

THE COMMERCIAL REVIEW



Vol. II. No. 13

Published Monthly By
The Alleppey Chamber of Commerce

September 1935.

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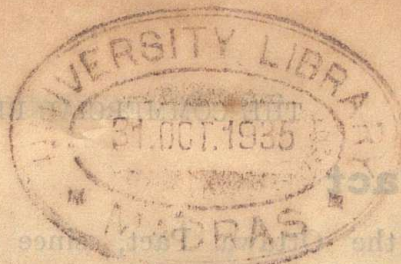
Self

Committee meetings are convened whenever necessary, by direction of the Chairman or the Vice-Chairman.

Monthly meetings are usually held during the last week of the month, at the offices of the Chamber.

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THE COMMERCIAL REVIEW

PUBLISHED MONTHLY BY

THE ALLEPPEY CHAMBER OF COMMERCE

Vol. II. No. 13]

[September, 1935.

NOTE.—Opinions expressed in The Commercial Review are not necessarily those of The Alleppey Chamber of Commerce, unless so stated.

Contributors of articles are requested to send their matter in typescript.

BRIGHTER OUTLOOK

THE clouds that hung so heavily over the horizon a year ago are gradually disappearing and signs are visible all over tending towards a better prospect. Though the world has not emerged completely from the gloom of depression, still one can see silver linings among the clouds which bespeak better days to come in the near future. Anyway, the trend of modern trade and commerce stirs the human breast with hope and instils one with more vigour and enthusiasm in his efforts.

All the enlightened Governments of the day are striving to overcome the evil effects of depression by close co-operation with trade organisations and by launching constructive programmes for the economic advancement of the country. A closer identity with the trade interests of the country, a correct appreciation of the services of properly organised and conducted Chambers of Commerce and Boards of Trade and the realisation of

the importance of a country's commerce to its general welfare, have helped Governments to devise proper means to tide over the general economic depression.

We have no doubt that the Government of His Most Gracious Highness The Maharaja of Travancore are always prepared to do their best to make the lot of the citizen better. We are glad to observe that they have realised that the prosperity of the State depends mainly on the improvements of its trade and commerce and are accordingly making steady progress in the path of industrial regeneration of the country.

With a Government always sympathetic to the just aspirations of the people and having a keen interest in the industrial and commercial advancement of the country, we hope to achieve better and more substantial results. We go forward into our second year with redoubled vigour and energy and with a brighter outlook.

The Ottawa Pact

THE working of the Ottawa Pact, during the year 1934-'35, (extracts published elsewhere) reveals, as anticipated, no bright prospect. We have all along been expressing our candid opinion in these columns that the Indian Mercantile community has not been benefited by the Ottawa Pact, and we are not disappointed in our expectations. The general trade position of India, as will be evident from the report, does not appear to be in any way better than it was in 1932-33. We do not desire to comment on the working of the Pact

since we have already dealt with the subject in these columns and we find that the results have proved to be according to our anticipations. We would only reiterate our suggestion that the Government of India should lose no time in taking steps to enter into trade pacts with Non-Empire countries, so as to move the existing tariff barriers in the way of India's trade progress. It is high time that the Ottawa Pact is revised so as to produce better and useful results to India.

Indian Railway Policy

THE report of the Public Accounts Committee, recently placed before the Indian Legislature, throws a flood of light on the financial position of the Indian railways. The prospects of the future working of the railways are certainly anything but bright.

The deficit of the Railway Budget during the last quinquennium amounted to Rs. 32/- crores. The current year 1935-36 is also expected to close with a deficit of about 2 crores of rupees. The Committee in its report points out that the deficit is likely to be still higher. It is also pointed out by the Committee that several items of expenditure that should be ordinarily charged to revenue have been charged to capital account and there has been over-capitalisation. The Auditor General points out that the deficit represents to a very great extent the non-payment of interest charges.

According to the report, the railway administration is in need of very urgent overhauling and unless the finances of the railways are strengthened by devising ways and means to improve the sources of revenue and effecting drastic retrenchment in the expenditure, the Government of India may not find it easy to balance their budget.

It seems to us that the financial position of the railways could be improved only if the Board could concentrate its energies in improving the traffic so as to enlarge the scope of internal trade, at the same time effecting retrenchment.

Let us hope that the Government of India will soon find out a solution on the advice of Sir Jossiah Stamp who has been specially invited by the Government of India to advise on railway matters.

Coir Yarn Industry in Ceylon

WE publish elsewhere in this issue extracts from the report of Mr. M.A. Almis, the special officer deputed by the Government of Ceylon to study the coir yarn industry of Travancore and to suggest the possibilities of developing the coir industry in Ceylon on the Travancore model. It is interesting to note that Ceylon, a keen competitor of Travancore Copra and Coconut Oil industry, is taking steps to compete with Travancore in the field of coir yarn industry also. The report of Mr. Almis is comprehensive and gives a very clear idea of the origin and development of the coir yarn industry in Travancore. It is also illustrated. The different process of the industry, namely, husking coconuts, removal of husks to soaking places, beating of soaked husks, willowing fibre, sifting, spooling and

designs of looms, shearing machines etc., are also finely illustrated. The report concludes with suggestions for developing the coir yarn industry in Ceylon by the introduction of the spinning wheel and other auxiliaries on the Travancore model.

Governmental aid at the preliminary stages, assistance by the formation of co-operative societies and imparting technical instructions to villagers have been emphasised in the report. There is no doubt that the Government of Ceylon will soon be taking necessary steps to develop the coir yarn industry on the recommendations contained in the report.

The attempt of Ceylon in this direction must be interesting to the Government of Travancore.

Financing Small Business

THERE is a general feeling that only large concerns properly established and conducted can bring in profitable returns. The small business is not generally considered to be very profitable. It is also considered by many that the days of the small business are gone and that only big business, with sound finance, can flourish. But facts go to show that even in England, small enterprises are better encouraged than big public concerns with large capital. In the year 1934, the total number of public companies registered was only 446, while the number of private concerns registered was as large as 12,029, with an accumulated capital of nearly £74,000,000. Small business is, of course, often faced with the problem of finding necessary capital for development. It is only on such occasions that the limitation of the small business is keenly felt. With a view, therefore, to assist and finance small business, companies were recently started in England. The results of the working of these companies are yet to be

seen. The idea of assisting small business financially by the formation of such companies is a welcome sign. Any business, which has attained a position in the market and is in need of finance for further development, deserves such financial assistance, as contemplated in the formation of such companies. It is not enough if the Directors and Managers of such concerns are mere financiers. They must also be experts in the different lines of business, if the scheme is to be successfully worked out. Such a scheme is well worth the consideration of business people in all parts, as the difficulties of the smaller business are the same everywhere.

* * *

We entirely agree with the views expressed in the resolutions passed by the South Travancore Chamber of Commerce (published elsewhere in this issue) and recommend the resolutions to Government.

PROCEEDINGS OF THE ANNUAL GENERAL MEETING

OF

THE ALLEPPEY CHAMBER OF COMMERCE

Held on Thursday, 19th September, 1935.

THE Annual General Meeting of the Chamber was held at 5 P.M. on Thursday, the 19th September, 1935, with Mr. S. Krishna Iyer, B.A., B.L., in the chair.

