



C O N T E N T S.

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SAORSTÁT EIREANN



Tuarasgabhála

Ón.

gCoiste Fiosrúcháin Fioscálachta.

REPORTS

OF THE

FISCAL INQUIRY COMMITTEE.

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AN COISTE FIOSRÚCHÁIN FIOSCÁLACHTA.

(FISCAL INQUIRY COMMITTEE).

FIRST INTERIM REPORT.

To the Minister of Industry and Commerce,
Government Buildings,
Upper Merrion Street,
Dublin.

The Fiscal Inquiry Committee, appointed on the 15th June, 1923, thinks it to be in the public interest to submit the following Interim Report with reference to the Safeguarding of Industries Act, 1921, and the Dyestuffs (Import Regulation) Act, 1920 :—

I. SAFEGUARDING OF INDUSTRIES ACT, 1921.

1. This Act was framed to impose duties of Customs on certain goods with a view to the safeguarding of certain special industries and to the safeguarding of employment in industries in the United Kingdom against the effects of the depreciation of foreign currencies and the disposal of imported goods at prices below the cost of production. Part I of the Act imposes *ad valorem* duties up to 33½ per cent. on certain specified goods imported into the United Kingdom from foreign countries: Part II confers on the Board of Trade certain powers to impose duties on (a) goods (other than articles of food or drink) enjoying an undue competitive advantage from the depreciated currency conditions which exist in their country of origin and (b) goods manufactured in a country outside the United Kingdom and sold or offered for sale in the United Kingdom at prices below the cost of production thereof as defined in the Act.

2. The provisions of Part I of the Act applied to the United Kingdom as a whole and were framed with regard to the peculiar needs of certain industries which, though of importance in Great Britain, are industrially insignificant in An Saorstát. At the same time they increased the cost to the consumer of many useful and some necessary commodities without producing any return to the public revenue corresponding to the inconvenience which they caused. It appears from an official return made to us by the Revenue Commissioners that the revenue under this head for the first quarter of the current financial year amounted to no more than £1,625. In particular, scientific and educational establishments are adversely affected by the increased price of optical and other scientific instruments; and the evidence put before us proves that the prosperity of the optician's business, and the interests of the Irish consumers of optical goods, have

been adversely affected by the increased price of French and other foreign lenses. Having therefore carefully considered the question in all its bearings, we have come to the conclusion that Part I of this Act should be repealed. We suggest, however, that a period of six months should be allowed to expire before the repeal takes effect in order to avoid inflicting hardship on the holders of stocks purchased while the duties were in force.

3. The question of protecting industry against unfair competition arising from "dumping" and from depreciated currencies in foreign countries, dealt with in Part II of the Act, is a complex one, upon which we do not feel prepared to express any general or final opinion at this stage of our inquiry. While we see no objection to the retention of the powers conferred on the Board of Trade by Part II of the Act which would render it possible for the Ministry of Industry and Commerce to make in the future such orders as may seem advisable for the protection of Irish Industries, we see no reason for retaining the duties already imposed on imports from Germany under these powers, since we have formed the opinion that no Irish interest would be injuriously affected by their repeal, and as an advertisement inviting evidence from persons likely to be affected by the repeal has evoked no reply.

II. DYESTUFFS (IMPORT REGULATION) ACT, 1920.

4. The Dyestuffs (Import Regulation) Act, 1920, which restricted the importation into the United Kingdom of all synthetic organic dyestuffs, colours and colouring matters, and of all organic intermediate products used in the manufacture of any such dyestuffs, colours or colouring matters, was enacted with a view to the safeguarding of the dye-making industry in the United Kingdom. As there is no such industry to be protected in An Saorstát, and as hardship is inflicted upon textile and other industries by the retention of this restriction, we recommend that this Act be repealed forthwith.

(Signed) TIMOTHY A. SMIDDY,
Cathaoirleach.

C. F. BASTABLE.

R. M. HENRY.

GEORGE O'BRIEN.

J. G. SMITH.

T BARRINGTON,
Runaidhe.

J. W. MOORE,
Leas-Runaidhe.

27th July, 1923

AN COISTE FIOSRÚCHÁIN FIOSCÁLACHTA.
(FISCAL INQUIRY COMMITTEE).

SECOND INTERIM REPORT.

To

The Minister of Industry and Commerce.

Since presenting its first Interim Report the Committee has had under consideration the question of (a) revenue prohibitions and (b) those existing duties with which it has not dealt in its previous report.

A. REVENUE PROHIBITIONS.

These prohibitions are :—

Extracts, essences, or other concentrations of coffee, chicory, tea, or tobacco, or any other admixture of the same, except in transit or to be warehoused for exportation only ;

Matches in boxes which are not marked with respect to the minimum contents of the box or with respect to the average contents of the boxes ;

Saccharin and substances of a like nature or use, except into approved ports and subject to certain regulations ;

Spirits (not being cordials, or perfumed or medicinal spirits), unless in ships of 40 tons burden at least, and in casks or other vessels capable of containing 9 gallons at least, or in bottles packed in cases, and unless duly reported ;

Tobacco stalks, whether manufactured or not, tobacco stalk flour, and snuff work, except by special permission of the Revenue Commissioners ;

Tobacco, cigars, cigarillos or cigarettes, and snuff, unless into approved ports, and unless in ships of not less than 120 tons burden (except when specially licensed for the purpose), and in whole and complete packages of the gross weight of not less than 30 pounds ;

Tobacco, cut and compressed by mechanical or other means ;

Tobacco, &c., packed with other goods ;

Tobacco, sweetened (whether manufactured or unmanufactured), except as otherwise specially provided in any Acts relating to the Customs ;

Cavendish or Negrohead tobacco, containing leaves of trees or plants other than the tobacco plant ;

Manufactured tobacco, other than Cavendish or Negrohead, containing any prohibited ingredient ;

Wine, except into approved ports.

Of the above the only really absolute prohibitions, the others being qualified in various ways, are those on :—

Extracts, essences, or other concentrations of coffee, chicory, tea, or tobacco, or any admixture of the same ;

and the following varieties of tobacco :—

Tobacco, cut and compressed by mechanical or other means ;

Cavendish or Negrohead tobacco containing leaves of trees or plants other than the tobacco plant ; and

Manufactured tobacco, other than Cavendish or Negrohead, containing any prohibited ingredient.

The only prohibitions in respect of which representations have been made to the Committee are those upon extracts, essences or other concentrations of coffee, chicory, tea and tobacco.

The Committee has no suggestions to make with regard to the qualified prohibitions ; and with regard to the absolute prohibitions of extracts, etc., of tea or tobacco, the Committee is convinced that in the interests both of the public and of the revenue these prohibitions should be maintained.

With regard to the prohibitions of extracts etc., of coffee or chicory the Committee has received representations both from those who wish these prohibitions to be maintained and from those who complain of the hardship entailed by them upon the consumer of " coffee essences." Those who wish the prohibitions maintained assert that there is in An Saorstát a not inconsiderable manufacture of these essences, of a quality superior to those which have, up to the 1st April, 1923, been imported, and that the existence of the prohibition places this industry for the first time in a secure position. It is further asserted that in a very short time the existing manufacturers will be in a position to supply the whole market of An Saorstát with their products. On the other hand it has been urged to the Committee that of the imported coffee essences one very popular variety is not manufactured at all in An Saorstát, and that the public, having already shown a preference for other imported essences over those manufactured in An Saorstát, will find itself subject to a deprivation of which it will have good reason to complain if the prohibition be maintained.

The Committee is given to understand by representatives of the revenue authorities that the reason for continuing to prohibit the importation of coffee essences rather than treating them as

composite articles containing dutiable ingredients on which a duty would be assessed in accordance with the provisions of Section 7 (1) of the Finance Act, 1901, is the difficulty of ascertaining the exact amount of coffee and other dutiable ingredients in any given essence—a difficulty which has not, in the case of preparations of cocoa, led to prohibition of import. On the other hand coffee essences should not be admitted at all except under such conditions as will safeguard the revenue against loss from the importation of the dutiable ingredients which they contain.

In view of the importance of protecting the revenue on the one hand and on the other of securing to the general community as wide a choice as possible in its selection of such a popular beverage as coffee essence, it seems to the Committee that a preferable method to the extreme course of the prohibition of these essences is that of the imposition of an adequate import duty. It has been stated in evidence that some of the imported "coffee essences" contain a very small proportion of coffee, and, in at least one case, no coffee at all. The Committee therefore adds the recommendation that in case coffee essences are admitted to An Saorstát subject to duty the fullest powers of inspection and analysis should be exercised by the Revenue Commissioners in the interests of the public health.

B. EXISTING DUTIES.

Of the existing duties not already dealt with in the Interim Report of 27th July, 1923, (1) the duty payable on imported spirit varnish is a case of the existing revenue duties upon spirits; (2) the duties on chloroform and ether were imposed by the Finance (1909-10) Act, 1910; (3) others are duties imposed by the Finance (No. 2) Act, 1915, and were instituted in view of the exigencies of the war period, viz., the duties on clocks and watches; motor cars and motor bicycles; musical instruments; and their component parts. There remains (4) the general body of revenue duties.

(1) The evidence given to the Committee has satisfied it that spirit varnish is entitled to rank almost as a raw material of certain important industries, e.g., brush making, toy making, coach building and colour printing. In the case of some of these industries a satisfactory substitute for the spirit varnish hitherto imported has been manufactured in An Saorstát; while in others, viz., the toy making industry and colour printing, it has not yet been found possible to secure a spirit varnish of native manufacture to suit their special requirements. The Committee has received evidence which goes to prove that in the case of spirit varnish it may fairly be claimed that the methylated spirit used in its preparation has lost its identity. In this connexion the Committee has had in mind the provision of Section 1 (4) of the Safeguarding of Industries Act, 1921, that where an imported article is a compound article of which an article liable to duty under this section is an ingredient or forms part, no duty

shall be charged under this section in respect of the compound article if the compound is of such a nature that the article liable to duty has lost its identity. The Revenue Commissioners have given every facility for the manufacture of spirit varnish in An Saorstát by utilizing the powers conferred on them by Section 120 of the Spirits Act, 1880, and this action of the Commissioners has satisfied the Committee that no possible danger to the Revenue need be feared from allowing the free importation under licence of the spirit varnish required solely for industrial purposes.

The Committee therefore recommends that the import duty upon the alcohol contained in spirit varnish should, under safeguards similar to those already in operation in the case of spirit varnish of native manufacture, be waived when it is intended for use in industrial processes.

(2) With regard to chloroform and ether the Committee is not satisfied that a strong case has been made out for a change in the existing duties in view of the fact that these preparations are allowed to be imported free of duty for the use of public hospitals.

(3) The existing duties upon imported motor vehicles do not apply in the case of motor cars which are proved to the satisfaction of the Revenue Commissioners to be constructed and adapted for use and intended to be used solely as motor omnibuses, or motor ambulances, or in connexion with the conveyance of goods or burden in the course of trade or husbandry, or by a local authority as fire engines or otherwise for the purposes of their fire brigade service, and chassis, component parts and accessories which are so proved to be intended to be used solely for any such motor cars. The duty cannot therefore be regarded as one that seriously interferes with any important industrial or agricultural interest. In view of the present importance to the revenue of the proceeds of this duty the Committee does not see its way to make any recommendation for its removal. Having regard, however, to certain evidence given by representatives of the coach building industry, the Committee reserves for its final report the discussion of a change in the apportionment of the total duty between the chassis and the body of the completed car. The existing duty upon accessories and component parts on the other hand yields a comparatively small return to the revenue, is productive of a great deal of delay and inconvenience to the motor industry in An Saorstát, especially to that section of it engaged in repairs, and discourages any attempt at assembling being undertaken in An Saorstát. The Committee therefore recommends the withdrawal of the duty upon motor accessories and component parts.

For similar reasons the Committee, while not recommending any alteration of the duty upon musical instruments, is of opinion that the duty upon accessories and component parts should be abolished.

The Committee has received no representations with regard to the remaining duties imposed by the Finance (No. 2) Act, 1915, and has no recommendations to make in respect of them.

(4) This important group of duties lies outside the scope of the present inquiry. The preferences given to tea and tobacco grown in countries belonging to the British Commonwealth have been the subject of representations made to the Committee, but in view of the grave questions of policy involved the Committee does not feel justified in proposing any change in this arrangement.

(Signed) T. A. SMIDDY,
Cathaoirleach.

C. F. BASTABLE.

R. M. HENRY.

GEORGE O'BRIEN.

J. G. SMITH.

T. BARRINGTON,
Runaidhe.

J. W. MOORE,
Leas-Runaidhe.

21st October, 1923.

AN COISTE FIOSRÚCHÁIN FIOSCÁLACHTA.

(FISCAL INQUIRY COMMITTEE).

FINAL REPORT OF THE FISCAL INQUIRY COMMITTEE.

1. The Committee was appointed on the 15th June, 1923, by the Minister of Industry and Commerce in conjunction with the Minister of Agriculture, and with the following terms of reference :—

“ To investigate and report—

(a) as to the effect of the existing fiscal system, and of any measures regulating or restricting imports or exports, on industry and agriculture in the Saorstát and

(b) as to the effect of any changes therein intended to foster the development of industry and agriculture,

with due regard to the interests of the general community and to the economic relations of the Saorstát with other countries.”

2. In two interim reports dated respectively 27th July, 1923, and 8th October, 1923, the Committee has already, after careful consideration of the existing fiscal system of An Saorstát, taken over from the fiscal system of the United Kingdom and in operation in An Saorstát since April 1st, 1923, made such suggestions for its alteration as seemed to it to be advisable, having regard to the necessities of the public revenue and the probable effect thereon of alterations of existing duties and the removal of certain prohibitions. It has not seemed to the Committee that the terms of reference entitled it to deal with such duties of customs as have been imposed, or may be proposed in the future, for purely revenue purposes, and it does not feel at liberty to make proposals with regard to the existing fiscal system which, however desirable in themselves or likely under other circumstances to be unobjectionable, would involve any considerable decrease in the existing revenue receipts.

3. Before proceeding however to consider the matters reserved for the Final Report, the Committee desires to add a suggestion

with regard to a point to which reference has already been made in its Second Interim Report. In reviewing the present import tax upon motor cars the Committee has been led to consider the possibilities of encouraging the manufacture of motor cars in An Saorstát and the bearing of the present tax upon this matter. It seems to the Committee that there is a possibility of encouraging the building of bodies for motor cars, as distinct from the manufacture of the chassis, which requires for its economical manufacture a development of the engineering industry upon a large scale. The former position of the coach-building industry in Ireland might again to some extent be attained if it were made possible, by a revision of the existing tariff, to encourage the building of motor bodies. The Committee therefore suggests that, while the present tax upon completed cars should be maintained, a much lower rate of duty should be levied upon the chassis when imported without the body.

4. In the present report the Committee accordingly confines itself to that part of its inquiry which deals with proposals made with the intention of fostering industry and agriculture in An Saorstát. In reviewing these the Committee has had to consider both the competence of these proposals to effect the object intended, and the effect which, if accepted, they are likely to have upon the interests of agriculture, other industries and the general community. In the analysis of the proposals from these points of view the Committee has confined itself strictly to the task of reviewing them in the light of ascertained facts and common experience as economic means devised to secure economic ends. The Committee has not presumed to suggest or to forecast a fiscal policy for the country: it has taken its task to be rather that of collecting and analyzing facts and presenting them to the best of its ability for the consideration of those with whom the final decision and the shaping of a national policy must rest. In adopting this course the Committee has strictly conformed to the line of conduct set forth by the President in his statement in the Dáil on the 15th June, 1923, when he said:—

“It is facts and not policy which the Committee is intended to determine. Every proposition that is advanced will be examined solely with a view to ascertain and to inform the community as to all the facts. The Committee is not expected to advocate policy. That will be a matter for the people and the Government when they have the facts before them.”

5. The Committee received much valuable assistance from the many witnesses who were good enough to supply it with memoranda or to come before it during its sittings. A list of these witnesses will be found in Appendix B.

6. It is thought that the following summary of the evidence (which does not profess to follow the order of the importance of the industries or that of the attendance of the witnesses) will be helpful as an introduction to the critical analysis which follows.

7. *Agriculture*: No official representative of the farmers appeared before the Committee, but individual witnesses of high competence stated certain aspects of the question of protective duties in relation to agriculture. Thus, the position of agriculture as "the main source of productive wealth" and that "agriculture in Ireland requires an outside market" were presented in the evidence. So was the difficulty of arranging a suitable general tariff. The plan of small duties on certain products (in particular wheat and barley) was regarded as feasible. One witness suggested a duty of one shilling per cwt. on wheat, with a bounty on export supplied by the duty. The proposed British import duty on barley of ten shillings per quarter was treated as desirable by one witness but opposed by another. The great importance of the maintenance of the export of Irish agricultural products was recognized. The agricultural witnesses believed that the farmers would not regard a small duty on flour unfavourably. The claim of agriculture to receive its share of the operation of a tariff was also put forward. That protective duties designed to aid other industries would probably raise the cost of living and compel the farmer to pay higher wages was a further point in this evidence.

8. *Barley and Malt*: The representatives of the malting industry stated to the Committee their view that any duty on barley would cripple their business: the malting industry depended on the brewers and distillers, whose business was largely an exporting one: maltsters carried on their business under difficult conditions in regard to location and supply of capital: imports of barley are necessary for the proper working of the breweries and distilleries: a duty would lead to the brewers considering the erection of plant outside Ireland and would therefore react injuriously on the interests of the farmers. It was stated that the quantity of imported barley was not large and was decreasing: imported malt was about one-third of the amount used: the present price of barley was low, but the farmer would suffer from the effects of an import duty.

9. *Flour Milling*: A carefully reasoned statement was presented by the representatives of the flour millers. The Irish mills could produce at their full capacity seven-ninths of the flour required in An Saorstát; the actual output has been about four-ninths. The by-products of milling are important for the farmer. The inferior product during the time of war control has created a prejudice against Irish flour. British mills were

over-developed during the war and now produce more than is required in Great Britain ; hence a surplus is sold under cost in Ireland. Wages are high, employment is intermittent and thus the burden of overhead charges is increased. The preservation of flour milling is important in the national interest.

10. As possible remedies were suggested (i) a Customs duty on imported flour (amount £2 per ton); this would at first bring in revenue and raise the price of flour until the output of the Irish mills overtook the demand, when revenue would cease and the price come down; accompanying provisions should be (a) drawbacks to bakers near the Northern boundary and to biscuit manufacturers, (b) an export duty on " offals " to secure cheaper feeding stuffs for the farmer: (ii) as an alternative, a bounty on flour manufactured in Ireland, with a duty on imported flour to provide the amount of the bounty: (iii) limitation of flour imports by placing them under licence, to be given to registered importers. Compulsory importation of " offals " with flour would be approved. If a duty on imported wheat were granted to the farmers a proportionate duty should be imposed on imported flour. Certain difficulties in the way of providing typical balance sheets for confidential examination by experts were stated by the representatives. The high cost of labour was stated to be a serious element in expenses. The difficulty of giving a full account of the financial position of the industry was explained. It was asserted that owing to the mode in which the price of bread is regulated the effect of a small duty would not reach the consumer. The flour milling industry was declared to " be in a bad way " and to be in need of aid. Reference to a similar condition in 1879-1884, which was successfully remedied, was regarded as being " ancient history."

11. A counter-case was presented by the representatives of the workers in the flour mills (Irish Transport and General Workers' Union) who stated that the industry was depressed and likely to continue so under existing conditions; that British and American competition would persist; that better business organization would meet this difficulty; that the cost of labour is placed at too high a figure by the employers (mill wages 3/1'9 per sack, the true figure being 2/1½ in 1922). It was further stated that the employers' statement " does not convince and is singularly uninforming "; that most Irish mills are small and there is doubt as to their plants being economical; that a duty would fall on the consumer and affect the whole body of workers; that the less efficient mills should be eliminated and greater confidence shown towards the mill workers; that some Irish mills are supplied with the best machinery, but their business organization is defective, especially in respect to marketing and advertizing; that before a duty is imposed a full disclosure of the position of the mill owners should be made; that there would be no danger of interference with

improved machinery if it were properly introduced ; and that the claim of the mill-owners for a tariff would lead to the establishment of a monopoly in their favour, possibly ending in a trust combination.

12. *Grist Milling* : One witness representing the oatmeal millers advocated duties on imported oatmeal and indian meal (£2 for the former and 6s. 8d. for the latter per ton), stating that more employment would be given and that after six months the price of meal would not be higher ; that importers have an advantage in freights ; and that a distinctive mark should be put on foreign meal. This witness suggested that Irish millers have difficulties in obtaining labour of the requisite skill.

13. *Biscuit Manufacture* : A representative of the biscuit-making industry explained that a general tariff would be very prejudicial to his firm since it would raise the cost of manufacture, and that there would have to be a transfer of the exporting part of the business abroad ; that a duty on wheat or on flour would be fatal unless the latter were accompanied by a drawback ; that a duty on machinery would be injurious ; and that higher wages are a handicap to the business, for which Dublin does not afford the best situation. This industry provides a market for Irish flour and Irish butter and gives employment to a large number of workers of both sexes.

14. *Tobacco Manufacture* : The evidence of the three witnesses who appeared on behalf of the tobacco manufacturers of An Saorstát was of special interest because it was the case of an industry that had already enjoyed what in substance amounted to a protected market since the advent of the new customs system on April 1st. These witnesses stated that one effect of the change was that they lost their export trade owing to the imposition of an equivalent import duty on Irish tobacco going into Great Britain ; and that, whereas their home trade had at first benefited, their industry was now threatened with total extinction owing to the competition of the Imperial Tobacco Company which has taken steps to open factories inside An Saorstát. These witnesses complained that the Imperial Tobacco Company was offering higher wages than Irish manufacturers could afford to pay, and that it had a selling organization which rendered competition impossible. They proposed that English or foreign tobacco manufacturers should either be prohibited from opening factories in An Saorstát, or, in the alternative, that the amount of their clearances out of bond should be restricted for a limited period. The period of three years was suggested as sufficient, and the witnesses stated that the Irish manufacturers would be willing to submit to any inspection or restriction with respect either to prices or quality in return for the grant of such protection. The witnesses finally recommended that the existing preference given to tobacco grown in

the British Empire should be continued or increased. Sir Nugent Everard also gave evidence with regard to the tobacco industry.

15. *Margarine Manufacture*: The margarine industry was represented by three witnesses who stated that it was in a very depressed condition owing to the pressure of competition from Dutch and English firms. It was stated that the Irish industry had never recovered from the effect of the period of control during the war, when it lost its English market and earned a bad reputation in Ireland owing to the inferior raw materials with which it was supplied. When the control was removed, the Irish consumer showed a preference for imported margarine, owing to this bad reputation which the Irish product had earned through no fault of the Irish manufacturer. The years following the war brought many new difficulties. Freights and wages had risen considerably, and the market was upset by a fierce price-cutting war between the Dutch and the English firms. As the result of all these causes combined, the Irish margarine manufacturers found themselves quite unable to withstand the competition with which they were faced. They therefore appealed for a protective duty. The precise amount and duration of the suggested duty were not specified, but it was generally agreed among the witnesses that a duty of twenty-five per cent. for a period of three years would be sufficient. The witnesses expressed their willingness to submit to a government fixing of the price of margarine in the event of such protection being granted. One of these witnesses stated that his firm had started a dried milk factory, but that the venture had been abandoned.

16. *Confectionery*: The six witnesses who appeared on behalf of the manufacturers of confectionery and allied products told the Committee that their firms were engaged in the manufacture of sweets, jam, chocolate, cocoa, toffee, jellies, custards, marmalade, pickles and sauces, and that their trade was suffering severely from outside competition. They complained of the cost of their raw materials and the difficulty of procuring many of them in An Saorstát, and indicated that the necessity of importing coal operated as a hindrance to their success. They further complained that Irish labour was "not so well organized" as labour elsewhere; that their expenses of marketing were unreasonably high; and that there was a certain amount of prejudice among the consuming public against Irish-made articles. It was stated that the pressure of competition in recent months had become unusually intense owing to "dumping" from Great Britain, and to the importation of adulterated and inferior classes of confectionery. These witnesses asked for a protective tariff to secure them in the possession of the Irish trade, and expressed their willingness, in the event of such a tariff being granted, to submit to a public and official fixing of the prices of their products. The volume of the export trade done by these manufacturers appeared to be small.

17. *Coffee Essences, Tea, Sugar*: The Committee received evidence from representatives of three Irish manufacturers of coffee essences and from the representatives of some importers of this article, in connexion with the prohibition of its import. As this has been fully dealt with in the Committee's Second Interim Report, there is no need to mention it further. The question of alterations in the existing revenue duties on tea and sugar have also been dealt with in the Second Interim Report.

18. *Woollen Manufacture*: Evidence was presented on behalf of the Woollen and Worsted Manufacturers' Association. An estimate of the consumption of woollens in Ireland was put in, but without any statistical support. The condition of the industry was stated to be one of depression due to the "dumping" of English woollens at prices under cost. The remedy advocated was an *ad valorem* duty, perhaps temporary, of thirty-three and one-third per cent., a low duty, *e.g.*, ten per cent., could not be of any service; one of fifty per cent. or seventy-five per cent. would be much better. Further points in the evidence were that a great increase of employment would follow, and capital would be kept in the country; that the depression in England is worse than in Ireland; that the Irish woollen industry is fairly well organized, although there are some struggling mills. Another witness, who was concerned with the export business, was opposed to any duty on woollen imports since smuggling would be encouraged and the cost of living raised and since the industry could be best aided by subsidies. The industry does not appear to be under any disadvantage from higher cost of labour: Neither witness supplied any reliable statistics of production, import or export.

19. *Jute Manufacture*: The one witness who appeared on behalf of the jute industry stated that he employs over six hundred hands, concentrated in one factory, and that his business is carried on under special difficulties, raw jute and coal having to be imported; that a large part of the product is exported and the expenses of production are thus increased; that at present there is severe competition of different kinds from Dundee and Calcutta; that freights both by land and sea are much higher; that rates of wages have risen more in Ireland than elsewhere; that the Irish market is reduced and "the support of Irish manufacture was never less than what it is at present"; that a tariff would raise the cost of living; and that the supply of suitable labour is limited and hard to retain.

20. *Wholesale Clothing Trade*: The representatives of the Irish Free State Wholesale Clothing Manufacturers' Association explained that their industry was a factory one carried on with good equipment and on a large scale. The three firms represented employ about four hundred and fifty hands. They complained of English competition due to the narrowing of the

continental, colonial and American markets. The witnesses stated that they would prefer a subsidy but would be content with a tariff which, to avoid the charge of interested motives, they suggested should be for a limited period (ten years). They also complained of competition from Northern Ireland. They said that the rates of wages were higher in An Saorstát than outside; that a duty on high-class cloth would not be objectionable, but one on the cheaper kinds would not benefit the woollen industry and would be a direct injury to the clothing industry; they admitted that the consumer might have to pay a little more on clothing in consequence of a duty, but there would be an increase in the prosperity of the country, in which greater employment would more than compensate for this increased cost of clothing. The possibility of English firms establishing themselves in An Saorstát could in their opinion be faced and met by fair competition.

21. The case of the workers was presented by the secretary of the Tailors' and Tailoresses' Union, who said that the character of the trade had changed by the introduction of "special ready-to-wear clothing"; that imports have increased but that the export trade is very variable, having increased up to 1919 (46,902 cwts., value £1,594,668). He did not favour protection from the point of view of the handicraft tailor, as it would mean more expensive clothing. In his opinion improved organization would enable the industry to hold its own, but the establishment of an up-to-date factory with the necessary machinery would be needed to save the trade. He suggested further that more attention should be given to technical training such as existed in England. In his opinion the manufacturers were unwilling to invest capital, dreading English underselling—"an argument in favour of protective tariffs."

22. *Fellmongering*: There are eleven fellmongers in An Saorstát, who were kept busy during the war in consequence of a prohibition on the export of skins. Only one quarter of those employed during the war are now engaged in the industry. The higher prices offered by the English fellmongers render it impossible for the Irish fellmongers to compete with them. Wages form a large proportion of the cost of production in this industry, about fifty per cent. The wages of the labour expended on each skin is one shilling and threepence. Witnesses who represented the Irish Fellmongers' Association stated that an export duty of at least sixpence each on skins is necessary for the protection of the industry. If such protection were afforded to it the employment of three hundred men would be guaranteed. The witnesses further maintained that this duty would not mean a reduction in the price to the butcher, and that the farmer, on whom the tax would fall ultimately, would not feel it. The wages are twopence per skin higher in An Saorstát than in England, but it was asserted that a levelling of the rates of wages

would not be sufficient to enable the industry to compete with its English competitors, since a large percentage of the labour in England is boy and child labour.

23. One witness also stated that an export duty of five shillings per hide is necessary to revive and develop the tanning industry, and that the proceeds of this tax should be applied as a bounty for the development of the tanning industry, since without such a bounty its continuance would be impossible; the farmer would not feel the effect of such a small duty. This witness also stated that he offered to find £25,000 to start a tanning industry but that no one would put up the balance of the capital required to finance the undertaking in the absence of practical assistance from the State. He recognized that the logical consequence of such an export duty would be to put a similar duty on each head of cattle and sheep exported.

24. *Tanning*: A witness possessing wide knowledge of the tanning industry in Ireland stated that the success of this industry up to 1876 was largely due to the existence of a widely spread shoe-making industry; so that there were large buyers of leather scattered throughout the country selling to the shoe-makers. The decline which began in 1876 was due entirely to the cheaper method of manufacturing boots and shoes in England, caused by the introduction of machinery. This decline in the native industry of shoe-making caused a corresponding decline in the tanning industry. If the Irish shoe industry had been organized at that time on a machine and factory basis this decline in the tanning industry would not have been likely to occur. Very few tanneries have survived, only one of which is of much importance, and its survival is due to the adoption of up-to-date machinery and efficient methods of marketing. This factory manufactures sole and harness leather, and tans from three hundred to four hundred hides weekly; during the war its output was between one thousand and two thousand hides weekly. Irish tanneries supply only five per cent. of the demand but could supply the full demand if protection was given to the industry. The witness further stated that a tariff of from twenty to twenty-five per cent. would lead to an increase in the business of existing firms, but that there would be little hope of establishing Irish-owned tanneries under protection because in that event some of the English tanneries would establish factories as has happened in the case of the tobacco industry. He was of opinion that most of the amount of the tariff would be added to the price of leather, and that if boot-makers obtained protection there would be a still further increase in the price of boots and shoes.

25. *The Boot and Shoe Industry*: Evidence was submitted by representatives of the Irish Boot Manufacturers' Association. There are four medium sized firms engaged at present in this

industry in An Saorstát; their capacity is hardly more than one-fifteenth of the total requirements of the public. The patents of the principal machinery used in this industry are the property of a trading company established by an American concern called the British United Machinery Company, whose machinery is not sold but leased. The witnesses stated that up to the time of the signing of the Treaty there was for purely sentimental reasons a great demand for Irish made boots but that this sentiment is dead to-day. The aggregate number employed in all Irish factories at present is seven hundred while their possible capacity is for one thousand hands. The Irish factories manufacture, not a high class boot, but boots of a solid, durable type. The sole leather is obtained from Irish tanneries so far as the products of these tanneries are adapted for the type of boots they manufacture; all the upper leather is imported from England. Through the decrease in the export trade of England, due to the development of this industry in the Dominions, competition for the existing markets has forced the English manufacturers to sell their goods in Ireland at a low price in order to keep their factories running economically. In comparison with their English competitors the Irish factories have the following disadvantages:—Isolation, high cost of transport, high wages, inefficiency of labour, local prejudice, lack of specialization and of an efficient supply of skilled workers.

26. In the opinion of the witnesses a tariff will have the effect of ultimately reducing the price to the consumer by increasing output and reducing overhead charges. One witness recognized that prices must rise at first because Irish factories could not immediately produce at a rate sufficient to supply the demand. It was urged that protection would be necessary for at least ten years, after which time it might be reviewed. The witnesses further stated that it would not be necessary at the start to impose a tariff upon all grades of boots and shoes; they believe that if a substantial tariff were imposed their English and American competitors would establish factories in this country; they would welcome such factories because a plentiful supply of skilled labour would be then available and the resulting competition among the manufacturers and workers would be for the benefit of the country.

27. *Bedstead Industry*: A witness interested in the bedstead industry urged the necessity of a tariff of from twenty-five per cent. to thirty-three and one-third per cent. on imported iron bedsteads in order to encourage the investment of capital and defray the initial expenses of training skilled labour. This industry has for many years been controlled by working agreement among manufacturers in England regulating output and prices, but recently the constituent members have seceded from the federation owing to bad trade; this has resulted in price-cutting and vexatious competition. Under such conditions

the establishment of a bedstead industry in An Saorstát is not possible unless the suggested tariff be imposed. There are at present no iron bedsteads manufactured in Ireland, although the witness made them some years ago. In the event of the suggested tariff being imposed this witness is prepared to invest capital to the extent of £20,000. He also stated that a tariff would be likely to lead to the establishment of factories here by English firms, and that he would welcome competition of this kind. In the opinion of this witness "anti-dumping" legislation would not prevent unfair competition, the only effective method being that of a permanent tariff, subject to periodic revision. He stated that "anti-dumping" legislation would result in the establishment of government machinery to examine into the cost of production and that, as the overhead charges vary from firm to firm, it would be difficult for any government to determine the costs in the various firms. The iron bedstead industry is largely an industry assembling tubes and steel frames. It was also stated in evidence by another witness that the government recently placed an order with one firm, not specially equipped for the manufacture of bedsteads, for a couple of thousand bedsteads of a special type.

28. *Cycle Manufacture* : Evidence was presented by the only two firms in An Saorstát which manufacture bicycles. Both firms are equipped with the most modern machinery and are as efficiently organized as the general economic conditions under which they work will allow. Neither firm is working to its full capacity and could not have kept open during the last twelve months were it not for the government contracts placed with them. One witness stated that the total sales this year other than those to the government will not reach one-tenth of his firm's capacity. The other witness stated that for the season of five months his firm's sales (other than to the government) were much below his firm's full capacity. It is estimated that thirty-five thousand cycles are imported into An Saorstát annually. One witness asserted that his firm makes a larger proportion of the parts of each bicycle than any British factory, with the exception of two important English firms. Both Irish houses make a variety of grades which, in price and quality, compare favourably with those of a similar standard made in England : the credit facilities are also similar.

29. The inability to compete successfully would seem to be due to a variety of causes such as high money wages, small supply of skilled labour (which enhances its price), high overhead charges, costs of transport and especially public prejudice. The importation of the low grade of English bicycle, known as "garret-made cycles," makes competition very difficult. These cycles are made from the lowest grade English materials and are manufactured in the domestic shops of Birmingham ; in some cases they are put upon the market under Irish names. As regards

wages, the weekly rate for assemblers is £3 14s. 0d. in Dublin as against £2 5s. 0d. in England, thereby putting the Irish industry in a position of great disadvantage. One reason assigned for this higher rate of wages in Dublin is the practical absence of an engineering industry. Again, the industry in England possesses a further advantage in so far as piece-work is encouraged whereas in An Saorstát it is not tolerated by the trade union.

30. The Irish firms suffer from the lack of a reserve supply of skilled workmen and have always had to train new hands; and if for any reason skilled men lose their employment they emigrate and are lost to the Irish industry. In consequence of the relatively small output, the overhead and selling charges are exceedingly high, and, were it not for the generally very efficient organization of these firms, this would render their maintenance impossible. The overhead charges in the case of one firm are one and a half times the cost of the direct labour on its present output. Both witnesses gave instances of the recent growth of a decided prejudice against Irish made bicycles, though the prices and conditions of sale are as attractive as those of their English competitors. One witness disapproved of a system of bounties because, in his opinion, it is calculated to lead to "wire pulling" and corruption. Both witnesses strongly urged the establishment of a tariff amounting to from twenty-five per cent. to thirty-five per cent. of their present prices for the maintenance and development of their business.

31. *Agricultural Machinery*: Witnesses from two Wexford firms submitted evidence setting forth the depressed state of the industry and stated that a tariff of twenty per cent. on imported machinery is essential for the maintenance and development of the industry. One firm has been practically closed for three years and now employs a dozen men, though formerly it employed eighty. The other firm has three hundred and fifty workers, of whom one hundred are engaged in the manufacture of bicycles. In pre-war times this firm employed about nine hundred workers. Before the slump which took place a few years ago both these firms had attained a fair measure of success largely due to the lower scale of wages paid by them than by their foreign competitors—the average wage being 16s. per week. One witness further stated that he did well from 1882 to 1912, when labour troubles became acute. The inability to compete with foreign manufacturers is stated to arise from the following causes:—the economies of standardization effected by trusts and combines; the higher wages paid in the Irish industry, amounting to a difference of 2d. per hour; the difficulty of obtaining labour of the required quality, the consequent necessity for training new hands continually and the danger of workers thus trained leaving the district when trade falls off; the inability to specialize and standardize, owing to the smallness of the market and the necessity of producing a wide range of products.

to suit the varying requirements of farmers ; high railway rates, exemplified by the fact that the rates from the United States to Cork are less than those from Wexford to Cork ; and the disadvantages arising from distance from the main sources of raw materials. One witness stated that all the facilities he required were afforded him by the banks. The witnesses agreed that the industry was at present depressed in England and Scotland. Though they asserted that the imported article was sold at a lower price than in the country of origin they furnished no independent evidence in support of this statement ; nor was any balance sheet submitted for examination in response to the request of the Committee. They stated that a permanent tariff is necessary to guarantee them against "dumping."

32. *Structural Steel Work* : There are five firms in Dublin engaged in structural steel work employing normally eight hundred workers ; but at present, owing to the depressed state of the industry, they employ only four hundred. The general range of products manufactured includes bar and wire fencings ; railings and hurdles ; field and avenue gates and wickets ; steel roofs ; girders and bridges ; hay and cattle sheds as well as various types of agricultural buildings. Two witnesses gave evidence for firms engaged in the structural steel industry and adduced reasons and gave figures to show that it will be extremely difficult without a tariff to compete successfully with the imports of English and Scotch manufacturers. In the case of one firm the competition comes mainly from Glasgow which exports manufactured articles to An Saorstát at less than cost. Recently two Irish railway companies accepted tenders in which the prices for certain work were £16 10s. 0d. and £18 10s. 0d. per ton respectively, while the cost in Dublin for the same work would not be less than £22 14s. 0d.

33. The decrease in orders as compared with previous years is stated to be due partly to the disturbed state of the country, but chiefly to the scarcity of skilled labour, high wages and isolation from the sources of raw materials. Dublin is not an engineering centre and therefore the number of skilled men available there is limited ; employers are liable to lose their skilled men permanently when trade is slack and unable to increase the number of their workers when a large increase of orders offers. The fact that wages are 1s. 8d. per hour in Dublin as against 1s. 6½d. per hour in Great Britain is a definite handicap. Further, there are the natural disadvantages due to their geographical distance from the steel and iron centres. And yet one firm which presented evidence stated that in the manufacture and erection of hay-sheds, in which it specialized, it can compete with firms in Great Britain and that it has actually erected twelve sheds in England within the last twelve months. This firm asserted that it could not specialize to nearly the same extent in the case of structural work, which is most usually

designed from engineers' drawings. Another firm that manufactures ornamental iron work can occasionally compete in Great Britain, and in such cases it is the element of artistic design that is the deciding factor.

34. One of the witnesses stated that a "ring" was formed in Great Britain in 1911 or 1912, fixing prices for Scotland and England but not for Ireland. One result was that the raw material of structural work—steel—could be got at 10s. per ton less in Dublin than in Great Britain. In the opinion of the witness "rings are a fine thing when there are booming times, but when bad times come, people want to get out of the rings." And this happened with this "ring" when bad times set in, and led to the price-cutting to which the Irish manufacturers are now subject. The protection sought is an *ad valorem* tariff, of not less than twenty-five per cent., but a differentiation of duties for different classes of goods was suggested.

35. *Railway Rolling Stock*: Evidence was given on behalf of the Irish General Railway and Engineering Union complaining that many orders for express-type locomotives, tenders, goods wagons, locomotive boilers and many miscellaneous parts, were sent to England within the last three years. The witness claimed that these orders could be executed at Inchicore at prices which would compare favourably with those at which they were imported; that the continued importation of these articles will result in the almost complete closing, except for repairs, of the railway workshops in Dublin, and the removal of the chief opportunities by which skilled engineering craft is developed and maintained in An Saorstát. He stated that there are normally one thousand seven hundred men employed at Inchicore, and nine hundred at Broadstone. Wages are at present higher than those paid in the railway shops in Great Britain; but when the above orders were sent to Great Britain wages were the same in both countries. He urged that a tariff would be an efficacious method by which imports of railway rolling stock would be prevented; that it would lead to increased employment, and enable the industry to absorb many of those who are now unemployed.

36. The following observations on these statements were made in a memorandum submitted to the Committee by the Great Southern and Western Railway Company:—Renewals of rolling stock fell seriously short as a result of the war and when peace was declared it was found impossible to overtake the arrears; the company was, therefore, constrained to order six engines and tenders, goods wagons, locomotive boilers and certain engine parts. In reply to the query put to them as to the "causes, if any, operative against the utilization to their full capacity of the railway works at Inchicore," they state

that the principal cause is that the existing rates of wages are so much in excess of those paid in Great Britain that it has become a question whether it will be possible to continue the manufacture of new rolling stock at Inchicore as cheaply as it can be imported. As regards coaches it was found that they could be bought, delivered in Dublin, at about three hundred pounds each less than they could be made at Inchicore. The principal reason for this is that the wages paid to coachmakers in Dublin largely exceed those paid in England.

37. *Galvanized Hollow-ware Manufacture* : Witnesses appeared representing two firms, one of which was established in 1917 and the other in 1920. The former has a plant capable of producing one thousand dozens of galvanized seamed buckets per week, and of employing two hundred men and boys. During 1919-20 it exported fifty thousand dozens of galvanized buckets to South Africa. Up to 1921 all the English firms were combined and the prices arranged by them enabled the Irish firms to compete successfully in the Irish market. Owing to a falling off in demand and the advent of German competition, the combination broke up and severe price-cutting set in, thereby rendering the Irish market unprofitable for Irish manufacturers. It appeared to the Committee strange that the latter of these firms should establish its factory just in the beginning of a period of severe competition. The representatives of these firms stated that, if through a tariff they secured the trade, they could sell at present prices, although there would in the beginning be a slight advance in prices. They asked for a protective tariff against Great Britain, and one at a lower rate against Germany, for five years ; and stated that if they got protection for only a portion of their work the other portion could do without it. It is estimated that the aggregate annual value of the imports of galvanized goods is about £240,000, and that the loss of wages caused by such imports is £73,000.

38. *Electrical Goods* : One witness gave evidence in support of a tariff of twenty per cent. on the imports of electric lamps and accumulators. A tariff of this amount would enable these articles to be made successfully in An Saorstát. In the case of the manufacture of electric lamps a difficulty arises in connexion with patent rights, as these are controlled at present by large companies. Hence, before their manufacture could be undertaken a modification of the patent law in An Saorstát is necessary. The manufacture of lamps would be mainly of an assembling character, as the glass, wire and brass fittings would have to be imported. The manufacture of electric motors presents many difficulties as they are of a diversified character, and there is not a sufficient trade in Ireland for any one particular type to be turned out economically ; but the assembling of the essential parts of an electric motor might be carried on with some success.

39. *Motor Cars*: Evidence was submitted by one well-known Belfast firm with a view to exploring the possibilities of the importation duty-free into An Saorstát of motor cars made in Belfast. But in consequence of the area under the jurisdiction of the Northern Parliament being in the political and fiscal system of Great Britain, it is impossible to give manufacturers in this area any preference without differentiating against Great Britain, and thereby setting up three instead of two fiscal areas. Such a differentiation is impossible under the existing state of affairs.

40. Evidence was also submitted by motor distributors in favour of a reduction in the duty on motor vehicles imported into An Saorstát. The witnesses suggested a duty of ten per cent. on cars from the British Commonwealth and twenty per cent. on those from other countries. The reasons given for this proposal to reduce the existing tax are :—That there is no motor-car industry in An Saorstát to protect and that a reduction of the duty would lead to the distribution of cars on a larger scale and enable motor car agents to keep a more adequate and efficient staff and thereby provide effectively for a larger tourist traffic; the increased sale of cars and the development of the tourist traffic would go a long way towards compensating for any decrease of revenue that might result from a lower rate of duty. The Committee has already dealt with the duty on motor cars in its Second Interim Report.

41. The witnesses suggested that in the case of the chassis it would be desirable to have a very low rate of import duty in order to encourage body building in Ireland. This point was also borne out by the witness representing the motor factory in Belfast. On the other hand, witnesses representing the Royal Irish Automobile Club were of opinion that a reduction of the duty on the passenger chassis would hardly make it possible to build the body at a competitive price since as good an article can be turned out from the factory more cheaply as the result of large scale production. The considered view of the Committee on this question has been stated in paragraph 3.

42. Evidence was also furnished by Mr. A. O'Shaughnessy, T.D., Cork, and a memorandum was submitted by Professor O'Rahilly, T.D., Cork, in favour of free trade in motor cars between England and An Saorstát as being the only alternative to the present fiscal policy if the great handicap to the exportation of Ford passenger motor cars to Great Britain is to be removed. The reasons given by these witnesses for assuming that their proposals, if adopted, would not mean an eventual loss to the Irish revenue were the following :—

“(1) In the event of a mutual free trade agreement with England the whole of this revenue would by no means be lost. Possibly about eighty thousand pounds might still be retained. A rough percentage estimate of the number

of cars in use or purchased in Ireland would be : Ford cars 50 ; other American cars 25 ; English cars 15 ; French and other cars 10. The contribution of the Ford cars to the present revenue must, however, be considerably under 50 per cent., as these cars are low priced, and as the tax is paid not on the total value of the cars but only on the imported portion. Also the American and other foreign cars pay duty at a higher rate ($33\frac{1}{2}$ per cent.). The tax on these latter cars would still remain.

(2) If Anglo-Irish Free Trade in motors were in operation the price of the Ford car would appreciably decrease. This would certainly mean an increase in the number of such cars in use in Ireland. This would not only mean an increase in transport facilities and in employment, but also an increase in the revenue derived from motor licences.

(3) The removal of the Ford factory from Cork would be a severe blow to our national credit and would seriously hamper our endeavour to raise loans, to attract foreign capital, and to initiate industrial undertakings. This menace of removal must always remain so long as the location of the factory in Cork is motivated by sentimental reasons for which a huge tax has to be paid.

(4) The amount in salaries and wages paid by the Ford factory in Cork during the month of July last was approximately forty-eight thousand pounds. It is obvious that the circulation of such an amount of money in Cork is of serious direct and indirect benefit to the country. A fair portion of the annual wages bill must be reaped directly by the Government in the form of Income Tax, duties on drink, tea, sugar, etc. In addition to the labour directly employed in the factory, a good deal of employment is given in shipping, cartage, etc., and also in the smaller machining jobs ; for example, the Macroom Engineering Company has been executing orders for Ford's to the extent of about one thousand pounds a month.

(5) Besides, if the factory once becomes stabilized here considerable expansion in its scope and output is certain to occur. It is likely that a second floor will be put on the present buildings, and that the Ford wheels for Europe will be manufactured in Cork. It is also very probable that a rolling mill and stamping machinery will be set up. Also when Europe recovers it is intended once more to make the Cork factory a European manufacturing centre for Ford tractors. With such possibilities of expansion, it is clear that the Ford factory in Cork is a great national asset in which the Irish Government is directly and indirectly interested."

43. In addition to these considerations it was urged that the closing of Ford's works will mean the unemployment of two thousand men in Cork as well as those working in what might be called subsidiary factories, such as that in Macroom. There is also a likelihood of many of these unemployed workers becoming a burden on the community. On the other hand, the development of Ford's would result, according to the witnesses, in the employment of some fifteen thousand to twenty thousand men in Cork.

44. *Coachbuilding*: Two witnesses who attended on behalf of the Coachbuilders' Association urged the desirability of a duty on imported commercial motor cars and horse-drawn vehicles with a view to stimulating the Irish coachbuilding industry. It was stated that many of the most skilled operatives in this trade had recently emigrated to England, but that the industry would be capable of rapid revival if some protective assistance were afforded to it. One witness informed the Committee that the import duty on private motor cars had encouraged the building of bodies for such cars in Ireland, and that even more satisfactory results could be confidently expected from a duty on commercial vehicles, because the manufacture of bodies for such vehicles was a simple process, in which native timber could be largely used. These witnesses quite realized the importance of not increasing the cost of transport in Ireland, and stated that the imposition of such a duty would not increase the price of commercial vehicles. The proposed duty on horse-drawn vehicles was supported by a similar assurance. These witnesses were also in favour of the total prohibition of the export of Irish timber.

45. *Furniture Making*: Two witnesses were examined on behalf of the Irish Furniture Manufacturers' Association. It appeared from the evidence of these witnesses that the furniture-making industry is at present in an extremely depressed condition; six large firms have closed down in the last few years and the surviving firms are all suffering from depressed trade. The cause of this state of affairs is said to be the competition of the English furniture manufacturers, who produce under more favourable conditions, including large scale factories and a supply of hereditary skilled labour. These English manufacturers are alleged to have "dumped" extensively in Ireland in the last two years. In contrast to his competitors the Irish manufacturer labours under the disadvantages of a restricted market, a lack of skilled labour, and high railway rates. Complaint was also made of the exportation of unmanufactured Irish timber. These witnesses suggested a duty of thirty-three and one-third per cent. on imported furniture, and believed that the imposition of such a duty would not raise the price of the Irish article.

46. A representative of the Irish National Union of Wood-

workers complained of the unemployment caused by the increasing importation of cheap furniture, and suggested that some measure of public assistance—not necessarily a tariff—should be granted to the industry to encourage the manufacturers to instal up-to-date plant and machinery.

47. *Musical Instrument Making* : Evidence was received from representatives of two firms engaged in the musical instrument trade with regard to the repeal or variation of the import duties on musical instruments imposed by the Finance (No. 2) Act, 1915. As this matter has been dealt with in the Second Interim Report there is no need to deal with it again here.

48. *Wood Working* : Three witnesses attended on behalf of the Native Timber Merchants' Federation. These witnesses complained of the difficulty that the Irish timber industry found in competing with its foreign rivals owing to "dumping" from Norway, the high wages paid in Ireland, the excessive railway rates on Irish timber, the high charge made for extraordinary use of the roads and the fact that the Irish plantations were too small to permit of the most economical handling. Two of the witnesses were in favour of an import duty of twenty-five per cent. on all imported timber under a certain size, but not on timber imported in bulk ; they believed that such a duty would not raise appreciably, if at all, the price of finished articles made of timber. The other witness was less favourably disposed to a protective duty, but thought that such a duty, if imposed, should be confined to floor deals, box shooks, brush heads, scythe handles, fork handles, washboards, churns, and other similar small articles. This witness was of opinion that the reduction of wages would be a better means than a tariff of restoring the Irish manufacturer to a position of competitive equality.

49. *Brush Making* : A witness who attended on behalf of the brush making industry informed the Committee that it was in a very depressed state owing to abnormal competition from Germany and to the high wages paid in Dublin. The German competition, which is largely the result of the depreciated and fluctuating condition of the currency, is felt most in the common or cheaper varieties of brushes, which form the most important end of the trade. The witness suggested that an import duty of thirty-three and one-third per cent. for a period of ten years would place the Irish manufacturer in a position in which he could defy all competition, and stated his opinion that even during the existence of the duty the price of the Irish article would not be raised to the consumer, and that the Irish manufacturers would be able to supply the whole Irish demand, as they had done during the war. It was stated that the present depressed condition of the industry was principally caused by the abnormal state of foreign exchanges, and that, when the exchanges became stabilized, the Irish manufacturer could hold

his own, subject to his being able to reduce his wages to the English level. This capacity on the part of the Irish industry to hold its own in competition was illustrated by the fact that one firm had succeeded in building up a respectable export trade to Scotland. The witness was opposed to any import duty on foreign timber.

50. A representative of the National Amalgamated Society of Brushmakers gave similar evidence. He complained of the extent of unemployment in the brush making industry, which was caused, in his opinion, by the import of cheap German and Belgian brushes, and suggested that this import should be completely prohibited until conditions become normal. This witness explained that, whereas the money wages in Ireland are slightly higher than in Great Britain, there are certain differences in the conditions of labour in the two countries, which have the effect of making the real wages in both countries practically the same. He did not think that a prohibition such as he suggested would raise the cost of brushes to the Irish consumer.

51. *Comb and Rosary Bead Manufacture*: The Committee received evidence from a witness who is interested in the manufacture of horn combs and rosary beads. The manufacture of rosary beads was taken up by his firm some twelve years ago as a side-line to utilize the waste materials of its very old established horn comb manufacture. The new enterprise prospered until the year following the war when it began to experience very keen competition from France and Germany. These countries enjoy a large supply of labour which may be said to possess a hereditary skill in the manufacture of rosary beads, and this advantage has been increased for the last few years by the depreciated and fluctuating conditions of the French and German currencies. As the result of this competition, the Irish firm in question has been almost completely deprived of its promising export trade to Australia and the United States, and has also lost a large part of the Irish market. This witness suggested that an import duty of thirty-three and one-third per cent. for a period of five years would enable him to recover his Irish and his export trade, and denied that such a duty would have the effect of raising the price of the article. With regard to the comb-making department of his business, the witness stated that he would not ask for any protection until he had made arrangements for being able to supply the Irish demand, which he is not in a position to do at present.

52. *Paper Manufacture*: The paper making industry was represented by two witnesses, who stated that the present condition of the industry in Ireland is one of extreme depression, and that many of the mills are idle, and many of the workers unemployed. "Dumping" was more bitterly complained of in

this than in any other industry, principally in regard to newspaper and the coarser grades, such as wrapping paper. This "dumping" was alleged to come from Great Britain and Scandinavia. Apart altogether from the question of "dumping," it was alleged that the Irish paper manufacturer could not compete with the British owing to the greater cost of raw material, coal and wages. The greater cost of raw material seems, however, to apply only in the case of paper manufactured from wood-pulp, and, on the question of the cost of labour in Ireland, the witnesses were not in complete agreement. One witness also complained of the disadvantage which the Irish manufacturer suffered from the existence of through railway rates which favoured his British competitors and of a certain prejudice against Irish-produced goods which was experienced in the South of Ireland. As to the degree of protection which would be needed to secure the Irish manufacturer in the home market, the witnesses were not in complete agreement; the opinion was expressed on the one hand that "anti-dumping" measures would be sufficient, while the other witness was of the opinion that a protective tariff against imported paper would be necessary.

53. *Paper Bag Making*: The encouragement of the paper bag making industry was advocated by two witnesses who represented the Irish Women Workers' Union. These witnesses stated that the making of paper bags would give a large amount of employment to the less highly skilled class of female workers in Dublin. They admitted that any protection of this kind would probably result in a rise in the price of the finished article, but they thought that this rise of price could be "adjusted" in time. They further conceded that protection of any kind would be a dangerous experiment unless it were accompanied by some machinery whereby the government could control prices and provide a safeguard against abuses. They thought that the object which they wished to attain, namely the encouragement of the paper bag manufacture, would be substantially advanced by a protective duty on paper.

54. *The Printing Trade*: Strong disapproval of a duty on paper was expressed by the representatives of the Dublin Master Printers and Allied Trades Association who pointed out that such a duty would raise the price, and consequently restrict the consumption, of a number of articles in which they dealt. These witnesses stated that the export trade in stationery and printed matter was not inconsiderable and showed signs of increase, but that this trade would be destroyed by any duty on its most important raw material, paper. This industry is one which employs a very large number of workers.

55. *Colour Printing*: The representatives of a very important firm of colour printers came before the Committee primarily in relation to the repeal of the duty on spirit varnish, a matter

which has been dealt with in the Second Interim Report. When asked, however, what their views were regarding an import duty on paper, these witnesses expressed themselves definitely opposed to such a duty which would, in their opinion, seriously injure their valuable export trade.

56. *Manufacture of Fertilizers*: The consumption of artificial fertilizers in Ireland has increased greatly in recent years, and the proportion supplied by the Irish manufacturer has also increased. In 1914 four-fifths of the artificial fertilizers used in Ireland were manufactured in this country, while, during the war, the whole Irish demand was supplied by the home manufacturer. The export trade in this article has at no time been considerable. The years following the war have been extremely critical for the Irish fertilizers industry, which has felt the pressure of French and Belgian competition very keenly. The cost of production in these countries has been less than in Ireland owing to a variety of causes, for example, the lower wages paid, the depreciated state of their currencies, and the advantages which the French manufacturers enjoy in obtaining their supplies of raw materials. The increased French and Belgian competition caused by these conditions has led to a greatly increased import of foreign fertilizers into Ireland, and a corresponding diminution in the output of the Irish factories, which are practically idle. It is doubtful if the farmer receives any benefit from the low price of imported fertilizers, and it is suggested that the greater part of the advantage is reaped by intermediate handlers. The witnesses on behalf of this industry suggested that all imported fertilizers should be branded with the name of their country of origin, that they should be brought within the provisions of the Fertilisers and Feeding Stuffs Act, 1906, more strictly than they are at present, and that while the present anomalous condition of the exchange continues such imports should contribute to local and general revenue a sum equal to that paid on fertilizers produced at home. This amounts to a demand for protection but the demand is limited to protection against certain countries, and only while certain abnormal conditions continue—conditions which it was agreed must necessarily be temporary. The witnesses considered that protection of this kind would not raise the price of fertilizers paid by the Irish farmer; because the pressure of English and Scotch competition would always be sufficient to keep down prices. With regard to their ability to compete with English and Scotch manufacturers of fertilizers the witnesses contended that they could well hold their own, subject to their being able to secure a reduction of wages, which at present are higher in Ireland than in Great Britain. Generally speaking, the conclusion to be drawn from this evidence is that protection is not asked for against anything except what one of the witnesses described as the "terribly abnormal condition" of the present competition.

57. *Drugs, Scientific Instruments, etc.*: The Committee re-

ceived representations from witnesses with regard to the repeal of the import duties on chloroform, ether and other chemicals, and on optical and scientific instruments. These matters were dealt with in the first and second interim reports of the Committee, and need not be further considered in the present report.

58. *Glass Bottle Manufacture*: Three witnesses gave evidence regarding the glass bottle industry, from which it appears that two firms in Dublin are at present closed down and that the remaining two are labouring under difficulties caused by the severe competition from imported bottles. One of the latter firms installed the most up-to-date machinery in 1917, but has encountered many difficulties since that date. In 1920 there came a slump in the industry, and bottles have continued to be imported from Germany at prices with which this firm cannot compete. The witness who represented this firm had no complaint to make about the wages paid in Dublin, and seemed to think that, if the abnormal German competition were at an end, his firm could hold its own in Dublin with its English rivals; in other parts of Ireland its products could not compete, owing to the burden of excessive freight charges. The only kind of glass in which it was possible to compete was black bottles; in clear glass the outside competition would be difficult to overcome. The other factory that is still operating has not adopted machinery, but intends to do so, because it is no longer possible for hand-made bottles to compete with those made by machines. The witness who represented this factory thought that, even when machinery was used, a protective duty on imported glass bottles would be necessary because of the British manufacturer's advantage in respect of obtaining a supply of cheap coal. It was stated that a moderate duty would not raise the price of bottles; or, in the alternative, that, even if it had this effect, the increased price would not be felt by the ultimate consumer, because the cost of the bottle is infinitesimal compared with the price of its contents.

59. *Clay Pipe Making*: The Committee received evidence from two witnesses representing a small clay pipe manufacture in the South of Ireland. These witnesses stated that the pipe-clay which they used was imported from the South of England, in spite of the fact that there is a deposit of excellent pipe-clay at Cahir, which is not worked. This industry suffers not only from the necessity of importing its raw materials, but also from the facts that the rate of wages in Ireland is slightly higher than in Scotland, and that the Scotch manufacturers are able to export their pipes directly by sea to West of Ireland ports and thus avoid the burden of the Irish railway rates.

60. *Slate Quarrying*: A witness who appeared on behalf of the Irish slate quarries stated that quarrying is developing, and that a large export trade in slates to France is growing up. He stated

that Irish slates can be supplied in Dublin and in other parts of Ireland as cheaply as slates imported from North Wales, and that the only reason why they are not universally used in Ireland is the habit which Irish architects have acquired of always specifying "Bangor" slates. The Committee, however, could not ascertain whether the term "Bangor" as applied to a slate is a description of the place of origin or of quality, and how far, therefore, a specification for "Bangor" slates excludes Irish slates from being accepted. This witness suggested that this disposition on the part of Irish architects could be overcome by the imposition of a duty of from ten to twelve and a half per cent. on imported slates, and he was emphatically of opinion that such a duty would not raise the price of the Irish article.

61. *Portland Cement Making*: A witness appeared before the Committee who owned a quarry containing stone and shale suitable for the production of first class cement, but was prevented from taking any steps to develop the manufacture of cement by the strength of the competition to be anticipated from British cement manufacturers. This witness suggested that protection should be given to the Irish industry from the "dumping" of imported cement.

62. *Stained Glasswork*: A witness who gave evidence with regard to the manufacture of stained glass stated that the industry is suffering very seriously from the competition of German stained glass manufacturers who import into Ireland large quantities of glass of a very inferior artistic quality at a very low price. It was alleged that the German manufacturers produce this particularly inferior article specially for the Irish market. This witness stated that, although his firm had succeeded in developing a substantial export trade, it would not be able to continue in business for more than five years if the pressure of the German competition were not in some way removed, and he suggested an import duty on stained glass coming from Germany, but not on glass coming from any other country. He was of opinion that the result of such a tariff would be greatly to advance the Irish industry and contribute to the development of a school of native art, and instanced the example of the war years when, owing to the absence of German competition, the output of the Irish studios increased, while the high standard of their work was maintained.

63. *Pottery*: Two representatives who appeared on behalf of the Wexford pottery manufacturers stated that there is only one pottery still surviving in the county and that it is closed at the present time owing to trade depression and outside competition. These witnesses stated that abundant supplies of excellent clay are obtainable in Wexford, but that all the necessary coal has to be imported. The chief matters complained of were the through rates enjoyed by the English manufacturers.

the absence of a local supply of workers with the artistic skill and training essential for the pottery manufacture, and "dumping" by British potteries. The witnesses suggested that protection would be necessary to enable the industry to succeed, but they thought that such protection should not be granted until the industry had had the advantage of State aid for a period of years to enable it to conduct experiments and train a school of craftsmen. They were of opinion that a protective duty of twenty per cent. would not raise prices in Ireland.

64. *Invited Witnesses*: The following who were invited to submit evidence expressed, in some cases, regret that they were unable to give it, assigning various reasons among which were their public position and their conviction that they would be unable to contribute to the investigations of the Committee; in other cases no definite replies were received:—The principal Irish railway companies; the Irish banks; the principal chambers of commerce; the Dublin Stock Exchange; the Irish Farmers' Union; the Irish Agricultural Organisation Society; the South of Ireland Bacon Curers' Association; the Dublin Industrial Development Association; the Cork Industrial Development Association; Messrs. Arthur Guinness, Son & Co., Ltd.; Messrs. Henry Ford & Son, Ltd., Cork; Captain C. J. McCarthy, Clonakilty Agricultural Station. The manager of one railway company submitted a valuable memorandum setting forth arguments against the imposition of a tariff; similar statements were submitted by one chamber of commerce and by the representative of a very important exporting industry.

'65. Valuable evidence was also received from Professor the Reverend T. A. Finlay, S.J.; Senator Andrew Jameson; Mr. Thomas Johnson, T.D.; Professor C. H. Oldham; Mr. Lionel Smith Gordon; and Mr. Newman Thompson. All these witnesses with one exception set forth arguments against the establishment of protective tariffs. Assistance by means of technical and agricultural education was urged by one of these witnesses.

66. This rapid survey of the evidence tendered to the Committee suggests certain general reflexions. In spite of the number of the witnesses and the great importance of some of the industries which they represented, it would appear, nevertheless, that the volume of industry which is anxious to obtain a protective tariff is small compared with that which desires no change in the existing system. Several of the most important witnesses—*e.g.*, those who appeared on behalf of the maltsters, the biscuit industry, and the jute industry—were opposed to the application of protection to their own industries, and the Committee must assume that this view is shared by the numerous and important industries that did not offer to give evidence—*e.g.*, the brewing and distilling industries and the industries connected with

agriculture, such as bacon curing and butter making, not to speak of agriculture itself. Although these industries did not submit evidence, the Committee could not shut its eyes to their existence or their interests, and drew the conclusion that their non-appearance was tantamount to an expression of contentment with the present fiscal arrangements. Even the industries that advocated a measure of protection were not in complete accord regarding the articles for which protection was required. Many articles which some witnesses wished to have protected, other witnesses wished to have admitted free; and suggestions regarding certain articles were acceptable to some witnesses while, at the same time, they were highly objectionable to others. Nor were the witnesses agreed as to the nature or the amount of the assistance required. In several cases the amount of protection asked for would not, in view of the figures supplied by the witnesses, give the native manufacturer any appreciable competitive advantage and would in fact serve no other purpose than that of a revenue duty. In spite of this lack of unanimity, amounting in some cases to positive disagreement, among the witnesses, their evidence contained numerous points which were agreed on by all or many of them, and which may therefore be considered as forming the main basis of their proposals. These points may in general be said to amount to the assertion, from various aspects, of the inability of Irish industries to hold their own against outside competition.

67. The competitive disabilities of which such full statements were submitted by the various witnesses appear to be capable of division into two classes: (1) those of a normal and permanent character (2) those of an abnormal character arising out of the exceptional conditions of the last few years. The Committee proceeds to examine each of these classes in turn.

68. One disadvantage from which many Irish industries suffer is the difficulty of obtaining raw materials. For example, the most important raw materials of the woollen industry, the paper-making industry, the jute industry, the manufacture of fertilizers, brushes, pottery and clay pipes, the coachbuilding industry and the furniture industry are imported. The same difficulty especially applies to the wide range of industries based on iron and steel—for example, the manufacture of agricultural machinery and of bicycles. Even in the case of flour milling a very large part of the wheat milled for Irish consumption has to be imported.

69. The most important source of industrial power cannot be obtained as cheaply in Ireland as in most European countries. The supply of Irish coal at present available is utterly inadequate for the needs of Irish industry, and the necessary supply of imported coal can only be obtained at a higher price than it costs in its country of origin. This disability is specially serious

in the case of industries situated at a distance from the ports. In some instances water power has been substituted for coal, but it is not yet certain that water power or wind power can be relied on as a substitute for coal, except in small-scale industries.

70. All the evidence given to the Committee points to the conclusion that transport charges in Ireland are excessive, and that Irish industry, in nearly all its branches, is hampered from this cause, especially in competition with imported commodities which have the benefit of through rates. The Committee is impressed by the serious nature of this disadvantage, and is led to the conclusion that the development of all means of transport, whether by land or water, and its organization upon economic lines, are urgently required in the interests of industrial progress.

71. Another serious disability under which the Irish manufacturer suffers is the lack of a supply of skilled labour specially trained for and adapted to his requirements. Industry in An Saorstát has not the advantage, enjoyed so widely in other countries, of being able to call upon a constant supply of workers endowed with a hereditary aptitude for certain forms of skilled labour. Complaints under this head have been received from representatives of the furniture, boot, cycle, pottery, jute and glass bottle industries. Certain employers have had the extra burden placed on them of having to train their own skilled workers, many of whom, especially in periods of depression in Ireland, emigrate to the great external labour markets. As soon as trade revives in Ireland the manufacturer finds himself without the supplies of skilled labour necessary to resume his operations. This difficulty might in part be met by adequate technical instruction; but, up to the present, financial and administrative difficulties, combined in some cases with a reluctance on the part of the workers to avail themselves of the instruction provided, seem to have retarded this most desirable development.

72. Practically every witness who appeared before the Committee to advocate the claims of a particular industry to protection, asserted that wages in An Saorstát were higher than in Great Britain or Northern Ireland and that this higher wage was a handicap upon Irish industry in competition with its British rivals. At the same time the Committee obtained little, if any, help from the witnesses in determining the approximate weight of this handicap. In the first place, very few of the witnesses were able to give exact figures even of the money wages earned in their own industries, or of the wages in corresponding industries in Great Britain and Northern Ireland, while emphatic in their assertions as to the cheaper labour to be obtained not only in Great Britain and Northern Ireland, but even in several European countries. In at least one case statements were made as to the relative rates of money wages in An Saorstát and Northern Ireland which were at variance with facts known to the

Committee. Again, the witnesses who laid stress upon the amount of money wages paid in their industries were not able to give any very clear replies as to the relative efficiency of labour in An Saorstát and in Great Britain nor did they always seem to be aware of the fact that money wages and cost of labour are not the same thing: Had any scientific system of costing been in general use in the industries which these witnesses represented, this confusion of mind could not have occurred and the witnesses would have been able to produce costing figures which, showing that they understood the meaning of the phrase "cost of labour," would have given the Committee more confidence in their statements as to the relatively high cost of labour in Ireland. A higher money wage does not prove of itself that labour costs more: as efficient labour paid at a high wage may be less costly than inefficient labour paid at a low wage. The Committee has been at some pains to ascertain the money wages paid in a number of industries in An Saorstát, Northern Ireland, and Great Britain respectively: the detailed figures will be found in Appendix A. But these figures will only prove that Irish labour costs more than labour in Great Britain on the assumption that British and Irish labour are on precisely the same level of efficiency.

73. With regard to the efficiency of labour in Ireland, as distinguished from the money wages paid, the evidence is more conflicting. The Committee has received evidence that in many industries there is a widespread feeling of dissatisfaction on the part of the employers with the efficiency of labour in their particular industries. A satisfactory determination of the justice of their complaints is hardly possible in the absence of any scientific comparison of the average output of Irish workers in particular industries with that of English or other labour. Until figures are available upon which to base statistics of comparative efficiency it is impossible to determine the precise weight of the burden under which industry labours from any given amount of money wages. As already pointed out, high money wages do not necessarily mean a high cost of labour, which may be due to several causes, among which the inefficiency of the management is not less important than the inefficiency of labour.

74. Capital for the promotion of industrial enterprise is not readily obtainable in Ireland. The number of new companies which have been floated in recent years is comparatively small and in many cases these have been nothing more than conversions of private firms. The Committee is aware that the policy of Irish banks has been to afford sufficient credit facilities to well established enterprises. Indeed it seems that in this matter they have gone as far as the limits of safety will allow. It is a recognized principle of commercial banking that banks should not provide the capital for new companies; and the

justice of this principle can scarcely be questioned in view of the admitted necessity for keeping a large proportion of their assets in a fluid condition. These fluid assets will naturally be placed in the nearest important money market in forms which can be readily realized. On the other hand, there has been some investment of outside capital in certain Irish industries and this tendency will no doubt increase if general conditions in the country improve.

75. Another point to which many witnesses drew attention is the large proportion of the cost of manufactured articles represented by so-called "overhead charges." It was urged that the restricted output of Irish industries under present conditions and the relatively small size of Irish factories made this item in costs a serious handicap in comparison with the products of large-scale industries with which they were in competition. But it was difficult to determine in many cases what items in the cost of production were included in the category of "overhead charges." Some witnesses were not certain whether "overhead charges" did or did not include the costs of advertizing and marketing; one witness even included wages in his "overhead charges."

76. The Irish manufacturer moreover is hampered by the fact that he is called upon to produce a wide variety of articles, which prevents the development of specialized skill and machinery. Certain Irish industries which produce for the export market have succeeded in specializing to a very high degree and these industries are in a position to hold their own in the world market with all competitors. It would appear that the possibility of this degree of specialization being attained depends upon the existence of a very wide market and that it could hardly be reached by any industry which produces for the Irish market alone. This state of affairs reacts unfavourably on the supply of skilled labour.

77. With regard to the organization of business, the Committee has received evidence from the representatives of the trade unions, that the high cost of production in Ireland is partly to be explained by the absence of efficient management. This is partly due to the absence of a widespread system of higher commercial education; but, in the case of those industries which have to be conducted on a small scale, it would be difficult, even with efficient management, to effect the fullest economies in production. Moreover, some evidence has been tendered to the effect that the methods by which managerial staffs are sometimes recruited are not such as to lead to the highest grade of efficiency.

78. The evidence tends to show that the marketing organization of Irish industries leaves much to be desired. Very little effort is made to present products in an attractive form, with

the result that Irish articles are passed over in favour of attractively packed foreign products. Irish industry moreover suffers from insufficient advertizing and from the failure of many firms to employ the best possible travelling agents. The Committee cannot refrain from indicating that the removal of these disabilities lies in the hands of the manufacturers themselves.

79. Another great difficulty under which Irish industries suffer is their inability to market their products on the most economical terms. The absence of developed manufacturing centres necessitates the establishment of factories which are remote from any large market. This remoteness, in some cases amounting to isolation, excludes the Irish manufacturer from many benefits in connexion with marketing which are enjoyed by his competitors. Many of the smaller woollen mills and flour mills are situated very disadvantageously in this respect, as are also the boot, furniture and jute factories. The disadvantages resulting from the unfavourable location of these industries could be materially alleviated by an improvement in postal and transit facilities, and in methods of commercial intelligence.

80. The Committee received a large volume of evidence from a number of witnesses, representing many different industries, pointing to the existence of a strong and decided prejudice on the part of the Irish public against certain classes of Irish products. Evidence of this kind was given by representatives of the confectionery trade and of the cycle, flour milling, boot and brush industries. The Committee has been assured that the Irish trade mark in the case of one industry has been regarded by the Irish consumer as a deterrent rather than as an attraction. This would seem to point to the conclusion that the use of any national trade mark which is not accompanied by a reliable guarantee of quality is doomed to be ineffective if not injurious.

81. The Committee proceeds to examine those abnormal disadvantages which are partly internal and partly external. The internal difficulties are those caused by the recent political and social condition of the country; the external difficulties are due to the prevalent economic dislocation, and are illustrated by the effects of the depreciation of the currencies of several European countries and the various forms of "dumping." The recent political and social conditions in Ireland, though comparatively little was said about them in the evidence given to the Committee, cannot but have had a profoundly adverse effect upon Irish industry. From 1918 to the conclusion of the Anglo-Irish Treaty, the methods of increasing rigour adopted by the then government in the hope of enforcing its authority had the effect, among others, of discouraging enterprise, disturbing credit, dislocating economic machinery and depressing industrial vitality. The period following the Treaty was one of unrest and instability which merged finally into civil war.

Under such conditions normal industrial enterprise was impossible. Capital for fresh development was increasingly difficult, and indeed in most cases impossible, to obtain. Many existing industries were carried on under such disabilities as led eventually to their cessation. Transport was insecure, owing to the destruction of bridges, roads and railways. Labour was in a state of unrest and resulting inefficiency. It is safe to say that even had Ireland no natural and permanent industrial disadvantages a state of affairs such as prevailed for the five years from 1918 to 1923 would have inflicted a deep and serious wound upon the body of her industries. It is impossible to estimate how far this is responsible for the present industrial depression. The Committee has had evidence from more than one industry of a period of comparative and even growing prosperity up to 1914 or later; though the witnesses claimed that the present position of these industries is so precarious that their extinction is threatened unless immediate measures are adopted for their protection. For these gloomy anticipations the disturbed period under review must be held, at least partly, if not largely, responsible.

82. Unfortunately it is not only the state of Ireland that is abnormal at the present time. The disturbance due to the world war has affected the whole economic condition of Europe. One remarkable aspect of this unsettled state of affairs is the unprecedented depreciation of continental currencies. Several witnesses have complained that this depreciation confers an undue advantage on foreign manufacturers. These complaints have been received from the representatives of many different classes of industry, for example, the glass bottle, musical instrument, fertilizers, brush and rosary bead manufacturers; nor have they been confined to the currency of any one country—in some cases Germany, in others, France, and in others, Belgium has been the seat of this form of competition.

83. The Committee has received numerous representations in regard to the "dumping" of British and foreign goods in Ireland. Most of the witnesses seemed to employ the term "dumping" to denote sales at unduly low prices which precluded the possibility of profitable competition. The Committee had some difficulty in ascertaining the precise nature of the subject of complaint, especially as the expression "dumping" was used in different senses by the different witnesses. In some cases the complaint amounted to no more than an allegation of severe competition; while in others the expression bore the sense of goods being sold in Ireland under the fair market price. Some instances of underselling were alleged to be due to a desire to destroy Irish competition and thus secure control of the Irish market; while others were admitted to be based on the necessity of finding outside markets for surplus stocks. Except in one or two cases, these assertions were not supported by reliable

statistics, and it is therefore difficult to judge to what extent they are well grounded. It may be further noted that the witnesses who complained of "dumping" did not seem to be aware of, or to have considered, the remedies available under existing legislation.

84. A review such as has been given in the preceding paragraphs of the abnormal conditions from which Irish industry has suffered during the last five years suggests certain reflexions. The task of the Committee is, taking into consideration the present position of industry in An Saorstát, to set out the effects likely to be produced by measures which may be proposed for its protection. To do so requires a careful analysis of the causes which have produced its present condition. Those which are permanent have been considered in paragraphs 67-80. They are facts of geographical situation, natural resources, national capacities and development, which are either entirely unchangeable or can only be altered with difficulty after a certain lapse of time, and perhaps, when every effort has been made, only to a certain extent. The abnormal conditions are not permanent: some of them have to a limited extent already passed; others will probably improve in the near future; but they have had while they lasted a profound effect. Irish industry in a weakened and depressed condition was exposed to a competition so fierce as to dislocate the industrial life even of long-established and well-organized industries in the most highly developed industrial community in the world. The fierce struggle to hold or to develop markets would in any case have found Irish industry a poor competitor; but in the circumstances the struggle has been exceptionally and unnaturally severe. It will be plain that it is not easy to assess the precise effect which the one set of causes or the other has had in producing the present situation. Great care will be required in deciding how far measures which, once adopted, will be extremely difficult to abandon, can safely be applied in relief of a complicated and passing situation.

85. It remains to consider some of the general questions involved. The competitive disability from which it is clear that Irish industries are at present suffering is due partly to normal, partly to abnormal conditions. The abnormal conditions are not peculiar to Ireland. The whole of Europe, practically the whole world, is passing through a period of disturbance due to the late war and to the loss of capital and credit and the dislocation of labour and markets which it has entailed. This economic crisis is common to the leading countries of the world, quite apart from their particular fiscal policies. No remedy has as yet been devised to meet this disturbed economic condition, and it must apparently be left to the normal evolution of industrial activities. It follows that no permanent policy can safely be based upon conditions which cannot be considered as permanent. A particular and prominent case of these

abnormal conditions is the general dislocation of currency systems, and the Committee after careful consideration does not see any effective means of protecting Irish industry against it. This conclusion is supported by the findings of the expert advisers of the American Tariff Commission who have carefully studied this question, from whose report the following judgment may be quoted :—“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.”

86. No adequate protection against “dumping” is afforded by a system of protective tariffs. That this is true is abundantly proved by the fact that countries which have adopted a high protective tariff, *e.g.*, Canada, Australia, the United States of America and Japan, have had to adopt additional measures in the form of “anti-dumping” legislation to secure the protection which their tariffs had not afforded. In fact, in the language of one witness whose authority is universally recognized, “anti-dumping” legislation is “self-defence, not an economic policy for protecting home industries.” The problem is, in fact, similar to that of meeting the action of depreciated currencies; the conditions vary too rapidly to be amenable to the control of permanent regulation.

87. Setting aside these temporary and abnormal conditions, the position of Irish industries with regard to the claim for protection is not uniform. No one proposes or desires any protection for the main products of agriculture, such as eggs, bacon and butter, or for such exports as biscuits, beer and whiskey. These are at present the main exports from An Saorstát. Agriculture is and must be for a long time the principal Irish industry, and the brewing and distilling industries (with the subsidiary industry of malting) use in their manufacture the products of agriculture. In fact, it seems probable that the

**Depreciated Exchange and International Trade*, p. 66, Washington, 1922.

strongest opposition to a proposal to protect them would come from these industries themselves. Agricultural pursuits absorb the greatest volume of Irish capital and labour, and the effect upon their interests must be considered as of paramount importance in estimating the result of any proposal to protect Irish industry.

88. The remaining Irish industries fall into several groups. (1) First in order come the larger exporting industries which do not need protection and to which the protection of articles which enter into their processes of manufacture would certainly prove highly injurious, *e.g.*, the biscuit making industry, which must have cheap flour, and the jute industry. (2) In contrast to the preceding are the numerous small industries which have no great capital or highly developed organization, employ unskilled labour (largely women and girls) at low wages, and have a relatively small market. It is to be noted that the majority of those industries whose representatives gave evidence to the Committee in favour of various degrees of protection belonged to this class. The difficulties which these representatives hoped to overcome by a tariff were stated to be due to wage conditions, depreciated currency, inferior skill on the part of their workers, unfair competition (generally described as "dumping") and the superior natural advantages at the disposal of their competitors. (3) Certain industries may be described as "assembling" industries. These are industries in which the materials are imported in a comparatively finished state, *e.g.*, the bedstead making industry and, to a certain extent, the cycle industry. In the case of these industries a tariff upon the imported materials would be as serious a handicap as it would be to similar industries elsewhere: though it is true that a duty upon the finished article would encourage in Ireland the final processes of manufacture. (4) There remain certain industries which cannot be placed under any of these heads. Their conditions are not uniform. Some attain a relatively high degree of efficiency in management and employ skilled workers at high wages. They enjoy larger markets than those in the second class and to a varying extent engage in export trade. At the same time they appear in many instances to suffer (in some cases severely) from foreign competition in the present condition of their markets. As examples of these industries may be mentioned flour milling, furniture making, coachbuilding, the manufacture of tobacco and cigarettes, the manufacture of agricultural tools and machinery, paper making and woollen weaving. In this class the possession of (a) proper organization and larger capital, (b) any considerable volume of export trade and (c) a favourable position in regard to access to raw materials and markets, puts some firms in a relatively more favourable position. To a certain extent these industries can rely upon a fair amount of available skilled labour.

89. In forming a judgment upon the claim of industries in groups (2) and (4) to assistance it is necessary to exclude certain classes of firms in determining the standard of normal efficiency. While it would be manifestly unfair to expect every firm to conform to conditions which are only fulfilled by one or two highly organized firms in the industry, it would be equally unfair in the public interest to measure the need for protection by the position in which an inefficient firm may find itself as the result largely of its own lack of business ability or of having for any reason to work under specially unfavourable conditions. It is extremely difficult to determine *a priori* the degree of efficiency which is to be taken as the standard by which to measure the claim of the industry as a whole, and upon which to base a satisfactory estimate of the degree of protection which will accomplish no more and no less than the satisfaction of legitimate claims. A very important witness representing labour took the view that the claim of an industry to protection should be based not upon the position of the industry as a whole but upon the position of the most efficient firms in the industry. It would seem to follow from this principle that, if in any industry there is a firm so efficient as to be able to maintain itself against competition, the whole claim of the industry to protection would have to be rejected. While fully alive to the fact that it is the duty of an industry to organize itself efficiently and that in some cases increased efficiency would remedy the position complained of, the Committee cannot agree with the view that the most efficient firms should be taken as the standard. On the whole, in the absence of legislative intervention the capacity of an industry to survive is determined by the normal play of economic forces. Towards forming a definite opinion on the general question the following considerations are relevant: (a) in cases where the industry supplies either the public with an article of general consumption, or another industry with an important part of its raw material, an endeavour to protect that industry, even where the case is otherwise a strong one, may have the effect of causing an economic loss greater than any possible gain to the protected industry; (b) assuming that a good case may be made out in certain instances for a protective policy, it will be extremely difficult after protection has been granted in these industries to refuse it to others whose claims may seem to be of approximately equal weight.

90. A critical analysis of the facts put before the Committee by employers and workers in the flour milling industry will serve to show the difficulties which must attend any attempt to determine the relative weight of the considerations relevant to the question of protection. And it must be said that so fully alive were the members of the Flour Millers' Association to the complexity of the problem that they did not venture as a body dogmatically to assert the necessity of a protective tariff, still less to adopt officially any estimate of the amount of the tariff

which was likely to afford them adequate assistance. It was asserted, both by the Association as a whole and individually by the witnesses who appeared before the Committee, that the industry was "in a bad way" financially, that is to say, that few mills were making a profit even of moderate dimensions, and that the rest were either making no profit or being run at a loss, some mills having been actually closed down for a period, if not permanently. These statements, unfortunately, were not supported by precise figures, as the flour millers' representatives did not respond to the invitation of the Committee to furnish it in confidence with copies of representative balance sheets. Only one balance sheet was submitted, and that was a balance sheet of a firm not engaged independently and for its own profit in the industry, but as a branch or subsidiary mill to another and more important firm. The Committee was not therefore able to form any judgment as to the bearing of its balance sheets upon the question of the financial condition of the industry as a whole. Enough was however elicited to make it seem probable to the Committee that the large profits admittedly made by the industry during the financially prosperous years when flour milling was under government control must, if a period of years and not one or two years be taken into account, act in mitigation of any losses that may now be incurred.

91. Again, while all flour mills produce (as a by-product) "offals," which are sold to farmers for feeding stuffs, and in which there is even an export trade, some mills are also engaged simultaneously in the manufacture of oatmeal and indian meal, while some Dublin flour mills have bakeries attached to them. But, so far as the Committee could ascertain, separate accounts for these various subsidiary processes are not usually kept. A flour mill with an attached bakery may, so far as the manufacture of flour is concerned, be run at a loss, while the bakery profits are great enough to make the firm prosperous as a whole. The profits on oatmeal may counterbalance some at least of the losses on flour in the firms which manufacture both; and in all the profits from the sale of "offals" must be taken into account. But the witnesses seemed to think it strange that the Committee should enquire into the facts about "offals" as these were a mere by-product of the flour milling industry.

92. Again, it is difficult to separate the financial transactions connected with the purchase of grain from those connected immediately with the process of milling. A disadvantageous purchase of grain may involve a firm in a loss upon the year's working which might have been a gain if the purchase had been more prudent. This is a point upon which the Committee was not able to obtain any clear information from the witnesses.

93. The principal competition which the industry has to face is from imported American and British flour, and the main facts of the present situation owe their origin to the period of

control. While Irish flour mills had to manufacture flour of a very inferior grade and of a bad appearance, the imported American flour was white and at least looked, if not was, actually better. American flour thus obtained a factitious reputation for superiority which it has not yet lost, in spite of the fact that Irish mills are now producing flour of a superior kind. During the same time British mills started upon a period of over-production, and when control was removed the natural desire of existing mills to maintain their output and their markets led to a period of fierce competition, in consequence of which British flour is now being sold in Ireland more cheaply than native milled flour. The larger British flour milling firms are aware that their industry is suffering from this over-production and are already in their own interests considering measures to put an end to it. In both these cases it is difficult to see any factors which should put Irish flour milling at more than a temporary disadvantage, to be surmounted, in the case of American competition, by ordinary methods, and in the other, by the cessation of a competition which is already costing British millers more than they can afford. A similar crisis in the trade from 1879 to 1884 was surmounted, though then as now the statement was made that in the absence of protection against outside competition the industry was doomed.

94. An important fact to be borne in mind is the effect upon the market cost of flour caused by the situation of the mill, its machinery and organization. Many of the Irish flour mills are in a situation where the grain for the manufacture of flour and the manufactured article have to bear such expenses of transport as put the mill at a serious competitive disadvantage. Some, again, have to depend, at least in part, upon water power; others have not (for various reasons) equipped themselves with the most modern machinery. There seemed to be in the minds of the witnesses representing the employers some apprehension that, if an attempt were made to organize the industry by concentrating it at the ports and installing machinery which would reduce or abolish the cost of transferring the grain from the ships to the mill, some difficulty might arise with labour. However, the witnesses who appeared on behalf of the flour mill workers from the Irish Transport and General Workers' Union assured the Committee that any attempt to organize the industry upon these lines (subject to the necessary safeguards for any workers thus deprived of employment) would meet with, not the opposition, but the hearty approval of labour. The latter witnesses also drew the attention of the Committee to the possibility of improving the methods of managing the mills by engaging really expert assistance and through a system of promotion of workers of proved intelligence and capacity to positions of managerial responsibility. The Committee cannot express an opinion upon the question of how far the actual management of Irish flour mills is capable of improvement along these or similar lines.

95. An argument often applied with some force in favour of protection is the so-called "infant industry" argument—the considerations in favour of protecting in an undeveloped country certain industries newly come into being; these considerations are the benefit of forming an industrial tradition and the advisability of shielding new industries from the competition of more mature rivals. The argument was not urged in this form by any of the witnesses who appeared before the Committee, but many of their arguments were such as would be used with effect only upon the supposition that certain Irish industries could safely have the epithet of "infant" applied to them.

96. As a matter of fact, very few Irish industries are in the infantile stage. The experimental period is with most of them a thing of the past: many of them have a long and not altogether unsuccessful history. Among those which have asked for protection, the woollen industry, the flour milling industry, the tanning industry, the boot making industry, the tobacco industry and the glass bottle industry have been established for many years. Whatever the disabilities from which they suffer, and these have been enumerated in the report, they cannot claim the indulgence which is, perhaps rightly, extended to extreme youth. In some cases at least, the precise point can be indicated from which their debility began. In the tanning and boot making industries, the failure at a critical period to equip themselves with the most modern appliances marks the arrest of their growth. In the tobacco industry, the failure to foresee the importance which the consumption of cigarettes would have upon the development of their trade left Irish manufacturers behind in the race for securing the Irish market. When cigarettes from their competitors were being brought into every Irish town they had not set up the plant necessary for their manufacture in any quantity. The taste for other than Irish cigarettes was formed and Irish manufacturers awoke too late to the double task of securing the home market and altering the home taste. Again, in the clay pipe making industry the witnesses stated that the clay for the manufacture is imported from the South of England and the existing supplies of native clay have ceased to be worked: even the imported clay is brought by a roundabout and needlessly expensive route. It is plain that such industries can more fairly be described as debilitated than as infantile, and, whatever may be the value of the arguments in favour of their protection, they cannot be based upon the considerations that apply in the case of industries whose life is beginning and whose history is yet to come.

97. The extreme difficulty which will be experienced in any attempt to ascertain the precise facts relating to the existing conditions of Irish industries, as well as the difficulty of arriving at a definite conclusion as to the standard to be applied in ascertaining the needs of industry for assistance, suggest the necessity

for extreme caution in the adoption of any policy that would produce far-reaching changes in the existing system upon which industry is conducted.

98. Further, it is necessary in the judgment of the Committee to take into account the numerous collateral and often unforeseen effects that the adoption of a protective policy would have on other industries and on the consuming public. The first broad consideration of this kind that has to be borne in mind in estimating the result of a protective tariff is its probable effect in increasing prices. This increase may be either immediate or ultimate.

99. An immediate increase in prices may be anticipated in the case of the articles to which protection has been given. In the present circumstances of many Irish industries it is not possible for the manufacturers to supply the demand of the home market, and a considerable time, varying in the case of the different industries, must elapse before this demand can be thus supplied. In the meantime the deficiency must be made good by importation. The amount of the tariff will be added to the original price of the goods and the retailers will pass on this added charge to the consumer. In fact, the principal advantage claimed for a tariff is that of making it impossible for imported goods to be sold at a price which will seriously compete with the home product. There is also the strong probability that the home manufacturer will be unable to resist the temptation to increase his own prices up to the highest level at which it is possible to undersell the imported article, especially in view of the fact (of which the Committee has received evidence) that at present there is a tendency to regulate the price of the home product by the price of similar goods of foreign manufacture. The argument that internal competition will ensure a low level of prices will be considered later; and the guarantee offered by some manufacturers that if granted public assistance they would consider it a social duty to maintain the present level of competitive prices is not a pledge to which they could be held indefinitely, in view of the many unforeseen circumstances which may make revision inevitable.

100. But the immediate increase of prices (which, however, may last for a considerable time) is not the only possibility that must be faced. Several witnesses seemed to be under the impression that, when the home market was permanently secured to the native manufacturer, prices would automatically come down through the play of increased internal competition. But it does not prove in experience so simple a matter to bring prices down as to put them up, and even under the most favourable conditions the tendency will be to maintain prices at, or at least near, the level which they will have reached during the transitional period.

101. Further, as the Committee has already indicated, the conditions of production in Ireland in general tend to be more difficult than abroad. Irish industry is, as the evidence proves, and will probably (supplying a smaller market) continue to be, upon a smaller scale and, therefore, the cost of production will tend to remain at a higher level. The home market will not be sufficiently large to make the prospect of inside competition so certain as to compensate for the absence of competition from foreign large-scale producers. And the possibility must always be kept in mind that in these circumstances (as the experience of other countries shows) native manufacturers will continue to keep the prices of their manufactures at a high level rather than compete with one another in the interests of the general consumer. In addition to the effect upon prices, there is the further possibility that the secure possession of the home market may lead to the lowering of the standard of the article produced, which, even if the normal price remained unaltered, would be equally injurious to the consumer.

102. So clearly is this possibility to be reckoned with that several manufacturers who gave evidence before the Committee acknowledged the propriety of accompanying a protective tariff against the imports of their foreign rivals by some form of government control of prices in order to protect the consumer from the natural effects of the aid given to their respective industries. It may be pointed out, however, that such a measure of control would be so costly in administration as to add decidedly to the public burdens.

103. It has been alleged in support of the view that prices will not rise permanently as the result of the imposition of a tariff, that the protected industry will, having a larger market secured to it, work more nearly up to the limit of its capacity, and be able therefore to reduce that proportion of overhead costs which is to be assigned to the cost of each unit of production. This argument, which seems to be widely accepted as valid, needs careful consideration.

104. The term "overhead costs" requires definition. It is used to include (a) fixed charges on industry, e.g., interest on capital, rent, rates and taxes, which do not vary with variations in the volume of production; (b) varying charges, such as salaries, costs of administration, supervision, advertizing, etc., the amount of which may or may not increase with the volume of output. With regard to the former, it is true that, as a factory reaches the limit of its possible output, the proportion of these costs that enters into the price of each unit of production tends continuously to decrease: but, on the other hand, every fresh extension of a factory, by adding to this class of overhead charges, will bring about a fresh increase in the proportion of these costs that enter into the selling price of the article; this fresh increment

will diminish only in proportion to the extent to which the new plant becomes fully utilized. In regard to the latter class of "overhead charges" it is more difficult to forecast their effect upon prices as increased efficiency may tend to diminish it to a varying degree.

105. The majority of the witnesses who appeared before the Committee did not distinguish between these different kinds of "overhead" or general costs; they seemed to regard all "overhead costs" as equally fixed, irrespective of output. Again, the Committee did not, except in a few instances, see proof of the existence of a scientific system of costing. Many of the witnesses did not know precisely the actual prime cost of the articles produced in their factories nor could they state what proportion of their total costs was to be attributed to those items which they termed "overhead charges." In the case of some large industries the Committee was not furnished with profit and loss accounts or cost accounts which would have enabled it to form an independent opinion on this important point.

106. In estimating the importance of "overhead costs" in connexion with a demand for a protective duty, it must be borne in mind that (1) any stimulus to internal competition resulting from a tariff will tend to diminish the possibility of the Irish market coming under the control of the existing manufacturers; (2) in view of the relatively small size of the Irish market, it is doubtful whether the increase in the production of the existing factories will be sufficiently great to bring about the full economies on "overhead charges" which might normally be expected from increased output. The accurate adjustment of output to capacity in industry is difficult to attain, and, if attained, it is generally short-lived. Demand tends either to fall short of, or to exceed, capacity: in the former case, the proportion of "overhead charges" in the selling price is increased; in the latter, which is the situation anticipated under a tariff, economies in "overhead charges" cannot be effected owing to the necessity for an increase in plant and equipment and to increased wages for overtime, supervision, etc. In fact, the tendency in an expanding industry under a system of protection will be, not towards a continued fall in prices, but towards a series of fluctuations in price so far as these are affected by "overhead charges."

107. Some of the witnesses representing important industries (*e.g.*, flour milling and fertilizers) expressed the view that a protective duty would, at least in part, be paid by the foreign producer, who would have to lower his price in order to retain the Irish market. It is evident that this condition is most likely to occur in the case of (a) articles controlled by foreign monopolies, or (b) surplus stock sold under the usual price or in

popular language "dumped." In any such case the application of protection fails to secure its object, since the contribution by the foreign producer depends on the admission of his product. The duty in fact becomes a "revenue" one, the burden of which is divided between the home consumer and the foreign producer. It may be added that the cases just mentioned would be few in number and the gain from the foreign producer very small. In most cases, the demand of the Irish market is not large enough in comparison with the total supply to produce any appreciable effect on price. A duty on imported wheat (to take a good illustration) would be treated by the importer as one item of his expenses and added to the other charges. The full amount of the duty would appear in the price of wheat to the Irish miller and the charge would be normally passed on and would finally rest on the consumer. There is nothing to differentiate the duty from the other charges which make up the price of wheat on the market.

108. That a protective tariff will increase the cost of living in proportion to its extent, and especially if it be applied to articles of general consumption, and in particular to food, is self-evident. But it is sometimes maintained that this increase in one direction may be counterbalanced by a decrease in another direction, if the whole or a part of some of the existing revenue duties be remitted, *e.g.*, the duty on tea or sugar. But, in the first place, the amount of the duties imposed for revenue purposes that can be remitted cannot be great if the interests of the revenue are to be safeguarded, so long as it is uncertain to what extent the yield from the protective duties will balance the loss certain to be incurred by the reduction; and small reductions of this kind while they may lower the wholesale prices of the revenue-producing commodities will hardly be reflected to the same extent (if at all) in the retail prices to the general consumer, who will at the same time have to pay an enhanced price for the protected articles. Even under the most favourable conditions the adjustment will take some time. The resulting inability to estimate the amount which the protective duty will yield to the revenue in return for the remission of part of the revenue duty will introduce a disturbing element of instability into the budget. Again, in so far as the protective duty fulfils the intention with which it was imposed, in so far will its value as a revenue tax decrease, and some further means will have to be found to make up for the increasing loss to the revenue.

109. In any case the cost to the community to be anticipated from a protective tariff will not be confined to the increased price that will have to be paid for the protected article. The construction of a tariff is a highly technical operation, requiring expert and costly scientific assistance. Such a tariff will need constant supervision, frequent alteration to meet the claims of weaker industries in the light of experience, and periodical

adjustment to fit it to changing conditions (such as (a) a higher price level caused by changes in currencies, (b) decrease of costs of production in foreign countries due to improved methods, (c) decrease in the cost of transport) and to guard against outside attempts to overcome or evade it. The necessary administrative machinery for these purposes would be expensive and this expense would not tend to diminish in the course of time.

110. The evidence which the Committee received took account merely of the particular interests of individual industries, and the amount of the tariffs proposed varied accordingly. The Committee received very little assistance from the witnesses towards forming any idea of the general tariff which would be sufficient to protect Irish industries as a whole against foreign competition. It is clear that, where one industry feels itself justified in claiming a tariff of forty per cent., while another thinks its interests will be adequately protected by one of five per cent., it will be extremely difficult either to select one industry for a higher measure of protection than another or to fix upon a general tariff of a reasonable and adequate amount. Many witnesses suggested that a temporary tariff would meet the claim of their own industries; very few of such witnesses asked for a tariff for more than five years. But it will almost certainly be argued in the case of a short period tariff that its removal at the end of the original term will endanger such benefits as it has already conferred; and in the case of a tariff for a longer period that industries organized under the conditions of a tariff for so long will be dislocated, if not destroyed, by its removal. The consequent uncertainty as to the duration and extent of protective duties will have the effect of hindering the investment of capital and the development of business, which are so susceptible to influences arising out of a feeling of insecurity as to the industrial future.

111. It is to be borne in mind in considering the effect of protection upon Irish industry that a tariff imposed in the interests of one industry may prove extremely injurious to some other industry of equal or perhaps greater importance. Practically every witness was of the opinion that to tax the raw materials or the machinery required for his own industry would be disastrous. Yet the effect of protection against foreign competition for the Irish paper industry would be to tax the raw materials of the printers and publishers, who, it may be noted, employ a much larger number of workers than the paper milling industry could employ if it were supplying the whole Irish market. To tax imported flour in the interests of the milling industry is to tax the raw material of the bakers and biscuit manufacturers. To tax barley in the interests of the farmer would be a serious blow to the maltsters and distillers: conversely, not to tax machinery deprives the engineering industry of the measure of protection which, under such a system, it might fairly demand.

112. The Committee has had a striking example in the course of its proceedings of the far-reaching and unforeseen effects that a duty on an article used in industry may produce. On the 1st of April of this year, with the advent of the new customs system, a large import tax was automatically placed on the spirit in spirit varnish coming into An Saorstát from Great Britain. Spirit varnish is a commodity manufactured by more than one firm in An Saorstát, and might therefore, *prima facie*, be regarded as an article to which a protective duty could be safely and advantageously applied. Nevertheless, the immediate effect of the imposition of the duty was seriously to hamper no less than four industries which made use of spirit varnish in the production of the commodities which they manufactured—for which, in other words, it formed a raw material.

113. Every article of commerce and manufacture passes through numerous gradations from the crude raw material furnished by the extractive industries to the finished article of commerce. At each stage the article is being subjected to a process which transforms it into the raw material of the succeeding process, and the difficulty of deciding whether to class it as raw material or as a manufactured article attaches to each state short of the stage of final consumption. Even here the difficulty does not stop. The finished article may be, if not the raw material, at least an indispensable requirement of some totally different industry. While it is the interest of the bottlers and the mineral water manufacturers to purchase bottles as cheaply as possible, it is the interest of the bottle manufacturer to have protection against the cheaper foreign article.

114. An import duty on foreign barley has been strongly urged upon the Committee in the interests of the Irish farmer by some important witnesses, though no official representative of the agricultural interest came forward to give evidence. While it is possible that such a duty might lead to an increased production of barley in Ireland, it would undoubtedly, as the evidence given to the Committee by the representatives of the Maltsters' Association proves, have a very detrimental effect upon the brewing and distilling industries. It was also stated in evidence that for the production of the malt required for Irish beer and stout a considerable proportion of foreign barley is necessary. Thus, to raise the price of foreign barley would not only cause an increase in the price of whiskey, beer and stout to the Irish consumer but might seriously jeopardize one of the most important of Irish exports.

