200				
June	0190				
1919					
January	0435				
February	0435				
March	0435				
April	0410				
May	0410				
June	0410				
July	0410				
August	0410				
September	0410				
October	0410				
November	0425				
December	0425				
1920					
January	0445			\$0 3232	\$0 0278
February	0445			5179	0326
March	0445			5179	0220
April	0445			5179	0309
May	0445			6258	0477
June	0445			5503	0605
July	0445			5503	0605
August	0445			4909	0474
September	0445			4909	0421
October	0445			4609	0330
November	0445			4316	0236
December	0410			4316	0264
1921					
January	0410				
February	0410	\$0. 0739	\$0. 0581		
March	0385	0663	0530		
April	0385	0664	0455	4154	0248
May	0410	0608	0496		
June	0410	0510	0410		
July	0365	0510	0374		
August	0340	0423	0325	3183	0180
September	0340	0423	0326		

¹ Grade Barbed wire, galvanized Source The Iron Age

² Grade Fencing wire, galvanized, 80 Source The Iron and Coal Trades Review.

³ Grade Galvanized wire Source The Iron Trade Review

Comparative prices—Continued

ACETIC ACID

[100 pounds]

Period	New York †	England ‡		Paris, France §		Hamburg, Germany ¶		Toronto, Canada *	
		Exchange		Exchange		Exchange		Exchange	
		Par	Current	Par	Current	Par	Current	Par	Current
1919									
January	\$15 15		.....	\$56 90	\$54 00			\$29 00	
February	12 00	..	..	56 90	53 98			22 00	
March	12 00			32 93	29 61			22 00	
April	12 00	..	..	31 51	27 85			22 00	\$21 00
May	11 50			31 51	26 90			22 00	21 00
June	9 75			31 51	26 12			22 00	21 00
July	10 14			31 51	25 24			22 00	21 00
August	10 14			24 51	17 48			21 00	20 00
September	10 00			24 51	15 60			21 00	20 00
October	10 00	..	..	35 01	21 22			19 00	18 00
November	10 00			26 26	15 45			19 00	18 00
December	10 00			32 83	17 30			19 00	18 00
1920									
January	10 00	\$10 75	\$8 39	32 83	15 87			19 00	17 39
February	10 00	15 64	11 15			\$97 16	\$6 12	19 00	16 62
March	10 00	16 07	11 31			118.75	5 03	19 00	16 15
April	12 65	19 55	15 82			151 13	9 09	19 00	17 29
May	13 01	20 63	16 27			102 55	7 49	19 00	17 16
June	13 01	20 63	16 64			129 54	14.26	21 00	18 37
July	13 01	19 55	15 38			107 95	11 89	21 00	18 06
August	13 01	18 25	13 95			113 35	10 95	21 00	18 35
September	13 01	18 68	13 66					21 00	18.79
October	13 01	18 68	13 32	52 52	18 07			21 00	19 16
November	13 01	17 38	13 32	52 52	17 20			19 00	17 36
December	10 00	13 03	9 35	52.52	16 52			17 50	15 29
1921									
January	10 87	12 15	8 83	35 89	11 06	129 54	7 42	17 50	15 05
February	10 87	11 73	9 21	31 51	11 44	129 54	8 60	17 50	15 53
March	10 25	10 86	8 69	30 64	11 46	110 67	7 62	17 50	15 23
April	7 82	10 43	8 42	35 01	12.62	129 55	8.70	17 00	15 07
May	7 50	9 98	8 15	35 01	14.15			17 00	15 19
June	7 50	10 43	8 38	35 01	15 36			17 00	15 15
July	7 50	10 21	7 48	35 01	13 85	107 90	5 59	17 00	14.91
August	7 50	8 69	6 67	33 26	14 93			17 00	15 17
September	8.25	8.25	6 35	31 51	12 85			17 00	15.22

† Grade 80 per cent pure Source The Oil, Paint and Drug Reporter

‡ Grade 80 per cent Source The Chemical Trade Journal

§ Grade 80 per cent bon gout Source La Revue des Produits Chimiques.

¶ Grade 80 per cent Source La Revue des Produits Chimique

* Grade 80 per cent Source The Canadian Chemical Journal

Comparative prices—Continued

ALCOHOL

[Gallon]

Period.	New York L. S.	Toronto, Canada ¹		Milan, Italy ⁴	
		Exchange		Exchange	
		Par	Current	Par	Current
1914					
January	\$0 4100			\$0 3564	
February	4300			3564	
March	4300			3564	
April	4300			3564	
May	4300			2857	
June	4300			2857	
1919					
January	7300	\$2 95			
February	7300	2 95			
March	7300	3 16			
April	7300	3 16	\$3 09		
May	7300	3 16	3 08		
June	7300	3 16	3 08		
July	5400	3 16	3 07		
August	5400	2 75	2 61		
September	5400	2 75	2 64		
October	5800	2 75	2 64		
November	5800	2 75	2 65		
December	5800	2 75	2 62		
1920					
January	8200	2 75	2 52	7 06	\$2 77
February	8200	3 37	2 95	7 06	2 29
March	9200	4 62	3 95	10 59	3 01
April	9200	7 12	6 43	10 59	2 68
May		7 12	6 43	11 19	2 62
June		7 12	6 23	11 19	3 67
July		7 12	6 13	11 19	3 44
August		7 12	6 22	11 19	4 01
September		7 12	6 38	11 19	2 71
October	1 4200	7 12	6 43	11 19	2 42
November	1 4200	6 29	5 69	11 19	2 13
December	8200	6 29	5 53	11 19	2 13
1921					
January	8200	6 29	5 41	11 19	2 00
February	7300	4 62	4 10	11 19	2 12
March	6700	4 62	4 05	10 60	2 01
April	5700	4 62	4 10	10 60	2 35
May	5700	4 62	4 14	8 25	2 06
June		4 62	4 12	7 06	1 94
July		4 62	4 06	7 06	1 56
August		4 62	4 13		
September		4 62	4 17		

¹ Dutiable at \$2 80 per proof gallon² Grade Alcohol, ethyl, 188 proof (95 per cent) Source: The Oil, Paint and Drug Reporter³ Grade Alcohol, pure (65 per cent O. F.) Source: The Canadian Chemical Journal⁴ Grade Alcohol etílico, 95 per cent Source: Giornale di Chimica Industriale

Comparative prices—Continued

AMMONIA SULPHATE

[100 pounds]

Period	New York ¹	London, England ²		Paris, France ³		Italy ⁴		Germany ⁵	
		Exchange		Exchange		Exchange		Exchange	
		Par	Current	Par	Current	Par	Current	Par	Current
1914									
January	\$2 95	\$2 62		\$2 82		\$2 91		\$3 11	
February	2 85	2 51		2 76		2 66		2 67	
March	2 85	2 56		2 76		2 60		3 19	
April	2 85	2 51		2 70		2 82		3 11	
May	2 80	2 46		2 64		2 72		2 93	
June	2 60	2 17		2 53		2 70		2 67	
1919									
January	4 90			8 40	\$7 98			4 00	\$1 74
February	4 75			8 40	7 97				
March	4 50			8 40	7 58				
April	4 50			8 40	7 42			5 78	2 22
May	4 50			8 40	7 19				
June	nom			8 40	6 96				
July	4 25			7 70	6 17			6 67	2 76
August	4 15			7 70	5 49				
September	4 10			7 70	4 90				
October	3 75			8 93	5 41			12 00	2 20
November	4 50			10 50	6 17				
December				13 13	6 92				
1920									
January				13 56	6 56	14 44	\$5 67		
February				15 75	6 00	14 44	4 47	26 98	1 70
March				17 50	6 38	17 94	5 09		
April				15 32	5 41	22 76	5 75		
May	5 00			15 32	4 75	23 63	5 33	45 87	3 35
June	5 50			17 50	7 04	23 63	7 74		
July	5 50			17 50	7 46	23 63	7 26		
August	5 50			15 32	6 05	23 29	8 30	27 20	2 42
September	5 50		\$3 81	15 32	5 49	21 88	5 29	2 90	2 22
October	5 00	5 32	3 79	13 13	4 51	21 88	4 74		
November	4 75	5 32	3 77	13 13	4 30	21 88	4 16	2 90	1 41
December	3 75	5 32	3 82	13 13	4 13	21 23	4 04		
1921									
January	3 25	5 17	3 75	10 94	3 37	20 97	3 72		
February	3 00	5 17	4 06	8 31	3 02	19 91	3 77		
March	3 00	5 25	4 20	8 31	3 11	19 26	3 65		
April	2 50	5 25	4 24	8 32	3 00	19 26	4 27		
May	2 50	5 32	4 35	8 32	3 36	14 44	3 61	21 04	1 37
June	2 00	5 32	4 28			12 47	3 43	20 77	1 38
July	2 00	4 02	2 95	8 32	3 55	10 72	2 37	23 74	1 23
August	2 00	2 86	2 19	5 69	2 43				
September	2 00	2 90	2 23	5 69	2 32				

¹ Grade Ammonia sulphate, bulk, f o b works Source The Oil, Paint and Drug Reporter² Grade Sulphate of ammonia Source The Chemical Trade Journal, London³ Grade Sulfate d'ammoniaque, 20-21 per cent (gare Paris) Source La Revue des Produits Chimiques and War Industries Board Bulletin No 2⁴ Grade Sulfate d'ammoniaque, 20-21 per cent Source Giornale di Chimica Industriale and War Industries Board Bulletin No 2⁵ Source Chemiker Zeitung

Comparative prices—Continued

ANILINE OIL

[Pound]

Period.	New York ¹	England ²		Italy ⁴	
		Exchange		Exchange	
		Par.	Current	Par.	Current
1914					
January	\$0 1038	\$0.1115			
February	1038	1115			
March	1075	1115			
April	1075	1014			
May	1075	1014			
June	1075	1115			
1919					
January	2700				
February	2500				
March	2400				
April	2300				
May	2100				
June	2100				
July	2100				
August	2500				
September	2800				
October	2900				
November	3100				
December	3400			\$0.7800	\$0.3311
1920					
January	3400	3649	\$0.2849	8754	3436
February	3400	3649	2602	1 7500	5672
March	3200	3649	2568	1 7500	4973
April	3200	3649	2952	1 9200	4869
May	3800	3649	2877	1 9200	4507
June	3400	3446	2780	1 9200	6309
July	3300	3446	2799	1 9200	5622
August	3200	3446	2634	1 9200	6896
September	2700	3446	2521	1 9200	4661
October	2700	3446	2457	1 9200	4172
November	2700	4046	2867	1 7500	3331
December	2500	4046	2904		
1921					
January	2300	4046	2939		
February	2100	3852	3025		
March	2200	3852	3082	1 7500	3320
April	2000	3649	2946	1 0500	2330
May	2000	3446	2815	1 0500	2624
June	2000	3649	2832	1 0500	2835
July	2000	3243	2377	6128	1352
August	1800	3497	2683		
September	2200	3446	2653		

¹ Dutiable at 15 per cent plus 2½ cents per pound.² Grade (pure) Source The Oil, Paint, and Drug Reporter.³ Source The Chemical Trade Journal, London⁴ Source Giornale di Chimica Industriale

Comparative prices—Continued

BARIUM CHLORIDE

[Ton]

Period	New York 1,2	England 3		Paris, France 4		Milan, Italy 5		Hamburg, Germany 6	
		Exchange		Exchange		Exchange		Exchange	
		Par	Current	Par	Current	Par	Current	Par	Current
1914									
January	\$32 50	\$27 12	.....	..	..	.....	.....	\$25 38	..
February	32 00	27 12	.....	..	..	.....	.....	23 63	..
March	32 50	27 12	.....	..	..	.....	.....	25 38	..
April	32 00	27 12	.....	..	..	.....	.....	27 13	..
May	32 00	27 12	.....	..	..	.....	.....	25 38	..
June	32 00	26 00	.....	..	..	.....	.....	25 38	..
1919									
January	85 00	164 92	\$161 27	\$280 00	\$260 00	..	..	..	..
February	85 00	156 24	152 78	228 00	216 00	..	..	..	..
March	82 00	147 56	141 65	175 00	158 00	..	..	..	..
April	82 00	141 05	135 85	175 00	155 00	.....	.....	..	..
May	67 00	134 54	131 75	175 00	150 00	..	..	..	..
June	70 00	121 52	115 85	175 00	145 00	..	..	..	..
July	70 00	121 52	114 77	175 00	140 00	..	..	..	..
August	75 00	104 28	93 50	166 00	118 00	..	..	..	..
September	75 00	101 99	87 88	131 00	83 00	..	..	..	..
October	80 00	101 99	87 88	157 00	95 00	..	..	..	..
November	80 00	99 94	85 58	157 00	92 00	..	..	..	..
December	80 00	97 65	80 35	140 00	74 00	\$262.62	\$110 37	..	..
1920									
January	90 00	95 59	74 65	140 07	67 70	280 14	110 97	2,158 00	\$146 00
February	100 00	99 93	71 26	140 07	53 35	280 14	90 74	..	..
March	150 00	104 28	73 39	210 10	76 68	315 16	89 50	..	..
April	150 00	117 31	94 91	236 37	84 02	385 19	97 37	1,187 60	70 78
May	175 00	152 07	120 02	262 63	81 53	525 26	122 90	1,187 60	87 00
June	175 00	141 21	113 93	262 63	105 73	700 35	229 40	1,187 60	130 75
July	175 00	139 04	112 95	245 12	104 54	700 35	215 35	..	..
August	160 00	136 87	104 60	262 63	103 63	700 35	250 75	..	..
September	137 00	136 87	100 12	280 14	100 45	577 79	139 89	..	..
October	125 00	126 00	89 87	280 14	96 40	525 26	113 77	..	..
November	125 00	112 97	80 04	236 37	77 41	435 23	86 59	..	..
December	100 00	104 28	74 84	236 37	74 34	437 72	83 47	..	..
1921									
January	75 00	99 93	72 59	236 37	72 89	437 72	78 36	755 60	43 30
February	67 50	91 24	71 67	192 60	69 95	437 72	83 00	647 60	43 00
March	62 50	86 90	69 51	175 09	65 50	332 65	63 08	755 60	52 06
April	60 00	82 55	66 64	175 09	63 10	332 65	73 78	..	..
May	57 50	80 29	65 59	166 40	67 10	262 62	65 60	..	..
June	55 00	78 21	62 84	166 40	73 04	227 60	62 50	..	..
July	60 00	73 74	54 04	166 40	65 81	227 60	50 24	539 50	27 95
August	50 00	69 44	53 28	140 00	59 70	..	..	..	..
September	55 00	71 69	55 19	122 50	49 95	..	..	..	..

1 Dutiable at one-fourth cent per pound

2 Grade White, crystals Source The Oil, Paint and Drug Reporter

3 Grade In casks Source The Chemical Trade Journal, London

4 Grade Crystallize Source La Revue des Produits Chimiques

5 Grade Crist Source Giornale di Chimica Industriale

6 Source Chemiker Zeitung

Comparative prices—Continued

COCONUT OIL

[Pound]

Period	New York ^{1,2}	New York ³	London ⁴		London ⁵	
			Exchange		Exchange	
		Par	Par	Current	Par	Current
1914						
January ..	..	\$0 1268	..	..	..	..
February ..	..	1100	..	..	..	..
March ..	..	1075	..	..	..	..
April ..	..	1087	..	..	..	..
May ..	..	1087	..	..	..	..
June ..	..	1087	..	..	..	..
1919						
January ..	\$0. 2075	1525	..	..	..	..
February ..	1975	1425	..	..	..	..
March ..	1775	1325	..	..	..	..
April ..	1775	1137	..	..	..	..
May ..	1875	1350	..	..	..	..
June ..	2100	1487	..	..	..	..
July ..	2300	..	..	..	..	..
August ..	2300	..	..	..	..	..
September ..	2262	..	..	..	..	..
October ..	2250	..	..	..	..	..
November ..	2200	..	..	..	..	..
December ..	2250	..	..	..	..	..
1920						
January ..	2162	..	..	..	..	..
February ..	2225	1912	..	..	..	..
March ..	2125	1850	..	..	..	..
April ..	2087	1862	..	..	..	..
May ..	2025	1800	..	..	..	..
June ..	2050	1862	..	..	..	..
July ..	1925	1725	..	..	..	..
August ..	1700	1450	..	..	..	..
September ..	1875	1450	\$0. 2064	\$0. 1510	\$0. 1855	\$0. 1430
October ..	1825	1637	2118	1510	2085	1487
November ..	1750	1387	1999	1416	1955	1385
December ..	1750	1075	1857	1333	1792	1286
1921						
January ..	1587	1038	1651	1199	1521	1104
February ..	1587	0883	1303	1023	1195	0839
March ..	1225	0788	1303	1042	1195	0856
April ..	1075	0812	0976	0788	0923	0745
May ..	1300	0950	1195	0976	1108	0905
June ..	1300	0950	1217	0973	1031	0828
July ..	1300	0925	1238	0907	1053	0772
August ..	1350	0863	1260	0967	1172	0899
September ..	1225	0888	1260	0970	1162	0895

¹ Dutiable at 3½ cents per pound, at 20 cents per gallon after May 27, 1921

² Grade. Edible. Source. The Journal of Commerce

³ Grade. Manila spot, tank. Source. The Journal of Commerce

⁴ Grade. Coochin shipment. Source. The London Grain, Seed and Oil Reporter

⁵ Grade. Ceylon shipment. Source. The London Grain, Seed and Oil Reporter.

Comparative prices—Continued

GLYCERINE

[Pound]

Period	New York ^{1,2}	England ³		Paris, France ⁴		Hamburg, Germany ⁵	
		Exchange		Exchange		Exchange	
		Par	Current	Par	Current	Par	Current.
1914							
January . . .	\$0 1950	\$0 2063	.	.	.	\$0 1810	..
February . . .	1950	2063	.	.	.	1810	..
March . . .	1975	2063	.	.	.	1860	..
April . . .	1950	2063	.	.	.	1780	..
May . . .	1925	2063	.	.	.	1780	..
June . . .	1925	2063	.	.	.	1780	..
1919							
January . . .	1700	2390	\$0 2337	.	.	.	..
February . . .	1550	2390	2337	.	.	.	..
March . . .	1750	2390	2294	.	.	.	..
April . . .	1500	2390	2302	.	.	.	..
May . . .	1750	2390	2340	.	.	.	..
June . . .	2100	2390	2279	.	.	.	..
July . . .	1850	2390	2257	.	.	.	..
August . . .	2000	2390	2143	.	.	.	..
September . . .	2000	2390	2059	\$0 3195	\$0 2033	.	..
October . . .	1925	2390	2059	3195	1937	.	..
November . . .	2000	2390	2047	3195	1879	.	..
December . . .	2100	2390	1966	3195	1684	.	..
1920							
January . . .	2400	2390	1880	4464	2158	.	..
February . . .	2300	2390	1704	4464	1700	.	..
March . . .	2250	2390	1682	6478	2303	.	..
April . . .	2175	2390	1934	6565	2334	.	..
May . . .	2400	2390	1884	6565	2028	.	..
June . . .	2650	2390	1928	6565	2643	.	..
July . . .	2750	2390	1942	6565	2600	.	..
August . . .	2825	2390	1827	6128	2423	.	..
September . . .	2900	2390	1748	4814	1726	.	..
October . . .	2750	2390	1794	6826	2349	.	..
November . . .	2900	2390	1693	6826	2236	.	..
December . . .	1700	2390	1715	5609	1858	.	..
1921							
January . . .	1550	2390	1736	5009	1921	.	..
February . . .	1700	2390	1877	5009	2146	.	..
March . . .	1500	2390	1912	5009	2211	3 8000	\$0 2678
April . . .	1300	2390	1929	5033	1916	2 7000	1814
May . . .	1400	2430	1985	5033	2035	.	..
June . . .	1400	3041	2443	5033	2210	.	..
July . . .	1225	3041	2229	5033	1991	2 5000	1314
August . . .	1300	2906	1999	4158	1773	.	..
September . . .	1225	2906	2096	4158	1695	.	..

¹ Dutiable at 2 cents per pound² Grade Dynamite drums included Source The Oil, Paint and Drug Reporter³ Grade Industrial, S G 1260 * Source The Chemical Trade Journal London⁴ Grade Blanche Industriale, 28° Source La Revue de Produits Chimique⁵ Grade Chemically pure, 28° Source Chemiker Zeitung, 1913-14, Importers, 1921

Comparative prices—Continued

LEMON OIL

[Found]

Period	New York ^{1,2}	London, England ³		Hamburg, Germany ⁴	
		Exchange		Exchange	
		Par	Current	Par	Current
1914					
January	\$2.9000	..	..	..	..
February	2.7000	..	..	..	..
March	2.6000	..	..	..	..
April	2.4500	..	..	..	..
May	2.1500	..	..	..	..
June	1.8500	..	..	..	..
1919					
January	1.8500	\$1.4300	\$1.4000	..	..
February	1.2500	1.3100	1.2800	..	..
March	1.4000	1.2500	1.2000	..	..
April	1.3500	1.2000	1.1500	..	..
May	1.2000	1.1300	1.1100	..	..
June	1.1000	1.0600	1.0100	..	..
July	1.1000	1.1200	1.0600	..	..
August	1.1500	1.2200	1.0900	..	..
September	1.2000	1.2200	1.0500	..	..
October	1.1500	1.2500	1.0900	..	..
November	1.3500	1.5500	1.3300	..	..
December	1.4000	1.5500	1.2700	..	..
1920					
January	1.4500	2.0000	1.5600	..	..
February	1.9000	2.1500	1.5300	..	..
March	1.7500	2.5500	1.7900	..	..
April	2.0000	2.5500	1.0600	..	..
May	1.8500	2.1000	1.7200	..	..
June	1.7500	1.9700	1.5900	..	..
July	1.6500	1.6700	1.3500	..	..
August	1.4000	1.4800	1.1300	..	..
September	1.2500	1.4500	1.0600	..	..
October	1.1500	1.4500	1.0300	..	..
November	1.1000	1.3000	9254	..	..
December	1.0000	1.1800	9512	..	..
1921					
January	9500	9428	6448	..	..
February	7000	8515	6689	..	..
March	8000	8515	6810	\$11.87	\$0.8183
April	7000	7997	6383	9.72	6529
May	7000	5373	4389	..	..
June	7000	7603	6109	..	..
July	7000	..	..	..	..
August	7600	..	..	..	..
September	8300	..	..	..	..

¹ Dutiable at 10 per cent ad valorem
² Source The Oil, Paint and Drug Reporter
³ Source The Perfumery and Essential Oil Record
⁴ Source Schults & Co, importers

Comparative prices—Continued

LIME ACETATE

[100 pounds]

Period	New York ¹	England ²		Paris, France ³		Milan, Italy ⁴	
		Exchange		Exchange		Exchange.	
		Par	Current	Par	Current	Par	Current.
1914							
January	\$1 75	\$2 28					..
February	1 75	2 06					..
March	1 50	1 79					..
April	1 50	1 76					..
May	1 50	1 76					..
June	1 50	1 74					..
1919							
January	3.00	9 76	\$9 55				..
February	2.00	8.13	7 96				..
March	2.00	5.42	5.21				..
April	2.00	5.42	5 23				..
May	2.00	3.68	3.61				..
June	2.00	3 47	3 31				..
July	2.00	3.58	3 38				..
August	2.00	4 12	3 70				..
September	2.00	3 68	3 18				..
October	2.00	3 68	3 18				..
November	2.00	3 68	3 16				..
December	2.00	4 34	3 57				..
1920							
January	2.00	5 65	4 41				..
February	2.00	5 97	4 26				..
March	2.00	6 52	4 58				..
April	3.25	7 06	5.71	\$19 70	\$7 00		..
May	3.50	7 17	5.65	19 70	6 11		..
June	3.50	7 17	5.78	17 51	7 05		..
July	3.50	7 17	5 82	17 51	7 47	\$17 51	\$5.34
August	3.50	7 17	5.48	17 51	6 92	17 51	4.89
September	3.50	7 39	5.40	17 51	6 28	17 51	4.23
October	3.50	6 73	4 80	15 32	5 27	17 51	3.79
November	2.50	5 65	4 00	15 32	5 02	17 51	3.33
December	2.00	5 32	3 82	7 00	2 20	17 51	3.34
1921							
January	2.00	4 78	3 47	7 00	2 16		..
February	1 95	4 36	3 42	6 13	2 22	8 32	1.56
March	1 95	4 13	3 30	7 00	2 62		..
April	2.00	3 04	2 45	7 00	2 53		..
May	2.00	2 71	2 25	6 13	2 48		..
June	2.00	2 71	2 18				..
July	2.00	2 61	1 91				..
August	2.00	2 39	1 83				..
September	2.00	2 28	1 76				..

¹ Grade: Bags, extra Source: The Oil, Paint and Drug Reporter.² Grade: Gray, 80 per cent Source: The Chemical Trade Journal, London.³ Source: La Revue des Produits Chimique⁴ Source: Giornale di chimica Industriale.

Comparative prices—Continued

QUININE SULPHATE.

[Ounce]

Period	New York ¹	London, England ²		Toronto, Canada ³		Hamburg, Germany ⁴	
		Exchange.		Exchange		Exchange	
		Par	Current	Par	Current	Par	Current
1914.							
January	\$0 2600	..	..	..	..	\$0 2535	..
February	2600	..	..	..	..	2535	..
March	2600	..	..	..	..	2535	..
April	2600	..	..	..	..	2536	..
May	2600	..	..	..	..	2499	..
June	2600	..	..	..	..	2499	..
1919							
January	9000	..	..	..	..	..	..
February	9000	..	..	..	..	..	..
March	9000	..	..	..	..	..	..
April	8000	..	..	..	..	..	..
May	8000	..	..	..	..	..	..
June	8000	..	..	..	..	..	..
July	8000	..	..	..	..	..	..
August	8000	..	..	..	..	..	..
September	8000	..	..	..	..	..	..
October	8000	..	..	\$1 3500	\$1 3000	..	..
November	8000	..	..	1 8000	1 7300	..	..
December	8000	..	..	1 2600	1 2000	11 2000	\$1 1000
1920.							
January	9000	..	..	1 2600	1 1500	..	..
February	9000	..	..	1 2600	1 1000	..	..
March	9000	..	..	1 2600	1 0700	..	..
April	9000	..	..	1 2600	1 1400	..	..
May	9000	..	..	9500	8580	..	..
June	9000	..	..	9500	8312	7 4000	8100
July	9000	..	..	9500	8170	..	..
August	9000	..	..	9500	8300	..	..
September	9000	..	..	9500	8502	..	..
October	9000	..	..	9500	8669	..	..
November	8000	..	..	1 0500	8594	..	..
December	7000	..	..	1 0500	9227	..	..
1921.							
January	7000	\$0 8515	\$0 6185	1 0500	9000	..	..
February	7000	8110	6370	1 0500	9300	..	..
March	7000	8515	6811	1 0500	9200	11 9700	8252
April	7000	8515	6874	1 0500	9300	10 7900	7255
May	7000	8515	6956	1 0500	9400	..	..
June	7000	8921	7169	1 0500	9400	..	..
July	7000	8921	6538	1 0500	9200	12 1400	6288
August	7000	9935	7622	1 0500	9400	..	..
September	7000	9528	7334	1 0500	9500	..	..

¹ Source The Oil, Paint, and Drug Reporter² Source La Revue des Produits Chimique³ Source The Canadian Chemical Journal⁴ Source Chemiker Zeitung

Comparative prices—Continued.

SODA NITRATE.

[100 pounds]

Period	New York ¹	Liverpool, England ²		Paris, France ³		Genoa, Italy ⁴		Hamburg, Germany ⁵	
		Exchange		Exchange		Exchange		Exchange	
		Par	Current	Par	Current	Par	Current	Par	Current
1914									
January	\$2 20	\$2 23	.....	\$2 20		\$2 30		\$5 34	
February	2 22	2 28		2 23		2 32		5 64	
March	2 22	2 31		2 24		2 30		5 31	
April	2 22	2 33		2 09		2 22		5 77	
May	2 25	2 28		2 07		2 20		5 77	
June	2 22	2 28		2 17		2 20		5 58	
1919									
January	4 42	5 54	\$5 42	6 30	\$5 98				
February	4 42	4 44	4 35	6 30	5 98				
March	4 20	4 34	4 16	6 30	5 68				
April	4 07	4 44	4 28	6 30	5 57				
May	4 07	4 77	4 68	6 30	5 39				
June	4 07	4 56	4 35	6 30	5 22				
July	3 00	4 56	4 31	6 13	4 37				
August	2 90	4 56	4 09	6 13	4 37				
September	2 95	4 56	3 93	7 44	4 37				
October	2 87	4 56	3 93	7 44	4 51				
November	2 97	4 56	3 91	8 32	4 89				
December	3 02	4 56	3 75	8 75	4 61				
1920									
January	3 05	4 56	3 56	10 05	4 86	11 38	\$4 46		
February	3 45	4 99	3 56	11 11	4 23	11 39	3 68		
March	3 85	5 75	4 05	11 38	4 15	12 47	3 54		
April	3 90	5 75	4 65	12 25	4 35	15 32	3 87		
May	3 90	5 54	4 36	12 25	3 80	15 32	3 59		
June	3 82	5 37	4 33	10 50	4 23	15 32	5 01		
July	3 85	5 21	4 23	10 06	4 29	14 44	4 44		
August	3 85	5 21	3 98	10 06	3 98	14 92	5 34		
September	3 60	5 21	3 81	10 50	3 76	15 76	3 81		
October	3 35	5 21	3 71	10 50	3 61				
November	2 90	5 15	3 65	10 94	3 58				
December	2 90	5 10	3 66	10 94	3 44	16 85	3 21	86 35	\$5 27
1921									
January	2 75	4 99	3 62	9 19	2 83	16 85	3 02	45 89	2 63
February	2 85	4 77	3 75	9 67	3 51	16 06	3 04		
March	2 75	4 67	3 73	9 98	3 73	15 54	2 95	48 58	3 35
April	2 60	4 56	3 68	9 28	3 35	14 22	3 16	45 84	3 08
May	2 75	4 44	3 63	9 28	3 75	12 30	3 07	69 06	4 49
June	2 70	4 13	3 32	7 75	3 40	16 90	3 27	78 76	5 24
July	2 45	4 02	2 95	7 18	2 84	9 85	2 17	75 52	3 91
August	2 00	4 02	3 08	7 18	3 06			76 60	4 32
September	2 13	4 02	3 09	7 18	2 93				

¹ Grade Soda nitrate Source The Oil, Paint, and Drug Reporter² Grade 96 per cent refined Source The Chemical Trade Journal, London³ Source La Revue des Produits Chimiques and War Industries Board Bulletin No. 2⁴ Grade 15-16 per cent di azoto Source Giornale di Chimica Industriale⁵ Grade Crude, 95 per cent Source Chemiker Zeitung

Comparative prices—Continued

SODIUM NITRITE

[Pound]

Period	New York ^{1,2}	England ³		France ⁴		Toronto, Canada ⁵	
		Exchange		Exchange		Exchange	
		Par.	Current	Par.	Current	Par.	Current
1914							
January		\$0 0489					
February		0478					..
March		0478					..
April		0478					..
May		0472					..
June		0462					..
1919							
January	\$0 1900	1454	\$0 1422				..
February	1450	1478	1443				..
March	1300	1432	.1375			\$0 1850	..
April	1300	1432	.1379			1850	\$0 1804
May	1300	1389	1360			1850	1800
June	1100	1239	1200			1550	1508
July	0950	1139	1076			1550	1503
August	0950	1259	1129			1550	1473
September	0950	1302	1122			1550	1490
October	2200	1302	1122			1550	1488
November	1800	1302	.1115			1550	1490
December	1300	.1324	1089			1550	1476
1920							
January	1513	1347	1052			1550	1418
February	1400	1486	1045			1550	1356
March		1792	1261			1550	1317
April	2400	2390	.1934			1550	1410
May	2600	2607	2056			1550	1400
June	.1900	2542	2051			1550	1356
July	1500	2172	1764			1550	1333
August	1600	2259	.1727			1550	1354
September	.1350	1868	.1766			1550	.1377
October	.1300	1629	1161			1550	1414
November	0975	.1564	1108			1550	.1416
December	0700	1542	.1106	\$0.3064	\$0.0963	1550	.1362
1921							
January	.0650	1521	1105	3064	0945	1550	.1333
February	.0600	.1173	0921	3064	1113	1550	.1375
March	.0575	.0999	0799	3064	1146	1550	.1358
April	.0690	.0956	0772	3064	1105	1550	.1374
May	.0600	.0911	0744	3064	1238	1550	.1385
June	.0800	.0911	0732	3064	1344	1550	.1341
July	.0725	.0911	0678	3064	1212	1550	.1360
August	.0725	.0869	.0667	3064	1306	1550	.1383
September	.0844	.0869	0669	.3064	1250	1550	.1397

¹ Dutiable at $\frac{1}{2}$ cent per pound² Grade 96-98 per cent Source The Oil, Paint and Drug Reporter³ Grade 100 per cent Source The Chemical Trade Journal, London.⁴ Source La Revue des Produits Chimiques.⁵ Source The Canadian Chemical Journal.

Comparative prices—Continued

SULPHURIC ACID

[Ton]

Period	New York †	England †		France ‡		Italy §	
		Exchange		Exchange		Exchange	
		Par	Current	Par	Current	Par	Current
1914							
January	\$20 00	\$14 10	..	..	..	..	..
February	20 00	14 10	..	..	..	..	..
March	20 00	14. 10	..	..	..	..	..
April	20 00	14. 10	..	..	..	..	..
May	20 00	14. 10	..	..	..	..	..
June	20 00	14 10	..	..	..	..	..
1919							
January	25 00	34 48	\$33 72	\$52 00	\$49 38	..	..
February	21 00	34 48	33 72	52 00	49 32	..	..
March	21 00	34. 48	33 10	49 00	44 20	..	..
April	17 00	34 48	33 22	49 00	43 30	..	..
May	16 00	34 48	33 77	49 00	41 93	..	..
June	16 00	34 48	32 87	49 00	40 63	..	..
July	16 00	34. 48	32 57	49 00	39 25	..	..
August	16 00	34. 48	30 92	52 00	37 09	\$45 25	\$27 24
September	16 00	34 48	29 71	52 00	33 10	45 26	24 27
October	20 00	34 48	29 71	56 00	31 95	..	..
November	22 00	34 48	29 53	56 00	32 94	..	..
December	22 00	34 48	28. 37	56 00	29 50	52 53	22 07
1920							
January	22 00	34 48	28 93	62 00	29 97	61 20	24 02
February	22 00	34 48	24 59	62 00	23 61	61 20	19 82
March	22 00	34 48	24 26	70 00	25 53	66 54	14 90
April	24 00	35 66	29 66	74 00	26 31	87 54	22 13
May	24 00	36 66	24 93	74 00	22 97	99 30	22 53
June	24 00	36 66	29 54	74 00	29 79	98 30	31 56
July	24 00	36 66	29 74	82 00	34 97	91 92	24 26
August	22 00	36 66	25 02	82 00	32 42	91 92	31 91
September	22 00	36 66	28 82	78 00	27 97	91 92	22 24
October	22 00	42 90	30 60	75 00	29 84	113 42	24 65
November	22 00	42 90	30 40	74 00	24 24	87 54	14 65
December	20 00	42 90	30 79	74 00	23 27	87 54	16. 69
1921							
January	18. 00	42. 90	31 17	70 00	21 55	94 34	16 88
February	19 00	42 90	33 70	70 00	25 42	90 94	17 24
March	20 00	42 90	34 32	56 00	20 95	90 94	12 24
April	19 00	42 90	34. 64	56 00	20 20	87 54	19 42
May	19 00	42. 90	35 05	52 00	21 02	87 54	21 87
June	18. 00	42. 90	34 47	52 00	22 83	84 14	23 10
July	18. 00	42 90	31 45	49 00	19 33	78. 72	17 37
August	18. 00	42 90	32. 92	49 00	20 89	..	..
September	19 00	42 90	33. 03	49 00	19 98	..	..

† Grade 66° Source The Oil, Paint and Drug Reporter

‡ Grade Pyrites, 163° Source The Chemical Trade Journal, London

§ Grade 56° Source La Revue des Produits Chimiques

¶ Grade 66° Source Giornale di Chimica Industriale ed Applicata

Comparative prices—Continued

CATTLE

[100 pounds]

Period	Chicago ^{1,2}	Toronto, Canada ³	
		Exchange	
		Par	Current
1914			
January	\$8. 50		
February	8. 50		
March	8. 50		
April	8. 57		
May	8. 50		
June	8. 52		
1919			
January	18. 42		
February	18. 10		
March	18. 72		
April	18. 62		
May			
June			
July	14. 92		
August	17. 17		
September			
October	17. 57		
November			
December			
1920			
January	16. 50		
February	13. 87	\$13. 25	\$11. 60
March	13. 50	14. 50	12. 33
April	13. 50	13. 75	12. 51
May	12. 75	15. 00	13. 55
June	13. 12	16. 00	14. 00
July	15. 88	17. 00	14. 62
August	15. 75	16. 50	14. 42
September	15. 75	14. 50	* 12. 99
October	15. 63	14. 00	12. 63
November	16. 18	13. 00	11. 75
December	13. 13	10. 00	8. 79
1921.			
January	10. 75	12. 00	10. 32
February	8. 75	10. 25	9. 09
March	10. 00	11. 00	9. 64
April	9. 25	11. 00	9. 75
May	8. 43		
June	8. 52		
July	8. 00	8. 75	7. 68
August	8. 92	7. 85	7. 00
September	9. 00		

¹ Dutiable at 30 per cent ad valorem after May 27, 1921
² Grade Beef steers, good Source 1913-14, The National Provisioner; 1919, The Daily Trade Bulletin, 1920-21, The Market Reporter
³ Grade Top price, good steers Source The National Provisioner.

Comparative prices—Continued

CHEESE

[Pound]

Period	New York ¹	England ²	
		Exchange	
		Par	Current
1914.			
January	\$0 1675	\$0. 1465	
February	1700	1519	
March	1700	1550	
April	1475	1508	
May	1348	1475	
June	1425	1454	
1919			
January	3550	3548	\$0 3469
February	3625	3548	3419
March	2950	3548	3105
April	3650	3143	3027
May	3650	3143	3076
June		3143	2886
July		3476	3280
August		3471	3078
September		3143	2707
October		3143	2707
November		3143	2841
December		3143	2885
1920			
January	3150	3150	2460
February	3150	3150	2246
March	2950	3150	2217
April	2950	3150	2449
May	2950	3150	2484
June	3050	3150	2441
July	2650	3563	2894
August	2675	3563	2724
September	2750	3563	2607
October	2762	3497	2494
November	2750	3432	2442
December	2800	3345	2400
1921			
January	2750	3280	2382
February	2775	3389	2662
March	2775	3389	2711
April	2775	3476	2806
May	2750	3519	2874
June	1600	2845	2286
July	1587	2324	1703
August	2100	2889	2266
September	2050	2628	2023

¹ Dutiable at 20 per cent ad valorem after May 27, 1921, dutiable at 23 per cent ad valorem² Grade Who e m i k, coored Source 1914, who e m i k, colored, War Industries Board Bulletin No 21 1919, Wisconsin who e m i k, he d, twins, The Journal of Commerce, 1920-21, American No 1 wins, Market Reporter³ Grade Canadian Source The Statist

Comparative prices—Continued

COCOA

[Pound]

Period.	New York ¹	London, England ²	
		Exchange	
		Par	Current
1914			
January	\$0 1387	\$0 1325	
February	1287	1325	.. ..
March	1293	1379	.. ..
April	1225	1314	.. ..
May	1175	1238	.. ..
June	1162	1238	
1919			
January		1846	\$0 1805
February		1846	1805
March		1846	1772
April		1846	1778
May	1787	1846	1808
June	2100	2444	2330
July	2000	2552	2408
August	2450	2552	2288
September	2200	Nominal	Nominal
October	2200	Nominal	Nominal
November	2200	Nominal	Nominal
December	2100	2672	2198
1920			
January	2025	2672	2087
February	2100	2683	1913
March	2000	2683	1888
April	2025	2824	2285
May	1750	2878	2289
June	1450	2715	2190
July	1400	2600	2118
August	1300	2334	1784
September	1275	2009	1470
October	1150	1901	1355
November	0975	1846	1308
December	0850	1759	1262
1921			
January	0750	1151	0836
February	0812	1227	0964
March	0825	1173	0938
April	0790	1173	0947
May	0750	1173	0958
June	0785	1173	0943
July		1260	0924
August		1260	0967
September		1292	0996

¹ Grade Crude Bahia. Source The Journal of Commerce² Grade. Crude, Bahia, finest Source The Economist

Comparative prices—Continued

CORN

[Bushel]

Period	Chicago ^{1,2}	Liverpool, England ³		Liverpool, England ⁴		Buenos Aires Argentina ⁵	
		Exchange		Exchange		Exchange	
		Par	Current	Par	Current	Par	Current
1914							
January	\$0 6260					\$0.5550	
February	6194					5388	
March	6513						
April	6779						
May	7010					6150	
June	7163					6086	
1919							
January	1 5300	\$2.12	\$2 0800	\$1 98	\$1 9400	5554	\$0 5672
February	1 3200	2 12	2 0800	1 98	1 9400	5445	55.2
March	1 3200	2 12	2.0400	1 98	1 9100	4465	4495
April	1 6200	1 70	1 6400	1 70	1 6400	5118	5200
May	1 6200	1 70	1 6700	1 70	1 6700	5445	5610
June	1 7400	1 70	1 6200	1 70	1 6200	5227	5432
July	1 7500	1 70	1 6100	1 70	1 6100	8168	8654
August	1 9400	1 70	1 5300	1 70	1 5300	1 1700	1 16.40
September	1 8000			1 84	1 5900	1 0800	9974
October	1 4800					8080	8070
November	1 4500					7730	7714
December	1 5400					7188	7320
1920							
January		2.49	1 9500	1 84	1 4400	7238	7372
February		2.58	1 8400	1 84	1 3100	6802	6804
March		2.59	1 8200	1 84	1 3000	7510	7640
April		2.46	1 9900	2 05	1 6500	9523	9703
May	1 8200			2.12	1 6700	1 1600	1 1700
June	1 9200			1 97	1 5900	1 1100	1 1000
July	1 8000			1 70	1 3800	1 0700	1 0500
August	1 5500			1 84	1 4100	9800	9800
September	1 6700	2.11	1 5400	1 84		1 0300	9100
October	1 2500	1 95	1 3900	1 81	1 2900	9800	8600
November	8900	1 81	1 2800	1 66	1 1700	9400	8100
December	7000	1 50	1 0700	1 58	1 1400	1.0100	8100
1921							
January	7400	1 44	1 0500	1 53	1 1100	1 1000	8600
February	6325	1 10	8696	1 24	9800	1 0200	8414
March	6425	1 23	9877	1 56	1 2400	1.1200	9194
April	5550	1 07	8703	1 44	1 1600	1 0500	8360
May	5700	1 09	8926	1 17	9624	8400	6173
June	6440			1 19	9527	8700	6616
July	6225	1 13	8275	1 16	8534	8400	6221
August	6200	1 16	8881	1 24	9534	1.0000	6763
September	5600	1 05	8091	1 14	8745		

¹ Dutiable at 15 cents per bushel after May 27, 1921² Grade Yellow, No 3 Source The Market Reporter³ Grade No 3, American mixed, afloat Source Broomhall's Corn Trade News⁴ Grade Yellow La Plata, afloat Source Broomhall's Corn Trade News⁵ Source The Review of the River Plate

Comparative prices—Continued

COTTONSEED OIL.

