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# LONDON \& CAMBRIDGE ECONOMIC SERVICE 



## BULLETIN I. VOL. XXI.

JANUARY, 1943.

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## LONDON $\mathcal{E}$ CAMBRIDGE ECONOMIC SERVICE

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THE ECONOMIC POSITION.

27th fanuary, 1943.

DURING the last quarter of 1942 there was a rise of fully $10 \%$ in the rate of (total) government expenditure from the level of $£ 100 \mathrm{Mn}$. a week near which it had stood for some time; and during the first three weeks of the new year Supply expenditure alone has been at the rate of $f_{\text {II }} 6 \mathrm{Mn}$. a week. In his review on January 26th, the Chancellor of the Exchequer appeared to expect that expenditure would continue at a higher level than that of last autumn.

The higher expenditure of last quarter was not matched by an increase in revenue receipts or in the subscriptions to the loans on 'tap' to the public. There was accordingly a greater increase in the floating debt than in the preceding quarters, and a larger amount of this was financed by the expansion of bank deposits. With an increase during the quarter of about $£ 200 \mathrm{Mn}$. in the net deposits (eliminating cheques and balances with other banks) of the eleven clearing banks, these deposits were $8.7 \%$ higher at the end of December than twelve months earlier, despite the subscription of $£ 453 \mathrm{Mn}$. to Tax Reserve Certificates during the year. In comparison with the previous position the increase in deposits is now about $60 \%$. In the note circulation there was an increase of $£ 55 \mathrm{Mn}$. over the quarter in comparison with one of $£ 74 \mathrm{Mn}$. in the last quarter of I941.

Prices, wholesale and retaii, as recorded in the official index numbers hardly changed
since April, 1942. The value of retail sales, as recorded by the Bank of England, were about $5 \%$ higher in 1942 than in 1941. Wage-rates also rose about $5 \%$ from December, 194I, to December, 1942. The increases granted at the end of the year to railwaymen, shipbuilders and cotton operatives are only moderate in amount, but they are not based on change of prices or any increase in supplies of perishable goods. Wage-rates in general have increased during the war in the same proportion as retail prices as measured by the Ministry of Labour. Average earnings generally have increased nearly twice as fast as wage-rates owing to increased workinghours and the up-grading of operatives, so that the maintenance of the standard of living is for the majority of occupied persons limited only by the availability of goods. Recent pressure for increase of wages, which is still strong, appears to be due to inequality in facilities for additional earnings and a desire to keep the pre-war proportions of wages or earnings for different occupations. Since the tribunals which deal with wages give no reasons for their decisions, it is not possible to know by what circumstances they are influenced, nor whether there is any general policy followed. Each rise in wages in any industry induces corresponding demands in others, so that equilibrium becomes impossible, and there is a continual, though slow, drift towards inflation, limited only by extended fixing of prices.

## EVENTS OF ECONOMIC IMPORTANCE.

1942

| Oct. | U.K. | Proclamation under National Service Acts lowering the calling-up age for males to 18 years. |
| :---: | :---: | :---: |
| 23 rd | Egypt | British offensive in the Western Desert opens. |
| ov. 2nd | New Guinea | Kokada captured from Japanese. |
| " 4th | Madagascar | Armistice signed. |
| 8th | French N. Africa | U.S. and British forces land in French Morocco and Algeria. |
| „, IIth | French N. Africa | French forces cease resistance. Admiral Darlan collaborates with Allies. |
| \% IIth | France | Axis troops occupy whole country. |
| IIth | Egypt | Eighth army reaches frontier. |
| 12-15th | Pacific | Heavy losses inflicted on Japanese warships and transports off Solomons. |
| „ 19th | U.S.S.R | Russian offensive on Don front opens. |
| \% 20th | Libya | British re-take Benghazi. |
| 24th | French W. Africa | Colonial government joins Admiral Darlan in policy of collaboration with United Nations. |
| \# 25th | U.S.S | Russian offensive on central front begins. |
| 26th | U.K. | Further increases in pay and allowances for H.M. forces announced. (Estimated to cost $£ .5 .5 \mathrm{Mn}$.). |
| Dec. | U.K. | Beveridge Report on Social Insurance published. |
| , Ist | U.K. | Issue of National War Bonds, 195I-53, begun. |
| " 2nd | U.K | Fiduciary issue increased by $£ 70 \mathrm{Mn}$. |
| 3rd | U.K. | Agreement announced on increase of minimum wage for women engaged on normal women's work in engineering to 50/- weekly. |
| „ IIth „ 14th | U.K. | Award of Railway Staff National Tribunal announced. Increases of $5 /-, 3 / 9,2 / 6$ and $I / 9$ respectively for men, women, boys and girls, retrospective from June 24th. Increases granted earlier to drivers, firemen and engine cleaners merged in the 5/-. El Agheila taken by Allied troops. |

$$
\text { 18th } \quad U . K
$$

24th
27th

$$
\text { 16th } U . K
$$

French N. Africa
28th

French Somaliland
29th
U.S.S.R....

$$
1943
$$

U.K.

2nd U.S.S.R....
2nd New Guinea
6-8th New Guinea
IIth U.S.A. ...

13th U.K. ... ... R

## Canada

French N Africa
... Russians take Kotelnikovo.
... Scheme for controlling distribution in clothing, pottery and willow ware sections of retail trade comes into force.
$\begin{array}{llll}\text { Ist } & \text { U.K. } & \ldots & \ldots \\ \text { Increase of } \mathrm{I} /-\mathrm{per} \text { ton in price of coal. } \\ \text { Ist } & \text { U.S.S.R... } & \ldots & \text { Capture of Velikiyi Luki by Russians. }\end{array}$
... Capture of Mozdok by Russians.
... Allies occupy Buna Station.
... Repayment of Indian $3 \frac{1}{2} \%$ Loan.
... Successful air attack on Japanese convoy to Lae.
... President sends $\$ 100,000 \mathrm{Mn}$. Budget to Congress.
IIth U.K. ... ... Issue begun of new series of $£_{1}$ War Savings Certificates for Royal Proclamation under National Service Acts lowers calling-up age for girls to 19 years.
... Chile severs diplomatic relations with the Axis.
... British take Tripoli.

## FINANCE \& BANKING IN THE FOURTH QUARTER OF 1942.

By P. B. Whale.

Government Finance.-After having remained for several quarters just under $£ 100 \mathrm{Mn}$., the average weekly expenditure of the Government for the last quarter has risen to $£$ III Mn ., of which $£ 104 \mathrm{Mn}$. was for Supply Services. With revenue coming in at much the same rate as during the preceding quarter, the average weekly deficit increased from $£ .52 .5 \mathrm{Mn}$. to $f_{6} 65 \mathrm{Mn}$.

| ERNMENT REV | VENUE Revenu | D EXPE | DITU | £Mn. <br> Deficit |
| :---: | :---: | :---: | :---: | :---: |
|  |  | Supply |  |  |
| Weekly Averages. | Total. | Services. | Total. |  |
| 1939-Oct.-Dec. | $15 \cdot 9$ | $35 \cdot 6$ | $41 \cdot 8$ | $25 \cdot 9$ |
| 1940-Jan.-Mar. | 38.8 | $45 \cdot 1$ | 48.0 | $9 \cdot 2$ |
| April-June | 14.5 | $47 \cdot 1$ | 53.4 | $38 \cdot 9$ |
| July -Sept. | $20 \cdot 1$ | 66.6 | 69.6 | $49 \cdot 5$ |
| Oct.-Dec. | 22.8 | 77.0 | $83 \cdot 5$ | $60 \cdot 7$ |
| 1941-Jan.-Mar. | 51.0 | 88.5 | $90 \cdot 1$ | $39 \cdot 1$ |
| April-June | $24 \cdot 5$ | $75 \cdot 8$ | $82 \cdot 6$ | $58 \cdot 1$ |
| July-Sept. | 32.2 | 85.4 | $89 \cdot 3$ | $57 \cdot 1$ |
| Oct.-Dec. | 37.2 | 89.8 | $96 \cdot 9$ | $59 \cdot 7$ |
| 1942-Jan.-Mar. | $66 \cdot 3$ | 96.2 | 99.5 | 33.2 |
| April-June | $42 \cdot 6$ | $92 \cdot 2$ | 99.6 | $57 \cdot 0$ |
| July 1-25 | $46 \cdot 1$ | 90.4 | $95 \cdot 8$ | $49 \cdot 6$ |
| July 26-Aug. 29 | $52 \cdot 1$ | $97 \cdot 4$ | 104.0 | $51 \cdot 9$ |
| Aug. 30-Sept. 30 | $40 \cdot 1$ | 91.7 | 95.5 | $55 \cdot 4$ |
| Oct. 1-31 | 49.7 | $102 \cdot 2$ | $109 \cdot 9$ | $60 \cdot 1$ |
| Nov. 1-28 | 45.5 | $103 \cdot 6$ | $109 \cdot 2$ | $63 \cdot 7$ |
| Nov. 29-Dec. 31 | 42.7 | $105 \cdot 8$ | 114.2 | $71 \cdot 5$ |

For the first nine months of the current financial year the receipts and expenditure have amounted to respectively $67.2 \%$ and $76.6 \%$ of the estimated figures for the complete year. In the preceding financial year (194I-42) the figures for the first nine months were respectively $58.9 \%$ and $73.2 \%$ of the figures realised for the whole year. If the same proportions should hold good this year the excess of the revenue over the estimate would be $£ 372 \mathrm{Mn}$., the excess of expenditure over the estimate would be $£ 245 \mathrm{Mn}$., and the final deficit would be $£ 120-130 \mathrm{Mn}$. less than anticipated. But it must be noted that practically the whole of the Canadian Government grant of $£ 225 \mathrm{Mn}$. has been brought into GOVERNMENT BORROWING. FOURTH QUARTER, 1942.

|  | (£Mn.) <br> Oct. <br> (31 days) | $\begin{aligned} & \text { Nov, } \\ & \text { (28days) } \end{aligned}$ | $\begin{gathered} \text { Dec. } \\ \text { (33days) } \end{gathered}$ | Total for Quarter |
| :---: | :---: | :---: | :---: | :---: |
| Nat. Savings Certificates | 17.8 | 13.3 | 14.6 | 45.7 |
| $3 \%$ Defence Bonds ... | 101 | 6.6 | 7.0 | $23 \cdot 6$ |
| $3 \%$ Savings Bonds | $29 \cdot 7$ | $25 \cdot 9$ | 21.9 | $77 \cdot 5$ |
| $2 \frac{1}{2} \%$ Nat. War Bonds | $61 \cdot 3$ | 56.5 | 35.2 | 153.0 |
| Other Debt . ${ }^{\text {Total }}$ | 2.2 | 0.6 | -0.2 | 2.7 |
| term borrowing | 121.1 | $102 \cdot 9$ | 78.5 | $302 \cdot 5$ |
| Tax Réserve Certificates | $35 \cdot 1$ | 20.6 | 36.9 | $92 \cdot 6$ |
| Treasury Deposits ... | 72.5 | $55^{\circ} 5$ | . 78.0 | 206.0 |
| Treasury Bills .. . ... ... | 37.5 | $15^{\circ} 1$ | -87.2 | $139 \cdot 8$ |
| W. \& M.Adv, Govt. Depts Bank of England | 0.1 | 61.4 | (-1.9) | $\begin{aligned} & 159.8 \\ & (59.6 \end{aligned}$ |
| Total Bank of England | 0.3 | $5 \cdot 8$ | 56.7 | 62.2 |
| short-term borrowing | 144.9 | 158.4 | $255 \cdot 9$ | $560 \cdot 2$ |
| Total borrowing | $266 \cdot 1$ | $261 \cdot ?$ | 335.4 | 862.7 |

the revenue for the first nine months. Making correction for this, the excess of revenue over the estimate should be only about £215 Mn., $£ 30 \mathrm{Mn}$. less than the excess on the expenditure side. It may also be pointed out that Supply costs have been rising more sharply in the last quarter of 1942 than in the same quarter of 1941 .

The total deficit, or surplus of ordinary expenditure over ordinary revenue, for the quarter was $£ 858 \mathrm{Mn}$. and, with the balance of other transactions, the net amount raised by borrowing was $£ 862.7 \mathrm{Mn}$.

In the above table, $£ 123.6 \mathrm{Mn}$. National Defence Loan issued to the National Debt Commissioners in December in place of advances of savings bank funds has been omitted from long and medium-term borrowings, and the reduction of $£ 125.5 \mathrm{Mn}$. in Departmental Ways and Means advances shown in the official returns for December has been adjusted to one of £r. 9 Mn . The increase in savings bank deposits during the quarter was approximately $£_{5} 56 \mathrm{Mn}$., and adding this amount to the total of long and medium-term borrowings (without Other Debt), we have a total of " large " and " small savings" of $£ 356 \mathrm{Mn}$.

Floating Debt.-The amount to be raised by short-term borrowing showed an increase of more than $£ 200 \mathrm{Mn}$. in comparison with the preceding quarter. Tax Reserve Certificates again brought in over $£ 90 \mathrm{Mn}$., and Treasury Deposits were again the largest item in shortterm borrowing, net receipts rising from $£_{1} 169 \mathrm{Mn}$. in the previous quarter to $£ 206 \mathrm{Mn}$. But the greatest changes were in Treasury bills, which brought in $£ 140 \mathrm{Mn}$. (as against $£ 54 \mathrm{Mn}$. in the previous quarter), and Bank of England Ways and Means ( $£ 62 \mathrm{Mn}$. against a reduction of $£ 30 \mathrm{Mn}$. in the previous quarter). The end of the week figure for 'tender' bills increased by $£ 70 \mathrm{Mn}$. during the quarter, and this would leave $£ 70 \mathrm{Mn}$. for the increase in 'tap' billsthe same amount as the increase in the fiduciary issue. But the actual increase in 'tap' bills must have been greater than this by the share of the $£ 62 \mathrm{Mn}$. Bank. Ways and Means used to assist ' window-dressing' in Treasury bills, i.e., to repay old 'tender' bills before the new ones were taken up in the last week of the year. The (adjusted) increase in Departmental Ways and Means amounts to little more than the quarter's increase in savings bank deposits.

Clearing Banks.-The movement of total deposits of nine clearing banks (omitting the District and National) is shown by the following table :-


The increase of $£ 190 \mathrm{Mn}$. in Net Deposits over the quarter is substantially higher than that during the previous quarter or the corresponding quarter of the previous year. Over the twelve months to the end of December the increase has been $£ 256 \mathrm{Mn}$. in comparison with $£ 475 \mathrm{Mn}$. during the preceding twelve months period. During the last twelve months the net additions to Tax Reserve Certificates have been $£ 453 \mathrm{Mn}$. and even allowing that in the later months a part of the Certificates may have been taken up as an alternative to other short term loans, rather than a mobilisation of idle deposits, the remainder should be fully sufficient to explain the smaller increase in deposits.

In the assets of the banks, Treasury Deposits again account for almost all the increase ( $£ 1295 \mathrm{Mn}$. for nine banks). The Discounts of these banks at the end of the year show a decline of $£ 73 \mathrm{Mn}$. in comparison with the end of September; whilst this decline is in large part due to " window-dressing," it is clear that the banks did not contribute to any extent, directly or indirectly, to finance the quarter's increase of $£ 70 \mathrm{Mn}$. in tender Treasury bills. Advances declined a little. Investments increased to a greater extent. At the end of the year, the cash ratio was $10.7 \%$, the liquid assets ratio $45 \%$.

Returning to the financing of the floating debt, it can be said that of the sum of $£ 412 \mathrm{Mn}$. to be raised after taking account of the increases in Tax Reserve Certificates and savings bank deposits, the increase in the note circulation ( $£ 85 \mathrm{Mn}$., September 30th-December 30th) and the increase in Net Deposits ( $£ 201 \mathrm{Mn}$. for eleven banks) together provided $£ 286 \mathrm{Mn}$., or $£ 264 \mathrm{Mn}$. if we subtract the excess of the increase of Investments over the decline of Advances. There was thus a balance of about ${ }_{£} 148 \mathrm{Mn}$. to be found from other sources.

Bank Clearings.-The combined London Clearing figures (town, metropolitan and country) for the year 1942 are the highest on record and
show an increase of $13 \%$ on those for the previous year. The clearings at the eleven English provincial centres show diverse movements (for instance, an increase in the year's total of $19 \%$ at Sheffield and a decrease of $15 \%$ at Liverpool), but in the aggregate there was only a negligible increase in the year's total.

|  | London Clearings |  | Provincial Clearings |  | Av. Current a/c Deposits of Clearing Banks |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 1942 | £Mn. | $\begin{aligned} & \% \text { of } \\ & 1941 \end{aligned}$ | £Mn. | $\begin{aligned} & \% \text { of } \\ & 1941 \end{aligned}$ | £Mn. | $\begin{aligned} & \% \text { of } \\ & 1941 \end{aligned}$ |
| 1st Qtr. | 12,906 | 124.4 | 405 | 105.5 | 2034 | 118 |
| 2nd , | 11,404 | $110 \cdot 9$ | 364 | $104 \cdot 3$ | 2059 | 114 |
| 3rd , | 11,513 | $107 \cdot 1$ | 363 | 98.8 | 2172 | 112 |
| 4th .. | 12,833 | $110 \cdot 5$ | 348 | 94.0 | 2326 | 112 |

In the quarterly comparisons with the previous year, the high percentage gain in the London figures for the first quarter is in part explained by the exceptionally low figures of the first part of 1941. Looking at the later quarters it may be said that in London, but not in the provinces, the clearings have kept pace with the growth of current accounts for the whole country.

Bank of England.-The limit for the note issue was again raised, this time by $£ 70 \mathrm{Mn}$., at the beginning of December. From midSeptember to mid-December the note circulation increased by $£ 77 \mathrm{Mn}$. This is a much greater expansion than occurred during the previous quarter-it is, in fact, nearly $46 \%$ of the increase over twelve months - but it is paralleled by an increase of $£ 70 \mathrm{Mn}$. in the last quarter of 194 I . Over the year to mid-December the increase has been nearly $23 \%$; in comparison with the pre-war circulation, the increase is now in the neighbourhood of $80 \%$.

Down to mid-December the Government securities held by the Bank increased by appreciably more than the increase in the note circulation. In the last fortnight of the year the Bank's assets were increased, through open market purchases as well as by Ways and Means Advances, by nearly $£_{1} 100 \mathrm{Mn}$., partly to take care of a further expansion of $£ 15 \mathrm{Mn}$. in the note circulation, but chiefly to provide the end-of-the-year increase in Bankers' Deposits.

Security Prices.-Our index of industrial security prices continued to rise during the last part of 1942 and by January, 1943, had reached the highest level recorded since January, 1938. At its lowest point (July, 1940) during that period of five years the index showed a fall of over $40 \%$ from the level prevailing at the beginning of 1938 and has now recovered. Comparison of the various groups of securities comprising the index shows that the rise in shipping, chemical, textile and clothing, and electrical equipment shares over the

1938 levels has offset the declines in building materials, gas and electricity supply, and stores groups.

The rise in the fixed interest index to 137 in January, I943, brings this index up to the average for the peak year 1936.

## RECENT MOVEMENTS

In the first weeks of the New Year there has been the usual seasonal increase in revenue receipts. But government expenditure has also been exceptionally heavy, and in consequence the deficit has not dropped as sharply as in

January of 1942. There have, none the less, been changes in the floating debt, apart, it may be presumed, from those connected with the repayment of the India Loan (replacement of short-term indebtedness to India by longer term indebtedness to residents at home in the structure of our government debt). By the end of January the tender issue of Treasury Bills will have declined by $£_{25} \mathrm{Mn}$. and the call for Treasury Deposits has been suspended for the week ending January 30th. By the middle of January the note circulation had declined from its Christmas peak almost to the level of mid-December.

## PRICES, WAGES AND EMPLOYMENT.

By A. L. Bowley.

WHOLESALE PRICES.-There has been no significant change since September in any of the items that make up the Board of Trade Index, except in malting barley.

| BOARD OF TRADE TOTAL | INDEX |  |  |
| :---: | :---: | :---: | :---: |
| August, 1939... | $\ldots$ | $\ldots$ | 110 |
| December, 1939 | $\ldots$ | $\ldots$ | 125 |
| December, 1940 | $\ldots$ | $\ldots$ | 151 |
| December, 1941 | $\ldots$ | $\ldots$ | 159 |
| March, 1942 $\ldots$ | $\ldots$ | $\ldots$ | 162 |
| June, 1942 | $\ldots$ | $\ldots$ | $\ldots$ |
| September, 1942 | $\ldots$ | $\ldots$ | 163 |
| December, 1942 | $\ldots$ | $\ldots$ | 165 |

CHANGES IN PRINCIPAL GROUPS.

|  | 1939 | 1941 | 1942 | 1942 | 1942 |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | Aug. | Aug. | Mar. | Aug | Dec |
| Cereals | 100 | 180 | 240 | 209 | 224 |
| Meat, fish, eggs | 100 | 138 | 138 | 138 | 143 |
| Other food and tobaeco | 100 | 167 | 165 | 174 | 172 |
| Total, Food, \&c. | 100 | 161 | 1.75 | 171 | 176 |
| Coal | 100 | 138 | 139 | 153 | 153 |
| Iron and Steel | 100 | 141 | 142 | 142 | 142 |
| Non-ferrous metals... | 100 | 123 | 125 | 125 | 125 |
| Cotton | 100 | 172 | 177 | 176 | 176 |
| Wool ... ... | 100 | 166 | 168 | 169 | 170 |
| Other textiles | 100 | 167 | 171 | 173 | 178 |
| Chemicals and Oils... | 100 | 138 | 144 | 145 | 153 |
| Miscellaneous | 100 | 177 | 177 | 179 | 180 |
| Total, Materials, de. | 100 | 153 | 155 | 157 | 159 |
| Grand total | 100 | 156 | 162 | 162 | 165 |

RETAIL PRICES.-The food index of the Ministry of Labour rose a trifle from October 3Ist to December Ist, but it has been kept very nearly unchanged throughout 1942. In the general index this increase was compensated by a slight fall in the price of clothing.


|  | $\begin{gathered} 1939 \\ \text { Dec. 1st } \end{gathered}$ | $\begin{gathered} 1940 \\ \text { Nov. } 30 \end{gathered}$ | $\stackrel{1941}{\text { Dec. } 1 \mathrm{~s}}$ | $\begin{aligned} & 1942 \\ & \text { Dec. 1st } \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: |
| Flour | 3 | -1 | 15 | 26 |
| Bread | 3 | 3 | -3 | 9 |
| Tea |  | 7 | 7 | 7 |
| Sugar (Gran.) | 49 | 64 | 32 | $-1$ |
| Milk | 3 | 18 | 33 | 33 |
| Butter | 21 | 22 | 22 | 28 |
| Cheese | 18 | 30 | 30 | 30 |
| Margarine | 2 | 12 | 12 | 12 |
| Eggs | 44 | 99 | 27 |  |
| Potatoes | 3 | 30 | 27 | 6 |
| All Food | 14 | 25 | 20 | 19 |
| Rent | 9 | 1 | 1 |  |
| Clothing | 18 | 55 | 91 | $\begin{aligned} & 81 \\ & 32 \end{aligned}$ |
| $\underset{\text { Misellaneous }}{ }$ | 7 | ${ }_{23}^{20}$ | ${ }_{30}^{26}$ | 32 50 |
| All items | 12 | 26 | 30 | 29 |

EARNINGS IN PRINCIPAL INDUSTRIES, JULY, 1942.-The series of reports on earnings is continued in the Ministry of Labour Gazette, December, 1942. The earlier reports were analysed in Bulletin III, July, 1942, pp. 56-57. The statistics for January, 1942, were affected by interruption of work in outdoor industries owing to severe weather, and to allow for this some of the figures were raised slightly in our former account; these adjusted figures are used in the sequel.

TABLE $I$.

| AVERAGE | Men | INGS <br> Youths under 21 yrs. Shillin |  | Girls under <br> 18 yrs <br> eek. | All | TRIES Index o rates |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Oct.. 1938 | $69 \cdot 0$ | $26 \cdot 1$ | $32 \cdot 5$ | 18.5 | $53 \cdot 3$ |  |
| July, 1940 | 89.0 | $35 \cdot 1$ | 38.9 | $22 \cdot 3$ | 69.2 |  |
| July, 1941 | 99.4 | $41 \cdot 9$ | $43 \cdot 9$ | 25.0 | $75 \cdot 8$ |  |
| Jan., 1942 | 102.0* | 42.5* | $47 \cdot 5$ | 26.8 | 77*8* |  |
|  | $103.5+$ | $43 \cdot 0+$ | 54. |  | $78.8 \dagger$ |  |
| July, 1942 | 111.4 | $46^{\circ} 2$ | $54 \cdot 2$ | $30 \cdot 3$ | $85^{\circ}$ |  |
| PERCENTAGE MOVEMENT. |  |  |  |  |  |  |
| Oct., 1978 | 100 | 100 | 100 | 100 | 100 | 100. |
| July, 1940 | 129 | 135 | 120 | 121 | 130 | 110 ${ }^{\frac{1}{2}}$ |
| July, 1941 | 144 | 161 | 135 | 135 | 142 | 118 |
| Jan., 1942 | 148* | 163 | 146 | 145 | $146 *$ |  |
| July, 1942 | ${ }_{160}^{151}$ | 1651 177 | 167 | 163 | $148 \dagger$ 160 | 122 |
| , |  |  |  |  |  |  |

The increase in the general average of earnings during the year July, 194I, to July, 1942, was rather more rapid than in the preceding year, the greater part of the change taking place since January.

The index of wage-rates here given is stated as an approximation for the industries concerned, weighted throughout by the numbers employed in October, 1938. The increase is less rapid than in the Bulletin index because of the exclusion from the returns of coal and agriculture, where the rise was greater, outweighing railways, where the rise was less. The wages in these excluded occupations were discussed in the Bulletin for July, 1942, p. 55.

The difference between the movements of wages and earnings is due to several factors, of which we can distinguish, (a) the change in the proportions of women and men; (b) the differences in the growth of the industries; (c) overtime, night-work, increase of piece-work, promotion of unskilled men and of women and boys to better-paid occupations.
(a) The relative increase in the number of women. If there were only two subdivisions by age and sex, instead of four, the relation of the average earnings in each subdivision to the total would at once give the proportionate numbers. As it is, we must proceed by hypothesis, and we can probably get a good approximation by assuming that youths and girls form an unchanged proportion of all, and so account for the figures by a relative increase in the number of women only.* The following table gives relative numbers by age and sex which applied to their average earnings would yield the stated average for all

TABLE II


The proportions in 1938 are fairly well established by the records of the numbers insured and unemployed in this group of industries. In July, 1940, the proportion of men increased by diminution of unemployment ; subsequently women replaced men.

[^0](b) The Ministry of Labour estimates (as given in Table III) for each date the increases for men, youths, women and girls (and for the aggregate) having eliminated "so far as is possible the effects of the changes (since 1938) in the proportions of men, boys, women and girls employed in the different industries." The phrase is ambiguous, but the context suggests that constancy is assumed among the industries as well as within each separately, and this meaning is taken in Table IV. This interpretation, however, appears to result in some inconsistencies when the statistics are further analysed, and it is doubtful how far the changes in personnel are separated from the changes in the sizes of the industries. Consequently the working of Table IV is open to criticism, and the meanings to be attached to the different lines in it are a little uncertain.

TABLE III
PERCENTAGE MOVEMENT OF EARNINGS.
On basis of constant proportions in industries by sex and age.

| Oct., 1938 |
| :--- |
| July, 1940 |
| Jan., 1941 |
| J,', |
| July |


| Men | Youths | Women | Girls | All |
| :---: | :---: | :---: | :---: | :---: |
| 100 | 100 | 100 | 100 | 100 |
| 126 | $132 \frac{1}{2}$ | 118 | 118 | 127 |
| 140 | $155 \frac{1}{2}$ | 129 | $132 \frac{1}{2}$ | $137 \frac{1}{\frac{1}{2}}$ |
| $140 \frac{1}{2}$ | $156 \frac{1}{2}^{\frac{2}{2}}$ | $134 \frac{1}{2}$ | 140 | 139 |
| $142 \frac{1}{2} \dagger$ | $158 \frac{1}{2}+$ | $-\overline{2}$ | - | $140 \frac{1}{2}$ |
| 153 | 169 | 151 | 158 | $152 \frac{1}{2}$ |

* As returned. + Raised to allow for interruption to work.

When this table is compared with the lower part of Table I, it is seen that women have gained most by transference (167 against 15I) and girls least.

Table I includes the effects of change by sex proportion as well as change by industries, but we can separate the factors by the help of Table II.

TABLE IV
PERCENTAGES FOR ALL EARNERS.

|  | $1938$ Oct. | $\begin{aligned} & 1940 \\ & \text { July } \end{aligned}$ | $\begin{aligned} & 1941 \\ & \text { July } \end{aligned}$ | $\begin{aligned} & 1942 \\ & \text { Jan. } \end{aligned}$ | $\begin{aligned} & 1942 \\ & \text { July } \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: | :---: |
| A Aetual | 100 | 130 | 142 | 148* | 160 |
| B If no change by sex proportion | 100 | 128 | 143 | 150 | 163 |
| C If no change by sex or industry proportion | 100 | 127 | 137 | 1402 | 152. |
| D Wage-rates ... <br> F A Effect of transfer. | 100 | 110. | 118 | 122 | 124 |
| $\overline{\mathrm{D}}$ encesnd overtime | 100 | 118 | 121 | 181 | 129 |
| $F=\frac{\mathbf{A}}{\bar{B}}$ Effect of change | 100 | 101 ¢ | 99 | 98할 | 98 |
| $G=\frac{B}{\bar{C}}$ Effect of change | 100 | 1003 | 104 | 107 | 107 |
| $\mathrm{H}=\frac{\mathrm{A}}{\mathrm{C}}$ Effect of changes | 100 | 102 $\frac{1}{2}$ | 103 $\frac{1}{2}$ | 105 | 105 |
| $I=\frac{C}{\bar{D}} \underset{\text { Effect }}{\text { time }} \quad \ldots \quad \ldots$ | 100 | 115 | $116 \frac{1}{2}$ | $115 \frac{1}{2}$ | 123 |

Here $\mathrm{A}=\mathrm{D} \times \frac{\mathrm{A}}{\mathrm{B}} \times \frac{\mathrm{B}}{\mathrm{C}} \times \frac{\mathrm{C}}{\mathrm{D}}$. Thus in July, 1942,
the increase in earnings relative to rates ( $160 \div 124=1.29$ ) is the resultant of relative diminution of men, $-2 \%$, movement in industry, $+7 \%$, and effect of overtime, etc., $\mathbf{2 3} \%$.

The increase in the Index I since January, 1942, after stationariness in the previous 18 months, is noticeable and requires explanation.

The following summary table shows for the main industrial groups the increases in earnings in 12 months due to change in wages and all other factors combined. The principal increase is in the metal industries, where the increase in the standard rate was 5 s . in December, 1941, while the increase in earnings was 16 s .

| TABLE V. |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Men's Average Earnings, |  |  |  |  |  |

It should be observed that nothing in the report gives any clue to the actual numbers engaged in the industries; the index numbers depend only on relative proportions between industries and between sex and age groups.

In previous Bulletins it has been remarked that the rate of increase both of wages and earnings has varied greatly between industries. The spread, as judged by the differences between the quartiles, has increased between January and July, 1942.

TABLE VI.
PERCENTAGE INCREASES OF EARNINGS IN 97 INDUSTRIES * SINCE OOTOBER, 1938.

| 1942 | Lower Quartile |  | Median |  | Upper Quartile |  | Weighted Average |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Jan. | July | Jan. | July | Jan. | July | Jan. | July |
| Men. | 31 | 39 | 38 | 50 | 47 | 66 | 50 | 61 |
| Youthe | 36 | 44 | 49 | 61 | 62 | 77 | 65 | 77 |
| Women | 26 | 42 | 35 | 54 | 48 | 70 | 46 | 67 |
| Girls | 33 | 45 | 44 | 62 | 52 | 73 | 45 | 63 |
| All | 29 | 40 | 34 | 48 | 42 | 56 | 48 | 60 |

* Some Industries are not included among men or youths or women or (especially) girls.

The cases where average earnings increased less than $\mathbf{2 9 \%}$ (the increase in the Cost of Living Index) from October, 1938, to January, 1942, are :-

Men: Printing (18), Fur (22 $\frac{1}{2}$ ), Tobacco ( $25 \frac{1}{2}$ ), Bespoke Tailoring ( $26 \frac{1}{2}$ ).
Youths: Watersupply (13), Tobacco (20), Printing (20), Local Authorities (20 ${ }_{2}$ ), Trams (25 $\frac{1}{2}$ ), Confectionery ( $26 \frac{1}{2}$ ).

Women: Fur (II), Bespoke Tailoring (20), Printing (25 $\frac{1}{2}$ ), Tobacco (26 $\frac{1}{2}$ ).

## Girls : None.

Increases over $80 \%$ were numerous for boys, but there is only one case for men.

Over $80 \%$ increases :-
Men: Shipbuilding (82).
Youths: II cases in Metal industries, 2 in Textiles, 3 in Building and Contracting, and 5 others.
Women: 5 cases in Metal industries, 1 on Trams or Buses (9I), and I other.
Girls: Artificial Stone (100), Brass (89), Hats (86), Joinery (84), Screws, etc. (83), and Cotton (81).

The highest averages were :-Men : Miscellaneous Metal Industries, 125s. ; Youths: Nonferrous Metals, 63s. 9d. ; Women: Trams and Buses, 69s. 6d. ; Girls: Motor and Aircraft, 39s. 7 d.

Since July, 1942, our general index of wagerates has risen about $\mathrm{I}_{2} \frac{1}{2} \%$, owing to moderate increases in wages of printers, railwaymen, shipbuilders, cotton operatives and lorry drivers. If railways, agriculture and coal are excluded so as to make the index coyer the same ground as the above analysis of earnings, the increase in their wage-rates since July is about $1 \%$.

The railway award is retrospective to last June, and consequently the general index has been slightly revised from that date. There is some uncertainty about the effect of the changes for railwaymen and for cotton operatives, and if more information is obtained further revision may be necessary.

CHANGES IN WAGE-RATES
January, 1942, as percentage of August, 1939


UNEMPLOYMENT.-The numbers registered at the Unemployment Exchanges have continued to diminish, till on December 14th, 1942, the number of men, not classed as unfit, was 46,000 . Sufficient details are given in the Table on Internal Activity on p. 12.

UNEMPLOYMENT FUND
Weekly Averages £000's.

|  | Benefits |  |  |  | Employees' Contributions |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Qrs. | 1939 | 1940 | 1941 | 1942 | 1939 | 1940 | 1941 | 1942 |
| 1 | 1126 | 784 | 330 | 91 | 408 | 409 | 483 | 493 |
| 2 | 781 | 383 | 160 | 68 | 421 | 437 | 485 | 495 |
| 3 | 617 | 389 | 112 | 66 | 474 | 414 | 485 | 490 |
| 4 | 699 | 432 | 83 | 61 | 417 | 455 | 486 | 481 |
| Rates of Contributions increased in August, 1940. Limiting Income raised in September, 1940. |  |  |  |  |  |  |  |  |

These figures indicate very little change in the number of insured persons employed during 1942. A slight fall in contributions takes place when men are replaced by women or young persons.

Corrigendum.-Bulletin for October, 1942, p. 80 , col. 2, 12 lines from end: read "In the first half of 1939 employees' contributions were about $£ 9,000$ weekly, etc.," instead of " 1938 " and " $£ 9,000 \mathrm{Mn}$."

INDEX NUMBER OF SALES. Value. Average daily sales in $1937=100$. Great Britain.


For a longer series of figures, see the table on page 12. The value of sales of food was greater in October and November, 1942, than in 1941, though the price index number of the Ministry of Labour shows a slight fall, but in December the rise was less than in 1941 and the resultant figure smaller. The price index does not include several foods, for example, on "points." The fall in purchases of clothing in November is noticeable.

## WHOLESALE PRICES.

## COMPARATIVE INDEX NUMBERS FOR 5 COUNTRIES.

The table below gives comparable index-numbers of wholesale prices, based upon a list of commodities as nearly identical as possible for all the countries, and the same method of calculation and weighting is applied in each case. The index-numbers were described in detail in Special Memorandum No. 24. The figures for 12 countries in the table on p. 9, which are derived from the League of Nations monthly bulletin, are affected by differences of content and method of calculation.

|  | Base $1925=100$ |  |  |  |  |  |  |  |  |  |  |  |  | Base <br> 1913 <br> $=100$ <br> Year <br> 1925 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | $1941$ <br> Dec. | 1942 |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | Jan. | Feb. | Mar. | Apr. | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. |  |
| FOOD- ${ }^{\text {d }}$ |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| United K'gdom $\ddagger$ | 90 88 | 92 93 | 99 93 | 108 92 | 106 94 | 107 94 | 105 91 | 100 90 | 93 92 | 94 94 | 94 93 | 94 | 96 | 159 |
| Canada .......... | 82 | 85 | 85 | 85 | 86 | 86 | 88 | 89 | 88 | 87 | 88 | 88 |  | 158 |
| New Zealand.. | 106 | 108 | 107 | 108 | 106 | 107 | 107 | 108 | 107 | 107 |  |  |  | 158 |
| S. Africa ...... | 107 | 109 | 109 | 109 | 108 | 110 | 112 | 113 | 115 | 117 |  |  |  | 122 |
| MATERIALS- UnitedK'gdom** | 113 | 113 | 113 | 113 | 113 | 114 | 114 | 116 | 116 | 116 | 116 | 116 | 116 | 167 |
| U.S.A. . . . . . . | 84 | 86 | 86 | 87 | 87 | 86 | 85 | 86 | 85 | 85 | 85 |  |  | 175 |
| Canada ......... | 86 | 86 | 87 | 87 | 87 | 87 | 87 | 87 | 87 | 87 | 87 | 87 |  | 170 |
| New Zealand.. | 110 | 110 | 110 | 110 | 110 | 110 | 111 | 114 | 114 | 114 |  |  |  | 165 |
| S. Africa ..... | 118 | 118 | 119 | 119 | 119 | 122 | 123 | 124 | 125 | 125 |  |  |  | 161 |
| TOTAL- |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| United Kingdom U.S.A. | 104 86 | 105 89 | 107 89 | 111 89 | 110 90 | 111 89 | 110 87 | 110 | 107 | 107 89 | 107 88 | 107 | 108 | 158 165 |
| Canada .......... | 84 | 86 | 86 | 86 | 87 | 87 | 87 | 88 | 87 | 87 | 87 | 87 |  | 164 |
| New Zealand.. | 108 | 109 | 109 | 109 | 108 | 108 | 109 | 112 | 111 | 111 |  |  |  | 162 |
| S. Africa ...... | 114 | 114 | 115 | 115 | 115 | 117 | 119 | 120 | 121 | 122 |  |  |  | 145 |

INDEX NUMBERS OF PRICES IN 12 COUNTRIES.
As quoted in the Monthly Bulletin of the League of Nations. ${ }^{+}$See also table on p. 8.


(a) \% of 1935. (b) \% of July, 1937. (c) Exel. rent, (d) Excl, rent and clothes. (e) B.L.S. Index, \% of 1935-1939. ${ }^{\text {( }}$ ( Provisional. (f) \% of Sept., 1931. (g) N.I.C.B. Index. *Figures are averages for month, or mid-month or end of month figures

FINANCE．

|  | STOCKS \＆SHARES |  |  |  | MONEY＊ |  | $\begin{aligned} & \text { NEW } \\ & \text { OAPITAL } \\ & \text { ISSUES } \end{aligned}$ |  | OTHER BANKING． |  |  |  |  |  |  |  |  |  | TREASURY BILLS． |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Ind | strials $1 \mathrm{M}$ | $\begin{aligned} & \text { Fix } \\ & \text { Inte } \end{aligned}$ | rest | $\begin{aligned} & \dot{\text { a }} \\ & \text { Z } \\ & 4 \end{aligned}$ | $\dot{A}$ |  |  |  | Bank of England |  |  |  | Nine | Cleari anks． | ring |  |  | 守 | క్రు |  |
|  | $\begin{aligned} & \text { ㅇ } \\ & \text { 合。 } \\ & \text { 品 } \\ & \text { \% } \end{aligned}$ |  | $\begin{aligned} & \text { K. . } \\ & \text { H. } \\ & \text { Big } \\ & \text { \% } \end{aligned}$ | \％ | $\begin{gathered} \text { O } \\ \text { H } \\ \text { Ho } \\ \text { Ho } \\ \text { O } \\ \text { H0 } \\ \text { \% } \\ \text { \% } \end{gathered}$ |  | $\begin{aligned} & \text { for } \\ & \text { U.K, } \end{aligned}$ $£ \mathrm{Mn} .$ |  |  |  |  |  | £Mn． | 怘 <br> £Mn． |  |  |  |  |  | $2 \mathrm{Mn} \text {, }$ | ذू － <br> £Mn． |
| 1924 | 100 | － | 100 | 100 | 2.43 | 3.45 | 7.4 | 11.2 |  |  | 390 | 1632 | 242 |  | 791 | 324 | 11.7 | 48.5 | 442 | 159 | 601 |
| 1929 Av．．．． | 139 | － | $96 \cdot 3$ | 104.0 | $4 \cdot 57$ | $5 \cdot 31$ | $13 \cdot 3$ | $7 \cdot 9$ | 62 | 50 | 361 | 1762 | 226 |  | 974 | 242 | $10 \cdot 7$ | $55 \cdot 3$ | 521 | 239 | 760 |
| 1984 Av． | 125 | －－ | $132 \cdot 5$ | 75.7 | 81 | 81 | 8.9 | $3 \cdot 6$ | 102 | 54 | 378 | 1842 | 228 |  | 740 | 543 | $11 \cdot 3$ | $40 \cdot 2$ | 3 | 377 | 850 |
| 1985 Av．．．． | 139 | － | 136.2 | 73.6 | －73 | － 57 | 13.5 | 1.7 | 98 | 51 | 394 | 1961 | 264 |  | 755 | 598 | $10 \cdot 8$ | 38.5 | 473 | 393 | 866 |
| 1936 Av．．．． | 161 | － | $136 \cdot 9$ | $73 \cdot 2$ | $\cdot 75$ | 61 | 15.9 | $2 \cdot 2$ | 98 | 54 | 432 | 2104 | 312 |  | 825 | 598 | $10 \cdot 3$ | 39.2 | 576 | 225 | 801 |
| 1937 Av．．．． | 150 | － | $127 \cdot 7$ | 78.4 | －75 | － 59 | 11.6 | 2.7 | 97 | 58 | 479 | 2172 | 276 |  | 910 | 607. | $10 \cdot 3$ | $41 \cdot 9$ | 560 | 229 | 789 |
| 1938 Av．．．． | 123 114 | － | 1266 | 79.0 86. | －75 | $\begin{array}{r}61 \\ \hline\end{array}$ | 7.7 | $2 \cdot 1$ | 104 | 56 | 485 | 2161 | 274 |  | 930 | 593 | 10.6 | 43.0 | 547 | 330 | 887 |
| 1939 Av．．．． | 114 | － | $116 \cdot 3$ | $86^{\circ} 2$ | 1.05 | 1.20 | 3.6 | $1 \cdot 9$ | 103 | 58 | 507 | 2129 | 246 |  | 943 | 564 | 10.9 | $44 \cdot 3$ | 488 | 582 | 1070 |
| 1940 Av．．．． | 95 101 |  | 123.0 131.0 | 81.6 76.6 | 1.0 1.0 | 1.04 | 0.3 | $0 \cdot 0$ | 107 | 77 | 574 | 2.377 | 357 |  | 906 | 621 | $10 \cdot 7$ | $38 \cdot 3$ | ＋ | $\dagger$ | 1708 |
| 1941 Av．．．． 1939 | 101 | － | 131.0 | 76.6 | 1.0 | 1.03 | $0 \cdot 2$ | $0 \cdot 0$ | 118 | 69 | 652 | 2818 | 220 | 474 | 815 | 837 | $10 \cdot 4$ | $29 \cdot 1$ | $\dagger$ | ＋$\dagger$ | 2389 |
| AUG．．．．．．． | 118 | $+2.0$ | $115 \cdot 7$ | 86.6 | －75 | 67 | 6 | 4.6 | 95 | 63 | 512 | 2127 | 271 |  | 937 | 556 | 10.4 | $44 \cdot 1$ | 510 | 571 | 1081 |
| SEPT．．．． | 106 | －9．1 | $111.2^{\circ}$ | $90^{\circ} 0$ | 2.79 | 3.67 | 1 | 46 | 110 | 53 | 553 | 2160 | $\overline{2126}$ |  | 962 | 559 | 11.8 | $\frac{44.5}{44.5}$ | 500 | 652 | 1152 |
| OCT． | 104 | －2．5 | $1110^{\circ}$ | 90.1 | 1.87 | $2 \cdot 14$ | 1 | － | 117 | 51 | 535 | 2206 | 278 |  | 961 | 561 | 11.0 | 43.6 | 531 | 700 | 1231 |
| NOV．．．．．． | 106 | +2.0 +0.2 | $116^{\circ} 0$ | $88 \cdot 3$ | 1.0 | 1.24 | ＇9 | － | 107 | 58 | 528 | 2221 | 341 |  | 944 | 567 | 10.5 | 42.5 | 605 | 696 | 1301 |
| DEC．．．．．．． 1940 | 105 | ＋ 0.2 | 116.6 | 86.1 | 1.0 | 1.24 |  | － | 88 | 86 | 545 | 2313 | 321 |  | 951 | 566 | 11.2 | 41.1 | 740 | 706 | 1446 |
| JAN．．．．．．． | 104 | $+16$ | $120 \cdot 1$ | $83 \cdot 3$ | 1.0 | 1.09 |  |  | 102 | 79 | 527 | 2285 | 374 |  | 947 | 568 | 10.0 | 41.5 |  |  |  |
| FEB．．．．．．． | 106 | ＋211 | $124 \cdot 9$ | $80 \cdot 2$ | 1.0 | 1.05 |  |  | 106 | 80 | 532 | 2244 | 374 340 |  | 949 | 568 | 10.5 | 42.3 | 785 806 | 626 | 1432 |
| MAR．．．．．． | 109 | ＋ 2.8 | 124.7 | $80 \cdot 3$ | 1.0 | 1.03 |  |  | 114 | 78 | 535 | 2239 | 325 |  | 954 | 567 | 10.5 | 42.6 | 761 | 674 | 1435 |
| APR．．．．．． | 106 | －1．9 | $123 \cdot 9$ | $80 \cdot 8$ | 1.0 | 1.03 | －2．7 | 0.4 | 115 | 68 | 537 | 2233 | 328 |  | 935 | 573 | 10.8 | 41.9 | 701 | 708 | 1409 |
| MAY ．．．．． | 97 82 | -10.1 -17.4 | $122 \cdot 8$ | 81.5 84.3 | 1.0 | 1.03 |  |  | 106 | 76 | 546 | 2288 | 394 |  | 916 | 589 | 10.7 | 40.0 | 685 | 722 | 1407 |
| JUNE．．．．． | 82 | $-17 \cdot 4$ | $119 \cdot 3$ | $84 \cdot 3$ | 1.0 | 1.03 |  |  | 103 | 83 | 578 | 2341 | 372 |  | 913 | 592 | 10.9 | 39.0 | 740 | 842 | 1582 |
| JULY ．．．．． | 79 | －67 | $120 \cdot 9$ | $83 \cdot 1$ | 1.0 | 1.03 |  |  | 79 | 107 | 609 | 2328 |  |  | 883 |  |  |  |  |  | 1733 |
| AUG．．．．．． | 84 | ＋6．4 | 121.7 | 82.6 | 1.0 | 1.03 |  |  | 108 | $\begin{array}{r}107 \\ \\ \hline\end{array}$ | 614 | 2355 | 403 | 25 25 | 883 | 612 | $10 \cdot 7$ 11.1 | 38.0 37.0 | 826 | 1043 | 1879 |
| SEPT．．．． | 87 | +4.3 +3.2 | $121 \cdot 9$ | $82 \cdot 4$ | 1.0 | 1.03 |  |  | 108 | 63 | 609 | 2466 | 387 | 86 | 889 | 652 | 11.1 | 36.0 | 836 | 1085 | 1921 |
| OCT，．．．．． | 91 | －3．2 | $122 \cdot 9$ | 81.8 | 1.0 | 1.03 | 0.8 | 0.2 | 109 | 72 | 598 | 2527 | 361 | 173 | 886 | 677 | 10.1 | $35 \cdot 1$ | 840 | 1146 | 1986 |
| NOV．．．．．．． DEC | 97 95 | ＋ 6.9 +1.4 | 126.0 | 79.5 | 1.0 | 1.03 |  |  | 115 | 70 | 594 | 2566 | 327 | 226 | 876 | 697 | $10 \cdot 6$ | $34 \cdot 2$ | 845 | 1239 | 2084 |
| DEC．．．．．．． | 95 | －1．4 | 126.6 | 79.0 | 1.0 | 1.03 |  |  | 116 | 68 | 604 | 2658 | 254 | 301 | 857 | 724 | 11.6 | $32 \cdot 2$ | † + | †t | 2152 |
| JAN．．．．．．． | 98 | ＋28 | $128 \cdot 3$ | $78 \cdot 1$ | 1.0 | 1.03 |  |  | 119 | 69 | 603 | 2617 | 258 | 325 | 864 |  | 10.2 |  |  |  | 2186 |
| FEB．．．．．． | 96 | －2．8 | 128.6 | 78.0 | 1.0 | 1.03 |  |  | 111 | 79 | 602 | 2571 | 203 | 315 | 854 | 762 | 10.5 | 33.2 | 845 845 | 1369 | 2214 |
| MAR．．．．．． | 92 | －2．9 | $129 \cdot 1$ | $77 \cdot 6$ | 1.0 | 1.03 |  |  | 110 | 67 | 608 | 2625 | 187 | 359 | 862 | 767 | 10.4 | 32.9 | ＋+ | ＋1 | 2212 |
| APR，．．．．．． | 93 | +0.3 +0.4 | 129.5 | 77.4 | 1.0 | 1.03 | 10 | 0.2 | 115 | 68 | 622 | 2686 | 182 | 440 | 840 | 765 | $10 \cdot 5$ | 31.3 | 865 | 1370 | 2235 |
| MAY ．．．．． | 93 96 | +0.4 $+\quad 3.7$ | 130.6 130.3 | 76.8 | 1.0 | 1.03 |  |  | 115 | 66 | 629 | 2677 | 163 | 452 | 829 | 793 | 10.4 | 31.0 | 905 | 1410 | 2315 |
| JUNE ．．． | 96 | ＋ $3 \cdot 7$ | $130 \cdot 3$ | $77 \cdot 0$ | 1.0 | 1.03 |  |  | 123 | 58 | 637 | 2794 | 184 | 465 | 816 | 822 | 10.5 | 29.2 | ＋$\dagger$ | †† | 2357 |
| JULY．．．．． | 102 | $+8.2$ | 132.5 | 75.8 | 1.0 | 1.03 |  |  | 108 | 79 | 651 | 2838 | 262 | 459 | 811 |  |  |  |  |  | 2452 |
| AUG．．．．．．． | 107 | ＋ 8.9 | 1318 | 762 | 1.0 | 1.03 |  |  | 96 | 87 | 668 | 2842 | 250 | 450 | 796 | 873 | $10 \cdot 5$ | 28.6 28.0 | 970 | 1525 | 2495 |
| SEPT．．．． | 109 | ＋ 4.6 | 132.6 | $75 \cdot 7$ | 1.0 | 1.03 |  |  | 128 | 62 | 670 | 2955 | 299 | 509 | 785 | 880 | $1{ }^{1} \cdot 6$ | 26.6 | ＋ | ＋ | 2577 |
| OCT．．．．．．． | 107 | $-1.3$ | 132.6 | $75 \cdot 7$ | 1.0 | 1.03 | －0．9 | $0 \cdot 2$ | 128 | 65 | 686 | 3011 | 254 | 570 | 783 | 926 | $10 \cdot 3$ | 26.0 | 975 | 1559 | 2534 |
| $\begin{aligned} & \text { NOV. ....... } \\ & \text { DEC. ...... } \end{aligned}$ | 109 110 | ＋ 4.3 | $133 \cdot 5$ | $75^{\circ} 2$ | 1.0 | 1.03 |  |  | 139 | 61 | 704 | 3042 | 231 | 623 | 769 | 936 | $10 \cdot 3$ | $25 \cdot 3$ | 975 | 1575 | 2550 |
| DEC．．．．．．． | 110 | ＋ | $132 \cdot 5$ | 75.8 | 1.0 | 1.03 |  |  | 121 | 64 | 740 | 3158 | 163 | 725 | 766 | 933 | 11.0 | $24 \cdot 3$ | 1＋ | † | 2547 |
| JAN． | 112 | $+3.8$ | $135 \cdot 9$ | 73.8 | 1.0 | 1.03 |  |  | 134 | 53 | 744 | 3058 | 152 |  |  |  |  |  |  |  |  |
| FEB．．．．．．． | 107 | $-39$ | $135 \cdot 1$ | $74 \cdot 5$ | 1.0 | 1.03 |  |  | 122 | 68 | 750 | 2925 | 108 | 618 | 785 | 942 | $10 \cdot 2$ | $25 \cdot 2$ 26.8 | 945 | 1613 | 2518 |
| MAR．．．．．．． | 105 | $-2.3$ | 135.6 | 74.0 | 1.0 | 1.03 |  |  | 118 | 73 | 754 | 2913 | 159 | 451 | 797 | 983 | $11 \cdot 3$ | $27 \cdot 3$ | ＋ | ＋1 | 2621 |
| APL．．．．．． | 106 | ＋ 0.9 | 135.8 | 73.9 | 1.0 | 1.03 | $0 \cdot 7$ |  | 128 | 60 | 767 | 2919 | 249 | 428 | 782 | 980 | 10.4 | 26．8 | 920 | 1757 | 2677 |
| MAY ．．．．．． | 107 111 | +1.6 +5.2 | 135．4 | 74.1 | 1.0 | 1.03 |  |  | 127 | 63 | 780 | 2966 | 288 | 450 | 771 | 981 | 10.4 | 26.0 | 975 | 1805 | 2780 |
| JUNE ．．．． | 111 | $+5.2$ | 134.9 | 74.5 | 1.0 | 1.03 |  |  | 133 | 59 | 793 | 3091 | 276 | 520 | 760 | 990 | 10.9 | $24^{6}$ | † | ＋ | 2638 |
| JULY．．．．．． | 109 | $-10$ | 135.4 | 74.2 | 1.0 | 1.03 |  |  | 121 | 57 | 813 | 3091 |  |  |  |  |  |  |  |  |  |
| AUG．．．．．．． | 111 | $+40$ | $135 \cdot 2$ | 74.4 | 1.0 | 1.03 |  |  | 126 | 66 | 834 | 3130 | 267 | 608 | 745 | 1013 | 10.5 10.6 | 24.5 23.8 | 975 | 1668 | 2643 |
| SEPT．．．． | 115 | +3.0 +3.0 | $135 \cdot 5$ | $74 \cdot 1$ | 1.0 | 1.03 | －3．2 |  | 138 | 56 | 831 | 3180 | ． 259 | 664 | 736 | 1028 | 10.4 | 23.2 | ＋ | ＋1 | 2693 |
| NOV． | 120 | +5.2 +6.2 | 135．2 | $74 \cdot 3$ | 1.0 | 1.03 | －32 | － | 135 | 60 | 846 | 3243 | 254 | 712 | 735 | 1039 | 10.2 | $22 \cdot 7$ | 1000 | 1730 | 2730 |
| DEC．．．．．．． | 126 | +6.2 -0.1 | $135 \cdot 4$ | $74 \cdot 1$ | 10 | 1.03 |  |  | 143 | 56 | 863 | 3289 | 226 | 769. | 725 | 1048 | $10 \cdot 6$ | 22.0 | 1040 | 1705 | 2745 |
| 1943 | 126 |  | 137.4 | $74 \cdot 5$ | 1.0 | 1.03 |  |  | 147 | 55 | 908 | 3438 | 186 | 859 | 733 | 1049 | $10 \cdot 7$ | 21.3 | ＋+ | ＋+ | 2833 |
| JAN．．．．．．． | 131 | $+46$ | $137 \cdot 0$ | $73 \cdot 3$ | 1.1 | 1.03 |  |  | 146 | 76 | 914 |  |  |  |  |  |  |  |  |  |  |