Besides the members, Lieutenant Commander W. J. Swan, R. N. R., Retired Principal Port Officer, Alleppey, Messrs. K. C. Karunakaran, B.A., B.Com., M.L.A., and R. Krishna Iyer, B.A., B.L., the Secretary and Assistant Secretary respectively of the Travancore Chamber of Commerce, and the local agents of the Travancore National Bank & the Quilon Bank were present by special invitation.

The members and the guests were entertained to tea and a group-photo was also taken.

The Secretary, Mr. M. L. Janardanan Pillay, in welcoming the members, spoke as follows:—

Welcome Speech

Mr. President and Members of the Alleppey Chamber of Commerce,

It is my very pleasant duty to welcome all of you to this Annual Meeting of the Alleppey Chamber of Commerce. As you are all aware, this Chamber has passed through several difficulties, mostly financial. But I am glad to state that the institution has stood the trial very well. I take this opportunity to acknowledge my deep debt of gratitude to all the members who have been so very liberal, generous and kind to the institution. But for such

kindness, it would not have been possible at all to run this Chamber. Several of our best friends who were at one time honestly doubting the necessity of such a Chamber in Alleppey have now agreed that there is no harm in running this institution also and that on certain particular occasions, a Chamber like this also is a real desideratum. This is indeed a matter of real rejoicing.

The Government of Travancore, also, I am glad to say, have been extremely considerate and kind to us and have extended to us all privileges, which we are entitled to have.

The number of our members is not sufficiently large, especially when we are authorised to accept members from all parts of the State. I would earnestly request every member to use his personal influence and see that each member is able to bring in at least one more member.

I strongly feel that this Chamber has a splendid future before it and I am hopeful that in the days to come it is going to render more substantial and useful service to the Indian mercantile community and I am sure you will all extend your unstinted support.

Again I beg to extend my humble welcome to one and all of you and to all visitors who have kindly responded to our invitation.

Then the President delivered his Presidential Address. The following is the full text of his speech.

PRESIDENTIAL ADDRESS

Gentlemen,

More than a year has passed since we met here on a similar occasion. We were then passing through a period of heavy slump with no bright spots on the horizon. There has been a decided change for the better since. Trade has generally improved though prices have been fluctuating.

Rice

Amongst primary produce, rice and paddy have shown a tendency to rise though Travancore as a great importer does not benefit by it. On account of drought and weather conditions, South Travancore has suffered severe reverse.

Coconuts

Coconuts have not improved, but there is a more hopeful outlook consequent on the subject of protection against Ceylon dumping having been taken by the Imperial Council of Agricultural Research.

Tea

Tea is still in the same position, though on account of heavy exports by non-restriction countries, stocks have increased beyond the estimate.

Rubber

Though rubber has not improved materially in price, a market has been created within Travancore itself such as is able to absorb the whole of our produce, though at a small margin of profit. You may be glad to know that consequent on agitation by Travancore, Indian export quota has been raised by 12,500 tons and the final figures of each estate will be available in a few weeks.

Pepper

The money of Malabar after going up in price to about Rs. 185 per candy, has come down to depression level almost. Though speculation in England was responsible for the rise, we can't be sure that



Mr. S. Krishna Iyer, B.A., B.L.,
President.

other causes have not contributed to the rise and fall as the speculating firm was interested more in white pepper than in black. The crops of the coming season are expected to be heavy and prices likely to go down still further.

Ginger

Ginger which was a drug in the market last year has recovered though subject to fluctuations but mainly on account of shortage in the market.

Cardamoms

Cardamoms have had only slight ups and downs and as at present hold better prospects than other produce.

Coir Industry

Among manufactures, coir mats and matting continue to show a decline. I am subjoining a statement of quantity and value to elucidate the position. It is high

time for the manufacturers to stop suicidal competition and organise themselves as other industries have done.

Sugar

Sugar has improved in spite of the excise duty. There is heavy demand within the State itself and the Travancore Sugars are unable to meet even a fraction of the home demand. Mysore has made vast strides with cultivation of canes and sugar manufacture. Our Director of Industries assures the commercial possibility of sugar from coconut jaggery. Sugar offers a good field for private enterprises.

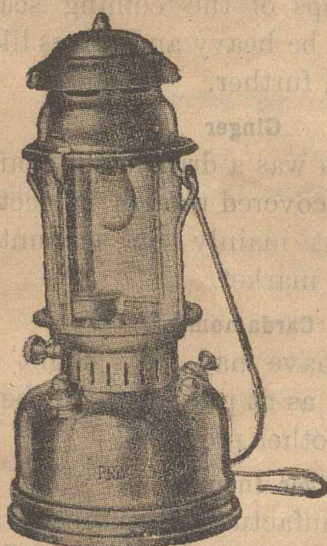
Foreign Trade

A table of the important articles of export and import is annexed.

Our exports show an all-round decrease, except in Tea, Rubber and Prawns, but particularly in the direction of coconut

and its auxiliaries, copra, coconut oil, coir yarn, coir mats and mattings. Rubber renders a good account of itself and might show a cent per cent advance, when the increased quota comes into operation. But our imports are increasing out of all proportion. It might either mean less of production or larger purchasing power. The increase in the import of piece-goods betokens higher purchasing power and improved economic conditions. The increase shown under beedi and tobacco is abnormal. The increase under hardware and machinery must be due to import by Government for the Pallivasal Hydro-Electric Works and the Rubber Factory at Trivandrum. As new sign-boards for loans on gold, have been increasing in every village, the larger imports must have been financed to some extent by "distress gold."

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The only note-worthy improvement shown in exports is under 'prawns,' which means only a better catch, and may be placed under the head of 'accidents.' On the whole, it may be said that trade within the Empire has turned the corner and the upward swing has begun. It may be slow, but is likely to gather momentum as it goes on, if the world situation does not suffer a set-back, by war, or other forces of reaction. Hope springs eternal in the human breast and if we are to achieve success, we have to strive on a full stomach of optimism.

(Statistics annexed)

Coconut Industry

The coconut industry is still passing through a period of heavy depression. The cost of production calculated by Dr. Patel himself is Rs. 219-7-0 per ton and market price is near Rs. 140 a ton. One can imagine the sad plight of the coconut grower from the above. The area under coconuts in Travancore has been estimated at 5.66 lakhs of acres out of a total cultivated area of 22 lakhs. The aggregate annual losses would work at near Rs. 120 lakhs. Roughly 4 out of 5 millions of the population of Travancore are dependent on the coconut industry. As Travancore produces only a fraction of rice and paddy, constituting its staple diet, about 175 lakhs of rupees worth of rice and paddy have to be imported annually. Coconut is our main commercial crop, the export of which in some shape or other, has to finance import of the needed rice and paddy. The Commercial Review has published a number of well-reasoned articles on the subject of the dumping of Ceylon Copra and the need for protection for the coconut industry. It has been pointed out how, European and American markets have been