[Pound]

Period.	New York 1,2	London, England 3	
		Exchange.	
		Par	Current
1914			
January	\$0 0539	.	.
February	0574	.	.
March	0584	.	.
April	0610	.	.
May	0616	.	.
June	0590	.	.
1919			
January	1750	.	.
February	1750	.	.
March	1750	.	.
April	1750	.	.
May	1750	.	.
June	1750	.	.
July	2150	.	.
August	2150	.	.
September	2150	\$0 2172	\$0 1871
October	1600	1792	1344
November	1600	1845	1580
December	1900	2129	1751
1920			
January	2000	2172	1696
February	1950	2564	1828
March	1750	2607	1835
April	1725	2064	1613
May	1525	2172	1770
June	1600	1846	1489
July	1350	1434	1165
August	1050	1369	1046
September	.	1008	1176
October	1025	1542	1100
November	1050	1390	0985
December	0625	0978	0702
1921			
January	0600	0804	0584
February	0625	0673	0529
March	0515	0695	0556
April	0400	0652	0526
May	0500	0739	0603
June	0575	0760	0611
July	0600	0836	0613
August	0725	0934	0717
September.....	0725	0912	0702

1 Dutiable at 20 cents per gallon after May 27, 1921

2 Grade. Crude, f o b mills Source The Oil, Paint and Drug Reporter

3 Grade. Egyptian crude Source The London Grain, Seed and Oil Reporter.

Comparative prices—Continued.

HIDES AND SKINS.

[Pound]

Period	Chicago ¹	England ²		Buenos Aires ³	
		Exchange		Exchange	
		Par	Current	Par	Current
1914					
January	\$0 1725	\$0. 1341		\$0 2995	
February	1775	1341		3119	
March	1750	1571		3187	
April	1787	1571		3715	
May	1782	1571		2840	
June	1850	1444		2997	
1919					
January	2150	1901	\$0. 1850	3014	\$0 3078
February	2700	1901	1850	2976	3035
March	2550	1901	1825		
April	2550	1901	1831	2957	3005
May	2900	2028	1906	3084	3126
June	3750	2028	1934	3120	3242
July	5000	2688	2538	3400	3602
August	5150	2688	2410	4478	4451
September	4500	2688	2316	3904	3786
October	4700	2688	2316	4045	4090
November	4700	2688	2302	4045	4037
December	4450	2688	2211	3660	3728
1920					
January	3900	2688	2090	3562	3627
February	4000	2688	1917	4236	4300
March	3300	288	1892	3562	3633
April	3050	3099	2993	3755	3826
May	2600	3699	2917	3370	3347
June	2050	288	2167	3177	3176
July	3150	3500	2842	2648	2699
August	2950	2300	1758	2456	2362
September	3300	2600	1902	2263	2001
October	2650	2500	1783	2263	1963
November	1900	2200	1559	2119	1750
December	1800	1700	1220		
1921					
January	1700	1400	1017	1878	1462
February	1400	1400	1100	1444	1186
March	1100	1343	1074	1444	1183
April	0825	1419	1145	1318	1066
May	1000	1482	1111	1425	1048
June	1150	1672	1343	1685	1280
July	1200	1773	1299	1974	1383
August	1250	2000	1534	1685	1137
September	1325	2128	1638		

¹ Grade Heavy cows, packer hides Source The National Provisioner
² Grade Best heavy ox and heifers Source The Economist
³ Grade Superior hides Source The Review of the River Plate

DEPRECIATED EXCHANGE AND INTERNATIONAL TRADE. 101

Comparative prices—Continued

LARD.

[Pound]

Period.	Chicago ¹	London, England ²	
		Exchange	
		Par	Current
1914.			
January.....	\$0 0975	\$0 1215	.....
February.....	.1000	1215	.....
March.....	.0962	1176	.....
April.....	0962	1186	.....
May.....	0950	1138	.....
June.....	0925	1129	.....
1919			
January.....	2275	3433	\$0 3357
February.....	2200	3433	3357
March.....	2450	3433	3295
April.....	2700	3435	3309
May.....	3100	5585	3511
June.....	3150	3813	3636
July.....	3250	4144	3914
August.....	3200	4236	3797
September.....	2900	.....	.....
October.....	2675	4312	3715
November.....	2900	4312	3692
December.....	2350	4312	3547
1920.			
January.....	2225	4312	3367
February.....	2000	4312	3075
March.....	2025	4312	3035
April.....	2150	4312	3499
May.....	2000	4312	3400
June.....	1950	3443	2778
July.....	1850	3443	2797
August.....	1750	3443	2632
September.....	1850	3443	2519
October.....	2200	3400	2425
November.....	2000	3400	2409
December.....	1750	3443	2471
1921			
January.....	1300	3443	2500
February.....	1200	2998	2355
March.....	1025	2042	1633
April.....	0950	1813	1392
May.....	0950	1520	1242
June.....	0885	1512	1215
July.....	0912	1786	1308
August.....	1175	1979	1518
September.....	1100	1846	1421

¹ Grade Leaf Source: The National Provisioner.
² Grade. Am. boxes, 56 pounds. Source: The Economist.

Comparative prices—Continued

LEMONS

[Box]

Period	New York 1,2	New York 1,3	London 4	
			Exchange	
			Par	Current
1914				
January	\$3.37		\$3.23	
February	2.82		4.01	
March	3.12		4.13	
April	3.12		2.79	
May	2.70		2.49	
June	5.12		2.73	
1919				
January		\$3.50	4.31	\$4.22
February		4.87	3.40	3.33
March		4.12	4.98	4.79
April	4.00	4.12	7.05	6.80
May	4.75	4.50	5.23	5.12
June	4.62	4.75	6.81	6.49
July	5.87	4.75	3.28	3.10
August	3.12	5.75	3.28	2.94
September	5.25	5.12	3.64	3.14
October	7.00	8.75	4.25	3.67
November	5.75	6.25	6.32	5.42
December	4.25	5.75	4.80	3.95
1920				
January	4.25	5.75	4.62	3.61
February	4.18		3.89	2.77
March	4.43	6.20	4.80	3.38
April	4.43	6.20	3.02	2.45
May	4.43	6.20	3.40	2.68
June	2.25	2.50	3.89	3.14
July	2.25	2.50	5.23	4.24
August	2.37	3.00	6.20	4.73
September	2.37	3.00	2.55	1.86
October	2.37	3.00	4.13	2.94
November	1.87	3.00	4.26	3.01
December	1.87	3.00	5.72	4.10
1921				
January	1.87	3.00	5.65	4.10
February	1.87	3.00	2.61	2.05
March	1.87	3.00	2.91	2.33
April	2.87	3.00	3.16	2.54
May	2.87	3.00	3.65	2.98
June	9.00	9.00	5.41	4.35
July		6.13	4.38	3.21
August			7.78	5.97
September			3.34	2.58

1 Dutiable at 3 cent per pound, after May 27, 1921, dutiable at 2 cents per pound

2 Grade Sicily, 360s Source The Journal of Commerce.

3 Grade California, 360s Source The Journal of Commerce

4 Grade Sicilian boxes Source The Economist

DEPRECIATED EXCHANGE AND INTERNATIONAL TRADE. 103

Comparative prices—Continued

OATS
[Bushel]

Period	Chicago ^{1, 2}	England ³		Winnipeg, Canada ⁴	
		Exchange		Exchange	
		Par	Current	Par	Current
1914					
January	\$0 3889			\$0 3337	
February	3941			3525	
March	3930			3525	
April	3910			3525	
May	3985			3625	
June	4008			3850	
1919					
January	7300	\$1 4700	\$1 4400	7337	
February	6000	1 4700	1 4400	6700	
March	6200			7012	
April	6850			6787	\$0 6617
May	7100			7537	7337
June	7050			7550	7350
July	7000			7625	7394
August	7937			8912	8467
September	7200			9000	8652
October	7300			8350	8017
November	7300	1 3500	1 1600	8337	8026
December	7937			8650	8238
1920					
January				9162	8384
February				9425	8248
March				9600	8160
April				1 0000	9100
May	1 1100			1 1100	1 000 0
June	1 0600			1 2300	1 080 0
July	1 1600			1 2600	1 080 0
August	.9750			9300	8126
September	7150	1 2700	.9344	8663	7760
October	5775	1 2800	9195	7225	6520
November	5575	1 2100	8620	7000	6326
December	4850	9854	7072	5663	.4976
1921					
January	.4850	.9854	7158	6212	5342
February	4300	.7786	6116	.4712	.4182
March	4400	8860	7103	5038	4415
April	3950	7299	5892	4263	3778
May	3700	6934	5664	4100	3564
June	4125	7664	6157	.4825	4300
July	3650	7725	5562	4775	.4189
August	3625	8272	6346	.5088	.4541
September	3625	7786	5994	.4712	.4246

¹ Dutiable at 6 cents per bushel

² Grade No 2 white Source The Market Reporter

³ Grade No 2 Canadian western, landed Source Broomhall's Corn Trade News

⁴ Grade No. 2 Canadian western. Source The Northwestern Miller

Comparative prices—Continued

PORK

[100 pounds]

Period	Chicago ¹	London, England ²	
		Exchange	
		Par	Current
1914			
January	\$14 50	\$13 17	
February	14 75	12 62	
March	14 50	13 43	
April	14 75	13 43	
May	16 50	11 91	
June	14 50	12 16	
1919			
January	32 00	36 49	\$35 70
February	27 00	32 44	31 72
March	27 50	32 44	31 15
April	31 00	32 44	31 25
May	32 50	32 44	31 77
June	31 00	30 66	29 24
July	32 00	30 66	28 94
August	36 00	30 66	27 50
September	37 00	30 66	26 42
October	38 00	30 66	26 42
November	31 00	30 66	26 26
December	27 00	32 18	26 43
1920			
January	25 50	32 18	25 13
February	23 75	32 18	22 95
March	25 00	32 18	22 65
April	32 00	32 18	26 04
May	29 50	41 82	32 97
June	25 50	34 71	28 01
July	27 50	39 37	31 98
August	33 00	59 50	30 19
September	35 50	44 80	32 77
October	41 00	44 12	31 46
November	39 50	41 75	29 58
December	19 50	34 50	24 76
1921			
January	22 50	25 60	18 59
February	18 50	33 50	26 32
March	20 50	35 47	28 37
April	26 50	33 41	26 97
May	22 50	36 45	21 61
June	17 50	30 33	24 37
July	17 50	27 34	20 40
August	27 50	29 43	22 54
September	26 50	33 41	25 92

¹ Grade Lows, 10-12 pounds Source The Market Reporter² Source The Economist

Comparative prices—Continued

RICE

[Pound]

Period	New Orleans 1,2	England 3		England 4	
		Exchange		Exchange	
		Par	Current	Par	Current
1919					
January	\$0 0600	\$0 0570	\$0 0557	\$0 0644	\$0 0923
February		0570	0557	0642	0921
March		0570	0547	0649	0811
April		0570	0549	0649	0814
May		0592	0579	0611	0892
June		0592	0594	1031	0888
July	1120	0592	058	1031	0973
August		0592	0531	1031	0924
September	0920	0592	0510	1302	1122
October	0970	0592	0510	1302	1122
November	1087	0592	0507	1302	1115
December	1093	0592	0487	1302	1071
1920					
January	0667	0592	0462	1302	1017
February	0707	0592	0493	1324	0944
March	1170	1086	0764		
April	1125	1086	0873		
May	1137	1086	0833		
June	1150	1086	0876		
July	1100	1086	0882		
August	1200	1086	0830		
September	0900	0934	0683	1324	0968
October	0858	0934	0666	1324	0944
November	0588	0978	0693	1282	0908
December	0563	0869	0624	1151	0826
1921					
January	0400	0663	0482	1097	0797
February	0375	0386	0303	0506	0751
March	0233	0315	0232	0554	0443
April	0337	0402	0324	0565	0456
May	0212	0380	0310	0532	0434
June	0270	0380	0305	0560	0454
July	0363	0380	0278	0565	0414
August	0388				
September	0363	0310	0395	0652	0502

1 Dutiable at 1 cent per pound, after May 21 1921, dutiable at 2 cents per pound

2 Grade Blue Rose Head Source The New Orleans Times-Picayune

3 Grade Burmah Two Stars Source Broomhall's Corn Trade News

4 Grade—1919-20, Siam, polished 1921, Japan, polished Source Broomhall's Corn Trade News

Comparative prices—Continued

SOYA BEAN OIL

[Pound]

Period	New York 1, 2	England 3		England 4	
		Exchange		Exchange	
		Par	Current	Par	Current
1914					
January	\$0 0656				
February	0643				
March	0637				
April	0637				
May	0650				
June	0650				
1919					
January	1350				
February	1037				
March	0987				
April	1500				
May	1600				
June	1787				
July	2000				
August	2012				
September	1887	\$0 1825	\$0 1572		
October	1737	1738	1497		
November	1809	1911	1636		
December	1787	2140	1760		
1920					
January	1850				
February	1912	2454	1750	\$0 2878	\$0 2052
March	1475	2574	1811	2933	2864
April	1912	2064	1670	2716	2197
May	1775	1847	1456	2390	1844
June	1725	1635	1400	2281	1840
July	1650	1542	1253		
August	1475	1455	1112	1955	1494
September	1362	1586	1160	1955	1430
October	1375	1629	1162	1966	1492
November	1137	1521	1078	1855	1385
December	1025	1086	0779	1629	1169
1921					
January	0862	0912	0662	1499	1089
February	0837	0825	0648		
March	0737	0804	0643		
April	0743	0760	0613		
May	0782			0977	0794
June	0747			1043	0834
July	0775	0760	0557	1043	0765
August	0825	0956	0733	1129	0866
September	0875			1303	1003

¹ Dutiable after May 27, 1921, at 20 cents per gallon

² Grade Crude, f o b coast, spot Source The Journal of Commerce

³ Grade Oriental, afcoat Source The London Grain, Seed and Oil Reporter

⁴ Grade Deodorized, spot Source The London Grain, Seed and Oil Reporter.

Comparative prices—Continued

SUGAR, REFINED

{Pound }

Period	New York 1, 2	United Kingdom 3	
		Exchange	
		Par	Current
1914.			
January	\$0.0405	\$0.0255	
February	0410	0255	
March	0400	0255	
April	0390	0255	
May	0385	0258	
June	0420	0260	
1919			
January	0900		
February	0900		
March	0900		
April	0900	1384	\$0 1333
May..	0900	1384	1355
June	0900	1384	1320
July	0900		
August	0900		
September	0900		
October	0900		
November	0900	1460	1250
December	0900	1460	1201
1920			
January	1500	1460	1140
February	1500	1460	1041
March	1400	1711	1202
April	1400	1711	1384
May	1850	2397	1889
June	2250	2397	1934
July	2250	2397	1947
August	2250	2397	1872
September	1710	2397	1753
October	1400	2397	1709
November	1100	2055	1456
December	0900	1711	1228
1921			
January	0800	1545	1122
February	0685	1437	1130
March	0775	1459	1167
April	0800	1459	1177
May	0650	1459	1192
June	0635	1341	1077
July	0530	1232	0903
August	0615	1308	1003
September	0590	1243	0957

¹ Dutiable at 1 36 cents per pound, after May 27, 1921, at 2 16 cents per pound (On the basis of 100° by the polariscope test. For each degree less than 100° deduct 0 026 of a cent for act of 1913, 0 04 of a cent for emergency tariff.)

² Grade Refined. Source: Willett and Gray's Sugar Trade Journal.

³ Grade Sugar, refined. Source: Willett and Gray's Sugar Trade Journal.

Comparative prices—Continued

TALLOW

[Pound]

Period	Chicago ¹	Chicago ²	England ³	
			Exchange	
			Par	Current
1914				
January	\$0 0756	\$0 0692	\$0 0740	
February	0787	0662	0750	
March	0719	0662	0721	
April	0737	0660	0721	
May	0737	0660	0689	
June	0712	0637	0689	
1919				
January	1470	1212	1923	\$0 1880
February	1037	0787	1923	1889
March	1187	0912	1629	1664
April	1412	1037	1629	1569
May	2550	1962	1412	1333
June	2470	1387	2020	1226
July	2150	1837	2129	2009
August	2275	1925	2303	2050
September	1937	1670	2173	1872
October	1870	1587	2039	1774
November	1837	1575	2194	1879
December	1800	1470	2173	1788
1920				
January	1770	1637	2216	1730
February	1787	1625	2303	1642
March	1637	1475	2320	1636
April	1662	1470	2250	1828
May	1562	1437	1912	1508
June	1412	1212	1820	1472
July	1213	1025	1521	1236
August	1338	1125	1412	1079
September	1301	1160	1629	1192
October	1475	1170	1612	1150
November	1220	0875	1531	1085
December	0913	0663	1259	0904
1921				
January	0713	0398	1173	0852
February	0613	0764	0891	0700
March	0688	0525	0782	0625
April	0557	0462	0716	0578
May	0662	0500	0727	0594
June	0612	0470	0825	0563
July	0562	0387	0825	0695
August	0687	0475	0901	0691
September	0787	0612	1107	0852

¹ Grade Edible Source The National Provisioner² Grade Packers' No 1, Chicago Source The National Provisioner³ Grade Beef Source The Economist

Comparative prices—Continued

TEA

[Pound]

Period	New York ¹	England ²	
		Exchange	
		Par	Current
1914			
January	\$0 1750	\$0 1900	
February	1750	1900	
March	1750	1900	
April	1750	1900	
May	1900	1900	
June	1900	1900	
1919			
January	3700	3244	\$0 3172
February	3250	3244	3172
March	2750	3244	3114
April	2700	3244	3125
May	2700	2636	2581
June	2750	2129	2030
July	3250	2941	2775
August	3350	2332	2991
September	3450	3168	2729
October	3450	3295	2539
November	3450	3751	3212
December	3400	3871	3184
1920			
January	3400	3840	3005
February	3500	2991	2133
March		3264	2297
April		3016	2440
May		4004	3157
June	3300	2154	1738
July	2150	1420	1154
August	2150	1850	1414
September	1650	2400	1756
October	1650	2200	1509
November	1650	2100	1488
December	1250	2700	1988
1921			
January	1250	2700	1961
February	1250	2400	1885
March	1250	1926	1541
April	1750	2533	2045
May	1400	2178	1779
June	1400	2341	1873
July	1400	2153	1737
August	1400	1900	1458
September	1800	2279	1755

¹ Grade Ceylon Pekoe Source The Journal of Commerce
² Grade Ceylon Pekoe Source The Economist

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Comparative prices—Continued.

WHEAT.

[Bushel]

Period	Chicago ^{1,2}	Liverpool ³		Liverpool ⁴		Buenos Aires ⁵	
		Exchange		Exchange		Exchange	
		Par	Current	Par	Current	Par	Current
1914							
January	\$0 9700	\$1 07				\$0 96	
February	9550	1 07				96	
March	9587	1 09				99	
April	9512	1 07					97
May	9550	1 08					1 03
June	9887	1 11					
1919							
January	2 3400	2 43	\$2 39			1 32	\$1 35
February	2 2900	2 43	2 38			1 24	1 26
March	2 3000	2 43	2 33			1 20	1 21
April	2 4400	2 43	2 34			1 26	1 28
May	2 7900	2 43	2 38			1 24	1 24
June	2 4600	2 43	2 32			1 28	1 33
July	2 3200	2 43	2 29			1 54	1 63
August	2 2300	2 43	2 18			2 09	2 07
September	2 2400	1 76	1 52	\$1 79	\$1 54	1 88	1 87
October	2 2300	1 76	1 52	1 79	1 54	1 70	1 69
November	2 2300	1 76	1 51	1 79	1 53	1 63	1 63
December	2 3400	1 76	1 45	1 79	1 47	1 66	1 70
1920							
January	2 4800	1 76	1 37	1 79	1 40	1 66	1 69
February	2 6000	1 76	1 26	1 79	1 28	1 58	1 60
March	1 1900	1 76	1 24	1 79	1 26	1 88	1 92
April	1 3100	2 82	2 28	2 85	2 31	2 12	2 16
May	1 4300	2 82	2 23	2 85	2 25	2 90	2 91
June	2 8400	2 82	2 23	2 85	2 31	2 81	2 80
July	2 8600	2 82	2 29	2 85	2 32	3 04	2 99
August	2 5500	2 82	2 16	2 85	2 18	2 58	2 37
September	2 5500	2 82	2 06			2 81	2 44
October	2 1000	2 82	2 01			2 98	2 58
November	2 1700	3 45	2 44	3 39	2 40		
December	1 9000	3 29	2 36	3 23	2 32		
1921							
January	2 0500	3 01	2 18	2 95	2 14	2 01	1 57
February	1 9000	2 58	2 03	2 58	2 03	1 92	1 57
March	1 8500	2 50	2 00	2 20	1 76	1 97	1 61
April	1 5200			2 37	1 91	2 02	1 60
May	1 3900					1 92	1 41
June	1 6900	2 08	1 67			2 13	1 62
July	1 3900					2 01	1 41
August	1 2500	2 11	1 62			2 15	1 45
September	1 2600	1 99	1 53				

¹ Dittable at 35 cents per bushel after May 27, 1921
² Grade No 2 red winter Source The Northwestern Miller
³ Grade No 2 red winter Source Broomhall's Corn Trade News
⁴ Grade Argentine (Barletta) Source Broomhall's Corn Trade News
⁵ Grade "Bartletta" for Europe Source The Review of the River Plate

Comparative prices—Continued

BURLAP

[Yard]

Period	New York ¹	Dundee, Scotland ²		Calcutta, India ³	
		Exchange		Exchange	
		Par	Current	Par	Current
1914.					
January	\$0 0633	\$0 0709		\$0 0524	
February	0599				
March	0577				
April	0577	0651		0513	
May	0571				
June	0561				
1919					
January	1385	1875	\$0 1833	0681	\$0 0748
February	1250	1875	1833	0642	0705
March	0900	1875	1800	0506	0559
April	0825	1875	1406	0577	0630
May	1140	1267	1241	0604	0879
June	1200	1343	1280	0837	1051
July	1325	1520	1434	0878	1175
August	1800	1875	1681	1006	1240
September	1735	2052	1768	1031	1366
October	1790	2078	1790	1116	1496
November	1800	2052	1757	0908	1175
December	1715	2103	1730		
1920					
January	1710	2154	1682		
February	1725	2305	1644		
March	1675	2395	1622		
April	1435	2255	1825		
May	1375	2205	1739	0843	1163
June	1050	2052	1656	0778	0995
July	1100	1723	1400	0746	0839
August	1150	1520	1162	0811	0925
September	1045	1368	1001	0843	0883
October	0925	1520	1084	0869	0857
November	0775	1344	0952	0642	0535
December	0650	1191	0854	0486	0408
1921					
January	0575	1064	0773	0454	0367
February	0550	0963	0756	0499	0427
March	0525	0861	0688	0486	0386
April	0480	0760	0613	0486	0387
May		0786	0642	0454	0364
June		0734	0590	0393	0304
July		0734	0538	0480	0338
August		0786	0603	0454	0336
September		0786	0605	0500	0390

¹ Grade 40 inches, 10½ ounces. Source, 1914. War Industries Board Bulletin No. 32, 1919-1921, Scott & Co. Importers

² Grade Jute Hessian, 40 inches, 11 per, 10½ ounces Source Dundee Prices Current.

³ Grade 11 by 12 Hessians, 40-inch, 10½ ounces Source Dundee Prices Current

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Comparative prices—Continued

JUTE

[Pound]

Period	New York ¹	Dundee, Scot'land ²		Calcutta, India ³	
		Exchange		Exchange	
		Par	Current	Par	Current
1914					
January	\$0 0800	\$0.0771			
February	0710				
March	0720			\$0.0630	
April	0780	0722			
May	0750				
June	0740				
1919					
January	1215	1432	\$0 1400		
February	1075	1432	1400		
March	0919	1432	1374		
April	0901	0890	0857		
May	0983	0890	0871	0583	\$0 0638
June	1028	1085	1034		
July	1119	1258	1187	0713	06 41
August	1300	1410	1294	0729	0669
September	1300	1627	1402	0729	0696
October	1297	1562	1346	0648	0609
November	1200	1519	1300	0632	0614
December	1200	1432	1178	0575	0788
1920					
January	1150	1454	1135	0599	0831
February	1150	1497	1067		
March	1100	1519	1069		
April	1100	1389	1124	0551	0771
May	1100	1237	0975	0567	0782
June	1050	1172	0946	0607	0776
July	0950	1042	0846	0615	0892
August	0850	0911	0696	0575	0655
September	0850	0955	0698	0624	0654
October	0850	1107	0789	0672	0663
November	0775	1042	0739	0696	0680
December	0600	0698	0716		
1921					
January	0575	0911	0661		
February	0575	0946	0664		
March	0525	0716	0572		
April	0525	0651	0525		
May	0525	0651	0532	0567	0454
June	0500	0586	0471	0567	0439
July	0500	0564	0413	0502	0353
August	0506	0651	0499	0511	0378
September		0673	0518		

¹ Grade Raw M, double triangle, medium grades Source Bureau of Labor Statistics

² Grade First marks Source Dundee Prices Current

³ Grade Raw, native first marks (actuals) Source Dundee Prices Current

DEPRECIATED EXCHANGE AND INTERNATIONAL TRADE. 113

Comparative prices—Continued.

SHEETING.

[Yard]

Period.	New York ^{1,2}	England ³		Japan ⁴	
		Exchange		Exchange	
		Far	Current.	Far	Current.
1914					
January		\$0.0638			
February		0638			
March		0638			
April		0646			
May		0662			
June		0673			
1919					
January				\$0.1789	\$0.1818
February	\$0.1550			1789	1841
March	1550	1764	\$0.1663	1819	1858
April	1550			1700	1737
May	1650	1855	1816	1670	1727
June	2000	2038	1943	1873	1946
July	2250	2381	2152	2024	2073
August	2250	2311	2070	2119	2169
September	2400	2250	1939	2233	2264
October	2400	2372	2043	2268	2265
November	2600	2767	2369	2530	2572
December	2650	2950	2426		
1920					
January	2900	3163	2470		
February	2900	3346	2385		
March	2750	3528	2483	2726	2597
April	2900	3649	2952	2438	2311
May	2700	3771	2973	2195	2224
June	2675	3771	3042	1884	1946
July	2600	3406	2767	1825	1887
August	2250	3254	2487	1760	1802
September	1900	3224	2359	1640	1680
October	2000	2828	2017		
November	1500	2281	1616		
December	1150	1855	1331		
1921					
January	1150	1734	1259		
February	1150	1581	1242		
March	1050	1368	1094	0791	0770
April	0850	1308	1056	0853	0829
May	0825	1308	1068	0977	0949
June	0831	1308	1051	0996	0965
July	0806	1247	0914	0996	0963
August	0850	1247	0957	1003	0964
September	0987	1277	0982	1121	1090

¹ Dutiable at 7½ per cent ad valorem

² Grade. Brown 36-inch, 48 by 48, 3 yards per pound Source The Textile World Journal.

³ Grade. 36-inch, 40 yards, 12 pounds Source The Manchester Guardian.

⁴ Grade. Gray, 36-inch, 40 yards, 13 pounds. Source Japanese exporting firm.

Comparative prices—Continued

WOOL TOPS

[Pound]

Period	Boston 1, 2	Bradford, England 3		Bradford, England 4	
		Exchange		Exchange	
		Par	Current.	Par	Current.
1919					
January		\$1 0300	\$1 0100	\$1 0700	\$1 0500
February	\$1 4500	1 0300	1 0100	1 0700	1 0500
March	1 5000	1 0300	9926	1 0700	1 0300
April	1 4000	1 0300	9962	1 0700	1 0300
May	1 3700			1 0700	1 0500
June				1 2300	1 1900
July	1 5000			1 2300	1 1700
August	1 7200			1 2400	1 1200
September	1 6500			1 2200	1 0900
October	1 6000			1 3500	1 1700
November	1 5200			1 5600	1 3400
December	1 5700	L 70	L 4000	L 6000	L 3200
1920					
January	1 5200	1 3300	1 1900	1 5200	1 1900
February	1 5200	1 5030	1 0700	1 4100	1 0100
March	1 5200	1 4300	1 0100	1 4100	1 0000
April	1 6500	1 1900	1 2000	1 4900	1 2000
May	1 3700	1 1100	1 1200	1 3700	1 0900
June	1 3200	1 2500	1 0100	1 2500	1 0100
July		1 2500	1 0200	1 2500	1 0200
August	1 1700	1 1300	8500	1 0500	8000
September		1 1300	8300	1 0900	8000
October	9200	1 0300	7900	9900	7000
November		.8900	6300	.8700	.6100
December	7800	.8100	5800	7000	5000
1921					
January	6650	.7297	.5301	.6486	.4712
February	7200	.7297	.5732	.6081	.4776
March	7250	.6486	.5190	.5678	.4540
April	7100	.5068	.4091	.4784	.3448
May	6750	.4865	.3874	.4662	.3408
June		.4865	.3909	.4602	.3745
July		.4459	.3268	.4459	.3268
August	6400	.4054	.3110	.3851	.2954
September		.4257	.3277	.4054	.3121

1 Dutiable at 8 per cent until May 27, 1921 after that date, 4½ cents per pound additional

2 Grade High quarter blood Source The Textile World Journal

3 Grade 50s, English prepared Source The Wool Record and Textile World

4 Grade 50s, Hogget, crossbred colonial prepared. Source The Wool Record and Textile World.

APPENDIX C.

A comparison of wages in the United States, Great Britain, and Germany.

FOOD PRODUCTS INDUSTRY

[Rate per hour as of May, 1921]

Occupation	Great Britain ¹	Germany ²		
	At current exchange	At current exchange	Equivalent purchasing power ³	Equivalent in cost of living ⁴
Bread baking and confectionery				
Foreman	\$0 342	\$0.136	\$0.226	\$0.307
Second hands .....	.313	110	.182	.248
Ovenmen	304	089	.149	.201
Single hands	308	128	.213	.290
Brewery workers⁵				
Inside, male adults	297	.109	.171	.245
Stationary-engine drivers	339	108	.180	.244
Flour and grinding mills.				
First roller men	361	.089	.149	.202
Laborers, cleaners, etc.	309	086	.144	.195
Machine men	250	069	.148	.201
Holsters .....	.250	094	.156	.212
Porters .....	.233	062	.103	.140
Laborers	158	.056	093	.126

¹ The Labour Gazette (British).

² German basic wages reported by Statistisches Reichsamt for February, 1920, readjusted to May, 1921, by application of the wage index number published by the Frankfurter Zeitung for the Frankfurt district

³ Equivalent purchasing power based on United States and German wholesale price indices

⁴ Equivalent purchasing power based on relative costs of living in United States and Germany.

GLASS INDUSTRY

[Rate per hour as of May, 1921]

Occupation	United States ¹	Germany ²		
		At current exchange	Equivalent purchasing power ³	Equivalent in cost of living ⁴
Glass industry				
Furnace men	\$0.407	\$2.091	\$0.152	\$0.206
Decorators .....	.508	088	.156	.198
Laborers or helpers—				
Male .....	.654	078	.129	.175
Female .....		.042	.069	.094

¹ Monthly Labor Review, May, 1920, covering wages in glass industry, 1919

² German basic wages reported by Statistisches Reichsamt for February, 1920, readjusted to May, 1921, by application of the wage index number published by the Frankfurter Zeitung for the Frankfurt district.

³ Equivalent purchasing power based on United States and German wholesale price indices

⁴ Equivalent purchasing power based on relative costs of living in United States and Germany.

A comparison of wages in the United States, Great Britain and Germany—Continued.

LEATHER (BOOT AND SHOE) INDUSTRY

[Rate per hour ¹]

Occupation	United States ²	Great Britain ³	Germany ⁴		
		At current exchange	At current exchange	Equivalent purchasing power ⁵	Equivalent in cost of living ⁶
SHOE-FACTORY WORKERS					
Cutting department					
Average wages—					
Male	\$0.616	\$0.230			
Female	.461				
Sole-leather department					
Average wages—					
Male	.604	.230			
Female	.411				
Fitting or stretching department					
Average wages—					
Male	.517	.230			
Female	.400				
Lasting department					
Average wages—					
Male	.714	.230			
Female	.373				
Finishing department					
Average wages—					
Male	.573	.230			
Female	.374				
Bottoming department					
Average wages—					
Male	.715	.230			
Female	.337				
Heel building					
Average wages—					
Male	.790	.220			
Female	.411	.150			
HARNESS MAKERS					
Harness makers		300	\$0.101	\$0.168	\$0.228
Tanneries					
Glazers	.552		.085	.141	.191
Laborers—					
Male	.451		.094	.155	.211
Female	.280		.057	.098	.133
Machine operators	.560		.117	.194	.263

¹ United States Shoe Factory Wages for 1920, as published by United States Department of Labor, April, 1921. Tannery wages for year 1919, published Monthly Labor Bureau, May, 1920. Wages for Great Britain as of Dec. 31, 1920. As stated in publication of ministry of labor, German wages as of May, 1921.

² Monthly Labor Review

³ The Labour Gazette (British)

⁴ German basic wages reported by Statistisches Reichsamt for February, 1920, readjusted to May, 1921, by application of the wage index number published by the Frankfurter Zeitung for the Frankfurt district.

⁵ Equivalent purchasing power based on United States and German wholesale price indices

⁶ Equivalent purchasing power based on relative costs of living in United States and Germany

A comparison of wages in the United States, Great Britain and Germany—Continued.

MEAT-PACKING INDUSTRY.

[Rate per hour as of May, 1923.]

Occupation.	United States. ¹	Germany. ²		
		At current exchange.	Equivalent purchasing power. ³	Equivalent at cost of living. ⁴
Common or unskilled labor:				
Male.....	\$1.44	\$1.09	\$1.12	\$1.33
Female.....	.55	.65	.68	.80
Skilled labor—Male.....	.53	.43	.47	.58

¹ Figures for American wages compiled by the National Industrial Conference Board, New York City, for June, 1923.
² German base wages reported by Statistisches Reichsamt for February 1923, readjusted to May 1923, by arithmetic of the wage index number published by the Frankfurter Zeitung for the Frankfurt district.
³ Equivalent purchasing power based on United States and German wholesale price indexes.
⁴ Equivalent purchasing power based on relative costs of living in United States and Germany.

OILS AND FATS.

[Rate per hour as of May, 1923.]

Occupation.	United States. ¹	Great Britain. ²		Germany. ³	
		At current exchange rate \$4 to pound sterling.	At current exchange.	Equivalent purchasing power. ⁴	Equivalent at cost of living. ⁵
Factory workers, unskilled.....	\$1.17	.....	\$1.09	\$1.10	\$1.30
Department workers, skilled.....	.45	\$1.23-24.30	.67	.75	.84
Handworkers.....	.48	.....	.69	.73	.89
Yard and piece workers.....	.57	.70-.72	.95	.92	1.05
Firesmen and mechanics.....	.63	.80-.82	.86	.87	1.03
Soap and candle manufacturers:					
Men, 21 years and over.....		.70-.74			
Women, 16 years and over.....		.70-.74			
Oil-mill malle Liverpool:					
Firesmen, malle, valve men, etc.		.70-.72			
Men, 14-24 years.....		.70-.72			
Women, 14-24 years.....		.62-.67			
Lard and case department, "Steinbohring, United States" (1920):					
Laborers, male.....	.67				
Melters, carriers, etc.....	.73				
A. tier men.....	.60				
Fitters, male.....	.62				
Painters and rollers.....	.63				
Caddy men (handy men—assistant)					
Firesmen.....	.35				
Firesmen or wheelmen.....	.60				
Female laborers.....	.50				

¹ Wages for 1922, 23.7 per cent general average increase in similar industry in New York State, from 1921 to March, 1923. From "Manufacturing in the United States," Federal Trade Commission.
² The Labor Gazette and "Standard time rates of wages and hours of labor," December 1920, British L.
³ German base wages reported by Statistisches Reichsamt for February 1923, readjusted to May 1923, by arithmetic of the wage index number published by the Frankfurter Zeitung for the Frankfurt district.
⁴ Equivalent purchasing power based on United States and German wholesale price indexes.
⁵ Equivalent purchasing power based on relative costs of living in United States and Germany.
⁶ 48 hours per week.
⁷ 37 hours per week.

118 DEPRECIATED EXCHANGE AND INTERNATIONAL TRADE

A comparison of wages in the United States, Great Britain and Germany—Continued

PRINTING AND BOOKBINDING

[Rate per hour as of May, 1921]

Occupation	United States ¹	Great Britain ²		Germany ³	
		At current exchange	At current exchange	Equivalent purchasing power ⁴	Equivalent in cost of living ⁵
Printing and bookbinding					
Compositors (hand)	\$0 887	\$0 381	\$0 103	\$0 170	\$0 231
Machine men		381	102	169	239
Linotype and monotype operators	907	412	121	204	276
Printers in charge of rotary press	922	412	111	185	250
Bookbinders and machine rulers (male)		381	97	160	216
Bookbinders (female)		170	95	91	123
Stereotypers	924	381	113	188	256
Journeymen on rotary press	901	361	98	149	202
Electrotypers	904	381	113	188	255
Book and job pressmen	875	327	93	155	210
General assistants	589	309	88	138	180
Women feeders		170	97	92	124
Lithographic printers		387	108	188	254
Paper mill industry					
Cutter men	428	321			
Machine tenders	692	400			
Packers	427	321			
Pressmen	418	321			
Laborers—					
Female	276	168			
Male		296			
Beater men		400			

¹ Monthly Labor Review, November, 1920, average for 10 cities

² The Labour Gazette (British), April 1921 and Ministry of Labour (British) publication "Standard rate of wages and hours of labor," December, 1920

³ German basic wages reported by Statistisches Reichsamt for February, 1920, readjusted to May, 1921, by application of the cost index number published by the Frankfurter Zeitung for the Frankfurt district

⁴ Equivalent purchasing power based on United States and German wholesale price indices

⁵ Equivalent purchasing power based on relative costs of living in United States and Germany

WOODWORKING

[Rate per hour as of May, 1921]

Occupation	United States ¹	Great Britain ²		Germany ³	
		At current exchange	At current exchange	Equivalent purchasing power ⁴	Equivalent in cost of living ⁵
Gilders		\$0 400	\$0 114	\$0 189	\$0 256
Cabinetmakers		430	118	195	265
Upholsterers		430	123	204	277
Painters		400	108	177	241
Laborers		280	84	140	190
Skilled workers		390	97	128	173
Mill sawyers	\$1 00				
Mill machinists	63				
Mill laborers	41				
Brush workers		300	84	139	188
Cork workers		240	104	173	234
Cane makers		280	131	218	296

¹ Monthly Labor Review

² The Labour Gazette (British)

³ German basic wages reported by Statistisches Reichsamt for February, 1920, readjusted to May, 1921, by application of the wage index number published by the Frankfurter Zeitung for the Frankfurt district

⁴ Equivalent purchasing power based on United States and German wholesale price indices

⁵ Equivalent purchasing power based on relative costs of living in United States and Germany

THE SECOND CHAMBER PROBLEM

THE SECOND CHAMBER PROBLEM

WHAT THE EXPERIENCE OF OTHER
COUNTRIES HAS TO TEACH US

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THE SECOND CHAMBER PROBLEM

INTRODUCTION

THE most striking general fact which emerges from the following composite survey of Second Chambers, experienced in all parts of the constitutionally governed world, is that practically everywhere there is a recognized Second Chamber problem, and nowhere has that problem been solved. The struggles which in England have followed the extension of the franchise upon which the First Chamber is elected have been paralleled in every country where democracy is the recognized mode of government. Even where the Second Chamber has been established upon a "democratic basis" difficulties have not been avoided; indeed it would be possible to contend that they have even been enhanced. Everywhere there is a dissatisfaction and irritation, a feeling that the secret of combining constitutional stability with legislative efficiency has not yet been discovered. A large number of experiments have been and are being tried, but the most that can be said for the best of them is that they give a little less general dissatisfaction than the rest.