115. The effect upon Irish industry as a whole of protective tariffs designed in the interests of particular industries remains to be considered. Such industries may be conveniently divided for the purpose of this discussion into two classes—(1) those industries which find their principal market abroad and (2)

those, relatively less important, whose principal market is at home. The effect of a protective tariff upon these two classes must be considered in turn.

116. In considering the effect of a tariff on those industries which find their chief market abroad, the first fundamental principle governing external trade which must be remembered is, that the real payment for exports is obtained, not in money, but in imported goods, with the exception of such payments as may be made for claims as distinct from goods. It therefore follows that any policy which restricts imports can only result in restricting the means of payment which the country requires for its exports. Conversely, any country which exports to Ireland obtains its payment either directly or indirectly in the goods exported from Ireland. The restriction of imports into Ireland will eventually cause a falling off in the volume of Irish exports.

117. Another factor in the situation which will be brought about by the imposition of protective tariffs deserves careful consideration. Under a system of protection, forces will be brought into operation which will tend to increase money wages in the protected industries, both because the cost of living will be increased and because a share in the anticipated greater profits to the manufacturers will almost certainly be claimed by the workers. It is highly probable that the recent tendency to fix the amount of money wages by reference to index numbers based on the cost of living will, under the operation of a tariff, become a settled principle which will maintain wages at a permanently high level. This tendency to higher wages will affect the cost of labour not merely in the protected industries, but even in such industries as do not receive protection, and in particular in agriculture. The cost of production being thus enhanced, the cost of the exported article will increase, to the detriment of the industry in competition with its foreign rivals.

118. That this is not merely a theoretical objection is shown by the fact that the representative of a very important export industry employing over three thousand hands told the Committee that the effect upon this particular industry of the imposition of a protective tariff would be the transference of the export section of the industry to England, a step which, however regrettable it might be upon sentimental grounds, would almost certainly become necessary.

119. The great bulk of Irish exports are agricultural products. If the wages of the agricultural labourer rise the cost of the products of agriculture will rise with them, to the detriment of the sale of these products in external markets. While the manufacturer in a similar position can, in the last resort, transfer his plant and business elsewhere, no such means of escape is

afforded to the farmer, who must bear without alleviation the situation created by the attempt to foster industries other than his own. The only reply that is attempted to this difficulty is to assume that the increased wages of the industrial worker and the presumed increase of employment will create such an increased consumption of agricultural products in the home market as will compensate the farmer for the loss he has sustained in the foreign markets. It will be evident, however, that the extent of the foreign market being so many times greater than that of the home market, the increased consumption in the latter case can never be great enough to make up for the farmer's external losses. Even the partial compensation he might obtain is dependent upon the prices in his home market being kept at a lower figure than the prices obtained by his competitors in their own market. When they rise beyond this level not only will his external market be closed to him but his home market will be imperilled.

120. An argument frequently urged in favour of protective tariffs is that an increase in the number of persons employed in the protected industries will result. Assuming that this will be so as regards the protected industries the immediate effect of the tariff upon employment will be different if it be imposed in normal times from that which it will be if imposed during a period of depression. In the first case, the increased employment in the industries concerned can only be obtained by withdrawing labour either from agriculture or from some other existing industry. The ultimate, as distinct from the immediate, effect of this will be, not to increase the total amount of employment, but to redistribute the labour power of the country. In the other case, temporary increase of employment may result from the absorption of unemployed workers caused by the increased demand for labour in the protected industries. But, once the temporary unemployment is thus brought to an end, any further changes will again be nothing more than a redistribution of available labour power. Again, when the prices of articles rise in consequence of the imposition of a tariff, the amount of purchasing power available for other purposes is decreased to the same extent. This decrease, resulting in a falling off of demand for these and other articles, will lead eventually to a decrease in the total amount of labour required, and therefore to renewed unemployment.

121. The effect of a protective tariff upon industries dependent mainly or entirely upon the home market remains to be considered. The great bulk of Irish industries, with the exception of a few very large industries, fall into this class. Protection for these may be of many degrees, ranging from the low tariff, which aims at no more than giving an initial competitive advantage to the home industry, to the tariff which practically acts as a prohibition. A few of the witnesses who appeared before the Committee would have been content with a tariff

on a low scale ; a few desired a tariff on a high scale ; the majority favoured a tariff of from twenty-five per cent. to thirty-three and one-third per cent., the effect of which would be in most cases to put outside competitors at a serious disadvantage.

122. It may safely be assumed as a general rule that an industry which would be sufficiently protected by a tariff of five per cent. or ten per cent. is not in serious need of protection at all. What such an industry requires is rather the increasing efficiency both of management and labour which competition tends to stimulate.

123. A tariff, on the other hand, which aims at inflicting a serious disability upon outside competitors has, so far as the industry itself is concerned, effects of a more complex and uncertain character. The primary intention of such a tariff is to enable the home industry to capture the home market. Some of the witnesses who gave evidence to the Committee would have been so far content with this result (if attained) as to be willing to forego the tariff upon its attainment ; others more cautiously considered the permanence of protection a necessity if the home market was not only to be captured but to be kept. But the intention of such a tariff would not at least in An Saorstát be the same as its immediate effect. Most of the industries whose spokesmen have urged upon the Committee the necessity for substantial protection are not in a position, or even nearly in a position, to supply the home market, even if they were working to the full extent of their capacity. The boot industry, the woollen industry, the glass bottle industry, the readymade clothing industry, the brush making industry, all of which desire protection, do not pretend to an ability to supply, or nearly to supply, the home market on the day after protection comes into force. The boot industry, for example, could not supply much more than one pair of boots out of every fifteen pairs required for consumption in An Saorstát. The result of the imposition of a tariff would be, in the first place, a stimulus to the industry to produce up to the extent of its capacity at a price lower than that asked for the imported article, and, in the second place, an incentive to extend its production. This would mean under the most favourable circumstances a period of industrial stimulation and expansion which would only terminate with the complete control of the market. If capital were available, existing firms might largely increase their factories and plant and new firms would probably arise to take advantage of such favourable conditions.

124. It is often believed that the resulting competition will, while lowering prices to the body of the consumers, lead to increased employment and a more prosperous industrial life.

But certain difficulties will have to be faced before this result can be considered secure. While an increased number of persons will have to be employed if industries are to expand, it is not easy to feel certain that they can be obtained in the numbers required. Some industries frankly admit that they will have to import skilled labour from England or Scotland ; others that they will require to import at least as much as will suffice to train in technique and industrial habits those workers from non-industrial areas upon which they will require to draw. And the smaller the volume of really skilled labour which can be secured the lower will be the efficiency of the labour and the longer the time required to develop the industry economically. Nor is it to be expected that labour will hold aloof from claiming its share in the increased profits which a growing industry will be presumed to enjoy. One witness representative of labour, peculiarly qualified to inform the Committee with authority, gave it as his opinion that labour will claim that the profits of a protective policy must be shared by all those who participate in the industries concerned. The increased cost of labour will, if it does not add to the cost of the commodity to the public, certainly diminish the profits of the manufacturer and act as a counter-balance to the incentive to invest fresh capital which the prospect of profit will supply.

125. An industry under such conditions will naturally tend to organize itself in a way which will produce the maximum of advantage to itself and leave as little room as possible for successful competition. The home market, for the needs of which it will be organized, is, compared with the extent of the world market for which modern industries provide, very limited. It would be well within the capacity of one firm supplied with sufficient capital and organized upon modern lines to supply the whole Irish market with any one of the products concerned. If the market be protected against outside competition the tendency will be for it to fall into the hands of one or two enterprising firms in each industry who will control both production and price. If it is divided amongst a number of small firms it will not be so much a case of competition lowering price as of production upon a small scale being so uneconomical as to compel the fixing of an enhanced price to keep the industry solvent. The Irish boot industry at present could only supply about one-fifteenth of the Irish market and it makes only a small number of the varieties of boots which the market demands. Those varieties which it supplies cannot be produced on the most economical terms, as each small factory, instead of specializing in some one variety (as is done by its outside competitors), endeavours to deal with a wide range of varieties. If it were suddenly called upon to supply the Irish market it could not do it ; and in endeavouring to organize itself to cope with the demand it would find it necessary to specialize to an extent which is not even contemplated by the existing industry

as possible. If specialization be neglected, the products will not reach the degree of excellence attained by its outside competitors ; if it be resorted to, the home market is not large enough for production to be economical or sufficiently specialized to meet the demand. The industry will, no doubt, if capital and labour can be secured, extend and develop ; but the production can never be so economical as to provide the public with boots at the price at which they are now obtained.

126. The above analysis of the results of protection proceeds on the assumption that native industry will be left undisturbed in its endeavour to secure the protected market ; but it is an assumption which will probably be disproved. The more complete the protection afforded by a tariff the greater will be the inducement to outside competitors to retain their Irish market by coming inside the fiscal barrier and establishing factories in An Saorstát. And in the existing condition of industry this expenditure will be undertaken by very large industries in the hope of retaining even a small fraction of their existing market. The Imperial Tobacco Company of Great Britain and Ireland has already established factories in An Saorstát to retain its Irish custom, which amounts to less than five per cent. of its entire market ; and it can hardly be doubted in the case of some other industries that, if an effective tariff be imposed, similar results will follow. In this case backward Irish industries will be faced by a home competition from a highly organized rival quite as serious as that from which they have sought to escape. The new competitor will, it is true, in a sense establish an Irish industry and provide employment for Irish workers ; but, as the inducement to come into An Saorstát will be the prospect of retaining the existing market, every effort will be made to prevent the present Irish industry from gaining any more custom than it has at present, and if it is not to be crushed out altogether it will have to make some agreement with its new competitor. Such an agreement, if concluded, will be from the point of view of the general public hardly distinguishable from a combine.

127. The Committee has received evidence from representatives of those industries in which customs duties at present play a part, regarding the expense, delay and general inconvenience which they experience as a result of such duties. For example, the optical instrument dealers complained of the trouble which the duties imposed under the Safeguarding of Industries Act have caused them. The obtaining of even a small component part of an instrument used in a scientific laboratory frequently entails lengthy correspondence with the revenue authorities and consequent delay. Again, the representatives of the Dublin motor trade stated that each of the larger firms has to keep a man employed for the one purpose of obtaining clearance of accessories and parts, for the want of which important repairing contracts

are indefinitely held up. So convinced were some of the witnesses of the practical inconvenience and delays inevitable from the operation of even a nominal tariff, that they stated to the Committee that this obstacle to trading was in itself sufficient to afford them all the protection they desired.

128. The vexation and annoyance caused by the already existing range of import duties, narrow and limited in scope as it is, suggests the necessity of caution before any additional duties be imposed. At present only a small number of articles are affected by these duties, and yet the complaints of the expense and delay which they involve have been numerous and urgent. It is not easy to forecast what the volume of such complaints would be in the event of the customs tariff being extended to embrace a large range of commodities, many of them entering into the everyday needs of commercial, industrial, and domestic life. Endless delay, constant disputes, and continual friction between the revenue authorities and the importers might be anticipated with certainty. Nor can there be any doubt that the importers would seek to compensate themselves for these inconveniences by looking for an increased price for the articles when they came to be sold.

129. These vexations would not end when the commodities had at last been safely cleared from the customs. Numerous witnesses have been so impressed by the necessary connexion between import duties and high prices, that they have felt bound to suggest remedies for the correction, or at least the alleviation, of this evil. The remedy most frequently recommended—indeed, the only one which can be considered as adequate—is the erection of an elaborate machinery of price-fixing by the government. There is no need for the Committee to labour the implications of this suggestion. The memory of the war is still sufficiently vivid to remind the public of the expense and inconvenience which a system of public price-fixing then involved—the difficulty of obtaining statistics which would satisfy the price-fixing authority and the impossibility of obtaining statistics that would satisfy the sellers and buyers of the commodities concerned.

130. A comparatively recent event seems to the Committee to throw so much light upon the possible effects of a protective tariff as to deserve special mention. During the year 1920 a "boycott" upon goods entering what now constitutes the area of An Saorstát was proclaimed and for some time vigorously enforced. The effect of this, in so far as it relieved certain industries in An Saorstát from competition, was the same as that of a protective tariff. While the measure undoubtedly secured to certain manufacturers in An Saorstát a larger and more assured market, the collateral results to the general public were (1) the necessity either of depriving themselves of the use of

a class of articles to which they were accustomed and which, it is to be presumed, they preferred, or of substituting for them other articles manufactured outside the boycotted area, (2) the necessity in certain instances of paying more for the substituted article than they paid for that of which they were deprived. The latter result, in as much as the period was one of falling prices, must be attributed directly to the practical monopoly secured by the manufacturers in An Saorstát. Other results must not be left out of consideration, including the attempts, often successful, to evade the prohibition by false trade descriptions, irregular methods of importation, or, in some cases, by both methods at once.

131. A method that has occasionally found favour as a means of encouraging industry, alternative to import duties, is a system of bounties, either on production or on export. Practically no suggestion in favour of a bounty came from any of the witnesses representing industrial interests, and many of the witnesses, when examined on the point, expressed the view that such a measure of assistance would not meet their needs. Only one such witness appeared to have given this matter any serious thought, and he was opposed to bounties on the ground that they led to corruption and "log-rolling." In the view of the Committee, however, bounties may, under certain circumstances, be on the whole less objectionable than import duties, because the exact financial cost of the assistance rendered to the industry can be readily ascertained. The difficulties of administration, on the other hand, are as great, if not greater, than those attendant on a tariff system, owing to the constant danger of corruption and of misapplication.

132. The restraint of the export of certain raw materials by means either of a prohibition or an export duty was suggested by certain witnesses. For example, the prohibition of the export of native timber was recommended, and the imposition of a duty on the export of sheep skins was proposed. The object of such measures is to secure to the Irish manufacturer an adequate supply of raw material, but it appears to the Committee that no sufficient case has been made out to justify such an extreme interference with the marketing opportunities of Irish producers. A special case of a proposed restraint on exportation was the suggestion put forward by the flour milling industry that the export of wheat "offals" should be restrained by a high duty in order to ensure a cheaper supply of feeding stuffs for live stock. The advantages of this proposal, however, appear less striking when it is understood that it was put forward as the consideration for the import duty on flour, which the Committee has already examined.

133. The Committee has had complaints of unfair competition caused by the importation of adulterated goods, sometimes unfit

for human consumption. This appears to be a matter that could better be remedied by an amendment of the laws relating to public health, than by a protective tariff. Similar complaints are those relating to goods bearing false trade descriptions. The extent of this abuse is very doubtful, but it is one which, as far as it does exist, can be remedied by a strict application of the existing law relating to merchandise marks.

134. The Committee also wishes to make it clear that it confined its investigations to the condition of Irish industry at the present time, and did not consider what steps might require to be taken in An Saorstát as the result of changes in the fiscal policies of other countries, and, in particular, of those countries with which An Saorstát is politically associated. It is realized that the conclusions of the Committee might have to be in many respects revised in the event of certain future developments in the fiscal policies of its neighbours or political associates.

135. The Committee, while confining itself in the body of its report to purely economic considerations, as indeed the strict interpretation of the terms of reference and the speech of the President in announcing the appointment of the Committee seemed to require, has not lost sight of the fact that a policy of fiscal protection for Irish industries has been urged, and may possibly in certain respects be defended, upon other than purely economic grounds. It may be argued that the requirements of national defence call for the encouragement in An Saorstát of the engineering industry, and even more imperatively of those industries upon which the food supply of the nation must depend in time of war when, although An Saorstát may not be a belligerent, the exigencies of the combatants may produce a situation closely resembling a blockade. These are weighty considerations for a statesman: the requirements of national defence must always fill a large place in the deliberations of the government. But these are matters with which the Committee is not entitled to deal. Its task is the narrower duty of examining from the economic standpoint the results upon industry and the daily life of the nation which may be anticipated from a system of protective tariffs and of leaving it to those responsible for national defence to determine whether these probable disadvantages outweigh the advantages to be derived from protecting certain industries against the contingencies of future wars.

136. Again, it is argued that, to promote the growth of technical and scientific studies, certain departments of engineering and technical industry should be encouraged; that, to promote the aesthetic and educational development of the nation, care should be taken to prevent the products of native art being exposed to foreign competition; and indeed the Committee heard from a distinguished artist with great regret the tale of the stained glass industry, and of the lack of support from which

native artists suffer in Ireland while large sums are expended on the importation of cheap and ugly glass from Germany. The Committee does not see any means of remedying this state of affairs by any action which will have regard to economic considerations only.

137. Again, the preponderance of agriculture over industry in the national life has been held to be due to a faulty or arrested development, and it is claimed that a better balanced state would be reached by fostering industry for a time even at the expense of agriculture. While expressing no opinion on the justice of this conception of national welfare the Committee desires to point out that, so far as economic considerations enter into the decision of this question, they enter into it as objections which a statesman must consider to the policy which, in spite of them, he judges to be, on the whole, of greater benefit to the nation.

138. The Committee desires to express its appreciation of the services of its Secretary, Mr. T. Barrington, and of Mr. J. W. Moore, its Assistant Secretary, who were in practically constant attendance on the sittings of the Committee. Special thanks are due to Mr. W. Semple, M.Com.Sc., who was engaged by the Committee as investigator and who brought to the discharge of his duties great efficiency, industry and tact.

(Signed)

T. A. SMIDDY, *Cathaoirleach.*

C. F. BASTABLE.

R. M. HENRY.

GEORGE O'BRIEN.

J. G. SMITH.

T. BARRINGTON,
Runaidhe.

J. W. MOORE,
Leas-Runaidhe.

1st November, 1923.

APPENDIX B.

LIST OF WITNESSES.

NAMES OF WITNESSES.	ASSOCIATIONS, ETC., REPRESENTED.
<i>14th Sitting. Monday, 16th July, 1923.</i>	
Albert Mitchell ...	of Messrs. Alex. Mitchell & Co., Dublin. —
M. Chambers, M.E. ...	of Messrs. Chambers Motors, Ltd., Belfast. —
<i>15th Sitting. Tuesday, 17th July, 1923.</i>	
J. H. Mason ...	Dublin. —
P. O'Neill ...	of Messrs. Hanley & Co., Waterford. —
P. O'Neill ...	
<i>16th Sitting. Wednesday, 18th July, 1923.</i>	
F. Hempenstall ...	of Messrs. Dixon and Hempenstall, Dublin. —
T. Conolly ...	of Messrs. Wm. Conolly & Son, Dublin. —
<i>17th Sitting. Thursday, 19th July, 1923.</i>	
for Sir John Keane, et.	—
<i>18th Sitting. Friday, 20th July, 1923.</i>	
N. F. McDonnell ...	of Messrs. W. and G. McDonnell, Ltd., Waterford. —
F. P. Dowdall ...	of Messrs. Dowdall, O'Mahony & Co., Ltd., Cork. —
F. J. Daly ...	of Messrs. Jas. Daly & Sons, Ltd., Cork. —
<i>19th Sitting. Saturday, 21st July, 1923.</i>	
D. Wilson ...	of the Irish Glass Bottle Co., Ltd., Dublin. —
J. S. Montgomery ...	
R. Kearon ...	of the Ringsend Bottle Co., Ltd., Dublin. —
<i>20th Sitting. Monday, 23rd July, 1923.</i>	
W. W. Cooke ...	of Messrs. Pigott & Co., Ltd., Dublin. —
R. T. Tatton ...	
D. McCullough ...	Dublin. —
D. T. Allport ...	of Messrs. Nestlé and Anglo-Swiss Condensed Milk Co., Dublin. —
<i>21st Sitting. Tuesday, 24th July, 1923.</i>	
for Sir Nugent T. de Lacy O'Sullivan, Barr.	Federation of Irish Industries (Incorporated), Dublin. —
J. N. Keller ...	of the Department of Agriculture and Technical Instruction for Ireland. —
D. Cullinane ...	
J. Dillon ...	Optical Workers, Dublin. —
R. Anderson ...	
<i>22nd Sitting. Wednesday, 25th July, 1923.</i>	
Thomas Barber ...	of Messrs. Williams and Woods, Ltd., Dublin. —
W. H. Lamb ...	of Messrs. Lamb Bros. (Dublin), Ltd., Inchicore, Dublin. —
Thomas Tate ...	of Messrs. Savoy Cocoa Co., Ltd., Dublin. —
Joseph Milroy ...	of Messrs. Dublin Chocolate Works, Dublin. —
Thomas Armstrong ...	of Messrs. North Kerry Manufacturing Co., Rathmines, Dublin. —
H. Clarke ...	of Messrs. J. Clarke & Sons, Dublin. —

Confectionery Manufacturers of An Secretat.

LIST OF WITNESSES—continued.

NAMES OF WITNESSES.		ASSOCIATIONS, ETC., REPRESENTED
<i>23rd Sitting. Thursday, 26th July, 1923.</i>		
Sir John Irwin	... of Messrs. S. Irwin & Sons, Dublin	} Paper Manufacturers of An Saorstát.
Mr. Wm. Gregory	... of the Irish Paper Mills Co., Ltd., Clon- dalkin, Co. Dublin.	
Mr. D. L. Alesbury	... of Messrs. Alesbury Bros., Ltd., Eden- derry, Offaly.	} Coachbuilders' Association.
Mr. J. F. O'Gorman	... of Messrs. O'Gorman Bros., Ltd., Clonmel.	
<i>26th Sitting. Tuesday, 4th September, 1923.</i>		
Mr. M. J. Cleary	} of the Harold's Cross Woollen Mills, Dublin.	} Irish Woollen & Worsted Manufacturers' Assocn.
Mr. B. Cleary		
Mr. J. P. McKnight			... of the City Woollen Mills, Dublin
<i>27th Sitting. Wednesday, 5th September, 1923.</i>		
Mr. M. J. Phelan	... of the Irish Curled Hair Co., Dublin	---
Mr. P. McGrath	... of Messrs. McGrath Bros., Dublin	---
Mr. D. L. Alesbury	... of Messrs. Alesbury Bros., Edenderry	} Irish Furniture Manufac- turers' Association.
Mr. S. L. McFarlane, B.Sc., A.M.I.C.E.	... of the North Strand Furniture Factory, Dublin.	
<i>28th Sitting. Thursday, 6th September, 1923.</i>		
Mr. R. T. Varian	... of Messrs. L. S. Varian & Co., Dublin	Irish Brush Masters' Asso- ciation.
Mr. J. H. Goodbody	... of Messrs. J. and L. F. Goodbody, Ltd., Clara, Offaly.	---
Sir Thomas Robinson	of Messrs. Hayes, Conyngham & Robinson, Ltd., Dublin.	} Dublin and Provincial Retail Drug Associa- tion.
Dr. J. A. Walsh	... of Messrs. J. J. Graham & Co., Dublin	
Dr. A. J. Barnes	... President, Pharmaceutical Soc. of Ireland	
<i>29th Sitting. Friday, 7th September, 1923.</i>		
Mr. J. Milne	... of Messrs. W. and H. M. Goulding, Ltd., Dublin.	} Irish Fertilizer Manu- facturers' Association.
Mr. W. T. Watson	... of Messrs. Paul and Vincent, Ltd., Dublin	
Mr. J. B. Pearson	... of Messrs. Smith and Pearson, Ltd., Dublin	---
Mr. C. McGloughlin	... of Messrs. J. and C. McGloughlin, Ltd., Dublin.	---
<i>30th Sitting. Tuesday, 11th September, 1923.</i>		
Mr. James Johnson	... of Messrs. Irel Co., Ltd., Dublin	---
Mr. James J. Cantwell	... of Messrs. Cantwell and McDonald, Dublin	---
Mr. C. O'Malley Williams	... of Messrs. Newsom and Sons, Ltd., Cork	---
<i>31st Sitting. Wednesday, 12th September, 1923.</i>		
Miss Louie Bennett	... Dublin	} Irish Women Workers Union.
Miss Helena Moloney	... "	
Mr. Michael Governey	... Carlow	} Irish Boot Manufac- turers' Association.
Mr. Thomas Smalley	... of Winstanley, Dublin	
Mr. R. J. Hearne	... of Messrs. Hearne and Cahill, Waterford	
Mr. John O'Neill	... of Messrs. John O'Neill, Ltd., Dublin.	---
<i>32nd Sitting. Thursday, 13th September, 1923.</i>		
Mr. R. G. H. Russell	... of Messrs. Wm. Russell Broc., Ltd., Portar- lington.	} Native Timber Mer- chants' Federation (Ireland).
Mr. W. Kirkpatrick	... of Messrs. W. Kirkpatrick, Athboy, Co. Meath.	
Mr. R. Dawson	... of Messrs. R. Potter & Co., North Wall, Dublin.	
Senator Sir Nugent T. Everard, Bart.	---	---

LIST OF WITNESSES—*continued.*

NAMES OF WITNESSES.		ASSOCIATIONS, ETC., REPRESENTED.
<i>33rd Sitting. Friday, 14th September, 1923.</i>		
E. O. Handcock, I.E.E.	of the W. M. Engineering Co., Ltd., Dublin.	—
A. H. Whitehead	of Messrs. Birr Maltings, Ltd., Birr, Offaly	} Irish Maltsters' Association.
C. E. Figgis ...	of Messrs. J. and A. Tarleton, Tullamore.	
W. Boydell ...	of Messrs. John Plunkett & Co., Dublin	
R. Bradley ...	of Messrs. R. Paterson and Sons, Ltd., Glasgow.	
<i>34th Sitting. Tuesday, 18th September, 1923.</i>		
W. E. Shackleton	of Messrs. G. Shackleton and Sons, Ltd., Lucan.	} Irish Flour Millers' Association.
W. Brown ...	of Messrs. Walter Brown & Co., Dublin	
G. E. Goodbody ...	of Messrs. J. H. Russell and Sons, Ltd., Limerick.	
C. A. Mitchell ...	Secretary.	
J. McWilliams ...	of Messrs. Walker (Dublin), Ltd., Rath- mines, Dublin.	—
J. C. Mathews	of Messrs. Eason and Sons, Ltd., Dublin	} Dublin Master Printers and Allied Trades As- sociation.
J. C. M. Eason ...	of Messrs. Eason and Sons, Ltd., Dublin	
W. R. Nolan ...	of Messrs. Browne and Nolan, Ltd., Dublin	
M. J. O'Reilly ...	of Messrs. P. O'Reilly, Ltd., Dublin	—
<i>35th Sitting. Wednesday, 19th September, 1923.</i>		
J. B. O'Driscoll ...	of the Killaloe Slate Quarry Co., Ltd., Nenagh, Co. Tipperary.	—
F. M. Summerfield	of Messrs. F. M. Summerfield, Ltd., Dublin	} Irish Motor Agents' Association.
G. A. Robinson ...	of the Lincoln Motor Co., Dublin	
S. T. Robinson ...	Dublin.	
F. A. Wallen ...	"	
James Moore ...	Secretary.	
<i>36th Sitting. Thursday, 20th September, 1923.</i>		
G. J. Owens ...	} Pottery Works, Enniscorthy.	—
A. Johnson Pasha ...		
<i>37th Sitting. Friday, 21st September, 1923.</i>		
T. F. Matheson ...	of Messrs. Hirds, Ltd., Dublin	} Irish Fellmongers' Association.
M. F. Judd ...	of Messrs. Judd Bros., Dublin	
T. Cleary ...	of the Revenue Department (Customs and Excise), Dublin.	
T. F. Randall	—	
ator Andrew Jame- son.	—	—
<i>38th Sitting. Tuesday, 25th September, 1923.</i>		
T. W. Salmon ...	of Messrs. Philip Pierce & Co., Ltd., Wex- ford	—
W. Doyle ...	of Messrs. W. Doyle & Co., Ltd., Wexford	—
ator Bernard O'Rourke	of Messrs. B. O'Rourke & Co., Ltd., Dun- dalk.	} Oatmeal Millers' Associa- tion.
Newman Thompson	Dublin.	
<i>39th Sitting. Wednesday, 26th September, 1923.</i>		
A. R. O'Connor ...	of Messrs. W. and R. Jacob & Co., Ltd., Dublin.	—
A. O'Shaughnessy, P.D.	—	—
J. M. Carroll ...	of Messrs. P. J. Carroll & Co., Ltd., Dun- dalk.	} Association of Tobacco Manufacturers of An Secretat.
T. Bradford ...	of Messrs. W. and M. Taylor, Dublin	
W. Nesbitt ...	of Messrs. Wm. Ruddell, Ltd., Dublin.	

LIST OF WITNESSES—*continued.*

NAMES OF WITNESSES.		ASSOCIATIONS, ETC., REPRESENTED.
Mr. G. E. Goodbody ...	of Messrs. J. H. Russell and Sons, Ltd., Limerick.	—
Mr. A. Newman ...	of Messrs. Arthur & Co., Dublin	} Wholesale Clothing Man- ufacturers' Association of An Saorstát.
Mr. W. P. Callanan ...	of Messrs. C. and B. Clothing Co., Dublin	
Mr. S. White ...	of Messrs. Dublin Bespoke Clothing Co., Dublin.	
Mr. Thomas Johnson, T.D.	—	Irish Labour Party & Trade Union Congre
<i>40th Sitting. Thursday, 27th September, 1923.</i>		
Mr. E. A. Tucker ...	Dublin.	National Amalgamated S ociety of Brushmake
Mr. T. J. Quinn ...	"	Irish General Railway & Engineering Union.
Mr. J. Moore ...	"	Irish National Union of Woodworkers.
Mr. D. Stewart ...	"	Irish Tailors' and Tail- esses' Union.
Mr. A. A. Brunker, Ph.C.	of Messrs. Boileau and Boyd, Ltd., Dublin	} Dublin Wholesale Dru- gists' Association. Royal Irish Automobi- Club, Dublin.
Mr. T. Bolster, Ph.C. ...	of Messrs. Hugh Moore and Alexander, Ltd., Dublin.	
Mr. W. Sexton ...	Hon. Secretary.	
Mr. C. Nolan Ferrall ...	Hon. Treasurer.	—
Professor the Reverend T. A. Finlay, S.J.	University College, Dublin.	—
<i>41st Sitting. Friday, 28th September, 1923.</i>		
Mr. T. Foran ...	Dublin.	} Irish Transport and General Workers' Union (Flourmillin- Section).
Mr. R. J. P. Mortished Alderman W. Kenneally	" Cork.	
Mr. D. Clancy ...	Limerick.	
Mr. J. Gray ...	Dublin.	—
Mr. Lionel Smith Gordon	"	—
Mr. A. Preston ...	of Messrs. Weld-Held, Ltd., Dublin	—
Mr. J. Skelding ...	} of the Dublin Metal and Galvanizing Co., Ltd., Dublin.	—
Mr. M. MacCormac ...		
Mr. J. MacCormac ...		
Professor C. H. Oldham	University College, Dublin.	—
Mr. E. J. Long ...	of Messrs. Long & Co., (Dublin), Ltd.	—

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'IRAQ.

REPORT

ON

'IRAQ ADMINISTRATION.

OCTOBER, 1920—MARCH, 1922.

V467, 85



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‘I R A Q.

Report on ‘Iraq Administration.

October, 1920—March, 1922.

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Report by His Majesty's High Commissioner on the Finances, Administration and Condition of the 'Iraq, for the period from October 1st, 1920 to March 31st, 1922.

I.—SURVEY OF THE PERIOD.

I.—POLITICAL AND GENERAL.

The Political Landscape.

In the long history of the 'Iraq there is perhaps no more pregnant period than the 18 months under review in this report. It opened on strife and uncertainty and the partial breakdown of the administration instituted during the years of military occupation; it closes on the picture of a National Government under an Arab Constitutional King, chosen by referendum to the people, its relations to the British Government to be defined by a treaty which will receive national confirmation at the elective congress which will shortly meet at Baghdad. To that congress will fall the duty of enacting an Organic Law which will give shape, on a constitutional basis, to the institutions of the infant State.

Yet though the change in the political landscape has been rapid it has been effected by orderly development. Dissonant elements are being gradually harmonised, inchoate instincts are merging towards sense of common interest in the stability of the new order and a growing appreciation of common nationality. It is on these features that I would lay special stress. Both from economic and from social aspects the population of the 'Iraq exhibits widely divergent stages of evolution; it comprises different races and creeds, and for the last 400 years its culture has been alien. Its future prosperity depends on the ability of its leading men to encourage fusion and the capacity of its peoples to see advantage in the abandonment of ancient separatist prejudices, that there may arise out of the strong existing sense of local patriotism and local piety, a wider loyalty and a more discerning reverence which will be prepared to subordinate the welfare of the group to the interests of the community as a whole. The growth of national intelligence, deliberately hindered by rulers who saw therein a menace to their own authority, may call for a prolonged exercise of high qualities of sympathy and mutual forbearance, but such foundations alone can assure the permanence of the 'Iraq kingdom of which the beginnings are here recorded.

Termination of Military Government and pacification of the Country.

Military Government, which had been in existence in the 'Iraq since the Occupation, terminated with my arrival at Basrah in the early days of October, 1920, but in extensive areas military operations,

in connection with the disturbances which had broken out during the summer, were still in progress and martial law prevailed. It will be convenient here to give a brief outline of the stages which led to the restoration of order.

(a) *The Middle Euphrates*.—In the main area of disturbance, the valley of the Middle Euphrates, Karbala submitted unconditionally on October 13; Kufah, where the garrison had held out gallantly for three months, was relieved on October 17, and the submission of Najaf followed automatically. Samawah was relieved on October 12 and Rumaitah, which had witnessed in the beginning of July the first hostilities, was re-occupied a day or two later. By the end of November all the tribes of the Shamiyah had made surrender, on terms which included the handing over of arms and ammunition, and their leaders had either given themselves up or had fled across the desert to Syria or the Hijaz. Diwaniyah was occupied in December by a column which encountered no resistance. Until the middle of February, when they were withdrawn from the whole area, troops were engaged in enforcing the terms of surrender. The tribes were heavily armed; to have left the Arab Government in its initial stages to deal with the problem they presented would have been to prejudice its success in the maintenance of administration. The fines were in the nature of a guarantee for the future. The total surrenders up to July 26th, 1921, were as follows: Rifles 65,435, of which over 21,100 are modern; S.A.A. 3,185,000 rounds.

(b) *Muntafiq*.—The collapse of the movement in the Middle Euphrates reacted favourably on the Muntafiq, where, though the equilibrium had been preserved, largely by the co-operation of two influential shaikhs, sporadic disorders had resulted from endeavours on the part of emissaries from Najaf to raise the country. The return of the additional troops which had been sent from India in the autumn was an urgent measure of economy; military operations in this Division were therefore confined to a peaceful demonstration along the Gharraf in January. Under the circumstances it was impracticable to impose a general levy of rifle fines and the subsequent tranquillity of this area suffered in consequence.

(c) *The Upper Euphrates*.—On the Upper Euphrates, thanks to the unswerving support given by 'Ali Suliaman, Shaikh of the Dulaim, to the preservation of social order, Fallujah and Ramadi had not suffered and Hit was reoccupied on October 8. Higher up the river it had been impossible to maintain control, and when in September 'Anah was evacuated by the tribal force provided by the Dulaim, as well as by the British authorities, it was attacked and

looted by the inhabitants of the neighbouring town of Rawah, in league with sections of the 'Aqaidat from regions, at that time lawless, across the 'Iraq frontier. Rawah submitted in the middle of January, but civil administration was not re-established until, in April, the organization of a desert force under the standard of the Dulaim made it possible to overcome the difficulties presented by the long desert route up the river.

- (d) *Diyala*.—On the Diyala, where the rising had worn its most savage aspect, there was no shaikh of sufficient importance to control the petty tribes of the Division; even after they had been subdued by the operations of a British column, their private dissensions led to constant breaches of local peace. It may fairly be said that the brutal license which had been aroused in August, 1920, was not laid to rest until a comprehensive inter-tribal agreement was concluded in Baghdad, under the auspices of the 'Iraq Government, in the last days of 1921.
- (e) *Kirkuk*.—Kirkuk Division, though for a short time sympathetically affected by the troubles in Diyala, had yielded only in part to the contagion of lawlessness. When the column which had been sent to Kifri after the murder of Captain Salmon was withdrawn, the influence of Shaikh Habib, the widely-respected head of the Talabani clan (he died in the spring of 1921), stabilized the situation, and if the Dilo chief and other marauders remained at large for a considerable period, the fear of further trouble of a serious nature was at an end.
- (f) *Mosul and Arbil*.—Mosul Division, under the skilful handling of the Political Officer, Mr. L. Nalder, C.B.E., had remained generally tranquil, but here, as at Arbil, the main cause for anxiety lay in incitement from beyond the border. Intrigues at Jasirat ibn 'Umar kept the Arab tribes of the North-West frontier restless and culminated, on October 24, in a daring raid on the Mosul-Sharqah road, carried out by the Albu Hamad, who had fled from the 'Iraq to take refuge with the Turks. This incident produced a profound impression, for travelling with the convoy which was attacked was the distinguished Arab Nationalist, Sharif al Faruqi, who, with several other persons, was killed by the raiders. Until the Shammar chiefs made submission to the Amir Faisal after his arrival in the 'Iraq, security on this line of communications was not assured. Throughout the period under review Kamalist propaganda has never been absent, though in the Mosul Division it has produced no more tangible results than the robbing of kalaks on the Tigris, tribal attacks on Faish Khabur and similar small annoyances. But in Arbil Division, where one of the Surchi chiefs who had been a party with Shaikh Ahmad of Barzan

in the murder of Mr. Bill and Captain Scott, in December, 1919, was still at large, conditions were more favourable to hostile influences.

Policy of His Majesty's Government.

But even if the complete pacification of the country was a process of several months, the salient feature of the period after my arrival was the rapid progress in that direction in the Middle Euphrates area. While the programme of the extremists was discredited by failure, men who held moderate views were encouraged by the benevolent intentions of the British Government, which it was my mission to make known, namely, that His Majesty's Government had charged me with the duty of assisting the leaders of the people to create in the 'Iraq, with the guidance of Great Britain, an Arab National Government, the constitution of which would be drawn up under the auspices of an elective assembly ; but I pointed out that as long as sections of the tribes and communities were in active rebellion, it was obviously impossible to hold a general election, and in a proclamation, issued on October 17, I expressed myself at a loss to understand the object of the tribes in continuing hostilities and desired them to put themselves into communication with my Political Officers with the object of clearing up any misunderstanding that might still exist. (Appendix I.)

The Shi'ah religious leaders.

An attempt was made by some of the tribal leaders to refer negotiations to the foremost Shi'ah divine at Najaf, the Shaikh al Shari'ah, who had been induced to take an important part in promoting disturbances, and he himself proposed to send representatives to Baghdad. These suggestions were discountenanced and the death of the Shaikh al Shari'ah in December, together with the absence of any individual who commanded the reverence which had been accorded to him, left the Shi'ah Religious head-quarters without a recognized head. It had not gained in popular estimation by the active participation of some of its members in the events of the summer and when the failure of the resort to arms had been placed beyond doubt, men called to mind and openly expressed the maxim that doctors of divinity should properly be precluded from taking part in the politics of this world by their preoccupation with matters appertaining to the next.

2.—THE PROVISIONAL GOVERNMENT.

Formation of the Cabinet.

While it was clear that some time must elapse before conditions would permit of full development along the lines determined by His Majesty's Government, I found myself confronted with questions of policy, affecting the future of the 'Iraq, with which I did not feel myself justified in dealing without consultation with representatives of the people of the country. As an immediate expedient I judged it necessary to institute a Provisional Government which, under my guidance and control, should be responsible for administration until further progress could be made in the direction of national institutions.

The high religious and social position of the Naqib, coupled with the universal respect which he inspired, pointed to him as the most suitable person to form and preside over a provisional Council of State. Age and ill-health might well have excused him from emerging from the studious seclusion of a Darwish in which he had spent the latter years of his life, but when, on October 23, I asked him to undertake the formation of a Cabinet in the interests of his country he courageously responded to the call, though with some hesitation, and consented to my request.

The post of Minister of Interior was accepted with alacrity by Saiyid Talib Pasha, eldest son of the Naqib of Basrah. He had been in Baghdad since the previous July, when, in company with all other ex-deputies of the Turkish Chamber, he had been invited by my predecessor to form part of a Committee charged with the revision of the Turkish electoral law. Possessed of a remarkable force of character, he had been chosen to preside over this Committee, and it was clear that a man of his prominence could not be excluded from high place in the Provisional Government. Nevertheless, his appointment gave rise to difficulties. His ambition was regarded with grave apprehension by men of integrity, and their reluctance to serve with him could only be overcome by assurances that it was not the intention of His Majesty's Government to force him or any one else as a ruler upon the 'Iraq.

The Council was ultimately composed as follows :—

President of Council	...	H.H. the Naqib of Baghdad.
Minister of Interior	...	Saiyid Talib Pasha.
„ Finance	...	Sasun Effendi Haskail.
„ Justice	...	Mustafa Effendi Alusi.
„ Defence	...	Ja'far Pasha al 'Askari.
„ Public Works...		'Izzat Pasha.
„ Education and Health		Saiyid Muhammad Mahdi Tabatabai.
„ Commerce	...	'Abdul Latif Pasha Mandil.
„ Auqaf	...	Muhammad 'Ali Effendi Fadhil.

Sasun Effendi, a leading representative of the Jewish community of Baghdad, commands universal respect and confidence. He had been a member of the Turkish Chamber since the Constitution of 1908 and had also occupied the post of President of the Finance Committee. Mustafa Effendi Alusi belongs to a family of well-known 'ulama and had himself filled responsible positions as Qadhi. Ja'far Pasha had made a name as a soldier during the war and had served as Governor of Aleppo under the Amir Faisal. 'Izzat Pasha is an ex-Turkish General of Kirkuk origin; Saiyid Muhammad Mahdi, a Shi'ah of Karbala; 'Abdul Latif Pasha is one of the best-known citizens of Basrah; Muhammad 'Ali Effendi an ex-deputy and a citizen of Mosul. Nine Ministers without portfolios were also given seats on the Council, including the Mayor of Baghdad, 'Abdul Majid Beg Shawi, two paramount shaikhs of large Shi'ah tribal confederations, Christians from

Mosul and Baghdad and Moslem notables of Baghdad and Basrah, one of whom was a Shi'ah. At a later period two more Shi'ahs, one a tribal shaikh, the other a citizen of 'Amarah, were added, together with a member of the Sunni family of the Sa'dun. Thus composed the Council represented very comprehensively the various interests and communities of the people.

A British Adviser was attached to each Ministry; the following officers have served in this capacity:—

Interior.—Mr. H. St. J. B. Philby, C.I.E.; handed over to Mr. J. S. Thomson, I.C.S., who acted until the appointment of Mr. K. Cornwallis, C.B.E., D.S.O.

Finance.—Lt.-Colonel S. H. Slater, C.I.E.

Justice.—Sir Edgar Bonham Carter, K.C.M.G. On his retirement, in April, Mr. E. M. Drower acted until Mr. N. G. Davidson took up his duties in October.

Defence.—Major J. I. Eadie, D.S.O., acted until the appointment of Lt.-Col. P. C. Joyce, C.B.E., D.S.O., in April.

Public Works.—Major-General E. V. de V. Atkinson, C.B., C.M.G., C.I.E., C.B.E. Left in April to take up an appointment in India, since when Major H. H. Wheatley, O.B.E., M.C., has acted.

Education and Health.—Mr. E. L. Norton, I.C.S. Left for England on leave in May when Mr. A. L. Smith, M.V.O., and Lt.-Col. J. D. Graham, C.I.E., I.M.S., acted for their respective departments. In August, this Ministry was divided. Mr. A. L. Smith became Adviser to Education until he went on leave in November when Mr. W. J. Farrell, M.C., acted for him. Mr. Farrell went on leave in March, 1922, and Mr. J. Glen is at present acting Adviser. Colonel Graham became Adviser to the new Ministry of Public Health.

Commerce.—Lt.-Col. S. H. Slater, C.I.E. (acting).

Auqaf.—Mr. R. H. Cooke.

I met the assembled Council on November 10th when the draft instructions, as finally approved by myself and the Naqib, were accepted. The formation and functions of the Council of State were formally announced by proclamation on November 11th. (Appendix 2.)

Work accomplished by the Provisional Government.

The Provisional Council continued to exercise its functions until the coronation of the Amir Faisal in August, 1921. I wish to express my lively appreciation of its services to the 'Iraq State. Under the wise and dignified presidency of H.E. the Naqib it performed important constructive work, and during the whole period of its existence I relied on its loyal co-operation in seeking a solution for the problems which confronted us.

The principal questions towards which it directed immediate attention were :—

- (a) The return of persons interned at Henjam on account of their participation in the disturbances of the previous summer.
- (b) The repatriation of Arab officers who had served in Syria.
- (c) The organization of Civil Government under Arab officials throughout the 'Iraq.
- (d) Consideration of the electoral law.
- (e) Formation of the 'Iraq Army.

(a) *The Return of Political Deportees.*—The return of political deportees was broached by the Council at the preliminary meeting on November 10. After a careful scrutiny of dossiers the Council recommended and I acceded to the immediate release of 15 out of the 45 persons at Henjam, on suitable guarantees. The remainder returned under the general amnesty proclaimed in May, 1921.

(b) *Repatriation of Arab Officers in Syria.*—Such of the Arab officers and officials remaining in Syria as were in a position to pay their own expenses obtained individually permission to return on application to myself. Arrangements were completed in February for the return by sea at the charge of the 'Iraq Government of officers with their families to the number of 396 persons. The case of those who were unable to avail themselves of the opportunity thus provided was finally regulated by a resolution passed by the Council in December, 1921, by which Government assistance was extended to all ex-officers and their families remaining in Syria who were not in a position to pay their own expenses. It was also decided that 'Iraqis in other countries whose services were required by the Government might similarly be repatriated. It may be noted with satisfaction that, apart from those who have availed themselves of Government assistance, there has been an uninterrupted flow from Constantinople and other parts of Turkey of 'Iraqis whose return is of advantage to the State. Men of experience and education who held civil or military appointments under the Turks, as well as private individuals, have come back to take office in the 'Iraq Government, to practise their professions, or to devote themselves to the management of their estates.

(c) *Organisation of Civil Government under Arab Officials.*—As order was restored in the areas of disturbance, temporary arrangements had been made for administration, but the appointment of Arab officials to replace British Political Officers was one of the most urgent duties incumbent on the Council. A scheme for the division of the 'Iraq into 10 Liwas, 35 Qadhas and 85 Nahiyahs, closely following the lines of the former Turkish organization, was passed on December 12th, and received my approval, with certain reservations regarding the Kurdish districts, which the Council, unmindful of restrictions imposed by the Treaty of Sévres, had treated on the same basis as the rest of 'Iraq. Meantime it had been possible to proceed at once to appointments in Baghdad and its vicinity, while towards the end of December Ja'far Pasha al 'Askari visited the Euphrates area to study the problem of civil reorganization. On January 10th a number of appointments were submitted to the Council by the Ministry of Interior. They were

on the whole very reasonable. In the Karbala, Hillah and Muntafiq Liwas administrative posts were not filled until after the withdrawal of troops, but in the case of Hillah the individual selected, a notable of Kirkuk, having refused to serve, the position of Mutasarrif was left vacant until after the coronation of the Amir Faisal. As regards Mosul there was a delay occasioned by the brutal murder, under circumstances which have never been elucidated, of the first nominee two days after his arrival at his post. A not unnatural reluctance withheld others from accepting an office so ill-omened, nor did an Arab Mutasarrif take up his duties until after the triumphal reception accorded to King Faisal in October, 1921.

As the Arab administrative officials took over, the Political Officer became the Adviser to the Mutasarrif with one, or in the larger Liwas, two British Assistant Divisional Advisers. On the whole this system has worked smoothly, but, as was only to be expected in so new a venture, not all the native appointments have proved successful, and the Council of State, learning from experience, passed in September, 1921, a resolution that in future administrative officials should be appointed on probation for a definite period before receiving confirmation in their office.

Some changes in the administrative divisions have also been made, the most important of which was the creation of an additional Liwa with headquarters at Kut in January, 1922. The table given in Appendix 3* shows the principal administrative appointments up to date.

(d) *Revision of the Electoral Law.*—The electoral law was the subject of debate during December. The Council had before it the revision of the Turkish law which had been prepared by the Committee of ex-deputies. Apart from certain modifications necessitated by changed conditions, such as the obligation of all candidates to possess a knowledge of Turkish, special provisions had been introduced to ensure the representation of the tribes. The Council demurred to this article until I pointed out that, as the Congress would be called upon to pronounce decisions vital to the future of the 'Iraq, it was essential that it should be truly representative of all communities, including the tribes, which under the Ottoman law had virtually been excluded from taking part in the elections. Special representation was therefore accorded to the tribes, as well as to the Jewish and Christian communities, and the law was referred to the Ministry of Interior. But my British Legal Adviser has assured me that the form in which in the spring it was ultimately printed by that Ministry was so full of omissions and incongruities that it could not have been applied as it stood. Neither did it contain any recognition of the safeguards to which under the Treaty of Sévres the Kurdish communities of the 'Iraq were entitled. It was this latter point which was under discussion with the Council when I left for the Cairo Conference in February. Pending a decision it was, however, open to the Provisional Government to proceed with the preliminaries essential to the holding of general elections, notably the creation of elective municipalities, on which falls the task of carrying

out in the townships the provisions of the electoral law. Such action could have been initiated by the Ministry of Interior; it was not taken because the Minister, Saiyid Talib Pasha, was not disposed to hasten the general elections until he had instituted an extensive propaganda in his own interests throughout the country. He repeatedly gave private expression to the opinion that a general election should be delayed, and the law lay dormant in the files of the Ministry of Interior. The circumstances which led to recourse to a referendum for the purpose of choosing a ruler will be dealt with in their place. After the coronation of the Amir Faisal the electoral law, in common with all other laws, required his consent. Owing to its inherent defects, a considerable amount of revision was necessary, but in the meantime the Ministry of Interior took those steps which had previously been neglected and municipal elections were completed throughout the country by the end of March.

(e) *Creation of National Army.*—Shortly after the Council had entered on its duties I called the attention of the Ministers to the urgent need for the creation of a National Army, and by January, 1921, the nucleus of an 'Iraq General Staff was engaged in working out a scheme. One of the difficulties with which the Ministry of Defence was confronted was the number of 'Iraqi ex-officers of the Turkish army who sought employment. Pending their absorption in the 'Iraq army, the most liberal allowances compatible with the financial position of the country were barely sufficient to afford them a livelihood, and until they could be given occupation on full pay they formed a hungry and therefore discontented section of the community, which was a heavy pre-occupation to the Ministry of Defence.

Status of the Levies.

Their existence played a decisive part in determining the position of that Ministry with regard to the Levies, a locally recruited force under the ultimate command of British officers. Ja'far Pasha contended that if the Levies, at that time about 2,000 strong, were put under his charge he must find place for a proportion of those Arab officers who were waiting for employment. On the other hand it was feared that the introduction of this new element might dislocate the existing formation at a time when it was the sole resource for the preservation of order and the protection of the railway after British troops had been withdrawn from the Middle Euphrates. As this withdrawal was imminent, settlement of the question could not be postponed and the Council resolved early in February to place the Levies under the Ministry of Interior. Though the decision presented certain grave objections, inasmuch as it involved division of control over the armed forces of the country and reduplication of staff, I accepted it as the best means available to meet the urgent practical needs of the moment.

A programme for the progressive reduction of the British garrison in the 'Iraq and its replacement by native forces was one of the main questions which occupied the attention of the Cairo Conference. It was agreed that in order to facilitate the withdrawal of Imperial troops from Kirkuk and other frontier districts the Levies should be expanded by

the addition of Kurdish and Assyrian recruits to a maximum of 5,000 men, but that no recruiting for Levies was to be carried out among the townsmen and settled villagers of Arab Iraq. It was further laid down that the Levies should be withdrawn from the Ministry of Interior and placed under my control, with the proviso that in time of war all local forces should come under the command of the G.O.C. so as to avoid dual control. As the Levies would be run and commanded by British officers it was considered that the National Government could not be called on to maintain them, and their budget was therefore transferred to the Imperial exchequer.

The Cairo Conference.

The decision of His Majesty's Government to create a separate department in the Colonial Office in order to co-ordinate our interests and responsibilities in the Near East called for a comprehensive revision of the situation, with a view to diminishing at the earliest possible moment the burden incurred by the British taxpayer, as well as to decide on broad issues of policy. The Secretary of State determined to summon a conference at Cairo and I left the Iraq in February, 1922, in company with the Commander-in-Chief, taking with me Sasun Effendi, Minister of Finance, and Ja'far Pasha, Minister of Defence. I was accompanied by the following members of the British Staff: Major-General E. H. de V. Atkinson, C.B., C.M.G., C.I.E., Adviser to Ministry of Works; Lieut.-Colonel S. H. Slater, C.I.E., Financial Adviser; Miss Gertrude Bell, C.B.E., Oriental Secretary. The Judicial Adviser, Sir Edgar Bonham Carter, K.C.M.G., acted for me during my absence.

It was incumbent upon the Secretary of State to place before the Cabinet the conclusions reached at the conference, but on April 11th, a few days after my return to Baghdad, I was able to gratify public expectation by publishing a communication of a general nature (see Appendix 4) which was followed on May 30th by the proclamation of an amnesty to political offenders (see Appendix 5).

The question of a ruler; ambitions of Saiyid Talib Pasha.

During the six weeks of my absence the internal situation had undergone some change. Saiyid Talib Pasha had toured the country south of Baghdad, carrying on a strong campaign of propaganda, ostensibly in favour of the candidature of the Naqib as future ruler of the country, but really with an eye to his own reversionary interest. In private conversation he had been perfectly frank as to his ultimate intention of becoming Amir and in many quarters his ambitions had roused alarm. I was greeted at Basrah by the Shaikh of Muhammarah, who pressed his own desire to come forward as a candidate, as well as by leading members of the Basrah community, who begged that the province might be placed under direct British control, thereby avoiding the disturbances and jealousies which in their opinion must inevitably accompany the setting up of an Arab State, and enabling Basrah to stand apart from the controversies of the coming election. On the other hand the number of those whose hopes centred in the Sharifian family had been increased by the return of well-known Iraqis who had

served under the Amir Faisal in Syria. In the course of the next weeks they despatched telegrams to H.M. King Husain begging him to send one of his sons as a candidate for the throne of the 'Iraq. The main anxiety of the Naqib, who showed himself, as ever, devoid of personal ambition, was that no ruler should be imposed upon the country contrary to the wish of the people. I was able to satisfy him that such was not the intention of His Majesty's Government, but Saiyid Talib Pasha, no doubt realizing that if a son of the Sharifian house were acknowledged to be a suitable aspirant to the position he coveted, his chance of success would be dangerously jeopardized, continued to spread abroad rumours of an unjustifiable character to the effect that undue influence was being exerted against himself or, as he chose to word it, the Naqib. Finally, on April 14th, at a dinner party in his own house given to the correspondent of a leading London journal, at which the French and Persian Consuls were present, together with the Manager of the Mesopotamian Persian Corporation, the Amir Rabi'ah, Shaikh Salim al Khaiyun and other guests, Saiyid Talib Pasha in an after-dinner speech, looking towards the two tribal chiefs above mentioned, threatened the armed resistance of their 20,000 tribesmen if the declared policy of His Majesty's Government were not carried out, with the obvious implication that it was not being adhered to. On receiving a well-substantiated report of this speech on April 16, I considered it necessary to take immediate action and asked the G.O.C.-in-Chief to arrange for Saiyid Talib's instant removal. He was arrested on the afternoon of the same day in a public thoroughfare and conveyed by river to Basrah, whence he was deported to Ceylon. The circumstances were made known to the public in a communication issued on April 18th (see Appendix 6) and throughout the country satisfaction was undisguised. The messages of congratulation and thanks which I received revealed the singular mistrust and fear which Saiyid Talib was regarded with and I have no hesitation in saying that his departure relieved a grave popular anxiety.

Saiyid Talib Pasha remained in Ceylon, where his family was permitted to join him, till February, 1922, when he was allowed to proceed to an Italian spa for the benefit of his health.

The Kurdish Districts.

In accordance with the policy agreed upon at the Cairo Conference, shortly after my return I proceeded to ascertain the wishes of the Kurdish districts which lay within the area of the British mandate, with regard to inclusion in the 'Iraq State, and on May 6th a communication on the subject was circulated by the Advisers in the Mosul, Kirkuk and Sulaimani Divisions (see Appendix 7). I pointed out that from such information as had reached me it would appear that opinion in the Kurdish districts was divided between fear lest their interests should suffer by subordination to the National Government at Baghdad and a desire to maintain with the 'Iraq economic and industrial ties which it would be inconvenient to sever. In these circumstances, I suggested a solution which would avoid either evil and by providing adequate safeguards admit of political union.

In the Liwa of Kirkuk where the population is mixed Turcoman, Kurdish and Arab, a Mutasarrif had been exercising his functions since February, but Arbil with a population mainly Turcoman and Kurdish had objected strongly to the decision of the Council of State to combine that Division with Kirkuk, according to Turkish precedent, placing the headquarters at Kirkuk. The proposal that Arbil should be formed as a sub-Division of Kirkuk Division, under a sub-Mutasarrif and Qaimmaqams, appointed directly by the High Commissioner, was favourably received and was thereupon adopted. The sub-Mutasarrif exercises the full powers of a Mutasarrif except in respect of matters connected with finance and revenue, the Army and Levies, external politics and relations with tribes in other Liwas, on all of which he must consult the Mutasarrif of Kirkuk.

The Kurdish districts of Mosul Division likewise agreed to the proposals, but as, for reasons above mentioned, a Mutasarrif had not yet resumed control, the existing administrative system was continued until after the coronation of the Amir Faisal and the creation of a sub-Liwa proved then to be unnecessary.

Sulaimani Division rejected, almost unanimously, any form of inclusion under the 'Iraq Government. It has remained at its express wish under direct British control, exercised through a British political officer. Every effort has been made to develop native administration along normal lines. Except for the presence of six British political officers, whose position is largely advisory, all administrative and revenue officials are local Kurds. In November, 1921, a Council of 12 members, 8 of whom were elected, while the political officer and three Kurdish officials occupy the remaining four seats, met under the presidency of the Political Officer, there being no local President agreeable to all. It has exhibited a lively and wholesome determination to take its part in the political life of the province.

3.—ELECTION ANNOUNCEMENT OF THE AMIR FAISAL.

Arrival of the Amir Faisal.

Owing to the pre-occupation of His Majesty's Government in matters of grave importance at home, the announcement by the Secretary of State of the conclusions reached in Cairo was delayed till June. Meantime the vernacular press in 'Iraq had been eagerly debating the question of the future ruler, with a marked inclination towards the selection of the Amir Faisal, and on June 13th the news was published, with favourable comments, on the strength of private telegrams received by 'Iraqis from King Husain, that his son Faisal had left the Hijaz for the 'Iraq.

At a meeting of the Council of State on June 16th, the Naqib proposed that the National Government should make proper provision for his reception and a committee was appointed for the purpose. The report of the Secretary of State's speech in the House of Commons touching the policy of His Majesty's Government in the 'Iraq was received on June 16th and published in Baghdad on the following day. Friendly telegrams passed between His Majesty King Husain and His

Highness the Naqib, and on June 22nd the Amir Faisal sent a wireless message to the Naqib announcing his expected arrival at Basrah on the 24th and received from the latter a cordial reply.

The imminent arrival of H.H. the Amir made a decision imperative, but the moment for decision was undoubtedly a difficult one. The country was staggering under the disillusionments engendered by the movement of the previous year and suffering alike from the depredations of the tribes and the measures which had inevitably attended the restoration of law and order. There was a general desire for a period of recuperation, preferably under the strong arm of British administration, rather than for a call to embark on a fresh Nationalist adventure. These sentiments found expression in a petition bearing some 4,500 signatures presented three days before the Amir's arrival in the 'Iraq by an influential deputation from Basrah. The petitioners, while ready to recognise the sovereignty of the ruler who should be chosen by the people of the 'Iraq, requested that the district of Basrah, from which they expressly excluded all turbulent tribal areas, should be granted a separate political existence with full local powers in dealing with finance (subject to a contribution towards the maintenance of the ruler), local police and military services.

The Secretary of State's announcement gave to the bulk of the population that for which they were asking, namely, guidance from that Government whose obligation it was to proffer advice. The express exclusion of a republican form of government was recognised to accord with Islamic principles, as well as with the political conditions of the 'Iraq, while the assurance that His Majesty's Government would regard the Amir Faisal as a suitable ruler, should he be selected, cleared away apprehensions born of previous misunderstandings. But the Amir himself was his own best advocate. In a series of very remarkable speeches delivered on his arrival at Basrah and at receptions given in his honour at Baghdad, he gave eloquent expression to views as wise as they were liberal, and made a deep impression upon all sections of the community, represented by deputations which had gathered from various parts of the 'Iraq, including Mosul, to greet him at Baghdad. Never failing to dwell on the need of British assistance, he claimed that the 'Iraq could honourably accept the help of Great Britain, as a friend from a friend and a free people from the free. He handled with great discrimination the outbursts of his more impetuous adherents, reminding them that he had not come to impose himself on the 'Iraq nation but awaited its unfettered choice, either of himself or another, and he publicly rebuked a speaker who delivered himself of sentiments which might be interpreted as hostile to the French Government in Syria. This last point is of sufficient importance to justify me in reverting to an accusation raised by a French journal in Paris which stated that the Amir had declared to the editors of local vernacular papers that he hoped to reconquer Syria from Mesopotamia. He himself categorically denied the imputation, and its publication by Reuter's telegrams was followed by strongly worded *dawani* on the part of all the Arab press. I was at pains to trace the statement to its source and am satisfied that it was without foundation.

The referendum.

The salient feature during the fortnight which followed the Amir's arrival in the 'Iraq was the growing conviction that the question of his election to the throne must be settled without delay. From insistence on the necessity for the immediate summons of the National Congress, public opinion, reflected in the vernacular press, turned towards resort to some speedier expedient. The Mosul deputation, a weighty and moderate body of men, as well as members of the Provisional Government, in private conversation expressed themselves in favour of a referendum, and by the end of the first week in July the local papers were advocating this course. It was as the result of the popular tributes that the Amir had received that H.H. the Naqib, without entering into consultation with me, proposed to the Council on July 11th a resolution, which was unanimously accepted, that the Amir Faisal should be declared King, and I acted in accordance with the expressed wish of the nation in replying that before concurring in or confirming the resolution of the Council of State, I felt it incumbent upon me to fortify myself by a direct indication of the choice of the people by means of a referendum.

The task of carrying out the referendum was entrusted to a committee formed by the Ministry of Interior. This committee issued to all Mutasarrifs the following orders :—

Resolution of the Council of State, dated July 11th, 1921.

On the proposal of the President, the Council of Ministers, at their meeting of the 11th July, 1921, passed a unanimous resolution declaring His Highness Amir Faisal King of 'Iraq provided that His Highness's Government should be a constitutional, representative and democratic Government, limited by law.

Before confirming the above Resolution, His Excellency the High Commissioner has considered it necessary to fortify himself with a direct indication of the assent of the people, and has accordingly requested the Council of Ministers to instruct the Ministry of Interior to take the necessary steps to that end. The Ministry of the Interior, accordingly requires that representative committees of the inhabitants of all Nahiyahs and Mahallahs should record their opinion on the above Resolution in the following form. The duty of presenting the madhbatahs to the Committee, and of forwarding them to Baghdad on completion, is entrusted to the Mutasarrifs of Liwas.

Form of Madhbatah.

We, the undersigned residents of Nahiyah/Mahallah in Qadha/
Town of _____, in the Liwa of _____ have heard, understood and fully considered the above Resolution of the Council of State, and it results that _____ express themselves in agreement therewith, and profess their allegiance to Amir Faisal while _____ have signified their dissent.

Signatures.

The Sulaimani Liwa decided not to take part in the election of a King for the 'Iraq; with this exception, the referendum was carried out through the country. In Baghdad city a rider was added to the voting papers, laying down the conditions that the 'Iraq should be independent of any foreign sovereignty and that a National Congress should be convened in three months, but when news of this addition was received in other Liwas most of the townships or districts in which the vote had not yet been taken replied by laying down a condition that the continuance of the British mandate should be assured. The results of the referendum showed 96 per cent. of the votes to be in favour of the election of the Amir, the dissentient 4 per cent. coming mainly from the Turkish and Kurdish population of Kirkuk. In this Liwa, while the candidature of the Amir was rejected, there was no consensus of opinion as to an alternative. The Kurdish section asked for a Kurdish Government, but were averse from inclusion in the Sulaimani Liwa, while a few of the Turcomans favoured the idea of Turkish ruler. Ultimately a petition was presented to me asking that the Division might be given a year's grace before coming to a decision.

Accession of the Amir Faisal as King of the 'Iraq.

On August 18th, the Ministry of Interior informed H. H. the Naqib and the Council that an overwhelming majority had supported their resolution and the Council appointed a committee to make the necessary arrangements for the accession, which was fixed for August 23rd. In the presence of representatives of all local communities and of deputations from every Liwa of the 'Iraq, except Sulaimani and Kirkuk, I proclaimed H.H. the Amir Faisal to have been duly elected King of the 'Iraq and announced his recognition as King by His Britannic Majesty's Government.

Saiyid Mahmud Effendi, representing his father, H.H. the Naqib, delivered a prayer of thanksgiving and in a brief and moving oration, His Majesty the King laid down the principles by which his government would be guided, insisting on the need of strong and close co-operation between himself and his people, without distinction of class or creed, together with the maintenance of the alliance between the 'Iraq and Great Britain, to be embodied in a treaty which would be confirmed by the National Congress.

Immediately after the ceremony I delivered to His Majesty King Faisal the following telegram from His Majesty King George V :—

“ I offer Your Majesty my sincere congratulations on this historical and moving occasion when by the overwhelming vote of the people of 'Iraq the ancient city of Baghdad has once again become the seat of an Arab Kingdom. It is a source of deep gratification to myself and my people that combined military effort of British and Arab forces and those of their Allies has culminated in this memorable event. The treaty which will shortly be concluded between us to consecrate the alliance into which we entered during the dark days of the War, will, I am confident, enable me to

fulfil my solemn obligations by inaugurating an era of peace and renewed prosperity for 'Iraq.'

Signed, GEORGE, R. I.

H.M. King Faisal replied as follows :—

" I am profoundly touched and greatly rejoice at the Royal and gracious favour which you have extended towards me and towards my people in Your Majesty's message.

" On this auspicious day when Baghdad the city of the Khalifs has become for the second time the capital of an Arab Kingdom, I recall with pride how white has been the hand of Your Majesty and Your noble people in the achievement of Arab aspirations. I am confident that the Arab Nation will justify Your Majesty's reliance on the success of their efforts to regain their pristine glory provided that they continue to enjoy the support and friendship of Great Britain. I doubt not that the treaty which will be concluded shortly between us will strengthen the bonds of alliance already cemented with the mingled blood of Briton and Arab on the battlefields of the Great War and that it will be established on unshakeable foundations.

" Finally, I wish Your Majesty and your honoured Nation continued prosperity and enduring glory."

Signed, FAISAL.

Resignation of the Provisional Government.

In conformity with constitutional practice, on the accession of the Sovereign H.H. the Naqib and the Provisional Government tendered their resignation to the King who, while thanking them for their past services, asked them to continue in office till a new cabinet should be formed. It was my grateful duty to intimate to H.H. the Naqib that His Majesty King George had been pleased to confer upon him, in recognition of his services to his country, the high distinction of Grand Commander of the Order of the British Empire.

Insertion of King Faisal's name in the Khutbah.

At the instigation of the Ministry of Auqaf, after consultation with H.H. the Naqib, His Majesty issued orders confirming in their posts Imams, Mu'idhdhins and other servants of the mosques. From the first Friday after the King's accession, the name Faisal, King of the 'Iraq, son of Husain King of the Hijaz, was inserted in the Khutbah.

Formation of King Faisal's first Cabinet.

The formation of the new Cabinet was not long delayed. On September 10th, His Majesty entrusted His Highness the Naqib with the office of President of the Council, which he had previously held, and the latter submitted to His Majesty the following proposals which were accepted.

Minister of Interior	...	...	...	Haji Ramzi Beg.
„ Finance	...	...	...	Sasun Effendi Haskail.
„ Justice...	...	...	...	Naji Beg al Suwaidi.
„ Defence	...	...	...	Ja'far Pasha al 'Askari.
„ Communications and Works	...	...	...	'Izzat Pasha.
„ Commerce	...	...	...	'Abdul Latif Pasha Mandil.
„ Education	...	...	...	'Abdul Karim Effendi al Jazairi.
„ Public Health	...	...	...	Dr. Hanna Khaiyat.
„ Auqaf ...	...	...	...	Saiyid Muhammad 'Ali al Fadhil.

'Abdul Karim Effendi al Jazairi was unable to serve and a well-known Shi'ah man of letters, Saiyid Hibat al Din al Shahristani, assumed the office of Minister of Education.

No change in the Cabinet took place until the end of March, when after the raid of the Akhwan on the Muntafiq tribes, subsequently to be recorded, His Majesty, considering that certain Ministers showed by their ineffective attitude in Council that they had not realised to the full the gravity of the situation or the necessity of taking immediate steps to meet it, sent for three of them and called upon them to resign. The Ministers of Justice, Education, Commerce and Public Works accordingly sent in their resignations, while the Minister of the Interior, who had previously tendered his resignation, availed himself of its acceptance. These resignations were unfortunately followed by that of Sasun Effendi, Minister of Finance, who resigned in sympathy, being of the opinion that the action of the King in asking for the resignations and the Naqib in not resigning himself was unconstitutional. The Cabinet is now being reconstructed. Taufiq Bey, Governor of Baghdad, has been appointed to the Ministry of Interior, and Sabih Beg ibn Nishat, an officer of considerable reputation who has recently returned from Constantinople, to Public Works. It is hoped that Sasun Effendi will be persuaded to withdraw his resignation.

King Faisal's position.

During the seven months which have elapsed since his accession, King Faisal has steadily consolidated his position in the confidence and affection of his people. When the rigours of an exceptionally hot summer were over, he paid a state visit to Mosul where he was met with spontaneous demonstrations of loyalty which bore witness to the vanity of Kamalist propaganda. A subsequent visit to the Hillah and Karbala Liwas was the occasion for a welcome no less enthusiastic, and when in November he honoured the Muntafiq with his presence, tribesmen and townsmen assembled from all parts of the Liwa to greet him. His great reputation as a patriot and a leader is to Arab Nationalists a guarantee of the fulfilment of their aspirations, while his tact and wisdom, combined with his steady reliance on the help and friendship of His Majesty's Government, are an assurance to all that the fortunes of their country are being laid on sound foundations. His

presence in Baghdad has from the first stimulated a sense of unity in the 'Iraq. The deputations which gathered from all parts of the country to greet him and to witness his coronation served a double rôle. Not only did they give opportunity for acquaintance and understanding between himself and the leaders of opinion in 'Iraq, but they also enabled 'Iraqis, who were imperfectly or wholly unknown to each other, to meet in pursuance of a common national purpose and to take cognizance of each other's local circumstances and prejudices. His Majesty's application to his political duties, his eager participation in the efforts of his subjects to solve local difficulties and his constant readiness to give personal attention to all who seek his aid, have combined to make his audience chamber a centre of national consciousness.

II. INTERNAL ADMINISTRATION.

1.—SURVEY OF PROVINCIAL ADMINISTRATION.

Smooth working of the new system.

I can record with deep satisfaction that the gradual substitution of Arab for British officials has proceeded without causing any dislocation in the administration of the country. The fact reflects equal credit on all affected, and while expressing my appreciation of the willingness shown by responsible Arab officials to profit by the experience of their British colleagues, I must offer the latter most cordial recognition of the zeal and sympathy which they have shown, in accepting and adapting themselves to their new duties. Such special difficulties as have confronted the Arab Government have been due to no lack of confidence between the two constituent parts of the administration, but to circumstances inevitable to the institution of a new regime, or to difficult problems of long standing which became more clearly apparent when the military force which supported the Government of Occupation was diminished or withdrawn.

Administration difficulties in the Muntafiq Division.

The Muntafiq Division has provided an instructive example on both counts. For reasons already indicated it was not possible there to proceed to rigorous measures of pacification. Not only did the tribes remain in possession of their arms, but they devoted themselves to the acquisition of additional weapons, with the result that the Division is perhaps to-day more heavily armed than any other part of the 'Iraq. They were thus in a position to defy the Government, an attitude for which they had been noted in Turkish days, and they were persuaded that the Arab Government was one which could be defied with impunity. During the period of military occupation it had been the policy of the Civil Administration to reduce to order the chaos inherited from the Turks by restoring authority to the tribal shaikhs and using them, thus vested with the might of British prestige, to carry out the behests of the supreme authority. The outbreak of 1920 destroyed the edifice thus successfully constructed and the tribes relapsed into a traditional state of anarchy. The powerlessness of the tribal chief to stand without the support of Government was illustrated

in the Suq district by a series of brutal murders, culminating in February in the assassination in his own guest house of the Shaikh of the Albu Khalifah who had invited his tribesmen to confer on the means of collecting outstanding revenue. The fact that at that period punitive measures could not at once be taken confirmed the general belief that the Arab Government could not exact obedience; an orgy of crime, inter-tribal disputes and murders followed, and though the Albu Khalifah were successfully dealt with in July, the Suq and Hammar areas have been the scene of almost continuous petty outbreaks. The support afforded by the R.A.F. to police and gunboats has been invaluable in dealing with the situation, and there is a growing conviction among the tribesmen that official orders must be treated with respect.

Further north, on the Gharraf Canal, several notable instances of lawlessness met with speedy retribution, with the result that this area is now fairly well under control. For several months past inter-tribal fighting has ceased, public security has improved, the tribesmen no longer carry arms and Government dues are coming in regularly. It is also gratifying that in the case of two serious disputes over land claimed by the Shaikh of Chabaish, the threat of tribal warfare was successfully checked by official investigation.

The Samawah district shares the characteristics of the Muntafiq proper and has been the scene of similar difficulties, while near the mouth of the old Euphrates channel, sections of the Madinah tribes, after prolonged disregard of Government orders, have required coercion.

Towards the close of the financial year something over 9 lakhs of revenue were still outstanding in the Muntafiq, about 4 lakhs being in respect of the demands of 1920-21. Though the Iraq treasury can ill afford to forego its dues, a reduction of 25 per cent. on the saifi demands for 1921-22 has been agreed to.

The tribal question.

It may fairly be said that in no part of the Iraq is the question of tribal disintegration and the problem of finding a substitute for shaikhly authority more acute than on the lower Euphrates, but it must not be forgotten that the primitive structure of Mesopotamian society and the contrasts between urban and rural conditions must for many years to come tax the patience and wisdom of the Central Government. The country is in a state of transition. In some cases the Shaikh is a leader only in name and Government deals directly with the sectional chiefs, in others the Shaikh is paramount over a tribe or a confederation and the sectional leaders come rarely into contact with the executive authority. But as a rule even the paramount Shaikh depends on the backing of the central Government, without which he is powerless. When he attempts to enforce orders, for the execution of which he is nominally responsible, his tribal influence dwindles and vanishes, while, if he sets himself to gain or preserve local prestige, he is apt to become a menace to the State. On the whole he is anxious to fulfil the services required of him, and if he be actuated mainly by a desire to maintain his own position, under present circumstances care should be taken not to alienate his allegiance.

It is nevertheless imperative to encourage all revenue payers to deal direct with the local executive, so as to prepare for the moment when the tribal system will drop into final decay. The progress of this social development will be in direct ratio to the general advance of civilization throughout the country. The outlying provinces which are in close contact with the desert and desert institutions, the more inaccessible regions of the 'Iraq, such as the marshes of the southern delta and the unirrigated steppes of the Jazirah, may for some considerable time hold to the ways of their forefathers, but the opening up of the country, the diffusion of education and, more especially, the recognition that there are modes of life more profitable than that of raider and robber will strike at the root of tribal organization.

Development in Dulaim Division.

As an encouraging example I would instance a Division no less tribal in organization than the Muntafiq, that of the Dulaim. The development of the Saqlawiyah Canal between the Euphrates and the Tigris, largely due to the energy and initiative of Shaikhs 'Ali al Sulaiman and Mushhin al Hardan, has provided for the settlement of 2,000 tribesmen. These have been drawn from the somewhat unprofitable semi-nomadic elements of the Dulaim confederation and will greatly add to the wealth and resources of the country. Already projects are in hand for the building of a town in the centre of this new agricultural district which has lain waste since the days of the Khalifs, though the presence of burnt brick and other traces of habitation in every mound show how thickly it must have been populated in 'Abbasid times. A little farther to the south the re-digging of the Yusufiyah canal, the ancient Nahr Malkah, is restoring to settled life a region where the remains of famous Babylonian cities bear testimony to former prosperity.

It rests with the 'Iraq Government to encourage the wandering shepherd to take to permanent settlement as a cultivator by giving him satisfactory terms of tenure and securing to him his due share of the fruits of his labours by means of honest and enlightened administration. The creation of an intelligent and capable civil service is not the work of a day, but creditable efforts in this direction are being made by the appointment to positions of responsibility of men of education who, though they may be somewhat lacking in experience, bring an increasing measure of intellectual training to bear upon their task.

The Zubair Nahiyah.

As a step towards the unification of administration the transference of Zubair from shaikhly government to the status of a Nahiyah may be noticed. From the period of the Occupation the town and district, which lie some 8 miles west of Basrah on the edges of the desert, had been administered by Shaikh Ibrahim, who had rendered valuable services during the war. But his autocratic rule had become an anachronism and was resented by the inhabitants. It was brought to an end in June, when a normal municipality was established and a mudir appointed.

'Amarah Division.

The division of 'Amarah has been substantially untroubled. At the beginning of the period under review a successful redistribution of Muqata'ahs (estates leased from Government) was carried out, with the object of providing for certain shaikhs who had been persistent in hostility during the war and on making submission had not been restored to their former position.

Certain difficulties were experienced with the sections of the Bani Lam who followed Ghadhban ibn Bunaiyah. Ghadhban is a man of marked personality, but his rule was oppressive and he was deposed at the request of his tribesmen in favour of his son 'Abdul Karim in 1919. Part of the Khasraj tribe, who occupy the border between 'Iraq and Persia, had been under his control, while the large proportion of his Bani Lam sections live permanently in Persia. 'Abdul Karim proved incapable of asserting his authority either over the Bani Lam or the Khasraj. Matters came to a head in March 1921; the Khasraj refused to acknowledge 'Abdul Karim and the opportunity was taken to hand over to the Persian authorities the control of all tribes residing within the Persian border. 'Abdul Karim, who had himself lived continuously in Persia, attempted to take up a truculent attitude and was outlawed from 'Iraq. He has since subsided into obscurity.

Tribal difficulties in Diyala, Kirkuk and Baghdad.

Diyala and Kirkuk Liwas, together with the Samarra Qadha of Baghdad, have suffered from inter-tribal enmities leading to petty raids and other breaches of public peace. As yet the terms of the agreement arranged in Baghdad in December have not been fully complied with. These troubles, together with such as have occurred among the Kurdish elements in the Divisions in question, were largely an aftermath of the disturbances of 1920, coupled with a conviction that the Arab Government was not in a position to maintain order. The efforts of the police are gradually dispelling this impression.

Mosul Division.

Progress in the Mosul Division has been well maintained. A promising step in the direction of agricultural development was taken in May, 1921, by the enterprise known as "Mosul Farms Limited," the Managing Director of which is Mr. J. M. Birch, who was formerly Agricultural Circle Officer in Mosul. The capital has been subscribed almost entirely by local people. The aim of the Company is to farm on a large scale with the aid of the most modern forms of agricultural machinery. The Company have obtained a thirty years' lease of the Sanniyah lands of Jurf and Dhibaniyah, between Nimrud, the ancient Kalah, and the mouth of the Zab, for which they are to pay, including both land tax and rent, the equivalent of one-tenth of the value of their crop, assessed every five years. The terms are easy, but not unduly so, considering the value of the object-lesson in modern agricultural methods which the Company's working should provide. Apart from their cultivation of wheat and barley by "dry farming" methods, it

is their intention to grow cotton by irrigation and also to experiment with arboriculture. Pending the arrival of their big machinery, which only reached Basrah at the end of the year, the Company have been cultivating their lands with two Fordson tractors.

Pacification of the northern area of Dulaim Division.

I have already made allusion to the disturbances in the northern parts of the long and straggling Division of Dulaim. The ancient hostility between the towns of Rawah and 'Anah was embittered by the disaster under which 'Anah suffered at the hands of the Rawiyin and the 'Aqaidat in 1920. In the autumn of 1921 a party of Rawah notables, who were on their way to Baghdad via Tikrit, were attacked in the desert, a few hours east of Rawah, by Dulaim raiders who inflicted on them casualties. The party had been warned that the route was not safe and assured of protection, under the guarantee of Shaikh 'Ali Sulaiman, if they would travel by the Euphrates. Representatives of the two towns and of the Dulaim tribe were summoned to Baghdad by the Ministry of Interior for the purpose of settling up scores. 'Anah and the Dulaim readily obeyed; Rawah prevaricated and procrastinated and it was not till the end of March, 1922, that the representatives, together with several leading shaikhs from other parts of the country, chosen to adjudicate between the parties, met in Baghdad.

Consolidation of French authority beyond the frontier.

Meantime during the course of the autumn and winter of 1921, the French Government established its authority across the frontier. The suppression and pacification of the lawless 'Aqaidat, who are at feud with the tribes within the 'Iraq border, was regarded by the latter with unmixed gratification. The peace of the Euphrates road within 'Iraq territories had been disturbed by raids and forays on the part of tribesmen higher up the river, and the Euphrates townships had suffered from the complete interruption of communications and commerce. These are now re-established and the task of the 'Iraq Government in maintaining law and order is simplified by the gradual disappearance of a disturbing element from without. The road from Mosul to Aleppo via Dair al Zor has also been opened and for the past three months continuous motor traffic has been maintained between the two places.

My relations with the High Commissioner for Syria have been of the most cordial nature. I have addressed His Excellency General Gouraud on the subject of the protection of desert traffic from attack and extortionate demands on the part of the tribesmen and have found him courteously eager to co-operate in seeking to facilitate peaceful intercourse between Syria and the 'Iraq. British and Arab local officials in 'Iraq have likewise found their colleagues across the border to be imbued with the same helpful spirit. I have recently taken up with the High Commissioner for Syria, at the request of the 'Iraq Government, the question of a comprehensive settlement of trans-frontier claims arising out of the disorders of the last eighteen months

and I have every hope that we may reach a solution advantageous to both administrations. In these matters I have never failed to receive the hearty support of H.M. King Faisal.

2.—ELECTIVE BODIES.

Municipalities.

After the British occupation municipal elections ceased to be held in Iraq: Mayors were appointed by the local Political officers, together with a small Municipal Council to assist them in their work. This system worked well enough during the war, but with the introduction of a settled administration it was obviously desirable that elections, which had been customary under the Turkish regime, should be resumed. The desire for elections had been made clear from time to time and in Mosul Liwa elections actually were held in the spring of 1921, the Turkish Municipal law being altered in such manner as was considered necessary to fit the altered circumstances.

The decision to hold elections in all municipalities was taken by the Council of Ministers in the autumn of 1921, and the Turkish Municipal Law, translated into Arabic, was sent to all Liwas to be made use of as it stood, the only important change made in it being that universal manhood suffrage was introduced as a means of solving the difficulty which arose from the fact that the voters' qualifications, according to the law, was based on the wergo tax, the collection of which has been in abeyance since the British occupation. This change, while in strict conformity with the democratic professions of the new Government, would appear to have been somewhat premature, but on the whole the results have been fairly satisfactory.

The Turkish Municipal Law is not, however, a good instrument. It is burdened with much unnecessary detail while much that is important is omitted. The experience gained during the recent elections should be of value in the task of remodelling it in the future.

The policy of Government with regard to municipalities is to free them as far as possible from official interference and control and imbue them with a sense of responsibility. To this end proposals are now on foot for delegating to the elected Municipal Councils wide financial powers and authority to improve local by-laws, as long as only local interests are affected thereby.

The principal resources of municipal revenues are tolls on such bridges and ferries as are maintained at the expense of municipalities, house tax levied, as a rule, at the rate of 10 per cent. of the rental of each house situated within municipal boundaries, slaughter-house fees, brokerage fees, rents of municipal properties, building tax, landing stage tax and profits from municipal trading concerns. With the exception of the house tax and the landing stage tax, these taxes were levied by municipalities in their present form under the Turks. The present house tax is merely a modification of the old Turkish wergo which was intensely unpopular and by no means easy to assess, but the landing stage tax has been introduced since the British occupation. It is justified by the considerable expense to which municipalities are put in maintaining landing stages and river walls and the difficulty in

many cases of raising sufficient funds for the purpose. The new imposition was intended to supply the necessary funds by imposing a small tax on all goods landed in each municipality, and it can be claimed that it has fulfilled its purpose and been met with little or no objection.

A feature of municipal progress during the past year is the expansion of municipal enterprise in the institution of services of public utility. Consequent on the reduction of the British troops in this country many stations hitherto containing garrisons have now been evacuated. For the benefit of the troops there had been installed in the towns electric light plants and water supplies and many municipalities have seized the opportunity afforded of taking over, at a comparatively low price, the services declared surplus by the army.

Satisfactory progress is noticeable in the larger towns. The Municipality of Basrah has maintained its former high standard of civil enterprise; special thanks are due to Rajab Effendi al Na'mah, who held the post of Mayor from March, 1921, till January, 1922, for the attention and ability he has shown in carrying out his duties, and to the Assistant Divisional Adviser for the Municipality, Captain R. E. Alderman, C.I.E., O.B.E. To the cleanliness of the town may be attributed the absence of any serious epidemics. Metalled roads have been extended, graded to ensure good surface drainage, and widened, the building of the Maude Memorial Hospital, of which about half the cost had been subscribed locally, put in hand, new houses and markets erected and repairs carried out under the auspices of the Municipal Engineer's Department.

In Baghdad the Ministry of Auqaf has steadily improved its property by the rebuilding of houses and bazaars, while a number of buildings along the new thoroughfares have been erected by private persons, but municipal enterprise has been somewhat lacking. Useful projects, for the metalling of roads, the provision of a sufficient water supply, as well as for a tramway line, are now under consideration.

A scheme for supplying Mosul with water, at an estimated expenditure of about 7 lakhs, was approved in the beginning of 1921 and is now well on the way towards completion. The Municipality has taken over the new bridge built by the military authorities and completed the grading and levelling of Ninewah Street, the main thoroughfare, which bids fair to be the finest street in 'Iraq.

Divisional Councils.

During the British occupation, Divisional Councils were appointed in all Liwas. They met at regular intervals under the presidency of the Political Officer and proved themselves of genuine value. All of these, however, with the exception of that at 'Amarah, ceased to sit after the outbreak of disturbances in 1920, and even the 'Amarah Council has now ceased to function.

In Mosul, the Political Officer instituted Liwa and Qadha Councils in May, 1921, appointed *ad hoc*.

In the autumn of 1921, the Council of Ministers issued orders for the reintroduction of elective Majlis Idarah in all Liwas and Qadhas on the lines of the old Turkish Councils. These Councils have not yet

come into being in Baghdad, Basrah, 'Amarah and Dulaim, and the Turkish administrative law needs extensive alterations. A Committee has been appointed to prepare a revised draft of the law for submission to the Council of Ministers.

3.—GOVERNMENT PUBLICATIONS.

There remain now no Government publications in English. The English daily papers in Basrah and in Baghdad have both been sold to private companies, as also have the Arabic daily papers of Basrah and Baghdad.

The Arabic newspaper *Al Mosul* is still published as a Government paper in Mosul together with a Turkish paper, *Najmah*, in Kirkuk and a Kurdish paper in Sulaimani.

Certain members of the Government are anxious to have an official daily gazette, published in Arabic only, which shall contain the official notifications of all Government departments. There are, however, difficulties in the way of this proposal and much doubt is entertained as to whether it will be possible to issue it in the near future. The matter is still under discussion.

4.—LITERARY, SCIENTIFIC AND CHARITABLE INSTITUTIONS.

The most important institutions of this nature are :—

(i) *Jama'iyat al Khairiyah al Islamiyah*. This is a charitable institution founded in Baghdad in November, 1921, its declared objects being to rescue from the streets the blind and the infirm, widows and orphans, and to institute a home where such persons can be attended to and where orphans can be brought up as useful citizens. Its resources are obtained from monthly contributions and from bequests. Its books are to be open to inspection at any time and statements of the accounts are to be published periodically in the press.

(ii) The *Ma'had al 'Ilmi*, a scientific and literary club, was opened in Baghdad in January, 1922, the opening ceremony being performed by the King himself. Its objects are to spread education, provide lectures and a reading room where local and foreign publications can be seen, and to translate and publish works in foreign languages. The first of these to be taken in hand is Sir W. Willcocks's report on irrigation.

(iii) The *Nadi al 'Adabi of Mosul*.

(iv) The *Nadi al 'Adabi of Hillah*.

These two clubs are copies of the *Ma'had al 'Ilmi* of Baghdad.

(v) The *Saff al 'Adabi* is a Jewish club, the object of which is to arrange lectures and evening classes for its members.

5.—POLICE.

Formation of Regular Police.—The year 1921 has seen the formation of regular police throughout Iraq under the central control of the Inspector-General of Police, with headquarters at Baghdad. An Inspectors' Training School has also been organized, and during the

year Inspectors were trained and passed out for the whole country. In October, 1921, the Mosul District Gendarmerie were taken over. The work of reorganization into regular police is still proceeding.

Nuri Pasha Sa'id was appointed Director-General of Police with effect from January 1, 1922, and during the coming year it is proposed to appoint Arab Commandants and Assistant Commandants of Police in every Liwa and Qadha and to transform the present British staff into an Inspectorate. British Gazetted officers have been reduced from 32 to 25 and Non-Gazetted officers from 52 to 32. The end of the financial year finds 22 'Iraqi Gazetted officers employed; during the course of the year 1922, it is hoped to increase this number to 56. Arabic numbers and cap badges have been introduced and Arabic words of command are used.

Arms.—The Police are at present armed with the 1914 .303 British rifle, with Martinis and Sniders for town patrol work; but it is hoped very shortly to arm the entire force with the short Lee-Enfield.

C.I.D.—A Central Finger Print Bureau was formed at Baghdad in May, 1921.

The Baghdad Passport Office was transferred in March, 1921, to the Commandant of Police, and at the end of July a Passport Examining Post was organized at Quzil Robot with a view to establishing surveillance over movements to and from Persia. Since December it has been in charge of an Arab officer.

Railway Police.—Much progress has been made in the Railway Police during the year. Armed police posts are being established at all the bigger stations and pilfering from goods trains has almost ceased.

Strength.—No difficulty has been experienced in recruiting for the Police and the cadres given in Appendix 9* are almost all up to strength.

Duties.—The Police have been frequently engaged in combination with aeroplanes or Levies, or both together, in operations of a military nature against the tribes. Inter-tribal disturbance in the Baghdad, Diyala and Kirkuk Divisions called for action on a comparatively large scale in November, 1921, in which the Police acquitted themselves with success. Work of this kind has been specially heavy in the Nasiriyah Division, where also the Police have been occupied with preventing the importation of arms. In the Arbil Sub-Division the Police Force has co-operated with the Levies and R.A.F. in measures against the insurgent tribes and the Turks. When the small post at Batas was surprised by the Turks in July, Inspector Kamal was brutally murdered after he had been forced to surrender. In the rear-guard action which followed on the ambush at Babachichik in December the Police held up the enemy and did much to stabilize the situation. On this occasion the Commandant, Captain Littledale, received the special thanks of the Inspector-General, Levies, on the steady behaviour of his men under fire.

* Not reproduced.

Camel Corps.—In March, 1921, Captain Williams, Commandant of Police at Nasiriyah, was charged with the organization of a camel corps, under the standard of the Dulaim, to patrol the desert frontier and preserve peace on the Euphrates road. It consists of 250 men, 150 riding camels, 20 baggage camels and 90 horses (included in Appendix 9*, in the mounted strength of Dulaim Division), and is under the British District Commandant. The Dulaim Camel Corps proved so conspicuous a success that in the early part of 1922 the formation of two others, each 200 men strong, was ordered. One of these, on the southern desert border, was placed under the command of Yusuf Beg al Sa'dun, with Captain Corry as adviser, but it had scarcely come into existence before in March it met with disaster at the hands of an overwhelming force of Akhwan. It is intended to reach the same strength as the Dulaim corps. The other, under 'Ajil Beg al Yawar of the Shammar, for the purpose of preserving order in the Jaziarh desert on the frontier west of Mosul, is based on Tall 'Afar. It is at present in course of formation. The force is entirely under the command of Shaikh 'Ajil, who receives a monthly allowance to cover all expenses. It is understood that the corps will be of the same strength as the others. The men are not regarded as Police personnel, although under the supervision of the Director-General of Police, who is responsible to the King.

6.—PRISONS.

No prison is on a separate system ; all are in association wards.

A convict warder is in supervision in each ward.

Each prison contains six wards, including a hospital ward, and four cells usually occupied by lunatics.

Taking the average number of prisoners in gaol, 350 cubic feet of space are allowed for each prisoner during the hours of sleep, together with a superficial area of 35 square feet.

Prisoners are classified as follows :—

- Habituals.
- Casuals.
- Rigorous imprisonment.
- Simple imprisonment.
- Civil debtors.
- Under trial.

There is no penal labour. Other kinds of labour in use are road repairing, brickmaking and coolie labour. A small number of prisoners are engaged in trades, such as tailors, carpenters, smiths, bakers, cooks, etc.

The majority of prisoners are employed beyond the walls of the gaols on road repairs, brickmaking, or coolie labour on British military dumps, and are supervised by a British warder guard with a British warder in charge.

* Not reproduced.

Escapes of prisoners so employed have been as follows :—

1919...	...	...	...	...	...	...	8
1920...	...	...	...	...	...	...	40
1921...	...	...	...	...	...	...	17

The profits of prison labour are paid to superintendents of gaols, who pay the sums into the Treasury.

The cost of prisons during the year 1920 was Rs. 6,35,978, while prisoners' earnings amounted to Rs. 92,445.

Ten hours are allotted for sleep. Wards are lighted with electric light where it is available. There is no patrolling.

In 1921, 1,554 prisoners were punished for offences against gaol discipline, with an average daily population of 1181.29.

If any European happens to be in gaol, arrangements are made for the attendance of a chaplain. Prisoners are allowed their religious books.

As regards remissions of imprisonment, three days monthly are awarded for good work and good conduct.

All who have died in prison have been attended by the medical officer, who gave the necessary death certificate. The sanitary state of the gaols is on the whole good. Prevailing diseases are fevers, dysentery, abscesses, ulcers, venereal ailments, etc.

Three meals are given per diem, morning, noon and evening. The scale of diet is as below :—

Europeans.	Ordinary.	No. 1 Diet.	Penal Diet.
Oatmeal ... 2 ozs.	Atta ... 12 ozs.	Same as ordinary	Atta.
Bread ... 1½ lb.	Rice ... 8 "	with the following	
Meat and bone 12 ozs.	Dhall ... 2½ ozs.	daily additions.	Bread, 1 lb.
Vegetables ... 12 "	Ghee ... 1½ oz.	Tea ... ¼ oz.	Water.
Ghee ... 1 oz.	Salt ... ½ oz.	Sugar ... 1 "	Ad lib.
Tea ... ¼ "	Dates ... 2 ozs.	Meat ... 8 "	
Sugar ... 1½ ozs.	Tamarind ... ½ oz.		
Salt ... ½ oz.	Vegetables ... 8 ozs.	HOSPITAL DIET.	
	Meat (twice 8 "	As ordered by the	
	weekly)	Medical Officer.	
MEALS.	MEALS.		
BREAKFAST.	BREAKFAST.		
Porridge ... 1 pint.	Dates ... ½ lb.		
Bread ... 2 ozs.	Bread ... ½ "		
MIDDAY MEAL.	MIDDAY MEAL.		
Bread ... 8 ozs.	Boiled Dhall 2½ ozs.		
Meat with bone 8 "	Bread ... ½ lb.		
Vegetables ... 12 "			
Ghee ... 1 "			
EVENING MEAL.	EVENING MEAL.		
Tea ... 1 pint.	Vegetables ... 8 ozs.		
Bread ... 8 ozs.	Rice ... 8 "		
Meat ... 4 "			

Note.—*Europeans.* Two ozs. of dhall on Tuesdays and Saturdays in lieu of 4 ozs. of vegetables, 4 ozs. of rice may be issued twice weekly in lieu of 4 ozs. Vegetables. Salt, ½ oz. daily.

Porridge. To every pint, 2 ozs. of coarse Scotch oatmeal and salt.

There is at present no lunatic asylum in 'Iraq. During the war lunatics from this country were sent to India for detention, but this practice has now ceased, and as a temporary measure lunatics are detained in the gaol. Plans are, however, being made for the construction in the near future of a lunatic asylum for men. The number of lunatics who reach an asylum is, however, very small, as the Arab still prefers to take his lunatics to one or more of the tombs where cures are said to be both sudden and painless.

7.—AGRICULTURE.

The Arab rising in the middle of 1920 disorganized for a time the work of the Department owing to the fact that the Experimental Testing stations had to be abandoned. By October, however, it was possible to resume work in three districts where considerable progress was made, considering that much initial work had to be begun afresh. Agricultural Officers were posted to Mosul, Kut and Ba'quba, and Testing Stations established in the latter areas.

In Mosul the Agricultural Officer devoted a great part of his time to the study of the local breeds of sheep. This officer had special training in the Australian wool industry and the administration were particularly fortunate in securing his services after demobilization. Owing to financial stringency, however, it was found in the spring of 1921 that a whole-time officer could no longer be spared for Mosul. This was particularly unfortunate as the area in question comprises the large dry farming tracts north of the Jabal Hamrin range of hills where most important problems demand the services of a whole-time officer.

The most pressing of these problems are :—

- (i) The organization of the cultivators to combat annual ravages of locusts (*Locustaurus Moraccanus*).
- (ii) The demonstration of harvesting and threshing machinery.
- (iii) Investigation of the "Sun" pest of wheat.
- (iv) Improvement in the preparation and marketing of wool for export.

The Ba'quba area is the important fruit-growing centre in 'Iraq. It also held out promise of considerable development with regard to cotton cultivation. Ba'quba was also selected as being the most convenient locality for attempting a revival of the silk industry. An 'Iraqi of known capability was delegated to Kashmir to undergo a course of instruction in sericulture, and, on his return to 'Iraq in the spring of 1921, he embarked on district propaganda work and initiated a small training and demonstration centre in Ba'quba town. His efforts have been successful so far, and if he is allowed to continue the very useful work which he is now conducting, there is eventually a promising future for the silk industry, not only in Ba'quba but in the Mosul, Kirkuk, Sulaimani, Baghdad and Basrah areas. It will be some time however, before the present methods of rearing silk worms will be superseded by new and improved ones. The effort merits continued support and should receive every encouragement.

Owing to insistent demands for an Agricultural Officer at Kut, the headquarters of the Agricultural Officer at 'Amarah were transferred from 'Amarah to Kut early in 1920.

A testing Station was established primarily with a view to duplicating experiments carried out on the Cotton Farm at Karradah. The only site available has since proved unsatisfactory, and the Testing Station will be closed down in the autumn of 1922.

No officer was appointed to the Baghdad area until May, 1921. Prior to this date its needs were attended to by the Deputy Director of Agriculture. Of the multifarious duties imposed upon this charge, foremost was the initial work connected with the commencement of the Government Experimental and Demonstration Farm at Rustam on the Diyala. Adverse conditions and the difficulties inseparable from the organization of such a large undertaking, especially with constant changes in staff, rendered preliminary spade work particularly trying. It will be a considerable time before the institution can fully perform its intended functions. One of the first essentials is the appointment of an experienced European Manager capable of dealing with and demonstrating modern implements and machinery. For this class of work the type of Indian subordinates employed at present is not satisfactory. This is no reflection on the said subordinates, who have many estimable qualities; they simply lack experience.

District work in the Baghdad area was concentrated mostly on the Saqlawiyah and Yusufiyah canals where it was anticipated there would be a good chance of cotton propaganda succeeding. Owing to adverse circumstances the crop on both canals was a distinct failure. Not only on the two mentioned canals, but elsewhere, the yields of cotton were very disappointing. This was due in part to exceptionally hot winds and consequent shortage of water, but the main difficulty lies as yet in the ignorance of the cultivators.

Late in the season a revised estimate of 350 bales was anticipated, but the total yield only amounted to about 60 bales. Thus the whole country produced less than was grown on 80 acres the previous year. It is unpleasant to have to admit defeat in the cotton season of 1921, but it must be remembered that this was the first year in which active propaganda had been undertaken although much had been written about cotton previously. Iraq undoubtedly holds out immense possibilities for the cultivation of cotton, but it is essential to bear in mind that progress will of necessity be slow. No useful purpose would be served by undue optimism, a fact which is likely to be again illustrated in 1922. The Yusufiyah area will probably yield promising quantities of cotton, but elsewhere reports are less favourable. Propaganda should be continued on areas like the Yusufiyah where cultivators are at last responding to instructions, and it is interesting to observe how in this area particular attention is paid to ridging the land before sowing. Wherever cotton has been cultivated on ridges, the results have been good, whereas there have been nothing but failures reported wherever cotton has been grown on the flat.

Regarding importation and trial of implements and machinery, the work has not been systematized, and until this is done it is question-

able if progress will be effected. This work demands the services of a trained Agricultural Engineer, but so far no one has been appointed. There is no demand for small implements. It is considered, however, that there is likely to be a demand for tractors in time, but not until conditions allow of development schemes being undertaken either by Government or by the granting of land concessions to private enterprise.

Flax growing is beginning to attract the attention of the more enterprising cultivators. They are looking for a crop to replace wheat and barley now that the prices of these cereals have fallen. The Department of Agriculture introduced five varieties of flax and have grown them. The yield of straw was good, but the quality of the fibre poor. This was due to there being no one in the department having any experience of flax retting. This year, however, experiments are being carried out to discover the length of time required to rett flax in Tigris water at various times of the year. A machine has also been imported to do the scutching, and with its aid it is hoped to be able to turn out samples of fibre which will receive better valuations.

The Entomological Section of the Department of Agriculture has conducted investigations which should have a far-reaching effect on the date industry of the country. The two worst enemies of the date in 'Iraq are the diseases known as Tox and Mann. Effective control measures have been worked out, and it is hoped that considerable progress will be made in combating these diseases in the near future.