[^1]For Note on Exchanges see January， 1942 issue，p．5，last paragraph．

## STOCKS \＆SHARES－

NEW CAPITAL ISSUES－
BANK OF ENGLAND－
PRINCIPAL BANKS－
TREASURY BILLS－
MONEY－

Index Nos，of Prices and Yield as percentage of 1924 level；on 15th of month．
Sensitive Index－Geometric Mean of monthly percentage changes．
Issues during month in Gt．Britain（a），for U．K，（b），for Abroad，excluding Government loans，ete．－As published
Deposits
Deposits．11th－17th of month．
Bank Notes and Currency Notes in clrculation 11th－17th of month．Issues amalgamated，Norember 22 nd， 1928. Current Deposit and other accounts．＂etc．Before September，1939，averages for the month of 9 clearing banks （1．e．－excluding the National Bank，Ltd．，and the District Bank），afterwards，data for last making up day of the month．
ID to June，1940，11th－17th of month，thereafter end of month
Issued by tender．Total of Bills issued by tender during 19 weeks preceding date of Exchequer Return．
Otherwise issued．Total of Treasury Bllls in existence less those issued by tender
Day－to．Day Rate and 3 Months＇Rate．Averages for week ending 15th of month．

PRICES AND WAGES.

|  | wholesale. |  |  |  |  |  |  |  |  | Retail. |  |  | WAGES. |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Price of Gold. <br> E. Der fine oz , | Bar Silver (Cash). <br> a, per oz. |  | Trade I <br> Food. <br> \% | ex Nos. <br> Materials, etc. \% | Statig |  | beck) Index <br> Raw Materials, \% | Nos. <br> Total <br> \% | $\qquad$ | For |  | Index of Average Weekly Wages. |
| 1924 Av... | $93 \cdot 69 \dagger$ | 34.0 | 100 | 100 | 100 | 100 | * | 100 | 100 | 100 * | 100 | * | 100* |
| 1929 Av... | 84.95 $\dagger$ | $24 \cdot 5$ | 82.2 | $87 \cdot 4$ | $79 \cdot 4$ | 84 | - | 81 | 82 | 94 | 94 |  | 994 |
| 1934 Av... 1935 Av... | $13765 \dagger$ $142 \cdot 10 \dagger$ | 21.4 29.0 | $63 \cdot 3$ 640 | 64.8 66.0 | $62 \cdot 4$ 62.7 | $59 \cdot 5$ 59 | - | 58 61.5 | 59 61 | ${ }_{81.5}^{80} 5=$ |  |  | 94 95 |
| 1935 Av... $1936 \mathrm{Av} \ldots$ | $142 \cdot 10 \dagger$ $140 \cdot 299$ | 29.0 20.2 | 67.9 | 69.9 | 66.7 | 62 | - | 65 | 64 | 84 - |  | - | 97 ¢ |
| 1997 Av... | $140.76+$ | $20 \cdot 1$ | 78.2 | 77.8 | 78.0 | 71.5 | - | 75 | $73 \cdot 5$ | 88.5 - | 82 | - | 100. |
| 1988 Av... | 142.49 | $19 \cdot 5$ | $72 \cdot 9$ | $74 \cdot 1$ | $72 \cdot 1$ 73 | 65 | - | 66 72 | ${ }_{69}^{65}$ | 89 - |  | - | ${ }_{106}^{104}$ |
| 1939 Av... | $154 \cdot 99$ 168.005 | 20.5 22.2 | $74 \cdot 1$ 98.4 | 74.4 101.4 | 73.6 96 | 86 | - | 96.5 | 93 | 106 - |  |  | 117 |
| 1941 Av... | 16800 § | 23.4 | 1097 | 111.1 | 108.4 | 96.5 |  | 106 | $102 \cdot 5$ | 113.5 | 98.5 |  | $127 \frac{1}{2}$ |
| 1939 AUG..... | 148.56 | 17.1 | $70 \cdot 6$ | 68.8 | $71 \cdot 1$ | 59.5 | $59 \cdot 5$ | 68.5 | 65 | 88.589 |  | 81*5 | 105\% |
| SEPT. ... | 168.00 § | 21.45 | $75 \cdot 9$ | 77.0 | 74.9 | 68.5 | $69 \cdot 5$ | 73.5 | 72 | $94.593 \cdot 5$ |  |  | 106 |
| OCT. ...... | 168.00 S | $22 \cdot 9$ | 79.7 | 83.2 | $77 \cdot 5$ | 73.5 | 76 | 77.5 | 76 | 96.5975 | 90.5 | $87 \cdot 5$ | 106 |
| NOV. | 168.00 | 23.4 | $85 \cdot 3$ 87.9 | 86.5 89.9 | $84 \cdot 1$ 86 | 76 | 27 | $83 \cdot 5$ 91 | 81 86 | 99 96.5  <br> 99 97  <br> 1.5   | ${ }_{92}^{92}$ | $\begin{aligned} & 88 \cdot 5 \\ & 89 \cdot 5 \end{aligned}$ | 1074 1094 |
| DEC. | 168.00 s | 23.4 | $87 \cdot 9$ | $89 \cdot 9$ | 86.5 |  |  |  |  | 99.597 .5 |  |  | 1094 |
| JAN. | 168.00 § | 22.0 | $90 \cdot 3$ | 93.5 | 88.1 | 84 | 84 | 92.5 | 89.5 | 101100 | 94.5 |  | $110 \frac{1}{2}$ |
| FEB. | 168.005 168.005 | 21.0 20.6 | $92 \cdot 4$ $93 \cdot 1$ | 96.2 95.4 | 90.0 91.4 | $82 \cdot 5$ 82.5 | 82 88 | $93 \cdot 5$ 92.5 |  | $102 \cdot 5101.5$ 101.5109 |  | ${ }_{95}^{93} 5$ | 1114 |
| MAR. | $168 \cdot 00$ 168.005 | 20.6 20.7 | 93.1 | 95.4 956 | 91.4 94.2 | $82 \cdot 5$ 82.5 | $\begin{aligned} & 82 \\ & 81 \end{aligned}$ | ${ }_{96}^{92 \cdot 5}$ | 89 91 | 101.5103 $103 \quad 105$ | ${ }_{93} 93$ | ${ }_{96.6}^{95}$ | 115 |
| ${ }_{\text {APRIL }}$ | $168.00{ }^{\text {1 }}$ | 21.7 | 96.1 | 97.5 | 94.9 | 83 | 81.5 | 98 | 92 | $103 \cdot 5106$ |  |  | 115 |
| JUNE | $168.00{ }^{\circ}$ | 23.3 | 96.6 | 99.1 | \$4.9 | 87 | $87 \cdot 5$ | 97.5 | $93 \cdot 5$ | $107 \quad 108 \cdot 5$ | 98.5 | $100 \cdot 5$ | 116 |
| JULY | 168.00 § | 21.7 | $100 \cdot 4$ | $102 \cdot 3$ | 99.0 | $83 \cdot 5$ | 83.5 | 99 | 93 | 105.5107 | 96.5 |  | 119 |
| AUG....... | 168.00 S | $23 \cdot 3$ | $100 \cdot 7$ | $103 \cdot 1$ | 99.0 | 89 | 89.5 | 98 | 94.5 | $10710 \% \cdot 5$ | 97.5 | 98.6 | 1194 |
| SEPT. .... | 168.005 | 23.4 | $101 \cdot 4$ | 106.2 | 98.5 | 89.5 | 90.5 | 98 | $94 \cdot 5$ | $\begin{array}{lll}108 & 107.5\end{array}$ | 99 | 98 | $119 \frac{1}{2}$ |
| OCT. ..... | $168 \cdot 005$ 168.005 | $23 \cdot 4$ | $102 \cdot 6$ 1056 | 108.9 108.9 | $99 \cdot 0$ $103 \cdot 4$ | 90 90 | ${ }_{91} 915$ | ${ }_{98}^{98} 5$ | ${ }_{95}^{95}$ | 109.5 107.5 | ${ }_{101}^{101}$ | 98 98 | 120 |
| DEC. | 168.00 § | 22.5 | $106 \cdot 8$ | 109.9 | 1047 | 92 | 92 | $99 \cdot 5$ | 97 | 112110 | 101 | 98 | 121 |
| JAN. | 168.00 § | $23 \cdot 3$ | 107.5 | $110 \cdot 1$ | 105.6 | 92 | 91.5 | 100 | 97 | 112.5111 .5 | 100 | $98 \cdot 5$ | 123 |
| FEB. ...... | 168.00 S | $23 \cdot 3$ | 107.8 | 109.8 | 108.4 |  | 91 | 101.5 | 98 | 112.5112 | 99 |  | $125 \frac{1}{2}$ |
| MAR. | 168.005 | $23 \cdot 4$ | 108.4 | 109.6 | 107.2 | $92 \cdot 5$ | 92 | $103 \cdot 5$ | 99.5 | $11311 / 45$ |  | 102. 5 | 1251 |
| APRIL | 168.00 ¢ | $23 \cdot 5$ | 108.5 | 109.5 | $107 \cdot 3$ | 95 | 93.5 | $105 \cdot 5$ | $101 \cdot 5$ | 114.5117 | $100 \cdot 5$ | 104 | 126 |
| MAY... | 168.005 | $23 \cdot 6$ | 1088 | 109.9 | 107.6 | ${ }_{96}^{96}$ | 94.5 | 107.5 | 103 | 114.5117 | 100 | 108.5 | 126 |
| JUNE. | 168.00 § | $23 \cdot 4$ | 109.6 | $110 \cdot 4$ | $108 \cdot 6$ | 96.5 |  | 108.5 | 104 | $113.5115^{\circ} 5$ |  |  | 1274 |
| JULY ... | 168.005 | $23 \cdot 3$ | $110 \cdot 1$ | 111.3 | 108.9 | 97.5 | 97 | 109 | $104 \cdot 5$ |  | 98 | 100 | 128 |
| AUG...... | 168.00 168.005 | $23 \cdot 4$ $23 \cdot 5$ | 110.1 110.9 | $110 \cdot 9$ 111.9 | $109 \cdot 1$ 109.8 | ${ }_{98} 98$ | 99 99 | 108 108 | $104 \cdot 5$ 104 | 113.5114 .5 113.511 .3 | 97 97 | 99 96 | $128{ }^{1}$ |
| OCT. ...... | $168 \cdot 00$ § | 23.5 | $111 \cdot 2$ | 112.4 | $110 \cdot 0$ | 99 | 101 | 106 | 103.5 | 114.5112 | 97 | 94 | 1284 |
| NOV....... | 168.00 S | 23.5 | 111.6 | 113.2 | 110.2 | $100 \cdot 5$ | 101.5 | 107 | $104 \cdot 5$ | $115 \quad 112$ | 97 | 93.5 | 129 |
| DEC...... | 168.00 S | 23.5 | $112 \cdot 1$ | 114.7 | $110 \cdot 3$ | 102 | 102 | 107.5 | 105.5 | $114.5112 \cdot 5$ | 96 | 93 | 1321 |
| JAN. | 168.00 S | 23.5 | 112.4 | $115 \cdot 4$ | $110 \cdot 3$ | 104.5 | 104 | 108 | 107 | 114.5118 | 96 | 94 | 132 |
| FEB. | 168.008 | 23.5 | $113 \cdot 9$ | 119.4 | 110.7 | 113 | 118 | 108 | 110.5 | 114.5118 .5 | 95 |  | 133 |
| MAR. | 168.00 | 23.5 | 114.2 | $120 \cdot 1$ | $110 \cdot 6$ | 113 | 112. 5 | 108.5 | $110 \cdot 5$ | 113.5115 | 94 | 96.5 | 133: |
| MAY. | $168.00{ }^{\text {a }}$ | 23.5 | $115 \cdot 6$ | 123.7 | 110.9 | 114.5 | 119 | 111 | 112.5 | 113.5 116.5 | 945 | ${ }_{97} 97$ | 134 |
| .JUNE... | 168.008 | 23.5 | 114.9 | $122 \cdot 1$ | $110 \cdot 8$ | 114 | 114\% | 109 | 111 | 114.5 116 |  | 96 | $137 \frac{1}{2}$ |
| JULY ... | 168.00 S | 23.5 | 1159 | $120 \cdot 7$ | 111.8 | 104.5 | 104:5 | $109 \cdot 5$ | 108 | $115 \quad 116$ | 94 | 95.5 | 138 |
| AUG...... | 168.00 | $23 \cdot 5$ | $114 \cdot 3$ | 117.9 | 111.9 | $104 \cdot 5$ |  | 109 | $107 \cdot 5$ | 114.5115 |  | 96 | 138 |
| OCT. ...... | 168.00 | 23.5 | 1151 | 118.5 | 112.7 | ${ }_{105}^{104}$ | ${ }_{106} 106$ | 1109 | $107 \cdot 5$ | 114.5 1118.5 | ${ }_{95}^{95}$ | 94 | 138 |
| NOV:...... | 168.00 | 23.5 | 115.7 | $120 \cdot 3$ | 112.9 | 105 | 106.5 | 111 | 109 | 114.5 $1111^{\cdot 6}$ |  |  | 138 |
| DEC. | 168.00 | 23.5 | $116 \cdot 1$ | 121.0 | 113.0 |  |  | 112 | 109.5 | $113.5 \quad 111.5$ | 96.5 | $93 \cdot 5$ | 1384 |
| JAN. ..... | 168.003 | 23.5 |  |  |  |  |  |  |  |  |  |  | 1392 $\ddagger$ |

PRICE OF GOLD-
PRICE OF SILVER-
BOARD OF TRADE INDEX
BOARD OF TRADE INDEX-Geort Man Whesie Pice (ayes
September, 1939, average (London) price per fine oz. for week ending 15th of month.-ECONOMIST
Average (cash) price of bar silver for wẹek ending 15th of month.-ECONOMIST.
Geometrio Mean of Wholesale Prices (averages for month) of 200 commodities as percentage of 1024 average aver
STATIST (SAUERBECK)
DICES-for 1924, wholesale
COST OF LIVING INDEX-Ministry of Labour's Index showing movement since 1924 in cost of maintaining unchanged the standard of month Drevalent in working-class households beforo Aug. 1014. For 1 st of month, but placed against previous As above, for food only As above, for food only.
For description see Special Memo, No, 28

INTERNAL ACTIVITY．

|  | RETAIL SALES． |  |  |  | UNEMPLOYMENT EXCHANGES．NUMBERS ON REGISTER．GREAT BRITAIN． |  |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | \＆若\％\％\％ | $\begin{aligned} & \text { すi } \\ & \text { ¢ } \\ & \text { \% } \\ & \hline \end{aligned}$ |  | Wholly Unemployed． 000 ＇s． |  |  |  | Temporarily Stopped．000＇s． |  |  |  | Unem． ployed Casuel ers． $000^{\prime} \mathrm{s}$ ． | Total． <br> 000 ＇s． |  |
|  |  |  |  |  | $\begin{gathered} \text { Men } \\ 18 \text { and } \\ \text { over } \end{gathered}$ | $\begin{gathered} \text { Boys } \\ 14-17 \end{gathered}$ | $\begin{gathered} \text { Women } \\ 18 \text { and } \\ \text { over } \end{gathered}$ | $\begin{gathered} \text { Girls } \\ 14-17 \end{gathered}$ | $\begin{gathered} \text { Men } \\ 18 \text { and } \end{gathered}$ over | $\begin{gathered} \text { Boys } \\ 14-17 \end{gathered}$ | $\begin{gathered} \text { Women } \\ 18 \text { and } \\ \text { over } \end{gathered}$ | $\begin{gathered} \text { Girls } \\ 14-17 \end{gathered}$ |  |  |  |
| AUG9 | 83 | 103 | 94 | 144 | 730 |  |  |  |  |  |  |  |  |  |  |
| SEPT． | 103 | 114 | 109 | 139 | 661 | 42 | 108 | 58 | 116 | 3 | 102 | 7 | 52 52 |  | 1321 |
| OCT． | 106 | 113 | 109 | 142 | 759 | 42 | 358 | 63 | 84 | 2 | 57 | 3 | 63 |  | 1431 |
| NOV． | 98 | 108 | 103 | 146 | 767 | 39 | 350 | 57 | 79 | 1 | 53 | 3 | 54 |  | 1403 |
| $\begin{gathered} \text { DEC... } \\ 1940 \end{gathered}$ | 146 | 125 | 136 | 194 | 764 | 34 | 325 |  | 89 | 2 | 50 | 3 | 48 |  | 1362 |
| JAN ．．． | 100 | 104 | 102 | 137 | 805 | 38 | 320 | 56 | 185 | 3 | 58 | 3 | 50 |  | 1519 |
| FEB | 83 | 107 | 95 | 133 | 759 | 33 | 299 | 50 | 254 | 6 | 53 | 3 | 48 |  | 1504 |
| MAR． | 100 | 115 | 108 | 138 | 628 | 24 | 273 | 40 | 69 | 2 | 37 | 2 | 46 |  | 1121 |
| APRIL | 106 | 114 | 111 | 146 | 539 | 22 | 243 | 36 | 55 | 1 | 33 | 2 | 42 |  | 973 |
| MAY．．． | 113 | 118 | 115 | 178 | 469 | 16 | 218 | 28 | 56 | 1 | 43 | 2 | 47 |  | 881 |
| JUNE | 99 | 110 | 105 | 168 | 382 | 14 | 226 | 26 | 39 | 1 | 40 | 2 | 37 |  | 767 |
| JULY | 106 | 118 | 113 | 180 | $\frac{344}{336}$ | 18 | 248 | 34 | 77 | 3 | 69 | 4 | 37 |  | $\frac{835}{8 Z / *}$ |
| AƯG． | 101 | 108 | 104 | 167 | 304 | 27 | 235 | 47 | 75 | 3 | 72 | 4 | 32 |  | 799 |
| SEPT | 110 | 101 | 103 | 168 | 318 | 25 | 227 | 43 | 98 | 3 | 79 | 5 | 31 |  | 830 |
| OCT． | 128 | 107 | 117 | 175 | 309 | 26 | 257 | 44 | 93 | 3 | 72 | 4 | 28 |  | 835 |
| NOV．．． | 99 137 | 107 126 | 104 132 | 177 240 | 286 248 | 22 17 | 255 244 | 40 33 | 94 82 | 3 | 63 54 | 4 | 25 22 |  | 791 705 |
| DEC．．． | 137 | 126 | 132 | 240 | 248 | 17 | 244 | 33 | 82 | 2 |  | 3 |  |  | 705 |
| JAN．．． | 91 | 110 | 102 | 175 | 237 | 22 | 222 | 40 | 90 | 2 | 57 | 3 | 22 |  | 696 |
| FEB．． | 84 | 111 | 98 | 172 | 200 | 17 | 197 | 34 | 68 | 2 | 43 | 2 | 18 |  | 581 |
| MAR． | 98 | 113 | 106 | 174 | 160 | 13 | 165 | 26 | 41 | 1 | 32 | 2 | 18 |  | 458 |
| APR | 1109 | 1116 | 112 | 175 | 140 | 17 | 133 | 28 | 41 | 1 | 32 | 2 | 16 |  | 411 |
| MAY．．． | 110 | 113 | 111 | 177 | 128 | 14 | 122 | 26 | 27 |  | 36 | 2 | 13 |  | 369 |
| JUNE | 106 | 106 | 106 | 180 | 110 | 11 | 102 | 20. | 18 |  | 28 | 1 | 11 |  | 302 |
| JULY | 89 | 110 | 101 | 183 | 102 | 12 | 89 | 17 | 20 | 1 | 24 | 1 | 12 |  | 273 |
| AUG．．． | 90 | 106 | 98 | 183 |  | 17 | 82 | 21 | 15 | － | 21 | 1 | 13 |  | 270 |
| SEPT． | 101 98 | 99 107 | 99 | 183 | $88$ | 12 | 79 | 18 |  | － | 15 | 1 | 10 |  |  |
| OCT． | 98 97 | 107 107 | 103 102 | 189 190 | 86 86 | 11 | 73 64 | 16 | 7 | － | 13 | 1 | 10 |  | 216 |
| DEC．．． | 126 | 123 | 126 | 190 | 86 84 | 9 8 | 64 62 | 11 | 6 | － |  | 1 | 11 |  | 199 |
| 1942 |  |  |  |  |  | 8 |  | 11 | 4 | － |  |  |  | ． | 188 |
| JAN． | 102 | 108 | 106 | 183 | 88 | 12 | 56 | 15 | 7 | － |  | － | 9 | $165 \ddagger$ | 195 |
| FEB． | 94 | 113 | 103 | 179 | 89 | 10 | 51 | 12 | 10 | － | 6 | － | 9 | 160 | 188 |
| MAR | 104 | 118 | 112 | 183 | $63 \dagger$ 58 | 10 9 | $44^{49}{ }^{+}$ | 12 | 10 | 二 | 6 | － | 9 | 160 135 | $\overline{163}$ |
| APR | 110 | 117 | 113 | 185 | 5 | 14 | 35 | 13 | 4 | 二 | $\frac{4}{3}$ | － | 4 | 135 | 163 |
| MAY．．． | 98 | 119 | 109 | 187 | 55 | 10 | 33 | 10 | 3 | － | 3 |  | 4 | 118 | 145 |
| JUNE | 106 | 111 | 108 | 187 | 54 |  | 29 | 8 | 2 |  | 2 |  | 3 | 106 | 132 |
|  | 89 86 | 117 | $\begin{array}{r}104 \\ 98 \\ \hline\end{array}$ | 190 | 56 | 10 | 27 | 12 | 2 |  | 1 | － | 2 | 107 | 132 |
| AUGPT． | 86 100 | 110 | 98 101 | 189 189 | 56 52 | 16 | 24 24 | 12 | 2 | ＝ | 2 | － | 3 | 114 | 138 |
| OCT．． | 112 | 113 | 112 | 198 | 51 | 10 | 25 | 10 | 2 | － | 1 | － | 3 | 101 | 125 |
| NOV． | 99 | 113 | 106 | 197 | 51 | 8 | 23 | 8 | 1 |  | 1 |  | 3 | 95 | 119 |
| DEC． | 123 | 122 | 123 |  | 46 | 7 | 22 | 6 | 1 |  | 1 |  | 3 | 87 | 110 |
| ＊Upper figure and those for previous dates include men in attendance at Government Training Centres，who are excluded from the lower and subsequent figures．$\ddagger$ Computed from Ministry of Labour Gazette，Februars．Increased postal rates May 1st， <br> $\dagger$ Col．B and upper figure for February，and those for previous dates include those classified by interviewing panels as＂unsuitable for ordinary（or normal full time）industrial employment ；＂Col．A and lower line and subsequent figures exclude these． |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

RETAIL SALES

POST OFFICE RECEIPTS－
UNEMPLOYMENT－
Index of value of sales in Departmental Stores，Co－operatives，multiple and Independent shops，Each index Is based on average daily sales during the whole of 1937 for the category to which it relates．Index number are derlved from the percentage movements of the dally sales for any month as compared with the corresponalins month of the previous year．For discussion see Board of Trade Journal，Feb．9th，1939．－BANK OF ENGLAND Dally arerages，ex telegtaph，telephone，sarings bent and postal orders．－BOARD OE TRADE JOURNAI．

## RECENT MOVEMENTS IN UNITED STATES.

## Information communicated by Miss DOROTHY WESCOTT, Assistant Editor of the Review of Economic Statistics, Harvard University.

I4th 7 fanuary, 1943. N 1942 the economy of the United States was transformed rapidly from that of a nonbelligerent country to that of a nation at war. War expenditures in the twelve months ending November, 1942 (the first full year of war for the country), amounted to $\$ 45,900 \mathrm{Mn}$., an increase of $\$ 34,600 \mathrm{Mn}$. over expenditures for national defence in the preceding twelve-month period. For the current governmental fiscal year which ends on June 30, 1943, war expenditures are estimated at more than $\$ 74,000 \mathrm{Mn}$., total governmental expenditures at more than $\$ 80,000^{*}$ Mn ., and the federal deficit at more than $860,000 \mathrm{Mn}$.

The Revenue Act of 1942, which became a law last October, is expected to yield $\$ 4,000 \mathrm{Mn}$. of additional revenue in the fiscal year ending June 30, 1943. About three-fourths of this additional revenue will be obtained through individual income taxes. The increase is derived through a lowering of personal exemptions, higher normal tax rates and surtax rates, and a new Victory tax. Personal exemptions have been lowered from $\$_{1,500}$ to $\$ 1,200$ for the head of a family, from $\$ 750$ to $\$ 500$ for a single person and credits for dependents have been reduced from $\$_{400}$ to $\$ 350$. A Victory tax of $5 \%$ will be paid by all recipients of income that exceeds $\$ 624$ per year ; it will be collected at the source of the income; and it is expected to be paid by about 40 million taxpayers, 16 million of whom will not have sufficiently large incomes to be liable for the regular income tax. The law provides for a post-war refund of a portion of the Victory tax, amounting, for married taxpayers, to $40 \%$ of the Victory tax paid, with an additional $2 \%$ for each dependent, and $25 \%$ for single individuals. Instead of waiting for actual post-war refunds, however, taxpayers, when filing in 1944 returns that cover the calendar year 1943, may deduct, if they so desire, purchases of federal government securities, life insurance premiums, and repayments on some debts, in an amount that will equal the refundable portion of the Victory tax already paid. Normal income tax rates on corporate incomes were left unchanged, but surtax rates were increased and rates on excess profits were raised, with some provision made for post-war refunds. The revenue from corporation taxes is expected to produce about one-fifth of the increase in total tax yields.

[^2]Industrial production in the past year exceeded that in 1941 by approximately $15 \%$. Well over $50 \%$ of total industrial output is estimated to have been for war purposes ; and about $80 \%$ of the manufacture of durable goods consisted of products essential for the war effort. Estimates of the Bureau of the Census place the number of persons employed in October, 1942 (the latest month for which data are available), at $2,200,000$ persons above the number employed in October, 1941, with agricultural and non-agricultural employments sharing about equally in the gain. The number of those unemployed last October was reported to be $1,600,000$ persons, compared with $3,900,000$ a year earlier. Nevertheless, shortage of manpower continued to be one factor restricting expansion of important war industries. By the end of 1943 the war programme is expected to require about $9,700,000$ persons more than were in civilian employment and the armed forces, combined, at the middle of 1942. About $4,800,000$ will be added to the armed forces, and the balance will be needed for civilian employment, primarily among the manufacturing and mining industries. An attempt to secure closer governmental control over manpower was announced early in December, when the President, in an executive order, reorganized and broadened the powers of the War Manpower Commission.

By this order, the voluntary enlistment in the armed services of men between the ages of 18 and 38 was terminated, and the Selective Service System was placed under control of the Commission. The order also directed that "the chairman [of the Commission] shall take all lawful and appropriate steps to assure that (a) all hiring, re-hiring, solicitation and recruitment of workers in or for work, in any establishment, plant, facility, occupation, or area designated by the chairman . . . . shall be conducted solely through the United States Employment Service or in accordance with such arrangements as the chairman may approve ; and (b) no employer shall retain in his employ any worker whose services are more urgently needed in any establishment, plant, facility, or occupation or area designated ," as more essential by the chairman.

Shortages of important raw materials also have restricted the output of war goods. In the final quarter of 1942 the Controlled Materials Plan was initiated, to systematize the production

United States]
FINANCE, PRICES.


of goods manufactured from scarce materials. Under this plan, which will go into operation in the second quarter of 1943, the number of units of goods to be produced, for civilian purposes as well as war needs, will be based upon the supply of raw materials actually available; the Production Requirements Plan that had been inaugurated earlier did not take into account the quantities of raw material available when priorities were issued. Control over only three commodities-steel, copper, and aluminium-is to be undertaken at first, but other commodities will gradually be included.

The impact of war demands on the supply of goods currently available for civilian use has not as yet been severely felt except in a few lines. The formal rationing of only a small number of commodities-such as fuel oil, gasoline, rubber tyres, sugar, and coffee-has occurred thus far ; but the inclusion of a larger number of civilian goods, under the "point" system of rationing, has been announced for the early part of 1943 .

The value of inventories of manufacturers, wholesalers, and retailers in the third quarter of 1942 is reported to have declined by $\$ 275 \mathrm{Mn}$., in contrast to an increase of $\$_{1}, 600 \mathrm{Mn}$. during the third quarter of 1941. Stocks of wholesalers and retailers are being reduced, largely through the sale of durable goods that are now irreplaceable.

The cost of living advanced $8 \%$ between the end of 194I and late 1942 (November) with food and clothing costs showing the largest increases. The total value of retail sales last year averaged somewhat above sales in 1941, but as 1942 prices were above those of the earlier year, the volume of goods purchased at retail appears to have declined. Total income payments in the ten months January-October, 1942, amounted to $\$ 90,800 \mathrm{Mn}$., a figure $\$ 16,200 \mathrm{Mn}$., or $22 \%$, above payments in the corresponding ten months a year earlier.

BUSINESS VOLUMES.- Output of durable-goods manufactures increased rapidly in 1942 ; the Federal Reserve Board adjusted index for this group was 275 (\% of 1935-39) in November, compared with 209 in November, 1941. The indexes for non-durable manufactures and minerals output, on the other hand, showed only small monthly changes throughout the year ; and in November the index for each group was at practically the same level as in the final quarter of 1941, A recent compilation by the Board of Governors of the Federal Reserve System and the U.S. Department of Commerce affords a comparison of the various industries' output for war and civilian uses in I941 and 1942.

Only $10 \%$ of iron and steel production in 1942 is estimated as available for non-war purposes, whereas in 1941 civilians obtained about twothirds of a somewhat smaller output. Machinery production was some $40 \%$ greater in 1942 than in 1941. War requirements have taken $70 \%$ of this increased output, compared with $43 \%$ of the smaller production a year earlier. The only activity for supplying civilian requirements which is carried on by the automobile industry is the manufacture of a small volume of replacement parts.

Among the non-durable goods industries, the output of textiles, manufactured food products, tobacco products, and chemicals is estimated to have been greater in 1942 than in 1941; while industries in which production declined include leather and products, paper and paper products, printing and publishing, petroleum and coal products, and rubber products. Manufactured food products is the only one of the non-durable goods industries which showed an increase last year over 194I in output for both civilian needs and war demands. The war portion of the output of the other non-durable goods industries was considerably greater than in 1941, while the civilian portion dropped sharply.
The index of factory employment compiled by the Bureau of Labor Statistics reached the new high figure of 154.8 (\% of 1939) in October, a figure $11 \%$ higher than the index for October, 1941. The index of factory payrolls showed an advance of $40 \%$, to 261.0 ( $\%$ of 1939). The greater increase of the payrolls index reflects a rise in the number of working hours per week, overtime premiums, and the expansion of activity in war industries where higher wage rates prevail. Average earnings per hour-which include overtime premiums, shift differentials, incentive bonuses, etc.-amounted in October to 98.8 cents for workers in durable goods industries, to 75.7 cents for those engaged in the manufacture of non-durable goods, and to 88.6 cents for wage earners in all manufacturing industries combined. The average number of hours worked per week was 43.6 for manufacture as a whole ; and weekly earnings averaged $\$ 38.86$, a gain of $25 \%$ in a year.

The seasonally corrected index of cash income from farm marketings has risen sharply, although irregularly, throughout the year. In October, the index, at 212.5 (\% of 1935-39) was $40 \%$ above the figure for October, I94I. For the entire ten-month period ending in October, cash farm income totalled $\mathrm{S}_{12,100} \mathrm{Mn}$., compared with $\$ 8,900 \mathrm{Mn}$. in the corresponding period of 194 I ; the increase was shared by all commodity groups.

The value of construction contracts awarded in the eleven-month period, January-November, 1942, was $35 \%$ above that for the corresponding period in 1941. All classes of construction except residential building showed increases over the preceding year ; the decline in residential awards amounted to $10 \%$. Since the middle of 1942, about $90 \%$ of total awards each month has represented publicly financed construction.

COMMODITY PRICES.- Following the passage on October 2 of the Act to amend the Emergency Price Control Act of 1942, the Office of Price Administration issued a number of supplemental regulations affecting commodities and services. For various foods which previously had been uncontrolled, maximum price levels were established early in October ; and a nationwide ceiling was placed on residential rents.

During October and November, wholesale commodity prices in general showed narrow changes from week to week, although the general direction was upward. Between October 3 and December 5 the " all commodities" index of the Bureau of Labor Statistics rose from 99.7 to 100.I (\% of 1926). This slight increase reflected advances in the prices of some farm products, the upward adjustments of price ceilings for
certain commodities, and higher federal excise taxes on such products as tobacco and alcohol. In the last three weeks of December, relatively sharp advances occurred in the " all commodities" index, primarily because of increases in prices for farm products. During this period the index for farm products rose $4.2 \%$; that for foods, $1.3 \%$; while the index for industrial commodities showed practically no change. As the year closed, wholesale prices of farm products were the highest in 22 years ; prices of foods had risen to the highest level since the autumn of 1928 ; and industrial commodities were above those at any time since early 1927.

The index of the cost of living at midNovember was II9.8 (\% of 1935-39), compared with IIO.2 in November, 1941. Since the middle of May, 1942, when the General Maximum Price Regulation became effective, food costs have advanced about $7.8 \%$; and the costs of all other goods and services, about $0.6 \%$. Estimates indicate that commodities and services representing about $12 \%$ of the family budget remain uncontrolled. These uncontrolled items include personal and professional services, and, among foods, some fresh fruits, vegetables, and fresh fish.

## SOUTH AFRICA.

By Miss S. van der Horst.

17th November, 1942.

EARLY in October the Prime Minister announced that the shipping difficulty had led to the formation of a National Council of Supplies, of which he was to be Chairman and Mr. F. C. Sturrock, Minister of Railways, Deputy-Chairman. Dr. H. J. van der Bijl, until now Director-General of War Supplies, is a member of the Council and its chief executive officer : Director-General of Supplies-an office which includes his previous functions and thus co-ordinates war and civilian demand.

Most of the commodity controllers fall under this organisation, but the controllers of prices, petrol, building and industrial manpower continue to function independently, although in collaboration with the Director-General of Supplies.

The objectives announced are: to limit imports to those essential for civilian life ; to maintain public health; to avoid unnecessary unemployment or the collapse of well-established industrial or commercial concerns; to distribute
equitably the available supplies (but as long as possible without individual rationing involving the use of ration cards) ; to arrange for the internal manufacture of essential commodities which cannot be imported.

The Director-General of Supplies has power to instruct any person or company to undertake the manufacture of any commodities, military or civil, which cannot be imported and to indemnify them against loss. He also has power to purchase or to import bulk supplies and arrange for their distribution.

Rationing presents peculiar difficulties in South Africa. In view of the ideals inspiring the United Nations, it would be difficult to exclude sections of the population from the right to ration cards, but if the available supplies, particularly of manufactured goods, were equally divided among the whole population, the share of each individual would be quite inadequate, even although lack of purchasing power might prevent many from presenting ration cards. In addition, the probabilities of a black market
arising are enhanced where many holders of ration cards have not the means to buy the goods they represent. The rationing devices adopted by wholesalers and retailers (see June report) are, therefore, not for the present to give way to ration cards.

The creation of this administrative framework of control is a somewhat belated attempt to put production for civilian use on a war footing. Even allowing for the difficulties arising from political opposition to the Union's part in the war, mobilisation of resources is far from complete. For one thing, gold production is to be maintained as far as possible. Rumours early in August that gold mining was to be curtailed on account of shortage of native labour, were promptly denied by the Chamber of Mines and by two Cabinet Ministers. In spite of the release of real resources which would result, the closing of the gold mines would create serious immediate social and financial problems. Moreover, mines now closed down might never be re-opened. The gold-mining industry at present employs some 350,000 natives and 44,000 Europeans, a labour force exceeding in numbers that of all manufacturing industry. If mines were closed down for reasons other than a shortage of native labour, it is doubtful whether the non-European manpower released could be fully utilised without arousing serious opposition from white labour. The pre-war stratification of the labour market into European and nonEuropean spheres remains, and prevents the training and use of native labour for skilled and much semi-skilled work in all industries. NonEuropeans are not enlisted into the forces in combatant capacities, but only into transport and labour corps. So that if the gold mines were compulsorily closed or seriously curtailed, in addition to sacrificing tax revenue, the Government would be faced with the necessity for giving some help to those who could not find employment elsewhere, nor support themselves in the native areas, from which much of the mine labour comes. The financial difficulty should not be insuperable, but the authorities still hope to avoid the social and economic revolution which would result from the full utilisation of the Union's manpower in the direct war effort.

Long-Term Policy. - The ultimate decline of the gold-mining industry is a recurrent source of anxiety in South Africa. Two recent authoritative estimates predict that the decline will commence within io years. In its third interim report the Industrial and Agricultural Requirements Commission turned from matters of
immediate urgency to long-term economic and social policy. It recommends increased industrialisation to replace the inevitable decline of gold mining, and to absorb those who cannot make a living from farming, and takes a somewhat optimistic view of the prospects. It recommends the beneficiation of base minerals, the processing of agricultural and other products, to offset the country's transport disabilities, and the manufacture of less refined types of goods which will be within the reach of the low income groups. It stresses the need for reducing the present high cost of manufacture and considers that this might be achieved by "rationalisation" and the increased use of native labour along with increased mechanisation. In 1938-39 the ratio of non-Europeans to Europeans in manufacturing industry was 1.6 to 1 , in gold mining it was 8 to I . This recommendation would involve a reversal of the official policy which has sought to make manufacturing industry the preserve of the European.

The Commission also recommends that in future comparative costs should be taken into account in granting protection, that the less efficient industries should not be protected, and that self-sufficiency should not be the aim. There are, however, qualifications. Key industries should be protected, and the products of foreign "sweated labour" should not be allowed to compete with South African manufactures. Somewhat in contrast to the Commission's views on tariff policy is the recent reassurance given by the Minister of Commerce and Industries to the annual convention of the South African Chamber of Industries, that, although in general he agreed with the implied aim of the Atlantic Charter to reduce tariffs and trade barriers, " it could only be put into practice with great caution and vigilance" in South Africaa view that seems likely to prevail.

Control of Prices, Imports and Exports. Price control has been tightened up and extended to goods exported or supplied to ships or convoys. The prices for goods sold in the Union will apply in order to reduce the incentive which has been causing some traders to take advantage of more profitable export markets.

Since June 30 imports have been limited to priority ratings i to 5 -ratings which may be assigned by the imports and exports control to goods, plant and materials for industries regarded as essential. $\cdots$ In cases of commodities under control, certificates of essentiality have first to be obtained from the respective controllers. The list of commodities falling within priorities I- 5 which may be imported for general sale is

small and largely confined to tools. The importation from the United Kingdom by parcel post of goods for resale or manufacture has been prohibited unless special permission is obtained.

In August it was announced that arrangements had been made to pool the requirements of Union industrialists. An Industrial Supply Committee was appointed and the requirements of different factories, after scrutiny by industrial panels, are to be pooled and submitted to the import and export control.

Government Finance.-On the 17th July the Government issued at par a. $3 \%$ local registered stock 1957-64, minimum subscription £100. On ist September a war bonds issue of similar stock was opened to tap the small man's savings. Subscriptions of $£ 5$ and upwards are accepted, and a campaign for the sale of war bonds is taking place. Up to October 3ISt Treasury receipts from these issues were $£_{1} 17.6 \mathrm{Mn}$. and $£ 4.2 \mathrm{Mn}$. respectively.

# RECENT MOVEMENTS IN GERMANY. 

By H. W. Singer.

26th Fanuary, 1943.

THIS survey is based on data coming to hand during the summer and autumn of 1942.*
War Finance.-The following table (un-converted-in Milliard Marks) is derived from German official sources :-

|  | 1938 | 1939 | 1940 | 1941 |  |
| :--- | :---: | :---: | :---: | :---: | :---: |
| Private net ince mes (after tax- |  |  |  |  |  |
| ation and contributions) | 66 | 81 | 95 | 102 |  |
| Private expenditure and invest- |  |  | 67 | 72 | 71 |
| ment $\ldots$ | $\ldots$ | $\ldots$ | $\ldots$ | 59 | 67 |
| Private savings... | $\ldots$ | $\ldots$ | 7 | 14 | 23 |

It will be seen that the increase in private savings has continued, in spite of a reduced rate of increase in net incomes, because private expenditure and investment has ceased to expand further According to the table, private saving in 1941 was at a rate of $£ 2,600 \mathrm{Mn}$. per annum. [Wherever marks have been converted into $£$, to facilitate comparisons and give more immediate meaning to the figures, this has been done at the rate of $£ \mathrm{r}=12$ marks, which is believed to be a reasonable measure of the relative price levels.]

Using the official cost-of-living index, the table would suggest that real consumption between 1940 and 1941 fell by $5 \%$. The real fall is greater because: (I) The official cost-ofliving index, being calculated on a moving-chainbasis tends to give heavy weight to the goods which happen to be plentiful and cheap ; (2) Consumers' choice is even more severely limited by rationing and shortages; (3) The civilian population has increased by several millions through an influx of foreign workers, prisoners of war, repatriated Germans and a high level of births maintained until 194I (see below). In

[^3]1940, the decline in consumption from the 1938 level had already been $16 \%$, so that the combined fall to 1941 is at least $20 \%$. In 1942, on the other hand, it is stated that no further contraction took place, owing to increased imports and to a running down of stocks of grain and textiles; but as the civilian population increased by at least another three millions, real consumption per head must have been further reduced. For 1943, severe reductions in the consumption of new clothing are foreshadowed, the new clothing card implying a further cut by $30-40 \%$ from a level already $50 \%$ below pre-war.

Home-financed Government expenditure was just about the same as private expenditure in 1940 ( 71 milliard marks), but vastly exceeded it in 194I ( 89 milliards). Combined home-financed expenditure (private and Governmental) in 1940 at 143 Md . exceeded the National Income including transfer payments and indirect taxes at
 investment to that extent. For 194I the figures would be : combined home-financed expenditure 160 Md ., national income 146 Md ., home disinvestment about $f_{1} \mathrm{I}, 200 \mathrm{Mn}$. (about the same as 1940 in real terms).

In addition, "available resources" were increased by Government expenditure financed from abroad by requisitioning loans (on clearing accounts) and payments of "qccupation costs." These were 12 Md . in 1940 raising available resources to 155 Md . (of which $46 \%$ went to private expenditure) ; and 16 Md . in 194 I raising available resources to $176 \mathrm{Md} .(40 \%$ private). All these figures are semi-official estimates ; nothing comparable to the British White Papers has been published.

Retail Sales.-Retail turnover in 1941 was $10 \%$ above 1938 (by value). The various types
of shops show the following changes:-Food $+13 \%$, mixed textiles $+8 \%$, women's and girls' wear $+12 \%$, general dealers $+16 \%$, shoes $+5 \%$, glass ware and crockery $+27 \%$, paper $+67 \%$ (due to increase in forms, black-out paper), drugs $+35 \%$, tobacco $+33 \%$ (due to increased tax). Decreases were registered for :-men's and boys' wear $-17 \%$, sports goods $-12 \%$, wireless sets $-33 \%$, carpets and fabrics $-25 \%$.

Labour.-The general labour situation is dominated by the accelerated influx of foreign labour, mainly from the Ukraine; the number of Ukrainian workers alone-exclusive of pris-oners-is said to exceed 700,000 . The influx of all foreign workers during the autumn was claimed to be at the rate of $15,000-20,000$ a day. The "target" for foreign civilians for the end of 1942 had been raised from 3 Mn . to 5 Mn ., and at the above rate this figure may have been reached. Between spring and autumn, 1942, the increase in the number of foreign workers is officially given as 2.5 Mn ., but this probably included prisoners of war newly put to work.

The following are examples of the industrial distribution of two groups of foreign workers. Dutch : unskilled builders $25 \%$, skilled builders $15 \%$, metals $13 \%$, agriculture $9 \%$, railways $5 \%$, women $4 \%$, artisans $2 \%$, dockers $2 \%$, others $24 \%$. French: metals $42 \%$, building $35 \%$, agriculture $1 \mathrm{II} \%$, others $\mathrm{I} 3 \%$.

The employment of women will be facilitated by the steep drop in the birth rate, due to war casualties and the Russian campaign. Birth rate (per thousand) 20.4 (1939), 20.4 (1940), 18.8 (1941), 16.0 (Jan.-March, 1942), 15.5 (April-June, 1942). The last figure is back to the 1916 level (and also no longer above the British level). The rate for July, 1942, shows a further decline to 14.8 (which is distinctly below the most recent British figure). The war deficiency of births (as compared with the expected number at the 1938 rate) is now at the rate of 350,000 per annum, whereas up to the end of 1941 the total accumulated deficit had amounted to no more than 105,000 . The fall in births, though immediately beneficial, is very much contrary to Government policy.

The drain on labour in unessential trades is shown by the fall in employees in the Hotel and Catering trades from $1,400,000$ to 570,000 , many of them "old or untrained." The railway service, on the other hand, now employs $1,125,000$ persons (100,000 of them women), 375,000 more than before the war.

Wages.-Average hourly earnings in March, 1942, were I.8\% above March, 1941, and $8.6 \%$
above September, 1939 ; average weekly earnings were $\mathrm{I} \cdot \mathrm{I} \%$ and $\mathrm{II} \cdot \mathbf{2} \%$ higher. A slight shortening of working hours must have occurred between March, 1941, and March, 1942. Real hourly earnings, adjusted by the cost-of-living index-in March, 1942, were $1 \cdot 2 \%$ lower than in March, 1941, but still $0.7 \%$ higher than in September, 1939 ; real weekly earnings declined by $\mathrm{I} \cdot 8 \%$ during the last year, but were still $3 \cdot \mathrm{I} \%$ above September, 1939. During the year March, 1941 to March, 1942, the range of increase in average hourly earnings was from $3.2 \%$ for skilled women to $I \cdot I \%$ for unskilled men; average weekly earnings ranged from an increase by $1.6 \%$ for skilled men to a decline by $0.9 \%$ for unskilled men. Separation allowances were received by $7.8 \%$ of all workers in March, 1942, as compared with $7 \cdot 1 \%$ in December, 1941, and $5 \cdot 3 \%$ in December, 1940. The rise illustrates the increased transfer of labour. Separation allowances are not included in the wage statistics. The lower payments to industrial labour conscripts (Labour Maidens and National Labour Service) are also excluded.

The general policy is one of freezing all wagerates and permitting increases only as a result of increased output, longer hours, up-grading or change-over to higher paid war industries. Some exceptions have been made, especially in the case of miners, and the Labour Trustees are busy unearthing evasions of the "freezing" decree. A general transformation from time-rate systems to piece-rates is under way. It has been completed in the building and steel industries.

Prices.-The official indexes continue their slow rise. Comparing September, 1942, and September, 1941, wholesale prices are up by $2.3 \%$ (increase ranging from $3 \cdot 5 \%$ for agricultural products to $0.3 \%$ for finished capital goods). The major individual changes are rye* $+9 \%$, wheat ${ }^{\star}+12 \%$, brewing barley $+5 \%$, oats ${ }^{\star}+5 \%$, eating potatoes $+2 \mathrm{I}^{\%} \%$, cows $+9 \%$, pigs $+\mathbf{1 2} \%$, sheep $+5 \%$, sugar $+10 \frac{1}{2} \%$, steel scrap in Eastern Germany $+4 \%$, skins and hides $+4 \%$, leather for driving belts $+5 \%$, potato spirits $+4 \%$, varnish $+7 \%$. Decreases : beer $-11 \%$, milk $-4 \%$, window glass $-11 \%$. The index of building costs increased by $8 \%$.

Cost of living increased by $1.4 \%$ (without rent by $1.8 \%$ ), food $+0.4 \%$, clothing $+7.8 \%$, fuel $-0.4 \%$, miscellaneous I.I $\%$, rent $0.0 \%$. Major individual changes: semolina $-9 \%$, probably reflecting a change in quality, rice $+4 \%$, potatoes $-4.5 \%$ (indicating a better

[^4]crop than last year), vegetables $+9 \%$, beer $-5 \%$, clothing $+10 \%$, underwear $+7 \%$, shoes $+4.5 \%$, household goods $+5 \%$. These official price indexes do not, of course, reflect illegal price increases and the evasion of regulations. Official defence of the indexes reflects doubts felt by the general public.

Wirtschaft und Statistik (an official journal) draws attention to the smaller dispersion of wholesale price changes between 1939 and 1942, as compared with 1914-1917. Then, the percentage price relatives ranged from 142 for non-ferrous metals to 736 for oils and fats ; now, the range is only from 99 (for skins and leather) to 127 for textiles. The only groups to show increases of more than $10 \%$ during three years of war are : textiles 27 , tropical products 18, non-ferrous metals 12. In the cost-of-living, the major increases are for potatoes 26 , vegetables 15 , textiles 35 (women's clothing 77), shoes 18 . The paper then calculates that actual expenditure on food is no greater in 1942 than it was in 1938, and continues: " If
this result seems to be contradicted by the experience of daily life, this is due to attempts on the part of consumers to supplement their nutrition (beyond the basic needs covered by rationed food) by buying unrationed food and luxuries (e.g., restaurant fare) or by buying more expensive qualities than in peace time."

Transport.-The transport situation has been subjected to enormous strain. Some railway figures indicate the strain (comparing 194I with 1938): passenger receipts $+33.7 \%$, goods receipts $+11.9 \%$, personnel expenditure $+20 \%$, wear and tear allowances $+18 \%$. The increased consumption of potatoes (by about $90 \%$ ) has increased the number of trucks required for their transport from 230,000 trucks in 1938-39 carrying 985,000 tons to 630,000 trucks in 1941-42 carrying 3 Mn . tons. The increase in transport is more than proportionate to the increase in consumption because all the extra potatoes required have to come from the surplus areas.

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## UNITED KINGDOM. <br> THE ECONOMIC POSITION.

27th April, 1943.

DURING the first quarter of this year Government expenditure has risen further to a weekly average of over $£_{120} \mathrm{Mn}$., an important factor being apparently the increase in our own lease-lend contributions. For the new financial year the Chancellor has budgetted for a rate of expenditure halfway between this and last year's estimated rate of $£ \mathrm{IOO} \mathrm{Mn}$. a week, i.e., $£$ IIo Mn. This will mean an increase over the actual expenditure of $1942-43$ of $£_{1} 133 \mathrm{Mn}$., despite the new arrangement by which the Canadian Government relieves us of expenditure in Canada and for the Canadian Air Force in this country. On the revenue side new taxes, together with increased yields of existing taxes, are expected to bring in an additional $£ 87 \mathrm{Mn}$., despite the disappearance of Canada's money contribution of $£ 224 \mathrm{Mn}$.

The White Paper computations show an increase in net national income in the course of 1942 of $11.5 \%$ in comparison with one of $15 \%$ in 1941, but naturally a given percentage increase in money income becomes more serious as the possibilities of expanding output become more limited. It may be of interest to compare this growth of income with the increases in the annual average of deposits (of nine clearing banks), and in the annual average note circulation by means of index numbers.

|  |  | 1938 | 1940 | 1941 | 1942 |
| :--- | ---: | ---: | :--- | :--- | :--- |
| Net National Income | $\ldots$ | 100 | $127 \cdot 5$ | 147 | 164 |
| Average Deposits $\ldots$ | 100 | 110 | 130 | $143 \cdot 5$ |  |
| Average Note Circulation | 100 | 118 | 134 | 166 |  |

These figures seem to show that, contrary to what is sometimes believed, money holdings
have fallen in relation to income during the war.
As a result of the increase in Government expenditure and the utilisation of Tax Reserve Certificates, the seasonal contraction of deposits during the first quarter of 1943 has been much less than in previous years.