During the present session the Prime Minister has promised to produce in the form either of a Bill or of Resolutions the Liberal Government's proposals for the reconstitution of the House of Lords. But it is worthy of note that little or no public interest is being taken in the matter. We are on the verge of what on the face of it will be a constitutional revolution, yet the subject scarcely finds a place even in the monthly reviews, still less, of course, in the daily or weekly press. The cause of this remarkable apathy, we suggest, is that ordinary men of all parties instinctively recognize a certain futility in the attempt to construct a Second Chamber which shall be in harmony with twentieth century ideas of

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popular government and at the same time shall serve any useful purpose whatsoever. The Conservative sees a Second Chamber in Canada successfully blocking the proposal of the Conservative Premier to contribute Dreadnoughts to the British Navy. The Liberal sees a Second Chamber in the Australian Commonwealth entirely controlled by Labour being used to cause the maximum of embarrassment to a Liberal Government. The Labour politician sees Second Chambers in most countries acting as mere brakes on a legislative machine which from his point of view cannot go fast enough. Moreover, Conservative politicians and others who do actively desire a Second Chamber simply for the purpose of putting on the brake recognize that the real political issues of the future will be mainly in the region of finance, and that, however a new Second Chamber may be constructed, it is impracticable in the present state of public opinion to propose to give it authority in this sphere. Thus no party is greatly interested in discovering and putting forward any particular solution of the problem.

Nevertheless, the problem has got to be faced. The present working of the Parliament Act is manifestly unsatisfactory, involving as it does a positively criminal waste of the time and energies of the Government and the House of Commons. It is not, however, necessarily to be regarded as a fair sample of the way in which it is likely to work when the Upper House has become accustomed to the limitations of its powers, and has learned to make use of the possibility of bargaining which it still possesses; and if all parties could be persuaded to shelve the subject indefinitely, it is arguable that that would be for the moment the wisest if not the most heroic course. The heroic course is that advocated by the Labour Party and here expounded by Mr. Philip Snowden, namely the frank establishment of Single-Chamber government. But we fear that this policy is not at present likely to find wide acceptance. The conventional idea that a Second Chamber is the only safeguard against tyrannous misgovernment by one party caucus or another is—so at least we all assume—very deeply rooted; it is to be found even amongst the most "advanced" politicians; and it cannot, as a matter of practical politics, be ignored.

At all events we must suppose that it is the intention of the Government neither to leave things as they are nor to abolish

the Second Chamber altogether. And so it becomes necessary to consider what form of Second Chamber is likely to afford a maximum of protection against the admitted evils of ill-considered party legislation with a minimum of constitutional friction and interference with the ordinary course of Parliamentary business. There appears to be a very prevalent idea that the "progressive" plan is popular election. But the one thing that seems to us to be clear is that the case against a popularly elected Second Chamber is overwhelming. A popularly elected body must necessarily be organized on party lines, which in itself is enough to destroy its usefulness as a revising body. If a majority of its members are hostile to the Government its opposition will be indiscriminate, if a majority are supporters it will provide no check worth considering. On the other hand, a directly elected Second Chamber will always—and with justice—claim that its popular mandate is as valid as that of the Lower Chamber, a claim which, since the Government can only be responsible to one Chamber, is calculated to bring about a maximum instead of a minimum of constitutional friction. Indirect election is, of course, a possible alternative, but the experience of France seems to indicate that this system combines the vices and excludes the virtues of all others. It seems therefore necessary, in order to ensure the absolute and unquestioned supremacy of the Lower House, to fall back on some form of nomination. It must not, however, as Canadian experience warns us, be nomination by the Government of the day as a reward for political services, since that method inevitably introduces those party divisions which it is our chief object to avoid. Some other principle of appointment must be discovered.

A possible solution is suggested by the existing practice of the House of Lords in connexion with its functions as the final Court of Appeal in actions at law. It is not beyond the bounds of possibility that a Second Chamber to act purely as a revising body might be constituted on analogous lines. The Government of the day might be trusted to make the appointments, provided that a system of well-understood qualifications could be devised. We will not attempt to lay down here what the precise qualifications should be, but it is evident that if the Second Chamber is to be an efficient revising body it should be quite small, and the qualifications

should be strictly technical ones and should ensure the presence of legal knowledge, and of both central and local administrative experience. There would be no pretence of its being a "representative" assembly, and so it would not be tempted to dictate the principles and objects of legislation. Its functions would be advisory and interpretive. Its effective power would depend upon the moral authority and the capacity to influence public opinion, which if it did its work efficiently it would rapidly gain, and its statutory powers of delaying legislation need be no more than sufficient to enable it to call the attention of the country to the fact that it had raised certain objections to this or that Government measure.

We put forward this suggestion not as a complete and finished solution of the problem, but rather as a sketch designed to indicate some at least of the requisites of the ideal Second Chamber. A possible alternative, for example, to appointment by the Government might be election by the House of Commons on lines similar to the Norwegian plan, except that it would probably be considered desirable not to limit the field of selection to persons already members of the Lower House. A study of the various articles that follow, however, will, we believe, lead most readers to agree with us that the essential points in the creation of a satisfactory Second Chamber are (1) that party divisions should be eliminated as completely as possible, (2) that there should be no question of equal and conflicting authority as between the two Chambers, and (3) that the Second Chamber should be a "revising" Chamber in the true sense, not an "estate of the realm," should represent not public opinion, or even any section of public opinion, but expert knowledge, and should therefore be composed of persons appointed primarily for their technical qualifications. The problem, as we have said, is one which so far has not been solved in any part of the world. It might be added that it is England which is responsible for the very existence of the problem, and that therefore it is peculiarly our duty to discover a solution. Our double-Chamber system, which before the rise of modern democracy was a perfect enough instrument of government, has been the example which the rest of the world has followed to its own hurt. We have now not to repeat the mistakes which other nations have made, but to endeavour to offer them a new example of efficient popular government.

THE HOUSE OF LORDS AND ITS FUTURE

BY PROFESSOR J. H. MORGAN

WRITING some four years ago—to be precise, in the *Westminster Gazette* on December 2nd, 1909, the day on which the House of Commons met to consider the unprecedented situation created by the rejection of the Finance Bill of 1909 by the House of Lords—I venture to say that that bold anachronism had changed the face of English politics: “Many things besides the veto of the House of Lords are likely to undergo a scrutiny, above all that strange feudal anomaly in the modern world by which a political right is assimilated to the law of incorporated hereditaments and a constitutional veto is parted in lots among the peers like so many ‘sporting rights.’” Perhaps it required no great perspicacity to say so much; I recall the sentence merely to show what a long way we have travelled, prepared, as apparently all of us now are (Unionist as well as Liberal), to put an end to that anomaly, however unprepared we may be as to what we are to substitute for it. If, however, it be true, as Burke says it is, that no time is so fit for changes in the English Constitution as a time of general confusion, “when everything is already broken up,” then certainly we are happy in our opportunity. For nothing is so characteristic of both the historic parties—I do not presume to speak for the Labour Party—at the present moment as their readiness to contemplate a complete transformation of the Constitution, and each appears to be hustling the other in its eagerness to proclaim the necessity not only of “Reform” of the House of Lords, but of “Devolution,” whatever that may mean. This makes the task of the critic none too easy, for all the landmarks are changed, and if peerages with a seat in Parliament are to go, many things will go with them—among others, in all probability, the whole of that curious learning of “privilege” which, unobtrusive though it is and little known outside the House of Commons (perhaps not very well known within it), is the real pressure-gauge of the legislative machine. When the temper of the one House to the other is high, it rises; when it is low, it sinks. He who really wants to understand how the two Houses have conducted themselves towards one

another must have in his mind a complete chart of the readings of that pressure-gauge within the last seven years. He who has recorded those pressures for himself will know that during the last two years a Second Chamber, in the sense of any real meaning of the word, has not existed in this country. There has been, and still is, a state of war, and the House of Lords has been placed under martial law. The House of Lords is warned off the field of legislative revision by the vigilance of the Commons in "smelling out" money, as the Speaker once put it, in most of their lordships' amendments (an easy thing to do when legislation nowadays spells money in nearly every clause) and raising the cry of "Privilege." With something very like despair of its co-operation, the Government have reduced Ministerial representation in the House of Lords to seven Departments out of 39—great Departments (Army, Navy, Board of Trade, Local Government Board, and so on) are represented by Lords-in-waiting and other Court domestics. The Lords have retaliated by repudiating all responsibility for legislation, with the result that the Parliament Act, which was intended to chastise the Lords with whips, has chastised the Commons with scorpions, and legislation to-day has become the prerogative of the Cabinet.

The rule that a Bill, to take advantage of the three sessions rule of the Parliament Act, must re-emerge each time from the House of Commons as "the same Bill" has stamped such measures with all the marks of plenary inspiration, and the "suggestion" stage has served only to emphasize this by introducing a new rule into procedure—that no private member can propose amendments without the previous consent of the Cabinet. This is bad enough, but it is worse that, as the chances of life, as an insurance actuary would say, of a Bill under the Parliament Act depend on its being born in the first or second (at most the third) session of a Parliament, as many Bills as possible must be introduced in the first two or three years of a Government's existence. Not only must they be introduced, but they must be passed if the advantage of the Parliament Act is to be secured. The early sessions are thus, beyond all precedent, prolonged, while the debates themselves are no less exceptionally shortened. To hold a Bill over from one session to the next is now not to be thought of; the Parliament Act has given a new lease of life to the absurd

rule that a Bill expires with the session if it is not passed before the end of it. Upon the scamped work of these early sessions the Government dare not improve if it would: "disinterested management," for example, wore a plausible air in the Lords' amendments to the Scottish Temperance Bill, and many members would have liked the Government, on the second presentation of the Bill to the Commons to adopt them as their own, but to do so would have been to risk the advantages of the Parliament Act by depriving the Bill of its "same" character, and the House, enmeshed in the web of its own devising, was commanded to repeat the tedious lesson of the earlier session. I could multiply instances. It is enough to say that the Parliamentary session has been invested with an unnatural rigidity, Parliament itself has become an automatic machine grinding out legislation to pattern, and bound to go on to the full limit of its statutory term, while the Parliament Act, instead of serving the purposes of compromise, has been perverted to the uses of electioneering. The Lords hold up legislation as long as they can, and whether they pass it sooner, as is the case of the Insurance Bill, or later, as is the case of the Home Rule Bill, they repudiate all responsibility for it. The policy of the Lords towards Liberal measures appears to be: Reject them if we can, pass them if we must, but on no account amend them, for that would be to admit responsibility for them, and, which would be far worse, even to improve them. In either case debate is transferred from Parliament to the hustings and the Press, neither House deliberates, and both manoeuvre for positions at the next election.

I have gone into the operation of the Parliament Act in some detail because I believe it is only by a close analysis of the facts as they are, and not by any vagrant incursions into the Constitutions of foreign countries, that we are likely to find a way out of this confusion. When the late Professor Esmein, whose death all jurists have cause to deplore, said that almost all foreign countries had borrowed the institution of a Second Chamber from Great Britain, he was well within the mark, but they were able to borrow it in proportion as they were able to misunderstand it. Superficial resemblances of form often conceal profound differences of function, and the chief function of the Upper Houses in most foreign countries is to support the Ministry against the Lower one, or

it may be to preserve the principle of equality of States in the one against the preponderance of numbers in the other. In no case does the Ministry occupy that intermediate position between the Commons and the electorate which is peculiar to our own country ; it is either almost wholly independent of both Houses, as in the United States, and secure in its term of office, or wholly dependent on them, as in France, where Ministries come and go and both Houses run on to the full length of their statutory term. The Ministry administers, the Chambers legislate, and their Committees have an autonomous life of their own. This is putting things as tersely and therefore as broadly as possible. If one were to go a little deeper and enter into Parliamentary procedure we should find greater differences still. In France, for example, which Professor Dicey and, I believe, Lord Bryce regard as the nearest analogy we can find in our quest, a "bill" does not mean, as it does here, the nursling of a session, whose putative father is, and must be, a member of the House of Commons ; it means a Presidential decree, and it survives the death of the Ministry which begat it, the session which nursed it, and even the Parliament in which it was born. That alone will serve to show how different the law, the procedure, and the vocabulary of the two Constitutions are.

Now, it would, of course, be possible to say that all this proves nothing except my timidity. Why not, someone may ask (I believe some Labour members have asked it), get rid of this superstitious regard for the sanctity of the Cabinet with its "responsibility" for legislation, which is apt to look so like the irresponsibility of Parliament, its prerogative of Dissolution, which is not less fatal to the independence of members than were the prerogatives of the Stuarts—why not, in short, conceive of the Cabinet as being, what Bagehot called it, and what it certainly never was, but what the French Cabinet as certainly is, a "Committee of the House of Commons," and substitute the prerogative of the Commons to dissolve the Cabinet for the prerogative to dissolve the House of Commons ? Why not substitute the co-operation of free Committees of both Houses, as in America and in France, for that obstruction of the one by the other which ministers so industriously to Ministerial autocracy ? This is plausible, the more plausible as our doctrine of Ministerial responsibility is not so venerable as it looks. Till fifty years

ago Ministers administered, but the House legislated. Cabinets dissolved, but Parliaments remained ; eighty years ago Ministers repudiated responsibility for the legislative works of each other ; two hundred years ago they voted against their own Bills ; down to the end of the eighteenth century it seemed indifferent to members if the whole Cabinet was in the Lords provided it had a single Ministerial spokesman in the Commons ; while as late as 1740 free conferences between the two Houses were part of their normal procedure. The House was its own master, and its Committees gave law to the Cabinet. My answer, however, would be that all this is too late. Cabinet Government, as we know it, is the outcome of the party system which to-day means the caucus, and I doubt if any of the devices of political mechanics, such as Proportional Representation, will dislodge it from its supremacy. The tendency in politics, as in economics, is towards the concentration of power in a few hands. It is the same in America. Story and Hamilton's confident predictions that a dispersion of legislative power, frequency of elections, the substitution of indirect election for direct, would "for ever prohibit any permanent combination for sinister purposes" wear a curiously naïve air in the light of M. Ostrogorski's ruthless pathological studies of political organization. A healthier cause is the necessity of strong administration in these days when the State intervenes in every direction, and when legislation must inevitably be controlled and guided by the Departments which have to administer it.

We must, therefore, I think, accept the hegemony of the Cabinet. If we do, we have already set limits to our choice of alternatives. A strong Cabinet seems to be quite incompatible with the existence of two Houses with co-equal powers unless, indeed, that Cabinet is to have the power of dissolving not one House but both in case of disagreement. Such an experiment is, it is true, being tried in Australia, and the experiment is worth watching, but it must be remembered that the Commonwealth Cabinet is not responsible for the whole administration of the country ; it is a Federal Cabinet, and its responsibility is proportionately lighter. Such equality of power necessarily involves calling in some external arbiter to decide disputes, whether by way of Referendum or Dissolution. I have, as a Parliamentary

candidate on two occasions, seen too much of elections in this country to have any great faith in their efficacy or authority as an arbiter in a case stated for their opinion. It would take me too far afield to discuss these issues, although it must be admitted that the problem of a Second Chamber raises them and, indeed, a host of others, for the problem embraces the whole field of the Constitution. It is perhaps enough to say that powers and composition are parts of one equation ; large powers in a Second Chamber involve direct representation, and direct representation involves large powers—the one is, as mathematicians would say, a “function” of the other. But even supposing that a popularly elected Senate did not disturb the stability of the Cabinet, and its responsibility to the House of Commons, there would remain the very practical difficulty of conducting elections on the large scale demanded by a small Senate—to be an effective instrument of deliberation it must needs be small—elected in large constituencies of one and a half millions of people.* Electioneering on such a scale would result in the very thing which presumably the advocates of this plan are anxious to avoid—indirect election, not the indirect election of a legally constituted college with public credentials, but the indirect election of a caucus which alone could command the attention of such a huge electorate. The door would be opened to big electoral syndicates, and at a time when the Press is becoming more and more concentrated in a few hands, when wealth was never more powerful or better organized, we should have a system of corruption which no Corrupt Practices Act could reach. Our Corrupt Practices Act is an application of the law of agency to candidates and their servants, comparatively easy in the case of small single-member constituencies, but in such an electoral system as that under discussion the candidate would himself be the agent of an undisclosed principal whom the law could never reach.

Nomination I do not think worth discussing—there is no conceivable application of it which would not lend itself to abuse, and a nominee Chamber would be so weak as to be worthless.

There remains indirect election : Some daring spirits have

* This is what would happen if, to take an imaginary but probable case, the Senate consists of 200 members elected by constituencies returning six members each on a basis of Proportional Representation

suggested indirect election by the House of Commons. But this would mean election by the Whips, and a Chamber so elected would be an even more docile instrument of party discipline and Ministerial autocracy than the Lower House itself. If it were elected all at once, it would be a mere duplication of the Lower House ; if at intervals of three, four, or five years, its renewal would be the expiring effort of a moribund Parliament : it would be the child of senility. Such a House would have no individuality ; it could command neither authority nor respect.

It seems to me that we are forced to contemplate a system of indirect election by electoral colleges. The people of France have, after an exhaustive examination of every conceivable alternative, adopted this plan, and it has been remarkably successful. In France there is an electoral college consisting (to use equivalent English terms) of the county councillors, the district councillors, delegates of the parish councils, and the county or county borough members, who meet periodically to elect the Senators for the county. The method is, of course, open to the objection that it introduces political preoccupations into local authorities who are better occupied with municipal duties ; but that is an objection the strength of which varies directly with the frequency of the elections, the number of the vacancies, and the powers of the Senate you have to elect. If your college has only to elect two Senators, and only one of them at a time, and if his duties when elected are those of revising legislation rather than of vetoing it, I doubt very much whether municipal elections are likely to be biased by such a remote consideration as the fact that once in three, four, or five years the members of one council have to meet the members of others to elect a Senator.*

If we got a body elected in this way, we should, it seems to me, secure the kind of revising Chamber which, in view of the

* I wish it to be understood, however, that I do not suggest a servile imitation of the French procedure. I merely cite it as an example of an electoral college which has the recommendation (to my mind it is a recommendation) of not being a mere *ad hoc* mandatory body chosen, like an American Presidential Convention, to elect someone whom it is bound to elect at the bidding of a caucus (in which case it would merely be a case of direct election at one remove), but of being an independent body able to exercise a free choice. It would be unnecessary, and might be undesirable, to include representatives of the parish councils in such a college ; its membership might be confined to representatives of the county and county borough councils.

increasing volume of social legislation, we need more and more imperatively—a Chamber of men trained in the best school of political experience, men who know how legislation really operates, because they are accustomed to administer it. Year by year fresh duties are cast upon the local authorities by statutes of revolutionary character—the Insurance Act, the Old Age Pensions Act, the Small Holdings Act. They raise at every point grave and complex questions which are familiar only to those who are actually engaged in the work of administration. They are drawn in outline in the office of the Parliamentary draughtsman, and the real work of legislation is often left to be completed by the Department in the form of statutory rules and orders, over which the House of Commons has not the time and the House of Lords has not the will—sometimes it has not got the power—to exercise effective supervision. Such rules may regulate the hours of labour in trade, administer interrogatories to the owner of or agent of property under heavy penalties, schedule land for expropriation, determine the amount of compensation, override the judgment of a local authority as to the desirability of putting an Act in operation, repeal an Act of Parliament, and even tax the subject. They may, it is true, lie on the table of the House of Commons, but that check is almost wholly illusory. Not infrequently of late the Departments have themselves been invested with judicial powers to determine the rights of the subject affected by legislation of which they are themselves the source. I believe that tendency is a thoroughly unhealthy one—it is giving us a bureaucracy and a system of administrative law from which, until lately, we prided ourselves on being peculiarly free. I believe it accounts for much of the agitation against the Government and the disquieting growth of passive resistance to the law, to which the reports of police-court proceedings afford almost daily testimony. I think it only fair to the House of Lords to say that, menaced though they have been by continual assertions of “privilege” on the part of the House of Commons, continual attempts to discover in the amendments of the Lords, violations, sometimes more imaginary than real, of the debatable monopoly of the Lower House over everything that raises directly or indirectly a question of money and to cry “Hands off,” their lordships have again and again—in the Pensions Bill, the Development Bill, the Housing and

Town Planning Bill and a score of others—striven to secure the audit of accounts, the control of Parliament over the new Departments, the protection of the subject against those Departments by the courts. These are the things which Ministerial members in the Commons often dare not attempt to do in the face of the Minister in charge of a Bill—urgent to get it through. These are the things which a House, constituted in the way I have suggested, would and should be free to do.

In short, I want to see an Upper House which should stand in relation to the Lower House much as the Committee stage of a Bill stands to the Report stage in the House of Commons. Let the last word be with the Commons by all means, but let us ensure that before that stage is reached there shall be a vigilant, searching, and independent criticism of the Bill. If you have that, I do not greatly fear leaving the House of Commons the ultimate master of the situation under the Parliament Act. Revolutionary legislation is only probable when legislation is hasty and party discipline is inexorable and final. In a country like ours an informed public is a powerful public, and can make its influence felt without the turbulent irrelevancies of an election or the plebiscitary passions of a Referendum. A Referendum is fatal to legislative deliberation ; it demands sharp antitheses and an unequivocal " Yes " or " No," if you can get it, which I doubt. A Minister in charge of a Bill can make concessions when he submits it to the House ; he dare not when he submits it to the country. His Yea must then be Yea and his Nay, Nay. But a House constituted as I have suggested—the "intelligent companion " (to quote an old saying used of a not dissimilar conflict between law and equity), " instead of the arbitrary mistress," of the Lower House—would be an immense source of usefulness in eliciting the real opinion of members in the Lower House, and in enabling it, by a power to demand as of right the submission of its amendments to the Commons, to discuss questions which they themselves were precluded by the exigencies of the Whips or the operations of the guillotine from raising themselves. With such a House one need not despair of restoring the old familiar and intimate procedure (now long disused) of joint free conferences between representatives of the two Houses, instead of the present purely Ministerial negotiations. It can be done, and is done, in

private Bill procedure ; why could it not, under such circumstances, be extended to public Bills ? It is a real defect in the Parliament Act that it contains no machinery, such as was originally proposed in the Campbell-Bannerman resolutions, for bringing the two Houses together long before the three sessions have run their fatal course. Joint session, as distinct from joint conference, I rule out, because such finality could only be accorded to the joint deliberations of the two Houses if they were both popularly elected on the same franchise. The results of such joint conferences would, of course, have to come before each House for ratification in the form of a Report stage. If no agreement were reached, the time-limit of the Parliament Act might then, and only then, be brought into operation.

I am fain to admit that this solution is not free from objection—I doubt if any one is. The problems of politics are not the abstract problems of the physical sciences ; they have to be solved in a world that is full of "friction." If Government is, as Burke said it was, a contrivance of human wisdom to provide for human wants, then we must deal with these things not in the rarefied atmosphere of theory, but in the thick, cloudy world of practice and by an analysis of things as they are. Such an analysis I have attempted here. But I think an Upper Chamber of this kind may not lack the respect which Englishmen always pay to tradition ; it would restore to us the conception once appropriated to the Lower one, but no longer appropriate, of a House of Communities—of "Communes"—and it may serve as a counterpoise to the purely numerical character of the Lower House, which would be equal to it in usefulness and not inferior to it in dignity. But I do not presume to dogmatize ; the matter is eminently one for discussion, and in the words of Montesquieu, *il s'agit de faire penser.*

THE SECOND CHAMBER IN AUSTRALIA

BY PROFESSOR W. HARRISON MOORE

I—THE LEGISLATIVE COUNCILS OF THE STATES

THE Second Chamber in Australia was foreshadowed in the composition of the Legislative Council established in New South Wales in 1842, which consisted as to one-third of nominated and as to two-thirds of elected members. Much discussion on the subject took place in the following years, when Australian constitutions were in the making. Succeeding Secretaries of State, the Board of Trade, and members of the House of Commons in England, the Governors, Legislatures, Press and public meetings in the Colonies took an active part. To one the tradition—English and Colonial—seems a sufficient reason in favour of the two Chambers; to another, the adoption of the English model appears to invite a comparison which will lead to embarrassing claims by the Colonial Assembly. Others, again, desire a Second Chamber as a guarantee for the presence in political life of persons of independence and character, a Chamber which should at once be a brake upon “naked democracy” and a model of tone and disinterestedness in public life. While such a Chamber might be relied on to stand between the Government and the onslaughts of a democratic Chamber, it must not be merely the creature of Government, or it will lack respect and influence: therefore a life tenure for nominees is preferable to a limited term. It is curious to note that in the discussions preceding responsible government, the common assumption on all sides is that a Council will be a supporter of Government; and the critics of Government address themselves to considering whether it is better to have the Government phalanx in the Assembly or in a separate Chamber. The Constitution contained in the Imperial Act of 1850 left the settlement of the question to the Colonies themselves, provisionally continuing the form of legislature set up in 1842.

In the result, New South Wales and Queensland adopted nominee Councils, South Australia, Tasmania, Victoria, and (when her time came) Western Australia adopted elective Councils. Continuity in personnel is the characteristic of

both. The nominee councillors are appointed for life. Successive reductions in some of the States of the term for which a councillor is elected have given a uniform tenure for six years, one-third or one-half the members retiring by rotation every second or third year. But save in rare instances a member once elected retains his seat for life or until resignation. Constituencies are large, contests are expensive; public interest centres in the Assembly, the Council offers no temptation to ambition. Members of Council are generally older than members of the Assembly, who are themselves middle-aged, well-to-do, sometimes wealthy men whose property, business, or profession and not politics has the first claim on their time and attention. Neither active business enterprise nor the highest professional success is conspicuous there nowadays, though there is more in the nominee Council than in the elective. Nor is the Council a place in which one will find many men with a record of notable public service, though a defeated Minister may find a temporary abiding place in a nominee Council. The political outlook is narrow, it may generally be summed up in the one word—safety. Within this limited political range the sense of duty and responsibility is high, probably higher than in the Assembly, where the member's conscience is strained by the claims of his party and his constituency. If we make due allowance for a Council's bias in favour of "vested interests" (exercised for protection from attack rather than for active promotion), the Legislative Council to-day is probably less accessible to sectional interests and log-rolling than is the Assembly. Tradition represents the pious Assembly man, constrained to act contrary to his conscience, thanking God for a Legislative Council. In short, the Legislative Councils are bodies which in a static age would have fulfilled the function of a representative public body with honesty and prudence. They have claimed to stand outside the party system. There has not been the same sharp division of their ranks into Ministerial and Opposition. The party division has probably been more marked in the nominee Councils than in the elective, and it becomes more pronounced with the infusion of Labour members which the nominee system permits.* But any Government may meet a check at the

* The claim to a non-party character was illustrated a few years ago in Victoria. A Government, provoked by the action of the Council, took the

hands of a Legislative Council, however constituted. Not claiming to make and unmake Ministries, it does not recognize the obligation or the discipline of a party. When a Ministry is being formed, the Premier will include one or two members of the Council, chosen less for their political views than for their persuasive influence in a body which has learned to trust itself to the guidance of a few of its members. If these members have the necessary capacity and time available, they may be the means whereby the Council fulfils its revisory functions with much public benefit.

Designed as conservative bodies, the Councils have certainly fulfilled the retarding function of a Second Chamber. Nearly every measure which is claimed as democratic and progressive has had to pass the ordeal of several rejections. The several extensions of the franchise, including women's suffrage, payment of members, land taxation, the whole range of "experimental legislation" from schemes for land settlement and compulsory purchase to wages boards, arbitration courts and the extension of Government enterprise into the sphere of trading, all have their long account of Bills rejected by the Councils. Even so well-trying a measure as workmen's compensation is in some cases still held back. The resistance of the Councils to drastic schemes for breaking up the large pastoral holdings and to land taxation and the brake they apply to "socialistic legislation" have driven many, if not into the ranks, at any rate to the support of the Labour Party, and have been the main cause in the zeal of that party for enlarging the powers of the Commonwealth Government, in whose constitution a forward policy has to encounter no such obstacle.

Yet, when all is said, Australia is able to pride herself on the multitude and variety of her legislative experiments, and with some justice she has been regarded as the world's political laboratory. When the Government and the Assembly have been very much in earnest—which is not always the case—and have been supported by a strong public opinion, the Councils have usually given way.

The nominee and elective Councils have, of course, presented distinctive problems in the long course of struggle

opportunity offered by one of the periodical elections to support opponents of retiring members, and this called forth strong protests against giving the Council elections a party complexion.

between them and the Ministries. In the case of the nominee Councils the first question was the respective functions of Governor and Ministry in respect to nominations. In the view of the Governor (supported at first by the Colonial Office), it was essential to the usefulness and independence of the Council that its personnel should not be altered so as merely to reflect the shifting conditions of parties in the Assembly; that though there is no legal limitation to the number of members of the Council, a conventional limitation should be accepted, and that appointments should in general be made only as vacancies arose by death or resignation. Ministers, on the other hand, contended that in this matter, as in others, self-government required that the Governor should accept the advice of Ministers or find successors. On this subject the earlier plan has been modified to the extent at any rate of abandoning the notion of a conventional limitation of members; and in 1892 Lord Ripon accepted the principle of ministerial responsibility subject to the qualification that the Governor should act upon his own opinion if he had grounds for believing that the Ministry was not supported in its action by the Assembly and the country. This appears to have been the principle acted on by Lord Chelmsford in Queensland in 1907 when, on the rejection of certain Government measures by the Council, the Premier asked for assurances, to be publicly notified, that persistence in the opposition would be followed by the appointment of a sufficient number of councillors to enable the Government to carry out its policy. Lord Chelmsford refused, the Ministry resigned, and a new Ministry accepted office on the understanding that an immediate appeal would be made to the country. The Governor declined, he said, to deal with the great constitutional issue presented to him; the matter was too grave to be dealt with without a mandate from the people. A general election returned the old Ministry to office, and the Council accepted the Bills. The consciousness that the remedy of further appointments was available has been in all recent times a factor in inducing the Councils to accept legislation, as, for instance, the Land Tax in New South Wales in 1898; in 1899 additional members were, in fact, appointed to carry the Federation Bill.

In the Colonies which adopted elective Councils the dif-

ferences between the Chambers have been more frequent and acute. From the first the Councils, as being elected, have been able to claim that they are responsible to their constituents, and particularly to urge with some force claims to a participation in financial policy greater than that of the House of Lords or of a nominee Chamber. In South Australia and in Victoria the differences between the Houses in these matters have been sharp; and in Victoria, on three occasions—in 1865, 1867, and 1878—the rejection of the Appropriation Bill has brought the Government to a standstill. The memory of these conflicts remains, and was very apparent during the debates on the Federal Constitution in 1897-1899. Two remedies have suggested themselves. As early as 1874 the Government of Victoria appears to have intended to propose the substitution of a nominee for the elected Council; Sir George Bowen, who was Governor of Victoria during the crisis of 1878 and who had been Governor of Queensland, was in favour of that course, and a Bill for the purpose was actually introduced in 1880, but did not obtain the absolute majority required. On this subject there is probably a conflict between the judgment of the experienced politician and public opinion, which would regard nomination as less democratic than election. The solution generally favoured, and ultimately adopted, leaves the principle of election unaffected, but makes provision for "deadlock." The joint sitting, the substitution of a suspensory for an absolute veto with or without a referendum, the dissolution of one or both the Houses—these schemes in various combinations have been discussed at various times. South Australia led the way with a provision whereby if the Assembly twice passed a Bill, with an intervening general election, the Governor might on the second rejection by the Council dissolve both Houses. This provision is in force to-day, with an alternative whereby the Governor may afforce the Council by issuing writs for the election of additional members. In 1901 and 1908 attempts were made by the Government to substitute a joint sitting after a measure had been twice rejected by the Council; and in 1910 and 1911 the Labour Government introduced and passed through the Assembly Bills whereby any scheme twice passed by the Assembly and rejected by the Council might if again passed by the Assembly after a general election be passed over the head of the Council. In 1911 the Council

rejected the Appropriation Bill. The Government, after following the course taken by the Victorian Government in 1878, appealed to the Imperial Government to give effect to the proposals of the Bill of 1911, but was met with a refusal. It then dissolved the Assembly with a view to a later double dissolution, but the country was against it. The political history of South Australia during the last 20 years is one of constant conflict between the Houses—of unsuccessful attempts to lower the franchise in the Council, and to establish more practicable means for making the will of the Assembly or its electors prevail.

In Victoria disputes between the Council and Assembly were at last dealt with by the Constitution of 1903 under a plan suggested by the Commonwealth Constitution. On the rejection of a Bill by the Council, the Governor may by proclamation dissolve the Assembly declaring the cause of disagreement between the Houses. If the new Assembly again passes the Bill and the Council rejects it, both Council and Assembly may be dissolved. The scheme proposed that the new Council and Assembly should then hold a joint sitting ; but this had to be abandoned owing to the Council's opposition. The result, therefore, is that if each House is supported by its electors, there is no machinery for ending the dispute. It should be noticed that even the plan established is qualified and surrounded by precautions and safeguards. A dissolution of the Assembly within six months of its expiry by effluxion of time does not count, and no part of the scheme applies to provisions altering the constitution of Council or Assembly. On no occasion has the machinery of the Act of 1903 been put in operation, though the Council has been active in criticism and in rejection of Government measures. The accession of a Labour Government to power in Victoria would, no doubt, provoke a sharp contest between the Council and the Assembly.

II.—THE AUSTRALIAN SENATE.

“ It passes the wit of man to construct an effective Second Chamber ” (Goldwin Smith). Yet, with the experience of the world to go upon, and accepting the almost unanimous decision in favour of a bicameral legislature, Australian statesmen and lawyers met in Convention to determine how the Commonwealth coming into being could best be governed

on this system. They had before them three great Federations, and they sought to choose from these the relatively best for Australia. But in one respect at least they had to deal with a different condition of affairs—the Australian Union was not forced by the pressure of outside enemies: it was the voluntary act of self-governing but mutually jealous people.

The States with small populations feared the domination of the Commonwealth by New South Wales and Victoria, which might be manifested by the use either of existing powers or of the amending power in such a way as to enlarge the sphere of Commonwealth action, until finally the absorption of the States and the loss of their identity were complete. A State House, with six members from each State, would at once allay these fears and afford a distinct basis for the necessary Second Chamber. The ideal functions of a Second Chamber would be attained by the continuity of the Senate (half its members would retire by rotation every three years), and by the large constituency to be represented (each State would be a single constituency), for only men of distinction could command the suffrage of a whole State. But the evil traditions of an oligarchy would be avoided by the democratic basis of the Senate—direct election by the electors of the House of Representatives. The aim was felicitously expressed by Sir Henry Parkes in the Convention of 1891—"An Upper Chamber, call it what you may, which shall have within it the only conservatism possible in a democracy: the conservatism of maturity of judgment, of distinction of service, of length of experience, of weight of character." As to powers the Senate was to have equal powers with the House in ordinary legislation. But as to finance, a detailed and complicated scheme aimed at securing first the preponderance of the House of Representatives in relation to the "ordinary annual service of Government," and as a consequence the primary responsibility of the Government of that House; and secondly, the protection of the Senate against every form of tacking, whether by lumping various projects of taxation in the same measure, or by including schemes of expenditure outside the "ordinary annual service of Government" in the Appropriation Bill, or by joining Bills of legislative policy with finance measures. (See the Commonwealth of Australia Constitution Act, 1900, ss. 53-56.) For

the Senate was, like existing Upper Houses, not to have power to amend finance measures, though it was compensated by a power to make requests.

The possibility of conflict was foreseen, and s. 57 provides for a double dissolution followed by a joint sitting in case the Senate twice rejects or fails to pass a Bill sent to it by the House of Representatives. This provision may prove to be of importance in the immediate future.

The experience of twelve years shows the Senate in constitution, in action, and in reputation very different from the design. The Constitution aimed at a combination of Cabinet Government with Federal Government, and there were prophets who foretold that the alliance was unnatural, and that one of the two must destroy the other. In the Commonwealth, Cabinet Government, with its tradition of the supremacy of the Lower House, appears to have prevailed. To the Senate have been assigned two members of the Cabinet, of whom only one would be a Minister with a portfolio, and the protests of the Senate against such scurvy treatment have been ignored. The absence of Ministers handicapped the Senate both in its legislative and in its critical capacity, for Ministers can only take part in the proceedings of their own Chamber. Very little legislation is initiated in the Senate, which, during the earlier months of a session, has very little to do, while towards the close of a session it is rushed with work, and before appeals to facilitate public business even the revisory function of a Second Chamber has to give way. It has little of the corporate feeling of the Legislative Councils it is more definitely organized as "Ministerial" and "Opposition"; and it would be idle to look to the Government supporters to champion Senate claims against the House. As yet it has done nothing to challenge the supremacy which the Cabinet system assigns to the Lower House, and no Government has been embarrassed by its "federal" basis. As a critic of Governments, it is frankly treated as no more than a Second Chamber, and its votes have no significance in relation to policy. The Senate victories have been confined to obtaining such alterations in the customary forms of financial legislation as will recognize its distinctive position, and to securing the right to repeat its "requests" for amendments in the Tariff. But if the "federal" character of the Senate has given way before the

traditional subordination of a Second Chamber, the Senate has been a Second Chamber of a wholly novel kind. In place of the cautious attitude of the Councils towards "progressive legislation" we have a fiery zeal for experiment; and the abundant leisure of the Senate has been employed in the discussion of motions in favour of the nationalization of "monopolies," the control of trusts, and the enlargement of Commonwealth powers. Paradoxically, the House of the States has been foremost in attack upon the powers of the States. These debates might have had value as propaganda work if the Senate had been felt to be a really effective body. As it is, it has been too much of a debating society, and its debates receive scant attention from a press which has little sympathy with the views mainly represented in them.

The system of retirement by rotation was introduced in the Senate as into the elective councils in order to preserve continuity and to prevent violent change. In the case of the Senate the enormous constituency makes the party predominant in elections; personal distinction and political service are relatively unimportant, and the absence of any system for minority representation enables a small majority in any State to capture the whole of the representation. In 1910 in each of the six States the Labour Party won three vacant seats, and the Liberals did not obtain a single member. So at the last elections, three States returned three Labour candidates, two returned three Liberals, and one returned two Labour members and one Liberal member. In a Senate of 36 members there are 29 Labour members and 7 Liberals, though at neither of the two elections which have constituted the present Senate has the Labour Party obtained a majority of the total votes cast.

It should be added that though the Senate has been negligible, Senators have not. The Parliamentary action of the Labour Party, whether in or out of office, is directed by a caucus consisting of the whole of the Labour members, Senators as well as members of the House. In all vital matters a *bloc* vote is cast in Parliament to carry out decisions of the caucus. In this way, as participating in a caucus decision, the large proportion of Labour members in the Senate has been a factor in every political situation, including measures of finance and the fate of Ministries.

THE FRENCH SENATE

BY ROBERT DELL

THE French Senate has 300 members, of whom, by the original Constitution of the Republic, 225 were indirectly elected for nine years by the Departments and Colonies and 75 were chosen for life by the National Assembly, vacancies occurring among the Life Senators being subsequently filled by the Senate itself. The Law of December 9th, 1884, while leaving the existing Life Senators in office until their death or resignation, abolished Life Senators thenceforward, allotting their seats, as they became vacant, to the different Departments. Only two Life Senators still survive, M. René Bérenger (popularly known as "Le Père de la Pudeur") and M. de Marcère; with these temporary exceptions the Senate is an elected assembly.

The Senators receive the same salary as the Deputies, £600 a year, out of which they have to subscribe £30 a year to the Pension Fund, which secures to every ex-Senator who has served a complete term of nine years a pension of £200 a year on attaining the age of sixty. It may be noted, however, that the Pension Fund has no grant from the State. Members of a family that has formerly reigned over France, soldiers on the active list (with the exception of a few of the highest military dignitaries), and various classes of officials are disqualified from sitting in the Senate; with these exceptions, every Frenchman who is at least forty years old and is in enjoyment of his civil and political rights is qualified to be a Senator. The Senators are elected for nine years, and the Departments and Colonies are divided into three nearly equal series, a Senatorial election being held in one of the series every three years; the next Senatorial election will take place in January, 1915. The Senate cannot be dissolved. Vacancies caused by death or resignation, unless they occur within six months of a triennial election, are filled by by-elections.

The Senate is elected, not by universal suffrage, but by delegated electors. The Senatorial electors consist of the Deputies for the Department or Colony, the members of the *Conseil général* and the *Conseils d'Arrondissement* and delegates elected by all the municipal councils according to their size, the number of delegates varying from one for

municipal councils with ten members to twenty-four for councils with thirty-six or more members, except the municipal council of Paris, which has eighty members and thirty delegates. The delegates may, but need not, be members of the Council; any registered elector of the commune is eligible unless he is a Deputy or a member of a *Conseil général* or *Conseil d'Arrondissement*, and, therefore, already *ex officio* a Senatorial elector. The number of Senatorial electors naturally varies in the different Departments, but the average is about 600. The Senatorial elections are held in the chief town of the Department or Colony; three ballots are held if necessary, all on the same day, the first from 8 a.m. to noon, the second from 2 to 5 p.m. and the third from 7 to 10 p.m. At the first and second ballots no candidate can be elected unless he has an absolute majority (at least one more than half) of all the voters and at least one-fourth of the registered electors. At the third ballot the candidate or candidates (as the case may be) who poll the highest number of votes are elected. In case of equality of votes, the elder candidate takes precedence, as in the elections to the Chamber of Deputies; there is no casting vote. The mode of election is that of *scrutin de liste*, that is, each elector has as many votes as there are Senators to be elected, but can give only one vote to any candidate.