The department has been without a Botanist for the last two years, consequently plant breeding has been confined mostly to making selections of cotton, noting and recording their habits of growth, flowering and bolling.

About seventy indigenous varieties of wheat were isolated by Dr. Graham when he was Director of Agriculture. These have since been grown in observation lines and their characteristics noted. Strength of straw, rust resistance and yielding capabilities are looked for, and in another year it is hoped that sufficient seed will be available to enable varietal tests to be conducted. The same has been done with many exotic varieties of known reputation in other countries.

8.—ARMS TRAFFIC.

The disturbances of 1920 and the subsequent exaction of rifle fines from the tribes produced a strong demand for rifles and ammunition with the result that the importation of arms into 'Iraq, though legally prohibited, became a lucrative business which continued to be carried on in secret in spite of all efforts to prevent it. This was especially true in the case of the Euphrates districts. Arms were imported from two sources, viz., Syria and Central Arabia, the former being the more important of the two. Reports dating from May, 1920, indicated that hostile organizations well supplied with funds existed for the purpose of collecting and forwarding arms and ammunition to 'Iraq. A report dated February 4th, 1921, stated that the Arabs of 'Iraq had been provided through these organizations with as many rifles as they required and that more would be despatched. How far

the importation of arms into 'Iraq has been prompted by these outside influences, as distinct from the general law of supply and demand, it has not been possible to determine with any certainty.

(i)—*Arms traffic from Syria.*

In October and November, 1920, the capture by the Shammar and by the 'Anizah respectively of two caravans from Damascus carrying 300 rifles (Mauser) apiece brought the question of the importation of arms into 'Iraq from Syria into prominence, and it was requested that representations should be made to the French authorities with a view to checking at the fountain head a trade which might subsequently become a source of embarrassment as much to Syria as to 'Iraq. In reply to notes addressed to the French Government on this subject in January and February, 1921, it was suggested that our information was inaccurate and that in fact there was practically no trade in arms between Syria and 'Iraq; every facility would, however, be given to the British Liaison Officer and to the British Consul at Damascus by the French authorities to enquire into the matter. Since that date His Majesty's Consul at Damascus has energetically prosecuted his enquiries and obtained information regarding the arms traffic which he has frequently brought to the notice of the French authorities.

In September, 1921, he persuaded the French to search a caravan, in which 40 rifles were discovered in bales. The pass for the rifles had been signed by Muhammad al 'Assimi, who had been entrusted by the French with the control of the export of rifles from Damascus, and who thus used his privileged position to organize for his own profit the traffic which he was paid to prevent. This incident is likely to have a deterrent effect on traders in arms. As a further result of His Majesty's Consul's representations, the French authorities have drawn up more stringent regulations with regard to the carrying of arms by caravans; they have also formed a camel corps based on Tadmor which controls the Dair al Zor road, and more recently they have established posts on the direct route across the desert to Kubaisah, which is the route generally followed by arms-carrying caravans. It is hoped that these measures will have the effect of reducing the arms traffic for the future.

For many reasons the interception of arms-carrying caravans on their arrival on the confines of 'Iraq is a matter of considerable difficulty. The traffic is carried on with great secrecy and it appears that there is no definite distributing centre for rifles arriving from Syria, but that the caravans break up in the desert and distribute the rifles in small quantities, and there is evidence that rifles are frequently buried until they can be distributed without fear of detection. Fahad Beg ibn Hadhdhal of the 'Anizah has been encouraged to intercept arms-carrying caravans where possible and to relieve them of their rifles. One such caravan was raided by Mahrut ibn Hadhdhal in November, 1920, and another gun-running caravan from Damascus was similarly raided by Hamud al Suwait of the Dhafir in July, 1921. These two instances, however, revealed a further difficulty. In both cases the merchants from whom the rifles were seized claimed that the rifles were being taken to Najd and appealed to Ibn Sa'ud, who strongly

supported their claims. To obviate this difficulty it has been proposed to Ibn Sa'ud that caravans carrying rifles from Syria to Najd should avoid entering 'Iraq or, if this is not possible, that due warning should be given in advance of their coming.

In addition to the above captures, three cases of arms smuggling were detected by the Police in the neighbourhood of Kubaisah in September, 1921, and the smugglers were arrested and punished.

In the meantime the Euphrates tribes have succeeded in re-arming themselves to a considerable extent and the consequent fall in the price of rifles has decreased the incentive to gun-running. It is hoped that the measures recently adopted by the French authorities in Syria at the instance of His Majesty's Consul, coupled with a judicious use of the desert police force and of the assistance of friendly tribal chiefs, will reduce the arms traffic from Syria to a minimum for the future.

(ii)—*Arms traffic from Central Arabia.*

The present abundance of arms in the Muntafiq is explained firstly by the comparative immunity which this confederation enjoyed from penalties after the 1920 disturbances and, secondly, by the importation of arms from Najd. While the arms traffic from this direction has been much less considerable than that from Syria, it has been even more difficult to control. Rifles are carried in small quantities and distributed over many caravans and lack of definite information makes their detection a matter of great difficulty. In June, 1920, however, a brilliant capture of an arms-carrying caravan was effected by the Police about 9 miles south of Samawah. 263 rifles, including 109 Short Lee Enfield, and 25,000 rounds of ammunition, Mauser and British .303, were captured. This incident, no doubt, had the effect of considerably reducing the volume of arms traffic from this direction. It has recently been rumoured that the fall of Hail has produced a recrudescence of this traffic and that rifles captured by the Akhwan from the Shammar are being imported into the lower Euphrates districts both direct and via Kuwait. It appears, however, that these rumours are greatly exaggerated. The Shaikh of Kuwait is taking steps to prevent such traffic and at the beginning of February he seized 40 rifles which had been brought to Kuwait from Hail.

(iii)—*Arms traffic from Persia.*

There has always been a certain infiltration of arms from Persia into the Tigris districts, though the volume of this traffic is inconsiderable. It was reported in July, 1921, that a certain amount of gun-running was being carried on in the vicinity of Mandali, and that rifles were imported concealed in sacks of grain. There is evidence also of arms traffic between Persian and 'Iraqi Kurdistan and there has been a distinct increase in the number of rifles in Keui Sanjaq since the withdrawal of the British Assistant Political Officer. At present, however, it is probable that there is as great a demand for rifles on the Persian side of the border, and in any case it is impossible to prevent the infiltration of rifles into the mountainous districts of 'Iraqi Kurdistan, the greater part of which is not under Government control.

(iv)—*Arms traffic in the Persian Gulf.*

At the instance of the India Office a Conference composed of representatives of the High Commissioner, Iraq, Government of India, Commander-in-Chief, East Indies, and Governor-General, Baluchistan, was held at Karachi on August 1-5, 1921, to concert measures to prevent a threatened recrudescence of arms traffic in the Persian Gulf. The Conference considered that the most important route by which arms were conveyed was via Hail to Kuwait and thence to the Persian coast from the Shatt al 'Arab to Lingah. As large supplies of arms were known to exist in Central Arabia, and in view of reports that arms might be landed on the Red Sea coast, the Conference recommended certain precautions, as follows :—

1. The maintenance of the existing Naval Force in the Persian Gulf, supplemented by permission to establish immediately a motor-boat patrol in the event of an increase of the traffic taking place.

2. A wireless installation at Kuwait for direct communication with His Majesty's ships working in the Gulf.

3. Pressure on Shaikhs and, in the case of Kuwait, an effort to persuade the Shaikh to establish registration of arms.

The Government of India, however, expressed a doubt as to whether the further expense which these measures would involve would be justifiable and the question as to how far action is to be taken on the recommendations of the Conference is still under consideration: It may be added that, as mentioned above, the Shaikh of Kuwait has shown himself ready to co-operate in the control of arms traffic so far as he is concerned.

III.—FINANCE.

I.—OCTOBER, 1920, TO APRIL, 1921.

General Remarks.

It is difficult to form a correct appreciation of the financial position during the period under review. The situation was obscured by the arrangement whereby the Civil Administration had been responsible since 1917 for obtaining funds from India for the use of the military authorities, which in the absence of prompt and accurate accounts of internal expenditure and receipts made it difficult to ascertain at any moment how far the balance in the Civil Treasuries represented local revenue collections or ways and means advances held at the disposal of the military authorities.

In the light of later events it would no doubt have been an advantage (at all events from the point of view of elucidating the local financial position) if, at any rate, the major resource operations (i.e., the drawings on India) had been conducted by the military authorities on their own account. The minor resource operations, by which civil balances in out-stations were utilized for military expenditure when required (on the basis of recoveries in Baghdad), though no doubt adding somewhat to the responsibilities of the Civil Administration, would not have proved a substantial difficulty had it not been for the further troublesome complication that, owing to the failure of the authorities to arrive at a

clear decision on the incidence of expenditure between military and civil, it was necessary to keep a number of suspense accounts, which added much to the confusion. A complete elucidation of the 1920-21 position cannot be expected until the precise terms of the settlement between His Majesty's Government and the 'Iraq Government, as at April 1st, 1921 (to which reference is made elsewhere in this note), have been decided. Until this is done, it is also impossible to give a satisfactory account of the position during the financial year 1921-22.

Effect of change of methods and of withdrawal of troops.

From the administrative point of view, the great changes in the policy and method of Government introduced in October, 1920, profoundly affected financial administration.

The previous administration had contemplated a more extensive employment of British and Indian officials (both superior and subordinate classes) than was compatible with the policy subsequently adopted. It had incurred a good deal of expenditure in providing equipment, such as stores and transport, and in constructing buildings, both offices and residential quarters, with the object of improving efficiency. Some of this expenditure, though not strictly debitable to capital, was calculated to meet the needs of the immediately succeeding years, and it appeared, therefore, not improper that it should be defrayed from the accumulated surplus of previous years, which at that stage was regarded as at the disposal of the Civil Administration.

The different requirements, however, of the new Government made much of this expenditure a fruitless burden upon the revenue of the year.

The earlier Administration, again, had assumed a more gradual withdrawal of the Army of Occupation than was subsequently decided upon, and its liability for the cost of defence and order had been limited to the maintenance of Police, Gendarmerie and Levies, the aggregate expenditure on which, in the year 1920-21, was 88.5 lakhs, while in the following year it was approximately 240 lakhs, of which about 100 lakhs, representing the cost of the Arab and Kurdish Levies, was borne by His Majesty's Government.

Deficit arising from disturbances of 1920.

The disturbances of 1920, moreover, greatly modified the financial outlook. As shown in the table below, the estimates of expenditure in 1920-21 amounted to 1,092 lakhs, the receipts being estimated at 1,059 lakhs. The deficit of 33 lakhs, which represented initial outlay on equipment calculated to meet requirements for the next two or three years, was, as explained above, to be met from the previous accumulated surplus, which, as far as could be ascertained at the time, was estimated to be in the neighbourhood of 200 lakhs at the beginning of the financial year 1920-21.

TABLE I.

RECEIPTS.		EXPENDITURE.	
	Rs.		Rs.
Land Revenue	1,58,13,250	Revenue	29,02,060
Date Tax	18,89,250	Political and General ...	68,65,710
Kodah	21,34,100	Gaols	7,51,900
Miscellaneous Taxes ...	12,00,295	Police	73,64,384
Ottoman Public Debt ...	23,59,350	Levies	48,03,243
Gaols	2,71,500	Miscellaneous	1,00,800
Political and General ...	3,23,080	Customs	42,87,680
Police	3,94,914	Tapu	4,40,880
Levies	—	Irrigation	69,34,912
Interest	14,470	Land Settlement and Ac-	
Miscellaneous Receipts ...	1,32,740	quisition	1,07,380
Customs	2,56,82,000	Education... ..	17,32,809
Tapu	5,72,500	Posts	37,38,000
Education	31,000	Telegraphs	38,90,000
Posts	41,93,700	Veterinary and Remounts	10,82,040
Telegraphs	43,81,000	Stationery	3,26,000
Veterinary and Remounts	65,000	Health Services	50,47,200
Health Services	7,90,300	Stores Department	8,00,000
Stores	6,00,000	Railways	2,98,20,000
Railways	2,98,38,000	Transport	60,31,641
Transport	17,50,000	Agriculture	6,87,150
Agriculture	65,000	Surveys	6,09,415
Survey	94,400	Judicial	12,66,860
Judicial	7,91,000	Port Directorate	52,90,567
Port Directorate	54,59,500	Government Presses ...	8,48,000
Government Presses ...	6,60,300	Mily. and P.W.D. Civil	
Finance	25,000	Estimates	98,43,500
Government Publications	1,72,049	Finance	11,47,400
Revenue Grain transferred		Quasi-Waqf	75,000
to Military in 1918-19	62,00,000	Government Publications	1,58,893
		Sub-allowances and non-	
		effective charges	22,54,800
Total ...	10,59,03,698	Total ...	10,92,08,224

The actual result of the year's working was, however, as the next table (No. II) shows, a deficit of 183 lakhs.

This figure, it will be noted, includes capital expenditure on Railways and the Port of 39·5 and 14 lakhs respectively, and for the purpose of a true comparison with the Budget estimates the actual deficit should be shown as 183—(39·5 plus 14) equal to 129·5 lakhs.

TABLE II (A).
1920-21 ACTUALS.
RECEIPTS AND EXPENDITURE BY MAIN HEADS.
(Accounts under audit of D.A.G. (Civil).)

RECEIPTS.	EXPENDITURE.
Rs.	Rs.
Land Revenue ... 1,09,02,475 13 11	H.Q. Revenue ... 1,53,584 5 5
Date Tax ... 8,03,823 6 7	Divisional ... 18,38,081 6 0
Kodah ... 20,50,059 11 0	Ottoman Debt Re-
Revenue Misc. ... 11,30,376 10 11	venues ... 10,650 13 0
Ottoman Debt Re-	Pol. and General Adm. 41,76,157 2 11
venues ... 24,09,558 8 6	District Police ... 12,86,052 7 3
Pol. and General Adm. 3,98,006 8 5	District Lock-ups ... 47,194 15 0
District Police ... 10,319 14 2	Gendarmerie ... 11,32,862 1 8
District Lock-ups ... 1,221 11 0	Hillah Forests ... 2,813 12 0
Gendarmerie ... 9,494 8 1	Hillah Land Settlement 14,818 8 0
Interest ... 18,915 10 11	Levies ... 26,18,300 1 0
Levies ... 9,673 8 3	Levies (Arbil) ... 4,34,708 0 0
Levies (Arbil) ... 563 15 8	Gaols... ... 6,87,168 14 6
Gaols ... 70,335 7 10	Central Adm. ... 45,66,481 1 4
Central Adm. ... 215 8 0	Police ... 38,49,867 4 4
Police ... 1,61,672 10 7	Customs ... 60,09,620 14 10
Customs ... 2,76,65,412 9 8	Tapu ... 3,57,404 15 11
Tapu ... 11,13,444 2 7	Education ... 12,46,853 7 3
Education ... 31,348 12 10	Survey ... 3,81,488 0 10
Survey ... 11,155 3 1	Veterinary and Re-
Veterinary and Re-	mounts ... 9,06,276 12 2
mounts ... 31,356 11 11	Stationary ... 4,84,325 0 10
Stationary ... 32,872 9 4	Finance ... 13,60,694 1 9
Finance ... 888 3 8	Agriculture ... 6,74,607 7 4
Agriculture ... 10,847 13 5	Judicial ... 10,69,430 8 1
Judicial ... 7,38,500 4 9	Govt. Press, Baghdad 3,02,300 13 0
Govt. Press, Baghdad 3,29,825 6 4	Govt. Press, Basrah 2,44,618 7 1
Govt. Press, Basrah 2,45,982 10 8	Transport ... 99,35,059 7 4
Transport ... 1,82,000 6 7	Civil Stores ... 6,53,101 0 1
Publications ... 2,54,288 11 3	Publications ... 1,93,556 12 11
Miscellaneous* ... 22,02,992 12 1	Land Acquisition ... 30,269 3 2
Medical ... 7,06,818 5 0	Non-effective charges 15,78,205 1 1
Civil Stores ... 2,38,953 14 0	Alwiyah Cantt. ... 56,896 13 11
Total ... 5,17,71,402 1 0	Miscellaneous* ... 40,46,625 15 7
	Medical ... 33,42,695 15 11
	Ministry of Communi-
	cation and Works 38,097 9 1
	Total ... 5,37,50,869 11 6

* This includes 7 lakhs on account of lapsed claims by Military, i.e., receipts properly creditable to Civil are 517-7 = 510 lakhs. This gives a surplus of 5 lakhs (receipts over expenditure) for the year.

* This includes 15½ lakhs repatriation of refugees.

11½ lakhs on a c Military rents.

5½ " " Bar Dredging.

—
32½ lakhs.

The effect is that expenditure properly chargeable to Civil is 537-32 = 505 lakhs.

TABLE II (B).

Receipts and Expenditure by Main Heads of Departments other than those under D.A.G. (Civil's) Audit.

1920-1921.

RECEIPTS.				EXPENDITURE.			
		Rs.				Rs.	
Public Works	...	94,157	1 10	Public Works	...	59,75,014	10 1
Irrigation	...	38,791	6 8	Irrigation	...	46,67,295	9 3
Posts	...	43,69,879	3 8	Posts	...	53,42,940	8 4
Telegraphs	...	58,16,266	14 11	Telegraphs	...	39,19,465	14 4
Railways	...	2,88,61,578	4 4	Railways	...	3,43,47,261	2 6
Port Directorate	...	72,43,090	7 8	Capital	...	39,50,843	2 8
				Port Directorate	...	55,74,402	14 0
				Capital	...	14,14,364	5 10
Total	...	4,64,22,763	7 1			*6,51,91,588	3 0

* These figures show an excess of expenditure over revenue of 188 lakhs.

The accounts under the audit of the D.A.G. (Civil), however, show a surplus of 5 lakhs. The net deficit, therefore, is 183 lakhs.

This unhappy state of things was due almost entirely to the disturbances. The destruction of crops and other property, and the weakening of administrative control in some areas, produced a deficiency of 61 lakhs in revenue from agricultural sources. Further, the great damage done to the Railway and the almost complete stoppage of commercial traffic led to a loss on Railway Revenue Account of almost 55 lakhs. These two items, which total 116 lakhs, contribute nearly the whole of the deficit on revenue account. The situation, therefore, at the outset of the new Government, with these serious losses, and with the new burden of increased military expenditure impending, made it necessary for them at once to retrench in every possible direction until they were able to discover fresh sources of revenue.

The position was difficult and might have become critical; the reforming enthusiasm of the new regime tended in directions which, but for the judicious application of a little cold water by the Finance Ministry, might have proved very embarrassing. It was fortunate that the person selected for this important Ministry possessed qualities which more than any others were needed at this juncture for the restraint of exuberant politicians. His Excellency Sasun Effendi is, by common consent, the best Finance Minister the country can produce; he has the respect and confidence of all; he is experienced and highly educated; his knowledge of the financial systems of different countries is extensive; and he unites with it an intimate practical acquaintance with the highly polished system of the Turkish Empire. His grasp of financial principles is complete; but perhaps it is his unswerving adherence to them that makes him so invaluable in the constant ebb and flow of political parties.

Scope of the Ministry.

It was not immediately, of course, that these qualities came into play. The early days of office were no doubt somewhat tedious. The Department was busy trying to disentangle the transactions of the provisional civil administration from those of the temporary military regime. On these mysteries the Minister did not intrude. A more important fact was that financial administration was at this time incomplete in its scope. The Department dealt with budgets, resource operations and accounts, and intervened in questions of expenditure. But the administration of revenue had, during the previous regime, been controlled by the Revenue Secretary to the Civil Commissioner in respect of land revenue and excise, and by the Commerce Secretary in regard to Customs. The latter, on the abolition of the Commerce Secretaryship at the end of August, 1920, passed under the control of the Finance Secretary; but it was not until the following year, viz., March, 1921, that Excise was taken over by the Finance Ministry from the Interior (which had succeeded to the functions of the Revenue Secretary in matters of revenue), while land revenue and its concomitants were not transferred to the Finance Ministry until October, 1921.

Economies Effected.

The Financial stringency with which the new Government was faced demanded immediate measures of economy.

The previous administration had frequently had charges of extravagance levelled at it, and a laudable zeal was evinced in discovering and terminating superfluous expenditure. It is not certain that the results obtained were commensurate with the zeal displayed. Great hopes were entertained that the costly foreign establishment could be replaced at once by a local staff with modest emoluments. In point of fact the actual expenditure under the heads (according to the former classification) "Revenue" and "Political and General Administration" was 107 lakhs in 1920-21 as compared with estimates of 97 lakhs, and an actual expenditure in the preceding year of about 85 lakhs. It would perhaps be fairer to take the result of the following year, 1921-22, as an indication of the extent to which the general administration has been cheapened by the fuller employment of local personnel. But here the comparison is rendered difficult by the changed budget classification introduced last year, and is vitiated by the introduction of central institutions on a more elaborate scale than those of the provisional civil administration. Taking, however, the figures of expenditure on revenue and political administration outside Baghdad, we find that the estimate for 1921-22 was 55 lakhs, while the expenditure of the previous year was 60 lakhs. Some economy appears, therefore, to have been achieved.

A more substantial, if less interesting, saving was made under the head "Transport." This, as has already been indicated, was in 1920-21 conceived on a somewhat grand scale, to enhance the efficiency of executive administration. When the change in policy came, it was at once recognized that very rigorous steps must be taken to reduce this item in expenditure, and new regulations were introduced by which

the Government defined within narrower limits its liability under this head. The change was not popular, but was imperative ; and whereas the expenditure in 1920-21 on transport was 99 lakhs, in 1921-22 it did not amount to more than about 30 lakhs:

Provision for National Defence.

It has already been indicated that the new factor in expenditure with which the Government was confronted, and on account of which it was necessary to make retrenchment elsewhere, was in connection with defence. The national Government must have a national army. The existing forces of law and order were the Levies, the Gendarmerie, the regular Police, and the district Police under the control of Political Officers. These forces in 1920-21 cost respectively 26, 11, 38·5 and 13 lakhs—a total of 88·5 lakhs. It seemed to some that the obvious course to take in the formation of a new national army was to make the existing Levy organization the nucleus on which to build. There were, however, political and other objections to this course, and after considerable divergence of opinion had been displayed, the Levies were put under the Ministry of Interior as an adjunct to the other forces for the maintenance of internal order, and the new Ministry of Defence proceeded to lay the foundation of a new army. Very meagre funds were available during the remainder of the financial year, and the activities of the Ministry were limited to the formation of a headquarters and recruiting staff. The prospect, however, of having to finance two military organizations, the new Army and the Levies, during the coming year caused much anxiety to the Finance Minister, and the provisional allotment of 55 lakhs which he made for the Ministry of Defence was determined rather by the limitation on available resources than by a considered programme of defence.

Cairo Conference.

The various urgent political, financial and administrative questions to which some reference has been made above, called for a comprehensive policy, and a Conference was summoned by the Secretary of State at Cairo in March, 1921. The absence of the Minister of Finance, and the Adviser at the Conference made it out of the question to present the budget estimates before the beginning of the financial year, and there was no alternative but to carry on with the provisional allotments proposed by the Finance Ministry.

This concludes the survey of the period October, 1920, to April, 1921 ; and the Cairo Conference is a suitable landmark for the introduction of the new period 1921-22.

2.—APRIL, 1921, TO END OF MARCH, 1922.

Decisions reached at Cairo.

The mission returned from Cairo with the following main decision directly affecting 'Iraq finances. Firstly, all Military claims against the Civil Administration and vice versa were to be dropped, the total receipts (whether from Army Votes or Civil revenue) to the end of March, 1921, being pooled and applied indiscriminately to Civil and

Military expenditure, the deficit, if any, being made good by a supplementary vote to be obtained from Parliament.

Secondly, 'Iraq finances were thus to start with a clean sheet on 1st April, 1921, with nothing for or against.

Thirdly, the 'Iraq Budget was to provide not less than 55 lakhs for the National Army, and ordinarily her contribution to defence was not to fall below 15 per cent. of her revenues. The budget was also expected to show a small surplus.

Fourthly, the Levies were to be financed by His Majesty's Government and administered by the High Commissioner on their behalf.

Work accordingly went forward on these lines. But the first resolution was not so simple as it looks. It was adopted with the object of terminating the labours of the Military and Civil accounts departments as early as possible. Expectations were perhaps a little sanguine and have not been altogether justified by results. In point of fact, the scrutiny of local claims continued, because the Military authorities had no instructions to the contrary. Eventually this scrutiny was limited to claims arising in 1920-21, and the disputes were settled by a compromise. To this extent the first resolution above referred to was modified in practice. It was, in fact, impossible to dispense with the task of bringing all expenditure and receipts to account; and the decision not to press claims between the Civil and Military sides could at best have saved only the actual presentation and acceptance of claims and the transfer of credits. It has been seen that claims were in fact mutually examined for part of the period in question, while the transfer of credits was made *en bloc* instead of piecemeal. Opinions probably differ as to the propriety of merging Civil and Military finances during the period of the Occupation. Until the Cairo Conference it had apparently been generally considered that a distinction should be made: many attempts had been made by the Government of India to define the limits of each, and the view had recently been put forward in a White Paper published in 1920 (and therefore presumably accepted by the authorities) that revenue collections in excess of expenditure regarded as properly debitable to civil estimates were really held in trust for the use of the future civil Government. The decisions taken at Cairo were not in accord with this doctrine, and were no doubt much influenced by considerations of practical convenience; but the final settlement of assets and liabilities has not yet been made, and it is premature at this stage to discuss this matter further.

The budget estimates for 1921-22 (of which a summary is given in table III below) show how effect was given to the other resolutions affecting 'Iraq finances.

TABLE III.
1921-22.

EXPENDITURE.		RECEIPTS.	
	Rs.		Rs.
Public Debt	22,68,800	Taxes on natural produce	1,90,33,623
Civil List	7,50,000	Stamps, Fees and Regis- tration... ..	31,37,145
Representative Assembly	1,00,000	Customs and Excise ...	2,94,43,365
Council of Ministers ...	3,70,550	Commercial Departments	1,39,36,008
Ministry of Finance ...	62,44,187	Government Institutions	10,47,517
Customs and Excise ...	51,09,882	Proceeds of other Govern- ment properties ...	6,55,000
Ministry of Interior ...	81,37,582	Interests and Commission	16,080
Iraq Police	59,71,500	Miscellaneous receipts ...	26,23,840
Gendarmerie	12,13,060		
Veterinary and Remounts	5,50,380		
Dept. of Agriculture ...	8,58,770		
Ministry of Defence ...	55,24,895		
Ministry of Justice ...	17,86,930		
Dept. of Tapu	7,64,720		
Ministry of Education and Public Health	20,70,460		
Dept. of Health Services	37,54,170		
Ministry of Communica- tions and Works ...	1,18,12,330		
Postal and Tel. Dept. ...	72,87,182		
Ministry of Commerce ...	53,17,180		
Total	6,98,92,578	Total	6,98,92,578

A small surplus of 8·75 lakhs is shown as a reserve in the budget of the Finance Ministry. Unfortunately, the estimates of revenue have not been realized. Under Chapter I, indeed (Taxes on natural produce), the first revised estimates (based on 5 months actuals) showed an improvement of 17 lakhs on the original estimates, owing to the fact that credit had not been taken in the latter for the 1920 arrears. Later revised estimates, however, indicate that the actual collection under this chapter will probably be some 37 lakhs less than the first revised estimates. This is explained partly by a somewhat liberal policy of granting remissions on quasi-political grounds which was pursued in the early part of the financial year, and partly by the general fall in prices below the fixed conversion rates, which has led to difficulties in collection and to an inevitable postponement of a part of the demand.

Another disappointment has been the heavy falling off in Customs receipts from 294 lakhs to 264 lakhs (including 47 lakhs transferred from the "transit suspense account"). This is due to two main causes—the stagnation of trade owing to the political situation in Persia and the large local sales by the Disposals Board, and to the drop in prices. The sooner Customs and land revenue (which represent together some 80 per cent. of the total revenues) can be removed from a basis which at present is almost entirely *ad valorem*, the better it will be for the stability of the Iraq budget estimates.

Budget of 1921-22.

The budget was not presented to the Council of State until September, i.e., half-way through the financial year to which it relates. Numerous political and administrative changes made it impossible to complete it before that date, but the majority of Departments had definite (though provisional) allotments on which to proceed. The actuals of receipts and expenditure which are complete up to the end of December, 1921 (except in the case of the Irrigation Department and Port Directorate, the completed accounts of which have been brought to the end of November only), show a practical equilibrium, except for Railways, as to which see below. But the balance between revenue and expenditure can be maintained to the end of the year only if the full revised estimate of land revenue is realized, and it has already been pointed out that a deficit under this head is anticipated of some 37 lakhs. A slight increase in some of the other heads of revenue, and a saving of expenditure in some of the departments, appear likely to make good the remaining deficiency, viz., in Customs revenue; and the calculations made in February indicate that the year will close with a deficit of about 33 lakhs.

It will be realized that, in the present fluid conditions, accurate estimation is impossible, and it is unnecessary to enlarge on this point. Continuous efforts are made to prevent all unnecessary expenditure, and the unsettled state of the administration has made the work of the Finance Ministry in this direction doubly hard.

Railway Expenditure.

The expenditure on Railways has been excluded from the above forecasts. Their accounts are, however, incorporated in those of the 'Iraq Government, owing to the accident that railway administration in 1920 was nominally taken over by the Civil authorities. In fact, as has already been stated, the Railways were used almost entirely for Military purposes, and the 'Iraq Government has protested against the decision that the loss on their working (which stood at 44.5 lakhs at the end of December, 1921) should be borne by 'Iraq Revenues. This matter is still under correspondence.

3.—MACHINERY OF THE FINANCE DEPARTMENT.

In this part it is proposed to give a brief description of the machinery of the Finance Department, including the Ministry and the Accounts and Audit Department, while the next and final part will contain a few notes on the administration of Land Revenue and Customs and Excise.

Composition and Work of Finance Ministry.

The Finance Ministry at first comprised a Minister, the Adviser, a Secretary and two Assistant Secretaries. One of the latter dealt mainly with the budget estimates, and the other with financial rules and regulations. Both, of course, had also a great variety of miscellaneous matters to attend to. Their work was co-ordinated by the Secretary, who also handled direct some of the larger questions. A good deal of the Adviser's time was taken up with questions which did not

directly concern the 'Iraq Government as then constituted, but he saw every case of importance arising in the Ministry. In the spring of 1921 an additional officer was brought into the Ministry to deal mainly with Customs and Excise matters. During the summer the absence of the Secretary on leave threw a very heavy burden of work on those who remained, and it is difficult to speak too highly of the assistance which they rendered to the Minister and the Adviser. Later in the year an additional Secretaryship was created to deal with questions relating to Customs and Excise revenue which required the orders of Government, and about the same time the administration of Land Revenue was transferred from the Ministry of the Interior, and two Secretaries, one British and one Arab, were appointed to deal with it. The scope of the Ministry was thus much enlarged since the early days of the new Government.

It is impossible to go in detail into the work of the Finance Ministry. Side by side with the close examination of the working and cost of each department, which was entailed by the preparation of the budget estimates, went a mass of detailed work in connection with foreign and local personnel, conditions of service, forms of contracts, general service regulations, grades, rates of pay, pension regulations and so forth. Much spade-work has been done, and the ground has now been prepared for a systematic and comprehensive body of regulations, which it is hoped will be ready for issue as soon as permanent service can be said to be in sight. It is proposed to form a Cadre Commission for the formulation of the regulations of such a service, based on the data already collected.

Provisional Pension Law.

As has been said already, it is impossible, and would be tedious, to go into the details of this laborious task; but one measure is perhaps of special interest, as illustrating the influence of temporary political considerations on financial regulations. The advent of the new Government encouraged the return of many officers of the late Sherifian Army. Several of them had not qualified for pension, but had cut themselves off from the Turkish Government under which their pensionable service had begun, and had thus some claim to special treatment from the 'Iraq Government.

To meet their case a provisional pension law was enacted early in 1921, which came into force with effect from 1st February, 1921.

It may be of interest to add, in connection with the subject of pensions, that the late Civil Administration and the present 'Iraq Government have alike honoured the obligations of the Turkish Government in the payment of pensions to ex-Turkish officials, though hitherto no contributions on this account have been credited to the local revenues.

Accounts and Audit Department.

As far as this Department is concerned, the above period falls naturally into three sections, marking three distinct stages in the evolution of the department.

First period, October, 1920, to January, 1921.—During this period the Department consisted of four distinct branches, viz., (i) Deputy

Accountant-General (Civil), who was the final accounting officer for all Civil Treasury Accounts and for all Departments whose accounts were maintained in the Civil Treasuries. At the same time, he was the Audit Officer for such expenditure.

(ii) Deputy Accountant-General (P & T.), who compiled the accounts of the Postal and Telegraph Departments, and audited them concurrently.

(iii) Audit Officer (Irrigation and Public Works), who audited the accounts of the two Departments mentioned, after they had been prepared in the offices of the respective Directors.

(iv) Audit Officer for Port Accounts, with functions similar to the Audit Officer (Irrigation and Public Works Department).

As far as Audit went, the organization met all essential requirements, although many matters of detail were continually being reviewed and improved.

From the accounting point of view, the organization left much to be desired. The various branches were, in effect, independent accounting offices and there was no co-ordinating and supervising machinery to ensure that all technical accounting operations were carried out satisfactorily, even within each branch (such as transactions under "advance," "suspense" and "deposit" heads). As regards transactions affecting two of the branches, which may be classed as "exchange account transactions," the position was even more unsatisfactory, owing to the absence of any systematic machinery for the exchanging of such accounts between the respective accounting officers and for their prompt adjustment.

The weaknesses of the organization had long been recognised, but it was not until 1921 that it was possible to form an Accountant-General's Office to co-ordinate all the accounting operations of Government.

February, 1921, to December, 1921.—The Accountant-General's office was formed in January, 1921, Fuad Effendi al Sanniyah being appointed Accountant-General with a British Secretary and an 'Iraqi Assistant Accountant-General.

His duties were defined as follows in the 'Iraq Government Gazette for February, 1921 :—

" An Accountant-General's Department has been formed to carry out the following functions :—

Accounting.

(a) Organization and co-ordination of all accounting operations of Government; issue of instructions on accounting procedure and the general form of accounts; organization of a system of exchange accounts between different 'Final Accounts Officers' in 'Iraq, and, if necessary, between 'Iraq and foreign Governments (India, United Kingdom, Egypt, etc.).

(b) Preparation of monthly consolidated statements of Receipts and Issues, and monthly statements of audited Revenue and Expenditure for administrative purposes.

Custody and movement of funds.

(c) Resource operations, i.e., Shipment of Specie from India; sales of T.T's on India or United Kingdom; arrangements for the

supply of funds for military requirements ; movement of Government Funds as necessitated by Government requirements.

(d) Arrangements for the custody of Government Funds ; Currency Chests and Reserve Treasures.

Audit.

(e) Co-ordination of audit interpretations of Government's orders, Civil Service Regulations and financial legislations, and the formulation of general principles of audit.

(f) Recommendations as to the confirmation or otherwise of audit rulings of Audit Officers (Deputy Accountants-General, etc.), disputed by Departments, etc., for report to the Ministry of Finance, whose decision will be final.

(g) Presentation of audited appropriation accounts to the legislative body, with audit reports.

Until further notice Departments, etc., will correspond on audit and accounts questions as at present, but Deputy Accountants-General and Audit Officers will communicate on audit and accounts matters with the Accountant-General instead of the Ministry of Finance."

Steps were at once taken for the issue of instructions calculated to ensure the systematic adjustment of inter-departmental transactions through "Exchange Accounts" between the various accounting branches and for the systematic clearance of the "advance," "deposit" and "suspense" heads within each branch.

"Accounts current" were also organized between 'Iraq on the one hand and His Britannic Majesty's Government, the Governments of India and Kurdistan (Sulaimani) on the other hand, for the adjustment of transactions affecting those Governments.

At the same time arrangements were made to present to the Minister of Finance periodically a consolidated monthly statement of all Receipts and Issues of the Government of 'Iraq for administrative purposes.

Owing to the numerous and radical changes made in the general administrative organization of the Government of 'Iraq, such as the formation of Ministries, etc., it was not possible for the Minister of Finance to decide upon the general form which the Budget of 1921-22 should take until about August, 1921. As a result the consolidated monthly statements for the earlier months of 1921-22 were much delayed, but most of the arrears of 1921-22 had been overtaken by the end of March, 1922.

It was recognised, however, that an audited statement of accounts could not be prepared sufficiently promptly to meet all the requirements of the Ministry of Finance. To overcome this difficulty steps were taken to provide for a monthly approximate statement of Receipts and Issues in Civil Treasuries alone (as distinct from Departments), as this would indicate, sufficiently accurately for the purpose of financial administration on broad lines, and within a fortnight of the end of each month, how the receipts and issues in Treasuries compared with the figures of the sanctioned Budget.

The Hillah Treasury and Liwa Accounts were accordingly re-organised on lines calculated to enable an approximate classified

statement to be submitted to Baghdad by the 7th of the subsequent month. The experiment was successful, and the procedure would have been extended in turn to all Liwas, but this extension was interrupted by the proposal, referred to below, to adopt a general accounting procedure based closely on the former Turkish model.

It was possible, however, to send the Minister of Finance every month a "Review of the ways and means operations" of the preceding month, indicating on very broad lines how the 'Iraq Government's receipts and expenditure compared with one another, and comparing the totals of 'Iraq's drawings on His Britannic Majesty's Government (through India) with her disbursements (to Military Levies, High Commissioners etc.) on account of His Britannic Majesty's Government.

Throughout this period attention was given primarily to the accounting operations of the current financial year (1921-22). A very heavy volume of work had also to be undertaken in connection with the accounts of 1919-20 and 1920-21, which, as indicated above, were far from being complete. This work had not been completed satisfactorily by March, 1922, and a considerable amount of work still requires to be done.

This legacy is the inevitable result of the unfortunate inability of this Administration to obtain from India, or spare from her available personnel, an officer and staff for a central Accountant-General's office. Strenuous endeavours were made to do this early in 1919, but the Government of India could not spare the officers asked for, and there was no alternative but to postpone the formation of an Accountant-General's office until staff became available in January, 1921.

January, 1922, to March, 1922.—This period was characterized by the proposal to reorganize the accounts of the Government of 'Iraq on a model more suited to the employment of local personnel. After much discussion a general procedure was decided upon which follows fairly closely the former Turkish accounting organization, and the necessary Arabic forms and instructions are now being prepared.

Resource Operations.—During the course of the year 1921-22 it became evident that there was considerable misunderstanding in London as to the actual machinery by which funds were raised in 'Iraq to finance expenditure adjustable against the Budget of His Majesty's Government. At the same time it became obvious that the transition to accounting in Arabic and the employment of the 'Iraqi accounting staff would be extremely difficult and much delayed as long as the Major Resource Operations were conducted by the 'Iraq Government through its own treasuries.

Steps were therefore taken to transfer all the Major Resource Operations, and all the accounting for expenditure on the Budget of His Majesty's Government, to His Excellency the High Commissioner's office, thus relieving the 'Iraq Government of responsibility for this work from the 1st April, 1922.

This measure is of first-class importance. It will enable the Accountant-General's Office to concentrate on the requirements of the 'Iraq Government, and—a far more significant change—it will compel the 'Iraq Government to realize more closely the limitation on its

own ways and means, and will thus probably act as an effective incentive to economy.

4.—LAND REVENUE, CUSTOMS AND EXCISE ADMINISTRATION.

Land Revenue.

The administration of Land Revenue was under the Ministry of the Interior until October, 1921. It was much influenced in the early part of the year by political considerations. The disturbances of 1920 had dislocated agricultural industry and caused some genuine hardship among many who had remained loyal to the cause of law and order. Their grievances could not in justice be overlooked, and from one cause and another a considerable amount of revenue was remitted in the course of the summer.

Certain privileges also were granted or extended during the period under review, notably the immunity from enhancement of the fixed assessments on Muqata'ahs in 'Amarah which was extended to November, 1922.

In the main the Turkish law was applied, as during the provisional administration. The unsettled administrative arrangements led to a resumption of the system of farming taxes from which efforts to escape had been made during the previous year or two. Considerable difficulty was caused by the remarkable fall in prices of grain, which in some areas was as much as 100 per cent. Some diminution had been expected, but the factor which chiefly contributed to the fall, namely, the rapid reduction in the size of the British garrison, had not been accurately gauged. Complaints on this score arose at first from the Hillah, Nasiriyah and Kirkuk Liwas. After careful consideration it was found necessary to make a large reduction in the rice conversion rates in three qadhas of the Hillah Liwa, and to revert to the "Kharas" mode of assessment in the Suq-al-Shuyukh qadha of the Muntafiq Liwa. The Kirkuk case was different, since there was no question about the suitability of the rates at the time they were settled, and it was only on account of the practical difficulty of realizing the tax (some political factors also perhaps influencing the case) that a partial postponement of collection was allowed. It is probable that this will lead to similar concessions elsewhere, and it is important to find some safeguard against the detrimental effects on revenue exercised by fluctuation in prices.

Proposal for creation of a State Domains Department.

Steps were taken towards the end of 1921 to form a State Domains Department under the Ministry of Finance. It was found desirable, however, to postpone the creation of a separate office until more complete information had been collected in the Ministry with regard to the extent and value of immovable property belonging to the State. This enquiry is in progress. Meanwhile, attention was given to the possibility of raising funds to finance capital expenditure on Irrigation, etc., and the question of selling Government land was considered as a means to this end. Important economic points have emerged in connection with this subject, such as the possibility and desirability of creating a peasant-proprietor class, and it has been found useful to have a kind of informal committee, composed of representatives of

various departments, for the consideration of these topics. This institution ought to prove of great value to the Ministry.

'Amarah Muqata'ahs.

In October, 1921, an officer was put on special duty to study the question of reassessing the 'Amarah Muqata'ahs. His Report, which contains much of interest from political, economic and fiscal points of view, and in which the possibility of a considerable enhancement of revenue is forecasted, reached the Government just before the close of the financial year.

Customs and Excise.

During the period October, 1920, to April, 1921, the revenue from excise was administered by the Ministry of Interior, while the Customs Department, consisting of a Chief Collector and two Collectors, assisted by about a dozen other officers, was concerned only with Import and Export duties. In April, 1921, excise revenue was brought under the Customs Department, the organization of which thereafter comprised a Director of Customs and Excise, two Collectors of Customs, two Deputy Collectors of Excise (working, as a temporary measure during the early stages of excise administration, directly under the Director and independently of the Collectors), and a number of assistants called Deputy Collectors.

The commodities on which excise duties were levied were Liquor, Opium, Tobacco and Salt, and the revenue derived from these sources (including also the proceeds of country-craft registration, which was provisionally administered by the excise authorities) amounted in 1921-22 to 39.29 lakhs.

The following table (No. IV) gives the monthly value of the Import trade of 'Iraq (showing imports into Basrah and Baghdad separately) during the whole period under review :—

TABLE IV.

—	Basrah.	Baghdad.	Total
	Ra.	Ra.	Ra.
October, 1920	94,69,450	62,35,357	1,57,04,807
November, 1920	1,13,76,450	84,25,803	1,98,02,253
December, 1920	1,06,14,846	1,12,78,127	2,20,92,973
January, 1921	96,44,510	92,00,884	1,88,45,494
February, 1921	63,89,114	1,07,65,277	1,71,54,341
March, 1921	74,37,851	1,13,62,784	1,88,00,635
Total	5,51,32,221	5,72,68,232	11,24,00,513
April, 1921	99,61,169	91,35,533	1,90,96,702
May, 1921	1,17,00,919	65,74,512	1,82,75,431
June, 1921	1,65,04,375	81,91,002	2,46,95,377
July, 1921	1,14,89,119	55,14,303	1,70,03,422
August, 1921	77,22,895	63,26,364	1,40,49,259
September, 1921	70,60,896	45,20,461	1,15,81,347
October, 1921	47,12,645	78,69,771	1,25,82,416
November, 1921	65,85,116	96,60,297	1,62,45,413
December, 1921	93,86,225	79,23,143	1,73,09,368
January, 1922	56,65,691	1,03,98,106	1,60,63,799
February, 1922	45,23,336	79,00,000	1,24,23,336
Total	10,13,12,726	8,31,13,494	19,44,25,870

Specie imports during the above two periods amount to :—

For the half-year ending 31st March, 1921.

	Gold.	Silver.	Total value.
	Rs.	Rs.	Rs.
Basrah (Value Rs.)	—	5,79,000	5,79,000

	Persian Krans.	Turkish Liras.	Tomans.	Roubles.	Gold roubles.
Baghdad (Nos.)	12,71,950	84,983	1,184	32,24,463	1,830

For the financial year ending 31st March, 1922.

	Gold.	Silver.	Total value.
	Rs.	Rs.	Rs.
Basrah (Value Rs.)	9,200	7,39,400	7,48,600

	Persian Krans.	Turkish Liras.	Tomans.	Roubles.	Gold roubles.
Baghdad (Nos.)	1,25,45,555	2,61,635	1,956	1,43,97,770	15,000

Note.—The total rupee value of specie imports during the period was approximately 105 lakhs.

Table V gives the monthly value of exports during the same period.

TABLE V.

	Basrah.	Baghdad.	Total.
	Rs.	Rs.	Rs.
October, 1920	1,29,15,174	7,12,285	1,36,27,459
November, 1920	27,81,078	31,23,410	59,04,488
December, 1920	18,11,140	15,83,216	33,94,356
January, 1921	9,14,466	32,12,516	41,26,982
February, 1921	10,39,951	31,16,750	41,56,701
March, 1921	11,67,527	32,35,615	44,03,412
Total	2,06,29,336	1,49,83,792	3,56,13,398
April, 1921	15,10,785	54,42,201	69,52,986
May, 1921	14,83,347	79,02,667	93,86,014
June, 1921	10,02,184	91,43,493	1,01,45,677
July, 1921	19,20,801	87,04,792	1,06,25,593
August, 1921	13,86,003	75,00,988	88,86,991
September, 1921	27,59,929	30,80,024	67,39,953
October, 1921	74,42,482	60,12,161	1,34,54,643
November, 1921	52,76,840	50,88,734	1,03,65,574
December, 1921	25,66,415	65,38,911	91,05,326
January, 1922	17,14,910	56,33,642	73,48,552
February, 1922	11,81,067	60,00,000	71,81,067
March, 1922	10,40,648	65,00,000	75,40,648
Total	2,92,88,641	7,84,46,713	10,77,36,124

Specie exports—

For the half-year ending 31st March, 1921.

—	Gold.	Silver.	Total value.
	Ra.	Ra.	Ra.
Basrah (Value Ra.)	2,35,20,943	8,60,230	2,43,81,173

—	£ Turkish.	Krans.	Rupees.	£ Sterling.
Baghdad (Nos.)	14,45,333	7,57,400	1,22,000	21,485

—	Gold.	Silver.	Other metal coins.	G.C. Notes.	Total value Ra.
Basrah (Value Ra.)...	3,43,69,818	1,19,53,169	12,500	1,33,12,000	6,85,07,712

For the financial year ending 31st March, 1922.

—	Gold.	Silver.	Other metal coins.	G.C. Notes.	Total value Ra.
Basrah (Value Ra.)...	3,43,69,818	1,19,53,169	12,500	1,33,12,000	6,85,07,712

—	£ Turkish	Krans.	Rupees.	£ Sterling.	Roubles.	Gold Tomans.	Gold roubles.
Baghdad (Nos.)	3,07,820	8,048,000	23,000	42	1,000,000	27,178	24,455

Note.—The approximate value in rupees of exports of specie is 1,237 lakhs.

At the beginning of the year 1921-22 the ordinary *ad valorem* import duty was 11 per cent. In April of that year the rate was raised to 15 per cent. on all articles previously liable to the 11 per cent. duty, with the exception of specified foodstuffs, machinery, building and engineering materials and certain other articles (*vide* Customs Notification No. 3 of 1921).

Further increases in duties were introduced by a law passed in September, 1921. By this law the following articles were removed from the lower *ad valorem* rate of 11 per cent. to a rate of 15 per cent.,

viz., tea, coffee, sugar, almonds and nuts, fruit and vegetables, provisions and groceries. The duty on imported cigarettes was raised from Rs.2/8 per 1,000 to Rs.5/- per kilogramme, that on manufactured tobacco from 15 per cent. *ad valorem* to Rs.5/- per kilogramme, that on cigars and snuff from 15 to 50 per cent. *ad valorem*, while "tumbeki" (or pipe-tobacco imported mainly from Persia) was taxed at Rs.2/- per kilogramme instead of Rs.1/2. Importation of raw tobacco was prohibited. Further, a surtax on matches of Re.1/- per gross boxes of 60 matches, and on playing cards of Re.1/- per pack, was levied in addition to the existing duty of 15 per cent. *ad valorem*.

The gross Customs realization during the period under review are shown in the subjoined Table (No. VI).

Gross Customs realizations during the half-year ending 31st March, 1921, amounted to:—

	Basrah.	Baghdad.	Total.
	Rs.	Rs.	Rs.
October, 1920	14,18,388	7,85,598	22,03,986
November, 1920	13,81,413	8,76,629	21,58,042
December, 1920... ..	12,51,559	11,42,276	23,93,835
January, 1921	10,96,588	9,81,714	20,78,302
February, 1921	8,23,570	12,02,664	20,26,234
March, 1921	9,62,490	11,55,338	21,17,828
Total	69,34,008	61,44,219	1,29,78,227

For the financial year ending 31st March, 1922, the following are the figures of gross realization under Customs:—

	Basrah.	Baghdad.	Total.
	Rs.	Rs.	Rs.
April, 1921	11,13,952	5,89,888	17,03,840
May, 1921	9,50,527	5,64,706	15,15,233
June, 1921	13,39,891	5,67,512	19,07,403
July, 1921	10,39,718	4,32,884	14,72,602
August, 1921	7,29,509	4,10,796	11,40,305
September, 1921	8,05,802	3,60,326	11,66,128
October, 1921	6,80,212	6,13,514	12,93,726
November, 1921	8,49,534	7,76,136	16,25,670
December, 1921	8,93,662	5,48,151	14,41,813
January, 1922	6,76,579	6,28,363	13,04,942
February, 1922	5,87,593	6,28,819	12,16,412
March, 1922	8,78,075	4,50,000	13,28,075
Total	1,05,44,986	65,72,095	1,71,16,149

The figures for the two financial periods are not, however, compiled on precisely the same basis. In 1920-21, import duty on goods in transit was credited to realizations, and its subsequent repayment on export is included in disbursements under the head "Refunds." In

the following year, however, an account called the "transit suspense account" was opened, and payments of import duty on goods in transit were credited to a deposit head, and are, therefore, not included in gross realizations. The "transit suspense account" of 1921-22 amounted to 94 lakhs, of which 45.48 were refunded during the year. In the earlier period refunds on account of export of goods in transit are shown in the total expenditure of the Department, and are not explicitly distinguished from "refunds and drawbacks" proper, or from the working costs of the Departments.

IV.—THE 'IRAQ ARMY.

I.—HISTORY AND GENERAL REMARKS.

Ja'far Pasha al 'Askari, C.M.G., late C-in-C. of the Hijaz Army, arrived in 'Iraq from Syria on 16th October, 1920, and was appointed Minister of Defence on 26th October, 1920.

No further development occurred till 6th January, 1921, when a skeleton Headquarters Staff of 10 'Iraqi officers was formed; their numbers being increased to 13 on 18th January and to 24 in April, 1921.

Many of these officers had fought on the side of the Allies during the Great War in the Sharifian Forces. Plans for raising and organising an 'Iraq Army were gone into, officers registered for service, etc., and on the recommendation of the Minister of Defence, the Council of Ministers decreed that the 'Iraq Army should be organised, trained, dressed, and equipped on British lines.

In February, Nuri Pasha al Sa'id, C.M.G., D.S.O., arrived from Syria and was appointed officiating C.G.S., and on 6th March 111 'Iraqi Officers of the Hijaz Army arrived in Baghdad from Suez and became available for service in the 'Iraq Army.

In February, the Minister of Defence accompanied me to the Middle Eastern Conference at Cairo, returning to Baghdad on 9th April, 1921.

A further period of conferences and references to superior authority took place and finally, on 12th June, financial sanction was received to proposed rates of pay for rank and file, and on 18th June Recruiting Officers were despatched to the various recruiting centres, the first recruit enlisting (at Baghdad) on 21st June. The 'Iraq Army, therefore, may be considered to date its birth from the end of June, 1921.

The terms of service offered to recruits were as follows:—

I.—Any 'Iraqi of the towns and settled villages of 'Iraq, between 18-40 years of age, may volunteer for Army service. The period of service will be two years in the dismounted units and three years in the mounted branches.

II.—Monthly rates of pay for N.C.O.'s and men will be as follows:—

Mounted Units.				Dismounted Units.			
Sergeant	...	...	Rs. 70	Sergeant	...	...	Rs. 60
Corporal	...	...	" 50	Corporal	...	...	" 45
Private	...	...	" 35	Private	...	...	" 30

Each soldier will also be entitled to rations and clothing.

III.—After having served from 3 to 6 months in the ranks, a private should have proved himself proficient in drill and musketry training. He will then receive Rs.5 per mensem extra. This allowance will be called “proficiency pay.”

IV.—On completion of his period of service a soldier may be permitted to re-enlist for a second period. He will then receive an increase of pay of Rs.5 per mensem.

V.—No soldier will be sent on service outside the limits of ‘Iraq.

VI.—A soldier who has completed his second period of service is eligible for promotion to the Commissioned ranks.

VII.—If a soldier who has completed 12 years’ service leaves the Army he will be entitled to a post in the Civil Service (if, or when, there are vacancies) at a salary of 50 per cent. more than his Army pay.

VIII.—Troops will be quartered in barracks in towns, but will live in tents when on field service.

IX.—The soldier’s daily ration will be as follows :—

	Grammes.
Flour	560
or Biscuits	560
or Bread	800
Meat	180
Rice	180
Ghee	30
Salt	20
Sugar	10
Tea	2
Fresh Vegetables	500
or Fresh Fruits	250
or Potatoes	
Lentils	
Dried Beans	
Onions	250
or Dried Vegetables	100
or Dry Fruits	200
Fuel	700
Soap	10

X.—Each soldier will receive the following articles of clothing :—

Summer.	Winter.	General.
2 Drill Tunics.	1 Serge Tunic.	3 Pairs Socks.
2 Pairs Drill Trousers.	1 Pair Serge Trousers.	2 Pairs Puttees.
	1 Jersey.	2 Pairs Boots.
	2 Pairs Pants.	2 Shirts.
	1 Waterproof.	1 Greatcoat.
		1 Aqual.
		2 Kafiyahs.
		1 Sidarah.
		2 Blankets.
		1 Haversack.
		1 Water-bottle.
		1 Spoon.
		1 Plate.
		1 Mug.

XI.—Every man wishing to enlist must produce a certificate of good character signed by the Mukhtar of his quarter.

XII.—Recruits will receive subsistence allowances from the date of recruitment by the District R.O. till date of arrival at Headquarters. They will also receive a free passage from their recruiting centres to

Baghdad. Before receiving subsistence allowances for their journey they must produce a guarantee that is acceptable to the District R.O.

XIII.—The following leave will be granted to soldiers of the 'Iraq Army :—

- (a) All unmarried soldiers living in a place where their families reside, 24 hours a week.
- (b) Married men living in a place where their families reside will get this same leave, plus one extra night.
- (c) All soldiers whose homes are not more than 24 hours' journey from their barracks, every 3 months, 10 days' leave.
- (d) All soldiers whose homes are more than 24 hours' journey, but not more than 3 days' journey, every 6 months, 20 days' leave.
- (e) All soldiers whose homes are distant more than 3 days' journey from their barracks, every 9 months, 30 days' leave.

N.B.—If the classes enumerated in (c) and (d) take no leave for one year they will be entitled to 30 days' leave. Leave in excess of 30 days cannot be accumulated.

These Regulations are subject to such alterations and amendments as the exigencies of the service may necessitate.

XIV.—The following are the chest and height measurements necessary. The figures in the Table represent the mean between the measurements of the chest when emptied of all air and when fully expanded. There should be a difference of at least two inches between the two latter measurements :—

Age.	5' 4" to 5' 7"	5' 7" to 5' 8".	5' 8" to 5' 9"	5' 9" to 5' 10"	5' 10" and over.
18-19	33"	33"	33½	34"	34½
19-22	33"	33½	34"	34½	35"
22-24	33½	34"	34½"	35"	35½
24-25	34"	34½	35"	35½"	36"
25 and over	34½	35"	35½"	36"	36"

Technical and menial establishments will be enlisted if able-bodied, irrespective of height and chest measurements.

On 1st January, 1922, the term of service for all arms was fixed at two years and the following revised rates of pay approved for the Rank and File :—

	Sergeants.	Corporals.	Privates.
	Ra.	Ra.	Ra.
Artillery	60	50	40
Cavalry	60	50	40
Infantry	55	45	40
Transport	55	45	40
	Assistant Ward Masters.	Assistant Ward Masters.	Orderlies.
Medical	55	45	40

The approved rates of pay for officers are:—

			Rs. per mensem.
Al 'Amid	General ... ..	...	2,000
Al Fariq al Awwal	Lt.-General ... ..	...	1,500
Al Fariq	Major-General ... ..	...	1,200
Al Zaim	Colonel ... ..	...	850
Al 'Aqid	Lt.-Colonel ... ..	...	650
Al Muqaddam	Major ... ..	...	550
Al Rais al Awwal	Senior Captain ... ..	...	450
Al Rais	Captain ... ..	...	400
Al Mulazim al Awwal	Lieutenant ... ..	...	300
Al Mulazim al Thani	2nd Lieutenant ... ..	...	250

The 1st 'Iraq Infantry was formed at Baghdad on 28th July, 1921, and transferred to Kadhimain on the 17th August. On 7th/9th October it was transferred to Hillah, relieving the British garrison there and at the Hindiyah Barrage, and was given the title of "Fauj Musa al Kadhim" ("The Musa al Kadhim Battalion") on leaving Kadhimain, by H.M. King Faisal.

The 1st 'Iraq Cavalry was formed at Baghdad on 27th August, 1921, the nucleus of its 1st Squadron (King's Bodyguard) having been formed on 18th July, 1921. In March, 1922, it was given the title of "Katibat al Hashimi" ("The Hashimi Regiment"), by H.M. King Faisal.

The 2nd 'Iraq Infantry was formed at Baghdad on the 10th August, 1921, and proceeded to Kadhimain on 7th November, 1921.

The 1st Pack Battery was formed at Baghdad on the 12th October, 1921, and proceeded to Kadhimain on 12th November, and one section of it will proceed to Mosul on 10th April, 1922.

The 1st Transport Company was formed at Baghdad on 24th July, 1921, and proceeded to Mosul on 5th March, 1922.

The 2nd Transport Company was formed at Baghdad on 1st December, 1921.

The 2nd Pack Battery was formed at Kadhimain on 1st January, 1922.

The nucleus of the 2nd 'Iraq Cavalry was formed at Baghdad on 1st January, 1922, and proceeded to Mosul on 6th January.

The nucleus of the 3rd 'Iraq Infantry was formed at Baghdad on 1st January, 1922, and proceeded to Mosul on 9th January, 1922.

The 'Iraq Medical Corps was formed at Baghdad in July, 1921, and has detachments at Mosul, Hillah and Kadhimain.

(The 3rd 'Iraq Cavalry will be formed at Mosul in April, 1922.)

2.—RECRUITING.

Recruiting began well; but there were many desertions to start with and a considerable number of undesirable characters entered the ranks. From the monthly returns below, it will be noticed that recruiting fell off in October, November and December, 1921, the higher rates of pay given by the 'Iraq Levies having a bad effect on recruiting for the 'Iraq Army. When in January, 1922, the rates of pay in the 'Iraq Army were equalized with those of the Levies, recruiting greatly improved.

A voluntary recruited Army, however, is an innovation in 'Iraq and it remains to be seen whether men will be obtained in sufficient numbers to form a force capable of garrisoning 'Iraq effectively. Many local authorities are doubtful of this and consider some modified form of ballot will be necessary.

Recruiting branches were opened towards the end of June, 1921, at Baghdad, Mosul, Kirkuk, Ramadi, Basrah, 'Anah, Kadhimain, Khanaqin, Ba'quba, Mandali, Samarra, 'Amarah, Karbala, Hillah, Kut, Najaf, Hindiyah, Nasiriyah and Kifri. The staff of these branches consisted of :—

28 Officers.
4 Officer Clerks.
30 N.C.O. Clerks.

Recruits from all these branches were sent to Baghdad for training till January, 1922, when recruits from the Mosul and Kirkuk Liwas were posted for training direct to Mosul, and those from the middle Euphrates area to Hillah. This has proved popular with recruits, as the 'Iraqi dislikes serving for long periods far away from his native district.

The monthly returns of men enlisted are as follows :—

	Men.
June, 1921	19
July, 1921	1,429
August, 1921	594
September, 1921	320
October, 1921	117
November, 1921	130
December, 1921	200
January, 1922	403
February, 1922	691
March, 1922	554

3.—MILITARY EDUCATION.

(a) 'Iraq Military College.

On 1st April, 1921, a small class of instruction for 20 'Iraqi Subalterns was begun in a room of the Sarai ; it was finally assimilated into the first class, who joined the 'Iraq Military College in July. On the return of the Mesopotamia Commission from the Middle Eastern Conference at Cairo in the beginning of April, a scheme for the formation of a Training College was submitted to the Ministry and approved in principle.

This scheme was designed to provide a training establishment for 250 'Iraqi officers of the old Turkish Army, the seniors to go through a 3 months' course and the juniors through a 6 months' course during the financial year. The establishment of the school was organised on the lines of a Company at the R.M.C., Sandhurst, modified to suit conditions in 'Iraq.

The only suitable building available was the North Gate Barracks, and it was not possible to get the necessary repairs and alterations finished till the 15th July.

The 'Iraq Military College was formally opened on the 19th July in the presence of H.H. the Amir Faisal, H.E. the High Commissioner, the General Officer Commanding-in-Chief, British Forces in 'Iraq, and many Government officials and local notables. On this date 156 officers joined the College, their ranks being as follows :—

Muqaddam (Major)	...	...	...	...	...	7
Rais Awwal (Senior Captain)	...	...	...	...	...	26
Rais (Captain)	...	...	...	...	...	17
Mulazim Awwal (Lieutenant)	...	...	...	...	...	34
Mulazim Thani (2nd Lieutenant)	...	...	...	...	...	72

It was unfortunate that the College should have been opened at the hottest period of the year, as it involved considerable hardship on the students, many of whom were no longer in their first youth. The British instructional staff was not complete at the commencement of the course, consisting of 3 British Officers and 4 Non-Commissioned Officers, instead of the full complement of 7 and 10 respectively.

The authorized staff of the School consisted of the following personnel :—

British :

- 1 Director.
- 1 Assistant Director.
- 5 British Officer Instructors.
- 10 British Other Ranks Instructors.

'Iraq :

- 1 Commandant.
- 4 'Iraq Army Officer Instructors.

In August, 3 British Officers and 6 Non-Commissioned Officers joined the instructional staff, making it practically complete. The subjects taught at the College consisted of :—

- Infantry Drill.
- Cavalry Drill—Horse and Stable Management.
- Physical Training.
- Musketry.
- Military Administration and Regimental Interior Economy.
- Sanitation and Hygiene.
- Elementary Lectures on General Military Subjects.
- Elementary Military Law.

On 1st October, 27 of the Officer Students were urgently required for the Army.

At the end of September, an examination was held in all subjects taught at the College, the candidates at the top of the list being passed out as under :—

Muqaddam	...	...	...	...	...	3
Rais Awwal	...	...	...	...	...	3
Rais ...	...	...	...	...	...	4
Mulazim Awwal	...	...	...	...	...	9
Mulazim Thani	...	...	...	...	...	8
						<u>27</u>
Total ...	...	...	...	...	...	27

On 13th October, the following Artillery Officers were passed out of the College :—

Rais Awwal	...	...	...	...	...	...	2
Rais ...	...	...	...	...	...	...	2
Mulazim Awwal	...	...	...	...	...	...	2
Mulazim Thani	...	...	...	...	...	...	3
Total ...							9

On 10th November, a class of 51 fresh Officer Students joined the 'Iraq into the Army :—

Muqaddam	...	...	...	...	...	...	3
Rais Awwal	...	...	...	...	...	...	9
Rais ...	...	...	...	...	...	...	8
Mulazim Awwal	...	...	...	...	...	...	13
Mulazim Thani	...	...	...	...	...	...	17
Total ...							50

In addition to these, 13 Officers failed to pass out of the College and returned to civil life.

On 10th November, a class of 51 fresh Officer Students joined the 'Iraq Military College, being of the following ranks :—

'Aqid (Lieutenant-Colonel)	...	...	...	...	...	...	2
Muqaddam	...	...	...	...	...	...	5
Rais Awwal	...	...	...	...	...	...	7
Rais ...	...	...	...	...	...	...	11
Mulazim Awwal	...	...	...	...	...	...	14
Mulazim Thani	...	...	...	...	...	...	12
Total ...							51

A class of 50 Non-Commissioned Officers also joined the College for a class of instruction on this date [see (ii) (d)].

On 17th November, the following officers of the July course were commissioned :—

Rais Awwal	...	...	...	...	...	...	1
Mulazim Awwal	...	...	...	...	...	...	2
Mulazim Thani	...	...	...	...	...	...	3
Total ...							6

Generally speaking, the College had now begun to function satisfactorily and better results in training were plainly evident.

On 1st January, 1922, the remainder of the July class passed out of the College to the Army. They were of the following ranks :—

Muqaddam	...	...	...	...	...	...	1
Rais Awwal	...	...	...	...	...	...	10
Rais ...	...	...	...	...	...	...	1
Mulazim Awwal	...	...	...	...	...	...	2
Mulazim Thani	...	...	...	...	...	...	32
Total ...							46

A new class joined on the 3rd January, 1922, of the following ranks :—

Muqaddam	3
Rais Awwal	10
Rais	5
Mulazim Awwal	11
Mulazim Thani	25
Total	54

The Students were now divided into four classes as under :—

1st Class : (In two divisions).—Senior officers who had joined in November, 1921, and January, 1922.

2nd Class :—Junior officers who had joined in November, 1921.

3rd Class : Junior officers who had joined in January, 1922.

4th Class :—Non-Commissioned Officers who had joined in November, 1921.

Owing to these classes being at different stages of instructions, the system of training had to be modified to meet requirements and the staff were very fully employed. The difficulties which were formerly met with, however, were not experienced, as the administration and organisation of the College had now much improved and the whole establishment had settled into their places.

During February and March, a marked improvement generally as regards training was noticeable.

During February, Officers of ranks as under were commissioned and left the College :—

1st February ... ..	...	...	Muqaddam	1
			Rais	2
			Mulazim Thani	3
13th February ... ..	...	...	Muqaddam	1
20th February ... ..	...	...	Mulazim Awwal... ..	1
22nd February ... ..	...	...	Mulazim Awwal... ..	1
28th February ... ..	...	...	Muqaddam	2

All these were of the November, 1921, class.

Ninety-four Officer Students now remain in the School and will be ready for commissions by 31st March.

The senior division of the 1st class, and the 2nd class, are required for the Army on 1st April under present arrangements, and therefore the January class will complete a 6 months' course.

Physical training was discontinued from November, 1921, and Tactics instituted for No. 1 class.

Particular attention has been paid to Musketry, and in addition to frequent firing on the Miniature Range, a course of Musketry on the long range was begun on 4th March for the senior division of No. 1 class and classes Nos. 2 and 4.

The Translation Department of the 'Iraq Army was attached to the 'Iraq Military College and has been flooded with work, as in addition to carrying out the ground work of the bulk of the translation of Military Text Books required by the College and the Army at large, they were occupied with work required for the interior economy of the School, Lecture, etc.

(b) Translations and Courses of Instruction.

The undermentioned books have been translated into Arabic and in addition lectures on Tactics and Military Administration, Standing Orders, etc., have been translated and printed in Arabic.

Squad Drill.
 Platoon Drill.
 Company Drill.
 Extended Order Drill.
 Bayonet Fighting.
 Parts of Cavalry Training.
 „ Musketry Regulations.
 „ Infantry Training.
 „ Machine-Gun Training.
 „ Handbook of .303 Vickers Machine-Gun.
 Manual of Physical Training.
 Part of Field Service Regulations, Vol II
 Drill Book of 2.75 B.L. Gun.
 Notes on Horse Management in the Field.
 Notes on the Ford Car.

One of the first tasks with which the Ministry of Defence found itself confronted was the necessity of forming an Arabic Military vocabulary. Hitherto all Military Terms, Text Books, Words of Command, etc., have been written in Turkish, and the necessity of translating these into Arabic involves the selection, adaptation and classification for Military purposes of works which have hitherto carried no special Military significance.

The following courses of instructions have been held during the year :—

- (a) A three months' course of instruction in Motor Transport (Fiats and Ford). One Officer and 17 men passed this course with credit.
- (b) A 6 weeks' course for 14 officers in the 2.75 B.L. Gun.
- (c) A 2 months' course for 7 officers and 7 N.C.O.'s in the .303 Vickers Machine-Gun.
- (d) A 4 months' course at the 'Iraq Military College for 50 (afterwards reduced to 43) N.C.O.'s.
- (e) 14 artificers have undergone a course of instructions in the British Ordnance Workshops, Baghdad.
- (f) 16 men have been trained as Farriers at the Civil Veterinary Hospital.
- (g) 5 officers and 31 N.C.O.'s have undergone a Cavalry Course under the senior Liaison Officer, Cavalry.

4.—MEDICAL AND VETERINARY.

(a) *Medical.*

Recruiting for the 'Iraq Medical Corps began on 2nd July, 1921, and a small hospital of 20 beds was opened in the North Gate Barracks, on 25th August, 1921.

For establishment of the Medical Corps see (7).

There are at present three Military Hospitals :—

Baghdad	...	...	...	...	...	...	35 beds.
Mosul	...	...	...	...	...	...	50 „
Hillah	...	...	...	...	...	...	8 „

As these hospitals are not yet fully equipped very serious cases are usually sent to Civil Hospitals.

During the past 6 months 484 cases have been treated in Military Hospitals.

There have been 5 cases of death in Hospital.

There have been 2 cases of death out of Hospital (one of these due to an accident).

Prevailing Diseases.

Eye Diseases.

Malaria.

Venereal.

Only one case of infectious disease has been reported.

Field Ambulance.

A Field Ambulance of 2 sections is being prepared and is nearly complete.

Medical Examination of Recruits and Invaliding.

The rejection of recruits, or invaliding of soldiers out of the Army has been chiefly due to the following causes :—

• Trachoma and its consequences.

Malarial Cachexia.

Profound Anæmia usually due to Malaria or Ancylostomiasis.

(b) Veterinary.

The Veterinary Service of the 'Iraq Army is naturally in its initial stage of development.

Administrative British and 'Iraq Personnel.

A Veterinary Adviser being necessary at Headquarters, the services of the existing Director of Civil Veterinary Department, for the sake of economy, are utilised.

The executive Veterinary Officers ('Iraqis) are four in number, one in charge of Remounts and the other three in charge of areas. Two of them have not completed a full Veterinary course and it is proposed to send them to India to fully qualify.

Further, the Veterinary Inspectors of the Civil Veterinary Department render all Veterinary aid in those areas where there is no Army Veterinary Officer stationed.

The subordinate personnel consists of two men from each unit being attached to the Veterinary Officers in charge of their formations and undergo a special course of instruction and work under their orders in the Unit's sick lines.

Veterinary Hospitals.

For the sake of economy there are no Veterinary Sections nor Hospitals. The existing Hospital of the Civil Veterinary Department being available, the Hospital cases are evacuated there.

Veterinary Equipment.

All Units are provided with Field Veterinary Equipment on an economical scale and are issued to and held on charge of the Veterinary Officers concerned.

Veterinary Stores.

All Veterinary Stores are supplied from the Civil Veterinary Stores, Baghdad, on indent and the Director of Civil Veterinary Department personally scrutinises the demands.

Returns.

A return of sick and lame animals is rendered weekly by each Veterinary Officer for the Units under his charge to the Veterinary Adviser direct.

Veterinary History sheets have been compiled for all animals and are kept with the Unit Commanders.

Health of Animals.

During the last two months ending 10th March, the total number of cases treated in Sick Lines is 241. Of these 170 have been returned to duty, 2 have died and 3 were destroyed as incurable. Sixty-six remain under treatment, of which 42 are surgical cases. No contagious disease exists at the present time.

The Arab pattern shoe has been universally adopted. Men have been and are being trained at the Civil Veterinary Hospital, Baghdad, as shoeing smiths on a three months' course.

Veterinary inspections of Units are made periodically by the Veterinary Adviser.

5.—JUDICIAL.

On the 11th August, 1921, the "Iraq Army Proclamation" (provisional), was passed by the Council of Ministers and signed by His Excellency the High Commissioner.

Under this Proclamation a permanent Court-Martial was instituted at Army Headquarters, Baghdad, to try the more serious offences against Military Law, and in March, 1922, permission was obtained to institute similar permanent Courts-Martial at other stations at the discretion of the Minister of Defence.

The total number of Courts-Martial held during the current year was 8, and the total number of cases of breaches of discipline reported to Ministry of Defence, but not warranting a Court-Martial, was 180. The procedure used at Courts-Martial and Courts of Inquiry is based on that laid down in the Army Act and King's Regulations.

6.—DISPOSITION AND STRENGTH ON 31ST MARCH, 1922.

Officers and men.

Mosul :

District Staff	2
2nd 'Iraq Cavalry	436
3rd 'Iraq Infantry	626
1st Transport Company	155
Medical Corps	12

N.B.—The 3rd 'Iraq Cavalry will be formed on 1st April, 1922, from drafts of 2nd Cavalry.

Baghdad and Kadhimain :

Headquarters Staff	29
'Iraq Military College	6
1st 'Iraq Cavalry	313
1st Pack Battery	215
2nd Pack Battery	119
2nd 'Iraq Infantry	692
2nd Transport Company (less detach. at Hillah) ...	208
Medical Corps	33

Hillah :

1st 'Iraq Infantry (with one Coy. Hindiyah Barrage)	811
Detach. 2nd Transport Coy.	11
Medical Corps	7

7.—AUTHORISED ESTABLISHMENT FOR 1921-22 AND ORGANISATION OF UNITS.

The strength of the 'Iraq Army during the past year has had to be regulated not by the duties required of it so much as by the funds which could be provided for it from the revenues of the country. A total sum of 55 lakhs was set aside for the Army and plans were made to recruit the forces gradually so as to keep within the limits of this provision. The final strength aimed at was a force of :—

One Cavalry Regiment.

One Battery of Artillery, composed of two Sections of 2.75" Mountain Guns and one Section of 18 pdrs.

Three Battalions of Infantry.

Two Transport Companies.

Ministry and Advisory Staffs.

Recruiting Staff.

Officers' School.

Medical Services.

Accounts Department.

During the year it was found advisable to modify the composition of the above force in certain details, notably in the composition of the Battery, the 18 pdrs. Section of which was abandoned.

The necessity of taking over the duty of garrisoning Mosul by 1st April, 1922, entailed a further re-organisation and the raising of additional troops. The money for this was found out of savings effected in the previous Budget due to Units not being recruited up to programme and from an additional vote of 8 lakhs. The additional forces to be raised with this sum consisted of two Regiments of Cavalry and one Mountain Battery.

The total force, therefore, authorised at the end of the financial year was as shown in the following table :—

	Officers.	Other Ranks.
Headquarters Staff	29	—
Recruiting Staff	32	30
Military College Staff	6	—
Medical Services	12	38
2 Cavalry Regiments	66	885
2 Pack Batteries	12	524
3 Battalions Infantry	84	2,271
2 Transport Companies	6	306
Total	254	4,054

(The above figures represent enlisted personnel and are exclusive of menials and artisans.)

8.—SUPPLY OF CLOTHING, ARMS, EQUIPMENT AND ANIMALS.

The greater bulk of the Army's general and surgical equipment, ammunition and warlike stores, personnel equipment and clothing has been purchased through the Disposals at prices averaging 60 per cent. of Ordnance Vocabulary prices. Sufficient clothing and stores, etc., has been provided for the Army sanctioned during the current financial year. Some stores and clothing were purchased locally, such as head-gear, blankets, brow bands, saddlery, and some from overseas.

Animal requirements have been provided by surplus animals from the Army of Occupation. The following have been taken over :—

Horses	622
L.D. Mules	202
Ordnance Mules	374
A.T. & Pack Mules	1,796

The prices charged by the British Government are :—

Horses	Ra. 400
L.D. Mules	" 400
Other Mules	" 350

9.—MINISTRY, ADVISORY AND HEADQUARTERS STAFF.

The Ministry Staff is as follows :—

Minister.
Military Secretary.
A.D.C.

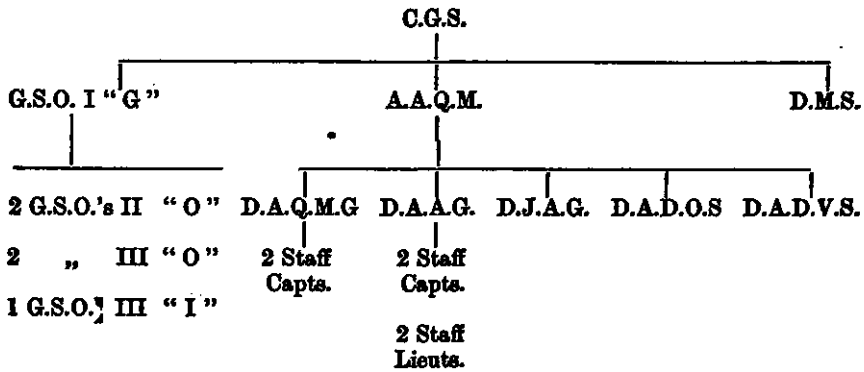
The Advisory Staff is as follows :—

Adviser.
G.S.O. II. " G "
" II. " Q "
" II. " A "
Accounts Officer.
Ordnance Officer.

All these are in a purely advisory capacity. Each Unit of Cavalry, Artillery and Infantry has a Liaison Officer, and there is also a Liaison

Officer for Transport. These Officers also are in an advisory, not executive capacity.

The Headquarter Staff is as follows :—



10.—FUTURE DEVELOPMENT.

The future development of the 'Iraq Army is governed rather by the limitations imposed by financial stringency than by the requirements of the country.

The area of country for which it is desired that the 'Iraq Army should accept responsibility has been laid down for 1922 as being the right bank of the Tigris from the northern frontier as far as Baghdad, and the Euphrates as far as its junction with the Tigris on both banks.

The minimum force requisite to discharge these responsibilities is as follows :—

Mosul :

- 2 Regiments Cavalry (8 Squadrons).
- $\frac{1}{2}$ Pack Battery.
- $\frac{1}{2}$ Battery, Horse Artillery.
- 1 Battalion Infantry.
- 1 Transport Company.

L. of C. Mosul-Sharqat :

- $\frac{1}{2}$ Squadron Cavalry.
- $\frac{1}{2}$ Company Infantry.

Baghdad :

- King's Guard (1 Squadron, $\frac{1}{2}$ Company).
- 1 Pack Battery.
- 1 Battalion Infantry.
- 1 Transport Company.

Hillah and Barrage :

- 1 Battalion Infantry.

Diwaniyah :

- 1 Regiment Cavalry (4 Squadrons).

Nasiriyah :

- $\frac{1}{2}$ Pack Battery.
- 1 Battalion Infantry.

The force outlined above is estimated to cost, with the necessary services, a sum of 115 lakhs.

Amongst other proposals for the development of the Army in the year 1922-23 it is desired to send five English-speaking officers of the 'Iraq Army to England during the year to undergo courses of instruction in staff duties, musketry, artillery and engineering. The size of the Army and the resources of the country do not warrant the cost of maintaining establishments for higher military training in 'Iraq, but by sending to England every year a small number of officers to study various branches it is hoped to have in a few years a staff of officers of the 'Iraq Army competent to instruct and train the other officers of the Army.

Regarding the 'Iraq Military College, it is proposed after Ramadhan to start special Musketry and Signalling classes for officers and N.C.Os., in addition to the training of Officer Cadets in general Military subjects. Courses in Machine-Gun training, Cavalry courses, etc., will be held as the need arises.

It is hoped during the coming financial year to effect the translation of the remaining portions of the principal text-books of the three Arms of the Service.

V.—'IRAQ LEVIES.

1.—THE LEVY IN 1920.

Genesis of the Levy.

The birth of the Levy dates back to the period when the British Forces were making the final advances upon Baghdad. In those days and for some considerable period afterwards the Levy consisted of Shabanahs, who acted as irregular military police, taking their orders from Political Officers. Gradually these Shabanahs were clothed in uniform, equipped and formed into small bodies under command of British Officers; at this stage their rôle differed little from that originally allotted to them.

By October, 1920, Shabanahs had undergone a considerable change. Company and Squadron organization was being introduced. The numbers had reached a total of 2,000. The good work done by the Shabanahs in the early and difficult days must not be overlooked when reviewing the more brilliant achievements of the Levy in recent times. In October, 1921, the Levy was definitely made responsible for the maintenance of internal order in certain areas in 'Iraq. This responsibility stretched from Mosul to Qurnah on the Tigris, and from Ba'quba to Nasiriyah on the Euphrates.

Work during 1920.

Official despatches and the honours gained testify to the excellent work performed by Levies during the disturbances in 1920. During this anxious period Levies were also employed as guides, scouts for columns, and in active operations with British Troops. The casualty roll during the year ending September, 1921, of 107, which contained the large proportion of 73 killed, indicates the reality of the fighting in which they were engaged. The award of 15 medals of the British Empire for gallantry in the field is significant of the high opinion of

their fighting value held by the British Column Commanders under whom they served.

2.—THE LEVY AFTER THE CAIRO CONFERENCE.

Decisions of the Cairo Conference.

The Levy in 1920 consisted for the greater part of men of Arab nationality. The summer of 1921 saw further responsibilities being vested in the Levies. The decision of the Cairo Conference necessitated a considerable increase, originally estimated to make a total of 7,500. Responsibilities extended to Kurdistan in addition to Iraq. The strength of the force at this period numbered 4,000 rank and file. Though a certain small proportion of Kurds had been introduced into the Levy, and the Kurdish Levy in Sulaimani had been incorporated, it was not till the end of August that the raising of Assyrian Units was begun and a Christian element introduced.

Relief of Imperial troops.

During the autumn of 1921 the decision arrived at during the Cairo Conference in March took effect, with the flow of Imperial Troops out of the country. Levies were now called upon to shoulder still heavier responsibilities in finding reliefs on the Kurdish frontiers for the Imperial Troops. In actual fact Levies of a strength approximately a weak Brigade, without artillery or automatic fire, were called upon to relieve what approached very nearly to two weak Divisions. The manner in which they fulfilled their obligations is shown by the fact that the frontier is still intact, and that no serious tribal rising has occurred. The casualty roll is eloquent of the readiness with which they responded when called upon to assert Government authority by force of arms. The very successful operation against Batas, in September, 1921, had political effects of a far-reaching nature and did much to curb the activities of the truculent Kurds of the Rawanduz area.

Surchi Operations.

Towards the end of December, 1921, a patrol of Levies was treacherously ambushed by Shaikh 'Ubaidullah of the Surchi to the East of Arbil and suffered severe casualties. The prestige of the Government was at stake and punitive action was imperative. As no Imperial troops were available it became necessary to use the Levies in their new rôle as a military force. Accordingly, on Christmas Day, a force of Levies, 1,000 strong, under the command of the Inspector-General, moved out against the tribes, who were holding a strong position on the south side of the Rawanduz Gorge. The strength of the tribes was estimated at approximately 600 rifles, and they were supported by 200 Turkish troops, 8 machine guns and 1 gun. In spite of the fact that all of the Levies employed were by no means fully trained and that there was a decided shortage of British officers, the operations, which unfortunately involved the loss of two British officers, were brought to a successful conclusion in two days. The Turkish troops took no part in the operations after the first day's fighting, and retired

to Rawanduz. The tribesmen, after putting up a stout resistance, were driven from their hills and several of their villages burned. Their casualties were reported as 20 killed and 70 wounded, and a number of flocks and herds were captured. A march through the country of a tribe whose loyalty to the Government was very much in question concluded the operations, which undoubtedly had a very great effect in shattering the prestige of the small Turkish garrison in the Rawanduz area. The successful result of this first attempt of the Levies to act as an organized military body in conjunction with the Royal Air Force, an attempt which was necessarily undertaken at a time when the training and equipment of the Levies was still incomplete, holds out excellent promise for their success in the future.

Organization and Training.

In September, 1921, two senior and experienced officers arrived and assumed the rôles of Inspector-General and Deputy Inspector-General of the Levy Force. Steps were gradually taken to transfer the weight of the Levies from the Valley of the Euphrates to Kurdistan, and at a Conference held at the Residency early in December it was decided definitely to eliminate Levies from the Euphrates and to assign to them as their sector in the defence scheme of the whole country the Mosul outposts and Kurdistan. Owing to the inability of the 'Iraq Army to take over the whole of the Euphrates it has unfortunately been impossible up to the moment of writing this report to remove the Levies from Diwaniyah, Samawah and Nasiriyah. It has, however, been possible to dispense with many outlying detachments and the consequent concentration of units has resulted in improvements in interior economy and in the possibility of introducing improved systems of training. Desertions, which had reached an average of 77 per month, have fallen to 3 per month, and a marked improvement in the general behaviour of the Levies has been noticed from time to time by Political Officers who have come in contact with them. At the same time, after the operations mentioned in the previous paragraph, the Inspector-General reported to the High Commissioner that existing arrangements, in his opinion, did not work for efficiency and suggested that the Levies should be placed under General Headquarters for the purposes of administration. After full discussion with the General Officer Commanding-in-Chief, it was decided that the change was immediately necessary in the interests of efficiency and Levies were accordingly transferred from the direct charge of the High Commissioner to that of the General Officer Commanding, acting on his behalf, with effect from February 22nd, 1922.

Recruiting among Assyrians.

Late in November it was decided to raise the strength of the Levies from 4,500 to 5,500. Recruiting of Arabs having ceased and the supply from Kurdish sources being inadequate and not always of very good quality, a vigorous recruiting campaign was started among the fighting tribes of the Assyrians who had been settled North of the Mosul Division. The recruiting was entrusted to Captain MacNearnie,

whose efforts have met with such striking success that by the end of the period under report the total of 5,000 had not only been reached but actually exceeded by some 400. The surplus will be disposed of by weeding out non-efficients.

Details of organization will be found in Appendix II.

VI.—THE ADMINISTRATION OF JUSTICE.

I.—GENERAL OBSERVATIONS.

Paradoxical Nature of 'Iraq Position.

In the period covered by this report the Government of 'Iraq has passed from a Civil Administration, regularly established in accordance with international law by an Army occupying enemy territory, to the paradoxical position of a Constitutional Monarchy, of which the constitution has not yet been formulated, depending for its sanction and recognition on a Treaty that has never been confirmed and a Mandate that has never been ratified. The practical administrator need care for none of these things, but they press hard on his legal advisers who are responsible for the administration of justice, the jurisdiction of the Courts, the Government's legal relations, internal and external, and the exercise of its legislative powers.

This branch of the Administration has, however, gone boldly ahead, first as the Judicial Department and later as the Ministry of Justice, and in spite of the insecurity of the Government's legal status, has adapted its own organisation and functions, as well as those of the Courts of Justice, to the political or constitutional changes.

It is necessary briefly to summarise the changes which have affected this Ministry.

Historical Summary.

In October, 1920, a Provisional Native Government under the High Commissioner was substituted for the Civil Administration established by the occupying army. The departments of the old Administration became either Ministries under a native Minister or Departments under one of such Ministries. The Judicial Department became the Ministry of Justice and on the 11th November, 1920, the venerable Shaikh Mustafa al Alusi, a Shar'ah official of great experience who at one time held the post of Qadhi of Mecca, accepted the appointment of Minister. Sir Edgar Bonham Carter, K.C.M.G., C.I.E., who as Judicial Secretary had administered the Judicial Department, became the Adviser and so ceased to be the titular head of the system which he had established. In this connection it is right to point out that he had himself soon after the Armistice proposed the appointment of an 'Iraq Minister of Justice. The insurrection of 1920 brought down upon many departments of the Administration severe criticism, but Sir Edgar justly claimed that little if any criticism in connection with the cause of the rebellion was directed against his judicial system. This immunity he attributed to the policy which he had pursued, first, of making no unnecessary alterations in institutions or laws with which the people were familiar, and secondly, of making the fullest use of

'Iraqis as judges and officials of the Department. The institution of the new Ministry, therefore, involved no change and no necessity for change in the policy which had been so successfully pursued.

The next change which reacted upon the judicature followed closely upon the formation of the Council of State in November, 1920. Sir Edgar has described it as follows :—

“ During the war the local administration was entrusted to British Political Officers and Assistant Political Officers, who exercised at once both executive and magisterial functions. At the end of 1920 the Council of State was constituted and it was decided to revert to the local administrative system which was in force under the Turks, and to replace the British Political Officers and Assistant Political Officers by 'Iraqi Mutasarrifs and Qaim-maqams assisted by British Advisers who are to have no executive functions.

“ One of the essential features of the Turkish Administrative System was the complete separation of the executive and the judicial, and it became, therefore, necessary to increase and extend the Courts so as to make provision for the trial of criminal cases throughout the country.

“ At the same time the opportunity was taken to strengthen the Court of Appeal by the addition of two judges and to vest in it the powers of confirmation and revision which had previously been vested in the High Commissioner. Similarly the powers of revision formerly exercised by the Political Officer within his Division will be transferred to the Court of First Instance for the Division.

“ In certain Divisions where the judicial work is light a Single Judge will be appointed with the powers of a Court of First Instance in Civil matters. He will be assisted by an Assistant Judge. This is in accordance with a scheme which had been brought into force by the Turks shortly before the outbreak of war.”

The detailed scheme as approved by the Council of State is set out on page 6 of the “ Report of the Administration of Justice for the year 1920.”

Hitherto the Court of Appeal has exercised the functions of a Court of Revision for all Courts subordinate to it. The Council of State, however, supported by public opinion, both legal and commercial, has attached great importance to the institution of a Court of Cassation or Revision distinct from the Court of Appeal, on the ground that it is in accordance with Ottoman Law and will provide a second appeal in civil cases of importance. The policy of providing and supporting institutions to which native ideas are wedded outweighed considerations of economy and the obvious objections to a multiplication of appeals, and shortly before his departure, Sir Edgar, as Acting High Commissioner, himself confirmed a resolution of the Council of State establishing a Court of Cassation. In the year which has since elapsed shortage of funds, other political changes and the difficulty of finding suitable personnel have delayed the execution of this decision, and up to the end of March, 1922, the Court of Appeal, provisionally known

as the Court of Appeal and Cassation, continued to function as the only Court of Revision as well as of final appeal.

Another development of the policy of introducing the old system was the appointment of legal procurators in the early summer of 1921. Police procurators were already provided for by the Criminal Procedure Regulations, but judicial procurators, distinct from the police, had no real place in the existing system and were appointed in anticipation of the revision of the Criminal Procedure and Penal Code. The result has been unfortunate. The procurators have left undone the work they might have done and have interfered where there was no need. The result has been friction with the police authorities, and the Procurators General appointed at Baghdad, Basrah and Mosul have been transferred to judicial work until their duties have been properly defined by a new Code of Criminal Procedure.

The modifications in the judicial system which have been outlined above were given legal sanction by the Courts (Revision) Proclamation, 1921, on the 14th May, 1921. The keynote of this enactment is sounded in section 24, which substitutes for the expression "Occupied Territories" the term "Iraq." The Ministry and the Judicature were adapted to the needs and wishes of the Provisional Native Government.

On the 26th of the same month Sir Edgar Bonham Carter left Iraq.

During the further political changes which ensued on the Cairo Conference and the accession of His Majesty King Faisal, the office of Adviser was temporarily held by Mr. E. M. Drower until the arrival at the end of September of Mr. N. Davidson. The organisation of the Ministry and Judicature remained the same, and it was not until the first Ministry of King Faisal was appointed, in succession to the Provisional Government, that any material alteration was effected. On the 11th September, 1921, Naji Beg al Suwaidi was appointed Minister of Justice. The change that soon became apparent was not one of organisation but of personality. The late Minister had been content to leave the administration almost entirely in the hands of his Adviser. Naji Beg, the scion of a family deeply steeped in politics, has not only considerable legal and administrative experience but a forceful character, skill in debate and tireless energy. The new Minister, as was right and proper, immediately assumed the full responsibility of his position. This involved a corresponding change in the position of the Adviser whose duty it became no longer to administer the department but to keep the administration on the right lines. On the other hand Naji Beg has always been ready to recognise the special responsibilities of the Adviser. No important step was taken and no judicial appointment made without mutual consultation, and it was early agreed that all correspondence or other documents issuing from the Ministry should be seen by both the Minister and the Adviser, except the Adviser's correspondence with other Advisers or with the High Commissioner's Secretariat. The Minister's character necessarily led him to force the pace at a time when the Adviser would have preferred to let well alone, and the Adviser was not infrequently obliged to check action by the Minister which might have appeared to derogate from the independence of the Courts. But during the seven

months of Naji Beg's Ministry the Adviser on no occasion felt himself obliged to bring an issue between himself and Naji Beg before the Council of State or the High Commissioner.

Like most well-educated orientals of the younger school the Minister attached what we consider an exaggerated importance to committees, reports, examinations and diplomas. With the concurrence of the Council of State and the approval of the press, committees of judges and other legal officers were instituted to deal with the appointment of civil judges, the appointment of Shar'ah judges and the drafting of legislation. None of these committees have been entirely satisfactory. As all appointments ultimately depended on the Minister and the Adviser the appointments committees lacked real responsibility in their decisions, while the valuable advice which their members were able to give could have been obtained more conveniently by private interrogatory. Drafting is a one-man job and this soon became apparent from the inordinate time taken by the committee in its endeavours to draft a new Penal Code. The real work has been done by Mr. Drower, the Government Counsellor, and his Assistant, Taufiq Beg Suwaidi, the Minister's brother.

A very useful development in the organisation of the Ministry was introduced in October, 1921, when most of the non-judicial and non-political work of the Ministry, namely, legal advice to other Ministers and legislative or other drafting, was entrusted to a special section under the charge of Mr. Drower, who was appointed Governor Counsellor, and whose special qualifications have been satisfactorily utilised. A judicial inspectorate, one of the reforms recommended by Sir Edgar Bonham Carter in his last report, was also established and placed under Mr. Drower's section.

Wider and more radical schemes of reorganisation were also initiated by the Minister, but his resignation for political reasons, which coincided with the date limiting this report, has prevented their completion for the moment. These included a proposal to substitute single judges for a bench of three in all courts of First Instance; the amalgamation of the Shi'ah with the Sunni religious courts; a set of regulations for the appointment, grading and qualifications of judges, and a reorganisation of the Law School. Regulations for the latter have been agreed to, but will not come into force within the period of this report. The others require further consideration, and should await the final settlement of the government and status of 'Iraq. Nevertheless, the work and the ideas of the late Minister will be of the greatest value and assistance to those who may succeed to his responsibilities.

2.—PERSONNEL

A list of the principal officials holding appointments in the Ministry of Justice on the 31st March, 1922, is contained in Appendix 12.

All other changes in personnel have been overshadowed by the retirement of Sir Edgar Bonham Carter in May, 1921. The success which attended his re-establishment of the Courts of 'Iraq has been already noted. The difficulties with which he had to contend and the reasons for his success have been described in previous reports. But

his personal influence was even more remarkable than these practical achievements, and the affection and respect with which he was regarded by all classes were invaluable assets in the head of a judicial system. The irremovability of judges is a principle impossible to apply in the present conditions of 'Iraq, but the next best thing in order to secure judicial impartiality and independence is complete confidence in the justice and fair-mindedness of the controlling authority. This confidence Sir Edgar won and held throughout.

On the appointment of Mr. N. Davidson to succeed Sir Edgar it was arranged that he should take over from him at the end of May, but events in the Sudan prevented him from reaching Baghdad till the end of September. Mr. Drower carried on as Adviser with great efficiency during the interval.

The death of Haji 'Ali Effendi Alusi, Qadhi of Baghdad, in January, 1922, removed one of the pillars of the religious courts. The late Judicial Secretary wrote of him thus :—

“ He was appointed Qadhi of Baghdad soon after the occupation and introduced a regime of honesty into the Shar'ah Courts in strong contrast to that formerly existing. He is much respected and trusted and belongs to one of the most esteemed 'alim families in Baghdad.”

He was succeeded by Shaikh 'Abdul Malik Shawwaf of the Shar'ah Court of Revision.

Mr. S. S. Abrahams, the President of the Courts at Basrah, retired from the 'Iraq Government to return to his own Colonial service on the 31st March, 1922. Both as Advocate General under the old Judicial Department and as President at Basrah under the new Ministry, Mr. Abrahams showed himself an able and highly trained lawyer, and rendered valuable service to the Government.

The rival attractions of employment by commercial firms, or employment elsewhere, have in the last two months cost the Ministry the loss of three valued officials in Khan Bahadur Mirza Muhammad, President of the Court at Hillah, Mr. M. P. Mehta, Criminal Judge at Basrah, and Mr. H. F. Martins, Superintendent, Civil Court, Basrah. Each of these officials was invaluable in his particular sphere and cannot be satisfactorily replaced. Mr. Davidson was reluctantly compelled to accept, and even to encourage, their resignation, owing to the strong feeling against the employment of non-'Iraqis in the Government service. It is impossible not to sympathise in principle with this feeling on the other hand efficiency has to be sacrificed to what is, in some cases, an unreasonable excess of national sentiment or mere jealousy, and it must be remembered that, under the Turks, the Arabs employed in this department (excluding menials) numbered only 35 out of 104, whereas in December, 1920, they numbered 247 out of 289.

Mr. Davidson endorses wholeheartedly the opinion of his predecessor in his last report that the British Staff in this Ministry (since reduced by a third) is inadequate in number for the duties it has to perform, and that, if the present standard is to be maintained, permanent conditions of service must be granted. The number, position and conditions of service of British Judges in the future is under considera-

tion in connection with wider questions, and I have every hope that a solution satisfactory to them and beneficial to the 'Iraq judicature will be found. At the moment, however, it is impossible to fill vacancies, and it may be difficult to retain even the present attenuated staff. The fact that the British staff was pronounced inadequate in number more than a year ago, and nevertheless has borne the difficulty and strain of carrying on successfully with diminishing numbers and increasing work, reflects the greatest credit on Mr. B. H. Bell who, as President of the Court of Appeal and Cassation, is head of the judicature, and on the four Presidents of the Courts at Baghdad, Basrah, Mosul and Kirkuk. I have already referred to the valuable services of Mr. Drower as Government Counsellor and temporary Adviser.

No less credit, however, is due to the native judges, and I can again endorse Sir Edgar's tribute: "With hardly a single exception they have performed their duties in a most loyal fashion and with the whole-hearted desire of raising the administration of justice to the highest possible standard. The relations between these and the British staff have invariably been of the most cordial and friendly character."

Mr. N. Davidson, during the six months in which he served as Adviser to the Ministry, fully maintained the happy relations between Arab and British officials which had been instituted by Sir Edgar Bonham Carter. As the report closes, though he has been transferred to my personal staff, he is, with my concurrence, acting temporarily as Deputy Minister of Justice.

3.—STATISTICS.

I regret that it has not been possible to collect or tabulate satisfactory statistics of the cases dealt with by the civil and criminal courts. This is due to a variety of causes which, it is hoped, will not recur.

In the first place, the period of 18 months is a difficult one to deal with. Secondly, the reorganisation of the courts after the insurrection has rendered it impossible to get statistics covering the earlier part of the period. Thirdly, the transfer of judicial powers from Political Officers to the Courts creates another difficulty in tracing records and classifying cases. Lastly, the records of cases under the old administration were, in most cases, kept in English and therefore cannot be examined and classified by the present staff of the courts.

Appendix 8 gives a statement of the crimes reported to the 'Iraq Police during the period in question.

4.—LEGISLATION.

The following is a list of the legislation enacted between the 1st October, 1920, and the 31st March, 1922. This does not include Customs Notifications and other orders and resolutions of the Government having the force of law. It will be noticed that, up to July, 1921, legislation was promulgated by proclamation; after the accession of H.M. the King, all legislative acts have been promulgated by Royal

Iradah and published as laws. An exception to this is the Unregistered Sales Confirmation Proclamation, Sulaimani Division, 1922, which was promulgated by myself, the Sulaimani Division not being subject to the Government of King Faisal.

List of Legislation passed between the 1st October, 1920, and the 31st March, 1922.

Date.	Title.
1.11.20.	The Baghdad Penal Code Amendment (No. 3) Proclamation, 1920.
1.11.20.	The Mosul Division Unregistered Sales Proclamation, 1920.
3.12.20.	The Transference of Powers Proclamation, 1920.
28. 2.21.	The Disposition of Immovable Property Proclamation, 1921.
1. 3.21.	The Unregistered Sales Proclamation, 1921.
4. 4.21.	The Companies (Amendment) Proclamation, 1921.
14. 5.21.	The Courts (Revision) Proclamation, 1921.
6. 7.21.	The National Government (Transference of Powers) Proclamation, 1921.
6. 7.21.	The Baghdad Criminal Procedure Regulations Amendment Proclamation, 1921.
5.10.21.	The Unregistered Sales (Kirkuk Division) Law, 1921.
8.10.21.	The Customs Law (Silkworm Eggs), 1921.
19.10.21.	The Unregistered State (Tapu Hold Land) Confirmation Law, 1921.
3.11.21.	The General Budget Law, 1921-22.
26.11.21.	The Law of Transfer (Budget), 1921-22.
25.1.22.	The Budget Re-Appropriation Law, 1921-22.
(1922)	The Law of Auqaf Budget, 1921-22.
29.1.22.	The Vaccination Law, 1922.
21. 2.22.	Regulations Prohibiting Government Officials from dealing in Land.
22. 2.22.	Unregistered Sales Confirmation Proclamation (Sulaimani Division), 1922.
2. 3.22.	The Legal Holidays Regulations, 1922.

5.—LAW SCHOOL.

The re-establishment of the Law School and the result of its first session has been dealt with by Sir Edgar Bonham Carter in his reports for 1919 and 1920.