Wholesale prices have recently moved very slowly, but in 12 months have risen about $2 \%$ on the Board of Trade's reckoning. Retail prices, as measured by the Cost of Living Index, are stabilised, and there has been little recent change in non-luxury goods among commodities not included in that index, apart from the recent Budgetary increases. The value of retail purchases, as measured by the Bank of England index, was in March about $5 \%$ lower than a year before. Nevertheless the wage-rate index has continued to rise and the recent award for engineering brings it to $6 \%$ higher than a year ago. In the fourth year of the last war retail prices had outstripped wage-rates and the situation got out of hand. As a contrast we have that in 1942 retail prices* were $36 \%$ and the Cost of Living Index $27 \%$ higher than in 1938, while in March, 1943, the wage-rate index was $34 \%$ higher than in 1938 . Average earnings have risen much more rapidly, and the total of wages and service payments $\dagger$ is estimated as $90 \%$ higher in 1942 than four years before.

[^5]
## EVENTS OF ECONOMIC IMPORTANCE.



# FINANCE \& BANKING IN THE FIRST QUARTER OF 1943. 

By P. B. Whale.

Government Finance.-The rate of government expenditure increased further to a weekly average of nearly $£_{122} \mathrm{Mn}$. during the first quarter of the year from the previous quarter's average of $£_{\text {III }} \mathrm{Mn}$. As to be expected at this time of year, the rise in revenue receipts was considerably greater, from a weekly average of $£ 46 \mathrm{Mn}$. to one of $£ 82 \mathrm{Mn}$., and the average weekly deficit declined from $£ 65 \mathrm{Mn}$. to $£ 40 \mathrm{Mn}$. But a year earlier the deficit averaged only $£_{63} \mathrm{Mn}$.


For the financial year ending March 31st, the original estimates for revenue and expenditure were exceeded by respectively $£ 193 \mathrm{Mn}$. and $€ 337 \mathrm{Mn}$., and the deficit was $£_{2}, 803 \mathrm{Mn}$.

The excess of ordinary expenditure over revenue for the quarter just ended was $£ 514 \mathrm{Mn}$., the amount actually raised by borrowing $£ 505 \mathrm{Mn}$. government borrowing. first quarter, 1943.

|  | $\begin{gathered} \text { (£Mn.) } \\ \text { Jan. } \\ \text { (30 days) } \end{gathered}$ | $\begin{aligned} & \text { Feb. } \\ & \text { (28days) } \end{aligned}$ | $\begin{aligned} & \text { Mar. } \\ & \text { (32days) } \end{aligned}$ | Total for Quarter |
| :---: | :---: | :---: | :---: | :---: |
| Nat. Savings Certificates | 23.75 | $20 \cdot 75$ | $26 \cdot 15$ | 70.65 |
| 3\% Defence Bonds | $12 \cdot 1$ | $9 \cdot 3$ | 11.4 | $32 \cdot 8$ |
| $3 \%$ Savings Bonds | $45^{\circ} 0$ | $35 \cdot 3$ | $98 \cdot 15$ | $178 \cdot 4$ |
| $2 \frac{1}{2} \%$ Nat. War Bonds | $34 \cdot 15$ | $29 \cdot 9$ | 114.7 | $178 \cdot 75$ |
| Other Debt Total long \& medium | 0.7 | $2 \cdot 2$ | 0.4 | 13.3 |
| term borrowing .. | $115 \cdot 7$ | 97.4 | 250.8 | $463 \cdot 9$ |
| Tax Reserve Certificates | $+23.9$ | $-25.0$ | -25.75 | -26.85 |
| Treasury Deposits ... | +14.0 | $+20.0$ | $-31.3$ | P $+\quad 25$ |
| Treasury Bills ... ... | -42.1 | +19.0 | +28.95 | $+\quad 58$ |
| W.\& M.Adv. Govt. Depts. | $+70 \cdot 1$ | + +1.6 | +52.4 +18.2 | $\begin{array}{r}\text { + } \\ +120.9 \\ \hline\end{array}$ |
| Tötal | $43 \cdot 7$ | + 0.7 | -18.2 | -61.2 |
| short-term borrowing | $+22.2$ | $+13.1$ | $5 \cdot 9$ | $+41.15$ |
| Total borrowing | 137.9 | $110 \cdot 5$ | 256.65 | 505.05 |

It will be seen that long- and medium-term borrowings, apart from "Other Debt" brought in about $£ 460 \mathrm{Mn}$., and if to this then is added the substantial increase of $£ 87 \mathrm{Mn}$. in savings bank deposits, the total of public 'tap' loans or Large and Small Savings) is $£ 547 \mathrm{Mn}$. corresponding figures being $£_{6} 35 \mathrm{Mn}$. for the
previous quarter and $£ 620 \mathrm{Mn}$. for the first quarter of 1942. As a year ago, subscriptions during this last quarter have been augmented by a special savings campaign, and by the repayment of Dominion securities.

Floating Debt.-There was an increase in short-term debt of $£_{4 \mathrm{I}} \mathrm{Mn}$., or a decrease of f. 46 Mn . if the increase in savings bank deposits is taken out. This quarter, however, for the first time, there was a reduction in the outstanding Tax Reserve Certificates, amounting to $£_{27} \mathrm{Mn}$. Thus the floating debt of the money market was only reduced $£ 19 \mathrm{Mn}$., in comparison with a reduction of more than $£ 350 \mathrm{Mn}$. a year earlier. The main changes shown in the table are an increase of $£ 34 \mathrm{Mn}$. in Departmental Ways and Means over and above the increase in Savings Bank deposits and a decrease of $£_{61} \mathrm{Mn}$. in Bank Ways and Means; Treasury Deposits and Treasury Bills show only slight increases of $£_{2} \cdot 5$ and $£_{5} 58 \mathrm{Mn}$. respectively. Separate figures are not available for 'tap' and 'tender' bills at the quarter ends, but the full weekly issue of ' tender ' bills declined $£_{60} \mathrm{Mn}$. during the quarter. Assuming that $£ 61 \mathrm{Mn}$. of this decline was offset by the repayment of Bank Ways and Means used for "window-dressing" at the end of December, the terminal figures should show a decline of $£ 9 \mathrm{Mn}$. in 'tender' bills and an increase of $£ 15 \mathrm{Mn}$. in 'tap' bills. The latter is rather morethan the quarter's increase in note circulation.

Bank of England. - Comparing midDecember with mid-March, there was a further increase in the note circulation of $£_{19} \mathrm{Mn}$. In the same interval security holdings increased £ 36 Mn ., and generally Bankers' Deposits were kept at a higher level than during the previous quarter, apart from the end of December position.

The Clearing Banks.-The following table shows the movement of the deposits of nine clearing banks (omitting the District and National).


The fall of $£ 36 \mathrm{Mn}$. in Net Deposits contrasts with one of $£ 220 \mathrm{Mn}$. in the first quarter of 1942, when the Tax Reserve Certificates first made their effect felt, but is rather greater than the fall in the first quarter of 1941 ( $£ 20 \mathrm{Mn}$.). The Investments and Advances of these banks increased by respectively $£ 10 \mathrm{Mn}$. and $£ 5 \mathrm{Mn}$., so that the whole of the fall and more was concentrated on the liquid assets. Discounts declined $£_{2} 25 \mathrm{Mn}$., and the contribution to the floating debt through call money, discounts and Treasury Deposits declined by $£ 3 \mathrm{I}$ Mn. for the nine banks, or $£ 30 \mathrm{Mn}$. for eleven. (In relating these figures to those of the floating debt above, it must be remembered that the March figures for the banks do not give the position on March 3Ist.) Nevertheless, the liquid asset ratio only declined slightly to $44.5 \%$ : the cash ratio remained unchanged.

Security Prices.-After the marked rise during the six months to January, our index
of industrial security prices shows a further moderate improvement to mid-April. The index for fixed interest securities, on the other hand, has gradually fallen back to the pre-January level.

## RECENT MOVEMENTS.

From mid-March to mid-April the note circulation increased by a further $£ 16 \mathrm{Mn}$. and as from April 14th the fiduciary issue was raised a further $£ 50 \mathrm{Mn}$. to $£ 1,000 \mathrm{Mn}$.

As is usual during the early part of the financial year, revenue receipts have fallen; expenditure on the other hand has continued at the higher rate reached in March, and the weekly deficit during the first half of the month has averaged over $£ 80 \mathrm{Mn}$. The floating debt has accordingly begun to expand again, despite good subscriptions to 'tap' loans; by the end of April, for example, the outstanding amount of tender Treasury bills will have increased by £ 30 Mn :

## PRICES AND WAGES.

By A. L. Bowley.

WHOLESALE PRICES.-The Board of Trade Index has been revised for some articles in recent months. The revisions affect cereals, cotton, other textiles, chemicals and oils, and miscellaneous materials, and consequently, some of the totals ; but except for the first two named, the changes are trifling and the general index is very little affected. For cereals the course of prices from June to October, 1942, is modified and the fall from June to July less considerable. For cotton the index is reduced in the ratio 143.6 to 140.0 from April to December, 1942. Since December, 1942, the price of coal has risen $3 \%$ and that of cotton fallen nearly $3 \%$. The general index has hardly changed, and in March, 1943, was $2 \%$ higher than a year before.

| BOARD OF TRADE TOTAL IND |  |  |
| :---: | :---: | :---: |
| August, 1939 .. |  | 100 |
| December, 1939 |  | 125 |
| December, 1940 | ... ... | 151 |
| December, 1941 | ... ... | 159 |
| March. 1942 | ... -.. | 162 |
| June, 1942 |  | 163 |
| September, 1942 |  | 162 |
| December, 1942 ' |  | 164 |
| March, 1943 ... |  |  |

CHANGES IN PRINCIPAL GROUPS.

|  | 1939 | 1941 | 1942 | 1942 | 1943 |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | Aug. | Aug. | Mar. | Dec. | Mar |
| Cereals * | 100 | 180 | 240 | 224 | 223 |
| Meat, fish, eggs | 100 | 138 | 138 | 143 | 145 |
| Other food and tobacco | 100 | 167 | 165 | 172 | 173 |
| Total, Food, \&c. | 100 | 161 | 175 | 176 | 177 |


| Coal | 100 | 138 | 139 | 153 | 158 |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Iron and Steel | 100 | 141 | 142 | 142 | 142 |
| Non-ferrous metals... | 100 | 123 | 125 | 125 | 125 |
| Cotton | 100 | 172 | 177 | 176 | 167 |
| Wool | 100 | 166 | 168 | 170 | 170 |
| Other textiles | 100 | 167 | 171 | 178 | 179 |
| Chemicals and Oils... | 100 | 138 | 144 | 153 | 154 |
| Miscellaneous | 100 | 177 | 177 | 180 | 183 |
| Total, Materials, \&c. | 100 | 153 | 155 | 159 | 159 |
| Grand total | 100 | 156 | 162 | 164 | 165 |

RETAIL PRICES.-This year there has been an increase in the price of tea, but little change for any other foods. Fuel has also risen slightly, but these changes are compensated by a reduction in the prices of clothing included in the index, so that the Cost of Living Index is $\frac{1}{2} \%$ lower than in December or March of last year, and $\mathrm{I} \%$ higher than in March, 1941. Since subsidies have been applied and prices regulated so as to stabilise the index, it has only a loose relationship to the actual changes in the expense of preserving an unchanged standard of living. Pre-war, it could be stated with some confidence that a revision of the index on modern standards would show practically the same movements as the official index, which was based on a standard of 1914 or 1904; but during the past three years, during which the increase in the prices of different items are widely different, and the quantities purchaseable have changed, it can be shown that the increase for cost of food is underestimated for any
practical purpose. There is, however, no general answer to the question "how much has the cost of food increased ?" : calculations depend on the basis adopted, which is necessarily arbitrary. As regards non-food items, it is evident that the $1 \%$ increase for rent since September, 1939, applies only to those households where the personnel has not changed and the family has not moved.

| COS''-OF-LIVING |  |  | INDEX-NUMBER. |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  | \% S | NCE | SEP | 1939. |
| INCREASE OR |  | 1939 | 1940 | 1941 | 1942 | 1943 |
|  | Dee. 1st |  | Nov. 30 | Dec. 1s | Dec. 1 | ar.1st |
| Beef, British |  | 7 | 18 | 19 | 19 | 19 |
| ", Imported | ... | 11 | 28 | 28 | 29 | 29 |
| Mutton, British | $\ldots$ | 8 | 10 | 11 | 11 | 11 |
| ", Imported | ... | 11 | 8 | 8 | 8 | 8 |
| Bacon |  | 28 | 24 | 36 | 50 | 50 |
| Fish |  | 24 | 65 | 42 | 31 | 32 |
| Flour |  | 3 | -1 | 15 | 26 | 26 |
| Bread | $\ldots$ | 3 | 3 | -3 | 9 | 9 |
| Tea | $\ldots$ | 5 | 7 | 7 | 7 | 21 |
| Sugar (Gran.) | ... | 49 | 64 | 32 | -1 | -1 |
| Milk ... | ... | 3 | 18 | 33 | 33 | 32 |
| Butter |  | 21 | 22 | 22 | 28 | 28 |
| Cheese |  | 18 | 30 | 30 | 30 | 30 |
| Margarine | ... | 2 | 12 | 12 | 12 | 12 |
| Eggs | v. | 44 | 99 | 26 | 1 | 1 |
| Potatoes | $\ldots$ | 3 | 30 | 27 | 6 | 6 |
| All Food | $\ldots$ | 14 | 25 | 20 | 19 | 20 |
| Rent | ... | 0 | 1 | 1 | 1 | 1 |
| Clothing | ... | 18 | 55 | 91 | 81 | 73 |
| Fuel |  | 7 | 20 | 26 | 32 | 34 |
| Miscellaneous | $\ldots$ | 6 | 23 | 30 | 50 | 50 |
| All items ... | ... | 12 | 26 | 30 | 29 | 28 |

WAGES.-Engineering.-The only important change in wage-rates since January has been the increase of $6 /-$ weekly on basis rates for engineers.

The averages of the weekly time-rates (basis rates plus war bonuses) in the pre-war principal engineering centres (on which our index numbers are based) have been :-

|  | Fitters |  | Labourers | Labourer as \% of Fitter |
| :---: | :---: | :---: | :---: | :---: |
| 1939-May |  | $\begin{array}{ll}\text { s. } & \text { d. } \\ 65 & 9\end{array}$ | $\begin{array}{ll}\text { s. } & \text { d } \\ 49 & 4\end{array}$ | \% of |
| ,, June | $\ldots$ | 679 | 514 | 77 |
| 1940-March | ... | 729 | 564 | $77 \frac{1}{2}$ |
| 1941-February | $\ldots$ | $76 \quad 3$ | 5910 | $78 \frac{1}{2}$ |
| , December | ... | 813 | 6410 | $80^{2}$ |
| 1943-March | ... | 873 | 7010 | 81 |

At the beginning of the war the rate was made up of a district rate plus 20s. bonus, a method which dates back to the former war. In the recent award this 20s. is amalgamated with the basis rate, while the increase ( 2 Is. 6 d .) since May, 1939, is now termed the war bonus.

It is seen that the percentage increases during the past four years have been only moderate, when compared with those in some other industries:-


The award deals with piece-workers on a different basis. Their war bonus had been lower than that of time-workers, while the piece rates were adjusted so as to enable a workman of average ability to earn $25 \%$ over the basis rate of his district. Now the sum is re-arranged as follows :-

|  | Piece Workers | Time Workers |
| :---: | :---: | :---: |
| Before change | $\begin{aligned} 45 \mathrm{~s} .9 \mathrm{~d} . & \times 1 \cdot 25+33 \mathrm{~s} .6 \mathrm{~d} . \\ & =90 \mathrm{~s} .8 \mathrm{~d} . \end{aligned}$ | $\begin{aligned} 45 \mathrm{~s} .9 \mathrm{~d} & +35 \mathrm{~s} .6 \mathrm{~d} \\ & =81 \mathrm{~s} .3 \mathrm{~d} \end{aligned}$ |
| After change | $\begin{aligned} 65 \text { s. } 9 \mathrm{~d} . & \times 1.27 \frac{1}{2}+13 \mathrm{~s} .6 \mathrm{~d} . \\ & =97 \mathrm{~s} .4 \mathrm{~d} . \end{aligned}$ | $\begin{aligned} 65 \mathrm{~s} .9 \mathrm{~d} & +21 \mathrm{~s} \cdot 6 \mathrm{~d} \\ & =87 \mathrm{~s} .3 \mathrm{~d} \end{aligned}$ |

Here 45 s . 9d. is an approximate average of the 1938 basis rates and 33s. 6d. the piece-workers' bonus at that time.

Actually the increase in earnings has been much greater than that in rates owing principally to overtime and night-work, and probably to relative increase of piece-work.

| AVERAGE EARNINGS OF ALL MEN. |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: |
|  | Oct., 1938 | July, 1940 | July, 1941 | July, 1942 |
| General Engin'ring and Founding | 74 s . | 98 s . | 107 s | 122s. |
| Percentages ... | 100 | 133 | 145 | 165 |
| All Metal Traders | 75 s . | 100s. | 112 s . | 128 s . |
| Percentages ... | 100 | 136* | 150 | 171 |

* Thus given for presumably the firms for which returns were received both in 1938 and 1940.

The average of the basis rate for all engineers is obtainable approximately by combining two fitters and one labourer. This gives for the four dates named
60s. 67s. 708. 6d. 75s.6d.
so that average earnings were in 1942 about $60 \%$ higher than average rates. Of course these general averages include a wide range of earnings. The demand for an increase seems to be built up partly on the fact that an unskilled man working no overtime received little over 6os. weekly in 1942, and partly on the slight lag of the basis rates behind the Cost of Living Index.

It is interesting to compare the movement of engineers' wages, 1939-43, with that in 1914-19. Fitters' weekly rates averaged about 39 s . in 1914. Increases of 3s. or 4 s . were granted in each of the first two years of the war, and in April, 1917, these were consolidated into a general increase of 7s. on the basis rates. At the same date a general additional 5 s. "war-wage" was given to all hands and in August, 1917, a further 3 s. Thus, in the first three years of the war the timerates had been raised by 15 s . od., that is about $38 \%$. In October, 1917, when discontent was serious, an additional of $\mathbf{1 2} 2 \frac{1}{2} \%$ was made to the weekly earnings of skilled time-workers in munition industries, subsequently extended to the unskilled. In December, 1917, a further warwage of 5 s . was granted, and an additional 3s. 6d. in August, 1918. At the end of four years of war the rates were for time-workers :
pre-war $=23$ s. $6 \mathrm{~d} .+$ overtime earnings $+12 \frac{1}{2} \%$ on earnings; piece-workers : pre-war $+10 \%$ on rates +17 s . + overtime $+7 \frac{1}{2} \%$ on earnings.

Apart from overtime, the receipts of skilled time-workers had increased by some $80 \%$ during four years, and those of labourers had more than doubled. But even so, they had hardly kept pace with the increase of the Cost of Living. I6s. more was added during 19181920, and in 1919 normal hours were reduced from 53 or 54 to 47 weekly.

Cotton.-Further information leads to a modification of the provisional figures given in the last Bulletin for cotton. It will be remembered that the general index has been intended to reflect the changes in normal wages and earnings for a normal week. In the cotton industry, apart from various adjustments, wagechanges have usually been made by percentage changes in piece-rates, and when there was no other indication, it has been assumed, for short periods at least, that these were proportionate to the changes needed for the index.

In the recent award, however, a flat increase of 5 s . weekly was granted, and it was necessary to find the relationship of this to earnings in a normal period. For this purpose October, I938, was selected, since at that date returns were received for a great part of the industry ; but since short time was then prevalent, the averages shown had to be raised to correspond to a full normal week. The average for men and women, together (excluding boys and girls) was finally taken as 43s. 3d. in October, 1938 ; the corresponding average for July, 1942, would be 58 s .9 d . (though, owing to overtime and concentration of factories, average earnings actually about 65s.). The increase of 5 s . in January is about $9 \%$ on this, and it leads to the estimate that rates for a normal week were $47 \%$ higher in December, 1942, than in October, 1938, or September, 1939, instead of the $43 \%$ given on p. 7 of the January Bulletin.* For this computation any change in the relative number of men and women has been neglected.

[^6]CHANGES IN WAGE-RATES.
March, 1943, as percentage of August, 1939.

| icklayers ... | 118 | Local Authorities | ... 125 |
| :---: | :---: | :---: | :---: |
| , Labourers | 123 | Trams ... | ... 124 |
| Printers: |  | Lorry Drivers | ... 123 |
| Compositors | 115 | Boots | ... 121 |
| Dock Labourers | 115 | Confectionery | ... 141 |
| Engineers: |  | Tailoring | ... 137 |
| Fitters... | 129 | Shirts .. | ... 137 |
| Labourers | 138 | Tobacco... | 122 |
| Shipbuilders | 140 | Coal | 158 |
| Railwaymen | ... 127 | Agriculture | 17 |
| Cotton |  |  |  |
| Wool | ... 138 | Weighted average | 13 |

In the January Bulletin, p. 6, questions about the exact interpretation of the figures given in the Ministry of Labour Gazette were left open. It has now been ascertained from the Statistical Department that our interpretation was correct. All changes of the relative proportions of men to women, boys and girls within each industry, and also all changes of the relative proportions of all employed in different industries are eliminated as far as possible. But the changes in the relative proportions in different occupations within an industry have not been eliminated. The final figure for all in Table III should be $53^{\frac{3}{4}}$ (between $53^{\frac{1}{2}}$ and 54 ), instead of $52 \frac{1}{2}$ (between 52 and 53). This should be corrected in the final column in Table IV.* This small modification removes the inconsistencies that had been found in the statistics.


There was a seasonal and general reaction after December, 1942. The entry for food in March, 1943, is practically the same as a year before, but "other merchandise," especially apparel, for which there is a considerable fall, brings the whole index to $5 \%$ lower than in March, 1942, and $2 \%$ lower than the average of the months in 1942. This corresponds with, but is greater than, the fall in the price of clothing as recorded for the Cost of Living Index.

[^7]
# THE BUDGET AND THE WHITE PAPER. 

By G. L. Schwartz.

The Government Revenue and Expenditure figures for the past and forthcoming, financial years compare as follows :-


The figures for 1942-3 included a contribution of $£ 225 \mathrm{Mn}$. from the Canadian Government. This item does not appear in the 1943-4 totals, but the same amount will be forthcoming from Canada on a lend-lease basis.

As a manifestation of rapidly rising national income the direct and indirect taxes for 1942-3 were expected to yield an additional $£ 240 \mathrm{Mn}$. on the previous basis of taxation, and $£ 400 \mathrm{Mn}$. on the new basis of taxation imposed in April, 1942. They actually produced an additional $£ 52$ I Mn . For 1943-4 the corresponding estimates give an increase of $£ 292 \mathrm{Mn}$. on the previous basis convertible into a $£ 394 \mathrm{Mn}$. increase as a result of fresh taxation. The White Paper* gives the figures of the rising national income from which these expanding tax yields have been or are to be derived. Net national income is estimated at $£ 4,490 \mathrm{Mn}$. in 1938, $£ 5,726 \mathrm{Mn}$. in 1940, $£ 6,619 \mathrm{Mn}$. in 194 I and $£ 7,384 \mathrm{Mn}$. in 1942.

The new taxation imposed for 1943-4, which is expected to bring in an additional $£ 102 \mathrm{Mn}$. on top of the automatic expansion of $£ 292 \mathrm{Mn}$. in tax revenue, is confined to Customs and Excise duties, and is made up by increases of $£ .47 \mathrm{Mn}$. on beer, wine and spirits, $£ 57 \mathrm{Mn}$. on tobacco and $£ 8 \mathrm{Mn}$. on entertainments, offset by a reduction of $£ \mathrm{IO} \mathrm{Mn}$. in the expected yield of the purchase tax.

New and revised estimates in the latest White Paper on the Sources of War Finance may be summarised into an illustration of the financing of three years of warfare.

The figures relate to the three calendar years 1941, 1942, 1943.


* Cmd. 6438.

The table shows that the Government requiring in this period $£ 13,058 \mathrm{Mn}$. of goods and services (apart from supplies obtained by gift or under lend-lease), obtained the funds in the following way: $£ 2,185 \mathrm{Mn}$. was obtained by selling gold and foreign investments, the owner's of the latter putting the proceeds at the disposal of the authorities.

Through the medium of the national budget the community paid in taxes and in other ways $£ 5,430 \mathrm{Mn}$., and a further $£ 637 \mathrm{Mn}$. through the medium of extra-budgetary finance such as the unemployment and health insurance schemes. It lent back, it is assumed for economy of statistical presentation, the $£ 499 \mathrm{Mn}$. it received in compensation for war damage to property, and invested in Government loans its savings, undistributed profits and tax reserves to the extent of $£ 3,912 \mathrm{Mn}$.

If, after its expenditure on consumption, the community furnished the Government with additional monies, these could only have come from funds which represented capital-money derived from the sale of fixed assets to public authorities, set aside for sinking and depreciation funds, or accrued through the depletion of stocks and working capital. By re-investment of these funds in new physical assets the private sector of the community could have maintained its capital equipment intact. Since, to make up the $£ 13,058 \mathrm{Mn}$. obtained by the Government a gap of $£ 395 \mathrm{Mn}$. has to be explained, it is deduced that not only was a sum representing the whole of war damage compensation put at the disposal of the Government, as was recorded above, but that this further private disinvestment of $£ 395$ Mn. took place.

It has been necessary and salutary to emphasise that wars must be paid for as they go along, i.e., that the real cost must be borne contemporaneously. It is true that the guns used during a war, in so far as they did not exist before the war, must be produced during the war, thus diverting effort from the production of peace-time consumption goods and capital equipment. For dissipating the widespread fallacy, not confined to the man in the street, that borrowing in lieu of taxation shifts some of the burden on to posterity, insistence on this aspect is of service. Wherever in the world the guns are produced, whether in a belligerent country, or in a non-belligerent selling to a belligerent, the equivalent output in value of a peace-time character is foregone. But the
process almost inevitably involves a loss to posterity through the reduction in its potential legacy of capital equipment. This must be considered from two points of view. For the world at large this loss is represented by the actual destruction of capital equipment, by the deterioration of existing assets through lack of replacements and renewals, and potentially by the reduction in the amount of new capital construction that would otherwise have taken place. For a single country the same causes operate, but in addition, there may be a depletion of its capital assets by their sale to nationals of other countries in exchange for war goods and services. This last is not a loss to the world at large, since the assets are transferred and not destroyed or affected by physical deterioration, but for the country in question this may be a formidable item, as may be seen from the case of the United Kingdom.

For the three years under consideration the White Paper gives figures indicating that the quantity of consumption goods available for the population of the U.K. was reduced from the 1938 level by $12 \%$ in 1940, and by $18 \%$ in both 1941 and 1942. On the basis of 1938 prices this represents a curtailment of $£ 1,750 \mathrm{Mn}$. in consumption over the three years. (At the present rate the people of the U.K. will run a 5 -years war on a 4 -year supply of consumption goods.)

For the effect on the capital assets of the U.K. estimates can be derived from the tables in the White Paper. In the three years assets of gold and overseas investments were realised to the extent of $£ 2,180 \mathrm{Mn}$. The Chancellor, in his Budget speech, gave an estimate that another $f_{600} \mathrm{Mn}$. would be realised in the present year. These figures, incidentally, should curb some of the exaggerated criticism of overseas investment, criticism which sometimes implies that such investments take on the character of gifts. However deplorable the realisation of these assets, there is no doubt about their magnitude and importance as a war-chest.* The corresponding private disinvestment at home through lack of renewals and replacements is estimated at $£ 400 \mathrm{Mn}$. for the three years. A further depletion of $£ 170 \mathrm{Mn}$. in this year is expected. These two items thus amount to about $£ 2,600$ Mn . for the three years, and in addition, there is

[^8]the destruction caused by enemy action. On this point we have only figures for compensation already paid out. This totals $£ 500 \mathrm{Mn}$., but there are obviously arrears of compensation and the scheme does not cover damage to British property in such areas as the Far East. It should be noted that recent and current destruction and damage of property by enemy action relates mainly to what may be classed as war material. The sinking or damage of ships built recently for the Government and carrying munitions owned by the Government represents loss of material in the same category as guns and ammunition already covered in the reckoning under Government expenditure. Such assets are expendable. In default of better information, the compensation total of $£ 500 \mathrm{Mn}$. must be taken as a measure of the destruction of capital. The three items for the three years total over $£ 3,000 \mathrm{Mn}$., and this must be regarded as a minimum figure.

It will be assumed again here that any capital assets resulting from Government war expenditure which will have a peace-time value after the war will not more than offset the amount of net new investment, which occurs annually in peace-time (now estimated at $£ 230 \mathrm{Mn}$. for 1938 ).

Thus, as against an average annual contraction of rather less than $£ 600 \mathrm{Mn}$. in consumption, the potential and actual legacy of capital assets for posterity is being depleted by an average of $£_{1,000 ~ M n . ~ a ~ y e a r . ~ I t ~ i s ~ s o m e ~ c o n s o l a t i o n ~ t h a t ~}^{\text {a }}$ a large section of the population is receiving an intensive industrial training which may go some way to offset this reduction in material productive capacity.

For the benefit of those people who believe for some occult reason that the burden of war should be shared equally with posterity, and who are under the completely erroneous impression that this result can be achieved by a fiftyfifty taxation and borrowing policy, the following argument can be presented. It is not unreasonable to assume that with the larger numbers now at work and the more intensive nature of that work, the quantity of consumption goods could in normal times have been raised in the same proportion that it has now fallen. Thus, in spite of its increased effort, the community is foregoing potential consumption to the extent of, say, $£ 1,200 \mathrm{Mn}$. a year. Set this against the foregoing of capital assets to the extent of $£_{1,000 \mathrm{Mn} \text {. a year, as calculated above, and an }}$ approach is made to the fifty-fifty sacrifice formula.

# THE INTERNATIONAL MONETARY PLANS. 

By P. B. Whale.

THE full texts of both the British and American proposals for regulating international monetary relations after the war are now available-the former in the White Paper "Proposals for an International Clearing Union," Cmd. 6437, the latter in "United States Proposal for a United and Associated Nations Stabilisation Fund." The following notes deal only with the main features of the schemes, passing over many technical details for lack of space, and also disregarding certain very important questions relating to the distribution of power in the new international organs-questions which will obviously have to be the subject of negotiations and compromise.
I. It may first be noticed that the two schemes agree in advocating a system of shortperiod fixity of exchange rates combined with the possibility of occasional adjustments of parities under international control.

It is not yet clear how narrowly exchange rates are to be fixed, i.e., how much play is to be allowed on either side of parity apart from the occasional revisions of the parities. This is, of course, bound up with the question of how much scope is to be left to the exchange market and to speculative dealings ; consideration will have to be given particularly to the problem of dealing with the speculation which would arise in any market if a revision of parities seemed to be imminent. Both schemes, it may be noted, recognise that it may be necessary to continue the control of capital movements, and this, if carried far enough, would both eliminate markets and render any day-to-day variation of rates pointless. But such control is not prescribed, and the British proposals in particular favour leaving considerable latitude of policy in these matters to the various national governments. Both schemes have the aim of freeing trade from the restrictions of exchange control.

It may be said that this part of the proposals is an extension of the policy initiated before the war in the Tripartite Agreement.
2. The most important and distinctive part of the proposals is that which provides for the establishment of an international bank and a new international currency unit. These proposals are again, to a certain extent, common to both schemes, but in this case there are important differences in the way in which they are developed.

The idea of the British plan is to provide a new form of international liquidity as a means of furnishing short-term equilibrating international loans. It is in fact an application of the under-
lying principle of modern banking : the holding of money, or unexercised purchasing power, is in effect a loan to the rest of the community ; hence a banking system whose liabilities are treated as liquid assets is able to pass on the temporary loans of the successive holders of those liabilities to its own borrowing clients. In the British plan " bancor " credits with the proposed Clearing Union constitute the new form of international liquidity. These credits are the result of the utilisation of overdraft facilities by other members of the system. Each member country has the right to overdraw up to a certain quota, which it is proposed to base on the value of its international trade. The credits must be accepted in all international payments between the participating countries, and (so far as not absorbed in cancelling overdrafts) they can only be held by the recipient or used to make further international payments. An interesting suggestion is that the Governing Board should have the power to vary the quotas all round for the purpose of stabilising business conditions.

The American scheme also provides for a new monetary unit, the " unitas," in which accounts may be kept with the Stabilisation Fund. But deposits in unitas are only to be created by the deposit of gold, and they are always to be covered $100 \%$ by gold. Thus in this plan the provision of a new form of money (in effect, a gold certificate) does not create a means of making loans. The authorities (Treasuries or central banks) of the participating countries are to be able to borrow from the Fund to meet an adverse balance of payments on current account, and their borrowing powers are to be limited on the basis of quotas (not determined solely, however, by their foreign trade). But the borrowing is to take the form of exchanging one national currency for another with the Fund; and it is therefore necessary for the Fund to start (as its name implies) with a fund of gold, currencies and securities, to be contributed, by the member countries. Apparently the Fund will also have the power itself to borrow currencies which are particularly in demand.

In the British scheme the bancor is to have a definite gold value at any time, but this, like the exchange parities, can be varied : gold is not so definitely the standard of value as in the American scheme, with its unitas fixed in gold once and for all. There is a further difference that unitas accounts are to be convertible into gold, whilst bancor accounts are to be inconvertible; but this difference is less important than it looks, because a fall in the gold value of
the bancor is effectively precluded by the simple rule that no participating country is to buy gold at a higher price than corresponds with the bancor price of gold and the bancor parity of its currency. The British plan, equally with the American, provides for unlimited purchases of gold by the international bank. The absorption of the future output of the mines is thus assured, although not in the British scheme, at an unvariable price.

The retention of gold, if only as a fifth wheel, is the main point which distinguishes these official proposals from Mr. F. S. Schumacher's scheme for an international clearing pool.*

Both projects recognise that special provision will have to be made for dealing with the abnormal foreign balances accumulated during the war: the American draft contains more detailed proposals in this respect.
3. How much may these schemes be expected to accomplish ?

The American scheme is merely one for organising international short-term lending under international control; the British scheme is one for providing such loans through the supply of a new form of international liquidity; but neither realises the purpose sometimes identified with the idea of an international clearing, namely, the abolition of liquidity in international economic relations.

The point of this comment is that if it were possible to avoid the holding of unexercised demand, an increase of the imports of one country due to an expansion of home activity would necessarily lead at once to an increase in exports ; if the new effective demand does not come to rest, it must find its way back to the country of origin. Thus, under these conditions, the position of the foreign trade balance could never impose a check on home trade expansion. On the other hand, under the operation of the proposed schemes, this will not be true. A country which expands its, foreign purchases will to some extent "get its money back" through increased foreign sales, as such a country has done in the past under the oldfashioned gold standard. But to some extent also there will be an increase in the debits and credits in the Clearing Union (or, in the American scheme, an excess of certain currencies and a deficiency of others in the Fund), and if this goes far enough, an apparatus of correction will be brought into play. Apart from the possibility of adjusting exchange rates, the corrective measures are those which would be adopted

[^9]under the ordinary gold standard. The Governing Board will doubtless have discretion in the exercise of corrective pressure, but its powers are to be more drastic against the debtors than against the creditors.

A second point which seems to need emphasising is that there is nothing in these schemes (including Mr. Schumacher's) to prevent a fall in demand in one important country spreading a deflationary tendency throughout the rest of the world-unless it is perhaps the possibility of altering exchange rates. The British White Paper appears to adopt a contrary view on this matter in certain questionable passages. Thus, on p. II : " . . . the accumulation of a credit balance with the Clearing Union would resemble the importation of gold in signifying that the country holding it is abstaining voluntarily from the immediate use of purchasing power. But it would not involve, as would the importation of gold, the withdrawal of this purchasing power from circulation or the exercise of a deflationary and contractionist pressure on the whole world, including in the end the creditor country itself." This seems to assume that the deflationary effect of an adverse foreign balance is wholly, or at any rate mainly, the result of a loss of gold and the deliberate restrictive measures which this loss induces. But surely the primary deflationary influence is the leakage in effective demand itself (reflected in a leakage from what Lord Keynes used to call the Industrial Circulation), and this influence is in no way superseded by the possibility of obtaining loans to cover the external deficit more easily.

But the recognition of these limitations does not imply criticism of the proposals. In the first place, it does not seem possible to devise a scheme for a free multilateral system which does not involve the use of some form of international liquidity ; and, indeed, it is not certain that it is desirable to dispense with a factor which may sometimes exercise a useful stabilising influence. In the second place, the schemes give the individual countries a certain scope for initiating expansion through relief from balance of payments pressure ; or, one might say, that they distribute the initiative, which under a simple restoration of the gold standard would be entirely vested in the United States. The power to vary the quotas all round may also prove a useful-weapon for cyclical control. Finally, it must be remembered that these schemes are put forward as first instalments in a wider programme " to control the ebb and flow of the tides of economic activity," which is also to include concerted international action relating to commercial policy, the stabilisation of primary production and international investment.

## WHOLESALE PRICES.

## COMPARATIVE INDEX NUMBERS FOR 5 COUNTRIES.

The table below gives comparable index-numbers of wholesale prices, based upon a list of commodities as nearly identical as possible for all the countries, and the same method of calculation and weighting is applied in each case. The index-numbers were described in detail in Special Memorandum No. 24. The figures for 12 countries in the table on p. 34, which are derived from the League of Nations monthly bulletin, are affected by differences of content and method of calculation.

|  | Base $1925=100$ |  |  |  |  |  |  |  |  |  |  |  |  | $\begin{gathered} \text { Base } \\ 1913 \\ =100 \\ \hline \text { Year } \\ 1925 \end{gathered}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1942 |  |  |  |  |  |  |  |  |  | 1943 |  |  |  |
|  | Mar. | Apr. | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. | Jan. | Feb. | Mar. |  |
| FOOD- |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| United K'gdom $\ddagger$ | 108 | 106 | 107 | 105 | 100 | 93 | 94 | 94 | 94 | 96 | 97 | 98 | 98 | 159 |
| U.S.A. ....... | 92 | 94 | 94 | 91 | 90 | 92 | 94 | 93 | 94 | 99 | 103 |  |  | 151 |
| Canada ........ | 85 | 86 | 86 | 88 | 89 | 88 | 87 | 88 | 88 | 89 | (91) | 92 |  | 158 |
| S. Africa ...... | 109 | 108 | 110 | 112 | 113 | 115 | 117 | 120 | 125 | 127 | 125 |  |  | 158 122 |
| MATERIALS- |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| UnitedK'gdom** | 113 | 113 | 114 | 114 | 116 | 116 | 116 | 116 | 116 | 116 | 117 | 116 | 116 | 157 |
| U.S.A. ........ | 87 | 87 | 86 | 85 | 86 | 85 | 85 | 85 | 85 | 86 | 87 |  |  | 175 |
| Canada ........ | 87 | 87 | 87 | 87 | 87 | 87 | 87 | 87 | 87 | 87 | (89) | 90 |  | 170 |
| New Zealand.. S. Africa | 110 119 | 110 | 1110 | 111 | 114 | - 114 | 114 | 115 | 115 | 115 |  |  |  | 165 |
| S. Africa ...... | 119 | 119 | 122 | 123 | 124 | ' 125 | 125 | 126 | 126 | 127 | 129 |  |  | 161 |
| TOTAL- |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| United Kingdom | 111 | 110 | 111 | 110 | 110 | 107 | 107 | 107 | 107 | 108 | 109 | 109 | 109 | 158 |
| U.S.A. ......... | $8{ }^{\circ}$ | 90 | 89 | 87 | 88 | 88 | 89 | 88 | 89 | 91 | 93 |  |  | 165 |
| - New Zealand.. | 109 | 108 | 108 | 109 | 112 | 111 | 111 | 87 111 | 87 | 88 | (90) | 91 |  | 164 |
| S. Africa ...... | 115 | 115 | 117 | 119 | 120 | 121 | 122 | 124 | 126 | 127 | 127 |  |  | 162 |

: Excluding Rye.
** Excluding Wood and Wood pulp.

INDEX NUMBERS OF PRICES IN 12 COUNTRIES.
As quoted in the Monthly Bulletin of the League of Nations. + See also table on p. 33.

|  | 1 |  |  |  |  |  |  | $\begin{aligned} & \text { İ } \\ & \text { Ë } \\ & \text { E } \\ & \text { © } \end{aligned}$ | \# | $\begin{aligned} & \text { 피 } \\ & \frac{0}{3} \\ & \frac{1}{0} \\ & 2 \end{aligned}$ |  |  | $\begin{aligned} & \dot{4} \\ & \dot{W} \\ & b \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| I. WHOLESALE, \% OF 1929 |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 1938 Average |  | 89 | 89 | 82 | 105 | 90 | 109 | 77 | 114 | 99 | (a) | 76 | 82 |
| 1939 Average | ... | 90 | 90 | 79 | 108 | 88 | 112 | 78 | 126 | 100 | 115 | 79 | 81 |
| 1940 Average | ... | 120 | 98 | 87 | 121 | 98 | 128 | 80 | 142 | 126 | 146 | 101 | 82 |
| 1941 Average | ... | 134 | 102 | 94 | 133 | 107 | 150 | 82 | 150 | 147 | 172 | 130 | 91 |
| 1941-Oct. .. | ... | 135 | 106 | 98 | 136 | 112 | 169 | 82 | 153 | 149 | 176 | 137 | 97 |
| Nov. ... |  | 136 | 106 | 98 | 137 | 114 | 172 | 82 | 155 | 151 | 178 | 140 | 97 |
| Dec. ... | ... | 136 | 105 | 98 | 139 | 113 | 176 | 82 | 158 | 152 | 179 | 141 | 98 |
| 1942-Jan. ... | $\ldots$ | 137 | 108 | 99 | 138 | 114 | 182 | 83 | 160 | 157 | 182 | 143 | 101 |
| Feb. ... | ... | 139 | 110 | 99 | 137 | 114 | 184 | 83 | 160 | 160 | 183 | 145 | 102 |
| Mar. ... |  | 139 | 110 | 99 | 137 | 115 | 186 | 83 | 161 | 160 | 184 | 146 | 102 |
| Apr. ... | ... | 140 | 112 | 99 | 137 | 115 | 190 | 83 | 161 | 162 | 186 | 147 | 104 |
| May ... | ... | 141 | 118 | 100 | 143 | 117 | 194 | 83 | 161 | 168 | 187 | 148 | 104 |
| June ... | ... | 140 | 120 | 100 | 146 | 120 | 196 | 83 | 161 | 165 | 188 | 148 | 104 |
| July ... | ... | 140 | 120 | 101 | 147 | 120 | 198 | 84 | 161 | 170 | 193 | 150 | 104 |
| Aug. ... | ... | 139 | 121 | 100 | 147 | 122 | 201 | 84 | 163 | 178 | 192 | 150 | 104 |
| Sept. ... | ... | 139 |  | 100 | 148 | 123 | 201 | 84 | 163 | 181 | 192 | 150 | 105 |
| Oct. ... | ... | 140 |  | 101 | 147 |  | 202 | 84 | 162 | 183 | 193 | 150 | 105 |
| Nov. ... | $\ldots$ | 141 |  | 102 | 149 |  | 204 | 84 | 163 |  | 195 | 151 | 105 |
| Dec. ... | $\ldots$ | 141 |  | 102 |  |  |  | 84 | 163 |  | 195 | 152 | 106 |
| 1943-Jan. ... |  | 142 |  | 102 * |  |  |  |  |  |  | 196 |  | 107 |
| Feb. ... | ... | 142 |  | 102* |  |  |  |  |  |  |  |  | 107* |
| Mar. ... | ... |  |  |  |  |  |  |  |  |  |  |  | 108* |
| II. RETAIL, COST OF LIVING, \% OF 1929 |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  | (c) | (d) | (f) |  | (g) |
|  | ... |  | 87 | 84 | 95 | 94 | 92 | 82 | 110 | 86 | 106 | 85 | 86 |
| 1939 Average | ... | 96 | 89 | 84 | 98 | 94 | 93 | 82 | 123 | 81 | 108 | 86 | $84$ |
| 1940 Average | ... | 113 | 93 | 87 | 103 | 97 | 96 | 84 | 143 | 85 | 123 | 94 | 85 |
| 1941 Average |  | 121 | 98 | 92 | 107 | 102 | 98 | 86 | 145 | 96 | 142 | 108 | 89 |
| 1941-Oct. ... | ... | 122 | I | 96 | 108 | 103 | 102 | 86 | 144 | 101 | 145 | 113 | 92 |
| Nov. ... | $\ldots$ | 123 | $\} 100$ | 95 | 109 | 104 | 104 | 86 | 145 | 104 | 147 | 114 | 93 |
| Dec. ... | ... | 122 | 㡲 | 95 | 110 | 104 | 104 | 86 | 148 | 106 | 148 | 114 | 93 |
| 1942-Jan. ... |  | 122 | ) 102 | 95 | 109 |  |  | 87 |  |  |  |  | 94 |
| Feb. ... | ... | 122 | \} 102 | 95 | 108 | 107 | 103 | 88 | 148 | 109 | 150 | 117 | 95 |
| Mar. ... | ... | 121 | 102 | 95 | 107 | 108 | 104 | 88 | 148 | 110 | 152 | 117 | 96 |
| Apr. ... |  | 122 | ( 105 | 95 | 108 | 108 | 104 | 89 | 148 | 113 | 152 | 119 | 97 |
| May ... | ... | 121 | $\} 105$ | 96 | 109 | 110 | 104 | 89 | 148 | 115 | 153 | 119 | 97 |
| June ... | $\ldots$ | 122 | \} | 97 | 109 | 111 | 105 | 90 | 149 | 117 | 154 | 120 | 97 |
| July ... |  | 123 | (107* | 97 | 110 | 111 | 104 | 90 | 149 | 117 | 156 | 121 | 98 |
| Aug. ... | ... | 122 | \} 107* | 97 | 111 | 110 | 103 | 90 | 149 | 119 | 157 | 121 | 98 |
| Sept. ... | $\ldots$ | 122 | 寿 | 97 | 112 | 111 | 104 | 88 | 150 | 120* | 158 | 121 | 99 |
|  |  | 122 |  | 97 | 112 | $112^{*}$ | 104 | 88 | 150 | 122* | 158 | 123 | 100 |
| Nov. ... | ... | 122 |  | 98 |  | 113* | 104 | 88 | 151 | 125* | 160 | 123 | 100 |
| Dec. ... | ... | 121 |  | 96 |  |  |  | 88 | 151 |  | 160 | 124 | 101 |
| 1943-Jan. ... | $\ldots$ | $\begin{aligned} & 121 \\ & 121 \end{aligned}$ |  | 96* |  |  |  |  |  |  | 160 |  | 101* |
| Feb. ... <br> Mar. ... |  | $\begin{aligned} & 121 \\ & 121 \end{aligned}$ |  |  |  |  |  |  |  |  |  |  |  |
| III. RETAlL, FOOI) ONLY, \% OF 1929 (b) (e) |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 1938 Average | ... | 92 | 85 | 77 | 98 | 93 | 91 | 78 |  |  | 114 | 83 | 74 |
| 1939 Average | $\ldots$ | 92 | 89 | 75 | 104 | 93 | 92 | 79 | 123 |  | 118 | 85 | 72 |
| 1940 Average | ... | 107 | 90 | 79 | 106 | 96 | 93 | 82 | 153 |  | 137 | 94 | 73 |
| 1941 Average | $\ldots$ | 108 | 91 | 86 | 109 | 103 | 97 | 83 | 153 |  | 162 | 112 | 80 |
| 1941-Oct. ... | ... | 107 | 91 | 93 | 110 | 104 | 103 | 81 | 152 |  | 164 | 118 | 84 |
| Nov. ... | ... | 107 | 91 | 92 | 113 | 106 | 107 | 81 | 151 |  | 170 | 121 | 85 |
| Dec. ... | ... | 106 | 92 | 91 | 115 | 106 | 106 | 81 | 154 |  | 172 | 121 | 85 |
| 1942-Jan. ... |  | 106 | 94 | 91 | 113 | 108 | 103 | 82 | 156 |  | 172 | 122 | 88 |
| Feb. ... | $\ldots$ | 105 | 95 | 92 | 108 | 109 | 104 | 83 | 155 |  | 174 | 124 | 88 |
| Mar. ... | ... | 104 | 96 | 92 | 107 | 110 | 107 | 84 | 155 |  | 177 | 125 | 90 |
| Apr. ... | ... | 104 | 98 | 92 | 109 | 112 | 107 | 85 | 157 |  | 177 | 126 | 90 |
| - May ... | $\cdots$ | 103 | 98 | 94 | 109 | 114 | 107 | 86 | 158 |  | 178 | 127 | 92 |
| - June ... | ... | 104 | 99 | 97 | 109 | 115 | 108 | 87 | 156 |  | 179 | 128 | 93 |
| July ... | $\cdots$ | 104 | - | 96 | 110 | 115 | 106 | 98 |  |  | 181 | 130 | 94 |
| Aug. ... | .... | 105 | $101 *$ | 96 | 114 | 112 | 106 | 83 |  |  | 183 | 130 | 95 |
| Oct. . |  | 106 |  | 98 | $115 *$ | $114^{*}$ |  | 82 |  |  | 184 | 131 | 98 |
| Nov. ... | ... | 106 |  | 99 |  | 116* |  | 83 |  |  | 186 | 132 | 99 |
| Dec. ... | ... | 106 |  | 95 |  |  |  | 83 |  |  | 186 | 133 | 100 |
| 1943-Jan. ... | ... | 106 |  |  |  |  |  |  |  |  | 185 |  | 101* |
| Feb. . |  | 107 |  |  |  |  |  |  |  |  |  |  |  |
| Mar. ... |  | 107 |  |  |  |  |  |  |  |  |  |  |  |

(a) \% of 1935. (b) \% of July, 1937. (c) Excl. rent. (d) Excl. rent and clothes. (e) B.L.S. Index, \% of 1935-1939. * Provisional. $(f) \%$ of Sept, 1931. (g) N.I.C.B. Index. + Figures are averages for month, or mid-month or end of month figures.