By the Constitution the Senate and the Chamber of Deputies have equal powers in the initiation and making of laws, except those relating to finance, which must be first introduced in the Chamber; it is now the recognized custom that the Senate must not amend a Finance Bill in such a way as to involve any additional expenditure, but this restriction of the powers of the Senate, although in accordance with the spirit of the Constitution, is not enacted by its letter. The Senate has also two powers peculiar to itself; its consent is necessary to a dissolution of the Chamber, and it can constitute itself as a High Court to try the President of the Republic, the Ministers, or any person accused of treason against the State.

A serious defect in the Constitution is the absence of any provision for the case of disagreement between the two Houses of Parliament. By their respective regulations, a mixed committee of both Houses can be appointed in such cases to propose terms of agreement, and the late Prime

Minister, M. Barthou, proposed to take this course in the case of Proportional Representation, but the mixed committee is a mere makeshift, which may not solve the difficulty and can, at best, result in a probably unsatisfactory compromise. Still more serious is the fact that the Senate cannot be abolished nor its powers modified in any way without its own consent. A change in the Constitution can be made only by the National Assembly, which is a separate entity from Parliament. Parliament consists of the Senate and the Chamber sitting and voting separately; the National Assembly consists of the members of the two Houses sitting and voting as one House. As there are 597 Deputies and only 300 Senators, the former are practically two-thirds of the National Assembly, whose functions are confined to the election of the President of the Republic and the revision of the Constitution. But, in order that the National Assembly may be summoned to consider an amendment of the Constitution, each House of Parliament must first, by a resolution carried by a majority of the whole House (that is, by at least 151 Senators and 299 Deputies), declare that amendment is desirable. The proposed amendment, in order to become law, must then be carried by a majority of the whole National Assembly—that is, by at least 449 members.

The National Assembly can also, without actually amending a law, declare that it (or part of it) is no longer constitutional, and can, therefore, be altered by Parliament in the ordinary way. This was done in 1884 in regard to the Constitutional Law of February 24th, 1875, Clauses 1 to 7 of which (dealing with the composition and mode of elections of the Senate) were deprived of their constitutional character by Clause 3 of the Constitutional Law of August 13th, 1884 (passed by the National Assembly), but were only subsequently amended by the Law of December 9th, 1884, which was passed by Parliament and has no constitutional character. The composition and method of election of the Senate could, therefore, be modified by Parliament at any time, but its existence and powers are still secured by a Constitutional Law.

The net result is that the Senate is in a much stronger position than the British House of Lords (even before its powers were restricted by the Parliament Act) and has been, in practice, a more efficient instrument of obstruction. The

House of Lords, being conscious of its unrepresentative character, was more or less sensitive to public opinion, although it sometimes miscalculated it, and, until the blunder which led to its undoing, respected the unwritten rules of the Constitution. The Senate, relying on its quasi-representative character and strong in the powers explicitly conferred upon it by a written Constitution, often defies public opinion. At no time in the last eighty years would the House of Lords have dared to deal as the Senate has dealt with two such measures as the Proportional Representation and Income Tax Bills, approved by two successive Chambers, and one of them dealing with the mode of election of the Chamber itself. The procedure of the French Parliament makes obstruction on the part of the Senate easy. A Bill does not, as in England, fall to the ground at the end of a session, or even at the end of a Parliament, if it has not passed through all its stages. It is taken up every session, even if a general election has intervened, at the stage where it was left at the end of the previous session. The result is that it is rarely necessary for the Senate to reject a Bill passed by the Chamber, and it rarely does so ; it simply hangs it up for years.

When a Bill is introduced into either House of Parliament in France, it is at once referred to a committee, which may amend it radically or even propose an alternative measure of its own. This does not answer to the committee stage of a Bill in the House of Commons, which is equivalent to the "discussion of the clauses" in France, it is a preliminary stage and there is much to be said for it ; details are much more satisfactorily worked out in a committee than in the whole House, and, if the committee does its work well, the time of the House may be and often is saved. There have been cases in which a Government measure has been much improved by the preliminary committee and the Government has accepted the amendments. But the system may be a powerful means of obstruction with the connivance of the House, and it is so used in the Senate. A concrete example is that of the Income Tax Bill, which was finally passed by the late Chamber in 1909 ; on arriving at the Senate it was referred, as usual, to a committee, where it has remained ever since. The committee has only just produced its report, which rejects the measure sent up from the Chamber and proposes an alternative Bill, which is quite unworkable and is

meant to be—the committee desiring to wreck the Income Tax, but being afraid to say so openly. But for the advent of M. Caillaux to the Ministry of Finance, it is probable that the report would not have been produced even yet. The Senate has obstructed the Bill for five years and has not yet begun its discussion.

It has, of course, to be said that three consecutive Governments, those of M. Poincaré, M. Briand, and M. Barthou, connived at the obstruction, since the last thing that they desired was to pass the Income Tax Bill. It is always possible for the Government to raise the question in the Senate and insist on its being dealt with, as M. Briand did in the case of Proportional Representation (with the result that the Senate rejected it). But the Chamber has no redress; it cannot deal again with a measure that has been sent up to the Senate and it cannot force the Senate to deal with it. In the case of the Income Tax it would have been possible to tack it on to the Budget, as was proposed and may even yet be done if necessary, but this could be done only in the case of a financial Bill.

English parliamentary procedure would prevent any English Senate from imitating these tactics, but the experience of France suggests that, if there is to be a Second Chamber at all, the House of Lords, with its powers restricted as at present, is perhaps less objectionable than any substitute that could be found for it. An indirectly-elected Senate is not really much more representative than the House of Lords and is no more in touch with public opinion. Universal suffrage has very little check on Senators, with whom it comes in contact once in nine years, and then only remotely by the intermediary of local bodies elected for quite other purposes, or even of delegates of those local bodies. Moreover, the representation of the Departments and of the various local bodies is so disproportionate to the populations that the Senate is still further removed from the effective control of the electors. Paris, with its population of two and three-quarter millions, has only thirty Senatorial electors, while a village of 300 inhabitants has one. The Department of the Seine has ten Senators for more than four million inhabitants; that of Ariège has two Senators for less than 200,000 inhabitants. The result of this rough-and-ready method of representation is shown by the fact that there is not a single

Socialist Senator, although there are seventy Socialist Deputies. The Senate is essentially a *bourgeois* assembly; it represents, to a limited extent, the feeling of the agricultural population (which predominates among the Senatorial electors), but the industrial working class is practically unrepresented in it. Nominally Radical and really intensely anti-clerical, it is, in fact, a Conservative body, especially in regard to social questions.

Perhaps the age limit has something to do with the conservatism of the Senate. A man of forty is not necessarily conservative, but the average age of the Senate is much more than forty, and, as a rule, men tend to become conservative (because they cease to develop) as they grow older. The very atmosphere of a Second Chamber is also, perhaps, a conservative one; the fact that it exists in order to be a check on the popular House makes it so. One could quote many instances in France of men whose political development seems to have been suddenly arrested when they became Senators; M. Clemenceau is one of them, if, indeed, in his case there has not been an actual retrogression, for he was certainly not always as Chauvinist as he is now.

My own opinion, whatever it may be worth, is against a Second Chamber altogether, but, if there must be a Second Chamber, the experience of France shows that, whatever may be its constitution, it is essential that its powers should be merely suspensive, as are now those of the House of Lords. The backwardness of social legislation in France, the privileged position of French owners of property (for example, the law of landlord and tenant, which is far more favourable to the landlord even than in England), the grossly unjust incidence of taxation, these are due to the Senate, which has consistently obstructed every effort to improve social conditions. It was the Senate that made the Old Age Pensions Law the inadequate and unworkable measure that it is. It is the Senate, with its overwhelming majority of so-called Radicals, that is now attempting to prevent the adequate taxation of the rich, who pay far less than in Germany or England, while the poor are weighed down by the burden of import duties and indirect taxes, which make the cost of living intolerable. It is the Senate which, by paralysing the legislative machinery, has made so prevalent the feeling of disgust with politics and the conviction of the hopelessness of political action.

THE LABOUR PARTY AND A SECOND CHAMBER

BY PHILIP SNOWDEN, M.P.

And whereas it is intended to substitute for the House of Lords as it at present exists a Second Chamber constituted on a popular instead of hereditary basis, but such substitution cannot be immediately brought into operation. . . .

THESE words appear in the preamble of the Parliament Act, and when the Bill was before the House of Commons the Labour Party moved an official amendment proposing that those words be deleted. It was stated by the spokesman of the Labour Party that this amendment was moved for the purpose of obtaining the opinion of the House of Commons on the question of a Second Chamber. The Labour Party is opposed to a Second Chamber, no matter how such Chamber may be constituted. It bases its opposition in the first place on the broad ground that one Legislative Chamber, elected on a democratic franchise, and by such electoral methods as will ensure as far as possible a representation of the popular will, is the best means of promoting legislation in harmony with the desires of the majority of the nation; and that a Second Chamber can, in such circumstances, only serve one of two purposes—namely, if it be also elected in such a way as to represent the popular will it is a superfluous ornament, and if it be composed of men nominated, or elected on a different franchise, it cannot be representative of national opinion, and is therefore a negation of popular government. Much of the argument against Single Chamber government seems to assume that the House of Commons, as at present elected, and as it at present conducts its business, will remain unaltered if no Second Chamber exists. It is, therefore, important for the opponents of a Second Chamber to make it quite clear that they realize that Single Chamber government would involve a drastic reform of the system of electing the House of Commons, and of the methods of conducting its business, especially a severe limitation of the power and autocracy of the Cabinet. This is not the occasion to discuss what these changes should be; it is enough to say that under a Single Chamber, that Chamber should be, so far as it is humanly possible to make it, a mirror of democracy.

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With such a Single Chamber as that, what logical argument can be advanced in support of a Second Chamber from one who accepts the principle and fact of democratic government? The common-sense view of this matter, as held and expressed by the man in the street, has never been met by the advocates of a Second Chamber. That view may be expressed in this form: if the elector votes for a man to represent him in the House of Commons, because that man generally represents his political views, why should he elect another man to revise and delay the work of the first, in whom he has the fullest confidence? A Second Chamber can only be defended on the ground that the members of the first require to be watched, that they are not trustworthy, or that they are only capable of doing their work in such a slipshod fashion that there must be others to revise or reject it. If that position be accepted, then a number of other interesting problems arise. If the House of Commons cannot be trusted to legislate in accordance with its mandate from the nation, nor in accordance with what it must know is the desire of the electors, then there is no guarantee that the elected members of a Second Chamber will be different in this respect. If the Second Chamber is to be elected by the same body of electors, there is no likelihood that they will choose for that Chamber a class of men superior in intelligence and probity to those they elect to the House of Commons. The advocates of a Second Chamber, who profess to be democrats, see the dilemma, and realize, though they will not frankly admit it, how illogical is their position if they advocate a Second Chamber elected in precisely the same way as the House of Commons. So they have abandoned the idea of duplicating the House of Commons, and they make all kinds of proposals for constituting the Second Chamber, from a nominated Chamber of "statesmen" to election by popular vote, but by constituencies geographically different from those which elect the House of Commons. But the obvious answer to each and all of these proposals is that if the House of Commons be elected in the most democratic way, then every other scheme of filling a Second Chamber is a departure from democratic methods, and it is therefore much less representative of the popular mind. It might of course be argued, and there are those who do so argue, that a wiser Chamber could be constituted by nomination, or by a restricted

electorate. But that is a different matter. We are arguing this question on the basis of an acceptance of popular government. Therefore it is undeniable that any Second Chamber which was constituted in a different way from the constitution of a House of Commons elected on a full franchise and with the fewest possible electoral anomalies would be less democratic, or, in other words, it would deprive certain classes of representation in the Second Chamber who were represented in the Commons.

Advocates of a Second Chamber, in addition to such a House of Commons as we have postulated, have no arguments to support their position except such as spring from a distrust of democracy. But they are not even logical in the proposals they make for giving effect to their want of confidence in the people. They dare not frankly take up the position that the Second Chamber must have coequal or larger powers than the House of Commons. The Liberal advocates of a Second Chamber appear to be uniting upon a scheme for a Second Chamber, which shall be small in numbers, elected by constituencies larger than those which return members to the House of Commons, whose powers shall be confined to consultation, revision, and delay. Ministers have repeatedly stated that the principles of the Parliament Act must be embodied in any scheme for a new Second Chamber. The only purposes that such a Second Chamber can serve are to be a nuisance to democratic progress and a protector of vested interests. It is to be elected by larger constituencies to make the absurdity of the same voters electing two Legislative Chambers a little less obvious. Its powers are not to be apparently coequal with those of the House of Commons, but in reality they are to be so great as to provide an effective check upon the doings of the House of Commons. Its first function is to be consultative. But if 670 members of the House of Commons, elected by the full popular vote, are not able to interpret the popular will on any question, and to decide which is the best way to give effect to it, how can they be helped to the right conclusion by consultation with a very small body of others, who have no better means of knowing the popular will, but who, on the contrary, are likely to be a less intelligent body, because few able men will care to be elected to a Second Chamber which has only powers for mischief? A Second Chamber of the kind suggested will be

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useless for the purpose of consultation, but it will be powerful for the purpose of delay. Membership of such a Chamber will only be attractive to men who want to delay legislation—that is, men who have anti-democratic sympathies or class interests to serve.

A Second Chamber having only the practical power to delay legislation is not only unnecessary but mischievous. If there were no Second Chamber, the House of Commons would have a greater sense of responsibility than it now feels, and it would not pass legislation which it knew was opposed by the country. The Unionist Party did that when they were last in office because there was a Second Chamber which could be relied upon to prevent a succeeding Government from repealing that legislation. Nothing could come from an unpopular act under Single Chamber government except disaster to the party committing it. The powers of delay possessed by a Second Chamber could only be used to postpone measures which the nation approved. A General Election would not enable the democracy to undo this mischief, for it will be part of the constitution of the Second Chamber that all its members do not retire when the House of Commons is re-elected. The seriousness of the waste and danger of such delay cannot be exaggerated. The working of the Parliament Act is showing us something of that. It will mean that the effective life of a House of Commons in one Parliament is reduced by one-half or more of its nominal time. The latter half of a Parliament will be spent in wrangling with the Second Chamber, and in doing over for the second and third time the work the Commons did in the first half of the Parliament. And all this will be to no useful purpose from the point of view of democratic progress, though it will be very useful for reactionaries and interested classes. It has been suggested, in order to lessen the time during which delay may operate, that after a while the difference may be settled by the two Chambers meeting together and voting as one body. Really that is putting an indignity upon the Second Chamber which even such a body ought to be spared. That, put into plain language, simply means that the House of Commons, after having permitted the Second Chamber to waste one or two valuable years, is to overrule the opposition by the force of its larger numbers. It is suggested that the Second Chamber should have the power

to delay a Bill until a General Election has been held. But that is an impracticable proposal, for it is very likely there would not be one, but a number of delayed measures before the country, and how can a General Election decide on each separate measure?

The Liberal advocates of a Second Chamber propose that the power of the purse shall remain entirely in the hands of the House of Commons. Could anything be more inconsistent than this? The Second Chamber is to have the power of delay, and possibly to destroy by delay, a trumpety measure prohibiting sweeps from wearing blackened faces, but it is to keep its hands off a Budget imposing, perhaps, ten millions of additional taxation. If the House of Commons is to be trusted to express the democratic desire about taxation, why is it incompetent to do so on matters of general legislation? Finance is the most important function of Parliament, and if there is any danger of democracy legislating rashly it is on financial matters more than upon general legislation. But this deprivation of the power to interfere with finance would lead to indirect action on the part of the Second Chamber, which would seriously cripple the progress of general legislation. If the House of Commons were engaged in passing a Budget to which the Second Chamber were strongly opposed, it is certain that the Second Chamber would retaliate by holding up the general legislation of the First Chamber. From whatever point of view we consider the proposals for a Second Chamber there appears nothing but the certainty of conflict, harmful delay, waste of time, and the degradation of the House of Commons by taking away from its members an interest in their work and a sense of responsibility to the electorate.

The function of revision, which it is proposed to assign to the Second Chamber, is one that might be far better discharged by a Committee of the House of Commons. It is not necessary to encumber the Constitution with the evil of a Second Chamber to get this one solitary useful function fulfilled by it. A Committee of the House of Commons would be more likely to make a measure conform to popular needs than would the members of a Second Chamber. The reform of the House of Commons, which would be carried out at the time a Single Chamber system was established, would, no doubt, provide for a further development of the Grand

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Committee system. If a Second Chamber has to be created no better model can be followed than that of the Norwegian Legislature, which creates its Second Chamber by selecting one-fourth of the members of the Storting, and the functions of this Second Chamber are mainly revision. The least harmful form of a Second Chamber for our country would probably be one wholly nominated, for such a Chamber would not be able to claim any democratic authority, and if it had any sense of the fitness of things it would not arrogate much power. The more democratic is the system of electing a Second Chamber, the more dangerous it is to democratic causes, and the more of a nuisance it makes itself by its arrogance.

The main argument on which advocates of a Second Chamber rely is that most countries have adopted the bicameral system. But there are two answers to that argument. In the first place most countries created a Second Chamber not because there were any reasons why they should, but because they found that England had such a system. And the second answer is that Second Chambers are now retained in those countries because experience has proved that they are a drag on democratic legislation and a strong protection of property interests. The variety of Second Chambers is legion, but they have all that feature in common. In France, in the United States, and in the new democracies of Australasia, with the growth of democratic power and the extension of political franchises, the Parliamentary history of all has been that of conflict between the two Chambers. Those who cannot trust the democracy do well to have a Second Chamber to curb its power. To best attain their purpose they must give the Second Chamber the appearance of being a democratic body; but in reality it will always be the representative of wealth and privilege. Democracy will make many mistakes, but it is not by restricting its liberty, but by giving it the fullest liberty, that it will learn wisdom and feel its responsibilities. The Labour Party policy is to abolish the House of Lords, to institute Single Chamber government by a House of Commons elected on manhood and womanhood suffrage, under a reformed electoral system which will give, as far as it can be done, every unit of the electorate an equal share in electing the House of Commons.

THE LEGISLATIVE COUNCIL OF NEW ZEALAND

BY THE HON. W. PEMBER RĒEVES

THE Constitution of New Zealand came into operation a little more than sixty years ago. It was the joint work of the Colonial Office and of Sir George Grey, then Governor of the Colony. Though Grey endeavoured to take local feeling to some extent into account, he either could not or did not wish to run counter to the predilection of Downing Street in favour of a nominee Second Chamber of members appointed for life. The admitted object of the English authorities was to obtain a body independent both of popular opinion and of the Government of the day. Thus and for this reason constituted, the Legislative Council went its way until 1891. It was never exactly popular, and became increasingly less popular. In its composition it was usually neither very good nor very bad, very rich or very poor, very able or conspicuously foolish. Its members were as a rule of the property-owning class. But there were exceptions. Among the Councillors there were always at least some colonists of real ability, knowledge, and experience. Somewhat more numerous were politicians who could not have won a seat in the Lower Chamber and would not have strengthened that Chamber if they had. As private persons there was nothing to be said against them. But they represented no one, not even a class. Inevitably they tended with increasing years to become more and more inert and conservative, and were only restrained from becoming extremely obstructive by a sense of weakness. Some of the life members, though they attended and drew their pay, grew too old for their duties, light as these were. Others grew indifferent and attended irregularly. The intellectual level was not above that of the elected Chamber, but, if anything, below it. A New Zealand speaker once remarked, not without point: "We have endeavoured to create an aristocracy, and have succeeded in endowing a museum!" The Council seldom before 1891 came into direct collision with a popular Government, but thoroughly enjoyed throwing out Bills passed by the Lower House on the initiative of private members. Its weakness made it more or less of a jest, even among the Conservative

classes. But it was respectable, and not very mischievous ; and if it seldom improved Government measures, it did not very often make them worse.

This rather unserviceable but more or less innocuous Senate might have gone on much longer without change but for one thing. Up to January, 1891, New Zealand, save for one very brief season, never had an actively democratic and reforming Government. Measures of reform there were, but they were almost always concessions intended to keep the democracy quiet. As such they were accepted by Conservatives in both Houses. For forty years, therefore, the tendency of Ministries was to appoint " moderate " men to the Council, where, of course, " moderation " was a quality which became accentuated. Public opinion was growing more democratic, while the Councillors' views were petrifying. When, then, in 1891, a Radical Ministry, supported by Labour and with a thoroughgoing policy, came into power it was discovered that virtually the entire Council was in opposition. In a House of 46 the Government had a doubtful following of three or four. They at once introduced a Bill abolishing the life-tenure of seats in the Council. It would have been impossible to affect the position of existing members. The Government was content to transform the tenure of future appointments into one of seven years. The old life members were to be permitted to die out peacefully. Then, after a long struggle with two Governors, Lords Onslow and Glasgow, the Radicals were permitted to nominate twelve Councillors and to form something of a party in the Council. Their opponents in that body, who, of course, were still in a large majority, wreaked their vengeance on the measures of the Government. For six or seven years they rejected or mangled these with a frequency and a vigour which quite threw into the shade the wrecking practices of any other Second Chamber known to the writer. Important Bills were rejected or spoiled twice, thrice, or even oftener. The Government could do nothing except bide its time. At length, thanks to death, fresh appointments, and the continued popularity of the Radicals, the change came. In 1899 it could be said that the Progressive Party at last had a Council which could be trusted to support them.

It cannot be said that the Progressives made any very striking or impressive use of their victory or of the opportu-

nity it gave them. They did not increase the pace of their reforms—on the contrary, they slackened it. They did not improve the composition of the Council. Apparently they did not desire a brilliant, intellectual, statesmanlike, or even active body. They or their leaders wanted a Chamber which would not give trouble. That they certainly secured. For a dozen years the Councillors passed everything which the Government really wished them to pass. When they threw out anything—as, for instance, a measure for further reforming their constitution—it was something of which one might safely say that neither Ministers nor the public cared two straws for its fate. They did not court unpopularity. The Council furnished a convenient and not undignified shelf for a certain number of elderly friends of the ruling party. In twenty years the Liberal leaders never appointed to it a single member of the Opposition. On the other hand, they did not make the mistake of victimizing Councillors who showed spasms of independence. Broadly, it was assumed that at the end of their seven years' term all members should be reappointed. Good, bad, or indifferent, they were kept on. This practice helped to keep them in good humour. Now and again one of them might swing his tomahawk, but after a while he would grow quiet again. The Council did nothing shocking · it did nothing amusing · it did nothing in particular. It certainly did no damage to the Colony beyond costing the taxpayers a few thousands a year. But from 1898 to 1911 a more commonplace and less interesting legislative body can hardly have existed in the Empire. Over its portals might have been inscribed "Vestibulum tumuli et seni penultima sedes." Perhaps its principal achievement was to prevent the democracy from becoming reconciled to the nominee system.

Neither recently nor at any time in its respectable but uninspiring career has the Legislative Council indulged in sensational constitutional conflicts with the Lower Chamber. It has not made history in that way. It once tried to amend an Old Age Pension Bill, but its own Speaker ruled that the measure was a Money Bill and that the amendment was *ultra vires*. For sixty years the Parliament of New Zealand has managed to get on without legal provision for forcing rejected Bills through or for preventing deadlocks. For this the Council may claim some credit. Indeed, as above

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indicated, it has usually had enough dreary good sense of its own to avoid going to extremes. Only during the seven years from 1891 onwards was it persistently pugnacious. Then it was in the end beaten all along the line. All its pet aversions became law : nearly all of them are still law.

It will be noted that, whereas for forty years the tendency of New Zealand politicians was to make the Council conservative, during the next twenty years the Progressive Party held office continuously, and might have been expected to transmogrify the Conservative Chamber. When they went out they left a Council largely of their own making, where the elements of a strong resistance to their more conservative successors might have been looked for. But the Progressive-made Council was far from Radical, and with one notable exception has given the present Government as little trouble as may be. It has, for example, passed their terribly reactionary land laws without compunction.

The exception is the interesting Bill for its own transformation. Why Mr. Massey's Ministry should wish to meddle with so unresisting a Chamber is not at first easy to see. A Council so habituated to pass Government Bills might probably be trusted to go on doing so. But even a Conservative Ministry must have a policy and a programme. When in 1911 the twenty years' term of the New Zealand Progressive Party came to a rather lame and impotent conclusion the Conservatives stood pledged to reform the Governmental machine. They decided, not without reason, that the negative advantages of the nominee system were not good enough to preserve it, and they resolved to make the Council elective. With praiseworthy discretion they rejected the temptation to propose to have it chosen by a limited electorate. With the example of Victoria before them, the people of New Zealand would not have stood that. On the other hand, being at heart Conservative, the Ministry did not want a Senate like that of the Australian Commonwealth—something certain to be captured with a rush by a democratic majority as soon as a democratic party should be thoroughly organized. So they fell back on a scheme of dividing the Colony into four large electorates to choose members under the Tasmanian system of proportional representation. Two of the electorates are to return eleven members each, and the other two nine members each. The suffrage will be universal,

and the elected Councillors will sit for six years. The scheme cannot be in full operation for five or six years, as time is allowed for the gradual disappearance of the nominees. The Bill contains the English provision for passing Money Bills over the Upper Chamber's head if necessary, and the Australian provisions for "suggested" amendments and for dealing with deadlocks. It has not yet become law. The nominee Council, complacent enough about other things, will have none of it, and has already twice rejected it. Should the Government remain in office, the probabilities are that it will become law within eighteen months. The result, in such event, will most likely be an Upper House of somewhat more ability and a good deal more energy than the present. After a time the Labour element will almost certainly be strong. At first the balance of strength between the Conservatives on the one side and the Progressives of all sorts on the other may be fairly even. There seems no reason to anticipate a stubbornly obstructive or overwhelmingly Conservative Chamber. Indeed, if the Conservatives are looking for anything in the shape of a bulwark against democracy, one is inclined to think that they will be disappointed. But they will probably always be able to count on having a strong minority of respectable mental calibre there. At the outset they may even command a majority. They need never be swamped, except through utter bad management in the country. Such is the outlook at the moment. New Zealand has had experience of the nominee Chamber in three different moods—cautious, actively obstructive, and apathetic—and appears to have liked none of them. The Colony now seems disposed to try a Second Chamber of a kind likely to do more both of good and harm than its predecessor. The original design of Downing Street in setting up a Legislative Council was to create a body quite independent both of popular opinion and Government influence. For many years the Council yielded to the latter force. Indeed, except for a few years, it was usually disposed to yield to it. By way of a change it is now proposed to make it directly amenable to public opinion. So much for the visions of constitution makers.

SECOND CHAMBERS IN CANADA

By GEORGE M. WRONG, *Professor of History*
in the University of Toronto

CANADA, as a great state extending from the Atlantic to the Pacific, has existed for a little more than forty years. Prior to 1867 what is now Canada consisted of detached provinces with no organic union. The movement for federation was completed by 1873. Some of the smaller provinces had feared that, on the basis of representation by population, their interests might not be adequately guarded in the Federal Parliament. The result was that in Canada, as in the United States, one chief purpose of the Second Chamber was to give protection to the less populous provinces. In the United States we find two members in the Senate for Nevada with less than 100,000 people, and also two for New York with more than 8,000,000 people. There is in Canada no disparity so great, but the Maritime Provinces have twenty-four Senators, while Ontario, with nearly three times the population of the Maritime Provinces, has also twenty-four.

Besides the Federal Parliament, which sits at Ottawa, there is a provincial legislature in each of the nine provinces of Canada. Older provinces, such as Quebec and Nova Scotia, have retained Second Chambers in their legislatures; but the great province of Ontario, the most important of the Canadian provinces, and the new provinces in the West have all adopted the system of a single Chamber. In this respect Canada stands in contrast with the United States, for there is no single-Chamber legislature in all the half-hundred legislatures of that country. The single-Chamber system has given satisfaction in Canada, for in no province with a single Chamber is there any serious movement to change to two Chambers. In Nova Scotia, on the other hand, there has been a strong movement to abolish the Second Chamber.

In all cases in Canada members are appointed, not elected, to the Second Chamber. The method is so uniform that for our purpose no special study of the provincial Second Chambers is necessary, and we may concentrate our attention on the Federal Second Chamber, the Senate at Ottawa. It contains in all eighty-eight members, twenty-four from the Maritime Provinces, twenty-four from Quebec, and twenty-

four from Ontario ; the western provinces have at the present time sixteen Senators, but owing to the rapid growth of their population, this number will probably be at least doubled in the immediate future. The Senators are appointed for life by the Federal Government of the day, as vacancies occur. The provinces of Canada are divided into Senatorial districts, but as there are no elections to the Senate, and as it is not necessary for a Senator to reside in the district which he represents, these divisions mean little. The system of appointment by the Government of the day sometimes produces singular results. A district, or even a province, represented only by Conservatives in the House of Commons may be represented wholly by Liberals in the Senate, if the Senatorships have happened to fall vacant while a Liberal Government was in power. It is thus clear that under the method of appointment to the Senate it often happens that the Senators do not express the political opinions of those whom they are supposed to represent.

We turn to enquire about the type of man who has been appointed. The Government of the day is free in its choice of Senators, and the position of Senator is a highly privileged one. He has for life an income of \$2,500.00 a year. Unless he absents himself entirely from two sessions of Parliament he cannot be disturbed in his position. He is free to play a bold, strong part in the life of the State. In fact, however, the Canadian Senators have not done so, and it is easy to see why ; from the first, appointments to the Senate came under the full control of the mechanism of party, and, on the whole, the Senate has fulfilled no higher function than that of playing the party game. The security of the position for life and the freedom from the labours of an election have made a Senatorship a desirable crown of party service, and to this use the office has been put. The view is generally current in Canada that only elderly men should be appointed to the Senate. Men who have given long service in the House of Commons sometimes claim the reward of a Senatorship for their declining years. Other claimants are those who have given similar service in the party organization or, it may be, have contributed liberally to the party funds. No Government, Liberal or Conservative, has made any serious effort to save the post of Senator as a reward for any other kind of public service, and, in the present condition of political

thought, it would be quixotic to expect that anything but party interests should be considered.

Since, as a rule, only elderly persons are appointed to the Senate, one virtue is assured. The Senators are men of experience in public affairs. The result is that Committees of the Senate do excellent work in improving Bills sent up to them, often in a crude state, by the House of Commons. Normally this is all that the Senate does. At times, however, it plays a more striking part. Governments live long in Canada. The present Federal system has been in force since 1867, and during this period, now of nearly fifty years, there have been only four changes of government. The Liberals came in in 1873, the Conservatives in 1878, the Liberals again in 1896, and the Conservatives in 1911. For the greater part of this time two men have really ruled Canada: Sir John Macdonald was Prime Minister for twenty years, Sir Wilfrid Laurier for sixteen. Since long tenure of office is a characteristic of Canadian politics, it is clear that a Government which appoints Senators on party lines will, in time, have an overwhelming majority in the Senate. If this Government is, in the end, defeated at the polls, its party majority in the Senate remains, with power to embarrass the rival party which has assumed office. It is true that the character of the Senate changes rapidly. For Senators being usually old or elderly, a heavy percentage of them dies annually. Thus time soon redresses the balance. But for two or three years after a change of government, the Opposition is likely to be in control of the Second Chamber. Possibly it is not a bad thing that a new Government should have to walk warily at first, or find its measures rejected. On the other hand, the first years of the rule of a party are its best years. The great Ministry in Britain after the Reform Bill of 1832 ended slavery, passed the Factory Act to check the abuses of child labour, and reformed the Poor Law, in the first two years of its enthusiasm. Then its radiance faded into the light of common day. An appointed Senate means that a new Government may be hampered in carrying out its policy.

It must be said, in fairness, that the Canadian Senate has, on the whole, used its powers moderately when it has been opposed to the Government of the day. If a Government has come into power on an issue made clear at the polls, the Senate, even though hostile to the administration, has made

no attempt to block the policy on which the new Government has gained office. A Conservative, elected on the policy of a protective tariff in 1878, was able without difficulty to pass its legislation through the Senate. A Liberal Government, called to office in 1896 on a policy of freer trade, did not find its measure for a reduction of the tariff on British imports blocked in the Senate. On the whole the Senate has been loyal to the principle that it is bound to accept measures on which the will of the people has been clearly expressed. If, however, the plea can be made that public opinion on an important measure has not been expressed, the Senate is likely to be troublesome to a new Government. When, in 1913, a Conservative Government proposed a vote of \$35,000,000 to aid the British Navy, the Liberal majority in the Senate rejected the measure. It declared that a new and far-reaching policy was involved in the proposal, and that on this the Canadian people had not been consulted. The Government would not accept the Liberal demand for a dissolution on the question, and the result was deadlock.

The Canadian Constitution makes no special provision for overcoming a deadlock of this kind. Nor is such a provision needed, for Time soon solves the difficulty. Within two or three years Death, the great reaper, will have made enough vacancies in the Senate to permit of the appointment of a Conservative majority. Then, for the remainder of its term of office, however long this may prove, the administration will have no difficulty with the Senate.

Such is the Canadian Senate in operation. It is not a body that occupies an important place in the thought of the Canadian people. Since the Senators do not appear before the public as candidates in an election, and since debates in the Senate attract but little attention in the Press, the names of Senators are not well known, and the average Canadian would be puzzled if asked to draw up a list of half a dozen of them. It rarely happens that an important post in the Cabinet is given to a Senator. The Senators take little or no initiative in regard to legislation, for the reason, probably, that they are not under the pressure which constituents put upon members of the House of Commons. Always the Senators have obeyed the mandate of party; there is no case on record in which a majority in the Senate has opposed on an important measure a majority of the same party in the

House of Commons. Those who know what is going on at Ottawa admit freely that the Senate does useful work on non-party lines in improving Bills ; but they will add that it discharges no other useful function. Yet, on the other hand, there is no serious movement for its abolition. Most Canadians would consider it a high honour to be appointed to the Senate. It has ardent friends in both political parties, for it is not, like the House of Lords, the steadfast friend of only one party. There was, indeed, a time when the Liberal Party in Canada was hostile to a Second Chamber which baulked some of its proposals. At the present moment, however, it is the Liberals who are insistent on the rights of this appointed Second Chamber. Both parties would probably oppose the abolition of a Chamber that, on occasion, both have found useful.

The Senate is the frequent butt of ridicule in the Canadian newspapers, and there is no doubt that there is a real public opinion in both parties which regards it as superfluous, while admitting, with regretful tolerance, that it must probably continue to exist. One who sees the Senators at work in their comfortable chamber at Ottawa is undoubtedly struck with the fact that they are a group of old men. Their sessions, like those of the House of Lords, are usually brief, and they frequently adjourn for long intervals. In one respect the House of Lords is in sharp contrast with the Canadian Senate. The House of Lords contains many young and middle-aged men, men who have yet to make their mark, and it is the proud boast of the peers that their debates are on an intellectual level at least equal to that of the House of Commons. Good speeches are sometimes made in the Canadian Senate, but on the whole it shows slight debating power, and there is little reality in its discussions. Occasionally a Senator, ambitious for the prestige of the Chamber, will try to lead it into a path of wider usefulness, but for such enthusiasm the atmosphere of the Senate has proved as chilling as, in another legislature, has been the atmosphere of the House of Lords.

In summing up we may say :—

1. The Senate plays a minor part in the political life of Canada, and commands but little authority.
2. The Senate becomes important only at the time of a change of government in Canada, and its influence is then likely to be used to hamper the new Government,

3. The Senate discharges useful functions in improving the details of the Bills sent to it from the House of Commons.

4. Experience in Canada has shown that the method of appointment for life works better than would appointment for a term of years. The longest term of years to be proposed would probably not exceed seven or eight. Sir Wilfrid Laurier was in power in Canada for sixteen years. Had the terms of Senators expired after even ten years, every Conservative Senator would have been replaced by a Liberal during Sir Wilfrid Laurier's tenure of office, and the Senate would have contained only Liberals, a *reductio ad absurdum*.

5. In Canada the tyranny of party has been complete in regard to the Senate. But for this, more men conspicuous in the world of commerce, of letters, of education, might have found a place in the Senate and might have softened the rule of mediocrity which now prevails in the representative institutions of the New World. The party leaders, however, have willed it otherwise, and they have had their way.

CONSTITUTIONAL CHECKS AND BALANCES

By LORD ESHER

THE events of the past five years have brought into prominence the distinction, always understood, between government and legislation. It would be easy to show, if space permitted, how both functions were once, in this country, combined in the Sovereign, how they were gradually separated, and ultimately reunited in a Parliament. The changes which have been made, as Mill once said, "and the greater changes which will be made in our institutions are not the work of philosophers, but of the interests and instincts of large portions of society recently grown into strength." Interests and instincts! A sagacious phrase. We are not, then, concerned with the past, except in so far as it carries, among educated men, a certain weight of authority and sentiment. What we are concerned with are the interests and instincts of those portions of society recently grown into strength.

Looking back over the last forty years, since the Education

Acts of 1870, we find a growing generation of men and women, now come to full age, constituting the vast majority of the population of these islands, altogether differently equipped from their forbears, and in possession of ruling authority within these islands. By a series of legislative acts, political power—that is to say, the power of government and of legislation—has passed under the ultimate control of the masses of people who work for their daily bread, all day and every day. The stupendous fact is that these people, unlike their fathers, actually read and think, and above all that they are conscious, at last, of the power they possess. This is the new instinct that has dawned in England. The interests of these people are harder to define, but one supreme interest is becoming clear to them, and it finds vent in a stubborn determination to enjoy the fruits of their labour. Here we have a new factor, which statesmen and professional politicians have to face, and it is the main factor that will determine the changes in our political institutions now impending. These changes are sure to be far-reaching, and only the audacity of a Sieyès would attempt to forecast them in detail.

That our old bicameral system of Parliamentary government collapsed in 1909 is undisputed, and the immediate question for practical statesmanship is to find machinery, suitable for our national requirements, but consonant with the interests and instincts of our people, to take its place. To suppose that the problem can be solved by setting up in the place of the House of Lords a Second Chamber, however differently composed, exaggerating the drawbacks and difficulties inherent in the bicameral plan, seems a futile expedient, for it is to ignore the deep-seated causes that brought the old system to the ground. These causes were summed up by Lord Rosebery when he pointed out that "the real danger of the House of Lords from a Constitutional point of view is that it invites unrest, it invites agitation, and in certain cases the cup might boil over, and it might invite revolution. This is a great national question, and it is a great national danger." In the end, the cup did, in point of fact, boil over, and why? Not because the House of Lords was a hereditary Chamber, but because it possessed and used powers inseparable from any Senate, however constituted, and because those powers are distasteful to "democracy," as modern popular rule is

called, and unpalatable to the instincts of the masses, who control the government of our country ; and because those powers are bound, by the nature of the case, always to be antagonistic to popular interests. For years Lord Rosebery cried, in the wilderness and vainly, for a reformed Second Chamber. He was ignored, and the blow fell with catastrophic force. To-day it is too late. The forms of an oligarchy cannot be restored. To point to democracies over-sea is beside the mark. We led the way. Washington and Hamilton followed suit. States of the old world and the new followed after. But we are leading still, and, as Burke once said, " We want no foreign examples."

Years ago Sir William Anson pointed out that a Senate, if it is to remain, must co-operate harmoniously with the other members of the body politic. To-day the question is whether the predominant partner in the body politic—that is to say, the masses, no longer blind, but kept informed by the daily Press—will co-operate with any form of Senate. The information on current events poured out daily for the people, information far more extensive and accurate than our oligarchic forefathers ever got by gossip and pamphlets, is a very formidable and quite new fact. The electors who chose Sir Robert Peel in 1841, or Mr. Gladstone in 1880, only knew what their " Leaders " chose to tell them. There are no secrets nowadays and little leadership. Even the sacred deliberations of the Cabinet appear next day in the columns of certain favoured journals. An elector can know everything if he takes the trouble to look ; and in point of fact he does.

This new English world of men and women will continue probably to find satisfaction in delegating the functions of administration and government to the man or to the men it selects ; provided always that it is allowed fairly often to renew the mandate. It is a sporting proposition that appeals to Englishmen. The word " mandate " is of significant modern growth, and would have been repudiated by Palmerston or Peel. The electorate is qualified for such work as this. As Mr. Frederic Harrison once wrote : " What you want in a body of electors is a rough, shrewd eye for men of character, honesty and purpose " ; and then he added, " Electors have not got to govern the country ; they have only to find a set of men who will see that the Government is just and active."

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Quite so. And for such a purpose, a House of Commons, chosen for three years, will suffice ; especially if, by a judicious and well-balanced plan of delegated powers and duties, the functions of the House of Commons are limited to the higher responsibilities of National Security, taxation for National requirements, revision and supervision.

Legislation, however, must be provided for, and new laws will ever be required as social conditions change. But delegated powers, subordinate authorities, local differentiation, are paths along which legislation is certain to find its way, if the obvious signs of a new spirit in the people and their new requirements are rightly understood. There must always remain, it will be said, the wider issues, the interests common to all alike, and they have to be reduced to statutory form and embodied in laws which, if they are to be satisfactory, should be carefully drawn, discussed, and debated. Be it so. With lightened duties this task is not beyond the capacity of a large Cabinet and a single Chamber.

