WILEY

The Over-Production of Greek Currants

Author(s): V. Gabrielidis

Source: *The Economic Journal*, Vol. 5, No. 18 (Jun., 1895), pp. 285-288

Published by: [Wiley](#) on behalf of the [Royal Economic Society](#)

Stable URL: <http://www.jstor.org/stable/2955786>

Accessed: 17/02/2015 15:05

Your use of the JSTOR archive indicates your acceptance of the Terms & Conditions of Use, available at
<http://www.jstor.org/page/info/about/policies/terms.jsp>

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact support@jstor.org.

Wiley and Royal Economic Society are collaborating with JSTOR to digitize, preserve and extend access to *The Economic Journal*.

<http://www.jstor.org>

the coinage of a silver dollar corresponding to the Japanese yen, which it is hoped will be diffused as a commercial currency in the Straits and Ceylon also. Japan will perhaps, after the successful termination of the war, make an attempt to introduce a gold standard ; on the other hand it may safely be assumed that China will keep to a silver standard and that the export thither of this metal will at its low price be greater in the future than in the past. In 1894 £3,151,000 in silver were sent out to China from England alone—a sum measuring in weight 700,000 kilograms. It is therefore very possible that even under present circumstances East Asia will persist in absorbing 2,000,000 kilos. of silver. But the industrial consumption of silver in Europe and America might at the present reduced price rise to a million kilos., and increase still further. If to this be added the amount coined by Mexico and the other American silver-using countries for their own trade, together with the coinage of silver token money in all countries, it will be considered probable, that, at the price of 27*d.* there will be a permanent clear sale for a production of 3½ million kilos. This is very nearly the figure of production for 1888, and it is certainly 1½ million kilos. below the maximum for 1893. The diminution which set in in 1894 is not yet precisely known,¹ but is anyway not sufficient for a state of equilibrium. It is however likely to continue, when the prospect of a rise in price disappears and in consequence many mines, especially in the United States, the owners of which had hitherto been hoping for such an improved state of things, have been driven to suspend their operations.

THE OVER-PRODUCTION OF GREEK CURRANTS

WHILE the British, German, and Hungarian corn producers are seriously affected by the fall in the price of corn ; while the Servians are crying over the low price at which they have to sell their plums ; while the Egyptians have a bad year before them owing to the reduction in the price of cotton ; while the Austrians are menaced by a financial crisis consequent upon the depression in the sugar market ; while all these nationalities, and several others, are suffering from the effects of over-production in their several principal products, the Greek people have also lately come in for their share of distress, consequent upon too much good fortune, and they are actually smarting under a financial crisis, the principal cause of which is to be traced to over-production of their almost unique article of cultivation—the currant. While in the early part of the present century the

¹ According to Valentine's reckoning the production of silver in the United States for 1894 was 45,600,000 oz. against 52,000,000 for 1893.

whole currant production in Greece scarcely amounted to 4,000 tons, in 1893 it reached the comparatively enormous amount of 162,000 tons. In 1880 the production did not yield more than 100,000 tons, and half of this quantity was taken up by Great Britain, who therefore came to be considered by the growers as the principal consumer of Greek currants. But the destruction caused in that and subsequent years to the vines in France by the phylloxera made gradually of that country a still better customer for the Greek grower than Great Britain had ever been, and in 1890 France alone bought 70,000 tons of currants in Greece, an amount which England had never reached. In the interval between 1880 and 1890 the demand for Greek currants over the whole world increased by nearly 50 per cent., while in quite unequal proportion the production from 110,000 tons in 1880 rose to 162,000 tons in 1890. But the time came when the lean oxen were to succeed to the fat oxen. While the production went on still increasing in Greece, there came an excellent yield of wine in France, which put a sudden stop to the hitherto existing equilibrium between the production and the consumption of currants, and all at once the Greek currant-growers found themselves deprived of their best customer, France, which, having succeeded in chasing out the phylloxera, and having thereby secured again its former abundant yield of wine, had no further need to import Greek currants for wine-making purposes. And even had French wine-growers any inclination to continue making use of the currant, the sudden intervention of the French Government, and the heavy duty levied on that article, obliged them to desist, and the importation of Greek currants into France dwindled therefore down to 3,200 tons in 1893, to come up again, but with great difficulty, to 15,200 tons in 1894. It thus happened that while the production in Greece amounted in 1894 to 150,841 tons, the demand up to the end of December, 1894, reached only 106,000 tons, leaving on the hands of the producers a surplus of 44,000 tons, with the natural result of an unprecedented depression in the price. To form an idea of the enormity of this depression, it should be stated that currants are sold in Greece by the litre and paid in paper currency. The average price up to 1890 having been steadily maintained at 200 drachmas per 1,000 litres, in 1890 this price went up to 310 drachmas, and all at once, in 1893, it was precipitated to as low a figure as 60 drachmas, being, if account is taken of the difference in exchange between gold and paper currency of 80 per cent., scarcely one sixth of the former average price. Now, this price of 60 drachmas only just suffices to cover the expense of cultivation, and that when the grower happens to be himself a peasant, and cultivates his own vines aided by the members of his family. In cases, however, of large landowners, who have to call in labourers, it comes short of that expense. This affords an explanation of the precarious position of the population in those districts in the Peloponnesus where the currant is cultivated, and of the wretched state to which the peasants are reduced, in many villages

the entire population suffering from absolute want, and having to content themselves for all food, either with vegetables, to season which they have not even the means to buy the necessary salt, or with currants, or with a primitive kind of food made of wine and water, with which a small quantity of flour is mixed.