lost to us and that the Indian home market is our main stay. The average price of Ceylon Copra at Alleppey is Rs. 135 per ton, while our cost of production, as already referred to, has been estimated at Rs. 219-7-0. Thus for bare protection against dumping by Ceylon, a fixed duty of Rs. 84-7-0 will be found necessary. A fixed duty is suggested, as by fluctuation or manipulation of tariff rates, the actual duty per ton in British India, has come down from Rs. 69 in 1927 to Rs. 24 in 1935. If we consider further, the need for a small margin over the cost of production, a fixed duty of anything less than Rs. 100 a ton would be inadequate. Travancore was represented, at the Committee of the Imperial Council of Agricultural Research, by Mr. Parameswaran Pillay, Director of Agriculture, and Mr. Haydon of the Travancore Chamber of Commerce. Our thanks are due to these gentlemen, in no small measure, for their able advocacy. But they have been able to secure support only to a limit of Rs. 70 per ton. This leaves us still on the debit (loss) side of the Balance Sheet. The growers of Travancore have had to take the agitation into their hands and Mr. Changanacherry Parameswaran Pillay, the President of the Association of the Coconut Planters of Kerala, is now at Simla trying to secure a better measure of protection. It is understood now that he has recently interviewed the Viceroy. We are deeply obliged to Mr. Parameswaran Pillay for the self-less work he has taken up, as also to Dewan Sir Md. Habibullah, for the support lent to the 'Coconut growers' mission.

I am annexing a table of costs and prices for further elucidation of the coconut position, for which I am indebted to the courtesy of the Director of Agriculture.

Dr. Patel's Estimates of Coconut Industry

Average cost of suitable land per acre	Rs.	250	0	0
Incidental charges	Rs.	50	0	0
Total	Rs.	300	0	0
Interest on this investment for 10 years at 3½% per annum	Rs.	90	0	0
Cost of rearing an acre of palms to maturity (for 10 years)	Rs.	190	0	0
Total cost per Acre	Rs.	580	0	0

The yield was estimated at 1,750 nuts and the cost of maintenance at Rs. 25 per annum per acre. For Travancore 6,250 nuts were taken to yield one ton of copra.

Cost of maintenance	Rs.	83	5	0
Cost of manufacture average	Rs.	7	8	0
Cost of packing and marketing	Rs.	10	0	0
Depreciation at 2% on Rs. 280 per acre	Rs.	18	10	0
Profits, interest, etc., at 6% on Rs. 580 per acre (6% of Rs. 580 × 10/3)	Rs.	116	0	0
Total	Rs.	235	7	0
Recoveries on husks, etc., per ton of copra	Rs.	16	0	0
Net cost of production per ton of copra	Rs.	219	7	0
Cost of copra C.I.F. Colombo Jan. '35	Rs.	120	0	0
Landing and other incidental charges at Cochin or Alleppey	Rs.	15	0	0
Cost of Ceylon Copra at Cochin or Alleppey	Rs.	135	0	0
Difference in cost between Ceylon Copra and Travancore Copra (219-7-0—135-0-0)	Rs.	84	7	0

British Indian Duties on Ceylon Imports of Copra and Oil

COPRA					C. N. OIL				
Year	Tariff Value Rs. per cwt.	Duty %	Actual duty Rs. per ton		Tariff Value Rs. per cwt.	Duty %	Actual duty Rs. per cwt.		
April 1929	23 0 0	15	69 0 0		30 0 0	15	90 0 0		
April 1930	17 0 0	15	51 0 0		26 0 0	15	78 0 0		
April 1931	16 0 0	20	64 0 0		21 8 0	20	86 0 0		
Jan. 1932	11 12 0	25	58 12 0		16 0 0	25	80 0 0		
Jan. 1933	10 0 0	20	40 0 0		15 8 0	25	77 0 0		
Jan. 1934	9 0 0	20	36 0 0		12 8 0	25	62 8 0		
Jan. 1935	6 0 0	20	24 0 0		10 0 0	25	50 0 0		

Agricultural Debtors Relief in Travancore

Another matter of great moment is the threatened menace to business under the proposed scheme of 'Agricultural Debts Redemption.' The world depression, has adversely affected the producer of primary commodities, more than others, and he is no doubt entitled to relief. But relief to one industry, should not be at the expense of another. The interim recommendations of the 'Agricultural Debts Redemption Committee,' so far as can be gathered from the papers, involve not merely the expropriation of the creditor, but also the ruin of the credit structure of the State. The elimination of debts is sought to be effected in the following ways:—

- a) Reduction of past and future interests to 4% in respect of ordinary debts, half the contract rate for paddy loans and 9% in respect of Banks.

[The Mysore Committee reported "that it is not expedient to upset contractual relationships and that therefore, the new rates should apply only to interest accruing in future."]

- b) Scaling down of principal through the agency of Conciliation Boards. Conciliation is to be compulsory, such Boards to have power to pass *exparte* decrees, reopen settled accounts revise decrees and refix the amount payable on other considerations. Their decrees are to be final and not subject to revision by civil courts. One can imagine the sort of justice, untrammelled by law, likely to be had under the tense communal atmosphere of Travancore. The word conciliation imports the idea of voluntary consent. Compulsory conciliation will be on the border-land of coercion. It is noteworthy, that conciliation does not carry any assurance

of payment but only an empty certificate.

[The Mysore Committee reports "A scheme of conciliation to be successful should provide for some effective means of repayment of the compounded debt. The creditors could be induced to make considerable sacrifices *if paid down in cash* or repayment without further effort be *assured* to them."]

- c) Further reduction of principal, by reservation of 25% of the debtor's property to him, and placing it beyond the reach of the creditor, whether the property be already *charged*, with debts or not. The futility of the reservation scheme will be apparent from the fact that by the next transaction, the reserve 25% would reduce itself to 6¼% and by the next one to about 1½%.
- d) Making it obligatory on the creditor, to purchase the debtor's property at court auction, for a price fixed by the court, by striking an average between pre-depression prices and present market rates. As present market prices are about one-third of pre-depression prices, this will easily work off about 65% of the debts. (The Mysore A. R. Committee estimates the fall in value at between 25% and 75% and a working average of 50%.)
- e) The State in no way is to contribute towards relief. [Compare Bhavanagar where the State paid off the whole of the compounded debt (Rs. 20,59,473)].

Mathematically worked out the creditors' assets under the above scheme reduce themselves to a minus figure and creditors easily get converted into debtors.

- f) The term 'agriculturist' is to include land-holders, absentee land-lords, tenants-at-will, mere cultivators, servants and dependents of the above, and village menials, thus bringing

within the ambit of the definition about 90% of the population.

- g) Loans by the State Land Mortgage Banks, agricultural loans by Government and loans by Co-operative credit societies protected by Governments are to be immune; *private loans alone to be placed under the pruning knife.*

The above scheme may be more aptly called a 'Credit Destruction Scheme.' It holds a penalty on thrift and a premium on improvidence.