Where, then, is the bulwark, strong and trusted, against ill-considered or maleficent legislation ? What is the protection against high-handed legislative measures, passed through a single Chamber by an autocratic Minister, temporarily secured in authority by a subservient majority ? Some find the answer in a Senate or Second Chamber, with powers of revision and rejection, and based on the " elective principle." Some, in short, would restore a plan that worked well under conditions now passed away, but has since been found unsuited to the conditions now prevailing. They would restore it, with, I venture to think, all the defects and none of the compensating virtues which under the early Victorian Constitution characterized the House of Lords. Be sure, however, that there is no going back. We are already not only governed but legislated for by a single House not representative of the people, hardly representative at all in the ancient sense, and sadly anachronistic. It is a blundering, ineffective, dilatory process, and by no means free from danger. In good time this will be changed. But the " instinct and interests " of the Nation, while requiring legislative enactments on the greater issues, and content to leave minor ones to minor authorities, will insist upon retaining a direct challenge to any measures affecting its welfare, and a direct and absolute power of rejection. If the events

of the past few years, political and social, whether within the sphere of Trade Unionism or higher politics, prove anything, it is that " Democracy " in England means to substitute a direct for an indirect veto upon the legislative acts of its chosen leaders.

THE UNITED STATES SENATE

By SYDNEY BROOKS

THE United States Senate is commonly regarded, and on the whole justly regarded, both in and out of America, as the *chef d'œuvre* of " The Sages of 1789. " They were all, with the possible but doubtful exception of Benjamin Franklin, two-Chamber men. It was part of the system they had inherited from England, and had grown accustomed to in their colonial Legislatures. But while there was no division of opinion among them as to the necessity of a Second Chamber, the form it should take, the methods of its election, and the powers with which it was advisable to endow it became matters of animated contention. The determining factor in the settlement of the chief of these questions was the fears of the smaller States. They dreaded being placed in a position where they might be swamped, outvoted and oppressed by the more populous commonwealths; and having agreed to accept population as the basis of representation in the Lower House, they insisted that in the Upper Chamber each State, whatever its size or the number of its inhabitants, should enjoy an equal voting power. That wise and workable compromise, thoroughly in conformity with the Federal idea, and furnishing a natural and clearly marked differentiation in the electoral origins of the two Chambers, has endured to this day. In the House of Representatives the States are represented according to their respective populations; in the Senate they are represented as States by two members apiece. The mathematicians of politics have from time to time pilloried the superficial incongruities to which any such arrangement must necessarily give rise. They have pointed out that it gives to a raw and barely settled State of perhaps not more than forty or fifty thousand people a power and standing in the Senate equal to that of a great and prosperous community like New York or Illinois with millions of

inhabitants. Yet no device in the American system has worked more satisfactorily, and none seems likely to prove more durable. The Constitution specifically provides that no State "shall be deprived of its equal suffrage in the Senate without its consent." The conditions are unimaginable in which that consent would be given, or, one might add, ought to be given.

The Senate, then, at this moment consists of two members from each of the forty-eight States, or 96 in all. Any American is eligible for it provided he is thirty years old, has been for nine years a citizen of the United States, and at the time of his election is an inhabitant of the State for which he is chosen. The Constitution lays it down that "the Senate of the United States shall be composed of two Senators from each State, chosen by the Legislature thereof, for six years; and each Senator shall have one vote." The first point to be noted in this provision is that Senators are not elected directly by the people, but indirectly by the Legislatures of their respective States. The procedure governing their election has for nearly half a century been uniform throughout the country, but though some abuses and anomalies that prevailed up to 1866 have thereby been got rid of, the fundamental drawbacks to choosing Senators by the State Legislatures have not been removed. Alexander Hamilton rightly foresaw that the Senate would prove a valuable link between the States and the National Government, but he could not foresee all the consequences, some of them by no means desirable, of this connexion. The election of the United States Senators by the various State Legislatures has meant, in practice, that the "machine" of the dominant party has decided the issue; that State politics have been forced to develop on national lines, to the palpable prejudice and neglect of local needs and interests; and that State legislators are chosen less for their competence to attend to State affairs than as faithful party men who will unhesitatingly vote for the Senatorial candidate favoured by the local Boss and approved by the local caucus. All real freedom of selection has long ago been snatched from the State Legislatures; nine times out of ten their choice of a Senator has been predetermined by the "machine" whose action in the matter is virtually final; and, in the tenth case, when some particularly undesirable candidate is being foisted upon the

Legislature, or when rival Bosses in the ruling party are at loggerheads, there is a contest that may often last for weeks, during which all the business of the State is put on one side, the sewers of local politics are opened, and the people are deprived of one-half of their due representation in the Senate.

A system so injurious to good local government and lending itself so readily to corruption and unholy compacts is only partially redeemed by the facilities it provides for an occasional man of parts and distinction and with a real instinct for statesmanship, but disinclined for the rough and tumble of a popular election—such a man, for instance, as Senator Elihu Root—to serve his country in the Senate. The dissatisfaction with it and the growth of opinion in favour of the direct election of Senators by the people of each State have been very marked of recent years. In more than one State fairly successful attempts have been made to evade the Constitution and place the choice of a Senator virtually in the hands of the voters instead of in the hands of the wire-pullers ; and a Constitutional amendment to this end has at length been accepted by both Houses of Congress, and is now well on the way to ratification by the requisite majority of the States. One may therefore regard it as assured that in the very near future no provision of the law will be allowed to come between the people of the various States and the nomination and election of the men they wish to represent them in the national Senate. So far as one can judge, the change seems likely to improve rather than detract from the general quality of the Senate, to make it decidedly more amenable to popular sentiment, to weaken it accordingly as a bulwark against temporary gusts of passion or prejudice, and to free the State Legislatures from an association that has frequently proved detrimental both to their morals and efficiency, but that has also been a main source of such public interest as exists in their proceedings.

Senators are elected for six years, thus enjoying a statutory tenure three times as long as that of the members of the House of Representatives. One-third retire every two years, and the Senate in any given Congress contains accordingly two-thirds of the same members as in the Congress just preceding. It is therefore a continuous body in a perpetual state of periodic renewal, an advantage that counts heavily in its favour when it has to meet and bargain with the House of

Representatives in joint conference. It is presided over by the Vice-President of the United States, who, however, is allowed to vote only in the case of a tie. In his absence it selects a presiding officer from its own membership. His duties are lightened by the decorum and good sense that have almost uniformly marked the deliberations of the Senate, but at times they are apt to be complicated by the singular fact that the Senate has no rule for the closing of debate and that obstruction can thus be carried, and in rare and extreme cases has been carried, to the point of absolute deadlock. But in general few elective Chambers have more consistently observed a high standard of dignity and courtesy.

The same personal consideration, however, which has softened the asperities of debate is productive of political consequences of a less attractive character. It is one of the functions of the Senate to confirm or reject the President's nominees to a large number of Federal offices; and as patronage is a matter of vital interest to each Senator and an instrument on which he largely relies for building up a personal following and for keeping his State supporters in good humour, there is no Constitutional privilege of which he is more jealously tenacious. The Constitution, as a matter of fact, goes no farther than to provide that the President shall make appointments "by and with the advice and consent of the Senate." The Senate, however, has been able to expand the authority thus conferred upon it into something approaching a power of veto over most of the Presidential nominations. The Senators from Illinois, for instance, have more or less insisted that the principal appointments in Illinois should be such as they approve; their fellow Senators from other States, being placed in an identical position and moved by identical motives, have stood shoulder to shoulder with them; and it has thus come about that the Senate will hardly ever ratify a nomination to which the individual Senators whose interests are most closely affected by it take exception. A tremendous pressure is thus put upon the President to make only such appointments as the Senators immediately concerned will support. Otherwise his nominations are held up, the Senators are estranged, and the prospects of a successful Administration and of an impressive legislative harvest are seriously jeopardized. So firmly do all Senators hang together in this matter of patronage, so

easy is it for them to arrange concerted and mutually profitable action among themselves, and so effective is their opposition to the President, that the Executive power of appointment has often in effect been usurped by the Upper House of the national Legislature. In all such questions a small, compact, cohesive and continuous body has a profound advantage over any President, however popular and however resolute.

The prerogatives of the Senate fall naturally under three main heads—legislative, executive, and judicial. Its consent is necessary to the passage of all Bills which become law, and its legislative powers are identical with those of the Lower House, except that it may not originate a Revenue Bill. The exception is of interest to Englishmen because in 1910 it was a favourite argument with some publicists that an equitable adjustment between the financial rights of the House of Lords and the House of Commons could be attained by a resolution declaring that the initiation of measures imposing taxation on the people must belong solely to the Lower House. The experience of the United States is very far from confirming this view. The House of Representatives has, it is true, the sole right of originating Revenue Bills. But the Senate long ago made good its claim to amend them. It also holds, and acts on the contention, that a Bill to repeal or reduce taxes is not a Bill to raise revenue, and that it may initiate such a Bill even though its passage necessitates the imposition of new taxes. Furthermore, it alters Appropriation Bills very much as it pleases, introducing fresh items and frequently raising the total of the grants. Practically all the Revenue Bills in the United States are Tariff Bills, and in framing them the Senate plays a part as large as, if not larger than, that of the House of Representatives, increasing or diminishing the rates charged in the various schedules according to its own notions of what is right. When the two Chambers thus disagree there is a conference, but here again the compactness and greater permanence of the Senate almost invariably carry the day. In the five Tariff Acts of the past twenty-three years the influence of the Senate has been considerably more marked and effective than that of the Lower Chamber; and it is scarcely open to dispute that, as between the two Houses, the Senate in all matters of finance is the predominant partner. The con-

tion, therefore, that if the exclusive right of initiating money Bills is vested in the Lower House, the Upper House is thereby sufficiently controlled, is not merely not borne out, but is flatly contradicted, by the experience of the United States ; and it must, of course, be remembered also that if the Senate clashes with the House of Representatives, it is merely a quarrel between two Legislative Chambers and hardly concerns the Executive at all, whereas a deadlock between the House of Lords and the House of Commons is in reality a struggle between the Upper Chamber and the Government of the day.

The executive functions of the Senate consist in participation in the appointing and in the treaty-making power of the President. In regard to its right to pass upon appointments it should be added, in addition to what has been already said on the subject, that the right is hardly ever exercised adversely in the case of Cabinet Ministers, Ambassadors, Judges, Consuls, and the chief military and naval officers ; and that it is principally nominations in Federal offices in the various States that the Senators representing those States scrutinize most closely. The Senate would never voluntarily throw away a weapon which, originally forged to prevent Presidents from creating an army of placemen, has become an invaluable instrument of political bargaining ; but it is doubtful whether its retention does anything to ease the workings of the Governmental machine or to promote either the purity or the efficiency of the public service. It is, however, on their Constitutional right to confirm or reject Treaties negotiated by the President that Senators set the greatest store. Unless two-thirds of the Senators present vote in favour of a Treaty it fails of ratification. This is a very real power, not only as against a President, but also for the influence it carries with it in shaping and controlling the foreign policy of the country along cautious and at the same time continuous lines. That it should be often used simply from calculations of domestic politics and to thwart and humiliate some particular President or Secretary of State goes without saying. That it is inconsistent with the rapidity of decision and of action that may be demanded by a crisis is also true enough, and with the ever-expanding circle of American foreign interests it may in time make itself felt as a serious disability. But so far it has undoubtedly served to

restrain the Executive and to make American foreign policy stable, unadventurous, and really national; and its disadvantages are largely mitigated by the facts, first, that in discussing Treaties, as in discussing appointments, the Senate goes into secret session with cleared galleries and closed doors; and, secondly, that a large latitude of action in external affairs is still left over for the President's untrammelled use.

The judicial functions of the Senate are confined to its sitting as a court for the trial of impeachment cases brought up by the House of Representatives. The Senators at such times are placed on oath or affirmation, and a two-thirds vote is necessary to conviction. When the President is impeached the Chief Justice of the Supreme Court presides over the trial. Apart from President Johnson, there have been seven impeachment trials before the United States Senate, only two of which resulted in convictions. Since the right to impeach must reside somewhere, and since experience has shown that it is not very liable to abuse, American opinion is well content that the Lower House should have the exclusive privilege of preferring the charges and the Upper House of hearing them rather than that the Supreme Court, or any other judicial tribunal, should be thrust into the storm-centre of politics. There is, however, another special power belonging to the Senate which is of more doubtful propriety—the power of electing a Vice-President whenever the electors fail to do so, the choice being limited to the two candidates receiving the greatest number of electoral votes. An emergency is conceivable in which this power might prove to be more safely lodged almost anywhere than in a branch of the national Legislature.

Such are the principal and most characteristic features of the United States Senate. Like the House of Representatives, it works through a large number of standing committees, to which all Bills are referred, which are controlled by the party in power, and the chairmen of which are appointed by the method of seniority. On the whole it has deserved well of the Republic. It does not attract to itself the best men in America, but it does attract the best men who enter American politics. It is a representative body, convenient in size, stable in composition, capable therefore of evolving traditions and amassing experience, restraining the Lower House, checking the Executive, not too removed from the people

to be out of reach, nor too close to them to be blown by every passing wind. It serves to bind the States to the Central Government and to mitigate the excessive separation of the legislative from the executive powers ; and if grave scandals have often disfigured it and its general attitude at times has seemed altogether reactionary, its record as a whole has more than fulfilled the expectations of its founders.

SECOND CHAMBERS IN GERMANY

By DUDLEY WARD

OF the twenty-three monarchies, three republics, and one federal province that make up the German Empire of to-day, eleven States, apart from the federation itself, possess the double-chamber system in one form or other. Among the eleven there is one, Mecklenburg, that may be left aside at once as of no more than antiquarian interest. This State, which is in reality two, with two independent dukes, still remains on the political level of the early middle ages. Instead of representative organs in the modern sense, it has two estates, one containing all the aristocratic landed proprietors, or knights, the other the burgermeisters of the towns not in the Royal domains. The rest of the inhabitants and all the people on the Royal domains (which comprise more than one-third of the land in the two countries) are not represented at all. The attempt to discard these relics of the feudal era has been made repeatedly by the rulers of Mecklenburg themselves. Up to now it has always failed through the opposition of the "knights," and the Empire itself, having no constitutional right to interfere in the internal affairs of the federal States, is powerless to enforce a reform. These estates, which have incidentally no voice in the management of affairs except in so far as their members are required to pay taxes, are clearly too remote from modern life to do more than show the rudimentary institutions out of which the existing German upper chambers have developed.

Hamburg, Bremen, and Lübeck, the three free republican towns, have almost identical constitutions, which can also hardly be classed under the double-chamber system as usually understood. In each is an upper chamber, the Senate consisting of from twelve to eighteen members, and a lower

chamber or city council. The senators are elected for life by a mixed committee of senators and councillors, and consist by law almost exclusively of jurists and merchants. Except as regards finance they have equal legislative rights with the council. For the great part, however, and here they differ from the other upper chambers, their duties are administrative; the senators, with an annual burgermeister chosen by themselves from among their own number at their head, taking the place of the ministry in another State.

The remaining upper chambers, those of Prussia, Bavaria, Saxony, Wurtemberg, Baden, Hessen, and Elsass-Lothringen, approach more nearly to the model of our own House of Lords. In one case at least, that of Prussia, the similarity is intentional; it is said that Friedrich William IV had our own upper chamber continually in view when the constitution of the Prussian Herrenhaus was being drawn up.

In the conditions of membership for the upper chamber there is a general similarity in all the federal States, as all have been formed more or less to take the place of the earlier estates of which the Mecklenburgs give the last remaining example. In every case, except Alsatia, which must be treated separately, the princes of Royal blood and the mediatised nobles take the first place. Always, too, the heads of certain noble families hold hereditary seats. In Wurtemberg, Hessen, and Saxony there is the survival of the old idea of the estates, under which a certain number of lesser nobles are elected for life by their fellows. In all cases a limited number of ecclesiastics, three or four at the most, are admitted, and, in most, certain seats are reserved for important educational and municipal authorities, crown officials, etc. In Prussia, however, members of this class are appointed by the King at his own pleasure—no particular towns, universities or authorities having the constitutional privilege of membership. Alsatia, under the constitution granted in 1911, has by far the most modern and most sensibly constituted chamber. In it privileges of heredity and caste are entirely dispensed with; apart from four ecclesiastics, there are university representatives, representatives of the chief towns, of the chambers of commerce, of agriculture (one-half of these members having to be peasants), and one representative of the Jewish community. Originally it was designed to include three representatives of the workers, but this has for the time

being fallen through, owing to the absence of any machinery to secure their selection. For the same reason the representative of the workers in the Würtemberg chamber has never been appointed.

In one case only, that of Prussia, has the King the unlimited right of the creation of new members, either hereditary or for life. In Bavaria and Saxony the right of appointing hereditary members is limited by certain complicated restrictions. In Bavaria, too, the appointment is limited by the fact that the number of life members must never exceed one-third the number of the rest of the chamber. As a life member must be both noble and the holder of a large entailed estate, assurance is given in this way of the predominance of the landed aristocracy. In Saxony the King may appoint five life members. In Würtemberg he has the right to appoint six. In Hessen the Duke may appoint twelve, also for life. In Baden, on the other hand, the Duke may appoint eight, but for the session only. In Alsatia half the members may be appointed by the Kaiser, at the proposal of the Bundesrat, the rest being elected by the various organizations already mentioned. The Alsatian Upper Chamber, however, is distinguished from all others in Germany by the fact that all members, both appointed and elected, serve for five years only, unless they are again elected or appointed. So far the Prussian right of unlimited creation has remained of small importance, as the Government is still the organ of the Crown, and not of the lower house. Differences of opinion, of course, occur occasionally between the two houses, but in practically every case the Government, that is to say, the Crown, agrees with the Herren—as opposed to the Abgeordnetenhaus. Once only, when the nobles rejected certain reforms of Bismarck in local government, was the threat of new members used to secure the acquiescence of the Herrenhaus.

In the various federal States that have been mentioned the legislative rights are shared equally, and laws are introduced more or less indifferently in the upper or lower chamber. No provision is made to meet the case of rejection of a measure by one or the other house. When this occurs the bill must be withdrawn. Finance, of course, is under special regulations. In every case it must be introduced, first, in the lower chamber, and in every case it must be rejected or accepted as a whole by the upper house. In Hessen, Würtem-

berg; and Baden the budget may, if rejected, be presented again, and if again an agreement cannot be reached, it may be considered as passed if the votes in favour in the two chambers taken together exceed those cast against it. In Saxony, in the case of disagreement, a conference committee is appointed from members of both houses, and the report of this committee is considered as adopted unless it is rejected by a two-thirds majority of the two houses. In Prussia should the budget be rejected by the upper house, there seems no other solution than the creation of new members. In Wurtemberg, it may be added, the public debt, in accordance with an old German constitutional custom, is managed by a committee chosen by the two houses sitting together.

The parliaments of the small German States consist of one chamber only. At the same time, it may be pointed out that the influence of the old idea of the estates is still powerful, and that in almost every case provision is made in one way or another that due (or perhaps undue) weight is given to the noble, the land-owning, and the wealthy classes as such. In general, it may be said that in Germany the two-chamber system is in no way a burning question. Double chambers, as has been seen, exist in all the larger States, and are only absent in the smaller ones through motives of convenience. In Bavaria there has been some talk lately of a revision of the Reichsrat or Upper House, but in most countries political interest centres on the franchise and rights of the lower chamber. As long as the Government represents the monarch and not the lower house, the constitution and privileges of the upper chambers are of comparatively small importance.

The Imperial constitution itself provides for two assemblies, the Bundesrat and the Reichstag. And yet, here too, as in the case of the republics, it is hardly correct to class the German Empire under the two-chamber system. The Bundesrat, or upper chamber, is in no sense the representative either of the people or of particular classes. It represents the governments of the federal States alone. As the Reichstag stands for the national idea, for the unity of the German people as a whole (its members are elected by manhood suffrage), so the Bundesrat is the protector of federal and separatist interests—that is, the interests of the rulers of the various principalities into which Germany is divided. It is, as has often been said, rather a standing

Congress of diplomats, and has many more than the purely legislative functions usually assigned to an upper chamber.

Its federal character is seen at every turn. Each State is represented; the larger States receiving a greater number of members, roughly in proportion to their size and influence. Prussia, for instance, has seventeen members, Bavaria six, Saxony and Würtemberg four. All the votes of a State, however, must be cast in the same direction, as the members of the Bundesrat are there to act, not on their own judgment or initiative, but according to the instructions of their Government. They cannot, indeed, give their vote until they have received these instructions. But, on the other hand, the vote of any State can be given by proxy. This enables several of the smaller States to combine, for the sake of economy, in keeping one common representative in Berlin who exercises separately the votes of each State. On matters which do not concern the Empire as a whole, those States alone whose interests are directly affected are allowed to vote, the rest having merely advisory powers. Legislative measures are introduced into the Bundesrat not by any member as such, but by any member as the representative of one or other federal government. It is even disputed whether the Chancellor, although an Imperial official (in theory the only one, since the other Imperial ministers are directly subordinate to him), can bring in a motion except as the representative of Prussia. Further, although all members of the Bundesrat may appear in the Reichstag, and claim to be heard there on any measure sent down from the upper chamber, they speak, not as representatives of the Bundesrat, but as the envoys of one or other of the federal States. How the Bundesrat really works remains a secret, since the public is excluded from its deliberations. It is said that motions are rarely put to the vote. The opinion of the various governments is obtained by general discussion, and, whenever possible, a motion which does not gain the approval of every important State is withdrawn. Occasionally, of course, as over the question of the introduction of direct Imperial taxation in connexion with last year's Army Bill, it must come to a trial of strength. At such times Prussia, with seventeen out of the total of fifty-eight votes (sixty-one when the three votes of Elsass-Lothringen are counted), can generally get its own way. In some matters, indeed, as

changes in the army and navy, in customs and indirect taxation, nothing can be done without its consent. In the same way, since a constitutional amendment can be defeated by fourteen votes, Prussia retains a veto on all constitutional questions.

Besides its purely legislative functions the Bundesrat has, as has been said, a considerable administrative and judicial power. It issues regulations for the conduct of Imperial administration, and ordinances for the completion of laws. It nominates a number of Imperial officials. Further, its consent is required for the declaration of war, for a dissolution of the Reichstag, and for federal execution against a refractory State. Its influence over finance is also greatly strengthened by its right of acting as a kind of comptroller of accounts. As a judicial organ it decides disputes between the Imperial and State governments over the interpretation of Imperial laws; it settles inter-State controversies, and does its best by mediation to settle constitutional disputes within the States themselves, when no State organ exists through which they can be disposed. In practice, its members are almost always Ministers of the State which they represent (in Prussia, for instance, every member of the Cabinet is a Prussian member of the Bundesrat). In this way the assembly has behind it, in addition to the enormous influence which is assigned to it by law, the prestige and administrative experience of all the leading statesmen in the country. It is no wonder, then, that in its legislative functions also it tends completely to overshadow the popular assembly.

Theoretically, the Bundesrat has the same legislative powers as the Reichstag, since a Bill may originate in either house and the consent of both is required before it is submitted to the Kaiser. In practice almost all measures are prepared in the upper chamber. The Reichstag, of course, has the right to reject the measures laid before it by the Bundesrat. In practice it seldom does more than add some immaterial amendment. The few measures sent up by the Reichstag, on the other hand, are treated with scant ceremony, and it has become a byword that its resolutions, asking the upper chamber to prepare legislation on any special point, find their way almost without exception into the wastepaper basket of the Bundesrat.

Even the financial powers of the Reichstag are much limited by the upper chamber. The budget is annual ; but a large part of it is permanent and requires the consent of the Bundesrat before it can be altered. In the two most important votes, for the army and navy, the practice of fixing the number of men and ships over a long number of years weakens the possibility of effective control. The budget itself is prepared first of all in the Bundesrat and is then sent down for consideration to the lower house. Theoretically, of course, the Reichstag has the power of rejection. In practice it has never exercised it. It has fought vigorously in the 'eighties over the increase in the army and, during the early 'nineties, refused time after time to sanction any material increase in the navy. But these trials of strength have never come to the length of the rejection of the whole budget, although it is along this line, and this line only, that responsible government may hope to be introduced. When the Reichstag passed its vote of censure on the Chancellor, in December, a few optimists expected that it would take the next logical step and refuse to vote the budget. But they very much mistook the temper of the parties. As quickly as possible the National Liberals renounced any desire for parliamentary control, while the Catholics, on whom all depended, drew back, more discreetly, it is true, but just as effectively. Had the budget been rejected this spring, had a new Reichstag also shown a majority against it, the Empire would have reached the great crisis in its constitutional career. Despite the enormous privileges of the Bundesrat, the final power, that of the purse, rests with the Reichstag. It is limited in various ways. Constitutional authorities, too, have devised schemes by which the business of the Empire could be carried on without the passing of the budget ; but in the end, a budgetless administration would be impossible, and the Reichstag, if it remained firm, would come out the victor. But the balance of party power makes it unlikely that any such decided action will be taken under foreseeable political circumstances. In the meantime the lower house remains paralyzed, incapable of using the control which lies within its grasp. Its main function is still the negative one of criticism and occasional amendment, while initiative and all actual power are left to the federal governments as represented in the upper chamber.

In Germany, it must be remembered in conclusion, a conflict between the Reichstag and Bundesrat does not mean, as in England, a conflict between the Government and the representatives of a special class. It means a conflict between the representatives of the people and the monarchic principle of authority, as represented by the agents of the federal States. For us in England, this struggle has been decided so long ago that we have nothing to learn, at least directly, from political troubles of the German Empire.

SECOND CHAMBERS IN SOUTH AFRICA

BEFORE the last Boer War two Legislative Councils existed in South Africa, one in Cape Colony, the other in Natal. Two more were added to this number after the grant of free institutions to the Transvaal and to the Orange River Colony. These two additions, however, had but the shortest of lives, as they ceased to live on the federation, or rather unification, of South Africa. As the four Houses referred to have now been abolished, it is hardly worth while to write at length about them, especially as none of them made history in any very remarkable manner. The Upper House of Cape Colony was noteworthy, however, as an example of one of the most conservative chambers in the Empire outside England. It was elective and was chosen by a very limited electorate. The legal qualification of its members was the possession of at least £2,000 worth of immovable property or of £4,000 worth of mixed real and personal estate. Moreover, in one respect it had a statutory power given to it that was probably unique—it was explicitly given the right not only of rejecting but of amending money Bills. The only method of bringing it into harmony with the Lower House in case of a difference between the two was that the Governor of the Colony might dissolve it. The power of dissolution, in view of the narrow nature of its electorate, could not, of course, be a very terrible weapon. The Upper House, in consequence, possessed considerable powers of obstruction, and it is probable that the fiscal arrangements of Cape Colony, which enabled the property classes there to escape with very light direct taxation, were to be attributed to the commanding position of the

Second Chamber. As late as 1898 this body successfully resisted an attempt by Mr. Schreiner and Mr. Merriman to impose an Income Tax on the Colony. The tax would have meant a considerable sum of money in the case of such corporations as the De Beers Diamond Mining Company.

It might be asked with some force why Second Chambers in South Africa should have been needed at all. At any rate, in the nineteenth century there was no white proletariat there, and no powerful or organized white labour class, except in the last few years of the century, in Johannesburg and at the Rand, which were at that time in a foreign country. Cape Colony and Natal were absolutely in the hands of the landowners and the middle classes. They were the people, in the political meaning of the word, and they were certainly not a community likely to rush into hasty experiments in legislation. This was almost as true of the British half as of the Dutch. One can only suppose, therefore, that the authorities of Downing Street in the last generation attached some sanctity or importance to the bicameral system which made it seem profane and outrageous in their eyes to set up any sort of autonomy without it. So Cape Colony and Natal were saddled with two quite unnecessary Upper Houses. In the absence of any organized democratic party, these bodies had little enough to do, though, as above indicated, they added somewhat to an already heavy dead-weight of conservatism.

When, however, the day came for the unification of South Africa, more enlightened views prevailed both in that country and at Downing Street. The brief experiments in the Transvaal and the Orange River had accustomed the South African politicians to the spectacle of less antiquated Upper Chambers. So, though it was decided to continue the bicameral system in the Constitution of the South African Union, the Senate which was set up was a very reasonable kind of body. Local affairs in the Union are now left in charge of provincial Councils, of which there is one in each of the incorporated Colonies. These local Councils, following the example of Canada, are relieved of the burden of Upper Chambers. To them in future is to be assigned the duty of electing the Senate of the South African Parliament. The Senators are to be elected under a system of proportional voting, to provide against the possibility of the Dutch or English element being

swamped. At every election except the first the members of the Federal Lower House are also to vote in conjunction with the Provincial Council, each Federal member voting in the Council for his particular Colony. The Senate is to consist of forty members, of whom eight are to be nominated by the Crown, and thirty-two elected, eight by each of the four incorporated Colonies. Of the eight nominees, four are to be persons to be chosen on account of the possession of a knowledge of and sympathy with the native races. This is almost the only sort of representation which the millions of black and brown men in South Africa are allowed to have in the Union Parliament. It must be noted, of course, that a special reason exists for a Senate in the Union which did not exist in the Colonies before unification. The Senate will be regarded as the guardian of the local rights of the Colonies.

Perhaps the most interesting feature of the South African Constitution is the provision that is made for dealing with conflicts between the Upper and Lower Houses. The South African Senate may not do anything to increase taxation, nor may it amend taxing or appropriation Bills. It may, however, reject money Bills. If, however, it rejects a money Bill, then the Governor-General, on the advice of his ministers, may in the same session order a joint sitting of the two Houses. Inasmuch as the Lower House consists of 121 members and the Senate of only 40, it may be expected that as a rule the Lower House will have its way. This, however, will only be where a solid majority of its members wish to prevail, or where parties in the Senate are almost equally divided. A somewhat similar provision is inserted to deal with differences over ordinary Bills. But here the Bill must have been passed twice and in two separate sessions before the Governor-General can order a joint sitting. In other words, the Senate has the right to delay legislation for something approaching two years. On the whole, this seems the handiest and quickest method for preventing deadlocks yet devised in the British Empire. The Australian scheme has the disadvantage of necessitating the dissolution of both Houses in case of final disagreement. The expenses and wear and tear of a double dissolution are avoided in South Africa, where the framers of the Constitution have been prepared to trust to joint sessions. It is obvious that this arrangement would not be likely to work in any country where the dis-

proportion of numbers between the two Houses was smaller than in South Africa. In South Africa, moreover, very acute differences of opinion between the Senate and the Legislative Assembly are not very probable. South Africa is not as conservative as it was.' But it is still on the whole anything but a democratic community, nor is there any human probability that it is ever likely to have the risk or advantage of a very numerous white labour class. The mass of labour in South Africa must always be provided by coloured men. Against domination by them the South African whites have absolutely provided by leaving them practically unrepresented in the Union Parliament. In consequence it is not surprising to know that, though the Union has had and is having political and social troubles and differences of a sufficiently severe kind, these have not yet taken the form of conflicts between the two branches of its legislature.

UPPER CHAMBERS IN THE OTHER EUROPEAN COUNTRIES

LEAVING out France and Germany, the Upper Chambers of European Parliaments may be roughly classed according as the aristocratic principle, whether in the hereditary form or in the shape of appointment by the monarch, or the democratic principle prevails in their constitution. Austria, Hungary, Italy, Russia, and Spain come into the former category; Belgium, Denmark, Holland, Norway, Portugal, and Sweden into the latter.

The Upper House of the Austrian Reichsrath is composed of the princes of the Imperial Family who are of age (15 in 1911); a number of nobles possessing large landed property, in whose families the dignity is hereditary, 81 at present; 10 archbishops and 7 bishops; from 150 to 170 life members nominated by the Crown, who have distinguished themselves in politics, art, or science, or by great services to Church or State. The limitation of the power to create life peers was introduced in 1907 to prevent the creation of a subservient majority of civil servants. Both Houses have an equal power in legislation, and if they do not agree a joint committee is formed; failing conciliation by this means, a deadlock must

ensue. Money Bills must originate in the Lower House, and the Upper House must approve the estimates ; in the case of a disagreement the smallest amount voted by either House is adopted. Their financial control is absolutely equal, but the power of the Reichsrath as a whole is profoundly affected by paragraph 14 of the Constitution, which provides that under urgent circumstances measures not involving a change in the Constitution, a permanent charge on the State revenues, or the alienation of State property may be passed by Imperial Decree. From 1897 to 1900, and again in 1903 and 1904, the Budget was passed in this way, the interpretation of " sudden emergencies " being twisted into a means to overcome racial obstruction, and the period of autocracy was only closed by the necessity for raising a military loan. On January 12th of this year a joint conference of both Houses was held to deal with a proposal to raise the lower limit of income tax, the two Houses having failed to agree, and the views of the Lower Chamber prevailed. This is only the sixth conference that has been held.

The Hungarian House of Magnates was reformed in 1885, and now consists of the archdukes (15), hereditary peers (at present 229) who own landed property or houses on which at least £250 annual tax is paid, 21 members (mainly prelates or judges) who sit by virtue of their office or dignity, not more than 50 life members appointed by the Crown, whose power is further limited to the nomination of five in one year, and a decreasing number of members elected by the House itself to represent former members excluded in 1885. Both Houses can initiate legislation, but the Law of Reorganization of 1885 maintained the custom by which Bills are always introduced into the Lower House. Conflicts with the Upper House over civil marriage, the position of the Jews, and freedom of worship resulted in the victory of the Lower House, although the only weapon in the hands of the Government was to advise the Emperor to create hereditary peers. As in England in 1832, the Crown threw in its lot with the Government and persuaded the magnates to give way. Mr. Gooch adds that the supremacy of the Lower House in finance has " long been regarded as part of the custom of the Constitution," British precedents being accepted by Hungarian jurists.

If the Hungarian Chamber is remarkable on the Continent for the predominance of the hereditary principle, that of

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Italy is no less singular in that the senators, with the exception of the royal princes, are appointed for life in unlimited number by the King on the advice of his Ministers. They must be over forty years of age, and must belong to one or other of 21 categories so diverse as to include deputies of six years' standing, persons of eminent services or merits, and taxpayers paying £120 per annum in direct taxes. The medley of qualifications includes membership for seven years of any of eight distinguished literary and scientific societies. Generals, admirals, prefects, ambassadors, judges, advocates-general, etc., are also qualified, as well as archbishops and bishops, but no prelates have been appointed since 1866. In 1912 there were 375 senators. Both Chambers have an equal power over legislation, and no provision has been made for the settlement of disputes between them. Money Bills and budgets must be presented first to the Chamber of Deputies, but, although there has been much discussion of the exact rights of the Senate to deal with finance, conflict has been avoided by the "tact and moderation" with which, according to the British representative at Rome, who reported in 1907, the Senate has made "most sparing use of those rights."

In Russia the Council of the Empire and the Duma have equal powers in legislation and in questioning Ministers, but these powers are strictly held in check by the autocratic power of the Tsar, whose authority is not seriously diminished by the eight-year-old Constitution. The Council consists as to one-half of members nominated by the Tsar and as to the other half of members elected for nine years, retiring in thirds every three years. The Synod of the Orthodox Church elects 6 members; the Chambers of Commerce and Industry, 12; the nobility, 18; the Polish landowners, 6; the Universities and the Academy of Sciences, 6; each zemstvo, 1; and the landowners of each European province where there is no zemstvo, 1.

The Cortes of Spain consists of two Houses, the Senate and the Congress or Chamber of Deputies. The Senate is composed of (1) senators in their own right, *i.e.*, royal princes, grandees with an income of £2,400 a year, captains-general of the Army, the Admiral of the Fleet, archbishops, and presidents of the Council of State, Supreme Court, Court of Accounts, Supreme Council of War and Marine after two years' office; (2) life senators nominated by the Crown from

twelve categories of qualified persons ; (3) 180 elected senators, of whom 9 are representatives of the higher clergy, 6 of the Academies of Science, Arts, etc., 10 of the Universities, and 5 of the " economic societies of friends of the country," the remainder being elected by the 49 provinces, each returning 3 senators except Madrid, Barcelona, and Seville, which have 4 each. The provincial electoral bodies consist of provincial deputies (who are equivalent to our county councillors), representatives of town councils, and the highest taxpayers of the provinces. The non-elected members must not exceed the elected in number. One-half of the elected members retire every five years, but, as a rule, the King dissolves the elected portion of the Senate at the same time as the Chamber of Deputies. Money Bills originate in the Chamber, but the Senate has unquestioned power of rejecting or modifying such Bills as well as any others ; matters of disagreement between the two Houses are referred to a mixed committee of equal numbers of senators and deputies, whose report is not subject to alteration, and if it is accepted by both Houses the Bill is held as passed.

Russia and Spain, whose Upper Chambers consist equally of elected and non-elected members, thus by a quaint political paradox form a group uniting the autocratic and democratic States. In the democratic States the constitutional theory seems to be that, while the " popular " Chamber should reflect all the passing gusts of opinion that sway the electorate, the Upper Chamber should represent that more staid and steady opinion which underlies political development, so that " advanced " views shall be compelled to demonstrate their reality and strength before they are taken up into the permanent structure of legislation. With this end various devices are adopted, such as differences in age of members, differences in the duration of the Chamber, differences in electoral area, differences in the mode of election, all of which are intended to strengthen the relatively wealthy classes and to delay the action of the Lower House. At the bottom we may take Denmark, where the Landsting or Senate consists of 12 life members, appointed by the King, and 54 members elected for eight years and retiring one-half every four years, unless the Chamber is dissolved by the Crown. There are 12 electoral circles, half the electors in which are the most highly assessed taxpayers,

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and half are deputy electors chosen by a majority vote of the electors for the Lower House ; but in Copenhagen, which has 7 members, the direct electors are replaced by deputy electors representing the same class. The "commercial towns" in a circle furnish half the final electors. Both Chambers have an equal power in legislation and finance, except that the Budget must be introduced into the Lower House. In cases of disagreement the matter may be referred to a joint committee, whose recommendations need not be accepted. The great constitutional conflict of 1873-94, during which the Government carried out the fortifications of Copenhagen by provisional Budgets, ended in a compromise in which the Landsting and the Government were victors. Thereafter the power of the Landsting declined, as the Folketing did not leave them time to discuss the Budget effectively, and the advent of a Liberal Ministry in 1901 marked the "change of system" to Parliamentary government. The power of the Upper House to mar the Liberal programme has since been frequently exercised, but, to quote our Minister at Copenhagen, "the efforts of the party of reform are more directed towards obtaining an Upper Chamber of increased Liberal tendency than towards curtailing its powers."

The Swedish Upper Chamber is composed of 150 members, elected by the County Councils and the Municipal Councils of Stockholm, Gothenburg, and three other towns ; candidates must be 35 years of age and be assessed for income tax on at least £166, or possess property of £2,777. These councils are arranged in six groups, and each year one of these groups in prescribed order elects by proportional representation members to sit for the next six years ; the Chamber is thus permanent in character. In the elections for councillors there is universal suffrage modified by the attribution of additional votes in proportion to the amount paid in real taxes, so that property is well represented. The councils and the Lower Chamber are also elected on the proportional system. Prior to the Reform Act of 1909 conflicts between the two Houses tended to increase owing to the conservative character of the Upper House and the growing strength of the progressive parties. Both Houses have an equal competence in legislation and finance, but financial disputes are submitted to a common vote of both Houses sitting together,

and in this joint sitting the 230 members of the Lower Chamber have the majority. It is interesting to observe, however, that many Conservatives were reconciled to the concession of universal suffrage, because when it was accompanied by proportional representation they hoped to secure sufficient members to give the dominance in those joint sittings to the more homogeneous and conservative Upper Chamber.

The Dutch Upper Chamber consists of 50 members, who must be 30 years of age, must not have lost control or possession of their property, and must either belong to the class of persons who are highest assessed for direct taxation or hold or have held one of a long list of public appointments. We thus get a mixture of the wealthy and the "best" citizens. Members are chosen for nine years, one-third retiring every three years, and are elected by the Provincial States, assemblies which are elected for each province of the kingdom by practically all citizens over 25 years of age. The Upper Chamber has no power to initiate legislation or to amend Bills, but it has equal power with the Lower Chamber to reject financial measures and has exercised it on several occasions. A Royal Commission appointed in 1905 proposed in 1907 that the Upper Chamber should have the power to amend Bills, but that if the Lower Chamber did not approve of the amendments the Bill should be returned to the Upper Chamber, with whom the final decision would rest; the Upper Chamber would, however, not have the power to impose amendments in respect of Money Bills or other Bills originating in the Lower Chamber, but apparently in the end would have to accept or reject them. These proposals are indicative of the trend of public opinion.

The new Constitution adopted in Portugal in the autumn of 1911 established a National Council of 164 members elected by direct voting for three years, and a Second Chamber of 71 chosen by the Municipal Councils; half the members of the latter retire every three years. Of the working of the two bodies but little information is forthcoming.

Norway and Switzerland are the two most democratic States in Europe, and there we find that the Second Chambers have got very limited powers. In Norway all men and women of 25 years of age and five years' residence in the country have the right to vote, provided they have not been

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disfranchised for receiving poor relief ; the women must also by themselves, or through their husbands, pay income tax on about £23 in the towns and £18 in the rural districts. The Storting of 123 representatives is elected triennially, the members being resident voters of 30 years of age and ten years' residence in the country. On assembling, the Storting elects one-fourth of its members to form the Lagting. A Selection Committee proposes a list of names, to which any member may move alterations, and the election is usually a party question. The remainder of the Storting constitutes the Odelsting. The Lagting functions as a revising Chamber for certain classes of Bills ; in cases of disagreement between the two Tings the Bills, after being twice rejected by the Lagting, are referred to the Storting sitting as one House, and then require a two-thirds majority to carry them. Bills relating to finance, concessions of public utility, and naturalization of foreigners and motions criticizing Government action come immediately before the Storting sitting as a whole, and are decided by a bare majority of votes. The royal veto is also limited, for if a Bill is passed three times in succession by three Stortings separately elected, it becomes law without the royal consent.