¶ In November, 1921, Taufiq Beg al Suwaidi was appointed Director, in addition to his duties as Assistant Government Counsellor, and he has carried out the task with great energy and enthusiasm. On his advice a Special Committee known as the "Committee of the Law School" was formed, consisting of the President of the Court of Appeal; Daud Effendi Samra, of the same Court; Nashat Effendi al Sannawi, Procurator General and former Director of the School; - Antoine Effendi Shammas, a leading advocate; and the Director.

The Director and lecturers have prepared a set of regulations providing for a curriculum, examinations and the discipline of the School, which are now under the consideration of the Council of State.

There are now 45 pupils in the first class and 40 pupils in the second class. It is hoped to form a third class of 40 pupils in the coming year, but it is feared that funds will not be forthcoming to provide for this extension.

The Director has reported to me that the income for the past year exceeded Rs. 20,000, while the expenditure was only Rs. 27,000. He estimates that the cost of the extension mentioned above would bring the total expenditure to Rs. 50,000, while the income would exceed Rs. 30,000.

The examinations for the current year have not yet been held.

VII.—EDUCATION.

I.—ADMINISTRATION.

Owing to political events in the summer of 1920, the administrative and inspecting staff of the Department of Education on the formation of the Arab Government was much below strength. Mr. H. E. Bowman, C.B.E., Director of Education, had been withdrawn from the 'Iraq service by the Egyptian Government, his place being taken by Mr. A. L. F. Smith, M.V.O. The contracts of several other officials were cancelled and all vacancies were left unfilled.

In the new Ministry of Education and Public Health, 'Izzat Pasha accepted office as Minister, with Mr. E. L. Norton, I.C.S., as Adviser. On the departure of the latter his post was not filled, but the Director of Education assumed also the duties of Adviser in educational matters to the Minister. On the reorganization of the Council of Ministers which followed the election of H.M. King Faisal, Education was constituted a separate Ministry under Saiyid Muhammad 'Ali Hibat-al-Din Shahristani, who continued in office throughout the period under review. The Director of Education for the time being continued to act also as Adviser. The combination of these functions threw a heavy burden on the official concerned, and was also the cause of considerable confusion, as the separate powers and duties of the Director, as distinct from the Minister, were not yet clearly defined.

The budget of 1920 contemplated the creation of five educational areas, viz., Central (Baghdad), Northern (Mosul), Eastern (Kirkuk), Western (Hillah), and Southern (Basrah), with a British Education Officer in each area. The scheme, however, had not been put completely into operation before the disturbances. British officials were stationed at Baghdad, Mosul and Basrah, an officer was already under orders for Kirkuk and it was hoped to post another to Hillah in the autumn of 1920. Under the new conditions only two Arab Education Officers have as yet been appointed, in Baghdad and Mosul; but Inspectors have been sent to all the areas and the nucleus of an organization has been formed at each Headquarters. The schools in Sulaimani Division have remained directly under the Political Officer who has occasionally invited the advice and assistance of the Adviser.

2.—HIGHER EDUCATION.

Except for the Law School, which requires from entrants only a low standard of general education, no institution professing to offer higher educational facilities exists in Iraq. Previous to the financial year 1921-22 the Law School was carried on the Education Budget though no effective control was exercised by this Ministry. As from 1st April, 1921, the School was transferred completely to the Ministry of Justice.

A scheme has been set on foot by the King for the organization of a University at Mu'adhham, a few miles north of Baghdad, but a sufficient number of qualified students is not yet available. The erection of buildings will, however, take a considerable time, during which the supply of students will increase.

Meanwhile a few persons have been sent to the American University at Beyrut and to Great Britain at the expense of the Government. No one of these has yet reached a standard of general education, through the medium of English, enabling him to enter a place of higher education without at least six months' preliminary study. The students should, however, be able to matriculate in September, 1922.

3.—SECONDARY EDUCATION.

The results of the work of past years is perhaps best seen in the expansion of Secondary Education. No uniform syllabus has yet been drawn up and locally recruited staff are in most cases much below standard. The schools have therefore chiefly depended on teachers recruited from abroad : six Syrian graduates of the American University of Beyrut and one Egyptian master have been engaged, while four British officials give part of their time to the teaching of English. The language of instruction is Arabic, except at Kirkuk, where Turkish is the medium.

In Baghdad the Secondary School has been housed separately in a fine building since April, 1921, and its numbers have risen to 74. A fully equipped laboratory has been provided. A four year course is aimed at, and the highest class is now in its third year. In Mosul the number of pupils in the Secondary School is 95, and the standard is approximately the same as in Baghdad. In Kirkuk the secular side of the 'Ilmiyah School was taken over as a Secondary School from 1st April, 1921, and in September a boarding section was opened for pupils from outside the town. It has in consequence been possible to suppress the final year in the local primary school and to substitute for it equivalent preparatory class at the 'Ilmiyah. The attendance is now 83, and the school is making progress in spite of the language difficulties in this Turkish and Kurdish speaking area and the lack of properly trained masters. The Basrah Secondary School remains small with only 15 pupils. It is, however, now a separate institution and a few of the students are boarders. A secondary class was opened at Sulaimani in September, 1921, but only three pupils were enrolled. As they have some knowledge of Turkish it is proposed to transfer them to the boarding school at Kirkuk.

4.—TECHNICAL EDUCATION.

Want of instructional personnel and the lack of suitable accommodation and plant have been serious drawbacks in the development of technical education. Difficulties have also been experienced in the mistaken view of its objects generally held by the public. Public opinion in Iraq is apt to regard a technical school as an orphanage or charitable institution designed to give a trade to boys who would otherwise be destitute. It is proposed to continue the training of artisans to assist in raising the standard of trades in which a degree of skill is required and also to organise sections for the training of higher subordinates for technical departments and engineering firms. The latter should in time become the chief function of these schools. In Baghdad progress has been made in the training of literate artisans; the number of students in regular attendance has been about 70, of whom 20 were apprenticed to railways. A large stock of instructional plant has recently been installed, and with the provision of better accommodation, the school should prove a success. The staff includes a British Principal and Vice-Principal. In Kirkuk the old Turkish Technical School has been reopened under an energetic Syrian Principal; some plant has been provided, and the attendance now numbers 60, of whom 20 are boarders. In Basrah a school has recently been opened under a British Acting Principal and a beginning has been made with 30 pupils.

5.—SUPPLY AND TRAINING OF TEACHERS.

The supply of properly trained masters for primary and elementary schools has not kept pace with the demand. In all cases candidates with experience or training under the Turkish regime who have applied for employment have been tested by examination, and if found at all suitable and recommended on the ground of character, have been offered appointments. The chief handicaps under which these masters suffer are their weakness in Arabic and the low standard of the former training centres, particularly at Mosul and Basrah. Attempts have been made to raise the standard of these teachers by holding holiday classes in the summer months. At Baghdad and Mosul attendance has always been voluntary; at Kirkuk, in 1921, masters from the Turkish-speaking areas were detailed to attend. Most of the larger schools have been supplied with one or more masters, trained since the Occupation, who have been able to undertake the teaching of Arabic.

The Iraq Training College was opened soon after the fall of Baghdad; the number of students has been determined rather by the accommodation and money available than by the needs of the schools, and the output is still insufficient. However, in spite of the shortage of teachers it was considered possible in September, 1921, to lengthen the course from two to three years. The attendance now numbers 92. In 1920, 30 graduates passed out into schools and in 1921, 32. The present standard of the College is somewhat higher than the Elementary Training Colleges in Egypt, and, in addition, English forms part of the curriculum. An Egyptian Moslem as Principal, three Syrian graduates, an Egyptian English master, and a part-time British Instructor in English form the nucleus of the staff.

6.—PRIMARY AND ELEMENTARY SCHOOLS.

The schools in the Central and Western Areas suffered most from the disturbances of 1920. Many school buildings were looted and school books and equipment destroyed. The majority of the school staffs of the disaffected areas were in Baghdad for the summer vacation; allowances were paid to those who were left temporarily without employment, and they were again sent out as conditions became more settled. On the whole their behaviour was admirable. The older type of schoolmaster who had been appointed to the district schools held aloof from the insurgents and their influence in Baghdad among the younger men was considerable. All schools were reopened as soon as circumstances permitted, and in 1921 it was found possible to open a number of new schools. Public interest in education continued to grow, and soon after the beginning of the new school year, in September, 1921, practically every school was filled to capacity.

The number of schools in the period dealt with has increased from 90 to 120 and the school attendance from 6,182 to 11,474.

7.—FEMALE EDUCATION.

The town and village Christian Girls' Schools in Mosul, Arbil and Kirkuk Liwas became Government Elementary Schools as from 1st April, 1921. They had formerly received financial assistance from the Department. The Moslem Girls' School in Baghdad, which was opened in 1919, has continued to flourish, as well as elementary Moslem Girls' schools in Mosul, Karbala and Diwaniyah. Additional Elementary Schools have recently been opened in Baghdad and Kirkuk. The total of schools is now 21, and the attendance about 2,500. A small training centre for mistresses is being organised in Baghdad.

8.—AIDED SCHOOLS.

Except in the Northern and Eastern Areas, the Ministry of Education has not directly controlled the schools of non-Mohammedan communities. In the Northern and Eastern Areas the Government, in 1920, took over direct control of the Christian Schools to save them from extinction. The Carmelite Mission and the Alliance Israelite Universelle have given assistance to the Christian and Jewish communities, respectively, in Baghdad by organising schools, while the American Mission under the expert guidance of the Rev. J. Van Ess, has conducted a most successful mixed school of Christians and Mohammedans at Basrah. These institutions give instruction up to about second year secondary standard in Government Schools. Other schools, not so successful, have been conducted by local committees. A number of Mohammedan Boys' Schools of moderate standard are also in existence, particularly in Baghdad.

The Dominican Sisters have an excellent Girls' School in Baghdad with over 1,000 pupils, the daughters of local Christians; a few Mohammedan girls also attend. The Alliance Girls' School is also a large one; it is in charge of the wife of the Director of the Boys' Schools.

The better schools which were considered moderately efficient and capable of improvement were in the past given grants-in-aid by the

Department in accordance with their size, efficiency, and financial position. The number of State-aided Schools (Girls' and Boys') in 1921 was 28, and the registered attendance 9,319.

9.—BOY SCOUTS.

This organization in 1919 was confined to Baghdad City, but the movement has since made great progress in Mosul, Kirkuk, Kut, 'Amarah, Basrah, on the Euphrates, and elsewhere. It is, however, doubtful whether this rapid expansion has not meant a weakening in principles. No trained British Scoutmasters are now available, but the chief native scoutmaster left for England early in 1922, where he will attend various courses of instruction in scout work, games and physical training. The number of Boy Scouts in 'Iraq is now about 2,500.

10.—CONCLUSION.

On the whole, the outlook is bright. There is no doubt that there is a general and genuine demand for education, and the gradual handing over of the control of the administration to Arabs has not been marked by any violent changes or reactions. It seems probable that the future rôle of the British Education officials will be advisory and inspectoral, and the many religious, racial and lingual differences may make their help both acceptable and necessary for a long time to come. The weaknesses of the Turkish system, as put into practice in 'Iraq, have not yet been fully appreciated, but as war conditions finally pass away and the country begins to develop, it is hoped that a sound indigenous educational system may be firmly established which will be broad enough to include every race and every community in 'Iraq.

VIII.—HEALTH SERVICE.

1.—GENERAL.

A list of the institutions under this Service is appended.

The following Institutions were opened (or reopened) during the year :—

Civil Hospital, Diwaniyah.
 Civil Hospital, Samawah.
 Civil Dispensary, Baghdad West.
 Civil Dispensary, Hindiyah Barrage.
 Civil Dispensary, Fallujah.

The following were closed during the year :—

Civil Dispensary, Abul Khasib.
 Port Dispensary, Tannumah.
 Civil Dispensary, Shaikh Sa'ad.
 Civil Dispensary, Hindiyah Barrage.
 Civil Dispensary, Karradah.
 Civil Dispensary, Amadiyah.
 Civil Dispensary, Hit.
 Civil Dispensary, Fallujah.

2.—STAFF.

British Officers.

Nine resigned ; one, Dr. A. C. Oldham (Ahwaz), died, and five were recruited during the year.

British Nursing Sisters.

Two resigned ; one, Miss E. Kidd (Basrah), died, and twelve were recruited during the year.

Local Doctors.

Five resigned and eight joined the service during the year. Many of these are part-time officials. Difficulty has always been experienced in getting local doctors to take whole-time appointments. This is due mainly to a shortage of qualified private practitioners in the large towns, and partly to the disinclination of the 'Iraqi doctor (usually city bred) to leave his home and serve in an out-station.

3.—STATISTICAL.

The institutions of the Health Service provide a total of 1,539 beds for In-patients, in addition to which the Railway hospitals provide 99.

During the year 18,926 In-patients were admitted, of whom 15,582 were discharged and 1,223 died.

607,484 Out-patients (old and new cases) were treated during the year.

4.—INFECTIOUS DISEASES.

'The following were notified during the year :—

Cerebro Spinal Meningitis	...	...	...	...	...	...	26
Plague	...	...	...	...	...	...	137
Small-pox	...	...	...	...	...	...	475
Typhus	...	...	...	...	...	...	61
Chicken-pox	...	...	...	...	...	...	90
Measles	...	...	...	...	...	...	605
Mumps	...	...	...	...	...	...	92
Tuberculosis (all kinds)	...	...	...	...	...	...	178
Typhoid	...	...	...	...	...	...	87

The above figures represent only a fraction of the cases, and are in the main confined to the large municipalities. It is extremely difficult to obtain satisfactory notification in face of the conservatism of the native, his dislike of the disinfection of his home, and other troubles entailed by the discovery of infectious disease therein. Tuberculosis is notified much more freely than other disease.

Measles assumed epidemic proportions during the first half of the year. The epidemic reached its zenith in the beginning of May, and thereafter gradually subsided.

A small outbreak of Plague occurred in May, June and July.

Small-pox became epidemic in the second half of the year. The majority of the cases were notified in Baghdad and Basrah, but the disease was much more widely spread throughout the country than indicated by the figures. The epidemic reached its summit in the first half of December, after which the figures dropped suddenly.

Cholera has been notable by its absence and there have been very few cases of typhus and relapsing fever.

5.—SPECIAL INSTITUTIONS.

X-Ray Institute.—The X-Ray Institute, Baghdad, is the central radiographic institution of the country, and is also the depot for supplies and repairs to all Civil and Military X-Ray installations. It is fully equipped with the latest radiographic and electrotherapeutic apparatus.

During the year a branch Institute has been established at the Civil Hospital, Basrah. Arrangements have also been made to open another branch at Mosul at an early date.

Vaccine Lymph Institute 'Amarah.—The work of this Institute proceeded uneventfully during the year, 14,513 grammes of lymph (sufficient for 2,902,600 insertions) were manufactured, and 7,235 grammes issued during the year, as compared with 6,489 and 5,562 grammes respectively in 1920. With this increased production it has become possible to keep in stock lymph of recent manufacture only. Lymph is now discarded as soon as it is twelve months old.

Chemical Examiner's Department.—The work of this Laboratory has continued at the same high standard as in 1920. The equipment is now complete, and up to date. 376 samples were received for analysis as compared with 313 during the previous year. The proportion of Military work has decreased to about a tenth of the total.

The laboratory is proving to be of considerable value to other departments, notably Railways and Excise. The Public Works Department is also beginning to refer to the Chemical Examiner for help and advice in such matters as concretes, cements, etc.

Rabies Institute, Baghdad.—Although this is at present a Military Institution it cannot be passed without notice. Resulting from negotiations between the Director of Health Services and Government of India and the Assistant Director of Pathology, General Headquarters, 'Iraq, the institution commenced work in July. 159 cases have been sent to the Institute for treatment during the six months. Of these 137 underwent the full course. Of the remainder one refused treatment, and in the case of the remainder treatment was not considered necessary. Its presence in 'Iraq has resulted in an average monthly saving in passages alone of about Ra. 3,500 in so far as civilians are concerned, in view of the fact that previously all cases had to be sent to Kasauli, India.

The Rabies Institute will be taken over by the 'Iraq Health Service on 1st April, 1923.

Civil Medical Stores.—Medical stores and equipment are supplied to all Civil Health Institutions in 'Iraq and Sulaimani as well as to other Government Departments which require chemicals and disinfectants, e.g., Levies, Veterinary, etc.

Goods are shipped in bulk from Europe and India and checked, priced, repacked and distributed to the various Institutions from the

Civil Medical Stores, which are housed in three large buildings specially fitted up for the purpose.

During the year considerable improvements have been carried out. Two of the buildings have been re-roofed and shelving has been provided in the third. A new cold storage room for lymph vaccines and sera has been added.

The stock of medical and surgical equipment and of drugs and dressings is fairly complete, and indents from all parts of the country are expeditiously complied with.

6.—‘IRAQ STATE RAILWAY MEDICAL SERVICE.

For medical arrangements the Railway system is divided into two sections, one extending from Makinah to Diwaniyah under the Railway Medical Officer whose headquarters are at Makinah and the other from Diwaniyah upwards under the Railway Medical Officer, Baghdad, the whole being under the control of a Chief Railway Medical Officer at Baghdad.

Railway dispensaries or hospitals have been established at Makinah, Shu'aibah, Diwaniyah, Samarra, Baghdad West, Salachiyah, Hinaidi, Kut, Qaraghan and Khanaqin Road.

During the early part of this period the treatment of Railway employees has been partly dependent on Military Hospitals. The dependence on the Military has been gradually eliminated with the development of the Railway Medical Department, and, towards the latter part of the year, with the co-operation of the Civil Hospitals, attendances at or admissions to Military Hospitals have ceased. All sick now among Railway employees who cannot be treated at Railway Dispensaries are received into Civil Hospitals and practically the only patients dealt with by Military Hospitals are those requiring evacuation to India on medical grounds by Ambulance Transport. Owing to the large reduction in the imported Railway personnel the number of patients has considerably diminished, so that the pressure on Civil Hospitals has been much lessened, and this is noticeably so now with the establishment of a new Railway Hospital at Baghdad West.

7.—‘IRAQ LEVY MEDICAL SERVICE.

Previous to August, 1912, the ‘Iraq Levies depended on the Civil Health Service for medical treatment but on the reorganisation of the Force a new Levy Medical Service was instituted under the control of Director of Health Services with S. M. O. (who is also Asst. Director of Health Services), two R.A.M.C. Inspecting Officers, two Assistant Surgeons, eight Sub-Assistant Surgeons and two Dressers on loan from Military. In addition to this trained personnel, subordinate medical orderlies were supplied by Levies. Instruction in medical and sanitary duties has been carried out. Now all the posts are provided with facilities for treatment to a finish and for supervision by a British Medical Officer. Stations in Mosul, Arbil, Kirkuk and Sulaimani took over the medical equipment left by the Military while small detention hospitals were instituted at Khanaqin, Baghdad, Diwaniyah, Samawah and

Nasiriyah. The Civil Medical Stores supply medical equipment and the Civil Health Service place their hospitals at the disposal of Levies for the treatment of severe cases. The Civil Surgeon, Kirkuk, and Civil Surgeon, Sulaimani, officiate as Levies Medical Officers in addition to their other duties.

8.—CIVIL HEALTH TRANSPORT.

At the beginning of the year the Health Service Transport consisted of 2 launches, 5 touring cars, 12 ambulances and 10 vanettes. Some of these were not in good order, having been running continually for two or three years. Running repairs were high and the services of good drivers were difficult to obtain. Early in the year a reduction of four touring cars was effected while the number of vanettes on actual duty was reduced to 5, the rest being dismantled.

Since then every effort has been made to utilise slow transport where possible; but it would seem that present establishment is necessary for moderate efficiency.

9.—LIST OF CIVIL HEALTH SERVICE INSTITUTIONS, 1921.

BAGHDAD—

New General Hospital.
 Sarai Wing Hospital.
 Civil Staff Dispensary.
 Civil Hospital for Women and Children.
 Baghdad West Dispensary.
 Civil Gaol Hospital.
 Civil Isolation Hospital.
 Disinfecting Station.
 Venereal Hospital for Women.
 Kadhimain Civil Hospital.
 X-Ray Institute.
 Central Laboratory.
 Civil Medical Stores.
 Municipal Health Department.
 Ophthalmic Centres.
 Disinfectant Store.

BASRAH—

Civil Hospital.
 Civil Nursing Home.
 Civil Isolation Hospital.
 Female Venereal Hospital.
 'Ashar Civil Dispensary.
 Jail Civil Dispensary.
 Basrah City Dispensary.
 Jubailah Civil Dispensary (South Ma'qil).
 North Ma'qil Civil Dispensary.
 Municipal Health Department.
 Port Health Department.
 Civil Hospital, Qurnah.
 Fao Civil Dispensary.

MOSUL—

Civil Hospital.
 Civil Isolation Hospital.
 Municipal Dispensary.
 Jail Dispensary.
 Female Venereal Hospital.
 Municipal Health Department.
 Zakho Civil Dispensary.
 'Aqrah Civil Dispensary.
 Tall 'Afar Civil Dispensary.
 Dohuk Civil Dispensary.

OUT-STATIONS—

Arbil Civil Hospital.
 Keui Sanjaq Dispensary.
 Samarra Civil Hospital
 Tikrit Civil Dispensary.
 Balad Civil Dispensary.
 Kirkuk Civil Hospital.
 Female Hospital.
 Kifri Civil Dispensary.
 Altun Keupri Dispensary.
 Khanaqin Civil Hospital.
 Mandali Civil Hospital.
 Tiaruq Civil Dispensary.
 Ba'quba Civil Dispensary.
 Kut Civil Hospital.
 Ramadi Civil Hospital.
 Hillah Civil Hospital.
 Musaiyib Civil Dispensary.
 Hindiyah Barrage Dispensary.
 Najaf Civil Hospital.
 Diwaniyah Civil Hospital.
 Samawah Civil Hospital.
 Nasiriyah Civil Hospital.
 'Amarah Civil Hospital.
 Vaccine Lymph Institute.
 'Ali Gharbi Civil Dispensary.
 Qal'at Salih Civil Dispensary.
 Sulaimani Civil Hospital.
 'Iraq State Railways Medical Service.
 'Iraq Levies Medical Services.

IX.—COMMUNICATIONS AND WORKS.

Scope of Ministry.

This Ministry consisting of the Departments of Public Works, Irrigation, Posts and Telegraphs, Surveys and Railways came into being on the 1st January, 1921, and is the civil successor to the combined office of Chief Engineer and Secretary to Government, Public Works. Railways remained under this Ministry till the end of June, 1921,

when they became an independent branch known as the 'Iraq State Railways and are dealt with in a separate section. This represents the only alteration to the general organisation of the Ministry but such slight alterations to the inter-departmental organisations as deemed necessary for their efficient working have been made.

The necessity for increasing the number of 'Iraqis was early recognised and every endeavour has been made to train and employ suitable men. 'Iraqis with technical knowledge, however, are very scarce and the introduction of a school or some form of preliminary technical training is essential.

An Irrigation School has already been opened and will be enlarged during 1922-23.

A brief description of the works carried out by the various departments against the following Budget allotments is given under each Departmental Head :—

			Rs.
Public Works (Budget Allotment)	...	...	66,80,000
Irrigation (Budget Allotment)	...	...	40,00,000
Posts and Telegraphs (Budget Allotment)	...	...	65,86,537
Surveys (Budget Allotment)	...	...	2,58,675

Public Works Department.

This Department, which is the civil successor to the combined Directorate of Military and Public Works, was organised and started on 1st January, 1921. It consisted of five Engineering Divisions and Engineering Stores and two Municipal Engineering Divisions. To this organisation was added the P.W.D. Transport Branch on April 1st, 1921, and the E. & M. Expert's Branch on May 25th, 1921. The Transport Branch is the successor, on a very much reduced scale, to the old Civil Transport Department, and is run on self-supporting lines. It has taken over responsibility for all vehicles and stores of the old Department and is disposing of these to the best advantage of the Government. The E. & M. Branch is made essential by the reduction of the Military E. & M. Section and the necessity of the civil Government to administer or arrange the administration of all public utilities such as electricity supply, water supply, etc.

The complete Budget allotment for the P.W.D. during 1921-22 amounted to Rs. 66,80,000, and besides this a considerable amount of work for excluded funds was carried out.

The main new works either completed or undertaken during the year were :—

- The Government Press, Baghdad.
- The Chief Engineer's Offices, Baghdad.
- Extension to the Civil Hospital, Baghdad.
- 'Awainah School, Baghdad.
- Rustam Institute, Baghdad.
- Houses in 'Alwiyah, Baghdad.
- Water Supply, Mosul.
- Water Supply, Arbil.
- Electric Lighting, Kirkuk.
- Electric Lighting and Water Supply, Nasiriyah.

New School, 'Amarah.
 New School, Badrah.
 New School, Ramadi.
 Post Office, Ramadi.
 Government Residence, Ramadi.
 Rebuilding Sarai, Shahraban.
 Rebuilding Sarai, Ba'quba.
 Telephone Exchanges, Basrah.
 New Hospital, Basrah.
 Match Stores, Baghdad, etc., etc.

A large amount of work has been carried out in the repair and maintenance of buildings and roads and bridges. Bridges in particular are at present in a very bad state of repair and much work must be carried out on them in the future.

Plans have also been prepared and the preliminary arrangements made for the erection of a University College in Baghdad. His Majesty King Faisal has shown great interest in this scheme and was responsible for its inspiration.

A water supply scheme has also been prepared for the city of Basrah and it is hoped that this work will be put in hand during next year.

Irrigation Department.

The Irrigation Department on 31st December, 1920, consisted of eight Divisions or Districts for maintenance and construction, water control and river conservancy, and one Special Project District for the investigation and surveys of new canals.

Owing to financial reasons it was decided to curtail the responsibilities and scope of the Department, and accordingly it was reorganised on the 31st March, 1921, and reduced to three executive districts known as:—

- (1) Baghdad District (comprising of the old districts of Baghdad, Diyala and Kut.)
- (2) 'Amarah District.
- (3) Euphrates Division (covering the whole Euphrates, formerly the Falujah, Hindiyah, Hillah and Nasiriyah Districts.)

At the same time the Special Project District, renamed the Survey District, was doubled in size for the more rapid completion of the surveys for new projects.

With the curtailment of the responsibilities of the Irrigation Department it ceased to exercise any control over the water distribution of canals, the maintenance of canals and the maintenance and construction of bunds on the Euphrates. As far as the above works were concerned, the Department became purely advisory. The only works for which the Department retained responsibility were the construction and maintenance of all masonry heads, the construction and maintenance of river conservancy works and the complete control of the Hindiyah Barrage.

In June, 1921, urgent requests were made by the cultivators in the outside districts for the renewal of irrigation control, but due to the reduced establishment under the new organisation these requests could not be entertained.

In July, 1921, the Saqlawiyah Construction and the Yusufiyah Sub-Divisions were formed to carry out the unforeseen works in connection with the construction of the Saqlawiyah Canal and the remodelling of the Yusufiyah Canal.

The Basrah Independent Sub-Division was formed in August, 1921, as a purely advisory Sub-Division.

The Budget allotment for 1921-22 was Rs. 36,00,000, plus Rs. 4,00,000. The latter amount for the Saqlawiyah Canal. Due to the lack of trained subordinate staff and the non-arrival of machinery for the Hindiyah Barrage all works contemplated could not be carried out with the result of an ultimate saving of approximately Rs. 6,00,000.

The principal works carried out by the Department during the year were :—

- (1) Extension and remodelling of the old Saqlawiyah Canal to irrigate a further 88,000 acres.
 - (2) Remodelling of the Yusufiyah Canal to increase its command from 60,000 to 125,000 acres.
 - (3) Construction of a new Masonry Head and Head Reach to the Nahr al Shah Canal.
 - (4) Construction of 7,000 square metres of Decauville Revetment for the protection of the Tigris River Bund at Karradah.
 - (5) Very extensive repairs to the down-stream weir and floor of the Hindiyah Barrage necessitated chiefly by the mis-handling of the Barrage during the insurgent occupation. The estimated cost to complete the work and instal new Stoney patent gates is Rs. 27,00,000, which will be spread over a period of three years dating from March, 1921. The estimated expenditure for 1920-21 was Rs. 11,00,000. However, due to the non-delivery of the new gates and certain machinery ordered from England it was impossible to complete the work intended and the total value of work done amounted to about Rs. 3,50,000.
 - (6) The part construction of the Butairah Regulator. This is a timber regulator 600 feet long and is necessary for the control of the Tigris. It is a River Conservancy work. It was impossible to complete it as the timber could not be procured in time and the exceptionally early arrival of the floods put a stop to the work.
 - (7) A Hydrographical Survey of the Tigris from 'Amarah to Qurnah for the object of studying the regime of the river. This survey is 86 miles long.
 - (8) The survey of approximately 3,000 square kilometres of land for new projects.
 - (9) The maintenance of many masonry canal heads.
 - (10) In addition a large number of scattered small irrigation schemes were examined and the Liwa authorities addressed as to the action which should be taken.
-

Works by the Irrigation Department.

Name of Work.	Funds for which the expense is Defrayed.	Situation.	Completed Works Cost.*	Continuation Works.		Remarks.
				Expenditure during 1921-22.	Total estimated cost.	
Hindiyah Barrage	Government	Hindiyah	£ —	£ 23,333	£ 180,000	* These figures are approximate only; the actual expenditure depends on the acreage to be brought under irrigation.
Saqlawiyah Canal	"	Saqlawiyah construction Sub-Division.	—	6,666	26,666*	
Yusufiyah Canal	"	Baghdad District	—	8,333	28,333*	
Karradah-Decauville revetment ...	"	Karradah	10,000	—	—	
Butairah Regulator	"	'Amarah District	—	12,000	20,000	
Maintenance of masonry heads	"	—	3,366	—	—	Approximately.

Posts and Telegraph Department.

This Department embraces the former separate branches of Posts and Telegraphs under Military control. The policy pursued by the Department for the year under review was one of reconstruction and the main objects in view were to increase the number of Iraqis employed, to provide efficient Telegraph and Postal communications for the British Military Forces in Iraq and to bring the Telegraph and Postal Services into line with other countries.

The Iraqis now employed represent 80 per cent. of the Department's establishment.

In connection with telegraphic services a considerable amount of reconstructional work has been carried out, chiefly necessitated by the damage done during the disturbances of 1920.

During the year the Postal Department was called upon to place its external business in conformity with the regulations of the Postal Union and its system in all branches was revised. The internal services were also considerably modified to come into line with the normal system of conducting postal business, as opposed to the system in operation during the period the Military Postal Services existed.

During the year Money Order and Parcel agreements were entered into with the United Kingdom for direct exchange of Money Orders and Parcels with the United Kingdom and through her intermediary for places in Europe and America. Money Order and Parcel agreements were also entered into with India for direct exchange with her and through her intermediary for places in Africa, Australia and Asia.

The postal fees and rates both inland and foreign were revised and the foreign Telegraphic Money Order and V.P. systems were discontinued from 1st August 1921.

The introduction of a fortnightly aerial mail service between Baghdad and Cairo was effected on 15th August, 1921. The general appreciation for this service is shown by a comparison of despatches. The first despatch consisted of 32 letters whereas the average despatch to-day amounts to approximately 3,800 letters.

To give actual figures for expenditure and receipts is impossible within so short a space of time and the details as given in the attached are based on 9 months actual.

		Ra.
Total Revenue		75,60,433
Total Expenditure		65,86,537
		9,73,896
Nett Revenue		9,73,896

New works begun during the year are :—

1. The Wireless Telegraphic Station, Basrah.

Work on this station commenced in November, 1921, and the completion is expected in June, 1922. This installation with a wave length of 2,000 metres and a range of 1,000 miles will put Iraq in direct communication with India, Cairo and Constantinople.

2. The Automatic Telephone System, Basrah.

(a 3,315)q

Work on this most up-to-date installation commenced in September, 1921, and its completion is expected in July, 1922. In connection with this installation three exchange buildings have been built at various points in the Basrah District, and the installation of exchange instruments and phones is progressing favourably.

Damage done during the disturbances in 1920 necessitated a considerable amount of repairs to telegraph lines and the work done in many cases, classified as "Reconstructional Work," almost amounted to the rebuilding of lines.

(1) Hillah to Diwaniyah: line covering a distance of 70 miles reconstructed on existing poles at a cost of £554.

(2) Kifl to Kufah, a distance of 13 miles were linked up with a complete new line at a cost of £831. This line was laid in place of the original which was completely demolished.

(3) In the Arbil-Ba'quba District reconstructional work was carried out to a cost of £770.

(4) At a cost of £2,020, telegraph lines from Ur Junction to Diwaniyah and from Samawah to Diwaniyah were reconstructed and maintained. These lines cover 117 miles and 55 miles respectively.

In connection with the Telephone system of Baghdad, new lines totalling 27 miles have been laid at a total cost of £1,094.

The cost of maintenance of Telegraph and Telephone systems are as under:—

	£
Baghdad—	
Telegraph	4,311
Telephone	1,700
Basrah—	
Telephone	1,100
Telegraph—Included in £2,020 for reconstructional work and maintenance (para. 4 above).	

Telephone subscribers in Baghdad are as under:—

Government	222
R.A.F.	40
Military	135
Private	65

Survey Department.

This Department which is the civil successor to the Military Survey Department was organised on a very much smaller scale in January, 1921. As this Department is merely a reproducing Department little can be said with regard to its history other than a brief description of the work executed.

The Budget allotment for 1921-22 was Rs. 2,58,675 including Rs. 46,675 allotted from Imperial Funds.

A survey of the oil areas at Naft Khanah and Chia Surkh was commenced in December, 1921, the expenditure of which was borne by the Anglo-Persian Oil Company, Limited.

During the year large scale surveys have been made of the Baghdad Cemetery, Dairy Farms and Residency, besides surveys for Military in the vicinity of Kut, Rumaithah, Quraitu and Mosul.

The completion and fair drawing of 31 standard maps of 'Iraq and the preparation of 35 large scale and miscellaneous maps and diagrams have been completed.

The following have been executed by the Photo-Zincographic and Printing Section :—

- 290 negatives prepared by wet plate process.
- 500 Aclo-Zincographic plates prepared.
- 76,000 copies of maps printed in five colours.
- 10,000 copies of maps printed in two colours.
- 252 maps dealt with in combined Photo-Zincographic and Vandyke processes.

Requisitions in small quantities for 69,567 maps have been dealt with during the year.

The reproduction of $\frac{1}{4}$ -in. T.C. maps in Arabic commenced in January, 1922. Up to the end of March, 1922, no copies were available for issue. Proofs only had been submitted.

'IRAQ RAILWAYS.

Local Conditions.

The beginning of the financial year synchronised with the re-opening of the through route between Basrah and Baghdad. The reconstruction of the line destroyed by the insurgents in 1920 was sufficiently advanced to permit trains to resume running.

During the early months of the year the Army in 'Iraq was being reduced, and the Railway was called upon to carry great numbers of troops and great quantities of materials to the Base.

This work was successfully carried out, but to do so a large staff and equipment had to be maintained and when the evacuation was completed there was much re-arrangement and reduction of staff to be done in order to provide for normal conditions and civil traffic.

Capital Works.

The programme of capital works for the year was based on the cash grant recommended by Cairo Conference, and work was planned and staff arranged to spend this amount; the capital grant was subsequently reduced by His Majesty's Government and a large imported staff had to be dispensed with. Unfortunately the evacuation of the army at that time required all the steamer accommodation available and the surplus staff could not be repatriated for some time, and the cost of their pay and rationing automatically became a charge against the Revenue Budget.

Owing to the reduction of the capital grant many urgent works necessary to bring Railways to a more complete state have had to be postponed.

The capital grant which was sanctioned has been spent on the most urgent works—viz., the replacement of some of the unsafe timber bridges by permanent ones, the erection of staff quarters, and a beginning was made on new Central Workshops to replace the scattered and uneconomical workshops of the formerly separate divisions of the Railway.

A great deal of capital work is still necessary in order to bring these Railways up to a moderate standard of equipment, and to provide access to Karbala and Najaf, without which the Railways are not in a position to take full advantage of the commercial potentialities.

It is estimated on the basis of 15 rupees to the pound that about 4½ millions sterling will be required, spread over a period of, say, six years.

Statistics.

A schedule of statistics for the period 1st April, 1921, to 1st February, 1922, the latest period for which details are available, is attached hereto. The figures for the whole financial year will not be available until the end of April.

Cost of Oil Fuel.

The year's working has resulted in a considerable deficit. This was due almost entirely to abnormal conditions, and to the very high cost of fuel oil.

During the first three months of the year the price charged for fuel oil at Makinah was Rs. 113 per ton, for the following eight months it was Rs. 75-8-0, and for the last month of the year it was Rs. 65 per ton.

During the same periods the same fuel oil was being supplied to the G.I.P. Railway C.I.F. Bombay at Rs. 34 per ton. The price charged for fuel oil has fluctuated from Rs. 23-2-0 per ton in 1919, to Rs. 113 in 1921.

Closure of Hinaidi-Kut Line.

During the first half of the year the Hinaidi-Kut line was in operation and this line and the river provided an alternative route for traffic to Baghdad. The line was built purely as an army measure, and is not a part of the commercial system of Railways. This line has been partially dismantled and has not been in operation since 1st November, 1921.

Extensions Required.

Insistent demands to extend the railway to serve areas offering large traffics have been made, but lack of funds have prevented these demands being met. All the branches considered would improve the transport of the country, and would greatly add to the value of the Railway system as a whole.

The extensions most urgently required from the Public and administrative points of view are:—

- (i) A branch from main line via Musaiyib to Karbala. This would serve a large grain-producing area, and carry an enormous pilgrim traffic.
- (ii) A branch from main line to Khaniqin Town. This branch of seven miles would replace thirty miles of temporary line to the Persian frontier at Tiaruq, which is an abnormally expensive line to work and maintain, owing to the steep grades, weak bridges and worn out permanent way.
- (iii) A branch line from Baghdad to Dibban. This line would serve a very large agricultural district, and tap the river

traffic on the Euphrates, and would meet the very great demand for transport from Hit to Baghdad of the materials for the construction of roads and building, *i.e.*, bitumen, lime, stone, good brick and sand.

There are short sidings which are essential parts of these Railways, but for the construction of which there are no funds at present. The most important of these are: sidings to Ashar and Basrah City, and a siding to Nasiriyah Town.

Staff.

At the beginning of the year (1st April, 1921) the staff on the Railway was—

Imported Staff (including Officers).

European and Anglo-Indian	1,095
Indian	17,539
Local Labour	5,071

Great reductions were made in staff as soon as the evacuation of the army was complete, and the demands for transport of army personnel and material had been met.

The expensive imported labour necessary to meet requirements of Railways during reconstruction and when other labour was not available was eliminated as soon as possible and replaced by local labour as it became available.

The staff on Railways at the end of the year will be :—

Imported Staff (including Officers).

European and Anglo-Indian	560
Indian	5,425
Local	6,000

Uncertainty as to the future control of Railways and as to continuity of service for the staff has been and is exercising the minds of the officers and senior subordinates, and has made it impossible for the Administration to make arrangements to secure the best class of staff, whose interests would be safeguarded, and whose whole energies would be devoted to the betterment of Railway working.

Prospects for 1922-23.

The outlook for the coming year is much brighter for railways than during the one just ended. The Railways have been brought on to a more commercial basis than was formerly possible, and although very considerable capital expenditure is necessary to make the system an even moderately well equipped line, it is hoped that the financial working of 1922-23 will result in meeting the expenditure, and if any of the branch lines mentioned are built a small surplus over expenditure may be expected.

The winter rains have been most favourable, and great extensions of cultivation have been made, and it is confidently expected that there will be a surplus of grain for export.

Arrangements have been made to cater for a large pilgrim traffic. Some new and up-to-date coaching stock is due to arrive in the early months of the year which, when put into service, will add greatly to the comfort of the travelling public.

Terminal Stations of each Line.	Length of Line open to Traffic.	Gauge.	Passenger Receipts.	Goods Receipts.	Total Receipts.	Expenditure.
	Miles.		Rs.	Rs.	Rs.	Rs.
Basrah-Baghdad ...	356.10	Metre	3,487,583	3,441,204	73,28,787	
Baghdad-Tiaruq ...	163.52	"	1,583,777	2,130,903	37,14,680	
Baghdad-Kut ...	109.75	"			19,21,869	
			Army Contribution			
Baghdad-Sharqat ...	185.50	4' 8½"	—	—	44,02,000	
Port Receipts ...	—	—	—	—	4,21,052	
Telegraph Receipts ...	—	—	—	—	50,981	
Postal Receipts ...	—	—	—	—	2,30,908	
Sundry Receipts ...	—	—	—	—	90,863	
Total ...	—	—	—	—	1,81,61,140	
Deficit ...	—	—	—	—	41,72,906	
Total ...	—	—	—	—	2,23,34,046	2,23,34,046
Train miles per month ...	...	...	69,509	Total ...	6,95,090	
Engine miles per month ...	...	...	1,18,351	Total ...	11,83,510	

XI.—THE ADMINISTRATION OF AUQAF.

General Review.

The Administration of Auqaf in the financial year 1921-22 has proceeded generally on the lines laid down in the period 1918-20, when Auqaf were administered entirely by the British Officer-in-charge: the conversion at the end of 1920 of the Administration into a Ministry with a Minister responsible to the Council of Ministers has led to some restraint of the former freedom of action of the administration, and to a considerable increase in the clerical work and in the cost of administration; but the ready co-operation of the Minister, His Excellency Muhammad 'Ali Fadhil Effendi, has made it possible for us to adhere closely to the policy of previous years, particularly in the development of the revenue-producing properties.

As the period on which the report is written is that of transition from the British Administration to that of the newly-created 'Iraq Government, the whole period of British Administration may be reviewed. In June, 1918, when first a whole-time British Officer became available for Auqaf, the condition of the Auqaf properties was such that any ruinous building or barren land was unhesitatingly labelled "Waqf." To-day every new building, whether completed or in course of erection, is assumed to be "Waqf."

The financial progress of Auqaf during the period is shown in the following table:—

Year.	Revenues.	Expenditure.
	Rs.	Rs.
1917-18	3,04,089	2,88,901
1918-19	4,55,726	3,99,735
1919-20	13,70,439	10,58,320
1920-21	16,70,886	13,12,191
1921-22	29,16,601	29,03,596

(Estimated.)

The serious check sustained in the year of the disturbances, 1920-21, will be noticed. During that time building came to a standstill, the collection of revenues was exceedingly difficult, and the leasing of agricultural properties impossible.

It will be seen from the table also that, in the years 1917-18 and 1918-19, the revenues barely sufficed for the expenditure, despite the fact that very little indeed was expended on property development and mosque repairs: the problem in 1918 was therefore to increase revenues and keep down expenses: expenditure was scrutinized and cut down ruthlessly, and a large amount of bare-faced fraud and speculation discovered. But as a great number of the mosque employees in Baghdad were implicated, and it was recognized that standards of administrative honesty were not high under the former regime, it was decided that action should not be taken against the persons involved, but that Auqaf should content itself with stopping further speculations.

As regards revenues, the leasing of the properties was supervised, the returns jumped up, a little working capital became available, and the development of the properties began. The expenditure on this head during the period was:—

Year.							Ra.
1917-18	...	...	...	...	...	...	Details not available.
1918-19	...	...	...	...	...	...	60,425
1919-20	...	...	...	...	...	...	1,83,311
1920-21	...	...	...	...	...	...	2,70,102
1921-22	...	...	...	...	...	...	11,28,500
(Estimates)							
						Total	16,42,338

A careful consideration of all building projects on the basis of the probable returns on the capital expended led to very profitable results, the cost in many cases having been covered by the first year's returns.

It is evident that Baghdad, as a field for investment on building schemes, is of exceptional promise. With a view to fostering a corporate spirit amongst the wealthier of the townsmen, the results achieved by the Auqaf have been shown to them, and they have been urged to form a company for the prosecution of building schemes, but as yet they have taken no action.

Unfortunately the former regime also left a legacy of ruined and dilapidated religious establishments, the repair and reconstruction of which had to go on together with the development of the properties: this expenditure is entirely unproductive, but inevitable. The following table shows the expenditure during the years under review:—

Year.							Ra.
1917-18	...	...	...	...	...	...	Details not available.
1918-19	...	...	...	...	...	...	18,062
1919-20	...	...	...	...	...	...	2,39,529
1920-21	...	...	...	...	...	...	1,69,732
1921-22	...	...	...	...	...	...	4,91,000
(Estimates)							
						Total	9,18,323

Personnel.

The results attained at Baghdad and elsewhere are due to the carefully selected staff which has been collected and the efficiency and co-operative spirit which have been displayed. The composition and numbers of the staff during the period were :—

Year.	British.	'Iraqis.	Total.
1917-18	—	Details not available	
1918-19	1	103	104
	(9 months)		
1919-20	2	115	117
1920-21	2	121	123
1921-22	1	145	146

The numbers include personnel engaged in the supervision of the constructional work, the whole of which has been carried out by the Auqaf Administration itself which employs its own masons, carpenters, tile-makers, and the like on daily rates of pay; these daily-paid employees are not included in the above table.

As regards the year 1921-22, the heads of revenue and expenditure are as set forth in the attached table: the revenues show increases which are due to the development and the better leasing of the properties. The following items on the expenditure side require explanation :

As has been mentioned earlier in this report, administrative expenses are high: they amount to 12 per cent. of the total expenditure, whilst the percentage in the 1920-21 budget was ten. It is of interest to note in this connection that the percentage in the Egyptian Ministry of Waqf for 1920-21 was sixteen and a half. In the case of the 'Iraq Auqaf, the Minister's salary alone accounts for $1\frac{1}{2}$ per cent. of the total expenditure, and the building constructional staff, the expenses of which might be charged reasonably to Property Development, account for nearly a further $\frac{1}{2}$ per cent.

The steady improvement in the payment of the Mosque officials is shown by the following table :—

Year.	Rs.
1917-18	Details not available
1918-19	1,57,184
1919-20	2,35,304
1920-21	2,49,880
1921-22	3,62,180
(Estimates)	

Colleges and Schools.

A good deal of educational work is done by Auqaf: for example, in Baghdad alone, the teaching of religion which comprises theology, Arabic language and literature, mathematics and history, is carried on by thirty-two teachers in mosques, where such appointments exist. This type of teaching is very casual, and control is difficult to establish. The students are usually adults who desire to become mosque officials.

More hopeful are the children's schools which have been established in the year 1921.

Baghdad in the	Teaching Staff.	Pupils.
Jama'al Haidar Khanah	2	48
Takiyah Baba Qurqur	2	46
Madrasat al 'Umariyah	2	63
A'dhamiyah in the		
Jama'al Imam al A'dham	3	96
Salman Pak in the		
Jama' Salman Pak al Farsi	1	45

These schools have been inspected and reported upon favourably by the officials of the Ministry of Education, and co-operation with this Ministry has been secured. The policy is to supplant gradually the Mulla's schools by children's schools, accommodated and maintained by Auqaf and inspected by the Ministry of Education on the lines of five schools already mentioned. Only reading, writing, and reckoning are taught in these schools, the object being to make the pupils literate, and so supply them with the minimum mental equipment necessary to enable them to occupy intelligently their places as citizens of 'Iraq, and, should their lot in life allow, to fit them for the primary education course in the Government schools.

There are also two higher schools, termed "Kulliyat" (colleges), one in the Jama'al Imam al A'dham at A'dhamiyah, and the other at Samarra, with a comprehensive scheme of studies, comprising theology, Arabic language and literature, mathematics (geometry, algebra and trigonometry), history, geography, physics, chemistry, natural history, cosmography and logic. The course of study has been fixed at six years, the limits of age of the students at 13 to 30, and entrance is only allowed to holders of the primary education certificate or its equivalent. Favourable reports from all inspections and visits have been received.

Towards the end of the year 1921, His Majesty King Faisal called for a report from the Ministry of Auqaf on the administration of Auqaf since the occupation. On His Majesty's perusal of this report, a project, which had been set on foot in the winter of 1918, for the reconstruction of the Mustansariyah, or a school to be called by that name, was enlarged by His Majesty's desire into a project for a University for 'Iraq to be called "Al Kulliyat Al al Bait" and to comprise all the faculties of a modern university; a site was selected, the Talumbah garden, near A'dhamiyah, and plans and drawings were prepared by Major J. M. Wilson, the Director of Public Works, for a scheme comprising (1) six large colleges, each capable of accommodating 400 to 600 students, (2) four smaller colleges, (3) a central block containing the University library, general Assembly Hall, Museum, and the Principal's Offices, (4) two residential blocks providing living and study accommodation for professors and students, (5) residences for the principals of the colleges, (6) a mosque, and (7) the usual appurtenances of a University, such as a restaurant for non-residents, servants' quarters and the like. The plans were approved by His Majesty, and it was decided to begin with the construction of the college for the faculty of theology, the central block, one residential block, and the mosque. Proposals for the appropriation of Auqaf funds for this part of the general

scheme were submitted to the Council of Ministers, who passed the project, and a start was made. On the 7th of April, 1922, His Majesty King Faisal laid the foundation stone of the theological college, the walls of which are rising steadily. The appropriations for this project will appear in the 1922-23 budget.

Buildings and Repairs (Mosque Establishments).

The amounts set aside under this head show that progress in the upkeep and reconstruction of the mosques and other religious establishments is maintained.

Property Development.

The appropriations under this head are the most justifiable in the budget: the programme for building has been prosecuted steadily throughout the year; in particular, a special effort to develop the Basrah properties is being made, the Chief Inspector of Properties having been delegated to Basrah for a year for this purpose.

The development of agricultural land was taken up in 1921; pumping-plant was installed on the Furaijat Tha'albah and Saiyafiyah lands, and the whole area put under cultivation by Auqaf in partnership with the cultivators; this departure promises well for the annual cereal crop, but the principal object in view is the future for which the planting of 20,000 date-palms and many other fruit trees is proceeding.

The sum of Rs. 1,87,000 under Purchase of Properties was appropriated in order to buy out the partners of Auqaf, where a property the Khan Daftardar, at the river end of Bank Street, was held in shares. The site is very valuable, but the present buildings are practically ruins, and the partners would not contribute their share of the cost of the new buildings projected. The only solution was to buy them out, and this has been done.

Tapu Fees.

The registration in Tapu of the title to all Auqaf properties having been decided upon in 1920, the appropriation for the registration fees was necessary.

Ramadhan Bonus.

A bonus of an extra month's salary was given to the Mosque officials in the years 1919-21 at the close of the month of Ramadhan; but the Council of Ministers have decided that shall not be given in future.

Auqaf Budget for 1921-22.

Estimated Revenues for 1921-22.					Projected Expenditure for 1921-22.				
Sources of Revenue.	Auqaf Madh- butah.	Shrines.	Nabawi.	Total.	Heads of Expenses.	Auqaf. Madh- butah.	Shrines.	Nabawi.	Total.
	Ra.	Ra.	Ra.	Ra.	<i>Administrative.</i>	Ra.	Ra.	Ra.	Ra.
House properties ...	9,22,943	7,745	55,585	9,86,173	Salaries and allowances ...	2,93,940	8,040	3,050	3,05,030
Garden properties...	3,70,291	1,900	1,77,011	5,49,202	Expenses	32,160	120	6,500	38,780
Ground rents ...	84,890	300	1,200	86,390	Furniture	3,710	200	—	3,910
Agricultural lands ...	1,27,620	36	17,600	1,45,256	Rents	300	—	—	300
'Uqrs	95,169	—	400	95,569					
Forest lands ...	10,720	—	44,000	54,720	<i>Mosque Establishments.</i>				
Date-palm taxes ...	6,000	—	—	6,000	Salaries	3,18,180	30,350	13,650	3,62,180
Tapu dues	300	40	80	420	Allowances and pensions	19,400	—	150	19,550
<i>Fees.</i>					Expenses	86,340	14,430	2,600	10,370
On Mulhaqah Auqaf ...	23,500	—	—	23,500	Colleges and schools ...	68,629	—	—	68,629
On shrines " ...	27,412	—	—	27,412	Food and entertainment				
On Nabawi " ...	51,388	—	—	51,388	allowances	46,200	—	500	46,700
Khairat Mudawwarah ...	63,414	—	—	63,414	Buildings and repairs ...	4,35,500	55,500	—	4,91,000
Compensation	53,000	—	1,000	54,000	<i>Property Development.</i>				
Burial fees	—	1,72,330	—	1,72,330	Buildings and repairs ...	6,36,100	43,600	1,74,800	8,54,500
Miscellaneous revenues ...	13,962	400	3,000	17,362	Agricultural development	87,000	—	—	87,000
Withdrawn from accumulated surplus for Building and Development Schemes ...	5,30,745	—	42,720	5,73,465	Purchase of properties ...	1,87,000	—	—	1,87,000
					Tapu fees	47,220	2,700	—	49,920
					Bonus Ramadhan	33,000	—	—	33,000
					Khairat Mudawwarah ...	73,414	—	—	73,414
					Reserve for contingencies	21,611	—	—	21,611
					Charge for administration	—	16,356	26,888	43,244
					Surplus	—	—	1,14,458	1,14,458
Total	23,81,254	1,82,751	3,42,596	29,06,601	Total	23,89,704	1,71,296	3,42,596	29,03,596

XII.—THE CHRISTIAN REFUGEES.

I.—ASSYRIANS.

The conclusion of the year 1919 saw some 50,000 Assyrian and Armenian refugees still in camp at Ba'quba, where they had been since November, 1918, their destiny being a problem for the Administration, and their maintenance for the Exchequer. It was obvious that they had to be settled somehow, but in the general uncertainty as to relations with Turkey and Persia, of which countries the refugees were in theory the subjects, the question of settlement was not easy of solution.

The Assyrians, who numbered about 35,000, were the more important element, for they had been recognised as allies by Great Britain in the war, and had been used by her in the campaign of 1919 in Kurdistan. A definite promise of settlement under a benevolent, if not a British government, had been made to them, and their land, if not within our administered area, was at least on the immediate frontier. The Armenian problem was greater in itself, but the numbers in the camp (some 15,000) were smaller. They were simply refugees, and whatever the fate of their country, it was not under British direction. Government had no further duty to them than that of transporting them to their home when a home could be found, and maintaining them meanwhile.

Amadiyah Enclave Scheme.

Various schemes for settling the Assyrians had been mooted; and the most promising had been their suggested settlement in an enclave in the district of Amadiyah. This had been approved by Col. A. T. Wilson (then acting Civil Commissioner) and by Col. Leachman, Political Officer of Mosul. It was welcome to at least a great part of the people, and the Assyrian Battalion raised among them to serve in Kurdistan (which did good service in the 1919 campaign) had indeed taken some rather drastic steps towards clearing the country. The home Government, however, was unable to come to a decision on the point until the British troops had been withdrawn from the country and the project rendered impracticable.

The scheme had therefore to be dropped.

Conditions of Problem.

The Assyrian refugees were divided into two main bodies, the Persian subjects, who were the plainsmen of Urumiyah, and the Turkish subjects, the mountaineers of Hakkari. Both were clear as to what they wanted, and both wanted the same thing, viz., return to their own homes, and settlement there under British protection. Unfortunately, the homes were in different districts, and though the people formed one congregation in theory, in practice most of them cared only for their own clan or village and very little for the fate of others. Further, the strain of war, and the conditions of life in a refugee camp,

had broken up the old organization of the people under their headmen (maliks) and Patriarch, and nothing had taken its place. Free maintenance, with liberal payment for all services, rendered even to themselves, had pauperized a type already inclined to live by beggary in some form.

The Urumiyah folk, though fair soldiers when trained were not capable of self-defence if replaced in their old home. Further, the feeling against such replacement was far more bitter in Persia than was the case in Kurdistan. In Kurdistan clans had always fought and the quarrels had not always followed religious lines : the great war appeared as no more than the largest known instance of an old custom. In Persia, the rising of the Christians appeared as almost a slave insurrection, in which the slaves had shown themselves better men than their masters—an unforgivable offence ! Moreover, had the Persian Government been far readier to see the Christians back than was actually the case, they were in no position to guarantee their safety. The only practical authority in the Urumiyah district was that of Simko, the Shikak Agha, who had murdered the Assyrian Patriarch in 1918.

The problem of the mountaineers was simpler. They are excellent fighting material in themselves, and formed, as hinted, part of the established disorder of things in Kurdistan. Many Kurds were not unwilling to see their old neighbour-foes back on the old lands, if once they could be sure that the return did not mean Christian domination. Naturally, Turkish intriguers assured them that nothing less was intended, and the Christians were quite ready to complicate matters by their conviction that the British Government really wanted to annex all Kurdistan, and, further, that British protection implied the right to revenge all old quarrels.

Agha Petros and his plan.

It was at this time, the spring of 1920, that Agha Petros, an Assyrian mountaineer, of the Baz tribe, came forward with his plan for the disposal of his nation. In the later stages of the war (particularly after the murder of the Patriarch, Mar Shim'un), he had come to the front and taken the lead ; he had shown himself a good fighter, though real generalship was beyond him. He was certainly the most active leader of his nation, but his disposition to intrigue had brought him into bad odour with the British authorities at Ba'quba. He seemed to be, however, the best man available, and was so accepted by the British. His scheme was for the occupation of an area in the lower hill district on the Turko-Persian border, east of a line drawn from Gawar to Ushnu, and extending thence towards Urumiyah. With 8,000 armed men of his nation he could, he considered, occupy this area and allow the Urumiyah folk to return to their homes, while such mountaineers as did not accept settlement in the area itself might in time filter back to their mountain homes in Hakkari. The Assyrians would then constitute a buffer state, of which Petros would probably be the ruler, between Turkey, Persia and 'Iraq. Petros would command the force to be raised, and would be accompanied by a few British officers in a purely advisory capacity.

The scheme was not impossible on certain conditions. Those conditions were : (1) that the local Kurds should raise no objection, and turn a deaf ear to the Turkish intriguers among them ; (2) that the difficulties of the transport of a huge caravan of women and children, as well as fighting men, by the very hard route chosen, did not prove insuperable ; (3) that Petros should prove able to control his own people, so as to keep order among them during the operation, and induce the warlike mountaineers to convoy the plainsmen (for whom they cared not at all) to safety in the fat plain west of Urumiyah before returning to their own mountains. Petros, after the habit of his people, overlooked all obstacles on a road that was to lead to prosperity for his people and greatness for himself, and the scheme was accepted, perhaps too readily.

By April, 1920, some three-fourths of the nation had accepted the plan ; the remainder of the nation hung back, under the leadership of the Patriarchal house. This family is theoretically the head of the nation, and had actually been so during much of the war, under the then Patriarch Benjamin Mar Shim'un. On his murder in 1918, a younger and weaker brother had been selected for the semi-hereditary office and the family had dropped into the background, and were kept there by the fact that the man selected, Paulus Mar Shim'un, was dying of tuberculosis, and actually died in the course of 1920. The subsequent election and consecration (partly by family influence) of a child of thirteen years to the Patriarchate, at once accentuated the differences in the nation, and the difficulties of the Patriarchal house and party. The opposition of this party was therefore negligible. A small proportion of the people, some 4,500 mountaineers, as well as a number of Urumiyans who had remained loyal to the Patriarch, were settled in villages in the Dohuk-'Aqrah districts, but the available corn lands were insufficient for more. In May, 1920, the transport of the nation from Ba'quba to Mindan, the starting point selected, was begun. The route proposed led from 'Aqrah through the difficult Barzan country to Gawar, whence the road to Urumiyah is easy.

Big dumps of food and munitions were collected at Jujar, near 'Aqrah, for the purpose. These arrangements were carried out with signal success by the Director of Repatriation, Colonel Cunliffe Owen.

Delays.

Before any start could be made, the Arab rising of 1920 had caused a general suspension of action. Ba'quba camp was attacked, and the dumps at Jujar, were threatened by the Surchi Kurds. It is true that the Assyrian contingents—to their own great satisfaction and our great advantage—defeated both attacks, but the condition of the country prevented any further movements until the end of October. The pending departure of Sir A. T. Wilson was a second reason for delay. Short of unusual good luck in the form of a late winter, the season was undoubtedly late to give great chance of a successful issue, but great expense had already been incurred in preparations, and it seemed to be a case of now or never. Accordingly on October 27th, 1920, Agha Petros' army was sent over the 'Aqrah Pass. It comprised about

4,000 men, armed with good rifles, mostly of the Turkish type, and several mountain guns; this was to occupy the territory, and the women were to follow later. There were also three British lieutenants. Food in abundance had been collected at Jujar, but the army proposed to live on the country, and much of the stores provided was left behind.

Some sort of arrangement had, it was understood, been made between Petros and the local Khurdish Aghas, but whatever the nature of the treaty, it did not prevent opposition being offered at the crossing of the Zab, by Faris Agha of Zibar, and Shaikh Ahmad of Barzan, both of whom were actively hostile to the British authorities in 'Iraq. This was overcome, and Faris was driven off to the west, towards Nerva and Raikan, Kurdish districts that had always been loyal to us. Petros ordered a pursuit, and the clans of Tiari and Tkhoma,—which had been imprudently posted on the left wing of the advancing force,—thus found themselves moving in the direction of their own mountains, with arms enough to wreak full vengeance on ancient enemies. The temptation was too much for them, and—abandoning the scheme and the comrades for which they had never had any enthusiasm—they marched off on a great raid on the two districts named, plundering both of them, and incidentally the Chal area also, regardless of the fact that they had invited the Agha of that place to assist them against his old foe, Faris of Zibar. Meantime, the balance of the force, namely the Urumi' yah men, deprived of its best fighting material, came to a halt in the unfamiliar hills, lost all order, and presently drifted back to 'Aqrah and Mindan, having lost about 100 men from cold (for the winter had set in early with heavy rain, and the rivers were in flood), several hundred rifles, and the bulk of their transport animals. The Tiari and Tkhoma men continued their wild career through Nerva and Chal, but were ultimately checked by Haji Rashid Beg, the Rais appointed by the British over the Barwar district, and by the British Assistant Political Officer of Dohuk, who had hurried to the scene of action with a few police. They also returned to the Mindan camp. Thus, as had been feared by many who knew too well the lack of discipline and union amongst the people, the scheme ended in fiasco, and the attempt had only increased the Kurdish distrust, both of the people and of the English, which British officials had been attempting to allay. The choice of route, the late date of the start, the absence of proper supply, and bad leadership, all contributed to this result, but in fact the absence of any common feeling or real organization among the people would have been enough to render success impossible. Even had there been proper training and discipline and direct British control, Agha Petros' scheme was a difficult one. There now remained nothing but to compensate the Kurds for the damage done and to think out a more practicable plan.

Repatriation by Infiltration.

At the beginning of the year 1921, some ten thousand Assyrians and as many Urumiyans, some twenty thousand refugees in all, had been recollected in Mindan camp and the prospects of successful repatriation were apparently further off than ever. It was realised that at

all costs the Mindan camp would have to be broken up during 1921, and accordingly a scheme for repatriation by infiltration was at once got out and despatched to Baghdad for approval in the middle of February. Briefly speaking, the idea was not to let loose the whole body of Assyrians upon Kurdistan in a horde but, relying on our control of the Kurdish leaders, to settle the mountaineers, tribe by tribe, with a reasonable interval between each move, the nearest to Amadiyah first, and the further sections passing successively through them, either to their homes or as near to their homes as suitable locations could be found for them.

We were emboldened to attempt this plan because it was known that some of the Assyrians had been in communication with Haji Rashid Beg with a view to returning to Barwar and that he had given them a favourable reply. If he maintained this attitude, the scheme was half insured and, as it turned out, he went even further to meet our wishes than we had dared to hope.

Sanction to proceed with the scheme was not received until the very end of May. This meant not only that none of the refugees would be able to reach their destinations in time to raise any crops that year, but also that the rate of settlement would have to be far more rapid than had been intended. Actually the whole of the twenty thousand odd refugees, with the exception of clearing up parties, were out of the camp by the beginning of August.

The sum allotted to us for the purpose was thirty lakhs for the Assyrians and a similar sum for the Urumiyans. After making a large allotment for contingencies a budget was drawn up in which an allotment of Rs. 122 was allowed for every person in the camp, man, woman and child. A severe drain was subsequently made upon the fund for contingencies by the intimation that the cost of the upkeep of the camp from April 1st to the beginning of the dispersal would have to be borne by the Dispersal Fund. Even in spite of this it was found possible, owing chiefly to the speed with which the scheme was worked, to keep within the limits set, and towards the end of the year, after setting aside a sum of two lakhs for necessary poor relief during the winter and another sufficient sum to cover all visible contingencies, it was found possible to relinquish a sum of two lakhs for the settlement of the Armenians at Nahr Umar.

Refusal of the Urumiyans to participate.

Of the settlement of the Urumiyans there is little to be said. In spite of grave warnings as to the difficulties they would encounter, practically all of them decided to endeavour to reach Persia via Baghdad. They were released from the camp in daily batches of 100 (subsequently increased to 150), took their money in Mosul and departed down the line.

As had been predicted to them their subsequent fate was not fortunate. On reaching the Persian frontier they encountered the opposition both of the Persian Government and of the local tribes. Robbed of what little they possessed, many turned back to find such occupation as they could in the 'Iraq. A few hundred of these are still

concentrated in a small camp in Baghdad, for which the Repatriation Department gave a grant to cover the original outlay. Some have reached Tabriz where they are said to be living in a state of misery.

Settlement of the Mountaineers.

As regards the mountaineers, they were sent out of camp in sections of roughly one thousand persons at intervals of about a week. Great credit is due to the Repatriation Department officers, especially Messrs. Charge, Holmes and Burn, for the clock-work like method in which these departures were effected and the very precise nominal rolls—very necessary if the payment of the allotments was to be kept correct—issued with every party. The intention was that each section should go first to Dohuk to be paid its allotments, but as things turned out a good many of them were paid in Mosul. Mr. Shim'un was lent by the Director of Repatriation to carry out payments there.

When the actual dispersal from Mindan began the uncertainty of our northern frontier gave rise to the greatest difficulty. All the Assyrians were unanimous in their determination to remain within the British sphere. The frontier of the Mosul Wilayat, up to which we had been administering since the Armistice, included the whole of Barwari Bala, up to, but just exclusive of Ashuta and Lizan. The Assyrians had not unnaturally hoped and expected that the frontier as laid down in the Peace Treaty would include their country, which is conterminous with the Mosul Wilayat. Actually, however, the frontier as described in the Treaty of Sévres not only left the Nestorian country to the Turks, but actually gave them Amadiyah, which is not only economically dependent on Mosul, but is strategically the door to this part of Kurdistan, since it has easy access to Zakho, Dohuk and 'Aqrah. Its exclusion from the boundaries of 'Iraq would, moreover, hand over to the Turks, not only the Nestorians of Barwari and the Chaldeans of the Sapna, but also men like Haji 'Abdul Latif who had held Amadiyah for us against Turkish agents and Turkish intrigues. The Assyrians were clamouring for an assurance, and any final assurance on the point, even if forthcoming, was bound to take weeks, if not months, to obtain. Rightly or wrongly, the assumption was made that the frontier would be revised, and that at any rate the actual Mosul Wilayat would eventually pass to 'Iraq. On this assumption the process of dispersal was carried out, in the hope that in due course it would be supported and the Nestorian Christians not handed over once again to the tender mercies of the Turks.

The Assyrians themselves proved extremely difficult to deal with. The good intentions of Surma Khanum, sister of the late Patriarch, and of Mar Timotheus, the Nestorian Patriarch of Malabar, were not enough to restore the lost authority of the youthful Mar Shim'un, while the intrigues of Agha Petros, who exhorted his followers not to fall in with any British scheme as he was about to conclude with the French an arrangement for an autonomous Assyria under French protection, made the people unwilling to listen to our counsels. The natural fanaticism of the Assyrians themselves made the problem all the more difficult. It must not be forgotten that in normal times they are just as

truculent as the other local Kurdish tribes, and no less savage. The right of a Nestorian Malik taking his place as a matter of course at the head of a conference of Kurdish chiefs does much to dispel the entirely erroneous idea that the Nestorians were a class of down-trodden slaves.

The bulk of the work of settlement fell on Mr. Jardine, who has met the many problems which faced him with unfailing knowledge, patience, and discretion. The presence of Dr. Wigram, who before the war was in charge of the Archbishop's Mission to the Assyrians, has been of great service in keeping touch with the people, in gaining their confidence and in persuading them to produce recruits for the Assyrian Levies, whose good behaviour and growing efficiency have been a matter of general surprise and admiration. Mr. Lampard, of the American Mission, has done most valuable service in treating the malaria-stricken villages of the Dohuk colony.

As has been mentioned some colonies of mountaineers and Urumi-ans had been settled in 1920 in the 'Aqrah-Dohuk plains. The Urumiyans showed tendencies to settle down and make the best of their lot and their colonies should have been most successful. Unfortunately, as was the case with the mountaineers also, they were heavily stricken by malignant malaria in the late summer and autumn. It should be noted in this respect that the Assyrians who settled in the mountains have also suffered in this way and that generally the incidence of fever among all classes of the population is reported to have been very heavy this year.

Most of the Assyrians regard their residence in these colonies as purely temporary, until they can move towards their own homes. It is much to be hoped that a suggestion that a number of these should be settled in Barwari Zair, where there is ample and good land for them, may be carried into effect this spring.

In addition to these colonies, a small party of 300 Barwari Bala left Mindan for their homes before the actual dispersal scheme started. These, by arrangement with Haji Rashid Beg, were well received, entered at once into their houses which had been occupied and kept in good repair by the Kurds, and received their Tapu share (in these parts one-half) of the products from their lands which the Kurds had cultivated.

The actual dispersal scheme began on 31st May, and by 1st July 7,500 persons, including 1,000 who had joined the Levy camps, had left Mindan and had been settled in Government villages south of Zakho, in villages in Dohuk and Amadiyah districts, in Barwari Bala and Upper and Lower Tiari. The remaining mountaineers, 6,480 in number, consisted of six sections which had agreed to fight under Agha Petros for the Assyro-Chaldean independent State. They were all dispersed during July, and after the last of the Urumiyans had also left, Mindan camp was finally closed down.

The six sections continued to give trouble. Their first intention was to concentrate near Mosul, and await the appearance of Agha Petros, but recollection of their capabilities for highway robbery caused the political authorities to stand out against this scheme. Under pressure

the six sections moved up to Dohuk ; the three Tiyari sections, who came first, were allowed to proceed straight into the mountains and reached their homes in August. As long as they remained on good terms with Barwari Bala they could come to little harm. Perhaps at the instigation of Agha Petros, the six sections now decided to concentrate in the N.E. corner of Barwari Bala and await him and the arms he promised, living during the winter on the food and grass which the Moslems had collected for themselves. Nothing but confusion could have resulted if this plan had been allowed to materialize. The remaining three sections were, therefore, ordered to disperse and with some difficulty were settled in Dohuk and Amadiyah, a few remaining in the Mosul plains. The presence of Agha Petros in Baghdad had proved throughout an impediment to any practicable scheme, but matters were facilitated by his departure in August, at my request, for Europe.

In September, the greater part of the colony settled in 'Aqrah in 1920 became restless, and moved into Dohuk, whence it is anticipated that they and most of the mountaineers will filter back into the hills during the spring of the present year. The Patriarchal family, which had been living in Mosul, have been given the use of the house of the Archbishop of Canterbury's Mission at Baibad, near Amadiyah. They have lost all influence, both religious and secular over the people.

Rifles have been distributed in numbers sufficient for self-defence against other than military attacks, but not so great as to encourage acts of aggression, to those settled in districts where Government protection was difficult, with special partiality to such sections as have weakened their man-power by generous enlistment in the Levies. As far north as Amadiyah the country is protected by Gendarmes, and south of a line drawn from Zakho to 'Aqrah, by the Levy garrisons.

Appendix No. 14 gives a financial estimate of the cost of the disposal of the refugees at Mindan camp, while the map, Appendix No. 13, gives the present distribution of the refugees.

In sum, I must record that in the dealings of the British Government with the Christian refugees it must be put to the credit of the former that 50,000 souls were maintained in comfort, not to say in idleness, by the British Exchequer for close on three years. That it was the intention of Government to re-establish the ancient Nestorian community as a united whole in a locality where they would have the best possible chance of maintaining themselves, and that if this scheme partially broke down, the failure was due firstly to the reckless imprudence of the mountaineers, and secondly to the refusal of the Urumiyans to accept our advice and the help which we were in a position to offer. As a result the Urumiyans have practically ceased to exist as a community. On the other hand, those of the mountaineers who returned to their homes are in a fair way to the recovery of prosperity, and the others are settled in adjacent upland regions where we may still be able to watch over and protect them in the future. If guardianship from foreign attack can be secured to them, the British nation will have no reason to feel that they have failed in consideration or generosity towards the Assyrian people as a whole.

In justice to the Assyrians it must be added that during the first three months of this year, when a Turkish attack was always a possibility, they have proved their strategic value on the 'Iraq frontier. In March, over 2,000 enlisted in the Levies within three weeks. It is far from improbable that this instant response on the part of a people whose qualities as fighting men are renowned was the main reason which induced the Kamalists to abandon their projected attack. Led by British officers, they are a native force second to none. Their quickness in picking up discipline and their mettle in battle has surprised and delighted all who have been concerned with them.

2.—ARMENIANS.

Nahr 'Umar Camp.

When the camp at Ba'quba was broken up, the position with regard to the Armenians was that they were unwilling to co-operate in any scheme for their settlement in 'Iraq because they still hoped for repatriation by sea to a Black Sea port, while the shipping position at that time was such as to preclude any immediate possibility of the realisation of this hope.

It was therefore decided to postpone the consideration of the final disposal of the Armenians until the outcome of the Assyrian scheme was known. In July, 1920, however, a telegram was received from the India Office saying that the return of the Armenians to Erivan might be possible before long, and, in the following month the Armenian refugees, who at that time numbered some 14,000, were transferred from Ba'quba to Nahr 'Umar, where they would be conveniently placed for embarkation at Basrah in the event of their repatriation by sea becoming possible. Subsequent events in Armenia made it evident that the time was inopportune for any scheme of repatriation, while on the other hand, it was felt that it would be unwise to incur the expenditure which would be involved in any scheme of local settlement until it was certain that repatriation to Armenia was definitely outside the sphere of practical politics. The matter was the subject of considerable inter-departmental correspondence and discussion in London, but up to the spring of 1921 the problem remained unsolved, and in the meanwhile the 14,000 Armenian refugees continued to be maintained at the expense of the British Government.

Up to this point, the cost of the camp had been borne by the War Office, but no provision for its upkeep had been made after 31st March, 1921. When the matter was discussed at the Cairo Conference, it appeared that the only alternatives were either to arrange for the immediate repatriation of the Armenians by sea, or else to turn them adrift in 'Iraq. Of these the first alternative was preferable.

Attempt at Absorption.

Unfortunately, in May, 1921, the Foreign Office intimated that the political situation in Turkey and the Caucasus was still unpropitious for any such movement and as it was obviously impossible for the

British Government to bear the heavy recurring expenditure on the maintenance of the refugees for an indefinite period while waiting for the political horizon to clear, the sum of £140,000 was allotted in a supplementary estimate as a final charge in respect of the Armenian and Russian refugees. A sum of £110,000 was allocated to the Armenians and a scheme was immediately drawn up which was intended to achieve the absorption of the refugees in 'Iraq with the least possible hardship to themselves and at the same time without exceeding the above financial limit. In accordance with this scheme the population of the camp was to be gradually reduced until 15th August, 1921, on which date the last party was to leave. Such balance as was not required for the maintenance of the camp up to the 15th August was to be expended in supplying 15 days' rations and a cash grant to each family to enable them to support themselves after leaving the camp and until they should be able to find suitable employment. At the same time every possible effort was made to find employment for them in advance. The inhabitants of the camp were classified according to profession and capacity for work and copies of this classification were sent to General Headquarters, to all the Ministries of the Arab Government and the Chambers of Commerce at Baghdad and Basrah, who were asked to co-operate by guaranteeing employment to as many of the refugees as possible on their leaving the camp. As a result of this measure work could undoubtedly have been found for a very large proportion of the able-bodied men, but unfortunately every offer of employment was absolutely refused by the refugees themselves and the Deputy Director of Repatriation at Nahr 'Umar found it impossible to induce the people to leave the camp in accordance with the schedule. The single able-bodied men had, however, been dispersed and a certain number of Persian Armenians had also been returned to Persia, though not until some difficulties with the Persian authorities had been overcome, and at the end of July the numbers in the camp had been reduced to about 11,700.

At this juncture I felt it essential to have some senior and responsible officer in the vicinity of the camp to advise, and when necessary, represent me in matters relating to the refugees. Although the dispersal of the Assyrian refugees was by this time complete, Colonel Cunliffe-Owen, C.M.G., the Director of Repatriation, was prevented by private considerations from himself proceeding to Nahr 'Umar, and in these circumstances General Headquarters kindly placed the service of Colonel H. Lakin at my disposal to assist me in the matter.

After visiting the camp and discussing the problem with the Acting Director of Repatriation, Colonel Lakin gave it as his considered opinion that the absorption in the labour market of 'Iraq of such large body of unskilled labour possessing such a low market value was impracticable. Contributory causes of this were the general slackness of the labour market at that time, and the fact that practically none of the Armenians could speak Arabic, but the main cause was unquestionably the attitude of the Armenians themselves, who believed that by a policy of passive resistance they would be able to coerce the British Government into providing them with free passages.

Repatriation.

After the situation had been fully examined it seemed probable that the most economical course would be to arrange for the transport of the whole camp to Batum. This course had the great advantage that it would dispose not only of the able-bodied men and their dependents but also of the infirm and orphans, etc., who would still have presented a difficult problem after any practicable scheme for the dispersal of the remainder in Iraq had been carried out. The local authorities at Basrah were also much in favour of this course since they feared that a large influx of unemployed and perhaps unemployable refugees would prove a danger and probably a source of expense to the local community. Moreover, assuming that their reception at Batum could be arranged, the time seemed particularly opportune for repatriation, since the pilgrim season was just ending and shipping especially fitted for pilgrim traffic might be obtained on favourable terms before being refitted for ordinary commercial use. A telegram was accordingly sent to the Secretary of State strongly recommending this course.

The political situation in trans-Caucasia had by this time improved and, after the possibility of settling the whole of the refugees on the land in Iraq had again been considered and rejected, the proposal to ship the whole population of the camp to Batum was approved and a further grant of £100,000 was voted for the purpose.

The Armenian Government, when consulted, were prepared to accept the refugees at Batum but wished to stipulate that they should arrive in groups of not more than 1,000 at a time, at intervals of at least a fortnight. This could not be arranged without greatly increasing the cost, and the Armenian authorities were therefore asked to agree to accept groups of 3,000 at somewhat longer intervals. The interval between the sailing of the first and second boat was three weeks, and that between the sailing of the second and third boats over six weeks.

At the time the decision to charter shipping was finally reached there remained some 9,600 refugees in the camp so that if three boat loads of 3,000 each could be despatched it seemed that the camp would be practically cleared. The reduction to 9,600 had been effected in various ways. Further parties had left for Persia. Some 600 refugees had petitioned and been allowed to proceed to Mosul to be settled on the land on the same terms as the Assyrians, and some few (very few) had accepted offers of local employment. As soon, however, as it became known that the scheme for repatriation had materialised, refugees from various parts of Iraq left their work and returned to the camp in the hope of obtaining a free passage. Moreover, owing to representations made by the Armenian authorities, who professed themselves unable to arrange for the reception of the full number at Batum, the last boat, the "Shuja," carried only 2,000 refugees. It thus came about that after the "Shuja" sailed on 27th January, 1922, there still remained some 2,600 refugees in camp at Nahr Umar to be dispersed locally.

During the whole period that the refugees had been under the protection of the British, an orphanage had been maintained as a separate branch. It contained in July, 1921, 830 boys and girls of all ages up

to 18. Guarantees were obtained from Armenian individuals and societies for the maintenance of these orphans in Palestine and it had been intended to despatch them by the first boat. Owing to an epidemic of chicken pox it was impossible to carry out this intention and the orphans were eventually included among the 2,000 who left by the last boat. These orphans were disembarked at Kantara, and the "Shuja," therefore, reached Batum with 1,200 refugees only. The total numbers sent to Batum on the three boats were thus 7,200. In addition to the orphanage from Nahr 'Umar a number of orphans had been collected by the Armenian authorities and maintained in Mosul without the assistance of the British Government. Funds being no longer forthcoming for their maintenance, the Armenian authorities reduced the numbers of this orphanage to 75, and it was requested that these also might be sent to Palestine. Owing to fact that the sailing of the "Shuja" was in doubt up to the last moment on account of the attitude of the authorities at Batum, these orphans were eventually despatched with very little notice being given to the High Commissioner for Palestine. The latter, however, very kindly obtained the necessary additional guarantees and was also good enough to arrange for the reception of the whole party of orphans at Kantara.

Owing to the urgent representations of the Armenian Government, who stated that unless some help was afforded them they would be unable to save the Armenians from starvation after their arrival at Erivan, authority was given for the purchase of food supplies from Disposals Board for distribution in Armenia. Food supplies to the value of one lakh of rupees were accordingly shipped on the "Shuja," in addition to rations for the voyage. The principal items consisted of 25 tons of preserved meat, 30 tons of biscuits and 10 tons of condensed milk.

With regard to the dispersal of the 2,600 still remaining at Nahr 'Umar the same difficulties have arisen as arose in July when it was intended to disperse the whole camp locally, but the problem is of course now greatly simplified not only by the smaller numbers involved, but by the fact that care has been taken that only able-bodied men and their families have been left behind. The absorption of the bread winners of these families in the labour market of Baghdad would not at present have proved impossible and the Acting Director was accordingly authorised to send those who so wished to Baghdad at Government expense. None of the refugees have accepted this offer and they are at present persisting in their attitude of passive resistance and are even refusing to accept the 15 days' rations and subsistence allowance offered them. They are, however, steadily being struck off the ration strength which will have been reduced to nil by 31st March, 1922, and orders have been given to strike the tents over their heads, by force if necessary, if they persist in their refusal to leave the camp. It is feared that this procedure will result in some suffering among the refugees, but it is no longer possible to protect these people from the natural consequences of their refusal to help themselves.

XIII.—FOREIGN RELATIONS.

Until the signature of the treaty between Great Britain and the 'Iraq, together with the confirmation by the League of Nations of the relations between the two Governments, the international position of the 'Iraq is necessarily ambiguous. Pending a definition of 'Iraq nationality, laissez passers have been issued by the 'Iraq passport authorities and Divisional Advisers, while in the case of 'Iraqis abroad arrangements are being made for their issue by British Consular representatives.

RELATIONS WITH TURKEY.

Throughout the period under report the 'Iraq Government has been in the anomalous position of having, in Turkey, a neighbour theoretically in a state of armistice but, in fact, clearly hostile. Apart from the political effervescence which the efforts of the Kamalists have maintained on the Kurdish frontier, the economic effects have been serious.

The Sanusi.

Turkish propaganda has been associated in the main with the name of Shaikh Ahmad al Sanusi. In January, 1921, he was first heard of as having arrived in Diyarbakr from North Africa; in April he was reported to be in Mardin, and in May he was spoken of as being either the Turkish candidate for the throne of the 'Iraq or else the deputy of Burhan al Din Effendi, a son of the Sultan 'Adbul Hamid. The candidature of Amir Faisal was the signal for an intensive effort to advocate his cause. A large number of his manifestoes found their way to Mosul and other parts of the country. They were violently anti-foreign and pan-Islamic in tone and no less singularly ineffective. Arab Nationalist hopes and Islamic ideals were alike satisfied by the qualifications of the Amir Faisal and his arrival in Baghdad was immediately followed by the submission to himself of those chiefs of the Shammar Jārba' who had remained in close touch with the Turks and had been in March, the recipients of lavish decorations. It was a decisive rebuff to the pretensions of the Sanusi, or rather to the anticipations of his principals, for he is himself a typical darwish, devoid of initiation and used merely as mouthpiece. In December, 1921, rumours were current that he was to be set up as the ruler of a semi-independent Trans-'Iraq State, embracing Jazirah, Rawanduz and Sulaimani, but a scheme of this nature would seem to combine every element of failure and the Sanusi himself is generally believed to be highly dissatisfied with his position and anxious to return to his own country.

The complete lack of success which has attended Turkish propaganda among the Arab tribes on the frontier was further exemplified by the return to the fold in June of Daham al Hadi, who had been one of the recipients of Turkish honours. He is the favourite grandson of the old chief Al 'Asi, who is probably still the greatest name among the Shammar. Daham has been given rights of cultivation at 'Awainat, within the 'Iraq frontier, while Al 'Asi is cultivating extensively at Rumailan, the nearest point on the frontier to Nisibin. The Tai,

who are nominally in the French zone, have been forced by their proximity to the Turks to enter into relations with the latter, and Bulaibil, the chief of the small Albu Hamad tribe, has maintained a robber band near Jazirah, but the successful bombing of his encampments in June, 1921, in retribution for his attacks on barges on the Tigris, belonging to the inhabitants of Zakho, led to a pronounced diminution in his activities. Aeroplane action was also taken over the frontier in August, when Naif Beg of the Miran Kurds crossed the Tigris to raid the Hassanan in the neighbourhood of Faishkhabur. (At the end of March, 1922, Naif Beg was seeking permission to settle in 'Iraq territory.)

Turkish Propaganda among Indian Troops.

Turkish propaganda has also been directed against the loyalty of our Indian troops, in the form of circulars in Urdu emanating either from Angora or from Pan-Islamic associations in Anatolia. Muhammadan troops were urged to murder their officers and desert to Mustafa Kamal who was preparing a great army for the extirpation of the infidel and the liberation of the holy places of 'Iraq. The effects produced by these appeals were imperceptible and since July the dissemination of pamphlets of this nature has ceased.

Kamalists difficulties with the Kurds.

On the Kurdish side, the Kamalists have had troubles of their own. In January they were forced to take measures, attended with no great success, for the subjection of the Hawerki, and in October they attacked Shernakh with a considerable force, partly composed of tribes at feud with 'Abdul Rahman Agha, Shaikh of Shernakh, who has been practically independent since the armistice. He has been at pains to cultivate friendly relations with the British authorities and on the arrival of the Amir Faisal, he, with other Kurdish leaders, expressed to the latter their willingness to accept him as King and to form part of the 'Iraq State under conditions of local autonomy. When the Turkish attack developed, he was obliged, owing to lack of ammunition, to come to terms. During the winter he refused all invitations to present himself in Jaxirat ibn 'Umar, but in February, when as a result of the Angora Agreement, the Kamalists had been able to increase their force on the 'Iraq frontier and to place outposts as far as the vicinity of Zakho, along the foot of the Shernakh hills, he found himself obliged to give way to Kamalist threats and visited Jaxirah. Even then he did not agree to Turkish schemes for an offensive against the 'Iraq.

Kamalists efforts at Rawanduz.

Within the 'Iraq borders such success as the Turks have met with has been obtained in the Rawanduz area and is due to the insurgence of the Surchi chiefs of 'Aqrah and malcontents of Rawanduz. In May, 1921, measures were taken against the Surchi, as a result of which Batas was re-occupied and the Surchi chiefs made submission, with the exception of 'Ubaidullah and his half-brother Raqib. The political atmosphere showed every sign of clearing and overtures had been put forward by the Rawanduz leaders, when in June a new factor was

introduced by the appearance of a Kamalist official with a small Turkish reconnaissance. Active propaganda was instituted among the tribes and by the end of July the Turkish force had been increased to about 60 rifles, with a gun and two machine guns. The police post at Batas was attacked on July 31 and forced to surrender; ten days later the Pizhtgelli section of the Khushao under Ahmad Beg delivered an unsuccessful attack on Rania. The local tribes rallied to the British authorities, Babakr Agha of the Pizhder was as unwavering as ever in his adherence and operations conducted in the Shaur district by a combined force of Levies and tribesmen, with aeroplane support, brought the villages to submission and obliged the small Turkish military element to beat a hasty retreat.

Nevertheless, the presence of the Turks was a continuous menace to local peace and in September a force of Levies and Police, supported by aeroplanes, entered Dasht-i-Harir and inflicted punishment on the tribes. Again the combination of native forces and aeroplanes gave highly satisfactory results. As a result of this action 'Ubaidullah made submission, paid up a fine of rifles and ammunition and accepted responsibility for the maintenance of law and order in Dasht-i-Harir. But for the second time the Kamalists upset the equilibrium, and the arrival, in December, 1921, of Turkish reinforcements amounting to 80 men with ammunition and three machine guns, shook the favourable resolutions of 'Ubaidullah, who on December 14th, treacherously attacked a Levy reconnaissance at Babachichik between Arbil and Harir. This ambush led to operations by Levies, Police and aeroplanes on a larger scale, with salutary results, though they involved the loss of two British officers. The tribesmen were demoralized and disheartened, the Turkish force was reduced to about 70 men and the leading insurgent chiefs, with the exception of 'Ubaidullah, made overtures to H.M. King Faisal and were given permission to come in under safe conduct, a permission of which they have not yet availed themselves.

Sulaimani Frontier.

On the Sulaimani side intensive anti-British propaganda, carried out through the medium of the Persian Kurdish chiefs of Aoraman and of Mahmud Khan Dizli, was the feature of the end of the year 1921. Mahmud Khan, chief of the village of Dizli in Persia, had been concerned in the rising of Shaikh Mahmud in 1919. He was captured by the Persian Government in 1920 and handed over to the British authorities. After a term of imprisonment in India he was released in September, 1921, and allowed to proceed to Sulaimani, under a guarantee that he would not cross the Persian frontier. This condition he promptly broke; he returned to Dizli and wrote to Mustafa Kamal asking for arms to enable him to drive the British out of Sulaimani. Late in December several petty Aoraman chiefs, who were undoubtedly in touch with him, entered the Halabja plain and proceeded to collect taxes. In the middle of January a Levy force was ambushed near Halabja, in an attempt to recapture a local suspect, and suffered casualties which included the British officer in command, Captain Fitzgibbon. An attack on Halabja was averted by highly successful

aeroplane operations and Mahmud Khan Dizli returned across the Persian frontier. His followers continued to commit depredations in Halabja plain until, in March, threats conveyed by aerial reconnaissance persuaded him to put himself into communication with the British authorities.

With regard to persons connected with Shaikh Mahmud's rising of 1919, his brother 'Abdul Qadir and distant relative, Gharib ibn 'Arif, together with his follower, Shaikh Ahmad, were released from Henjam under the amnesty in May. The two first named are living at liberty in Baghdad while Saiyid Ahmad was allowed to return immediately to Sulaimani. Shaikh Mahmud and his brother-in-law, Shaikh Gharib ibn Ma'ruf, were released from prison in India in January and are at present in Kuwait, where they are retained as political detenus pending their ultimate return to Sulaimani.

Rumours of Kamalist attack.

Throughout the past year, rumours of an impending Kamalist attack on 'Iraq were persistent and after the conclusion of the Angora Agreement caused serious anxiety. The fact that the headquarters of the 3rd Division were transferred to Sa'air had, without doubt, grave significance; the garrison at Jazirat ibn 'Umar was strengthened and small posts placed along the frontier. It was at this moment that the rallying of the Assyrian refugees and their enlistment in great numbers in the Levies, as has been recounted, proved of signal value and as this report closes, it is increasingly unlikely that the Kamalists can venture on an attack in force in the immediate future. But until the conclusion of peace between the Allies and Turkey finally stabilizes the situation, the threat from the north cannot be disregarded, while Turko-Bolshevist intrigue will continue to be a menace to the 'Iraq State.

NAJD.

Extension of Ibn Sa'ud's Authority.

The predominant facts in the politics of Arabia during the past 18 months have been the capture of Hail by Ibn Sa'ud and his subsequent efforts to push his tribal influence in the northern part of the peninsula up to the borders of 'Iraq and the necessity thereby involved of a definite delimitation of frontiers both in the case of the 'Iraq and also in that of Kuwait.

Troubles between Ibn Sa'ud and Kuwait.

As regards Kuwait, a treaty concluded between Ibn Sa'ud and His Majesty's Government in December, 1915, and ratified in the following July, contained the following clauses :—

1. His Majesty's Government do acknowledge and admit that Najd, Al Hasa, Qatif and Jubail and their dependencies and territories, which will be discussed and determined hereafter, are the countries of Ibn Sa'ud.
2. Ibn Sa'ud undertakes to refrain from aggression on or interference with the territories of Kuwait, Bahrain, etc., and the limits of their territories shall be afterwards determined.

The delimitation of boundaries was thus expressly left in abeyance, but in the Anglo-Turkish Convention of 1913 the area under the direct control of the Shaikh of Kuwait had been defined on the map by a red circle with a radius of some 70 miles from Kuwait on all sides, while a farther area, from Umm Qasr to Al Ratk, thence down the Batin to Hafar and eastward to the Persian Gulf which it reached at Jabal Manifah, some 200 miles south of Kuwait, was recognized as being within his sphere of influence.

In 1919, the respective claims of the Shaikh of Kuwait and Ibn Sa'ud over this outer zone gave rise to a dispute which resulted, in September, in an unsuccessful attack on Jahrah, a village which lies about 30 miles west of Kuwait, on the part of the Akhwan leader, Faisal al Duwish. I met Ibn Sa'ud at Ojair at the end of September, on my way to Basrah, and resumed the cordial relations which I have ever enjoyed with him, but a suggested conference at Kuwait did not materialize. At the end of December, Ibn Duwish raided a section of the Shammar camped in the desert borders of the 'Iraq, in retaliation for the undoubtedly provocative attitude of which they had been guilty. Some of the Dhafir, a tribe subject to the 'Iraq administration were camped with the Shammar and shared in their losses, while during January not only the Dhafir but also the Samawah confederation of the Huchaim suffered from Akhwan raids.

Early in February, 1920, Ibn Sa'ud sent his relative, 'Abdullah ibn Thunaiyan, on deputation to Baghdad. He was accompanied by a native of Mosul, Dr. 'Abdullah, who had been for some years a resident at Rivadh. Ibn Thunaiyan stayed in Baghdad till May, while Dr. 'Abdullah returned to Riyadh in the following November. Both were helpful in dealing with current questions with Najd. As regards the dispute touching the boundary of Kuwait, the Shaikh of Muhammerah, as a friend of both parties, arranged that his son, together with Shaikh Salim's nephew, Ahmad al Jabir, should visit Ibn Sa'ud at his capital, with a view to adjusting differences. On February 27th, while the party were at Riyadh, the death of Shaikh Salim removed the chief obstacle to agreement. When Shaikh Ahmad returned to Kuwait on March 24th, he was nominated by the notables of the town successor to Shaikh Salim, since when, although the final settlement of the Kuwait frontier has not yet been effected, no further hostilities have occurred.

Subjugation of Jabal Shammar by Ibn Sa'ud.

For the next eight months Ibn Sa'ud was occupied in pursuing his long-cherished ambition to subdue Hail and the Shammar of Ibn Rashid. By April he had defeated 'Abdullah ibn Mit'ab, the ruling Amir of Jabal Shammar, in a series of engagements, and had begun the blockade of Hail. The immediate results in the 'Iraq of this campaign were twofold. It produced a state of continuous lawlessness on the southern frontiers; the Dhafir and some of the local tribes, profiting by the general unrest, engaged in raids and forays, sometimes on the Akhwan, sometimes on each other, on the tribes of Kuwait, while the Akhwan retaliated on their side. Secondly, it started a migration to

the 'Iraq of Shammar tribes fleeing from the forces of Ibn Sa'ud. They passed up through the 'Amarat 'Anizah, the tribesmen of Fahad Beg ibn Hadhdhal, and a portion of them crossed the Euphrates at Ramadi into the Jazirah, after paying kodah, a tax on domestic animals, to the 'Iraq administration. The rest remained in the pasturages of the 'Amarat.

The refugee Shammar.

Fahad Beg had obtained an assurance from Ibn Sa'ud that he and tribes camping with him should be immune from attack on the part of the Akhwan, but the fact that the Shammar of Najd, whom Ibn Sa'ud regarded as rebellious subjects, had taken refuge with the 'Anizah, was naturally galling to the Imam, and in the end of April he wrote a sharp letter to Ibn Hadhdhal, reminding him of the ties of kinship—Ibn Sa'ud is himself of 'Anizah descent—claiming authority over all 'Anizah, and, while recognizing their close relations with his friend the British Government in 'Iraq, declaring that he would not agree to their being ruled by any Arab except himself. At the same time he wrote to inform me that an assembly of the leading men of Najd had invited him to assume the title of Sultan, which he had accordingly done, and asked for recognition by His Majesty's Government. This was officially accorded to him on August 22nd.

Ibn Sa'ud's letter crossed one from myself acquainting him with the fact that His Majesty's Government were disposed to admit and support the candidature of the Amir Faisal to the throne of 'Iraq. Ibn Sa'ud had recently given another proof of his loyal friendship with the British Government by persuading his subjects, at the risk of grave dissatisfaction on their part, to refrain for the third year from performing the pilgrimage so as to avoid possible friction with the Hijaz, and his reply to my letter, far from intimating opposition to the presence of the Amir Faisal in the 'Iraq, breathed his willingness to accept the decision of His Majesty's Government, coupled with the prayer that his own interests might be equally respected. The Amir Faisal, while on his way up the Gulf, had himself written to Ibn Sa'ud, and he received from him a reply couched in amicable terms.

The refugee Shammar were, however, a difficult problem, and, as Fahad Beg rightly pointed out, their presence among his own tribe was likely to prove a danger to the latter. The Shammar used the asylum thus afforded them as a safe vantage ground from which to raid the Akhwan, and it was clear that the 'Anizah might well be involved in the counter-raids of the Akhwan. All Shammar were accordingly ordered to cross the Euphrates into the Hillah Division, where their movements could more easily be controlled.

Fall of Hail.

Meantime the Amir 'Abdullah ibn Rashid had made submission to Ibn Sa'ud, but his cousin, Muhammad ibn Tallal, held out in Hail, and sent messages to me begging me to intervene between himself and Ibn Sa'ud. The latter, however, refused all offers of mediation, and early in November the prolonged struggle terminated in the submission of Hail to the Sultan of Najd. The victor exhibited a clemency as

generous as it was statesmanlike. He took immediate steps to relieve the population of the town, which had been reduced to great straits during the siege, and appointed Ibrahim al Subhan, the head of a house which had served as Wazirs of the Al Rashid and was closely related to them by marriage, as Governor of Hail, placing a small garrison of his own followers in the citadel. He and his son contracted matrimonial alliances with the Rashid and Subhan, and the Rashid family were removed to Riyadh, where they were treated with all honour.

Correspondence with regard to treaty between the 'Iraq and Najd.

I instructed the Political Agent at Kuwait to convey my congratulations to the Sultan, together with my appreciation of his conduct, and at the same time I pressed upon him the importance of an early meeting between himself and King Faisal, under my auspices, to establish a clear understanding as to the frontiers of the two Arab States and the treatment of tribal affairs. Ibn Sa'ud replied with the suggestion that a preliminary agreement on the principles of the proposed treaty was desirable, before the actual meeting of himself and King Faisal took place. To this, in accord with His Majesty, I agreed, but in intimating concurrence it seemed necessary, in view of the extravagant claims which Ibn Sa'ud was known to be contemplating, to lay down the *prima facie* basis on which, in my opinion, negotiations should be conducted, namely, that the tribes of Muntafiq, 'Anizah and Dhafir must be accepted as appertaining to the 'Iraq, and that the line of the frontier would be determined in accordance with predominant and prescriptive rights to watering-places.

As regards the 'Anizah, the attitude of the 'Amarat, under Fahad Beg ibn Hadhdhal, is one of unqualified determination to remain, as 'Iraq tribesmen, under the direct protection of the British Government. On the Syrian side of the desert, it would appear that the Ruwallah section of the 'Anizah are prepared to accept Ibn Sa'ud's suzerainty.

Akhwan propaganda and attack.

There had been for some time past friction between the 'Iraq Government and the Shaikh of the Dhafir, Humud ibn Suwait. Owing to his failure to control his tribe from raiding, his subsidy had been intermitted, while there was a large claim against him on the part of a group of Mosul merchants who had been robbed by his tribesmen in the previous spring. It was unfortunate at this juncture that King Faisal sanctioned in January the appointment of Yusuf Beg al Sa'dun as head of a Camel Corps which was intended to guard the southern frontiers of 'Iraq. Between Yusuf Beg and Ibn Suwait there was long-standing enmity, and the latter was likely to regard the appointment of his rival to control the southern marches as a direct blow aimed at himself. He did, in fact, repair at once to Riyadh, and though I requested Ibn Sa'ud not to receive him, on the ground that he was in trouble with the 'Iraq administration, my letter did not reach Riyadh until after his visit. He returned with presents from the Sultan of Najd and was accompanied by an Akhwan representative, Ibn Ma'ammr, despatched for the purpose of collecting tribute from the Dhafir as well as from 'Iraq shepherds pasturing their flocks in the desert.

* Meantime the arrival of a large body of Akhwan at Hafar early in February had alarmed the 'Iraq tribes, who withdrew to the neighbourhood of the railway, fearing reprisals for raids on the Akhwan, for which the Dhafir had been responsible during the winter. A few days later a section of the refugee Shammar, who were on their way to make submission to Ibn Sa'ud, were attacked near Shabikah, south of Najaf, by a Shammar Shaikh who had accepted the Akhwan creed. This episode, together with constant rumours that the Akhwan intended to move against the 'Amarat, increased the apprehension of the 'Iraq tribes. In the middle of February, Yusuf Beg and the Camel Corps moved out towards Abul Ghar, south of Suq al Shuyukh, where the Mutasarrif paid him a visit and exhorted the tribes not to pay tribute to Ibn Sa'ud. His action probably precipitated the issue. On March 11 the Akhwan leader, Faisal al Duwish, no doubt in collusion with Ibn Suwait, looted Abul Ghar, and, not finding the Camel Corps there, followed them to Shaqrah, some 30 miles south of the Basrah Nasiriyah Railway, and delivered an unprovoked attack on Yusuf Beg's men and the Muntafiq shepherds, who were camped in the vicinity.

The losses sustained both by the Camel Corps and the tribesmen were heavy, but in view of the very serious portent implied by the opening of hostilities with Ibn Sa'ud, I judged it necessary to obtain the instructions of His Majesty's Government, while keeping the Akhwan camp under aerial observation. On March 14th, however, aeroplanes were heavily fired upon and orders were, therefore, given for immediate measures in retaliation.

