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and upon expectations of the future, have been frankly stated. There are strongly marked conflicting views, but the Committee's impressive agreement on the end to be attained, and upon the general nature of the means of attaining it, may be taken as an assurance that the problem will not be allowed to rest.

S. J. CHAPMAN

THE TRADE OF INDIA IN 1913-14.

Review of the Trade of India in 1913-14. (Calcutta : Government Printing Office. 1914. Price 12 annas.)

Memorandum and Statistical Tables relating to the Trade of India with Germany and Austria-Hungary. (Calcutta : Government Printing Office. 1914. Price 8 annas.)

THIS issue of the annual Review of the Trade of India is the first which has appeared under the editorship of Mr. G. F. Shirras, who has been appointed by the Government of India to the newly created office of Director of Statistics. Mr. Shirras has revised its form in a good many respects, and has taken the opportunity to introduce several improvements. He is to be congratulated on one of the first fruits of his new appointment.

Amongst the features to which it is worth while to draw special attention is the index number of prices based on the recorded values of articles entering into foreign trade. As in this country, the value of foreign trade at the prices of the preceding year, as well as at the prices of the current year, have been calculated for India for some time past. But Mr. Shirras has now used this material as the basis of a carefully compiled index number. He finds that in 1913-14 prices were about 2 per cent. higher than in 1912-13, while the volume of foreign trade increased by about 4 per cent. The articles of export which show an important rise in price were tea, wheat, and jute, while rice and linseed fell in price. As regards the quantities exported there was an important increase in the case of raw cotton and a decrease in the cases of wheat, raw jute, and opium. In the case of raw jute there was a considerable increase in the aggregate value in spite (or because) of a considerable decrease in the aggregate volume.

It is to be wished that Mr. Shirras had compiled index numbers for exports and imports separately, and not, as he actually has done, for the two combined. When the international position of India is being considered it is much more important to know

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whether a given quantity of exports is buying more or less than before in the way of imports, than to know the actual average price for the two combined in terms of money. It appears from the figures that the tendency of recent years, by which the rate of exchange has been moving in favour of India and her goods have bought an increasing quantity of the goods of other countries, has continued. It is also very important to make it quite clear to the reader that this index number is weighted according to the relative importance of different commodities regarded as articles of foreign trade, and that it is not a reliable index for expressing changes in the purchasing power of money in India generally.

In the passage dealing with the balance of trade, Mr. Shirras has gone beyond the ascertained figures and allowed himself to guess that "at least R45 crores were remitted in 1913-14 for interest and services rendered, and that some R24 crores of new foreign capital were probably at the disposal of India." I do not wish to question these figures, but the evidence on which they are based is not stated, and any such estimate must necessarily be so very doubtful that they ought hardly to appear in an official publication without more warning as to their dubious character than has been given.

The result of an inquiry into the changes in wages are of much interest. It has been found from an examination of returns supplied by leading industries—cotton (Bombay), woollen (Cawnpore), jute (Bengal), paper (Bengal), rice (Rangoon), mining (Bengal), and brewing (Punjab), that there has been a general rise in wages in these industries during 1913-14 of 3 per cent. The greatest rises are of 9 per cent. in the cotton industry in Bombay and of 9 per cent. in the woollen mills of Upper India. In spite of this rise of wages, there has been an insufficiency of mill hands in the cotton factories in Bombay. The supply of factory labour in India seems, indeed, to be extraordinarily insensitive to even considerable increases in the prevailing level of wages. Mr. Shirras concludes his account with the following summary:—"It is interesting to note that the rise in the wages of industrial labour has not been so great as in the case of agricultural labourers and village artisans. Money wages have over long periods increased in all industries, and the rise has generally been greater than, or equal to, the rise in retail prices, except in the tea, sugar, and brewing industries. An examination of Indian wage statistics during the last decade shows that this is certainly the labourer's day."