In Switzerland, where legislation may be introduced by popular " initiative," and where measures that have passed the National Assembly must be submitted to the " referendum " on the petition of 30,000 voters, the position of the Upper Chamber is naturally profoundly modified. The Council of States, or Upper Chamber, consists of 44 members elected two by each canton, according to cantonal laws. The National Council, or Lower House, consists of 167 members elected triennially by adult suffrage of the whole people in the proportion of one deputy for 20,000 electors. The two Houses represent respectively the federal and the national principles, and are on a footing of absolute equality. Cases of disagreement are referred to a joint committee of both Houses, but if the conference does not agree, or if either House does not accept the proposal made, the measure has to be abandoned. Constitutional disputes are extremely rare.

It only remains to be added that in all the countries discussed, except Spain and Portugal, members of the Lower House are paid, but members of the Upper House are

only paid in Denmark, Holland, Norway, Russia, Sweden, and Switzerland.

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[*Note*—The Interim Report on the Deferred Rebate System as obtaining in the trade between the United Kingdom and Australia, dated August, 1921, was published as Cmd 1486. Up to the date of that Report, the expenses of the Committee in connection with their enquiry into the deferred rebate system had been, as stated in that Report, £37 19s 0d, and in addition the cost of printing and publishing the Interim Report was £8 18s. 6d. The further expenses of the Committee in continuing their enquiry have been £122 1s 0d and in addition the cost of printing and publishing the present Report is £36 17s 6d. Thus the aggregate expense for the whole enquiry, which extended over two years, is £205 16s 0d.]

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The Imperial Shipping Committee have already issued the following Reports—

- (1) On the Limitation of Shipowners' Liability by Clauses in Bills of Lading and on certain other matters relating to Bills of Lading (Cmd 1205)
- (2) On the Functions and Constitution of a Permanent Imperial Body for Shipping Questions (Cmd 1483)
- (3) On the Deferred Rebate System as obtaining in the trade between the United Kingdom and Australia [Interim Report] (Cmd 1486)
- (4) On Rates of Freight in the New Zealand Trade (Cmd 1564).

INSTRUMENT OF APPOINTMENT OF THE IMPERIAL SHIPPING COMMITTEE

WHEREAS the Imperial War Conference, 1918, passed on the 26th July, 1918, the following resolution.—

1. That in order to maintain satisfactorily the connections, and at the same time encourage commercial and industrial relations, between the different countries of the Empire, this Conference is of opinion that shipping on the principal routes, especially between the heart of the Empire and the Overseas Dominions, including India, should be brought under review by an Inter-Imperial Board on which the United Kingdom and the British Dominions and Dependencies should be represented.
2. That for this purpose an Imperial Investigation Board, representing the various parts of the Empire, be appointed, with power to enquire into and report on all matters connected with ocean freights and facilities, and on all matters connected with the development and improvement of the sea communications between the different parts of the Empire, with special reference to the size and type of ships and the capacities of harbours; the Board to include, in addition to representatives of the Governments concerned, persons with expert knowledge of the problems involved, including representatives of the shipping and trading interests,

AND WHEREAS it has been represented to me, the Right Honourable David Lloyd George, Prime Minister and First Lord of the Treasury, by the Secretary of State for the Colonies after consultation with the Governments of the Dominion of Canada, of the Commonwealth of Australia, of the Dominion of New Zealand, of the Union of South Africa and of Newfoundland, by the Secretary of State for India and by the President of the Board of Trade, that it is now desirable that a Committee should be appointed under the title of the Imperial Shipping Committee, with the following functions, viz. —

- (i) To enquire into complaints from persons and bodies interested with regard to ocean freights, facilities and conditions in the inter-Imperial trade or questions of a similar nature referred to them by any of the nominating authorities, and to report their conclusions to the Governments concerned.
- (ii) To survey the facilities for maritime transport on such routes as appear to them to be necessary for trade within the Empire, and to make recommendations to the proper authority for the co-ordination and improvement of such facilities with regard to the type,

size and speed of ships, depth of water in docks and channels, construction of harbour works and similar matters

Now I, therefore, do hereby appoint the following persons to form the Imperial Shipping Committee and to exercise the functions hereinbefore set forth —

Sir H J Mackinder, M P (*Chairman*)
 Sir A H D Ramsay Steel-Mantland, Bart, M P, nominated by the Secretary of State for the Colonies *
 Sir W S Meyer, G C I E, K C S I, nominated by the Secretary of State for India in Council †
 Sir Hubert Llewellyn Smith, G C B, nominated by the Board of Trade
 Hon Sir George H Perley, K C M G, nominated by the Government of the Dominion of Canada ‡
 Mr H B G Larkin, nominated by the Government of the Commonwealth of Australia
 The High Commissioner for New Zealand, nominated by the Government of the Dominion of New Zealand.
 Captain G Bowden, M C, nominated by the Government of the Union of South Africa
 Hon Sir Edgar R Bowring, nominated by the Government of Newfoundland
 Sir Kenneth Anderson, }
 Bart, K C M G, § } shipping and commerce
 Sir Alfred Booth, Bart, || } being persons experienced in
 Mr W Lionel Hichens, }
 Mr Kenneth Lee, }
 Mr J W Murray, }

I further appoint Mr E J Elliot, ¶ of the Board of Trade, to be Secretary to the said Committee

(Signed) D LLOYD GEORGE

June 15th, 1920

* On July 26th, 1922, Sir Gilbert Grindle, K C M G, C B, was appointed a member of the Committee in the room of Sir Frederick Butler, K C M G, C B, who resigned on joining the Foreign Office. Sir Frederick Butler had on October 2nd, 1920, succeeded Sir A H D Steel-Mantland, who had resigned on the ground of ill-health

† Sir W S Meyer died on October 18th, 1922

‡ On April 15th, 1922, Hon P C Larkin was appointed a member of the Committee in the room of Sir George Perley, resigned

§ From January 19th, 1921 to June 7th, 1921, Mr William J Noble (now Sir William J Noble, Bart), served on the Committee during the absence* from the country of Sir Kenneth Anderson

|| On May 9th, 1921, Mr T Harrison Hughes was appointed a member of the Committee in the room of Sir Alfred Booth, who had resigned on the ground of ill-health. From February 3rd, 1922, to May 1st, 1922, Mr I C Harris served on the Committee during the absence from the country of Mr. T. Harrison Hughes

¶ Mr. E. D. Fennelly, also of the Board of Trade, has since September, 1920 acted as Assistant Secretary

FINAL REPORT
OF THE
IMPERIAL SHIPPING COMMITTEE
ON THE
DEFERRED REBATE SYSTEM.

- TO THE RIGHT HONOURABLE A BONAR LAW,
Prime Minister and First Lord of the Treasury ;
- TO THE RIGHT HONOURABLE W L MACKENZIE KING,
C.M.G. ,
Prime Minister of the Dominion of Canada ,
- TO THE RIGHT HONOURABLE W M HUGHES, K C ,
Prime Minister of the Commonwealth of Australia ;
- TO GENERAL THE RIGHT HONOURABLE J C SMUTS, K C , C H.,
Prime Minister of the Union of South Africa ,
- TO THE RIGHT HONOURABLE W. F. MASSEY,
Prime Minister of the Dominion of New Zealand ,
- TO THE HONOURABLE SIR RICHARD A SQUIRES, K C M G ,
K C ,
Prime Minister of Newfoundland ,
- TO THE RIGHT HONOURABLE THE VISCOUNT PEEL, G B E ,
Secretary of State for India ,
- TO THE RIGHT HONOURABLE HIS GRACE THE DUKE OF
DEVONSHIRE, K.G , G.C.M.G. , G.C.V.O. ,
Secretary of State for the Colonies ;

REPORT.

WE, the IMPERIAL SHIPPING COMMITTEE, acting under the first part of our terms of reference, have enquired into complaints received from the Governments of the Commonwealth of Australia and of other parts of the British Empire, and from bodies interested in trade with various parts of the Empire, regarding the operation of the deferred rebate system

We now beg leave to report our conclusion upon this subject to all the Governments of the Empire, since they are all concerned

1 The question of the deferred rebate system was first brought to the notice of the Imperial Shipping Committee in a letter of the 15th November, 1920, by the Government of the Commonwealth of Australia, and a copy of this letter and of subsequent correspondence is appended (Appendix I) From this it will be seen that the complaint arose from the operation of the deferred rebate system in the outward trade to Australia as against shipments by the Commonwealth Government Line and that reference was made to allegations of threats that the Conference Lines would shut out the cargo of shippers using the Government Line Finally, the Imperial Shipping Committee were asked to make a full investigation of the matter " with a view to ascertaining whether some recommendation should not be made to the British Government which will protect alike the interests of the Commonwealth Government Line and also the interests of the importers and shippers against the attitude of the Conference Lines "

2 Several witnesses in regard to this complaint were heard and as the enquiry proceeded representations regarding the operation of the system in other trades were received from the following quarters —

- (a) The Crown Agents for the Colonies—with special reference to shipments on Government account
- (b) The East Indian Grain and Oilseed Shippers' Association and 9 other Trade Associations in the United Kingdom interested in the Indian trade, who made a joint representation against the rebate system as obtaining in the Calcutta homeward trade
- (c) The following associations in India made a representation against the rebate system as applying in the trades

from India to United Kingdom, South Africa, the Plate and West Coast of South America and to China, Japan and Java —

The Calcutta Jute Fabrics Shippers Association,
The Baled Jute Shippers' Association,
The Calcutta Wheat and Seed Trade Association

- (d) The Associated Producers of East Africa and Uganda and, more recently, the Associated East African Chambers of Commerce at Nairobi
- (e) The Ceylon Association (London)
- (f) The Association of West African Merchants (who forwarded a resolution against any reimposition of the system in that trade)

3. The question of the deferred rebate system as affecting the New Zealand trade was also brought to the notice of the Committee, in the course of correspondence with the Government of New Zealand respecting the current freight rates charged by the lines trading to New Zealand, in the shape of a recommendation, dated October, 1920, of a Select Committee of the New Zealand House of Representatives to the effect that the system should be made illegal

4. Moreover, at the Conference of Prime Ministers and Representatives of the United Kingdom, the Dominions and India in the summer of 1921, the position as regards rebates generally was discussed and strong representations were made by Dominion Ministers in regard to it, but no resolution was passed precisely for the reason that the matter was understood to be under consideration by the Imperial Shipping Committee

5. The Committee, accordingly, decided that their enquiry which had hitherto been confined to the Australian trade, must be extended to Imperial Ocean Trades generally, and steps were taken to obtain the relevant evidence from the bodies and associations who had made representations and also from other representative bodies of traders and shipowners

6. There was, however, one item of the complaint from the Australian Government which it was considered desirable to treat quickly and separately. This had reference to the alleged intimidation of shippers by threats on the part of shipping companies to shut out the cargo of shippers who did not ship exclusively by the Conference Lines. Our conclusion on this particular matter was given in an interim report issued on 5th August, 1921 (Cmd 1486). It was to the effect that certain cases had occurred where cargo had been refused by certain Conference Lines although their ships were not full, on the ground that the shippers had not confined their shipments to the Conference. The Australian and New Zealand Conferences, how-

ever, emphatically repudiated any such policy of intimidation, and it appeared that the cases which had occurred were due to unauthorised action on the part of subordinate officials in certain Conference Lines. We added in that report that we would investigate any complaint of such treatment which might be brought before us, but we have not received any further complaint under this head.

7 To return to the main question. Evidence has been taken by the Imperial Shipping Committee in regard to the deferred rebate system as applying in inter-Imperial trades from the following witnesses —

(i) *On behalf of the Australian Government (in January and February, 1921).*

Mr R J Turner, J P, Chairman of Messrs Turner, Davidson and Company, Limited, Brokers to the Commonwealth Government Line

Mr Lionel Frank, Managing Director of Messrs Leopold Walford Transports, Limited, Loading Agents for the Commonwealth Government Line

Mr A H Wright, Chief Accountant in London to the Government of the State of Victoria

Mr C T McGlew, Managing Partner of Messrs C T McGlew and Company, Merchants and Exporters in the Australian Trade

The Managing Director of a firm of merchants in the Australian Export Trade who did not wish his name to be disclosed

(ii) *On behalf of the Crown Agents for the Colonies (October, 1921)*

Mr T D Holt, O B E, Head of Shipping Department

(iii) *On behalf of Traders' Associations (November, 1921—March, 1922)*

Sir Stephen Demetriadi, K B E, on behalf of the group of Associations referred to under 2 (b) as engaged in the Calcutta Homeward Trade and in regard to that trade

Mr E B Tredwen, Chairman of the Australasian Merchants' Association, Limited, of the Australasian Section of the London Chamber of Commerce and of the Merchants' Committee of the London Chamber of Commerce (who, however, gave evidence only as a representative merchant and not directly on behalf of any of these bodies) in regard chiefly to the Outward Trade to Australia

c Sir Stanley Bois, on behalf of the Ceylon Association in London and in regard to the Colombo Homeward Trade

Mr W Soper, on behalf of the South African Traders' Association and in regard to the South African Outward Trade

Mr W W Wilson, Chairman of the Jute and Linen Goods Merchants' Association, on behalf of the Dundee Chamber of Commerce and in regard to ocean trades generally.

- Mr W H Hooker, Deputy Chairman of the East African Section of the London Chamber of Commerce, and Mr D F Basden, a member of the same Section, in regard to the East African Trade

Mr Montagu Laing, of Messrs Sargood Sons and Ewen, mainly with reference to the inequality between the rebates in the New Zealand Outward Trade and those in the Australian Outward Trade

Sir Rhys H Price, K B E , C M G , of Messrs Peacock Brothers, Import and Export Merchants in South Africa, in regard to the South African Homeward Trade

Mr David Landale, of Messrs Jardine Mathieson and Company, Chairman of the China Association, in regard to the Far Eastern Trade

In addition, written communications were received from the West India Committee, the Manchester Association of Importers and Exporters and the British Imperial Council of Commerce who did not send witnesses to appear before the Committee

(iv) *On behalf of the Shipowners*

Rt Hon Lord Inchcape, G C M G., K C S I., K C I E , Managing Director of the Peninsular and Oriental Steam Navigation Company, as regards the case of the Australian Government against the deferred rebate system

Sir Alan G Anderson, K B E , a Manager of the Orient Line

Sir Percy Bates, Bart, G B E , Deputy Chairman of the Cunard and Associated Companies

Mr. R. D Holt, of Messrs Alfred Holt and Company

Sir Ernest Glover, Bart , as representing tramp-owning interests

The last four witnesses were nominated jointly by the Chamber of Shipping of the United Kingdom and the Liverpool Steamship Owners' Association, who also furnished the Committee with a joint memorandum embodying their views

8. The verbatim evidence of the witnesses has of course been duly recorded, but following our usual practice, which is largely based on the ground of economy, we have appended to this report only a summary of it (Appendix II) and not the evidence itself in extenso

9 The whole question of Steamship Conferences and the deferred rebate system was exhaustively investigated by the Royal Commission on Shipping Rings which was appointed in 1906 and reported in 1909 * The main or Majority Report of the Commission gives detailed information as to the origin and history of Conferences and of deferred rebates and as to the features of these systems as existing in the various international trades at that time It surveys in detail, and discusses at length, the whole of the problems involved and it concludes with certain specific recommendations to which we shall revert below It was accompanied by an important Minority Report

10 In all the circumstances and having regard especially to the fact that, as shown below, the recommendations of the Royal Commission had not been exhausted or even to any considerable extent adopted, it became clear to the Committee that it would be best to treat the present enquiry as supplementary to that of the Royal Commission Accordingly, it was decided to adopt for the purposes of this enquiry the evidence as given before the Royal Commission and in taking fresh evidence to pay particular attention to —

- (a) Any changes which have occurred in the application or operation of the deferred rebate system since the date of the Royal Commission.
- (b) The manner in which or extent to which the burden of complaint against the system has altered
- (c) Any steps taken to give effect to the recommendations of the Royal Commission

11 In the first place it has to be noted that new or additional legislation against the deferred rebate system has since 1909 been passed in Australia, South Africa and the United States of America, viz. —

(1) *Australia.*

The " Australian Industries Preservation Act, 1906 " to which the Royal Commission referred as " containing provisions which might affect the operations of shipowners making use of the rebate system " has now been consolidated and amended into the " Australian Industries Preservation Act, 1906-10 " under which rebates are definitely made illegal This prohibition of rebates applies to all trades outward from Australia

(2) *Union of South Africa*

The South African Government passed, in 1911, the Post Office Administration and Shipping Combinations Discouragement Act which attacked the system of deferred rebates through the medium of the mail contract •

* Details of the Commission's publications, all of 1909, are as follows —
 Vol I Report (Cd 4668)
 Vol II Appendices (Cd 4669)
 Vols III. and IV Minutes of Evidence (Cd 4670 and Cd 4685)
 Vol IV Report of Sub-Commission upon evidence taken in South Africa with Minutes of Evidence and Appendices (Cd 4686)

It provides that the Governor-General shall not enter into any ocean mail contract with any person who gives any rebate upon condition of the exclusive shipment of goods by vessels of particular lines

(3) *United States of America*

The Royal Commission stated that " the system [of deferred rebates] is probably prohibited by the [U S] legislation directed not against shipowners in particular but against all combinations tending to create a monopoly " The system is now, however, made definitely illegal by the Merchant Shipping Act of 1916, as amended by the Act of 1920 (Jones Act), and the legislation appears to apply to shipments in both directions

12. *Changes in the operation of the Deferred Rebate System*

(i) As a result of the new legislation in South Africa it became necessary for the Union Castle Mail Steamship Company, Limited, who held the mail contract between the United Kingdom and South Africa, to discontinue the deferred rebate system and it was also dropped by the other Lines in the South African Conference It has been replaced by the " Agreement System " to which we shall have occasion to refer later

Other changes that have taken place since 1909 are as follows

(ii) *Australian Outward Trade* —During the war and owing to causes arising out of the war the Commonwealth Government had become the owners of a considerable number of steamers and after the end of the war this Government Line started regular services in the Australian Trade In view of the Commonwealth legislation referred to above this Line was precluded from becoming a party to the rebate system which the Conference continued to operate in the outward trade to Australia, so that shipment by the Government Line involved the loss of rebates, which on their part, however, the Government Line was ready to make good to the shipper on certain conditions. It is this position that occasioned the present complaint from the Australian Government and it is the most important development in regard to the commercial side of shipping with which we have to deal, with the possible exception of the South African agreement

(iii) *Calcutta Homeward Trade* —The Royal Commission in referring to this trade stated that " the bulk of the cargo shipped . . . is rough cargo such as linseed, wheat and jute, all of which is suitable for shipment by tramp steamers, and upon cargo of this kind it has not been found possible to impose the rebate system."* The deferred rebate system was, however, introduced into this trade for general or rough cargo in May, 1919, but not for tea, the freight on which is fixed by a separate agreement

* Cf. Cd. 4668. Para. 54 (1).

(iv) *West African Trade* —During the 'war, the rebate system in operation in this trade lapsed. It was, however, reimposed about the beginning of 1922. This was done, we understand, at the request of some of the smaller merchants engaged in the trade, in face of the severe competition which they were experiencing from one of the largest groups in the trade who were in a position to load their own ships with full cargoes and also to get the ordinary liner rate when it suited them. The smaller men hope, it appears, by the re-imposition of the rebate system, to restore a measure of equality.

(v) *East African Trade* —At the time of the Royal Commission, trade with East Africa was little developed and vessels called only irregularly. In time, however, the trade developed, more regular services were run and the rebate system was imposed in both the outward and homeward trades. During the present year the period of deferment has been reduced, from six to four months, so that rebates on shipments made, say, during the first four months of the year become payable on September 1st of the same year.

(vi) *Straits Settlements Homeward Trade* —In 1911, an agreement was arrived at in London under which the Conference undertook that once every three years the overlapping of rebates should cease and shippers be free to leave the Conference without loss of rebates. This opportunity was given in 1911, 1914, 1917 and 1920.

13 As regards the composition and internal organisation of the Conferences, we have received no evidence to show that any fundamental changes have taken place therein, though the membership of certain Conferences has undergone some changes, notably owing to the disappearance of certain foreign lines as a consequence of the war. Moreover, no substantial alterations, other than those above mentioned, appear to have been made in the details of the deferred rebate system as applied in the several trades.

14 Having thus far dealt with the changes that have occurred in the operation of the deferred rebate system since the date of the Royal Commission, we have now to examine the evidence that the shippers have brought before us in support of their complaints against the system and that of the shipowners in reply. A full summary of all the evidence will be found, as stated in paragraph 8, in Appendix II (p. 31).

THE PRESENT MAJOR COMPLAINTS AGAINST THE DEFERRED REBATE SYSTEM

(A) *Complaints of unduly High Freight and Profits.*

15 While some of the shippers' witnesses who appeared before us seemed to be actuated rather by the feeling that steamship Conferences had it in their power to press unduly on them than by any harsh treatment actually suffered, definite evidence was given

by others as purporting to show that shipowners, by means of their hold over shippers through the rebate system, were able to, and did, charge unduly high freights and thus make unduly high profits at the shippers' or consumers' expense.

16. The complaints in regard to freights which were alleged to be unduly high were based on certain comparisons; firstly, with the freights charged from Continental ports for the same destination and the same commodities; secondly, with the rates charged in competitive foreign trades—in particular the rates on linseed from the Argentine were put forward as showing that those from Calcutta for the same commodity were unfairly high; in both these cases the point of the complaint was that the freight rates set up as a standard were not subject to the rebate system, and, thirdly, it was sought to show by reference to the Bombay-United Kingdom rates where again the rebate system did not apply that the Calcutta rates were disproportionately high. The full facts and contentions introduced in this connection on behalf of the shippers are summarised in Appendix II (p. 31 *et seq.*), to which reference is invited. Similarly, in regard to the question of profits, this summary will be found to contain details indicating the general line of argument used by the shippers.

This part of the evidence has, we recognise, serious aspects for British trade and we have given it our careful attention. The shipowners' evidence in reply is dealt with in paragraph 20 and the attitude of the Committee in regard to it will be found at paragraph 31.

(B) *General Nature of Shippers' Attitude*

17. The complaints made to us against the deferred rebate system as a whole follow in general the same lines as those made to the Royal Commission. Broadly, the main contention of the complainants is that the system enables steamship conferences to maintain a monopoly and to set limitations to the shippers' freedom of action. They point out that the shipowners in a Conference tie their customers to them by means of the rebate and are thus enabled to render it difficult for any other shipowner to start a service in their particular trade, and any shipper, through fear of the forfeiture of his accrued rebates, from taking advantage of any more favourable opportunity of shipment which may occur outside the regular lines. Thus, in effect, they maintain that the shipowners are able to achieve a monopoly through which they can unduly press on their shippers.

18. The complaint of the Government of the Commonwealth of Australia is of the same order. The Government contends that by means of the rebate system the lines comprised in the outward trade to Australia from this country prevent shippers from taking advantage of the service of the Government Line in the outward trade or, in other words, that the Conference has created a monopoly which it seeks to maintain to the exclusion of the Government Line.

THE SHIPOWNERS' REPLY TO THE MAJOR COMPLAINTS AGAINST
THE REBATE SYSTEM

19 In dealing with the shipowners' evidence given in reply to the complaints that have just been described, we propose first to present that which deals respectively with the particular complaints of too high freights and profits and with the general position of the rebate system arising out of the latter, and then to consider the advantages claimed by the shipowners to be bound up with the system

(A) *As to Complaints of unduly High Freights and Profits*

20 In the first place, as regards the facts put forward by the shippers to show that the Conferences by means of the rebate system were in a position to, and did as a matter of fact, charge unduly high freights and consequently make unduly high profits, the shipowners in every case contend that the instances quoted do not justify the conclusions which the shippers seek thereby to establish. A full summary of the facts and arguments brought forward in this way on behalf of the shipowners will be found in Appendix II (p 41 *et seq*). The shipowners' evidence generally brings forward additional factors in the situation which offer explanations of the anomalies, which in some cases, at any rate, are admitted to exist. For example, it was admitted that low Continental freights much cheaper than the corresponding British Conference rates had recently occurred, but it was stated that this was due to exceptional competition between foreign lines which has brought the rates in many cases below the true economic level, that is, below the real cost, and, of course, the situation has been made more difficult for British vessels owing to collapsed and falling exchanges. We were informed that in normal times Conference agreements kept Continental and British rates at a parity, this position had been disturbed by the war and its after-effects, but there was now a movement to re-establish it. In the cases of comparison of freight rates under the rebate system with rates in similar trades in which the rebate system did not obtain, the shipowners offered explanations based on the various particular factors affecting those trades, of which all that need be said here is that they go to illustrate the intricate nature of the business of running ships.

(B) *The Shipowners' General Attitude*

21 With regard to the general nature of the shippers' attitude, the shipowners who gave evidence before us urged very strongly that the Conference and deferred rebate systems did not confer upon them a real monopoly, but only, as it were, a quasi-monopoly subject to very considerable limitations. They say that shippers are free to ship outside the Conference if they are willing to forfeit their accrued rebates, and further they urge that though the amount of the rebate might be as much as 10 per cent of

their freight business over a period of nine months or more, it will be so small in comparison with the value of the goods shipped that it would be insufficient to hold the shippers to them if they abused any advantages the system conferred on them. It is admitted, however, that in the case of a large shipper the accumulated rebates might amount to a substantial sum, which would be greater than the freight on a considerable consignment.

22 The Memorandum put in by the Chamber of Shipping and the Liverpool Steamship Owners' Association shows that on the general question the shipowners adopt a standpoint which is practically the same as that of the Majority Report of the Royal Commission. They contend strongly, moreover, that the present complaints against the system are not so strong as the complaints made to that Commission.

THE ADVANTAGES CLAIMED FOR THE REBATE SYSTEM

23 The shipowners claim that they are enabled by means of the rebate system to confer certain advantages on their customers. The shippers readily admit these advantages, but they do not agree that they cannot be attained except through the rebate system. The most important of them are regularity, frequency, and efficiency of service, together with stability of freights, equality of treatment and abstention from shipment on owner's account. These advantages are not the subject of any explicit guarantee on the part of shipowners, they are customary and implicit in the system.

24. *The Need for Regular, Frequent and Efficient Services*—It is generally admitted that the Conference Lines do supply regular, frequent and efficient services. As one witness put it to us, "shippers preferred small quantities of freight space at regular intervals." With certain particular exceptions, such as in the outward trades from Manchester (cf. App II. Page 40) and in the East African trade (cf. App II. Page 36), there was no evidence of any shortage of tonnage or lack of facilities which should be provided by the Conferences. It is also true that these features are equally present in certain trades where, although there are Conferences, no rebate system is in force (as to which see §38 below).

25. *Stability of Freights*.—The importance of stability of freights is obvious. It enables merchants to make forward contracts with certainty and reduces the speculative element which traders dislike. The shippers who gave evidence were nearly all in agreement that stable freights were a necessity for modern trade. The shipowners point to the very great increase in tramp rates during the war period relatively to the corresponding increase in liner rates as a demonstration of the stabilising influence of Conferences. Though it appeared that the present

system might tend to delay falls in freight which were justified by changed conditions, the shippers were generally fully prepared to acquiesce in this possibility for the sake of stability

26 *Equality of Treatment* —The shippers who appeared before us were again mostly of opinion that it was extremely satisfactory to them in their business to know that the freight rate is the same for all shippers. In the case of general merchandise, no case was brought to our notice where the general rule of equal freights for large and small shippers was not adhered to. It might happen that a large shipper could secure a reduction in the ruling rate, but where this was done the rate was also reduced for the small shipper irrespective of quantity.

27 There are certain exceptions to this rule as, for instance, in the case of large consignments of rails and similar commodities which are peculiarly fitted for carriage by tramps and chartered vessels. In such cases, shipowners have performed to make contracts for their carriage at lower rates than those charged for a small consignment of the same nature, and shippers, generally, do not take exception to those restricted departures from the rule.

28 *No Carriage of Cargo on Ship's Account.*—It appears that in certain cases it was the practice, prior to the introduction of the rebate system, for shipowners when they found it difficult to provide sufficient cargo for their ships, to purchase cargo themselves and ship it more or less as a speculation in competition with the regular merchants. It is implied in the rebate system, although not explicitly guaranteed, that shipowners shall abstain from any such procedure, and the shippers regard it as important that this position should be maintained.

29. To sum up then, regularity of service, stability of freights and equality of treatment, together with abstention from shipment on shipowner's account, are the solid advantages which it is claimed by the shipowners can only be secured by the existence of Conferences and the rebate system or some equally effective tie. On the other hand, the shippers are not unanimous in agreeing that Conferences and their ties are a necessity without which the advantages could not continue. That stable and regular conditions are essential to the conduct of modern commerce is, however, clearly the view of the large majority of shippers, and with this view we find ourselves in entire agreement.

THE MAIN QUESTIONS AT ISSUE

30 It appears to us, therefore, that the main questions we have to consider are what conditions are necessary to secure regular, frequent, and efficient services at moderate, equal, and stable rates of freight and what assurance of continuous support from shippers is necessary to enable shipowners to offer such services at such rates.

31 The question whether a particular freight is or is not unduly high involving, as it does, the consideration of very many highly

variable factors, is very difficult to answer. Even more formidable is the question of what is a reasonable profit. Thus to deduce any reliable conclusion from this part of the evidence would, in our view, necessitate a very searching investigation, and even if this were practicable it appears to us doubtful whether the results obtained would be of any general application or importance. It should, however, be added that during 1921, acting on a complaint by the New Zealand Government, we did investigate specifically the level of freights in the homeward trade from New Zealand. On that occasion we had before us definite audited information as to the out-goings and in-comings for a continuous series of round voyages in the trade, and in our Report (Cmd 1564) we give our conclusion that the freights current at that time were not unreasonable.

(a) *Question of the Necessity for Conference Systems*

32. It appears now to be a universal condition of the larger industries in all progressive countries that there should be a high degree of organisation among the chief companies, firms, or other units, and this condition is especially marked in industries which have to deal with transport. The necessity for such organisation obtains clearly in the case of liner services. They have to provide for the distribution all over the world of heterogeneous classes of goods, the circulation of which to an ever increasing extent constitutes an essential part of the world's economy. The requirements for this part of commerce are in marked contrast to those of bulk cargoes in general, where large quantities of the same kind of goods have to be carried at irregular intervals. The ships which cater for this trade are in the main separate units, but the liner service requires fleets of ships operating in unison and consequently large capital resources and a carefully perfected central administration.

33. It is clear that competition between individual liners or lines in the same trade would be quite incompatible with stability of rates and that the trade would in fact tend to return to the disturbed conditions which prevailed before the introduction of the Conference system, or to those characteristic of the tramp market. The shippers might for a time secure the benefit of low-cut rates, but there would inevitably be a strong tendency to abandon regularity in sailings and there would be no guarantee, such as obtains at present, of any general progress in the type of vessel plying and the nature of the facilities afforded. We consider, therefore, that the Conference system must be accepted as a necessary concomitant of modern commerce.

(b) *Question of the Necessity for a "Tie"*

34. It has been further strongly urged upon us by shipowners that as a general rule these Conferences could not remain in being and able to ensure to shippers the advantages referred to above unless they had some assurances of continuous support from

their customers. In other words, they claim that the shippers in a particular trade should be, in some manner, tied to them. The argument is that under the deferred rebate system the shipowners feel themselves under an obligation to provide sailings at regular intervals, the vessels sailing full or not full, to keep freights stable and to treat large and small shippers alike. The fact that a trade was open to all shipowners would lead to the incursion of outside ships at times when the trade was flourishing, or enable large shippers to charter to the detriment of smaller shippers, while retaining the right to use the liner service when it suited them. These outside ships would quickly disappear when the seasonal or periodic depression set in, leaving the regular lines to bear the brunt of this depression. The attitude of the Conference is that they could not continue in times of bad trade to furnish regular services in which ships often sail with little cargo unless in times of good trade they are permitted to carry all the cargo offering. Without this assurance, they could not afford to send their ships only partially filled. Advertised sailing dates would go by the board and in the long run regularity of service would be seriously impaired.

35 Further, it is claimed that not only the regularity of the service, but also its efficiency would be impaired. Without the comparative security of tenure which the tie over their customers gives to them, shipowners would not have the same incentive to undertake building programmes and to furnish larger and faster ships or types especially suited to a given trade. The intermittent competitor would generally be of the tramp class, which, although not suitable for the transport of many kinds of cargo such as fine goods, which would still go by the more regular and better boats, would nevertheless be well able to carry a great volume of general goods of medium and low value, especially in cases where time is not an essential factor. The loss of this class of cargo would be of great moment to the regular lines and obviously involve considerable changes in the freights charged on the remaining goods or in the whole policy of the lines.

36 In this connection we thought it desirable to ascertain the views of the tramp owners themselves in regard to the deferred rebate system. The evidence given by their representative was to the effect that although tramp owners did not pretend to like the rebate system, which was admittedly aimed at excluding them, they did not hold any strong views in the matter so long as the system only applied to parcel or berth business and did not extend to whole cargoes; and that, generally speaking, tramp owners did not want to cut into berth business.

37 It is also clear that if a trade becomes open to competition by outside ships, the cutting of rates becomes a normal operation and all stability is destroyed. This would render it difficult for shippers to make forward contracts with any degree of certainty and would introduce that speculative element which is detrimental to modern commerce and which shippers desire to avoid.

Further, individual lines anxious to secure their own positions as far as possible, would gradually be driven to make preferential contracts with customers controlling large amounts of cargo, and such contracts would naturally give a large merchant considerable advantage over his smaller competitors

38. On the other hand, it is true that regular sailings are to be found in certain trades where nothing in the nature of a tie exists. Instances of such trades are given in the summary of evidence (Appendix II, page 47) On examination it will we think, be found that the exceptional position is in these cases attributable to the peculiar circumstances of the trade, or that, though more or less regular sailings are given, the other desiderata are missing

39. Most of the shippers who gave evidence before us were of opinion that some tie was necessary. Some, however, said they would be quite content to ship with an open freight market. There is no doubt that such a market would suit some shippers, especially those who ship large quantities of bulky goods, but their trade would approximate to that which is catered for by the tramp

40. We have carefully considered the question of the necessity for a "tie," and it appears to us that there is a clear mutual obligation—the shipper wants the ship on the berth without fail and the shipowner wants the goods on the berth without fail. Hence we find that it is necessary for the Conferences to have some assurance of continuous support from shippers such as will constitute an effective method of preventing intermittent and irresponsible competition for berth cargo by outside ships

(c) Question of the Entry of a New Line into a Trade

41. The case of a new line definitely organising itself to enter a given trade and provide a regular service is different. It is to such a line, rather than by chance shipments in vessels of the tramp class, that shippers would look if they were dissatisfied with the service they were obtaining from Conference Lines. Shipowners urge upon us that the deferred rebate system is not sufficient to prevent the entrance of a well-organised line desirous of a permanent place in the trade provided that the shippers want it; and that if such a line offers on the whole better facilities than the established lines and is prepared, as is generally done, to reimburse the shippers for their loss in accrued rebates in return for their support, many shippers would gravitate to it. We think that there is some force in this contention. In the history of the deferred rebate system there have been numerous attempts by new lines to enter particular trades. Many of these have been successful and the new lines admitted to the Conference after a more or less protracted struggle. In some cases these lines were invited to enter the trade by the shippers, who have even at times organised mutual shipping companies themselves.

On the other hand, it is conceivable that many shippers would be deterred from using an opposition line by the fear that the established lines would discriminate against them by, for instance, shutting out any cargo they might wish to send by these lines. Such a policy has, however, been expressly repudiated by the Australian Conference (cf § 6).

42 These conclusions do not, of course, involve the proposition that the deferred rebate system is necessarily the only or the best form of tie whereby the shipowner can be assured of the requisite degree of support for his liner services, or that any tie can be devised to which there will not attach disadvantages in practice or potential abuses which must be provided against as far as possible. We have accordingly now to approach the questions (a) whether there is any alternative to the deferred rebate system, and (b) what recommendations can be made with a view to minimising any disadvantages that may attach to that system or to any such alternative.

THE CONCLUSIONS AND RECOMMENDATIONS OF THE ROYAL COMMISSION ON SHIPPING RINGS

43 Before entering upon a discussion of these matters, it will be convenient to refer to the conclusions of the Royal Commission on Shipping Rings and later to their recommendations. A short statement of their main conclusions is appended (Appendix III). These were not unanimous and were contained in a Majority Report, a Minority Report, and an important reservation made by Sir David Barbour. In the main, our present conclusions as to the necessity for the maintenance of the Conference system and for some form of tie coincide with those of the Royal Commission. They further found that the only alternative tie to the deferred rebate system was the system of preferential contracts which had been in operation before the introduction of the rebate system. The Commission did not approve this system at all, and most of the shippers who gave evidence before us were opposed to any reversion to it. Such contracts exist in but few trades now, having been replaced by rebate systems with varying periods of deferment on almost all routes on which general merchandise is carried.

THE AGREEMENT SYSTEM

44 Since the issue of the Royal Commission's Report, however, a new method of tying the shippers has recently come into operation. We refer to the South African Agreement. When the South African legislation which we have mentioned above forced the liner companies trading to South Africa to relinquish the rebate system, an agreement was drawn up after negotiations between the South African Trade Association and the South African Shipping Conference. A copy of the agreement is attached as Appendix IV. The individual shippers who sign it

agree to give their entire support to the regular lines in the Conference. In return, the lines undertake to maintain regular berth sailings at advertised dates, the ships to sail full or not full, and to provide sufficient tonnage for the ordinary requirements of the trade, and, further, to maintain stability of freights, which are definitely prescribed in the agreement, and equality of rates to large and small shippers alike. Arrangements are made for consultation between the Association and the Conference regarding any revision of freight rates and other matters, and also to meet any disturbances caused to the stability of rates through the cutting of rates by outside lines. The agreement is for one year and is terminable by either party at any time thereafter at six months' notice.

45 It will be seen that this agreement equally with the deferred rebate system fulfils a two-fold function. On the one hand, it ensures to the Conference the entire support of shippers over the period of the contract and on the other it explicitly ensures to the shippers the advantages to which they are entitled by implication under the rebate system. The shippers pay net freights and their adherence does not depend upon the accumulation of what they consider their capital in the shipowners' hands, the *continuous* nature of the hold which the rebate system implies, and to which shippers object, disappears.

46 The shipowners did not regard the agreement system as such an effective tie as the rebate system mainly because it lacked its automatic character. In their view, it was difficult to bring all shippers in a trade under it, and the protection which the shipowners were able to afford to the shippers giving them exclusive support would be wanting unless all shippers signed the agreement. They did not think it was likely to be so effective for other trades as for the South African outward trade, where the shippers' interests were to an exceptional degree represented by their Association. They said that the agreement system had not been established sufficiently long for any definite opinions as to its value to be formed.

47 On the other hand, we gathered from the shipowners that at present the agreement in the South African outward trade was working not unsatisfactorily. The witness on behalf of the South African Trade Association, which represents merchants engaged in the South African trade, stated that they were well satisfied with the working of the agreement. As regards the extension of such a system to other trades, there was no conclusive evidence.

48 Impressed by the possibilities of the agreement or general contract system as an alternative to the deferred rebate system, we explored the idea of an option being given to shippers to choose between the two systems, and, as the attitude of the shipowners led us to believe that they were genuinely anxious to fall in with the wishes of their customers, the shippers, in any practical scheme, we brought this question of extending an option to

shippers as between the agreement and deferred rebate systems, specifically to the notice of the Chamber of Shipping of the United Kingdom and the Liverpool Steamship Owners' Association. In their reply they have expressed the opinion that the Conferences would be perfectly ready to go into the matter with their shippers if a majority of them pressed for the option (see copy of correspondence in Appendix V)

AN OPTION BETWEEN THE REBATE AND AGREEMENT SYSTEMS RECOMMENDED

49 On further consideration we have accordingly come to the conclusion that in the adoption of such an agreement system as an alternative, a solution—or at least an avenue to a solution—of this vexed question of deferred rebates may be found. The deferred rebate system is plainly open to certain objections, and although the agreement system is equally open to objections, *we recommend that it should be given to shippers as a running option.* Individual shippers should have the choice (a) of binding themselves by means of an agreement over a certain period or by a running agreement subject to a certain period of determination or (b) of remaining under the deferred rebate system. Both systems could therefore be in operation simultaneously, but all shippers would be held by one or other method.

50 It must be understood that, in arriving at this conclusion, we do so without in any way committing ourselves to the suggestions as to details which are contained in the shipowners' reply. It is clear, however, that certain safeguards would be necessary. If a real choice of systems is to be left to the shipper, particular care must be taken that as far as possible the net financial results, *i. e.*, the net freights and the net liability for breach of the conditions of either system, should be the same in both cases.

51 In the case of the South African agreement, no penalties are provided for any infraction of its terms by either party to it, though if anything occurs to disturb the stability and equality of rates and effective measures to protect the signatory shippers cannot be agreed upon, the shipper or the shipowner may withdraw from the agreement at short notice. Though this absence of penalties may correspond with the special circumstances of that trade, we consider that it would generally be necessary in other trades that the agreement should define penalties, whether by way of liquidated damages or other method, which would attach to breaches of the agreement by either party to it.

52 As regards the machinery whereby this option could be effectively given to the shippers, we have already stated that in our view the agreement must be with the individual shipper, but at the same time it is clear that the terms of the agreement must be settled between representative bodies of shipowners and

shippers for each trade. The actual contract would be made in each case between an individual shipper and an individual line belonging to the Conference.