For due appreciation of the position let us keep in mind the following facts:

There is no agricultural class, as such, in Travancore. Except in the case of Banking and similar Corporations, the creditor and the debtor alike are agriculturists. The agriculturists of Travancore unlike other parts of India are well educated and able to take care of themselves. There are no professional money-lenders; even the indigenous hundi merchant has become extinct. Every man who has a surplus helps his friend with a neighbourly loan. Interest rates (unlike other parts of India) are not permitted by law to go beyond the (righteous) 12% for money and 20% for paddy. There have been laws for over a century against high interest, compound interest and accumulation of interest. There is absolutely no parallel between conditions of the agricultural classes in British India and Indian States in the other presidencies and Travancore. In Mysore rates of interest range up to 48% and for loans in kind 100%. The Mysore A.R. Committee recommended that anything above 10% for secured debts and 15% for unsecured, should be regarded as excessive. In Bhavanagar, the rates of interest ranged from 37½% to 75%. In the United Provinces under Act 23 of 1934 anything over 24% is to be regarded

as excessive for unsecured debts. In British India 36% is an ordinary rate and courts have decreed accumulated compound interest amounting to many times the principal. In the Punjab, the Zamindars have been protected against themselves by enactments like the Punjab Land Alienation Act of 1900. Nevertheless, the rate of interest varies from 18 to 75%, the courts allowing even 36%.

The clamour here, has been engineered and financed by less than half a dozen disgruntled rubber planters of Kanjirapalli.

The main causes of indebtedness are marriages and like ceremonies, occasional failure of crops, accumulation of unpaid interest, higher education, drink, litigation and general improvidence. The present distress is due more to the low price of agricultural produce, consequent on world economic depression than the burden of past debts.

Planters' debts are usually contracted by taking a lump advance on future crops and utilising it for purchase of land and plantations, construction of buildings, purchase of motor cars and like luxuries. Many a rubber planter during the days of the boom has been plunging into reckless extravagance.

Let me emphasise the fact, once again, that the maximum legal interest has been fixed by the State at 12% per annum and what assets the creditor has, has been legally assured to him by the laws, in force for over a century. The recommendations of the A.D.R. Committee are in effect deprivation (by future laws to be enacted) of the property of the creditor. Deprivation by fraud, stealth and physical force have been recognised as crimes against society and made penal. In principle the proposed deprivation stands on the same plane. No civilised

country has tried to legalise non-payment of debts between its people. No civilised community can get on where the integrity of contractual obligations is no more than 'a scrap of paper.' Even as it is, with its endless litigation and legal obstacles to the realisation of debts in execution, Travancore has not much of a reputation in this direction.

Without going into further details regarding the proposals of the A.D.R. Committee, I would like to call the earnest attention of the Government to possible repercussions. Agriculture, like any other business, cannot get on without credit. Credit is the breath of life to business. There has already been a substantial contraction of agricultural credit. Agricul-

turists as defined by the A.D.R. Committee form about 90% of the population and are the main ultimate consumers of all goods. Very few agriculturists carry cash in hand for the purchase of goods or for securing service. The general indebtedness of the agriculturist is proof sufficient for the purpose. Even for daily needs, the agriculturist is generally dependent on credit with the trader. Goods distributed to the agriculturists are taken on credit by the shop-keeper, who himself gets credit through a chain of traders, who again are financed by Banks, which in their turn, are dependent on the confidence of depositors. If any one link in the chain breaks, the whole system of credit and distribution tends to break down. Again, for long term credit, the agriculturist has been dependent entirely on mortgages (including hypothecation bonds and chitties.) These sources of credit will certainly dry up. The number of mortgages will dwindle and the Stamp and Registration Departments show scant returns. For getting a loan, the agriculturist in future will have to sell his lands. (The A.D.R. Committee suggest a declaration that the borrower is no agriculturist). Money that ought to flow into the fields of agriculture would flit outside the State. A small part of the flow might be held up by the Anchal Savings Bank which again would be a non-dividend earning burden to the State. The value of landed property would get atrophied and (landed) property cease to be a purchasing power. Inflow of capital will be effectually set back. Travancore has not got capital enough to finance even a part of its commerce. With the shrinkage of credit, imports of rice, paddy and other food-stuffs would dwindle. The Travancore trader seeking credit will be met at

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every turn by the rebuff, 'Sorry we can't extend credit to Travancore as there is no security of property or commercial obligations in your State.'

I am afraid that the A.D.R. Committee has not realised the gravity of the steps that Kanjirapalli is trying to rush the Government into.

Let us hope that the Government will bestow deep thought on the recommendations of the A.D.R. Committee, have them examined by expert economists, lawyers, and practical businessmen, from outside, if need be, before translating them into legislation and if and when these matters come before the Legislature, co-opt and secure impartial expert opinion.

Reserve Bank of India

One of the outstanding events of the year is the inauguration of the Reserve Bank of India. It has not had sufficient time to make itself felt, but in the future will govern interest rates, exchange, currency and the credit policy of the Government and Banks.

New Constitution for India

Another momentous event is the passing of the Government of India Act by Parliament. As Federation is a part of the Scheme, Travancore in future will form one large economic unit with the rest of India. This is bound to bring about a removal of trade and customs barriers, the reduction or abrogation of the export duties that now handicap producers, and a general improvement of trade.

Neriamangalam Bridge

The opening of the Neriamangalam Bridge and the near completion of the Pallivasal Hydro-Electric Works are expected to give a great impetus to trade in north and north-east Travancore.

Cochin Harbour

Cochin has converted its metre gauge Railway to broad gauge in anticipation of the fourth stage of the Harbour Scheme. Passenger steamers have begun to call regularly at Cochin. There is a cargo steamer from Cochin almost every day of the week. It is worthy of note, that the railway services have recently reduced freight to Bombay, in competition with steamer traffic. Travancore is now represented on the Cochin Harbour Board by two official members and one non-official member. I remember that in the days of Dewan Raghaviah, who administered the State in the early days of the Cochin Harbour Scheme, Travancore commercial interests were represented by two non-officials. I can't help thinking that in matters of this kind, an official member can't afford to be as bold and independent as the non-official.

Under the Cochin Port Trust Act, Travancore is to be represented only by two members instead of the three that are now sanctioned. I am aware that the Travancore Government have protested against this and have asked for the retention of the present number, i.e., three seats. May I repeat that the Travancore Durbar should strongly press this point upon the Government of India. I trust that when the request is sanctioned the Travancore Government will see that the old order of things is brought into effect by having two non-officials in the new Port Trust.

Trivandrum Rubber Factory

The Rubber Factory at Trivandrum has been completed and let us hope, will soon be able to replace a small portion of imported rubber goods.

In the meanwhile, a huge rubber factory capable of absorbing all Indian produce is in course of construction in Bombay.

Trunk Telephone

The extension of Trunk Telephones to other parts of Travancore will be a help to further trade with British India.

Air Mail Service

The Bombay-Colombo-Air-Service is to have a halting station at Trivandrum and bring Travancore into easier touch with the rest of the world.

Chambers of Commerce

I welcome the formation of Chambers of Commerce at Nagercoil and at Trivandrum. I hope it will be followed up in other centres of Travancore also, and that (in place of the present loose system of representation) a Federation of Chambers of Commerce will have the right and responsibility to elect Commerce Members for the Legislatures in Travancore. I am glad to find that members of the Travancore Chamber of Commerce are also present. It is a happy augury that both the Chambers are striving to work in harmony and co-operation.