In present circumstances one naturally looks with special attention at the character of Indian trade with Germany and Austria, the figures relating to which have been collected together in a special Memorandum. Germany has been an important market for four classes of Indian products : raw cotton, raw hides, raw jute, and rice. The value of the exports of these four commodities to Germany and Austria in 1913-14 exceeded £18,000,000, and the cessation of demand from these markets must necessarily prove somewhat serious. In the case of raw cotton we have no more than an aggravation of a position difficult in any case ; and the cessation of imports of German and Austrian cotton manufactures, having an annual value of more than £1,000,000, may bring with it a small compensatory influence, for these have probably competed rather with the products of Bombay than with those of Manchester. The case of rice is not important, as the export to these countries is in any case but a trifling percentage of the total production. The price of jute one would expect to be affected considerably by the loss of the German market. The trade in raw hides presents a somewhat curious feature. The export of raw hides to Germany and Austria is not less than 56 per cent. of the total export. Tanned hides, on the other hand, come chiefly to London and hardly at all to Germany. As there will be a good demand for leather, it looks as if the tanning industry in India might benefit. Another industry which may experience a temporary revival is that of the production of indigo. What was once one of India's principal exports has rapidly sunk in recent years, on account of the competition of the synthetic product, to very small proportions. Indigo production in India reached its maximum in 1894-5, and the first commercial manufacture of the synthetic dye was only made in 1897. Unfortunately, the indigo plantations have been cut down so much in recent years—the exports of 1913-14 being reduced by no less than 43 per cent., as compared with those of so recent a year as 1911-12—that it may be impossible for the industry to make any substantial response to the temporary good times now presumably in front of it.

The trade in sugar shows some features of interest. India, which is the largest producer of cane sugar in the world, producing no less than 3 million tons a year, imports in addition something like $1\frac{1}{2}$ million tons. The import of sugar has increased by leaps and bounds in recent years, and while a substantial amount of beet sugar is imported, the increase is mainly due to huge receipts of cane sugar from Java

and Mauritius. This increase has been encouraged by a substantial fall in price of about 10 per cent. between 1912-13 and 1913-14. As a result of the huge purchase of sugar lately made by the British Government, as a result of the Report of the Royal Commission on Sugar Supplies, a large amount of the sugar from Java and Mauritius has been bought at a higher price than has prevailed lately, for consumption in this country. The effect will be, I expect, that the Indian consumer, who cannot afford to pay the enhanced price, will have to be satisfied with what is produced by India herself. The main burden, therefore, of the diminution of the sugar supply due to the cutting off of Austrian and German beet sugar will fall on the Indian consumer. The fact that there is this large consumption in India, which has grown up but recently, and which cannot stand any large increase of price, makes it possible to fill up the supplies needed for this country with a comparatively small advance in price. And, further, the diversion of the Javan sugar from India to Great Britain does not open any additional neutral market for the absorption of German and Austrian sugar hitherto consumed in Great Britain. As against the effect on the Indian consumer there are two advantages to be reckoned. As regards the balance of trade, the diminution of sugar imports may help to make up for the diminution of exports which it is natural to anticipate. And, secondly, the recent attempts, which are being subsidised by Government in India, to produce sugar on more economical lines and on a larger scale and with the assistance of central factories, may receive some useful stimulus. The diminution of the available supply from Java has come at a fortunate moment for the Indian sugar industry, as the example of very successful sugar cultivation in Java has just provoked attempts to imitate in India the methods which have proved so successful elsewhere.

J. M. KEYNES

GRADUATED INCOME TAX ABROAD.

Reports from His Majesty's Representatives Abroad Respecting Graduated Income Taxes in Foreign States. 1913. [Cd. 7100.]

IN 1905 the Government published Command Paper 2587, a Blue Book on graduated income taxes abroad. A desire having been manifested to bring the material up to date, a much fuller investigation was made by His Majesty's Representatives and