TRADERS' ASSOCIATIONS

53. In this connection it is necessary to revert to the recommendations of the Royal Commission for dealing with any disadvantages or possibly abuses of power which might arise from the deferred rebate system. The conclusions common to the Majority and Minority Reports were, in brief, to the effect that shipping conferences and the deferred rebate system give the shipping companies powers which on occasion may exceed those necessary to enable them to maintain an organised service, and that the measures desirable to secure that those powers are not abused would be the formation of representative shippers' associations, the provision of facilities for enquiry, conciliation and arbitration, and a greater degree of publicity. The central feature of their recommendations was undoubtedly the formation of associations representative of merchants and shippers. They said "that most, if not all, of the serious abuses to which the [Conference] system is liable can be remedied by such counter-combinations on the part of merchants and shippers and that it is generally undesirable that the State should interfere to remedy or prevent grievances which by a reasonable effort can be prevented or remedied by the persons concerned." The experience we have had as a Committee during the past two years in dealing with questions arising between shippers and shipowners amply confirms this statement, which we therefore strongly endorse.

54. Nevertheless, we find that this salutary recommendation has been adopted only to a very limited extent, and consequently it has been impossible to put into practice the ancillary recommendations in favour of conciliation and arbitration. The existence of the Australasian Traders' Association and the South African Merchant Committee, now the South African Traders' Association, which were set up before the Royal Commission met, in 1902 and 1892 respectively, show that it is possible to form such representative bodies of shippers. We understand that these two bodies work in close connection with their respective Shipping Conferences and that this co-operation has achieved good results.

55. The only bodies of importance formed on the lines recommended by the Commission and since its appointment which came to our notice are (1) the Manchester Association of Importers and Exporters, which was established in 1908, while the Commission was still sitting; (2) quite recently, and, at any rate in part, as a result of a recommendation from our Chairman, the East African Section of the London Chamber of Commerce has set up a Shipping Committee which has entered into discussion with the East African Conference as to freight rates and allied questions, and arrived, we understand, at certain

satisfactory arrangements which, as already stated (cf. §12 (v)), include a shortening of the period of deferment. Further, it has now been decided by the parties concerned to form in this trade, a thoroughly representative association on the lines of those already existing in the South African and Australian and New Zealand trades.

56 Shipowners have told us that they welcome the formation of these shippers' associations with whom they can fully discuss conditions in the trade, because by this means they can become more fully aware of what their customers want and meet their wishes accordingly. On the other hand, it appears that these shippers' associations have been difficult to form on a comprehensive basis because of the jealousies and divergent interests of the shippers and the natural fear that they may have to divulge their business to their competitors. The above examples show that the task of bringing the shippers in a trade together is by no means impossible. Further we consider that if through the instrumentality of such associations the shippers were put in a position to exercise an option as to the system under which their freight business should be conducted and to settle the terms of any agreement that might be concluded as well as other questions of importance there would be stronger inducements to the shippers to see to it that efficient and thoroughly representative associations or committees were created for these practical purposes.

57 In conclusion then, our second recommendation is that *for every trade route the shippers should take steps to form representative Associations* whose function should be to meet the Conferences, their already constituted counterparts among the shipowners, with a view (a) generally to the discussion and amicable settlement of any outstanding differences and of questions of mutual concern as they may arise and (b) in particular to the exercise of the option, if desired by any appreciable proportion of the trade, between the rebate and agreement systems and the negotiation of the specific terms of such systems.

58 We consider it very important that the Associations mentioned above should be formed, not only in the Mother Country, but also in the Dominions, India and the Colonies. We think that shipowners should have direct relations with such Overseas Associations so as to facilitate mutual understanding and the discussion and settlement of differences. Associations in Great Britain and in the Dominions would naturally be in close touch with one another and arrange for a frequent and regular interchange of views on matters affecting their trade. This would not fail to enhance the value of the work of each Association.

THE MINOR COMPLAINTS AGAINST THE DEFERRED REBATE SYSTEM AS AT PRESENT IN OPERATION.

59 So far we have been dealing with the general principles which underlie the deferred rebate system. We have, however, received certain minor complaints against the system as actually

working, most of which had previously been brought before the Royal Commission. Several witnesses, for instance, complained of the additional labour which the system throws upon the shipper who may have to deal with it in several trades in which the periods of deferment and amounts of the rebate are different while he has to keep his books open for a considerable time; and it is left to him to make his claim on the shipowner and also under the conditions laid down he is liable to forfeit his rebates if such claim is not made within a limited period. It is contended or implied, therefore, that if the system is retained it should be made simpler and more uniform, the period of deferment being reduced as much as possible, interest being paid on the rebates while held by the shipowner, and that these should be repaid by the shipowner promptly as they became due without the shipper having to claim them. Full details of these and other complaints and of the shipowners' replies thereto will be found in the summary of evidence (Appendix II, pp 39 and 49).

60. We do not propose to make any specific recommendations regarding these minor complaints, as we think that they are of such a nature as can best be remedied by the methods we outline above, namely, by negotiations between associations of shippers and the Conferences. In the circumstances it need hardly be pointed out that complaints as to individual freights would also lend themselves to settlement through discussion. We consider, however, that a greater degree of uniformity in the details of operation of the deferred rebate system should be achieved and that the terms of the agreements to be negotiated should be settled on as simple and uniform a basis as possible. In this connection and for its own sake we would support the recommendation of the Royal Commission in favour of greater publicity in respect of the documents concerned.

THE AUSTRALIAN GOVERNMENT LINE

61. With regard to the more specific complaint of the Australian Government, it is evident to us that the existence of the deferred rebate system in the outward trade to Australia, coupled with the Australian prohibition of such system, operates to prevent the conduct and the development of the trade by the two groups on amicable lines. On the one hand, we understand the Conference to say that, whilst they are perfectly ready to acquiesce in the claim of the Commonwealth Government Line to participate in the trade, such participation should be governed by the same conditions as apply to the Conference Lines. On the other hand, we understand, it is impossible for the Government Line to adopt these conditions, having regard to Australian legislation and opinion on the subject of rebates. If, however, the rebate and agreement systems were instituted side by side in the trade as optional alternatives, it should be possible for the Commonwealth Government Line and the Conference to serve the trade in anicable concurrence on the understanding that

deferred rebates allowed by the Shipping Companies would not be forfeited by reason of shipments with the Commonwealth Government Line, and that, on the other hand, shipments made by the Conference vessels would not constitute a breach of agreements made with the Commonwealth Government Line

62 We regard it as very desirable that an effort should be made to find a solution on the lines indicated, and we would therefore suggest that negotiations between all the parties concerned should be set on foot to this end. We think that the suggestions made above will afford a sufficient means whereby the legitimate interests of the Commonwealth Government Line and the Conference Lines can be satisfactorily harmonised, but, should our anticipation prove unfounded, the question could without difficulty be referred back to this Committee by either party for further consideration and report

CONCILIATION AND ARBITRATION

63 We do not recommend legislation to enforce the option between the two systems. As already indicated, it is our view that conferences between the respective Associations of traders and shipowners will in general achieve the necessary measure of understanding and agreement in regard to any questions arising out of the deferred rebate system, the agreement system or the option to be given between them. To meet the exceptional cases of disagreement it will, we think, suffice, as recommended by both the Majority and Minority Reports of the Royal Commission, to provide for an appeal to an independent body whose powers would extend to conciliation on the application of one of the parties and to arbitration on the application of both parties

64 Those Reports recommended that such powers of conciliation and arbitration should reside in the Board of Trade. We venture to suggest, however, that in view of the Imperial scope of the problem, it will be more appropriate if these powers were vested in the Imperial Shipping Board which this Committee has already recommended should be set up*. Among the contemplated purposes of such a Board were enquiries into complaints regarding Inter-Imperial ocean freights and conditions and, specifically, the exercise of conciliation between the interests concerned. Such a body in permanent session and with increasing experience of shipping conditions throughout the Empire would be well fitted to investigate disputes and, in the course of a continuous and careful survey to determine whether any further measures than those indicated in this Report may become necessary

65 Until such a permanent Board has been appointed it might be convenient for the present Imperial Shipping Committee to exercise these functions of conciliation and arbitration in so far

* Cf Cmd 1483 Report of the Imperial Shipping Committee on the Functions and Constitution of a Permanent Imperial Body for Shipping Questions

as they would fall within our existing terms of reference or any extension of them that might be deemed desirable

66 It is with great regret that we have to record the loss of our distinguished colleague, Sir William S Meyer, G.C.I.E., K.C.S.I., High Commissioner for India, who died very suddenly on October 18, 1922. Sir William Meyer assisted in the deliberations of the Committee upon this Report until it was in an advanced stage and we think that there is no doubt that he would have been in complete agreement with the Report as finally settled.

67 We desire to place on record our indebtedness to our Secretary and Assistant Secretary, Mr E J Elliot and Mr R D Fennelly, whose services in connection with the preparation of this Report have been very valuable.

H J MACKINDER (*Chairman*)

G GRINDLE

H LLEWELLYN SMITH

PETER C LARKIN

H LARKIN

J ALLEN

GEO BOWDEN

KENNETH S ANDERSON

W. L HICHENS

T. HARRISON HUGHES

KENNETH LEE

JAMES W MURRAY

E J. ELLIOT (*Secretary*)

R D. FENNELLY (*Assistant Secretary*)

9 December, 1922.

NOTE—Owing to his absence from this country, Sir Edgar Bowring has been unable to sign the Report

APPENDIX I

COPY OF CORRESPONDENCE with the Government of the Commonwealth of Australia regarding the Operation of the Deferred Rebate System in the Australian Outward Trade

COMMONWEALTH OF AUSTRALIA

Commonwealth Offices,
Australia House,
Strand,
London, W C 2

15th November, 1920

SIR,

Adverting to my letter of even date, I am directed by the High Commissioner to state that he has been requested by the Commonwealth Government to bring under the notice of your Committee a cablegram which was addressed to the Imperial Authorities by His Excellency the Governor-General on 9th July, 1919 (copy attached), regarding the Rebate System applied by Shipowners to the Australian trade

I am to point out, further, that in many cases Merchants to-day fear to utilise the steamers belonging to this Government owing to alleged threats of victimisation by the Conference Lines if they do so, and that the Commonwealth Government is now taking the necessary action to prepare evidence and arrange for witnesses to bring the whole facts under the notice of your Committee

I am to request you to be good enough to state the approximate date at which your Committee will be prepared to deal with this question as early as possible, as it is desired to make forward arrangements of such a nature as to enable the evidence to be presented in the most concise and up-to-date form possible

I have the honour to be,

Sir,

Your obedient Servant,

(Signed) GEO J HOBGEN,
Acting Official Secretary

The Secretary,
Imperial Shipping Committee,
Board of Trade Offices,
Great George Street,
S W 1

(Enclosure)

TELEGRAM from the Governor-General of the Commonwealth of Australia to the Secretary of State for the Colonies

(Received, Colonial Office, 9th July, 1919)

Following from Acting Prime Minister — *Begins* With reference to shipments by vessels of Government of Commonwealth of Australia line desire invite attention to deferred rebate system of shipping conference which provides for full freight to be paid in first instance and at end of 12 months provided shipper declares he has not departed from conference lines, he obtains rebate equal to 10 per cent on freights paid during first 6 months of the 12 Shipowner thus retains right cause shipper forfeit 12 months' rebate if he wishes and shipowner further has always in hand 6 months' rebate In case of "Bulla" Government of Victoria booked

consignment of explosives but in March withdrew booking which it was stated would involve forfeiture of £700 in accrued rebates from shipping conference on previous shipments this notwithstanding Government of Victoria had been unable during previous 7 months obtain space owing unsuitability of cargo for passenger ships or transports Law authorities suggest for consideration of Imperial authorities that with a view to protecting Commonwealth funds legislation be introduced by Imperial Governments similar to Australian Industries Preservation Act 1906/10 which provides inter alia that any person who in relation to trade or commerce with other countries or among States either as principal or agent in respect of dealings any goods or services gives offers or promises to any other person any rebate refund etc for reason or upon condition that latter person deals exclusively with any person shall be guilty of an offence (penalty £500) and every contract entered into of kind referred to shall be illegal and void. If such legislation impracticable suggest advantage might be taken include in functions proposed Imperial Investigation Board duty of enquiring into complaints from persons or bodies interested with regard to ocean freights facilities and conditions of inter-imperial trade or into any question similar nature referred to them by any of the nominating authorities—*Ends*

MUNRO FERGUSON

(Extract)

COMMONWEALTH OF AUSTRALIA

Commonwealth Offices,

Australia House,

Strand,

London, W C 2

31st December, 1920

Sir,

Adverting to your communication I S C. 52 of the 14th idem, I am directed by the High Commissioner to forward herewith copy of a communication received from the Prime Minister's Department in Australia under date 12th October, together with copy of the statement referred to therein.

* * * * *

I have the honour to be,

Sir,

Your obedient Servant,

(Signed) J. R. COLLINS,

Acting Official Secretary

E. J. Elliot, Esq.,

Secretary,

Imperial Shipping Committee,

Board of Trade Offices,

Great George Street, S W.1.

COMMONWEALTH OF AUSTRALIA

Prime Minister's Department,

Melbourne,

12th October, 1920.

MEMORANDUM FOR

The Acting Official Secretary
in Great Britain.

With reference to your memorandum of 5th August, No. 436/4/48, on the subject of the Imperial Shipping Committee, I forward herewith for transmission to the Secretary of the Committee, a statement prepared on

information supplied by the authorities of the Commonwealth Government Line of Steamers, drawing attention to certain adverse discriminatory methods practised by the Conference Lines of Steamers, against shippers to Australia by the Commonwealth boats, with a view to the matter forming the subject of enquiry by the Committee

(Signed) M L. SHEPHERD,
Secretary

(Enclosure)

STATEMENT REGARDING NON-GRANTING OF DEFERRED REBATES BY CONFERENCE LINES TO SHIPPERS BY COMMONWEALTH BOATS

In July, 1919, the attention of the Secretary of State for the Colonies was drawn to the fact that owing to the Shipping Conference Lines' system of Deferred Rebates the Commonwealth Government Line of Steamers had lost cargo withdrawn by the Victorian Government because that Government feared loss of their rebates

Attention was further drawn to the Australian Law upon this subject, and a suggestion was made that advantage might be taken of the Imperial Investigation Board—now the Imperial Shipping Committee—to enquire into complaints on the matter

Official advice has been received by the Manager of the Commonwealth Government Line of Steamers in Melbourne that the Conference Lines still continue their system of rebates, and in order to protect shippers who might lose accrued amounts through shipping by the Commonwealth Government Line, the latter has been compelled to announce, that in the event of such rebates being confiscated, they will be made good from the funds of the Line. Already one instance at least has occurred where such a payment has had to be made

It is suggested that this question of the rebate system should be enquired into by the Imperial Shipping Committee, and evidence called respecting it

It is further suggested the investigations of the Committee should be directed toward the fact that some Australian firms have intimated they have been informed by their London representatives of threats having been made to the effect that if their shipments go forward by Commonwealth Government Line vessels, the Conference Lines will find no space for them in their vessels. These firms have declined on this account to give any definite instructions that the vessels of the Commonwealth Government Line are to be used for their goods. In addition to cases where definite statements are made, there has been brought under notice by at least eight firms the fact that they fear the Conference Lines will take reprisals against them and on this account are unable to direct shipments by the Commonwealth Government Line.

Opportunity might be taken of emphasising the fact that the Commonwealth Government Line has prevented increases in freights both to and from Australia, and has been instrumental in securing more reasonable terms on Bills of Lading for shippers than would otherwise have been the case, and that in view of the facts set out above, a full investigation should be made by the Imperial Shipping Committee with a view to ascertaining whether some recommendation should not be made to the British Government which will protect alike the interests of the Commonwealth Government Line and also the interests of importers and shippers against the attitude of the Conference Lines.

APPENDIX II

SUMMARY OF EVIDENCE GIVEN BEFORE THE IMPERIAL SHIPPING COMMITTEE ON THE SUBJECT OF DEFERRED REBATES

The following is a summary of the evidence given before the Imperial Shipping Committee by the witnesses on behalf of shippers and shipowners in the matter of the deferred rebate system

The evidence of the shippers is given first. It has been summarised under the following four heads —

- (A) Evidence as to matters of fact which shippers adduced regarding freights and profits to show that shipowners, by means of powers obtained through the conference and rebate systems, were enabled to press them unduly
- (B) Evidence as to the general principles underlying the deferred rebate system
- (C) Evidence as to certain minor complaints arising out of the actual operation of the system
- (D) Evidence as to suggested remedies

The evidence of the shipowners is summarised on similar lines, and the paragraphs bearing on a particular point are numbered identically in both sets of evidence.

EVIDENCE GIVEN ON BEHALF OF THE SHIPPERS

A—DEFINITE COMPLAINTS AS TO FREIGHTS AND PROFITS

- (1) Comparison of freight rates under the rebate system, with rates for Continental shipments.

(a) Examples were given of competitive rates from the Continent to Australia operating in January, 1921, of which the following may serve as types—

From Antwerp Glass at 78s per ton, as compared with 100s from the United Kingdom

From Antwerp Coffee and chocolate, 94s 6d, as compared with 125s from the United Kingdom

From Gothenburg Paper, 41s per ton measurement, as compared with 80s from the United Kingdom

These, it was stated, were properly equivalent rates, and the difference in favour of the Continent was ascribed to the existence of the rebate system here in Great Britain and to its non-existence in respect of the trade from the foreign ports in question

(b) It was pointed out that the rate to Hamburg from Calcutta had been from 25s. (December, 1920) to 15s. (March, 1921) lower than that to London, which was attributed to the fact that there was no Conference in the Hamburg trade, and not to any cheaper facilities at the German port. Prior to the war the German rate had been the higher by 2s 6d when the general level was about 20s

(c) Very low quotations had been obtained by one witness in December, 1921, for shipments from Antwerp for Pernambuco, viz., 40 francs, as compared with 90s. plus 10 per cent. from United Kingdom, the high level of the British rate in face of this competition was attributed in great measure to the deferred rebate system.

- (2) Comparison with rates charged in competitive foreign trades

It was further claimed, in one or two cases, that the high freights charged by Conference Lines led to diversion of trade, in particular, that shippers of Indian linseed had been handicapped by the high freights from Calcutta in their competition with the Argentine trade, where there were

no rebates. Figures were given to show that if the Calcutta freight rates had been on the same basis as the Bombay rates [as to which see subparagraph 3 (b) below] the difference in the London price, though still slightly in favour of Argentina, would not have stopped business from Calcutta.

3) Comparison with rates charged by Conference Lines in other trades where the Deferred Rebate System does not obtain.

The main comparisons made were in respect of —

(a) Australian Coastal Trade

The following figures were given to show the relation of the rise in the general level of freights in the Australian trade to that in the Australian coastal trade —

Homeward Wheat Freights

Pre-war	25s (presumably by liner)
September, 1920	£9
October, 1920	£7
February, 1921	£5

Coastal

1900	5s
1913-4	11s 3d to 15s
1921	20s

[It was not stated to what commodity these coastal freights applied nor between what ports, but the distance was referred to as 500 miles.]

(b) Calcutta-United Kingdom trade as compared with Bombay-United Kingdom trade

Rough Cargo —The following figures were furnished by Sir Stephen Demetriadi comparing the rates from Bombay where no rebate system existed and from Calcutta where it had been introduced in May, 1919

	Bombay	Calcutta
1st December, 1920	56s 3d *	115s
15th December, 1920	43s 9d *	115s.
3rd January, 1921	31s 3d *	85s.
15th January, 1921	31s 3d	70s
1st February, 1921	31s 3d	70s
15th February, 1921	31s 3d.	55s
1st March, 1921	31s 3d	55s

The voyage from Bombay took four weeks as against five weeks from Calcutta, and therefore it was urged that the Calcutta rate should only exceed the Bombay rate which was regarded as being governed by the world freight market by a quarter, quite apart from terminals. In November, 1921, the rate from Calcutta was 50s as compared with 31s 3d from Bombay. Pre-war the rates were 20s and 15s respectively.

Tea —The same witness explained that at the time he was giving evidence the shipment of tea from Calcutta was governed by an agreement in accordance with which the freight rate was based upon the rough cargo rates, and he contended that the rebate system introduced soon after negotiations for the agreement had been concluded had been used to keep the rough cargo rates unduly high with the consequence that the tea rate was also kept at an unduly high level.

He admitted that during the months from February, 1921, onwards, the shipowners made five reductions in the contract rate though only after pressure by the Association and *ex gratia*.

* The actual quoted freights are 45s, 35s, 25s., but these relate to the ton of 16 cwts. or 40 c ft. and they have therefore been increased by 25 per cent. to equate them with the Calcutta freights on the basis of 20 cwts or 50 cubic feet to the ton.

(c) *Ceylon-United Kingdom trade as compared with Calcutta-United Kingdom trade*

A table of the comparative freight rates on tea from Ceylon and Calcutta over a long series of years was put in by Sir Stanley Bois which showed that (a) prior to 1904 the Ceylon rate had been considerably below the Calcutta rate, (b) that the rebate system having been introduced into the trade in 1902 the Ceylon rate became equal to the Calcutta rate in 1904 and above it in 1905 until April, (c) that from April, 1905, to 1915, with a slight exception, the Ceylon rate was again below the Calcutta rate, (d) that during the war the Ceylon rate went up more rapidly than the Calcutta rate, and (e) that since the war the Ceylon rate has been generally above the Calcutta rate, and only in November, 1921, did it go below it (Ceylon 60s., Calcutta 61s. 3d). In this connection it had to be remembered that Calcutta shippers had a contract which fixed their rates on the basis of the rates on rough cargo and which prevented the shipowners from making any increase in the Calcutta rate, whereas Colombo had no contract at all, but the position of the witness was that, in view of the fact that Ceylon was nearer to the home market, they ought to have an advantage, say 2s 6d over Calcutta, or at any rate that they should not be placed at a disadvantage.

The witness was asked if he could offer any explanation as to why the Colombo rate was now below the Calcutta rate. He said that the Conferences "fix the rates practically arbitrarily", he could offer no explanation beyond the fact that his Association had continually been in communication with the Colombo Conference and had been met by reductions in freights.

(4) *Comparison of estimates of the cost of working vessels on the Australian run and of the profits that should thereby be earned.*

Estimates of the working costs and the profits of steamers in the Australian trade were furnished by Mr R J Turner based on voyages of a 10,000 ton dead weight vessel in January, 1921. He estimated that the expenses of a 10-knot tramp of that capacity on an outward voyage in ballast would be £12,600 and for a 13-knot cargo liner £14,000. The expenses for the homeward trip with full cargoes made up of meat, concentrates and wool, would be £36,000 and £38,000 respectively. The net profits on the round voyages would be £19,500 and £16,500 respectively. Similarly assuming an outward voyage with a full cargo in the case of the cargo liner, the expenses would be £30,450 and the outward freight £46,250, leaving a profit of £15,800. From these and similar calculations the witness deduced that whereas for a cargo liner 61s. per ton as an average outward freight would fairly cover the cost, the freight actually charged was an average of 92s. 6d per ton (the actual freight charges varying from 60s. to 125s.), and that the estimated percentage per annum of profit on outward cargo only, based on a pre-war value of £170,000 for the vessel would be 42 per cent., or based on a war value of three times as much, 8 per cent. The corresponding percentages for voyages outward and homeward with cargo both ways and out in ballast and with cargo homewards were also given. These estimates were arrived at on the assumption that full cargoes are obtained except, of course, for ballast voyages, and it was not thought necessary in them to make any allowance for possible laying up.

(5) *The actual profits and financial position of the shipping companies concerned in the Australasian trade.*

Mr. R. J. Turner also supplied statements in regard to the financial position of the Peninsular and Oriental Steam Navigation Company and certain of their subsidiary companies and certain other companies in the Australasian trade with a view to showing that the Peninsular and Oriental Company especially have been able to increase their

reserves and fleets inordinately at the expense of the shippers. The information he put forward in regard to the Peninsular and Oriental Company and its fleet may be summarised shortly as follows —

Year	Paid up Capital	Debentures	Estimated value of the fleet
	£	£	£
1900 ...	2,320,000	800,000	6,826,750
1907 ...	2,320,000	1,800,000	10,422,275
1920 ...	6,431,120	1,495,880	26,243,170

The last figure for the value of the fleet refers only to the vessels owned directly by the Peninsular and Oriental Company, although it appears that the figure for capital includes many large issues of stock which were made on the acquisition of the British India Company's fleet and other important mercantile fleets. The value taken is the estimated cost at the round figures of £25 per ton for pre-war buildings, £40 per ton for buildings in 1914-15, and £75 per ton for subsequent buildings. The witness also gave the dividends paid by the Company, he did not appear to contend that these had been in themselves excessive or that the policy of writing down tonnage and putting profits to reserve was a bad one, but he maintained that this policy had been overdone.

It was admitted that the business of the Peninsular and Oriental Company was very largely with Asiatic countries and that their participation in the Australian trade could not be responsible for any considerable portion of their profits, but the witness contended that the rebate system was applied by them equally in their Indian and other trades, and his general conclusion was that the profits of the Company had been very considerably swollen by means of the rebate system, or in other words by the monopoly they enjoyed. Similar information was put in as to the financial position of shipping companies engaged exclusively in the Australian and/or New Zealand trades, and reference may be made to that in respect of two of them, one owned largely by the Peninsular and Oriental Company and one independent of them, except as being a member of the same Conference.

The comparative figures for the first Company, the Oriental Steam Navigation Company, were stated to be as follows —

	£
1911 Capital	319,340
Bonus Issues	99,770
Debentures	503,900
Value of Fleet and Investments	2,210,837
1920 Capital (issued for cash)	666,050
Bonus Issues	620,210*
Debentures	382,250
Value of Fleet and Compensation for Lost Steamers and Investments at Cost	3,432,464

The General Reserve was £1,000,000 and Repair and Renewal Fund £300,000

The Dividends paid are stated to have been from 1911 to 1915 50 per cent. bonus, 1915-16 20 per cent. bonus, and from 1916 to 1919 15 per cent. free of tax. The later dividends have been 15 per cent. free of tax for 1920 and 12½ per cent. free of tax for 1921, i.e., for the year ended 30th June in each case.

* It is understood that this figure should be £520,210

The second company, the Commonwealth and Dominion Line, is stated to have been incorporated in 1914 with a capital of £1,991,544, all issued for consideration other than cash, and its fleet at the outset to have consisted of 25 steamers of 168,329 tons gross valued by the witness at £11 15s. per ton dwt, or nearly £2,000,000. In 1920 though the capital had been increased by £6,008 only the fleet had grown to one of 29 steamers of 224,066 tons gross valued at £4,730,229, the post-war tonnage being put at £30 per ton gross, but this figure was only reached by including about 50,000 tons *building*, exclusive of which the value would be about £5,200,000.

The witness was only examined on the details of the information supplied in respect of the P and O. Company.

On the other hand Mr E. B. Tredwen was not of opinion that the average level of freights was too high. He thought that if they were, it would be reflected in the companies' earnings. While admitting that he knew nothing of the Calcutta trade he thought that the complaint of some merchants regarding high freights in that trade might be well founded because it suited them to obtain the lowest rates, and they were not affected by fluctuations, there were other merchants, however, including himself, who were seriously affected by fluctuations and preferred a stable level.

B EVIDENCE AS TO THE GENERAL PRINCIPLES UNDERLYING THE REBATE SYSTEM

(1) The General Question.

As regards the general question, shippers object to the limitations to their freedom of action which the system imposes. The Crown Agents were anxious to be able to secure the most favourable rates of freight for full cargoes, especially of railway materials, in general their main objection was that the rebate system hampered them in bargaining with the shipowners for the lowest rates of freight. Similarly the West India Committee state that their objection to the system is "that it is designed to prevent shippers, by the threat of forfeiture of accumulated unpaid rebates, from availing themselves of opportunities of shipping at low rates of freight by steamers which may be loaded in competition with the established lines," and a Special Committee of the East African Section of the London Chamber of Commerce, who regarded the rebate system as advantageous on the whole, postulated certain conditions of which the first was that shippers should be permitted to take advantage of outside tonnage if offered at a time when no Conference steamship is likely to be available.

Mr Tredwen thought that the amount of the rebate was the measure of the extortion which the Conference would exercise and if the shipowner was oppressive, opposition would be started, as had been done before in the Australian and New Zealand trades. While up to the point where it would be worth while to sacrifice the rebate and organise or use outside services, there was a possibility that a Conference might tend to take what profit it could from the fact that it was a monopoly, the witness said the Australian Conference had not done so and he did not think they would do so. He agreed that refrigerated tonnage in, e.g., the Australian and New Zealand trades, did enjoy an effective monopoly because of the great expense in fitting such vessels.

(2) The advantages derived from the system.

With certain exceptions the shippers considered that the deferred rebate system enabled the shipowners to press unduly on them, but they admitted that under the system they obtained important advantages as follows—

(a) *Stability of Freights.*

Mr. Tredwen was very emphatic on the advantages of having stable rates. He said that before the introduction of the rebate system,

freights were subject to sudden fluctuations. Under the rebate system, however, rates were stable unless for progressive reductions or increases. The fluctuation of rates led to sudden changes in the value of imported stocks. He admitted that he was looking at the question from the merchants' and not the consumers' point of view.

Mr Soper said that the majority of traders wanted stability of freights and regularity of service. Asked whether traders had actually asked for rates not to be reduced in order that the value of their stocks might not depreciate, he said that he would not go so far as to agree to that but some traders might say "we will not worry about this just at the moment."

Great importance was attached by Mr Landale to stable freights in the Far East trade as shipments both ways by liners were in small parcels and a fluctuating rate would make business difficult.

As regards homeward trades, Sir Stanley Bois, referring to Colombo, said that stability of freights was very important, that it was not satisfactory to have to speculate in forward freights. Although prior to the introduction of the rebate system lower freights had ruled, and notwithstanding that if the rebate system were abolished, it would have, in his opinion, the effect of bringing down the average rate of freight very considerably, he preferred the certainty that the rebate system introduced.

Steady rates of freight were stated not to be of importance to the Crown Agents for the Colonies.

(b) Equal rates for all shippers

Mr Tredwen said that before the rebate system came into the Australian trade there were specially favourable freights for big shippers, but now the rates were the same to all.

As a specific example of the value attached by merchants to the deferred rebate system as a means of securing uniform rates of freight for all shippers, large and small, it was cited that recently the West African Conference had been asked on behalf of some 50 to 100 small traders to re-introduce the deferred rebate system. These traders were, it appears, experiencing the severe competition of a large group who were chartering full cargoes at 10s to 12s 6d a ton cheaper than the liner rate, but also getting the ordinary liner rate when they wanted it. [It has since been announced that the deferred rebate system has been re-established in this trade (January, 1922).]

Sir Stephen Demetriadi claimed that in the Indian trade before the system was introduced there were equal rates for all shippers, and although large shippers, by offering large quantities, could obtain a lower rate, this rate became an open rate to all, and the small shipper benefited as well. The witness admitted, however, that he could not say that there had not in the past been contracts made for big quantities at a lower rate than the open rate. The Associations he represented had not considered the question of differential rates, and he would not commit them to the view that they should be made illegal also, should the rebate system be prohibited by law.

(c) Regularity of Service

It is generally admitted that the Conference Lines supply frequent, regular and efficient services, most witnesses were keenly alive to the necessity for such services, and admitted that something must be paid for them. The only complaint in this connection which has been received by the Committee is in the case of the East African trade, in regard to which Mr. Hooker represented that the vessels of the Conference Lines called at irregular and long intervals and were delayed long in loading. In the case of the Australian trade, the

efficiency of the service was generally admitted and even emphasised, one witness stating that he would not as a regular shipper care to rely on time-chartered boats, and that even if the rebate system did not exist shippers would not as a general rule charter. Mr Turner complained, however, regarding this trade that when the Conference put on a slower boat than usual they did not charge any less freight

(d) *No Carriage of Cargo on Ship's Account*

The evidence of Mr Tredwen on this point was to the effect that in the days before the introduction of the rebate system it was customary for shipowners on occasions to buy goods on their own account to fill up their ships, thus competing with the merchants, whereas under the rebate system it is tacitly understood that shipowners will not make any shipments on their own account. Mr Tredwen knew of no instance of any such shipment under the regime of the rebate system. Sir Stephen Demetriadi, questioned as to the possibility of a reversion to the practice of shipment on owner's account in the event of the abolition of the rebate system, suggested that the custom of abstaining from this practice would persist. He also stated that no attempt had been made to purchase cargo on ship's account in the Calcutta homeward trade before the rebate system existed in that trade.

(3) The Necessity for a Tie.

There was no agreement, however, on the question whether the deferred rebate system or some such tie was necessary to maintain the frequent, regular and efficient services necessary for modern commerce. In the case of the Australian trade it was held by Mr Turner and others that the liners had fair cargoes all through, and that a regular service could be obtained without the rebate system, on the other hand, Mr Tredwen stated that in this trade vessels were rarely full as regards outward cargo and attributed the maintenance of the service to the rebate system. It appeared further that some reliance was placed by the other witnesses in regard to the Australian trade on Government action to secure that if the rebate system did disappear the effect would not be the discontinuance of regular services.

Mr Soper thought that it was necessary in the interests of the general run of traders for the shipowners to have some hold over their customers to secure a regular service. Personally, he did not fear an open freight market because there would still be opportunities to ship, and although some goods were wanted regularly, speedy despatch was not essential for the great bulk of goods.

Sir Stanley Bois, referring to the carriage of Ceylon tea, said that shippers preferred small quantities of freight space at frequent intervals and the regularity of liner services was most important. He also said that, as he understood it, the Conference felt a certain obligation to give them the space required for moving their cargo, and instanced that cargo had on occasion been shut out in Calcutta to leave room for Colombo produce. Prior, however, to the introduction of the rebate system services were quite regular, and though on balance he favoured the retention of the rebate system he thought there would still be regularity in the particular case of Colombo without the rebate system.

Sir Stephen Demetriadi held that the rebate system was not necessary in order to maintain a regular, frequent and efficient service. Such a service had in fact been supplied in the Calcutta homeward trade until 1913, and still obtained as regards Bombay, without any such system. He laid stress on the fact that a regular, frequent and efficient service was maintained by the Ellerman-Bucknall Line between India and America without any rebate system, which was illegal under American law. This service was regularly supported by the shippers, who were satisfied with it and with the rates; and attempts made by Shipping Board boats to enter the trade by cutting rates had not been successful.

Mr Landale held that some tie was necessary in the Far East trade and could suggest no alternative to the rebate system though he preferred the prompt payment of rebates every six months without any deferment. He held that the system had not prevented competent steamship lines entering a trade if they wished to and the merchants did not object.

Mr. Basden said that in the East African trade he did not think that a regular service could be obtained without a rebate system as the cargo was meagre at times and irregular in amount. If tramps were allowed to come in and carry away the homeward cargo, the outward service would naturally suffer as the two halves of the round voyage hung together.

As regards the South African homeward trade, Sir Rhys Price stated that since the abolition of the rebate system, it had been run without any tie and though the outward agreement had had to a certain extent a steadying effect, the position was not altogether satisfactory. The witness favoured for the homeward trade an agreement system reinforced by a rebate system and administered by a Standing Joint Conference of ship-owners and shippers, thus giving the shippers a voice in the fixing of rates and other terms and conditions. He preferred this to the agreement system which would be ineffective unless all and especially the largest shippers adopted it. In the past, he said that the rebate system had not kept out new and efficient outside competition though it kept away spasmodic competition.

The West India Committee state their belief that regular services could be maintained "without any system of preference for regular customers such as is associated with the idea of deferred rebates," and in support add that "the legal prohibition of the deferred rebate system as applied to steamers trading to the ports of the United States of America, Commonwealth of Australia and Union of South Africa has not had the effect of depriving those ports of adequate steamship services." Mr Wilson expressed the opinion that without the rebate system there would be more frequent services of regular liners, because the abolition of the system would lead to an increase in trade.

(4) Alternative Ties to the Rebate System

The following alternative methods of securing that shippers should give their custom regularly to the Conference Lines were brought to our notice —

(1) *The Agreement System*

Mr Soper explained at some length the agreement which had been signed by the South African Conference Lines and shippers in that trade. This agreement (a copy of which is printed as Appendix IV) has taken the place of the deferred rebate system, which was dropped on account of South African legislation, although the rebate system still applies to shipments by the same vessel to Mozambique ports. He said that the South African Trade Association were very well satisfied with its working, and, in his opinion, would welcome its extension to Mozambique ports. The witness interpreted the main clauses of the agreement as follows —

- (a) It gives equality of rates and stability of freights to large and small shippers alike, except that it does not apply to large parcels of cargo, not being merchants' berth cargo, and special rates for large parcels are quoted to mining companies, associations, municipalities, &c, without reference to the Trade Association.
- (b) The Association regarded their support as contingent on the Lines carrying the goods at "reasonable rates." If they did not regard the rates as reasonable, either there was to be arbitration or the signatory shipper can give six months' notice to terminate the agreement. The Lines were bound to consult the Association before making any general alteration in rates, but could raise rates on particular commodities without notice.

(c) In the event of competition offering lower rates, the Lines are bound to protect the signatories, who may withdraw after 30 days' notice if they consider the protection inadequate. Recently foreign Lines had started loading to South Africa, and had quoted low rates. The Conference had met their shippers by reductions in their tariff rates on various classes of goods in order to meet foreign competition, and in addition allowed a temporary reduction in freights on other similar goods sent by boats loading, first of all within a week each way and now within a fortnight each way, of a boat sailing from the Continent.

The witness added that there was nothing to prevent a shipper outside the Association concluding a similar agreement with the Lines.

Mr. Baeden favoured the agreement system for the East African trade, provided that the Conference did not still charge the primage,* which at present constituted the deferred rebate, and retain it themselves. He thought, however, it would be difficult to secure the express adhesion of every shipper in the trade.

Mr. Tredwen preferred the "freedom" of the rebate system to the agreement, which he considered was not so effective in preventing competition.

Mr. Wilson said that he thought the members of his Chamber of Commerce (Dundee) would be prepared to enter into an agreement like the South African, and would favour making the principle a general one.

Mr. Hooker had no knowledge of the South African agreement, but he favoured agreements in general.

Sir Rhys Price, although he favoured an agreement system reinforced by a rebate system for the homeward trade from South Africa, agreed that if an agreement embracing *all* the shippers were arrived at the rebate system would hardly be necessary.

(ii) *Contracts over a period.*

The only case of a general freight contract brought to our notice is in the Calcutta tea trade where, as already mentioned, the freight, at the time when evidence was given, was fixed at the average rate ruling on rough cargo plus a certain flat addition. Sir Stanley Bois said that he would not favour a contract on similar lines for Colombo but preferred to make arrangements according to circumstances from time to time.

C OBJECTIONS TO THE DEFERRED REBATE SYSTEM AS AT PRESENT IN OPERATION

(1) The length of period of deferment and delay

The longer the periods adopted in connection with the deferred rebate system the greater the tie. The East African Committee referred to above stipulated as one of the conditions of acceptability of the system the payment of the rebates at shorter intervals. Other shippers said they would be content to ship under a system wherein the rebate would not be "deferred," i.e., for a further period, but paid promptly at the end of each period (of three or six months) in respect of the shipments made during that period. In the case of regular shippers sufficient rebates would quickly accrue to maintain loyalty to the Conference.

Complaint was also made by Mr. Landale that even when the deferred rebate was due, a delay of months might occur in checking and adjusting the claim. It was maintained by Mr. Wilson that the shipowner ought to make out the statements promptly at the end of each period and pay

* This 10 per cent. primage has recently (August, 1922) been embodied in the freight, but the deferred rebate of 10 per cent. still remains, and the net freight remains practically unaltered.

the accounts to the parties who had paid the freights without the latter being under an obligation to claim the rebates. He also pointed out that under the conditions laid down, the shipper is liable to forfeit his rebates unless his claim is made within a limited period. Shipping companies ought to be obliged to make an annual return of unclaimed rebates

(2) The question of payment of interest on the deferred rebate

Several witnesses referred to the effect of the rebate system in keeping large amounts of the shipper's capital locked up. Mr. Tredwen thought this could be met if the shipowners paid interest on the deferred rebate, and said this was done in the Australian trade at the rate of 5 per cent and would probably be agreed to in other trades if pressed for, other witnesses also urged that interest should be paid

(3) Complexity.

Evidence was given as to the trouble and clerical labour that devolved upon the shipper, partly because of the inherent deferred nature of the system, and partly because of the variety of the several systems under which the shipper had to work and claim his rebates

With reference to the East African trade Mr. Hooker complained of the amount of unremunerative labour which the system entailed upon the shipper or merchant, and the tendency towards not quite honest practices, such as the retention of the rebate by the agent where the consignee, to whom the freight plus rebate had been charged, was not careful to insist upon its return to him. In the Far Eastern trade, however, the evidence of Mr. Landale was to the effect that such practices did not occur

(4) Alteration of Rebate Form without notice.

A case was brought to the notice of the Committee by Mr. Wilson in which the rebate claim form for the Brazilian trade had been altered by the *ex post facto* introduction of two additional ports to the list to which rebates applied without apparently any notice of this extension having been given to the shippers concerned

(5) Enforcement of Rebate Conditions in respect of Shipments from Ports not served by a Conference.

The Manchester Association of Importers and Exporters communicated in writing their opinion that shipments from a port not served by Conference Lines should not be the occasion for the forfeiture of rebates since the Conference Lines did not offer any direct facilities. From correspondence which ensued, it appeared, however, that the Association had not of late approached the lines with any request for additional facilities. A similar point had been raised in connection with Dundee before the Royal Commission, but Mr. Wilson said that no difficulties arising from any prohibition upon the direct shipments from Dundee had been met with, though this port is not served by the Conference Lines

(6) Comparison of Rebates in New Zealand and Australian Trades

Mr. Laing complained that although the freights to Australia and New Zealand were the same and the same primage (10 per cent) was added, the rebate in the Australian trade was 10 per cent, i.e., the whole of the primage, while in the New Zealand trade it was only 2s. 6d. per ton, representing at present rates a difference of several shillings in the net freights. He agreed that to him as a merchant there was no essential need for similarity or dissimilarity between the two freights, but he was strongly of opinion that if any differentiation were necessary it should be in the freights and not in the rebates

(7) Outside Shipments.