I lost no time in warning Ibn Sa'ud that the situation which had arisen was one of extreme gravity, and received from him an assurance that the Akhwan had acted without his authority, together with expressions of his deep regret for what had occurred and of his determination to inflict punishment on those who should be proved guilty. I acquainted His Majesty the King and His Highness the Naqib with the contents of this communication, which, together with my letter to Ibn Sa'ud, was published in the local papers. Meantime I had received instructions from His Majesty's Government to proceed with negotiations in the matter of the treaty between 'Iraq and Najd and to inform Ibn Sa'ud that temporarily the frontier between the two States should be considered to run along the lines I had previously indicated to him, i.e., including the wells and pasturages of the Dhafir, Muntafiq and 'Amarat 'Anizah.

Provisional frontier.

I have laid down the provisional frontier as follows :—

From Kharjah on the Batn, about 40 miles N.E. of Hafar, thence due west, leaving Hafar to Najd and Dulaimiyah and Wuqubah to 'Iraq. Thence it will proceed north-west towards the Jal al Batn, leaving Umm al Radhumah and Zabliah to Najd and Jumaimah to 'Iraq. The frontier will then touch the Jal al Bain at a point immediately south of Jabal 'Athman. Thence it will proceed due west between Lifiyah and Loqah and through Al Khir south of Lifiyah by Fijan, Al Buwaitah, Khashm al Ra'an, Quraiyit al Dhumran to Mughaiyir, and thence in a direct line towards Sakakah.

As for the Shammar who had taken refuge in 'Iraq territory, encouraged by the obvious desire of Ibn Sa'ud to consolidate his conquest by propitiating the conquered, the majority have returned to their Arabian pasturages and adopted the tenets of the Akhwan. But many thousand tents, more especially of the 'Abdah section, have been withheld by personal disinclination from the creed of Najd or by private blood feud; these have remained, and are likely to remain, between the two rivers. We have, indeed, witnessed during the past year one of those episodes which from time immemorial have populated 'Iraq—the hungry desert has once more overflowed into the settled lands, to raid, to pilfer, and, finally, through a long and somewhat painful, if ultimately beneficial process of absorption, to settle down to husbandry.

3.—PERSIA.

In January, His Majesty the Shah, travelling strictly incognito, passed through the 'Iraq on his way to Europe. On his arrival at Baghdad, he was met by myself and representatives of the King, but the private character of his journey precluded any official reception.

Pusht-i-Kuh.

Relations with the Wali of Pusht-i-Kuh have been mainly concerned with the vexed question of the Wali's right to levy grazing fees on those sections of the Bani Lam who are accustomed at certain seasons to graze their flocks in Pusht-i-Kuh territory. In former days before the fixation of the Turco-Persian frontier, the Bani Lam were accustomed to graze free in what the Wali considered his limits; in return for which a small present of a horse or a few rifles was given to the Wali. On the conclusion of peace, however, the Wali claimed the right to collect the full tax in respect of the flocks grazing in his territory and based his claim on the contention that the custom whereby the Bani Lam had formerly escaped such tax had arisen solely out of the indeterminate nature of the boundary and that, since the fixation of the boundary by the Boundary Commission in 1914, there remained no justification for the custom. Attempts to induce the Wali to forego his claim and to continue the old friendly custom of reciprocal free grazing rights between himself and the Bani Lam proved unavailing, and, as the Wali's claim was legally justifiable, there remained no option but to recognise it. This decision is by no means pleasing to the Bani Lam Shaikhs who resent as a reflection on their dignity the necessity of paying the Wali for what they have received for generations by custom. The tension thus produced between the Wali and the Bani Lam has been increased by the truculent behaviour of the former who has twice in the last few months raided the flocks of the Bani Lam with the object either on making up arrears which he considers due to him, or of punishing those whom he suspects of attempting to evade payment of the tax. It is only with difficulty that the Bani Lam have been prevented from retaliating against these acts of aggression. The possibility of avoiding such disputes for the future and of

saving the *amour propre* of the Bani Lam by making a fixed annual payment to the Wali through the 'Iraq Government in return for free grazing rights in the Pusht-i-Kuh is now under consideration and negotiations with this object in view have been opened with the Wali.

There can be little doubt that the Wali of Pusht-i-Kuh is anxious to take advantage of any weakness on the part of the 'Iraq Government to improve his own position at its expense. One of his methods, for example, has been to purchase, generally through an agent, estates contiguous to his own territory, but on the 'Iraq side of the frontier. The local Qaimmaqam has, however, refused his application for title deeds confirming these transactions, and the Wali has requested me to intervene on his behalf. I have referred the whole question to the Council of Ministers, pointing out the complications likely to arise if neighbouring potentates are permitted to own large estates in 'Iraq contiguous to territory which they control in an official capacity. The Council is enquiring fully into the Wali's claims and I do not anticipate that its decision will be in his favour.

APPENDIX 1.

PROCLAMATION TO THE TRIBES AND COMMUNITIES OF THE 'IRAQ.

The High Commissioner, Sir Percy Cox, wishes it to be understood by the tribesmen and communities of the 'Iraq that he has been deputed by His Majesty's Government to return to Mesopotamia in order to give shape to their fixed intention of assisting the leaders of the people to create a National Government. It is clearly difficult to carry out the wishes of His Majesty's Government as long as certain sections of the tribes and communities of Mesopotamia are in active opposition to the Government. It is thought that this state of affairs has to some extent resulted from misplaced doubts on the part of certain sections of the people as to the intentions of His Majesty's Government, but the High Commissioner believes that he has been able completely to remove all doubts among those with whom he has actually come into touch. He is at a loss to know for what object tribesmen are at present fighting and would be glad if they would put themselves in communication with the nearest Political Officer in case any misunderstandings exist which can be removed.

Dated 17th October, 1920.

APPENDIX 2.

INSTITUTION OF THE COUNCIL OF STATE

Whereas by Notification dated the 17th June, 1920, it was announced that His Majesty's Government had authorised the calling of a General Elective Assembly for the purpose of preparing an organic law for 'Iraq:

And whereas it is considered expedient that, pending the convocation of such General Assembly and the framing thereby of an organic law, the Government of the Country should be conducted, subject to my supervision and direction, by a provisional national Government:

Now Therefore, I, Major-General Sir P. K. Cox, G.C.I.E., K.C.S.I., K.C.M.G., by virtue of the authority vested in me as High Commissioner for Mesopotamia, do hereby proclaim as follows:

1. There shall be constituted a Council of State consisting of a President, Ministers for the following departments, Interior, Finance, Justice, Awqaf, Education and Health, Defence, Public Works, Commerce and such other members without portfolios as may be nominated.

2. Until the organic law is promulgated and brought into effect, the Council of State and Ministers shall be responsible for the conduct, subject to my supervision and control, of the administration of Government, excluding foreign affairs, military operations and in general military affairs, except such military affairs as concern solely the locally recruited forces.

Made at Baghdad this 11th day of November, 1920.

P. Z. Cox,
High Commissioner for Mesopotamia.

APPENDIX 4.

COMMUNIQUE RELATING TO THE CAIRO CONFERENCE.

The primary reason for the Conference which has taken place in Cairo was the desire of the new Secretary of State to meet the British representatives of the spheres which come within the scope of his responsibilities, such as the High Commissioners of the 'Iraq and Palestine and the Governors of Aden and Somaliland, so as to acquaint himself at first hand with the current problems of the regions in question.

As regards Mesopotamia, the principal question to be considered was the necessity of a large reduction in military expenditure to enable the British Government to bear the burden of maintaining a stable position in the 'Iraq until the National Government can itself assume responsibility for the Arab State which it is the aim of His Majesty's Government to establish and foster.

His Excellency the High Commissioner and the Commander-in-Chief were able to present to the Conference proposals both for immediate and for gradual economies which, the Secretary of State hoped, would satisfy the views of His Majesty's Government and of the British public. At the same time the agreement which was arrived at pays due regard to the maintenance of internal security, the protection of the frontiers and the necessary financial arrangements for the progress of the Arab army.

A general amnesty will be declared at an early date and will include all who were concerned in the recent disturbances, with the exception of a few individuals who have committed heinous crimes, such as the murder of Colonel Leachman and offences of a similar nature.

When the Conference terminated, the Secretary of State proceeded to Palestine and thence to England in order personally to place before the Cabinet the results which had been reached. It is hoped that in the course of the next few days the approval of the Cabinet will be received by telegram, when H.E. the High Commissioner will make a further communication.

Dated Baghdad, the 12th April, 1921.

APPENDIX 5.

PROCLAMATION OF A GENERAL AMNESTY.

With the authority of His Majesty's Government, His Excellency the High Commissioner is pleased to announce, with effect from May 30th, a General Amnesty to Political Offenders on the following basis:—

1. Pardon is extended to all those who were concerned in the rising of 1920, in respect of offences committed as against the State in the furtherance thereof. Those who are detained or imprisoned will be set free, those who are fugitive are permitted to return without fear of prosecution with the following exceptions:—

- (1) Individuals who at the time when they took part in the rising were paid servants of the Administration of the Occupied Territories, whose cases will be dealt with individually on their merits.
- (2) The individuals listed below who are believed to be responsible for the commitment or abetment of certain heinous crimes and are at the present time fugitive from justice—

- (a) Shaikh Dhari, his sons Khamis and Sulaiman; Sarb and Salubi, sons of Mijbas; Daham, son of Farhan, all of the Zoba 'tribe, and all charged with the murder or abetment of the murder of the late Colonel Leachman.
- (b) Jamil Bey and Hamid Effendi Dibuni, charged with being the immediate instigators of the murder of the late Captain Barlow, Lieut. Stuart and other British officials at Tall 'Afar.
- (c) Jasim al Mu'ailu, of the Mahdiyah tribe, charged with the murder of the late Captain Wrigley.
- (d) Muhammad al Mulla Mahmud, of Bahahsah, charged with the murder of the late Lieut. Bradfield, Hasan al 'Abd and Jasim al 'Awad, of the Bani Tamim tribe, charged with the murder of Mr. Buchanan.
- (e) Naair ibn Araidhir, 'Alaiwi al Jasim, Ibn Duraimidi, all charged with the murder of British prisoners.
- (f) Basbus ibn Mahawwis, Na'mah ibn Dhu'ainah, all of the Jawabir tribe, charged with the murder of R.A.F. officers.
- (g) Falih ibn Haji Sifr al 'Ajairib, of the Jawabir tribe, charged with instigating the murder of Lieut. Hedgar and five British gunners on the "Greenfly."

2. As regards individuals not concerned in the rising of 1920, but interned, exiled or fugitive in connection with political offences committed prior to the said rising, His Excellency the High Commissioner is authorised in principle to extend the amnesty to them subject to consideration of each case on its merits, on receipt of formal application addressed by the individual to the nearest British representative, or to the High Commissioner direct.

P. Z. Cox,

High Commissioner for Mesopotamia.

Dated 30th May, 1921.

APPENDIX 6

Monday the 18th April, 1921.

WITHDRAWAL OF SAIYID TALIB PASHA FROM THE GOVERNMENT AND BAGHDAD.

The High Commissioner thinks fit to acquaint the public with the grounds on which he has considered it necessary to withdraw Saiyid Talib Pasha from the Government and from Baghdad.

Before his departure for Cairo the High Commissioner had repeatedly made it known, both publicly and in personal intercourse with officials and notables, that it was his intention and the wish of His Majesty's Government to ensure that the people of Iraq should be left entirely free to express their wishes as to the form of Government they desired and the person of the ruler.

On his return from Cairo the High Commissioner repeated these assurances to H.H. the President of the Council and to Saiyid Talib Pasha, in answer to their inquiries.

On the morning of the 16th inst. the High Commissioner was notified of a speech delivered by Saiyid Talib Pasha to a distinguished company at a dinner party given by himself on the 14th instant to an English gentleman on a short visit to Baghdad.

In this speech Saiyid Talib, after repeatedly inquiring from his guest whether he could confirm the High Commissioner's assurances regarding the attitude of the British Government in this connection, and after asking how best he could ensure the removal of certain British officials from the High Commissioner's staff, of whose attitude he did not approve, went on to say that he and his countrymen were determined to see that the policy of His Majesty's Government was faithfully carried out in accordance with the above assurance. Then, turning to Amir Rabi'ah and Shaikh Salim Khaiyun, who were among his guests, he suggested that should there be any signs to the contrary, the Amir Rabi'ah, with 20,000 armed tribesmen and Shaikh Salim al Khaiyun,

with his tribal following, would have to be reckoned with. He also had the temerity to associate the name of H.H. the Naqib with the same menace.

The High Commissioner has not the least doubt of the friendly attitude of the two chiefs referred to, or of the absolute integrity of purpose of H.H. the Naqib, but he considers that if he for a moment tolerated the utterance of such an unseemly threat of recourse to armed force against His Majesty's Government by a person in the responsible position of Saiyid Talib Pasha, he would be failing in his duty both to the people of this country and to the British Government. Accordingly, in the interests of law and order and good government, he felt called upon to ask the G.O.C.-in-Chief to arrange for the immediate removal of Saiyid Talib from the scene.

Saiyid Talib left Baghdad on the night of the 16th.

APPENDIX 7.

KURDISTAN.

The following communiqué from the High Commissioner was published by the Advisers in the Mosul, Kirkuk and Sulaimani Divisions, on May 6th, 1921—

"The High Commissioner has under active consideration the administrative arrangements to be made for the future of the Kurdish districts in 'Iraq. It has been represented to him that apprehension exists lest the interests of the Kurds should suffer by subordination to the national Government established in Baghdad, and that for this reason there is some demand for an autonomous regime.

At the same time the leaders of Kurdish opinion are understood to be fully alive to the economic and industrial ties connecting their areas with 'Iraq proper and to the inconveniences which separation might involve. In these circumstances His Excellency desires if possible to obtain an indication of the real wishes of the Kurdish communities. Should they prefer to remain under the 'Iraq Government, he is prepared to recommend to the Council of State a solution on the following lines:—

"*One.*—As regards the Kurdish districts of the Mosul Division which fall within the sphere of the British Mandate, a Sub-Liwa should be formed comprising the districts of Zakho, 'Aqrah, Dohuk and Amadiyah, with headquarters at Dohuk, the Sub-Liwa to be under a British Assistant Mutasarrif. Qaimmaqams for the time being should be British, but will be replaced by Kurds or Kurdish speaking Arabs acceptable to the Kurds as soon as competent men are forthcoming. This Sub-Liwa would be generally subject, for all financial and judicial purposes, to the National Government in Baghdad and would then naturally send representatives to the Constituent Assembly; but for the purposes of general administration the Qaimmaqams would address the Sub-Mutasarrif while administrative appointments would be made by H.E. the High Commissioner in consultation with the local authorities.

"*Two.*—The High Commissioner will endeavour to arrange to associate British officers with the administration of Arbil, together with Keui Sanjaq and Rawanduz, and will secure that in the appointment of Government officials regard will be had to the wishes of the people. Details should be elaborated as soon as the situation admits.

"*Three.*—Sulaimani will be treated as a Mutasarrifiq governed by a Mutasarrif in Council; the Mutasarrif to be appointed by the High Commissioner and to have a British Adviser attached to him. Pending the appointment of a Mutasarrif the British Political Officer will act in this capacity.

"To the Mutasarrif in Council will be delegated such powers, including right of appeal to the High Commissioner, as may be approved by the High Commissioner, after consultation with the Mutasarrif in Council on the one hand and the Council of State on the other.

"Qaimmaqams for the time being should be British to be replaced by Kurds as soon as competent men are forthcoming."

NOTE.—Appendices Nos. 3, 8, 9, 10, 11, 12, 13 and 14 have not been reproduced.

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For the Year 1918

BY

Mr. F. W. FIELD

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DEPARTMENTAL NOTE.

Trade Commissioners have been appointed by the Board of Trade since 1908 in each of the overseas Dominions—Canada (covering also Newfoundland), South Africa, Australia and New Zealand—with a view to the development of inter-Imperial Trade.

The Service has now been extended and, at the present time, three Trade Commissioners are stationed in Canada, at Montreal, Toronto and Winnipeg, respectively; two Trade Commissioners in South Africa, at Johannesburg and Cape Town; two Trade Commissioners in Australia, at Melbourne and Sydney; and one each in New Zealand, India (to cover Ceylon), and in the British West Indies at Trinidad. A Trade Commissioner is also stationed at headquarters, while it is proposed to station Trade Commissioners in the Straits Settlements, British East Africa, and at Bombay, at an early date.

The principal duties of these Commissioners are to advise the Board of Trade promptly of all opportunities which may arise for the extension of British trade; to report, as occasion requires, on the nature and extent of foreign competition with British merchandise, on alterations in customs duties and regulations and in commercial legislation generally, on financial and trade conditions, and on similar matters of commercial interest; to assist United Kingdom exporters in establishing trade connections abroad; and to furnish periodically lists of probable buyers of British goods. Most of this information is utilised by the Department of Overseas Trade (Development and Intelligence) either for publication in the weekly "Board of Trade Journal,"* or for communication to firms whose names are inscribed in the Department's "Special Register,"† or for communication to Chambers of Commerce and certain Trade Associations likely to be particularly interested.

The Commissioners also reply to all enquiries on commercial subjects which may be addressed to them by British manufacturers and merchants. It is in general desirable, however, that enquiries of this sort should be addressed, in the first instance, to the Department of Overseas Trade (Development and Intelligence) at No. 73, Basinghall Street, London, E.C.2, as that office is often in possession of the information sought, and is, consequently, in a position to save the enquirer much delay.

Trade Correspondents have also been appointed at various important centres in the Dominions with a view to supplying local trade information and replying to enquiries affecting local trade conditions.

* To be obtained through any bookseller or direct from H.M. Stationery Office, Imperial House, Kingsway, London, W.C.2, price 6d.

† This relates to information of a more or less confidential character. Details as to obtaining the advantages of the service can be obtained from the Comptroller-General of the Department of Overseas Trade (Development and Intelligence), 73 Basinghall Street London, E.C.2.

The addresses of H.M. Trade Commissioners in Canada and Newfoundland, to which enquiries of the nature above referred to may be sent, are as follows:—

CANADA—

- MONTREAL** Mr. G. T. Milne, O.B.E., 367, Beaver Hall Square, Montreal. (H.M. Senior Trade Commissioner in Canada.)
Telegraphic Address: "Britcom."
- TORONTO** Mr. F. W. Field, 257-260, Confederation Life Buildings, Toronto.
Telegraphic Address: "Toroncom."
- WINNIPEG** Mr. L. B. Beale, c/o Mr. W. J. Healy, Free Press Building, Winnipeg.
- NEWFOUNDLAND** ... Mr. G. T. Milne, O.B.E., 367, Beaver Hall Square, Montreal.
Telegraphic Address: "Britcom."

The following are the names and addresses of the Imperial Trade Correspondents in Canada and Newfoundland:—

CANADA—

- ALBERTA** Mr. J. F. Sweeting, Industrial Section, Natural Resources Department, Canadian Pacific Railway Offices, Calgary.
- BRITISH COLUMBIA** ... Mr. P. G. Shallcross, c/o Messrs. Shallcross, Macaulay & Co., Ltd., 144, Water Street, Vancouver.
Mr. J. J. Shallcross, c/o Messrs. Shallcross, Macaulay & Co., Ltd., P.O. Drawer, 730, Victoria.
- NEW BRUNSWICK** ... Mr. W. E. Anderson, 162, Prince William Street, St. John.
- NOVA SCOTIA**... .. Mr. E. A. Saunders, Board of Trade, Halifax.
- QUEBEC** Mr. G. B. Ramsey, 53, Dalhousie Street, Quebec.
- NEWFOUNDLAND** ... Mr. H. W. Le Messurier, C.M.G., Deputy Minister and Assistant Collector of Customs, St. John's.

Explanatory Note.—Mr. Milne, His Majesty's Senior Trade Commissioner in Canada, was transferred from Melbourne in 1918 and took up his official duties at Montreal in December of that year.

In view of the fact that Mr. Milne was only stationed at his post for a short period of the year in question, Mr. Field, who acted in the capacity of Imperial Trade Correspondent for some years prior to his appointment as His Majesty's Trade Commissioner at Toronto in April, 1918, has supplemented his detailed Report on the Trade of the Province of Ontario for 1918, with an introductory Report on the Trade of Canada for that year.

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(A) INTRODUCTORY REPORT
ON THE
TRADE OF THE DOMINION OF CANADA

For the Year 1918.

(By Mr F. W. FIELD, H.M. Trade Commissioner at Toronto.)

I.—GENERAL CONDITIONS.

Introductory Remarks.—The year 1918 found Canada's efforts almost entirely concentrated upon war work. Agricultural and industrial production, finance, employment and practically every other phase of activity were dominated by the desire to assist in bringing the war to a speedy and successful conclusion. When the Armistice was signed on 11th November, 1918, these activities were almost at their peak. A number of new war contracts had recently been obtained. Had the war continued a few weeks, the Dominion would have been engaged in what may be termed as its second great industrial effort, the filling of war orders for the United States and, to a lesser extent, the United Kingdom. The first great effort was the filling of United Kingdom and Canadian war orders.

The results of this war work have been—

- (a) A great increase in the capacity and volume of production of Canadian factories.
- (b) A somewhat unexpected termination of war orders and subsequent efforts to turn the production of works into peace lines. This transition was in progress at the end of 1918.

The financial conditions of the country are excellent. The raising of five domestic war loans, aggregating over \$1,400,000,000, was an achievement which even the most intimate students of Canadian conditions had not thought possible. The purchasing power of the Canadian market is probably at the highest point in the history of the country.

The two countries which made most headway in increasing their trade with Canada during 1918 were the United States and Japan. This was particularly the case in the early years of the war. When the United States entered the struggle in April, 1917, the condition was changed somewhat. The United States suffered to some extent, so far as its Canadian trade is concerned, in the way the United Kingdom had suffered for some time previously. The reputation in this market of United Kingdom goods is good, and it now remains for British manufacturers and traders to give the same vigorous attention in the matters of advertising and selling as is given by our chief competitors.

Financial Conditions.—As the purchasing power of a market depends so much upon internal financial conditions, a few statistics as to Canadian borrowings and banking will be of interest. In December, 1917, the Dominion Government placed restrictions upon the issue of securities generally, in order that ordinary issues should not interfere with the raising of war loans, in which the country made some remark-

able records. The following table gives statistics of the five war loans issued, the last two being known as Victory Loans:—

Date.	Amount.	Rate of Interest.
	Dollars.	
(1) Dec. 1, 1915... ..	100,000,000	5%
(2) Oct. 1, 1916... ..	100,000,000	5%
(3) Mar. 1, 1917... ..	150,000,000	5%
(4) Dec. 1, 1917... ..	420,000,000*	5½%
(5) Dec. 1, 1918... ..	689,000,000†	5½%

The number of subscribers to the first war loan of \$100,000,000 was 24,862. Subscribers, numbering 874,331, purchased bonds of the fourth loan, and there were 1,079,588 subscribers to the fifth and last loan.

With regard to the bond sales generally of 1918, a decrease of 20 per cent. occurred in the demand of the United States for Canadian bonds, a war situation resulting from the Liberty Loan sales in that country. The decrease was offset by a corresponding increase in the purchases by Canadians of their own bond issues. As will be seen from the following table, compiled by a prominent financial house, in 1918 Canada absorbed 95 per cent. of its own bond issues:—

Security.	Amount.	Sold in Canada.	Sold in United States.	Sold in United Kingdom.
	Dollars.	Dollars.	Dollars.	Dollars.
Government	\$704,632,729	675,869,396	25,600,000	3,163,333
Municipal	45,805,720	43,099,820	2,705,900	—
Railway	5,000,000	—	5,000,000	—
Public Service Corporation	2,375,000	1,375,000	1,000,000	—
Miscellaneous... ..	6,155,000	4,505,000	1,650,000	—
Total 1918	763,968,449	724,849,216	35,955,900	3,163,333
	100%	94.87%	4.70%	0.43%
Comparative figures for 1917	756,346,033	564,513,002	186,911,365	4,921,666
	100%	74.63%	24.71%	0.66%

The following is a record of Canadian bond sales for the five years ended December, 1918:—

Security.	1914	1915	1916	1917	1918
	Dollars.	Dollars.	Dollars.	Dollars.	Dollars.
Government	85,415,330	214,814,133	208,621,933	675,182,500	704,632,729
Municipal	84,388,431	66,508,073	49,893,763	26,104,067	45,805,720
Railway	59,405,666	37,915,665	15,920,000	22,566,666	5,000,000
Public Service Corporation	9,777,954	10,225,000	22,950,000	15,425,000	2,375,000
Miscellaneous	33,947,686	12,430,000	19,531,666	17,067,800	6,155,000
Total... ..	272,935,067	341,892,871	316,917,362	756,346,033	763,968,449

* Approximately \$400,000,000 allotted.

† Returns not complete. Allotment may reduce subscriptions by \$50,000,000.

‡ Government issues include \$3,500,000 Government of Newfoundland bonds and \$2,000,000 of the French Republic bond issue, both of which amounts were absorbed by the Canadian market.

The Canadian banks were of material help to the Canadian and other Governments in connection with war financing. They are in an exceptionally strong position. The bankers have been conservative in regard to their note issue, the increased issues usually being covered dollar for dollar by gold or Dominion notes in the Central Gold Reserves at Ottawa. The banks' ordinary customers were asked to keep their borrowings as low as possible, as the new resources of the banks were largely absorbed in loans to the Dominion Government. The deposit accounts continued to increase, the total deposits in December, 1917, being \$1,823,000,000, and in December, 1918, \$2,146,000,000. The current loans to business in Canada during the same period increased from \$858,000,000 to \$1,075,000,000.

Crops.—The value of Canada's field crops in 1918 is estimated in round figures at \$1,383,000,000, which compares with \$1,144,000,000 in 1917, \$886,500,000 in 1916, and \$552,700,000 in 1913.

The Census Department at Ottawa has prepared a provisional estimate of the crops for 1918, compared with 1917. Although there was an increase of about 2,600,000 acres in the sowing of wheat, the yield was 23,427,250 bushels less in 1918 than in 1917, owing to poor crops in the Middle West. The acreage and yield in other cereals show large increases. The estimate for the Dominion of Canada is as follows:—

Crops.	Acreage.		Production.	
	1917	1918	1917	1918
	Acres.	Acres.	Bushels.	Bushels.
Fall wheat	716,300	416,615	15,363,450	6,960,200
Spring wheat	14,030,550	16,937,287	218,379,400	203,355,400
All wheat	14,755,850	17,353,902	233,742,850	210,315,600
Oats	13,313,400	14,790,336	403,009,800	456,733,900
Barley	2,392,200	3,153,711	55,057,750	83,262,500
Rye	211,880	555,294	3,857,200	10,375,500
Peas	198,881	235,976	3,026,340	4,384,700
Beans	92,457	228,577	1,274,000	3,937,400
Buckwheat	395,977	548,097	7,149,400	11,469,600
Flax	919,500	1,068,120	5,934,900	7,695,000
Mixed grains	497,236	921,826	16,157,080	32,303,000
Corn for husking	234,339	250,325	7,762,700	6,915,600
Potatoes	656,958	735,192	—	—
Turnips, etc.	218,233	343,037	—	—
Hay and clover	8,225,034	10,544,625	—	—
Fodder corn	366,518	515,379	—	—
Alfalfa	109,825	195,250	—	—

Railways.—The creation of the Canadian National Railways by the Dominion Government was the principal event in railway circles in 1918. This was accomplished through the acquisition, by arbitration, of all of the capital stock of the Canadian Northern Railway Company, and later by the consolidation of that system's lines (through Order-in-Council) with the Intercolonial and Transcontinental Railways previously administered by the Minister of Railways. The combined system, now embraced under the collective title of Canadian National Railways, has been placed under one Board of Directors.

Government ownership has thus been put into effect with a system serving every province of the Dominion, having a total mileage of about 14,000 miles, or about 35 per cent. of the total railway mileage of Canada.

The average gross earnings per mile of line of the Canadian National Railways are about half the amount per mile earned by the Canadian Pacific Railway, being somewhat over \$5,000 per mile for the National System, as against over \$10,000 for the Canadian Pacific Railway. This position is ascribed by the president of the Canadian National Railways to the fact that certain of the territory served by some of the Government lines is partially developed.

The demand for ships placed upon the Canadian railways a large percentage of the tonnage of coal, wheat and general merchandise which had formerly been carried on the Great Lakes and the St. Lawrence. The growth of the munitions industry varied considerably the character, volume and direction of traffic. Overseas exports rose from approximately 1,000,000 tons in 1915 per annum to over 5,000,000 tons in 1918. Exports to the United States were swelled by the greater demand for Canadian raw materials caused by the growth of the munitions industry in that country and by the restriction of supplies from overseas.

The president of the Canadian Pacific Railway, at the end of the year, issued some interesting figures with regard to the increased traffic of the Canadian railroads. Where these railroads handled 3,146,295 tons of overseas freight in the first ten months of 1917, they handled 4,143,229 tons in the same period in 1918.

Where 1,200,000 cords of pulp-wood constituted the whole year's movement to the United States in 1917, the Canadian railroads moved one million cords in the five summer months of 1918 alone.

Where, in the months September, October and November, 1917, the railways moved 18,151,546 bushels of grain out of the Georgian Bay ports, they moved in the same period in 1918 45,328,310 bushels, including grain which the United States ports were too congested to handle. The volume would have been still higher had not the lake carriers been held up through the ravages of influenza among the crews. The epidemic took heavy toll of the railway workers, and at many elevators railway officials took the place of labourers in the elevators so as to load the cars promptly. In other cases they maintained the staff by sending motor cars inland to recruit workers of all kinds.

Where, between April and November 14th, 1917, the railways moved, in the Canadian West, 2,644,663 tons of Western Canadian coal, they handled in the same period in 1918, 3,589,800 tons. They would have handled more had Western consignees been in a position to store the coal as delivered.

The Canadian Railway War Board was formed when the volume of traffic assumed large proportions. Under this Board the resources of one road were available promptly for the needs of any other road faced with congestion. Traffic was routed by the shortest routes. Cars were conserved by the Board's campaign among shippers encouraging heavier loading and more prompt loading and unloading of equipment.

Minerals and Mining.—The production of all metals, with the exception of gold and silver, was greater in 1918 than in the previous year. In the case of nickel, zinc, pig iron and cobalt, the production was larger than in any previous year. The following table, compiled

by the statistician of the Mines Department, Ottawa, shows the mining production of Canada for the calendar years 1916, 1917, and 1918:—

Products.	1916.	1917.	1918.
Total mining production of Canada			
Dollars	177,201,534	189,646,821	220,000,000
Pig Iron short tons	1,169,257	1,170,480	1,182,000
Steel ingots and castings "	1,428,249	1,745,734	1,910,000
Copper lbs.	117,150,028	109,227,332	115,000,000
Zinc "	23,364,760	29,668,764	36,000,000
Gold Dollars	19,234,976	15,272,992	14,750,000
Silver ozs.	25,459,741	22,221,276	20,780,000
Nickel lbs.	82,958,564	82,330,280	90,000,000
Lead "	41,497,615	32,576,281	—
Coal short tons	14,483,395	14,046,759	15,180,000

The refining of metals begun in previous years was materially extended. The copper refinery at Trail, British Columbia, first placed in operation in 1917, continued operations throughout 1918, and greatly reduced the imports of refined copper. Lead and zinc refineries were operated practically to capacity, and the new refinery at Port Colborne, Ontario, for the production of nickel and copper from the Sudbury mattes, was placed in active operation on 1st July. Construction work on the nickel and copper refinery being built by the British-American Nickel Corporation at Deschenes, Quebec, made considerable progress.

In non-metallic products there was a large and increasing output of products, such as asbestos, chromite, feldspar, fluor-spar, graphite, magnesite, pyrites, &c. Of petroleum, the production of which has been steadily decreasing for a considerable number of years, a considerably increased output was obtained in 1918.

Fisheries.—The latest official figures are for 1917, and they place the value of Canadian fisheries at \$52,312,044. For 1918, nothing more than an estimate can be given; but with the development that has been a feature of that year, it is probable that the value will aggregate \$60,000,000. If this figure is reached it will mean that the annual value of the fisheries has increased 91 per cent. since 1914. The figures of the last-mentioned and intervening years are as follows:—1914-5, \$31,264,631; 1915-6, \$35,860,708; 1916-7, \$39,208,378; 1917-8, \$52,312,044. The exports of fishery products for the fiscal year ending 31st March, 1919, were valued at \$31,752,258.

Lumber.—A census of the lumber industry in Canada was completed for 1917 at the end of 1918 by the Dominion Bureau of Statistics, embracing 2,879 operating concerns, of which 52 were in Alberta, 251 in British Columbia, 29 in Manitoba, 255 in New Brunswick, 462 in Nova Scotia, 603 in Ontario, 60 in Prince Edward Island, 1,151 in Quebec and 16 in Saskatchewan. The total capital invested in the industry, including land, buildings and plant, machinery and tools, stocks in process and supplies, and working capital, is given at \$149,266,019.

The number of employees on salaries was 2,874 males and 285 females, who received a total of \$3,554,097. The average number of employees on wages was 25,516 engaged in logging operations and 28,820 in the mills, and their combined wages amounted to \$34,412,411. The aggregate value of production in 1917 was \$115,884,905. The census covered

9 kinds of lumber, 11 of shingles, 10 of lath, 6 of pulpwood and 10 of miscellaneous products, including cooperage stock, veneer, ties, poles, posts, dressed lumber, etc.

The principal kinds of lumber by species of wood used were: Spruce, 466,558 m. ft.; white pine, 791,609 m. ft.; Douglas fir, 706,996 m. ft.; hemlock, 322,722 m. ft.; cedar, 149,999 m. ft.; red pine, 119,321 m. ft.; balsam fir, 102,373 m. ft.; and all other varieties, including Custom-hewn lumber, 483,293 m. ft.

The total quantities and values of lumber, lath, shingles and pulpwood cut, and of miscellaneous products, were as follow:—

Kind.	Unit of Measure.	Quantity.	Value.
			Dollars.
Lumber	m. ft.	4,142,871	83,655,097
Lath	m.	616,949	1,828,018
Shingles	m.	3,020,956	8,431,215
Pulpwood	cords.	988,444	10,543,630
Miscellaneous Products	—	—	11,436,945

Immigration.—The official figures for the season, April to October, 1917 and 1918, are as follow:—

Years.	British.	United States.	Other Countries.	Total No. of Immigrants.
1917	1,524	53,039	3,122	57,685
1918	2,258	25,499	3,402	31,159

The authorities anticipate a heavy volume of immigration from the United States when conditions are normal, especially of the type suitable for agriculture. They hope, also, for a considerable volume of immigration from the British Isles.

Scientific Research.—The Canadian Honorary Advisory Council for Scientific and Industrial Research continued its activities in 1918. In co-operation with the Manitoba and Saskatchewan Governments a plant will be established in Southern Saskatchewan to test the commercial feasibility of carbonising and briquetting the Western Canadian lignites for heating in domestic furnaces. A systematic study of the rate of reproduction and growth of Canadian forest trees of the commercial species has been undertaken. The tar fog research, initiated in 1917, has been continued and may lead to the application to various works in Canada of a new electrical process for the recovery of by-products now lost in the destructive distillation of coal, wood, &c.

The research on sound measurements and fog signalling conducted in 1917 by Dr. Louis King, of McGill University, made further progress in 1918 and forecasts a new type of sirens for use in the St. Lawrence River and Gulf. Research work connected with the recovery of industrial alcohol from the sulphite liquor waste of Canadian pulp mills, points to the installation of recovery plants and the production in Canada at decreased cost to consumers, of the alcohol needed for industrial purposes and as a substitute for motor fuel.

Credit Conditions and Commercial Failures.—Credit conditions generally are good, and the outlook is satisfactory. The following table, compiled by Bradstreet's Mercantile Agency, gives a

record of the number of commercial failures in Canada, with the amount of assets and liabilities involved, for the calendar years 1914-1918:—

Years.	Number.	Assets Involved.	Liabilities Involved.
		Dollars.	Dollars.
1918	914	5,332,792	12,321,140
1917	1,110	6,255,056	13,661,301
1916	1,772	6,349,078	15,952,684
1915	2,626	14,354,692	32,380,501
1914	2,890	13,527,566	30,741,292

II.—INDUSTRIAL CONDITIONS.

War Work.—The war has given a marked impetus to industrial production throughout Canada. The census of manufactures for the year 1915 (taken in 1916) showed that the output of Canadian factories was valued at \$1,407,000,000. An industrial census for 1917 was taken in 1918. While the complete report has not been published, it is understood that the value of Canadian industrial production for the year 1917 will be shown at not less than \$2,400,000,000. Part of the increase over the figures of 1915 is due to increased values in commodities and part is due to the actual gain in the volume of production.

War orders have been the backbone of this notable change, and the activities of the Imperial Munitions Board, Ottawa, have played an important role in that connection. The value of orders placed in Canada by that Board is \$1,200,000,000. The amount furnished by the Imperial Government for these purposes from sources outside of Canada is \$400,000,000. The amount loaned by the Government of Canada and by the banks in Canada for purposes of the Imperial Munitions Board is \$600,000,000.

The following figures give a summary of Canada's work during the four years ended 1918, in the production of munitions of war, referring especially to the British contracts. The total number of shells produced was 65,000,000. The approximate number of components for which the Imperial Munitions Board let separate contracts was 800,000,000. In addition to the number of shells produced, a great number of components was exported. In the production of this material, steel has been used to the amount of 1,800,000 tons, and about 75 per cent of this steel was of Canadian production.

The approximate number of contractors in Canada was 1,000. The number of workers engaged in war contracts was from 200,000 to 300,000. The approximate number of persons employed in handling stores in transportation and other collateral organisations was 50,000, and the approximate total number of workers was 350,000.

According to an official statement issued by the Canadian Government, the operations of the Board were gradually extended into lines of war material other than steel. The forests of Northern British Columbia were called upon to provide spruce for aeroplane purposes and for wooden shipbuilding. To a lesser extent the timber resources of Ontario, Quebec, and New Brunswick were drawn upon for the same purposes. The mines of British Columbia were producing copper, zinc and lead. Those of Ontario and Newfoundland were producing steel. The Province of Quebec was supplying asbestos, aluminium, carbide and other mineral products in large quantities. Ontario was providing nickel, silica and carbides, and in collaboration with the Canadian Department

of Mines there was an extensive production of alloys used in the manufacture of high-speed tool-cutting steel.

The development of the explosive and propellant industry in Canada was also an important achievement. It was the policy of the Board to establish National works for the purpose of stimulating any important line of production which private enterprise was unwilling or unable to carry on, and seven of these works, representing a capital investment of \$15,000,000, were operated under the immediate direction of the Board. The two largest works manufactured explosives, and these, with privately-owned plants, produced up to June 30th, 1918, upwards of 100,000,000 pounds of high-grade explosives and propellants.

One National plant was devoted to the manufacture of aeroplanes for training purposes (over 3,000 of which were produced), and later to the construction of bombing planes for the United States Navy. Aeroplane engines of high-grade were manufactured.

The Board acted as general and exclusive purchasing agent on behalf of the War Office and Admiralty, and the British Timber Controller, Department of Aeronautics, and Ministry of Munitions.

The Board also acted as agent for the United States Ordnance Department in arranging contracts for munitions and supplies, placed by the United States Government in Canada. According to a statement in December, 1918, of a member of the Canadian War Mission to Washington, that body was able to secure business for Canada amounting to almost \$200,000,000. Part of this business was cancelled owing to the signing of the Armistice.

With regard to some of these developments, the annual report for 1918 of the Consolidated Mining and Smelting Company, which carries on large operations in British Columbia, stated:—

“The continuous increase of the scale upon which the company has been operating for the purpose of meeting the copper, zinc and lead requirements of the Imperial Munitions Board, and the development of new processes, especially those involved in the electrolytic treatment of complex zinc ores, have involved the expenditure of a large amount of money for new plant, but your directors hope that the result will be that the company will thereby be able to produce metals profitably at prices which may be expected to prevail under peace conditions.

“It must be realised that war activities have resulted in the establishment on a firm footing in Canada of industries engaged in the production of high-grade zinc and refined copper. The fabrication of these metals is bound to follow in due course.”

Iron and Steel.—The total production of steel ingots and castings in 1918 is officially estimated at 1,910,000 tons, as compared with 1,745,734 tons in 1917. The 1918 production includes approximately 125,000 tons of steel made in electric furnace plants and 1,785,000 made in open-hearth and other steel furnaces. The production of electric furnace pig iron in 1917 was 13,691 tons, and the production of steel in electric furnaces in 1917 was 50,467 tons.

The capacity and output of the steel works of Canada have been greatly enlarged. The Nova Scotia Steel and Coal Company have installed another blast furnace. The Dominion Steel Corporation have built new by-product coke ovens.

The announcement late in 1918 by the United States Steel Corporation of general reductions of steel prices in the United States was naturally a matter of interest to Canadian mills, who have to meet the keen competition of that country. The policy of the United States mills, it is gene-

At the launching of the first vessel, Hon. C. C. Ballantyne, Minister of Marine, said:—

“I have always been a great believer in Canada possessing the necessary enterprise, skill, and ability to build steel ships, and I am naturally very pleased and proud to-day that our country is making such progress in this new enterprise; and I hope that as the builders of steel ships in Canada gain more experience and knowledge they will be able to compete more effectually with other countries that have been so long in the shipbuilding industry.”

The Canadian Government vessels will be operated in conjunction with the Canadian Government railways. The boats will be placed on the Atlantic and Pacific oceans as well as on the Great Lakes.

In a statement issued by the president of the Canadian National Railways in December, 1918, with regard to the outlook for the Canadian Government railway and steamship transportation system, it was stated:—

“We feel that the system, with its lines extending from tidewater in the east to tidewater in the west, is in an exceptional position to perform transportation service in the interests of Canada, and that the development of the country will provide the traffic required to make such a return as will justify the action of the Governments which have previously aided the construction of the lines. We look to the future with confidence that Canada's natural resources will be developed; that her mineral wealth will be utilized to her greater benefit; that her forest reserves will be better used (that is, with conservation); that her industries will be enlarged; that her great agricultural areas will be widened and made more productive, and that the progress from time to time made will continue to attract people from less favoured countries.

“Development of Canadian ocean transportation on the Atlantic and on the Pacific will also be necessary to encourage the above activities, and in this matter also the national system will be a prominent factor. The programme in this regard is a very large one, as it is expected that between 30 and 40 steamships flying the Canadian Government merchant marine flag will be in the service during the year 1919.

“This service will, in all probability, be world-wide, the aim being to provide carrying bottoms in the interest of Canadian industries, so that new markets may be reached and trade to established connections be maintained and expanded.”

Pulp and Paper.—There are more than 80 incorporated companies and other concerns engaged in operating pulp and paper mills in Canada. They have an aggregate invested capital of about \$200,000,000. No single industry, other than hydro-electric power development, employs a larger amount of capital. The value of its products reaches a total of more than \$100,000,000 a year, the greater proportion of which is marketed abroad.

Exports of these products for the fiscal year ending March 31, 1918, inclusive of unmanufactured pulpwood, reached a total value of \$71,754,425, exceeding in value that of the total exports of manufactured products five years earlier.

The pulp and paper products of Canada also find a market in the United Kingdom, France, Australia, South Africa, India, Japan, Mexico, Cuba and South America. The overseas demand for a pulp and printing paper is large and is restricted chiefly by the limitations of available ocean tonnage.

The Canadian Pulp and Paper Association of Canada have expressed the opinion that, with proper encouragement, there is no reason why

Canada should not lead the world in supplying the demand for pulp and paper.

Motor Cars and Trucks.—This industry is practically centralised in Ontario. In 1918, there was an increase in motor vehicle registrations in Canada of approximately 62,980. The number of motor vehicles registered in the various provinces of Canada in 1913 and in 1918 is shown in the following table compiled from the statistics of various provincial organisations:—

Provinces.	1913.	1918.
	No.	No.
Ontario	23,700	114,155
Quebec	5,452	28,333
Nova Scotia	511	8,103
New Brunswick	824	6,475
Prince Edward Island	26	481
Manitoba	5,406	24,389
Saskatchewan	4,659	39,782
Alberta	3,773	29,500
British Columbia	6,138	15,828
Total	50,489	267,046

For further particulars regarding this industry in the Dominion, see the appended Report on the Trade of Ontario.

III.—IMPORT TRADE.

In the Appendix (B) to this Report, will be found a Table of the Imports for consumption of dutiable and free goods into Canada from various countries for the two years ending 31st March, 1914 (the last full pre-war year), and 1918.

In the following table the relative value of imports of merchandise for consumption in Canada during the years ending 31st March, 1914, 1916, 1917 and 1918, from the United Kingdom, the United States and Japan, are placed side by side for purposes of comparison.

Years ending 31st March.	Value of Imports of Merchandise for consumption into Canada from					
	United Kingdom.		United States.		Japan.	
	Dutiable.	Free.	Dutiable.	Free.	Dutiable.	Free.
	Thousands of Dollars.					
1914	102,376	29,694	249,483	146,083	1,464	1,140
1916	52,009	25,395	199,467	171,030	2,178	1,837
1917	75,505	31,592	332,039	332,180	6,094	2,028
1918	68,047	23,277	429,299	362,607	9,780	2,476

Some of the effects of war conditions upon Canadian import trade are reflected in the statistics of imports from the United Kingdom, the United States and Japan. Canadian imports, in round figures, from the United Kingdom declined from 107 million dollars in 1917, to 81 millions in 1918, a decrease of approximately 24 per cent. In the same period, imports from the United States increased from 664 millions to 792 millions, a gain of 19 per cent. and imports from Japan rose from 8 millions in 1917 to 12 millions in 1918, an increase of 50 per cent.

Between 1915 and 1918, the Canadian imports from the United Kingdom declined from 90 millions to 81 millions, a decrease of 10 per cent. During the same period, the imports from the United States increased from 296 to 792 millions, a gain of 496 millions, or 160 per cent. Much of this increase was represented by raw materials and machinery required in Canada for the munition factories and war purposes generally. A substantial part of the increase, however, represented trade which in normal times went to the United Kingdom. Between 1915 and 1918, the Canadian imports from Japan increased from \$2,780,000 to \$12,250,000, a gain of 340 per cent.

As was the case a year ago, the most noticeable feature in comparing the imports of the United States and the United Kingdom was the increased trade of the United States in cotton goods. The decreased importations from the United Kingdom in woollen goods, foodstuffs, chemicals, and the other lines which in normal times the United Kingdom is able to supply, were due to war conditions. With the return of peace, the United Kingdom should, by giving serious attention to this market, be able to regain its pre-war trade, and in due course, increase the volume.

(B) REPORT
 ON THE
TRADE OF THE PROVINCE OF ONTARIO
 For the Year 1918

(By Mr. F. W. FIELD, H.M. Trade Commissioner at Toronto).

INTRODUCTION.

While the province of Ontario is but one of nine Canadian provinces, its general record gives it a prominent place in Canadian agriculture and industry. Of the manufacturing output of the Dominion, Ontario is responsible for half, and of the agricultural production, about one-third. Of the Victory War Loan of over \$685,000,000 in 1918, its people subscribed 48 per cent. and 48 per cent. of the subscribers were in Ontario. The province accounts for 46 per cent. of the mineral production of Canada and 30 per cent. of the wool clip. Of the shipbuilding orders placed in the Dominion in 1918, over 30 per cent. went to Ontario yards. A number of industries are centralised in this area, such, for example, as the motor car, bicycle, furniture, nickel, glass, oil, rubber goods, sporting goods, telephone, woollen yarn and many other industries.

About 55 per cent. of Canadian imports come to Ontario. Toronto, Hamilton, London and Windsor are among the principal distributing points. The reason for this position as a distributor is that the province is one of the most important producing and consuming sections of the country. The farmers are large producers, and the cities, towns, and villages throughout the province are hives of industry. Ontario is a leading shipper of all kinds of goods to the Western Canadian market and is one of the principal sources of supply for the large quantities of manufactured goods that go to Western Canada.

The province possesses not only the undeveloped lands and natural resources which are common to other sections of Canada but, in addition, it has an exceptionally solid foundation of some duration in its agricultural, industrial and mineral output. In other words, it combines the financial and general stability of older communities with the vigour and valuable future prospects of younger countries.

In this, the first report compiled for the Department on the trade and industry of this province, since the establishment of a Trade Commissioner at Toronto, it is perhaps permissible to indicate briefly the importance of the area, its resources and industry.

Ontario, with a population of 2,750,000 or about 30 per cent. of the Canadian population, includes 230 million acres of land, of which only 13½ millions are under cultivation. More than 20 million acres of the arable land await the plough. Ontario is 3½ times as large as the British Isles. From east to west its borders are 1,000 miles apart, and from north to south 1,075 miles. Timber licences have been issued for only about 10 per cent. of the 200,000 square miles of wooded land. Extensive forests of pine and other woods are yet untouched. Practically all minerals excepting coal are found in Ontario, and there are 4,300,000 h.p. in water power still undeveloped. The value of farms in Ontario, including lands, buildings, implements and live stock, is estimated at

\$1,480,000,000, yielding an annual gross return of at least 23 per cent. of their value.

Bordering on the Great Lakes, and with one-third of Canada's railway mileage, and five canals within its borders, every advantage of transportation is available. Northern Ontario's clay belt stretches west and north from the Ottawa River, along either side of the Grand Trunk Pacific Railroad, right to the Manitoba boundary.

Ontario's forest products are worth \$35,000,000 annually. Minerals averaged \$46,000,000 annually for the past five years, of which \$32,600,000 was metallic—chiefly silver, iron, nickel, gold and copper. Natural gas worth \$16,000,000 has been obtained in the last ten years, and in the same decade four million barrels of crude oil.

Ontario's annual agricultural production on an average of several years' returns, approximates \$365,000,000. This estimate is made up as follows:—

Field crops (or 39 per cent. of the total Canadian production)	\$	210,000,000
Dairy products		40,000,000
Fruit (75 per cent. of all Canadian fruit is grown in Ontario)		20,000,000
Tobacco		2,000,000
Live stock		93,000,000

The utilities necessary for development are probably further advanced in Ontario than anywhere else in Canada. There are 50,000 miles of highways and 10,000 miles of colonization roads.

This, briefly, is the market of Ontario in which the United States has established so many branch factories and in which it is believed far greater quantities of United Kingdom merchandise will be sold in the future, while at the same time Canadian industry will make important strides.

I. SUGGESTIONS FOR UNITED KINGDOM MANUFACTURERS AND EXPORTERS TO ONTARIO.

In recording below some notes as to ways by which United Kingdom trade in Ontario may be enlarged, there is no desire to criticize the United Kingdom manufacturer. He knows his own business better than anyone. It is unnecessary to tell him what a splendid reputation British made goods possess the world around or that improved methods of marketing are desirable in several directions. While the demands of various markets may, in time, become more standardized, to-day, each market or group of markets calls for certain deviations from this or that standard. In Canada, this is notable. The Canadian market must be given special consideration by the manufacturer. It cannot be treated in the same manner as are certain other markets, even although the others may be in the British Empire. The competition of, and our proximity to, the United States are, to some extent, responsible for that condition. Some of the notes which follow may already be the practice of certain firms; to others, they may offer assistance. Certain it is that United Kingdom firms as a group are not, by any means, doing all that can be done to increase the volume of British trade in Ontario. For that reason, some of the general failings are discussed here. Thirty irritating factors, each one comparatively trifling perhaps, make, in the aggregate, a serious barrier to the extension of trade. The effect of this barrier is doubly disastrous when it does not exist so far as our chief competitor is concerned.

The value of this market is materially increasing and as time progresses, British North America will become a market of greater value than can be estimated now. Those firms which grow with the market will have the more substantial advantages. A number of our competitors have already grown with it for a considerable period.

United Kingdom firms who are treating Ontario and Canada, generally, as a part of their United States agency arrangements, should give thought as to whether or not this is the best method of dealing with a comparatively new market of rapidly increasing purchasing power. The significance of this matter is realized when we see so many United States firms treating the Canadian market as a separate unit.

Representation.—When comparing the extent of a competitor's business with that obtained by their own Canadian agency, the United Kingdom firm should also consider the measure of support afforded their local representative as compared with that given, say, by an United States house. The United States firm, while sometimes making mistakes, usually appoint the right man as agent. They allow him adequate expenses (a matter which is still a complaint by many representatives of United Kingdom firms); and they allow him considerable freedom of action. It is obvious that a man hampered by inadequate allowances and other restrictions, is at a great disadvantage in competition with a man who can act in big matters almost as a principal of the firm. There is little danger of unsatisfactory reaction upon the United Kingdom firm, if the man they appoint is the right man. British trade here has undoubtedly suffered by the appointment, in many instances, of very unsuitable local representatives. A number of agents have carried goods of which they have little knowledge. As a result, many British firms complain of the lack of results and the waste of energy and money in endeavouring to develop Canadian business. The reflection is as often

as not on Canada, and this is unfortunate. To overcome this it is necessary that more judgment be used. This would prevent firms constantly changing agents or abandoning the market altogether.

The right man as agent, with the fullest possible support from the head office, is the keynote of the situation.

It is not often difficult for our firms to satisfy themselves as to the suitability of representation, and the financial and other arrangements made should always be satisfactory to British firms.

The experience of this office has been that among the numerous local applicants, firms and individuals, applying for United Kingdom agencies are many who are quite unsuitable for the representation of British trade in this area. It would appear to be very desirable and in the best interests of United Kingdom firms, were they to consult the Trade Commissioners before making appointments of local agents. It is not sufficient for a prospective agent to state in his correspondence with United Kingdom firms that their name has been obtained by him from this office, because in some cases he may have obtained names and addresses from trade journals on file on the reading table and at the same time failed to register his requirements, references, &c., at this office.

The appointment of a good local agent means much towards success. Poor representation not only harms the business and prospects of the individual firm, but also of United Kingdom trade generally. Here is an actual example. The Canadian agency of a United Kingdom house selling a certain line of dry goods was placed in the hands of a man who had no knowledge of the line he was selling, no experience in the trade, and an inadequate connection with the trade. His sales for six months were very small; he sub-let his agency. Finally, the agency was placed with first class representation, with the result that within one year the value of the United Kingdom firm's sales in this market had increased by over 9,000 per cent.

There are times when business conditions are poor and British firms' Ontario representatives find it impossible to secure a satisfactory volume for their principals. During periods of trade depression, it is not advisable or desirable to sever connections with a good local agent, as some British firms did, for example, at the outbreak of war. A satisfactory local agent is an excellent asset, and it is a far better policy to make some arrangement to retain his services even when a dull business period arrives. This is done by our principal competitors in this market. A Toronto agency, for instance, was paid a substantial monthly retainer by a German house in New York, one of their principals, despite the fact that business was not obtainable in Ontario in their line for a considerable period. The German house wrote the Toronto firm saying: "Even if you cannot sell goods at present, your experience and knowledge of the market are of value to us. Send us a detailed monthly report of conditions and the outlook in our line."

Other reports with regard to the Canadian market have pointed out the heavy expenses involved in doing business in this area. Travelling entails considerable mileage and substantial costs. Office help is expensive, and even such services as those of the office charwoman, window cleaner, &c., bring remuneration much heavier than in the United Kingdom. These and similar matters must be recognised when making arrangements with local agents for representation.

After an agent has built up a good business for a British firm, every consideration should be given to his efforts. It has sometimes occurred that a firm have given their agency to a local house who have gradually worked up a good business; then the British house have taken the agency away, placing it elsewhere or handling the business direct. A good

agent usually does considerable missionary work for his principals, sometimes extending over several years, before results of any great value accrue. That it is unfair to withdraw the agency, unless for a breach of faith or a contract or other serious cause on the part of the agent, is obvious.

Goods on Consignment.—Another question which British exporters may consider with advantage is that of shipping goods on consignment to their agents. Repeats frequently go to the United States because of proximity, and thus a certain volume of business is lost. This is applicable only to staple goods which would not deteriorate in quality or depreciate in value.

Invoices.—Complaint is still made by customs brokers and others that the Canadian invoices of United Kingdom firms frequently are not made out correctly. The stress of war conditions may have aggravated this condition, and it is hoped that when normal times return an improvement will occur. The chief points arising in 1918 were in regard to the following matters:—

- (1) Country of origin.
- (2) Fair market value.
- (3) Number of invoices forwarded.

As is generally known, compliance must be made with the following condition with regard to goods imported under the British preferential tariff:—

“6 (B) That each article on this invoice is *bona fide* the produce or manufacture of a country entitled in Canada to the benefits of the British Preferential Tariff and specified on the invoice as its Country of Origin, and that each manufactured article on the invoice in its present form ready for export to Canada has been finished by a substantial amount of labour in such country and not less than one-fourth the cost of production of each such article has been produced through the industry of one or more British countries.”

The words “Made in the United Kingdom” or “in England,” and so on, should appear on the face of the invoice. The words “British made” are insufficient.

The invoice calls also for the fair market value (of each item invoiced) as sold for home consumption *at the time shipped*. Errors of statement in this matter have caused considerable annoyance and delay here.

At least three invoices should be sent in respect of each shipment and four, if the local agent so desires, two for the customs authorities, one for the customer and one for the agent's files.

Here are the particulars of an arrangement which is operated between a successful local agent (working on commission) and a well-known British manufacturer. The United Kingdom manufacturer makes out his invoices in triplicate for Customs purposes. These are sent direct to the Canadian customer. A copy is also sent to the manufacturer's agent who has placed the order. The sequence of the items on the invoice correspond as far as possible with the arrangement of the items on the order placed by the agent with the United Kingdom manufacturer. In addition, the United Kingdom manufacturer sends a sample list with samples and numbers in exactly the same sequence as the items of the agent's order placed with the United Kingdom firm. A copy of this sample list is sent both to the agent and the Canadian customer. This arrangement has proved, in this instance, satisfactory to everyone concerned.

New York Agencies.—Some United Kingdom British firms handle their business in Ontario through agents in New York. This is frequently an economical method, both the Canadian and United States business being dealt with in the one office. The question arises from time to time as to whether or not British trade here would be better served by separate agencies for Ontario (or Canada) and the United States. While the Ontario demand may not be large at present, the purchasing power of this area is rapidly increasing and those firms who have an established Ontario (or Canadian) representation, have as a rule a much better opportunity of obtaining an increasing share of the business offering. The fact that United States firms, who are so much nearer to Ontario than are United Kingdom houses, often establish separate Canadian agencies rather than doing the business from their headquarters in the United States, tends to strengthen this contention. In one case, a British firm's Canadian business was handled through a New York house who placed the Canadian agency in the hands of a departmental store on a three years' contract. Obviously this was not in the best interests of the British firm and would not assist in extending their trade here. In short, it will do no harm for British firms to review their position in this respect. In many cases, the present arrangement would probably stand; in others, a change would be found desirable.

Designs and Patterns.—The complaint that United Kingdom manufacturers sometimes fail to make the pattern or design especially desired in this market, is not a new one. It was pointed out in "The Board of Trade Journal" of 1st August, 1918 (page 144) that there were faults on both sides and the hope was expressed that the future would remove them. The impression, however, is firmly rooted here and it will require some very practical work to change the opinion. In one line, for example, it has been stated that the United Kingdom could have practically all the business were the design, peculiar to this continent, adopted. In the meantime, the bulk of the business has been going to France and, during the war, to Japan.

One reason given for the refusal to change patterns and designs is the comparatively small demand here for this or that line. It does not pay the manufacturer to change his designs for small orders. This is a substantial reason. On the other hand, local buyers state that many of our competitors are making the special patterns called for here and are also selling the patterns in other markets so that in time the United Kingdom may have to compete with the same designs in markets other than those of this continent.

Advertising.—Firms of United States origin are among the largest patrons of advertising space in the Ontario market, Canadians being almost as notable advertisers. United Kingdom firms doing business here are, generally speaking, small advertisers and not numerous. Only in comparatively few instances have extensive advertising campaigns been undertaken by our firms in Ontario. It is fairly safe to assert that good results have accrued from this policy, when the advertising has been properly planned and directed.

It is notable in the case of the advertising of our competitors that they always feature in large type the name and address of their Canadian branch or agents. This is a very important matter and is frequently omitted from the advertising of United Kingdom firms. The value of advertising here is materially lessened when there is no local representation.

It is possible to find in many trade journals the advertisements of competing United Kingdom and United States houses, the former giving

only their English address, and the latter giving both their home address and their Ontario representation, with full particulars as to telegraphic and telephonic communication. In a district such as this, where business is, in so many cases, done with the minimum of delay and along the line of the least resistance, this difference in methods of advertising may frequently mean the difference in obtaining or losing trade.

Another matter which has been highly developed by American and Canadian advertisers is the change of copy for advertisements. Many advertisers change their copy as often as once a week for weekly publications. Others change their copy every few weeks. The copy is usually striking, well written and demands the attention of the reader. On the other hand, a number of United Kingdom firms allow the same advertising copy to be printed without any change, month after month, year after year. If a cut is used it becomes worn and ultimately loses its attractiveness in the advertisement. The cost of changing copy in advertising is comparatively slight and, judging by the standards and requirements of the Ontario market, the results are worth the expenditure.

The manufacturers of this continent look upon advertising in the daily, weekly, monthly, trade and technical press as a first class investment. While this may be the same in the United Kingdom, the policy of the United Kingdom firms, so far as advertising and publicity in this market is concerned, is, generally speaking, weak. Yet, with the keen competition to be met in all lines and in a market which buys largely the goods for which publicity has helped to create a demand, it is necessary to have a continually favourable atmosphere to assist the salesman. Spasmodic advertising is of little value. A well prepared and properly conducted campaign, occupying a long period, then to be renewed, gives the greatest service. This market lacks the favourable publicity atmosphere which our competitors have here and a change in this condition is a matter of great importance.

Catalogues.—The tendency of manufacturing and other firms in this area to standardize the sizes of catalogues has been discussed in previous reports. With the strengthening of the local custom on the part of public bodies, manufacturers, &c., of appointing purchasing agents, catalogues are assuming a larger importance in this market.

Loose leaf catalogues have grown in popularity. Here, for instance, is a press description of such a catalogue issued by an United States firm with a branch factory in Ontario:—

“The.....Company are distributing a booklet describing various types of..... This booklet forms Section No. 100 of the company's catalogue and contains 111 pages. The plan now followed by the company, in order to simplify the catalogue and also to keep up with improvements which are made from time to time, is to replace the bulky catalogue with sections, which are easily and quickly replaced without affecting the rest of the catalogue.”

It is desirable that firms issuing catalogues should send them to the interested trade and technical papers in this area with a request that they should acknowledge receipt in their reading columns under such a heading as “Publications Reviewed.” These journals are usually willing to do this. In the case of catalogues which contain, in addition, valuable trade information, a request may properly be made for a short editorial review of the volume.

While this office is frequently able to send United Kingdom manufacturers lists of firms and organizations likely to be interested in certain

catalogues, it should be borne in mind that the mere circulation of catalogues here does not obtain business of value. Only in very rare instances is business obtained in that way. A number of British houses send catalogues to this office from time to time with the request that inquiries made for their goods should be forwarded to them. It must be clear to these firms, upon further consideration, that buyers only occasionally seek the assistance of this office, because salesmen of so many aggressive and competing firms are constantly calling upon the buyers. Broadly speaking, this is a market in which the vendor must come and offer his goods, pushing them extensively in order to meet the keenest possible competition from other countries. Most of those who hope to build up a business of value merely by the circulation of catalogues, circular letters, &c., are doomed to disappointment.

Moving Pictures.—In December, the Provincial Treasurer of Ontario, whose Department has jurisdiction over the moving picture theatres of the province, issued a letter to theatre proprietors stating that his attention had been drawn to the practice of showing motion pictures of foreign troops, flags, &c., and that pictures of Canadian and British troops, flags and scenes were seldom shown. While acknowledging the great assistance of foreign nations in the war, he requested that greater prominence should be given, and more frequently, to Canadian and British troops and flags. The request brought excellent results.

The incident is recorded here because it leads to another phase of the matter, namely the use of the moving picture theatres in this area for legitimate propaganda work on behalf of the trade, industries and resources of the United Kingdom and of the Empire generally. It is a work for which undoubtedly strong support could be obtained locally. The motion picture theatres in this country have at present to depend almost entirely on supplies of films from the United States exchanges. Naturally the current events, the people, the resources, the industries, &c., of that great Republic are constantly being placed before the citizens of Ontario in this way. There is a well defined need for an adequate and constant supply of motion pictures of Canadian and British subjects generally.

Keeping in Touch with One's Countrymen.—A large number of British born trade specialists are resident in Ontario. They are found as buyers of dry goods, hardware, and other establishments, as heads of engineering and shipbuilding works, as superintendents of machine shops, as the practical men in the textile mills, and so on. They have been brought up in the trade in the United Kingdom and have an expert knowledge. They hold a unique position as a group in this market, equalled perhaps only by a similar group from the United States.

In the case of our competitors, the employment of United States experts in Ontario works is used as a legitimate lever for the promotion of United States trade with Ontario. The United States manufacturer does not lose sight of the fact that one of his countrymen is, say, a purchasing agent in an important shipbuilding yard. He does not allow the purchasing agent to forget that such a firm exists and is selling shipbuilding machinery and materials. In turn, the purchasing agent carries a substantial regard for the manufacturers of his own country and puts it into practical form whenever possible. It is what the Americans call "team play" in business. In our own case, this is lacking and it is not, generally speaking, the fault of the resident agent, superintendent or manager here. It is most frequently the lack of attention which the British firm devotes to the market. He does not enjoy the intimate

business relationship with his own countrymen in this market as does his competitor.

Visits to Ontario.—Visits to Ontario by principals of firms or other representatives who are well qualified to observe and analyse the characteristics of a market are almost invariably productive of excellent results. These visits are everyday occurrences for the United States business man who frequently travels a long distance. There is nothing quite as satisfactory as a personal survey of the market. It is of considerable value in itself and also in its application to reports afterwards received from time to time from various sources on the trade of the market. It clarifies and strengthens the relations between the firm and their Canadian agents. Visits of United Kingdom representatives to Ontario have been far too infrequent. When they are made, ample time should be allowed, so that a proper appreciation of the market may be obtained, rather than the cursory and incorrect impressions which are often gained from a too hasty trip. The Ontario representative of several United Kingdom dry goods manufacturers recently remarked:—

“I always endeavour to impress upon my principals the desirability of visiting this market to study its requirements and to get a first-hand acquaintance with its possibilities. Many look dubiously at the cost and the time spent thus, but I feel it is money and time well spent; it increases knowledge and confidence.”

British representatives and parties of commercial or professional men are assured of a cordial welcome and every assistance from the business community of Ontario. The importance of this matter cannot be too strongly emphasized.

A number of direct representatives of United Kingdom firms visit this market each year, returning home after a short stay here. While many of them get into touch with this office, others do not do so. While undoubtedly these visitors usually have trade connections, it is often possible for this office to afford them information of some value during their visits. This has invariably been the case with those who have called. It would be a matter of gratification to this office were all the directors and other representatives of United Kingdom firms visiting Ontario to give the office an opportunity of assisting them.

Engineering Practice.—British engineering standards and practices are not as dominant here as would appear to be desirable in the interests of British trade. This is partly due to the number of United States engineers practising in or periodically visiting Canada; to the training received in United States works by many young Canadian born engineers; and to the large number of local or visiting representatives of United States manufacturers of engineering equipment. The United States engineers, in at least two cases, have established Canadian branches of their parent technical organizations. The engineer, the manufacturer and his agent, enjoy legitimate relations, which automatically work for the benefit of United States trade.

There are certain logical reasons why the United States engineer and his commercial colleague have had, and will always have, an important share of the business here. On the other hand, there is no good reason why the United Kingdom should not have a much stronger position in this respect. It would be of incalculable benefit were a number of young Canadian engineers graduating from the Universities each year, to receive their training in United Kingdom works. They would return to Canada as Canadian engineers with United Kingdom training and a knowledge and appreciation of our standards and methods which would

be of great value to them, to British engineering practice and incidentally to British trade. This should be supplemented by a greater number of visits to Canada by principals and other representatives of United Kingdom engineering and electrical firms and a more aggressive representation of British engineering firms generally.

Conventions.—A large number of trade and similar conventions are held in this area every year. It is noticeable on almost every occasion that on the platform with the chairman is a representative of the similar organization of the United States. In other words, the national organizations of Canada and of the United States are represented, but seldom those of the United Kingdom. This is primarily because of the proximity of the United States and this interchange of visits by the heads of national trade organizations has an effect on trade. The organizers of Canadian trade conventions would undoubtedly welcome at their gatherings the presence of a representative from similar organizations in the United Kingdom. On certain occasions, this would be of distinct advantage to the interests of British trade here.

Correspondence with Ontario Firms.—An excellent impression is created when United Kingdom firms reply to all correspondence received from this market, whether or not at the time they happen to be interested in the writer or his inquiry. A local importer informed me, that prior to the war, he had written to twelve British and to twelve German firms. From Germany, there were received twelve replies; from the United Kingdom, only three. In many cases, the German firms were not interested in the inquiry, but they acknowledged the letter and sometimes passed the inquiry along to a firm whom they knew would be interested in the matter.

Correspondence with the Trade Commissioner's Office.—A number of letters were received during the year from United Kingdom firms forwarding catalogues and lists but without indicating in what way, if any, assistance was desired. It is of material assistance to this office when it is made clear as to exactly what information is required. Specific questions sent for reply usually bring the most satisfactory results.

II.—ECONOMIC CONDITIONS IN ONTARIO.

General Conditions.—The fourth year of war found Ontario doing its full share in the conduct of the war. In addition, its activities in industry and agriculture reached a very high point. Radical changes have naturally occurred in the market. German and Austrian trade has been eliminated and he will be a bold salesman who, after the war, offers goods of enemy manufacture, so marked. Local buyers are apprehensive that enemy goods will be marketed here with the stamping of countries neutral during the war and through neutral salesmen. It is anticipated also that whatever restrictions may be imposed on enemy trading, a determined attempt will be made by enemy countries to regain business which has been lost during the past few years.

The most active competitors of British goods during the early stages of the war were the United States and Japan. In 1918, on account of the war work of the United States, that country's trade with Canada in many normal lines decreased considerably, although in other directions (certain raw and semi-finished materials for example) there was a gain. This fact, together with the many restrictions on trading, to some extent placed the United Kingdom and the United States in a similar position, so far as war time business was concerned. It must not be overlooked that with the resumption of peace conditions, one of the most aggressive competitors of the United Kingdom in this market will again be the United States. They undoubtedly will strengthen their position in Ontario both by the establishment of further branch factories and by more extensive selling organizations and publicity. The exceptional activities of the Japanese in this area are also a matter of important consideration.

The progress of Canadian production has been notable and is referred to at some length in subsequent pages. It is a development which will be welcomed as a factor still further strengthening the position of the British Empire as a commercial unit in the world's markets.

A survey of the situation indicates that there is considerable business to be obtained by the United Kingdom in Ontario. The quality of British manufactures is well known; their reputation here is excellent. Speaking generally, the lacking factors have been, in many cases, proper representation, sufficiently aggressive selling organizations, and publicity. There are signs that our manufacturers intend to overcome these serious obstacles to the extension of their business here. These matters are treated in the previous section of this report.

A prominent Ontario banking authority, before the armistice was signed, warned manufacturers, jobbers, wholesalers, and retailers to watch their stocks on hand and to keep them as low as the circumstances would permit; he said at the end of the war it was inevitable that there would be a temporary depression lasting from one to possibly two years. In the readjustment of business to peace conditions those merchants who had observed this rule would find themselves in a much more comfortable position than those who had not.

So long as Ontario can produce agricultural wealth in the quantities she is now doing, a prolonged unsettlement is not likely to take place. Competent authorities believe that Canada will suffer less in a business way after peace comes than any of the Allied countries now at war. As this report is being drafted, the armistice conditions are being fulfilled and the transition of industry from a war to peace basis here has begun. It is too early at this time to state definitely how successfully this change will be effected.

There are seasonal fluctuations in the volume of business in Ontario which are clearly reflected in the banking returns. As pointed out by a prominent banker, the point of least activity in business is reached in February or March. Following this there is a period of increasing activity, which is accelerated by the opening of navigation, and lasts until the early summer, say May or June. The summer months again show a slackening which is most evident in August. Then comes a rapid expansion in the volume of transactions which continues until the height of the crop-moving season is reached, usually in November, and is well sustained until the end of December, the third week of which is marked by special activity in retail business. During the next two months there is a steady decrease until the point at which we started is reached, and the cycle of the year's business recommences.

Crops.—The farmers produced large crops, receiving excellent prices for their products. The farming community is in good financial condition after several years of satisfactory crops of high value.

The preliminary estimate (dated 30th of September, 1918), of the Dominion Bureau of Statistics, shows the following yield of cereal crops in Ontario compared with 1917:—

Crops.	Acreage.		Production.	
	1917.	1918.	1917.	1918.
ONTARIO.	Acres.	Acres.	Bushels.	Bushels.
Fall wheat	656,500	362,616	14,114,800	5,983,200
Spring wheat	119,000	351,423	2,203,500	8,082,700
All wheat	769,500	714,039	16,318,300	14,066,900
Oats	2,687,000	2,924,468	98,075,500	116,978,700
Barley... ..	361,000	660,404	11,191,000	23,114,100
Rye	68,000	112,726	1,207,000	2,141,800
Pears	126,000	113,862	2,110,500	2,362,600
Beans	96,000	100,082	423,000	1,551,000
Buckwheat	162,000	223,662	3,037,500	4,529,200
Flax	4,000	15,925	52,000	187,100
Mixed grains	295,000	619,389	11,136,300	23,692,000
Corn for husking ...	160,000	195,310	5,960,000	5,664,000

Farm Live Stock.—The following figures show, according to the returns of the Dominion Bureau of Statistics, the numbers of each kind of farm live stock in Ontario in 1913 and 1918 respectively:—

Live Stock.	1913.	1918.
	No.	No.
Horses	902,628	732,977
Milch Cows	1,141,071	1,102,039
Other Cattle	1,460,015	1,770,683
Cattle	2,601,086	2,872,722
Sheep	705,848	972,541
Swine	1,652,440	1,656,396

Sheep husbandry previously had been declining in Ontario. The decline in the number of hogs and poultry is ascribed to high prices of grain for feed and the marked fluctuation in prices received by the farmer.

The decline in the number of horses is attributed to low prices and uncertainty as to the effect of the tractor on future demand.

Wool.—The following estimates of the wool clip of Canada for 1918, and Ontario's share thereof, were made in November by Mr. Arkell, head of the Canadian Co-operative Wool Growers, Limited, Toronto, in conjunction with the Department of Agriculture, Ottawa:—

	1918.	Estimated Clip.
Canadian wool clip		lbs. 14,000,000
Of which there were marketed co-operatively		5,000,000
Total Ontario clip		4,800,000 to 5,400,000
Of which there were marketed co-operatively		900,000

Ontario was second among the provinces of Canada so far as wool sales in 1918 are concerned, Alberta being first. The central wool storage warehouse for Canada is at Toronto. A full report on this matter is in the possession of the Department of Overseas Trade. A reference to the Canadian Wool Commission appears under the heading "Industries, Wool," on page 56.

Minerals.—The following statement, prepared from the Returns of the Ontario Bureau of Mines, shows the Mineral Production of Ontario for the Nine Months ending 30th September, 1918, compared with a similar period of 1917.

Product.	Quantity.		Value \$	
	Nine months ended 30th September.			
	1917.	1918.	1917.	1918.
Gold	—	—	6,754,535	6,875,766
Silver	15,236,002	13,145,596	12,001,875	12,500,980
Cobalt (metallic)	295,866	317,291	433,739	702,717
Copper " " " "	—	359,713	—	79,137
Nickel " " " "	166,921	582,992	67,499	214,507
Nickel oxide	10,831	5,592	3,025	1,731
Cobalt oxide	276,769	397,728	323,162	572,845
Other cobalt and nickel compound	276,217	367,923	30,025	53,784
Molybdenite	65,827	43,631	83,550	54,671
Lead (pig)	1,080,000	1,291,571	139,948	115,117
Nickel in matte*	31,064	33,508	15,532,000	20,105,087
Copper " " " "	15,928	17,052	6,371,200	6,820,785
Copper ore " " " "	2,658	16	33,419	318
Iron ore	138,808	154,243	559,099	697,839
Pig iron	513,232	541,564	9,841,438	14,728,461

Gold production was well maintained. An unofficial but reliable estimate puts the value of the output for the year at \$9,168,000.

* In 1917 nickel and copper in the form of matte were valued at 25 and 20 cents per pound respectively. For 1918 the values have been placed at 30 cents for nickel and 20 cents for copper

Despite a decline in the number of ounces of silver produced, the output in 1918 is unofficially estimated at 18,000,000 ounces valued at \$17,000,000.

The only copper ore shipment was a trial lot by the Hudson Copper Company of Havilah. High operating costs, increased freight rates and smelter charges, and lack of a customs smelter within the province contribute to make copper mining unprofitable at the present time. During the first nine months of 1918, 154,203 tons of iron ore were shipped. Of this total 84,846 tons were shipped to Ontario points and 69,357 tons outside the province. In addition to the output of the Algoma Steel Corporation and Moose Mountain, Ltd., shipments were made by the Poe Mining Company from Palmerston tp., Frontenac county, and by the Canadian Union Iron Mines Corporation from Drummond township, Lanark county.

Pig iron production came from 1,083,456 tons of ore smelted, of which only 87,106 tons were of Ontario origin. Although the tonnage of pig iron produced was only slightly in excess of the 1917 figures, the value shows an increase of nearly 50 per cent. Eight furnaces were in blast, operated by four companies. The steel production was 668,333 tons worth \$21,601,144. As a result of the war's ending, the character of the output will be changed almost immediately from shell steel to structural steel and rails.

As a result of the operations at the new refinery of the International Nickel Company of Canada at Port Colborne, Ontario, there was a production of metallic nickel and copper from nickel-copper matte. The refinery started in July, and up to the end of September has produced 358,205 lbs. of nickel and 359,713 lbs. of copper. The Copper Cliff and Coniston smelters treated 1,141,089 tons of ore, producing therefrom 64,926 tons of matte containing 33,688 tons of nickel and 17,232 tons of copper.

According to an authoritative article on this company's enterprise, although the company's works are situated at the mouth of the Welland Canal, all supplies so far have been received by rail. As practically all refining material and coal is imported from the United States the freight and duty bills are a big item. Special duties on cargoes across the lake have, it is said, made the rail method more economical than water transport. The nickel matte is also shipped from the smelters by rail. Transportation is a matter which suggests possible economies, and the company are making a careful study of the problem.

Ontario produces almost half the mineral output of Canada; in 1917, its share was 46 per cent. About 175 mines are operating in the province. The value of the mineral production of Ontario increased from \$6,000,000 in 1893 to \$72,000,000 in 1917, a gain of 1,100 per cent. The producing camps are readily accessible by railway and other conditions are favourable for mining.

The prospects for mining in Ontario are good. Seventy per cent. of the rocks are of pre-Cambrian age. The famous silver mines of Cobalt occur in these rocks; so also do the nickel-copper deposits of Sudbury, the gold of Porcupine and Kirkland Lake, and the iron ore of Helen, Magpie and Moose Mountain mines. Many other useful minerals, both metallic and non-metallic, are found in Ontario:—actinolite, apatite, arsenic, asbestos, cobalt, corundum, feldspar, fluorspar, graphite, gypsum, iron pyrites, mica, molybdenite, natural gas, palladium, petroleum, platinum, quartz, salt and talc. Building materials, such as marble, limestone, sandstone, granite, trap, sand and gravel, meet every demand. Lime, Portland cement, brick and tile are manufactured in quantity

within the province. Very considerable mining development is probable during the next few years.

In connection with silver mining, the following statement of a local mine owner will be of interest:—

“With regard to the general outlook for the mining industry in Northern Ontario, I think that it will be considerably stimulated. In the silver camp, everything depends upon the price of silver, and assuming the present price to continue for some time, the Cobalt camp should show about the same activity as at present. It is doubtful if there will be any important extensions in this camp, but with the return of more normal conditions and the better supply of labour, the Cobalt companies will pay more attention to the development of properties in this and other fields than they are able to do at present. For the past year or more, there have been few prospectors searching for properties, but when the war is over there should be a large number in the field. The high price of silver has resulted in large profits for the producers, and they will, in all probability, be willing to take bigger chances in the development of outside properties than they have done heretofore.”

A miner's license cost \$5.00 per annum, and entitles the holder to stake out in any or every mining division three claims of 40 acres each. After performing 240 days' assessment work on a claim, patent may be obtained from the Crown on payment of \$2.50 or \$3.00 per acre, depending on location in surveyed or unsurveyed territory.

Lumber.—The cut of white and red pine has steadily declined in Ontario while that of tie timber and pulpwood has increased. The number of railway ties (mostly jack pine) taken out during 1916–1917, was more than double the number cut during the previous season. The total cut of pulpwood for the province was 445,978 cords, of which approximately equal amounts were cut from settlers' lots and Crown timber lands. Statistics for 1918 are not yet available.

Of the 2,879 operating lumber concerns in Canada in 1917, the latest date for which official statistics are available, 603 were in Ontario. The total capital invested and working capital in this Canadian industry is \$149,266,000 and the value of production of 29 kinds of lumber was \$115,777,000, Ontario contributing a substantial share to these figures.

Fisheries.—The annual value of the production of Ontario's fisheries is \$2,700,000. Late in 1917, the Ontario Government undertook the distribution of fish in this area. During the first year of its sales of fresh water fish, which ended on October 31st, 1918, the Government distributed in the province approximately 3,000,000 pounds. The total amount received for the fish during that period was \$234,594. After all expenditures and allowances had been made, including about \$25,000 for docks, sheds, &c., at Lake Nipigon, there was a profit of \$14,000. In 1918, the Government secured the fish it required, in addition to that taken from Lakes Nipissing and Nipigon, by requisitioning 20 per cent. of the fish caught by the fishermen throughout the province, under the license system.

Commodity Prices.—According to figures of the Department of Labour, Ottawa, the advance in prices in Ontario during the year from the 1st of October, 1917, to the 1st of October, 1918, was steady but more gradual than in the previous years since 1914, the rate of increase in the year immediately preceding being about twice as great, while the upward movement from 1915 to 1916 was also more rapid than during 1918.

According to an official of the Department of Labour, the principal reason for the more gradual incline in the United States and Canada was the more complete government control of production, transportation and distribution of various articles and the regulation of the trading in certain commodities, and establishment of fixed maximum prices or profits. From time to time these fixed prices had to be raised in order to allow producers to meet increased costs, but they were maintained for several months and this steadied the movements of the prices of the particular commodities and others related to them. The influence of enforced economy on the part of consumers was also a depressing factor.

“Certain conditions,” says this authority, “due to the necessities of war, are considered a sufficient explanation of the continuous high prices. Actual scarcity of the commodities, either owing to a decreased production or to an increased consumption, or to both circumstances, is the main factor in the rise of prices. Heavy purchases by the Allied Governments, of foodstuffs, munitions and other war equipment, have stimulated production along these lines and curtailed it in other directions, taxation, direct and indirect, has added its influence to the upward movement, though, in so far as taxation tends to reduce consumption, it has an influence in lowering prices. Abrupt increases were made in the price of tea, matches and tobacco, by the taxes imposed in 1918.”

Prices of foodstuffs rose less rapidly than in 1917, but the upward movement was continuous throughout the year, prices for live stock and meats being particularly high. Flour and bread prices were affected by the fixed price of wheat, while the fixed price of cheese and the limitation of profits on milk and provisions were designed to depress these prices, but the increased cost of production owing to the shortage of labour and the high price of feeding stuffs rendered necessary an advance in the price of cheese and the continuation throughout the summer of the prices for milk in the previous winter.

Labour.—A shortage of skilled and unskilled labour was experienced throughout the year. It became more acute as the demands of the Military Service Act increased. The use of female labour was greatly extended in factories, offices, warehouses, banks, &c. High wages prevailed everywhere. Certain skilled mechanics, for example, were being paid \$1 per hour for a nine hour day, six days a week. Rough labour obtained 45 cents per hour for such work as loading and unloading freight. Pick and shovel work often brought 40 cents an hour. Office stenographers on temporary work were in great demand at from \$3.50 to \$5.00 per day.

There was considerable labour unrest throughout the year. Disputes occurred with regard to increased wages, the recognition of unions, working conditions, alleged discrimination against union members, shop rules. Sunday overtime, dismissal of employees, &c.

The outlook is marked with uncertainty. While the general opinion is that wages will be materially lower when peace comes, manufacturers differ on this point. Labour itself naturally does not offer hopes of lower wages. The Secretary of the Canadian Manufacturers' Association, writing in the organ of that body in December, 1918, said:

“Wages should not be reduced, wages must not be reduced, until a lowering the cost of living makes such a reduction justifiable. There is nothing in the present situation to indicate the likelihood of any immediate lowering in the cost of living. On the contrary, with a world shortage not only of food, but of wool, leather, fuel and all

those things which go to make up the necessities of life, the probability is that instead of working to a lower level, the cost of living will tend upwards at least until another harvest has been gathered in.

“The employer who endeavours to profit by a period of unemployment, to force wages down to a point where they will be lower than the cost of living, is only digging his own grave. He may appear to succeed for a time, but the fact remains that no man can continue to accept a wage that will not permit him to live. Any attempt to force wages downward, for the present at least, is doomed to disaster.

“Nor is it to the interest of the employer, under present conditions, to stand pat and allow unemployment to develop on an extensive scale. He would be an extremely short-sighted man who, while not exactly trying to force wages down, would welcome a spell of unemployment, in the hope that work people would be cutting under one another in order to secure the jobs he had to offer.”

Financial Conditions.—The most intimate students of financial conditions in Ontario have been surprised at the financial achievements of its institutions and people during the war and particularly during the year under review. They have been obtained with what may be termed the prosperity of war. The immense volume of war orders which has come to the province has kept the wheels of industry turning at full speed, the farmers very active, and labour fully employed at higher wages than paid previously. The result has been reflected in many directions and clearly in the returns of the chartered banks. As there are in Ontario nine head offices of the 19 Canadian chartered banks, and as 1,153 of the 3,267 branches are in this province, the bank returns are fairly applicable to the position here. The following table compares some of the principal accounts in October 1914 and October 1918.

	October, 1914.	October, 1918.
	Dollars.	Dollars.
Deposits payable after notice	659,806,000	1,076,514,000
" " on demand	348,732,000	644,220,000
Total deposits	1,008,538,000	1,720,734,000
Current loans in Canada	816,623,000	1,003,593,000
Circulation	123,744,000	232,438,000

With regard to the financial position of the province of Ontario, the cash and debenture assets of the province, public buildings and lands and other estimated assets, as at October 31st, 1917, were \$582,741,156.

The Municipalities and other public bodies have practised rigid economy during the past few years and are in a strong position financially. The industries, through their increased activities, have been enabled not only to pay off their bank loans and, in some instances, overdrafts but, in addition, have built up strong reserves. This has made them independent of banking assistance and will tide them over any period of depression which may come at some time after the war. They are in funds also for any extension of works deemed desirable. This will act as an important factor in the general industrial situation now and later.

The wholesale and retail establishments have benefited by the prevailing conditions and most have put their houses in good order. Credit conditions are probably better than at any time previously and not a few of the good results are due to the policy of the banks, the Canadian Credit Men's Association, and similar institutions.

Railways.—Very little railway development occurred in Ontario during the year, outside of the usual maintenance work. The Canadian Pacific Railway did some work at or near the new Union Station, Toronto, in course of construction. This station, into which all the railway companies will run, will probably be completed by March, 1919.

The Canadian Railway War Board arranged in November, 1918, that the Michigan Central, Toronto, Hamilton and Buffalo, Canadian Pacific and Grand Trunk Railways shall all haul traffic direct into Toronto. Formerly the Grand Trunk Railway had the only direct route; the Michigan Central hauled from the frontier to Welland, and the Toronto, Hamilton and Buffalo from Welland to Hamilton, and the Canadian Pacific Railway from Hamilton to Toronto. The engine coupled on at the frontier will now run through to Toronto.

An Order in Council was passed in 1918 transferring the management and operation of the Canadian Government railways, which consist of the Inter-Colonial and National Transcontinental lines, to the board of directors appointed to manage the Canadian Northern Railway, with headquarters at Toronto, which was placed under Government control in 1918. This transfer now places all railways owned by the Government under the direction of the board, making the Government system one of 14,000 miles.

There are over 10,000 miles of steam railways in the province. The Temiskaming and Northern Ontario Railway owned by the province operates 330 miles, connecting Northern Ontario and Toronto.

The electric railway mileage, of which there are 772 miles in this area, may be considerably extended in a few years' time by the Hydro Electric Power Commission of Ontario.

Canals.—The canal systems of Ontario and Quebec provinces are largely interlocked. The main canal route is that comprising the St. Lawrence Canals, in Quebec Province and the Welland and Sault Ste. Marie Canals in Ontario. The Welland Canal is 26 miles long and connects Lake Erie and Lake Ontario. The Sault Ste. Marie Canal, 7,472 feet long, connects Lake Superior and Lake Huron.

The Welland Canal is being enlarged at an estimated cost of \$50,000,000. A new section of eight miles will be constructed. The depth will be 24 feet with the possibility of deepening it any time in the future to 30 feet. The Dominion Government has announced its intention of following the construction of the new Welland Canal by the reconstruction of the St. Lawrence Canals in order to accommodate vessels of similar draft.

The route of the Ship Canal follows the course of the present canal from Port Colborne, on Lake Erie, to Allanburg, half way across the Niagara peninsula. From this point an entirely new cutting is to be made, crossing and re-crossing the present canal, until it finally enters Lake Ontario, at the mouth of the Tenmile Creek, about three miles east of Port Dalhousie, the entrance to the present canal. For construction purposes, the work has been divided into nine contract sections, Section No. 1 being at the Lake Ontario end of the canal, the other sections following consecutively toward Lake Erie. Up to the present time, contracts have been let for, and active work conducted on, Sections 1,

2, 3, 5, together with a portion of Section 4, called 4A. Work which was stopped at the end of 1916 on account of the war will be recommenced in the spring of 1919.

The estimated cost of the work embraced in the main contracts under which construction was being carried on at the outbreak of the war was \$20,000,000, of which \$12,000,000 has been expended. In addition to the estimated value of the main contracts referred to, there were other estimated necessary expenditures in contemplation for land, cement, structural steel bridges, lock gates, valves, &c., amounting to \$8,000,000, of which \$4,000,000 has been expended. The Minister of Railways expects that there will be engaged during the winter a force of about 800 men preparing for the reopening of the work in the spring, when some 4,000 will be engaged.

The Welland Canal now in use has, since its construction, been known as the "new" canal, as distinguished from the original waterway which is referred to as the "old" canal, commenced in 1824. The work now in course of construction, therefore, constitutes the third undertaking of the kind, but with the distinction of being known as the Welland Ship Canal.

At Sault Ste. Marie there are United States and Canadian Canals connecting Lakes Superior and Huron. Both are free and of nearly equal capacity. It is optional with vessel captains to take either. In 1917 the traffic through the Canadian canal was 17 per cent. of the total freight, 18 per cent. of the total registered tonnage, and 69 per cent. of the total passengers carried, the amounts being 15,452,048 tons of freight, 11,893,426 tons register, and 26,349 passengers.

The Trent Valley Canal between Lake Simcoe and Lake Ontario was completed in 1918 and is of somewhat local value. A large district, principally in the counties of Ontario, Victoria, Peterboro' and Northumberland, including a number of important towns, has been provided by the Canal with a new means of internal communication. The access to Lake Ontario by the Trent River will also bring the district into touch with the Great Lakes during the season of navigation, and will reduce to that extent transportation charges. The movement of freight in the season of 1917 was 17,767 tons one way and 27,242 tons the other way. but this was before the completion of the system in 1918. Work on the remaining portion between Lake Simcoe and Georgian Bay will be commenced in 1919.

Consideration of the suggested construction of the Georgian Bay Ship Canal has been postponed. The proposed route, as set out in the report of the Canadian Government engineers, is as follows:—Commencing at French River harbour on the Georgian Bay, through the French and Pickerel Rivers and Lake Nipissing, to the height of land by canal $3\frac{1}{2}$ miles through Trent Lake, Turtle Lake, Little Mattawa River to Sanday Bay, at east end of Talon Lake, 21 miles; thence by canal three miles to Mattawa River, along Mattawa River 13 miles to town of Mattawa, thence by canal $\frac{3}{4}$ miles to Ottawa River, along the Ottawa River 293 miles to Oka Lake, thence either by the St. Lawrence River or Rivere des Prairies 25 miles to Montreal.

Toronto Harbour Improvements.—The principal work of the Toronto Harbour Commission at present is the creation of an entirely new water-front for the city of Toronto. It is one of the largest and most important undertakings now in progress. The total cost is estimated at \$24,000,000 and the project, it is hoped, will be completed in 1921. In 1918 the work was entirely suspended on account of war conditions, but will now be renewed. The cost is being borne jointly by the

ity of Toronto, the Dominion Government and the Harbour Commissioners, the greater portion, however, being assumed by the Harbour Commissioners.

The Harbour Commissioners have informed me that \$11,000,000 will be expended to develop an industrial district, in addition to \$13,000,000 which will be expended on the harbour and water-front generally. The expenditure on the industrial district covers the cost of filling up the entire district to an established building grade, by pumping 17,445,000 cubic yards of sand from the bed of Toronto Bay and Lake Ontario; on the construction of a ship channel 6,800 feet long, 400 feet wide and 24 feet deep, terminating in a turning basin 1,100 feet square; the construction of permanent concrete docks, along both sides of this ship channel and on one mile of water-front, fronting on the district facing Toronto's protected harbour, and on the construction of a system of industrial railway sidings to be connected with all three Canadian trans-continental railways. All the railway sidings in the district will be constructed by the Commissioners on railroad reservations, and will be absolutely controlled by the Commissioners, in order that they may be operated for the benefit of the industries.

Two hundred acres of land have already been reclaimed and are ready for buildings. A railroad siding has been constructed on the property reclaimed ready for extension to any portion of the reclaimed area, a concrete dock 600 by 176 feet has been completed and is available for water shipments, as is also 5,600 feet of concrete dockage along both sides of a channel which is ready for operation. Several works have already been established on this section of the ground. The Toronto Shipbuilding Company is engaged in building wooden ships. There are also the works of the British Forgings Limited, the largest electric steel plant on the continent and under the supervision of the Imperial Munitions Board, Ottawa.

When the Industrial District is completed, it will be able to offer manufacturers 646 acres of factory sites, 235 acres of streets and railway reservations, 130 acres of waterways, 30 miles of public roadways and 30 miles of railway sidings under the control of the Harbour Commission.

Under existing conditions, all the ports on Lake Ontario are limited to such service as can be performed by small vessels of comparatively light draft. Few ships sailing on the upper lakes can pass Lake Erie, while the canals along the St. Lawrence River are capable of accommodating only small ocean-going vessels. The scheme to improve the Toronto harbour has been contemporaneous with the plan to build a new and larger Welland Ship Canal, referred to previously in this report. The completion of the latter will enable the large upper lake freighters to sail to Toronto instead of being compelled, as at present, to discharge their cargoes at Buffalo.

While this is an outstanding development, there are many enterprising cities and towns in Ontario, other than Toronto, which are also active in interesting manufacturers to establish new works.

Hydro-Electric Power Commission.—The Hydro-Electric Power Commission of Ontario was created by the Provincial Government in 1906, presumably as the outcome of public opinion, which, during the years 1900 to 1906, apparently had been tending towards the idea of a publicly-owned power supply to be obtained from Niagara Falls for South Western Ontario.

The original proposal was that such a Commission, if formed, should actually generate power at Niagara Falls, and transmit it as required to various Municipalities. It was, however, found possible later to make a

contract with an existing supply undertaking at the Falls, viz.: the Ontario Power Company, for 100,000 h.p. at \$9.00 (37s. 6d.) per h.p. year for 24-hour power. This contract provided that the power should be delivered in blocks commencing with 8,000 h.p. and increasing as the Commission should require in blocks of 1,000 h.p., until the total contract amount should be reached.

A great deal of criticism arose out of the action of the Commission in making the contract for what, at that time, appeared to be an extremely large amount of power, many people asserting that the full quantity would not be required for a great number of years. The Commission, however, obtained last winter from Niagara Falls alone, after barely more than seven years from the date when current was first supplied, not less than 154,000 h.p., and will supply altogether during the winter (1918-1919) over 200,000 h.p. from various sources. After it had been found possible to make the contract referred to above, the Commission's work consisted in making all arrangements for transmitting this power throughout what is now known as the Niagara District.

The power obtained from the generating stations at Niagara passes through a transforming station and is stepped up to the transmission potential of 110,000 volts. The electric energy at this voltage is transmitted along overhead lines to the various centres as required, at which points the pressure is stepped down to 13,200 and 4,000 volts for distribution to the various Municipalities where it is again stepped down to 550, 220 and 110 volts for general use.

The total route miles of 110,000 volt transmission lines at present number more than 430, and of other lines, operating at pressures of from 44,000 to 2,200 volts, there are about 1,800 route miles; in addition to these there are the lower voltage lines used, for general distribution within Municipalities, the mileage of which is not known but it must be very great.

The Commission is now serving about 250 cities, towns, and villages with power over an area nearly as large as that of England; about 5,000 hamlets and farms are also being supplied, a fact which is beginning to make rural life in this part of Canada more attractive than previously.

Although the Commission commenced operations by purchasing power and merely transmitting it in bulk, it now owns and operates a number of generating plants in various parts of the province.

All the work undertaken by the Commission is done for the people at their own request through the medium of voting at the municipal elections. When any Municipality desires to secure a supply of power, the people express their wishes as indicated, and the Commission thereupon proceeds to carry out the necessary work. The money is loaned by the province and is repaid by the Municipality over a period of thirty years, all items such as depreciation, sinking fund, &c., being taken care of. At the end of this period the entire plant and equipment will belong to the Municipalities.

In addition to supplying power, the Commission has a large Purchasing Department, which buys annually immense quantities of electrical and other materials in bulk, for sale to the Municipalities at cost. An efficient laboratory is also maintained which makes electrical, physical and mechanical tests on electric plant, machinery, instruments, lamps, concrete, paint, oil, &c., as may be required.

Legal power has been assigned to the Commission enabling it to make and enforce rules and regulations for the proper inspection and control of electric installation work inside buildings and in connection with outside overhead lines, &c., and a large staff of inspectors is now engaged in attending to this work.

The rates charged for power, lighting, &c., are under the control and regulation of the Commission in all the Municipalities served by it, and all such rates are, it is understood, based on the fundamental principle that power be supplied at cost. Where a surplus is made, it is usually applied to extensions, &c.

Before the war the Commission organised a Railway Department, and a great deal of work has been done in making reports and surveys of several hundred miles of proposed electric railways. Owing to the war, however, this work has been largely held up.

At Niagara Falls the Commission has recently commenced work on one of the largest hydro-electric developments in the world. A canal about 12½ miles long is at present under construction running from some distance above the Falls to a point near Queenston not far from the place where the Niagara River enters Lake Ontario. By means of this canal, not only will the head of water available at the Falls be utilized, but also the head which exists between the foot of the Falls and the level of Lake Ontario, which is nearly as much as that at the Falls. In this way instead of utilizing somewhere about 150 feet of fall, there will be 305 feet utilized, so that from the same water over 100 per cent. additional power will be obtainable.

The initial plant to be installed in the generating station near Queenston will comprise four of the largest hydraulic turbines yet built, each of them having a capacity of 52,500 h.p. Four electric generators of 45,000 kv-a capacity will be coupled thereto. The present canal will be large enough to enable a total of 300,000 h.p. to be developed, but the Commission has purchased sufficient land to enable additional canals to be constructed in the future, so that the total capacity will be 1,000,000 h.p.

At the present time the Commission has in view for future development within the province a total of 1,950,000 h.p. Of this quantity, the development of about 400,000 h.p. is already in sight.

From the foregoing may be gleaned some idea of the rapid progress of the work of this Commission during the 12 years of its existence and the possibilities which lie before it. The capital investment under the Commission's jurisdiction at present, in generating, transmitting and distributing plants is over \$54,000,000 (£11,000,000), and the investments of Municipalities up to date in connection with this great undertaking are \$21,000,000 (£4,000,000); by the year 1921 the total investment will be \$110,000,000 (£22,000,000).

If the quantity of power now being supplied by the Commission were generated from coal, even in large, modern, efficient stations, some 2,000,000 tons would be required annually; the value would be approximately \$10,000,000 (£2,000,000), and, as Ontario has no coal, this money would have to go out of the province, mainly into the United States.

Road Building.—Road construction and improvement were postponed during the war but will probably be resumed. The provincial government's Department of Highways will construct a system of provincial highways aggregating about 600 miles. The several counties of Ontario will have under their management about 9,500 miles of road upon which a large amount of work will be carried on. The necessary equipment for road construction can to a large extent be obtained in Canada. As, however, road making machinery and materials of foreign countries find a market here, there appears to be an opening for United Kingdom firms who will establish the proper connections.

Public Works.—The construction of public works during 1918 was practically at a standstill, the position being even more marked than in the previous year. The spring of 1919 will witness an important revival of these works, should financial and labour conditions be favourable. Among the works which were postponed because of war conditions and which will be resumed at a later date are, the (1) Enlargement of the Welland Canal, (2) Completion of Trent Valley Canal, (3) Toronto Harbour improvements, (4) Road building, (5) All classes of municipal undertakings, (6) Certain hydro-electric enterprises, (7) Provincial Government buildings, (8) Government railway improvements and rolling stock.

Vocational Training for Returned Soldiers.—The Soldiers Aid Commission has been incorporated by the province of Ontario for the purpose of assisting to reinstate discharged officers and men in civil life. Classes for the vocational re-education of soldiers who have been so disabled as to prevent them from resuming their former occupations are provided free of cost, and in addition, the support of the soldier and his dependents is provided during the period of retraining and for one month after.

The Department of Soldiers' Civil Re-establishment is another organization of this character. Late in 1918, for example, a class for the instruction of men in the making and fitting of artificial limbs was opened. It is desired to give returned soldiers, more especially amputation cases, who wish to take advantage of the instruction offered and who have the necessary qualifications, an opportunity to do so. The Department is doing valuable work in many directions.

Ontario Bulk Sales Act.—It is now necessary for Ontario merchants, who desire to dispose of their stock in trade, or any part of same, *en bloc* or out of the usual course of trade, to comply with the provisions of the Bulk Sales Act.