Department of Commerce

Last year, I referred to the necessity for a Commerce Department of the Government. At present the functions of a 'Board of Trade' are supposed to be attended to, by the Excise Department. Commercial problems arising from time to time have to be tackled with expert knowledge. We have trade connections with a number of countries in the east and west. Tariffs and duties are sometimes sprung suddenly. Britain itself has had frequently to revise its Trade Agreements with other countries. The cause of India is oftentimes lost sight of. Our Government is not in direct touch with any foreign country and is unable to negotiate excepting through the Commerce Department of the Government of India, which itself is not always able to make itself felt. The cumbrous procedure

of having to proceed in all matters, through the Agent to the Governor-General is out of date and will hardly suit modern conditions. Our trade with Ceylon has been considerably affected by recent enactments in that island. The separation of Burma might raise further difficulties in future. The Commerce Member of the Government of India is not expected to be in touch with conditions in Indian States. In the matter of rubber, we had to carry on considerable agitation, to open the eyes of the Government of India. In the matter of coconuts, we are still carrying on educative propaganda. It would be of great advantage if Travancore can have an attache in the office of the Commerce Member to watch Travancore interests and give needed advice and information. Let us hope that early steps will be taken by the Government to open a Commerce Department and a Board of Trade composed of practical businessmen to advise Government on the subject.

Board of Agriculture

In this connection, I may, refer to the Board of Agriculture sanctioned by the Government for the development of agricultural interests. Travancore is already a Member of the Imperial Council of Agricultural Research. An amount of Rs. 92,880 has recently been sanctioned by the Government of India for research work on 'coconut root disease' in Travancore. With the Board of Agriculture functioning properly and with the help of the Imperial Council of Agricultural Research and a liberal allocation of funds, I look forward to a brighter era for agriculture in Travancore.

Steamer Freights

Last year this Chamber referred to freight differentiation between Alleppey

and Cochin. It rests with the Government, to explore the possibility of securing more equitable rates by negotiations with steamer lines.

Banking Law

We have been stressing the need for reform of the Banking Law in Travancore. We feel it our duty to call the attention of the Government once again to the subject.

Trade Agencies

For furthering of trade, Travancore has appointed a trade agent in Bombay. I have had talks with the agent. I have also had the advantage of paying more than one visit to the Bombay office. A huge campaign of publicity is needed to push Travancore goods into west Indian markets. I would also suggest the desirability of circulating the monthly or quarterly reports of progress from the Agent, in the interests of trade.

We see in the papers reports from the Mysore Trade Agent in London about the work he has been doing and the results achieved. As Travancore has a large external trade, we would recommend for Travancore as well, a central trade agency in London with branches in other centres of the West. The central agency must have effective representation in America. We are losing ground in America. In 1930, America imported 104,148,000 dollars worth of goods from India. In 1934, it has dwindled to 55,082,000 dollars. Similarly in 1930, India took 45,195,000 dollars worth of goods. In 1934, it has come down to 27,441,000 dollars worth of goods. Under the Reciprocal Tariff Act, the President of the United States is authorised to reduce tariff on goods imported into America by as much as 50%, in return for lower tariffs

on American products. If only we could come to some reciprocal agreement in respect of imports of American motor vehicles, accessories, oils and other goods, we can regain the lost market for our pepper and improve our trade in cashew-nuts. If properly worked, America will turn out to be one of the best of our customers.

Industries in the State & Pallivasal Electric Scheme

Coming to industries, I observed last year that our industries were few, the most important being the mats and matting industry of Alleppey and the Tiles industry of Quilon. 'The Travancore Sugars' have blazed the way for further enterprises in that direction. Our match industry is still in the infant stage. Our Electrical Engineer holds forth great expectations for paper and paper pulp manufacture. The Central Planters' Association has, I understand, passed a resolution that Pallivasal Power will be too costly for them as they have to scrap existing machinery and instal new motors. As the Pallivasal Scheme is the cheapest of its kind in India, the Electrical Department might consider whether it may not be possible to supply power at easier rates to existing industries.

Labour Legislation in Travancore

With regard to the recent Labour Bills, I feel great doubts about the necessity thereof. It is true that labour is unorganised. But there does not appear to be any reason for the Trade Union System of organisation in Travancore. Labour is uneducated, is unable to see where its own interests lie and is at the mercy of irresponsible agitators, who themselves are not interested in labour. The main objections are to the sections of the Trade

Union Bill which abrogate the general law against restraint of trade and place civil rights, beyond the jurisdiction of civil courts. Under present conditions of labour in Travancore, if the Bills are to be enacted, I would suggest that some provision be made against labour agitators and the appointment of an official protector of labour to act con-jointly with a representative each of employer and labour.

As manufactures are few and hazardous, occupations less, there does not seem to be any necessity to provide for workmen's compensation in the future. As regards Factory Legislation, the 56 hour week is surely unsuited to piece-work. The greater portion of the work in the Alleppey factories is piece-work. Section 35 would disable a man from earning his maximum for the support of his family.

"Factory," as defined in the Factories Bill, "includes any premises including precincts thereof, etc." This might bring within its scope Tea and Rubber Estates, which, are acres, often square miles in extent. The labour force is housed within the estates where each family lives with and supports its children. Many children under twelve eke out the wages of their parents by catching helopeltis - mosquito - and sometimes plucking leaf. I would suggest a clearer definition of the word factory so as to exclude open air-work.

Very many details deserve careful examination and we are thankful to Government for having nominated the Secretary of this Chamber to represent the employers.

Representation in Public Bodies

May I take this opportunity to bring to the kind attention of Government the necessity of providing this Chamber with representation in the Economic Development Board, State Aid to Industries Com-

mittee, the Cochin Harbour Conservancy Board and other public Bodies, as this Chamber, we hope, rightly claims to represent the commercial, industrial and agricultural interests of the Indian Community of Travancore.

Alleppey Port

We have again to reiterate the claims of Alleppey to more consideration at the hands of Government. Alleppey is the commercial metropolis of the State. With the development of the Cochin Harbour the centre of gravity of trade is shifting. It behoves the Government to protect and develop our own Ports. This Chamber has been continuously pressing for a further extension of the pier, a tug, a boat-basin, unbroken land connection with Cochin, land-connection with the area of produce in the hill-tracts, water-supply, the extension of the town and kindred matters.

The Commercial Review

Coming to ourselves, it is not for me to boost the work of this Chamber, but I would be failing in my duty if I pass over the work done by the officers of the Chamber without acknowledgment. The Commercial Review has more than justified our anticipations. It has been an educative force and has opened the eyes of the public to many an important problem. For this and for the very satisfactory work of the Chamber, during the past year, we are under great obligations to our Vice-Chairman, Mr. C. Krishna Menon, and our indefatigable Secretary, Mr. M. L. Janardana Pillay.

Conclusion

Lastly, let me render tribute to the administration of Dewan Sir Md. Habibullah for the increasing interest evinced in Commerce and for the ready response always vouchsafed to our representations.