FINANCE.

|  | STOCKS \& SHARES |  |  |  | MONEY* |  | $\begin{aligned} & \text { NEW } \\ & \text { CAPITAL } \\ & \text { ISSUES } \end{aligned}$ |  | OTHER BANKING. |  |  |  |  |  |  |  |  |  | TREASURY BILLS. |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | $\frac{\text { Industrials }}{\text { Interest }} \begin{gathered} \text { Fixed } \\ \text { Ins } \end{gathered}$ |  |  |  | ণ SHORT LOANS. |  |  |  | Bank of England. |  |  | Nine Clearing Banks. |  |  |  |  |  |  |  |  |  <br> £Mn. |
|  |  |  |  | \% |  |  | for <br> U.K. <br> $£ \mathrm{Mn}$. |  | £Mn. |  |  |  |  |  |  | $£ \mathrm{Mn}$. |  |  |  |  |  |
| 1924 | 100 | - | 100 | 100 | 2.43 | 3.45 | 1.4 | 11.2 |  |  | 390 | 1632 | 242 |  | 791 | 324 | 11.7 | 48.5 | 442 | 159 | 601 |
| 1929 Av.... | 139 | - | $96 \cdot 3$ | 104.0 | $4 \cdot 57$ | $5 \cdot 31$ | $13 \cdot 3$ | $7 \cdot 9$ | 62 | 50 | 361 | 1762 | 226 |  | 974 | 242 | $10 \cdot 7$ | $55 \cdot 3$ | 521 | 239 | 760 |
| 1934 Av.... | 125 | - | $132 \cdot 5$ | $75 \cdot 7$ | - 81 | -81 | 8.9 | 3.6 | 102 | 54 | 378 | 1842 | 228 |  | 740 | 543 | $11 \cdot 3$ | $40 \cdot 2$ | 473 | 377 | 850 |
| 1935 Av.... | 139 | - | 136.2 | 73.6 | $\cdot 73$ | - 57 | $13 \cdot 5$ | $1 \cdot 7$ | 98 | 51 | 394 | 1961 | 264 |  | 755 | 598 | $10 \cdot 8$ | 38.5 | 473 | 393 | 866 |
| 1936 Av. | 161 | - | 136.9 | $73 \cdot 2$ | $\cdot 75$ | 61 | 15.9 | $2 \cdot 2$ | 96 | 54 | 432 | 2104 | 312 |  | 825 | 598 | $10 \cdot 3$ | $39 \cdot 2$ | 576 | 225 | 801 |
| 1937 Av.... | 150 | - | $127 \cdot 7$ | $78 \cdot 4$ | 75 | . 59 | 11.6 | $2 \cdot 7$ | 97 | 58 | 479 | 2172 | 276 |  | 910 | 607 | $10 \cdot 3$ | 41.9 | 560 | 229 | 789 |
| 1938 Av.... | 123 | - | 126.6 | $79 \cdot 0$ | -75 | 61 | $7 \cdot 7$ | $2 \cdot 1$ | 104 | 56 | 485 | 2161 | 274 |  | 930 | 593 | 10.6 | 43.0 | 547 | 330 | 887 |
| 1939 Av.... | 114 |  | 116.3 | 86.2 | $1 \cdot 05$ | 1.20 | 3.6 | 1.9 | 103 | 58 | 507 | 2129 | 246 |  | 943 | 564 | $10 \cdot 9$ | $44 \cdot 3$ | 488 | 58.2 | 1070 |
| 1940 Av.... | 95 |  | 123.0 | 81.6 | 1.0 | 1.04 | 0.3 | 0.0 | 107 | 77 | 574 | 2.377 | 357 |  | 906 | 621 | $10 \cdot 7$ | 38.3 | + $\dagger$ | + | 1708 |
| 1941 Av.... | 101 | - | 131.0 | 76.6 | 1.0 | 1.03 | 0.2 | 0.0 | 118 | 69 | 652 | 2818 | 220 | 474 | 815 | 837 | 104 | $29 \cdot 1$ | +1 | $\dagger$ | 2389 |
| $\begin{gathered} 1942 \text { Av.... } \\ 1940 \end{gathered}$ | 113 |  | 1353 | 74.2 | 1.0 | 103 | $0 \cdot 3$ | 0.0 | 131 | 60 | 807 | 3104 | 223 | 614 | 758 | 1006 | $10 \cdot 5$ | $24 \cdot 5$ | † | $\dagger \dagger$ | 2670 |
| JAN. ...... | 104 | $+16$ | $120 \cdot 1$ | $83 \cdot 3$ | 1.0 | 1.09 |  |  | 102 | 79 | 527 | 2285 | 374 |  | 947 | 568 | 10.0 | 41.5 | 785 | 690 | 1475 |
| FEB. | 106 | + 2.1 | $124 \cdot 9$ | $80 \cdot 2$ | 1.0 | 1.05 |  |  | 106 | 80 | 532 | 2244 | 340 |  | 949 | 565 | $10 \cdot 5$ | $42 \cdot 3$ | 806 | 626 | 1432 |
| MAR. | 109 | + 2.8 | 124.7 | $80 \cdot 3$ | 1.0 | 1.03 | - $2 \cdot 7$ |  | 114 | 78 | 535 | 2239 | 325 |  | 954 | 567 | 10.5 | $42 \cdot 6$ | 761 | 674 | 1435 |
| APR. | 106 | - 1.9 | $123 \cdot 9$ | 80.8 | 1.0 | 1.03 | $2 \cdot 7$ | 0.4 | 115 | 68 | 537 | 2233 | 328 |  | 935 | 573 | 108 | 41.9 | 701 | 708 | 1409 |
| MAY | 97 | $-10 \cdot 1$ | 122.8 | 81.5 | 1.0 | 1.03 |  |  | 106 | 76 | 546 | 2288 | 394 |  | 916 | 589 | $10 \cdot 7$ | $40 \cdot 0$ | 685 | 722 | 1407 |
| JUNE ..... | 82 | $-17.4$ | $119 \cdot 3$ | $84 \cdot 3$ | 1.0 | 103 |  |  | 103 | 83 | 578 | 2341 | 372 |  | 913 | 592 | $10 \cdot 9$ | 39.0 | 740 | 842 | 1582 |
| JULY | 79 | $-67$ | 120.9 | $83 \cdot 1$ | $1 \cdot 0$ | 1.03 |  |  | 79 | 107 | 609 | 2328 | 403 | 25 | 883 | 612 | $10 \cdot 7$ | 38.0 | 826 | 907 | 1733 |
| AUG....... | 84 | +6.4 | 121.7 | $82 \cdot 6$ | 1.0 | 1.03 |  |  | 108 | 79 | 614 | 2355 | 416 | 25 | 872 | 636 | $11 \cdot 1$ | 37.0 | 836 | 1043 | 1879 |
| SEPT. ... | 87 | + 4.3 | $121 \cdot 9$ | $82 \cdot 4$ | 1.0 | 1.03 |  |  | 108 | 63 | 609 | 2466 | 387 | 86 | 889 | 652 | $11 \cdot 1$ | 36.0 | 836 | 1085 | 1921 |
| OCT. ...... | 91 | -3.2 | $122 \cdot 9$ | 81.8 | 1.0 | 1.03 | 0.8 | 0.2 | 109 | 72 | 598 | 2527 | 361 | 173 | 886 | 677 | $10 \cdot 1$ | $35 \cdot 1$ | 840 | 1146 | 1986 |
| NOV....... | 97 | +6.9 | 126.0 | $79 \cdot 5$ | 1.0 | 1.03 |  |  | 115 | 70 | 594 | 2566 | 327 | 226 | 876 | 697 | 10.6 | $34 \cdot 2$ | 845 | 239 | 2084 |
| DEC. ...... $1941$ | 95 | $-1.4$ | 126.6 | $79 \cdot 0$ | 1.0 | 1.03 |  |  | 116 | 68 | 604 | 2658 | 254 | 301 | 857 | 724 | 11.6 | $32 \cdot 2$ | + | † | 2152 |
| JAN.... ... | 98 | $+2.8$ | 128.3 | $78 \cdot 1$ | 1.0 | 1.03 |  |  | 119 | 69 | 603 | 2617 | 258 | 325 | 864 | 741 | $10 \cdot 2$ | 33.0 | 845 | 1341 | 2186 |
| FEB. ...... | 96 | -2.8 | 128.6 | 78.0 | 1.0 | 1.03 |  |  | 111 | 79 | 602 | 2571 | 203 | 315 | 854 | 762 | 10.5 | 33.2 | 845 | 1369 | 2214 |
| MAR....... | 92 | -2.9 | $129 \cdot 1$ | $77 \cdot 6$ | 1.0 | 1.03 |  |  | 110 | 67 | 608 | 2625 | 187 | 359 | 862 | 767 | 10.4 | 32.9 | +1 | + $\dagger$ | 2212 |
| APR. ...... | 93 | $+0.3$ | $129 \cdot 5$ | $77 \cdot 4$ | 1.0 | 1.03 | 1.0 | 0.2 | 115 | -68 | 622 | 2686 | 182 | 440 | 840 | 765 | 10.5 | $31 \cdot 3$ | 865 | 1370 | 2235 |
| MAY ...... | 93 | +0.4 +3.7 | 130.6 | 76.8 | 1.0 | 1.03 |  |  | 115 | 66 | 629 | 2677 | 163 | 452 | 829 | 793 | 10.4 | 31.0 | 905 | 1410 | 2315 |
| JUNE ... | 96 | $+3.7$ | $130 \cdot 3$ | 77.0 | 1.0 | 1.03 |  |  | 123 | 58 | 637 | 2794 | 184 | 465 | 816 | 822 | 10.5 | $29 \cdot 2$ | †t | + | 2357 |
| JULY..... | 102 | + 8.2 | 132.5 | $75 \cdot 8$ | 1.0 | 1.03 |  |  | 108 | 79 | 651 | 2838 | 262 | 459 | 811 | 843 | 10.2 | 28.6 | 960 | 1492 | 2452 |
| AUG....... | 107 | + 8.9 | 1318 | 76.2 | 1.0 | 1.03 |  |  | 108 | 87 | 668 | 2842 | 250 | 450 | 796 | 876 | $10 \cdot 5$ | 28.0 | 970 | 1525 | 2495 |
| SEPT. ... | 109 | + 4.6 | 132.6 | $75 \cdot 7$ | 1.0 | 1.03 |  |  | 128 | 62 | 670 | 2955 | 299 | 509 | 785 | 880 | $10^{\prime} 6$ | 266 | +1 | +1 | 2577 |
| OCT. ...... | 107 | +1.3 +4.3 | $132 \cdot 6$ 133.5 | $75 \cdot 7$ | 1.0 | 1.03 | 0.9 | $0 \cdot 2$ | 128 | 65 | 686 | 3011 | 254 | 570 | 783 | 926 | $10 \cdot 3$ | $26^{\circ} 0$ | 975 | 1559 | 2534 |
| NOV...... | 109 | + 4.3 | 133.5 | 75.2 | 10 | 1.03 |  |  | 139 | 61 | 704 | 3042 | 231 | 623 | 769 | 936 | $10 \cdot 3$ | $25 \cdot 3$ | 975 | 1575 | 2550 |
| $\begin{aligned} & \text { DEC. ...... } \\ & 1942 \end{aligned}$ | 110 | + 1.6 | $132 \cdot 5$ | $75 \cdot 8$ | 1.0 | 1.03 |  |  | 121 | 64 | 740 | 3158 | 163 | 725 | 766 | 933 | 11.0 | $24 \cdot 3$ | $1+$ | †+ | 2547 |
| JAN. ...... | 112 | + 3.8 | 135.9 | $73 \cdot 8$ | 1.0 | 1.03 |  |  | 134 | 53 | 744 | 3058 | 152 | 708 | 772 | 942 | $10 \cdot 2$ | $25 \cdot 2$ | 945 | 1584 | 2529 |
| FEB...... | 107 | -3.9 | $135 \cdot 1$ | $74 \cdot 5$ | 1.0 | 1.03 |  |  | 122 | 68 | 750 | 2925 | 108 | 618 | 785 | 950 | $10 \cdot 3$ | 26.8 | 905 | 1613 | 2518 |
| MAR....... | 105 | + 2.3 +0.9 | 135.6 | 74.0 | 1.0 | 1.03 |  |  | 118 | 73 | 754 | 2913 | 159 | 451 | 797 | 983 | 11.3 | $27 \cdot 3$ | +1 | +1 | 2621 |
| APR. ...... | 106 | + 0.9 | $135 \cdot 8$ | 73.9 | 1.0 | 1.03 |  |  | 128 | 60 | 767 | 2919 | 249 | 428 | 782 | 980 | 10.4 | 26.8 | 920 | 1757 | 2677 |
| JUNE | 111 | +16 $+\quad 52$ | $135 \cdot 4$ $134 \cdot 9$ | $74 \cdot 1$ | 1.0 | 1.03 |  |  | 127 | 63 | 780 | 2966 | 288 | 450 | 771 | 981 | 10.4 | 26.0 | 975 | 1805 | 2780 |
| JUNE | 111 | $+5 \cdot 2$ | $134 \cdot 9$ | $74 \cdot 5$ | 1.0 | 1.03 |  |  | 133 | 59 | 793 | 3091 | 276 | 520 | 760 | 990 | $10 \cdot 9$ | 24.6 | † $\dagger$ | 十† | 2638 |
| JULY...... | 109 | $-10$ | $135 \cdot 4$ | 74.2 | 1.0 | 1.03 |  |  | 121 | 57 | 813 | 3091 | 257 | 582 |  |  |  |  | 975 |  |  |
| AUG. ...... | 111 | +4.0 +3.0 | 135.2 | 74.4 | 1.0 | 1.03 |  |  | 126 | 66 | 834 | 3130 | 267 | 608 | 745 | 1013 | $10 \cdot 6$ | 24.5 23.8 | 975 | 1668 | 2643 |
| SEPT. .. | 115 | +3.0 $+\quad 5.2$ | $135 \cdot 5$ $135 \cdot 2$ | $74 \cdot 1$ | 1.0 | 1.03 | $3 \cdot 2$ |  | 138 | 56 | 831 | 3180 | 259 | 664 | 736 | 1028 | 10.4 | 23.2 | +t | +† | 2693 |
| NOV........ | 126 | + 6.2 | 135.2 | $74 \cdot 3$ | 1.0 | 1.03 |  |  | 135 | 60 | 846 | 3243 | 254 | 712 | 735 | 1039 | $10 \cdot 2$ | $22 \cdot 7$ | 1000 | 1730 | 2730 |
| DEC. ..... | 126 | + +0.1 | 134.4 | $74 \cdot 1$ $74 \cdot 5$ | 1.0 1.0 | 1.03 1.03 |  |  | 143 | 56 | 863 | 3289 | 226 | 769 | 725 | 1048 | $10 \cdot 6$ | 22.0 | 1040 | 1705 | 2745 |
| 1943 |  |  | $13+4$ | 745 | 10 | 1.03 |  |  | 147 | 55 | 908 | 3438 | 186 | 859 | 733 | 1049 | $10 \cdot 7$ | $21 \cdot 3$ | †† | $\dagger \dagger$ | 2833 |
| JAN. ...... | 131 132 | +4.6 +0.3 | 137.0 136.7 | $73 \cdot 3$ | $1 \cdot 1$ | 1.03 |  |  | 146 | 76 | 914 | 3390 | 183 | 899 | 721 | 1040 | 10.6 | $21 \cdot 3$ | 1020 | 1771 | 2791 |
| MAR | 132 | +0.3 +0.1 | $136 \cdot 7$ 135 | 73.4 | $1 \cdot 1$ | 1.03 |  |  | 149 | 66 | 915 | 3340 | 135 | 896 | 724 | 1036 | 10.6 | $21 \cdot 7$ | 980 | 1830 | 2810 |
| APR. ...... | 133 | +1.8 +1 | $135 \cdot 8$ $135 \cdot 0$ | $73 \cdot 9$ $74 \cdot 3$ | $\begin{aligned} & 0.9 \\ & 1.1 \end{aligned}$ | 1.03 1.03 |  |  | 156 132 | 61 72 | 927 943 | 3354 | 160 | 847 | 738 | 1059 | 10.6 | 22.0 | $\dagger$ | + | 2839 |

* Bank Rate 2\% to 24th Aug.; 4\% to 28th Sept. ; 3\% to 26th Oct., 1939; 2\% since.
- Exclnsive of Investments in Affliated Banks. Official Minimum Price
** Inc. figs. for Union Bank Manchester Ltd., incorp. in Barclays Bank Ltd., 1st Jan., 1940
For Note on Exchanges see January, 1942 issue, p. 5, last paragraph.
STOCKS \& SHARES-
NEW CAPITAL ISSUES-
BANK OF ENGLAND-
PRINCIPAL BANKS-
TREASURY BILLS-
MONEY-
Index Nos. of Prices and Yield as percentage of 1924 level; on 15 th of month.
Sesues index,-Geometric Mean of monthly percentage changes
Issues during month in Gt, Britain (a), for U.K. (b), for Abroad, excluding Government loans, etc.-As published
Deposits. 11th-17th of month.
Bank Notes and Currenoy Notes in circulation 11th-17th of
Current Deposit and other acour
(i.e. excluding the National Bank, Ltd., and the District Bank), afterwards, for the month of 9 clearing banks
(h.e. -xoluding the National Bank, Ltd., and the District Bank), afterwards, data for last making up day of

Ho month.
Issued by tender. Total of of month, thereafter end of month.
Otherwise issued. Total of Breasury Bills in existence less the weeks preceding date of Exchequer Return.
Day-to.Day Rate and 3 Months' Rate. Averages for week ending 15th of month.

## PRICES AND WAGES.



PRICE OF GOLD-
PRICE OF SILVER-
BOARD OF TRADE INDEX
STATIST (SAUERBECK) iND NDICES
$\square$
$\square$ -A
M Ministry of Labour's index showing movement since 1924 in cost of maintaining unchanged the standard of living prevalent in working-class households before Aug. 1914. For 1 st of month, but placed against previous
month-e.g., reading for March ist is shown against February-to facilitate comparison with "Statist ." index. As above, for food only.
RETAIL FOOD PRICESFor description see Special Memo., No. 12

INTERNAL ACTIVITY.


# RECENT MOVEMENTS IN UNITED STATES. 

## Information communicated by Miss DOROTHY WESCOTT, Assistant Editor of the Review of Economic Statistics, Harvard University.

March 25th, 1943.
GENERAL SURVEY.-Production and employment in manufacturing industries have continued to increase during recent months, reflecting greater activity in the output of war materials; income payments have reached new high levels; and wholesale commodity prices, particularly prices of farm products and foods, have risen without interruption. Primarily because of the increased manufacture of durable goods, the Federal Reserve Board seasonally corrected index of total industrial production reached 200 (\% of 1935-39) in January ; and it is reported to have been higher in February. The January index of factory employment, after adjustment for seasonal changes, rose to 167.3 (\% of 1939), from 164.6 in December.

The average number of hours worked per week during December (the latest month for which such data are now available) was 44.4 hours per worker in manufacturing industries as a whole; 46.2 hours for the durable-goods industries; and 42 .I hours for the non-durablegoods industries. The respective figures for December, 1941, are 41.2, 42.8 and 39.4. Growing labour shortages in particular fields resulted in the executive order of the President, on February 9, establishing a minimum work week of 48 hours. Subsequently the War Manpower Commission, which is charged with the administration of the order, designated the lumber and the non-ferrous metal mining industries, in which production had fallen considerably, and 32 specific areas in the country, where labour shortages were critical, as subject to the order. During the past year, the number of persons in the labour force is estimated, by the Bureau of the Census, to have declined by 800,000 personsto $52,400,000$ persons in January this year. The decrease in the number of men in the working force has been considerably greater than the number of women added.

Federal government expenditures for war activities during the eight months ending February, 1943 (the first eight months of the current fiscal year that ends on June 30, 1943) amounted to approximately $\$ 44,000 \mathrm{Mn}$. The extent of the country's expanding war programme is indicated by the President's Budget Message to Congress on January II. For the complete fiscal year ending June 30 , 1943, expenditures for war activities are estimated at $\$ 77,000 \mathrm{Mn}$.;
and for the fiscal year 1944, at $\$ 100,000 \mathrm{Mn}$. Under present laws, revenues from taxation and other sources during fiscal 1944 are estimated at about one-third of total federal government expenditures ; in order to increase receipts to approximately one-half of expenditures, the President recommended the enactment of laws to yield $\$ 16,000 \mathrm{Mn}$. of additional revenue from current taxes and savings.

Income payments, which have been rising sharply for many months, are estimated to have reached in January the annual rate of $\$_{129,000}$ Mn . ; in January, 1941, the rate was approximately $\$ 102,000 \mathrm{Mn}$. The annual rate of payments for wages and salaries in January this year was about $\$ 92,000 \mathrm{Mn}$., compared with $\$ 69,000 \mathrm{Mn}$. a year earlier. The high consumer incomes, and also anticipations of rationing, were reflected in the sharp advance of total retail sales during January ; the seasonally adjusted index rose to 158.6 (\% of 1935-39), an increase of almost $10 \%$ from the December figure of I45.I (Table, p. 4I). The rationing of consumer goods, which in 1942 had included only a relatively small number of commodities, has been extended during the past two months to cover shoes and a substantial number of foods.

BUSINESS VOLUMES.-Barron's index of industrial production and trade (which is adjusted for seasonal influences, long-term industrial growth, and population changes) advanced to 140.0 in February, a figure $15 \%$ above February, 1942. This index, based on data for manufacturing activity, mining activity, freight car loadings, building activity, and electric power production, provides a measure of fluctuations in business activity in general (Table, p. -).

The Federal Reserve Board index of manufacturing activity has not yet been published for February ; the January index, however, rose to 213 (\% of 1935-39). As indicated by the data in the accompanying table, output in such industries as machinery and transportation equipment has risen rapidly and without interruption during the past year ; and production of chemicals also has increased substantially, particularly in recent months. The adjusted index for iron and steel reached the high point of 1942 in October and then declined moderately in each of the two following months ; although January showed a small increase over December, the level of last October was not attained. The

January indices for both pig iron production and output of open hearth and bessemer steel remained below the peaks of last autumn ; production of electric steel, which is important in munitions manufacturing, reached a new high level. Output of lumber and lumber products has declined fairly sharply since early in 1942 ; the index in January was about $\mathbf{I} 2 \frac{1}{2} \%$ below that of January a year ago. Other industries for which January, 1943, indices were below those of January last year include shoe manufacturing and paper and printing. Output of manufactured food products as a whole has increased.

The adjusted index of mineral output in January was I26 (\% of 1935-39), compared with I34 a year earlier. Output of fuels declined $5 \%$ during the year, and production of metals fell $7 \%$.
SEASONALLY ADJUSTED INDICES OF INDUSTRAL PRODUCTION, BY INDUSTRIES, AT SELECTED DATES

|  | Jan. | July | Oct. | Jan. |
| :---: | ---: | :---: | :---: | :---: |
| All Manufactures | 1942 | 1942 | 1942 | 1943 |
| Durable Manufactures | 178 | 188 | 202 | $213^{*}$ |
| Iron and Steel | 221 | 249 | 273 | $290^{*}$ |
| Machinery | 192 | 196 | 207 | 203 |
| Transportation equipment | 250 | 289 | 316 | $347^{*}$ |
| Non-ferrous metals \& products | 191 | 425 | 507 | $565^{*}$ |
| Lumber and products | 143 | 138 | 191 | $200^{*}$ |
| Stone, clay, and glass products 165 | 140 | 129 | $125^{*}$ |  |
| Non-durable Manufactures | 143 | 138 | 144 | $148^{*}$ |
| Textiles and products | 158 | 154 | 156 | $160^{*}$ |
| Leather and products | 128 | 116 | 117 | $118^{*}$ |
| Manufactured food products | 139 | 143 | $146^{*}$ | $159^{*}$ |
| Alcoholic beverages | 137 | 122 | 126 | $111 \uparrow$ |
| Tobacco products | 134 | 126 | 141 | 140 |
| Paper and paper products | 153 | 125 | 135 | $132 \dagger$ |
| Printing and pulishing | 128 | 106 | 116 | $112^{*}$ |
| Petroleum and coal products | 133 | 118 | 123 | $119^{*}$ |
| Chemicals | 156 | 174 | 182 | $206^{*}$ |
| Minerals | 134 | 125 | 129 | $126^{*}$ |
| Total Industrial Production | 171 | 178 | 191 | $200^{*}$ |
| *Preliminary. $\dagger$ December figures; January data not yet available. |  |  |  |  |

The January index of factory employment was about $18 \%$ higher than in January, 1942, with the index for the durable-goods industries rising $29 \%$, and that for non-durable-goods, $5 \%$. The industry groups that advanced between the two months, and the percentage increases, are as follows:-transportation equipment, except autos, 116 ; chemicals and allied products, 45 ; electrical machinery, 34 ; automobiles, 25 ; rubber products, 25 ; machinery, except electrical, 23 ; iron and steel and products, 12 ; non-ferrous metals and products, 12 ; tobacco manufactures, 5 ; food and kindred products, 4 ; products of petroleum and coal, I. The groups that declined between January, 1942, and January, this year, include lumber, furniture, stone, clay, and glass products, textiles, apparel, leather and products, paper and allied products, and printing and publishing.

Department store sales, after allowance for seasonal changes, advanced $14 \%$ in January
and $15 \%$ in February. During the latter month, sales of clothing were exceptionally high, apparently in anticipation of rationing ; increases were reported to be particularly sharp after the rationing of shoes was announced, without prior notice, early in February.

The total value of construction contracts awarded in the first two months this year was slightly lower than in the two corresponding months of 1942. The decrease resulted from a drop of about $25 \%$ both in residential building and in public works ; awards for non-residential building and for utilities were above those a year ago. As in 1942, the greater part of the total represented public construction.

COMMODITY PRICES.-The " all commodities" index of wholesale prices, compiled by the Bureau of Labor Statistics, advanced each week in January and February ; on March 6 it reached IO2.9 (\% of 1926), compared with IOI. 2 at the end of December. The rise during the two-month period reflected higher prices for farm products and foods. The index for farm prices advanced $6 \%$; that for foods, $2 \%$; while the index of industrial commodities increased less than one-half of one per cent. Since early in 1941, when the rapid rise of wholesale commodity prices began, the general index has advanced $28 \%$.

Retail food prices in January (the latest month for which data are available) showed the smallest increase of any month in about a year ; the rise from December 15 to January 15 amounted to about $0.2 \%$. Advances in prices of meat and dairy products were practically offset by declines in prices of fresh fruits and vegetables. Small increases occurred in prices for fuel, electricity, and ice, and for miscellaneous commodities (including services) ; and the index for living costs as a whole advanced from I20.4 (\% of 1935-39) in December to 120.6 in January (Table, p. 40).

MONEY AND CREDIT.-Member bank reserve balances which dropped fairly sharply in the first month and a half this year, have risen almost continuously in recent weeks. Substantial purchases of government securities by the federal reserve banks, and a considerable decline in Treasury deposits, have been the chief factors responsible for the advance. The principal offsetting factor has been the continued rise in circulating currency, which has amounted to $\$ 317 \mathrm{Mn}$. in the five weeks ending March 17, bringing total currency in circulation on that date to $\$ 16,100 \mathrm{Mn}$. Reserves in excess of requirements on March 17 were estimated at $\$ 2,100 \mathrm{Mn}$., compared with $\$ 3,200 \mathrm{Mn}$. a year earlier.

\begin{tabular}{|c|c|c|c|c|c|c|c|c|c|c|c|c|c|c|}
\hline \& \(\underset{\substack{\text { Bank } \\ \text { Debit }}}{ }\) \& \& \(\underset{\substack{\text { F.R. } \\ \text { Banks }}}{ }\) \& \& \& \& \& \& Stock \& \& \multicolumn{4}{|c|}{prices :} \\
\hline \&  \& \&  \& \&  \& \&  \&  \&  \&  \& \&  \&  \&  \\
\hline 1924 Av \& \& \& \& 1720 \& \& \& \% \& \(3 \cdot 0\) \& \& \& \& \(17^{131 \cdot 6}\) 122-7 \& \& \\
\hline 1929 Av \& \({ }_{\substack{5021 \\ 138 \\ 1}}\) \& \& \& \({ }^{2} 2 \overline{280}\) \& \& 69 1117 \& 5:85 \& \(\begin{array}{ccc}5.2 \& 7.61 \\ 1.5 \\ 1.100\end{array}\) \& \({ }^{222 \cdot 0}{ }^{280}\) \& \({ }_{183}^{966}\) \& \& 183 13800 \(112 \cdot 6\) \& 132.5 \& \\
\hline  \& \& \& \& \({ }_{\substack{1969 \\ 1999}}^{129}\) \& \&  \& 1.70 \& \begin{tabular}{l}
1.5 \\
1.5 \\
1.5 \\
1.56 \\
\hline
\end{tabular} \& cre. \&  \& \&  \& He3.7 1 \& \(7{ }^{7} 9.9\) \\
\hline \({ }_{\text {l }}^{19396} \mathrm{AV}\) \& \({ }_{1649}^{1741}\) \& \& \begin{tabular}{lll}
6 \& 2434 \\
14 \& 2457 \\
\hline 2507
\end{tabular} \& \({ }_{2220}^{2204}\) \& 460 \(\begin{aligned} \& 1358 \\ \& 1268 \\ \& 1288\end{aligned}\) \& (158 \& 0.75 \& 1.5
1.5
1.92
1.0 \& 1189
1147
118 \& 521 \& \& 0.3 106.5 98.1 \& \& \\
\hline 1938 \& \begin{tabular}{|}
14066 \\
1428 \\
1 \\
1
\end{tabular} \& 1789 \& \& \({ }_{2214}^{2103}\) \& 374 \(\begin{aligned} \& 395 \\ \& 1382 \\ \& 1384\end{aligned}\) \& 1821503 \& 0:922 \& 1.0
\(1: 0\)
1.0
1.0 \& \({ }^{88} 8\) \& \({ }_{486}^{361}\) \& \&  \& 952 \& 100.8 \\
\hline 1940 \& \& \& \& \&  \& 29472039 \& \({ }_{0}^{0.57}\) \& li. 1.0 \&  \& 391 \& \& \({ }_{9} 9.1\) \& 55. \& \({ }^{1005}\) \\
\hline \({ }_{194988}^{1988}\) \& \& \& \& \& \& \& \& \& \& \& \& \& \& \\
\hline JUl, \& \& \({ }_{1068}^{1680}\) \& \& \&  \&  \& 1.00 \& 110 \& 92.7
99
90
90 \& 470 \& \&  \& \& \\
\hline SEPT \& - 11508 \& \& \& \({ }_{213}^{2118}\) \& 389
390
11281
1204 \& 81 \& \& \& \& \({ }_{7}^{238}\) \& \& \& \& \\
\hline \(\underset{\text { No }}{\text { No }}\) \& \& \& 265 \& \({ }_{2159}^{2135}\) \&  \& 12 \& \& 10 \& \& 396 \& \& \({ }^{6} 5\) \& 97. \& \\
\hline JAN \& \& \& \& \& 313 \& \& \& \& \& \& \& \& \& \\
\hline \& \begin{tabular}{|l|l|}
1238 \\
1627 \\
1 \\
1
\end{tabular} \& \& 2565 \& \& \({ }_{1236}^{1333}\) \& 133 1604 \& \& 1.0 \& ¢88:0 102 \& \({ }_{248} 24\) \& \& 386.699 .1 \& 94.8. \& \\
\hline \& \& \& \& \& \begin{tabular}{l}
385 \\
384 \\
\hline 8600 \\
1360
\end{tabular} \& 500 1666 \& \& 1.0 \& 84.4 \& \({ }^{358}\) \& \&  \& \& \\
\hline \({ }_{\text {M }}^{\text {MAY }}\) \& \({ }_{1531}^{1471}\) \& 1768 \& 2562 \& \({ }_{2189}^{2169}\) \& \({ }_{383}^{384} 1150\) \& 79 1718 \& \& 1.010 \& 88 \& \({ }_{587}^{135}\) \& \&  \& \({ }_{93}{ }^{4} 6\) \& \\
\hline july \& 1279 \& \& 2232 \& \({ }_{220}^{220}\) \& 389
398
1390
1415 \& (1909 1737 \& \& \begin{tabular}{ll}
1.0 \\
1.0 \\
1.0 \& 1.0 \\
\hline
\end{tabular} \& \({ }_{86}^{92}\) \& \& \&  \& \({ }_{94}^{94} 5\) \& \\
\hline SEPT \& 良1512 \& \&  \& \& 3937 1414 \& (175 17721 \& \& 110 \&  \& \({ }_{181}^{481}\) \& \& 3.2 80.3 80.3 98. \& \({ }^{\text {938.5 }}\) \& 1006 \\
\hline OCT. \& \& \& \& \& \({ }_{4}^{4285} 14145\) \& 1759 18874 \& \& 1.0 \& \& \({ }_{218}^{743}\) \& \& \({ }^{886}\) 1035 \& \& \\
\hline DE \& \& \& \& \& 4401455 \& 551886 \& \& \& \& \& \& \& 949 \& \\
\hline JA \& \[
\begin{array}{|}
1474 \\
1214
\end{array}
\] \& \& \({ }_{2477}^{2478}\) \& \& 4331457 \& 1571895 \& \& 1.0
\(1: 0\)
1 \& 93:9 104 \& 288 \& \&  \& 94.8 \& \\
\hline \({ }_{\text {Marche }}^{\text {MPRIL }}\) \& 1520 \& \& \& \& 437
441
4488
1484 \& (188 19554 \& \& \(\begin{array}{lll}1.0 \& 1.0 \\ 1: 0 \\ 1.0\end{array}\) \& \& \& \& - \({ }^{4} 889.4\) \& 56.6 \& 99:8 \\
\hline MAY \& 15 \& \& \& \& 440 -1996
438
4514 \& 149052 \& \& \(\begin{array}{lll}1.0 \& 1.0 \\ 1.0 \\ 1.0\end{array}\) \& \({ }_{79} 1\) \& 201 \& \({ }_{96.4} 9\) \& . 3 \& 97.0 \& \\
\hline \& \& \& \& \& 4451529 \& \& \& \& \& \& \& \(5 \cdot 5875\) \& 7.4 \& \\
\hline \& \({ }^{1160}\) \& \& \& \& 446 11564 \& \& \& \& \& \& \& -188.4 810 \& \& \\
\hline \& \({ }_{1}^{12995}\) \& \& \& \& \({ }_{471}^{15558}\) \& (18880 \& \& 1.0 1.0 \& \& 232 \& \({ }_{8}\) \& 887 \& \& \\
\hline \& \({ }_{1895}^{195}\) \& \({ }_{243}^{2082}\) \& \({ }_{4}^{4}{ }_{4}^{4} 2285\) \& \({ }_{2596}^{2489}\) \& 488
499
4978
1608 \& (108822990 \& \& 100 1.0 \& \& \({ }^{4} 14\) \& \&  \& \({ }_{97} 9\) \& \\
\hline Jan \& \& \& 2184 \& \& 50511637 \& \& \& \& \& \& \& - 49.2 \& 97.8 \& \(100 \cdot 8\) \\
\hline \& \& \& \({ }^{2184}\) \& \& \({ }_{557} 171710\) \& \(1{ }^{1}\) \& \& \& \({ }^{80.6}\) \& 364 \& \& \({ }_{4} 4.210\) \& \({ }^{98} 9\) \& \\
\hline \({ }_{\text {M }}^{\text {APF }}\) \& \& \& \& \& \({ }_{562}^{51774}\) \&  \& \& \& \& 405 \& \& -6 \& \& \\
\hline JUNE \& 1728 \& 24 \& 22184 \& 2816 \& 5771790 \& 2397 \& \& 1.01 .0 \& \& 882 \& \& 2108.0108 \& 1059 \& \\
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[^10]
## EMPLOYMENT, INTERNAL ACTIVITY, TRADE.



Total loans and investments of reporting member banks on March 17 reached $\$ 42,200$ Mn ., reflecting increased purchases of government securities. Such purchases now represent $70 \%$ of the reporting member banks' earning assets ; other securities amount to $8 \%$; and loans to $22 \%$. Since the end of 1942 , total loans have been reduced by $\$ 762 \mathrm{Mn}$., of which $\$ 272$ Mn . were commercial, industrial, and agricultural loans, and $\$ 278 \mathrm{Mn}$. were loans to brokers and dealers in securities. Adjusted demand deposits of the weekly reporting member banks on March 17 amounted to $\$ 32,400 \mathrm{Mn}$.

SPECULATION AND FINANCE.-The volume of shares traded on the New York Stock Exchange in February was the largest of any month since December, 1941, and stock prices were the highest in more than two years. Since the low levels reached last April, all classes of stocks-industrials, rails, and utilities-have risen substantially. Corporate bond prices also have advanced considerably, since the spring of last year.

In January, total security flotations were about $55 \%$ below those in January a year ago. As in other recent months, the greater part of the total represented issues for refunding purposes.

# AUSTRALIA. 

By Ronald E. Robertson.

## 27th March, 1943.

Public Finance.-The fact that the Third Liberty Loan (the second of $£$ Aroo Mn. ${ }^{\star}$ ) is at present in course of subscription and is scheduled to close as this issue goes to press lends special interest to finance. Australia's financial position is substantially very sound. To date there has been no recourse to compulsory lendingwhether of the post-war tax-rebate type or otherwise-but the retention of the voluntary lending principle has occasioned little or no financial difficulty. There has been some expression of interest in the estimate that the volume of temporary finance by Treasury Bills will average somewhat higher in the current financial year than in the year 1941-2 but probable maintenance of the rate of funding attained up to at least December last should discount fear of any substantial inflationary gap. Government controls on purely civil expenditure and upon the prices of essential commodities and servicescoupled with the extraordinary success of appeals to voluntary lending-have been very effective. A system of pay-as-you-go income taxation which is impending should prove a further curb upon unnecessary expenditure. On the question of price and wage control it is to be noted that the September 1942 retail price index stood at only $21 \%$ above the 1938-9 average while the index of hourly wage rates (adult males) had increased only commensurately. Meanwhile the figures of time lost because of industrial disputes have been well below pre-Singapore figures. What

[^11]few labour difficulties there have been were almost solely in the heavily stressed industry of coal-mining-for reasons comparable generally with those obtaining in Great Britain. That even these difficulties are being efficiently overcome is shown by an announcement made last month in Canberra conveying that coal production in 1942 was at least $10 \%$ higher than in 1939.

On the whole the manner of absorption of war-time credit accretion has been reassuring. This is established by a review of the borrowing proposals of the Federal Treasurer as expressed in his Budget Speech of September last and comparison of the results obtained. Mr. Chifley forecast the need to raise $£ \mathrm{~A} 300 \mathrm{Mn}$. by public borrowing and central bank credit but it was quickly shown that the accent was to be on the former method-with the Treasury Bill Market used as an ancillary and purely temporary instrument. In a nation-wide broadcast Mr . Curtin, the Prime Minister, announced that a series of so-called 'Austerity' or Liberty Loans, two at least of $£$ Aioo Mn., were to be floated at regular intervals through the budget year. He made plain, too, that despite an incidence of direct taxation assessed to be three times as heavy as in the last pre-war year, the nature of public response to these loans would determine the broad financial policy of the Government from that time forward. In other words, compulsory leading was the alternative. Australia's reaction was the over-subscription of the first (the November-December 1942 loan) by $£ \mathrm{~A}_{4} \frac{1}{4}$ Mn ., without recourse to the central bank or the
remainder of the banking system. 420,000 individual subscriptions were received and there is no reason to suppose that the March-April 1943 Loan of equal amount will not be as well supported. Meanwhile it is worthy of note that these loans go on the market at the (for the Australian market) not over favourable terms of par issue, interest at $2 \frac{1}{2} \%$ or $3 \frac{1}{4} \%$ depending on the expiry date and subjection to Federal Income Tax. The lower rate is payable for 1947-8 maturity and the higher for 1950-9.

Banking and Private Finance.-Essential controls on war-time expenditure and investment have modified considerably the work of the Australian Banking system, and circumscribed closely the forms which private investment may take. Nevertheless, within the framework of the rationing and price-control systems and beyond a degree of stock market control deemed advisable at the time of Singapore but since relaxed, there has been no more than a reasonable intervention in merchant activity. Banks have, under free agreement with the Federal Government, reduced the number of urban and country branches to a point at which they are no longer competing on the pre-war basis, with consequent betterment of the manpower stringency-but they continue an important factor in local and external trade. Meanwhile they have assumed an important addition to their function of agents in Government borrowing, as they now assist control of the credit base by depositing surplus funds with the Commonwealth Bank. Beyond this they offer to their regular customers-in lieu of peace-time forms of investment-the Government's bond and stock issues. Fixed deposit rates have been adjusted to favour the bond rate.

Production and Distribution.-Figures of war production are naturally being closely suppressed but some understanding of the progress made can be got from a comparison of the last and present Federal Budgets as well as from the recent announcement by a Minister that more than $50 \%$ (estimated by other authorities $60 \%$ ) of Australia's National Income is now devoted to direct war services. Here is the Budgetary comparison referred to :-

| Details of Government | $1941-2$ <br> (Actual) <br> EA Mn. | $1942-3$ <br> (Revised Estimate)* <br> EA Mn. |
| :---: | :---: | :---: |
| War Expenditure | \&A Mre in Aust. | 273 |

* Revised estimates submitted by Federal Treasurer at end of February, 1943.

These figures trace a year or more of activity by the Department of War Organisation of Industry of the Commonwealth of Australia, whose function-more than that of any other Department-has been the adaptation of the Australian economy to meet conditions of total war. The work of the Department has included some fostering of entirely new industrial ac-tivities-as instanced by last month's enquiry into the prospects of founding an aluminium industry on widespread bauxite deposits-but steps taken have been mostly concerned with the diversion of existing resources. Of cardinal importance has been the wholesale transfer of manpower to meet the needs of the armed forces and war industry. This movement is reaching its peak in the twelve months ending this June with approximately 500,000 persons placed in new vocations. The total of diversions to war service and direct war industry since the beginning of the war can be placed at approximately $1,500,000$. In a recent report of a statement by Mr. Chifley it was stated that the Commonwealth Government expects to have $1,600,000$ persons in such service when the war ends. Allowing for war casualties and minor forms of attrition this means a very full mobilisation of Australia's relatively small population. If we include work indirectly connected with the war effort it can be said that 3,500,000 of Australia's 5,000,000 people between the ages of 14 and 65 are so employed. Meanwhile unemployment is practically nil. The percentage of Trade Union members employed, which is a recognised statistical formula for gauging the degree of unemployment current in Australia approximated $99 \%$ towards the end of 1942 and is certainly no lower today. Naturally the calculation relates to that proportion of trade union members not already with the Forces.

An idea of the revolution in manufacturing priorities can be gained by the recent statement that Australia now has, in round figures, 705,000 persons employed in factories-of whom only 194,000 (against a peace-time figure of 540,000 ) are employed in the satisfaction of civilian needs. In attaining this economy clothes rationing has been made almost as restrictive as in Great Britain and all tertiary industries have been cut to an absolute minimum. In the latter category have been included all but the most essential portions of the distributive trades, together with public transport facilities as they relate to anything but essential war transport. Petrol rationing has been a feature of the Australian economy for many months past and Inter-State rail, steamer and air travel is practically a matter of
licence. Excessive expenditure on the erstwhile conventional luxuries such as amusement and dining out has been discouraged by official edict, and the stronger measures of increased amusement tax and a ceiling (roughly equivalent to that ruling in Great Britain) to the amounts that may be spent on restaurant meals. To further the diversion of funds in the hands of the public to government loans (i.e., into the major war loans, the savings bank system, or the new and popular 'Baby' Bonds which are purchasable in small moieties and are of lesser denomination than the more conventional issues) there is a ban on spectacular or even progressive advertising.

Agriculture and External Trade.-The above-mentioned restrictions are inherent in the plain concept of the Australian 'Austerity' Campaign, but the country is experiencing constrictions and adjustments of its rural and associated economies which would have been thought improbable as recently as the beginning of 1942. The export market has always been the main absorbent of Australian primary production and it followed that, with the sudden decline of available shipping tonnage, there would be serious derangement of the staples-wheat, butter, meat and fruit-from September 1939 onwards. This continued until early 1942. Today, with the exception of wheat production, which, despite a nation-wide acreage restriction scheme, still outstrips disposal opportunity and storage capacity-the need is for redirection rather than curtailment of the agrarian industries. The re-organising process can be considered almost complete with the Federal Government's announcement in September last of production goals-having a national and inter-area appli-cation-for all of the old lines of production and some new ones during the year 1942-3. The Australian farmer and consumer have had to make adjustments to fit in with the needs of other urgent claimants. Prominent among the latter are the American Forces now stationed in Australia. To avert inconvenience to their dietary preferences the Australian civilian is consuming less beef and pork and substituting the mutton and lamb which was until recently over-supplied. In addition a shortage of many vegetables resulting from the substantial accretion to the population is being met by a large-scale amateur and spare-time cultivation scheme comparable with the 'Dig for Victory' campaign current in Great Britain. Under the direction of $\mathrm{I}, 100$ regional Agricultural Committees townsmen and women are assisting the alleviation of the agricultural labour shortage.

The provisioning and equipment services to United States troops (including not only feeding but the supply of uniforms, buildings and transport, as well as the use of facilities for ship, aircraft and general machinery maintenance) is extended as reciprocal Lease-Lend. It is expected that these services will involve an Australian outlay of approximately $£$ A55 Mn. during the current financial year. On the question of normal avenues of external trade it is noteworthy that London balances are high despite the generally restricted export market. The latter has, of course, been compensated by restriction of imports to military equipment and civilian essentials. Wool clearances remain of considerable worth. The British Government has been the main purchaser of the Australian wool clip since the beginning of the war and this year's clip has been estimated to value $£ \mathrm{~A} 70 \mathrm{Mn}$.

Administrative Adaptation and Proposals for Post-War Reconstruction.-To meet the exigencies of war the Federal (or Commonwealth) Government of Australia has assumed, and the various State Governments have and are ceding, financial and administrative functions which were formerly joint or-in some instances-the province of the individual States alone. For instance both Federal and State Governments held, until the end of 1942, the constitutional right to levy Income Tax. Now-for the better control of war finance, which it was thought could not be achieved by a system of State rates of tax adjusted to Commonwealth rates, and giving an even burden throughout the Dominion - this field of finance is reserved to the Federal Government. Similar action has been taken in regard to the Entertainments Duty whose incidence, as mentioned above, has been stiffened recently as an 'Austerity' as well as a financial measure. The adoption of these measures instances, further, the thoroughness with which Australia has mustered her resources for total war. It also brings into more intricate relation than heretofore the diverse economies of the six Australian States.

The differences referred to relate, largely, to the balance of primary and secondary industrial development existent within a given State (parallels are to be found in Canada and U.S.A.) and, before the war, were reflected in the budget plans of each. Moreover certain of the States were, and must presently be, concerned with the completion of major public utility undertakings. They are therefore somewhat unsuited by the static financial position attending the replacement of what were formerly their largest and most
flexible sources of taxation by al figure of annual compensation based upon a war-time standard year. This is the arrangement existing at present between the Federal and State financial authorities but it appears plain that it will require revision in immediate post-war times. Meanwhile the Commonwealth Government has been quick to recognise the difficulties arising now from the suspension of export of staples of certain States. Western Australia, particularly has been adversely affected to the extent of several millions of pounds (Australian) annually by the diversion of labour from gold mining to the production of base metals. Steps have been taken to ensure the rehabilitation of this very valuable industry as shortly as possible after the war.

Pursuing a general plan of co-operation the Governments of the several States have joined wholeheartedly with the Federal Government in
the promotion of the nation-wide war-effort Large civil construction programmes have been foregone, whole staffs of technicians and major administrative officials diverted to national use and the people of the several States exhorted to support all war-time measures. Foreseeing the wide scope of the problems attending the ultimate restoration of the Dominion's industries to a peace-time footing leading state parliamentarians met representatives of the Federal Government in Constitutional Convention at Canberra in December last and agreed upon a 14 point scheme of reconstruction. As a result the Federal Treasurer has accepted the additional portfolio of Minister of Reconstruction and a Departmental nucleus has been created. Thus Australia is arranging for the smoothest possible transition to a peace-time economy while diminishing not in the least the tempo of its war effort.

|  | FINANCE． |  |  |  |  | PRICES． |  |  |  | TRADE AND PRODUCTION |  |  |  |  |  |  | EMPLOYMENT． |  |  |
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| 1926 | 1 | 2 | 3 | 4 |  | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 15 | 14 | 15 | 16 | 17 | 18 | 19 |
| Average | － |  | 253 | 125 | 195 | 100 | 100 | 100 |  | 84 | 107 | 63 | 100 | 100 | 272 |  | 100 | 100 | 100 |
| 1984 Av． | － | － | 274 | 111.5 | 195 | 59 | 73.5 | $71 \cdot 5$ |  | 43 | 55 | 28 | 94 | 36 | 193 | 88.8 | 109 | 91 | 96 |
| 1935 Av． | 84 | $\dagger$ | 263 | 104 | 208 | 63 | 73 | 72 | 96.2 | 46 | 62 | 26 | 103 | 51.5 | 197 | $91 \cdot 9$ | 97 | 98 | 100 |
| 1986 Av． | 109 | 981 | 299 | 91.5 | 221 | 70 | 74 | 74 | 98.1 | 53 | 80 | 39 | 115 | 46 | 208 | 96.5 | 87 | 104 | 104 |
| 1937 Av ． | 116 | 103.8 | 293 | 96 | 235 | 87 | 80 | 85 | 101．2 | 67 | 84 | 32 | 127 | 58 | 220 | $104 \cdot 5$ | 101 | 115 | 115 |
| 1938 Av． | 95 | 99.0 | 258 | 98 | 242 | 74 | 78 | 78 | $102 \cdot 2$ | 56 | 71 | 26 | 115 | 52 | 202 | 101.2 | 107 | 111 | 111 |
| 1939 Av． | 92 | 101－8 | 264 | 104 | 258 | 64 | 75 | 75 | $101 \cdot 5$ | 63 | 78 | 29 | 125 | 51 | 212 | 10477 | 111 | 113 | 114 |
| 1940 Av． | 77 | $105 \cdot 2$ | 287 | 113 | 275 | 67 | 82 | 83 | 105.6 | 90 | 100 | 32 | 132 | 161 | 235 | 116.6 | 9. | 133 | 126 |
| 1941 Av． | 68 | $100 \cdot 6$ | 327 | 122 | 303 | 71 | 89 | 90 | 111.8 | 121 | 137 | 49 | 177 | 178 | 270 | $135 \cdot 8$ | 130 | 17. | 155 |
| 1942 Av． | 64 | $99 \cdot 3$ | 379 | 118 | 333 | 82 | 92 | 96 | 117.0 |  |  | － | 227 |  | 282 | 1：6．4 | 131 | 209 | 175 |
| 1939 | 89 | 96．0 | 238 | 100 | 252 | 63 | 73 | 73 | $100 \cdot 8$ | 58 | 77 | 28 | 124 | 54 | 196 | 103•8 | 146 | 113 | 117 |
| AUG．．． | 86 | 98.6 | 239 | $100 \cdot 5$ | 252 | 58 | 73 | 72 | $100 \cdot 8$ | 63 | 76.5 | 24 | 127 | 60 | 229 | $102 \cdot 9$ | 152 | 115 | 120 |
| SEPT． | 91 | 117.0 | 283 | 107 | 258 | 64 | 78 | 78 | $100 \cdot 8$ | 74 | $82 \cdot 5$ | 30 | 128 | 49 | 295 | $109 \cdot 9$ | 131 | 120 | 122 |
| OCT ．．． | 97 | 111.9 | 290 | 114 | 284 | 64.5 | 79 | 80 | 103：5 | 79 | 91 | 38 | 140 | 43 | 270 | $111{ }^{\circ} 1$ | 118 | 122 | 124 |
| NOV．．． | 94 | $108 \cdot 4$ | 293 | 116 | 281 | 65 | 80 | 80 | 103.8 | 85 | 98.5 | 43 | 139 | 40 | 248 | $107 \cdot 1$ | 94 | 122 | 123 |
| DEC．．． | 92 | $110 \cdot 5$ | 306 | 114 | 277 | 69 | 81 | 82 | $103 \cdot 8$ | 72 | 102 | 53 | 138 | 62 | 199 | $112 \cdot 3$ | 69 | 118 | 116 |
| 1940 | 91 | $109 \cdot 3$ | 267 | 112 | 276 | 70 | 81.5 | 83 | 103.8 | 71 | 91 | 36 | 124 | 95 | 210 | $110 \cdot 8$ | 58 | 120 | 114 |
| FEB．．． | 90 | 107．2 | 295 | 116 | 277 | 70 | 82 | 83 | $103 \cdot 8$ | 71 | 72 | 26 | 117 | 116 | 199 | 111.5 | 55 | 123 | 113 |
| MAR．．． | 90 | $107 \cdot 9$ | 241 | 117 | 272 | 71 | 82 | 83 | $104 \cdot 6$ | 77 | 83.5 | 32 | 114 | 116 | 195 | 112.3 | 60 | 123 | 112 |
| APRIL | 88 | $105 \cdot 5$ | 294 | 112.5 | 274 | 72 | 81.5 | 83 | 104.6 | 86 | 85 | 27 | 130 | 180 | 219 | $110 \cdot 0$ | 68 | 126 | 114 |
| MAY．．． | 73 | 104.5 | 334 | 111 | 278 | 68 | 81 | 82 | $104 \cdot 9$ | 100 | 111 | 43 | 126 | 140 | 237 | 113.7 | 90 | 129 | 121 |
| JUNE | 66 | $107 \cdot 8$ | 268 | 111 | 271 | 64 | 80 | 82 | 104．9 | 91 | 112 | 31 | 129 | 157 | 240 | 116.6 | 105 | 130 | 125 |
| JULY | 66 | $107 \cdot 0$ | 262 | 109 | 267 | 65 | 81 | 83 | $105 \cdot 6$ | 90 | 101.5 | 29 | 131 | 130 | 248 | 114.5 | 114 | 134 | 128 |
| AUG．．． | 69 | 104．3 | 246 | 110 | 269 | 63 | 81.5 | 83 | $105 \cdot 9$ | 97 | 113 | 32 | 139 | 169 | 256 | 119.8 | 121 | 138 | 132 |
| SEPT． | 76 | $103 \cdot 1$ | 257 | 114 | 280 | 64 | 82 | 83 | 106.4 | 86 | 103 | 31 | 144 | 223 | 252 | 116.5 | 121 | 144 | 136 |
| OCT．．． | 74 | 102.6 | 353 | 118 | 278 | 65 | 82 | 83 | 107.0 | 109 | 107 | 30 | 141 | 143 | 281 | $120 \cdot 0$ | 121 | 145 | 139 |
| NOV．．． | 74 | $101 \cdot 9$ | 305 | 117 | 276 | 67 | 82 | 84 | $107 \cdot 8$ | 102 | 118 | 40 | 150 | 278 | 259 | 123.1 | 106 | 145 | 139 |
| DEC．．． | 70 | 101．0 | 321 | 115 | 281 | 67 | 83 | 84 | 108.0 | 102 | 99 | 28 | 143 | 187 | 231 | $130 \cdot 9$ | 83 | 143 | 134 |
| 1941 | 71 | $100 \cdot 6$ | 294 | 113 | 287 | 67 | 83 | 85 | $108 \cdot 3$ | 98 | 89 | 21 | 153 | 239 | 229 | 124.5 | 83 | 147 | 135 |
| FEB ．．． | 67 | 100.8 | 254 | 114 | 299 | 68 | 84 | 85 | $108 \cdot 2$ | 90 | $100 \cdot 5$ | 30 | 156 | 220 | 250 | $130 \cdot 5$ | 83 | 151 | 135 |
| MAR．．． | 67 | $100 \cdot 5$ | 284 | 115 | 297 | 69 | 84 | 86 | 108.2 | 108 | 103 | 25 | 153 | 136 | 250 | 129.3 | 100 | 158 | 141 |
| APRIL | 66 | $100 \cdot 6$ | 298 | 114 | 306 | 69.5 | 85 | 87 | 108.6 | 106 | 118 | 40 | 161 | 178 | 252 | $135 \cdot 2$ | 120 | 162 | 145 |
| MAY．．． | 64 | 101．1 | 327 | 116 | 305 | 70 | 87 | 88.5 | $109 \cdot 4$ | 128 | 163 | 55 | 163 | 179 | 276 | $134 \cdot 5$ | 140 | 168 | 153 |
| JUNE | 64 | 101.9 | 424 | 132.5 | 308 | 71 | 89 | 90 | $110 \cdot 5$ | 115 | 147 | 48 | 175 | 287 | 271 | $134 \cdot 3$ | 150 | 173 | 157 |
| JULY | 68 | 101.5 | 324 | 131 | 307 | 72 | 90 | 91 | 111.9 | 128 | 171 | 48 | 176 | 131 | 277 | 134.9 | 161 | 177 | 161 |
| AUG．．． | 68 | 101.2 | 315 | 129 | 303 | 72 | 91 | 92 | 113.7 | 138 | $150 \cdot 5$ | 43 | 183 | 145 | 279 | 146.5 | 154 | 181 | 163 |
| SEPT． | 71 | $100 \cdot 3$ | 330 | 127 | 304 | 73 | 92 | 93 | $114 \cdot 7$ | 137 | 143 | 35 | 197 | 166 | 294 | 136.4 | 155 | 185 | 166 |
| OCT．．． | 69 | $100 \cdot 2$ | 363 | 127 | 301 | 74 | 93 | 94 | $115 \cdot 5$ | 141 | 140 | 36 | 199 | 144 | 312 | 138.1 | 148 | 187 | 168 |
| NOV．．． | 69 | 99－1 | 343 | 125 | 304 | 74 | 93 | 94 | $116 \cdot 3$ | 134 | 164 | 56 | 202 | 128 | 286 | 138.2 | 143 | 188 | 169 |
| DEC．．． | 67 | $99 \cdot 3$ | 369 | 120 | 310 | 75 | 92 | 94 | $115 \cdot 8$ | 126 | 152 | 51 | 208 | 185 | 261＊＊ | $147 \cdot 2$ | 125 | 187 | 166 |
| 1942 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| JAN．．． | 67 | 99.4 | 323 | 116 | 310 | 77 | 92 | 94 | 115.4 | 142 | 152 | 43 | 216 | 128 | 272 | $150 \cdot 9$ | 118 | 191 | 165 |
| FEB ．．． | 65 | $99 \cdot 3$ | 289 | 116 | 318 | 78 | 92 | 95 | $115 \cdot 7$ | 120 | 168 | 36 | 216 | 99 | 249 | 154．8 | 104 | 196 | 165 |
| MAR．．． | 62 | 99.6 | 418 | 133 | 330 | 79 | 92 | 95 | $115 \cdot 9$ | 145 | 177 | 42 | 208 | 153 | 271 | $161 \cdot 4$ | 98 | 199 | 165 |
| APRIL | 61 | 99.6 | 373 | 128 | 326 | $79 \cdot 5$ | 92 | 95 | $115 \cdot 9$ | 142 | 170 | 40 | 221 | 144 | 273 | $155 \cdot 8$ | 109 | 202 | 167 |
| MAY．．． | 62 | 99.5 | 379 | 124 | 311 | 80 | 92 | 95 | 116.1 | ＊ | 236 | 60 | 217 | 97 | 283 | $149 \cdot 1$ | 123 | 206 | 172 |
| JUNE | 63 | 98.8 | 377 | 116 | 312 | 81.5 | 92 | 96 | 116.7 |  | ＊ | ＊ | 222 | 160 | 287 | $150 \cdot 9$ | 138 | 209 | 176 |
| JULY | 62 | 98.7 | 370 | 112 | 317 | 81 | 92 | 96 | 117.9 |  |  |  | 229 | 118 | 294 | $150 \cdot 3$ | 147 | 212 | 178 |
| AUG．．． | 62 | 99.0 | 348 | 109 | 331 | 81 | 92 | 95 | $117 \cdot 7$ |  |  |  | 232 | 116 | 282 | $162 \cdot 9$ | 146 | 216 | 179 |
| SEPT． | 63 | 99.4 | 352 | 108 | 348 | 84 | 92 | 96 | $117 \cdot 4$ |  |  |  | 235 | 128 | 290 | $152 \cdot 3$ | 150 | 218 | 181 |
| OCT．． | 65 | 99.6 | 407 | 110 | 360 | 86 | 92 | 97 | 117.8 |  |  |  | 239 | 99 | 323 | $152 \cdot 0$ | 155 | 219 | 183 |
| NOV．．． | 68 | 99.6 99.4 | 497 | 126 | 368 | 86 | 92 | 97 | 118.6 |  |  |  | 239 | 108 | 291 | 181.7 | 151 | 222 | 186 |
| DEC．．． | 71 | $99 \cdot 4$ | 419 | 120 | 365 | 87 | 93 | 97 | $118 \cdot 8$ |  |  |  | 251 |  | 273 | 156.4 | 132 | 220 | 184 |
| JAN．．．． | 76 79 | 98.8 98.5 | 590 | 113 | 349 | $\begin{aligned} & 88 \\ & 88 \cdot 5 \end{aligned}$ | $\begin{aligned} & 93 \\ & 93 \end{aligned}$ | 97 97 | $\begin{aligned} & 117 \cdot 1 \\ & 116 \cdot 9 \end{aligned}$ |  |  |  | $257 \dagger$ |  | 237 | $155{ }^{\circ}$ |  |  |  |

† New Series，\％of 1935－9．§ New base，\％of 1935－9．† Series revised from Jan．，1940，see notes．＊Series Discontinued．＊＊Revised．
Datrs of Series ：Cols．4，5，17－19，end of month；1－2，6－8，16，averages；9，beginning of month．Source ：Dominion Bureau of Statistics． Notes on Series

Col．1．－＂Investors＇Index．＂Index of current market valuation of share－ holders＇equity in 95 companies（\％of 1935－39）．
＂2．－Based on the calculated yield of a bond having a constant 15 －year maturity period．
＂3．－From 32 banking centres，comprising about $85 \%$ of total debits． Excludes debits to accounts of central bank since its founding in April，1935．Largely influenced by financial transactions．
＂4．－Refers to operations in Canada only．Includes loans to provincial and municipal governments．
＂5．－Includes governmental deposits．Excludes all deposits with provincial， postal and Quebec savings banks，and with trust companies．
，6－8．－Col． 6 comprises 70 items；col．7， 322 items；col．8， 567 items．
9．－Comprises separate groups for food，fuel，lighting，rent，clothing，home furnishing，sundries（including services）．Base 1935－9＝100\％
＂II．－Excludes all exports of both monetary and non－monetary gold since 1937 ；includes gold in small quantities only，shipped as dust，quartz， etc．，in earlier annual averages．
12．－Comprises＂animal products＂and＂vegetable products＂groups includes partly and fully manufactured products in some cases made from imported raw materials，c．g．，rubber products．

Col．13．－Adjusted for seasonal variation．Includes 4 I weighted series largely representing foreign trade in raw materials．Tends to overstate amplitude of cyclical fluctuations，probably with an upward bias Weighting and factors revised from January， 1940 ，to give due repre－ sentation to factors indicating trend of war production．
＂14．－Based on value of contracts awarded，deflated annually for changes in union rates of wages，and monthly for changes in prices of building materials．
？15．－Revenue freight only ；excludes cars received from U．S．connections
＂，16．－Index of value，comprising 13 groups adjusted for number of business days and for seasonal variation．Refers to department，＂variety，＂and chain stores only，representing chiefly urban sales．Base－ $1935-9=$ $100 \%$ ．Monthly series commenced January，1929．Annual estimates from 1923
3．17．－Includes workers on relief projects
3 19．－Establishments with over 15 employees only．Includes part－time workers on same basis as full－time．Excludes farm labourers and civil servants and underweights the service industries．

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## LONDON \& CAMBRIDGE ECONOMIC SERVICE

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## LONDON $\mathcal{E}$ CAMBRIDGE ECONOMIC SERVICE

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# UNITED KINGDOM. <br> THE ECONOMIC POSITION. 