Briefly, the Act provides as follows:—The purchaser, before paying any money or giving any notes or securities on account of the purchase price (excepting a sum not exceeding \$50, which may be paid to bind the deal) must obtain from the vendor a written statement, verified by affidavit, giving the names and addresses of all the creditors of the vendor and stating the amount owing to each. It is the duty of the vendor to furnish this statement to the purchaser. Unless the foregoing provision is complied with, the sale is void and the stock is liable to seizure under execution by creditors of the vendor, unless all of the creditors are paid in full out of the proceeds of the sale.

Upon obtaining such statement, a waiver of the provisions of the Act, from creditors representing 60 per cent. in number and value of claims of \$50 and over, as shown by the statement, may be obtained and delivered to the purchaser. If this is done, the purchaser is safe to complete the sale, and is free from responsibility to the creditors of the vendor.

Should it be decided not to ask the consent of creditors, or should the consent of the requisite number of creditors not be obtained, then the purchaser, for his own protection, must deposit with a trustee for the purpose of distribution on a *pro rata* basis (subject to any legal preferences) amongst the creditors of the vendor. The costs and charges of such distribution are deducted from the amount of money to be received by the creditors, so that this procedure does not impose any expense on either the vendor or the purchaser. The balance remaining in the hands of the trustee after paying the claims of the creditors is turned over to the vendor.

After the statement has been obtained, should either of the foregoing provisions not be complied with, the sale is void and the stock is liable to seizure under execution of creditors of the vendor unless all of the creditors are paid in full.

The vendor may appoint as trustee anyone of his own choosing, provided the person so appointed lodges a bond, satisfactory to the judge of the County or District Court of the county or district in which the stock is located at the time of the sale, by way of security, with the clerk of the County or District Court. The giving of a bond may be waived, provided the trustee appointed is satisfactory to the creditors holding claims of not less than 50 per cent. in value of the liabilities as shown on the statement.

It will be noted that it is unnecessary to comply with the provisions of the Act provided the creditors are paid in full, and in many instances the intending purchaser may be satisfied to complete the purchase without referring to creditors or depositing the funds with a trustee. There can be no objection to this, provided the purchaser is willing to assume the responsibility of the vendor settling his liabilities out of the proceeds of the sale, but if he does not do so the purchaser is liable.

Ontario Temperance Act.—The operation of this Act continued during 1918 with satisfactory results according to general opinion. Several manufacturers of alcoholic liquors have turned their activities in other directions. One large Ontario distillery firm, for example, has erected works for the manufacture of explosives and later for the making of dyes. Many wholesale liquor dealers are engaging in a general agency business. The manufacture of native wine in Ontario was to cease on the 31st December, 1918, although efforts are being made by the manufacturers to have the industry kept alive. The grape growers of the province may in future find a good market among grape-juice makers.

Several amendments to the Act were made during the year. The following is an authoritative summary of the existing legislation in Ontario:—

A druggist is legally entitled to have ten gallons of liquor on hand at any time. This amount includes all kinds of liquor, exclusive of ethylic alcohol and sacramental wine. A druggist can purchase all the foregoing liquor from a vendor, or he can purchase direct from an Ontario distiller any Ontario whiskey he requires. He can purchase ethylic alcohol in unlimited quantities from either a vendor, an Ontario distiller, or a wholesale druggist in Ontario.

A duly qualified medical practitioner is legally entitled to carry in his house or in his office ten gallons of liquor. He can procure one quart for medical practice in his profession from any qualified druggist, or he can purchase from a vendor any quantity up to ten gallons, from which he can administer personally to his patient for medicinal purposes only.

A hospital can have on hand an unlimited supply of liquor and can administer such liquor to their patients when prescribed by a duly qualified medical practitioner. A hospital can procure one quart from any qualified druggist or an unlimited quantity from a vendor of any kind of liquor, or can procure any quantity of Canadian whiskey required direct from an Ontario distiller.

When a doctor, in his judgment, considers a larger quantity of liquor is necessary for his patient than the prescribed six ounces, he can issue a prescription for one dozen bottles of ale, beer or porter containing not more than three half pints each, or one quart of wine or distilled liquor, which can only be procured from one of the seven vendors in Ontario

In the near future, the Government proposes to assume the work of the vendors.

None of the foregoing liquor mentioned can be legally used for beverage purposes—all the provisos mentioned for procuring liquor are absolutely for medical use only.

As soon as practicable after the Canadian soldiers have returned, the question of prohibition will be referred to the people of Ontario by way of a referendum. Until that is done there will not be any change in the policy of the Government. In December, 1918, the Prime Minister of Ontario made it plain to a deputation of the Ontario Executive of the Dominion Trades and Labour Council, that the Government stands by its temperance policy. The labour men, through the Brewery Workers' Union, presented a request that the Government amend the Ontario Temperance Act to permit the sale of beer of $2\frac{1}{2}$ per cent. alcoholic strength instead of $2\frac{1}{4}$ per cent. proof spirits.

The Prime Minister reminded the deputation that beer stronger than $2\frac{1}{2}$ per cent. proof spirits could not be manufactured in Canada, since under the Dominion Order in Council, manufacture was prohibited until a year after the end of the war. It was, therefore, not a matter that could be usefully discussed by the Ontario Government. He intimated that there were some features of the Ontario Act that were not working as was desired, and that changes were under consideration.

III.—INDUSTRY AND TRADE.

GENERAL DEVELOPMENTS.

Ontario manufacturers have taken advantage of the decreasing imports from the United Kingdom and other countries. They have engaged in the manufacture of lines previously imported and have done much to popularise existing lines which before the war had competition, and which after the war will meet competition again. With merchandise of good quality and with aggressive publicity and selling policies, their position in their home market will naturally grow stronger.

The advertising of Ontario firms during the past year emphasised the points that imported goods were difficult to obtain and that Canadian-made goods were equal to most imported goods. Examples from several advertisements appearing in the Ontario press are given below:—

- (a) “. . . more than takes the place of those fine imported lines now off the market on account of the war.”
- (b) “Quite equal to most brands of imported goods.”
- (c) “Made-in-Canada article surpasses the imported.”
- (d) “They are especially designed to meet Canadian conditions and are composed of standard unit parts, all of which can be obtained immediately from our factory in Hamilton without delay, and without the bother of paying duty.”
- (e) “A made-in-Canada product equal to the best in the world. We are all apt to look up to imported goods as superior to home-made lines. Pause before you concede anything to foreign products over . . . Here is a Canadian-made product that is as good as the best.”
- (f) “It is hoped that in the near future the Canadian mills will not be at all dependent on imported needles, and especially those that came from Germany in such large quantities before the war.”

In this connection, the following statement by the President of the Canadian Reconstruction Association, published widely in the Ontario press in 1918, is of interest:—

“It is legitimate that the natural resources of Canada be developed in the national interest, and that processes of manufacture should be carried to completion in Canadian factories. Too often we confuse loyalty to Great Britain with loyalty to the Empire. An industry in Canada or settlement in Canada is as valuable to the Empire as an industry or settlement under the flag.”

New Lines in Ontario.—Among the lines imported by Ontario, prior to the war, and now manufactured in the area are the following:—margarine, candied peel, phonograph records, steel for motor-car frames, galvanised sheets, beet slicer knives, ribbed hosiery knitting machinery, equipment for electrical furnaces, semi-rotary double acting pumps, steel plates, gear hoppers, machine tools, machinery of various kinds, alloys, chemical products, collapsible baskets, electric bulbs, semaphore lenses, ruby lantern globes. It is difficult to obtain a complete list of new industries as they are usually initiated without any publicity.

6. A number of existing industries have been materially extended, notably the linen, hosiery, underwear, glove, chemical, metal, canned and pickled goods, pulp and paper, meat packing, and illuminating glass-ware industries. The extension is likely to become permanent in most cases, although possibly in some instances sufficient allowance has not been made for the return of European and other competition.

New Works.—After the war many works will be erected or their products changed to a peace basis. Among them will be a new industry in this area, namely dyes. This will be at Windsor, where a range of common dyes will be produced in works formerly engaged in war productions. Other industries in contemplation include small metal parts, bicycle parts and chains, machines for spoke nipples.

Among the new works erected in this area in 1918 were those for the manufacture of hosiery, yarns, collapsible baskets, wax papers, gloves (in which British capital was interested), and a mill for dyeing for the trade.

Munition Works.—The transition of munition works, of which there are a great many in Ontario, to peace industries, is largely a matter for individual manufacturers, comparatively little joint action having been taken in that direction. Since the war commenced, and up to mid-summer, 1918, orders for munitions valued at \$1,200,000,000 had been placed in Canada, approximately 41½ per cent. of them in Ontario. About 1,000 contractors employing 200,000 to 300,000 workers, have received these orders. The extent of the industrial transition from war to peace may therefore be realised. Many manufacturers will dismantle their munition shops, selling or scrapping the machinery. Others will endeavour to apply their shops to normal lines. In any case, the financial position of the firms which have engaged in the manufacture of munitions is, generally speaking, very secure. During the latter half of 1918 especially, a large number of war contracts were placed in Ontario by the United States Government departments. This postponed, for the time being, the ultimate solution of the munition manufacturers' problems, but they suddenly faced these problems at the time of the somewhat unexpected signing of the armistice.

An adequate idea of the effect of orders of the Imperial Munitions Board placed in Ontario upon industry and trade in that province may be gathered from the following figures, which are applicable to activities of that character in this area alone:—

Number of firms on munitions, &c. (August, 1918) ...	259
Number of men and women employed	66,057
	Dollars.
Approximate value of output of Ontario factories in full, 1918	113,400,426
Value of orders placed in Ontario from 1914 to 21st November, 1918, including National works ...	498,679,054
Expenditure on construction of National works ...	13,489,100
	<hr/>
	512,168,154
	<hr/>

National Manufacturing Works.—The Imperial Munitions Board, representing the Imperial authorities at Ottawa established in Ontario, six of the seven national works erected in connection with war

orders. Their names and the value of their production up to 31st October, 1918, are as follows:—

Works.				Value of Production.
				Dollars,
British Acetones	...	...	...	3,300,000
British Chemical	...	...	...	14,660,000
British Cordite	...	...	...	11,150,000
British Explosives	...	...	...	9,700,000
British Forgings	...	...	...	15,135,000
Canadian Aeroplanes	...	...	...	13,020,000

The expenditure on the construction of the national works, as already stated, was \$13,489,100.

The Imperial Munitions Board, now that the armistice has been signed, will realise upon their assets in Canada, including the national works referred to above. It is conceivable that considerable competition may occur for the possession of these modern works in a young, vigorous and expanding market.

Banking Assistance.—The policy of the banks has always been to encourage the extension of industries in Ontario within reasonable limits. The banks generally will be found ready to aid the development of trade expected to follow the cessation of hostilities.

Earnings of Industries.—The increased earnings of industrial companies are clearly reflected in statistics published in a Canadian financial journal in April, 1918, showing that 90 Canadian companies, the greater proportion of them with works or head offices in Ontario, had earned during the three years, 1915-1917 inclusive, a sum of \$500,000,000. These 90 enterprises (excepting a few whose returns had yet to be announced) earned an aggregate of \$190,276,540 in 1917, compared with \$150,425,039 in 1916 and \$139,554,780 in 1915. The increase between the 1917 and 1915 figures represents a gain in excess of 36 per cent., which is significant of industrial expansion.

Five steel companies, three of them in Ontario, reported earnings in 1917 aggregating \$27,582,623, compared with \$9,341,460 in 1915, being an increase of 196 per cent. Five milling companies had earnings of \$3,256,332 in 1917, against \$2,338,694 in 1916 and \$3,568,573 in 1915. Twelve pulp and paper concerns reported total earnings for 1917 of \$12,357,820, against \$11,917,292 in 1916, and \$4,938,245 in 1915. The increase from 1915 to 1917 is 192 per cent. Seven textile companies showed aggregate earnings for 1917 of \$21,855,545, compared with \$17,653,180 in 1916, and \$13,245,833 in 1915.

Reconstruction Association.—The year under review saw the establishment of the Canadian Reconstruction Association, with headquarters at Toronto. The membership largely, if not entirely, comprises Canadian manufacturers. The aims of the Association are best expressed in the following statement prepared for this Report by Sir John Willison, its president:—

“Established to promote national unity, stability, and prosperity, the Canadian Reconstruction Association is engaged upon a broad educational campaign. Its chief objects are:—

To organise Canada for the trade struggle—commercially, financially and industrially.

To promote domestic industrial expansion.

To develop export trade.

To facilitate the adaptation of war industry to peace activities and ensure employment for war veterans and war workers.

To improve relations between capital and labour.

To create a good understanding between East and West.

To promote the utilisation of Canadian raw materials and encourage final processes of manufacture in Canada.

To encourage scientific research in the interests of Canadian producers and manufacturers.

To improve the economic and industrial position of women.

“The Association has its head office in Toronto, with Eastern and Western Committees and branch offices at Montreal and Winnipeg. Among its executive officers are: Rt. Hon. Lord Shaughnessy, K.C.V.O., Honorary President; and Vice-Presidents, Sir Augustus Nanton, Huntly R. Drummond, John F. Ellis, W. K. George, W. J. Bulman, Charles H. Godfrey. Since its formation its growth has been steady, and rapid expansion is anticipated. Numerous publications have already been issued by the Association. These include ‘A National Policy,’ which was the first public declaration of the policies and principles of the Association; ‘New Problems of the New Era,’ containing the President’s speeches at Winnipeg during an extensive visit to the prairie provinces and the Pacific coast; and various pamphlets dealing with reconstruction. Among the latter are ‘Women and Reconstruction,’ issued by the Women’s Department of the Association; ‘Industrial Relations,’ detailing movements in Great Britain, the United States, Australia, and Canada for improving relations between employers and employees, and two pamphlets dealing with reconstruction in Great Britain and in the United States. The internal organisation of the Association includes investigation, motion picture, and editorial Departments in addition to the women’s department. With the extension of the organisation further departments will be created dealing with particular phases of reconstruction.”

Supply of Raw Materials.—While Ontario has an abundance of certain raw materials, developed and otherwise, it depends on other sources for its supply of many materials required for manufacturing purposes. Much interest has been shown by local buyers in the probability of obtaining supplies direct from producing areas in the British Empire, or through United Kingdom export houses in the country of origin. This interest has not yet assumed a definite, practical shape but will probably do so in the near future. At present, considerable supplies of this nature are purchased through foreign brokers (in New York for example). The desire in Ontario, in many cases, appears to be to have supplies shipped to a Canadian port by United Kingdom export houses, or by British producers, and purchased direct by the users here or handled by Ontario brokers. In other words, it is thought that more business-like arrangements can be made in many instances which will benefit United Kingdom and British Empire trade generally. This seems to be a matter for the co-operation of British producers, Canadian agents and other buyers of supplies, such for example, as shellac, China wood oil, egg yolks, and many other lines. As during the war, shorter trade routes and more direct movement of merchandise between producer and consumer, have come into use, the present seems an opportune time for action in this matter.

Raw Materials and Finished Products.—The selling of finished products instead of raw materials is a subject which will have greater attention on the part of Ontario manufacturers and others during the next few years. In a statement on this matter, issued in October, 1918, the president of the Canadian Reconstruction Association, said:—

“It is essential that there should be organisation and co-operation between financial industries and business interests in the Dominion if we are to secure a fairer measure of the world’s trade, but in the many problems of the reconstruction period there is danger that sight may be lost of the necessity for wise and adequate preparations for domestic industrial expansion and development of our own raw materials. First stages of manufacture should be carried to final processes in the Dominion. It has been said that:—

“In an average dollar’s worth of Canadian produce sold abroad there was, before the munition trade sprang up, probably 80 cents worth of raw material and 20 cents worth of labour, skill and art. In a dollar’s worth of American produce there is probably 10 cents worth of raw material and 90 cents worth of the others. Canada sells rough stone for grindstones at \$5 a ton and buys back foreign-made grindstones at \$100 a ton, sells wheat at 1·8 cents a pound when she could get 2·5 cents a pound for it as wheat flour, sells a carload of pulpwood for a six-gross carton of American tooth paste, sells a trainload of nickel matte from Sudbury for two cars of medium priced automobiles.

“Surely our raw materials can be turned into finished products on a much greater scale than at present, thus giving employment to thousands of workers and materially strengthening our industrial position.”

Export Trade.—The exports of Canadian manufactured goods increased between 1914 and 1918 (fiscal years ended 31st March), from a value of \$57,000,000 to \$636,000,000 or 1,015 per cent., about half being credited to Ontario. It must be remembered, however, that the increased value of merchandise was partly responsible for the gain, and that the export of munitions, especially of shells, accounted for a large part of the increased export trade.

At the same time, while the more intensive cultivation of their home market is naturally the chief object of Ontario manufacturers, there is a marked disposition to extend existing export connections and to create new ones. Among the markets which appear to be favoured are the United Kingdom, South Africa, Australia, New Zealand, the West Indies and South America. Much business is also anticipated in connection with reconstruction work in Europe. The Department of Trade and Commerce, Ottawa, its Commercial Intelligence Branch and its Trade Commissioner Service abroad are assisting this development.

The assistance which the Canadian chartered banks will be prepared to give in financing the export trade of Ontario after the war, is a matter of interest. In this connection, the following statement made to me by Sir Edmund Walker, Toronto, a notable financial authority is illuminating:—

“There can be no doubt in the mind of any one familiar with present conditions that if the wheels are to be kept turning in the factories which are now engaged in the manufacture of war materials, it will be necessary after the war to look to a market outside of Canada for consumers of the peace products of such

factories. This will be essential if Canada is to continue the excellent record of the last few years during which she has changed her international trade position from a debtor to that of a creditor nation. The difficulty, however, will lie mainly in the direction of finding customers for our products at a satisfactory price in the face of very keen competition from other countries, rather than in the way of financing the sale of these products, once such customers shall have been found and foreign markets for our goods established. The Canadian chartered banks have always been able to finance whatever export business the producing part of Canada's population has been able to create, and there is no reason to assume that they would not be in a position to continue to do so when, as we all hope, Canada's export business will increase after the war to proportions hitherto unknown.

"As regards the assistance which the Canadian banks can give, and are giving to the exporter in establishing or increasing a foreign business, this consists in the first place in the actual financing of his sales abroad, and in the second place in the furnishing of information enabling him to make such sales—information regarding the various foreign markets for his products and the commercial standing of prospective customers. In order to be in a position to provide the latter class of assistance, several Canadian banks have established within the last few years, a Foreign Department which has for its object, among other things, the collecting of complete and up-to-date information of the kind referred to above, which will be furnished on request to Canadian exporters and those endeavouring to find a foreign market for their products.

"As regards the actual financing of Canadian sales abroad, it seems hardly necessary to set out in detail the various methods followed in handling such business, or to describe at length commercial letters of credit, foreign drafts, bankers' acceptances, and the many other instruments of credit employed in foreign exchange transactions. It will suffice, therefore, to mention that where foreign sales so often involve long term credit to the purchaser (often from three to four and sometimes six months), it would tax the resources of any bank if they had to carry a large volume of these transactions until liquidation. Thanks, however, to the existence of broad discount markets in the world's large financial centres such as London, Paris, and—since the establishment of the Federal Reserve system—New York, the banks can arrange to finance such long-dated operations by selling or re-discounting in these markets the instruments of credit of which they have become possessed in connection with the foreign business of their customers, and thus avoid locking up their resources for long periods."

The Toronto branch of the Canadian Manufacturers' Association, in the autumn of 1918, held important meetings, at which the extension of export trade was discussed. A strong and representative committee of industrial captains was formed to study methods and to make recommendations with that object in view. Other bodies of manufacturers have taken similar action.

A number of United States companies with branches in Ontario have been allotted by the parent concerns in the United States, export trade with various parts of the British Empire. This practice is likely to extend. In some instances, the branch industry in Ontario may later handle the entire export trade of the United States and Canadian companies. The tariff has an important bearing on this matter. Also

should an order be placed, for example, by a public body in one of the Dominions, with the stipulation that the goods must be made in the British Empire, an United States company, in many instances, can have that order filled in its Canadian branch factory.

The approval of the Export Trade Associations Act (Webb Act), in April, 1918, in the United States attracted considerable attention on the part of Ontario manufacturers. This Act, as is generally known, assures to United States exporters those privileges of co-operation and combination long enjoyed by certain of their competitors, but which had been prohibited to Americans under the general interpretation of the anti-trust laws of the United States. Naturally, the Ontario manufacturer is watching developments under this Act, so far as they relate to this country. The Act has not been in operation sufficiently long for its results to be judged, so far as this area is concerned. In addition, the prevalence of war conditions temporarily nullified its benefits to a considerable extent. The general view is that in due course it will prove a factor in increasing the trade of the United States with this market.

United States Factories in Ontario.—In a statement prepared by the writer at the request of the Dominions' Royal Commission (*see Minutes of Evidence, Part 1, pp. 415-418, Cd. 8458*), it was estimated, after an exhaustive inquiry, and a later revision of the results, that the United States had established in Canada over 500 branch works or assembling plants, large and small, representing an investment up to October, 1916, of \$251,000,000. The greatest number of these branch works was in Ontario.

For some years past, until 1918, this movement slackened considerably. During the year under review, however, it was given a decided impetus by the renewed discussions of an Imperial preference. The United States manufacturer in many cases proposes to secure whatever advantages may be forthcoming in that direction, by erecting branch works in Ontario or in other parts of Canada, thus becoming, to all intents and purposes, a Canadian manufacturer. This is a matter which calls for the close attention of United Kingdom manufacturers, especially as the renewed activity along this line last year passed beyond mere discussion. Many inquiries were received by boards of trade, industrial commissioners and others from United States manufacturers in connection with the proposed establishment of branch establishments in this province. In several cases, definite agreements were signed by the municipalities and the industries interested. In other cases, the erection of branch works were actually commenced. At the time of writing there is every sign that an important development along the lines suggested will occur in this area during the next few years.

United Kingdom Factories in Ontario.—There are several good reasons why it is not possible for United Kingdom firms to follow this tendency to a similar extent. At the same time, with the more intimate interest which is being taken by United Kingdom firms in this market, it is suggested that in some lines it may be found desirable at least to survey the field with a view to the advisability of establishing assembling or other works in this area to meet at closer range the competition offered. There are important factors to be considered. These are best known to the United Kingdom manufacturers themselves. In some instances, after a careful investigation of the conditions, it may be found that the policy of branch works here is unwise, in other

instances, it may be discovered that the policy is the best one suited to the particular conditions prevailing.

Every possible assistance will be given by Ontario boards of trade, industrial commissioners, and municipalities to firms who contemplate the suggested action. Municipalities, in several instances, make substantial concessions to manufacturers building their works within the municipal borders, such, for example, as free sites, reduced taxation, exemption from taxation, cash bonuses, and water supply at low rates.

Maintenance of Industrial Activity.—Among the factors which will maintain Ontario's industrial activity at a fair level during the transition from war to peace, are the following:—

- (a) Shipbuilding.
- (b) Orders for locomotives and other railroad rolling stock.
- (c) Orders for steel rails and supplies.
- (d) Orders in connection with the reconstruction programme in Europe.
- (e) The filling of export orders which have been held because of lack of shipping and other facilities.
- (f) Road building.
- (g) Resumption of national, Government, and other public works postponed on account of war conditions.
- (h) Revival of building trades.
- (i) Revival of the mining industry.
- (j) Extension of certain industries which have had a good start during the war period.
- (k) Extension of business and trade generally, due to the return of normal conditions and of the troops from overseas.

Having briefly recorded the general conditions prevailing here, a few notes are appended as to certain trades and industries in which there has been notable development in Ontario, particularly during the year under review.

INDUSTRIES.

Industrial and Trade Organisations.—Manufacturers, jobbers, and retailers have made marked progress in the establishment of trade organisations. The Canadian manufacturers are exceptionally well organised and several new branches of the national association were formed during the year, one at Niagara Falls, Ontario, for example. Additional trade sections were also instituted. War conditions have given an impetus to the better organisation of trade and industry. Among the newcomers, with headquarters in this area, are:—

- (a) Dominion Wool Pullers' Association.
- (b) Co-operative Wool Growers, Limited.
- (c) Dominion Wool Dealers' Association.
- (d) Association of Municipal Electrical Engineers of Ontario.
- (e) Canadian Electrical Dealers' and Contractors' Association.
- (f) Retail Stationers' and Newsdealers' Association.

A number of organizations also, which had for many years been dormant, became very active generally for the protection of trade interests.

The Canadian Manufacturers' Association, with headquarters in Toronto, has a very large membership of Ontario manufacturers.

Iron and Steel.—Of the four principal iron and steel works in Canada, two are in this area, one at Hamilton and one at Sault Ste. Marie. The industry has carried on during the war in a multitude of restrictions, as was the case in other countries. At the same time, a notable impetus has been given to the industry as a result of war work.

An Order-in-Council was passed in September, 1918, empowering the War Trade Board of Canada to co-ordinate the manufacturing capacity of Canadian iron and steel factories and distribute orders among them according to the capacity of the individual factories to take care of the orders to the best national advantage. Generally, the War Trade Board was authorized and instructed to see to it that the basic raw materials of manufacture in Canada both for munitions and for industrial purposes, were turned out to the greatest possible economic advantage, and with the best possible distribution of supplies of labour and materials.

The works in this area are interested in the iron and steel section of the Canadian Mining Institute which was formed during the year, the objects of which are as follows:—

- (a) To afford a means of communication between members of the Canadian iron and steel industry upon matters bearing upon their respective manufactures.
- (b) To arrange periodical meetings for the purpose of discussing practical scientific subjects bearing upon the manufacture and working of iron and steel.
- (c) For the dissemination of practical and scientific information among workers in the iron and steel industry in Canada.
- (d) To do such other things compatible with the by-laws of the Institute, as may be found desirable in the interests of the iron and steel industry of Canada.

An iron and steel section of the Canadian Manufacturers' Association, with headquarters at Toronto, was formed during the year.

The following details of the two principal producers in this area, as outlined by an iron and steel authority, will be of interest:—

The Steel Company of Canada, at Hamilton, have two blast furnaces of 250 and 350 G.T. daily capacity and an annual capacity of 200,000 tons basic foundry and malleable bessemer iron. The iron ore is purchased mainly from the United States Lake Superior Mining Companies. Connellsville "beehive" coke has been used entirely, although a by-product coke-oven plant is being erected. Limestone is purchased from quarries within a close radius. These works are the largest in Canada, entirely dependent on outside supply sources for raw materials. Ore brought from Lake Superior cannot pass through the Welland Canal at present, but is unloaded at Point Edward, on Lake Huron, whence it is carried by rail to Hamilton. This involves extra expense as compared with any other blast furnace works located on the Great Lakes, but this expense will cease after the deepening of the Welland Canal, which will allow large ore vessels to come to Hamilton.

In order to manufacture such a variety of products as those turned out by this company, a considerable tonnage of rolled iron and steel in the form of bars, wire rods, nut flats, horseshoe bars, plate, &c., which are included in the total output, are used for further conversion in finishing departments and are not sold in the shape of rolled products. While among Canadian undertakings the Steel Com-

pany of Canada is only the third largest producer of steel ingots, it produces the greatest quantity and variety of manufactured steel products, such as foundry, pig iron, bars, horseshoes and nails, pipes, spikes, wire of all kinds, wire nails, tacks, rivets, bolts, nuts, washers, wood screws and wire goods. Many of these articles are manufactured in Canada, solely by this company, and are imported only in small quantities. The company operate works in eight different cities from Fort William to Montreal, and have exceptional facilities for supplying at a low delivery cost the large markets in Ontario.

Progress was made during the year on the installation of two batteries of 40 coke ovens in the works of the Steel Company of Canada. Each has a capacity of 1,200 tons of coal per 24 hours. A benzol building will be established.

The first sheet mill in Canada to operate successfully was installed by the Steel Company of Canada at its Hamilton works. Until recently all black sheets used in Canada were imported from the United Kingdom or the United States. A few years ago a sheet mill was installed at Morrisburg, Ontario, but for various reasons this was not a success, and the works were idle for some time. In 1917, the Steel Company of Canada, seeing an opportunity for developing its activities and increasing its wide range of products, purchased the works at Morrisburg, and installed it, together with important additions at Hamilton, Ontario. The entire works were moved to Hamilton, including mill, furnaces, machinery and buildings. The works as reconstructed are among the most modern and up-to-date sheet mills on this Continent. The first sheet was rolled on January 16th, 1918, and galvanised the same day by the Dominion Sheet Metal Company of Hamilton.

The Algoma Steel Corporation, Sault Ste. Marie, own the Helen and Magpie Mines situated about 11 miles north of Michipicoten Harbour. The Helen Mine produces hematite ore, averaging about 55 per cent. iron. The Magpie Mine produces siderite ore which, after roasting, yields about 50 per cent. of iron. When market and mining conditions warrant, a certain tonnage of ore from these mines is sold to other furnaces in Canada and in the United States. The company also own several undeveloped iron ore deposits; extensive coal properties in West Virginia, producing 6,000 tons per day; and limestone properties in the neighbourhood of Sault Ste. Marie.

The Algoma Steel Corporation is well equipped for producing a large tonnage of rails and rail fastenings, as well as bars and light structural shapes. The favourable situation of the works in respect of ore supplies and of water shipping facilities has enabled the company to market a considerable tonnage of rails in the United States in competition with the largest United States producers. The position near the head of the Great Lakes affords access to markets of Western Canada and the Pacific Coast, as well as to Lake Ontario and eastern points on the St. Lawrence.

The tonnage of light structural shapes rolled is only a small proportion of the total Canadian consumption, but the company could enlarge their works for the manufacture of heavier structural shapes and plates, for which there is a large market in Ontario and Western Canada.

While no arrangements have been made for extension of works by the Algoma Steel Corporation, if additions are made they will be in the nature of a structural mill for the purpose of manufacturing heavy structural shapes.

The Canadian Steel Corporation, Limited, were chartered in Canada some years ago with headquarters at Ojibway, Ontario. This company are the Canadian branch of the United States Steel Corporation. Ojib-

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way is situated near Windsor and Walkerville, towns which face the city of Detroit in the United States. The Canadian Steel Corporation contemplates the construction of blast furnaces, by-product coke ovens, steel works and rolling mills. The actual work so far accomplished consists of general designing and planning, underground work on sewers and drains, re-location of streets, roads and street car lines and the construction of a dock or slip for the unloading of ore, limestone and coal. No information is available as to how rapidly other work may progress.

In addition to the principal steel works at Hamilton and Sault Ste. Marie, there are in the former city seven works turning out basic iron and steel products, as well as eleven iron foundries. Large foundries are to be found also in many other centres in this area.

The National Steel Car Company, Hamilton, completed in 1918 an order for 4,000 cars ordered by the French Government. The company also contracted to build 160 coal and ore cars for India for the Bengal and Nagphur Railway. They filled orders for cars for the Dominion Government and for the Canadian railway companies. This corporation constructed the frames and bodies for twelve electric locomotives for the Hydro Electric Power Commission of Ontario, the electrical equipment being installed by the purchasers. The company also made steel plates for the United States Shipping Board. One of the peace products of these works is a motor truck designed especially for the traffic conditions of this country.

The making of steel for motor car frames was commenced by the Dominion Foundries and Steel, Limited, Hamilton. This was previously imported from the United States. This company's steel plate-making capacity will be enlarged so that from 6,000 to 8,000 tons per month can be manufactured. As with other concerns, the company's facilities and equipment for manufacture have greatly increased during the past few years.

It was proposed to resume the operation of a blast furnace at Midland in October, and of blast furnaces at Parry Sound and Port Arthur probably in the spring of 1919.

Of the 13 electric smelting works in Canada, eight of them are in Ontario. Considerable development has occurred in electric steel production in this area. It is anticipated that the electric furnace will be applied not only to the production of high-speed tool steels, but also to the coarser grades now produced in the open hearth furnace. Electric smelting of iron, copper and other ores will also be an important factor in the mining districts of Ontario.

At the works of British Forgings, Limited, erected at Toronto by the Imperial Munitions Board, steel scrap was continuously recovered in large quantities until the armistice was signed. The annual recovery of this scrap was valued at \$5,000,000. The scrap accumulation from hundreds of munition factories in Canada was converted by the electrical process into ingots and forgings. This is said to be the largest electric steel works in the world. Part of the works was destroyed by fire in the autumn of 1918. The works will probably be sold by Imperial Munitions Board.

Representative men of the iron and steel industry are of the opinion that the outlook is good. One had stated, for example, that the industry will have at least two years of good business commencing with 1919. Large orders have been placed, and will be placed, for steel rails, railway car and locomotive equipment.

Shipbuilding.—The shipbuilding industry received a decided impetus in 1918. It is estimated by a competent authority that in May, 1918, the shipping under construction in Canada equalled one-quarter of the total merchant tonnage in the United Kingdom in 1917 and that 80 per cent. of this Canadian tonnage would be completed in 1918. Not only did existing yards in Ontario assume greater activity, but several new yards were also constructed. To-day there are at least eight yards in this area devoted to the construction both of wooden and steel vessels, six of them being able to construct steel vessels. The orders for these boats were given by the Imperial Munitions Board, Ottawa, by the Canadian Government and by private contract.

The following are interesting figures with regard to the shipbuilding position in this area as on 31st October, 1918, so far as orders placed by the Imperial Munitions Board, Ottawa, are concerned:—

		Steel Ships.	Wooden Ships.
Number of yards in Ontario employed ...	No.	6	2
Vessels ordered in Ontario in 1917 ...	Tons	86,400	7,500
„ delivered in 1918	Tons	23,900*	5,000

One of the new yards in Ontario (that of the Dominion Shipbuilding Company) was erected in 1918 on land reclaimed on the Toronto water front. The site of 15 acres is leased for 21 years by the Company at an annual rental of \$22,000. There are five sets of ways constructed, and the keels of five boats have been laid down.

The French Government has placed orders in Canada for 50 wooden ships, totalling 105,000 tonnage, valued at \$21,000,000. A substantial share of this business was placed in Ontario.

Few of the Ontario yards contemplate important extensions and requirements in new equipment and machinery, therefore, are not likely to be large. Only such purchases will be made as are necessary for the maintenance of working equipment or to meet some special condition.

As to the outlook for shipbuilding in this area, the Canadian Government's shipbuilding programme will assure the various shipyards in Ontario a fair amount of new construction work for several years to come. There will, in all probability, be a demand for the construction of lake tonnage to replace that removed during the period of the war, and for the extension of existing lines on the Great Lakes. With the prevailing high prices for materials and labour, lake owners will probably hesitate before placing orders for new tonnage, and in the opinion of some authorities, a substantial reduction in costs must necessarily ensue to create a demand for new tonnage beyond that absolutely necessary.

The following statement was made in October by the manager of shipyards in Ontario:—

“ From a study of the comparison of costs, it is doubtful if the Ontario shipbuilder, after the war, can compete with the foreign shipbuilder for ships to be operated under private ownership. In any event, the building of ships in Ontario for overseas trade must necessarily be confined to dimensions which can negotiate, either whole or in sections, the locks of the Welland Canal.”

* 4,500 tons in 1917 and 19,400 tons in 1918

Lumber.—The following are official statistics for 1917 with regard to the lumber industry of Ontario:—

Number of Mills	...	...	...	...	603
Capital invested	...	...	...	...	\$43,884,845
Salaried employees	...	...	...	...	798
Salaries paid	...	...	...	...	\$ 1,460,007
Averages of employees on wages: woods	...	...	...	...	8,443
Averages of employees on wages: mills	...	...	...	...	8,004
Total wages paid: woods	...	...	...	...	\$ 5,003,329
Total wages paid: mills	...	...	...	...	\$ 5,112,323
Cost of materials	...	...	...	...	\$ 9,873,287
Value of Production	...	...	...	...	\$31,054,315

Pulp and Paper.—By the courtesy of Mr. R. H. Coats, Dominion Statistician, I am able to give in an appendix (A) to this report, statistics of the pulp and paper industry of the Province of Ontario for the year 1917, the latest date for which official statistics are available.

It will be observed, on reference to the appendix (A), that there are 33 pulp and paper mills of all classes in Ontario, representing invested capital of nearly \$71,000,000. The cost of the materials used in the industry in that year exceeded \$25,000,000 and the value of the products of the 33 mills in 1917 was approximately \$36,000,000.

One company in Ontario is turning out daily 425 tons of paper and pulp. After the war, when the proposed additional paper-making machines are installed, this company's output of newsprint alone will be 450 tons daily, probably the largest production under one roof of any paper company in the world.

This industry is likely to expand materially during the next few years. The Province has extensive pulpwood areas, water powers, and railroad facilities, offering an attractive field for those who desire to embark in the industry. A reference to the extent of Ontario's pulpwood resources appeared in the "Board of Trade Journal," of 6th June, 1918 (page 705).

According to the head of one of the largest of the works, the pulp and paper industry should be, before very long, the principal industry. The value of purchases of machinery and general supplies used by the industry will increase correspondingly.

One of the developments in 1918, was the opening of the sulphite pulp mill of the Port Arthur Pulp and Paper Company at Port Arthur. The J. R. Booth Company, Ottawa, constructed a new sulphite mill which will be ready for operation early in 1919. The Lincoln Paper Mills Company, Merritton, developed a special line of sulphite, and further extended and improved their grease-proof and glassine. The Ontario Paper Company, Thorold, completed the installation of another paper machine. This company's product is shipped entirely to Chicago. The Abitibi Power and Paper Company, with mills at Iroquois Falls, were making extensive additions to their works in 1917, which work was stopped in July of that year on account of war conditions. This will be resumed, probably in 1919.

In the production of chemical fibres there is an important outlook for the pulp industry. Chemical fibre has been used principally in the past as a raw material for paper, but its use in the making of substitutes for many other commodities is now recognised. This will lead to an increase in the manufacture of chemical fibre, for which production Ontario, and Canada generally, appear to be well fitted.

Paper, pulp and lumber stocks were low during the year. There was a dearth of wrapping paper and limited quantities only of substitutes were available.

Textiles.—The volume and value of output in many of the Ontario textile industries have shown a marked increase. In knitted goods, particularly hosiery and underwear, there have been developments. The production of woollen goods in Ontario is likely to increase materially during the next few years. A number of works extensions are contemplated; in addition, works have been extended during the war. In some cases, it may be found later by local manufacturers that war conditions and their relation to peace conditions and renewed competition, were not correctly interpreted, but generally, it may be said that substantial development is to be expected along the lines noted. The home market is being far more closely cultivated and practical plans are in hand for the building of an export trade with such markets as Australia, New Zealand, West Indies, Newfoundland, South Africa, and South America. Naturally, local manufacturers are posting themselves as to what competition they may expect to meet in these markets. One Canadian producer stated in November: "It remains to be seen how the situation works out . . . as to what competition we will have to meet."

In underwear especially are the manufacturers making good progress. In this connection they are conducting individually a very creditable campaign, and this is doing much to popularise Canadian-made goods.

Wool.—When the Australasian wool clip was taken over by the British Government, it became necessary to adopt a system of distribution to manufacturers in Ontario and Canada generally, of wool supplies, wool tops and yarns. As a result of conferences with the Department of Trade and Commerce at Ottawa, the manufacturers nominated six of their number to act for them, this organisation being known as the Canadian Wool Commission, acting as an advisory board to the Department of Trade and Commerce. As the majority of the woollen manufacturers are in Ontario, the Commission established its headquarters in Toronto. Mr. Hodgson, a Bradford man, well versed in the trade and resident on this continent, was appointed secretary. The British Government allocated wools and tops to the Department of Trade and Commerce at Ottawa, the Department being responsible for payment, &c. The actual distribution of the supplies was placed in the hands of the Canadian Wool Commission, who distributed them *pro rata* according to the capacity, requirements, &c., of the Canadian manufacturers. After the creation of the Canadian War Trade Board in April, 1918, the Wool Commission acted in conjunction with that Board.

No distribution was made to dealers for re-sale, but supplies were allotted solely to manufacturers, in order that they might carry on.

The total allotments of Australasian wools for the year 1917 was 23,300 bales. These all arrived and were distributed to the manufacturers throughout the Dominion. The majority of this wool came to Ontario, where the greater number of mills are situated, although there are important mills in Quebec province and the Maritime provinces which were also supplied by the Wool Commission.

For the worsted spinning trade in Ontario and Canada generally, the wool tops came from the United Kingdom and were distributed here in the same way.

In the autumn of 1917 requisitions were made to the British Government for the local supplies for the following year. The Canadian Wool Commission, after inquiry of the entire trade, asked for 45,000 bales for

1918. These wools duly arrived and the greater part had been distributed to manufacturers by the end of the year.

During 1918, the demand for wool was probably unprecedented in the history of this market. Canadian manufacturers were able to accept orders from the Quartermaster-General's Department at Washington for the United States Army and also for the equipment required by the Canadian authorities, so far as textiles are concerned. In addition, there were heavy demands on the manufacturers in this area for all classes of material for the domestic trades. As the demand for raw materials for military purposes in the United Kingdom was so heavy, little export trade in manufactured goods was done with this market. Consequently, this market lost the support it had hitherto enjoyed in that direction. Substantial demands were, therefore, made upon the woollen and worsted trades of the Dominion.

Shortly after the armistice was signed, both the Canadian and United States Governments cancelled their Army orders, thus causing a certain amount of dislocation in the woollen industry. Authorities are agreed that the nervousness apparent during the period of transition from war to peace will quickly disappear and confidence become re-established. Ontario manufacturers believe that for some considerable time no serious competition will be met from any of the European countries, who will be principally employed in reconstruction work. Local manufacturers are also seeking business arising from the work of reconstruction and will endeavour to build up an export trade in this and other ways.

The Canadian Wool Commission will continue its work here until the British Government release control of raw materials and the trade is again on a normal basis.

Linen.—Increased production of flax fibre and the development of the linen industry were two notable events of 1918. In 1914 Ontario had only 2,000 acres under flax; in 1918 the acreage was increased to 18,000. It is estimated that 450 lb. of fibre per acre will be obtained. The prices paid for the fibre leave the producer, even under present conditions of labour, a fair margin of profit. In one Ontario district, where 620 acres of flax were sown, as compared with 50 acres in 1917, the crop yielded about 300 pounds of finished fibre and six bushels of seed to the acre, the aggregate value being \$102,300, or \$165 per acre. The labour cost is about \$100 per acre, leaving a balance of \$60 to \$65 to meet other charges. Growers expect present prices to remain firm for the next four or five years and some believe that prices will continue even longer on a profitable basis.

Prior to the war linen thread and yarns were imported entirely from the United Kingdom and the United States. The increasing difficulties in obtaining supplies led to action with a view to making the industry self-sustaining. Linen manufacturing hitherto has been carried on to a limited extent in Ontario, but the foundations have now been laid for, if possible, a more important and permanent industry. Apparently, there is no discouragement to the promoters in the somewhat chequered career of the linen mills in the United States. Representations were made to the Dominion Government, as a result of which an Order-in-Council was passed in September granting a bounty on linen yarns made in Canada. Duties of from 20 to 35 per cent. on the finished product are imposed, besides a war impost of $7\frac{1}{2}$ per cent. Raw material is admitted free of duty.

A new company was established in Guelph with authorised capital of \$500,000. The works will produce both tow and line yarns, and both dry and wet spun, producing line yarns in counts as high as 60's to 80's.

Capacity will be upwards of 1,000,000 pounds finished product per annum.

The following extract from a Canadian trade journal is of interest:—

“The Canadian buying public is finding out that it is not necessary to go to Europe for serviceable table linens, towelling and other damask fabrics. It is pleasing to note that the Canadian linen trade can hold its own with the foreign article, and Canadian buyers are beginning to realise that a considerable portion of damask fabrics that has heretofore been imported can be obtained much more quickly at their own door.”

Importers are of the opinion, however, that an excellent trade will continue in the products of the United Kingdom.

Chemicals.—The chemical and allied industries have made some progress. The town and district of Niagara Falls is becoming one of the most important centres of chemical industry on this Continent. The manufacture of these lines, however, is not confined to that part of Ontario. The activities of the Imperial Munitions Board, Ottawa, have in large measure been responsible for the development. The Board controlled during the war several modern explosives' works, and has obtained therefrom a greatly increased production of mineral acids and similar products. Two new processes of the manufacture of acetone and a new one for the manufacture of glacial acetic acid have been put into operation.

• There has been considerable expansion in the production of glycerine, ethyl alcohol, toluol and benzol. Methyl ethyl ketone and butyl alcohol are being manufactured upon a large scale.

Development has also occurred in the production of crude magnesite, calcined ferruginous magnesite, chrome, china clay, ochre, Epsom salts and alums. All these were mined in small quantities before the war. There is a prospect that potash from the recovered fumes of cement works will be obtained.

A company in this area are now manufacturing ammonium chloride, which has not previously been produced in Canada. Supplies formerly were imported from the United States. The article which this company are manufacturing is white granular ammonium chloride, otherwise known as salammoniac. At present the company's capacity is limited, and they are able to take care only of the requirements of the Canadian trade. They are also manufacturers of the following products, not hitherto produced in Canada:—Acetyl salicylic (aspirin); phenacetine; permanganate of potash; paramido phenol and base and hydrochloride.

At the same time, it is expected that the United Kingdom will continue to do a good business in this market, providing that proper steps are taken to meet foreign competition.

Dyes.—Much interest has been evinced by dye users in Ontario, in the progress of the industry in the United Kingdom. The principal source of supplies at present is the United States. If United Kingdom dyes are to be marketed here in volume, aggressive methods, as in so many other lines, will be necessary. While the establishment of an extensive dye industry in Canada has been discussed, authorities appear to believe that this market will depend, for many years at least, upon imported dyes. One Ontario company of strong financial standing, however, will make a range of the more common colours after the war. Our principal competitors are the United States.

Motor-Cars and Trucks.—The Canadian motor-car and truck industry is practically centralised in Ontario. The preliminary report of a census of the motor-car and allied industries compiled by the Dominion Bureau of Statistics is, therefore, almost entirely applicable to this area. The census covered the operations of establishments engaged in 1917 in the manufacture of (1) motor-cars, (2) motor-car accessories and (3) motor-car repairs.

The number of establishments classed as manufacturers of motor-cars in Canada in 1917 was eleven, in motor-car accessories 24, and in repair work 497.

The total capital invested in these industries was \$35,780,677, apportioned as follows: in motor-cars \$28,192,858, in accessories \$3,155,893, and in repair shops \$4,431,926.

The number employed on salaries and wages in each class, and the amount paid in salaries and wages, were as follows:—

Works.	Number.		Amount Paid.
	Males.	Females.	
			Dollars.
Motor-car Works { On Salaries	730	174	1,376,692
" Wages	4,852	164	4,862,779
Accessory Works { " Salaries	106	21	226,147
" Wages	1,405	122	1,198,596
Repair Shops ... { " Salaries	254	48	334,780
" Wages	1,508	34	1,200,958

The value of materials used in manufacturing and repair work in each class was (1) motor-cars \$35,585,820, (2) accessories \$3,788,308, and (3) repairs \$1,961,773.

The total value of production and repair work for all classes was \$66,077,207, of which motor-cars amounted to \$54,466,273, accessories to \$6,519,868, and repairs to \$5,091,066.

Classified according to purpose, the number of the different classes of cars recorded in the census returns was (1) touring cars, 80,544; (2) runabouts, 5,502; (3) closed cars, 1,165; (4) delivery wagons, 1,231; (5) club roadsters, 561; (6) trucks, 117; and (7) not classified, 556; or a total of 89,676 cars.

The gradual reduction of output because of war conditions, on the part of firms making or assembling motor-cars in Ontario and of United States makers who were catering to this market, was coincident with a lessening demand. Prices materially increased during the year. In addition to increases made on account of economic conditions, on 1st May, 1918, a war tax was imposed on every car over a certain value, sold in Canada. This added materially to the cost, and gave to the total increase the appearance of a heavy advance. A tax was likewise levied on cars sold in the United States, but this did not apply to cars sold for export to Canada, except that the duty payable on importation was levied, not on the United States selling price, but on that price plus the war tax. That is to say, the Canadian importer paid duty on the equivalent of the United States war tax as well as on the cost of the car.

These conditions were one of the causes for decreasing sales. No notable changes occurred in the Canadian industry during the year; new works were not established.

In 1913, there were 23,700 motor vehicles registered in Ontario. In 1918, the number had increased to 114,155. According to statistics furnished by the deputy minister of the Department of Public Highways, at the end of 1918, the following vehicles were registered in Ontario:—

Passenger Cars	...	...	...	...	101,624
Motor Trucks	...	...	...	...	7,529
Motor Cycles	...	...	...	...	5,002
					<hr/>
					114,155
					<hr/>

Of the passenger cars, 83,841 are of 25 h.p. or less; and 37,221 are owned by farmers. Of the motor trucks, 6,241 are one ton or less; and 19 have a carrying capacity in excess of five tons.

United Kingdom firms who propose to market their cars in this area must bear in mind that the competition here is exceedingly keen. To obtain success, it will be necessary for British makers to give serious study to the conditions and requirements ruling the market, and especially to the aggressive advertising and sales methods of our competitors.

Because of railway car shortage and terminal congestion, the use of motor trucks has substantially increased. This is a war time development, but will remain to some extent as a permanent factor as good roads mileage is extended. Several motor truck transport companies are operating a service on the concrete roadway between Toronto and Hamilton, a distance of 40 miles. Trucks are also being used extensively by manufacturers to obtain their supplies of certain raw materials, journeys being made, for example, from Kitchener to Hamilton and from Kitchener to Detroit (United States). The majority of motor trucks used in this market are of United States and Canadian manufacture. Business of volume is impossible to obtain unless the motor truck manufacturer makes the proper local arrangements for representation, service, repairs and spare parts.

Rubber Industry.—The rubber industry in Ontario is practically in the hands of the Canadian Consolidated Rubber Company, whose system extends, not only in Ontario, but also throughout Canada. The company is closely affiliated with the United States Rubber Company, and it is understood that the Canadian and United States systems have agreed as to which markets shall be handled by the respective systems. At present, the Canadian company attends to the domestic market and to markets within the British Empire. The local producers share the trade of Ontario with the United Kingdom.

TRADE IN CERTAIN LINES.

Dry Goods.—Exceptionally strong faith in dry goods of United Kingdom manufacture is invariably found among importers here. The trade recognise to the fullest possible extent the splendid reputation which the quality of our dry goods has the world over. They recognise, too, the exceptionally fair methods adopted by our manufacturers in handling their vast trade in many markets. Not a single complaint has been heard in this direction and there is little doubt that the United

Kingdom will be able to revive in a comparatively short period its normal volume of business in this area, and later to increase it considerably.

Cotton Goods.—According to a Canadian cotton goods manufacturer, speculation in cotton goods by the Canadian trade has been closely scrutinised, with the result that wholesaler, manufacturer and retailer are carrying stocks of cotton goods much below normal. The demand for goods will probably be heavy in 1919 with a continued shortage.

Gloves.—The leather for gloves made in Ontario works was obtained principally from the United States, and the prices were high. Much of this business is likely to return to Europe when conditions are normal. The Japanese have pushed their light weight lines here with some success, although the styles and qualities have been somewhat lacking and the prices high. In light weight lines, the Canadian and United States producers have worked up a good business.

Metals and Machinery.—The abnormal conditions prevailing in the United Kingdom during the year naturally made it impossible for any business of volume to be done in this market. There is no good reason why the trade should not be resumed when conditions are again normal.

The principal developments in this area include an increased output of electrical furnace alloys, ferro-silicon, ferro-titanium, carborundum, and electric furnace steel. Ferro-molybdenum has also been produced. Larger quantities of brass and bronze have been produced and aluminium alloys and shrapnel bullets, which were not produced in Canada before the war, are being made.

A small company was established at Hamilton to reclaim brass by manufacturing brass ingots from scrap brass. This is said to be the first industry of its kind in Canada.

As noted on a previous page, under the heading "Minerals," nickel is now refined in Ontario, and it is of interest to state here that zinc, copper and lead are also refined in this country.

In the sale of machinery our chief competitors have been the United States. In many lines, however, there are opportunities for better business, but it cannot be obtained unless adequate and persistent efforts are made. Electrical furnace equipment, previously imported from Switzerland, is now being made in Ontario at Welland, satisfying the demands of the domestic market in addition to securing export trade. Discussion as to the possibilities of making Krupp products in certain Ontario works has been heard, but no definite steps have been taken with that end in view.

The machine shop capacity of the province has materially increased during the past few years as a result of war orders. Much of the machine equipment must now be turned into lines suitable for peace markets, and developments in these directions may be expected. Some of the machinery and supplies previously imported from the United States in large quantities will undoubtedly be made in Ontario, including, for example, small motors for motor boats, winches and general deck work, plumbers' supplies, lead pipe, &c. As stated above, despite developments which may occur, there is room for the products of the United Kingdom, but a far more serious attempt must be made to obtain the business.

The end of the war is likely to witness a notable extension of the mining industry, especially in Northern Ontario. A number of

companies have postponed developments or ceased operations altogether because of the high cost of labour, materials and equipment. A large quantity of hoists, drills, explosives, hardware, motors, ball mills, tube mills, boilers, donkey engines, air compressors, concentrators, bucket hoists, steam shovels, belt conveyors, pipes, bar iron, sheet iron, &c., will be purchased. Competitors of the United Kingdom are already canvassing the situation here with a view to obtaining orders at a later date from the mining companies for equipment.

Tools and Hardware.—Stronger competition in many lines of hardware will be met in this market, especially from the United States. This applies particularly to tools, the Canadian production of which has been increased. A firm in Welland, for example, have added many new lines to their products, such as monkey wrenches, Stillson wrenches, wire fence pliers, and propose to extend still further in this direction.

The United Kingdom has been losing a certain amount of business here in builders' hardware prior to the war, on account of more vigorous competition from the United States. This position has become further accentuated by Canadian production of more diversified lines. If labour and financial conditions are favourable and materials are cheaper a great deal of building will be carried on after the war, calling for substantial supplies of builders' hardware. Very little building has proceeded during the past four years.

Cutlery.—There will be an increasing demand for Sheffield cutlery in this area. Local importers are anxious to re-establish their trade connections. They anticipate that their early orders will be only partly filled by the Sheffield houses.

Paints and Varnishes.—Not only are the Ontario manufacturers of paints and varnishes cultivating the domestic market more intensively but they are also extending their export trade. All the bonds in connection with the Victory Loan campaign of 1918 were printed with ink made from dry colours manufactured in Canada, and 80 per cent. of the bank bills printed are said to be made of dry colours of domestic origin. Before the war the ink manufacturers of Canada depended on the United States and the United Kingdom for the greater part of the dry colours used. Wallpaper manufacturers are also obtaining some of their colours in this market.

A handicap of the trade during the year under review was the scarcity of tin containers. This resulted in the elimination of a number of sizes in paints and varnishes.

Speaking to the Press in November, 1918, an Ontario paint manufacturer said:—

“The Canadian paint manufacturers are after export trade more than ever, and we hope to retain most of the new markets after the war, when normal conditions return. Indeed, we are just reaching a position where we can compete with any country in the world. We have our flax for making the oil; we are getting an early start on our zinc mines and our oxide mines, and there is only turpentine on which we are dependent for outside supply. And to offset this, in British Dominions we have the advantage of using the imperial measure instead of the wine quart.”

Australia, New Zealand, South Africa, China and Japan are among the export markets referred to above.

Electric Lamps.—The product of United Kingdom firms, according to large buyers locally, compares favourably with any of those made on this Continent. The principal competition is from the United States. The Canadian production is considerable, there being six factories in this area. Japanese competition was aggressive but the quality of lamps is poor. Only one electric bulb manufacturer is established in Canada, the works being at Toronto. All styles of electrical bulbs are made in these works, which have taken up this line of manufacture during the last three and a half years. Carbon, tungsten and nitrogen lamp bulbs are turned out in sizes running from two candle-power to 1,000 candle-power. About 35,000 bulbs a day are made and this is approximately, it is said, equal to the needs of the trade.

Illuminating Glassware.—Progress has been made in this industry locally. Prior to the war, there were considerable imports from the United States, Germany and Austria. There is a good market in Ontario. Among lines now made here and previously imported are semaphore lenses and ruby lantern globes. The glassware products, made locally, include street-lighting globes for public utilities, coloured lanterns for railway purposes, special lighting glassware for ships, including porthole glasses of the heavy type, motor car lenses, marine signal glasses, tramcars' reflectors and glass globes for acetylene lighting in railway coaches. The development of shipbuilding in Ontario has enlarged the market for marine glasses.

The resumption of building on a large scale will bring with it renewed activity in the trade in illuminating glassware.

Chinaware.—The Japanese have taken a large share of the business held formerly by Germany and Austria. The United Kingdom will be able to regain its trade lost during the war, and the opinion is general that many United Kingdom potteries not hitherto represented here, will find business of value if they will seek it. Opinions differ in the trade as to the adequacy of the arrangements made by some of the United Kingdom potteries for the handling of their Ontario business and Canadian business generally, in view of the value of the market and the likelihood of its appreciation.

Groceries.—The supply of United Kingdom groceries and specialities for Ontario was materially reduced last year. The demand is always excellent. In peace times, there is periodically a substantial demand, beyond normal, from new mining and construction camps. The call from these camps is for the best quality. During the past few years Ontario producers have made marked progress in grocery lines especially in pickles, jams, jelly powders, canned goods, &c. Candied peel is now made by two Ontario manufacturers. There will always be a good demand, however, for the United Kingdom brands, which have generally a valuable reputation here. United Kingdom firms must have adequate local representation, supplemented by the proper volume of advertising. Firms whose brands are unknown in Ontario must expend a fairly large sum in order to obtain a foothold in the market. The competition is keen but there is business for enterprising British firms. There is no lack of experienced representation available for United Kingdom houses here. Wholesale grocery brokers emphasise the necessity for United Kingdom manufacturers to make such prices as to obtain eventually a large share of the increasing business.

IV.—WORK OF THE TRADE COMMISSIONER'S OFFICE.

While the office of H. M. Trade Commissioner at Toronto was opened on 2nd April, 1918, a full year's work therefore not being possible, a great deal of business passed through the office during the nine months' period. A typical month's work includes the daily correspondence, the general reports to the Department in London, special trade reports, the collection of samples and catalogues of competing goods, business calls, the reception of a number of visitors, assistance to agents of United Kingdom firms, attendance at trade conventions and meetings, travelling within the Commissioner's district, addresses to local boards of trade and other bodies, visits to works in the district, preparation of lists of local importers and manufacturers' agents, the filing of applications for agencies of United Kingdom firms, &c., &c.

Visits within Area.—During the year, three visits were made to Hamilton and Niagara Falls, one to London, Ontario, and somewhat extensive trips to towns and cities both in Eastern and Western Ontario. On these occasions, relations were established with manufacturers, importers, manufacturers' agents, and the business community generally.

Addresses and Press.—Addresses were given to many boards of trade, at their invitation, and to gatherings such as the annual convention of the Association of Canadian Municipal Electrical Engineers. These addresses dealt with the work of the Department of Overseas Trade, and of the Trade Commissioner Service. Sympathetic and interested audiences were obtained on every occasion.

Another way in which the work of the Trade Commissioner Service was brought to the attention of the business community was by means of interviews granted when asked by the daily and trade press of the province.

Trade Conventions.—Among the trade conventions, fairs, &c., attended by this office during the period under review were the following:—

- (1) Canadian Good Roads Exhibition and Congress, Hamilton, Ontario.
- (2) Technical Section, Canadian Pulp and Paper Association; annual meeting; Toronto, Ontario.
- (3) Canadian Manufacturers' Association; annual convention, Montreal, Quebec.
- (4) Canadian Municipal Electrical Engineers' Association; first annual convention, Niagara Falls, Ontario.
- (5) Canadian Association of Stationary Engineers; annual convention, London, Ontario.
- (6) Midsummer Furniture Exhibition, Kitchener, Ontario.
- (7) Canadian National Exhibition, Toronto.
- (8) Toronto Electrical Contractors' Association.

Works Visited.—During the year, over 50 works were visited in this area at the invitation of the proprietors, and one ship launching was attended.

Special Reports.—Special reports were made on the following subjects:—Tapestries, piano trade, gloves, paper, hosiery, surgical instruments, the button industry, tooth brushes, cotton seed oil, wool,

textile machinery, and publishing and printing machinery. Other reports were with regard to the competition of Japanese electrical fittings, the Canadian Good Roads convention, the inspection system of the Hydro-Electric Commission of Ontario; and the Canadian National Exhibition. Eleven special reports were forwarded as a result of the visit to Western Ontario and six reports as a result of the visit to Eastern Ontario. In addition, a monthly report on general conditions in Ontario was forwarded.

Office at Exhibition.—At the Canadian National Exhibition held at Toronto in August and September for a period of two weeks, a branch of this office was maintained in the Government Building in space kindly provided by the Exhibition authorities. A number of business callers was received at this office.

Lists, Calls, Visitors.—Many lists of United Kingdom manufacturers were handed to local importers and others, at their request.

During the nine months' period 339 business calls were made by the Commissioner and his chief clerk, and 487 visitors called at the office and at hotels during the official trips of the Commissioner.

Correspondence.—The following is a record of the correspondence of the office for the nine months ended 31st December, 1918:—

Letters.	Number.
To the Department	753
From the Department	464
To His Majesty's Trade Commissioner at Montreal	297
From His Majesty's Trade Commissioner at Montreal	275
To United Kingdom firms... ..	133
From United Kingdom firms	130
To correspondents in this area	2,492
From correspondents in this area... ..	1,521
Other letters	5
Total	6,070

Practical Results.—It is a matter of some difficulty to trace actual results, so far as orders received by United Kingdom firms are concerned, from the work of this office. Several important orders which would have been secured in this way were lost entirely on account of war conditions. Orders for spinning machinery were obtained, and at a board of trade meeting in an Ontario town, addressed by the Trade Commissioner, the representative of a British firm stated during the discussion which followed, that as a result of information gathered from this office, he had been able to obtain an order for his principals valued at £7,000. It has also been possible in some cases to divert trade channels so that the business has been transacted between this market and another point in the British Empire, rather than between Ontario and a foreign point; or between Ontario and a British export house abroad rather than between this province and a foreign export house. For example, a British export house in China was put in touch with a local importer who had previously dealt through agencies in the United States. The United Kingdom house abroad then wrote to the Toronto firm as follows:—

“The Toronto business was usually handled through Chicago, and we have occasionally delivered goods in Toronto to the order

of United States buyers. It is no longer possible to ship these goods *via* United States owing to Government restrictions and there is a good opportunity of opening up this business extensively in your territory."

A new trade connection and a new trade channel were thus established in the interests of firms in the British Empire.

This office was asked by the Canadian Bar Association for suggestions as to the proposed Fire Insurance Policy Act, thus giving United Kingdom interests an opportunity to put forward views. The office was also notified by a parliamentary committee of the proposed bankruptcy Act for Canada, giving the United Kingdom the opportunity to put forward views as to the Bill.

Relations with Other Dominions.—There is a sympathetic interest in this area in the progress, work, and ambitions of the sister Dominions. The trade correspondence of these Dominions, so far as the work of the Trade Commissioners in Canada is concerned, has been dealt with by H.M. Senior Trade Commissioner at Montreal. Undoubtedly greater efforts will be made in Ontario to extend the trade relations of the province with various other parts of the British Empire. This office received a call during the year from Mr. C. R. Palairot, Director of Commerce and Industries, State of Hyderabad, India, who visited several local industries.

Acknowledgments.—This report would be incomplete without an acknowledgment of the cordial support which has been accorded throughout Ontario to the work and aims of His Majesty's Trade Commissioner's office at Toronto. While it is not possible, in the space available, to mention the names of all those who have materially assisted, this expression of thanks applies, among others, to the Dominion and Ontario Government authorities, various other public bodies, the manufacturers, the boards of trade and their secretaries, industrial commissioners, bankers, the railway companies, many local trade organisations, the daily press and the trade journals. Their assistance and sympathy have enhanced the value of the work and have been greatly appreciated by this office.

C. REPORTS FROM IMPERIAL TRADE CORRESPONDENTS
CANADIAN PROVINCES.

NOVA SCOTIA.

(By Mr. E. A. Saunders, Imperial Trade Correspondent at Halifax.)

General Conditions.—According to trade returns, Nova Scotia, in proportion to its population and area, attained a high position during 1918—it having had one of the most prosperous years in its history. While its industries were crippled to some extent by the large number of its sons overseas, fighting a world's cause, production was speeded up and the large demand for the natural resources of the country, both at home and at the front, made money plentiful—the wealth of the province having been estimated at something over \$175,000,000.

The easy monetary position attained, can be better imagined when it is known that Nova Scotia, with a population of something over 500,000, subscribed \$33,221,550 to the Canadian Victory Loan floated in December last—this was made up of 61,040 applications, or one to every 4.87 of the population, representing per capita of population, \$67.47. The subscriptions to all Canadian War Loans in this province have totalled about \$70,000,000, and to the various war funds upwards of \$3,400,000.

In the transition from war to peace, Nova Scotia will probably have less reconstruction to adjust than any other province in the Dominion, and thus its strong economic position will justify progressive policies on the part of both the Government and the Municipalities.

The number of business failures for the year, was the smallest for thirty years—totalling twenty-eight only, with liabilities of \$807,660 and assets of \$255,717. The number of failures in 1917 was placed at forty-three, and in 1916 at fifty-one.

Natural Resources.—Entering into details regarding the various natural resources of the country, we see increased values in practically all cases. Nova Scotia has a greater diversity of natural resources than any other province in Canada. Its agriculture in 1918 was valued at \$42,680,314, compared with \$36,217,203 in 1917; its fisheries, \$11,165,000, compared with \$10,092,000; its minerals and mineral products, \$55,840,000, compared with \$50,109,000; its manufactures \$58,340,000, compared with \$47,180,000; and its lumber, \$5,400,000, compared with \$4,200,000.

It will be seen from the figures given, that the call for greater production was nobly answered by this province.

Shipbuilding.—Shipbuilding, both wooden and steel, was vigorously pushed. Some forty-two yards were in active operation, and wooden vessels, numbering practically one hundred, were launched at a valuation of over \$7,000,000. Steel shipbuilding made a good start in the province—three vessels having been launched from the New Glasgow yards, and keels for four ten-thousand-ton steamers are being laid at the present time in the mammoth yard now under construction at Halifax.

Coal.—The production of coal fell off considerably, owing to the fact that this industry lost more employees, through enlistment for overseas service, than any other branch of our resources, and, for the first time, Nova Scotia forfeited her leading place as the coal-producing Province of Canada. We are justly proud, however, of our almost inexhaustible coal areas, and already steps are being taken, by the different producers, to work the collieries to their utmost during the present year in an endeavour to regain our position. It is estimated there are 1,150 square miles of coal areas in this province, with an approximate available quantity of 9,000,000 tons—the present annual production, by twenty-two operating companies, is about 6,000,000 tons.

Gold.—The area of gold-bearing lands in this province is approximately 3,000 square miles, and it is believed, by the authorities, that the introduction of deep mining and the development of hydro-electric power, now under consideration, will bring our gold output up to the large figures of former years.

Gypsum.—There is an area of gypsum-bearing lands, in this province, of practically 450 square miles, and about 300,000 tons are produced annually. To-day this gypsum is shipped largely in the raw to the United States, where it is manufactured and brought back to us, thus adding transportation expenses, &c. It is believed that there is a good opening for capital in this connection.

Imports.—While the value of the foreign imports into Nova Scotia in, 1918, is not to hand at the time of writing (March, 1919), it is known that during the war they fell off considerably, owing largely to transportation difficulties. The store-keeper has been obliged to rely principally on goods manufactured in Canada or the United States, and the elimination of outside competition, added to the increased cost of production, has made prices, in all lines, soar, thus to a godly extent bringing about the high cost of living, which is now receiving the attention of the different Governments. As yet, a large number of transportation people are not in possession of their vessel property—it continues to be required by the several nations for the transportation of troops, &c., and matters in this connection have not, to date, resumed their former position, although, of late, there has been considerable falling off in freight charges. As stated in my previous reports, our merchants prefer, when buying outside of Canada, purchasing from United Kingdom houses, and, already buyers are preparing to visit the United Kingdom with a view of looking over the market.

Trade of Halifax.—Owing to unusual conditions brought about by the war, the terrible disaster of December 6th, 1917, and the establishing of new manufacturing plants, Halifax had, during 1918, one of the most prosperous years in its history.

In the rebuilding of a section of the devastated district, and the payment of claims for damages caused by the explosion outside of that district, the Halifax Relief Commission has paid out in the neighbourhood of \$15,000,000—this, coupled with the fact that a large amount of money has filtered into the merchants' hands on account of the army and navy activities in connection with the war, has brought about the prosperous times referred to, and, in consequence, there were practically no business failures during the year.

The Imperial Oil Company has established an oil-refining plant at this Port, in operation less than a year, but already plans have been made for its enlargement; it is stated that \$4,000,000 have been invested in this plant and property, and that it will take an additional million to carry out the extension.

The Halifax Shipyards, Limited, have recently laid the keel of a ten-thousand-ton steamer, and are making their yard a four crib instead of three, as originally intended. This company have contracts for five ten-thousand-ton steamers. Their capitalization has recently changed from \$6,000,000 to \$10,000,000, for the purpose of enlarging their plant, which, as yet, is not in operation, being only under construction.

Building permits for the year totalled \$2,955,406, compared with \$844,077 in 1917; the Port business very largely increased for the first nine months but a proportionately large falling off occurred during the latter three months of the year—the tonnage for 1918 amounting to 15,846,555, compared with 17,082,911 in 1917; there was also a slight decrease in Customs Receipts, these having totalled \$2,657,000 in 1917, whereas in 1918 they only amounted to \$2,261,581; bank clearings jumped from \$125,997,881 in 1916, and \$151,872,752 in 1917, to \$216,084,415 in 1918; exports showed a slight decrease, totalling \$127,642,518 for the past year, compared with \$141,582,170 in 1917; and imports increased from \$13,885,000 in 1917, to \$14,760,000 in 1918.

Business failures numbered three, with liabilities of \$14,000 and assets of \$3,000.

The population of Halifax is estimated at 62,840

NEW BRUNSWICK.

(By Mr. W. E. Anderson, Imperial Trade Correspondent at St. John.)

General Conditions.—In reviewing trade conditions in New Brunswick for the year 1918, one is impressed with the uninterrupted prosperity the province has enjoyed during that period—a prosperity not the result of a fluctuating market or boom conditions, but apparently the result of greater and more scientific methods of development of natural resources, with consequent greater production.

While prevailing high prices have put a much larger total amount of money into circulation, the purchasing power of the dollar has decreased to within about 40 per cent. of its value of a few years ago; but, notwithstanding this decreased purchasing power, this province of only about 350,000 population has invested and contributed during the past two years to patriotic purposes—Victory Bonds, Red Cross, etc.—in the vicinity of four millions of dollars, or about four times the total public debt of the province.

Merchants generally report a satisfactory trade, above the normal—with few failures and none of any magnitude during the year.

Up to three months ago, labour conditions were good and men appeared to be content in their prosperity, with no lack of employment and no apparent dissatisfaction. More recent events, however, would indicate that organised labour had been controlled by the strain of patriotic duty, which was thrown off with the signing of the armistice. Conditions are not at all serious but there is a feeling of unrest and the apparent desire on the part of labour to test its strength against any other branch of organised civilisation. The return of men from the front has created some surplus labour, which is having the effect of steadying labour conditions to some extent.

Agriculture.—Farm labour was very scarce again this year, and farmers experienced great difficulty in handling the situation, both in planting and harvesting.

Some excellent assistance was given the farmers during the harvest season by volunteer help, recruited from the public school boys and girls of the XI and XII Standards.

It is to be hoped that this volunteer labour scheme may continue each year, for its practical educational value, and also that it may lead many of the families now living in the cities to take up an agricultural life. The following comparative statement of crops in British Columbia, taken from the Dominion Government returns, shows a very satisfactory increase in production:—

Crops.	1917.		1918.		Bushels per acre.
	Acres.	Bushels.	Acres.	Bushels.	
Wheat (all Spring)	16,000	192,000	49,453	1,050,900	21·25
Oats	190,000	4,275,000	224,442	7,855,500	35·00
Barley	1,800	39,600	6,601	178,200	27·00
Buckwheat ...	57,000	1,111,500	72,483	1,793,900	24·75
Potatoes	46,000	6,891,000	57,272	9,077,600	158·50
Turnips, &c. ...	7,700	2,314,000	18,507	6,477,500	350·00
Hay and Clover ...	568,000	909,000	740,637	1,111,000	Tons. 1·50

The increase in wheat production is particularly encouraging. In the past, our farmers have taken it for granted that the soil and climate of New Brunswick was not suitable for growing that grain—we have been educated to look upon Western Canada as the grain country, but the average yield of 21.25 bushels per acre for New Brunswick compares favourably with the West.

Bonusing of Wheat Mills.—The New Brunswick Government is alive to the possibilities of the province in the production of wheat, and has established a system of bonusing wheat mills in districts not already provided with milling facilities. A cash bonus of one thousand dollars is granted toward the erection of mills of twenty-five barrels capacity and two thousand dollars to mills of fifty barrels capacity. The conditions under which these bonuses will be granted are appended:—

A bonus will be paid upon new wheat mills erected and equipped in New Brunswick, subject to the following regulations:—

1. No bonus will be paid to or for the erection of a mill in a district which is already reasonably provided with milling facilities.

2. Every applicant for a bonus must produce evidence to satisfy the Minister of Agriculture that there are prospects of sufficient wheat being raised in the locality to adequately support a mill of the capacity proposed.

3. No agreement for a bonus will be entered into with any person or company until the site of mill has been examined by a representative of the Department of Agriculture and his report approved by the Minister.

4. The person or company applying for a bonus must agree in writing to operate a mill to the satisfaction of the said Minister for a period of five years.

5. The person or company to whom the bonus is given, must keep the mill insured for a sum not less than the amount of bonus to be paid, and in case of destruction by fire within the term of five years, the amount of the bonus to be a first lieu upon the insurance, and shall be payable to His Majesty the King, represented by the Minister of Agriculture, which shall be so stated in the policy, and said policy to be in the custody of the said Minister.

6. The bonus to be paid as follows:—

One-half the amount when the mill has been completed, and has passed inspection by an officer appointed by the Government, according to plans and specifications agreed upon between the applicant for bonus and the said Minister; the remaining one-half after the first year in which the mill has been satisfactorily operated.

7. His Majesty the King, as represented by the said Minister, shall have a lien upon the said mill and the machinery and equipment therefor, for the amount of the bonus so paid, and upon any failure on the part of the owner to carry out the terms of such agreement during the term of five years, the Lieutenant-Governor-in-Council may declare the bonus forfeited and the owner shall repay His Majesty the King, represented as aforesaid, the amount of the bonus paid.

8. The amount of bonus to be paid not to exceed 25 per cent. of the cost of the mill, or \$1,000 in any case.

9. No mill so bonused to be moved from original site so approved of as aforesaid, except with the consent in writing of the Minister of Agriculture.

During the year, eight new mills have been erected under the bonus system.

Lumber.—Shortage of tonnage space for trans-Atlantic ports, seriously interfered with the lumber market of 1918, and lumbering operations were consequently considerably curtailed. Shipments to the United States, however, show a continued increase—the figures in value for the past three years being:—1916, \$1,410,844; 1917, \$2,426,368; 1918, \$2,808,779.

A most elaborate system of forest protection has been established by the Provincial Government—Forest Rangers and Fire Wardens have been appointed for the various lumbering districts, and the necessary observation towers and other equipment will be provided just as soon as weather conditions permit, so as to have the system in full operation before the spring of the year, when much damage is usually done to the timber growth through the carelessness of camping parties.

Mining.—New Brunswick in 1918 produced more coal than in any previous year, with an increase over 1917 of 76,000 tons, the total for the year being 265,000 short tons.

Plans are now under way by the Minto Coal Company, which is owned almost entirely by Canadian Pacific Railway interests, to introduce more modern machinery in the development of these mines. It is proposed to use immense steam shovels for stripping seams to a depth of forty feet, such as are used in the West Virginia coal fields. It is estimated that the adoption of this plan will treble the output of the mines.

Antimony.—The antimony ore deposits at Lake George, New Brunswick, are declared by metallurgists to be the only antimony deposits in Canada or the United States of sufficient magnitude or extent to maintain a smelting plant. These deposits have been partially developed by several local companies during the past few years, who eventually dropped out owing to lack of sufficient capital. The property has now been taken over by the "North American Antimony Company, Ltd.," a company organized especially to develop this property and said to consist entirely of New York capital.

A firm of American engineers are now working on a modern plant, which it is proposed to erect at the mines, and which will have a daily capacity of ten to twenty tons of finished product. The promoters claim that they will have the plant operating in the spring of 1919.

Gas and Oilfields.—The development of this property, which is located at Stony Creek, Albert County, is being carried on successfully. During 1918 the company sold 775,077,000 cubic feet of gas from the wells.

The Stony Creek field has been greatly developed by deeper drilling, maintaining the gas supply.

Several new wells, extending the margin of the field, have been drilled to considerable depth, but have proved unproductive. The new gas developed has been entirely found by deepening old wells to lower productive sands.

The oil production has greatly increased, and last year totalled 2,800 barrels, as compared with 1,345 for the previous year. The Company anticipate exceeding this output considerably during the present year, when extensive development of the field will be undertaken.

Fisheries.—Sea fish caught in New Brunswick waters during 1917-18 were valued in an uncured state at \$3,767,479—their market value was about \$6,000,000.

The following is a statement of quantities and value of the leading fish in an uncured state for two years in comparison:—

Kinds of Fish.	1916-7.		1917-8.	
	Quantity.	Value.	Quantity.	Value.
	Cwt.	Dollars.	Cwt.	Dollars.
Salmon	16,917	214,344	16,223	224,716
Lobster	99,455	595,375	89,499	287,934
Cod	200,560	501,400	140,059	470,247
Haddock	27,345	63,827	16,048	44,063
Hake and Quak	115,727	157,095	76,793	144,713
Pollock	47,395	70,935	32,886	68,447
Herring	539,339	542,519	229,248	256,346
Mackerel	11,407	91,256	15,477	69,169
Shad	4,607	32,896	995	5,069
Alewives	55,770	55,770	64,876	68,648
Smelts	55,025	495,296	51,799	558,251
Tom-cods	13,588	20,381	13,661	23,193
	Barrels.		Barrels.	
Oysters	8,294	49,764	7,198	42,775
Clams	28,132	34,738	20,052	30,044
Sardines	315,810	789,525	291,255	1,456,275

Housing Conditions.—With little or no house building during the past four years, housing conditions in New Brunswick, as elsewhere, have reached an acute stage. The situation is to be relieved to some extent by the action of the Federal Government, which has voted twenty-five million dollars to be loaned the respective provincial Governments at a five per cent. interest rate and to be apportioned on a basis of population. New Brunswick's portion of the loan is one million dollars. This fund will probably be augmented by grants from the provincial Government and Municipalities—the purpose of the fund being to build small houses for returned soldiers and deserving labourers, who will make payment for them in small monthly instalments. The present suggestion is that the provincial Government will undertake the construction and administration of these houses. This will undoubtedly stimulate building operations during the present year, but until the necessary legislation has been enacted nothing more definite can be reported.

Railways.—One of the events which has marked the year 1918, is the change in the railway situation in this province. Many of the branch roads, owned almost wholly by private parties, have been taken over by the Canadian Government railway system, at a time when it was almost impossible for private enterprise to continue successful operation. These railways are now under the control of the Dominion Government railway system. Their improvement is bound to follow, and when all of them, including the St. John and Quebec Railway, otherwise known as the "Valley Railway," which is now being completed by the Government, are taken over as part of the railway system, New Brunswick will really begin to reap the advantages that were looked forward to when private and public enterprise undertook the construction of these short but necessary and most convenient transportation lines.

Harbour.—With the completion of the Canadian Pacific Railway from ocean to ocean in 1889, the citizens of St. John had a vision of St. John harbour becoming a great national port. At that time, the Federal Government was paying subsidies to steamers running between trans-Atlantic ports and Portland, Maine, U.S.A.

In 1895 the citizens were successful in having the subsidy contract so changed as to have the subsidized steamers make St. John and not Portland, Maine, their Atlantic port in winter, and it looked as though that vision was to be realised. The following winter the Portland, Maine, subsidies were cancelled and subsidies were granted to steamships running from St. John to Liverpool, London, Glasgow, Belfast and Dublin.

There was a serious question as to whether St. John could successfully handle the volume of trade that had been going through Portland, Maine, so long, but the citizens of St. John met the situation to the extent of an expenditure of well over one million dollars to provide the necessary facilities.

That their faith in the port was well founded, is proven by the following statement of imports and exports taken from Federal Government returns. The trade for 1918 places St. John as the second largest of the ocean ports of Canada:—

Years.						Exports.	Imports.
						Dollars.	Dollars.
1900	...	...	...	...	...	9,733,534	4,730,403
1905	...	...	...	...	...	13,548,041	5,582,477
1910	...	...	...	...	...	24,988,519	7,394,175
1914	...	...	...	...	...	25,359,760	9,433,220
1915	...	...	...	...	...	43,872,932	9,112,916
1916	...	...	...	...	...	120,042,590	11,165,463
1917	...	...	...	...	...	190,586,561	15,500,659
1918	...	...	...	...	...	200,783,647	16,783,415

St. John is a tidal harbour with a rise and fall of about 26 feet. The harbour proper and the steamer berths have a low-water depth of 32 feet, which gives from 58 to 60 feet at high water. Almost every size and type of vessel can enter or leave the port at low water. Navigation in the Bay of Fundy, from its mouth to St. John, is well protected by lights, buoys and other aids, so that marine disasters are of rare occurrence.

St. John occupies a strategical position as a port. With the harbour facilities which at present exist and the improvements that are planned for the future, involving the expenditure of millions of dollars, St. John should, in the near future, be one of the best equipped and most successful winter ports on the Atlantic coast, handling Canadian trade in a manner satisfactory to both exporter and importer.

Conditions of Trade.—Caution seems to be the keynote in every mercantile establishment to-day. Generally speaking, merchants have been operating on a rising market for the past three or four years, with large profits assured, if they could get the stock.

With present unsettled conditions, however, there is not the same anxiety to stock heavily. Merchants are carrying as little as possible and buying for immediate requirements only. There is also the uncertainty as to where the new stocks are coming from—Europe or America.

There is a feeling that the war has completely shaken up the United Kingdom market and that we are going to experience that aggressive pursuit of trade by United Kingdom manufacturers' salesmen that in the past we have only experienced from those from the United States. Locally, merchants are looking forward to a much larger percentage of trade with United Kingdom houses, but realise that there will be a long period of readjustment before United Kingdom manufacturers are going to be in a position to take full advantage of the market that is here awaiting them.

United Kingdom Manufacturers' Opportunity.—Through long trading with the United States, where every facility has been provided to attract the Canadian buyer, and through attractively prepared and constantly displayed advertising by United States manufacturers, the Canadian appetite was Americanised and the Canadian consumer educated to an honest belief that unless the article of purchase was of United States manufacture, it was not the best for his particular purpose. The demand for competitive lines of United Kingdom manufactured goods, especially hardware lines, gradually declined and merchants became more or less prejudiced against them.

Owing to the war, regular channels of trade were interrupted, sentiment changed, and the eyes and hearts of all Canada were upon the British who were doing such heroic work, not alone in France but at home as well. We were brought up sharply with an acute realisation of what the United Kingdom meant to Canada. No advertising campaign, no matter however well prepared and carried through, could have done as much to turn trade towards United Kingdom channels, and a "British-made Goods" advertising campaign in Canada, launched by United Kingdom manufacturers, would meet with an enthusiastic reception.

The United Kingdom manufacturer, no doubt, has his heart and hands full for some time to come readjusting trade conditions at home, but if the Canadian market has any attraction for him, now is his opportunity to take advantage of the unsettled conditions to establish his connections, before trade drifts back into the hands of his competitors.

Canadian merchants are now crossing to the United Kingdom and France for the purpose of establishing new trade connections, and if the United Kingdom manufacturer could take the time to visit Canada, the value of his personal contact would be difficult to over-estimate.

QUEBEC.

(By Mr. G. B. Ramsey, Imperial Trade Correspondent at Quebec.)

The following Report on general trade for 1918 in this district is submitted:—

Agricultural Position.—During the past summer, weather conditions were exceptionally favourable for the farmers in this district, this, added to the exceptionally high prices, resulted in their receiving probably the largest return for their labour of any year on record.

The principal crops in this district are: Potatoes, hay, oats and dairy products, but the exceptionally high price for wheat, lead to a considerable area being sown to this crop, and while some farmers received satisfactory returns, there were many disappointments. The result as a whole was, however, as already stated, very satisfactory, and the farmers invested in a very exceptional way in the various war loans, in addition to adding to their balances in the savings banks.

Finance.—The banks appear to have no difficulty in finding funds to meet all requirements of their regular customers freely, and a considerably larger business was done in the year under review, than in any previous year. The Quebec clearing house totalled for the year \$236,000,906.00, as compared with \$213,000,505.00 for 1917 which was a record.

General Trade.—Trade was reported exceptionally good in all the following lines throughout the year, and the Christmas trade has been referred to by the retailers as the best on record :—

- Wholesale dry goods.
- Wholesale groceries.
- Provisions.
- Boots and shoes.
- Lumbering.
- General hardware.

Trade in the following lines has been restricted in consequence of the excessive cost of labour and materials :—

- Real estate.
- House building.
- Construction steel.

But there is no doubt that the demand for houses will force a recovery of these trades in a short time.

Manufactures.—In the boot and shoe trade during the year, orders exceeded the capacity of factories, but the output was restricted partly by shortage of skilled labour.

Lumber.—The demand for lumber was greater than the supply, and the price was the highest on record.

Pulp.—The returns have been most satisfactory notwithstanding the arbitrary interference with prices, and a very large amount of surplus earnings and new capital has been put into additional manufacturing capacity.

Shipbuilding.—The orders placed here by the British Ministry of Shipping, and later by the Dominion Government, has resulted in a very active revival of the shipbuilding trade in Quebec, but it remains to be seen whether this will be a permanent addition to the industrial life of the city. There is good reason, however, to hope that this will be the case, as the facilities are unequalled, but development on a very large scale depends chiefly upon the necessary organisation and capital.

Hydro-Electric Power.—Outside the city, in what may be described as the Quebec district, a wonderful development is taking place in connection with hydro-electric power. The Government of the Province, some years ago, adopted a policy of conservation and development of the water powers, their principal project being the La Loutre Dam on the Ste. Maurice River, which provides a storage reservoir covering 360 square miles, the largest reservoir in the world. With this as a guarantee of ample supply of water throughout the year, a number of manufacturing plants have been established at various points on the Ste. Maurice River, and electric power developed to the extent of over 200,000 h.p. at Shawinigan Falls, 130,000 h.p. at Grand'Mere, 100,000 h.p. at La Tuque, 100,000 h.p. at Three Rivers, with a possible development at various points to total 830,000 h.p. in all.

The power at the various centres is now used for the production of:—

At Shawinigan Falls—

Newsprint.
 Dry ground pulp.
 Sulphide pulp.
 Calcium carbide.
 Acetone.
 Glacial and acetic acid.
 Magnesium.
 Amorphous carbon electrodes.
 Aluminium ware.
 Ferro alloys.
 Axcelite.

At Three Rivers—

Lumber, pulp, paper, cotton goods.

At La Tuque—

Manufactured lumber.

At Grand' Mere—

Manufactured lumber, pulp, paper and electric power.

There is no doubt that with the practically unlimited supply of power available for development in this province, the manufacturing of chemicals and other similar products should receive the attention of capitalists, now that the strain of the war has been removed.

This field is now being worked, and to a considerable extent controlled by United States' interests, but United Kingdom manufacturers of mill machinery and electrical plant would, in every probability, find it possible to secure quite profitable orders in these lines if they are prepared to compete for them.

Manufacturers in the United Kingdom of woollen goods, textiles, hardware and many other lines have not been able to supply the demand of many of their customers during the war, and Canadian and United States manufacturers have succeeded in replacing them. United Kingdom firms will, therefore, require to devote some special effort and to have some patience to recover lost ground, but no doubt these attributes are not peculiar to this district.

MANITOBA.

(By Mr. W. J. Healy, Imperial Trade Correspondent at Winnipeg.)

General Conditions.—Retail trade throughout Western Canada, for which territory Winnipeg is the main distributing centre, was greater in volume during 1918 than in the preceding year. The wholesalers in Winnipeg and the other distributing centres report a notably satisfactory year, not alone in the volume of business done, but in the increased improvement in collections and in the fact that the record made in 1917 for the smallest number of failures of retailers in Western Canada, has been bettered in 1918. The volume of trade done during the past year has been greater than in 1917, both as to the cash turnover and the quantities of goods disposed of; the outstanding cause of this (apart, of course, from the excellent return from the agricultural industry of the West) is the fact that there has been practically no unemployment during the year. Wage-earners on the land, and in the towns and cities, were in constant demand, at high wages.

Merchants placed their orders conservatively during the past twelve months; there were no signs of the desire to overstock, which was in evidence during 1916 and 1917, as a result of the difficulties and the delays experienced during those years by the jobbers in getting their orders filled, and the sharp advances in prices in many lines by the manufacturers. The prevalence of the influenza epidemic affected seriously both wholesale and retail trade during the closing months of the year, but business became exceedingly active during the two weeks preceding Christmas, so that, on the whole, the retailers have not entered upon the new year with very heavy stocks. One notable fact is the demand reported for the best quality of all commodities, a tendency which has been increasingly in evidence among the general public. The majority of retailers report that, despite the influenza epidemic, their 1918 Christmas business was the best they have ever had; this is true not only of Winnipeg, but of practically all the prairie cities, towns and villages.

There is every ground for believing that while there will be the usual January and February sales, there will be no slaughter of stocks of merchants, the reasons being that unduly heavy stocks are not being carried and that it is confidently felt that there are not going to be sharp declines in prices. Both wholesalers and retailers share the belief that the prices of staple lines will hold firm.

Agriculture.—The yield from agricultural industry has been satisfactory. While the wheat crop has fallen somewhat short of the expectations, based on the increased acreage sown, a large proportion of the crop is of such high quality as to make up, in large measure, for the failure of the total quantity to be as great as was anticipated. A conservative estimate of the total value derived from grain, livestock and dairying in the prairie provinces in 1918 is \$385,000,000. Manitoba has done well; Saskatchewan also has had good results, on the whole; in Alberta, the damage from drought and frosts has been greater than in the other two provinces. Mixed farming, which both the Governments and the banks and loan companies are doing everything possible to further, is rapidly on the increase.

The total value of the wheat crop is some \$201,000,000, as against \$238,409,000 in 1917. The oats are estimated at \$9,500,000, as against \$16,866,700 in 1917. The barley at \$5,500,000, as against \$6,204,472 in 1917. The flax at \$5,225,000, as against \$8,045,034 for 1917, and the rye at \$1,215,000, as against \$517,075. The total estimated value of the 1918 crop, including the value of the screenings, is \$225,000,000, as against \$270,247,943 for the crop of the year preceding. The livestock shipments of the Prairie Provinces have totalled \$72,500,000, as against \$57,720,760 the year before, the dairy products \$54,500,000, as against \$39,495,631, the output of wool \$2,071,000, as against \$1,500,000. The potato crop, valued at \$20,000,000, and the hay and roots, at \$15,000,000 are nearly double the yield of the year before.

Minerals.—The mineral developments in Northern Manitoba are attracting steadily increasing attention. Prospecting in the region adjoining Hudson Bay continues actively. In actual production, 6,000 tons of ore have been shipped for smelting in 1918, with a total value of \$651,000, as against 3,300 tons in 1917, with a total value of \$274,500. The yield of copper was \$624,000 last year, as against \$231,360 the year before, of gold, \$12,000, as against \$6,600, and of silver, \$15,000, as against \$6,600.

Post-War Activities.—There has been practically no railroad construction during the year, and Dominion, Provincial and Municipal Authorities, as well as private individuals, firms and companies followed a general policy of refraining from capital account expenditures. With the closing of the war, however, came active planning for a renewal of all activities which the war had brought to a standstill. Notably in this connection is the reorganisation of the Winnipeg Board of Trade, with a greatly increased membership and the appointment of new officials in connection with a new system designed to advertise widely the advantages offered by Winnipeg to manufacturers, including cheap hydro-electric power, and otherwise to endeavour to increase in every manner possible the industrial and commercial growth of Winnipeg and the territory of which Winnipeg is the wholesale, financial and railroad centre. A special section of the Board was formed under the name of the Western Canada Development Bureau, which has already, in connection with the Canadian Council of Agriculture (the body representing the organised farmers), taken up the consideration of the question of introducing binder twine and potato flour industries in the Prairie Provinces.

ALBERTA.

(By Mr. J. F. Sweeting, Imperial Trade Correspondent at Calgary.)

General Conditions.—The Trade of the Prairie Provinces is dependent to a great extent on the success of the grain crop. The summer of 1918 in Alberta was a very dry one, with the result that the harvest was considerably below estimates and averages, notwithstanding increased acreage. If times had been normal, the effect of this would have been a great diminution in trading, but, owing to high prices for all kinds of produce and the fact that these prices had been in effect in 1917 and prior thereto, the shortage of crops in 1918 was not appreciably felt and will not be felt until sometime in 1919. Even then, should climatic conditions be favourable, the effect will not be so noticable as would have been the case, say in 1913. The situation next year will, however, depend on what action is taken in fixing the price of wheat. If the example of the United States is adhered to, there will be no disturbance in the regular business situation, on the other hand if wheat is sold in the open market, and with American wheat at a fixed price, it will be somewhat difficult to foresee what the result is likely to be.

The above being the case, there was no interruption in trading conditions which, both in respect to wholesale and retail, were as good as in 1917, which so far, had been the best year in the West. The crop situation, however, did hamper and, in many cases, stop proposed construction work, though such work was mainly in the nature of farm building improvements, and, to some extent, proposed extensions to warehouse accommodation in cities.

Building.—The only development of industrial building of note was the erection of the Alberta Flour mills plant at Calgary, which will not be completed until 1919. It is to be an export mill, with a daily capacity of 6,000 barrels, worked largely with American capital and machinery.

The Building permits were as follows:—

Locality.						Dollars.
Calgary	...	...	...	...	...	1,197,300*
Edmonton	...	...	...	...	...	351,471
Lethbridge	...	...	...	...	...	135,553

Municipal Work.—No Provincial Government work of any note, outside of road making and bridge building, was undertaken, and the various cities and towns in the province adopted the same attitude. This means that there is a large amount of Municipal work to be undertaken when money is available.

Manufactures.—Manufacturing has been continued in established plants, caused almost entirely by war orders, including meat and products, flour and munitions and machine shops of various kinds, while other industries have been working only in so far as local demand could take care of the output.

Machinery.—Farm machinery and automobile business have been the best, though when the light crop situation began to develop about the commencement of August, 1918, this trade quietened considerably.

Railway Construction.—There has been practically no railroad building; though some construction was done on the Edmonton, Dunvegan and British Columbia Line into the Peace River country.

Agriculture and Livestock.—The essential on the Prairies, to develop large business, is colonization with farmers and live stock producers, and just as more land is put under the plough and more live stock produced, so will the value of the prairie market increase for the manufacturer. While certain lines of industries may be developed in the West as years go on, it must always be a country where large purchases of farm and other machinery will be absolutely necessary to carry on its work.

The following statement shows the estimated grain production for Alberta in 1917 and 1918 extracted from the Dominion Government returns:—

Crops.	1917.		1918.	
	Acres.	Bushels.	Acres.	Bushels.
Fall Wheat	51,700	1,059,900	44,065	771,100
Spring Wheat... ..	2,845,600	51,923,200	3,848,424	23,091,000
Oats	2,537,900	86,288,600	2,651,548	62,974,300
Barley	472,100	10,386,200	470,073	8,461,200
Eye	30,880	633,000	47,877	873,800
Peas	1,851	32,400	1,994	23,900
Beans	—	—	763	19,000
Mixed Grains... ..	24,027	618,700	27,989	699,700
Flax	139,800	978,600	95,920	480,000

* Of this amount, \$500,000 was a permit for Alberta Flours Ltd.

Other products in 1918 were as follows:—

Potatoes, 3,119,400 bushels (only a 50 per cent. crop).

Wool, Southern Alberta wool crop estimated at 1,575,000 pounds, and will probably sell at an average price of 65 cents per pound.

Creamery butter, 9,100,000 lbs., value, \$4,000,000.

Cheese, 650,000 lbs., value, \$149,500.

Estimated value of all dairy products (butter, cheese, milk, cream, etc.), \$27,500,000.

The following figures relate to live-stock in the province in 1917 and 1918:—

Livestock.	1917.	1918.
	Number.	Number.
Horses	718,317	791,246
Milch Cows	825,861	328,702
Other Cattle	1,209,433	1,362,880
Sheep	276,966	332,179
Swine	730,237	601,534

The numbers of live-stock handled through the Calgary stock yards in 1917 and 1918 were as follows:—

Livestock.	1917.	1918.
	Number.	Number.
Cattle	92,578	145,545
Hogs	127,948	139,675
Sheep	25,231	51,659
Horses	25,694	25,154

Bank Clearings.—

Locality.	1917.	1918.
	Dollars.	Dollars.
Calgary	348,663,426	391,334,577
Edmonton	142,606,772	171,015,067
Lethbridge	45,021,074	41,901,114

Fisheries.—While no figures are yet available as to the value of the fisheries in Alberta in 1918, the 1917 figures show the value of the catch to be \$144,317, with value of vessels, tugs, boats, nets, &c., as \$37,462, and that 714 persons were employed in the industry. The principal catch is whitefish (value, \$21,452). The major portion of the catch is in the northern lakes, such as the Lesser Slave Lake, Athabaska Lake, &c.

Lumber.—Hitherto, I have not dealt with the lumber industry of the province in my reports and while no late figures are yet available, the figures for 1916 will give an idea of the importance of this industry. In that year, 18,350 M. ft. B.M. were cut, valued at \$263,996, and there were 42 active mills reporting. The principal lumber produced is spruce and jack pine, the others being poplar, fir, tamarack, birch and balsam fir.

Oil Wells.—In the Turner Valley Field, south of Calgary, an absorption plant has been installed by the Calgary Petroleum Products, Ltd., for using the gas from Wells Nos. 1 and 2, and turning it into gasoline. Very little work has been done on the wells in this territory and no new ones brought in, although there are some 14 wells in the district in various stages of drilling. The present production of the district is about 100 barrels, of 35 Imperial gallons each, per day.

Drilling has been carried on in the Peace River country and two wells reported, as oil producers, but of small daily capacity. Considerable activity is likely to continue in that territory.

Natural Gas.—The Calgary Natural Gas Co., brought in a new commercial well north of Burdett, which is west of the Bow Island gas-field, and in the north, at Viking, a 9th commercial well was brought in.

Coal Mines.—Coal mining has been carried on with less interruption than in the year 1917, and the year's requirements should easily be taken care of. There is a very large field for development in the coal areas of Alberta.

Municipal Hospitals.—The next few years will show considerable development in the construction of municipal hospitals in rural districts. These hospitals will cost from \$25,000 to \$50,000 each. They are erected under charter from the Provincial Government, granted at the request of the persons residing in three or four rural municipalities, who band together for the purpose. Bonds are issued to cover the cost, interest and sinking fund being created by taxation. Charges for attendances are regulated.

Labour Situation.—At the end of the year labour conditions were normal, but the returning soldiers and the cessation of war industries will develop a surplus during the early months of 1919. It is understood, however, that the Provincial Government is to take action in the way of carrying out construction operations which have lain dormant during the war, and the various cities, towns and municipalities will endeavour to obtain finances that will enable them to carry on various works that have been in abeyance. It is not possible to state at the present time the value of the works to be constructed, but there is a large amount of work requiring attention, provided the financial situation is favourable.

SASKATCHEWAN.

(By Mr. J. F. Sweeting, Imperial Trade Correspondent at Calgary.)

Agriculture and Livestock.—Saskatchewan is the largest wheat growing province in Canada. The production of grain in 1918 being:—

Crops.	Bushels.
Wheat	106,366,500
Oats ...	134,689,500
Barley	14,160,700
Rye ...	1,667,300
Peas ...	51,000
Beans...	21,500
Flax ...	5,466,200
Mixed Grains	492,500

Value approximately \$325,000,000.

Root and Hay crops resulted as follows:—

Crops.	Bushels.	Value.
Potatoes	6,950,900	Dollars. 6,672,900
Turnips, &c.	2,203,300	2,005,000
	Tons.	
Hay and Clover	862,400	4,319,800
Fodder Corn... ..	63,200	663,600
Alfalfa	9,700	169,800
	Total Value	\$13,831,100

The live stock situation is as follows:

Livestock.	Number.
Stallions	13,624
Mares	400,786
Geldings	383,377
Colts and Fillies	192,222
Mules	10,067
Total Horses and Mules	1,000,076
Bulls	20,600
Milch Cows	352,989
Calves	332,040
Steers... ..	131,343
All other Cattle	441,759
Total Cattle	1,279,331
Sheep	134,177
Swine... ..	521,240

The wool crop is estimated to be 394,000 pounds, at an average price of 61 cents per pound.

The value of creamery products including creamery and dairy butter, milk, sweet cream and ice cream for 1918 is \$13,643,213.

This province has gone in extensively for co-operation among the farmers with the result that a large number of Farmers' Co-operative Organizations have been established for the purposes of selling the products grown by the members, and purchasing collectively their requirements of staple articles.

In addition, the establishment of co-operative creameries and cold storage plants has led to large developments in the butter and poultry industries.

The City of Regina, which is the location of the Provincial Government buildings and Parliament, is probably the largest distributing centre for all kinds of farm machinery, practically every firm from eastern Canada and the United States, selling farm machinery in western Canada, being represented in that city. It is also a large wholesale grocery centre. Packing houses, flour mills, soap factories and foundries are also operating in the city.

The next city of importance is Saskatoon, which has a very productive agricultural territory tributary to it, and through which large quantities of grain and live stock are shipped annually. It has flour mills and breakfast food factories.

Moose Jaw is a railroad centre with a large packing house, flour mills and other industries.

The southern part of the Province, west of Regina, is a treeless, but very productive prairie country, with valuable undeveloped clay deposits in the extreme south.

The northern half of the Province is a good grain and cattle country, well treed and watered with an extensive timber belt and mineral potentialities.