Comparative Statement of Dutiable Imports through The Alleppey Port for 1109 M.E. &

1110 M.E. (1933—34 & 1934—35)

1109 M.E. (1933—34)

ARTICLES	VALUE	DUTY
	Rs.	Rs.
C. P. Goods	1,43,196	72,929
Paper & Stationery	35,429	12,695
Dyes, Paints & Chemicals	32,302	9,187
Medicines & Medicinal Preparations	7,121	1,828
Soaps & Toilet Requisites	3,481	959
Office Furniture	2,448	791
Rubber Goods	7,776	1,543
Motors & Cycles	13,869	4,176
Hardware & Machinery	1,60,641	22,639
Wines & Spirits	40,397	42,681
Beedi & Tobacco	3,49,114	29,186
Oilmanstores & provisions	21,802	5,454
Miscellaneous	78,019	31,999
Total	11,95,575	2,16,067

1110 M.E. (1934—35)

ARTICLES	VALUE	DUTY	DIFFERENCE
	Rs.	Rs.	Rs.
C. P. Goods	1,53,823	58,152	10,627
Paper & Stationery	22,531	7,928	12,878
Dyes, Paints & Chemicals	96,140	14,016	63,838
Medicines & Medicinal preparations	11,658	2,748	4,537
Soaps & Toilet Requisites	2,928	832	553
Office Furniture	1,741	341	707
Rubber Goods	4,642	965	3,134
Motors & Cycles	13,513	4,444	356
Hardware & Machinery	2,84,272	43,967	1,23,631
Wines & Spirits	34,913	40,152	5,484
Beedi & Tobacco	6,74,615	55,568	3,25,501
Oilmanstores & Provisions	32,974	8,241	11,172
Miscellaneous	59,692	12,184	18,327
Total	13,93,422	2,51,538	1,97,847

**Comparative Statement of Dutiable Exports through the Alleppey Port during the years
1109 & 1110 M.E. (1933-34 & 1934-35)**

1109 M.E. (1933-34)

ARTICLES	QUANTITY	VALUE	DUTY
Copra	Cwts. 2,75,245	Rs. 44,03,993	Rs. 2,20,198
Coir	" 2,45,929	29,51,153	1,47,565
Pepper	Cds. 36,378	50,72,861	3,63,778
Dry Ginger	Cwts. 58,549	14,63,740	73,187
Poonac	" 16,006	80,029	4,001
Prawns	" 11,803	2,95,075	7,377
Coir Fibre	" 373	3,734	187
Turmeric	" 10,993	1,09,339	5,467
Coir Rope	" 188	1,887	94
Coconuts	Nos. 12,42,972	59,662	2,983
C. N. Oil	Cwts. 80,802	2,27,903	11,395
Tea	Lbs. 2,23,894	1,23,741	3,358
Miscellaneous		80,557	1,081
		Total	8,40,671

1110 M.E. (1934-35)

ARTICLES	QUANTITY	VALUE	DUTY	DIFFERENCE
		Rs.	Rs.	Rs.
Copra	Cwts. 2,28,129	22,81,290	1,04,064	—21,22,643
Coir	" 2,19,970	26,39,648	1,31,984	—3,11,505
Pepper	Cds. 21,316	30,53,587	2,13,164	—20,19,274
Dry Ginger	Cwts. 21,361	5,34,021	26,702	—9,29,719
Poonac	" 14,511	43,533	2,177	—36,496
Prawns	" 19,825	4,95,642	12,391	2,00,567
Coir Fibre	" 243	2,431	121	—1,302
Turmeric	" 6,990	69,900	9,495	—39,439
C. Rope	" 238	2,381	119	494
Coconuts	Nos. 25,136	754	38	—58,908
C. N. Oil	Cwts. 30,341	2,42,742	12,137	14,829
Tea	lbs. 2,77,154	1,51,664	4,158	27,923
Miscellaneous		5,216	1,444	—75,341
		Total	5,11,994	—52,70,815

Value of Coir Mats and Matting Trade that passed through Cochin Port

YEARS	VALUE Rs.
1929—30	1,04,52,397
1930—31	1,03,47,911
1931—32	86,34,681
1932—33	62,36,331
1933—34	54,47,911

Coir Mats and Matting Trade, Alleppey (1929—30 to 1933—34)

1929—30	Coir mats	cwts.	1,68,495	Rs.	50,54,850
	Coir Matting	yds.	44,11,112	Rs.	44,11,112
	Coir Yarn	cwts.	3,50,306	Rs.	56,04,896
	Total			Rs.	1,50,70,858
1930—31	Coir Mats	cwts.	1,57,461	Rs.	47,23,830
	Coir Matting	yds.	35,03,312	Rs.	35,03,312
	Coir Yarn	cwts.	3,27,884	Rs.	49,18,260
	Total			Rs.	1,31,45,402
1931—32	Coir Mats	cwts.	1,58,000	Rs.	31,60,000
	Coir Matting	yds.	55,34,710	Rs.	34,59,194
	Coir Yarn	cwts.	3,14,177	Rs.	25,13,416
	Total			Rs.	91,32,610
1932—33	Coir Mats	cwts.	1,47,383	Rs.	17,87,020
	Coir Matting	yds.	63,82,047	Rs.	31,91,023
	Coir Yarn	cwts.	2,91,683	Rs.	26,25,147
	Total			Rs.	76,03,190
1933—34	Coir Mats	cwts.	1,39,369	Rs.	14,98,217
	Coir Matting	yds.	65,65,772	Rs.	32,82,886
	Coir Yarn	cwts.	2,73,797	Rs.	28,64,869
	Total			Rs.	76,45,972

Alleppey Port—Exports—1109 & 1110 M.E.

1109			1110		
ARTICLES	QUANTITY	VALUE	QUANTITY	VALUE	
Coir Mats	cwts. 1,37,696	Rs. 28,09,430	Rs. 1,40,728	Rs.	25,57,055
Coir Matting	yds. 29,77,148	24,82,350	30,69,063		26,47,057
Coir Rugs	„ 33,94,061	26,66,442	31,09,611		23,01,855
Pepper	eds. 36,378	50,72,861	21,316		30,53,587
Copra	cwts. 2,75,246	18,87,896	2,28,129		22,81,290
Coir Yarn	cwts. 2,65,211	29,96,822	2,34,099		27,67,004

Imports of Rice and Paddy

1109 M.E. 1933—34	Cwts. 5,76,949	Rs. 18,71,006
1110 M.E. 1934—35	Cwts. 6,84,962	Rs. 27,61,814

The Secretary before reading the Report of the Chamber, read the following messages received from the Chief Secretary to the Government, Private Secretary to the Dewan and other distinguished personages :—

Rao Sahib Dr. N. Kunjan Pillai,
M.A., B.Sc., Ph.D.,
 Chief Secretary to Government.

Trivandrum,
 7—9—'35.

Sir,

In thanking you for your invitation for the Annual Meeting of your Chamber, I regret very much my inability to attend the same.

Private Secretary to the Dewan,

Trivandrum,
 8—9—'35.

Dear Sir,

I thank you very much for the invitation dated the 6th September so kindly extended to me on behalf of the Alleppey Chamber of Commerce in connection with its Annual General Meeting on the 19th instant. I am extremely sorry in not being able to attend the meeting due to other preoccupations. Kindly convey my good wishes to the Chamber.

C. O. Madhavan Esq., B.A., B.L.,

Excise Commissioner.

Trivandrum,
 18—9—'35.

My dear Sir,

I am in receipt of your invitation for the Annual Meeting of the Chamber. I am very sorry that on account of pressure of work I am unable to attend the meeting to-morrow.

May I take this opportunity to record my appreciation of the valuable work that the Chamber is doing for the development of the Trade and Industries of the State. I may make special reference to the Com-

mercial Review which is the first of its kind on this coast and is a mine of useful information in the Industrial and Commercial world. I wish the Chamber all success and a long life of great usefulness.