Mr. Basden desired standing permission in the East African trade to ship by outside vessels when a Conference boat was not available or likely to be within reasonable time. Witnesses in certain other trades said that permission was readily given when asked for. As regards the Far Eastern trade Mr. Landale stated that when shippers have enough cargo to fill a steamer and the Conference have not sufficient tonnage to carry it available, they do not raise objections to shippers chartering

D. SUGGESTED REMEDIES

Sir Stephen Demetriadi and certain other witnesses, mainly those concerned with the Australian trade, were definitely in favour of legislation to render deferred rebates illegal. Sir Stephen Demetriadi and Mr. Wilson, while desiring the abolition of rebates, were not prepared to commit their Associations to the view that preferential freight rates should also be made illegal.

Mr. Turner, giving evidence on behalf of the Australian Government, expressed the opinion that the recommendation in the Majority Report of the Royal Commission on Shipping Rings in favour of measures of discussion, conciliation and arbitration would not be sufficient to effect the improvement desired by the trader because at present the power is all on the side of the Conference. Even though the merchants' associations might become much more powerful than they are, he did not think that they could be effective to secure the desired remedies. The witness was in agreement with Sir David Barbour's reservation to the Royal Commission's Report which was in the direction of establishing an effective check on shipping conferences in the matter of rates.

On the other hand, the Executive Committee of the Australian and New Zealand section of the Manchester Association of Importers and Exporters communicated their opinion that they were entirely in agreement with the finding in the Majority Report "that most, if not all, the serious abuses to which the system is liable can be remedied by such counter-combinations on the part of merchants and shippers, and that it is generally undesirable that the State should interfere to remedy or prevent grievances which by a reasonable effort can be prevented or remedied by the persons concerned." Some witnesses were satisfied to work under the deferred rebate system as being preferable to any other tie but they were of opinion that the shippers' grievances would be materially less if the period of deferment were reduced and the system otherwise simplified.

EVIDENCE GIVEN ON BEHALF OF THE SHIPOWNERS.

A—AS TO THE DEFINITE COMPLAINTS MADE BY SHIPPERS REGARDING FREIGHTS AND PROFITS

(1) Comparison of Freight Rates under the Rebate System with Rates for Continental Shipments.

Shipowners admit that anomalies in the matter of these rates do occur. In normal times the Continental and British rates are kept at a parity through Conference agreements. The low Continental rates since the war are partly the result of the keen competition between foreign lines, which has brought rates in many cases below an economic level, and partly because Continental port dues and charges are on a lower scale than here. Recently an agreement has been reached to maintain equal rates from the Continent and from Great Britain in the Australian trade, and similar negotiations are proceeding in other trades.

- (a) The difference in rates in the Australian trade has now disappeared in consequence of the agreement above mentioned
- (b) The disparity in the Calcutta-London and Calcutta-Hamburg rates was stated to be due to lower discharging expenses in the latter port. Actual steamer accounts were put into show that the cost of discharging a ton of cargo from the same ship on the same voyage in London and Hamburg were 9s 10d and 1s. 4d, respectively; in the case of another vessel the figures were 7s 4½d and 1s 0½d [The exchange value of the mark was in each case taken as 1,000 to the £]
- (c) Up to the outbreak of war there was a common tariff on a basis of equal rates from British and Continental ports to the Argentine. The difficulty in getting back to this condition was accentuated by the chaotic conditions of exchange.

(2) Sir Percy Bates strongly contested the complaint that the high rates of freight from Calcutta made it impossible for Calcutta linseed to compete with Argentine linseed in the London market. He pointed out that during the period complained of (December, 1920—March, 1921) very little linseed came from India, even from Bombay, where the freights were presumably satisfactory. The imports from Argentine in 1920 and 1921 were 216,000 tons and 401,000 tons respectively, and from India 143,000 tons and 41,000 tons respectively—the latter figure being the smallest India import since 1913 (126,000 tons). The export of linseed from India fell off in 1921, because of the fall in the sterling value of the rupee, which through its violence checked rather than stimulated export, and in every factor making up the cost of linseed c i f London there were violent changes as against which freight had little effect. Further, the homeward liner trade from the Argentine is based on frozen and chilled meat, and the carriage of linseed is left to tramps, which adjust their rate according to their outward employment, e.g., coal from South Wales. If the Calcutta shippers had to rely on tramp tonnage the freight would be higher than it is, because tramps would generally have to come to Calcutta in ballast.

(3) Comparison with Rates charged by Conference Lines in other Trades where the Deferred Rebate System does not obtain

(a) Australian Coastal Trade

Sir Alan Anderson stated that comparisons between the coastal and homeward freights in the Australian Trade are beside the point as in neither trade does the deferred rebate exist. [The shippers' argument presumably is that the rebate system holds the whole United Kingdom—Australia trade though applying directly to the outward trade only.]

(b) Calcutta-United Kingdom Trade as compared with Bombay-United Kingdom Trade

Rough Cargo—As regards the freights from Bombay and Calcutta, Sir Percy Bates held it was fallacious to make a comparison based on comparative length of voyages as such a method disregarded important factors. For instance, Calcutta exported coal coastwise whereas Bombay imported coal. Consequently vessels were becoming empty in Bombay and as they tried to obtain a cargo this naturally affected rates ruling from the port. These colliers may be chartered to load on the berth or by a freight speculator. There were no similar vessels discharging at Calcutta and looking for homeward freights. Further, at Bombay there were regular fixed passenger and mail sailings to United Kingdom and Europe and such vessels were frequently carriers at rates cheaper than the world basis and they affected the general Bombay freight market. The passenger vessels were not so regular from Calcutta and in any case with such vessels

cargo, held a predominating interest. Further, the round voyage had to be considered. For the outward voyage to Bombay, steamers obtained a better assortment of cargo and quicker discharge, combined with lower port dues than at Calcutta.

Tea—The shipowners pointed out that precisely the same complaint was made to the Royal Commission, namely, that cargo rates were kept unduly high so that the tea rate might be maintained at a high level. At that time there was no rebate system in the trade. At the time when the last tea contract was made and subsequently, outside tramp rates from Calcutta were considerably above the liner rates.

(c) *Ceylon-United Kingdom Trade as compared with Calcutta-United Kingdom Trade.*

Mr. Holt said that the homeward Conference from Colombo consisted of so many lines that Colombo had an almost daily service. The average shipment was not big and normally vessels reserved space for Colombo by shutting out cargo at original loading ports. Colombo rates could not therefore depend upon Calcutta rates but must be fixed at such a level as to induce not only Calcutta steamers but Far East and Australian steamers to reserve space. Tables were put in to show that Colombo freights were as often below Calcutta as above them over a period of years and that on the whole Colombo rates had compared favourably with those at Far East ports. In general terms the consideration of rates on the basis of their ratio to geographical distance was misleading. It neglected such important factors as the comparative cost of loading or discharging and cost of coal.

(4) Comparison of estimates of the cost of working vessels on the Australian run and of the profits that should be earned thereby

As regards Mr. Turner's estimates of the cost of running steamers in the Australian trade, Sir Alan Anderson contended that they were incorrect. Accepting, for the sake of argument, the rates for coal, &c which were quoted, he said that on the outward voyage in ballast the expenses of the 10-knot tramp would not be £12,600, but £15,800, and of the 13-knot cargo liner about £18,500 instead of £14,000. The difference arose chiefly in coal, for which an extremely low consumption was taken, which could not be accounted for unless it were an error in calculation. As regards the homeward voyage, the expenses were about right. He contended that Mr. Turner's argument was that the liners were making extravagant profits, but in estimating the earnings of the liner, it had been assumed that it went full, which was contrary to facts. Assuming the liners were 37 per cent full (the actual figures given for 1921 were 31 per cent, and for 1920 43 per cent), the outward earnings would not be £46,000, but £17,112. These alterations converted the alleged gross profit of £15,800 to a loss of £13,300 on the outward voyage.

As regards homeward earnings, Mr. Turner had assumed that the ship loaded full with the three best classes of cargo only. Such cargo alone could not be got on the berth, and the ship had to take what was offering.

(5) The actual profits and financial position of the shipping companies concerned in the Australian trade.

Lord Inchcape stated that the policy of the shipping companies was the conservative and careful one of not distributing all their profits, they paid very small dividends. In his view, if new capital had been raised by public subscription for fresh vessels, higher freights would have been necessary to pay increased dividend, interest and depreciation charges. During the war, the Government took all the profits, as the ships were chartered to the Government at blue-book rates. At the time the witness gave evidence (June, 1921) he thought the outlook was very bad, as every ship going out to Australia was coming back with a large debit balance. He explained that in shipping there were, a few good years,

then a few bad years, and if the profits earned during the good years were distributed there would be serious difficulties in the bad years. In his judgment, the great shipping companies would be at the end of 1921 in a worse position than they were at the end of 1913. The prices of new ships had reached very high figures in 1920, and though there had been some fall lately, it was not more than about 15 per cent.

Sir Alan Anderson strongly criticised the evidence as to the financial position of the Orient Company. The Company was formed, he said, in 1878 with a capital of £466,000. In 1900 it was reconstructed, £140,000 was written off, and the shares were divided into a little over £100,000 deferred, and the rest preferred. Up to 1910 (32½ years), allowing for the writing off of the capital, there was a return of 1.49 per cent per annum, and yet during this time, except for six years, a rebate system was in force. In 1907 a new fleet was built, which was in the water in 1910. This cost nearly £2,000,000, which was raised by borrowing where they could, from bankers, &c. About £100,000 profit in hand was put into it, and some debentures were issued. Thereafter the Company was trading, not on its nominal capital of £320,000, but also on the £2,000,000 which was borrowed. The bonuses which were given were on the original deferred capital of £100,000, but were earned on the £2,000,000, a 50 per cent. return on £100,000 only amounted to a 2½ per cent yield on £2,000,000. In 1920 a bonus (see p. 34) was issued to bring the nominal capital more into relation with the real capital, some debentures were still outstanding. As regards reserves and depreciation, they aimed at depreciating 10 per cent in the first year, reducing this by ½ per cent each year afterwards, and this they had managed to do. The witness further pointed out that the Orient Company only derived 13 per cent of its income from freight under rebate, and the influence of the rebate system was, therefore, not so large on their business as it might seem.

Sir Percy Bates said he was prepared to offer a similar criticism of the figures given relative to the financial position of the Commonwealth and Dominion Line, if it were considered necessary, but the Committee did not require this.

B—EVIDENCE AS TO THE GENERAL PRINCIPLES UNDERLYING THE REBATE SYSTEM

(1) The General Question.

The shipowners disclaim that the rebate system sets any limitations to the shippers' freedom of action. They point out that merchants have freedom of contract as they are free to leave the Conference at any time on forfeiture of the rebates. The amount of the rebate was very small compared with the value of the cargo. Although it was usually 10 per cent of the freight, it only amounted on an average, for example, to five-eighths of one per cent. of the value of the cargo in the Far Eastern trade and to something similar in the Australian trade, and to one-third of one per cent in the case of tea homeward from Ceylon. They point out that they do not discriminate against a shipper who ships outside the Conference lines by refusing to take his cargo, all that happens is that the shipper who gives exclusive support receives a 10 per cent preference in freight over the one who does not and this is regarded as a legitimate business deal. The 10 per cent rebate is the measure of the monopoly power which the Conference can exert. It was admitted, however, that in the case of a large shipper, the accumulated rebates may amount to a considerable sum, greater than the freight on a pretty good consignment.

It is denied that the Crown Agents are "hampered" in bargaining for the lowest rate of freight as they are free agents and can exercise the same option as all other shippers. Sir Alan Anderson was strongly of opinion that the practice of giving special terms for Government cargoes in the matter of contract quantities of railway materials, &c., was a bad one. Governments ought to pay their fair share of the expenses of running the ships.

(2) The Advantages derived from the System.

Shipowners hold, and merchants do not deny, that they provide regular, frequent and efficient services and, in regard to general merchandise, preserve stability of freights, equal treatment for large and small shippers alike, and abstention from shipment on owner's account. It was admitted, however, that these advantages were not the subject of any explicit undertaking.

(a) *Stability of Freights*

As showing that the policy of the Conference made for stability of freights, Sir Alan Anderson said that in the period before control during the war the increase in the Australian cargo rate was 109 per cent as compared with an increase in the Wales-Plate Coal Charter of 381 per cent during the same period. During the control period, free tramp rates increased by as much as 1,054 per cent. After control the respective increases on pre-war freights were 117 per cent. and 208 per cent. in 1919, in 1920 the tramp rates came down to 73 per cent and in 1921 to 4 per cent over pre-war although their expenses still showed well over 100 per cent increase. In 1921 the liner rate was 100 per cent. over pre-war, though expenses showed a larger increase.

He added that in this connection the merchants' and the consumers' interests coincided as neither wanted violent fluctuations in the price of commodities or in freights and when such fluctuations existed, trade had to be conducted on wide margins.

(b) *Equality of Rates*

All the shipowners said that this was never departed from as regards general merchandise in trades run with a deferred rebate system. Full or large cargoes of heavy materials such as steel rails, &c., were, however, at times the subject of special contracts as they were suitable for carriage by tramps and might otherwise be taken that way.

(c) *Regularity and Frequency of Service.*

With regard to the statement that in the East African trade they called at irregular and long intervals and were delayed long in loading, the shipowners' evidence was to the effect that owing to shortage of cargo, particularly outwards, East Africa would frequently have been left entirely without any steamship communication at all, but for the fact that the shipowners were sensible of their obligations to maintain regular services even though the maintenance of such services resulted in serious loss. Further it was pointed out as showing that the shipowner felt himself under such an obligation that during the South African War, one owner sailing on the berth to South Africa continued to run a regular service and lost money owing to port delays although other owners were making large sums on time charters.

(3) The Necessity for Conferences and a Tie.

"Shipowners generally took their stand by the findings of the Royal Commission on Shipping Rings that conferences of shipowners were necessary in most trades and further that such conferences must have some hold over their shippers. They referred in particular to Sections 295-6 of the Majority Report which are as follows:—

" 295. The connection between a service attended by advantages such as those indicated and the Conference system enforced by the deferred rebate has been fully discussed, and we have expressed the opinion that, except under somewhat special circumstances, some

such system is required if an organised service is to be maintained on a permanent basis. In support of this conclusion we desire to emphasise the following points —

1 The history of the origin of Shipping Conferences, which we have given in Part II, shows that the demand on the part of shipowners for some such protection as that afforded by the rebate system synchronises in a significant manner with certain developments in the methods of sea carriage then in the course of evolution, that is to say, the growing requirements of trade for an organised service, the weakening of the personal hold of shipowners on particular ports or trades, and the increased keenness of competition between shipowners.

2 The system of Shipping Conferences and deferred rebates has undergone development and adjustment till it is to be found dominant on nearly all routes where a trade in general merchandise is the chief interest, and, on the other hand, absent from, or but in partial operation on, routes where the main trade is of a different character. The exceptional circumstances of the coasting and the North Atlantic trades, when examined, appear to us to lend additional weight to the arguments based upon this coincidence. They are, in fact, exceptions which prove the rule.

3 The evidence which we have heard or obtained in answer to inquiries shows that not only the shipowners but a large proportion (we are disposed to believe a large majority) of the regular shippers regard Shipping Conferences making use of the system of deferred rebates as the necessary means by which the advantages supplied under an organised service can be attained.

4. The economic reasons underlying the connection between the advantages of an organised service and the demand of shipping companies for an effective tie have been examined. Lines which maintain a regular service covering small as well as large foreign ports, and sailing at regular and fixed dates, are involved in greater expenses than competitors who choose their sailings and offer only irregular opportunities for shipments. Moreover, owing to the movable nature of ships, such competitors, if driven off by the Conference from any one route, can resort to other trades without suffering any loss commensurate with that incurred by unsuccessful competitors in the general industrial world. When times are favourable, they can return uninjured to the attack. Finally, the adoption of some of the improvements whereby transport is cheapened, *e.g.*, the building of ships of larger carrying capacity or specially adapted for particular trades, increases the risks and difficulties of regular lines unless they possess some guarantee of a continuity of custom.

296 On these as well as other grounds of less moment, we consider that, where a regular and organised service is required, the Conference system, fortified by some tie upon the shipper, is as a general rule necessary."

The shipowners claimed that no changes of a fundamental character had taken place since the Commission reported as would modify these findings or invalidate the arguments on which they rested. Without the deferred rebate system or some tie equally effective the Conferences could not ensure to shippers the main advantages which they require, namely, regularity and efficiency of service and stability and equality of rates.

The purpose of the tie was stated to be to prevent spasmodic competition by tramps. Such vessels would not compete on their own merits but would become to all intent and purposes part of the Conference service, although they had taken no part in providing that regularity of service which

justifies the existence of the Conference nor in creating a trade or maintaining one at times when the service could only be maintained at a loss. The enormously greater capital value of the high class liner, together with its increased cost of running over the tramp, accentuates the unreasonableness of such competition, moreover, a far greater proportion of the earnings of liners is applied to the up-keep and continuous forward development of a highly efficient service.

Sir Alan Anderson further stated that the tie acted as a protection to shippers, in that it prevented speculative merchants taking advantage of cut rates to the detriment of their competitors.

Sir Ernest Glover, in dealing with the rebate system from the point of view of the tramp owners, said that they did not pretend to like the system, as they naturally favoured open markets, and the system was admittedly aimed at excluding the tramp. There was, however, no strong feeling on their part against it so long as it only applied to parcels or berth business and did not extend to whole cargoes. Generally speaking, the tramp owner did not want to cut into the berth trade, as it did not suit him. He agreed, however, that tramps could intermittently cause a dislocation of rates in a liner service.

The case of efficiently organised outside lines seeking to enter a trade was different. Sir Alan Anderson said that the Conference would naturally fight to keep them out, but the history of almost every trade showed that the rebate system has never kept out a powerful and efficient line provided always there was room for it and its advent was welcome to the shippers. No rebate or any other system would preserve a trade for a Conference unless that Conference served the trade adequately. He admitted that the Conference might become so strong, however, as to deter any new enterprise.

Sir Alan Anderson and Sir Percy Bates said, however, that excessive competition in a trade led to economic waste as the trade had to carry more ships than were necessary. Sir Percy Bates added that this meant that the facilities afforded steadily deteriorated because they could not pay, or if they paid, did so at the expense of the trade.

As regards the Commonwealth Government Line, the Conference view, as expressed by Lord Inchcape and Sir Percy Bates, was that this line was trying to enter a trade which the Conference had built up. The Conference naturally fought any new line, and they regarded the competition of a State-owned line as much worse than that of an ordinary company. Sir Alan Anderson thought the real question was whether there was room for the new line, and the answer rested with the shippers. He considered it was a bad time to introduce a new line when ships were going to Australia only one-third full. Mr. Holt said that the Conference had never refused to admit the Government line, but the difficulty was that they would not accept the rebate system.

The shipowners admitted that in certain trades regular services were run without a rebate system. They claimed, however, that on examination of such trades it would be found that the imposition of a tie was impracticable or unnecessary or that the other advantages the shippers desired were absent. The following examples and comments were given —

- (a) *The Australian Homeward Trade* was run without a rebate system.
 The operation of the system in the outward trade, however, insured a regular homeward service. Further, the regular lines could not carry all the cargo offering, much of which, such as wheat, was carried by tramps. The homeward voyages were fixed on a basis of refrigerated produce, and contracts were often made with representative associations over a period of

years at a uniform rate of all shippers. This very specialised type of tonnage hardly needed rebate protection.

- (b) *The New York-Australia Service* is maintained on a basis of preferential contracts, and has not continued to make the same progress in respect of regularity and speed as has been the case in other trades where the rebate system has been allowed. In certain other outward American trades where no Conferences existed, individual lines maintained their position through the exclusive support of one or more large customers.
- (c) *United States-South Africa Service*—It has been impossible to develop a passenger or express cargo service in this trade. A large percentage of the trade is carried on under a system of agreements with large Corporations presumably on preferential terms.
- (d) *India-United States of America Trade*—Special reference was made to this trade by Sir Stephen Demetriadi, as having a regular service run without a rebate system. The shipowners, in reply, point out that the witness does not state how far this service is dependent upon the existence of large contracts or that both shipowners and shippers have suffered much from instability of rates and the attempts of some shippers to use the incursions of outside tonnage to their own advantage.
- (e) *The South African Homeward Trade*—The absence of a rebate system has resulted in widely fluctuating rates and general disturbance.

As regards American trades generally, it was stated by Sir Alan Anderson that the Shipping Board were trying to form Conferences based on a limitation of tonnage in order to maintain rates. Mr Holt thought they would next be driven to reversing their legislation when they found these Conferences could not be worked satisfactorily without a rebate system or other tie.

(4) Alternative Ties to the Deferred Rebate System

The shipowners maintain that it is necessary for them to have some hold over their customers and that the deferred rebate system is the best tie. Their position with regard to other ties was as follows—

(1) *The Agreement System*

Sir Alan Anderson believed that the South African agreement was in practice working not unsatisfactorily but that it was not very popular with either side. He said it was cumbersome but he had not had any concrete instances of objection to it. Shipowners were agreed that the deferred rebate system was the better tie but Mr Holt said that if the majority of the shippers in a trade wanted the agreement the shipowners would find it difficult to resist them.

It was urged against the agreement system generally that it would be difficult to make the agreement apply to all merchants generally whereas the rebate system was automatic. The agreement held the shipper under an absolute obligation for a certain period of time whereas the rebate system enabled him to withdraw at any moment if he is willing to forego his rebates. The shippers' interests in the South African trade are to a quite exceptional degree focussed in an association competent to negotiate for all, whilst in any large general trade lacking such a representative association it would be highly inconvenient, if not wholly impossible, not only to complete but to renew at intervals contracts with individual members of a widely scattered and constantly changing clientèle. Mr Holt thought it would be more difficult for a shipowner to break into a trade with an agreement system, especially if the sanction were a forfeiture under

bond as any offer to pay damages for breaking the agreement, in the same way as forfeited rebates were paid, would presumably render the competing shipowner liable to criminal proceedings

(ii) *Preferential Contracts*

These were in operation in various trades before the advent of the deferred rebate system. The latter replaced them with the general approval of the shipper though some big shippers resented its introduction. Mr Holt said that shipowners were reluctant to enter into such contracts now as they lead to trouble and jealousy, but if a trade became "open," shipowners would be driven to making them to ensure regular support.

(iii) *The Question of Extending an Option to the Shipper*

Questions were put to Sir Percy Bates and Mr Holt as to the possibility of an option as between the agreement and rebate systems being extended to the individual shipper. As the idea was novel the witnesses were not fully prepared to answer and the matter was subsequently taken up directly with the Shipowners' Association (see Appendix V). Mr Holt, however, said that there appeared to be no insuperable objections so long as rates were not fixed by the agreement, and that shipowners would be ready to go into the matter if the majority of their shippers demanded it.

C—AS TO THE OBJECTIONS MADE BY SHIPPERS TO THE DEFERRED REBATE SYSTEM AS AT PRESENT IN OPERATION

(1) The length of the period of deferment.

The shipowners say that it is only desired to make the period of deferment sufficiently long to protect both shippers and owners, and that the period, which differs widely as between different trades, is a question peculiarly suited for discussion between the two parties.

(2) The payment of interest on the Rebate

Shipowners in general do not admit this claim, as they contend that the rebate is part of the freight and is the property of the shipowner, to which the shipper has no title unless and until he has fulfilled certain conditions.

(3) Complexity.

Shipowners said they were prepared to explore with shippers the possibility of simplifying the conditions under which the rebate system is applied. They objected, however, to the claim that shipowners ought to pay rebates to shippers without the latter being under an obligation to claim them. This claim, and the proposal that an annual return of unclaimed rebates should be made, arose from the view that rebates were throughout the shippers' money. In any case, it was difficult for shipowners to be certain as to the actual ownership of the rebate in doubtful cases, and, further, presumably, if this method were adopted, shippers who wished to leave the Conference would have to declare their intention in terms instead of merely abstaining from claiming rebates.

(4) Alteration of Rebate Form without notice.

This could only be due to inadvertence, it is not the practice of the Conferences.

(5) Enforcement of Rebate Conditions in respect of Shipments from Ports not served by the Conference.

The shipowners said it was impossible to admit the contention put forward by the Manchester Association of Importers and Exporters. They point out that the similar case of Dundee was considered by the Royal

Commission, who reported that they had not found any actual hardship imposed upon shippers of this port by its non-inclusion in the list of Conference ports of sailing. The force of economic law can be relied upon to place in the list of Conference ports any additional port as soon as it can offer sufficient inducement.

(6) Comparison of Rebates in New Zealand and Australian Trades

Not dealt with by the shipowners

(7) Outside Shipments

Sir Percy Bates said that permission to ship by outside vessels was always given when Conference tonnage was not available within a reasonable time, and instances in the Indian homeward trade and East African trade were adduced in support of this. He admitted, however, that the interpretation of "reasonable time" might lead to arguments, and the decision remained with the Conference.

D—SUGGESTED REMEDIES

The shipowners submitted that in general the burden of complaint against the deferred rebate system, as shown by the evidence given to the Committee, was not so heavy as at the time of the Royal Commission, and that it did not contain anything to falsify the findings of the Commission in any material degree. No system of regulating ocean trade could be so perfect as to obviate all difficulties, and as compared with the immense volume of transactions covered by the operation of the Conferences, the specific complaints were small in number and in some cases unsubstantial in character.

They further submitted that any legislation directed against combinations of shipowners in particular would be class legislation and a gross injustice. It would be indefensible to prohibit shipowners from granting any consideration for exclusive support while other traders were at liberty to employ such means to consolidate their position.

Any legislation of a prohibitive nature, unless international in character, would injure British shipowners, especially at present when the war has stimulated the growth of foreign shipping and when foreign Governments are displaying a marked inclination to pass discriminatory legislation in favour of their own nationals.

Any interference by Governments with the workings of the shipping trade is markedly detrimental, and freedom of contract is the first public necessity.

They maintain that any defects or difficulties demonstrable in the working of the rebate system are such as can most properly be left, as the Royal Commission recommended, for settlement by bargaining and negotiation with representative bodies of shippers, who should, equally with the shipowners, possess adequate power for collective bargaining by combination.

Very little has been done in this way, but the shipowners would welcome the formation of Associations with whom they could confer. They confidently expect that if the machinery for bargaining was complete, the whole question of deferred rebates would reach a settlement. Such a settlement would be flexible and capable of adjustment to the precise and varying needs of different trades whereas legislation could only effect a rigid settlement. Above all shippers and shipowners would be jointly responsible for its attainment and maintenance on a basis of a full and frank recognition of their mutual needs and difficulties.

They considered that it would be undeniably premature to supersede the recommendations of the Royal Commission until at least they have been given a fair and reasonable trial.

APPENDIX III

SUMMARY OF THE RECOMMENDATION OF THE ROYAL COMMISSION ON SHIPPING RINGS

The Royal Commission on Shipping Rings was appointed in November, 1906, to enquire into the operation of shipping rings or conferences generally, and more especially into the system of deferred rebates and to report whether such operations had caused or were likely to cause injury to British or Colonial trade, and if so what remedial action, if any, should be taken by legislation or otherwise. The Chairman of the Commission was Mr Arthur Cohen, K G., and among the members were Lord Inverclyde, Sir Hugh Bell, Sir David Barbour (representing India), Sir Alfred Bateman, Sir John Macdonell, Mr (now Sir) Robert Collins (representing Australia), Mr Birchenough (representing South Africa), Mr Pember Reeves (representing New Zealand), Mr Mathers of Nova Scotia, Mr (now Sir) Owen Philipps, and Mr Oswald Sanderson.

The Commission made a Majority Report, which was signed, amongst others, by the shipowner members, to the effect that by means of the deferred rebate system shipping conferences protected themselves from competition and possessed a limited monopoly and that the limits to the monopoly lay chiefly in the latent possibility of alternative methods of transportation coming into existence if the monopoly were seriously and continuously abused (paragraphs 106 and 110). The Minority Report, which was signed by Sir David Barbour, Sir John Macdonell, Mr Collins, Mr Birchenough, and Mr Barry, goes further than the Majority Report, and the signatories find that the conference system with the deferred rebate has created a monopoly "the limitations upon which are in many cases illusory and which generally tend to decline" (page 114). They also point out that such monopoly is subject to no statutory or legal control and state that such a position appears to them inadmissible.

The Majority Report expresses the opinion that the advantages conferred by shipping conferences are substantially dependent upon the rebate system or some similar system, and that if the rebate system were abolished it would tend to be replaced by long contracts and preferential freights (paragraph 169). They find that the disadvantages of the conference system are those which are usually inseparable from a monopoly not subject to control and they consist in the abuse of the monopoly or the fear that it may be abused. They find that "the monopoly possessed by shipping conferences . . . confers on them powers with regard to the charging of rates which at certain times and in certain trades may exceed the power which they necessarily require over the shipper to enable them to maintain an organised service" (Section 299).

The recommendations put forward by both Reports are really very similar, neither advocate the abolition of the rebate system by law nor any system of direct control (an exception is Sir David Barbour's reservation to the Minority Report, in favour of such an effective check on shipping rings as would really break down the system altogether, such a check could only be imposed by legislation). The general recommendations then made by the Royal Commission to deal with the conference and rebate systems may be stated briefly as follows —

- (1) The formation of shippers' and merchants' associations to bargain in the most favourable position with the conferences (paragraphs 324 and 325, page 115),
- (2) the vesting in the Board of Trade of power to conciliate, arbitrate and enquire in regard to complaints arising against the shipping conferences (paragraph 331, page 116), and
- (3) the introduction of a greater degree of publicity into the matter by requiring all conference agreements, certain other agreements, rebate circulars and claim forms and tariffs, to be deposited with the Board of Trade confidentially or published

(paragraph 331), the minority would require all the agreements and similar matters to be made public in a report to Parliament, care being taken not to divulge information likely to be useful to competitors (page 116)

APPENDIX IV

MEMORANDUM OF AGREEMENT between the undersigned South African shippers and the undersigned regular Steamship Lines trading to the Union Ports of South Africa

1 This Agreement is entered into for the purpose of maintaining regular Steamship services from the United Kingdom and the Continent (Bordeaux to Hamburg, both inclusive) to the South African Union Ports, with stability of freight and equality of rates to large and small shippers alike, and in fixing the rates regard shall be had to the rates in other Overseas Regular Trades

2 The undersigned Shipowners hereby agree to supply Steamers to maintain the present regular berth sailings to the Union Ports of South Africa, and to provide sufficient tonnage for the ordinary requirements (including a natural increase) of the trade Steamers to sail on the advertised dates as far as practicable, full or not full

3 The rates of freight upon the revival of the Agreement shall be the following basic berth rates which have been agreed with the South African Trade Association —

	Capetown and Algoa Bay	Mossel Bay* East London and Natal
Goods rated in present Tariff at 90s — (Capetown basis)	80s	85s
Goods rated in present Tariff at 70s — (Capetown basis)	60s	65s

Mail Steamer rates (exclusive of primage) shall not be more than 5s per ton in advance of rates by other steamers

The above rates come into force after the 31st March, 1919 (with 5 per cent primage in respect of Mail Steamers only), but without rebates for all descriptions of cargo. The Shipowners reserve liberty to revise rates as circumstances may require, but they shall not without consultation with the South African Trade Association make any general alteration in rates. In the event of no mutual agreement for an alteration in rates being reached the matter shall then be submitted to arbitration

4 In consideration of the Shipowners supplying and maintaining the regular services, the undermentioned Shippers agree to give their entire support to the undermentioned Steamship Lines from the United Kingdom and Continent (as defined in Clause 1)

5 In the event of anything occurring to disturb the stability and equality of rates the undersigned Shipowners will forthwith take effective measures in consultation and agreement with the South African Trade Association to protect the interests of the Signatory Shippers, and should no agreement be arrived at within fourteen days then any of the signatories thereto may withdraw from this Agreement upon giving thirty days' notice, but such notice shall be void if during the currency of same an agreement is arrived at. It shall, nevertheless, be competent for the parties by mutual consent to extend the time, for a period not exceeding thirty days, for the purpose of arriving at an agreement, and any notice of withdrawal given shall be void if during such extension an agreement is arrived at, but such withdrawal shall not invalidate this Agreement between the remaining signatories

* Note.—These rates have been subsequently revised by Agreement with the South African Trade Association

6 This Agreement shall not apply to large parcels of cargo not being merchants' berth cargo, but the shipowners agree not to make special arrangements at preferential rates to the prejudice of those shippers signing this agreement, as regards the carrying off of such cargo, except with concurrence of the South African Trade Association. This shall not apply to railway material. In the event of any disagreement between the shipowners and the South African Trade Association as to what is not merchants' berth cargo, the same to be submitted to arbitration.

7 The shipowners shall be at liberty to suspend their obligations under this contract in the event of any declaration of war, or of war breaking out between any two or more first-class powers, or in the event of any revolution, riot, civil commotion, strike, lock-out, or labour dispute rendering it impracticable for them to carry out the said obligations.

8 The shipowners undertake not to carry cargo on ship's account, except coals to fill up.

9. Notwithstanding anything in this Agreement any shipper shall be at liberty to ship by sailing vessels.

10. All alterations in and additions to the tariff of rates of freight to be communicated to the South African Trade Association as hitherto.

11 Shippers signing this Agreement are to give the shipowners a list of marks on whose behalf they are willing to come under this Agreement, and if there be any corporations, companies, firms or individuals for whom the said shippers act who refuse to come into this Agreement, the said signing shippers shall not be prejudiced thereby so far as their declared assenting marks are concerned, and the same shall apply to any withdrawal allowed by the terms of this Agreement.

12 This Agreement is to continue to 31st December, 19 , and is subject to six months' notice thereafter by any of the parties hereto for themselves only, provided, however, that in the event of this Agreement not securing stability and equality of rates (apart from Clause 5), the shipowners and the South African Trade Association shall meet to discuss the situation, with a view to such modification being made as may be considered necessary, and in the event of no satisfactory agreement being arrived at, any of the signatories hereto, for themselves only, may withdraw therefrom on giving three months' notice, and provided further that this Agreement may be terminated by any of the parties for themselves only, on giving fair and reasonable notice in the event of its being held to be a contravention of the Post Office Act, 1911. The Union-Castle Mail Steamship Company, Limited, may withdraw from this Agreement on giving fair and reasonable notice, but their withdrawal shall not otherwise terminate this Agreement, and Shippers shall have the liberty to ship by the Union-Castle Mail Steamship Company, Limited, from the Continent, Middlesbrough, London and Southampton.

(Merchant's Signature)

(Steamship Lines)

Date

19

APPENDIX V

* Correspondence with Chamber of Shipping and Liverpool Steamship Owners' Association in regard to the possibility of an OPTION between the REBATE SYSTEM and an AGREEMENT SYSTEM.

4th July, 1922

DEAR SIR,

During the course of the evidence in regard to the deferred rebate system given before the Imperial Shipping Committee by Sir Percy Bates and Mr R. D. Holt, on behalf of the Chamber of Shipping and the Liverpool Steamship Owners' Association, questions were asked as to the

possibility of an arrangement whereby the shipper could be given the option of signing an agreement or of remaining under the deferred rebate system

My Committee have since given further consideration to the matter and they have desired me to ascertain the detailed views of your Chamber as to whether it would be practicable for steamship owners through the various steamship Conferences to offer their shippers a running option of the rebate system as at present operating or a contract in which the main points of general application might be on the lines of the enclosed Memorandum of Agreement in use in the South African Outward Trade.* It is obvious that the details of such contracts would require careful consideration. It is recognised, for example, that provision would have to be made to prevent a shipper who had entered into a contract being able to revert to the rebate system before the expiry of such contract.

In view of the difficulties at present besetting ocean trade, it seems desirable that the report of my Committee in regard to the deferred rebate system should not be unduly delayed. I should esteem it a favour, therefore, if your Chamber could let me have their reply as soon as you can make it convenient.

A similar letter has been addressed to the (Liverpool Steamship Owners' Association) (Chamber of Shipping)

Yours faithfully,
(Signed) H J MACKINDER,
Chairman

The Secretary,
Chamber of Shipping of the United Kingdom
The Secretary,
Liverpool Steamship Owners' Association

Chamber of Shipping of the United Kingdom,
28, St Mary Axe,
London, E C 3
28th July, 1922

REBATES

SIR,

Your letter of the 4th inst has been carefully considered by the Chamber of Shipping of the United Kingdom and the Liverpool Steam Ship Owners' Association, and we have been instructed to reply thereto as follows —

Assuming a widespread desire among Shippers for a Contract Option as an alternative to the Rebate System, the shipowners would, we believe, extend such an option, provided it can be extended without prejudice to the existence of the Regular Lines which have been instrumental in building up the export trade of the country.

They are naturally predisposed to view with misgivings the introduction of an alternative to a system which for forty years or more has been immensely helpful to trade by providing security of tenure essential to the maintenance of the Regular Lines. The conditions in the various trades are diverse, and there is a corresponding diversity of opinion among shipowners as to how far the introduction of the alternative system is practicable.

There are, however, certain considerations arising from the suggestion which are generally pertinent to all trades —

(1) If the Contract is to run for a definite period, then the Shipowners must have the right, conceded to every other trader, of selecting the persons with whom they make such Contracts and their due fulfilment must be guaranteed to the satisfaction of the shipowners.

* See Appendix IV

It must be borne in mind that if such Contracts instead of imposing the obligation to ship a definite quantity of cargo within any period, provide merely that the Shipper is to give his entire support to the Line during that period, assurance of good faith as well as of financial sufficiency becomes of the first importance

(2) Under the Contract system the onus of proving that the Shipper has not given his entire support is on the Shipowner

Under the Rebate System the onus of proving that he has given such support is on the Shipper

All the books and papers bearing on this point are under the control of the Shipper, and whilst it is a simple matter for him to prove the affirmative, it is almost impossible for the Shipowner without access to such books and papers to prove the negative

(3) The above considerations are of importance in the outward trades from this country, however well they may be organised. They are of overwhelming importance in certain homeward trades in which the shippers are of many nationalities

(4) The volume of cargoes and the regularity in their flow, vary greatly in the trades covered by the Conferences. It is therefore impossible for the Shipowners to assume in all trades, as under the South African Contract, a responsibility in regard to regularity of service greater than is assumed under the Rebate System

(5) The working of the dual system must result in some disorganisation in the established practice, introduce some inequalities, and impose a good deal of extra work on the Lines

For these reasons and because Contract Shippers, if they pay only a net rebate freight, would have a preference over the Rebate Shippers, some percentage addition, say 2½ per cent, must be made to the net rebate freight in the case of all shipments made under Contract

(6) Each Shipper entering into the Contract would require to agree—

- (a) To give his entire support to the Conference Lines throughout the Contract period, and at the end of that period to produce (if so required) his books and papers so that the Lines may be able to satisfy themselves that such support has been given. The Rebate Shippers are bound to satisfy the Lines on this point
- (b) To pay by way of liquidated damages on any breach of his undertaking a sum equal to the equivalent of what would have been his accumulated rebates if he had been shipping under the Rebate System. This provision is necessary to place the Contract Shipper on an equality with the Rebate Shipper
- (c) That all questions arising under the Contract shall be dealt with by the Law Courts of the country in which is the principal office of the Line by or against which the claim is made. This is what now happens under the Rebate System
- (d) That if so required the due fulfilment of the obligations assumed by him under the Contract shall be guaranteed by a cash deposit or a banker's guarantee. All such guarantees to be given jointly and severally to the Lines in the Conference
- (e) That each Shipper's Contract shall be entered into with the Lines in the Conference jointly and severally, and be terminable off either side on six months' notice.

The above conditions would give to the Contract Shippers all the advantages enjoyed by the Rebate Shippers subject only to some addition to the net rebate rate of freight. The conditions attached are necessary if shippers under both systems are to be placed on equality. It may be that when the nature of these necessary conditions are realised the supposed advantage of the Contract System over the Rebate System will disappear.

It is necessary to emphasise this point to guard against the possibility of the offer of the alternative scheme being looked on as illusory, but

the difficulties are inherent to the Contract System which, on the one hand, must be watertight if it is to serve its purpose as a tie, whilst on the other hand it must not place those who prefer the Rebate System at a disadvantage

We wish, moreover, to reiterate our apprehension that the reintroduction of the Contract System will imperil the maintenance of equality of rates, and involve the revival of other practices which the Rebate System was designed to abolish, and to point out that the efficacy of the Contract System as operated in the South African Outward Trade still remains to be demonstrated. During the War there was practically no competition. Since the War competition from foreign steamship lines is reviving and difficulties have already arisen in relation to competitive freights fixed without regard to the cost of the services rendered.

We are informed that experience has already shown that the pledge given in general terms by the shippers to accord their entire support to the Conference Lines does not secure to those Lines such regularity of employment as will alone enable them to maintain their services, as they are now carried on.

If, after reviewing the whole position, the Committee think it desirable, the shipowners are prepared in their several Conferences on being satisfied that a substantial majority of shippers in number and volume so desire, to discuss with the shippers the precise terms upon which the option of the alternative system can be given.

We are, Sir,
Your obedient Servants,
Chamber of Shipping of the U K
(Signed) P MAURICE HILL,
Acting General Manager

Liverpool Steam Ship Owners' Association
(Signed) NORMAN HILL,
Secretary

Sir H J Mackinder, M P,
Chairman,
Imperial Shipping Committee,
Board of Trade,
Great George Street,
S W 1