Coal Mines.—The coal mines of the Souris Field, in the south of the Province, would produce about 300,000 tons of soft lignite coal during 1918, the market for which is mostly in Manitoba. The Dominion Government, in conjunction with the Provincial Governments of Manitoba and Saskatchewan, are to erect a lignite briquetting plant near Estevan, for hardening and increasing the fuel value of this lignite. A sum of something like \$400,000 has been granted for this purpose, and the plant is likely to be in operation in 1920. Mr. Leslie M. Thompson is secretary of the Lignite Utilization Board, 80, St. Francois Xavier Street, Montreal, Quebec.

Banking.—The Bank Clearings for 1918 were as follows:—

Locality.	1917.	1918.
	Dollars.	Dollars.
Regina	169,800,115	184,624,626
Saskatoon	93,730,650	91,431,682
Moose Jaw	64,896,741	78,425,563

Building.—The Building Permits were as follows:—

Locality.	1917.	1918.
	Dollars.	Dollars.
Regina	416,460	1,006,000
Saskatoon	582,799	604,715
Moose Jaw	295,460	579,645

General Conditions.—General trading conditions throughout the year were good, and while the crop production was disappointing on account of the dry summer, the high prices of all products made the money situation easy amongst consumers, who spent freely. No public works, large buildings, or railroad construction were carried on but a considerable number of buildings were erected at country points, of a value of perhaps \$2,000,000.

Necessarily in an agricultural province, the farm machinery and hardware, constitute the greater volume of trading, together with groceries and produce. This Province, like Alberta, will be a steady buyer of all kinds of agricultural implements for many years to come.

BRITISH COLUMBIA.

The following reports on the general conditions in the Province of British Columbia have been received from the Imperial Trade Correspondents at Victoria and Vancouver, respectively:—

VICTORIA.

(1) *Report by Mr. J. J. Shallcross, Imperial Trade Correspondent at Victoria.*

Finance.—The general financial position has been satisfactory. There have been few cases of financial difficulties among traders and the savings deposits in the banks have steadily increased. In confirmation of this, attention may be called to the contributions in Victoria to the various war loans which aggregate over \$10,000,000, or an average per capita contribution of over \$200.00. In addition, liberal contributions have been given to the various war funds, notwithstanding the reduction in the earning capacity of the community, through absence of a large proportion of the man-power overseas.

Employment and Wages.—There has been no lack of employment during the past year for able-bodied men in connection with ship-building and the lumber industries.

During 1918 contracts for the building of wooden ships for the Canadian Government were practically completed, but further contracts have been made on behalf of the French Government, which will give employment during 1919.

Large forces of men have been occupied in producing spruce for aeroplane production and for this purpose additional forest areas have been exploited. Shipments of ordinary lumber have been restricted owing to the lack of ocean tonnage.

There has been considerable mineral development, stimulated by the high prices for copper, silver, &c.

Wages paid in all industries have shown a remarkable increase at the close of the year—the rate for unskilled labour is \$4.00 for a day of eight hours, while semi-skilled and skilled labour receives from \$5.00 a day upwards, the average rate probably being \$6.00 per day of eight hours.

At the close of the year it has been generally recognised that it is necessary to add to the industries now in operation, in order to find employment for returned soldiers and for the additional immigration from Europe which is generally anticipated.

The programme of land settlement which has been initiated by both the Dominion and Provincial Governments will undoubtedly necessitate the employment of a large amount of labour in order to get various settlements ready for agricultural production.

Shipbuilding.—Contracts have recently been let by the Dominion Government for two steel ships, with a promise that further contracts will be let from time to time in order to keep the yards employed.

The present wooden ship programme will hardly be completed before the end of the year, but it is questionable whether further contracts will then be let for wooden ships.

Railway Construction.—The Canadian Northern Railway Company are now completing their railway system on the island which was postponed at the commencement of the war, and the Canadian Pacific Railway Company are making application for authority to extend their present railway system on Vancouver Island in two directions. This

additional mileage will open up important timber areas and also give access to the west coast of the island.

Building.—During the last three years, there has been an almost entire cessation of building construction, and it is reasonable to expect that, as soon as prices decline, there will be considerable construction of houses and other buildings. Meanwhile, rents are advancing owing to the scarcity of suitable dwellings and a large number of sales of house property have been made, at prices which are approaching the present cost of construction.

In order to assist the construction of houses for returned soldiers, the Dominion Government have arranged to make loans to the Provincial Government, and it, in turn, proposes to make loans to the various municipalities. It is quite questionable how far the municipalities will take advantage of this offer, because there is apparently no provision made to relieve municipalities of any loss which may arise through expenditures made, while the cost of labour and material continues at an abnormal level.

General Conditions.—There is evidence of a strong disposition both by buyers in this country and by manufacturers in the United Kingdom, to make even closer the trade relations which have hitherto existed. There has been, however, a development which will demand most serious consideration and that is, that the Japanese are now manufacturing a large number of goods which have previously been obtained from Europe. Not only in hardware manufactures, but also in textiles, their competition may be a serious factor in the future. Japanese vessels now almost control the shipping facilities between this coast and the Orient, and this, combined with the comparatively low labour costs in Japan, will give Japanese manufacturers considerable advantages, which cannot safely be disregarded.

VANCOUVER.

(2) *Report by Mr. P. G. Shallcross, Imperial Trade Correspondent at Vancouver.*

General Conditions.—The financial recovery referred to in previous reports has been maintained throughout 1918.

Last year reference was made to the subscription of \$8,000,000 from Vancouver City and adjoining municipalities to Canada's Victory Loan, of 1917. The subscription from the same source to the 1918 Victory Loan exceeded \$16,000,000, and about one in three and a half of the population subscribed. In addition, and throughout the year, the Canadian people have subscribed liberally to all war activities in male and female power, cash and in materials.

British Columbia has shared in the material prosperity of the whole Dominion during the past three to four years, which has enabled the inhabitants, quite substantially, to digest the burden with which they were left, from too free speculation in land prior and up to 1913.

Apart from investment in shipbuilding plants, there are no large capital investments in war activity plants, other than those which should continue in times of peace for the purpose of development of the natural resources of the province, such as timber and mines. In this particular, therefore, the province is fortunately situated during the readjustment period.

No excessive stocks of merchandise are reported, which, had the contrary been the case, might have been the cause of a serious and sudden break in prices.

In addition to the efforts of the Dominion and Provincial Authorities to re-adjust from war to peace activities, the citizens are giving individual and collective attention to this important work.

Labour.—Notwithstanding the apparent unsettled conditions of labour in many parts of the world, the air here, at the moment of writing, is less charged with disturbance in this respect than was the case at many periods during the past two years. This does not arise entirely from absence of unemployment, though labour continues to be quite well employed, but is contributed to by a feeling that there is a real earnestness apparent, to better conditions compared with pre-war standards of wages and living. There is, therefore, a welcome feeling of restraint, to the end that the country may get into its stride.

Natural Resources.—Throughout the year there has been marked progress in the development of the natural resources of the Province—timber, minerals, fish, &c.

Industries.—Pulp and paper mills have enjoyed prosperity. Greater attention has been paid to the development of farming in all its branches, fruit raising, &c., and from the cultivation of house lots—comparatively small—as a war measure, some \$2,000,000 were obtained during last year.

Trade Conditions.—It may be accepted that the United Kingdom will make a more determined effort than ever before, to secure the trade of the British Dominions.

This leads me to emphasise what is, no doubt, already well known to United Kingdom manufacturers that during the war the Japanese have, with a view to after-the-war trade, seriously challenged European manufacturers in many commodities. With subsidised steamship lines and, it is said, preferential freight rates to the people of their own nationality, coupled with much lower labour costs, it would appear to be essential to give close attention to this competition. Japanese stores in our cities are now noticeable by their numbers, attractive appearance and evident desire to show merchandise in kind, quality, and price appealing to our citizens.

TRADE OF DOMINION OF NEWFOUNDLAND.

(By Mr. H. W. Le Messurier, C.M.G., Imperial Trade Correspondent at St. John's.)

The following report is submitted on the commercial and industrial conditions in the Dominion of Newfoundland during the year 1918.

Fisheries.—The Cod Fishery, which is the principal resource of this Dominion, was highly remunerative during the past year. Although, on the whole, the catch was not equal in quantity to that of previous years, the enhanced value in the foreign markets enabled buyers to pay high prices, and the value of the product was much greater than that of the previous year.

The Shore Fishery was exceptionally good in some districts, such as that of Ferryland, whilst it was poor from North of Cape Freels to Cape Bauld. The Bank Fishery showed a decrease of 30 per cent., due, in part, to the presence of German submarines on the Grand Banks. The Labrador Fishery also showed a decrease in the catch, but the increase in price more than compensated for the loss in quantity.

The Seal Fishery for 1918 showed a decrease in quantity of 44,979 seals, but an increase in weight of 691 tons and in value of \$346,836.

The Herring Fishery was vigorously prosecuted, the catch being the largest and most profitable in the annals of the country. The markets of the United States readily take all our catch if properly cured and packed. The Government are striving to ensure a good cure and pack, which is highly necessary in order to keep control of the neighbouring markets.

Owing to the demand for oil during the continuation of the war, good prices were realised for seal, cod and whale oils, and the demand was greater than the supply. Since November, prices have considerably decreased.

Taken on the whole, the realisation of Fisheries and Marine Products during the past year has been most lucrative, and the people of this Dominion, who rely chiefly on the same for their living, have been unusually prosperous. A new departure was taken this year in the manner of marketing some of our cod and other fishes. The Newfoundland Atlantic Fisheries Company having established a refrigerator plant in this city, quantities of cod, herring, salmon, caplin, haddock, turbot, halibut and other fishes were stored and frozen whilst fresh. The S.S. "Bayano," a ship specially fitted for carrying goods in cold storage, arrived here in November last and carried to London, England, 6,842,160 lbs. cod, 5,000 salmon, 231,200 lbs. haddock, and some sample lots of caplin, turbot, herring, flounders and wolf fish. The consignment arrived in good order, and it is hoped that it may lead to a good business between Newfoundland and the United Kingdom.

Mines.—The Iron Mines have, during the year, produced and exported over 800,000 tons, and the miners and others engaged in this industry have received good wages.

Pulp and Paper Mills.—The Pulp and Paper Industries have been maintained at the usual standard, the output being in good demand for the markets of the United States and South America. About 35,000 tons of paper and 15,000 tons of pulp have been exported during the year.

Industrial Conditions.—Industrial conditions during the year have been excellent, the employer and employee receiving remunerative results far in excess of other years.

Trade Conditions.—The statistical returns of the trade of the Dominion are compiled for the fiscal year ended 30th June. The latest returns are those for the year ended 30th June, 1918.

The following is a statement of the total value of the imports and exports of the Dominion of Newfoundland for the year ended 30th June, 1918, compared with those for 1916-17.

Countries.	Imports.		Exports.	
	1916-7.	1917-8.	1916-7.	1917-8.
	Dollars.	Dollars.	Dollars.	Dollars.
United Kingdom ...	2,620,033	2,248,781	4,836,074	3,822,931
British Possessions ...	8,150,635	12,029,616	2,972,517	3,986,825
United States ...	10,233,899	12,244,746	4,047,842	7,110,322
Other Countries ...	313,743	369,803	11,525,329	15,233,439
Totals ...	21,318,310	26,892,946	22,381,762	30,153,517
Increase in 1917-8 compared with 1916-7.	5,574,636		7,771,755	

The exports for each of the years ended 30th June, 1917 and 1918, were classified as follows:—

Classes of Articles.	Value of Exports.	
	1916-7.	1917-8.
	Dollars.	Dollars.
Products of the Fishery ...	17,551,001	25,547,334
" " Agriculture	11,951	16,704
" " Forest ...	686,157	320,609
" " Mine ...	1,266,242	972,203
Manufactures (local) ...	2,600,623	3,045,893
Game ...	874	387
Wines ...	5,910	6,876
Old metal ...	35,298	30,185
Junk ...	19,860	15,452
Miscellaneous ...	113,846	197,874
Total Exports ...	22,381,762	30,153,517

APPENDICES.

(A)—Statistics of the Pulp and Paper Industry, 1917, for the Province of Ontario.

(B)—Imports into Canada for consumption of Dutiable and Free Goods (Coin and Bullion excluded) for the Fiscal Years ending 31st March, 1914 and 1918 compared.

APPENDICES—continued.

(A) Statistics of the Pulp and Paper Industry, 1917, for the Province of Ontario.

Schedule.	Pulp Mills.	Pulp and Paper Mills.	Paper Mills.	All Classes of Mills.				
Number ...	6	10	17	33				
Capital invested in:								
Land, buildings and fixtures \$	2,325,134	30,721,755	1,633,441	34,580,330				
Machinery and tools ... \$	2,677,092	16,452,689	1,637,234	20,767,005				
Materials on hand, stocks in process, &c. \$	1,603,145	8,064,643	732,852	10,400,640				
Cash, trading and operating accounts, &c. \$	620,847	5,100,765	337,365	6,258,977				
Employees salaries and wages:								
Persons employed on salaries ... No.	77	350	78	505				
Salaries paid \$	185,767	547,330	132,237	842,884				
Persons employed on wages ... No.	1,040	6,404	862	8,306				
Wages paid \$	1,028,301	4,733,516	626,815	6,438,532				
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Cost of materials:	Cords.	Dols.	Cords.	Dols.	Cords.	Dols.	Cords.	Dols.
Pulpwood ...	206,068	1,905,416	529,523	5,524,939	—	—	735,691	7,430,355
All other materials ...	—	3,737,445	—	11,330,819	—	3,331,666	—	15,090,150
Value of Products:	Tons.		Tons.		Tons.		Tons.	
Pulp:								
Mechanical ...	24,381	799,973	29,214	938,181	—	—	53,595	1,738,153
Sulphite ...	61,973	7,545,526	32,068	1,322,668	—	—	94,041	7,368,194
Sulphate ...	2,757	734,946	—	—	—	—	2,757	734,946
Soda ...	—	—	—	—	—	—	—	—
Paper:								
Newsprint ...	—	—	316,063	17,739,786	85	13,000	316,147	17,752,786
Book and writing ...	—	—	9,130	1,632,123	24,315	4,431,249	33,446	6,063,372
Wrapping ...	—	—	3,443	963,300	2,120	438,854	10,563	1,402,158
Boards ...	—	—	16,938	1,005,748	2,390	145,664	19,228	1,151,412
Other paper products ...	—	—	—	20,807	—	794,266	—	815,073

APPENDICES—continued.

(B) Imports into Canada for consumption of Dutiable and Free Goods
1914 and 1918

COUNTRIES (Fiscal years ended March 31st).	1914.		
	Dutiable.	Free.	Totals.
BRITISH EMPIRE.	Dollars.	Dollars.	Dollars.
United Kingdom... ..	102,375,867	29,694,495	132,070,362
Aden	—	25,145	25,145
Africa—British East	12,205	3,770	15,975
British South	94,562	383,261	477,823
British West	3,346	25,772	29,118
Bermuda	1,815	5,724	7,539
East Indies—British India	183,024	4,823,285	5,006,309
Straits Settlements	223,993	341,850	565,843
Other East Indies	110,096	1,536,739	1,646,835
British Guiana	3,172,565	6,547	3,179,112
British Honduras	—	155,396	155,396
British West Indies	2,233,513	2,113,797	4,347,310
Egypt and Sudan	48,170	894	49,064
Gibraltar	17	—	17
Hong Kong	561,442	448,579	1,010,021
Malta	2,734	10	2,744
Newfoundland	23,074	1,817,449	1,840,523
Oceania—Australia	455,570	257,541	713,111
New Zealand	1,976,300	1,216,600	3,192,900
Fiji	239,182	1,537	240,719
Other Oceania	—	—	—
Totals, British Empire ...	111,717,475	42,858,391	154,575,866
FOREIGN COUNTRIES.			
Abyssinia	—	3,635	3,635
Argentine Republic	25,892	2,577,236	2,603,128
Austria-Hungary	1,700,401	72,620	1,773,021
Belgium	2,977,584	1,512,892	4,490,476
Belgian Congo... ..	—	—	—
Bolivia	—	—	—
Brazil	2,370	1,161,415	1,163,785
Bulgaria	454	91	545
Central American States—			
Costa Rica	37	34,737	34,774
Guatemala	46,473	64,291	110,764
Nicaragua	—	—	—
Salvador	7,450	10,495	17,945
Chile	24	767,265	767,289
China	344,029	569,233	913,262
Colombia	—	150,545	150,545
Cuba	3,512,587	440,300	3,952,887
Denmark	20,226	92,403	112,629
Danish West Indies	259,368	—	259,368
Greenland, Iceland, &c.	38	5,642	5,680
Ecuador	2,657	—	2,657

APPENDICES—continued.

(Coin and Bullion excluded) for the Fiscal Years ending 31st March, compared.

1918.			COUNTRIES (Fiscal years ending March 31st).
Dutiable.	Free.	Totals.	
Dollars.	Dollars.	Dollars.	BRITISH EMPIRE.
58,047,170	23,277,113	81,324,283	United Kingdom.
1,318	—	1,318	Aden.
—	—	—	Africa—British East.
7,639	545,723	553,362	British South.
1,298	14,182	15,480	British West.
19,891	71,049	84,940	Bermuda.
4,090,199	5,265,394	9,355,593	East Indies—British India.
338,364	2,782,632	3,120,996	Straits Settlements.
147,628	3,830,009	3,977,637	Other East India.
6,708,201	8,446	6,716,647	British Guiana.
—	352,028	352,028	British Honduras.
7,596,027	2,954,523	10,550,550	British West Indies.
4,295	2	4,297	Egypt and Sudan.
—	—	—	Gibraltar.
802,930	1,002,585	1,805,515	Hong Kong.
755	19	774	Malta.
951,287	1,996,240	2,947,527	Newfoundland.
326,706	2,029,959	2,356,665	Oceania—Australia.
232,139	3,503,420	3,735,559	New Zealand.
1,150,964	405	1,151,369	Fiji.
831	—	831	Other Oceania.
80,421,642	47,633,729	128,055,371	Totals, British Empire.
—	—	—	FOREIGN COUNTRIES.
64,010	990,945	984,955	Abyssinia.
75	—	75	Argentine Republic.
1,521	11,452	12,973	Austria-Hungary.
—	16,795	16,795	Belgium.
—	—	—	Belgian Congo.
964,656	26,221	990,777	Bolivia.
—	—	—	Brazil.
—	—	—	Bulgaria.
91,304	—	91,304	Central American States—
172,883	—	172,883	Costa Rica.
101,287	—	101,287	Guatemala.
32,900	—	32,900	Nicaragua.
—	—	—	Salvador.
488,589	478,378	478,378	Chile.
186,656	848,301	1,336,890	China.
579,621	650	187,306	Colombia.
1,402	505,926	1,085,547	Cuba.
—	12,986	14,388	Denmark.
—	—	—	Danish West Indies.
2,835	3,433	3,433	Greenland, Iceland, &c.
—	—	2,835	Ecuador.

Continued.

APPENDICES—continued.

(B)—continued.

COUNTRIES (Fiscal years ending March 31st).	1914.		
	Dutiable.	Free.	Totals.
FOREIGN COUNTRIES—continued.	Dollars.	Dollars.	Dollars.
France	11,914,089	2,362,446	14,276,535
French Africa	1,019	40,486	41,505
Madagascar	520	42,970	43,490
St. Pierre and Miquelon	3,415	2,653	6,068
French Guiana	—	—	—
French West Indies	—	—	—
Germany	11,151,601	3,434,622	14,586,223
German Africa	—	51,710	51,710
Greece	444,811	225	445,036
Hayti	—	106	106
Italy	1,428,517	661,870	2,090,387
Japan	1,463,970	1,140,246	2,604,216
Korea	—	—	—
Mexico	36,958	1,434,224	1,471,182
Morocco	—	162	162
Netherlands	1,642,791	1,372,665	3,015,456
Dutch East Indies	877,017	99,073	976,090
Dutch Guiana	216,126	—	216,126
Dutch West Indies	—	367	367
Norway	446,513	39,866	486,379
Persia	11,879	—	11,879
Peru	747,546	1,000	748,546
Portugal	256,168	21,213	277,381
Azores and Madeira Islands	5,282	—	5,282
Roumania	3,806	750	4,556
Russia	21,160	461,649	482,809
San Domingo	2,942,333	—	2,942,333
Siam	895	79,389	80,284
Spain	1,273,643	78,490	1,352,133
Sweden	515,427	87,974	603,401
Switzerland	4,252,961	61,844	4,314,805
Turkey in Asia	397,234	82,035	479,269
Turkey in Europe	15,527	185	15,712
United States	249,482,610	146,082,718	395,565,328
Alaska	28,432	38,238	66,470
Hawaii	43,985	11,360	61,365
Philippines	4,838	877	5,715
Porto Rico	22	1,591	1,613
Uruguay	1,024	54,702	55,726
Venezuela	3,560	129,683	133,243
Totals, Foreign Countries	298,541,269	165,340,309	463,881,378
Grand Totals	410,258,744	208,198,400	618,457,144

APPENDICES—continued.

(B)—continued.

1918.			COUNTRIES (Fiscal years ending March, 31st).
Dutiable.	Free.	Totals.	
Dollars.	Dollars.	Dollars.	FOREIGN COUNTRIES—continued.
4,838,465	435,599	5,274,064	France.
—	997	997	French Africa.
—	—	—	Madagascar.
1,409	2,400	3,809	St. Pierre and Miquelon.
—	1,598	1,598	French Guiana.
187	—	187	French West Indies.
21,506	5,675	27,181	Germany.
—	—	—	German Africa.
20,294	2	20,296	Greece.
—	—	—	Hayti.
527,536	243,651	771,187	Italy.
9,779,526	2,475,793	12,255,319	Japan.
—	—	—	Korea.
70,850	594,140	664,790	Mexico.
548	—	548	Morocco.
820,000	234,176	1,054,176	Netherlands.
69,710	2,761,932	2,831,642	Dutch East Indies.
201,763	1,710	203,473	Dutch Guiana.
—	—	—	Dutch West Indies.
92,550	48,508	141,058	Norway.
86,841	122	86,963	Persia.
2,343,354	18,869	2,362,243	Peru.
196,928	41,492	238,420	Portugal.
10,628	—	10,628	Azores and Madeira Islands.
—	—	—	Roumania.
44	8,433	8,477	Russia.
6,615,961	—	6,615,961	San Domingo.
49,526	15,069	64,594	Siam.
719,498	89,309	808,807	Spain.
100,144	10,028	110,172	Sweden.
3,000,561	145,921	3,146,482	Switzerland.
—	—	—	Turkey in Asia.
—	—	—	Turkey in Europe.
429,298,758	362,607,367	791,906,125	United States.
10,294	80	10,374	Alaska.
30,492	348	30,840	Hawaii.
23,285	44	23,329	Philippines.
10	126	136	Porto Rico.
50,481	—	50,481	Uruguay.
301,292	—	301,292	Venezuela.
461,919,880	372,568,495	834,488,375	Totals, Foreign Countries
542,341,522	420,202,224	962,543,746	Grand Totals.

78

REPORT

ON THE POST-WAR

ECONOMIC AND INDUSTRIAL SITUATION

OF

DENMARK.

Presented to Parliament by Command of His Majesty.

X.572.N2



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Cmd. 955

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Note.—This Report has been compiled from information supplied by Mr. R. M. TURNER, Commercial Secretary to H.B.M. Legation, Copenhagen.

Department of Overseas Trade,
June, 1920.

DANISH CURRENCY, WEIGHTS AND MEASURES.

Currency.

The Danish monetary unit is the gold Krone of 100 ore; at par Kroner 18.16 equals £1 sterling.

Weights and Measures.

The metric system is used in Denmark.

Of the old Danish weights and measures in use before the introduction of the metric system the tonder (land measurement) is still frequently used. (1 tonder = 551623 hectares.)

I.—INTRODUCTION.

In 1916 Denmark had a population of 2,921,362 and a superficial area of 39,033 square kilometres, the density of the population being 74.84 to the square kilometre. Of this population 605,772 resided in Copenhagen, 604,203 in the provincial towns, and 1,711,387 in the country districts. Thus, of the total population, approximately half are engaged in agriculture and the other half in trade, transport and industry.

From an economic point of view, therefore, there may almost be said to be two Denmarks, the one, Copenhagen and the larger provincial towns, being chiefly devoted to trade, shipping and industry, the other, Jutland and the islands, having agriculture for their principal activity, each, however, being dependent on the other in that the agricultural industry depends on the shipping and commercial activities of the capital for the import and transit of its raw materials and the supply of manufactured articles, while Copenhagen depends upon the agricultural community for its supplies of agricultural produce.

Before the war each of these two distinct parts of Denmark had reached a definite stage in economic development.

Agricultural Denmark, from being a corn producing country, had, within a generation and a half developed into a large factory for the production of butter, bacon and eggs, each of which was produced with an eye to the particular markets for which it was intended. Industrial and commercial Denmark, by reason of the position of the country, had also reached a certain stage of progress as a centre of trade for Northern Europe.

The early years of the war brought to Denmark a period of prosperity—her agricultural products were in great demand at highly increased prices from both belligerents and neutrals, and her merchant trade and shipping obtained greatly enhanced

profits. As the war continued the difficulties of the war situation presented themselves in ever increasing force, and with the increasing restrictions of the belligerents Denmark's trade continuously diminished, until in the middle of 1918 it had almost come to a standstill, while internally the country was faced with the necessity of radically reducing the number of her livestock and strict rationing of almost every commodity.

Nevertheless, Denmark had prospered greatly, and with the signing of the Armistice both the agricultural and commercial interests anticipated a further period of prosperity based on their accumulated wealth.

The year 1919 did not, however, fulfil the hopes that were entertained at its commencement. Danish agriculture has found its revival after the years of war more difficult and slower than was expected, and even where it has recovered to some extent its full rehabilitation has been hampered by diminished demand on the part of its old accustomed markets. Again, commercial Denmark had looked forward to making Copenhagen the centre of the transit trade with the Baltic, but the continued isolation of Russia, the depreciation of the currencies of those Baltic countries with which trade was possible, and labour difficulties at home have prevented the realisation of the early hopes.

II.—NATURAL RESOURCES.

Agriculture.

1914-1918.—During the last generation and a half Denmark has devoted herself to the production of agricultural produce on scientific lines. She has bred her stock of cows entirely with an eye to the milking capacity of the strain, and her stock of pigs to produce the quality of bacon needed for the market she intended to supply. The State has assisted in various ways in the education of the agricultural population with this object in view, and a large number of agricultural schools and high schools of agricultural advisers and of agricultural associations throughout the country have contributed materially to the development of rational principles of production.

A further contributory cause of the high stage of development to which Danish agriculture has reached must be sought in the wide co-operative movement among agriculturists, which embraces not only buying, manufacturing, and selling organisations, but also associations for the acquirement and use of breeding stock, implements, etc.

On the 15th July, 1914, the Danish stocks amounted to 567,000 horses, 2,463,000 cattle (of which 1,310,000 were cows) and 2,497,000 pigs. The yearly output of exportable agricultural produce was estimated at 100,000 tons of butter, 147,000 tons of bacon, 30,000 tons of eggs, and 16,000 tons of meat. To produce

this quantity of exportable agricultural produce the country consumed some 7,000,000 tons of fodder-stuffs, reckoned in corn units, of home production. Besides this, she imported some 1,500,000 tons of corn and fodder-stuffs, of which about 250,000 tons were maize for pig fodder and about 550,000 tons oil-cakes for cattle. (See Appendix 1.) In addition, Denmark imported about 400,000 tons of fertilisers for use on her own land, which amounted to about 2,900,000 hectares. Of this about 1,150,000 hectares were devoted to the cultivation of corn, 850,000 to root crops, and 27,940 to other crops, while the remainder of the land was used for the production of clover, lucernes, grass and green fodder for the summer. (See Appendix 4.)

It will thus be realised that Denmark is practically one large agricultural factory, into which raw materials, such as fodder-stuffs and fertilisers, are imported, and from which the finished product, such as butter, bacon and eggs, is exported. As a result of this economy, Danish cattle are stall fed practically the greater part of the year.

In 1914 Danish exports of agricultural produce to Great Britain were of considerable importance in British economics, as will be realised from the fact that Danish butter amounted to 44 per cent. of the total of the British butter imports, Danish bacon 55 per cent., and eggs 24 per cent. of the total imports. When the war broke out Denmark for the first few months increased her exports of agricultural produce to Great Britain. About the same time, however, Germany began to increase her purchases of agricultural produce, livestock and meat, and at the same time started buying horses on a considerable scale. As the war went on the increased prices offered by Germany led to an increase in the amount of agricultural produce exported to that country and to a decrease in the quantity exported to the United Kingdom.

The gradual reduction in the imports of fertilisers and fodder-stuffs, owing to the increased severity of the Allied blockade measures and the increased prices caused by rising freights, etc., also led Denmark to part the more readily with the less valuable part of her herds. Efforts were made for a time to increase the home crop areas and postpone the evil day, but the harvests for 1916 and 1917 were considerably below the average (see Appendix II.), and with the cessation of imports of fodder-stuffs from the west in the middle of 1917, it was realised that a drastic reduction in the number of livestock must be effected. By July, 1918, the stock of pigs had been reduced by three-quarters to 631,000. Similarly, cattle herds were reduced by 340,000 to 2,123,000 head, although the number of cows was not reduced in proportion. The number of horses was only reduced by some 20,000 (see Appendix III.).

Not only did the cessation in the imports of fodder-stuffs result in a reduction of the stocks, but as Danish agricultural processes

are intensive it led to a proportionately great decrease in the output of these stocks which were maintained, since while the amount of fodder it was possible to give the herds was sufficient to keep them alive, their power of production was noticeably affected. Moreover, the manure output from the herds was considerably reduced in value, which, combined with the failure of the imports of artificial fertilisers, reduced the capacity of the country to produce the normal amount of home-grown fodder-stuffs.

Meantime, during the latter years of the war, Danish home consumption of her own agricultural produce materially increased, as will be realised from the fact that, whereas in normal times Denmark imported the raw materials and produced and consumed about 56,000 tons of margarine, this production was reduced to some 1,100 tons in 1918. Similarly, while in normal times 60,000 pigs were slaughtered weekly in Denmark, of which about 20,000 were consumed in the country, the slaughterings towards the end of 1918 had fallen to about 5,000 head per week. This has led to a very strict rationing of pork for home consumption and the total cessation of export.

The export of agricultural produce to Denmark's old customers, the United Kingdom and Germany, was also affected by the fact that from 1917 onwards some export of agricultural produce took place to the other Scandinavian countries on the basis of compensation for supplies of nitrates from Norway and raw materials for industry from Sweden (*see* under "Industry"). Thus, in 1917 and 1918, about half of Sweden's total import of foodstuffs came from Denmark, including:—

	1917.	1918.
Butter	7,100 tons.	5,100 tons.
Bacon	6,300 tons.	—
Eggs	30,000,000	—
Cheese	550 tons.	—

On the whole, it may be said that Denmark during the war endeavoured as far as possible to maintain her normal markets and in the face of considerable difficulties to preserve her agricultural stocks at a level from which it would be possible within reasonable time to bring them to normal strength again. On the other hand, it should be realised that by the date of the Armistice the direction of the Danish agricultural industry had been considerably altered both as regards imports of raw materials and the export of the finished products.

Previous to the war, a large part of Denmark's imports of fertilisers and fodder-stuffs had been obtained through Germany, but with the blockade regulations being constantly increased in severity Denmark had to rely on imports direct from the United States and South America, whilst her old sources of supply in Russia, Germany, Roumania, and the United Kingdom, were almost entirely cut off.

At the same time, so far as her exports were concerned; for the reasons already given, there was a constantly increasing proportion sent southwards and to the other Scandinavian countries, whilst her normal exports westwards steadily diminished. (*See Appendix V.*)

Conditions in 1919.

In September, 1918, an agreement was reached between the Allies and Denmark, whereby Denmark was again able to obtain raw materials from abroad. With the cessation of hostilities supplies of fodder-stuffs and fertilisers began to come forward, although during the early months of 1919, the import was small owing to the shortage of tonnage. During the course of the year, however, considerable quantities of fodder-stuffs were imported, the largest categories being cotton-seed cake, 74,611 tons; arachide cake, 15,938 tons; linseed cake, 28,978 tons; bran, 19,289 tons; maize, 191,767 tons. There were also considerable imports of oil-seeds and the like, the residue from which also enters into the fodder-stuffs stocks of the country. (*See Appendix I.*)

The imports of fodder-stuffs were considerably less than the imports before the war, but with the supplies of home-grown fodder, were sufficient to enable the Danes to commence to rebuild their stocks.

At a census taken in July, 1919, the stock of horses in the country amounted to 558,000 as compared with 567,000 in July, 1914. Cattle, 2,188,000 (2,463,000 in 1914); pigs, 716,000 (2,497,000 in 1914); and sheep, 509,000 (515,000 in 1914). The imports of maize combined with the increase in the quantity of skimmed milk which again was due to the imports of oil-cake rendered it possible not only to increase the stock of pigs, but also towards the end of the year to have some surplus of bacon for export.

The total export of agricultural produce for the year 1919 was distributed as follows:—Cattle, 32,301; butter, 36,994 tons; bacon, 539 tons; pork, 282 tons; meat, 8,679 tons; eggs, 338,466,000. Complete figures showing the destination of these exports are not as yet available, but it would appear from the British import statistics that, of the amount given, 14,514 tons of butter, 332 tons of bacon, and 1,638,067 eggs were exported to the United Kingdom.

Although the export trade in agricultural produce showed considerable progress over the previous year, trade nevertheless still suffered from many difficulties.

As has been shown above, the total quantities of fodder-stuffs imported during the year were still less than normal. The imports of fertilisers were, however, less favourable and consequently supplies of home-grown fodder were not up to the normal. The principal categories of fertilisers imported were 3,500 tons

of raw phosphate, 6,600 tons of superphosphates, 3,600 tons of atmospheric saltpetre, 4,800 tons of Chile saltpetre, and 10,700 tons of other fertilisers.

In the absence of margarine raw materials during the early part of the year considerable quantities of butter were still consumed on the home market, while shipping difficulties also delayed both the import of raw materials and the export of the produce. At the same time the demand from Denmark's principal customers was restricted for various reasons. The demand from Germany greatly diminished after the Armistice, and great difficulty was experienced in regard to payment in view of the depreciated condition of the German mark. The export trade in butter and bacon with the United Kingdom was also affected by the fact that according to the Danes the import prices of fodder-stuffs were so high that the fixed prices obtainable in the United Kingdom did not adequately cover the cost of production, consequently there was but little inducement to increase production, and various endeavours were made to obtain higher prices in the United Kingdom. As a result of this situation a number of farming concerns have been considering the possibility of devoting their attention to the export of milk rather than the production of butter and bacon.

In default of the usual British market, a complete return to which is the earnest hope of all Danish agriculturists, the Danes were obliged to seek other markets for the disposal of their surplus of butter. Some quantities were exported regularly to Norway and Sweden, while sales were also made during the year to Switzerland, France and Belgium. Owing to the high value of the dollar some sales also were made to the United States at the close of the year.

The sugar campaign of 1919 was fairly successful, not only the home requirements being covered, but some surplus remaining for export in the following season. The export of Danish-grown sugar during 1919 amounted to 3,900 tons.

Increased activity was also noticeable in the potato market, 125,468 tons being exported in 1919 as compared with 46,348 tons in 1918.

Fisheries.

During the early years of the war, Danish fisheries experienced a period of great prosperity. Exports of Danish fish increased from 29,825 tons in 1914 to 47,074 tons in 1915 and 77,660 tons in 1916. By far the greater share of Danish exports were sent to Germany, and in addition considerable re-export of imported fish also took place in the same direction. By 1917 the difficulties caused by the submarine warfare, mines, restrictions placed on Danish exports of fish and the stoppage of supplies of oil from the West (*see under Trade and Industry*) greatly reduced the activities of the Danish fisheries. Efforts were made to obtain supplies of oil from Roumania through Germany, but

little success attended this experiment. Attempts were also made to run the fishing vessels by the use of suction gas engines and by a return to the use of sails but with little success. Consequently, many vessels had to be laid up and a special scheme adopted for rendering Government assistance to unemployed fishermen. As a result of these difficulties the exports of fish decreased to 34,250 tons in 1917 and to 19,443 tons in 1918.

The year 1919 witnessed an improvement in the state of the fishing industry. During the early part of the year, however, the industry was more or less still in the same position as in the later years of war. Fishing requirements, including fuel oil, were slow in coming forward from abroad, and all the running expenses of the industry were greatly increased. At the same time the blockade measures restricting the export of fish were still in force, whilst maximum prices were still maintained in respect of sales on the Danish market. Moreover, the minefields were not as yet removed, and it was not until the latter half of the year that fishing was resumed on anything approaching its former scale.

Even in the second half of the year when restrictions had been practically all removed and Danish fishing vessels were again able to bring their catch to United Kingdom harbours there remained the difficulty of financing exports to Denmark's largest customer, Germany, owing to the depreciation of the mark. Consequently, although the total export of fish amounted in 1919 to 58,346 tons it is impossible at present to estimate how far the year showed an actual improvement on the two previous in view of the disparity between the general increased expenses of fishing and the low price in Danish currency obtained for the exports to Germany. For similar reasons the result for the present year may not be good.

III.—INDUSTRY.

Effect of the War.

On the outbreak of the war, owing to the temporary paralysis of Danish shipping, raw materials for the industries failed to come forward. The result was a momentary but considerable increase in the unemployment throughout the country which reached its culmination at the end of 1914. From that period imports of raw materials recommenced, and although during the course of the year imports were, in many cases, considerably delayed owing to the visitation of ships, the industries were on the whole well employed. The Danish Chamber of Manufacturers had, moreover, in the early part of 1915 reached a partial agreement with His Majesty's Government whereby guarantees were given as to the ultimate destination of goods manufactured from the raw materials so imported. This agreement was later in the year extended and modified and incorporated in the Anglo-Danish Agreement of November 15th, 1915.

During the early years of war, owing to the cessation of the import of a great number of manufactured commodities from the belligerent powers, the Danish industries, which had previously experienced considerable foreign competition on the Danish market, found themselves in a stronger position than ever before. When to this is added the fact that a large portion of the Danish community found itself better off (through the increased agricultural export and improved prices, and by the rise in wages) than ever before, it will be seen that the first two or three years of the war were a period of unparalleled prosperity for many branches of Danish industry.

Exports.—These were also characterised by an increased export of Danish industrial productions, and it is particularly noteworthy that Sweden, Norway and Finland increased their imports of these articles from Denmark considerably. The most noticeable increases in the export of industrial products were, however, confined to one or two branches. Thus in 1915 there was a very considerable export of boots, leather goods and soap to Germany, while throughout the first two or three years of the war there was a large export of machinery to Russia. A considerable trade was also developed in the export of electric parts (mainly to Russia), and of electric elements and batteries, the total export of which in 1916 amounted to 1,117 tons, of which 156 tons went to the United Kingdom, 94 tons to British East Africa, 113 tons to Australia, 17 tons to New Zealand, while Norway took 158 tons and Sweden 406 tons. Iron household goods were exported in considerable quantities to the United Kingdom and to Russia, and rails to the United Kingdom, the British Colonies, Scandinavia and Holland.

In 1915 Denmark exported some 2,000 tons of castings, of which 1,600 tons went to the United Kingdom, while in 1916 the export of some 1,800 tons went principally to Norway and Sweden. In 1916 there was also an export of some 1,400 tons of contractors' machinery to the United Kingdom, Norway, Sweden and Russia. The figures for the export of machinery for the chemical technical industry show that practically the total export, 1,300 tons in 1915 and 800 tons in 1916, went to the United Kingdom, which country also took 170 tons out of a total of 490 tons of cooling machinery in the latter year.

During the first two years of the war there was also a considerable export, mainly to the Central Powers, of conserves. On the other hand, the cement industry, whose products before the war had been exported to a considerable extent, showed a constant decrease throughout the war, due to the difficulties and expense connected with the import of coal.

On the whole the Danish industries used these productive years to consolidate their position, and, owing to the ease with which money was obtainable, in many cases existing concerns extended their capital. A commencement was also made by

many industries in importing the necessary raw materials direct from the country of production, instead, as hitherto, of purchasing these raw materials on a European market, in most cases Germany.

Imports.—The introduction of the extended submarine warfare in 1917 again prevented the Danish industries from obtaining supplies of raw materials, and the efforts that were made to overcome this difficulty were rendered abortive by the measures taken by the Allies later in the year, whereby the rations of raw materials assigned to Denmark were further restricted. Still later in the year a general embargo was placed by the Allies on the export of goods to Denmark, and as a result imports from the West practically came to a standstill. As a result of these measures the Danes were obliged to seek what raw materials they could find in the countries adjacent to them, and a system of exchanges was organised whereby in return for the export of Danish agricultural produce, wood-pulp, wood tar, various chemicals and iron were obtained from Sweden and Norway, and dye stuffs, chemicals, iron, coal, etc., from Germany. These imports were naturally insufficient to replace the imports usually obtained from the West, and the result was that employment in a large number of Danish industries was greatly reduced. A further result of the blockade was that Germany was placed in a position to demand from Denmark the same prices for German coal as Denmark had to pay c.i.f. for British coal, which increased the cost of production and the difficulties of the Danish manufactories in no small degree.

Of the industries which were particularly hard hit can be mentioned the margarine industry, which in 1916 produced 52,000 tons and which was completely stopped in September, 1918, after a total production for the year of 1,100 tons. The Allied Oil Pressing industry, which in 1917 had only about 90 per cent. production of 1916, was practically stopped during the whole of 1918. The textile industry, which in 1917 imported nearly 3,000 tons of cotton (compared with a normal import of 7,500 tons) had an import of 45 tons in 1918, which was exclusively used for the manufacture of medical cotton wool. The import of wool in 1918 amounted to 65 tons, as compared with a normal import of about 700 tons. Other industries which were greatly affected were the tobacco, soap, glass, tile, rope and artificial manure industries, while, owing to the failure of the imports of grain the manufacture of aqua vitae was entirely prohibited, and the output of the breweries very considerably reduced and restricted.

Various efforts were made to produce substitutes, but owing to the lack of suitable raw materials in the country small

success was obtained. Some coffee substitutes were, however, produced, and advantage was taken of the existence in the country of considerable quantities of Greenland fish oil to manufacture compounds which, in conjunction with the small quantities of lubricating oil in the country and the consignments that were obtained from Central Europe, proved sufficient to keep the country supplied with lubricants of an inferior sort. Efforts were also made to produce a "maximal soap" containing only a small quantity of fat stuffs, and the leather and boot and shoe industries made shift to use the less valuable Danish hides in place of the heavy hides usually imported.

Industry during 1919.

With the cessation of hostilities Denmark found herself with depleted stocks. During the year every effort was made to replenish these stocks, and in certain cases considerable quantities of goods came forward. Thus the Oil Pressing industry and the margarine factories were well employed throughout the year, while work in the textile factories was also resumed to a very large extent. Other industries suffered considerably from the continued lack and high prices of the necessary raw materials, while all industries alike suffered from the high price and scarcity of fuel. It is stated that for her import of some 2,400,000 tons of coal, coke and briquettes in 1919 Denmark had to pay between 400 and 500 million Kroner compared with the 60 or 70 million kroner she spent previously on an import of 3,600,000 tons. Efforts were made throughout the year to obtain coal from America and such quantities as were imported proved satisfactory.

Peat and Oil.—The high cost of coal has also given additional interest to the question of developing the Danish supply of peat. It is possible that the Danish Government will take steps to further the output of peat in the country, and it is suggested that sale bureaux should be established throughout the country which, by guaranteeing the quality of the peat sold, shall give manufacturers who may consider altering their boilers for the use of peat, security which has hitherto been wanting that the peat purchased by them shall be of a standard quality. The question of using oil as fuel is also being closely considered, and a sub-committee of the Chamber of Manufacturers is examining the question.

During the year also Danish industry had to meet the competition of manufactured goods imported from America, the United Kingdom and Germany (*see* under Trade), and the high cost of production of the home article as a result of high prices for raw materials and fuel and high wages led to a demand on the part of Danish manufacturers for a revision of the tariff

in such a manner as would bring it more in accordance with the fall in the value of money.

Conclusion.

In regarding Danish industries as a whole it may be said that while those factories which have a trained staff of workmen, as, for example, certain of the textile factories and factories producing cement-making machinery and certain sorts of dairy and agricultural appliances, are well founded, other industries will find it hard to meet the competition which is to be expected when the large industrial countries have returned to more normal conditions. Denmark herself has practically no raw materials on the world market and must also import all her coal. It is feared, therefore, that Danish industry as a whole with the high prices of raw materials on the world market and the high scale of wages ruling in the country, has difficult times ahead (*see also under Trade*).

Some details regarding particular industries are appended :—

Leather Industry.

Denmark being an agricultural country produces very considerable quantities of leather and skins, which are not only used by the home industries but are also exported. Thus in 1913 Denmark exported some 4,000 tons of Danish wet-salted or wet cattle hides, and re-exported some 1,300 tons of the total import of 3,400 tons of such hides. There was also an export of some 300 tons of dried cattle hides of Danish origin. The Danish hides, and also the imported cattle hides above mentioned, are light hides. In order to cover her requirements of heavier hides, Denmark imported in 1913 some 1,400 tons of wet-salted heavy hides, some 100 tons of dry-salted hides, and also 40 tons of dried hides, none of which were re-exported. Similarly there was an import of some 500 tons of sole leather (other than chrome tanned) in whole and half skins.

During 1918 Denmark was unable to obtain any imports of either heavy hides or of tanning materials, and stocks of both were consequently exhausted at the beginning of 1919. During that year, however, Denmark's imports of heavy hides amounted to about 1,100 tons, and about 465 tons of sole leather in whole hides and some 1,000 tons of sole leather in bends. During the year Denmark exported some 3,000 tons of Danish wet-salted cattle hides, and some 1,400 tons of large calf skins and some 1,000 tons of smaller calf skins. The Danish imports of tanning extracts in 1919 included 440 tons of oak bark, 148 tons of liquid quebracho extract, and about 3,000 tons of solid quebracho,

while the import of chrome salts amounted to about 500 tons. Prices for all sorts of leather and skins are comparatively high, as the leather factories and *en gros* merchant are well supplied, and having made good profits are not anxious to sell except at a profit. In the case of under leathers, however, a movement is noticeable towards a reduction of prices, and they can now be purchased considerably cheaper than the maximum price which was fixed some time ago. It should be added that the market is depressed by the enormous quantities of American under leathers which were bought during the course of 1919 for the purpose of re-exporting to Germany and the Baltic markets. There are also very considerable supplies of upper leathers, and for one article, namely, chrome leather greased with train oil, export is now permitted, as the supplies in the country far exceeded the demand of consumers. Box calf and box welts are both manufactured in the country, and maximum prices exist which are said to be lower than the market prices in either Europe or America. There were also very considerable imports of Chevreau at the time of the Armistice, and although large quantities of this article were re-exported to the other Scandinavian countries and to Germany, the remainder is believed to be sufficient to cover the requirements of Denmark for the next season. A Danish factory has recently been established for the manufacture of patent leather, which it is believed will be able to supply the requirements of the country, so that the large demand for this article which existed up to a few months ago, has largely disappeared.

During the war Danish hides were, in default of imported hides and sole leather, used for soling and other similar purposes, and various regulations were made by the Danish authorities to ensure the supply of these hides to the Danish consumer at very moderate prices. These regulations still exist in a great measure, and there is reason to believe that considerable quantities of Danish hides still remain in the hands of the producer who has held them back hoping for a removal of the restrictions on free trade. Should the present economic conditions continue, it is therefore to be expected that Denmark will during 1920 continue to restrict her imports of overseas hides and leather so far as possible, and by the retention of restrictions on the free disposal of Danish hides, force sufficient supplies of these light hides into the home market, where they will be used for all purposes, even those for which in normal times the imported materials are considered more suitable.

It may be added that some 900 persons in Denmark are engaged in 109 tanneries in the country, of which some 40 are larger works. about 4,500 persons are engaged in the boot and shoe making industry which is by far the largest consumer of leather, (exclusive of the wooden clog industry); there being some 500 firms of which one-fifth are larger works.

As in practically all industries, employers complain of increased wages and reduced output. It is stated that the average rate of wages has increased 300 per cent. since 1914 while, in addition, the eight hour day was introduced during 1919.

Metal Industry.

On the whole the metal industry was well employed during 1919 and the number of hands engaged was considerably increased. Certain branches of the industry as, for example, the machinery casting industry, suffered not a little from foreign competition, and particularly from Germany, where the low rate of wages owing to the fall in the mark made it possible to produce goods at prices with which the Danish industry found it almost impossible to compete. On the other hand, the yards building iron ships were fortunate in obtaining raw materials, and were busily engaged during the year. The total import of raw iron amounted to 24,000 tons, of iron girders 10,500 tons, of other shaped iron and bar iron 70,500 tons, and of black plates 56,000 tons.

The *Electrical industry* was so busily engaged during the year as there was a considerable shortage of lighting material which led to a general desire to introduce electric plants. The number of employees in the installing industry rose from 2,500 at the beginning of the year to 3,200 in December, 1919, and could have been further increased had sufficient trained labour been obtainable.

The *Tinsmith and Coopering* industries were also well engaged as were also the *Electro plate* and *Silver goods* industries. The import of tinned and zinc plates amounted to some 8,000 tons, of copper and brass to 1,100 tons, zinc to 1,400 tons, lead 2,500 tons and silver 38 tons. There was also an import of some 3,400 tons of raw unrolled copper wire and considerable quantities of other copper and brass goods were also imported. The import of zinc plates amounted to 1,800 tons and of lead accumulator plates to 1,000 tons. Owing to the good state of employment in the industries the labour market was on the whole quiet, but there was a strike of some 200 machine-workers at the Copenhagen Floating Dock and Shipbuilding Yard, which lasted for about three months, and a number of other small strikes which disturbed the industry not a little.

Textile Industry.

The Danish Textile Industry during 1919 suffered considerably under the high price of raw materials and the increased wage bill. Throughout the year discussions took place between the employers

and the men on the wage question, which resulted in the wage at the end of the year amounting to three and a half times as much as in 1914.

The Danish Textile Manufacturers' Association had made considerable purchases of American cotton and wool in 1917 and 1918, which began to come forward after the conclusion of the Armistice. The Danish import of wool during 1919 amounted to some 2,700 tons, of which some 1,200 came from overseas and some 1,400 from Iceland. The import of cotton amounted to 6,400 tons, of hemp 1,900 tons, of which 1,300 was from India, and about 900 tons of manilla hemp. The imports of woollen yarn amounted to some 1,400 tons, whilst the import of undyed cotton twist was 2,900 tons and of dyed cotton yarn to some 300 tons. The import of woollen yarn amounted to some 200 tons.

The degree of employment throughout the year was, however, not entirely satisfactory owing to the irregularity of the arrival of raw materials by reason of shortage of tonnage and harbour strikes, and the lack of trained workpeople. In this latter connection it is stated that the long stoppage in the cotton industry in 1917-18 led to a large number of the workpeople seeking engagements in other branches of industry, while the rate of unemployment relief is credited with having reduced the desire to work. In the Danish Textile Industries there is a considerable movement in favour of increasing the tariff, as it is argued that the pre-war tariff does not, in these days, where prices have risen so considerably, afford the same protection to the Danish industries as was formerly the case.

IV.—TRADE.

Effect of the War.

Previous to the war a considerable part of Denmark's imports had been obtained either from or through Germany, *e.g.*, fodder-stuffs of all kinds, colonial produce, textile raw materials, chemicals and dyes, iron and steel manufactured goods, &c. As the war progressed a great change took place in the direction from which Danish supplies of raw materials and manufactured goods were imported. Right from the commencement of the war trade with Hamburg came to a standstill, and fodder-stuffs and fertilisers began to be imported direct from the sources of origin. Similarly, as the war went on other raw materials and manufactured goods were more and more constantly imported from the West, until in the end imports from Germany were confined to a few staple articles such as coal, chemicals and dyes, some iron and steel goods, all of which were imported on a basis of exchange for agricultural produce. Meantime, trade with the United States and the United Kingdom steadily increased, but especially with the former, in view of its larger resources and its ability to manufacture for export in spite of war demands. (Appendix No. 6 gives some impression of the changes which have taken place in this direction.)

As in the case of Danish industry, Danish trade prospered in the early years of the war, but in the latter years the same conditions as have been described in the case of industry applied equally to trade. By the various agreements which were made Danish imports were restricted to home requirements, and, as regards the most important commodities, the rations imposed by the Allies were insufficient to enable Danish merchants to satisfy the demands of even the home markets.

With the cessation of imports from the West towards the end of 1917, Danish merchants made endeavours to satisfy their most urgent requirements from the neighbouring Scandinavian countries and from Holland and Switzerland, but imports from these sources did not by any means meet the demand. Further, although imports from the West were again allowed to come forward towards the end of 1918, supplies were slow in arriving, by reason of the shortage of tonnage. At the beginning of 1919, therefore, Danish merchants found themselves with depleted stocks, and yielded in no small degree to the temptation of buying anything that was offered to them, in the assurance that they could sell all they were able to offer.

Developments to June, 1920.

In the early part of 1919 the same conditions, which during the war had changed the sources of Danish imports in the direction of America, continued, and by far the greater proportion of imports came from that source. Complaints were soon raised, however, against the quality of the American goods and the terms on which they were supplied, and with the gradual improvement in British production, the volume of imports from the United Kingdom steadily increased. It is stated that, among others, the imports of British textiles reached a figure hitherto unprecedented in Denmark. Later in the year German competition began to be experienced by reason of the low rate of the mark, but this was soon discounted by the German endeavours to sell in Danish currency at prices approximating to the home prices in Germany.

All these imports of manufactured goods were not required for the use of Denmark. As the war had proceeded Danish hopes of Copenhagen being able to take the place of Hamburg and to develop a large transit trade had run high, and during 1919 Danish merchants were buying from overseas in the hope of being able to re-export to Russia, the Baltic Provinces and Germany. When the time came, however, it was found that in the first place the immediate requirements of these markets had to some extent already been satisfied by direct importation from the producing countries, especially the United States, while, on the other hand, the currency of these markets had fallen to such an extent that the re-export by the Danes of the goods they had imported was no longer profitable. Considerable quantities of

goods are therefore still stored in Copenhagen, and will either later be disposed of on the Danish market (for which in many cases they are not entirely suitable), or will continue to be held until such times as opportunity for re-export occurs. It is interesting to note, however, that in some cases the considerable rise in the dollar exchange has rendered it possible for Danish importers to export back to the United States goods imported therefrom during the earlier part of the year.

Credits.—The total value of Danish imports in 1918 amounted to 2,500 million kroner, which, compared with the total export of 900 million kroner, shows an unfavourable balance of 1,600 million kroner. It is believed that the Danish credit balances abroad and at the beginning of 1919 amounted to some 1,000 million kroner, and the invisible income during the year to some 600 million kroner, so that by the end of the year Danish credits abroad were practically exhausted.

A large proportion of these credits had been used in the purchase of manufactured goods and luxuries; for example, the importation of eating chocolate in 1919 amounted to 449 tons, as compared with 134 tons in 1914; of tobacco, 145,000 tons, as compared with 5,800 tons; wine in barrels, 8,582 tons, as compared with 3,257 tons; champagne, 183,100 litres, as compared with 138,700 litres; fruits to the value of 40½ million kroner, as compared with 7 million kroner in 1914; and silk goods to the value of 71 million kroner, as compared with 9 million kroner in 1914.

Meantime, the American and British exchanges had gone heavily against Denmark, and in the month of December there was formed, on the initiative of the principal Copenhagen banks, a Financial Council for the purpose of restricting the import of unnecessary goods by withholding credits for their purchase. Under this scheme all applications for foreign credit have to be laid before the sub-committee of the Council for approval. Theoretically, the Council has only an advisory capacity, but as the members not only of the Council itself, but of the sub-committee, are representatives of the principal banks, in effect its decisions have full force. This system, however, was seen to contain many loopholes whereby firms might obtain means of payment without approaching the Council, and an endeavour was made in the early part of 1920 to pass a measure whereby the importation of goods would be rendered illegal unless a licence signed by the Financial Council to the effect that credit had been sanctioned for their payment was presented at the Customs before delivery. A measure to this effect was introduced, but owing to the opposition of the agricultural interests it was dropped. The regulation of credits by the Financial Council was still maintained, however, although for the reason stated above it continued not to be fully effective.

Demand for British Goods.—At the end of 1919, therefore, the Danish market was overstocked with practically every class of goods, and with the restrictions imposed on credits the outlook for the immediate future was not hopeful. In so far as Danish—British trade is concerned, it may be stated that under normal conditions there should be a market in Denmark for practically all classes of British goods, and that even if there is at present little prospect of immediate business, British firms should not lose touch with their Danish connections. On the whole, the Danish market may be said to be readily receptive of British goods as regards style and quality, and provided British exporters pay attention to the requirements of the market, and, where possible, visit the country from time to time to become personally acquainted with their agents and their customers, there would appear to be no reason why a considerable share of Danish imports of manufactured goods should not come from the United Kingdom.

For the coming year, however, British exporters of commodities which come under the category of articles of luxury should not expect any considerable trade for the reasons above stated.

At the beginning of June, 1920, the Danish Financial Council resigned. For the present, therefore, no restrictions of any kind exist in so far as credit is concerned, but in view of the continued unsatisfactory state of the exchanges it is anticipated that a measure will be introduced for the purpose of restricting or prohibiting the import of luxuries.

Coal Trade.

In view of the importance of the coal trade to Danish agriculture and industry it may be well to give a sketch of the difficulties under which this trade has been carried on since the beginning of the war.

Previous to the war Denmark obtained practically all her supplies of coal and coke from the United Kingdom, amounting to about 3,000,000 tons of coal and 2,300,000 tons of coke. During the first two years of the war supplies were practically normal, but from 1916 onwards the amount obtained from the United Kingdom began to diminish, partly on account of the shortage of tonnage available for its transport and partly because of the diminished amount available for export from the United Kingdom. Meantime negotiations were successful in obtaining increased quantities from Germany, but even with these the total amount obtained from all sources in 1916-18 was far below the requirements, and the strictest rationing was enforced, whilst efforts were also made to develop the use of peat and wood for heating purposes.

Slightly increased supplies of coal and coke became available throughout the year 1919, but the lack of tonnage in the early part of the year, strikes in Copenhagen harbour, congestion

in British ports, the frequent suspension of licences in the United Kingdom, and the diminished surplus available for export from the United Kingdom still kept the total quantities received by Denmark about 50 per cent. below the normal pre-war supplies. The amounts of coal and coke obtained from Germany during the year were also greatly diminished.

Various endeavours were made in the course of the year to obtain larger quantities from the United Kingdom, and in default of other sources, arrangements were made for the import of coal from the U.S.A. The quantity obtained from this source has, however, been small, whilst the c.i.f. price has been somewhat above the British. In addition it was difficult to obtain tonnage for this trade in view of the absence of return cargoes to the States. Merchants also were unacquainted with the conditions of the American coal trade, and would have preferred to continue dealing with their old customers had there been any prospects of adequate supplies being forthcoming.

(Statistics regarding the Danish coal imports for 1914 to 1919 will be found in Appendix No. 7.)

V.—TRANSPORT.

Shipping.

1914-1918.—In considering Danish shipping it must be remembered that, next to agriculture, it is the principal source of income of the country. The exports from Denmark and the imports into the country were, before the war, largely carried in non-Danish bottoms, while the Danish Mercantile Marine itself was employed to a very great extent in sailing on charter for non-Danish charterers. Only about 50 per cent. of Danish shipping was employed in purely Danish trade.

When the war began, therefore, a large part of the Danish Mercantile Marine was in foreign ports, and during the first few weeks of the war considerable anxiety was felt as to what would become of them. Gradually, however, the vessels resumed their sailings, and but as time went on they were subject to the various regulations to which neutral shipping was subjected from belligerents on both sides.

War Insurance.—Shortly after the outbreak of war the Danish State Insurance of ships against war risk was instituted. Under this all ships registered in Denmark, with certain exceptions, were bound to be insured in the Insurance Institution, which was carried on as a mutual insurance under the guarantee of the State. At this time, in September, 1914, the maximum amount that could be insured on one keel was 750,000 kroner.

Later, in the same month, an Insurance Institution called the "Danish War Sea Insurance for Goods" was instituted. The backbone of this institution was a guarantee capital of 6,000,000 kroner, which was subscribed by various shipping companies and banks. These two Insurance Institutions did very

good work during the war, and made considerable profits. Up to the 30th June, 1918, the war insurance for vessels had paid kroner 71,578,700 and the war insurance for goods kroner 25,305,000 in respect of losses.

Tonnage Regulations.—As tonnage became short during the course of the war various regulations were made by the Danish authorities in order to insure sufficient tonnage for the carriage of the necessary goods for Danish consumption. Thus the sale or charter of ships to foreign countries was forbidden, and after considerable negotiations between the Shipowners' Association and the Extraordinary Commission an arrangement was made whereby a certain amount of Danish tonnage was placed at the disposal of a body called the Danish Chartering Committee for the purpose of fetching and carrying at maximum rates the coal, fodderstuffs and similar commodities which were considered necessary for the country.

Later, during the war, an arrangement was made between the Danish shipping interests and the British Government whereby a certain amount of Danish tonnage was placed at the disposal of the Allies. This and other agreements were later adopted and extended by the American War Trade Board after America's entrance into the war. In this connection it is also well to remember that owing to the country's geographical position Danish ships were particularly exposed to the active interference not only of the British, but also of the German naval forces.

Meanwhile the expenses of shipowners showed a constant tendency to increase. Thus the price of ships which stood at some 200 kroner per ton dead weight in 1914 rose steadily until towards the end of 1917 it was little short of 1,000 kroner per ton. Similarly, 1917 shows the highest point reached in the number of ships lost, and also in the scale of wages paid to the crews, which latter rose for an ordinary seaman from 65 kroner a month in 1914 to 145 kroner a month at the end of 1915, 165 kroner a month at the end of 1916, and 322 kroner a month after the declaration of unrestricted submarine warfare. Since that period the scale of wages continued to increase.

The war insurance naturally followed the percentage of losses, and thus we find that in 1914 the war insurance for a voyage across the North Sea to a British East Coast port was 3·8 per cent., which increased during 1916 up to 9·17 per cent., and rose in two distinct motions during 1917 to 12 per cent. with 1 per cent. more for channel ports. After July, 1917, it declined progressively until shortly before the Armistice was declared in 1918 it had reached about 2 per cent.

Losses.—The Danish losses due to the war amounted to about 150 steamers with a total tonnage of about 221,000 tons, and about 100 sailing ships of about 35,000 tons. The greatest loss was experienced in 1917 when 81 steamers, with a total gross

tonnage of 117,397 tons, and 60 sailing ships, with a tonnage of 23,278 tons were lost. The total Danish losses thus amounted to 250 vessels with a total gross tonnage of 256,000 tons.

On the 1st January, 1914, Denmark had 644 steamers with a total gross tonnage of 730,000 tons, and at the end of the war she had 496 steamers, with a total tonnage of 532,000 tons. The loss in the total tonnage of the country during the war was, however, to some extent made good by new buildings, notably of motor vessels, and, to some extent, also of sailing vessels. Thus, while on January 1st, 1914, Denmark possessed 1950 vessels with a total tonnage of 870,000 gross tons the figures in the middle of November, 1918, were 1,663 vessels of 720,000 tons.

Freights.—In spite of the increased cost of running, Danish steamship owners made largely increased profits during the whole war. Freights followed largely the same course as insurance, thus: Coal freights from Great Britain which at the outbreak of war were about 4s. 6d. rose fairly regularly, until at the end of 1916 they had reached 17s. 6d. In 1917 they rose very strongly, reaching 210 kroners in the month of June, and falling later to 110 kroners. The freight for piece goods followed the same general tendency, with the exception that the high level reached in June, 1917, was maintained until towards the end of 1918, when it was reduced by about one half.

Shares.—Shipping shares were the object of several waves of speculation, and the principal shares rose during the war to about four times their nominal value, while profits accruing to companies rose in even greater proportion. The following table gives statement of the dividends paid by the principal shipping companies during the period 1913 to 1918.

	1918.	1917.	1916.	1915.	1914.	1913.
United Shipping Company ...	35	35	35	25	8	8
Norden Steamship Company ...	70	65	70	30	8	10
Danmark " "	70	65	60	30	8	10
Dannebrog " "	50	55	60	40	12	20
1896 " "	50	55	60	40	12	15
Neptun " "	50	55	75	40	12	15
Hejmdal " "	50	30	100	50	8	12
Gorm " "	40	40	100	50	10	10
Carl " "	40	40	100	50	10	10
Skjold " "	40	40	85	40	8	8
Danish Russian Steamship Co. ...	50	20	40	10	4½	5
East Asiatic Company ...	30	45	45	30	10	10

Sailing vessel companies also benefited from the war situation, and although the Baltic and the North Sea were frequently closed to them owing to the regulations enforced by both belligerents, they found ample scope for their activities in the trade between Iceland and the Faroe Islands and Mediterranean ports.

Profits.—A Danish authority estimates the gross profits made by Danish shipping during the first four years of the war at 100,000,000 kroner for 1919, 220,000,000 kroner in 1915, 360,000,000 kroner in 1916, and 400,000,000 kroner in 1917. The expenses of shipping companies had increased, however, out of proportion to the profits made, and the same authority estimates the net profits of the Danish Mercantile Marine for the same years at 50,000,000 kroner for 1914, 115,000,000 kroner for 1915, 118,000,000 kroner for 1916, and 160,000,000 kroner for 1917.

1919.

At the beginning of the year about one half of the Danish shipping was under the control of the Allies under the agreement between the Danes and Great Britain and America. From April on, however, these ships began to be redelivered, and by the end of the year only a very few ships were still timechartered under these agreements. It is admitted that the time charter rates which were guaranteed under the agreements gave very good profits in the case of most ships.

The Danish shipowners were, however, not free to dispose over their own tonnage, for so soon as the ships were redelivered by the Allies they came under the control of the Danish Chartering Committee, and were used to carry imports to Denmark under fixed maximum rates. Gradually, however, a certain amount of the Danish tonnage was given free to take part in the open market.

Freights.—In the first six months of the year the maximum freights for coal on the East Coast of England were 40 kroner, and for coke 60 kroner, which were reduced by July to 30 kroner and 45 kroner respectively. For cargo from the East freights were 275 kroner for copra and 250 kroner for flax pressed in bales under 60 cubic feet, and 325 kroner for lighter goods up to 80 cubic feet. From La Plata the maximum freight for maize was 140 kroner, for linseed 165 kroner, for linseed oil 210 kroner. From Chili the freight for nitrate was 225 kroner; from Brazil for coffee 250 kroner, and tobacco 225 kroner per 40 cubic feet. From North American East Coast ports the maximum rates for petroleum per round barrel were 25 kroner; for petrol 28½ kroner; for oil cake 107 kroner per ton; for raw iron and shipbuilding materials 100 kroner and cotton 265 kroner. It will be seen that the above rates are considerably under the market rates.

Profits.—Despite the various restrictions placed upon it, and the maximum freights for which a majority of the ships had to sail, the Danish Mercantile Marine made very good profits during the year.

A distinction must however be drawn between the old established companies and the companies which have been established during the war. In the case of the former it may be said that the majority of these companies are very well placed, having their ships extensively written down and a considerable reserve fund

accumulated. As a consequence they have been able to maintain their dividends at their former levels, thus the East Asiatic Co. has paid 40 per cent.; the United Shipping Company, however, paid 60 per cent. while some of the smaller companies have paid dividends ranging from 70—100 per cent. The more recently established companies, however, have been faced with increasing expenses in the purchase &c. of vessels and have paid dividends ranging from 10—20 per cent., but in some cases none at all.

Sailings.—The year 1919 witnessed the resumption of the majority of the regular Danish lines principally with the United Kingdom, the last to be reopened being the Esbjerg-Parkstone Service which recommenced in October with two weekly sailings (later increased to three) and the Aarhus-Aalborg-Leith service which was recommenced regularly.

The sailings from North America have been continued by the United Steamship Company during the war, and during 1919, 24 voyages were made in each direction by the liners sailing between Copenhagen and New York. The Mediterranean service was also increased, and a service has been started from South America. The East Asiatic Company most of whose vessels have been sailing for the Allies, the last being released in August 1919, have nevertheless maintained their services to Siam, China, Japan and Vladivostock.

Vessels sailing from Denmark have, however, been subjected to frequent delays and interruptions by reason of the strikes which have taken place in the Copenhagen harbour. During these strikes many vessels were diverted to provincial and other Scandinavian ports, consequently although the figures for entrances and clearances at Copenhagen show a great rise in comparison with 1918, viz. 1986 vessels with a tonnage of 1,244,633 registered tons in the first 11 months of 1918 as compared with 11,978 vessels with a tonnage of 3,037,288 registered tons in the same months of 1919, the figures were still far below those for 1913 namely 20,122 vessels with a tonnage of 4,332,040 registered tons.

Railways.

State Railways.—At the end of the year 1917/1918 the total length of the Danish State Railways was 2,102·4 km, to which must be added 342 km, in steamer and steam ferry routes. The receipts, amounted to kroners 75,608,134, and the disbursements to kroners 85,904,676. For passenger traffic the receipts were kroners 30,731,959, the number of passengers carried being 26,828,268, and for goods traffic the receipts were kroners 40,985,909, the amount of goods carried being 6,899,012 tons of which 422,210 tons were living beasts. There was a reduction both in the number of passengers and of goods (except living beasts, in which there was an increase of 110,966 tons) as compared with the previous year, and the deficit would have been greater had there not been an increase in charges. A reduction was also made in the number of trains running.

The average price for rails was kroners 86.53 per metric ton, and for fuel for locomotives kroner 91.04 per metric ton as compared with kroner 89.65 and kroner 49.35 respectively during the previous year.

The capital invested in the State Railways was estimated at kroner 314,027,462 on March 31st 1918 as compared with kroner 307,245,360 on the same date of the previous year. During the year some 2½ million kroner were spent on rolling stock (including train equipment and tarpaulins). The stores belonging to the Railway were estimated to value kroner 24,679,679 on March 31st 1918. On the same date the Railway owned 626 locomotives, 425 tenders, 1,717 passenger carriages, 5,998 closed goods waggons and 4,378 open trucks, besides a number of other special waggons and carriages, further 24 steam ferries and a number of other craft of a total tonnage of about 9,666 tons.

The locomotives used by the Danish State Railways are mainly of German make, though during the war some have been purchased in Switzerland and, more recently, some goods train locomotives in America. The other rolling stock is of Danish manufacture. Germany has also supplied large quantities of rails but during 1919 an order for rails also went to America. Materials are also obtained from the United Kingdom, where the Danish State Railways have for many years had numerous connections.

While it would perhaps be difficult for United Kingdom manufacturers to compete with German or Swiss locomotives manufacturers who can run the machines bought for Denmark direct to their destination, there appears to be no reason why British made rails should not be able to compete on the Danish market.

As a general rule purchases for the Danish State Railways are made on tender, but during and since the war some purchases have been made by private treaty.

Private Railways.—There are also in Denmark some 52 private railways, with a total length of about 2,060 Kilometres. In the year 1917/1918, these railways carried some 3,200,000 tons of goods. Many of these private lines are narrow gauge.

Owing largely to the high price of coal and the increased wage bill, the Danish State Railways were run at a loss during 1919, the accounts shewing a deficit of some kroners 10,000,000. It is probable therefore, that the rates will be raised during 1920.

VI.—FINANCE.

Public Finance.

Previous to the war the revenue of the Danish State amounted to about Kr. 123,875,000, and the expenditure to Kr. 111,404,000 while the National Debt stood at Kr. 360,879,000.

The early years of the war brought about slight increases in revenue, expenditure, and national debt, chiefly in connection with increased naval and military expenses, but it was not until 1916/17 that the effect of the war began to be really felt in respect

of public finance. From that year onwards, however, expenditure rose by leaps and bounds in view of the extraordinary economic situation arising out of the war. Vast sums had to be provided for the State purchase and subsidising of particular commodities, for the alleviation of excessive unemployment, and for war bonuses to State and communal employees, and revenue and national debt were increased proportionately. The following table gives a comparative statement of revenue, expenditure, and national debt for the financial years 1913/14, 1916/17, and 1918/19, the latest year for which full statistics are available :—

	1913/14. (In	1916/17. 1,000's of	1918/19. Kr.)
<i>Total Revenue</i>	123,875	242,315	462,218
including			
Real Estate Taxes	6,063	6,060	9,887
Income and Capital Taxes	18,204	108,229	230,262
Taxes on Consumption, including Custom's receipts.	56,499	65,957	83,943
<i>Total Expenditure</i>	111,404	250,699	615,752
including			
Navy	11,071	25,544	38,875
Army	19,885	85,229	87,151
Extraordinary economic expenditure in respect of State control, sub- sidies, public assistance, unemploy- ment, &c., arising out of war.	—	6,574	192,409
Old age Pensions	6,569	8,774	13,859
<i>National Debt</i>	360,879	599,086	780,506

Of the total National Debt in 1918/19, Kr. 523,173,841 was held at home.

As will be appreciated from the previous sections, Denmark was in 1919 still suffering from the effects of the war, and the financial year 1919/20 need hardly be expected to show great improvement in the financial situation. Official figures for the whole year are not yet available, but up to November it was estimated that revenue amounting to Kr. 304,800,000 had been collected, as against Kr. 238,000,000 provided for in the Budget, whilst expenditure for the same period amounted to Kr. 109,900,000, as against Kr. 57,100,000 in the Budget. In March, 1920, however, the Finance Minister stated that it was hoped there would be a surplus of Kr. 36,000,000 for the whole financial year.

Notes and Gold.—As in most countries, the number of notes in circulation has shown a steady increase during the war. In the case of Denmark, however, the stocks of gold held by the National Bank have also increased considerably, and the proportion of notes to gold is, roughly, the same as in 1913. The following table shows the number of notes in circulation and the amount

of gold held by the National Bank at the end of the years during the period 1913-19 :—

—	1913.	1914.	1915.	1916.	1917.	1918.	1919.
(in 1,000 Kr.)							
Notes in Circulation.	151,552	206,628	220,450	284,864	337,864	450,035	489,300
Gold held ...	73,381	91,439	111,318	159,877	173,922	194,624	225,800

General Finance.

Companies.—The war years, and especially the years 1916-1918, witnessed a great increase in the number of companies founded in Denmark and in the number of companies increasing their capital. Thus, while in 1914 the total number of registered companies with a capital of Kr. 25,000 and over was 1,610, with total capital of Kr. 903,514,870, by 1917 the number had risen to 2,069, with a total share capital Kr. 1,330,000,000, and by June, 1919, to 2,622 companies, with a total capital of Kr. 2,037,000,000. Increases in the numbers of new companies and in the capital of those already established occurred in practically every branch of trade and industry, but principally in banking, shipping, ship-building, and industrial concerns. The distribution of companies having a capital of Kr. 25,000 and over as between the different spheres of economic activity in the years 1917 and 1919 may be seen in the following table :—

—	Number of Companies.		Paid up Capital in Million Kr.		Average amount of Capital in 1,000 Kr.	
	1917.	1919.	1917.	1919.	1917.	1919.
Banks	176	215	317	440	1,801	2,047
Steamship Companies ...	107	92	159	200	1,486	2,174
Sailingship Companies ...	84	93	16	27	190	286
Railway Companies ...	48	47	75	73	1,563	1,500
Telephone and Telegraph Companies.	12	9	55	77	4,583	8,546
Insurance Companies ...	73	125	34	98	466	786
Industrial Companies ...	811	994	402	621	496	625
Property Companies ...	146	232	35	79	240	342
Trading Companies ...	477	646	186	359	390	556
Other Companies ...	135	169	51	63	378	372
Total	2,069	2,622	1,330	2,037	643	777

About half of the 2,622 companies above mentioned, namely, 1,363, with a share capital of 1,530 million kroner, have their main offices in Copenhagen, while 924, with a capital of

444 million kroner, are in the provinces. In addition, there are about 2,400 companies with capitals of less than Kr. 25,000.

Stocks and Shares.—During the war considerable speculation took place in shares of all descriptions, and on the whole the value of shares appreciated from 200—400 per cent. The year 1919 witnessed a partial cessation of activity on the Stock Exchange, and the prices of practically all bonds and shares have fallen considerably. Municipal bonds, which were steadily depressed during the war, depreciated still further from 6—13 per cent. Bank shares showed a drop of about 30 per cent., industrial shares a drop of 40—100 per cent., and although shipping shares remained fairly steady, the shares of individual companies have fallen in some cases about 25 per cent. On the whole, however, it is considered that, notwithstanding the difficult situation to be faced by all types of companies during the year, the depreciation in the value of the shares is hardly justified in view of the average dividends paid. Dividends, however, also manifested a tendency to fall during the past year, as will be seen from the following table, which has been compiled from the details of 1,071 companies, who paid in dividend during 1919 a total amount of 209,300,000 on a share capital of 1,564 million kroner.

	1914.	1916.	1917.	1919.
	Per cent.	Per cent.	Per cent.	Per cent.
Banks	7·15	8·65	10·12	10·34
Steamship Companies	9·22	31·04	43·55	38·62
Railway Companies	2·49	2·59	1·85	1·25
Telephone and Telegraph Companies	13·69	14·38	15·73	14·13
Insurance Companies	10·54	14·32	12·53	10·75
Industrial Companies	8·99	11·74	14·64	12·82
Property Companies... ..	2·74	4·13	4·19	10·01
Trading Companies	12·62	23·23	27·37	18·86
Other Companies	5·66	6·69	6·37	6·29
	8·19	12·80	16·25	15·35

Banking.—In view of the prosperity enjoyed by Denmark in the early years of the war it is natural that the Danish Banks should have enjoyed a similar period of prosperity and used it for purposes of consolidation. Thus whilst in 1913 there were 145 banks with a capital of Kr. 243,394,965 and reserves amounting to Kr. 57,995,679 by 1916 the number had risen to 150 with a capital of Kr. 278,218,280 and reserves of Kr. 86,142,403 and by 1918 to 166 with a capital of Kr. 379,668,231 and reserves of Kr. 119,283,235. The business done by the banks had also shewn great increases. Thus, whilst in 1913 the total deposits &c. amounted to about 906 million kroner, in 1916 it had risen to about 2018 million kroner and in 1918 to about 3700 million kroner. Foreign business amounted to about 75 million kroner in 1913, 295 million kroner in 1916, and 434 million kroner in 1918.

Without quoting similar figures for the year 1919 the general opinion is that the year must have been a profitable one for the banks. Towards the end of the year there was a tendency towards stringency as a result of the foreign exchange situation and the temporary embarrassment of the municipalities, but the position of the banks is considered satisfactory, thanks to the consolidations carried out during the war. The following balance sheets may be considered as illustrative of the general position.

	Landmandsbank.		Privatbank.	
	1918.	1919.	1918.	1919.
ASSETS.	Kr.	Kr.	Kr.	Kr.
Cash in hand	30,118,964	36,948,019	58,827,173	27,384,468
Foreign correspondence and currency.	99,636,181	81,499,861	72,348,868	82,645,079
Bills discounted... ..	137,881,925	171,503,919	88,134,017	89,169,162
Investments	95,693,668	143,042,805	43,223,241	71,062,664
Advances to customer and other accounts.	788,594,392	996,954,396	280,741,795	370,204,167
Bank premises	5,216,820	9,385,174	3,600,000	3,600,000
	1,157,136,950	1,419,308,674	543,275,094	594,156,430
LIABILITIES.				
Current deposits and other accounts, includ- ing balance P. and L.	981,148,277	1,273,183,264	475,645,133	515,887,464
Acceptances and endorse- ments.	48,937,391	1,125,310	11,379,961	268,966
Paid-up capital	100,000,000	100,000,000	45,000,000	60,000,000
Reserves	27,051,282	45,000,000	11,250,000	18,000,000
	1,157,136,950	1,419,308,674	543,275,094	594,156,430
	Dividend 12 per cent.		Dividend 12 per cent.	

Danish Banks.—From the point of view of foreign trade the most important Danish Banks are the following :—

National Bank with a capital of 27 million kroner.

Privatbank with 60 million kroner.

Landmandsbank with 100 million kroner.

Handelsbank with 40 million kroner.

Laane-og-Discountbank with 20 million kroner and

Revisionsbank with 18 million kroner.

During 1919 the last two banks amalgamated and the " Big Four " as the first four mentioned are called have become the " Big Five." In addition Privatbank has incorporated Arbejdesbank which was formerly a savings bank.

Foreign Exchanges.—After the first variations caused by the outbreak of the war the foreign exchanges on Denmark remained

fairly steady until about the beginning of 1916 after which with the reduction in imports caused by the Allied Blockade the rates on the U.S.A., the United Kingdom, and Germany began steadily to go in Denmark's favour. The rates on Norway and Sweden, however, which under normal conditions remain fixed in accordance with the Scandinavian Mint Union began to show a "disagio" against Denmark. This situation continued until 1918 when the rates on the U.S.A., and the United Kingdom gradually began to approach the normal although the rates on Germany continued to go in Denmark's favour whilst those on Norway and Sweden remained against her.

The year 1919 witnessed a still further fall in the mark. With the heavy purchases in the U.S.A., and the United Kingdom the rates on these countries, however, steadily rose and towards the end of the year increased rapidly against Denmark. The situation at the end of the year as compared with the two previous years may be seen in the following table:—

—	Normal.	31/12/1917.	31/12/1918.	31/12/1919.
London ...	£ = 18·16Kr.	15·40	17·65	20·08
New York ...	100\$ = 373·15Kr.	328·00	371·00	525·00
Paris ...	100Fs. = 72·0 Kr.	57·50	68·25	50·00
Berlin ...	100M. = 88·89Kr.	64·00	45·50	11·20
Vienna ...	100Kr. = 75·61Kr.	40·00	29·00	3·50
Stockholm ...	100Kr. = 100·0 Kr.	Normal.	108·90	113·25
Christiania ...	100Kr. = 100·0 Kr.	Normal.	104·65	107·00

VII.—LABOUR AND SOCIAL CONDITIONS.

Cost of Living.

During the war the Danish statistical Bureau had at various times investigated the rise in the cost of living as illustrated by the rise in the expenditure of a household that in 1914 spent Kr.2,000. The result of these investigations for the period July 1914–July 1919 will be found in Appendix No 8. The latest report issued by the Statistical Bureau in this connection dealt with January 1920 and showed that the expenses of the "Normal" household had risen as compared with 1914 from Kr.2,000 to Kr.4,838 or by 142 per cent. This increase was distributed as follows:—foodstuffs 151 per cent., clothes, boots and washing 233 per cent., residence and maintenance 45 per cent., fuel and lighting 292 per cent., taxes &c., 79 per cent., other expenses 130 per cent.

Wages.

The Statistical Bureau has recently published a report dealing with wages before and after the war, based upon material furnished by the Danish Employers' Associations. From the material furnished it would appear that whereas in the year 1914 the

average hour wage for skilled male workmen in Denmark was 55 øre it had risen during the war to 120.6 øre at the beginning of 1919 and to 184.2 øre in July 1919. It should be noted, however, that the unskilled workman's wage rose from 45.5 øre in 1914 to 166.9 øre in July 1919, a rise of 266.8 per cent. as compared with 229.7 per cent., in the case of a skilled workman. Women workers received an average hour wage of 29.6 øre in 1914 which by July 1919 had risen to 104.1 øre.

On the whole the limit of wages in the provinces is slightly lower than in Copenhagen, but the percentual increase has been greater in the provinces than in Copenhagen, namely 255.2 per cent. in the provinces as compared with 232 per cent. in Copenhagen, the average actual increase of all workers being from 54.4 øre to 180.6 øre in Copenhagen, and from 44.9 øre to 159.5 øre in the provinces. The average for the whole country increased from 50.2 øre per hour in 1914 to 169.6 øre per hour in July, 1919.

Unemployment.

From 1915 to 1917, owing largely to the impetus given to Danish industries by the failure in the import of manufactured products from the great industrial countries, the percentage of unemployment in Denmark was lower than in previous years. In 1918, however, there was a very considerable increase owing largely to the entire cessation of the imports of many important raw materials. During 1919 the same circumstances affected the first four months of the year, after which, however, as raw materials began to come forward, there was a very noticeable decrease in the percentage of unemployment, and without waiting to analyse the full figures for the year 1919 it may be taken for granted that the average for that year was less than that of the preceding twelve months. The extent of unemployment for the period under consideration may be seen in the following table:—

Unemployment 1913-19.

—	Average No. of workers.	Per cent. of workers unemp'oyed.	Days lost in 1,000 days.
1913	117,346	7.5	2,209
1914	127,685	9.9	3,149
1915	134,327	7.7	2,714
1916	145,116	4.9	1,871
1917	159,737*	9.2	3,645
1918	217,645	17.4	10,303
1919	252,091†	—	6,149

* Figures increased greatly in November and December.

† 1919 figures are only January—September.

In order to combat the various dangers and difficulties caused by increased unemployment, from 1917 onwards both the State and the municipalities saw themselves obliged to increase the

amounts given in relief of unemployment, while considerable sums were also expended in other social measures. The necessary funds for these purposes were obtained by increased taxation, whereby the profits previously earned by various industries were considerably reduced. The long periods of unemployment combined with the perhaps somewhat over-generous support would appear to have produced a certain demoralisation among the workpeople, which is believed by many Danes to be a serious threat to the future development of industry in the country.

Unemployment Relief.

The support of unemployment in Denmark is based upon the laws of April 4th, 1914, and of December 17th, 1919.

Insurance against unemployment is carried out on the principle of helping those who help themselves. The Danish Treasury gives a yearly grant corresponding to one-half of the total membership subscription paid by active members, and the communes can make a contribution to the bureaux for active members resident in the commune, but this contribution shall not exceed one-third of the members' contributions. In regard to the support of unemployment the main rule is that there must not be given in relief more than two-thirds of the average amount obtained by the labourer from his work. The support must in no case be less than 1 kroner a day, and must not exceed 2 kroner a day with a supplement of 2 kroner a day to heads of families, and of 1 krone 50 øre a day to members who are not heads of families. As, however, under the special conditions which arose as a result of the war, temporary measures had been passed regarding special support for unemployed, the law of December 17th, 1919, which superseded these laws regarding extraordinary support, contains certain temporary regulations which are to be operative from January 1st, 1920, until the 31st March in the same year. The whole law of December 17th is to be revised in the Parliamentary Sessions, 1921-22. According to these temporary regulations aid can continue to be given after the support from the unemployment bureau has ceased. In addition the rates of relief have been increased. Further, help towards rent can be given to members who are heads of families when they have been employed for 30 days in the course of the last 60 days; this help towards rent must not exceed 30 kroner a month.

In order to obtain support from an unemployment bureau it is necessary that a person should have been a member of the bureau for a period of 12 months immediately preceding the date on which support is given. This law includes a series of regulations regarding the various circumstances in which support may not be given by a recognised unemployment bureau. In compiling these rules the main principle has been that only that unemployment which is due to lack of work is to be supported. Support must accordingly not be given to persons who take part in strikes or lockouts, nor to persons who are ill.

According to the latest official reports regarding the activities of unemployment bureaux there were at the end of the year 1918-19, 66 recognised unemployment bureaux with a total membership of 296,567 active members, and the average support per member amounted to 32 kroner, as compared with an average of 16 kroner in the four previous years. During the year the unemployment bureaux had a total income of 9,224,073 kroner, of which 3,259,747 kroner were contributions of active members, 4,772,871 kroner State contributions, and 901,545 kroner communal contributions. Of this sum 9,463,312 kroner was paid out to members in ordinary unemployment support, while 863,977 kroner was spent in the cost of administration. Various other expenses, such as assistance in travelling, moving furniture, etc., brought the total expenditure up to 10,737,050 kroner.

Hours of Labour.

Before the war the average working day in Denmark was 9½ hours. During the war a considerable reduction was effected, and from the 1st January, 1920, an eight hours working day has been introduced by agreement between the employer's and men's Associations.

Legislation.

As in all other countries, the war was responsible in Denmark for a great increase in the number of Government measures and regulations in force. Practically all of these, however, were of a temporary nature, occasioned by the economic situation arising out of the war, and such as have not already been referred to may be briefly classified as follows :—

- (a) Measures concerning rationing and subsidising of particular commodities.
- (b) Measures fixing maximum prices.
- (c) Measures for the control of profiteering.
- (d) Import and export prohibitions.
- (e) Measures for developing the peat industry.
- (f) Measures regarding the fixing of rents.

Practically all of these were of local importance, however, and during the year 1919 there was a withdrawal of practically all regulations, especially such as affected foreign trade.

From the point of view of foreign trade, the most important measure passed during the war was the Company Law of 29th September, 1917, according to which foreign limited companies are only permitted to open branches in Denmark provided they are managed by one or more persons domiciled in Denmark. (A summary of the Law appeared in the Board of Trade Journal for 11th April, 1918, and the text and full translation of the Law may be consulted at the Department of Overseas Trade.)

Whilst in recent times there have been few legislative innovations of importance, considerable activity has been noticeable in so far as legislative tendencies are concerned. A

Committee has been appointed to examine the economic effects, &c., of trusts, and, as has been already stated, there has been considerable demand on the part of manufacturers for a revision of the tariff.

In addition, arising out of war conditions there has been a certain tendency towards inter-Scandinavian legislation, and at an inter-Scandinavian business conference held during the year various suggestions in this direction were mooted, and particularly a suggestion for a policy of inter-Scandinavian preferential duties. No success has, however, yet attended these efforts beyond an increased desire on the part of all these countries to discuss external conditions likely to affect them all, and it seems doubtful whether any ultimate success will be attained in the direction of common legislation in view of the different conditions existing in the three countries.

APPENDIX I.

Imports of Raw Materials for Agriculture, 1914-1919.

—		Foodstuffs.*	Maize.	Soya Beans.	Fertilisers.
		Metric Tons.	Metric Tons.	Metric Tons.	Metric Tons.
1914	...	509,160	266,406	74,644	399,835
1915	...	652,272	692,813	104,748	219,667
1916	...	497,605	450,165	98,996	227,316
1917	...	156,078	240,823	31,096	86,106
1918	...	365	2,663	—	54,437
1919	...	147,414	191,768	57,363	295,975

* Foodstuffs only includes feeding cakes and meals, &c. Grain has been excluded because of the difficulty of estimating amount used for human consumption and that used for fodder.

APPENDIX II.

Harvest Output, 1914-1919.

(In 1000s. of Double Centners.)

—		Wheat.	Rye.	Barley.	Corn.	Mixed seed.	Hay.
1919	...	1,612	3,787	5,339	6,907	3,790	11,284
1918	...	1,723	3,233	4,674	6,034	3,249	7,557
1917	...	1,169	2,253	3,893	5,465	2,752	11,663
1916	...	1,645	2,744	5,329	7,498	3,470	21,307
1915	...	2,172	3,375	6,177	7,598	3,602	11,491
1914	...	1,575	2,831	4,952	6,854	3,223	16,204
Av. 1909-13	...	1,482	4,464	5,445	7,796	3,609	18,009

Note :—A Double Centner = 100 kgs. = 220.4 lb.

• APPENDIX III.

Livestock Statistics, 1914-1919.

Date.	Horses.	Cattle.	Pigs.	Sheep.	Poultry. (In 1,000s.)
15th July, 1914 ...	567,240	2,462,862	2,496,706	514,908	15,154
15th May, 1915 ...	525,690	2,416,471	1,918,627	533,137	—
29th February, 1916	515,415	2,289,996	1,983,255	254,368	—
20th February, 1917	538,395	2,452,853	1,980,727	267,979	8,248
12th July, 1917 ...	572,412	2,458,158	1,650,623	480,007	12,288
5th February, 1918	510,615	2,141,684	513,012	245,213	—
15th July, 1918 ...	544,999	2,123,722	620,880	470,051	9,884
15th July, 1919 ...	558,471	2,188,142	715,909	509,466	12,134

APPENDIX IV.

Crop Area, 1912-1919.

—	Grain.	Root crops.	Other crops.	Total.
	Hectares.	Hectares.	Hectares.	Hectares.
1919	1,090,479	413,557	54,233	1,558,269
1918	1,072,094	386,843	53,232	1,512,169
1917	1,061,650	368,113	26,305	1,456,068
1916	1,119,032	375,929	25,054	1,520,015
1915	1,132,412	385,832	24,610	1,542,854
1912	1,149,977	356,358	27,940	1,534,275

APPENDIX V.

(a) Exports of Livestock and Agricultural Produce, 1913-1917.

—	1913.	1914.	1915.	1916.	1917.
<i>Horses.</i>					
To Germany	24,646	95,338	257	16,077	34,216
<i>Cattle.</i>					
To Germany	152,060	187,438	222,106	274,551	263,239
<i>Butter. (Tons.)</i>					
To U.K.	82,519	84,129	63,611	57,041	31,295
To Germany	1,572	4,662	26,181	36,720	21,595
<i>Bacon &c. (Tons.)</i>					
Bacon to U.K.	123,184	141,855	101,422	84,801	57,455
Bacon to Germany	—	336	9,077	3,182	6,686
Pork	1,097	689	15,056	13,387	6,570
Ham &c.	590	3,060	9,707	2,542	2,055
<i>Meat. (Tons.)</i>					
To Germany	13,075	15,985	28,371	14,986	8,119
<i>Eggs. (100 score.)</i>					
To U.K.	216,681	216,715	143,188	77,876	91,398
To Germany	9,053	10,228	96,309	162,074	107,854
<i>Milk. (Tons.)</i>					
To Germany	1,906	1,045	481	2,886	5,078

(b) *Exports of Livestock and Agricultural Produce, 1918-1919.**

	1918.	1919.
Horses	29,201	1,457
Cattle	113,840	32,301
Butter (tons)	14,572	36,994
Bacon "	2,490	539
Pork "	36	282
Meat (Beef):		
To Norway "	4,399	6,030
To Germany "	465	70
Eggs (100 score)	163,616	169,233
Milk (Tons)	5,395	2,459

* Detailed statistics showing destination of exports during 1918 and 1919 are not yet available.

APPENDIX VI.

*Danish Imports, 1913-1917.**
(In 1,000 Kr.)

From	1913.	1914.	1915.	1916.	1917.
United Kingdom... ..	134,561	145,135	253,435	336,518	283,814
United States of America	86,979	84,292	313,742	311,061	214,139
Germany	328,308	264,653	200,380	265,067	237,181
Norway	8,755	17,475	28,450	39,815	30,687
Sweden	71,104	83,097	92,805	117,130	137,150
Holland	21,208	22,551	29,469	28,159	17,328

*Detailed statistics giving countries of origin are not yet available for 1918 and 1919.

APPENDIX VII.

Danish Imports of Coal and Cokes, 1913-1919.

—	1913.	1914.	1915.	1916.	1917.	1918.	1919.
<i>Coal from</i>	<i>Tons</i>	<i>Tons</i>	<i>Tons</i>	<i>Tons</i>	<i>Tons</i>	<i>Tons</i>	<i>Tons</i>
United Kingdom	2,931,094	3,046,678	3,116,658	2,295,022	824,762	1,061,739	1,583,558
Germany	189,211	131,321	109,713	508,116	644,059	687,101	276,896
United States of America.	—	—	—	—	—	—	67,029
<i>Cokes from</i>							
United Kingdom	221,391	210,993	158,749	152,749	39,739	} 292,623	259,706
Germany	13,461	14,721	252,640	452,361	378,921		

APPENDIX VIII.

Rise in Cost of Living, July, 1914—July, 1919.

	Yearly Expenses of a Copenhagen Family Budget.						Percentage increase in expenses. (Index figure July, 1914 = 100.)					
	July, 1914.	July, 1915.	July, 1916.	July, 1917.	July, 1918.	July, 1919.	July, 1914.	July, 1915.	July, 1916.	July, 1917.	July, 1918.	July, 1919.
Bacon and meat	Kr. 234	Kr. 328	Kr. 420	Kr. 370	Kr. 483	Kr. 569	100·0	140·0	179·0	158·0	206·0	243·0
Butter, milk, cheese, eggs	217	282	324	371	499	424	100·0	130·0	149·0	171·0	172·0	195·0
Margarine and lard	73	95	100	125	188	188	100·0	130·0	137·0	171·0	172·0	257·0
Fish	80	80	88	42	42	60	100·0	100·0	127·0	140·0	140·0	200·0
Bread	153	199	194	284	264	269	100·0	130·0	127·0	186·0	173·0	176·0
Meal and groats	33	56	59	80	82	85	100·0	170·0	179·0	242·0	248·0	258·0
Potatoes, vegetables, and fruit	54	65	65	82	120	143	100·0	120·0	120·0	152·0	222·0	265·0
Sugar, spices, beer	156	164	186	226	287	277	100·0	105·0	119·0	145·0	184·0	178·0
Total	950	1,219	1,386	1,580	1,777	2,015	100·0	128·0	146·0	166·0	187·0	212·0
Clothes, boots and laundry	270	297	432	513	702	837	100·0	110·0	160·0	190·0	260·0	310·0
Residence and maintenance	330	330	342	375	426	457	100·0	100·0	104·0	114·0	129·0	138·0
Fuel and light	100	180	175	220	275	292	100·0	130·0	175·0	220·0	275·0	292·0
Taxes, sick fund, &c.	210	210	210	210	210	342	100·0	100·0	100·0	100·0	100·0	162·0
Other expenses	140	140	173	196	245	280	100·0	100·0	124·0	149·0	175·0	200·0
Total	1,050	1,107	1,332	1,514	1,858	2,206	100·0	106·0	127·0	144·0	177·0	210·0
Grand Total	2,000	2,326	2,718	3,094	3,635	4,221	100·0	116·0	136·0	155·0	182·0	211·0

APPENDIX IX.

DANISH PRESS.

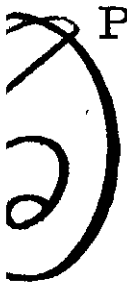
In the Copenhagen daily Press the best medium for British trade advertisements is to be found in *Politiken* and *Berlingske Tidende*, both of which papers frequently contain advertisement pages devoted to British manufactures, &c., sometimes in combination with special articles relating to British trade and industry. These papers, as well as the dailies specially devoted to finance and trade, viz., *Borsen* and the *Dagblad for Industri og Haandvaerk*, and the other important daily paper, *National Tidende* frequently print articles dealing with British Trade, Industries and Finance.

The principal Danish trade journals are as follows:—

- Haandvaerkets og Industriens Aarvog*, St. Strandstraede 13, Copenhagen.
- Maskinhandlerbladet*, Jagtvej 17, Copenhagen.
- Sand og Cement*, Korsørgade 37, Copenhagen.
- Teknisk Marked*, Alhambravej 17, Copenhagen.
- Tidsskrift for Ingeniør og Bygningsvaesen*, Dr. Priemensvej 7, Copenhagen.
- Vaerkstedstidende*, Langelandsvej 16, Copenhagen.
- Traehandleren*, Holsteinsgade 20, Copenhagen.
- Dansk Industrieretning*, Vester Boulevard 18, Copenhagen.
- Dansk Skomagertidende*, Blaagaardsgade 37, Copenhagen.
- Dansk Smedetidende*, Skt Pederstraede 29, Copenhagen.
- Guldmedebladet*, Frederiksborggade 1, Copenhagen.
- Elektroteknikeren*, Sveigaardsvej 5, Copenhagen.
- Architekten*, Stormgade 12, Copenhagen.
- Den Danske Isenkraemmer*, Klosterstraede 6, Copenhagen.
- Bogtrykkerbladet*, Vester Vøldgade 87, Copenhagen.
- Fællesorganet for Dansk Handel og Industri*, Meinungsgade 1, Copenhagen.
- Teknisk Tidsskrift*, Krystalgade 16, Copenhagen.
- Ingeniøren*, Amaliegade 38, Copenhagen.
- Tidsskrift for Industri*, Vester Boulevard 18, Copenhagen.
- Vort Landbrug*, Thorvaldsensvej 19, Copenhagen V.
- Dagblad for Industri og Haandvaerk*, Vester Boulevard 18, Copenhagen B.

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PROVINCE OF BRITISH COLUMBIA

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DEPARTMENT OF AGRICULTURE
(STATISTICS BRANCH)

¶

AGRICULTURAL STATISTICS 1926

BULLETIN No. 100

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1927.

DEPARTMENT OF AGRICULTURE,

VICTORIA, B.C., June 23rd, 1927.

To His Honour ROBERT RANDOLPH BRUCE,

Lieutenant-Governor of the Province of British Columbia.

MAY IT PLEASE YOUR HONOUR:

I have the honour to submit herewith Bulletin No. 100, entitled "Agricultural Statistics, 1926," which has been compiled by G. H. Stewart, Statistician, Department of Agriculture, under the direction of Dr. D. Warnock, O.B.E., Deputy Minister.

I have the honour to be,

Sir,

Your obedient servant,

E. DODSLEY BARROW,

Minister of Agriculture.

DEPARTMENT OF AGRICULTURE,

VICTORIA, B.C., June 23rd, 1927.

Hon. Edward Dodsley Barrow,

Minister of Agriculture, Victoria, B.C.

SIR,—I have the honour to submit herewith for your approval Bulletin No. 100, entitled "Agricultural Statistics, 1926," which has been compiled by G. H. Stewart, Statistician, Department of Agriculture.

I have the honour to be,

Sir,

Your obedient servant,

D. WARNOCK, O.B.E.,

Deputy Minister of Agriculture.

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ACKNOWLEDGMENTS.

Grateful acknowledgments are tendered to the following for valuable co-operation in supplying data contained in this bulletin: Various produce merchants for data relating to imports from other Provinces in Canada; Canadian Pacific Express Company and Canadian National Express Company for data showing express movements of fruits and vegetables; F. Napier Denison, Superintendent, Meteorological Observatory, British Columbia, for meteorological data; and Department of Customs, Ottawa, for statements relating to imports from foreign points.

INTRODUCTION.

THIS BULLETIN contains statistics of the agricultural industries of the Province of British Columbia. These statistics relate to areas of land under crop and under cultivation; production of the various crops, animals, animal products, and climate as affecting agriculture. Included also are statements relating to the express movements of fruits and vegetables and imports of all agricultural products.

The data shown for the years 1921-26 relating to the area of field crops and numbers of live stock were determined by means of a postal census in June, taken through the joint efforts of the Dominion and Provincial Governments.