N. G. Haydon Esq.,

Chairman,

The Travancore Chamber of Commerce.

Alleppey,
 18—9—'35.

Dear Sir,

I have to thank you for your letter of the 16th of September and your kind invitation to be present at the Annual General Meeting of your Chamber. I regret that a previous appointment prevents me from being present and I take this opportunity of wishing you a very successful session.

A. Meadows Esq.,

Manager,

Messrs. Peirce, Leslie & Co., Ltd.,
 Alleppey.

Alleppey,
 19—9—'35.

Dear Sir,

I thank you for your letter of 17th inst., inviting me to the Annual General Meeting of your Chamber. Although I regret I am unable to be present, please accept the assurance of my good wishes.

P. S. Muhammed Esq.,

Vakil,

President, Municipal Council, Alleppey.

Alleppey,
 1—2—1111.

Sir,

I am going to-day to Trivandrum for an urgent matter and may be back only on next Friday. I regret very much for my inability to attend the meeting. I wish every success to the function.

Report of the Alleppey Chamber of Commerce for the year 1934 (1109-1110).

Members

THE number of members at the beginning of the year was 21. There have been five removals and six additions during the year thus leaving a balance of 22 members on the roll at the end of the year.

The important additions to membership during the year were Messrs. The State Aided Bank of Travancore, The Indian Produce Marketing Co., A. V. Thomas & Co. Ltd., Malabar Coir Works, Jagadishwaraprasad Pannalal and P. J. Kurian.

Meetings

There were eight meetings of the Managing Committee and nine General Meetings of the Chamber.

Government References

Important references regarding the coconut industry, the question of the establishment of an Exchange Bank and suggestions for improving the marketing methods of coconuts were referred to this Chamber by Government and this Chamber submitted its suggestions to Government on all these matters.

Alleppey Port & Customs

This Chamber formulated and submitted proposals for the improvement of the Port with a view to afford greater facilities for shipping. It is gratifying to note that the Government have been pleased to accept the proposals of this Chamber. The extension of the Pier was sanctioned and the work also was begun during the year. Further improvements are, we understand, under the consideration of the Government.

This Chamber requested the Government to construct a waiting-room near the Pier for the use of the shipping clerks of

exporters and importers. The Port officer was kind enough to recommend the proposal of this Chamber and the Government were pleased to sanction the construction of the room.

This Chamber had been pressing upon the attention of Government the necessity of having a Port Trust for Alleppey Port. The Government have now constituted a Landing and Shipping Fees Committee. We are thankful to Government for having nominated the Secretary of this Chamber in the above Committee, but the G. O. announcing the nomination does not say that the representation has been allowed to this Chamber. I take this opportunity to request the Government to so modify the constitution as to enable this Chamber to have one of its members always in the above Committee.

Chamber Journal

The most important activity of the Chamber during the year under report has been the publication of a monthly journal dealing with matters relating to Trade, Commerce and Industry. The Commercial Review was started in September, 1934. I am glad to record that this endeavour of the Chamber met with unanimous approval, and I think it will be admitted on all hands that the Review has been rendering a most useful service to the country. It is hoped that the Government of Travancore would extend to this publicity work of the Chamber more support in the interests of the commercial prosperity of the State. In view of the fact that there is no Journal in Travancore dealing in purely commercial matters and that this



OFFICES OF THE CHAMBER.

(Photo taken at the Annual Meeting.)

Review is the only one of its kind not only in this State but even in the whole of South India, I think it deserves the encouragement and support of all interested in the uplift of Trade and Commerce of this country. In my humble opinion this is one of the most important activities of the Chamber and the Commercial Review has been acknowledged to be a very useful publication for the furtherance of our commercial and industrial interests. In the first year of its working, it has naturally resulted in a heavy loss, but I hope that the second year will bring in better results.

General Conditions

The foreign export trade of the country has had a severe set back on account of trade restrictions imposed by countries

like Germany, France, Italy, etc. This Chamber moved the Government of Travancore to take up the cause with the Government of India and other Governments concerned.

Conclusion

My grateful acknowledgment is due to our esteemed Chairman, whose vast experience and wide general knowledge have always been of much help to us. My sincere thanks are due to the Vice-Chairman and all the Members of this Chamber for co-operating with me wholeheartedly in carrying out the multifarious activities of the Chamber.

I also take this opportunity of acknowledging the sincere co-operation and support, I have always received at the hands

of the Chairman, Secretary, and Asst., Secretary of the Travancore Chamber of Commerce. During the last year, there have been many occasions when our combined consultations have been all to the good of the commercial community in Travancore.

I must not also fail to record here my warmest appreciation of the services of the Head-Clerk, Mr. Ayadorai Pillay and of the other members of the staff, but for whose co-operation, the year that has just passed would not have been so successful.

The following office bearers and Committee Members were then elected to hold office for the ensuing year :—

Mr. S. Krishna Iyer, B.A., B.L., Chairman.
 „ C. Krishna Menon, M.A.,
 Vice-Chairman.
 „ M. L. Janardana Pillay,
 Honorary Secretary.
 „ A. V. Thomas, Joint Honorary
 Secretary and Treasurer.

The other members of the last year's Committee were re-elected for the next year also.

A resolution placing on record the services of the Honorary Secretary was unanimously passed.

With a vote of thanks to the Chair and cheers to H. H. The Maharaja of Travancore the meeting came to a close at 7 P.M.

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Labour conditions in Russia

CERTAIN important observations made by a Russian Engineer about the conditions of labour in Soviet Russia are reproduced below for the information of all concerned. At the present moment, when the enactment of labour legislation is engaging the attention of the Government, the following picture of the present condition of labour in Russia will be an eye-opener.

"The life of the worker (1935) was the same as before the beginning of the 'Five Year Plan' (1930). The same dirty houses, the same haggard, gloomy faces; the same indifference to any kind of intellectual life, meetings and politics — only an angry grumble against the abundance of parasites in workers' lodgings, and against the lack of everything wanted for daily life."

The wage of an average labourer in the modern Soviet Russia is estimated at 250–300 roubles per mensem (one rouble=2 shillings. The present value of the rouble has fallen by 50%). But 12% of his wages is deducted towards State loan; 2% for Trade Union Fund; 8% for cultural purposes and 5% as income-tax. He has to pay 10 roubles every month towards the State Construction Fund, besides contributing a certain sum for the support of strikes abroad. Thus the nett wage earned by the worker dwindles into 180 roubles which according to the Engineer is barely sufficient to buy "5 killos of bacon or 5 killos of butter". Even this wage is paid with great delay. Instances have not been wanting where wages were paid even after many months. It is reported, in an instance, that wages for December, 1933 were paid in May, 1934. It is

apparent that the wage earned by the labourer in Russia under its modern system is not sufficient to meet his bare necessities (food and clothing). This aspect is clearly illustrated in the following passages quoted from the Engineer's survey.