27th fuly, 1943.

DURING the first quarter of the new financial year there was no further increase but rather a decline in the rate of government expenditure. Revenue receipts fell off in the manner to be expected at this season, but towards covering the larger deficit an exceptionally good contribution was made by subscriptions to the longer term government loans. With a further net increase in the Tax Reserve Certificates outstanding, the increase in the floating debt, and still more in that part of it financed by the expansion of bank credit, was only moderate. During May and June there was an interruption in the expansion of the note circulation, which was probably the joint effect of exceptionally heavy small savings subscriptions and the withdrawal of notes of larger denominations.

There has been no significant change in wholesale prices for several months, except that the price of building materials has risen $2.7 \%$ since last August. The official index number of the Cost of Living is indeed a little below its maximum. Nevertheless the pressure towards increase of wage-rates continues. The recent changes have been mainly in industries where the war-time increase has been less than the average. Reasons for awarding increases are not
stated, but the intention appears to be to bring the lowest time-rate for the normal week to at least 60s. without raising higher wages proportionately; but the change usually affects overtime rates, which are based on time-rates. The sequel to be expected is that the more skilled workers are discontented with the reduced difference between labourers' earnings and their own, and soon after an award has been made, a claim is put forward for a further rise. In any case wages for a normal week have almost universally risen at least as much as the official Cost of Living Index and the earnings of a very large proportion of manual workers have risen considerably more. Even with a more liberal interpretation of the increase of prices, including those which do not affect the index, it is clear that average real earnings are considerably higher than in 1939, in most cases even after the deduction of income tax. But goods available for civilian consumption are less plentiful than before the war, and, except in so far as the surplus earnings are lent to the government or hoarded, there is injurious pressure for the purchase of unrationed food and other commodities. The difficulties of restoring equilibrium after the war between prices, commodities and wages are continuously being accentuated.

## EVENTS OF ECONOMIC IMPORTANCE.

1943
Apr. 2 Ist U.S.A.
...
... Congress extends the existence of the Stabilisation Fund for two years, with proviso against use of its resources as contribution to an international fund. President's power to devalue the dollar not renewed.

May 7th N. Africa ... ... Tunis and Bizerta captured by the Allies.
8th U.K

12th N. Africa ... ... Conclusion of fighting.
" I7th India ... ... Increased taxation and other anti-inflation measures announced.
" 18th U.S.A. ... ... International Food Conference opens at Hot Springs, Virginia, U.S.A., closes June 3.
... Dissolution of Comintern announced.
... Vote of Credit for $£_{\mathrm{I}} \mathrm{I}, 000 \mathrm{Mn}$. approved.
... Establishment of Office of War Mobilisation announced.
... Announcement that Local Authorities are to have freedom to convert mortgages for minimum period of 17 years without reference to the Treasury.

June 2nd U.S.A. ... ... Congress passes bill extending for 2 years President's power to make Reciprocal Trade Agreements.

4th Argentina ... ... Castillo Government overthrown.
4th U.K. ... ... War Risk Insurance quoted again for Mediterranean.
Ioth Mediterranean
17th U.K. ..
... Wage increase of 4 s .6 d . a week for adult railway workers (salaried staff and traffic grades) with proportionate advances for junior staff, retrospective to April 26th.

25th U.S.A. ... ... War Labour Disputes Bill carried over President's veto.
July roth Mediterranean ... Allied forces land in Sicily.
„ 17th Sicily ... ... Allied Military Government of Occupied Territory set up.
„2 2 st U.K. ... ... Vote of Credit for $£_{\mathrm{I}} \mathrm{I}, 000 \mathrm{Mn}$. approved.
" 25 th Italy ... ... Mussolini resigns.

## FINANCE \& BANKING IN THE SECOND QUARTER OF 1943.

By P. B. Whale.

Government Finance.-The rate of government expenditure has fallen back from the high figures of the previous quarter, and with Supply expenditure averaging just over $£ 100 \mathrm{Mn}$. a week, Total expenditure $£ 108 \mathrm{Mn}$. a week, it has been somewhat below that of the last quarter of 1942. The drop in revenue, usual at this time of year, has been considerably greater-from a weekly average of nearly $£_{2} 82 \mathrm{Mn}$. in the first quarter to a little over $£ 4 \mathrm{I} \mathrm{Mn}$. in the quarter just closed : and the average weekly deficit has increased from $\oint 40 \mathrm{Mn}$. to $£ 66 \cdot 7 \mathrm{Mn}$. The average weekly revenue receipts in this last quarter have been about $£_{\mathrm{I}} \mathrm{Mn}$. less than in the corresponding quarter of last year, but if the Canadian Government contribution is eliminated from last year's figures, the comparison shows an increase of $f 6 \mathrm{Mn}$. a week.


The total deficit, or surplus of ordinary expenditure over ordinary revenue, for the quarter was $£ 867.7 \mathrm{Mn}$. in comparison with $£ 740 \cdot 7 \mathrm{Mn}$. in the corresponding quarter of 1942. With Sinking Fund contributions, the amount to be borrowed was $£ 870 \mathrm{Mn}$.
GOVERNMENT BORROWING. FIRST QUARTER, 1943.

|  | $\begin{gathered} \text { (£Mn.) } \\ \text { Apr. } \\ \text { (24 days) } \end{gathered}$ | $\begin{gathered} \text { May } \\ \text { (35days) } \end{gathered}$ | $\begin{aligned} & \text { June } \\ & \text { (32days) } \end{aligned}$ | Total fo Quarte |
| :---: | :---: | :---: | :---: | :---: |
| Nat. Savings Certificates | 18.45 | 36.0 | 53.65 | 108.1 |
| 3\% Defence Bonds ... | $9 \cdot 3$ | 18.4 | $22 \cdot 4$ | 50.1 |
| $3 \%$ Savings Bonds | $33 \cdot 1$ | $70 \cdot 15$ | $49 \cdot 9$ | $153 \cdot 1$ |
| 2 $\frac{1}{2}$ \% Nat. War Bonds ... | $47 \cdot 6$ | 101.6 | 60.5 | 209.7 |
| Other Debt | -0.4 | $2 \cdot 65$ | $0 \cdot 1$ | 2.4 |
| term borrowing .. | 108.05 | 228.8 | 186.5 | $523 \cdot 4$ |
| Tax Reserve Certificates | $14 \cdot 3$ | 23.05 | 33.5 | $70 \cdot 8$ |
| Treasury Deposits | $74 \cdot 5$ | -60.0 | - 58.0 | $-43 \cdot 5$ |
| Treasury Bills ... | $18 \cdot 6$ | $93 \cdot 7$ | $-76.9$ | 189.2 |
| W.\& M.Adv. Govt. Depts. | (41.3) | $29 \cdot 5$ | 11.1 | (81.9) |
| Bank of England | -6.5 | - | 55.0 | $48 \cdot 5$ |
| short-term borrowing | 142.25 | $86 \cdot 25$ | 118.5 | 347*0 |
| Total borrowing | $250 \cdot 3$ | 315.1 | 305.0 | 870.4 |

In the foregoing table the $£ 120 \mathrm{Mn} .3 \%$ Terminable Annuity issued to the National Debt Commissioners for account of the savings banks in April has been omitted from "long and medium term borrowings " and the published figure for Departmental Ways and Means for this month has been correspondingly written up. During the last quarter the increase of savings, bank deposits amounted to approximately $£ 85$ Mn . Including this, the total raised under the headings of Large and Small Savings (savings bank deposits plus long and medium borrowings as above less " Other Debt ") was $£ 606 \mathrm{Mn}$. in comparison with $£ 547 \mathrm{Mn}$. in the previous quarter. Comparing the first six months of 1942 and 1943 there has been an increase in these subscriptions from $£ 916 \mathrm{Mn}$. to $£ 1,153 \mathrm{Mn}$.

Floating Debt.-The true increase in the short-term debt during the quarter-after corrections both for the current increase in savings bank deposits and for the reduction of $£_{\mathrm{I}} \mathrm{I} 20 \mathrm{Mn}$. through the conversion of savings bank advances into the annuity-was $£ 262 \mathrm{Mn}$. Tax Reserve Certificates outstanding, after the decline in the previous quarter, rose by $£_{71} \mathrm{Mn}$. Treasury Deposits, which had been the leading item in the increase in floating debt in 1942, declined $£ 43.5 \mathrm{Mn}$. during the quarter, whilst Treasury Bills increased $£ 189 \mathrm{Mn}$. The tender bills outstanding at the end of the week increased $£ 150$ Mn . to June 26 th and $£ 165 \mathrm{Mn}$. to July 3rd. A division into tap and tender bills cannot be made for the terminal dates of the quarter, and would not, perhaps, be very significant if it could be made. It suffices to notice that Bank Ways and Means were $£ 48 \cdot 5 \mathrm{Mn}$. higher at the end of the quarter than on March 3Ist: it may be assumed that in the absence of " window dressing," the total figure for Treasury bills would have been about as much higher. The (corrected) increase in Departmental Ways and Means was rather less than the increase in savings bank deposits.

Bank of England.-From mid-March to mid-June there was a further increase in the note circulation of $£ 22 \mathrm{Mn}$. But practically all this increase accrued during the first month, and the circulation was more or less stationary from the middle of April until the end of June. This is not explicable by seasonal influences. In part it may be due to the turning in of notes in "Wings for Victory" subscriptions: in part it may also be due to the withdrawal of
notes in denominations of $£ 10$ and upwards in accordance with the policy announced by the Chancellor of the Exchequer on April 22nd. In the first three weeks of July the circulation has resumed its expansion with an increase of $£$ Io Mn. Bankers' Deposits at the end of the half year were some $£ 15 \mathrm{Mn}$. higher than at the end of 1942.

Clearing Banks.-The movement of total deposits of nine clearing banks (omitting the District and National) is shown in the following table :-

|  | $\begin{aligned} & \text { NINE } \\ & \text { Gross } \end{aligned}$ | CLEARING BANKS. <br> Balances with Other Banks |  |
| :---: | :---: | :---: | :---: |
|  | Deposits. | and Items in Transit. | Deposit |
|  | £Mn. | £Mn. | £Mn. |
| September | 2955 | 109 | 284 |
|  | 3158 | 157 | 3001 |
| March | ... 2913 | 133 |  |
|  |  |  | 2780 |
| June . | ... 3091 | 138 | 2952 |
| September | ... 3180 | 113 | 3067 |
| December | ... 3438 | 181 | 3257 |
| 1943 |  |  |  |
| March | 3354 | 133 | 3221 |
| April... | ... 3358 | 115 | 3242 |
| May ... | ... 3378 | 118 | 3260 |
| June ... | ... 3437 | 138 | 3299 |

The quarter's increase of $£ 78 \mathrm{Mn}$. in Net Deposits may be considered moderate, comparing with an increase of $£ 172 \mathrm{Mn}$. in the second quarter of 1942. The Treasury Deposits of these nine banks show a decline of $£ 30^{\circ} 5 \mathrm{Mn}$. between the March returns and the end of the half year : Discounts and Call Money increased by respectively $£ 65 \mathrm{Mn}$. and $£ 26 \mathrm{Mn}$. Investments increased by $£ 26.5 \mathrm{Mn}$., a very small part of the longer term government securities issued during the period; Advances diminished by a somewhat greater amount.

It has been shown above that the true increase in the government short term debt was $£ 262 \mathrm{Mn}$., of which $£ 7 \mathrm{I} \mathrm{Mn}$. was covered by Tax Reserve Certificates. The contribution of the banking system towards meeting the balance of $£ \mathrm{I} 90 \mathrm{Mn}$. may be taken as the increase in Net Deposits plus the excess of the decline of Advances over the increase in Investments. Even if eleven banks are taken instead of nine,
this only amounts to $£ 88 \mathrm{Mn}$., showing that ovel $£ 100 \mathrm{Mn}$. was found from other sources.

Security Prices.-After a slight recession in June, our index of industrial security prices has approximately returned to its mid-April position by the middle of July. The index for fixed interest securities continued to decline during the second quarter but made a very slight recovery between mid-June and mid-July possibly as a result of the termination of the drive for subscription to tap loans.

Exchange Rates.-In view of the discontinuance of our Foreign Exchange Table, it may be appropriate to refer to the changes made during the last quarter in certain of the rates between sterling and the Argentine peso.

Towards the end of April the Central Bank of Argentina changed its buying rate for the sterling proceeds of " non-regular" exports (April 19th) and also for sterling remitted in financial payments (April 26th) from $16.95 \frac{3}{4}$ pesos to £I to 15.96 (leaving other official buying and selling rates for sterling unchanged). This change was the consequence of the increased strength of the peso as shown in the free dollarpeso market, and followed a corresponding revision in official dollar-peso rates. On this side the rate of exchange is of less importance directly, since most business is denominated in sterling and settled through sterling special accounts. But for the purposes for which a rate was required, such as to meet shipping disbursements in pesos, the Bank of England quoted $16.95 \frac{3}{4}$ selling, $17 \times 13$ buying, until April 27 th. Since then no fixed quotation has been adopted, but the rate applied has varied in the neighbourhood of i6 pesos in sympathy with the market dollar-peso rate.

The Allied Military Government in Sicily has recently (late July) adopted the exchange rate of 400 lire to $£_{I}$ in Sicily-in contrast to the rate of 480 lire applied in Italian North African territories.

## PRICES, WAGES AND EARNINGS.

By A. L. Bowley.

PRICES.-The only change in Wholesale Prices of any importance from March to June is that due to the increased duty on tobacco, which raised the figure for "other food and tobacco" and consequently the total index of the Board of Trade very slightly. The Statist and the Times index numbers are not affected by the change in the tobacco tax and have been nearly stationary since March.

| BOARD OF TRADE TOTAL INDEX. |  |  |  |  |  |
| :--- | :--- | :--- | :--- | :--- | :--- |
| August, 1939 | $\ldots$ | 100 | June, 1942 |  |  |
| December, 1939 | $\ldots$ | 125 | September, 19̈42 | $\ldots$ | 163 |
| December, 1940 | $\ldots$ | 151 | December, 1942 | $\ldots$ | 164 |
| December, 1941 | $\ldots$ | 159 | March, 1943 | $\ldots$ | 165 |
| Darch, 1942 $\ldots$ | $\ldots$ | 162 | April, May, June | $\ldots$ | 166 |

In the Cost of Living Index there has been a further reduction in the price of clothing due to the greater use of "utility" cloth. On the other hand, the price of tobacco increased

WHOLESALE PRICES.
CHANGES IN PRINCIPAL GROUPS.

| CHANGES |  | (1911 | 1942 | 1943 | 1943 |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1939 | 1941 |  |  |  |
|  | Aug. | Aug. | Mar. | Mar. | June |
| Cereals | 100 | 180 | 240 | 223 | 220 |
| Meat, fish, eggs ... | 100 | 138 | 138 | 145 | 144 |
| Other food and tobacco | 100 | 167 | 165 | 173 | 179 |
| Total, Food, \&c. | 100 | 161 | 175 | 177 | 178 |
| Coal | 100 | 138 | 139 | 158 | 158 |
| Iron and Steel | 100 | 141 | 142 | 142 | 142 |
| Non-ferrous metals... | 100 | 123 | 125 | 125 | 125 |
| Cotton | 100 | 172 | 177 | 167 | 167 |
| Wool | 100 | 166 | 168 | 170 | 170 |
| Other textiles | 100 | 167 | 171 | 179 | 182 |
| Chemicals and Oils... | 100 | 138 | 144 | 154 | 186 |
| Miscellaneous | 100 | 177 | 177 | 183 | 184 |
| Total, Materials, \&e. | 100 | 153 | 155 | 159 | 160 |
| Grand total | 100 | 156 | 162 | 165 | 166 |

$17 \%$ and this brought the index for miscellaneous goods up $7 \%$. The net result was a slight decrease in the general index for June ist but that for July ist has reacted seasonally. The increased duty on tobacco alone would only raise the general index by about $0.3 \%$, or 3 d . on to a weekly budget of 80 s . The inclusion of this addition to the tax in the retail price has therefore little effect. But since September, I939, the purchase tax and those on sugar, tobacco, etc., are said (Ministry of Labour Gazette, June, I943, p. 88) to account for $6 \frac{1}{4}$ out of the 43 points rise in the Cost of Living Index number, so that if they were excluded the whole percentage rise would be lessened from 28 to 24 . Since the Cost of Living Index has no doubt an influence on awards of wage increases, to the extent of this $4 \%$ these increases compensate for increased taxation, and in the extensive region where the Government ultimately pays the wages the effect of taxation is neutralised and the rise in wages inflationary.

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COS'I-OF-LIVING INDEX-NUMBER.
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INCREASE OR DECREASE \% SINCE 1st SEPT., 1939. $1939 \quad 1940 \quad 1941 \quad 1943 \quad 1943$


Retail Sales of clothing were greater in March, April, May and June than in January and

February both in 1942 and 1943, but throughout they were lower in the second year.

| Monthly Averages | Sales of |  | \% of 1937 Sales of Household Goods |  | Sales of |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |  |  |
|  | 1942 | 1943 | 1942 | 1943 | 1942 | 1943 |
| Jan., Feb. | 101 | 75 | 80 | 69 | 111 | 111 |
| Mar., Apr., May | 111 | 105 | 84 | 71 | 118 | 117 |
| June | 116 | 88 | 78 | 69 | 111 | 119 |

Sales of household goods have decreased since 1942. In each year the value of food purchased increased in the spring, but in June there was a slight increase in 1943, whereas there had been a slight fall in 1942.

INDEX NUMBER OF RETAIL SALES. Value. Average daily sales in $1937=100$.

Great Britain.

|  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 1941 | A | May | June | $1943$ Apr. | May | 1973 <br> June |
| Total ... ... 105 | 113 | 109 | 108 | 114 | 105 | 105 |
| Food \& Perishables 110 | 117 | 119 | 111 | 118 | 117 | 119 |
| Other Merchandise 100 | 110 | 98 | 106 | 110 | 92 | 90 |
| Apparel ... ... 102 | 121 | 101 | 116 | 127 | 93 | 88 |
| Household Goods 82 | 84 | 79 | 78 | 69 | 67 | 69 |

The number of unemployed (exclusive of those classified as unfit) was lower in April, 1943, than a year before, and the number temporarily stopped had fallen to 1,312 .

The statistics of the Unemployment Fund for the first quarter of 1943 indicate very little change since the previous quarter in the numbers of insured persons employed, and a fall of some $10 \%$ in the number unemployed and receiving benefit. In the second quarter of 1943 employees' contributions amounted to $2 \frac{1}{2} \%$ less than in first quarter and $5 \%$ less than in second quarter of 1942.

## WAGES AND EARNINGS.-Since

 March, 1943, there have been increases in wage-rates for builders, railwaymen, labourers employed by Local Authorities, and, if the recommendation of a 4 s . 6 d . rise per week for all transport workers takes effect, for bus and tram drivers and conductors. These increases range from $4 \%$ to $7 \%$ on pre-war rates and raise our general index number by $\mathrm{I}_{2} \frac{10}{2}$. In each case the new index is lower than the weighted average of all wage-rates. The Cost of Living Index rose about $29 \%$ from September, 1939, to July, 1943; the wage index for each of the five industries named was below this in April, and for builders it is still below it in July. The index numbers are as follows :-

It is seen that there is still little uniformity in the increases, and the irregularity of the changes of wage-rates both in date and amount is illustrated by the following notes on those industries where there has been a change since April.

Building.-The changes have been of the same amount and date throughout the greater part of England. In 1939 the hourly rates in London were is. 9 d . for artisans and is. $3 \frac{3}{4} \mathrm{~d}$. for labourers; in other districts the rates were lower, at the minimum in "Grade C" towns, $5 \frac{1}{2} \mathrm{~d}$. and 4 d . lower, while the ratio of the artisan's to the labourer's wage, $100: 75$, was being kept as closely as possible. In spite of the arrangement of long standing to link wages with the Cost of Living Index, the increases lagged behind that index especially in the early months of the war ; they were $\frac{1}{2} \mathrm{~d}$. hourly all round in December, 1939, February, 1940, June, 1940, December, 1940, February, 1941, June, 1941, and February, 1942. In April, 1943, further increases were Id. to artisans, making 2s. $\mathrm{I}_{2}^{\frac{1}{2}} \mathrm{~d}$. in London, but only ${ }_{4}^{3}$ d. to labourers, making is. 8d. In the whole period the increases have been London : artisan $21 \frac{1}{2} \%$, labourer $27 \%$-Grade C towns: artisan $29 \%$, labourer $36 \%$. The method of equal increments to all districts has of course disturbed the ratios of the wages in different districts and occupations. The lowest rate now recorded, for labourers in Grade C towns, is 58 s .8 d . for the 44 -hour week.

While time-rates for building operatives have increased only moderately, the cost of materials has increased more rapidly. The Board of Trade Index of Building Materials ${ }^{\star}$ at selected dates has been :-

|  | 1939 | 1940 | 1941 | 1942 | 1943 |
| :---: | :---: | :---: | :---: | :---: | :---: |
| January | 102 | 112 | 136 | 142 | 148 |
| July | 103 | 127 | 140 | 145 | 150* |

But according to Lord Portal $\dagger$ the cost of building has risen $105 \%$ during the war, but " considerations causing this should not arise after the war." What these considerations were is not explained. The combination of the index numbers of wages and prices would yield about $40 \%$ increase. This would be raised to about 45 or $50 \%$ if earnings (discussed below) are

[^12]substituted for wage-rates ; but since the higher earnings come from overtime, output does not increase proportionally to the money. Explanations suggested are higher cost of materials than the original weighting of the price index gives, expense of moving labour, upgrading of district wages, and extra payments for only moderate exertion. $\ddagger$ None of these explanations is convincing, and investigation is needed. The effect of these inflated costs on the post-war building programme needs no further emphasis.

Railways.-Average earnings of all traffic grades in March, 1938, were 68s. 6d. per week. Of the groups shown separately (Ministry of Labour Gazette, October, 1938, p. 384) the lowest earnings were locomotive shed labourers, 52s. (weekly wage-rate 48s. 7d.) ; and the highest engine drivers and motormen 102s. 2d. (weekly wage-rate 86 s .7 d .). The range between occupations is thus very great, and the addition to wages from overtime and other causes considerable. The range in wage-rates, and presumably in earnings, has been reduced relatively because most of the increases have been flat rates, while some have raised the minimum rate only, and in June, 1942, drivers and firemen received only is. while other grades received 5 s . It is hoped that more will be known on this question when the promised return for March, 1943, is issued. The increases during the war have been:-January, 1940, 4s. ; June, 1940, 3s. ; January, 1941, 4s.; in these cases for all grades. March, 1942, 4s., estimated for $90 \%$ of the employees, June, 1942, 5s. general ; Is. for drivers and firemen ; April, I943, 4s. 6d. all round. In sum these increases average about 23 s., i.e. $34 \%$ on the pre-war average. In addition there has presumably been an increase of overtime and other causes will have changed the relation of wages to earnings.

Tram Drivers \& Conductors.-The average wage-rates of the tram drivers in six towns (included in our index number) was 65 s .3 d . in August, 1939, of conductors 62s. 2d. The changes have been nearly uniform over the districts: December, 1939, 4s.; July, 1940, 3s. ; April, 1941, 4s. ; February, 1942, 4s. and an increase equal to that on railways, viz.: 4s. 6 d., is recommended for all passenger trans-

[^13]port workers§ in July, 1943. The whole increase is about 19s. 9d., which is $30 \%$ for drivers and rather more for conductors.

Local Authority Labourers.-These wages are recorded for nine towns in Great Britain for our index number. Though there is a National Joint Industrial Council for Local Authorities (non-trading services) the increases have not been uniform in amount nor in date of change. The average at selected dates was August, 1938, 56s. 3d. ; February, 1940, 59s. 6d. ; February, 194I, 64s. 7d.; February, 1942, 67s. Iod.; June, 1943, 72s. Iod. Total increase 16s. 7d., or $29 \%$.

Engineering.-The opening sentence on Wages (April Bulletin, p. 27) was not quite correctly worded ; the addition of 6 s . was not technically to the "basis rates," but to the combination of basic rates and war bonus; the detail was explained in the next paragraph but one. It should have been added that this 6 s ., while we used it correctly in the formation of our index numbers, was not an addition to all plain time workers. In some cases increases had already been granted to low-paid workers, and "lieu" rates to plain time workers, $\|$ and these were subtracted from the new 6 s . (but if they were 6 s . or more, not more than 6 s . was subtracted from the new wage). The Tribunal would appear to have taken the view that when individual firms had already done something which the Tribunal thought should be universal, they should not pay twice over. There is no information at present to show the effect of this provision on the general increase of earnings resulting from the 6 s . addition.

EARNINGS IN PRINCIPAL INDUSTRIES, JANUARY, 1943.-The half-yearly report on earnings is published on the same lines as before in the Ministry of Labour Gazette, June, 1943. The principal results are summarised in Table I. Columns $(e)$ and $(f)$ show the average earnings in sixteen industrial groups for all persons and for men only respectively. In column (a) a rough estimate is given of the proportionate weekly wage bill by industries in 1938; here Governmental Industrial Establishments are

[^14]merged with other industries. The total wagebill included is about $£ 21 \mathrm{Mn}$., roughly twothirds that of all occupations, which include also coal mines, agriculture, railways, domestic and other service, for which no comparable accounts for other years are available. Columns $(b)$ and (c) show the percentage changes in actual earnings as given in the Report.* Column (d) shows the results of working in more detail applying the corresponding 1938 wage-bill to each of the 97 industries which are merged in the industrial groups. The differences between (c) and (d) are due to the unequal growth of the separate industries included, for example, in the metals group. Where the (c) entry exceeds the ( $d$ ) entry, the industries included in which earnings were highest or have increased most rapidly have grown in relative importance.

Thus the final figure in column $(d)$ shows that the general increase in earnings, 1938-1943, would have been $52 \frac{1}{2} \%$ if there had been no change in the relative numbers in the 97 industries, while average earnings in each industry had increased as recorded by the Ministry of Labour. Actually, as given in the last line of column (c), earnings had increased $65 \%$, owing to the more rapid increase in numbers and in earnings of the munition and allied industries.

| Industrial Groups | Relati Wage-b | Percentage Increases 1938 to |  |  | Av, weekly earnings per head Jan., 1943 |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | $\begin{gathered} \text { Oct., } \\ 1938 \\ (\text { a }) \end{gathered}$ | July, 1942 (b) | Jan., 1943 <br> (c) | Jan., <br> (d) | All (e) | Men only (f) |
| Mining \& Quarrying (Excluding Coal) | 1) 12 | 49 | 49 | 47 | $84 \cdot 2 \mathrm{~s}$. | $90 \cdot 7$ s. |
| Coke, Stone, Cement... | .. 8 | 49 | 53 | 51 | 93.1 | 105•3 |
| Brick, Pottery, Glass... | .. 23 | 50 | 56 | 55 | $74 \cdot 4$ | 99.7 |
| Chemicals |  | 47 | 56 | 54 | $85 \cdot 7$ | $110 \cdot 7$ |
| Metals, Engineering, Motors, Ships | s 306 | 67 | 73 |  | 103.0 | 131.5 |
| Textiles ... ... ... | .. 72 | 57 | 62 | 62 | $61 \cdot 4$ | 93.4 |
| Leather ... | ... 7 | 47 | 54 | 56 | $71 \cdot 7$ | $99 \cdot 6$ |
| Clothing ... ... ... | .. 58 | 46 | 50 | 48 | $52 \cdot 5$ | 95.0 |
| Food, Drink, Tobacco | co 59 | 41 | 47 | 47 | 68.9 | 96.7 |
| Wood |  | 43 | 44 | 42 | $74 \cdot 4$ | $96 \cdot 3$ |
| Paper, printing... ... | ... 53 | 28 | 32 | 31 | 76.2 | $107 \cdot 5$ |
| Building, Contracting | g 167 | 55 | 44 | 43 | 87.8 | 94.7 |
| Miscellaneous |  | 60 | 69 | 67 | 185 | 115.2 |
| Transport \&c. (Excluding railways) | s) 77 | 37 | 38 | 38 | 90.6 | $99 \cdot 7$ |
| Public Utility ... ... | .. 71 | 28 | 29 | 33 | $76 \cdot 8$ | 位 |
| Total | 1000 | 52 | 54 | $52 \frac{1}{2}$ |  |  |
| Government Industrial |  |  |  |  |  |  |
| Establishments |  | $\begin{aligned} & 35 \\ & 60 \end{aligned}$ | $\begin{aligned} & 38 \\ & 65 \end{aligned}$ | -- |  |  |

The general increase in average earnings from July, 1942, to January, 1943, was in the ratio $160: 165$, i.e., $+3 \%$. It is noticeable that earnings in Building and Contracting diminished, partly because of shorter winter hours, and broken time, and partly owing to restrictions on over-

[^15]time and Sunday work, which took effect from November, 1942. Seasonal correction for winter time would raise the building percentage increase, but would hardly affect the figure for the total. Otherwise the increase in average earnings, (c) compared with (b), is fairly uniform in the groups from Bricks to Food, and smaller in most other groups.

TABLE II.

| Actual Percentage movement of earnings |  |  |  |  |  | Wage- <br> rate <br> Index |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Men | Youths | Women | Girls | All | All |  |
| 100 | 100 | 100 | 100 | 100 | 100 |  |
| 129 | $134 \frac{1}{2}$ | 120 | 121 | 130 | $110 \frac{1}{2}$ |  |
| 144 | 161 | 135 | 135 | 142 | 118 |  |
| $148^{*}$ | $163^{*}$ | 146 | 145 | $146^{*}$ | 122 |  |
| $161^{\frac{1}{2}}$ | 177 | 167 | $163 \frac{1}{2}$ | 160 | 124 |  |
| 165 | 173 | 180 | $173^{2}$ | 165 | $126 \frac{1}{2}$ |  |

Table II shows the actual changes of average earnings of men, youths (under 21), women and girls (under 18), counting two half-time women as one full-time. There has been since July, 1942, a reduction in average youths' and boys' earnings in a number of industries, but especially in building and contracting; part of this is attributable to the transfer of those over 18 years to the Services. The marked increase in women's and girls' earnings is attributable to the extended employment of women on work formerly done by men and to bonuses on production.

In Table III estimates are given, in most cases from the Ministry of Labour Gazette, of the changes in earnings that would have occurred if (1) the relative numbers of men, youths, women and girls in each industry in 1938 and (2) the relative importance of industries, measured by the total number of persons in 1938, had remained unchanged, while earnings in every case had increased as shown in the main tables.

TABLE III.
Percentage movement of earnings if no change in relative

|  | Men | Youths | Women | Girls | All |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Oct., 1938 | 100 | 100 | 100 | 100 | 100 |
| July, 1940 | 126 | 132 $\frac{1}{2}$ | 118 | 118 | 127 |
| July, 1941 | 140 | $155 \frac{1}{2}$ | 129 | 132 ${ }^{\frac{1}{2}}$ | $137 \frac{1}{2}$ |
| Jan., 1942 |  | $\left.\begin{array}{l} 1562_{2}^{*} \\ 158+\dagger \end{array}\right\}$ | 13412 | 140 | $\left\{\begin{array}{l} 1399_{2}^{-2} * \\ 140 \end{array}\right.$ |
| July, 1942 | 153 | 169 | 151 | 158 |  |
| Jan., 1943 | 154 | 165 | 158 $\frac{1}{2}$ | 166 | $155 \frac{1}{2}$ § |

* Not allowing for bad weather in Jan., 1942.
$\dagger$ Allowing for bad weather in Jan., 1942.
$\ddagger$ Corrected by Ministry of Labour from earlier statement, which was between $52 \%$ and $53 \%$, and should have been between $53 \frac{1}{2} \%$ and $54 \%$.
$\S$ Not given by the Ministry of Labour, but inferred approximately from other data.

In Table IV an estimate is made of the relative numbers by sex and age employed at the different dates. The numbers are so chosen as to give the correct averages, subject to the known direction of the changes of the proportions. Data are lacking for any exact result, but the
numbers are plausible. Since they are not firmly based they are called hypothetical. Between July, 1942, and January, 1943, there must have been a change from a lower paid to an upper paid group to obtain the correct averages for all. The number of youths has probably diminished owing to the reduction of the minimum age for calling them up, and this is arithmetically compensated by assuming a larger proportion of men. Indeed, as time goes on those under 2I years pass above that age and are not replaced.

|  | Hypothetical relative numbers. |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | Men | Youths | Women | Girls | All |
| Oct., 1938 | 61 | 12 | 22 | 5 | 100 |
| July, 1940 | $63 \frac{1}{2}$ | 12 | 1912 | 5 | 100 |
| July, 1941 | 59 | 12 | $22 \frac{1}{2}$ | 5 | 100 |
| Jan., 1942 | 58 \% | 12 | $24 \frac{1}{2}$ | 5 | 100 |
| July, 1942 | $571 / 3$ | 11 | $27^{2} / 3$ | 4 | 100 |
| Jan., 1943 | $572 / 3$ | $10^{2} / 3$ | $272 / 3$ | 4 | 100 |

If now the figures in Table IV for 1938 are applied to the averages shown in the Ministry of Labour Gazette we obtain increases of $63 \%$ to July, 1942, and $67 \frac{1}{2} \%$ to January, 1943. These figures compared with the actual increases for all in Table II indicate the effect of replacement of men by women and other general changes in age and sex proportions.

By the help of these figures we can, as in the January Bulletin, p. 6, Table, IV, make estimates of the effects of the different causes of the increase of earnings relatively to wage-rates. The wage-rate index appropriate to these industries is given in the last column of Table II ; the figures are taken from the Ministry of Labour Gazette, which confirm those based on our index of wage-rates when coal, agriculture and railways are excluded. The index numbers we have for January, $1943(1938=100)$ are :-
(i) Actual change in average earnings ... ... 165
(ii) No change in relative numbers in industries, but change of sex and age proportion in industries (Table I).
(iii) No change in relative numbers in industries or within industries (Table III) ... ... 155 $\frac{1}{2}$
(iv) No change of relative numbers of men to women in all industries together (Tables II and IV)
(v) Change in wage-rates ... $\ldots$...

In (ii), (iii) and (iv) the actual changes in earnings are weighted by constant numbers as described in the Tables.

We can deduce that the growth in earnings relative to wage-rates is approximately attributable to:-unequal growth of industries, $+8 \%$, increase of women $-2 \% \dagger$, and effect of overtime, bonuses and upgrading within industry $+24 \%$; in all, about $+30 \%$.

[^16]The corresponding numbers for July, 1942, given under Table IV, p. 6, January Bulletin need correction, since the first entry for (d) has been corrected by the Ministry to 154 . They are: effects of movement between industries $+6 \%$, diminution of men $-2 \%$, increase of overtime, etc., $+24 \%$, in all about $+29 \%$. In that
statement the upgrading within an industry due to women being promoted to men's work and unskilled men to more skilled jobs, etc., should have been explicitly included.

The increase for 'all persons' was $43 \%$ or less in 24 out of 96 industries, and in the uppermost 24 it was $62 \%$ or more.

## WHOLESALE PRICES.

## COMPARATIVE INDEX NUMBERS FOR 5 COUNTRIES.

The table below gives comparable index-numbers of wholesale prices, based upon a list of commodities as nearly identical as possible for all the countries, and the same method of calculation and weighting is applied in each case. The index-numbers were described in detail in Special Memorandum No. 24. The figures for 12 countries in the table on p. 56, which are derived from the League of Nations monthly bulletin, are affected by differences of content and method of calculation.

|  | Base $1925=100$ |  |  |  |  |  |  |  |  |  |  |  |  | $\begin{gathered} \text { Base } \\ 1913 \\ =100 \end{gathered}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1942 |  |  |  |  |  |  | $\square 1943$ |  |  |  |  |  |  |
|  | June | July | Aug. | Sept. | Oct. | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. | May | June | $\begin{aligned} & \text { Year } \\ & 1925 \end{aligned}$ |
| FOOD- |  |  |  |  |  |  |  |  |  |  |  | 98 | 98 |  |
| United K'gdom $\ddagger$ | 105 91 | 100 90 | 9 | 94 94 | 94 | 94 | 96 99 | 103 | 104 | 107 | 107 | 98 | 98 | 151 |
| Canada .......... | 88 | 89 | 88 | 87 | 88 | 88 | 89 | 91 | 92 | 93 | 94 | 95 |  | 158 |
| New Zealand.. | 107 | 108 | 107 | 107 | 104 | 107 | 105 | 105 | 104 | 107 |  |  |  | 158 |
| S. Africa ...... | 112 | 113 | 115 | 117 | 120 | 125 | 127 | 125 | 125 | 123 | 124 |  |  | 122 |
| MATERIALS- |  |  |  |  |  |  | 116 | 117 | 116 | 116 | 116 | 116 | 117 |  |
| U.S.A. ........ | ${ }_{85}^{114}$ | ${ }_{86}$ | 85 | ${ }_{85}$ | 85 | 85 | , 85 | 187 | 87 | 88 | 88 |  |  | 175 |
| Canada ......... | 87 | 87 | 87 | 87 | 87 | 87 | 87 | 88 | 88 | 90 | 89 | 89 |  | 170 |
| New Zealand.. | 111 | 114 | 114 | 114 | 115 | 115 | 115 | 115 | 115 | 115 |  |  |  | 165 |
| S. Africa ...... | 123 | 124 | 125 | 125 | 126 | 126 | 127 | 129 | 129 | 129 | 130 |  |  | 161 |
| TOTAL- |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| United Kingdom | 110 | 110 | 107 | 107 | 107 | 107 89 | 108 91 | 109 93 | 109 94 | 109 96 | 109 96 | 109 | 109 | 158 |
| Canada .......... | 87 | 88 | 88 | 87 | 87 | 87 | 88 | 89 | 90 | 91 | 91 | 91 |  | 164 |
| New Zealand.. | 109 | 112 | 111 | 111 | 111 | 112 | 111 | 111 | 111 | 112 |  |  |  | 162 |
| S. Africa ...... | 119 | 120 | 121 | 122 | 124 | 126 | 127 | 127 | 127 | 127 | 128 |  |  | 145 |

## INDEX NUMBERS OF PRICES IN 12 COUNTRIES.

As quoted in the Monthly Bulletin of the League of Nations.t See also table on p. 55 .

I. WHOLESALE, \% OF 1929

|  |  |  |  |  |  |  |  |  |  |  | (a) |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 1938 Average | ... | 89 | 89 | 82 | 105 | 90 | 109 | 77 | 114 | 99 | 111 | 76 | 82 |
| 1989 Average | ... | 90 | 90 | 79 | 108 | 88 | 112 | 78 | 126 | 100 | 115 | 79 | 81 |
| 1940 Average | ... | 120 | 98 | 87 | 121 | 98 | 128 | 80 | 142 | 126 | 146 | 101 | 82 |
| 1941 Average | ... | 134 | 102 | 94 | 133 | 107 | 150 | 82 | 150 | 147 | 172 | 130 | 91 |
| 1942-Jan. ... | $\ldots$ | 137 | 108 | 99 | 138 | 114 | 182 | 83 | 160 | 157 | 182 | 143 | 101 |
| Feb. ... | ... | 139 | 110 | 99 | 137 | 114 | 184 | 83 | 160 | 160 | 183 | 145 | 102 |
| Mar. . | ... | 139 | 110 | 99 | 137 | 115 | 186 | 83 | 161 | 160 | 184 | 146 | 102 |
| Apr. ... |  | 140 | 112 | 99 | 137 | 115 | 190 | 83 | 161 | 162 | 186 | 147 | 104 |
| May ... | $\ldots$ | 141 | 118 | 100 | 143 | 117 | 194 | 83 | 161 | 168 | 187 | 148 | 104 |
| June ... | ... | 140 | 120 | 100 | 146 | 120 | 196 | 83 | 161 | 165 | 188 | 148 | 104 |
| July . | ... | 140 | 120 | 101 | 147 | 120 | 198 | 84 | 161 | 170 | 193 | 150 | 104 |
| Aug. . | ... | 139 | 121 | 100 | 147 | 122 | 201 | 84 | 163 | 178 | 192 | 150 | 104 |
| Sept. . | ... | 139 | 121** | 100 | 148 | 123 | 201 | 84 | 163 | 181 | 192 | 150 | 105 |
| Oct. . | ... | 140 | 120* | 101 | 147 | 126* | 202 | 84 | 162 | 183 | 193 | 150 | 105 |
| Nov. ... |  | 141 | 120* | 101 | 149 | 128* | 204 | 84 | 163 | 182 | 195 | 151 | 105 |
| Dec. ... | ... | 141 | 120* | 101 | 149 | 129* | 200 | 84 | 163 | 181 | 195 | 152 | 106 |
| 1943-Jan. | ... | 142 | $119^{*}$ | 101 | 148 |  | 204 | 84 | 165 | 186 | 196 | 152 | 107 |
| Feb. |  | 142 |  | 101* | 149 |  | 207 | 85 | 165 |  | 197 | 154 | 107* |
| Mar. ... | ... | 142 |  | 102* | 149 |  | 208 | 85 |  |  | 197 | 154 | 108* |
| Apr. ... | ... | 142 |  | 103* |  |  |  | 85 |  |  | 197 | 154 | 109* |
| May $\quad$ - | $\ldots$ | 143 |  |  |  |  |  |  |  |  |  |  | 109* |
| June ... | . | 143 |  |  |  |  |  |  |  |  |  |  |  |


| 1938 Average |
| ---: |
| 1939 Average |
| 1940 Average |
| 1941 Average |
| 1942-Jan. |
| Feb. |
| Mar. |
| Apr. |
| Apr |
| May |
| June |$.^{\ldots}$.



| $(\boldsymbol{d})$ | $(\boldsymbol{f})$ |  | $(\boldsymbol{g})$ |
| ---: | :--- | ---: | ---: |
| 86 | 106 | 85 | 86 |
| 81 | 108 | 86 | 84 |
| 85 | 123 | 94 | 85 |
| 96 | 142 | 108 | 89 |
| 107 | 149 | 116 | 94 |
| 109 | 150 | 117 | 95 |
| 110 | 152 | 117 | 96 |
| 113 | 152 | 119 | 97 |
| 115 | 153 | 119 | 97 |
| 117 | 154 | 120 | 97 |
| 117 | 156 | 121 | 98 |
| 119 | 157 | 121 | 98 |
| $120^{*}$ | 158 | 121 | 99 |
| $122^{*}$ | 158 | 123 | 100 |
| $125^{*}$ | 160 | 123 | 100 |
| $125^{*}$ | 160 | 124 | 101 |
| $126^{*}$ | 160 | 125 | 101 |
| $127^{*}$ | 160 | 125 | $101^{*}$ |
| $128^{*}$ | 160 | 125 | $103^{*}$ |
|  | 160 | 126 | $104^{*}$ |
|  |  |  | $105^{*}$ |
|  |  |  |  |

III. RETAIL, FOOD ONLY, \% OF 1929

| 1938 Average | ... |
| :---: | :---: |
| 1939 Average | ... |
| 1940 Average | ... |
| 1941 Average | ... |
| 1942-Jan. ... | ... |
| Feb. ... | ... |
| Mar. ... | ... |
| Apr. ... | ... |
| May ... | ... |
| June ... | ... |
| July ... | ... |
| Aug. . ${ }^{\text {d }}$ | ... |
| Sept. ... | ... |
| Oct. ... |  |
| Nov. ... | ... |
| Dec. ... | ... |
| 1943-Jan. | $\ldots$ |
| Feb. ... | ... |
| Mar. ... | ... |
| Apr. ... | $\ldots$ |
| May ... | ... |
| June ... | ... |


|  |  |  |  |  |  | $(b)$ | $(f)$ | 114 | 83 | 74 |
| ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: |
| 92 | 85 | 77 | 98 | 93 | 91 | 78 |  | 74 |  |  |
| 92 | 89 | 75 | 104 | 93 | 92 | 79 | 123 | 118 | 85 | 72 |
| 107 | 90 | 79 | 106 | 96 | 93 | 82 | 153 | 137 | 94 | 73 |
| 108 | 91 | 86 | 109 | 103 | 97 | 83 | 153 | 162 | 112 | 80 |
| 106 | 94 | 91 | 113 | 108 | 103 | 82 | 156 | 172 | 122 | 88 |
| 105 | 95 | 92 | 108 | 109 | 104 | 83 | 155 | 174 | 124 | 88 |
| 104 | 96 | 92 | 107 | 110 | 107 | 84 | 155 | 177 | 125 | 90 |
| 104 | 98 | 92 | 109 | 112 | 107 | 85 | 157 | 177 | 126 | 90 |
| 103 | 98 | 94 | 109 | 114 | 107 | 86 | 158 | 178 | 127 | 92 |
| 104 | 99 | 97 | 109 | 115 | 108 | 87 | 158 | 179 | 128 | 93 |
| 104 | 100 | 96 | 110 | 115 | 106 | 90 | 157 | 181 | 130 | 94 |
| $104^{*}$ | 101 | 95 | 112 | 112 | 105 | 88 | 157 | 182 | 130 | 95 |
| 105 | 101 | 96 | 114 | 113 | 106 | 83 | 157 | 183 | 130 | 96 |
| 106 | 101 | 98 | 115 | 114 | 106 | 82 | 156 | 184 | 131 | 98 |
| 106 | 101 | 99 | 116 | 118 | 105 | 83 | 155 | 186 | 132 | 99 |
| 106 | $100^{*}$ | 94 | 114 | $117^{*}$ | 107 | 83 | $154^{*}$ | 186 | 133 | 100 |
| 106 | $98^{*}$ | 94 |  | $118^{*}$ | 107 | 84 | $155^{*}$ | 185 | 134 | $101^{*}$ |
| 107 |  | 95 |  | $120^{*}$ | 106 | 85 |  | 185 | 134 | $101^{*}$ |
| 107 |  | 96 |  |  | 115 | 85 |  | 185 | 135 | $104^{*}$ |
| 107 |  | $96^{*}$ |  |  |  | 86 |  | 184 | 135 | $106^{*}$ |
| 107 |  |  |  |  |  |  |  |  |  |  |
| 109 |  |  |  |  |  |  |  |  |  |  |

(a) \% of 1935. (b) \% of July, 1937. (c) Exel. rent. (d) Excl. rent and clothes. (e) B.L.S. Index, \% of 1935-1939. * Provisional ( $f$ ) \% of Sept., 1931. (g) N.I.C.B. Index. + Figures are averages for month, or mid-month or end of month figures.