As the only effective remedy against this state of things, it was proposed to have recourse to what is termed 'retainment' to be applied, as those who first submitted the idea recommended, in the following manner. Considering that the annual production can at all times be estimated beforehand, a committee should be appointed by the Government, which committee would make each year an estimate of the approximate amount of production of the ensuing year, and, taking as a basis the amount of consumption during the previous year with an additional 5 per cent. for any probable increase in the ensuing year, should decide upon the exact quantity to be allowed for exportation, any surplus over the amount consumed during the previous year, including the additional 5 per cent., to be retained by the State at the different ports of exportation by the Customs authorities, and to be at once transformed into a kind of paste so that no part of it should make its reappearance on the market in its original form. In its new form it would be sold by public auction to local makers of cognac or spirits of wine. This proposal met in the country with a great deal of support, but at the same time also with a great deal of opposition. Its supporters contended that by the strict application of such a measure the price of currants would rise at once from 60 to 250 drachmas, and the Greek grower would thus derive from one acre of land an annual income almost as great as the English farmer by the sale of the product of one of his acres. On the other hand, those opposed to it rested their objection mainly on the principle of the orthodox political economy, and fought against it in the name of the now nearly defunct policy of *laissez faire*. Prominent among these latter were the growers in those districts in which a superior kind of currant is grown, who considered that the application of the proposed measure would place them at a disadvantage in respect to the districts producing the inferior article. This contention was recognised as just, and it was therefore decided that growers of the superior description of currants should be allowed, if they chose, to contribute their proportion to the retainment from the inferior article, which they would be free to buy in the market. No satisfactory result came from this provision, for the reason that this particular class of opponents of the proposed measure inclined rather to a continuance of the existing low price, which, they calculated, would sooner or later oblige growers of the inferior article to withdraw from the contest. The production becoming thereby considerably reduced, they would then have the market more to themselves, and be able to impose their own prices.

Ultimately this measure of retainment was embodied in a Bill, and submitted by the late Tricoupis Cabinet twice to the Chamber. The

first time it was thrown out by a large majority ; the second time it was admitted to a first reading, but finally was again rejected. A curious circumstance in connection with this Bill, which, if passed, would establish the principle of State intervention in national economy, is that on both occasions it was submitted to the Chamber by a politician who, as regards financial matters, is an ardent supporter of free trade, and as regards his philosophical views inclines entirely to the Darwinian theories.

As a provisional measure, moreover, this proposed retainment has met with the approval of European authorities of much weight. Among others, Professor Sidgwick, of Cambridge University, having been applied to by the writer of this article for his opinion on the subject, said : ' Assuming the absence of effective foreign competition in the production of currants, or substitutes for currants, I see no economic reason why the proposed plan should not succeed in bringing about the desired result.' Mr. J. N. Keynes also, in a letter addressed to the writer, says that assuming Greece to have a monopoly of the currant trade, he thinks it very possible that the proposed retainment might prove temporarily effective in ameliorating the position of the currant-growers. Professor Edgeworth, although he declined to give any direct opinion on the subject, concluded his letter with the following question : ' Have you thought about an export duty which might bring about the desired result?' In asking this question, Professor Edgeworth comes very near the general principles embodied in the retainment. But that measure has been now officially rejected, without, however, such rejection diminishing in the least the zeal of its supporters.

By a fortunate coincidence, the crisis in the currant market just now loses some of its acuteness owing to a considerable and unexpected demand from Russia. That country, which formerly scarcely consumed 1,000 to 2,000 tons, will this year, it appears, require more than 30,000 tons. This sudden increase in the demand is due partly to the fall in the price and partly to the efforts of a committee of currant-growers, who sent two special delegates to Russia to propagate the use of the Greek currant in that country. The acquisition of such a customer had naturally the effect of causing an improvement in the price, which in the last two months has nearly doubled.

If the demand from Russia continues on the increase, so as to take up gradually all the surplus of the former regular consumption, any intervention on the part of the Government with the object of regulating the currant market becomes unnecessary. But if by artificial obstacles, such as the levying of duties or other indirect taxation, the new market proves unable to contend with the impulse of Greek production, the proposed retainment will have ultimately to be resorted to as a means of self-defence, and the more so that it reposes on so sound a basis as the naturally monopolistic character of the Corinthian currant.

V. GABRIELIDIS,

Editor of the 'Akropolis,' Athens.