AGRICULTURAL STATISTICS, 1926.

SYNOPSIS OF AGRICULTURAL CONDITIONS IN BRITISH COLUMBIA, YEAR 1926.

The estimated value of agricultural production for the year 1926 is \$71,362,209, as against \$63,163,513 for the year 1925, an increase of \$8,208,696, or 9.53 per cent. in the value of production; the quantity production, however, showed a much greater increase. In all lines of production, with the exception of vegetables, marked increases are shown.

Total imports of agricultural products during the year amounted to \$21,059,361, an increase of \$1,433,845, or 7.58 per cent. Imports from other Provinces in Canada are valued at \$17,437,350, as compared with \$16,755,676 in 1925, while imports from foreign points are valued at \$3,622,011, an increase of \$802,171 over the previous year.

As an offset to the increased value of importations, a satisfactory feature of agricultural production is the large increase shown in the value of our exports.

It is estimated that the total value of exports for the year amounted to \$3,408,638, this being an increase of \$1,676,929, or 24.91 per cent.

FRUITS.

Records show the fruit-crop to be the largest on record. Prevailing prices for all fruits were slightly less than the previous year.

The total production of all fruits amounted to 213,580,000 lb., as compared with 136,082,000 lb. in 1925, representing an increased yield of 77,498,000 lb., or 56.94 per cent. The total value of the fruit-crop is placed at \$7,585,520, which is an increase of \$2,171,626.

The total apple-crop was 175,414,000 lb., as compared with 122,878,000 lb. in 1925.

Other tree-fruits showed an increase of 421.57 per cent. in quantity production. The 1926 crop amounted to 25,432,000 lb., as against 4,876,000 lb. in 1925.

• Small fruits produced amounted to 12,734,000 lb., valued at \$1,907,432, as compared with a production of 8,328,000 lb., valued at \$1,019,885, in 1925, indicating an increase of 52.90 per cent. in quantity and 28.19 per cent. in value.

The quantity of fruits exported greatly exceeded that of any previous year.

VEGETABLES.

The total vegetable-crop amounted to 250,744 tons, or 277 tons less than in 1925.

The acreage of potatoes shows an increase of 1,906 acres, or 9.37 per cent. over the previous year. The yield per acre, however, was 8.04 per cent. less, caused chiefly through drought during the summer.

Market vegetables show an increase in production of 3,219 tons.

Although the acreage planted to field tomatoes was considerably greater than the previous year, due to early frosts in September, the crop was materially shortened. The crop amounted to 17,437 tons, which was 4,394 tons less than the 1925 tonnage.

There was an increase of 64 tons in the quantity of greenhouse tomatoes produced; the 1926 crop amounting to 984 tons, valued at \$336,754.

A marked increase occurred in the yield of outdoor cucumbers. The 1926 crop amounted to 1,430 tons, valued at \$74,775, as against a yield of 875 tons, valued at \$40,941, in 1925.

GRAINS.

The total area sown to grains was 135,490 acres, an increase of 2,726 acres over the previous year.

The production of all grains amounted to 5,015,412 bushels, valued at \$4,453,939, an increase in quantity production of 361,063 bushels, or 7.75 per cent., and an increase in value of \$202,618, or 4.76 per cent.

The price of wheat fell from \$1.43 a bushel in 1925 to \$1.36 a bushel in 1926; oats from 64 cents a bushel to 63 cents. Similar reductions are noted in the price of all grains.

FODDERS.

The area planted to fodders was 1,015 acres less than the previous year.

Fodder-crops aggregating a total of 720,375 tons, valued at \$10,457,459, were produced, as compared with 700,816 tons, valued at \$11,629,132, in 1925.

Clover and timothy averaged 2 tons to the acre, as against 1.83 tons in 1925.

Prices were exceedingly low; clover and timothy averaging \$16.40 and alfalfa \$17.50, as against \$18.90 and \$19.85 in 1925.

DAIRY PRODUCTS.

The dairying industry in British Columbia continues to make steady progress, the production for 1926 exceeding that of any previous year.

The value of all dairy products was \$11,627,300, compared with a production of \$10,629,350 in 1925, indicating an increased value of \$997,950, or 9.39 per cent.

The quantity of creamery butter produced amounted to 3,849,276 lb., which was 367,574 lb., or 10.55 per cent. above the 1925 figures. Dairy butter increased 275,200 lb., or 13.45 per cent. during the year.

Cheese produced amounted to 194,070 lb., as against 434,257 lb. manufactured in 1925.

The quantity of fresh milk consumed was 15,775,000 gallons, this being 1,685,000 gallons more than the previous year.

Evaporated milk manufactured amounted to 172,762 cases, which was 37,842 cases less than in 1925.

The increase in the quantity of ice-cream made during the year was quite pronounced. The 1926 production amounted to 542,597 gallons, valued at \$825,124, as against 489,869 gallons, valued at \$741,442, produced in 1925.

LIVE STOCK.

The value of all domestic animals is placed at \$20,752,433, representing an increased value of \$2,496,204 over the year 1925.

Horses increased in number from 57,016 in 1925 to 61,158 in 1926, the increase for the year being 4,142.

Dairy and beef cattle both showed an increase in numbers; there now being in the Province 338,244 cattle, an increase of 40,298 during the year.

Swine increased in number by 4,255.

Sheep increased in number to the extent of 40,606; there now being in the Province 102,853, which is an increase of 65.23 per cent. for the year.

The numbers of poultry increased 15.15 per cent. during the year. There are now in the Province 2,784,361 birds.

Egg production for the year amounted to 9,956,375 dozen, this being an increase of 1,512,506 dozen, or 17.91 per cent.

The quantity of eggs exported during the year amounted to 1,132,620 dozen, this being an increase of 392,140 dozen, or 52.95 per cent.

MISCELLANEOUS.

Meats marketed during the year aggregated 42,489,711 lb., valued at \$2,410,461, as compared with the 1925 production of 34,117,300 lb., valued at \$1,731,896. Prices on the whole ranged higher than during the previous year.

The hop production amounted to 966,433 lb., valued at \$367,246, as against 848,211 lb., valued at \$322,320, in 1925.

AGRICULTURAL STATISTICS.

9

A large increase in the production of honey is noted, 898,257 lb. being produced at a value of \$197,616, an increase in quantity of 40.72 per cent.

Seeds produced show an increase in value of 135.78 per cent.

Wool produced amounted to 506,168 lb., valued at \$124,557, as compared with 345,060 lb. produced in 1925, valued at \$93,166.

G. H. STEWART,
Statistician.

June 23rd, 1927.

PRODUCTION.

TABLE No. 1.—FINAL STATEMENT OF THE YIELD AND VALUE OF THE PRODUCTS OF BRITISH COLUMBIA TO THE FARMER, YEARS 1925-26.

Description.	1925.		1926.	
	Quantity.	Value.	Quantity.	Value.
		\$		\$
Horses .....No.	.....	3,249,912	.....	8,669,480
Beef cattle ..... "	.....	6,194,807	.....	7,269,745
Dairy cattle ..... "	.....	6,928,220	.....	7,361,742
Sheep ..... "	.....	778,087	.....	1,234,236
Swine ..... "	.....	802,763	.....	890,986
Goats ..... "	.....	802,940	.....	326,244
Total live stock .....	.....	18,256,229	.....	20,752,433
Beef and veal lb.	30,779,403	1,895,198	38,142,104	1,876,592
Pork and pork products "	2,442,862	298,940	2,741,205	849,183
Mutton "	895,035	102,763	1,606,402	184,736
Total meats	34,117,300	1,781,896	42,489,711	2,410,461
Poultry lb.	8,885,590	2,043,685	10,232,526	2,353,481
Eggs doz.	8,443,869	2,702,038	9,936,875	3,186,040
Total poultry products .....	.....	4,745,723	.....	5,539,521
Butter (creamery) lb.	3,481,702	1,451,135	3,849,276	1,560,454
Butter (dairy) "	2,045,300	654,496	2,320,500	765,765
Cheese "	434,257	95,814	194,070	66,118
Milk (as fresh) gals.	14,110,000	5,855,650	15,775,000	6,625,500
Milk (evaporated) cases	210,604	875,298	172,762	783,144
Ice-cream gals.	489,860	741,442	542,597	825,124
Miscellaneous (cream, cottage and farm cheese, powdered milk, buttermilk, etc.) lb. fat	.....	955,520	.....	1,001,200
Total dairy products .....	.....	10,629,350	.....	11,627,300
Apples lb.	122,878,000	4,040,899	175,414,000	5,190,446
Other tree-fruits "	4,876,000	353,110	23,432,000	1,087,642
Small fruits "	8,328,000	1,019,885	12,734,000	1,307,432
Total fruits	136,082,000	5,413,894	213,580,000	7,585,520
Potatoes tons	106,544	3,729,040	107,859	3,775,063
Other vegetables "	144,477	3,981,418	142,885	3,658,442
Total vegetables	251,021	7,660,458	250,744	7,433,507
Hay (clover and timothy) tons	334,686	6,325,363	371,899	6,099,143
Other fodders "	366,130	5,303,567	348,476	4,358,316
Total fodders	700,816	11,629,132	720,375	10,457,459
Grains bu.	4,657,319	4,251,321	5,018,412	4,453,939
Honey lb.	638,319	140,430	898,257	197,616
Beeswax "	9,500	4,750	10,000	5,000
Wool "	245,060	98,166	566,168	124,557
Hops "	848,211	322,320	966,438	367,246
Tobacco ..... "	.....	.....	67,000	14,000
Goat's milk gals.	190,000	114,000	220,100	132,060
Rabbits No.	.....	53,749	.....	53,120
Seeds lb.	.....	57,100	.....	184,632
Nursery stock No.	.....	.....	.....	78,838
Total miscellaneous .....	.....	785,515	.....	1,102,069
Grand totals .....	.....	63,153,513	.....	71,862,209

TABLE No. 2.—BRITISH COLUMBIA AGRICULTURAL PRODUCTION AND IMPORTS (VALUES ONLY), YEARS 1925-26.

Description.	Year.	Production.	Imports from other Canadian Provinces.	Imports from Foreign Ports.	Total Imports.
		\$	\$	\$	\$
Live stock.....	1925	18,256,220	5,406,807	39,521	5,446,128
	1926	20,752,483	6,269,386	59,439	6,328,775
Meats.....	1925	1,781,896	893,871	407,167	1,101,028
	1926	2,410,461	1,140,284	456,416	1,596,644
Poultry products.....	1925	4,745,723	250,732	69,572	310,304
	1926	5,539,521	333,170	33,335	366,505
Dairy products.....	1925	10,629,350	3,398,011	73,796	3,471,807
	1926	11,627,300	3,346,884	1,058,308	4,405,390
Fruits.....	1925	5,413,894	54,049	723,700	777,749
	1926	7,583,520	40,509	552,628	593,132
Vegetables.....	1925	7,660,453	125,424	763,776	894,200
	1926	7,433,507	109,730	675,765	785,495
Fodders.....	1925	11,626,132	71,384	140,014	211,898
	1926	10,457,459	97,075	83,466	180,531
Grains.....	1925	4,251,321	6,740,252	532,499	7,272,751
	1926	4,453,939	6,094,466	616,711	6,711,177
Miscellaneous.....	1925	785,515	14,846	74,905	89,651
	1926	1,102,069	5,946	85,766	91,712
Totals.....	1925	65,153,518	16,755,676	2,819,840	19,575,516
	1926	71,362,209	17,437,350	3,622,011	21,059,361

TABLE No. 3.—BRITISH COLUMBIA AGRICULTURAL PRODUCTION AND IMPORTS (TOTAL VALUES), YEARS 1917-26.

Year.	Home Production.	Imports.	Year.	Home Production.	Imports.
	\$	\$		\$	\$
1917.....	37,661,850	19,736,206	1922.....	55,322,971	17,143,322
1918.....	49,444,308	21,905,446	1923.....	59,159,798	19,018,131
1919.....	65,384,556	22,904,527	1924.....	60,029,224	16,399,502
1920.....	68,926,090	26,816,469	1925.....	65,153,513	19,575,516
1921.....	59,742,994	20,970,423	1926.....	71,362,209	21,059,361

NOTE.—The valuation placed on live stock covers all the animals on the farm at the end of the year and does not represent an increased value in production over the previous year.

TABLE No. 3A.—VALUE OF FARM LIVE STOCK IN BRITISH COLUMBIA, YEARS 1917-26.

Year.	Value.	Year.	Value.
1917.....	\$ 8,632,137	1922.....	\$14,650,494
1918.....	9,696,879	1923.....	15,920,628
1919.....	12,437,510	1924.....	13,790,007
1920.....	14,014,873	1925.....	18,266,229
1921.....	14,152,749	1926.....	20,752,433

TABLE No. 4.—CROP AREAS, YIELDS, AND VALUES, BRITISH COLUMBIA, YEARS 1924-26.

Crop.	Year.	Acres.	Average Yield.		Price.	Total Value.
			Bu.	Bu.		
Fall wheat.....	1924	16,252	24.90	404,674	1 41	570,590
	1925	15,018	24.90	373,948	1 45	542,225
	1926	15,561	29.00	451,269	1 34	604,700
Spring wheat.....	1924	29,434	22.60	665,208	1 46	971,208
	1925	32,194	23.10	743,681	1 42	1,056,027
	1926	34,848	25.30	861,654	1 37	1,207,865
All wheat.....	1924	45,686	23.40	1,069,882	1 44	1,541,793
	1925	47,212	23.60	1,117,629	1 43	1,598,252
	1926	50,409	26.40	1,332,923	1 36	1,812,565
Oats.....	1924	67,859	48.90	2,829,305	0 68	1,923,927
	1925	62,534	47.30	2,957,858	0 64	1,893,029
	1926	63,565	48.70	3,095,615	0 63	1,950,237
Barley.....	1924	6,379	30.60	195,197	0 96	187,389
	1925	5,923	31.00	183,618	0 95	174,432
	1926	6,319	33.40	211,054	0 85	179,896
Rye.....	1924	6,642	18.30	121,548	1 17	142,211
	1925	5,719	20.60	117,811	1 11	130,770
	1926	4,188	19.30	80,828	1 05	84,869
Peas.....	1924	2,469	25.50	62,959	2 40	151,101
	1925	2,770	23.40	64,818	2 51	162,693
	1926	3,088	22.00	67,936	2 28	154,894
Beans.....	1924	1,179	28.30	33,365	3 05	101,763
	1925	1,638	20.50	33,579	3 00	100,737
	1926	1,256	22.10	27,757	2 60	72,169
Corn for husking.....	1924	819	35.90	29,402	1 72	50,371
	1925	685	36.50	25,002	1 55	38,753
	1926	518	40.00	20,720	1 35	27,972
Buckwheat.....	1924	93	23.70	2,204	0 92	2,027
	1925	97	23.20	2,250	0 94	2,115
	1926	79	23.40	1,848	0 90	1,663
Other grain-crops.....	1924	766	-----	-----	-----	-----
	1925	964	-----	-----	-----	-----
	1926	467	-----	-----	-----	-----
Flax.....	1924	1,183	12.80	15,142	1 80	27,255
	1925	1,185	10.00	11,850	1 85	21,922
	1926	981	13.20	12,949	1 55	20,071
Mixed grains.....	1924	4,121	34.60	142,586	0 88	125,475
	1925	4,037	35.40	142,909	0 90	128,618
	1926	4,620	36.10	166,782	0 90	150,103
Total grains.....	1924	127,196	-----	4,501,590	-----	4,253,512
	1925	132,764	-----	4,637,319	-----	4,251,821
	1926	135,490	-----	5,018,412	-----	4,458,939
Grain-hay.....	1924	59,596	Tons.	Tons.	\$ cts.	\$
	1925	62,329	2.15	128,131	19 05	2,440,896
	1926	60,100	2.25	140,690	16 80	2,363,592
Clover and timothy.....	1924	151,576	1.83	277,384	20 47	5,678,030
	1925	167,343	2.00	334,686	18 90	6,325,565
	1926	175,424	2.12	371,899	16 40	6,099,143
Alfalfa.....	1924	18,493	2.62	48,451	19 26	933,166
	1925	21,267	2.80	59,547	19 85	1,182,007
	1926	22,247	2.76	61,402	17 50	1,074,535
Wild hay.....	1924	51,441	1.20	61,729	13 75	848,773
	1925	64,186	1.25	80,232	12 00	962,784
	1926	56,571	1.25	70,714	10 00	707,140
Fodder corn.....	1924	4,044	10.85	51,170	12 30	629,891
	1925	6,419	11.33	72,727	9 60	698,179
	1926	6,427	10.24	65,812	8 80	579,146
Kale and rape.....	1924	971	16.55	16,070	8 80	141,416
	1925	752	17.20	12,934	7 50	97,005
	1926	712	17.30	12,318	7 30	89,921
Total fodders.....	1924	297,021	-----	582,936	-----	10,671,892
	1925	322,496	-----	700,816	-----	11,629,132
	1926	321,481	-----	720,375	-----	10,457,459

TABLE No. 4.—CROP AREAS, YIELDS, AND VALUES, BRITISH COLUMBIA, YEARS 1924-26—Continued.

Crop.	Year.	Acres.	Average Yield.	Total Yield.	Price.	Total Value.
			Tons.	Tons.	\$ cts.	\$
Potatoes.....	1924	18,349	5.40	99,084	34 00	3,368,856
	1925	20,333	5.24	106,544	35 00	3,729,040
	1926	22,239	4.85	107,859	35 00	3,775,065
Roots.....	1924	7,141	8.98	64,126	18 20	1,187,008
	1925	7,694	10.41	80,094	20 00	1,601,880
	1926	7,503	10.00	75,030	18 60	1,395,558
Market vegetables.....	1924	5,939	7.10	42,167	85 90	1,513,795
	1925	5,958	6.70	39,918	81 84	1,270,989
	1926	6,051	7.79	47,137	26 50	1,249,180
Rhubarb.....	1924	.....	.....	714	57 86	41,812
	1925	.....	.....	502	64 91	38,426
	1926	.....	.....	620	79 90	49,538
Cucumbers (outdoor).....	1924	.....	.....	858	62 00	53,186
	1925	.....	.....	876	46 79	40,941
	1926	.....	.....	1,430	52 29	74,775
Cucumbers (greenhouse).....	1924	.....	.....	314	168 84	53,016
	1925	.....	.....	247	180 04	44,470
	1926	.....	.....	247	179 75	44,398
Tomatoes (outdoor).....	1924	.....	.....	11,686	83 24	965,091
	1925	.....	.....	21,831	27 32	598,423
	1926	.....	.....	17,437	29 15	508,269
Tomatoes (greenhouse).....	1924	.....	.....	784	360 49	282,624
	1925	.....	.....	920	367 70	338,284
	1926	.....	.....	984	342 23	336,754
Total vegetables.....	1924	.....	.....	219,933	.....	6,874,983
	1925	.....	.....	251,021	.....	7,660,453
	1926	.....	.....	250,744	.....	7,433,507
			Lb.	Lb.	\$ cts.	\$
Hops.....	1924	507	1,604	818,228	0 39	317,159
	1925	507	1,673	848,211	0 38	322,320
	1926	594	1,627	968,438	0 38	367,246
Pasture meadow.....	1924	73,938	.....	.....	.....	.....
	1925	63,709	.....	.....	.....	.....
	1926	63,719	.....	.....	.....	.....
Fallow.....	1924	15,386	.....	.....	.....	.....
	1925	19,820	.....	.....	.....	.....
	1926	16,666	.....	.....	.....	.....
Total miscellaneous.....	1924	.....	.....	813,228	.....	317,159
	1925	.....	.....	848,211	.....	322,320
	1926	.....	.....	968,438	.....	367,246

TABLE No. 5.—CARS OF FRUIT PRODUCED IN BRITISH COLUMBIA, YEARS 1924-26.
(Basis.—Minimum weight per car: Apples, crab-apples, and pears, 15 tons;
balance, 10 tons.)

Kind.	Year.	Islands.	Lower Mainland.	Thompson Watershed.	Okanagan.	Boundary and Kootenay.	Total Cars.
Apples.....	1924	36.9	49.6	322.4	2,029.2	611.5	3,649.6
	1925	66.4	37.8	157.3	3,339.1	344.5	3,945.1
	1926	46.7	60.3	360.8	4,538.4	604.3	5,625.5
Crab-apples.....	1924	0.7	.....	12.3	145.0	9.0	167.0
	1925	1.0	.....	20.3	122.3	7.2	150.8
	1926	1.0	0.9	10.1	201.2	8.4	221.6
Pears.....	1924	7.4	31.0	3.6	111.7	19.3	173.0
	1925	7.4	4.9	0.1	23.0	3.1	38.5
	1926	13.2	17.1	8.5	194.5	19.5	232.8
Peaches.....	1924	.....	.....	.....	43.2	2.5	45.7
	1925	.....	.....	.....	2.1	0.8	2.9
	1926	.....	.....	.....	187.1	2.5	189.6
Plums and prunes.....	1924	4.2	36.0	1.7	121.5	29.8	193.2
	1925	4.0	23.1	0.4	61.7	15.1	105.2
	1926	10.4	66.3	5.9	254.7	22.6	359.9
Apricots.....	1924	.....	.....	.....	36.0	0.8	36.8
	1925	.....	.....	.....	4.2	0.3	4.5
	1926	.....	.....	.....	140.9	0.7	141.6
Cherries.....	1924	3.5	9.2	1.3	45.0	12.4	71.4
	1925	8.5	6.1	1.3	40.5	13.4	69.8
	1926	9.7	16.9	3.3	145.6	19.4	194.9
Total tree-fruits.....	1924	52.7	125.8	341.3	3,131.6	685.8	4,336.7
	1925	83.2	71.9	179.4	3,392.9	384.4	4,316.8
	1926	81.0	161.5	388.6	3,677.4	677.4	6,985.9
Strawberries.....	1924	60.1	118.1	3.8	3.0	39.5	224.5
	1925	35.2	37.8	1.5	1.9	36.8	113.2
	1926	52.8	103.0	1.1	0.5	39.5	196.9
Raspberries.....	1924	7.8	183.7	6.3	5.5	10.7	214.0
	1925	6.2	158.6	4.5	6.2	11.1	186.8
	1926	6.5	202.9	7.5	8.1	16.5	236.5
Blackberries.....	1924	1.9	38.5	.....	0.7	0.8	41.9
	1925	2.4	31.8	.....	0.8	0.6	35.6
	1926	3.5	42.4	.....	0.8	0.8	47.5
Loganberries.....	1924	23.7	61.7	1.0	.....	0.2	86.6
	1925	23.5	20.5	.....	.....	0.1	44.1
	1926	39.6	78.2	2.2	.....	0.2	120.2
Bush-fruits.....	1924	2.2	12.4	0.5	3.6	7.5	26.2
	1925	6.3	14.2	.....	6.9	3.3	36.7
	1926	4.7	15.6	1.9	4.5	8.7	35.4
Total small fruits.....	1924	93.7	414.4	11.6	12.8	58.7	593.2
	1925	73.6	263.1	6.0	15.8	57.9	416.4
	1926	107.1	442.1	12.7	8.9	65.7	636.5
Total all fruits.....	1924	148.4	540.2	352.9	3,144.4	744.0	4,929.9
	1925	161.6	335.0	185.4	3,608.7	442.3	4,733.2
	1926	188.1	603.6	401.3	3,686.8	743.1	7,622.4

For 1924 there must be added approximately 6.7 car-loads of fruits not otherwise provided, making a total for the Province of 4,936.6 cars.

For 1925 there must be added approximately 3.8 car-loads of fruits not otherwise provided, making a total for the Province of 4,737 cars.

For 1926 there must be added approximately 6.4 car-loads of fruits not otherwise provided, making a total for the Province of 7,628.8 cars.

TABLE No. 6.—AVERAGE NET WEIGHTS PER PACKAGE, FRESH FRUITS AND VEGETABLES, YEARS 1923-26.

Description,	Package.	1923.	1924.	1925.	1926.
		Lb.	Lb.	Lb.	Lb.
Apples.....	Box	41	41	41	41
Crab-apples.....	"	87	87	87	87
Pears.....	"	42	42	42	42
Plums.....	Crate	17	17	17	17
Prunes.....	"	16	16	16	16
Peaches.....	"	19	19	19	19
Apricots.....	"	20	20	20	20
Cherries.....	"	16	16	16	16
Strawberries (pints).....	"	16	16	16	16
Raspberries (pints).....	"	15	15	15	15
Raspberries (½ quarts).....	"	15	15	15	15
Blackberries (pints).....	"	16	16	16	16
Blackberries (¾ quarts).....	"	16	16	16	16
Loganberries (pints).....	"	16	16	16	16
Loganberries (¾ quarts).....	"	16	16	16	16
Bush-fruits.....	"	17	17	17	17
Grapes.....	"	16	16	16	16
Rhubarb.....	"	40	40	40	40
Tomatoes.....	"	17	17	17	17

AVERAGE TONS PER CAR-LOAD, YEARS 1923-26.

	Tons.
Potatoes	20
Field roots	20
Market-garden	12
Other vegetables	15
Rhubarb	12
Tomatoes	12

TABLE No. 7.—FRUIT PRODUCTION, VARIOUS DISTRICTS, BRITISH COLUMBIA, YEARS 1923-26.

APPLES.

District.	Year.	PACKAGES.		MANUFACTURED.	
		Boxes.	Value.	Pounds.	Value.
Islands.....	1923	50,955	\$ 50,955	123,245	\$ 1,232
	1924	26,477	30,716	21,825	218
	1925	46,775	46,775	75,103	751
	1926	32,640	32,640	62,282	623
Lower Mainland.....	1923	14,491	13,766	335,255	2,514
	1924	18,500	14,800	729,841	7,672
	1925	12,776	11,498	609,335	7,266
	1926	17,600	14,960	1,086,363	9,540
Thompson.....	1923	237,808	294,882	100,000	500
	1924	235,885	342,038	-----	-----
	1925	113,535	158,949	64,000	320
	1926	261,338	339,739	110,000	550
Okanagan.....	1923	2,709,685	3,364,555	4,161,528	18,568
	1924	1,830,686	2,461,992	3,818,417	41,537
	1925	2,381,359	3,333,903	2,538,000	11,231
	1926	3,183,920	4,189,006	6,062,400	25,482
Boundary and Kootenay.....	1923	325,114	394,347	702,970	3,901
	1924	437,175	571,571	421,281	2,311
	1925	243,575	321,623	349,685	1,894
	1926	440,074	474,725	86,579	430
Totals.....	1923	3,338,053	4,118,505	5,422,996	26,715
	1924	2,548,723	3,430,112	4,991,364	51,738
	1925	2,798,020	3,872,748	3,636,123	21,462
	1926	3,935,572	5,001,160	7,407,624	36,625

CRAB-APPLES.

Islands.....	1923	1,285	\$ 643	2,635	\$ 53
	1924	600	900	100	2
	1925	779	1,169	1,000	20
	1926	840	1,260	600	12
Lower Mainland.....	1923	-----	-----	-----	-----
	1924	-----	-----	-----	-----
	1925	-----	-----	-----	-----
	1926	475	475	9,924	146
Thompson.....	1923	16,842	6,318	-----	-----
	1924	10,000	8,500	-----	-----
	1925	16,488	19,786	-----	-----
	1926	8,197	6,933	-----	-----
Okanagan.....	1923	133,649	85,045	67,090	671
	1924	116,479	104,831	41,036	616
	1925	99,135	118,962	-----	-----
	1926	161,429	137,215	62,568	939
Boundary and Kootenay.....	1923	4,970	3,315	8,686	75
	1924	6,912	5,978	13,376	112
	1925	5,288	6,545	20,740	207
	1926	6,573	5,605	9,449	76
Totals.....	1923	156,746	96,321	78,411	799
	1924	133,991	120,209	54,512	730
	1925	121,690	146,462	21,740	227
	1926	177,474	151,468	82,541	1,178

TABLE No. 7.—FRUIT PRODUCTION, VARIOUS DISTRICTS, BRITISH COLUMBIA, YEARS 1923-26—Continued.

PEARS.

District.	Year.	PACKAGES.		MANUFACTURED.	
		Boxes.	Value.	Pounds.	Value.
Islands.....	1923	5,517	\$ 6,896	39,170	\$ 788
	1924	4,669	9,338	24,500	735
	1925	4,977	7,466	13,950	419
	1926	6,456	9,684	126,070	2,521
Lower Mainland.....	1923	3,538	3,184	43,152	868
	1924	6,400	8,080	681,459	19,023
	1925	1,970	2,955	62,937	2,664
	1926	5,200	6,500	293,526	4,476
Thompson.....	1923	4,314	7,118	-----	-----
	1924	2,000	5,980	-----	-----
	1925	46	104	-----	-----
	1926	6,041	8,457	-----	-----
Okanagan.....	1923	81,052	131,776	8,265	132
	1924	79,801	168,542	-----	-----
	1925	16,488	36,986	-----	-----
	1926	189,952	194,523	-----	-----
Boundary and Kootenay.....	1923	10,008	18,451	36,485	1,078
	1924	13,165	20,729	25,705	517
	1925	1,752	3,523	19,595	627
	1926	13,862	15,727	3,026	67
Totals.....	1923	104,429	167,425	127,072	2,866
	1924	106,635	225,669	711,684	20,275
	1925	25,183	51,039	96,482	3,710
	1926	170,311	234,901	422,622	7,064

PLUMS AND PRUNES.

Islands.....	1923	5,677	\$ 5,677	87,285	\$ 748
	1924	3,744	6,616	24,393	732
	1925	3,582	4,478	41,699	1,251
	1926	6,395	4,796	104,831	2,621
Lower Mainland.....	1923	16,790	6,716	440,549	8,811
	1924	15,630	11,410	470,455	9,896
	1925	7,420	5,936	342,690	11,771
	1926	18,950	8,370	1,103,448	24,026
Thompson.....	1923	9,787	5,313	-----	-----
	1924	2,150	1,935	-----	-----
	1925	493	394	-----	-----
	1926	7,409	4,076	-----	-----
Okanagan.....	1923	268,562	166,430	41,785	644
	1924	131,419	128,706	8,000	232
	1925	76,690	61,512	3,420	152
	1926	314,606	173,033	59,536	683
Boundary and Kootenay.....	1923	53,050	27,807	212,565	3,149
	1924	80,122	34,075	113,942	2,204
	1925	8,806	6,687	161,337	2,076
	1926	20,859	10,579	118,835	1,316
Totals.....	1923	353,366	211,948	732,184	13,350
	1924	303,065	171,742	618,790	13,064
	1925	97,191	75,907	549,646	15,250
	1926	363,218	200,853	1,386,664	28,648

TABLE No. 7.—FRUIT PRODUCTION, VARIOUS DISTRICTS, BRITISH COLUMBIA,
YEARS 1923-26—Continued.

PEACHES.

District.	Year.	PACKAGES.		MANUFACTURED.	
		Crates.	Value.	Pounds.	Value.
			\$		\$
Islands.....	1923	.....	.....	.....	.....
	1924	.....	.....	.....	.....
	1925	.....	.....	.....	.....
	1926	.....	.....	.....	.....
Lower Mainland.....	1923	.....	.....	.....	.....
	1924	.....	.....	.....	.....
	1925	.....	.....	.....	.....
	1926	.....	.....	.....	.....
Thompson.....	1923	.....	.....	.....	.....
	1924	.....	.....	.....	.....
	1925	.....	.....	.....	.....
	1926	.....	.....	.....	.....
Okanagan.....	1923	107,508	77,549	606,754	16,686
	1924	45,462	50,008	.....	.....
	1925	2,182	2,182	.....	.....
	1926	166,934	133,547	570,075	17,267
Boundary and Kootenay.....	1923	4,236	5,027	5,218	104
	1924	2,226	3,434	7,013	421
	1925	850	1,275	.....	.....
	1926	2,475	2,475	4,111	144
Totals.....	1923	111,744	82,576	611,972	16,790
	1924	47,688	53,442	7,013	421
	1925	3,032	3,457	.....	.....
	1926	169,409	136,022	574,166	17,411

APRICOTS.

District.	Year.	Crates.	Value.	MANUFACTURED.	
				Pounds.	Value.
			\$		\$
Islands.....	1923	.....	.....	.....	.....
	1924	.....	.....	.....	.....
	1925	.....	.....	.....	.....
	1926	.....	.....	.....	.....
Lower Mainland.....	1923	.....	.....	.....	.....
	1924	.....	.....	.....	.....
	1925	.....	.....	.....	.....
	1926	.....	.....	.....	.....
Thompson.....	1923	.....	.....	.....	.....
	1924	.....	.....	.....	.....
	1925	.....	.....	.....	.....
	1926	.....	.....	.....	.....
Okanagan.....	1923	33,204	34,959	325,290	16,265
	1924	27,589	38,625	167,676	7,344
	1925	4,202	5,253	.....	.....
	1926	124,423	111,990	330,502	14,339
Boundary and Kootenay.....	1923	666	835	3,606	110
	1924	463	708	6,935	485
	1925	150	300	.....	.....
	1926	589	740	1,227	61
Totals.....	1923	33,960	35,794	328,896	16,375
	1924	28,052	39,333	174,611	7,329
	1925	4,852	5,553	.....	.....
	1926	125,022	112,730	331,729	14,400

TABLE No. 7.—FRUIT PRODUCTION, VARIOUS DISTRICTS, BRITISH COLUMBIA, YEARS 1923-26—Continued.

CHERRIES.

District.	Year.	PACKAGES.		MANUFACTURED.	
		Crates.	Value.	Pounds.	Value.
Islands.....	1923	9,655	11,688	58,839	4,119
	1924	2,724	5,448	25,650	2,809
	1925	6,577	13,154	65,428	5,888
	1926	6,122	10,714	97,290	8,270
Lower Mainland.....	1923	5,800	5,510	60,352	3,621
	1924	4,800	6,432	107,005	7,178
	1925	8,816	7,632	61,202	4,041
	1926	9,200	18,400	188,515	10,378
Thompson.....	1923	1,904	2,508	-----	-----
	1924	1,650	2,475	-----	-----
	1925	1,065	8,746	-----	-----
	1926	4,120	5,562	-----	-----
Okanagan.....	1923	74,698	109,848	370,069	20,948
	1924	45,334	66,474	174,308	6,990
	1925	50,160	112,860	6,980	884
	1926	129,857	174,632	842,858	51,821
Boundary and Kootenay.....	1923	19,549	37,132	23,598	999
	1924	14,975	37,037	8,972	449
	1925	14,898	86,319	28,517	1,096
	1926	22,212	41,891	33,248	1,650
Totals.....	1923	111,606	166,676	512,358	29,682
	1924	69,488	137,866	315,935	18,926
	1925	77,111	173,711	162,122	11,408
	1926	171,011	231,199	1,161,911	71,519

STRAWBERRIES.

Islands.....	1923	55,963	105,214	744,464	62,113
	1924	44,740	93,069	463,366	34,046
	1925	27,521	83,315	262,946	26,295
	1926	40,314	100,733	411,709	45,288
Lower Mainland.....	1923	112,225	184,049	1,335,332	93,473
	1924	73,787	128,838	1,149,739	89,097
	1925	22,506	61,897	397,209	40,634
	1926	44,890	94,269	1,340,792	149,495
Thompson.....	1923	8,472	11,988	-----	-----
	1924	4,721	8,167	-----	-----
	1925	1,869	3,738	-----	-----
	1926	1,400	3,150	-----	-----
Okanagan.....	1923	8,397	11,863	32,000	2,560
	1924	3,510	7,371	3,400	238
	1925	1,822	3,644	9,000	1,080
	1926	221	497	6,542	720
Boundary and Kootenay.....	1923	23,928	52,809	477,743	36,477
	1924	30,349	67,794	607,029	15,699
	1925	32,065	69,397	222,645	19,361
	1926	29,977	79,801	311,409	33,157
Totals.....	1923	213,967	363,922	2,369,539	184,623
	1924	159,007	305,229	1,946,534	139,080
	1925	83,915	243,991	691,800	87,370
	1926	116,603	278,602	2,070,452	228,660

TABLE No. 7.—FRUIT PRODUCTION, VARIOUS DISTRICTS, BRITISH COLUMBIA, YEARS 1923-26—Continued.

RASPBERRIES.

District.	Year.	PACKAGES.		MANUFACTURED.	
		Crates.	Value.	Pounds.	Value.
Islands.....	1923	4,901	\$ 7,352	48,946	\$ 3,916
	1924	5,187	9,077	77,759	6,221
	1925	3,913	7,826	64,800	5,184
	1926	3,491	6,982	78,078	6,246
Lower Mainland.....	1923	86,050	154,890	1,599,148	111,940
	1924	108,012	216,024	2,053,902	161,168
	1925	94,876	235,940	1,780,670	179,134
	1926	88,400	159,120	2,731,804	244,777
Thompson.....	1923	6,791	12,971	-----	-----
	1924	8,430	15,343	-----	-----
	1925	5,971	11,942	-----	-----
	1926	10,000	20,000	-----	-----
Okanagan.....	1923	7,562	13,596	29,000	2,755
	1924	6,683	15,037	11,000	770
	1925	6,954	13,908	20,840	1,459
	1926	3,680	7,360	8,289	580
Boundary and Kootenay.....	1923	9,500	21,664	79,049	5,926
	1924	9,678	20,847	68,265	4,096
	1925	8,859	21,493	96,951	7,756
	1926	15,105	31,785	103,629	8,177
Totals.....	1923	114,804	210,473	1,756,141	124,437
	1924	137,990	276,328	2,210,926	172,255
	1925	119,573	291,109	1,943,261	193,533
	1926	120,676	225,247	2,921,800	259,780

BLACKBERRIES.

Islands.....	1923	1,805	\$ 2,708	27,262	\$ 1,363
	1924	1,794	2,691	8,604	516
	1925	2,226	3,339	13,030	782
	1926	1,766	2,649	41,868	2,689
Lower Mainland.....	1923	24,989	34,235	77,050	8,853
	1924	25,545	34,741	361,235	22,192
	1925	29,818	50,691	159,619	10,276
	1926	27,000	43,200	416,032	26,329
Thompson.....	1923	66	98	-----	-----
	1924	69	87	-----	-----
	1925	-----	-----	-----	-----
	1926	-----	-----	-----	-----
Okanagan.....	1923	463	655	-----	-----
	1924	656	1,584	-----	-----
	1925	988	1,976	-----	-----
	1926	964	2,169	-----	-----
Boundary and Kootenay.....	1923	850	1,805	1,532	66
	1924	845	1,878	1,792	100
	1925	656	1,641	427	26
	1926	985	1,714	1,434	80
Totals.....	1923	23,178	39,501	103,844	5,282
	1924	29,109	40,981	371,631	22,808
	1925	33,688	57,647	173,076	11,084
	1926	30,715	49,732	458,834	29,093

TABLE No. 7.—FRUIT PRODUCTION, VARIOUS DISTRICTS, BRITISH COLUMBIA, YEARS 1923-28—Continued.

LOGANBERRIES.

District.	Year.	PACKAGES.		MANUFACTURED.	
		Crates.	Value.	Pounds.	Value.
Islands.....	1923	8,294	\$ 7,465	837,327	\$ 20,240
	1924	3,538	5,307	416,708	25,002
	1925	2,423	3,635	431,442	84,515
	1926	2,328	3,841	755,495	58,662
Lower Mainland.....	1923	10,460	9,832	412,751	24,765
	1924	12,955	21,894	1,026,235	56,844
	1925	4,192	9,482	348,667	21,709
	1926	8,000	11,600	1,435,881	94,546
Thompson.....	1923	3,082	4,665	.....	.....
	1924	1,848	2,891	.....	.....
	1925	.....	.....	.....	.....
	1926	2,700	6,750	.....	.....
Okanagan.....	1923	.....	.....	.....	.....
	1924	.....	.....	.....	.....
	1925	.....	.....	.....	.....
	1926	39	98	.....	.....
Boundary and Kootenay.....	1923	234	556	.....	.....
	1924	222	526	.....	.....
	1925	125	338	.....	.....
	1926	289	569	.....	.....
Totals.....	1923	22,070	22,538	750,078	45,005
	1924	18,058	30,118	1,442,943	81,846
	1925	6,740	13,405	775,109	56,224
	1926	18,356	22,858	2,191,376	151,208

RED CURRANTS.

Islands.....	1923	449	\$ 674	2,827	\$ 198
	1924	416	624	1,250	38
	1925	447	671	6,200	434
	1926	430	645	4,509	293
Lower Mainland.....	1923	623	600	42,557	2,553
	1924	430	707	35,480	2,390
	1925	350	500	45,803	3,554
	1926	400	440	48,839	2,973
Thompson.....	1923	100	98	.....	.....
	1924	80	44	.....	.....
	1925	.....	.....	.....	.....
	1926	73	146	.....	.....
Okanagan.....	1923	663	993	.....	.....
	1924	179	322	400	16
	1925	668	935	300	12
	1926	389	778	1,068	63
Boundary and Kootenay.....	1923	1,040	1,609	33,472	1,339
	1924	354	552	20,610	669
	1925	1,564	2,205	26,784	903
	1926	1,608	1,754	13,379	582
Totals.....	1923	2,877	3,843	78,856	4,090
	1924	1,429	2,249	67,926	3,172
	1925	3,049	4,371	79,687	4,903
	1926	3,295	3,763	67,795	3,901

TABLE No. 7.—FRUIT PRODUCTION, VARIOUS DISTRICTS, BRITISH COLUMBIA, YEARS 1923-26—Continued.

BLACK CURRANTS.

District.	Year.	PACKAGES.		MANUFACTURED.	
		Crates.	Value.	Pounds.	Value.
Islands.....	1923	717	\$ 1,434	9,783	\$ 1,174
	1924	677	1,523	2,857	845
	1925	753	1,883	67,429	8,091
	1926	796	1,990	28,113	3,936
Lower Mainland.....	1923	480	902	41,848	4,998
	1924	810	1,677	75,442	9,917
	1925	720	1,980	96,787	11,547
	1926	600	1,650	109,394	14,026
Thompson.....	1923	360	695	-----	-----
	1924	177	349	-----	-----
	1925	-----	-----	-----	-----
Okanagan.....	1926	640	1,408	-----	-----
	1923	2,331	3,430	-----	-----
	1924	903	2,032	13,780	1,240
	1925	2,681	4,007	10,080	1,008
Boundary and Kootenay.....	1926	877	1,929	28,521	3,017
	1923	1,906	3,875	28,635	1,982
	1924	2,064	4,201	20,887	1,471
	1925	1,200	2,500	34,803	2,605
Totals.....	1926	1,141	2,349	37,918	3,075
	1923	5,794	10,336	80,066	8,154
	1924	4,631	9,782	112,984	12,973
	1925	5,354	10,370	209,099	28,251
	1926	4,054	9,326	203,946	24,054

GOOSEBERRIES.

Islands.....	1923	547	\$ 821	20,701	\$ 1,242
	1924	478	765	13,350	801
	1925	404	646	24,900	1,992
	1926	468	749	33,153	2,155
Lower Mainland.....	1923	850	833	79,002	5,530
	1924	930	921	100,439	7,421
	1925	670	1,174	98,945	6,411
	1926	850	1,190	123,149	7,122
Thompson.....	1923	1,550	1,550	-----	-----
	1924	339	356	-----	-----
	1925	-----	-----	-----	-----
Okanagan.....	1926	1,500	1,650	-----	-----
	1923	1,128	1,410	-----	-----
	1924	1,685	2,528	400	24
	1925	3,916	6,266	4,450	312
Boundary and Kootenay.....	1926	2,170	2,887	2,010	121
	1923	3,534	5,695	34,138	1,426
	1924	2,212	3,616	25,000	874
	1925	2,370	3,720	33,735	1,096
Totals.....	1926	2,431	3,290	42,713	2,438
	1923	7,609	10,309	133,841	8,198
	1924	5,644	8,186	139,189	9,120
	1925	7,360	11,806	162,030	9,811
	1926	7,419	9,266	201,025	11,636

TABLE No. 7.—FRUIT PRODUCTION, VARIOUS DISTRICTS, BRITISH COLUMBIA.
YEARS 1923-26—Continued.

BUSH-FRUITS (RED AND BLACK CURRANTS, GOOSEBERRIES, AND GRAPES).

District.	Year.	PACKAGES.		MANUFACTURED.	
		Crates.	Value.	Pounds.	Value.
Islands.....	1923	.....	\$	.....	\$
	1924	.....	.....	.....	.....
	1925	.....	.....	.....	.....
	1926	.....	.....	.....	.....
Lower Mainland.....	1923	.....	.....	.....	.....
	1924	.....	.....	.....	.....
	1925	.....	.....	12,908	774
	1926	.....	.....	.....	.....
Thompson.....	1923	.....	.....	.....	.....
	1924	.....	.....	.....	.....
	1925	.....	.....	.....	.....
	1926	.....	.....	.....	.....
Okanagan.....	1923	974	1,704	.....	.....
	1924	598	1,166	.....	.....
	1925	.....	.....	.....	.....
	1926	.....	.....	.....	.....
Boundary and Kootenay.....	1923	258	468	.....	.....
	1924	.....	.....	5,438	528
	1925	.....	.....	2,670	236
	1926	.....	.....	1,895	201
Totals.....	1923	1,232	2,172	.....	.....
	1924	598	1,166	5,438	528
	1925	.....	.....	15,578	1,010
	1926	.....	.....	1,895	201

TABLE No. 8.—FRUIT PRODUCTION, BRITISH COLUMBIA (TONS AND VALUE),
YEARS 1923-26.

Description.	Year.	Quantity.	Value.
		Tons.	\$
Apples.....	1923	71,142	4,145,220
	1924	54,745	3,481,850
	1925	59,177	3,894,210
	1926	84,388	5,087,785
Crab-apples.....	1923	2,939	97,120
	1924	2,506	120,939
	1925	2,262	146,689
	1926	3,324	152,661
Pears.....	1923	2,237	170,281
	1924	2,395	245,944
	1925	577	54,749
	1926	3,792	241,965
Plums and prunes.....	1923	3,197	225,298
	1924	1,933	184,796
	1925	1,052	94,157
	1926	3,599	229,501
Peaches.....	1923	1,398	99,366
	1924	437	53,963
	1925	29	3,437
	1926	1,896	153,433
Apricots.....	1923	504	52,169
	1924	368	47,162
	1925	44	5,553
	1926	1,416	127,130
Cherries.....	1923	1,149	196,358
	1924	714	156,792
	1925	693	185,119
	1926	1,949	322,718
Strawberries.....	1923	3,007	550,545
	1924	2,245	444,309
	1925	1,132	331,361
	1926	1,969	507,162
Raspberries.....	1923	1,739	334,910
	1924	2,141	448,583
	1925	1,868	484,642
	1926	2,366	485,027
Blackberries.....	1923	278	44,783
	1924	419	63,789
	1925	356	68,731
	1926	475	78,830
Loganberries.....	1923	552	67,548
	1924	866	111,964
	1925	441	69,629
	1926	1,203	174,066
Bush-fruits.....	1923	295	47,102
	1924	262	47,177
	1925	367	65,522
	1926	354	62,347
Fruits from districts not otherwise provided.....	1923	18	4,281
	1924	67	12,070
	1925	33	10,075
	1926	64	12,895
Totals.....	1923	88,445	6,034,976
	1924	69,318	5,419,238
	1925	68,041	5,413,894
	1926	106,790	7,585,520

TABLE No. 9.—APIARIES AND HONEY-CROP, BRITISH COLUMBIA, YEARS 1925-26

District.	Year.	Apiaries.	Hives.	Crop.	Average Honey per Hive
<i>Vancouver Island and Gulf Islands.</i>					
Comox.....	1925	65	565	Lb. 22,600	Lb. 40.0
	1926	61	566	25,470	45.0
Duncan.....	1925	80	400	10,000	25.0
	1926	87	414	16,560	40.0
Gulf Islands.....	1925	67	260	18,700	52.7
	1926	88	92	4,600	60.0
Howe Sound.....	1925	36	100	5,000	50.0
	1926	50	250	21,260	85.0
Nanaimo.....	1925	88	365	10,950	80.0
	1926	101	392	18,720	85.0
Victoria.....	1925	190	600	10,800	18.0
	1926	197	498	12,450	25.0
Totals.....	1925	526	2,200	73,050	81.9
	1926	584	2,212	94,050	42.5
<i>Greater Vancouver.</i>					
Burnaby.....	1925	84	525	7,855	15.0
	1926	80	500	20,000	40.0
Coquitlam.....	1925	30	150	4,200	28.0
	1926	25	120	4,800	40.0
Kerrisdale.....	1925	26	118	4,150	35.0
	1926	24	110	4,950	45.0
Marpole.....	1925	22	80	2,400	30.0
	1926	22	86	5,400	40.0
New Westminster.....	1925	50	210	8,150	15.0
	1926	45	200	6,000	30.0
North Vancouver.....	1925	46	200	6,000	30.0
	1926	42	195	8,775	45.0
Point Grey.....	1925	27	89	2,047	23.0
	1926	24	80	2,800	35.0
South Vancouver.....	1925	50	230	4,600	20.0
	1926	46	184	6,832	48.0
Vancouver.....	1925	46	145	2,900	20.0
	1926	45	135	4,050	30.0
Totals.....	1925	351	1,747	37,282	21.3
	1926	353	1,609	63,607	39.5
<i>Lower Fraser.</i>					
Delta.....	1925	95	700	35,000	60.0
	1926	90	750	48,750	65.0
Langley.....	1925	160	1,045	62,700	60.0
	1926	164	1,812	78,720	60.0
Maple Ridge.....	1925	71	420	25,200	60.0
	1926	75	430	25,800	60.0
Matsqui.....	1925	150	1,160	65,680	48.0
	1926	126	1,168	58,400	50.0
Richmond.....	1925	60	440	19,800	45.0
	1926	60	450	20,250	45.0
Surrey.....	1925	135	1,500	60,000	40.0
	1926	138	1,690	84,000	50.0
Totals.....	1925	651	5,265	338,380	49.0
	1926	656	5,790	515,920	54.5
<i>Upper Fraser and Chilliwack.</i>					
Chilliwack.....	1925	88	426	21,250	50.0
	1926	86	445	35,600	80.0
Dowdney.....	1925	26	220	13,200	60.0
	1926	28	220	13,200	60.0
Kent.....	1925	34	148	9,472	64.0
	1926	37	162	11,400	75.0
Mission.....	1925	76	420	27,300	65.0
	1926	79	510	33,150	65.0
Sumas.....	1925	79	543	24,523	45.0
	1926	70	550	30,250	55.0
Totals.....	1925	291	1,738	95,747	54.4
	1926	302	1,877	123,600	65.6

TABLE No. 9.—APIARIES AND HONEY-CROP, BRITISH COLUMBIA, YEARS 1925-26—
Continued.

District	Year.	Aplaries.	Hives.	Crop.	Average Honey per Hive.
<i>Okanagan, Shuswap, and Thompson Valleys.</i>					
				Lb.	Lb.
Okanagan.....	1925	270	2,000	60,000	30.0
	1926	300	2,900	174,000	60.0
Shuswap.....	1925	60	400	10,000	25.0
	1926	62	400	16,000	40.0
Thompson.....	1925	55	390	11,700	30.0
	1926	61	390	23,400	60.0
Totals.....	1925	385	2,790	81,700	29.8
	1926	423	3,690	213,400	57.8
<i>Kootenays.</i>					
Arrow Lakes.....	1925	22	217	10,850	50.0
	1926	22	258	11,610	45.0
Boundary.....	1925	19	168	8,440	50.2
	1926	29	104	5,200	59.0
Castlegar.....	1925	15	389	21,395	55.0
	1926	8	382	17,190	45.0
Creston Valley.....	1925	29	208	11,330	55.0
	1926	30	222	9,990	45.0
East Kootenay.....	1925	18	182	10,075	76.4
	1926	17	242	12,100	60.0
Kootenay Lake and West Arm.....	1925	27	82	4,510	55.0
	1926	29	93	4,650	50.0
Nelson.....	1925	24	161	9,660	60.0
	1926	30	168	9,240	55.0
Slocan Valley.....	1925	37	294	14,700	50.0
	1926	38	330	16,500	50.0
Totals.....	1925	191	1,649	90,960	55.1
	1926	203	1,799	86,480	48.0
<i>Central Interior.</i>					
McBride.....	1925	1	6	1,200	200.0
	1926	1	11	1,200	109.0
<i>Summary.</i>					
Vancouver Island and Gulf Islands.....	1925	526	2,290	73,050	31.9
	1926	534	2,212	94,050	42.5
Greater Vancouver.....	1925	381	1,747	37,282	21.8
	1926	353	1,609	63,607	39.5
Lower Fraser.....	1925	651	5,265	258,880	49.0
	1926	656	5,790	315,920	54.5
Upper Fraser and Chilliwack.....	1925	291	1,758	95,747	54.4
	1926	302	1,877	123,800	63.8
Okanagan, Shuswap, and Thompson Valleys.....	1925	385	2,790	81,700	29.8
	1926	423	3,690	213,400	57.8
Kootenays.....	1925	191	1,649	90,960	55.1
	1926	203	1,799	86,480	48.0
Central Interior.....	1925	1	6	1,200	200.0
	1926	1	11	1,200	109.0
Totals.....	1925	2,426	15,505	638,310	41.2
	1926	2,471	16,988	808,257	62.2

Total honey-crop: 1919, 172.29 tons; 1920, 112.83 tons; 1921, 154.53 tons; 1922, 355.67 tons; 1923, 216.25 tons; 1924, 339.64 tons; 1925, 319.16 tons; 1926, 449.12 tons.

TABLE No. 10.—MANUFACTURED DAIRY PRODUCTS, BRITISH COLUMBIA, BY DISTRICTS, YEARS 1924-26.

	Year.	ISLANDS.		LOWER MAINLAND.		OKANAGAN.		KOOTENAY, BOUNDARY AND COLUMBIA VALLEY.		INTERIOR.	
		Quantity.	Value.	Quantity.	Value.	Quantity.	Value.	Quantity.	Value.	Quantity.	Value.
Butter..... lb.	1924	945,482	\$ 413,849	1,317,013	\$ 460,413	1,063,242	\$ 367,298	228,323	\$ 89,879	116,610	\$ 42,656
	1925	824,798	879,825	1,325,005	557,929	992,044	376,830	227,833	93,349	112,024	43,202
	1926	870,908	386,293	1,495,643	600,865	1,097,151	429,470	233,114	91,241	152,760	52,585
Cheese..... "	1924	300	45	317,539	79,744	.....	.....	.....	.....	.....	.....
	1925	.....	.....	434,257	95,814	.....	.....	.....	.....	.....	.....
	1926	.....	.....	177,594	61,864	.....	.....	16,476	4,449	.....	.....
Ice-cream..... gals.	1924	56,975	85,974	317,993	496,007	17,803	28,485	28,176	45,082	8,540	5,664
	1925	89,012	105,741	364,691	547,340	20,524	33,036	28,081	43,668	6,661	11,657
	1926	85,423	100,542	416,127	625,694	21,550	34,666	31,065	49,888	8,432	14,334
Milk (evaporated)..... cases	1924	.....	.....	213,392	959,251	.....	.....	.....	.....	.....	.....
	1925	.....	.....	210,604	875,293	.....	.....	.....	.....	.....	.....
	1926	.....	.....	172,762	783,144	.....	.....	.....	.....	.....	.....
Totals.....	1924	.....	499,868	.....	1,995,415	.....	395,783	.....	134,961	.....	48,320
	1925	.....	485,566	.....	2,076,376	.....	409,866	.....	137,017	.....	54,859
	1926	.....	486,935	.....	2,071,267	.....	464,136	.....	145,578	.....	66,919

EXPRESS SHIPMENTS.

TABLE No. 11.—EXPRESS SHIPMENTS, FRUIT AND VEGETABLES, BRITISH COLUMBIA, YEARS 1911-26.

Year.	CASCADE AND THOMPSON SECTIONS, INCLUDING VANCOUVER ISLAND.		SHUSWAP AND OKANAGAN AND OKANAGAN LAKE POINTS.		KOOTENAY SECTION.		NORTHERN SECTION.		TOTALS.		Increase in Weight or Decrease from Previous Year.
	Packages.	Weight.	Packages.	Weight.	Packages.	Weight.	Packages.	Weight.	Total Packages.	Total Weight.	
		Lb.		Lb.		Lb.		Lb.		Lb.	Per Cent.
1911.....	65,424	1,750,010	22,974	620,200	10,307	413,577	.....	.....	104,705	2,784,777	.....
1912.....	64,704	1,801,967	82,814	2,030,803	18,882	491,403	.....	.....	106,400	4,330,233	+ 55.50
1913.....	69,235	1,839,710	107,561	2,581,215	31,466	783,021	.....	.....	208,262	5,203,946	+ 20.10
1914.....	94,620	2,332,022	121,136	2,958,026	43,714	1,036,855	.....	.....	259,470	6,326,908	+ 29.20
1915.....	105,838	2,586,715	158,931	3,329,797	53,988	1,230,485	.....	.....	318,753	7,598,997	+ 20.10
1916.....	123,716	2,859,177	123,014	3,139,783	65,982	1,497,191	.....	.....	312,622	7,496,151	- 1.40
1917.....	169,137	4,003,193	209,196	5,391,850	50,936	1,131,741	.....	.....	429,319	10,526,784	+ 40.42
1918.....	179,077	5,194,824	281,098	7,082,838	72,084	1,815,158	.....	.....	532,259	14,072,820	+ 33.68
1919.....	214,261	5,288,778	340,325	9,043,589	103,223	2,622,187	.....	.....	657,809	16,954,554	+ 20.47
1920.....	158,879	4,270,019	391,498	10,746,087	72,988	1,957,590	.....	.....	623,365	16,973,696	+ 0.11
1921.....	349,030	7,644,004	344,049	8,981,410	87,021	2,224,724	.....	.....	780,100	18,350,144	+ 11.05
1922.....	288,635	6,706,568	302,041	7,326,113	91,236	2,153,194	513	55,546	682,425	16,241,421	- 13.84
1923.....	321,092	7,459,787	254,774	6,211,987	97,860	2,476,734	465	16,472	674,191	16,164,930	- 0.48
1924.....	335,024	7,916,431	188,730	5,120,953	86,921	2,152,773	3,451	85,669	614,126	15,275,826	- 5.50
1925.....	341,614	5,731,560	156,570	4,330,902	97,217	2,374,907	3,431	79,283	498,832	12,516,742	- 18.06
1926.....	283,822	7,078,396	258,212	6,650,670	102,505	2,466,075	4,627	136,039	649,166	16,330,170	+ 30.46

Weight increase since 1911, 486.33 per cent.

TABLE No. 12.—RELATING TO QUANTITY OF FRUITS AND VEGETABLES FORWARDED BY EXPRESS, YEARS 1922-28.

Cascade and Thompson Sections, including Vancouver Island.

Place.	1922.	1923.	1924.	1925.	1926.
	Lb.	Lb.	Lb.	Lb.	Lb.
Abbotsford.....	7,492	8,388	2,581	5,608	4,148
Agassiz.....	67,151	81,058	106,870	89,928	124,672
Birch Island.....	1,419	10,078	1,100	482	2,286
Boston Bar.....	160	845	237	.....	.....
Chemalvus.....	4,041	8,408	11,680	2,727	2,340
Chilliwack.....	900,205	1,062,698	1,114,908	952,658	1,169,292
Clayburn.....	1,865	13,792	1,831	6,577	3,861
Cobble Hill.....	52,249	61,205	47,907	48,680	50,100
Coquitlam.....	.....	.....	.....	.....	2,920
Cowichan.....	27,811	46,582	2,266	.....	.....
Dewdney.....	98,824	60,104	169,872	216,087	150,739
Duncan.....	37,876	38,903	10,522	11,266	7,688
Hammond.....	985,488	244,501	454,357	215,833	466,189
Haney.....	979,445	1,319,684	1,831,738	550,423	527,596
Harrison.....	6,284	.....	.....	.....	.....
Hatsic.....	1,332,909	1,806,275	1,032,246	795,421	850,811
Hope.....	255	.....	.....	.....	.....
Kamloops.....	82,030	58,862	132,004	105,948	134,777
Langley.....	40,289	39,685	25,022	37,667	40,630
Lytton.....	15,104	26,984	26,102	8,872	.....
Matsqui.....	27,700	88,787	42,248	182,906	104,142
Mission.....	677,539	805,295	1,065,931	767,837	974,056
New Westminster.....	328,815	58,170	58,938	37,142	66,709
Parksville.....	8,796	5,244	849	3,848	13,664
Port Moody.....	6,870	6,968	24,092	9,696	6,652
Rosedale.....	92,314	65,163	121,660	76,093	141,964
Ruskin.....	4,145	20,726	4,244	9,851	18,448
Savara.....	780	1,093	832	.....	.....
Spences Bridge.....	6,959	3,720	3,485	2,330	4,180
Vancouver.....	987,970	1,421,197	1,355,016	877,444	1,396,927
Victoria.....	88,985	278,160	352,962	361,958	217,202
Walhachin.....	1,579	1,716	12,873	10,734	254
Westminster Junction.....	1,816	1,857	2,127	2,278	.....
Whonnock.....	160,105	162,840	146,890	75,545	289,916
Yale.....	18,612	4,059	7,919	.....	.....
<i>Routes.</i>					
Brookmere—Spences Bridge.....	.....	2,192	3,946	995	1,558
Vancouver—Calgary.....	54,748	66,023	109,046	37,384	41,383
Vancouver—Hope.....	.....	.....	.....	130,185	121,032
Vancouver—Huntingdon.....	83,107	26,838	11,896	8,068	4,961
Vancouver—Kamloops.....	.....	.....	.....	463	3,230
Vancouver—Nelson.....	40,889	28,847	26,471	36,594	16,525
Vancouver—Ruby Creek.....	78,347	29,239	96,635	99,023	110,571
Victoria—Courtenay.....	2,959	2,335	320	2,902	3,181
Victoria—Wellington.....	2,651	2,911	505	630	1,746
Totals.....	8,706,568	7,459,787	7,916,431	5,731,580	7,078,366

TABLE No. 12.—RELATING TO QUANTITY OF FRUITS AND VEGETABLES FORWARDED BY EXPRESS, YEARS 1922-26—*Continued.**Shuswap and Okanagan and Okanagan Lake Points.*

Place.	1922.	1923.	1924.	1925.	1926.
	Lb.	Lb.	Lb.	Lb.	Lb.
Armstrong.....	1,199,229	1,079,835	1,035,609	946,700	1,206,956
Ashcroft.....	4,209	671	3,594	16,888	41,840
Blue River.....	1,006	.....	.....	.....	.....
Enderby.....	10,187	11,825	7,839	8,465	10,513
Golden.....	40,710	3,665	2,947	1,744	3,925
Kelowna.....	1,211,835	852,499	927,600	739,015	1,296,607
Naramata.....	344,525	33,822	106,567	54,234	113,051
Notch Hill.....	79,674	146,589	60,959	55,574	91,144
Okanagan Centre.....	209,531	117,267	152,883	103,421	125,915
Okanagan Landing.....	28,807	419,065	70,141	132,056	196,153
Oyama.....	.....	.....	.....	.....	7,064
Peachland.....	337,978	195,676	167,443	60,746	194,082
Pentlcton.....	1,042,856	852,919	716,087	691,604	1,010,298
Revelstoke.....	27,846	37,974	31,119	13,609	32,343
Salmon Arm.....	334,250	464,030	294,902	250,824	409,497
Scamouss.....	3,637	40	.....	.....	.....
Summerland.....	1,057,744	734,837	591,569	440,272	721,881
Vernon.....	789,839	773,233	558,909	490,993	696,533
West Summerland.....	281,504	311,357	208,329	180,834	226,383
<i>Routes.</i>					
Kamloops-Jasper.....	.....	.....	.....	22,326	22,923
Kamloops-Kelowna.....	.....	.....	.....	.....	45,027
Okanagan-Pentlcton.....	320,946	177,803	184,366	115,602	229,385
Totals.....	7,326,118	6,211,937	5,120,958	4,330,902	6,650,670

Kootenay Section.

Boswell.....	70,414	65,979	60,163	63,720	59,719
Castlegar.....	6,574	7,831	19,928	13,957	11,975
Cranbrook.....	6,244	2,507	3,148	88,779	11,402
Creston.....	232,566	263,894	230,152	180,502	261,898
Duck Creek.....	135,340	217,436	262,548	337,392	262,156
Elko.....	.....	.....	.....	2,301	700
Erickson.....	300,503	435,864	235,499	293,611	282,137
Grand Forks.....	76,241	124,930	88,596	104,255	124,020
Kaslo.....	95,254	73,470	110,174	85,178	100,763
Lake Windermere.....	2,861	6,909	483	.....	.....
Nakusp.....	19,564	16,509	8,949	12,338	12,552
Nelson.....	183,884	128,881	94,409	175,766	218,838
New Denver.....	27,660	16,811	7,732	16,970	12,832
Robson.....	38,622	37,176	19,493	40,270	20,783
Rosebery.....	742	.....	.....	.....	.....
Sirdar.....	14,128	60,537	57,058	50,054	49,060
Slocan City.....	3,227	2,766	2,699	4,014	4,111
South Slocan.....	21,356	6,839	6,865	12,090	11,244
<i>Routes.</i>					
Golden-Cranbrook.....	248	459	.....	.....	.....
Nelson-Calgary.....	100,527	140,256	204,716	121,235	122,507
Nelson-Fernie.....	322,791	322,784	363,394	455,994	569,382
Nelson-Kaslo.....	.....	.....	1,274	16,179	45,508
Nelson-Lardeau.....	106,198	97,638	.....	.....	.....
Nelson-Rosland.....	33,420	64,337	40,152	21,531	21,143
Nelson-Slocan.....	38,068	123,264	172,675	84,388	81,688
Revelstoke-Robson.....	274,762	259,528	163,171	194,473	231,137
Totals.....	2,153,194	2,476,734	2,152,773	2,874,997	2,466,075

TABLE No. 12.—RELATING TO QUANTITY OF FRUITS AND VEGETABLES FORWARDED BY EXPRESS, YEARS 1922-26—Continued.

Northern.

Place.	1922.	1923.	1924.	1925.	1926.
	Lb.	Lb.	Lb.	Lb.	Lb.
Lucerne.....	66				
Prince George.....	9,008	9,744	5,775	804	12,046
Terrace.....	46,418	6,728	79,894	42,819	92,192
Usk.....				983	600
<i>Routes.</i>					
Jasper-Endako.....					653
Prince Rupert-Endako.....				34,677	28,548
Totals.....	55,546	16,472	85,669	79,288	135,039
Grand totals.....	16,241,421	16,164,930	15,275,826	12,516,742	16,330,170
Total packages.....	682,425	874,191	614,126	498,832	649,166

TABLE No. 13.—NUMBERS OF FARM LIVE STOCK IN BRITISH COLUMBIA,
YEARS 1924-26.

Description.	1924.	1925.	1926.
Horses—			
Stallions, 2 years old and over.....	807	780	748
Mares, 2 years old and over.....	24,073	24,438	26,154
Geldings, 2 years old and over.....	23,464	25,400	27,391
Colts and fillies under 2 years.....	6,328	6,398	6,865
Total horses.....	54,662	57,016	61,158
Mules.....	153	180	184
Cattle—			
Bulls, 1 year old and over.....	5,340	5,958	6,357
Cows kept mainly for milk purposes.....	76,098	81,895	85,572
Cows kept mainly for beef purposes.....	62,569	71,239	78,867
Yearlings being raised mainly for milk purposes.....	19,778	21,172	21,965
Yearlings being raised mainly for beef purposes.....	31,212	34,643	46,493
Calves under 1 year old.....	49,067	56,212	57,252
All other horned cattle.....	30,078	26,799	41,738
Total cattle.....	274,142	297,946	338,244
Sheep.....	29,614	34,091	38,937
Lambs.....	25,537	28,156	48,916
Total sheep.....	55,151	62,247	102,853
Swine—			
Brood sows.....	4,371	5,561	6,081
All other live pigs.....	43,248	37,078	40,813
Total swine.....	47,619	42,639	46,894
Goats in milking.....	3,003	3,286	3,678
Goats not milking.....	6,361	6,812	6,846
Total goats.....	9,364	10,098	10,524
Poultry—			
Turkeys, 6 months old and over.....	19,840	4,005	4,136
Turkeys under 6 months.....		17,491	18,675
Geese, 6 months old and over.....	15,632	4,792	3,990
Geese under 6 months.....		9,223	8,546
Ducks, 6 months old and over.....	32,212	6,894	6,196
Ducks under 6 months.....		28,987	27,101
Other fowls, 6 months old and over.....	933,546	1,016,804	1,137,572
Other fowls under 6 months.....	1,222,997	1,330,650	1,577,845
Total poultry.....	2,224,227	2,417,848	2,784,351
Rabbits.....	45,464	46,071	45,530

IMPORTS.

TABLE No. 14.—AGRICULTURAL PRODUCTS IMPORTED FROM OTHER PROVINCES IN CANADA INTO BRITISH COLUMBIA, YEARS 1924-26.

Description.	1926.		1925.		1924.	
	Quantity.	Value.	Quantity.	Value.	Quantity.	Value.
		\$		\$		\$
Horses .....No.	96	10,877	94	11,323	139	23,104
Beef cattle	34,184	2,196,601	34,424	1,976,138	27,317	1,614,538
Calves	13,080	244,558	9,657	192,105	6,329	90,177
Sheep	42,855	481,129	46,126	503,836	55,532	580,799
Swine	192,710	3,386,171	135,131	2,723,206	142,613	2,167,055
Total live stock		6,269,336		5,406,607		4,475,669
Beef and veal lb.	2,753,299	274,415	1,099,374	104,573	1,152,692	95,738
Pork and pork products... "	2,532,930	644,856	1,758,154	452,921	1,045,312	216,022
Mutton	417,826	95,368	55,840	12,446	72,095	16,888
Lard	180,470	35,154	147,587	31,123	166,107	30,711
Meats (canned)	567,010	90,441	661,446	92,808	705,753	97,077
Total meats		1,140,234		693,871		456,488
Poultry lb.	1,026,622	293,158	766,930	213,023	805,104	177,144
Eggs .....doz.	143,490	40,012	125,880	37,709	263,460	75,444
Total poultry products...		333,170		250,732		252,588
Butter lb.	6,830,202	2,438,098	7,260,030	2,714,410	7,098,758	2,427,522
Cheese	862,056	209,427	515,836	121,221	650,234	128,322
Milk (condensed sweet), cases	14,888	120,605	14,550	117,548	15,875	128,638
Milk (evaporated)	98,456	495,701	78,730	381,830	65,525	326,811
Milk (powdered) lb.	244,266	83,033	272,897	63,002	267,161	89,088
Total dairy products		3,346,854		3,398,011		3,099,868
Wheat .....bu.	1,801,002	1,979,102	1,468,734	2,100,294	994,133	1,041,211
Oats	691,218	489,814	913,655	534,425	1,442,000	749,222
Barley	90,626	65,089	148,686	129,537	142,354	110,599
Rye					86	4
Mill stock-feed tons	16,731	469,417	24,561	729,707	31,494	816,404
Flour bbls.	334,228	2,701,254	338,714	2,778,509	332,262	2,018,335
Malt bu.	170,953	889,790	192,999	467,760	151,283	336,288
Total grains, etc.		6,094,466		6,740,232		5,072,122
Hay tons	4,213	97,075	3,237	71,854	4,021	82,455
Potatoes	100	3,000	211	8,195	429	15,233
Canned vegetables lb.	1,333,170	106,730	1,260,532	117,229	1,311,960	117,333
Canned fruits	472,175	40,569	470,013	54,049	167,657	21,377
Honey	38,240	3,946	104,138	14,846	177,070	24,588
Total miscellaneous		253,290		266,293		260,977
Grand totals		17,437,350		16,755,676		13,617,768

TABLE No. 15.—AGRICULTURAL PRODUCTS IMPORTED FROM FOREIGN POINTS INTO BRITISH COLUMBIA, YEARS 1924-26.

Description.	1926.		1925.		1924.	
	Quantity.	Value.	Quantity.	Value.	Quantity.	Value.
orses .....No.	181	\$ 12,044	111	\$ 11,356	128	\$ 13,421
attle "	233	32,508	79	10,034	12	1,852
heep "	2,201	14,887	2,794	17,931	61	386
oats "	4	500	2	200	3	75
Total live stock		59,439		39,521		15,186
eef and veal lb.	56,863	10,878	7,275	1,363	10,708	1,618
ork and pork products... "	219,751	69,041	222,542	64,842	457,841	116,721
utton "	932,908	197,011	1,246,969	255,755	1,209,413	209,215
ard "	76,094	12,008	23,686	4,164	88,119	11,451
eats (canned) "	969,857	158,843	534,964	70,629	421,740	55,418
ther meats "	58,680	13,829		10,404		11,628
Total meats		456,410		407,157		406,051
oultry lb.		14,265		17,509		11,690
gs doz.	53,886	19,070	152,513	42,063	139,973	44,036
Total poultry products...		33,335		59,572		55,626
utter lb.	2,756,987	996,202	65,595	26,038	1,094,995	435,879
heese "	178,170	55,998	125,772	39,792	154,333	52,933
ilk (as fresh) gals.		3,145		4,844		5,813
ilk (condensed) cases		3,166		3,122		4,472
Total dairy products		1,058,506		73,796		499,097
pples lb.	2,059,440	67,673	1,178,400	57,038	1,590,480	58,584
ther tree-fruits "	5,637,286	226,194	8,571,987	387,640	4,988,460	234,991
mall fruits "	168,054	27,703	195,531	36,048	270,171	45,749
anned fruits "	2,330,564	231,951	2,799,719	242,956	2,532,769	198,500
Total fruits		552,623		723,700		537,824
otatoes tons	72	2,060	2,127	66,562	2,652	63,331
otatoes (sweet) "	333	25,159	207	18,970	273	28,054
ther vegetables "		339,458		424,999		325,112
anned vegetables lb.	3,081,938	309,088	2,264,570	258,245	1,900,809	227,127
Total vegetables		675,765		768,776		640,624
ay tons	3,002	83,456	8,449	140,014	6,602	97,412
heat bu.	65,535	89,657	68,671	97,041	42,269	49,602
ats "	554	381	2,162	1,558	288	184
arley "	13,671	12,831	48	91	2	6
ye "	107	216			46	51
eas "	8,348	19,000	19,156	20,478	19,643	32,461
eans "	108,683	171,268	38,576	98,194	69,798	134,081
alt "	41,811	45,048	30,021	36,841	26,145	29,347
ll stock-feed tons	20	566	79	2,348		4,782
lour bbls.	37,524	277,744	33,120	275,953	30,719	203,799
Total grains, etc.		700,167		672,613		553,884
oney lb.	31,564	6,157	20,831	4,145	36,599	6,196
ops "	62,770	29,313	85,661	38,864	153,400	36,663
ursery stock No.		30,296		36,796		31,619
Total miscellaneous		85,766		74,805		73,601
Grand totals		3,622,011		2,819,840		2,781,793

TABLE No. 16.—IMPORTED FRUIT, POTATOES, ETC., INSPECTED AND CONDEMNED, ALL PORTS OF ENTRY, BRITISH COLUMBIA, YEARS 1924-26.

Kind.	Year.	Inspected.	Condemned.
Apples boxes	1924	48,298	1,020
	1925	86,198	221
	1926	48,897	1,014
Apples ½ boxes	1924	17	—
	1925	21	—
	1926	649	178
Apples bbls.	1924	—	—
	1925	12	—
	1926	179	—
Apricots boxes	1924	18,720	—
	1925	32,719	—
	1926	27,479	15
Cherries "	1924	11,129	89
	1925	14,080	78
	1926	10,538	149
Crab-apples "	1924	8	—
	1925	2	—
	1926	16	—
Peaches "	1924	115,462	191
	1925	161,983	597
	1926	120,080	52
Pears "	1924	85,167	2,563
	1925	81,826	5,142
	1926	41,185	111
Pears ¼ boxes	1924	2	—
	1925	978	193
	1926	37	5
Plums boxes	1924	14,033	1
	1925	18,963	390
	1926	16,058	—
Prunes "	1924	15,999	1,322
	1925	44,558	4,347
	1926	6,254	—
Quince "	1924	10	—
	1925	21	—
	1926	32	—
Grapefruit "	1924	24,016	179
	1925	28,637	204
	1926	30,079	61
Lemons "	1924	33,287	1
	1925	86,872	—
	1926	40,772	—
Limes "	1924	3	—
	1925	7	—
	1926	3	—
Oranges, Australian "	1924	—	—
	1925	802	—
	1926	3	—
Oranges, California "	1924	207,024	28
	1925	164,903	1
	1926	227,419	650
Oranges, Chinese "	1924	668	—
	1925	476	—
	1926	445	—
Oranges, Japanese "	1924	166,343	—
	1925	197,636	—
	1926	215,955	—
Oranges, marmalade "	1924	4,800	—
	1925	7,490	—
	1926	10,524	—

TABLE No. 16.—IMPORTED FRUIT, POTATOES, ETC., INSPECTED AND CONDEMNED.
ALL PORTS OF ENTRY, BRITISH COLUMBIA, YEARS 1924-26—Continued.

Kind	Year.	Inspected.	Condemned.
Persimmons boxes	1924	400	.....
	1925	484	.....
	1926	602	.....
Pineapples "	1924	611	.....
	1925	497	.....
	1926	535	.....
Pomegranates "	1924	1,023	.....
	1925	983	.....
	1926	1,208	.....
Pomeles "	1924	762	.....
	1925	.....	.....
	1926	.....	.....
Tangerines "	1924	50	.....
	1925	20	.....
	1926	.....	.....
Eggplants "	1924	457	.....
	1925	208	.....
	1926	666	.....
Peppers "	1924	1,307	.....
	1925	1,883	.....
	1926	1,742	10
Potatoes tons	1924	8,538	3
	1925	8,705	1
	1926	79	.....
Potatoes, sweet "	1924	299	2
	1925	279	.....
	1926	380	.....
Tomatoes boxes	1924	20,748	.....
	1925	36,844	329
	1926	30,551	29
Yakamines "	1924	201	.....
	1925	.....	.....
	1926	87	.....
Yams tons	1924	53	.....
	1925	38	.....
	1926	37	.....
Taro "	1924	132	.....
	1925	102	.....
	1926	130	.....
Beans "	1924	2,273	.....
	1925	1,040	.....
	1926	1,735	.....
Peas "	1924	601	.....
	1925	274	.....
	1926	250	.....

TABLE No. 17.—IMPORTED NURSERY STOCK INSPECTED AND CONDEMNED,
ALL PORTS OF ENTRY, BRITISH COLUMBIA, YEARS 1924-26.

Kind.	Year.	Inspected	Condemned.
Apple .....trees	1924	6,484	282
	1925	4,740	282
	1926	24,580	1,461
Apricot "	1924	8,087	77
	1925	9,559	225
	1926	4,441	64
Cherry "	1924	6,668	25
	1925	12,892	146
	1926	21,038	138
Crab-apple "	1924	162	9
	1925	154	5
	1926	956	26
Fig "	1924	6	—
	1925	9	—
	1926	21	—
Nectarine "	1924	67	—
	1925	45	3
	1926	104	29
Peach "	1924	4,224	149
	1925	9,067	52
	1926	6,291	166
Pear "	1924	2,562	278
	1925	5,828	236
	1926	3,262	22
Persimmon "	1924	2	—
	1925	—	—
	1926	—	—
Plum "	1924	1,469	14
	1925	2,483	12
	1926	3,479	38
Prune "	1924	1,263	20
	1925	4,725	139
	1926	3,191	23
Quince "	1924	97	1
	1925	41	1
	1926	40	—
Yakamine "	1924	41	—
	1925	53	—
	1926	100	—
Total standard	1924	26,127	853
	1925	49,098	1,101
	1926	67,498	1,967
Almond .....trees	1924	13	—
	1925	10	—
	1926	63	5
Butternut "	1924	34	—
	1925	—	—
	1926	—	—
Chestnut "	1924	18	2
	1925	28	—
	1926	111	1
Hazelnut "	1924	154	20
	1925	158	4
	1926	433	1
Pecan "	1924	12	—
	1925	—	—
	1926	—	—
Walnut "	1924	655	—
	1925	795	—
	1926	722	1
Total nuts	1924	836	20
	1925	991	4
	1926	1,333	8

TABLE No. 17.—IMPORTED NURSERY STOCK INSPECTED AND CONDEMNED,
ALL PORTS OF ENTRY, BRITISH COLUMBIA, YEARS 1924-26—Continued.

Kind.	Year.	Inspected.	Condemned.
Seedlings, fruit	1924	156,849	13,029
	1925	235,523	2,604
	1926	279,104	1,980
Seedlings, ornamental	1924	86,566	.....
	1925	42,164	3
	1926	34,126	.....
Grafts	1924	3,300	2
	1925	1,100	.....
	1926	810	.....
Scions	1924	17,279	.....
	1925	92	12
	1926	2,817	.....
Totals seedlings, grafts, and scions	1924	213,484	13,031
	1925	278,879	2,619
	1926	316,857	1,980
Blackberry	1924	1,418	20
	1925	1,678	.....
	1926	880	.....
Blueberry	1924	440	.....
	1925	8	1
	1926	31	.....
Cranberry	1924	1,501	.....
	1925	10,012	.....
	1926	140,001	.....
Currant	1924	65	65
	1925	26	8
	1926	6	.....
Grape	1924	2,817	18
	1925	10,672	479
	1926	15,198	3
Gooseberry	1924	39	39
	1925	12	.....
	1926	26	26
Loganberry	1924	1,205	10
	1925	86	.....
	1926	2,267	.....
Raspberry	1924	5,858	25
	1925	3,392	2
	1926	3,690	9
Strawberry	1924	61,033	.....
	1925	187,587	.....
	1926	103,220	1
Total bushes, vines, canes, and plants	1924	74,276	177
	1925	163,473	490
	1926	267,319	33
Bulbs and roots	1924	2,703,317	6,843
	1925	3,214,710	5,207
	1926	3,717,012	81,417
Ornamental trees and shrubs	1924	60,570	121
	1925	45,978	407
	1926	60,580	132
Plants (herbaceous)	1924	28,188	72
	1925	44,689	4
	1926	41,443	503
Rose-bushes	1924	75,162	86
	1925	93,912	8
	1926	131,718	7
Total ornamentals	1924	2,800,237	7,122
	1925	3,399,289	5,626
	1926	3,970,753	82,050

EXPORTS.

TABLE No. 18.—ESTIMATE OF AGRICULTURAL PRODUCTS EXPORTED FROM THE PROVINCE OF BRITISH COLUMBIA, YEARS 1925-26.

Description.	1925.		1926.	
	Quantity.	Value.	Quantity.	Value.
Horses .....No.	18	\$ 2,175	32	\$ 3,574
Cattle"	399	31,055	468	37,480
Sheep"	15	855	159	4,458
Swine"	109	2,480	203	4,428
All other animals"		189,020		145,412
Total live stock		175,565		195,352
Beef and veal .....lb.	3,437,700	239,751	4,118,900	284,461
Pork and pork products"	1,973,000	414,899	1,983,600	465,594
Mutton"	6,000	1,921	4,100	1,810
All other meats"		1,035		4,804
Total meats		657,606		756,169
Poultry .....No.	15,836	35,105	19,496	51,715
Poultry (dressed) .....lb.		45,915		45,205
Eggs .....dos.	740,480	248,493	1,132,630	390,754
Total poultry products		329,513		487,674
Milk (as fresh) .....gals.			388	54
Cream"	1,642	2,406	2,421	3,422
Evaporated milk .....cases		241,705		194,820
Other dairy products .....lb.		54,546		111,478
Total dairy products		298,657		309,774
Apples .....tons	35,040	2,587,680	54,288	3,579,708
Other fruits"	752	127,840	4,859	607,375
Mixed fruits and vegetables"	24,714	1,754,694	28,477	1,680,148
Vegetables"	12,879	424,974	18,792	427,552
Total fruits and vegetables		4,895,188		6,294,778
Honey .....lb.	826	135	1,440	276
Hops"	253,152	94,502	480,168	176,839
Wool"	192,531	52,619	258,833	58,508
Other products"		227,904		131,268
Total miscellaneous		375,160		366,891
Grand totals		6,731,700		8,408,638

METEOROLOGICAL.

TABLE No. 10.—SHOWING PRECIPITATION, YEARS 1925-26 (IN INCHES).

Station.	Year.	Jan.	Feb.	March.	April.	May.	June.	July.	Aug.	Sept.	Oct.	Nov.	Dec.	Total.
<i>East Kootenay.</i>														
Cranbrook.....	1925	0.28	0.02	0.26	0.29	1.92	1.80	1.21	0.75	0.89	0.24	0.24	0.52	8.57
	1926	1.40	0.85	0.00	0.46	0.67	2.72	0.20	1.08	4.62	0.70	0.18	0.80	13.78
Creston.....	1925	8.98	2.00	0.91	0.71	1.74	1.54	1.16	0.50	0.66	0.28	1.18	1.54	16.15
	1926	1.82	1.25	0.24	0.53	1.54	1.10	0.80	8.11	8.15	2.07	1.81	2.82	20.33
Golden.....	1925	3.55	2.27	1.00	0.47	0.82	1.75	0.61	8.51	1.88	0.73	0.89	0.88	17.86
	1926	1.60	0.70	0.85	0.80	1.28	1.28	0.38	1.36	2.56	1.58	1.41	1.72	15.02
Invermere.....	1925	1.02	0.48	0.66	0.02	1.86	1.88	0.30	2.79	1.30	0.77	0.10	0.59	11.64
	1926	0.60	0.28	0.22	0.11	0.66	1.03	0.27	1.49	3.01	0.72	0.44	1.40	10.18
<i>West Kootenay.</i>														
Glacier.....	1925	13.45	6.90	8.60	0.77	0.97	0.74	0.51	3.36	1.67	2.75	3.70	5.65	49.07
	1926	4.00	6.00	2.40	0.75	2.42	1.44	0.74	1.94	2.70	3.21	5.30	7.80	38.70
Nelson.....	1925	5.28	2.60	1.81	1.48	1.08	1.81	0.81	0.70	0.66	1.15	1.71	3.40	21.89
	1926	2.17	2.90	0.47	0.72	2.84	1.31	0.26	2.40	3.37	2.88	2.76	4.99	27.16
Revelstoke.....	1925	8.16	6.11	4.89	1.07	0.65	1.05	0.85	2.51	M	2.03	2.35	4.72	.....
	1926	3.05	3.60	0.72	1.32	2.90	0.70	0.92	1.98	2.42	5.38	4.23	6.00	34.81
Rossland.....	1925	2.72	3.28	1.87	1.32	0.44	0.83	0.22	0.48	0.84	0.62	3.24	2.33	17.19
	1926	2.00	2.88	1.83	0.84	2.31	0.86	0.24	3.50	2.89	2.71	6.67	3.79	29.97
<i>Boundary.</i>														
Grand Forks.....	1925	2.08	1.06	0.31	1.15	0.38	1.08	0.66	0.23	0.78	0.95	0.76	1.57	12.51
	1926	1.87	1.99	0.87	0.45	1.46	1.27	0.55	3.08	2.13	1.83	2.16	2.43	19.54
Hedley.....	1925	4.16	0.50	1.04	0.54	0.50	0.57	0.44	0.55	0.83	1.55	0.71	2.35	13.80
	1926	0.33	0.71	0.38	0.64	1.00	1.24	1.21	0.70	0.70	0.87	0.50	1.08	13.86
<i>Okanagan Valley.</i>														
Armstrong.....	1925	2.90	0.92	0.73	0.71	1.26	1.03	1.22	0.84	0.37	1.17	0.61	3.15	14.91
	1926	2.66	1.23	0.87	1.01	1.77	1.35	0.39	1.61	2.11	1.92	2.08	2.42	18.86
Enderby.....	1925	3.32	1.08	1.20	0.75	1.24	0.51	1.64	1.30	0.50	0.57	0.41	2.33	15.75
	1926	2.30	0.54	0.38	0.67	1.78	0.69	0.69	1.70	1.78	2.25	1.49	1.87	15.54
Kelowna.....	1925	2.45	0.80	0.23	0.50	0.87	1.45	0.09	0.37	0.98	0.77	0.62	1.84	10.45
	1926	1.82	1.09	0.41	0.58	1.13	0.33	0.20	1.20	0.96	1.03	1.49	1.79	12.08
Penfleton.....	1925	1.59	0.47	0.36	0.41	0.73	0.92	0.61	0.25	0.73	0.93	0.76	1.55	8.71
	1926	0.57	0.99	0.54	0.89	0.39	0.87	0.13	1.21	0.87	1.03	0.80	0.79	9.15

Sumnerland.....	1925	1.69	0.24	0.29	0.54	0.56	0.92	0.07	0.15	0.56	0.84	1.11	1.74	8.82
	1926	0.68	0.72	0.62	0.82	0.98	0.99	0.16	0.83	0.55	0.78	0.72	0.97	8.48
Vernon (Coldstream).....	1925	2.59	1.08	0.50	0.61	0.66	1.21	0.14	0.86	0.55	0.80	0.53	2.34	13.17
	1926	2.15	0.85	0.49	0.64	1.80	1.06	0.17	1.88	1.16	1.17	1.73	1.78	14.88
<i>Thompson Watershed.</i>														
Kamloops.....	1925	1.82	0.80	0.39	0.59	0.76	1.07	0.41	1.61	1.10	0.60	0.15	1.55	10.94
	1926	1.87	0.10	0.20	0.36	0.96	0.97	0.18	1.79	0.78	0.84	0.58	1.68	10.31
Salmon Arm.....	1925	4.87	2.11	0.61	0.49	0.66	0.92	0.37	1.10	0.41	0.85	0.65	3.04	15.58
	1926	3.22	0.91	0.22	0.40	1.13	0.58	0.06	0.76	0.99	0.89	1.52	2.67	13.35
Tranquille.....	1925	1.65	0.67	0.39	0.49	0.27	0.75	0.30	1.06	0.72	0.35	0.10	1.62	8.37
	1926	1.50	T	T	T	0.43	0.64	0.31	1.11	0.61	0.40	0.62	1.62	7.24
<i>Lower Mainland.</i>														
Agassiz.....	1925	14.18	9.97	8.18	3.61	3.23	0.79	0.66	2.22	0.43	3.31	5.94	9.00	61.49
	1926	5.98	5.24	1.98	3.54	6.62	0.92	0.21	3.13	2.90	6.54	4.99	9.52	51.57
Chilliwack.....	1925	11.70	6.92	5.34	2.44	3.46	0.62	0.69	1.86	0.70	3.21	5.25	8.77	49.96
	1926	6.60	6.44	1.55	3.54	6.27	0.78	0.25	3.08	3.28	6.69	7.08	9.16	53.64
Coquitlam.....	1925	14.12	6.86	6.40	4.09	1.90	0.40	0.81	4.13	0.47	4.06	6.42	15.31	64.47
	1926	10.37	7.53	2.87	3.44	5.95	1.87	0.32	2.69	4.10	8.24	9.97	10.54	67.39
North Nicomen.....	1925	14.19	7.25	6.68	3.41	3.50	1.22	0.62	2.63	0.83	3.78	5.34	11.52	60.97
	1926	8.62	7.07	1.88	3.30	7.32	0.77	0.25	2.73	2.81	7.92	8.16	10.53	61.86
Vancouver.....	1925	12.16	6.01	4.24	2.44	2.20	0.38	0.74	2.86	0.44	3.00	4.05	13.05	51.07
	1926	7.62	6.70	2.48	2.58	4.17	0.78	0.36	2.10	3.26	6.87	7.80	8.99	53.21
<i>Islands.</i>														
Alberni (Hoover Creek).....	1925	12.39	12.00	2.81	4.11	3.26	1.58	0.51	2.21	0.67	1.09	6.48	11.36	60.47
	1926	6.48	12.34	2.07	3.77	4.02	1.14	0.57	1.19	1.86	10.19	10.21	12.54	66.78
Clayoquot.....	1925	21.12	12.76	9.45	5.30	3.82	1.98	2.45	4.30	1.15	5.13	11.70	25.95	104.21
	1926	10.32	14.98	4.85	4.04	10.13	1.14	6.42	3.11	1.39	12.45	13.21	14.01	96.25
Cowichan Bay.....	1925	6.72	5.07	1.22	2.09	0.88	0.77	0.22	1.08	0.40	0.88	3.51	5.87	28.66
	1926	4.34	3.60	0.88	1.57	1.99	0.36	0.05	0.94	0.82	4.97	5.71	7.15	32.66
Goldstream.....	1925	13.22	9.33	4.53	1.74	1.30	0.87	0.34	1.04	0.60	1.24	4.64	10.84	49.69
	1926	6.87	7.93	1.70	2.62	2.54	1.15	0.05	1.22	1.45	7.08	7.93	9.60	50.12
Nanaimo.....	1925	5.26	6.11	0.88	1.94	0.74	1.10	0.30	0.37	0.24	1.36	2.13	4.94	25.87
	1926	3.15	3.51	0.55	1.33	2.16	0.42	0.03	1.14	1.67	5.39	6.20	6.23	31.78
Salt Spring Island.....	1925	6.27	6.23	1.61	1.83	0.97	0.36	0.26	1.05	0.68	1.38	2.65	6.19	28.43
	1926	4.23	4.61	1.25	1.70	2.32	0.47	0.01	0.89	1.23	4.82	5.40	6.43	33.50
Sandwich.....	1925	8.46	10.30	2.48	2.52	1.15	2.52	0.18	1.57	1.32	1.50	6.86	6.47	44.33
	1926	4.66	8.50	0.70	3.46	2.79	0.17	0.38	1.17	2.41	6.88	10.26	11.04	52.42

TABLE No. 19.—SHOWING PRECIPITATION, YEARS 1924-25 (1N INCHES)—Continued.

	Year.	Jan.	Feb.	March.	April.	May.	June	July.	Aug.	Sept.	Oct.	Nov.	Dec.	Total.
<i>Islands—Continued.</i>														
Booke.....	1925	10.10	8.04	8.17	1.47	1.05	0.58	0.31	0.53	0.55	3.00	3.49	6.95	36.25
	1926	3.51	6.99	1.35	2.00	2.30	0.20	0.03	1.24	1.77	5.61	5.90	8.36	38.06
Victoria.....	1925	5.00	2.39	2.00	1.70	0.54	0.27	0.16	0.37	0.51	1.14	1.76	4.79	20.66
	1926	3.52	2.41	0.57	0.60	1.86	0.16	T	1.14	0.91	2.91	3.16	3.88	21.11
<i>Northern.</i>														
Bella Coola.....	1925	11.17	6.80	11.46	1.72	1.15	1.97	0.90	8.54	1.16	6.31	7.21	12.62	55.51
	1926	2.10	2.53	2.41	3.81	3.40	2.76	2.86	2.00	0.49	9.11	3.65	13.13	47.75
New Hazelton.....	1925	2.00	1.05	0.65	0.42	0.92	0.62	1.73	2.90	4.02	2.03	1.91	3.52	22.37
	1926	1.47	1.54	0.88	0.94	1.76	1.34	1.45	1.90	1.12	1.20	2.05	2.15	17.25
Prince George.....	1925	1.30	3.05	1.62	0.04	0.62	2.45	0.86	4.03	3.14	0.64	1.33	1.46	20.66
	1926	1.33	1.17	0.80	0.44	0.71	0.86	0.91	1.56	1.18	2.13	1.25	2.11	14.45
Prince Rupert.....	1925	0.28	5.51	11.19	5.83	3.86	4.20	5.90	8.54	4.84	8.06	10.54	13.40	91.21
	1926	10.81	0.97	7.44	8.48	6.74	6.95	4.89	5.93	1.09	12.86	6.46	12.67	94.29
Stuart Lake.....	1925	1.19	1.78	1.80	0.03	0.14	0.39	0.78	3.00	1.41	1.53	0.78	3.14	15.97
	1926	0.75	0.52	0.47	0.53	1.01	2.18	1.05	1.93	0.77	2.07	1.17	1.63	14.08
Terrace.....	1925	5.73	4.77	5.98	1.82	0.90	1.53	2.04	2.86	1.09	3.69	7.26	9.44	47.16
	1926	3.92	9.68	2.73	3.53	2.51	2.66	2.60	2.05	0.78	7.81	2.24	18.61	64.12
Vanderhoof.....	1925	1.35	2.60	2.15	0.22	0.10	0.88	0.73	2.26	1.87	1.57	0.65	1.25	15.43
	1926	1.40	0.50	0.90	0.50	1.81	1.58	1.33	0.95	0.88	1.01	1.35	1.70	13.91

TABLE No. 20.—SHOWING PRECIPITATION, YEARS 1925-26

Station.	1925.		1926.	
	Rainfall.	Snowfall.	Rainfall.	Snowfall.
<i>East Kootenay.</i>				
	Inches.	Inches.	Inches.	Inches.
Cranbrook.....	7.96	6.10	11.73	20.50
Creston.....	12.29	26.60	16.31	40.20
Golden.....	11.31	65.50	9.88	56.40
Invermere.....			28.25	104.80
<i>West Kootenay.</i>				
Glacier.....	7.25	418.20	18.20	25.50
Nelson.....	13.96	79.30	10.02	81.40
Revelstoke.....			23.51	118.00
Rossland.....	9.63	75.80	20.73	92.40
<i>Boundary.</i>				
Grand Forks.....	9.00	34.20	14.83	47.10
Hedley.....	8.11	56.90	8.02	18.60
<i>Okanagan Valley.</i>				
Armstrong.....	8.81	61.00	14.66	42.00
Enderby.....	9.73	60.20	11.84	37.00
Kelowna.....	6.51	39.60	8.86	32.20
Penticton.....	5.68	30.35	8.07	10.80
Summerland.....	5.21	36.10	6.67	18.10
Vernon (Coldstream).....	7.18	59.90	11.24	36.40
<i>Thompson Watershed.</i>				
Kamloops.....	7.11	38.35	7.49	28.20
Salmon Arm.....	0.45	91.35	8.01	53.40
Tranquille.....	4.86	35.20	4.89	23.60
<i>Lower Mainland.</i>				
Agassiz.....	90.74	7.50	48.42	31.50
Chilliwack.....	49.16	8.00	51.40	21.50
Coquitlam.....	77.91	T	65.74	16.50
North Nicomen.....	60.61	3.60	59.41	24.50
Vancouver.....	50.58	4.90	51.36	18.50
<i>Islands.</i>				
Alberni (Beaver Creek).....	57.39	30.80	64.83	19.50
Clayoquot.....	104.21	00.00	95.60	6.50
Cowichan Bay.....	28.66	00.00	32.66	T
Goldstream.....	46.04	36.50	47.91	22.10
Nanaimo.....	35.42	4.50	31.03	7.50
Salt Spring Island.....	28.24	1.80	32.65	8.50
Sandwich.....	43.93	4.00	51.62	8.00
Sooke.....	36.20	0.50	37.71	5.50
Victoria.....	20.57	0.90	21.01	1.00
<i>Northern.</i>				
Bella Coola.....	58.01	75.00	43.55	42.00
New Hazelton.....	17.71	46.60	15.57	16.80
Prince George.....	13.14	74.20	9.53	49.20
Prince Rupert.....	37.64	35.70	24.01	2.80
Stuart Lake.....	9.72	62.50	10.54	35.40
Terrace.....	36.56	106.00	50.85	32.70
Vanderhoof.....	7.93	75.00	8.41	55.00

TABLE No. 21.—SHOWING HIGHEST AND LOWEST TEMPERATURES, YEARS 1925-26.

Station.	1925.		1926.	
	Highest.	Lowest.	Highest.	Lowest.
	Degrees.	Degrees.	Degrees.	Degrees.
Agassiz.....	97.5	21.0	93.0	12.0
Alberni (Beaver Creek).....	100.00	22.0	107.0	8.0
Armstrong.....	96.0	4.0	103.0	-4.0
Bella Coola.....	87.0	12.0	83.0	10.0
Chilliwack.....	97.0	15.0	96.0	12.0
Clayoquot.....	88.0	30.0	78.0	23.0
Cowichan Bay.....	86.0	28.0	83.5	18.0
Cranbrook.....	98.0	-13.6	98.0	-22.0
Creston.....	98.0	4.0	101.0	-4.0
Enderby.....	102.0	-7.0	104.0	-2.0
Glacier.....	89.0	-4.0	88.0	-15.0
Golden.....	95.0	-16.0	95.0	-29.0
Grand Forks.....	102.0	-12.0	103.0	-14.0
Hedley.....	101.0	-3.0	103.0	-15.0
Invermere.....			93.0	-20.5
Kamloops.....	100.0	-0.2	102.0	-4.0
Kelowna.....	99.0	2.0	100.0	0.0
Ladner.....	90.0	24.0	86.0	15.0
Nanaimo.....	92.0	25.8	89.6	18.0
Nelson.....	93.4	3.3	100.3	-1.0
New Hazelton.....	91.0	-19.0	M	M
North Nicomen.....	95.0	25.0	96.0	9.0
Penticton.....	100.0	3.0	104.0	2.0
Prince George.....	92.0	-31.0	94.5	-28.0
Prince Rupert.....	88.0	19.0	82.0	18.0
Revelstoke.....	98.0	0.0	101.0	-14.0
Rossland.....	91.0	5.0	92.0	-6.0
Salmon Arm.....	99.0	3.0	104.0	-5.0
Salt Spring Island.....	95.0	29.0	90.5	17.5
Sooke.....	88.0	29.0	85.0	19.0
Stuart Lake.....	89.0	-26.0	90.0	-32.0
Summerland.....	101.0	8.0	102.5	1.0
Terrace.....	94.0	3.0	92.0	-1.0
Tranquille.....	98.0	2.0	100.0	-5.0
Vancouver.....	92.4	27.0	91.3	13.9
Vanderhoof.....	91.0	-32.0	90.0	-25.0
Vernon (Coldstream).....	95.0	-3.0	96.0	-4.0
Victoria.....	95.0	30.8	85.3	19.3

FARM TRACTORS.

TABLE No. 22.—NUMBER OF FARM TRACTORS IN BRITISH COLUMBIA, YEARS 1924-26.

District.	1924.	1925.	1926.
	No.	No.	No.
Islands.....	77	86	99
Lower Mainland.....	148	172	203
Thompson.....	63	73	78
Okanagan and Boundary.....	102	114	132
East and West Kootenay.....	83	91	99
Northern.....	129	138	163
Totals.....	602	673	774

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