|  | STOCKS \＆SHARES |  |  |  | MONEY＊ |  | $\begin{aligned} & \text { NEW } \\ & \text { CAPITAL } \\ & \text { ISSUES } \end{aligned}$ |  | OTHER BANKING． |  |  |  |  |  |  |  |  |  | TREASURYBILLS． |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Industrials |  | Fixed <br> Interest |  |  |  |  |  | Bank of England， |  |  | Nine Clearing Banks． |  |  |  |  |  |  |  |  | ⿳亠口⿹丁口㇒Hे£Mn. |
|  |  |  | $\begin{aligned} & \text { ö } \\ & \text { H. } \\ & \text { din } \\ & \text { 品 } \\ & \% \end{aligned}$ | \％ |  |  | for <br> £ Mn． |  |  |  | £Mn. |  | $\begin{aligned} & \text { 品 } \\ & \stackrel{0}{0} \\ & \stackrel{0}{0} \\ & \stackrel{0}{2} \end{aligned}$ <br> £Mn． |  |  | 芯范 <br> 号品 <br> ＋ <br> £Mn． | \% |  |  |  |  |
| 1924 Av．．．． | 100 |  | 100 | 100 | 2.43 | 3.45 | 7.4 | 11.2 |  |  | 390 | 1632 | 242 |  | 791 974 | 324 242 | $11 \cdot 7$ 10.7 | $48 \cdot 5$ $55 \cdot 3$ | 442 521 | 159 | $\begin{aligned} & 601 \\ & 760 \end{aligned}$ |
| $1929 \mathrm{Av} . . .$ | 139 | － | $96 \cdot 3$ | 104.0 | $4 \cdot 57$ | $5 \cdot 31$ | $13 \cdot 3$ | $7 \cdot 9$ | 62 | 50 | 361 | 1762 | 226 |  | 974 | $242$ | $10 \cdot 7$ | $55 \cdot 3$ | 521 | 239 | 760 |
| 1934 Av | 125 |  | $132 \cdot 5$ | $75 \cdot 7$ | 81 | 81 | 8.9 | 3.6 | 102 | 54 | 378 | 1842 | 228 |  | 740 | 543 | $11 \cdot 3$ | $40 \cdot 2$ | 473 | 377 393 | 850 866 |
| 1935 Av | 139 |  | 136.2 | 73.6 | 73 | 57 | $13 \cdot 5$ | 1.7 | 98 | 51 | 394 | 1961 | 264 |  | 755 | 598 | $10 \cdot 3$ | 38.5 39.2 | 473 576 | 295 | 801 |
| 1936 Av． | 161 | － | 136.9 | $73 \cdot 2$ | $\cdot 75$ | 61 | $15 \cdot 9$ | $2 \cdot 2$ | 96 | 54 | 432 | 2104 | 312 |  | 825 910 | 598 | 10.3 10.3 | 39.2 41.9 | 560 | 229 | 789 |
| 1937 Av | 150 | － | $127 \cdot 7$ | 78.4 | －75 | ． 59 | 11.6 | $2 \cdot 7$ | $\begin{array}{r}97 \\ 104 \\ \hline\end{array}$ | 58 | 479 | 2161 | 274 |  | 930 | 593 | 10.6 | 43.0 | 547 | 330 | 887 |
| 1938 Av．．．． | 123 |  | 126.6 | 79.0 86.2 | $\cdot 75$ 1.05 | 61 1.20 | 7.7 3.6 | 2.1 1.9 | 103 | 56 58 | 485 | 2129 | 274 246 |  | 943 | 564 | 10.9 | $44 \cdot 3$ | 488 | 582 | 1070 |
| 1939 Av．． | 114 |  | 116.3 123.0 | 86.2 81.6 | 1.05 | 1.20 1.04 | 3.6 0.3 | 1.9 0.0 | 103 | 58 77 | 507 | 2129 2.377 | 246 357 |  | 943 906 | 621 | 10.7 | 38．3 | 480 | 5 | 1708 |
| 1940 Av． | 95 101 | － | 123.0 131.0 | 81.6 76 | 10 1.0 | 1.04 1.03 | 0.3 0.2 | 0.0 0.0 | 118 | 69 | 574 652 | 2818 | 220 | 474 | 815 | 837 | 10.4 | 29.1 |  |  | 2389 |
| 1942 Av | 113 |  | 135.3 | $74 \cdot 2$ | 1.0 | 1.03 | $0 \cdot 3$ | 0.0 | 131 | 60 | 807 | 3104 | 223 | 614 | 758 | 1006 | $10 \cdot 5$ | $24 \cdot 5$ |  |  | 670 |
| 1940 |  |  |  |  |  | 1.09 |  |  | 102 | 79 | 527 | 2285 | 374 |  | 947 | 568 | 10.0 | 41.5 | 785 | 690 | 1475 |
| JAN．．．．．．． | 104 | +16 +2.1 | $120 \cdot 1$ $124 \cdot 9$ | $83 \cdot 3$ $80 \cdot 2$ | 1.0 1.0 | 1.05 |  |  | 106 | 80 | 527 | 2244 | 340 |  | 949 | 565 | 10.5 | $42 \cdot 3$ | 806 | 626 | 1432 |
| AR | 109 | ＋ 28 | $124 \cdot 7$ | $80 \cdot 3$ | 1.0 | 1.03 |  |  | 114 | 78 | 535 | 2239 | 325 |  | 954 | 567 | $10 \cdot 5$ | $42 \cdot 6$ | 761 | 674 | 35 |
| APR． | 106 | ＋ 1.9 | 123.9 | 80.8 | $1 \cdot 0$ | 1.03 | $2 \cdot 7$ | 0.4 | 115 | 68 | 537 | 2233 | 328 |  | 935 | 573 | 10.8 | 41.9 | 701 | 708 | 1409 |
| MAY | 97 | $-10 \cdot 1$ | 122.8 | $81 \cdot 5$ | 1.0 | 1.03 |  |  | 106 | 76 | 546 | 2288 | 394 |  | 916 | 589 | $10 \cdot 7$ | 40.0 | 685 | 722 | 1582 |
| JUNE | 82 | $-17 \cdot 4$ | $119 \cdot 3$ | $84 \cdot 3$ | 1.0 | 1.03 |  |  | 103 | 83 | 578 | 2341 | 372 |  | 913 | 592 | $10 \cdot 9$ | 39.0 | 740 | 842 | 1582 |
| JULY | 79 | －6．7 | $120 \cdot 9$ | $83 \cdot 1$ | 1.0 | 1.03 |  |  | 79 | 107 | 609 | 2328 | 403 | 25 | 883 | 612 | $10 \cdot 7$ | 38.0 | 826 | 907 | 1733 |
| AUG． | 84 | ＋6．4 | $121 \cdot 7$ | $82 \cdot 6$ | 1.0 | 1.03 |  |  | 108 | 79 | 614 | 2355 | 416 | 25 | 872 | 636 | $11 \cdot 1$ | 37.0 | 836 |  | 1921 |
| SEPT | 87 | $+4.3$ | $121 \cdot 9$ | $82 \cdot 4$ | 1.0 | 1.03 | 0.8 |  | 108 | 63 | 609 | 2466 | 387 | 86 | 889 | 652 | $11 \cdot 1$ | 36.0 | 836 | 1146 | 1986 |
| OCT． | 91 | －3．2 | $122 \cdot 9$ | $81 \cdot 8$ | 1.0 | 1.03 | 0.8 | 0.2 | 109 | 72 | 598 | 2527 | 361 | 173 | 886 | 677 | $10 \cdot 1$ | $35 \cdot 1$ 34.2 | 840 845 | 1239 | 2084 |
| NOV． | 97 | ＋6．9 | 126.0 | $79 \cdot 5$ | 1.0 | 1.03 |  |  | 115 | 70 | 594 | 2566 | 327 | 226 | 876 | 697 | 10.6 | 34．2 | 845 | ＋1 | 2152 |
| DEC． | 95 | $-1.4$ | 126.6 | 79.0 | 1.0 | 1.03 |  |  | 116 | 68 | 604 | 2658 | 254 | 301 | 857 | 724 | 11.6 | $32 \cdot 2$ | ＋ | ＋1 | 2152 |
| JAN． 1941 | 98 | $+2.8$ | $128 \cdot 3$ | $78 \cdot 1$ | 1.0 | 1.03 |  |  | 119 | 69 | 603 | 2617 | 258 | 325 | 864 | 741 | $10 \cdot 2$ | 33.0 | 845 | 1341 | 2186 |
| FEB． | 96 | － 2.8 | $128 \cdot 6$ | 78.0 | 1.0 | 1.03 |  |  | 111 | 79 | 602 | 2571 | 203 | 315 | 854 | 762 | $10 \cdot 5$ | $33 \cdot 2$ | 845 | 1369 |  |
| MAR． | 92 | － 2.9 | 129•1 | $77 \cdot 6$ | 1.0 | 1.03 |  |  | 110 | 67 | 608 | 2625 | 187 | 359 | 862 | 767 | $10 \cdot 4$ | 32．9 | ＋1 | ＋ | 2212 |
| APR． | 93 | ＋ 0.3 | 129.5 | $77 \cdot 4$ | 1.0 | 1.03 |  |  | 115 | 68 | 622 | 2686 | 182 | 440 | 840 | 765 | 10.5 | 31.3 | 865 | 1370 | 235 |
| MAY | 93 | $+0.4$ | $130 \cdot 6$ | 76.8 | 1.0 | 1.03 |  |  | 115 | 66 | 629 | 2677 | 163 | 452 | 829 | 793 | $10 \cdot 4$ | 31.0 | 905 | 1410 | 2357 |
| JUNE | 96 | $+3.7$ | $130 \cdot 3$ | $77 \cdot 0$ | 1.0 | 1.03 |  |  | 123 | 58 | 637 | 2794 | 184 | 465 | 816 | 822 | $10 \cdot 5$ | $29 \cdot 2$ |  |  | 2357 |
| JULY | 102 | $+8.2$ | 132.5 | 75.8 | 1.0 | 1.03 |  |  | 108 | 79 | 651 | 2838 | 262 | 459 | 811 | 843 | 10.2 | 28.6 | 960 | 1492 | 2452 |
| AUG． | 107 | ＋ 8.9 | 131.8 | 76.2 | 1.0 | 1.03 |  |  | 96 | 87 | 668 | 2842 | 250 | 450 | 796 | 876 | 10.5 | 28.0 | 970 | 152 |  |
| SEPT． | 109 | ＋ 4.6 | 132.6 | $75 \cdot 7$ | 1.0 | 1.03 |  |  | 128 | 62 | 670 | 2955 | 299 | 509 | 785 | 880 | $10 \cdot 6$ | 26.6 | ＋1 |  | 2577 |
| OCT． | 107 | $-1.3$ | 132.6 | $75 \cdot 7$ | 1.0 | 1.03 | 0.9 | $0 \cdot 2$ | 128 | 65 | 686 | 3011 | 254 | 570 | 783 | 926 | $10 \cdot 3$ | $26 \cdot 0$ | 975 | 1559 | 534 |
| NOV． | 109 | ＋ 4.3 | 133.5 | 75.2 | 1.0 | 1.03 |  |  | 139 | 61 | 704 | 3042 | 231 | 623 | 769 | 936 | $10 \cdot 3$ | $25 \cdot 3$ | 975 | 1575 | 2550 |
| DEC | 110 | $+1.6$ | $132 \cdot 5$ | $75 \cdot 8$ | 1.0 | 1.03 |  |  | 121 | 64 | 740 | 3158 | 163 | 725 | 766 | 933 | 11.0 | $24 \cdot 3$ | † | 十， | 2547 |
| 1942 |  | ＋ 16 | 132 | 75 | 1.0 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 2529 |
| JAN． | 112 | $+3.8$ | 135.9 | $73 \cdot 8$ | 1.0 | 1.03 |  |  | 134 | 53 | 744 | 3058 | 152 | 708 | 772 | 942 | $10 \cdot 2$ | $25 \cdot 2$ | 945 | 15 | 2518 |
| FEB． | 107 | －3．9 | $135 \cdot 1$ | 74.5 | 1.0 | 1.03 |  |  | 122 | 68 | 750 | 2925 | 108 | 618 | 785 | 950 | $10 \cdot 3$ | 26.8 | 905 | 1613 | 2621 |
| MAR． | 105 | $-2.3$ | 135.6 | 74.0 | 1.0 | 1.03 |  |  | 118 | 73 | 754 | 2913 | 159 | 451 | 797 | 983 | $11 \cdot 3$ | $27 \cdot 3$ | 02 | 1757 | 2677 |
| APR． | 106 | $+0.9$ | 135.8 | $73 \cdot 9$ | 1.0 | 1.03 |  |  | 128 | 60 | 767 | 2919 | 249 | 428 | 782 | 980 | 10.4 | 26.8 | 920 | 1757 | 2780 |
| MAY | 107 | ＋ 16 | $135 \cdot 4$ | $74 \cdot 1$ | 1.0 | 1.03 |  |  | 127 | 63 | 780 | 2966 | 288 | 450 | 771 | 981 | 10.4 | 26.0 | 975 | 1805 | 2780 |
| JUNE | 111 | ＋ 5.2 | 134.9 | $74 \cdot 5$ | 1.0 | 1.03 |  |  | 133 | 59 | 793 | 3091 | 276 | 520 | 760 | 990 | $10 \cdot 9$ | $24 \cdot 6$ | 十 | 中 | 2638 |
| JULY | 109 | －10 | $135 \cdot 4$ | 74.2 | 1.0 | 1.03 |  |  | 121 | 57 | 813 | 3091 | 257 | 582 | 757 | 1066 | 10.5 | 24.5 | 975 | 1654 | 2629 |
| AUG． | 111 | ＋ 4.0 | 135．2 | 74.4 | 1.0 | 1.03 |  |  | 126 | 66 | 834 | 3130 | 267 | 608 | 745 | 1013 | 10.6 | $23 \cdot 8$ | 975 | 1668 | 2643 |
| SEPT．．．． | 115 | +3.0 +5.0 | $135 \cdot 5$ | $74 \cdot 1$ | 1.0 | 1.03 |  |  | 138 | 56 | 831 | 3180 | 259 | 664 | 736 | 1028 | 10.4 | $23 \cdot 2$ |  | 1668 | 2693 |
| OCT．．．．．． | 126 | +5.2 +6.2 | $135 \cdot 2$ | $74 \cdot 3$ | 1.0 | 1.03 |  |  | 135 | 60 | 846 | 3243 | 254 | 712 | 735 | 1039 | $10 \cdot 2$ | 22.7 | 1000 | 1730 | 2730 |
| DEC． | 126 | +6.2 -0.1 | $135 \cdot 4$ | 74.1 | 1.0 | 1.03 |  |  | 143 | 56 | 863 | 3289 | 226 | 769 | 725 | 1048 | 10.6 | 22.0 | 1040 | 1705 | 2745 |
| 1943 | 126 | 01 | 137.4 | 74.5 | 1.0 | 1.03 |  |  | 147 | 55 | 908 | 3438 | 186 | 859 | 733 | 1049 | $10 \cdot 7$ | $21 \cdot 3$ | ＋ | 性 | 2833 |
| JAN． | 131 | $+4.6$ | 137.0 | $73 \cdot 3$ | $1 \cdot 1$ | 1.03 |  |  | 146 | 76 | 914 | 3390 | 183 | 899 | 721 | 1040 | 10.6 | $21 \cdot 3$ | 1020 | 1771 | 2791 |
| FEB． | 132 | $+0.3$ | $136 \cdot 7$ | $73 \cdot 4$ | $1 \cdot 1$ | 1.03 |  |  | 149 | 66 | 915 | 3340 | 135 | 896 | 724 | 1036 | $10 \cdot 6$ | 21.7 | 980 | 1830 | 2810 |
| MAR ．．．．．． | 132 | －0．1 | $135 \cdot 8$ | $73 \cdot 9$ | 0.9 | 1.03 |  |  | 156 | 61 | 927 | 3354 | 160 | 847 | 738 | 1059 | 10.6 | 22.0 | $\dagger+$ | 1 | 2839 |
| APR．．．．．．． | 133 | ＋ 1.8 +1.1 | $135 \cdot 4$ | 74.3 | $1 \cdot 1$ | 1.03 |  |  | 132 | 72 | 943 | 3358 | 117 | 926 | 720 | 1063 | 106 | 21.4 | 990 | 1867 | 2857 |
| JUNE． |  | ＋ 1.1 | $133 \cdot 4$ | $75 \cdot 2$ | 1.0 | 1.03 |  |  | 140 | 75 | 952 | 3378 | 145 | 885 | 721 | 1074 | 10.6 | 21.4 | 1065 | 1886 | 2941 |
|  |  | －0．8 | $132 \cdot 9$ | $75 \cdot 5$ | 1.0 | 1.03 |  |  | 158 | 60 | 949 | 3437 | 225 | 817 | 707 | 1085 | $10 \cdot 6$ | 20.6 | † | ＋ | 3028 |
| JULY | 133 | $+1$ | 5 | $75 \cdot 1$ | 1.0 | 1.02 |  |  | 146 | 59 | 953 |  |  |  |  |  |  |  |  |  |  |

NEW CAPITAL ISSUES－
BANK OF ENGLAND－
PRINCIPAL BANKS－
TREASURY BILLS－

Index Nos，of Prices and Field as percentage of 1924 level；on 15th of month． Sensitive Index．－Geometric Mean of monthly percentage changes．
Issues during month in Gt，Britain（a），for U．K．（b），for Abroad，excluding Government loans，etc．－As published by THE MIDLAND BANK，LTD．1940－41 Six－months＇totals．
Deposits．11th－17th of month
Bank Notes and Currency Notes in circulation 11th－17th of month．Issues amalgamated，November $22 \mathrm{nd}, 1928$. ＂Current Deposit and other accounts，＂etc．Before September，1939，averages for the month of 9 clearing banks （i．e．－exclu
Up to June，1940，11th－17th of month，thereafter end of month
Issued by tender．Total of Bills issued by tender during 13 weeks preceding date of Exchequer Return
Otherwise issued．Total of Treasury Bills in existence less those lssued by tende

## PRICES AND WAGES.



PRICE OF GOLD-
PRICE OF SILVER-
Until September, 1939, average (London) price per fine oz. for week ending 15th of month,-ECONOMIST.
BOARD OF TRADE INDEX-Geometrio Mean of Wholesale Prices (averages for month) of 200 commodities as percentage of 1924 average. Based on new index first published in January, 1935.-BOARD OF TRADE JOURNAL,
STATIST (SAUERBECK) Average wholesale prices of 19 foodstuffs and 26 rav materials on last day of month, as percentage of arerage INDICES-for 1924.-STATIST
COST OF LIVING INDEX-Ministry of Labour's index showing movement since 1924 in cost of maintaining unchanged the standard of iving prevalent in working-class households beforo Aug. 1914. For 1st of month, but placed against previous month-e.g., reading for March 1st is shown against February-to facilitate comparison with "Statist " index
RETAIL FOOD PRICES-
WAGE INDEX-
For description see Special Memo, No. 28,

## INTERNAL ACTIVITY．

| ， | Retail sales． |  |  |  | UNEMPLOYMENT EXCHANGES．NUMBERS ON REGISTER．GREAT BRITAIN． |  |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | $\begin{aligned} & \text { 湈 } \\ & \text { 若 } \\ & \text { \% } \\ & \text { \% } \\ & \text { \% } \end{aligned}$ | $\begin{aligned} & \text { ذ. } \\ & \text { ث̈ } \\ & \text { \% } \end{aligned}$ |  | Whol | Unemployed． |  | 000＇s． | Temporarily |  | Stopped． | 000＇s． | Unem－ ployed Work－ ers． 000 ＇s． | Total． <br> 000 ＇s． |  |
|  |  |  |  |  | Men 18 and over | $\begin{gathered} \text { Boys } \\ 14-17 \end{gathered}$ | $\begin{array}{\|c} \text { Women } \\ 18 \text { and } \\ \text { over } \end{array}$ | $\begin{gathered} \text { Girls } \\ 14-17 \end{gathered}$ | $\begin{gathered} \text { Men } \\ 18 \text { and } \\ \text { over } \end{gathered}$ | $\begin{gathered} \text { Boys } \\ 14-17 \end{gathered}$ | $\begin{aligned} & \text { Women } \\ & 18 \text { and } \\ & \text { over } \end{aligned}$ | $\begin{aligned} & \text { Girls } \\ & 14-17 \end{aligned}$ |  |  |  |
| AUG9 ${ }^{1939}$ | 83 | 103 | 94 | 144 | 730 | 35 | 168 | 35 | 129 | 3 | 76 | 4 | 52 |  | 1232 |
| SEPT | 103 | 114 | 109 | 139 | 661 | 42 | 292 | 58 | 116 | 3 | 102 | 7 | 52 |  | 1321 |
| OCT ． | 106 | 113 | 109 | 142 | 759 | 42 | 358 | 63 | 84 | 2 | 57 53 5 | 3 3 3 | 63 54 |  | 1431 |
| NOV． | 98 | 108 | 103 | 146 | 767 | 39 | 350 | $\begin{array}{r}57 \\ +\quad 48 \\ \hline\end{array}$ | 79 89 | 2 | 53 50 | 3 3 | 54 48 |  | 11362 |
| DEC．．． | 146 | 125 | 136 | 194 | 764 | 34 | 325 |  |  |  |  |  |  |  |  |
| JAN 1940 | 100 | 104 | 102 | 137 | 805 | 38 | 320 | 56 | 185 | 3 | 58 | 3 | 50 |  | 1519 |
| FEB．． | 83 | 107 | 95 | 133 | 759 | 33 | 299 | 50 | 254 | 6 | 53 | 3 | 48 |  | 1504 |
| MAR． | 100 | 115 | 108 | 138 | 628 539 | 24 | 273 | 40 | 69 55 | 2 | 37 | 2 | 46 |  | 1121 |
| APRIL | 106 | 114 | 111 | 146 178 | 539 469 | 16 | 243 | 36 28 | 55 56 | 1 | 43 | 2 | 47 |  | 881 |
| JUNE | 99 | 110 | 105 | 168 | 382 | 14 | 226 | 26 | 39 | 1 | 40 |  | 37 |  | 767 |
| JULY | 106 | 118 | 113 | 180 | 344 | 18 | 248 | 34 | 77 | 3 | 69 | 4 | 37 |  | 835 |
| AÜG． | 101 | 108 | 104 | 167 | 304 | 27 | 235 | 47 | 75 |  | 72 | 4 | 32 |  | 827 799 |
| SEPT． | 110 | 101 | 103 | 168 | 318 | 25 | 227 | 43 | 98 | 3 | 79 | 5 | 31 |  | 830 |
| OCT | 128 | 107 | 117 | 175 | 309 | 26 | 257 | 44 | 93 | 3 | 72 | 4 | 28 |  | 835 |
| NOV． | 99 | 107 | 104 | 177 | 286 | 22 | 255 | 40 | 94 | 3 | 63 | 4 | 25 |  | 791 |
| DEC．． | 137 | 126 | 132 | 240 | 248 | 17 | 244 | 33 | 82 | 2 | 54 | 3 | 22 |  | 705 |
| 1941 | 91 | 110 | 102 | 175 | 237 | 22 | 222 | 40 | 90 |  | 57 | 3 | 22 |  | 696 |
| FEB． | 84 | 111 | 98 | 172 | 200 | 17 | 197 | 34 | 68 | 2 | 43 | 2 | 18 |  | 581 |
| MAR． | 98 | 113 | 106 | 174 | 160 | 13 | 165 | 26 | 41 | 1 | 32 | 2 | 18 |  | 458 |
| APR | 109 | 116 | 112 | 175 | 140 | 17 | 133 | 28 | 41 | 1 | 32 | 2 | 16 |  | 411 |
| MAY． | 110 | 113 | 111 | 177 | 128 | 14 | 122 | 26 | 27 | 1 | 36 | 2 | 13 |  | 369 |
| JUNE | 106 | 106 | 106 | 180 | 110 | 11 | 102 | 20 | 18 |  | 28 | 1 | 11 |  | 302 |
| JULY | 89 | 110 | 101 | 183 | 102 | 12 | 89 | 17 | 20 | 1 | 24 |  | 12 |  | 273 |
| AUG．．． | 90 | 106 | 98 | 183 | 99 | 17 | 82 | 21 | 15 | － | 21 | 1 | 13 |  | 270 |
| SEPT． | 101 | 99 | 99 | 183 | 88 | 12 | 79 | 18 | 8 |  | 15 | 1 | 10 |  | 230 |
| OCT． | 98 97 | 107 | 103 | 189 | 86 86 | 11 | 73 64 | 16 | 7 |  | 13 | 1 | 10 |  | 216 199 |
| DEC．．． | 126 | 123 | 126 | 251 | 84 | 8 | 62 | 11 | 4 | － | 8 | 1 | 10 |  | 188 |
| JAN 1942 | 102 | 108 | 106 | 183 | 88 | 12 | 56. |  | 7 |  | 7 |  |  | $\xrightarrow{\text { A }}$ | B |
| FEB．．． | 94 | 113 | 103 | 179 | 89 | 10 | 51 | 12 | 10 | 二 | 7 | － | 9 |  | 188 |
| MAR | 104 |  |  |  | ${ }^{63}{ }^{+}$ | 10 | $49 \dagger$ | 12 | 10 | － | 6 | － | 9 | 160 |  |
| APR | 110 | 117 | 113 | 1838 | 58 55 | $\begin{array}{r}9 \\ 14 \\ \hline\end{array}$ | 44 35 | 10 | 4 <br> 3 |  | 3 | － | 4 | 135 | 163 |
| MAY．． | 98 | 119 | 109 | 185 | 55 | 10 | 33 | 10 | 3 |  | 3 | － | 3 | 118 | 145 |
| JUNE | 106 | 111 | 108 | 185 | 54 | 9 | 29 | 8 | 2 |  | 2 | － | 3 | 106 | 132 |
| JULY | 89 | 117 | 104 | 187 | 56 | 10 | 27 | 9 | 2 | － |  |  | 2 | 107 | 132 |
| AUG． | 86 | 110 | 98 | 186 | 56 | 16 | 24 | 12 | 2 |  |  | － |  | 114 | 138 |
| SEPT． | 100 | 105 | 101 | 187 | 52 | 12 | 24 | 11 | 2 | － | 1 | － | 3 | 104 | 128 |
| OCT． | 112 | 113 | 112 | 195 | 51 | 10 | 25 | 10 |  | － | 1 | － | 3 | 101 | 125 |
| DEC．．． | 123 | 122 | 123 | 194 |  | 8 | 22 | 6 | 1 |  | 1 | － |  | 95 87 | 119 |
| 1943 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| JAN．． | 85 | 110 | 99 96 | 186 190 | 48 | 10 | 26 | 9 | 1 | － | 2 | － | 2 | 99 | 112 |
| MAR． | 94 | 115 | 106 | 192 |  |  |  |  |  |  |  |  |  |  |  |
| APR．．． | 114 92 | 111 | 98 105 | 209 205 | 44 | 7 | 19 | 7 | 1 | － | 1 | － | 2 | 80 | 102 |
| JUNE | 90 | 119 | 105 | 205 |  |  |  |  |  |  |  |  |  |  |  |
| ＊Upper figure and those for previous dates include men in attendance at Government Training Centres，who are excluded from the lower and subsequent figures．$\ddagger$ Computed from Ministry of Labour Gazette，February．I\｜Increased postal rates May 1st． <br> $\dagger$ Col．B and upper figure for February，and those for previous dates include those classifled by interviewing panels as＂unsuitable for ordinary（or normal full time）industrial employment；＂Col．A and lower line and subsequent figures exclude these． <br> § Adjustment from April，1942，in estimation of non－postal use of stamps． |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

RETAIL SALES－ Daily averages，ex telegraph，telephone，savings bank and postal orders．－BOARD OF TRADE JOURNAL

## CANADA

Information communicated by Professor D. C. MacGregor of the University of Toronto.

18th fune, 1943.

UNTIL the first half of 1942, expansion of the war effort had not in the aggregate called for an appreciable curtailment of civilian output or consumption. While production of private automobiles and other durables had been discontinued, the restriction in these fields had been offset by a general expansion of output and sales in many other lines. Since the seasonal peak of activity in 1942, however, it has become clear that henceforth the expansion of war production must be achieved mainly by diversion of resources from non-war output. (In Canada the distinction between war and non-war is unusually difficult owing to the importance of foods for both war and civilian uses.) Thus far the most striking diversions have been from agriculture, gold mining, paper making and civilian construction work, but less drastic changes (as to quality and quantity of output, as well as dilution of staff) have been taking place over a wide field. It is at first sight surprising that a condition of almost full utilization of labour, equipment materials and sources of mechanical energy should have been encountered so suddenly; but the more rapid expansion of government spending and the simultaneous influence of a seasonal maximum, several enormous construction undertakings, intensification of the war effort in the United States, shrinkage of imports from losses at sea, an unprecedented internal expansion of bank credit, the commencement of operations in many new war plants and shipyards, together (it is thought) with a good deal of hoarding of labour, doubtless provide the explanation. No similar conjuncture is to be found in earlier months of the war.

Judging by the experience of other countries, a good many more women will become employees before the war is over, but the movement of women into industry is necessarily gradual, especially in a country of great distances, and the resulting redistribution of men into many activities where they are indispensable (e.g., coal mines, logging, fisheries, construction, the armed forces and heavy work generally) is even slower.

Over-all Controls and Their Modifica-TION.-In the autumn and winter of 1941-42, several all-embracing schemes of government
restriction were introduced, including a ceiling on wholesale and retail prices, a ceiling on wages and salaries, and elaborate restrictions on the mobility of labour. In the succeeding twelve months the limitations of these broad measures naturally became apparent. Many adjustments have followed, prominent among them being further restrictions upon manufacturers in the form of priorities and quotas, the rationing of sugar, gasoline, tea, coffee, butter and meat to consumers, the development of coupon banking, the introduction of various subsidies (especially for agriculture) to maintain production in the face of dislocations caused by price control, an Agricultural Food Board, increases of certain wage-rates despite the ceiling and a prolonged delay in carrying out the proposed control over movements of the occupied population. Efforts to hold down retail prices have won much stronger public approval than those for the control of wages and labour supply, with the result that the activities of the Wartime Prices and Trade Board have (except in the field of agriculture) had correspondingly strong support from the Cabinet. . . . It is widely believed that compromises designed to check unrest among labour will produce an even greater monetary expansion than that already under way.

Finance.-Expenditures for war purposes are still growing, and as price levels have not changed much, it may be assumed that the volume of war production has almost kept pace with outlay.

The number of gainfully occupied persons is probably increasing, and from the monthly record of payrolls it is almost certain that the total of income payments is rising almost as fast as before. As the output of civilian consumers' goods appears to be falling and the flow of goods to consumers through retail channels may be expected to decline before long, a widening of the "inflationary gap" between consumers' incomes and the amount which they may spend for goods at retail may therefore be expected.

During the second half of 1942, a marked change occurred in the federal government's fiscal operations. It will be recalled that federal borrowings had not on the whole been of an inflationary character, except in the opening months of the war when a deliberately expansive
policy was pursued. The security holdings of the chartered banks had risen only $\$ 370 \mathrm{Mn}$. between August 31st, 1939, and May 31st, 1942, or $25 \%$, while total deposits had risen $23.5 \%$ and currency in circulation $35.0 \%$. Commencing in June, 1942, federal expenditures suddenly began to exceed the sum of tax revenues and loans from the public by a wide margin, mainly owing, I believe, to unexpectedly large disbursements for the United Kingdom's account. (The $\$_{1,000} \mathrm{Mn}$. gift was exhausted early in January 1943.) The Treasury covered the deficiency chiefly by raising money on "deposit certificates" sold directly to the chartered (i.e., commercial) banks. As a result the security holdings of the banks rose during the five months from May 3 ist to October 3 Ist from $\$_{1}, 877 \mathrm{Mn}$. to $\$ 2,398 \mathrm{Mn}$., or $27 \cdot 7 \%$, and as loans did not change appreciably the total of bank deposits (col. 5, p. 62) increased by a like sum. The combined expansion of bank deposits and currency in the hands of the public in the same period was $\$ 593 \mathrm{Mn}$. The Bank of Canada's operations increased cash reserves to the required extent.

In view of the fairly constant turnover of money in recent years, it is probable that continued reliance upon these methods would create an unmanageable situation for the controllers of prices, civilian supplies and wages. Although great efforts to close the "inflationary gap" by public borrowing from non-banking sources have been made, they appear to be losing ground. The loan raised in April, 1942, fell short of meeting the spending requirements until November, 1942, and the loan raised in October fell short of requirements until May, 1943. During the four months from early November to the end of last January, the government's reliance upon the banks (as indicated by their security holdings) diminished, but during February the banks' holdings rose $\$ 78 \mathrm{Mn}$., during March $\$ 308 \mathrm{Mn}$., and during April $\$_{130} \mathrm{Mn}$. to a total of $\$ 2,818$ Mn . The latter sum is no less than $50 \cdot \mathrm{I} \%$ above the position of II months earlier, and indicates almost three times the expansion which occurred during the first 33 months of the war.

In April and May of this year another 3\% loan with an objective of $\$ 1,100 \mathrm{Mn}$. was floated. Subscriptions totalled $\$ 1,260 \mathrm{Mn}$., and of this total direct subscriptions by private individuals comprised $40 \%$, which is a higher proportion than in previous issues. It is not likely that the proceeds of this loan will enable the government to reduce its borrowing from the banks, as it provides only $45 \%$ of the $\$ 2,748$ Mn . which the Treasury proposes to borrow during the fiscal year.

A contraction of bank loans (col. 4, p. 62) has provided a moderate offset to the expansion of security holdings.

The following table summarizes the main fiscal and other monetary operations to date in millions of dollars, and presents in addition total income payments of wages, salaries, interest, dividends and rents and entrepreneurial incomes before deductions for personal income taxes.

| Years ending Mar. 31. | Ordin'y Revenue. | Total | Increase | Security holdings | Total | Total |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  | Active | Income |
|  |  |  |  |  | Note | Payments |
|  |  | Expen diture. | net debt | of banks | circula- | (nearest |
|  |  |  |  | (Mar. 31). | tion <br> (March). | calendav yrs.) |
| 1938-39 | 502 | 553 | 51 | 1499 | 201 | 4,100 |
| 1939-40 | 562 | 681 | 119 | 1599 | 245 | 4,300 |
| 1940-41 | 872 | 1,250 | 377 | 1766 | 355 | 4,900 |
| 1941-42 | 1488 | 1,885 | 396 | 1880 | 470 | 5,900 |
| 1942-43 | 2208* | 4,470* | 2261* | 2688 | 646 | 6,900* |
| 1943-44 | 2752† | 5,500* | 2748 † | - |  |  |
| * Preli | minary. |  | orecast | adget of | March | , 1943. |

Construction Work, as measured by contracts awarded, has now fallen to about twothirds of the maximum reached in 1941, but as measured by employment, it is at the highest level of the war. This discrepancy cannot be explained by the available data.

Industrial Output is still advancing rapidly, despite frequent adjustments in the character of of war production ; efforts to measure its amount statistically are even more difficult than usual. Considerable detail will be found in government publications and the financial press. Canadian aluminium output will soon exceed world output before the war. Over a million tons of shipping are being produced annually.

Agriculture is suffering from a continued exodus of the farm population into industrial work and the armed forces. Statistical samples show that the total working force in the fields has dropped about $25 \%$ since March, 1939. Production in the principal lines has nevertheless been maintained, with marked increases in output of animals (especially hogs) and dairy products, mainly for export. Abundant feed and forage crops last year have proved of great advantage in the production of animal products. Large quantities of grain are being shipped from the prairies, where there is a surplus, to make up the deficit in eastern Canada and the United States. As this year's crops are backward owing to an unusually late, wet and cold spring across the whole country, the surplus of western grains may be of even greater importance next winter. Western wheat acreage has been curtailed further in response to government controls, and acreages of coarse grains are expected to be $15 \%$ to $20 \%$ higher.

Canada]


Datrs of Skries: Cols. 4, 5, 17-19, § New base, \% of 1935-9. * Series Discontinued.
Datrs of Series : Cols. 4, 5, 17-19, end of month; 1-2, 6-8, 16, averages; 9, beginning of month. Source : Dominion Bureau of Statistics. Notes on Series:

Col. 1.- "Investors' Index." Index of current market valuation of share-
holders' equity in 95 companies (\% of $1935-39$ ).
" 2.- Based on the calculated yield of a bond having a constant ${ }^{15}$-yaturity period ( $\%$ of 1935-9.) 3.- From 32 banking centres, comprising about $85 \%$ of total debits. Excludes debits to accounts of central bank since its founding in April, 1935. Largely influenced by financial transactions. - Refers to operations in Canada only. Includes loans to provincial and municipal governments.
5.-Includes governmental deposits. Excludes all deposits with provincial, postal and Quebec savings banks, and with trust companies.
" 6-8.-Col. 6 comprises 70 items ; col. 7,322 items ; col. 8,567 items. furnishing, sundries (including services). Base $1935-9=100 \%$
" II.-Excludes all exports of both monetary and non-monetary gold since 1937 ; includes gold in small quantities only, shipped as dust, quartz, etc., in earlier annual averages.
" 12.-Comprises " animal products" and "vegetable products" groups, includes partly and fully manufactured products in some cases made from imported raw materials, e.g., rubber products.

Col. 13.-Adjusted for seasonal variation. Includes 4 I weighted series largely representing foreign trade in raw materials. Tends to overstate amplitude of cycical fuctuations, probably with an upward bias. Weighting and factors revised from January, 1940, to give due representation to factors indicating trend of war production.
" 14.-Based on value of contracts awarded, deflated annually for changes in union rates of wages, and monthly for changes in prices of building materials.
" 15.-Revenue freight only ; excludes cars received from U.S. connections.
"16.-Index of value, comprising 13 groups adjusted for number of business days and for seasonal variation. Refers to department, "variety", and
chain stores only, representing chiefly urban sales. Base-1935-9= chain stores only, representing chiefly urban sales. Base-1935-9=
$100 \%$ : Monthly series commenced January, 1929. Annual estimates from 1923.
„ 17.-Includes workers on relief projects.
" 19.-Establishments with over 15 employees only. Includes part-time workers on same basis as full-time. Excludes farm labourers and civil servants and underweights the service industries.

Cash income of farmers from sales of farm products, before deductions for expenses, is estimated as follows, for recent years :

| 1926 | $\ldots$ | S 952 Mn. | 1938 | $\ldots$ | S 647 Mn. |
| :--- | :--- | :--- | :--- | :--- | :--- |
| 1928 | $\ldots$ | S 1058 Mn. | 1940 | $\ldots$ | S 753 Mn. |
| 1933 | $\ldots$ | S 390 Mn. | 1942 | $\ldots$ | $\$ 1083 \mathrm{Mn}$. |

In 1942 income from sales of wheat was only SI45 Mn. against $\$ 674 \mathrm{Mn}$. from meat animals, dairy products and eggs and poultry. Notwithstanding the reduced importance of wheat, the position of the western provinces has improved considerably owing to the spread of animal and dairy production based on local feedstuffs.

Prices.-Efforts to control the cost of living tend to centre on controlling the index, with a view to minimising the outlay for cost of living bonus. Subsidies on milk, tea and oranges were introduced in the late winter, and retail prices lowered by a corresponding amount. As in other countries, the content of current consumption has altered greatly and much inconvenience and delay have resulted. Shortages of commodities are not of the type likely to impair health, but the marked deterioration of transport and other public services has probably reduced the efficiency of many persons. Under present circumstances the meaning of price indices is so blurred, especially in the wholesale field, that
they have very limited value in the preparation of this letter. Of special importance is the more rapid rise of prices in the United States, where the retail food index is now $50 \%$ above pre-war against $30 \%$ above in Canada.

Foreign Trade statistics were suppressed in the spring of 1942, but summary figures recently given out for the first four months of this year show a decline of about $2 \%$ in commodity imports, compared with 1942, and an increase of $17 \%$ in exports. The balance of international payments for 1941 shows an excess of credits over debits of $\$ 478 \mathrm{Mn}$., against $\$_{144} \mathrm{Mn}$. in 1940 and \$137 Mn. in 1939. In 1941 a credit of $\$ 804 \mathrm{Mn}$. with the sterling area was offset by a deficit of $\$ 326 \mathrm{Mn}$. with the United States dollar area. The international tourist trade, figures of which include travel for business purposes, has now shrunk to small proportions. Important economic and financial measures have been taken for collaboration with other allied nations, especially the United States, but these lie beyond the scope of this letter.

A good compilation of current data will be found in "Canada at War," published monthly by the Wartime Information Board, Ottawa. Extensive newspaper records of the war effort appear weekly in the Financial Post (Toronto).

## SOUTH AFRICA.

Information communicated by Mr. G. F. THIRLBY, of the University of Cape Town

## 29th May, 1943.

The following tables are intended to give an impression of :-
(I) The growth of Government expenditure since the beginning of the war ;
(2) The influence of Defence expenditure upon this growth;
(3) The division of the expenditure between revenue account and loan account, and the influence of this division upon the size of the total public debt ;
(4) The effect of repatriation operations upon the size of the external debt.

TABLE A.
GOVERNMENT REVENUE ACCOUNT, £Mn. 1938-39 1939-40 1940-41 $1941-42 \quad 1942-43 \quad 1943-44$

1. Revenue ${ }^{*} \quad 44 \cdot 1 \quad 45 \cdot 5 \quad 83 \cdot 5 \quad 81 \cdot 6 \quad 96 \cdot 4 \pm \quad 100 \cdot 0$ s
$\begin{array}{llllll}\text { 2. Revenue } & \text { 2. Expenditure } 41 \cdot 9 & 44 \cdot 6 & 63 \cdot 4 & 74 \cdot 0 & 93 \cdot 7 \ddagger \\ \text { 3. } & 103 \cdot 5 \text { Sefence Ex- }\end{array}$
$\begin{array}{lllllll}\text { 3. } \begin{array}{c}\text { Defence Ex- } \\ \text { pendituret }\end{array} & 1.8 & 3.0 & 20.5 & 28.8 & 43.5 \ddagger & 50.0 \text { § }\end{array}$
2. Disporal of

Surplus Revenue

| 2.0 to | 1.0 to | 7.5 to |
| :---: | :---: | :---: |
| Additional | Loan | Loan |
| Defence A/c. | A/c. | A/c. |

* Customs and Excise, Posts, Telegraphs and Telephones and Inland Revenue.
+ Included in line 2 .
$\ddagger$ Exchequer receipts and issues
$\S$ Budget estimates and supplementary expenditure estimate.


## TABLE B.

GOVERNMENT REVENUE ACCOUNT. £Mn. 1938-39 1939-40 1940-41 1941-42 1942 -43 1943-44

1. Loan Expen-
diture met
from Bor-
$\begin{array}{lllllll}\begin{array}{l}\text { rowings } \\ \text { row }\end{array} & 17.2 & 12.2 & 45.9 & 42.5 \S & 45.5 \S 母 \top & 57.6 ब\end{array}$
2. Defence Ex-
$\begin{array}{ccc}\text { pendic Debtrl at year end } & { }^{*} \\ \text { Public }\end{array}$
$\begin{array}{llllll}\text { 3. Total } & 278 \cdot 9 & 291 \cdot 4 & 336.0 & 381 \cdot 1 \| & 425 \cdot 79\end{array}$
$\begin{array}{llllll}\text { 4. External } & 101 \cdot 1 & 106.1 & 98.1 & 59.7 & 20.6\end{array}$
$\begin{array}{llllll}\text { 5. Temporary } \ddagger & 18.1 & 18.1 & 34.7 & 34.9 & 34.29\end{array}$

* Included in Loan Expenditure.
+ Sinking Fund has not been deducted. The Budget estimate of the Sinking Fund at the end of 1942-43 was £10.7 Mn.
$\ddagger$ Included in line 3. (Mainly Treasury Bills).
§ After allowing for transfer of surplus from previous year's revenue account.
|| Estimates in Bulletin II, Vol. XX, of borrowings for 1942-43 and of the size of the Public Debt at 31st March, 1942, assumed that £6 Mn. surplus on 1941-42 revenue account would be used directly for Debt Redemption. In the event, £'7.5 Mn. surplus was transferred to 1942-43 loan account revenue.
- Budget and (for 1943-44) subsequent estimates.

Budgeting in February for a rise in expenditure and a fall in revenue on revenue account for 1943/44, the Minister of Finance proposed to increase taxation to raise an extra $£ 9 \mathrm{Mn}$. odd.* Supplementary estimates amounting to about $£ 3 \mathrm{Mn}$. were added to the proposed expenditure later in the Session.

The yield during 1942/43 from the issue of Government loans was in February expected to be $£_{78} \cdot 4 \mathrm{Mn}$. This sum would cover the year's expected loan expenditure to be met from borrowings ( $£ 45.5 \mathrm{Mn}$. in the Table plus $£ 0 \cdot \mathrm{IMn}$. loan issue expenses) and permanent and temporary debt redemption amounting to $£ 32 \cdot \mathrm{I}$

Mn . and $£ 0.7 \mathrm{Mn}$. respectively. $\dagger$ According to the budget and later estimates, $£ 57 \cdot 6 \mathrm{Mn}$. would require to be borrowed in 1943/44 for loan expenditure alone.

The bulk of the (estimated) debt redemption of $£ 32 \cdot \mathrm{IMn}$. in 1942/43 consisted of cancellation of stock held by the Reserve Bank as a result of its repatriation operations conducted on behalf of the Government. (See Bulletins II and III, Vol. XX.) From the beginning of these operations in 194I/42 to 3Ist March, 1943, the Bank's total acquisition of externally-held Government securities appears to have been $£ 70 \mathrm{Mn}$. (approx.), a repatriation by the Public Debt Commissioners in 1941/42 accounting for the remainder of the (estimated) reduction of the external public debt by $£ 77 \mathrm{Mn}$. during 1941/42 and 1942/43. Of this total acquisition, the Government apparently cancelled about $£ 15 \mathrm{Mn}$. in 1941/42 and $£ 30 \mathrm{Mn}$. in 1942/43, using for the purpose funds that it had raised internally. $\ddagger$

| * In the following manner | To Raise $£ \mathrm{Mn}$. |
| :---: | :---: |
| New Surcharge on fares of railway passengers |  |
| Increases in- |  |
| Postage and telephone charges and duties (mainly excise) on spirits, beer, cigarettes and tobacco |  |
| Income tax on companies from $3 / 6$ to $4 / 0$ and excess profits tax from $13 / 4$ to $15 / 0$ in the $£$ | 1.9 |
| Gold Mines' "Special contribution from $20 \%$ to $22 \frac{1}{2} \%$ | . 9 |
| Diamond Mines' Taxation and "Special contribution" | I |
| Surcharge on normal income and supertax | 8 |
| Personal (Flat-rate) taxes ... ... | 35 |
| Tax on dividends payable to shareholders living abroad from I/O to I/6 in the $f$ |  | $£ 9 \cdot \mathrm{Mn}$. odd.

$\dagger$ According to later figures, it appears that the year's yield, including $£ 6 \cdot 2 \mathrm{Mn}$. acquired from the Public Debt Commissioners, was $£ 78.8 \mathrm{Mn}$., plus an increase of the temporary debt of $£ 2.5 \mathrm{Mn}$., and that the stock redemption amounted to $£ 32 \cdot 4 \mathrm{Mn}$. The $3 \%$ stock $1957 / 64$ issued in July and the 3\% 1957/64 (War Bond issue) issued in September, referred to in Bulletin I, Vol. XXI, yielded $£ 30.0 \mathrm{Mn}$. and $£ 6.9 \mathrm{Mn}$. respectively. In February, 1943, three further loans were floated, all at par. A A 3 1957/64 stock (for Defence, Railways and Harbours, Public Works and redemption of repatriated stock) and a 1958/65 second War Bond issue (for Defence) had by 3Ist March yielded $£ 7.4 \mathrm{Mn}$. and $£ 4.4 \mathrm{Mn}$. respectively. A $2 \frac{1}{4} \%$ loan 1949 (for Defence) had yielded $£ 13 \cdot 6^{\circ} \mathrm{Mn}$. when the lists were closed.
$\ddagger$ The Bank's holding at 31st March, 1943, appears to have been about $£ 27 \mathrm{Mn}$. But this figure would include uncancelled premium on stocks acquired above par. The premium tends to be liquidated by the difference between interest paid by the Government to the Bank on its current holding of stocks and the $1 \frac{1}{2} \%$ charged to the Government by the Bank for the use of its funds. (Up to 3Ist March, 1942, the Bank had paid $£ 32.5 \mathrm{Mn}$. for stock of a nominal value of $£ 3 \mathrm{I}^{\prime 2} \mathrm{Mn}$.)

The cancellation by the Government of the Reserve Bank's acquisitions diminishes the Bank's total assets and, unless the new local flotations which replace the old stock are purchased by the Commercial Banks, the volume of money in the country also. During the calendar year 1942, although the Commercial Banks absorbed securities only to the extent that they reduced advances (see lines 5 to 7 in the following Table), the volume of money (line I) rose by about $£ 46 \mathrm{Mn}$., the rise being approximately equivalent to the increase in the Reserve Bank's reserves of Gold and Bills minus the net reduction, by Government cancellation, of its securities acquired from abroad (lines 2 to 4). Over the four years 1939/42 the Commercial Banks acquired securities to a value which was $£ 20 \mathrm{Mn}$. odd greater than the value of the advances which they cancelled. The remaining $£ 100 \mathrm{Mn}$. (approx.) of the increase in the volume of money was based on the accumulation of reserves and securities by the Reserve Bank

Over the first quarter of 1943, the Reserve Bank's net acquisition of securities exceeded its net loss of Reserves by about $£ 3 \mathrm{Mn}$. After allowing for the cancellation of a temporary advance made to the Government in December (not included in line 3 of Table C) its total assets at 31st March, 1943, were approximately equal to the total at 3Ist December, 1942. The volume of currency having risen by about $£ 8 \mathrm{Mn}$., and the Commercial Banks' advances and discounts having fallen by about $£_{2} \mathrm{Mn}$., it appears that the Commercial Banks absorbed approximately $£_{\mathrm{IO}} \mathrm{Mn}$. of securities.

TABLE C.
APPROXIMATE INCREASES IN THE VOLUME OF MONEY AND ITS BASES. £Mn.

Total First

|  | 1939 | 1940 | $\begin{aligned} & 1941 \\ & 43 \end{aligned}$ |  | Tota increa over 4 year | Firs <br> Q Qtr <br> 194 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |  |  |
| 2. Reserves of International Currency $\dagger$ | 7 | 21 | -1 | 65 | 92 | 18 |
| 3. "Investments" .. | 1 | 1 | 25 | -21 | 6 | - 21 |
| 4. Total of lines $2 \& 3$ | 8 | 22 | 24 | 44 | 98 | 3 |
| 5. Advances \& Discounts | 1 | -12 | Nil | 5 | -16 |  |
| 6. Investments ... | 2 | 14 | 18 | 4 | 38 |  |
| 7. Total of lines 5 \& 6 | 3 | 2 | 18 | -1 | 22 |  |
| 8. Total of lines 4 \& 7 | 11 | 24 | 42 | 43 | 120 |  |

*Government and private deposits with Reserve and Commer. cial Banks and notes in circulation. $\mathcal{E 1 2 3}$ Mn. at end of 1938 . $\dagger$ Gold at currency valuation and foreign bills. . $\AA 120$

The following figures of Bank Clearings are appended for comparison with the increase in the volume of money.

| 7 Towns including | 1938 | 1939 | 1940 | 1941 | 1942 | First Qtr. <br> 1943 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |  |  |
| Johannesburg | 78 | 77 | 85 | 99 | 111 | 128 |
| Johanneslurg | 30 | 32 | 37 | 45 | 54 | 64 |

In explanation of the increase in the Reserve Bank's reserves in 1942, the Minister stated in his budget speech that imports had dropped, a considerable proportion of 1942 imports had been paid for in 1941, foreign governments had spent large amounts of money in the country, the prices of wool and other export goods had increased, and dividends and interest payable abroad were now less. He disclosed that the value of imports* for the four years 1939/42 was $£ 85 \mathrm{Mn}$., $£ 96 \mathrm{Mn}$., $£$ ior Mn . and $£ 84 \mathrm{Mn}$. respectively, and that the value of exports (excluding gold and wool) was $£ 24 \mathrm{Mn}$., $£ 28 \mathrm{Mn}$., $£ 33 \mathrm{Mn}$. and $£ 36 \mathrm{Mn}$. These figures, however, appear to exclude imports of Government stores and exports to Northern Rhodesia and South-West Africa. If the 1939 and 1940 figures are adjusted to allow for these items and for wool exports, the margins of the value of exports (other than gold) plus gold output, over the value of imports corresponds closely to the margins calculated in earlier reports, viz. $£ 42 \mathrm{Mn}$. for 1939 and £.59 Mn. for 1940. (See Bulletin II, Vol. XIX, where the 1939 figure is referred to as an " extraordinarily large margin.") The figures for 1941 and 1942, after adjustment for $£ 10 \mathrm{Mn}$. and £II Mn. (estimated) wool exports and for gold output, but without adjustment for imports of Government stores or exports to Northern Rhodesia and South-West Africa, show margins of $£ 63 \mathrm{Mn}$. and $£ 82 \mathrm{Mn}$. The cumulative total margin for the four years, calculated as explained, is $£ 246 \mathrm{Mn}$. Deducting from this $£ 36 \mathrm{Mn}$. as an estimate of the reduction of external public debt involving gold movements (approximately half of the $£ 80 \mathrm{Mn}$. reduction shown in Table B, line 4 , having occurred after 3 Ist December, 1942, and the $£_{7} 7 \mathrm{Mn}$. repatriated by the Public Debt Commissioners in 1941/42 not having involved gold movement) leaves $£ 2$ Io Mn. The difference of $£ 118 \mathrm{Mn}$. between this figure and the $£ 92 \mathrm{Mn}$. cumulative increase in the Reserve Bank's reserves of international currency (Table C, line 2) may, for what the statement is worth, be said to cover the four years' net "invisible" or unexplained payments outwards, including the 194I and 1942 payments for imports of Government stores less receipts for exports to Northern Rhodesia and South-West Africa.

[^17]

# RECENT CONDITIONS IN GERMANY. 

By H. W. Singer.

29th fune, 1943.
"White Paper" Analysis. - We present six tables which enable a comparison to be made between the German and British war economies on the lines made familiar by the British White Papers. We shall refrain from comment on the tables-apart from some cautionary remarks-and leave them to tell their own tale.

All German figures in the tables have been converted at the rate of $£=12$ marks.* This rate has been derived from a collection of priceswholesale and retail-and wage rates for England and Germany which appear to be reasonably comparable, but it must be accepted with due reserve. It is possible that for 1940 a slightly higher rate, around i3 marks, would have been more appropriate. The German figures have been collected from scattered sources; a revision in the light of new figures received is now in progress. It seems that German Net Income for 1942 should be higher, and domestic disinvestment lower, leaving " Available Resources" largely unchanged. It is also possible that some of the German per head figures ought to be raised ; it is not always clear how far recent German figures refer to the area including the incorporated parts of France, Belgium, Poland and Yugoslavia (as we have assumed in our per head calculations) or to the 1939 frontiers.

TABLE I,


TABLE II.
HOME-FINANCED EXPENDITURE AND NATIONAL NET INCOMES. Germany

Great Britain

| 1940 | 1941 | 1942 | 1940 | 1941 |
| :--- | :--- | :--- | :--- | :--- | 1942

1. Net National Income
$\begin{array}{llllll}\text { (at factor cost) £Mn. } 7,500 & 8,350 & 9,580 & 5,726 & 6,619 & 7,384 \\ \text { Net National Income }\end{array}$
$\begin{array}{llllll}\text { per head } \ldots \ldots 6 \\ £ 119 & £ 138 & £ 164\end{array}$
2. Total Home-Financed

Expenditure as \%
of Net Nat. Income , 78\% $91 \% \quad 90 \% \quad 45 \% \quad 58 \% \quad 61 \%$
4. Budgetary Taxation as \% of Net Nat. Income
$30 \% \quad 32 \% \quad 32 \% \quad 22 \% \quad 28 \% \quad 32 \%$

[^18]TABLE III.
HOME-FINANCED EXPENDITURE IN RELATION TO TOTAL INTERNAL RESOURCES.

Germany Great Britain
$\begin{array}{llllll}1940 & 1941 & 1942 & 1940 & 1941 & 1942\end{array}$

1. Domestic Dism̀vest$\begin{array}{llllllll}\text { ment } & £ M n, 1,000 & 2,500 & 2,000 & 286 & 493 & 629\end{array}$
2. Total Internal Resources (Domestic
Disinvestment and
Net Income) £ Mn. 8,500 10,850 11,580 6,018 7,112 8,013
3. Total Internal Re-
sources (Domestic
Disinvestment and
Net Income) perhead £100 £114 £116 £125 £147 £166
4. Home-Financed Gov-
ernment Expendi-
ture as \% of total internal resources...
5. Supply expenditure as $\%$ of total internal resources
$50 \% \quad 54 \% \quad 60 \% \quad 36 \% \quad 47 \% \quad 50 \%$

TABLE IV.
CONSUMPTION

| Germany |  |  | Great Britain |  |  |
| :--- | :--- | :--- | :--- | :--- | :--- |
| 1940 | 1941 | 1942 | 1940 | 1941 | 1942 |

1. Consumption \& Civil

Services (per head)
2. Consumption (per head)
£32 £32 £30 £72 £69 £73

TABLE V
TOTAL AVAILABLE RESOURCES.
Germany Great Britain

| 1. Total Internal |  | 1942 | 1940 | 1941 | 1942 |  |
| :--- | :--- | :--- | :--- | :--- | :--- | :--- |
| Resources … £ Mn. 8,500 | 10,850 | 11,580 | 6,018 | 7,112 | 8,013 |  |
| 2. Disinvestm't Abroad | - | - | - | 756 | 797 | 632 |
| 3. Lease-Lend, \&c. £ Mn. 1,000 | 1,350 | 1,200 | - | 480 | 1,370 |  |

4. All Resources (Global

Fund) … \& Mn. 9,500 12,200 12,780 6,774 8,389 10,015
5. GlobalFund (perhead) £112 £129 £128 £141 £175 £209

TABLE VI.
GOVERNMENT FINANCE-REQUIRING EXPENDITURE AND RESOURCES.
(Internal Resources and Foreign Disinvestment).
Germany Great Britain
$\begin{array}{llllll}1940 & 1941 & 1942 & 1940 & 1941 & 1942\end{array}$

1. Total Resources, excl.

Lease-Lend,\&c.£Mn. 8,500 10,850 11,580 6,774 7,909 8,645
2. Total Government
$\begin{array}{llllllll}\text { Expenditure £Mn. } & 5,850 & 7,530 & 8,590 & 3,339 & 4,616 & 5,103\end{array}$
3. Item 2 as $\%$ of item $1 \quad 69 \% \quad 69 \% \quad 74 \% \quad 49 \% \quad 58 \% \quad 59 \%$
$\begin{array}{llllllll}\text { 4. Supply Expenditure } \\ \text { as } \% \text { of Item } 1 & \ldots & 50 \% & 54 \% & 60 \% & 43 \% & 52 \% & 54 \%\end{array}$
Prices in 1942.-Wholesale prices increased by $1.9 \%$ over the year. The main increase was in agricultural produce $(+4.3 \%)$, and is mainly accounted for by a system of delivery premiums designed to reduce consumption on the farms. Finished consumption goods increased by $\mathrm{I} \cdot 8 \%$, but finished producers' goods (almost all, of course, for Government purposes) increased by only $0.3 \%$. Among agricultural produce, the biggest increase was in eating potatoes, by $23 \%$, reflecting a special encouragement to potato growers.

Retail prices increased by $2.4 \%$ ( $2.8 \%$ exclusive of rent). It must be remembered that the German cost-of-living index is calculated on a month-to-month chain basis with changing weights which tends to give it a persistent downward bias. Black market prices are a multiple of the official prices. The food index increased by $3.3 \%$, clothing by $5 \cdot 1 \%$. The major individual increases were in rice ( $9.1 \%$ ), potatoes ( $27.3 \%$ ), peas ( $10.9 \%$ ), beans ( $41.5 \%$ ), outer garments ( $5 \cdot 9 \%$ ) and underclothing ( $6 \cdot 6 \%$ ). There were price falls for beer ( $-5.5 \%$ ) and semolina ( $-10.4 \%$ ), but in both cases due to poorer quality.

The official index of building costs increased by $4 \cdot \mathrm{I} \%$ over the year. This is mainly due to higher prices for stone and bricks ( $+5.8 \%$ ) and of wage costs $(+3 \cdot 3 \%)$. It is noteworthy that the index of wage rates in building shows only a negligible increase of $0.3 \%$; the differential of $3.0 \%$ would seem to indicate a corresponding fall in efficiency of building labourfollowing heavier falls in previous years.

National Debt.-The increase in the National Debt in 1942 has been at an accelerated rate as can be seen from Table I. This has been the case in spite of the virtual stopping of progress payments and the composition of the Mortgage Tax which converted part of what would otherwise have been Public Debt into private debts of houseowners to their banks. Without these two stop-gap measures the increase in 1942 would have been about $20 \%$ higher. Throughout the war, there has been a shift from consolidated towards floating debt. The "consolidated" percentage of total State borrowing fell from $47.8 \%$ in 1940 to $43.7 \%$ in 1941 and $40.9 \%$ in 1942. The increase in the floating debt during 1942 was more than twice the increase in 1940.

Note Circulation.-The increase in the note circulation during 1942 at $£ 42 \mathrm{I} \mathrm{Mn}$. was less than in 1941 when it was $£ 441 \mathrm{Mn}$. Proportionately, the slowing down of the rate of increase was even more marked: $27 \%$ in 1942 compared with $38 \%$ in 1941. Even so, there is general concern at the continued increase in "excess liquidity" at a time when standards of legal consumption have been further reduced. The proportion of the coin circulation to total note circulation is now less than half of pre-war, because of the replacement of coins down to I mark (less than 2 s .) by notes so as to economise metal. Thus, while the note circulation has almost doubled since the outbreak of war, coin circulation has actually fallen by about $10 \%$.

## National Compensation Scheme for Closed

 Firms.-Some recent figures have been given regarding the operation of this scheme which does not apply to shops. The money requiredis collected by a levy in all going industrial concerns. Up to September, 1942, $£ 3.7 \mathrm{Mn}$. had been paid out in 3,892 cases (an average of just under $£_{1}, 000$ ). 8,1II applications had been received for $£ 7 \cdot \mathrm{I} \mathrm{Mn}$. (a closed firm has to make a new application each year). A decision had been reached on 6,627 applications for $£ 4.7 \mathrm{Mn}$.; of this amount $9 \%$ had been refused. The applications are far below what was expected in view of the heavy concentration of industry. This is partly because under the scheme firms must first draw on their private means up to a certain figure ; also, many closed firms have made their own arrangements with "nucleus" firms, and a considerable part of the concentration has been settled "internally" within combines.

Stock Exchange.-The boom went on, in spite of official attempts to check it. The level of quotations early in 1943, it is true, was some $8 \%$ lower than at the end of I94I, but this was entirely due to the wholesale writing-up of nominal capital by Joint Stock Companies. The value of shares dealt in on the Berlin Stock Exchange was about $14 \%$ higher early in 1943 than a year before, and the yield of shares had fallen further from $4.07 \%$ to the abnormally low figure of $3.85 \%$. The authorities in a final effort to curb this " hedging" boom have taken drastic new measures against persons who have acquired new shares since the war, and Stock Exchange facilities have been muth restricted.

Labour Statistics.-The final results of the registration of persons in the country and country towns not already fully employed for harvest work have now been published. All persons conscripted for temporary harvest work in 1942 have to report again this year unless specially exempted. Of $1,006,000$ persons registered, 813,000 (over $80 \%$ ) were put to work. Of the persons registered 58,000 were men, the rest women. Of the persons put to work, 95,000 had to be conscripted. Of the 718,000 volunteers 47,000 volunteered for permanent agricultural employment, 671,000 for harvest work only.

The percentage of women now employed in various industries was recently given as follows (the pre-war percentages in brackets):-Paper $59 \%$ (50), Chemicals $35 \%$ (25), Rubber $45 \%$ (40), Metals $\mathrm{II}_{2} \frac{1}{2} \%$ (6), Leather $25 \%$ (I4), Foodcanning $40 \%$ (25), Printing $32 \%$ (19), Engineering $7 \%$ (3). Taking all gainfully employed, the percentage of women has increased from $32 \%$ in I938 to $42 \%$ in 1942. Recently, since Stalingrad, a big new registration of women up to 45 years for war work has taken place, and the number of working women must have been appreciably increased as a result. Up to the end of 1942, the number of working women had increased by $1,600,000$; to this number should be added 300,000 girls doing Labour Service and 300,000 working as Army auxiliaries.

[United States EMPLOYMENT, INTERNAL ACTIVITY, TRADE.



# LONDON \& CAMBRIDGE ECONOMIC SERVICE 

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## UNITED KINGDOM.

## THE ECONOMIC POSITION.

October 25th, 1943.

THERE was no further expansion in the rate of government expenditure during the third quarter, and with a considerable improvement in revenue receipts there was a drop in comparison with the previous quarter of $£ 150 \mathrm{Mn}$. in the deficit. On the other hand there was a falling off in large and small savings, with the result that the increase in floating debt was some $£ 60 \mathrm{Mn}$. greater than in the preceding quarter, and the increase in bank credit about $£ 40 \mathrm{Mn}$. greater. After a short stationary period the note circulation has resumed its expansion.

Over four years of war the increase in deposits has been about $60 \%$, that in note circulation about $90 \%$. For the four years from the beginning of the last war until the summer of 1918, the comparable figures would be (very roughly) $75 \%$ and $150 \%$.

The remarkable stability in prices and wagerates during the past six months follows an increase, which in war experience is quite moderate, since June, 1942. From April to August there was a decline in retail sales other than food, but beginning a new clothing ration
period the September figure shows a recovery to the April level.

In the text below comparisons are made between the experience of the past four years and that of 1914-1918. In the first two years of the present war the movements of prices and wage-rates did not differ much from those in 1914-16; but during the third and fourth years the movement was slower and the sensational increases of 1916-18 have not been repeated. Salient figures are :-

$$
\begin{array}{cc}
\text { Increases of July, 1916-18: Wholesale prices, } 50 \% ; \text { cost of } \\
- & \begin{array}{l}
\text { living, } 33-40 \% ; \text { wage-rates, } 50 \% \text {; }
\end{array} \\
\text { Wholesale prices, } 7 \% ; \text { cost of } \\
\text { and of August, 1941-43: } & \begin{array}{l}
\text { Whing, nil ; wage-rates, } 13 \%
\end{array}
\end{array}
$$

Though these figures do not tell the whole story, since there are unrecorded and blackmarket prices, and increases in earnings much beyond those in wage-rates, the more detailed -account for the whole movement since 1939 may indicate the range to be expected when more normal conditions of supply and employment return.

The special article below on labour disputes shows that their direct and measurable effect on production as a whole has been very slight.

## EVENTS OF ECONOMIC IMPORTANCE.

1943

| July | 3oth | South Africa |  | .. |
| :---: | :--- | :--- | :--- | :--- |
| Final Election results-General Smuts' Coalition Government |  |  |  |  |
| returned with substantial majority. |  |  |  |  |

# FINANCE \& BANKING IN THE THIRD QUARTER OF 1943. 

By P. B. Whale.

Government Finance.-There has again been a slight fall in the rate of Government expenditure, and with a weekly average of just over $£ 99 \mathrm{Mn}$. for Supply Expenditure and just over $£ 106 \mathrm{Mn}$. for Total Expenditure, it is necessary to go back a year to find lower figures ; then Total Expenditure was about $£_{1} \mathrm{Mn}$. a day less. After the seasonal drop in the second quarter, revenue has made a very good recovery, with the result that the average weekly deficit has fallen from $£ 67 \mathrm{Mn}$. to $£ 54 \mathrm{Mn}$., less than $£_{2} \mathrm{Mn}$. higher than the average weekly deficit during the third quarter of 1942.

The Ordinary Revenue receipts during the first six months of the current financial year represent about $42 \%$ of the estimate for the complete year, Ordinary Expenditure during the same period about $49 \%$ of the year's estimates. In the year 1942/43 the receipts and expenditure of the first six months amounted to approximately $41 \%$ and $46 \%$ respectively of the sums actually realised for the whole year. On this rough indication one might expect the estimates for the year to be again exceeded more substantially on the expenditure side. Allowance must be made, however, for the fact that more than half ( $69 \%$ ) of the $£ 225 \mathrm{Mn}$. granted by the Canadian Government in the year 1942/43 was brought into the receipts for the first six months. Without this the proportion of revenue received in the first half-year would have been below $41 \%$.

| GOVERNMEN'T REVENUE AN Revenue. |  | D EXPENDITURE (£Mn.) |  |  |
| :---: | :---: | :---: | :---: | :---: |
|  |  | Supply |  |  |
| Weekly Averages. 1939-Oct.-Dec. | Total. $15 \cdot 9$ | Services. $35 \cdot 6$ | Total $41 \cdot 8$ | $25 \cdot 9$ |
| 1940-Jan.-Mar. | 38.8 | $45 \cdot 1$ | 48.0 | $9 \cdot 2$ |
| April-June | 14.5 | $47 \cdot 1$ | $53 \cdot 4$ | $38 \cdot 9$ |
| July-Sept. | $20 \cdot 1$ | $66 \cdot 6$ | 69.6 | $49 \cdot 5$ |
| Oct.-Dec. | $22 \cdot 8$ | $77 \cdot 0$ | $83 \cdot 5$ | $60 \cdot 7$ |
| 1941-Jan.-Mar. | 51.0 | 88.5 | $90 \cdot 1$ | $39 \cdot 1$ |
| April-June | $24 \cdot 5$ | $75 \cdot 8$ | $82 \cdot 6$ | $58 \cdot 1$ |
| July-Sept. | $32 \cdot 2$ | $85 \cdot 4$ | $89 \cdot 3$ | $57 \cdot 1$ |
| Oct.-Dec, | 37.2 | 89.8 | $96 \cdot 9$ | $59 \cdot 7$ |
| 1942-Jan.-Mar. | $66 \cdot 3$ | 96.2 | 99.5 | 33.2 |
| April-June | 42.6 | $92 \cdot 2$ | $99 \cdot 6$ | 57.0 |
| July-Sept. | $46 \cdot 3$ | 93.4 | 98.8 | $52 \cdot 5$ |
| Oct.-Dec. | $45 \cdot 9$ | 103.7 | 111.2 | $65 \cdot 3$ |
| 1943-Jan.-Mar. | $81 \cdot 9$ | 117.0 | $121 \cdot 9$ | $40 \cdot 0$ |
| April 1-24 | $44 \cdot 1$ | 106.2 | 116.6 | $72 \cdot 5$ |
| Apr. 25-May 29 | 44.2 | 101.8 | 106.7 | 62.6 |
| May 30-June 30 | 38.4 | 96.0 | $109 \cdot 9$ | 71.5 |
| July 1-31 | 56.8 | $103 \cdot 7$ | $109 \cdot 3$ | $52 \cdot 4$ |
| Aug. 1-28 | $53 \cdot 6$ | 89.7 | 99.1 | $45 \cdot 5$ |
| Aug. 29-Sept. 30 | 45.8 | $103 \cdot 3$ | $109 \cdot 3$ | $63 \cdot 5$ |

The total deficit, or surplus of Ordinary Expenditure over Ordinary Revenue, for the quarter was $£ 716 \mathrm{Mn}$., and with the balance of other transactions (mainly excess receipts under
the War Damage Act) the amount to be raised by borrowing was $£ 705 \mathrm{Mn}$.

| GOVERNMENT BORROWING. <br> (£MM.) | THIRD QUARTER, 1943. |  |  |  |
| :---: | :---: | :---: | :---: | :---: |

During the quarter there has again been an operation by which $£ 120 \mathrm{Mn}$. savings bank advances to the Government were funded, and this has been dealt with in the above table according to our usual practice. Assuming the advances were previously returned under the heading Departmental Ways and Means, the September figure for this item has been raised by $£ 120 \mathrm{Mn}$. The quarter's additions to savings bank deposits amounted to about $£ 60 \mathrm{Mn}$. Adding this amount to the total of long and medium term borrowings, and deducting the increase in Other Debt, we get $£ 375 \mathrm{Mn}$. as the quarter's total for " large and small savings." This is more or less the same as the figure for the corresponding quarter of 1942, but substantially lower than the figure for the two preceding quarters, when the Wings for Victory campaign was in full swing.

Floating Debt.-After eliminating the increase in savings bank deposits, the quarter's increase in short-term debt was $£ 328 \mathrm{Mn}$. An increase in the Tax Reserve Certificates outstanding accounted for about $£ 69 \mathrm{Mn}$. of this, . and the rest was mainly covered by an increase of $£ 189 \mathrm{Mn}$. in Treasury Deposits-reversing the movement of the previous quarter. There was also a net increase of $£ 75 \mathrm{Mn}$. in Departmental Ways and Means-i.e., after deducting from the published figures the $£ 60 \mathrm{Mn}$. for the current increase in savings bank deposits and adding the $£ 120 \mathrm{Mn}$. advances funded. The increase of $£ 50 \mathrm{Mn}$. in Treasury Bills outstanding was $£_{5} \mathrm{Mn}$. less than the fall in Bank Ways and Means. The end-of-the-week total of tender bills outstanding increased $£ 30 \mathrm{Mn}$.
from July 3 rd or $£ 45 \mathrm{Mn}$. from June 26 th. These facts would be consistent with a decline in 'tap ' Treasury Bills outstanding. But since all the indications are that bills are now purchased through tender for official purposes, the question of the division of the bills into the two classes is not important.

It may be of more interest to point out that the deposits of the II Clearing Banks (net of transit items and inter-bank balances where given) increased during the quarter by $\oint_{121} \mathrm{Mn}$. Adding to this $f_{511} \mathrm{Mn}$. for the decline in advances to customers, we get $£ 132 \mathrm{Mn}$. available for Government finance, about $£_{1} 30 \mathrm{Mn}$. of which was used for financing the floating debt. This was about half the sum which had to be found, apart from the contribution from Tax Reserve Certificates. In other words, $£$ I29 Mn. was provided by other investors or official sources.

Bank of England.-After a stationary period in the preceding quarter, the note circulation has resumed its expansion. From mid-June to midSeptember the increase was $£ 32 \mathrm{Mn}$.; from mid-July to mid-October, $£ 40 \mathrm{Mn}$. The increase from July to August might reasonably be ascribed to holiday requirements of cash ; but the increased circulation was retained with only a small and short-lived setback, and between mid-September and mid-October there has been a further expansion of about $£_{13} \mathrm{Mn}$. In the absence of indications of increases in earnings, the absorption of notes may perhaps be taken to mean that more savings are being held in this form with the lull in the campaign for subscriptions to Government loans. For four years of war, August to August, the increase has been $90 \%$. As from the return of October 6th, the limit on the note issue has been raised another $£ 50 \mathrm{Mn}$. to £1,050 Mn.

Ignoring the end of June figures, the assets of the Bank of England increased by rather more than the increase in the note circulation. Aided by this and by a lower level of Public Deposits, Bankers' Deposits averaged $£ 154 \mathrm{Mn}$. against $£_{\mathrm{E} 50 \mathrm{Mn} \text {. in the preceding quarter, again }}$ excluding terminal dates. Some tightness was experienced at times in the money market before relief was given by the "official buyer." On
the other hand, it was found possible to dispense with Bank Ways and Means Advances at the month ends throughout the quarter.

Clearing Banks.-The movement of total deposits of nine clearing banks (omitting the District and National) is shown in the following table :-


The quarter's increase of $£ 113 \mathrm{Mn}$. in the Net Deposits of these banks is about the same as the increase during the corresponding quarter of 1942 , but $£ .40 \mathrm{Mn}$. more than the increase of the previous quarter. For four years of war the increase in deposits is rather more than $60 \%$.

On the assets side there was a reversal of the change of the previous quarter so far as the more liquid items are concerned: Treasury Deposits increased for these banks by $£ 18 \mathrm{I} \cdot 5$ Mn ., Discounts declined $£ 29 \mathrm{Mn}$., and Call Money $£ 19 \mathrm{Mn}$. The proportion of liquid assets to deposits rose to $48 \%$, while the cash ratio remained at $10.4 \%$. Advances declined by another $£ 9 \mathrm{Mn}$.; Investments showed little change.

Security Prices.-Our index of industrial security prices stepped up sharply from 132.8 to 140.3 between mid-July and mid-August. Building materials and stores showed the largest percentage gains, but the movement was general for the securities covered by our index, and doubtless reflected the optimism engendered by the progress of the Mediterranean campaign. In the following two months the gains have been held on the whole, though there has been some diversity in small movements. The index of fixed interest securities continued to show a sagging tendency, but there has been no marked decline since May.

## PRICES, WAGES AND EARNINGS.

By A. L. Bowley.

WHOLESALE PRICES.-Since June there have been compensating changes in the different groups, the general result being that the index for the total has hardly moved since April of this year, and in September was about 3\% above September, 1942. In recent months the price of cereals has fallen, that of " other food and tobacco " risen, though it is now lower than in July; among materials there has been a fall in textiles, other than cotton and wool, and an increase in "chemicals and oils."

| August, 1939... |  | 100 | December |  |  | 161 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| December, 1939 |  | 125 | March, 194 |  |  | 165 |
| December, 1940 |  | 151 | April, May | June |  | 166 |
| December, 1941 |  | 159 | July ... | ... |  | 167 |
| March, 1942 ... | ... | 162 | August |  |  | 165 |
| June, 1942 |  | 163 | September |  |  | 166 |
| September, 1942 | $\ldots$ | 162 |  |  |  |  |

WHOLESALE PRICES
CHANGES IN PRINCIPAL GROUPS. August, $1939=100$ throughout.

|  | 1942 | 1943 | 1943 | 1943 | 1943 |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | Sept. | Mar. | July | Aug. | Sept |
| Cereals | 212 | 223 | 216 | 202 | 202 |
| Meat, fish, eggs | 138 | 145 | 144 | 144 | 144 |
| Other food and tobacco | 170 | 173 | 189 | 182 | 184 |
| Total, Fiod, \&c. | 170 | 177 | 1.81 | 175 | 176 |
| Coal | 153 | 158 | 158 | 158 | 158 |
| Iron and Steel | 142 | 142 | 142 | 142 | 142 |
| Non-ferrous metals... | 125 | 125 | 125 | 125 | 125 |
| Cotton | 172 | 167 | 167 | 167 | 167 |
| Wool | 170 | 170 | 170 | 174 | 175 |
| Other textiles | 174 | 179 | 180 | 179 | 178 |
| Chemicals and Oils. | 148 | 154 | 156 | 156 | 162 |
| Miscellaneous | 180 | 183 | 184 | 184 | 185 |
| Total, Materials, \&c. | 158 | 159 | 160 | 160 | 161 |
| Grand total | 162 | 165 | 167 | 165 | 166 |

The movement over four years, 1939-43, as compared with the four years, 1914-18, has been according to the Statist index of wholesale prices :-

STATIST INDEX NUMBERS

| July, 1914 | 100 | August 31st, 1939 | 100 |
| ---: | ---: | ---: | ---: |
| 1915 | 129 | 1940 | 145 |
| 1916 | 158 | 1941 | 160 |
| 1917 | 215 | 1942 | 165 |
| 1918 | 234 | 1943 | 171 |

RETAIL PRICES.-Since June there has been an increase in the price of potatoes, so that on September ist the average price is given as $8_{1}^{1} \mathrm{~d}$. per 7 lbs., as it was for September Ist, 1942. The price of milk has fluctuated, and that of clothing has continued to fall, owing to an increasing proportion of utility goods. An increase in the maximum price of soap brought up the miscellaneous group in September. The general average has hardly moved for $2 \frac{1}{2}$ years.

| COST OF LIVING INDEX. |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: |
| Labour Gazette | Modified Index* |  |  |  |
| July, 1914 | 100 | 100 | Sept. 1st, 1939 | 100 |
| 1915 | 125 | 120 | 1940 | 120 |
| 1916 | 145 | 135 | 1941 | 128 |
| 1917 | 180 | 160 | 1912 | 129 |
| 1918 | 205 | 180 | 1943 | 128 |

* Prices and Wages in the United Kingdom, 1914-1920, p. 106.

COST-OF-LIVING INDEX-NUMBER.
INCREASE OR DECREASE \% SINCE 1st SEPT., 1939.
1942194319431943

| Beef, British |  |
| :---: | :---: |
| Mutton, B | , British |
|  | Imported |
| Bacon | ... |
| Fish | ... |
| Flour | ... |
| Bread | ... |
| Tea |  |
| Sugar (Gran.) |  |
| Milk | ... |
| Butter | ... |
| Cheese |  |
| Margarine | ne |
| Eggs | ... |
| Potatoes | s |
| All Food | d |
| Rent |  |
| Clothing | g |
| Fuel |  |
| Miscellaneous |  |
| All items | s ... |

WAGE-RATES.-Between March and July, wage-rates of builders, local authority employees, and railway, road passenger transport workers were raised; from July to October there has been no important change in rates either in the industries that affect our index number or elsewhere.

CHANGES IN WAGE-RATES.
March and October, 1943, as percentage of August, 1939.


The information for the last war is less complete than that for the present, but is sufficiently well-based to show the great contrast in the fourth year of war :-

| WAGE-RATES |  |  | INDEX |
| :---: | :---: | :---: | :---: | NUMBER.

[^19]RETAIL SALES.-As in 1942, retail sales fell off considerably from June to August this year, the most marked fall being in Apparel, partly no doubt because coupons were exhausted. The September figure for this group shows a marked increase.

INDEX | NUMBER |
| :---: |
| Average daily Rales in $1937=100$. |

Great Britain.

The following table indicates roughly the movement over four years :-

INDEX NUMBERS OF VALUE OF RETAIL SALES.
August, $1939=100$

| August | Total | Food, \&cc. | Other | Apparel | Household Gds. |
| :---: | :---: | :---: | :---: | :---: | :---: |
| 1939 | 100 | 100 | 100 | 100 | 100 |
| 1940 | 111 | 105 | 122 | 103 | 114 |
| 1941 | 104 | 103 | 108 | 106 | 114 |
| 1942 | 104 | 107 | 104 | 106 | 96 |
| 1943 | 102 | 108 | 95 | 91 | 90 |

## LABOUR DISPUTES IN WAR-TIME.*

By A. L. Bowley.

A good deal of attention is given to labour troubles at the present time, because of the importance of maximising production for the war effort, and, since in some cases there is a tendency to exaggerate their effect, it may be useful to place them in perspective with aggregate output. This study is confined to disputes, which led to a stoppage of work $\dagger$; these numbered 2,876 and 4,853 respectively in the first four years of last war and the present war. The number of workpeople involved includes those actually on strike, or " directly affected," and a relatively small number whose work is consequently stopped, though they are not parties to the dispute-" indirectly affected." Men who are affected by two or more disputes in a period are counted twice or more ; except in coal-mining sưch cases are rare. There is no record of consequential loss of time in other firms or industries due to interruption of supplies, which may be serious in some cases, but not in many since the duration of the stoppages is usually very brief. The total numbers of workpeople affected in the first four years of the last and present war, were $2,073,000$ and $1,544,000$ respectively. It is at once noticeable that though the numbers of strikes is greater in the second period, the number of men affected is less. In fact, as is shown below, there were very few stoppages in 1939-43 that affected large numbers of men.

The number of days lost is the product of the number of workpeople stopped and number of working days during the stoppage. The aggregates for the four years are 15,500,000 and

[^20]$4,760,000$ respectively. This reduction is much greater than that in the number of men affected, and the average duration of a stoppage fell from $7 \frac{1}{2}$ to $3 \cdot 1$ days.

The aggregate number of days worked in a year by all engaged in industry, mining and agriculture may safely be put as over $3,000 \mathrm{Mn}$. In the four years, August, 1914-July, 1918, less than $1 / 700$ th of possible time was lost, i.e., an average of about $1 \frac{1}{2}$ days spread over the whole working population. In the four years, September, 1939-August, 1943, the loss was less than one-half of a day similarly spread. Even the 2,000 stoppages in collieries during the past four years have resulted in the aggregate loss of only three days' output, some of which may have been balanced by a reduction in absenteeism after settlement of the dispute. The aggregate loss of coal output during the present war due to recorded disputes is probably of the order of 2 to $2 \frac{1}{2} \mathrm{Mn}$. tons.

It is not surprising that there has been a large number of minor disputes in the engineering and shipbuilding industries, in view of the great changes in processes, which need an adjustment of piece-rates, the introduction of large numbers of men and women, whose wage-rates had to be fitted into an already complicated scheme and the number of trade unions involved. It is a testimony to the adequacy of the organisation for negotiation that there have been only two interruptions on any large scale, namely, that relating to apprentices' wages in 1941 and the recent strike at Barrow. In the last war the number of days lost in this group was nearly four times as great as in the present. No other industrial group contributed at all substantially to the total in 1939-43, in contrast to the experience of 1914-18, when the numbers of days lost in textiles and in building were substantial.

Though the loss of output due to stoppages (apart from absenteeism and short time) has been relatively slight, the number of minor disputes, averaging five per working-day in recent times, indicates a considerable amount of dissatisfaction or unrest or possibly overstrain. Perhaps the major ostensible cause has been irritation at delay in settling grievances, such as those relating to wage-adjustment, the behaviour of foremen, working-conditions, and so on. In very many cases work has been resumed after a very short time on the promise of prompt investigation and settlement of the difficulties, and the decisions, whether favourable to the workmen or not, have commonly been accepted. For example, to take a month at random : in May, 1942, 174 disputes began affecting about 90,000 workpeople in all. Of these only I3 were of sufficient importance to be tabulated in detail in the Ministry of Labour Gazette; II referred to wages, 2 to questions of treatment of individuals, 3 disputes were referred to arbitration, in 8 work was resumed pending negotiation, in I the demand was cancelled, and in the remaining I an employee was re-instated pending enquiry. Only in I did the stoppage last a fortnight.


* There is an ambiguity in the returns for November and December, 1914, owing apparently to a revision of the figures, which makes this entry uncertain. One of the accounts leads to only $3,339,000$.
$\dagger$ Owing to frequent revision in the Ministry of Labour Gazette of earlier figures, there is a slight uncertainty in these figures.
II.-TRADE DISPUTES : INDUSTRIAL GROUPS. Four Years


A concise summary of the more important disputes follows.

1914-19.-" The industrial unrest, which had been such a marked feature of the preceding three years, continued during the first seven months of 1914. On the outbreak of war, however, employers and workpeople throughout the United Kingdom endeavoured to compose outstanding differences as far as possible. Accordingly, many old disputes were settled in August, and few new disputes have occurred since the beginning of that month" (Labour Gazette, January, 1915).

In 1915 the number of disputes was high in many industries, but there were only four that affected large numbers of persons. Of these two in the South Wales coalfield accounted for the loss of nearly $1,400,000$ days, engineers on the Clyde for IIO,000 days, and cotton weavers also for IIO,000. The remaining 294 disputes together resulted in an aggregate loss of about $1,400,000$ days. In 1916 the only major dispute was on the part of 30,000 jute workers in Dundee, which accounted for a large proportion of the aggregate of days lost in all industries in the year. In 1917 nearly 400,000 persons were affected by strikes in the engineering and shipbuilding industries, half of these in engineering in May. The only other important dispute in the year was caused by 2,000 colliery examiners striking for the recognition of their Trade Union; in three days' time the union was recognised, but 125,000 miners had been idle. There were, however, more than ino other disputes in collieries that year. In 1918 the number of disputes increased and several (in coal-mining, shipbuilding, cotton and railways) affected many people. The aggregate numbers of persons involved were till July 437,000; in August 210,000; in September 174,000; in October 60,000 ; in November 37,000 ; and in December 143,000. In 1919 the numbers increased rapidly, and there were major stoppages in coal, engineering, cotton and a general railway strike lasting i8 days.

1939-43.-In the early months of the wartill the end of 1939-though there were a number of disputes, especially in collieries, none of them involved a large number of men, and in the four months only 122,000 men were stopped for an average period of about three days. In 1940 two colliery disputes involved 46,000 men in Scotland and Yorkshire, and a stoppage of a linen firm in Belfast affected 1,450 persons; the remaining disputes were of quite a minor character. In 1941 the number of strikes in engineering and shipbuilding increased considerably to 324 , involving 124,000 persons and the loss of 428,000 days ; but only one, sporadic claims for increase
of apprentices' wages, affected any large number of persons. Colliery disputes were numerous, but none was numerically important. In 1942 there was considerable unrest in coal-mining and 160,000 men were on strike in May or June, mainly for only a few days; an increase in wages, amounting to about $16 \%$ of the previous level resulted in quiet in the industry for several months. In the same year there were a number of minor disputes in engineering, the principal one being on Tyneside in October, caused by an apparently trivial re-arrangement of the pay week; this affected 20,000 persons and lost 135,000 days. In the first eight months of 1943 there were as many as 476 disputes in coalmining, but only 139,000 men were involved and 344,000 days lost. In the same period there were 305 disputes in engineering and shipbuilding, none of numerical importance, but several were due to dissatisfaction with the
working of the National Arbitration award made in March. The same cause led to the strike in Barrow in September, which lost over 100,000 days. Since August there have also been disputes in Scottish mining districts.

| weekly output of saleable coal <br> (Weekly Standard Tonnage 4,161,800 tons.) |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: |
| Four weeks ended |  |  | 000 tons |  |
| (in later year) |  |  | 1941 | 1942 |
| Sept. 5th |  |  | $4080 \cdot 2$ | $3978 \cdot 0$ |
| Oct. 3 rd |  |  | $4146 \cdot 6$ | $4076 \cdot 1$ |
| Oct. 31st |  |  | $4131 \cdot 4$ | $4124 \cdot 5$ |
| Nov. 28th |  |  | 4196.6 | 4126.5 |
| Dec. 26th |  | ... | $3853 \cdot 4$ | $3880 \cdot 1$ |
|  |  |  | 194 | 19 |
| Jan. 23rd |  |  | 3824.8 | $3813 \cdot 4$ |
| Feb. 20th |  | $\ldots$ | 4028.0 | 4016.4 |
| Mar. 20th |  | ... | $4074 \cdot 6$ | 4013.7 |
| Apr. 17th |  |  | $3739 \cdot 8$ | $4005 \cdot 2$ |
| May 15th |  | $\ldots$ | $4103 \cdot 9$ | $3624 \cdot 6$ |
| June 12th ... |  |  | 3724-8 | $3936 \cdot 6$ |
| July 10th ... |  |  | $3978 \cdot 2$ | $3579 \cdot 7$ |
| Aug. 7th |  |  | 3339-3 | 3097.8 |
| Sept. 4th .. |  |  | $3978 \cdot 9$ | $3767 \cdot 8$ |
| Oct. 2nd |  | ... | 4076.1 | 3819.4 |

## WHOLESALE PRICES.

## COMPARATIVE INDEX NUMBERS FOR 5 COUNTRIES.

The table below gives comparable index-numbers of wholesale prices, based upon a list of commodities as nearly identical as possible for all the countries, and the same method of calculation and weighting is applied in each case. The index-numbers were described in detail in Special Memorandum No. 24.
The figures for 12 countries in the table on p. 79, which are derived from the League of Nations monthly bulletin, are affected by differences of content and method of calculation.

|  | Base $1925=100$ |  |  |  |  |  |  |  |  |  |  |  |  | Base <br> 1913 <br> $=100$ <br> Year <br> 1925 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1942 |  |  |  | 1943 |  |  |  |  |  |  |  |  |  |
|  | Sept. | Oct. | Nov. | Dec. | Jan. | Feb. | Mar. | Apr. | May | June | July | Aug. | Sept. |  |
| FOOD- |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| United K'gdom $\ddagger$ U.S.A. ........ | 94 94 | 94 93 | 94 94 | 96 99 | 97 103 | 98 104 | 98 107 | 98 107 | 98 108 | 98 108 | 98 110 | 93 | 92 | 159 151 |
| Canada .......... | 87 | 88 | 88 | 89 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 97 |  | 158 |
| New Zealand.. | 107 | 104 | 107 | 105 | 105 | 104 | 106 | 106 | 107 | 107 |  |  |  | 158 |
| S. Africa ...... | 117 | 120 | 125 | 127 | 125 | 125 | 123 | 124 | 124 | 120 | 121 |  |  | 122 |
| MATERIALS- UnitedK'gdom** | 116 | 116 | 116 | 116 | 117 | 116 | 116 | 116 | 116 | 117 | 116 | 116 | 116 | 157 |
| U.S.A. ......... | 85 | 85 | 85 | 85 | 87 | 87 | 88 | 88 | 88 | 88 | 88 | 88 | 116 | 175 |
| Canada ......... | 87 | 87 | 87 | 87 | 88 | 88 | 89 | 89 | 89 | 89 | 88 | 88 |  | 170 |
| New Zealand.. | 114 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 |  |  |  | 165 |
| S. Africa ...... | 125 | 126 | 126 | 127 | 129 | 129 | 129 | 130 | 130 | 130 | 131 |  |  | 161 |
| TOTAL- |  |  |  |  |  |  |  |  |  |  |  | 107 | 106 |  |
| United Kingdom U.S.A. ........ | 107 89 | 107 88 | 107 89 | 108 | 109 93 | 109 94 | 109 96 | 109 96 | 109 96 | 109 96 | 109 97 | 107 | 106 | 168 165 |
| Canada ......... | 87 | 87 | 87 | 88 | 89 | 90 | 91 | 91 | 91 | 92 | 92 | 92 |  | 164 |
| New Zealand.. | 111 | 111 | 112 | 111 | 111 | 111 | 111 | 111 | 112 | 112 |  |  |  | 162 |
| S. Africa ...... | 122 | 124 | 126 | 127 | 127 | 127 | 127 | 128 | 128 | 126 | 127 |  |  | 145 |

## INDEX NUMBERS OF PRICES IN 12 COUNTRIES．

Mainly based upon the Monthly Bulletin of the League of Nations．$\uparrow$ See also table on p． 78.

|  |  | 出 שु |  | ． 岂 4． |  |  | 돋 | ⿹ㅔㅇ 륭 م | $\begin{aligned} & g \\ & \stackrel{0}{0} \\ & \dot{D} \\ & 0 R \end{aligned}$ | ？ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |

I．Wholesale，\％OF 1929

| 1938 Average | $\ldots$ | 89 | 8990 | $\begin{aligned} & 82 \\ & 79 \end{aligned}$ |  |  |  |  |  | （a） |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  | 105 | 90 | 109 | 77 |  | 99 | 111 | 76 |  |
| 1989 Average | $\ldots$ | 90 |  |  | 108 | 88 | 112 | 78 | 126 | 100 | 115. | 79 | 81 |
| 1940 Average | $\ldots$ | 120 | 98 | 87 | 121 | 98 | 128 | 80 | 142 | 126 | 146 | 101 | 82 |
| 1941 Average | ．．． | 134 | 102 | 94 | 133 | 107 | 150 | 82 | 150 | 147 | 172 | 130 | 91 |
| 1942－Apr．．．． | $\ldots$ | 140 | 112 | 99 | 137 | 115 | 190 | 83 | 161 | 162 | 186 | 147 | 104 |
| May ．．． | ．．． | 141 | 118 | 100 | 143 | 117 | 194 | 83 | 161 | 168 | 187 | 148 | 104 |
| June ．．． | ．．． | 140 | 120 | 100 | 146 | 120 | 196 | 83 | 161 | 165 | 188 | 148 | 104 |
| July ．．． | $\ldots$ | 140 | 120 | 100 | 147 | 121 | 198 | 84 | 161 | 170 | 193 | 150 | 104 |
| Aug．－．．． | ．．． | 139 | 121 | 100 | 147 | 123 | 201 | 84 | 163 | 178 | 192 | 150 | 104 |
| Sept．．．． | ．．． | 139 | 122 | 100 | 148 | 124 | 201 | 84 | 163 | 181 | 192 | 150 | 105 |
| Oct．．．． | ．．． | 140 | 120 | 101 | 147 | 127 | 202 | 84 | 162 | 183 | 193 | 150 | 105 |
| Nov．．．． | $\ldots$ | 141 | 120 | 101 | 149 | 129 | 204 | 84 | 163 | 182 | 195 | 151 | 105 |
| Dec．．． | $\ldots$ | 141 | 120 | 101 | 149 | 128 | 200 | 84 | 163 | 181 | 195 | 152 | 106 |
| 1943－Jan． | ．．． | 142 | 119 | 101 | 148 | 128 | 204 | 84 | 185 | 186 | 196 | 152 | 106 |
| Feb．．．． | $\ldots$ | 142 | 120 | 102 | 149 | 129 | 207 | 85 | 165 |  | 197 | 154 | 107 |
| Mar．．．． | ．．． | 142 | 121 | 103 | 149 | 129 | 208 | 85 |  |  | 197 | 154 | 108 |
| Apr．．．． | ．．． | 142 | 121 | 104 | 152 |  |  | 85 |  |  | 197＊＊ | 154 | 109 |
| May ．．． | $\ldots$ | 143 | 121 | $104 *$ | 154 |  |  | 84 |  |  | 197＊＊ |  | 109 |
| June ．．． |  | 143 |  | 104＊ |  |  |  |  |  |  | 196＊＊ |  | 108 |
| July ．．．． | $\ldots$ | 142 |  |  |  |  |  |  |  |  | 196＊ |  | 108＊ |
| Sept．．．． | $\ldots$ | 142 |  |  |  |  |  |  |  |  |  |  | 107＊ |


|  |  |  |  |  |  |  |  |  | （c） | （d） | （f） |  | （g） |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 1938 Average | ．．． | 95 | 87 | 84 | 95 | 94 | 92 | 82 | 110 | 86 | 106 | 85 | 86 |
| 1939 Average | ．．． | 96 | 89 | 84 | 98 | 94 | 93 | 82 | 123 | 81 | 108 | 86 | 84 |
| 1940 Average | $\ldots$ | 113 | 93 | 87 | 103 | 97 | 96 | 84 | 143 | 85 | 123 | 94 | 85 |
| 1941 Average | $\ldots$ | 121 | 98 | 92 | 107 | 102 | 98 | 86 | 145 | 96 | 142 | 108 | 89 |
| 1942－Apr．．．． | $\ldots$ | 122 | ） | 95 | 108 | 108 | 104 | 89 | 148 | 113 | 152 | 119 | 97 |
| May ．．． | $\ldots$ | 121 | \} 105 | 96 | 109 | 110 | 104 | 89 | 148 | 115 | 153 | 119 | 97 |
| June ．．． | ．．． | 122 |  | 97 | 109 | 111 | 105 | 90 | 149 | 117 | 154 | 120 | 97 |
| July ．．． | ．．． | 123 | ） | 97 | 110 | 111 | 104 | 90 | 149 | 117 | 156 | 121 | 98 |
| Aug．．．． | ．．． | 122 | \} 107* | 97 | 111 | I10 | 103 | 90 | 149 | 119 | 157 | 121 | 98 |
| Sept．．．． | ．．．． | 122 | ， | 97 | 112 | 111 | 104 | 88 | 150 | 120＊ | 158 | 121 | 99 |
| Oct．．．． | ．．． | 122 | ） | 97 | 112 | 112 | 104 | 88 | 150 | 122＊ | 158 | 123 | 100 |
| Nov．．．． | ．．． | 122 | \} 109* | 98 | 113 | 113 | 104 | 88 | 151 | 125＊ | 160 | 123 | 100 |
| Dec．．．． | ．．． | 121 |  | 96 | 112 | 113 | 104 | 88 | 151 | 125＊ | 160 | 124 | 101 |
| 1943－Jan． |  | 121 | ） | 96 |  | 114 | 105 | 89 | 151 | 126＊ | 160 | 125 | 101 |
| Feb．．．． | ．．． | 121 | \} 109* | 97 |  | 115 | 104 | 89 | 154 | 127＊ | 160 | 125 | 102 |
| Mar．．．． | ．．． | 121 |  | 97 |  | 115 | 110 | 89 | 155 | 128＊ | 160 | 125 | 103 |
| Apr．．．． |  | 121 | ） | 97 |  |  |  | 90 | 158 | $127 *$ | 160 | 126 | 104 |
| May ．．． | ．．． | 121 | 111＊ | 98 |  |  |  | 90 |  | 130\％ | 159 | 126 | 105＊＊ |
| June ．．． | ．．． | 122 | ） | 98 |  |  |  | 90＊ |  |  | 159 |  | 105＊ |
| July ．．． |  | 121 |  |  |  |  |  |  |  |  | 159 |  | 104＊ |
| Aug．．．． | ．．． | 121 |  |  |  |  |  |  |  |  | 159 |  |  |
| Sept．．．． | $\ldots$ | 121 |  |  |  |  |  |  |  |  |  |  |  |


|  |  |  |  |  | AIL |  | L1， |  | （b） | （f） |  | （e） |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 1938 Average | ．．． | 92 | 85 | 77 | 98 | 93 | 91 | 78 |  | 114 | 83 | 74 |
| 1939 Average | ．．． | 92 | 89 | 75 | 104 | 93 | 92 | 79 | 123 | 118 | 85 | 72 |
| 1940 Average | ．．． | 107 | 90 | 79 | 106 | 96 | 93 | 82 | 153 | 137 | 94 | 73 |
| 1941 Average | ．．． | 108 | 91 | 86 | 109 | 103 | 97 | 83 | 153 | 162 | 112 | 80 |
| 1942－Apr．．．． | $\ldots$ | 104 | 98 | 92 | 109 | 112 | 107 | 85 | 157 | 177 | 126 | 90 |
| May ．．． | $\ldots$ | 103 | 98 | 94 | 109 | 114 | 107 | 86 | 158 | 178 | 127 | 92 |
| June ．．． | ．．． | 104 | 99 | 97 | 109 | 115 | 108 | 87 | 156 | 179 | 128 | 93 |
| July ．．． | ．．． | 104 | 100 | 96 | 110 | 115 | 106 | 90 | 157 | 181 | 130 | 94 |
| Aug．．．． | ．．． | 104 | 101 | 95 | 112 | 112 | 105 | 88 | 157 | 182 | 130 | 95 |
| Sept．．．． | ．．． | 105 | 101 | 96 | 114 | 113 | 106 | 83 | 156 | 183 | 130 | 96 |
| Oct．．．． | ．．． | 106 | 101 | 98 | 115 | 115 | 106 | 82 | 155 | 184 | 131 | 98 |
| Nov．．．． | ．．． | 106 | 101 | 99 | 116 | 117 | 105 | 83 | 155 | 186 | 132 | 99 |
| Dec．．．． | $\ldots$ | 106 | 100＊ | 94 | 114 | 117 | 107 | 83 | 154＊ | 186 | 133 | 100 |
| 1943－Jan．．．． |  | 106 | 98＊ | 94 |  | 119 | 107 | 84 | 155＊ | 185 | 134 | 101 |
| Feb．．．． | ．．． | 107 |  | 95 |  | 121 |  | 85 |  | 185 | 134 | 101 |
| Mar．．．． | $\ldots$ | 107 | 101＊ | 96 |  | 121 | 115 | 85 |  | 185 | 135 | 104 |
| Apr．．．． | ． | 107 |  | 96 |  |  |  | 86 |  | 184 | 135 | 107 |
| May ．．． | ．．． | 107 | ＊＊ | 98 |  |  |  | 86 |  | 184 | 135 | 108 |
| June ．．． | ．．． | 109 | 101＊ |  |  |  |  | 86＊ |  | 184 |  | 107 |
| July ．．． | ．．． | 108 |  |  |  |  |  |  |  | 182 |  | 105 |
| Aug．．．． | $\ldots$ | 108 109 |  |  |  |  |  |  |  | 182 |  |  |

[^21]

## NEW CAPITAL ISSUES-

BANK OF ENGLAND-
PRINCIPAL BANKS-

TREASURY BILLS-

Index Nos. of Prices and Field as percentage of 1924 level; on 15th of month. Sensitive index. - Geometric Mean of monthly percentage changes.
Issues during month in Gt, Britain (a), for U.K. (b), for Abroad, excluding Government loans, etc.-As published
THE IIDLAND BANK, LTD, 1940-41 Six-months' totals.
Bank Notes and Currency Notes in circulation 11th-17th of month. Issues amalgamated. November 22nd, 1998, "Current Deposit and other accounts," etc. Before September, 1939, averages for the month of 9 clearing banks i.e.-excluding the National Bank, Ltd, and the District Bank), afterwards, data for last making up day of the month.
Up to June, 1940, 11th-17th of month, thereafter end of month
Isstied by tender. Total of Bills Issued by tender during 13 weeks preceding date of Exchequer Return. Otherwise issued. Total of Treasury Bills in exlstence less those issued by tender. Day-to.Day Rate and 3 Months' Rate. Averages for week ending 15 th of month.

|  | WHOLESALE. |  |  |  |  |  |  |  |  | RETAIL. |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Price of Gold. <br> s. per <br> fine oz. | Bar Silver (Cash). <br> d. per oz. | Board of Trade Index Nos. |  |  | Statist (Sauerbeck) Index Nos, |  |  |  | M. of Labour. |  |  |  |  |
|  |  |  | General |  | Materials, etc. |  |  |  |  |  | ost of ving. |  |  |  |
|  |  |  |  | \% | \% | \% | \% |  | \% | \% | \% | \% | \% |  |
| 1924 Av... | 93'69† | 34.0 | 100 | 100 | 100 | 100 | $\star$ | 100 | 100 |  | $\star$ |  |  | 100* |
| 1929 Av... | 84.95 $\dagger$ | $24 \cdot 5$ | $82 \cdot 2$ | $87 \cdot 4$ | 79.4 | 84 | - | 81 | 82 | 94 | - | 94 |  | 994 |
| 1934 Av.. | $137.65 \dagger$ | $21 \cdot 4$ | $63 \cdot 3$ | $64 \cdot 8$ | $62 \cdot 4$ | $59 \cdot 5$ | - | 58 | 59 | $80 \cdot 5$ | - |  |  | 94 |
| 1935 Av... | $142 \cdot 10+$ | 29.0 | 640 | 66.0 | $62 \cdot 7$ | 59 | - | $61 \cdot 5$ | 61 | 84 | - |  | 二 | ${ }_{975}^{95}$ |
| $1936 \mathrm{dv} . .$. | $140.29+$ | $20 \cdot 2$ | 67.9 78.2 | 69.9 77.8 | 66.7 78.0 | ${ }_{71} \cdot 5$ |  | 75 | $\stackrel{64}{73} 5$ | 88.5 | - | 82 | - | $100 \frac{3}{4}$ |
| 1937 Av.. | $140.76{ }^{+}$ | $20 \cdot 1$ 19.5 | 78.2 72.9 | 77.8 74 | $72 \cdot 1$ | 65 | 二 | 66 | $65 \cdot 5$ | -89 | - |  |  | 1044 |
| 1938 Av... 1939 Av... | 142.49 154.99 | 19.5 | $74 \cdot 1$ | 74.4 | $73 \cdot 6$ | 65 | - | 72 | 69 | 91 |  |  | - | 106 |
| 1939 Av... | 154.99 168.00 | 22.2 | 98.4 | 101.4 | 96.4 | 86 |  | $96 \cdot 5$ | 93 | 106 | - |  | - | 117 |
| 1941 Av... | 168.00 Ş | 23.4 | 1097 | 111.1 | 108.4 | 96.5 |  | 106 | 102.5 | $113 \cdot 5$ |  |  | - | $127 \frac{1}{2}$ |
| 1942 Av... | 168.00 § | $23 \cdot 5$ | 114.6 | 119.8 | 111.4 | 108.5 |  | 109.5 | $109 \cdot 5$ | 114 |  |  |  | 4 |
| 1940 |  | 22.0 | $90 \cdot 3$ | $93 \cdot 5$ | 88.1 | 84 | 84 | 92.5 | 89.5 |  | 100 |  |  | $110 \frac{1}{2}$ |
| FEB. ...... | 168.00 S | 21.0 | $92 \cdot 4$ | 96.2 | 90.0 | $82 \cdot 5$ | 88 | 93.5 | 89.5 | 102.5 | 101'5 |  |  | $111 \frac{1}{4}$ |
| MAR...... | 168.00 | 20.6 | 93.1 95.0 | $95 \cdot 4$ 956 | 91.4 94.2 | 82.5 | 81 | 96 | 89 | 103 | 105 |  | 96.5 | $115{ }^{2}$ |
| APRIL | 168.00 168.00 | $20 \cdot 7$ 21.7 | ${ }_{96.1}{ }^{\text {c }}$ | 97.5 | 94.9 | 83 | 81.5 | 98 | 92 |  | 106 |  |  | 115 |
| JUNE . | 168.00 | $23 \cdot 3$ | 96.6 | 99.1 | \$4.9 | 87 | $87 \cdot 5$ | 97.5 | $93 \cdot 5$ |  | 108.5 |  | $100 \cdot 5$ | $116 \frac{3}{4}$ |
| JULY | 168.00 S | $21 \cdot 7$ | $100 \cdot 4$ | $102 \cdot 3$ | 99.0 | $83 \cdot 5$ | 88.5 | 99 | 93 | 105 | 107 | 96.5 |  | 119 |
| AUG. | 168.00 S | - 23.3 | $100 \cdot 7$ | $103 \cdot 1$ | 99.0 | 89 | 89.5 | 98 | 94.5 |  | $107^{\circ} 5$ | ${ }_{99} 97$ |  | 1194 |
| SEPT, .... | 168.00 S | 23.4 23.4 | $101 \cdot 4$ | 106.2 108.9 | 98.5 99.0 | $89 \cdot 5$ 90 | 90.5 91.5 | 98 | $94 \cdot 5$ 95 | 108 | 107.5 | ${ }_{101}^{99}$ | 98 | $120{ }^{119}$ |
| OCT. ...... | 168.005 168.005 | $23 \cdot 4$ 23 | 102.6 1056 | 108.9 108.9 | $103 \cdot 4$ | 90 | 91 | 98.5 | $95 \cdot 5$ | 111.5 | 108.5 | 101.5 | 98 | 120 |
| DEC. | 168.00 S | $22 \cdot 5$ | 106.8 | 109.9 | $104 \cdot 7$ | 92 | 92 | 99.5 | 97 | 112 | 110 | 101 | 98 | 121 |
| 1941 | $168.00 \$$ |  |  |  | $105 \cdot 6$ | 92 | 91.5 | 100 | 97 | 112 | 111.5 | $100 \cdot 5$ | 98.5 | 123 |
| FEB. | 168.00 S | $23 \cdot 3$ | 107.8 | 109.8 | 106.4 | 92 | 91 | $101 \cdot 5$ | 98 | 112 | 112 | 99 |  | $125 \frac{1}{2}$ |
| MAR....... | 168.00 S | 23.4 | 108.4 | $109 \cdot 6$ | 107.2 | 92.5 | 92 | $103 \cdot 5$ | 99.5 | 113 | 114.5 | 100 | 102.5 | $125 \frac{1}{2}$ |
| APRIL ... | 168.005 | 23.5 | 108.5 | 109.5 | $107 \cdot 3$ | 95 | 93.5 | $105 \cdot 5$ | 1015 | 114.5 | ¢ 111 | $100 \cdot 5$ | 104 | 126 |
| MAY.. | 168.00 S | 23.6 | 1088 | 109.9 | 107.6 | 96 | 94.5 | 107.5 | 103 | 114.5 | 117. | 100 | 103.5 | 126 |
| JUNE..... | $168.00{ }^{\text {S }}$ | 23.4 | 109.6 | $110 \cdot 4$ | 108.6 | 96.5 | 97 | 108.5 | 104 | 113 | $115^{\circ} 5$ |  |  | 1274 |
| JULY .. | 168.00 §ू | $23 \cdot 3$ $23 \cdot 4$ | 110.1 110.1 | 111.3 110.9 | $108 \cdot 9$ $109 \cdot 1$ | $97 \cdot 5$ $9$ | $\begin{aligned} & 97 \\ & 99 \end{aligned}$ | $\begin{aligned} & 109 \\ & 108 \end{aligned}$ | $\begin{aligned} & 104 \cdot 5 \\ & 104 \cdot 5 \end{aligned}$ | 113.5 | $\begin{aligned} & 115 \\ & 114 \cdot 5 \end{aligned}$ | 98 | 100 99 | $\begin{aligned} & 128 \\ & 1284 \end{aligned}$ |
| AUG...... | 168.00 168.005 | 23.4 -23.5 | 110.9 110.9 | 110.9 111.9 | 109.8 | ${ }_{98}{ }^{98}$ | 99.5 | $108 \cdot 5$ | 104.5 | $113 \cdot 5$ | 113 | 97 | 96 | $128 \frac{1}{2}$ |
| OCT. | 168.00 S | $23 \cdot 5$ | 111.2 | 112.4 | $110 \cdot 0$ | 99 | 101 | 106 | $103 \cdot 5$ | 114.5 | 112 | 97 | 94 | 1283 |
| NOV.. | $168 \cdot 00$ S | $23 \cdot 5$ | 111.6 | 113.2 | 110.2 | $100 \cdot 5$ | $101 \cdot 5$ | 107 | $104 \cdot 5$ | 115 | 112 | 97 | 95.5 | 129 |
| DEC.. | $168 \cdot 00$ S | 23.5 | $112 \cdot 1$ | 114.7 | $110 \cdot 3$ | 102 | 102 | 107.5 | 105.5 | 114.5 | 112. 5 | 96 | 93 | 132 |
| JAN. 19 | $168 \cdot 00$ S | $23 \cdot 5$ | 112.4 | -115.4 | $110 \cdot 3$ | $104 \cdot 5$ | 104 | 108 | 107 | 114 |  | 96 | 9 | $2^{\frac{3}{4}}$ |
| FEB. | 168.00 S | $23 \cdot 5$ | 113.9 | 119.4 | $110 \cdot 7$ | 113 | 112 | 108 | $110 \cdot 5$ | 114.5 | $113 \cdot 5$ | 95 | 94 | 133. |
| MAR. | 168.00 | 23.5 | 114.2 | $120 \cdot 1$ | $110 \cdot 6$ | 113 | 112.5 | 108.5 | $110 \cdot 5$ | 113.5 | 115 | 94 | ¢6. 5 | $133 \frac{3}{4}$ |
| APRIL | $168 \cdot 00$ S | 23.5 | $114 \cdot 7$ | $121 \cdot 6$ | 110.6 \|| | 114 | 112 | 109 | 111 | 114.5 |  |  | $97 \cdot 5$ | 134 |
| MAY... | 168.00 § | $23 \cdot 5$ | $115 \cdot 4$ | $123 \cdot 7$ | $110 \cdot 7$ | 114.5 | 113 | 111 | 112.5 | $113 \cdot 5$ | 116.5 | 93.5 | 97 | 134 |
| JUNE | $168 \cdot 00$ § | 23.5 | 114.7 | $122 \cdot 1$ | $110 \cdot 6$ | 114 | 114.5 | 109 | 111 | $114 \cdot 5$ |  |  |  | $137 \frac{1}{2}$ |
| JULY | $168.00 \$$ | 23.5 | 115.0 | $120 \cdot 7$ | 111.6 | 104.5 | 1045 | 109.5 |  |  |  |  | 95.5 | 138 |
| AUG. | 168.00 | 23.5 | 114.2 | $117 \cdot 9$ | 111.6 | 104.5 | 105 | 109 | 107.5 | 114.5 | 115 | 94 | 95 | 178 |
| SEPT | 168.00 S | 23.5 | $115 \cdot 0$ | 118.5 | 112.5 | 105 | 106.5 | 110 | 108 | $114 \cdot 5$ | 112 | 95.5 | 93 | 138 |
| NOV.. | 168.00 S | 23.5 | 115.6 | $120 \cdot 3$ | 112.7 | 105 | 106.5 | 111 | 109 | 114.5 | 111.5 | 96.5 | 92.5 | 1384 |
| DEC. | 168.00§ | $23 \cdot 5$ | 116.0 | 121.0 | 112.8 | 105 | 105 | 112 | 109.5 | $113 \cdot 5$ | 111.5 | 96.5 | 93.5 | 1384 |
| JAN. 194 | 168.00§ | 23.5 | 116.5 | 121.5 | 113.4 | 107.5 |  | 112 | 110.5 | $113 \cdot 5$ | 112.5 | 96.5 |  | 1393 |
| FEB. . | 168.00 s | $23 \cdot 5$ | 116.5 | $121 \cdot 6$ | $113 \cdot 3$ | 107.5 | 106.5 | 112 | 110 | $113 \cdot 5$ | 113 | 97 |  | 1393 |
| MAR. | 168.00 S | 23.5 | 116.6 | 121.7 | 113.4 | $107 \cdot 5$ | 107 | 112.5 | 111 | 113 | 114.5 | 97 | $99 \cdot 5$ | 142 |
| APRIL | 168.00 s | $23 \cdot 5$ | $117 \cdot 1$ | $122 \cdot 7$ | 113.7 | 108 | 106 | 113.5 | 111.5 | $113 \cdot 5$ | 116 |  | 100.5 | 142 3 |
| MAY | 168.00 § | $23 \cdot 5$ | $117 \cdot 4$ | $123 \cdot 4$ | 113.7 | 108 | 106 | 114.5 | 112 | 113 | 116 | 97. | $100 \cdot 5$ | 1439 |
| JUNE | 168.00 | $23 \cdot 5$ | $117 \cdot 3$ | $122 \cdot 7$ | 113.9 | 107.5 | 108 | 114 | 112 | 114.5 | 116 | 98.5 | $100 \cdot 5$ | 1433 |
| JULY ... | 168.008 | 23.5 | 117.9 | $124 \cdot 8$ | 113.8 |  | 109 | 114 | 112.5 | $113 \cdot 5$ |  |  |  | 144 |
| AUG...... | $168.00{ }^{\text {c }}$ |  | 116.6 | 120.4 | 114.1 | 105.5 | 106 | 114.5 | 111 | 113 | 11.85 | 97.5 | . 98.5 | $144{ }^{-}$ |
| SEPT. .... | 168.00 | 23.5 23.5 | $117 \cdot 1$ | $120 \cdot 8$ | 114.7 |  |  | 114.5 | 111 | 113.5 | 118 |  | 97.5 | $144^{-}$ 144 |

$\dagger$ Average of daily quotations for year.

[^22]
## INTERNAL ACTIVITY.


 for ordinary (or normal full time) industrial employment ;" Col. A and lower line and subsequent figures exclude these.

RETAIL SALES
Index of value of sales in Departmental Stores, Co-operatives, multiple and independent shops, Each index derlved from the percentage movements whole of 1937 for the category to which it relates Index numbers are month of the previous year For discussion Dally averages, ex telegraph, telephone, savings bank and postal orders.-BOARD OF TRADE JOURNAL. MINISTRY OF LABOUR GAZETTE. After January, 1943, figures to be published only quarterly.

## POST OFFICE RECEIPTS-

UNEMPLOYMENT-

# RECENT ECONOMIC TRENDS IN THE UNITED STATES. 

By A Correspondent.

## October I3th, 1943.

IT has become increasingly clear in the last eight months that the economy of the United States is reaching a point where shortages of labour are beginning seriously to affect production. War production continues to advance but at a diminishing rate. The monthly increase in munitions production (including planes, ships, tanks, guns and ammunition and all campaign equipment) averaged $3 \frac{1}{2} \%$ in July and August, after very slight advances in the preceding months. The War Production Board's index of munitions production (November, $194 \mathrm{I}=100$, at constant prices and weighted in accordance with the man-hours, material and equipment required for different items) stood at 6 I8 (preliminary) in August, 1943, an increase of nearly 3,000\% over August, 1940.

| (November, $1941=100)$ |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Month |  | 1940 | 1941 | 1942 | 1943 |
| January ... | ... | - | 41 | 166 | 460 |
| February | ... | - | 45 | 182 | 486 |
| March ... | ... | - | 52 | 213 | 530 |
| April ... | ... | - | 60 | 247 | 563 |
| May | ... | - | 57 | 276 | 564 |
| June |  | - | 59 | 309 | 573 |
| July ... | ... | 23 | 64 | 339 | 593* |
| August ... | ... | 22 | 72 | 372 | $618^{*}$ |
| September | ... | 22 | 83 | 387 |  |
| October... |  | 27. | 91 | 403 |  |
| November | ... | 34 | 100 | 448 |  |
| December | ... | 50 | 113 | 497 |  |
|  |  |  | inar |  |  |

On the other hand, the "War Facilities Programme "-the planned expansion of plant to produce raw materials such as synthetic rubber, steel, $100 \%$ octane gasoline, etc., and facilities for the production of ships, aircraft and other munitions-is nearing completion, and as the decline of this type of activity continues more resources will be thrown into the direct production of munitions. The entire programme, amounting to $\$_{19,300} \mathrm{Mn}$., of which $\$_{14}, 600 \mathrm{Mn}$. is government-financed, is $86 \%$ completed. The tapering off of this programme, together with a decline in military and naval construction, is largely responsible for the steep decline in building activity since the first of the year. New construction in the first six months of 1943 is estimated at $\$ 4,524 \mathrm{Mn}$. ( $40 \%$ below the second half of 1942), and the index of the value of construction contracts fell in July to its lowest point in over four years.

Industrial production in general has been advancing only slowly ; it actually declined in June but recovered in July, and preliminary figures indicate further increases in August. The

Federal Reserve Board's seasonally-adjusted index of durable manufactures rose $17 \%$ in the last six months of 1942, but only $7 \%$ in the first seven months of 1943, and in May, June and July only $10 \%$. The indices for industries important for the war, such as iron and steel, machinery, transportation equipment, petroleum and coal products, chemicals, fuels and metals continue to rise slowly. Iron and steel picked up in July from a steep fall in June, but is still below the May level. Coal production recovered sharply after a heavy fall in June, due to stoppages of work. On the other hand, the indices for leather goods, manufactured food products and textiles fell, while the indices for non-durable goods generally remained stationary.

Civilian output attained its peak in 194I when the "preparedness" programme absorbed only about $10 \%$ of the gross value of goods and services produced ; and although it is estimated that $30 \%$ of the volume of production in the manufacturing and mining industries went for defence purposes, the total output increased more than $20 \%$. This slight decline in production for the civilian market had little effect, since large inventories of consumer goods existed. Similarly in 1942, although $30 \%$ of the gross value of output went for war purposes, and an estimated $50 \%$ of the output of manufacturing and mining, civilian output of these industries was cut only about $30 \%$, which again was absorbed by the "inventory cushion." This year, however, inventories are beginning to feel the pinch and a gradual liquidation has been taking place since June, 1942. Greater control over materials and distribution, plus growing scarcities, have combined to reduce inventories to the lowest point in 18 months.

Labour Situation.-War requirements are rising faster than production in most lines, and goals are not being met. The limit of war production, however, has not nearly been reached. Manpower is the crucial problem and a tighter control over and better redistribution of manpower has become urgently necessary, since there are still large reserves of labour which could be mobilised for war purposes-in spite of the fact that in September, I943, there were $63,500,000$ men and women actively engaged in industry or serving in the armed forces, the greatest number of persons at work in the history of the United States. It is estimated that inductions in the services for the last four


EMPLOYMENT, INTERNAL ACTIVITY, TRADE.

months of this year will approximate 600,000 , bringing the total number of men to about 10,750,000, and that by July, 1944, the number will reach $11,300,000$. The problem of replacing these workers and so maintaining production and essential community services lies before the War Manpower Commission, to which both the Selective Service and the United States Employment Service are subsidiary. Measures for maintenance of employment levels include the recruitment of minors ( $13 \%$ of farm workers on June I were under 14 years of age) and of women up to 50 ( $15,000,000$ women are now working outside of agriculture, and in September they represented $10 \%$ of labour in ship-building, $15 \%$ in iron and steel, and-in Seattle- $45 \%$ in aircraft) ; the application of " hiring controls " in labour-shortage areas; the release from the armed forces of men of 38 and over ; the admission into the United States of nearly 60,000 alien farm workers from the West Indies and Latin America ; and the use of prisoners of war and of volunteer townspeople for agriculture.

Employment in manufacturing, mining, construction and trade declined in May, 1943 (the first April-to-May decline since 1938), and there was a shift of workers from the nondurable to the durable manufacturing industries. There was a seasonal increase in July, and the War Department has released 4,500 soldiers from active duty to engage in mining. In the transportation equipment field, the highest point on record ( $2,249,000$ wage-earners) was reached in May, 1943. But this is not enough. At least 2,600,000 employed persons must transfer to war-useful jobs by July, 1944, and 1,300,000 new workers be recruited. In August, 1943, there were already 55 areas with an acute labour shortage, including more than 20 of the largest cities, and III other areas where a shortage is imminent.

Efforts to maintain production have pivoted around the training of workers (the War Manpower Board has a current programme embracing $10,000,000$ people) ; the establishment of the minimum 48 -hour week; and the control of absenteeism, of labour turnover, and of strikes. A Joint Production Survey Committee has been set up, consisting of Army and Navy officers, which will make recommendations in the production field "in the light of . . . changing military strategy." The 48 -hour week, so far, has made only a slight contribution to increasing either production or the available manpower supply, average hours having been lengthened but little in both the durable and non-durable goods industries. Strike figures rose sharply in

April and May ; 395 new strikes were recorded for each of these months, equivalent to $8 \%$ of the time worked in industry in April, $16 \%$ in May. Unrest in the bituminous coal mines accounted for the higher level of strike activity (195 strikes by 90,000 workers in January, 395 by 620,000 workers in May), and led to the Government operation of some mines and the passage of the Smith-Connally " anti-strike bill." The Economic Stabilisation Director was authorised to enforce directives of the National War Labour Board: plants can be taken over and operated by the Government if either the employer or the union refuses to comply.

Labour turnover is high, due partly to differences in wage-scales (e.g., shipyard workers are paid more than aircraft employees), to housing shortages and transportation problems, and to the drafting of " key" men. In an effort to meet this situation, living accommodations for 35,000 war worker families in key production centres are to be provided, and transportation services may have to be expanded as part of the programme of maximum utilisation of manpower.

Draft Boards must consider shortage of skills, irreplaceability, and even local labour shortages when making their decisions. Occupation, rather than dependency, now decides whether a man is to be drafted or not. On August 14, 1943, the War Manpower Commission announced a programme which includes (i) the transfer of workers with skills useful to "critical occupations" into war industries or into supporting civilian activities by October I ; (ii) closer collaboration between the Draft Boards and the United States Employment Service in determining whether men should be taken into the services or directed to war work ; (iii) expeditious transfer of civilian workers from less essential to more essential jobs; and (iv) extension of the list of non-deferred occupations so that men of military age must either transfer from such jobs or be placed first on the induction lists.

An attempt to co-ordinate manpower and production for maximum war effort is being made in the "West Coast Plan," under which war plants employ only men sent to them by the United States Employment Service, and workers may not move from one plant to another without clearing through a Government agency-just as farm workers going into non-agricultural work must have the prior approval of the War Food Administration. Also, Government war contracts with industrial plants may be terminated when those plants can be used to produce more essential and more urgent war material. If this
plan is successful, it will be extended to other parts of the country.

The index of factory payrolls has continued to rise without interruption. In May, 1942, it stood at 221.1 ; in May, 1943, at 313.4 (\% of 1939). Average weekly earnings, as reported by the United States Department of Labour, were about $12 \%$ higher in May, 1943, than in May of last year, in the durable goods industries; in the non-durable goods industries, about $16.8 \%$.

War Finance.-During the fiscal year ending June, 1943, total budget expenditure reached a peak of $\$ 78,200 \mathrm{Mn}$. (compared with $\$ 32,500$ Mn . in 1942), of which budgetary tax and other non-loan receipts covered only $28 \%$. The public debt increased by $\$ 64,000 \mathrm{Mn}$. to $\$_{134,700 ~ M n . ~ D u r i n g ~ t h e ~ f i r s t ~ h a l f ~ o f ~}^{1943}$ budgetary war expenditures reached $\$ 40,000 \mathrm{Mn}$. -a $33 \%$ increase over the last half of 1942. By the second quarter of 1943 some $47 \%$ of the gross national product was absorbed by war expenditures. Nevertheless, war expenditures have been rising only slowly this year, and the public debt has tended recently to grow at a less rapid rate than in 1942. This is the reflection of the declining rate of increase in war produc-tion-especially the decline in both industrial and military construction.

In financing the budgetary deficit the Government has pushed sales of securities to nonbanking investors, particularly individuals, in order to reduce current purchasing power as much as possible. About $\$ 33,000 \mathrm{Mn}$., over half the increase in the national debt, was absorbed by non-banking investors in the fiscal year 1943. The Third War Loan Drive opened September 9th with a goal of $\$_{15,000} \mathrm{Mn}$., and by early in October subscription had topped $\$ 18,000 \mathrm{Mn}$. All of the securities were sold only to non-banking investors. In the fiscal year 1943 one-half of the new securities issued during the year were sold in the First and Second War Loan Drives. Neither taxation nor savings kept pace with the mounting war costs, and the Department of Commerce estimates that in 1943 the gross national product will reach $\$ 185,000 \mathrm{Mn}$., generating a national income of over $\$_{147,000}$ Mn ., and income payments of $\$ 142,000 \mathrm{Mn}$. Personal taxes may absorb approximately \$17,000 Mn. of this. The Current Tax Payment Act, which became effective on July ist, providing for "pay as you go" taxation, did not raise tax rates, but did increase current revenue.

The large Government expenditures and the small proportion covered by taxation have been
the primary cause of large increase in currency in circulation and in bank deposits, which together reach an estimated total of $\$ 112,000 \mathrm{Mn}$. in fiscal year 1943, compared with $\$ 84,800 \mathrm{Mn}$. in fiscal year 1942. The expansion of currency in circulation was largely responsible for the decline in the excess reserves of member banks, which fell to $\$ \mathrm{I}, 100 \mathrm{Mn}$. on August 25 th, the lowest point since the beginning of the war.

## Consumers' Expenditure and Income. -

 Consumers' expenditures continue at a high level-the seasonally-adjusted annual rate reached $\$ 90,000 \mathrm{Mn}$. in the first quarter of 1943, compared with $\$ 71,000 \mathrm{Mn}$. in the first quarter of 194I. This is largely the result of the expansion in income payments to individuals, which rose from an annual rate of $\$ 127,700 \mathrm{Mn}$. in the last quarter of 1942 to $\$ 140,500 \mathrm{Mn}$. in the second quarter of 1943-a level nearly $70 \%$ higher than the first quarter of 1941. Income payments in July reached an annual rate of about $\$_{144,000} \mathrm{Mn}$.In spite of a rise in prices, no decrease in real consumption during the war is apparent. The seasonally-adjusted combined index of retail sales stood at 163 (\% of 1935-39) in June, compared with 140.4 a year ago. The failure of real consumption to decline as war production mounted is largely due to the fact that the large volume of unemployed resources-particularly manpower-existing before the war, made it possible for war production to expand without drawing manpower away from consumer industries to the full extent of the expansion.

Rising incomes and expenditures are creating serious difficulties of price control. The United States Department of Commerce index of retail prices stood at 134.6 (\% of 1935-9) in June, I943, compared with 124.5 a year ago. The Department of Labor combined index of wholesale prices has risen less than the retail prices index, reaching 103.2 (\% of 1926) in August, compared with $99 \cdot 2$ a year ago.

Between September, 1942, and May, 1943, the cost of living continued to advance at the rate of nearly $0.8 \%$ per month, in spite of repeated attempts on the part of the administration to prevent increases. It reached a level $24 \%$ higher than in January, 1941, the base date used in the "Little Steel" wage formula. Prices of farm products rose $17 \%$ in this period and black markets have spread. Since May the cost of living index has dropped slightly, largely due to the lower prices for meat and butter as a result of O.P.A. policy, and in July stood at 123.8 .

# RECENT CONDITIONS IN GERMANY. 

By H. W. Singer.

5th October, 1943.
Prices.-The official indices continue to show very slight increases. For July, 1943, wholesale prices were $1.9 \%$ higher than a year before, the cost of living only $0.8 \%$. Among wholesale prices, the main increase was in the groups for agricultural products ( $+4.2 \%$ ) mainly due to an increased price for potatoes; finished consumption goods increased by $1.7 \%$, industrial raw materials and semi-finished goods by $0 \cdot 1 \%$, finished producers' goods not at all. Of individual commodities the main increases were in barley ( $5 \%$ ), eating potatoes ( $8 \%$ ), pigs ( $13 \%$ ), potatoes for processing ( $46 \%$ ), potato flour ( $38 \%$ ), scrap ( $3 \%$ ) and roofing tiles ( $5 \%$ ).

The increase in the cost of living was almost entirely due to a further rise in the index for clothing (by $3.4 \%$ ), following heavier increases the year before. The change in food prices $(+0.7 \%)$ is due to the increase in the price of potatoes ( $+14.4 \%$ ) and drinks ( $+5.2 \%$ ), partly compensated by falls in the prices of vegetables ( $-9 \%$ ) and eggs ( $-4 \cdot \mathrm{I} \%$ ).

Earnings.-Weekly earnings of all workers in December, 1942, were I.6\% higher than the year before, and $10 \cdot \mathrm{I} \%$ higher than in 1939. The earnings of women were actually lower than a year before (by I. $0 \%$ for skilled or semi-skilled women and $3.1 \%$ for unskilled women); the figures of earnings per hour show that the reduction in unskilled women's earning is due to shorter hours, but the reduction for skilled women is not. Comparing 1942 with 1936, real weekly earnings have increased by $14.2 \%$; of this $5.6 \%$ is due to longer hours and $8.6 \%$ higher real earnings per hour.

Birth Rate.-The birth rate, after its precipitous drop in 1942, has slightly recovered. This is shown by the following figures (birth rate, converted to annual rates per thousand population, for January-May): 1939, 20.7 ; 1940, 22.5 ; I941, 18.2 ; 1942, 15.8 ; 1943, 16.7.

Company Statistics.-The number of JointStock Companies at the end of 1942 was 5,404 , compared with 5,418 at the end of 1941. The decline was less rapid than in previous years, and it was entirely due to a decline in the number of non-manufacturing companies (Trading -25 , Banking -14 , Catering -4 ). During the year the full impact of the decree
providing for the writing-up of nominal capital ${ }^{\star}$ was felt, and 807 companies increased their nominal capital by $£ 225 \mathrm{Mn}$. $\dagger$ under the decree. With another $£ 125 \mathrm{Mn}$. of " genuine" capital increases, the total nominal capital of all companies increased by no less than $16.7 \%$ during the year. Adding the 340 companies which had made use of the facilities of the writing-up decree during 1941, and the 93 which did so during the first quarter of 1943, we find that 1,240 companies representing $30 \%$ of all companies and $59 \%$ of the total nominal capital have written-up their nominal capital. The percentage varies in different industries; from less than $10 \%$ of all nominal capital for building materials (other than cement) to $95 \%$ for electrical cables and $85 \%$ for lignite.

Stock Exchange.-The average dividend on shares, at the end of 1942, had fallen to $5.35 \%$, as against 6.38 the year before ; but in view of the writing-up of nominal capital this fall conceals an actual slight increase in dividend disbursement (though only by a little over $£_{\mathrm{I}} \mathrm{Mn}$.). The continuation of the boom conditions during 1942-in spite of all the official measures-is shown in the further fall in average yield from $3.65 \%$ to the extraordinarily low level of $3.32 \%$, which is actually $\frac{1}{4} \%$ below that of medium-term Reich loans. The total increase in the value of all shares-at Stock Exchange valuation-by $£ 150 \mathrm{Mn}$. or $13 \%$ during the year-is another measure of the "concealed boom." The Stock Exchange is now " frozen."

National Debt.-At the end of June, 1943 , the increase in the Debt over the preceding year was $£ 5,091 \mathrm{Mn}$. The figure for June, 1941, to June, I942, had been $£ 4,635 \mathrm{Mn}$. The rate of increase thus continues to accelerate, and the share of the consolidated part has now fallen to $37.7 \%$ in the first quarter of 1943 (from $47.8 \%$ in 1940, $43.7 \%$ in 194I, and $40.9 \%$ in 1942).

Banking Statistics.-The deposits of the six biggest banks increased, during 1942, from $£_{\mathrm{I}}, 435 \mathrm{Mn}$. to $£ \mathrm{I}, 707 \mathrm{Mn}$. Deposits are now more than twice those of 1939-though the expansion of territory must be remembered.

[^23]The increase during 1942 at $£ 272 \mathrm{Mn}$. is less than that during 1941 ( $£_{3} 14 \mathrm{Mn}$.). But call deposits (in the five big banks) increased by $16 \%$, while long-term deposits increased by $4 \%$ only. This indicates the precarious nature of the present high state of liquidity. The advances of four great Berlin banks were as follows: end of $1939, £_{3} 18 \mathrm{Mn}$.; end of $1940, £_{2} 289 \mathrm{Mn}$. end of 1941, $£ 314 \mathrm{Mn}$. ; end of $1942, £_{3} 83 \mathrm{Mn}$. It will be seen that the downward trend of the early war years has been reversed, and the figure is now well above pre-war. This is largely due to changes in the finance of supply and the stopping of progress payments. This forced firms to make more use of bank over ${ }^{2}$ drafts. $\ddagger$

Concentration of banking has now reached a stage where many bankers express serious misgivings of a "banking monopoly." Comparing 1940 with 1933, the number of separate firms in the field has declined by $57 \%$ (Jointstock banks $34 \%$, Mortgage banks $15 \%$, Private firms $64 \%$ ). The number of branches has also been much reduced recently, and open doubts are expressed whether this will result in a genuine economy of man-power. 700-800 bank branches are closed, also 500-600 branches of savings banks and 1,300 of mortgage banks. Bank staffs have been reduced from 63,000 in 1938 to 45,000 in 1942.
$\ddagger$ See Economic fournal, April, 1943, p. 137.

# ECONOMIC CONDITIONS IN EIRE. 

By George O’Brien.

## October 4th, 1943.

THE principal effect of the war on the economic life of Eire has been the extension of the trend towards autarky, which has formed the policy of the Government since 1932. The reduction of imports during the last four years has been on a scale that should satisfy the most extreme advocate of self-sufficiency. The external trade in August, 1943, when imports amounted to $£ 1,686,314$ and exports to $£_{1}, 705,698$, was the smallest on record. The defenders of a more liberal attitude towards foreign trade have derived some comfort from the experience of a period when imports were drastically reduced. The decrease in the supply of coal, caused by mining difficulties in Great Britain, has seriously hampered 'rail transport, domestic heating and the production of gas, which is widely used for cooking in the towns. Road transport has been impeded by the shortage of petrol, and lighting in rural areas by the shortage of paraffin. Farmers have suffered from an insufficiency of artificial fertilisers and manufacturers from difficulty in obtaining raw materials. Among consumption goods the most badly-felt shortages have been those of tea and tobacco. The measures that have been taken to deal with this situation are, first, a rigid rationing of available imports, and, secondly, the production of substitutes. A great increase has taken place in the acreage under wheat and sugar-beet, and the place of coal has been largely taken by timber and turf. The Industrial Research Council has shown considerable ingenuity in the
production of substitute industrial raw materials.
The following index number, published in the Irish Trade fournal, shows the changes in the volume of agricultural output:-

|  |  | $1929-30$ | $1939-40$ | $1940-41$ | $1941-42$ |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Livestock \& livestock | products | 100 | 95.9 | 84.7 | 85.4 |
| Crops and turf | $\ldots$ | $\ldots$ | $\ldots$ | 100 | 123.3 |
| 139.0 | 156.7 |  |  |  |  |
| Total $\ldots$. | $\ldots$. | $\ldots$ | 100 | 100.3 | 93.4 |

The inclusion of turf among agricultural products slightly distorts the statistics. If this "crop" were not included the shrinkage in total output would have been greater. The reduction in the output of livestock, which is the regrettable result of the shortage of feeding stuffs, indicates that the country has been living on capital. This is also proved by the ratio between gross output and the input of feeding stuffs, fertilizers and seeds. In 1929-30 the value of gross output was estimated at $£ 62,161,000$ and input at $£ 9,924,000$, whereas in 1941-2 the respective figures were $£ 76,709,000$ and $£ 5,633,000$. The reserves of the accumulated fertility of the soil have been heavily drawn upon during the war. Agricultural prices have risen from a pre-war base of 100 to 144 in March, 1942, and 178 in March, 1943. The value of agricultural produce has, therefore, risen in spite of the reduction in physical volume. The estimated value of the gross output was $£ 60,924,000$ in 1939-40, $£ 68,243,000$ in 1940-41 and $£ 76,709,000$ in 1941-42. Farmers have consequently experienced a period of prosperity, though nothing approaching the golden age of the last war.

Complete returns of agricultural production in 1943 are not yet available, but preliminary estimates indicate that the area under tillage has increased by 30,000 acres. The main increases are in oats, barley, sugar-beet and flax. The acreage under wheat decreased by 67,800 acres, or $11.8 \%$, and that under potatoes by 24,000 acres or $4.8 \%$. The harvest is reported to have been rather poor. The number of cattle increased slightly, but there were decreased numbers of sheep, pigs and poultry. The Minister for Agriculture has announced that in the coming season the area to be compulsorily tilled is three-eighths of every holding, and a minimum acreage of wheat must be sown. The guaranteed price for wheat has been raised from $50 /$ - to $55 /$ - per barrel.

The secondary industries have suffered from shortages of imported raw materials. The index numbers of the volume of production of industries producing transportable goods (\% of 1936) were as follows: 1939, 104.2 ; 1940, 103.7 ; 1941, $96 \cdot 2$; 1942, 8 I. 9 ; 1943 (June quarter) $83 \cdot 1$. The building trade has been seriously affected and the construction of new houses greatly reduced. In view of these conditions a serious increase in unemployment would appear inevitable, but in fact, the numbers on the Live Register have tended to decline. Unemployment has been to some extent combated by short time and by schemes of public works, but the principal solution of the unemployment problem has been the emigration of large numbers to Great Britain. The number of new travel permits granted to persons going to work in Great Britain was 25,964 in 1940, 35,132 in 1941 and 5 I,7II in 1942. These figures do not, however, reveal the full extent of the movement, as many emigrants do not require travel permits. The long-period implications of this vast exodus are by no means clear, but there is no doubt that it has eased the Irish unemployment problem for the time being, and that the large sums remitted by the emigrants to their families have proved a useful addition to Irish working-class incomes. Possibly those remittances have a slight inflationary effect insofar as they add to the stream of money incomes without adding anything to the stream of goods. A similar inflationary influence is the large expenditure of holidaymakers from Northern Ireland. During a period when the British cost-of-living index number rose by $28 \%$, the Irish index number rose by $59 \%$. The cost of clothing has risen by $87 \%$ and that of fuel by $86 \%$. As wages have been, on the whole successfully, stabilized, the standard of living has been materially
depressed. The reduction in the standard of living, however, has been less than in most other European countries. Many foodstuffs which are rationed in other countries are unrationed in Eire, while the quantities of rationed foodstuffs are comparatively generous. Visitors to Eire are usually appreciative of the good meals that are still obtainable. One visitor aptly summed up the position in the statement that, whereas all the necessaries, but none of the luxuries, can be obtained in England, in Eire many necessaries are in short supply, but most of the luxuries are abundant.

The reduction in imports has completely changed the balance of trade. The following table shows the external trade of Eire since 1938. The volume is calculated by revaluing the imports and exports each year at 1930 prices.

| Year | Imports |  | Exports F |  | Excess of Imports |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | Value | Volume | Value | Volume | Value |
|  | £Mn. |  | £Mn. |  | £Mn. |
| 1938 | 41.4 | $46 \cdot 2$ | $24 \cdot 2$ | 28.0 | 17.2 |
| 1939 | $43 \cdot 4$ | $48 \cdot 6$ | 26.9 | 28.0 | 16.5 |
| 1940 | $46 \cdot 8$ | 369 | 33.0 | $26 \cdot 7$ | $13 \cdot 8$ |
| 1941 | $29 \cdot 5$ | 18.8 | 31.8 | 21.5 | -2.3* |
| 1942 | $34 \cdot 7$ | $18 \cdot 3$ | $32 \cdot 6$ | 19.8 | $2 \cdot 1$ |
| $\left.\begin{array}{l}1913 \\ \text {-Aug }\end{array}\right\}$ | $17 \cdot 1$ | - | $16 \cdot 3$ | - | -8 |

The passive balance which was such a marked feature of Irish foreign trade has practically disappeared, and in one year the balance became active. Import and export prices have risen about equally, so that no material alteration has taken place in the terms of trade. Among the invisible exports, income from the sweepstakes has vanished, dividends from abroad have increased, while emigrants' remittances have swollen a substantial sum. Income from investments abroad in 1942 is estimated to have been $£_{13} \mathrm{Mn}$. (in comparison with $£ \mathrm{I} 2.55 \mathrm{Mn}$. in 1941) and emigrants' remittances are put at $£_{2} 8.38 \mathrm{Mn}$. (in comparison with $£ 3.85 \mathrm{Mn}$. in 1941.) The balance of payments on current account has become very active, with the result that considerable sterling assets are accumulating in the banks. In the second quarter of the present year the net sterling assets of the Irish banks reached the record total of $£_{106,171,525-a n}$ increase of $£_{15}, 933,578$ over last year. In addition, the Central Bank holds over $£ 20,000,000$ of sterling assets as cover for the note issue. Eire is such a strong creditor country that these sterling balances cannot be used, as they have been in India and elsewhere, to redeem external debt. They cannot be used for imports which are unprocurable and must therefore continue to accumulate until the period of restocking after the war. It is obvious that Irish banks and their customers have a
great interest in the maintenance of the value of sterling, and in the capacity of Great Britain to liquidate the enormous external credits piled up during the war.

The lack of outlets for expenditure and investment has resulted in an increase in bank deposits. The following figures show the main trends in Irish banking :-


As part of the new deposits are temporary in character, the banks have maintained an exceptionally liquid position. Profits have not risen in proportion to resources. The yield on the additional assets is low, while operating expenses, including salaries, have tended upwards. The monetary circulation in the country has increased as a result of rising prices and a certain amount of hoarding by farmers. The total notes and coin in circulation in June, 1943, amounted to $£_{6} 31,082,638$, as compared with $£, 26,315,866$ in March, 1942. This expansion of the note issue has added to the resources of the Central Bank (which began to function on February Ist of this year), since all legal tender notes are backed by a full sterling cover.

The following table shows the position of the public finances during the war. It will be noticed that about $90 \%$ of war-time expenditure has been met out of current revenue.

| Year ended | Revenue | Expenditure | Deficit |
| :---: | :---: | :---: | :---: |
| March 31st, 1939 | 31,884 | $£ 000$ | $£ 000$ |
| 1940 | 32,389 | 33,110 | 1,226 |
| 1941 | 34,638 | 37,395 | 2,006 |
| 1942 | 36,980 | 40,624 | 3,134 |
| 1943 | 39,728 | 43,046 | 3,644 |
| M1,317 |  |  |  |
| (Estimate) 1944 | 41,582 | 46,169 | 4,587 |
| Six months ended |  |  |  |
| 30th Sept., 1943 | 19,246 | 20,486 | 1,240 |

In spite of the reduction of imports, customs is still the main source of revenue. During the first half of the current financial year customs yielded $£ 6,101,000$, excise $£ 3,888,000$, income tax $£ 3,850,000$ and corporation tax $£ 1,036,000$. The estimated revenue from customs for the year is $£ 11,100,000$, of which $£ 8,500,000$ is contributed by tobacco. Income tax, which has been raised by stages from 4 s . 6d. in 1939, to 7 s . 6 d . to-day, is estimated to yield $£ 10,619,000$. Surtax starts at $£ 1,500$. The increase in expendi-
ture is mainly in respect of the army, emergency social services and subsidies. The deficits financed by borrowing during the war amounted to $£_{\mathrm{I} 2,101,000 \text {. The last public issue was made }}$ in 1941, when $£ 8,000,0003^{\frac{1}{4}} \%$ National Security Loan was issued at 99. It has not been necessary to make any later public issue, the deficits for 1941-42 and 1942-43 ,having been financed mainly from ways and means advances and the sale of savings certificates. In the first half of the current year the amount borrowed by savings certificates was $£ 546,000$ and the amount repaid $£ 225,000$. The credit of the Irish Government is very high. The yield on Irish Government securities is practically the same as that on British Government securities of similar maturity.

The outlook for the future is not free from difficulties. It is to be expected that, after the war, many Irish emigrants will return with inflated standards of wages and social services, learned in Great Britain. The problem of providing employment will necessitate expenditure on a large scale on housing and other public works. The financing of such expenditure should be easy in view of the plethora of funds seeking investment outlets, and the importation of the necessary capital goods and raw materials should present no difficulty in view of the abundance of external assets. Sooner or later, however, the balance of payments will again tend to become passive, and attention will need to be directed to increasing exports. The problem of increasing agricultural production, based on a study of the latest developments in grass cultivation, will have to receive the closest study. The possibility of developing industries producing specialised high quality products for export should also receive attention, in view of possible difficulty in maintaining agricultural exports in a changed post-war world. The tourist trade may provide an invisible export to replace the emigrants' remittances which will certainly be reduced. Eire is an example of a country which is sounder financially than economically. The monetary and banking system and the public finances are in a healthy condition, but productivity is low, the national income is stationary and the population is decreasing. The task confronting the government after the war will be to utilise the country's financial resources to develop its economic productivity and to expand the national income.

# AUSTRALIA. 

By Ronald E. Robertson.

## October 9th, 1943.

Private Finance and Banking.-Reference was made in the April issue to the fact that the September, 1942, retail price index stood at about $21 \%$ above the 1938/9 average. It has since been stated that the index covering food, groceries, housing, clothing and miscellaneous expenditure (of a family type) reached 1,IOI for March quarter, 1943-as against 1,032 for March quarter, 1942, and an average of 894 for the year 1938/9.* It is evident from these figures that the prices of essential commodities are still scarcely more than $23 \%$ over pre-war levels, and that in the year of greatest increase in Australian war expenditure to date-that ending June 30th last-the rate of price increase slackened appreciably rather than rose. This, it should be remembered, has occurred while the price control organisation was, so to speak, finding its feet, and before the Government instituted a newly-created plan for controlling prices by subsidy, which is discussed further below.

Notwithstanding these fairly satisfactory general indications, there have been criticisms of the development of Australian war financesome on the matters of individual price rises inconvenient to a marked degree for the rank and file of the people ; others concerning the extent of finance by treasury bills. On the first issue it can be contended that the increases related largely to clothing and foodstuffs, and were matters of scarcity economics in a market that could only be progressively regulated. Treasury bill issues are a field requiring wider discussion.

In broad outline, a considerable proportion of Australian war expenditure to this date has been financed initially by treasury bills. The following set of figures quote the sources of the total war expenditure to June 30th last:-


It may be commented that direct draughts upon the public's actual cash resources have covered some $75 \%$ of the outlay to this time, and that the figure of raisings by treasury bills is subject to periodic variation by retirement. On this issue there is an open question: whether recourse to temporary finance by treasury bills
has been greater, proportionately, in Australia than in other allied countries; and whether, as well, their use as an early stimulant of credit flow and production has been prolonged beyond the point of pure necessity. There are indications that it has not been, but it would be wrong to imply that the great need of many sections of Australian war production for ample initiating finance did not bring the figure of temporary raisings beyond desirable proportions.

London Balances continue high, with the quarterly averages fluctuating about the figure of £A76 Mn. in early 1943.* These cash reserves have been employed to a large extent in meeting general commitments in London, but there remain large reciprocal and other unfunded commitments to the United Kingdom which are excluded from current statements of balances.

Public Finance.-With the object of fixing still more firmly the internal value of the Australian pound, the Government took, in April last, one of the strongest actions taken in Australian war finance to date. The effect of the measure should be apparent soon as a flattening of price index curves and-to the extent to which Australia's attainment of a full war footing is now complete-a diminution of the rate of note issue increase. There is likely to be, however, some considerable incidental charge on public finance. As from April I2th the Government placed a blanket embargo on price increases for goods other than certain perishables-ruling that no retailer should charge higher prices than those current on the datum fixed. To facilitate application of the order, shopkeepers were obliged to exhibit price lists. The exclusion of perishable foodstuffs was doubtless the result of Allied experience with goods of fluctuating supply and inferior keeping qualities. For such items specific price levels will be fixed from time to time. In all other instances price decreases are plainly improbable, and the rule is that prices may be advanced only upon the direct approval of the price-fixing authority. The machinery of negotiation is clearly defined and, by its nature, should preclude trivial appeals. Appeals received are considered in full relation to the costs structure of the appellant's business, and disallowance is certain where it is thought that the economies of productive and distributive ration-

[^24]alisation have not been fully pursued. Granted that black market activities will have to be carefully guarded against, it can be stated that the price restriction measure-though bearing first upon the retailer-will be speedily effective upon wholesalers and manufacturers. It is from these quarters that most appeals are likely to come. When such an appeal is judged to be substantiated, there remains a further point for official decision ; viz., whether the industry or branch of supply is of sufficient importance to warrant a Government subsidy. If this is found to be the case, the necessary payment will be made from Treasury sources-doubtless under continuous survey. As import business remains the branch of Australian industrial costing least amenable to home control, most subsidies are expected to be payable in that connection. These will be localised and controlled by payment at the point of import. It was forecast some time ago that the cost of this scheme in the year of inception would be approximately $£ \mathrm{Al} 2 \mathrm{Mn}$.

The Australian budget for the year ending June 30th, 1944, was presented at Canberra on September 29th. It is notable mainly for the fact that while the upward curve of war expenditure shows a more gradual tendency than in the last year or so of hurried expansion (estimate is £A570 Mn. against actual figures for 1942/3 of $£$ A562 Mn. and $194 \mathrm{I} / 2$ of $£ \mathrm{~A}_{320} \mathrm{Mn}$.), taxation receipts are estimated to total some $f^{\prime} \mathrm{A}_{4} \cdot 6 \mathrm{Mn}$. more than last year. Considerably more than the net increase of taxation revenue is to be derived from income tax as-largely because of the sharp increase in rates brought about in March last - $£ \mathrm{~A} 45.6 \mathrm{Mn}$. more is expected from this source. From the foregoing it is reasonable to assume that with the Australian war effort now brought practically to that point of fullest expansion at which it will be held until the end of hostilities, the Government is apportioning the resultant financial stringency as rigidly as it reasonably may. In the course of his budget speech the Treasurer, Mr. Chiffley, is reported to have said that the Australian rates of direct taxation are now as onerous as those of any Allied country. This view is supported in many responsible quarters, including, it is believed, the directorate of the Commonwealth Bank of Australia. Meanwhile, it is plain that the loan funding operations are to be keenly developed, beginning with the fourth Liberty Loan of $£$ Ai 25 Mn ., which opened on October 5 th and is to close on November 9th. The terms of issue are identical with those of the third Liberty Loan (mentioned in the April issue and oversubscribed by nearly $£ \mathrm{~A}_{2} \mathrm{Mn}$.), but
the target figure has been raised by $£ \mathrm{~A} 25 \mathrm{Mn}$. These raisings take no account, of course, of the small bond sales and street war savings collections which are continuous as in Great Britain. Australia has more than 50,000 street war savings groups. The budget did not produce the " pay-as-you-go" system of income tax collection expected in the article written in March last, but it is known that the American system has been examined, and it can be presumed that only difficulties of, working are delaying the adoption of the system.

A disclosure of interest in the budget speech was that while the cost to Australian public finance of reciprocal services under Lease-Lend exceeded the estimate for last year by $£_{\mathrm{A}} \mathrm{A}_{4} \mathrm{Mn}$. (actual figure $£$ A59 Mn.), the value is expected to reach £Aroo Mn. in 1943/4.

Production and Distribution.-The budget speech was accompanied by some remarks on the manpower situation, which show how nearly Australia has been brought to total application of labour resources. 1,370,000 persons, or more than $40 \%$ of the working population are in the fighting forces, munition production or defence works construction, and most of the balance of the working population (increased by 620,000 to a total of $3,370,000$ since the beginning of the war) are engaged in essential work. The industrial distribution of the population has been practically fixed by a ruling that no person may change his or her employment, nor any employer terminate or vary it, without permit of the Director-General of Manpower or his deputy. Liability to direction into industry is a longstanding condition for men and is extending to women.

An unlooked for development from the redistribution of manpower has been the serious labour starvation of agriculture and other basic industries, and the Cabinet has had before it, recently, a plan for a minor re-diversion of forces. All branches of agriculture are suffering the labour shortage, but the difficulty is most significant in wheat production and mixed farming. The wheat industry faces a decline of production for the 1943/44 harvest, which will be greater than the industry-stabilising acreage-restriction plan was recently envisaging. Adverse weather conditions and the lack of fertilisers are concurrent causes.

Mixed farming which, in Australia, is a blend of dairy production, pig raising and vegetable cultivation, is sharing the disabilities of labour and fertiliser shortage at a time when production goals have, perforce, to be set progressively
higher. Towards the end of August the Commonwealth Food Controller, Mr. Murphy, announced much higher target figures for the ensuing season. The needs of military provisioning and of exports to Allied countries lie at the root of the new proposals. Requirements are high, but the country is reasonably confident of meeting them. The labour shortage is expected to be met in part by the re-diversions mentioned above, and alleviated further by the use of special machines. The latter are likely to include many not previously resorted to in Australia, and are intended to be pooled, like transport, under the ægis of the State Agricultural Departments working through local bodies similar to the English County War Agricultural Committees.

Military and overseas Allied demands are the big factors behind the steady extension of Australian foodstuffs rationing. Thus butter is rationed to 8 ozs. per week per person to permit maximum deliveries to Great Britain, and meat supplies, rationed to wholesalers since the end of July, are to come under coupon control in January next.

Orders affecting the quality of meat sold-e.g., one prohibiting the killing of pigs of a dressed weight of less than 100 lbs .-have been in force for a considerable time. The effect of this particular order will be an increase in military and export bacon supplies. Food control was carried a step further along British lines in September, when it was ruled that all eggs should be sold to the Controller of Egg Supplies. This Official allocates a proportion of eggs for civilian consumption, the rest being processed for services and for export to the United Kingdom.

Of commodities other than foodstuffs, it is noteworthy that production of new furniture is being rationalised and standardised, and crockery and glassware " ordered" to utilitarian styles. A significant development in clothes rationing is the announcement that validity of coupons beyond the actual period of issue is to be closely restricted. Meanwhile, there has been a drive for the voluntary return of unrequired coupons. The intention is towards increased control over retail sales.




[^0]:    * The Ministry of Labour Gazette states (p. 205), that the relative numbers of youths and girls have fallen. If in July, I942, the percentages were II and 4 respectively, we should have to write $57 \frac{1}{3} \%$ and $273 \%$ for the men and women instead of the figures in the Table. The entrie against B (Table IV) are not affected, since they are the result of applying the numbers in the first column of Table II to the average earnings of men, youths, women, and girls at each date.

[^1]:    ＊Bank Rate $2 \%$ to 24th Aug．；4\％to 28th Sept．；8\％to 26th Oct．，1989；2\％since．
    ${ }_{*}^{\dagger}$ Exclusive of Investments in Affiliated Banks． 0 Official Minimum Prices．

[^2]:    * And President's Budget message to Congress called for $\$ 100,000 \mathrm{Mn}$. for 1943-44.-Ed .

[^3]:    * Earlier surveys by the writer have appeared in the Economic fournal.

[^4]:    * The increases in grain was due to special "early $\star$ The increases
    delivery" premiums.

[^5]:    $\star$ Excluding specific indirect taxes and increased by subsidies. White Paper Cmd. 6438 , p. 6.
    $\dagger$ Including pay and allowances (in cash and kind) of other than officers in H.M. Forces and Auxiliary Services. Ibid. p. 14.

[^6]:    * This was obtained by applying the 5 s. increase to full earnings in July, 1942, instead of to earnings for a normal week.

[^7]:    * For $1942 \mathrm{C}=153 \frac{3}{3}, \mathrm{G}=106, \mathrm{H}=104$.

[^8]:    * Some of the disinvestment may take the form of loans to this country which are in effect mortgages on our remaining assets abroad. The increase in the sterling balances of such countries as India is a manifestation of this process.

[^9]:    * International Reconstruction Series, No. 8 of the International Joint Committee of Nuffilld College, Oxford Institute of Statistics and Chatham House. This paper is to appear also in the forthcoming May issue of Economica.

[^10]:    - End of month. Average price of all listed shares. †iProvisional. c Corrected. $\$$ Comparable figures not available prior to June, 1987.

[^11]:    $\star £$ Aioo $=£$ Stg. 80 (approx.).

[^12]:    $\star$ The weights as assigned in 1930 to various materials are : Iron and Steel 3, Timber 2, Bricks and Clay Products 2, Slates and Tiles I, Stone I, Cement, Sand and Lime 2, Paint 3, Glass I, Lead and Earthenware 1, in all 16. In assigning these weights repair work was considered as well as new construction.
    $\dagger$ House of Lords, 3rd June, 1943.

[^13]:    $\ddagger$ This is supported by the statement (Times, June 23rd) that whereas in building labour cost to material cost is normally in the ratio $40: 60$ the proportion is now partially reversed. This needs a considerably greater increase in labour than in material cost, while the index numbers given above show a lower increase for labour. Mr. Brown stated in the House of Commons in June that since February building costs had gone up $25 \%$. During that period wage-rates had risen $4 \%$ or $5 \%$ and the materials prices index under $2 \%$.

[^14]:    $\oint$ Times, October Ioth. The decision for an incrëase of 4 s . 6 d . to road passenger transport workers has been settled by representatives of the employers and trade unions. Subject to ratification by conferences of the unions, it will take effect from the beginning of July.
    || The simplest explanation of a lieu rate or a compensatory bonus is that it is a payment made to a plain time worker to compensate him for inability to increase his earnings by going on any system of payment by results; for instance, where the nature of work does not permit of calculating results, but he would have earned more as a piece-worker in equivalent circumstances.

[^15]:    $\star$ The Report gives the first decimal place. In the Table, the nearest units only are stated.

[^16]:    $\dagger$ (i) compared with (iv) or (ii) with (iii).

[^17]:    * The U.K., with $£ 32 \mathrm{Mn}$., a slight rise over 194I, had again taken first place in the list of countries from which the Union imported, the U.S. falling to second place with $£ 16 \mathrm{Mn}$., a figure $40 \%$ of that of i94I and slightly below that of 1939. Imports from Canada ( $£ 4 \mathrm{Mn}$.) were also back to the 1939 level, after doubling in the meantime. India sent $£ 7 \mathrm{Mn}$. worth as compared with $£ 2 \mathrm{Mn}$. in 1939 ; the Argentine and Brazil together $£ 4 \mathrm{Mn}$., as compared with $£ 0.6 \mathrm{Mn}$. in 1939.

[^18]:    * This applies throughout this article.

[^19]:    * Prices and Wages in the United Kingdom, 1914-1920, p. 106.

[^20]:    * The statistics in this article are compiled solely from the Ministry of Labour Gazette, formerly the Board of Trade Labour Gazette, using the latest revisions available.
    $\dagger$ Excluding disputes which affected less than io men, or endured for less than a day, unless the aggregate time lost exceeded 100 days.

[^21]:    （a）\％of 1935．（b）\％of July，1937．（c）Excl．rent．（d）Excl．rent and clothes．（e）B．L．S．Index，\％of 1935－1939．＊Provisional． （f）\％of Sept．，1931．（g）N．I．C．B．Index．＋Figures are averages for month，or mid－month or end of month figures．

[^22]:    PRICE OF GOLD-
    PRICE OF SILVER-
    BOARD OF TRADE INDEX-Geometrio Mean of Wholesale Prices (averages for month) of 200 commodities as percentage of 1924 average, Average (cash) price of bar silver for week ending 15th of month.-ECONOMIST.

    STATIST (SAUERBECK) Average wholesale prices of 19 foodstuffs and 26 raw materials on last day of month, as percentage of average INDICES-for 1924.-STATIST.
    COST OF LIVING INDEX—Ministry of Labour's index showing movement since 1924 in cost of maintaining unchanged the standard of month Drevalent in working-class households beforo Aug, 1014. For 1 st of month, but placed against previous
    RETAIL FOOD PRICES-
    WAGE INDEXAs above, for food only.
    For description see Spectal Memo., No. 28,

[^23]:    * See Economic fournal ; articles on "German War Economy" under the heading of "Finance," in the instalments from April, 1942, issue onwards.
    $\dagger 12$ marks- $£ 1$.

[^24]:    * Australian Government Statistics.