"The workman gets a cheap dinner in the eating house of his factory (State-owned); which however is so poor and insufficient that *no one can live on it.* (Italics ours) The worker naturally goes to the free market". In the free market, prices are very prohibitive and he is unable to purchase his necessities with his poor wage. As regards clothing, the following will clearly illustrate the situation. "Officially it is said that the Government here also provides (as in the case of the eating houses) for the workman, and that he gets everything at fixed prices on his 'goods-card'. Yet one is given children's shoes when one is looking for trousers; when one wants a dress, one is given a pair of braces. Naturally the workman turns once again to the free market". The price of clothing in the free market is so exorbitant that no labourer could aspire to have good clothing with his means. "A necktie and felt hat are viewed as luxuries and everyone wearing them attracts attention and is looked upon as a 'hated bourgeois'" (Russian Aristocrat). The result is that the average labourer in Russia is clothed in rags. Half-fed and ill-clothed, the condition of labour in Russia today is certainly deplorable. Blagoderen with inscriptions 'Lenin is dead, yet his works live' are exhibited in different parts of Soviet Russia. But every worker, except

perhaps the youth who has no experience of conditions abroad, remarks at the sight of these placards that it would have been better if 'Lenin were alive and his works dead'. This is proof positive that the labourer in Russia is not content with his lot. In spite of the fact that *labour governs Russia* the condition of labour is more deplorable than in other parts of the world, where labour is controlled by non-labour Governments.

Besides food and clothing, there are several other necessities for human comfort. Lodgings, lighting and air, rest and recreation, study and culture, pastimes and entertainments—these are all necessities to make one happy and contented. It can be easily imagined whether the worker in Russia, as explained above, has got the means or scope to provide for all these necessities. As regards lodgings, it is said that "Day labourers live in barracks and sleep on plank beds in indescribable filth". For all these comforts the worker is made to work hard and over-time. Though "Nine Hours Day" is the order, it is observed more in the breach, and the labourers are forced to work several hours more everyday for nothing. Every man must complete the specified portion of his work whether he takes nine hours or fifteen hours or double shift. This is claimed to be done by the labourer on his own free will and is termed 'socialistic competition and shock-work'. But unfortunately the truth remains that it is 'mere compulsion'. Trade Unions, of course, there are. But they are not for assisting the labourer and protecting his interests, though he is made to pay 2% of his wages towards the Trade Union Fund. The Trade Unions are mere functionaries of

the Soviet Government. Labourers are often summarily discharged, the plea put forward being "shortage of work". No provision is made by the state for the subsistence of these discharged workers.

As regards holidays and days of rest for the workers, the queerest thing is that the Russian week has only six days and there is no Sunday—the day of universal rest; and if at all, there is any day of rest in the week, that day is utilised by the State for extracting some kind of work from the labourers. This work has no remuneration and is termed 'Social Work'. All men and women between 18 and 55 are compelled to take part in this work. It is reported that a part of the under-ground railway in Moscow was built in that way. The recreations or pastimes enjoyed by the workmen are confined to Parks and Clubs which give the labourers no real pleasure, "as one sees in them only placards and red-banners, and hears endless speeches about the blessings of communism shouted by loud speakers". 'The Park of Rest and Culture' designed for the workmen is accordingly nick-named by a foreigner as a 'Park of Rest from Culture'.

The following words of a Russian labourer will clearly demonstrate the governance by labour and its effects.

"Formerly we were slaves of our landlords; then of the capitalists; now we are slaves of labour and hunger". (Italics ours).

(Based on an article contributed by a Russian Engineer in the *New Review* for May, 1935.)

Labour Legislation in Travancore

Mr. P. Kurian John, Manager, The Malankara Rubber and Produce Co., Ltd., The Karimkulam Tea Estates Ltd., and the Karimtharuvi Tea Estates Ltd., writes as follows.

"I have already gone through the new bills such as the Factory Regulation, The Workmen's Compensation Bill, The Trade Dispute Bill and the Trade Union Bill. Any bill could be worked properly or objectionably. It all depends upon the officer who works at it. Again the requirements of sending all sorts of complicated Government Forms filled up at regular intervals by Factory Managers, make it most difficult for Factory Managers to carry on their work and sometimes it would involve the necessity of appointing special clerks for this work.

While considering these Bills such difficulties may be kept in mind. It would be very easy to find mere technical defects or mistakes on the part of the Factory Managers by officers of the Government and if such officers take all such mere technical defects into account, Factory Managers could easily be fined or punished on every visit of such Government officers. Some effective provision against prosecutions of a silly nature may also be kept in view while considering these Bills."

Mr. Kurian then expresses the following opinion regarding certain provisions of the bills.

"1. Prohibitions against employment of children under 12 years of age and limitation of employment of children between 12 and 15 years of age :

Suitable amendments may be suggested to permit children above the age of 10

to be given suitable employments in factories. Otherwise in certain factories, where the major portion of the work are more suited for children or boys up to about 18 years, older men who are unsuitable for the work will have to be employed under these regulations.

2. The Factory Inspectors' powers may be curtailed or at least some provision be made to the effect that prosecutions may be made only by a First Class Magistrate against offences under this regulation.

3. The duty of looking after children under 6 years of age, when accompanying the mother, if thrown on the Factory owners, will oblige the Factory owners, not to employ women who have children under 6 years of age accompanying them. This Regulation is adopted in cities like Bombay, Calcutta, etc., as the whole family have to seek work to maintain themselves, whereas, in Travancore, it is very seldom that the whole family go out for work every day.

4. Necessary amendments to suit the conditions in this country will have to be suggested.

5. Workmen's compensation rates have to be reduced considerably in comparison with the cost of living in cities like Bombay, Calcutta, etc., and the cost of living in Travancore.

6. Factory owners must refuse to pay for certificates issued to adolescents and children or must refuse to employ such persons who cannot obtain such certificates at their own cost.

7. The necessity of obtaining certificates from P.W.D. officers regarding every building constructed for factory purposes

may be justified; but facilities for obtaining such certificates will have to be given by the Government and special instructions to P.W.D. officers may be given by the Government in order to help factory owners to obtain such certificates.

In general, the essential point to be kept in mind is that surroundings and circumstances are quite different in this country from where these regulations are copied into Travancore and that regulations for Travancore must be made to suit the surroundings and conditions actually in existence in Travancore. If the provisions in these regulations are examined, according to this principle, several alterations and amendments will be quite necessary."

The Secretary and Manager of the A. D. Cotton Mills Ltd., Quilon writes

on the above subject as follows :-

"I have seen the bills and I am of opinion that circumstances and conditions prevailing in Travancore do not at all require such Regulations. Even in a premier State like that of the Nizam of Hyderabad, there are no such regulations. Only the Factory Act is introduced there and no other Acts. Even in the Factory Act of the Nizam's State, no alterations have been made by the Government of H. E. The Nizam, although the British Government have amended their Acts very lately and the bills now published in the State Gazette are, I believe, merely copies of these Acts of British India. The conditions prevailing in British India are quite different from that of Travancore. I have got copies of Acts of Baroda, Hyderabad, Mysore and Bhavnagar States."

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Extracts from the Report of the Indian Agent in Ceylon on Labour Conditions (1931)

".....As labourers, the Malayalees are entirely distinct from the Tamils. It is economic distress which drives Tamil labourers in such large numbers to Ceylon; it is more often a spirit of adventure and the pressure of the matrilineal system, which is a unique feature in Malabar, which are responsible for the emigration of Malayalees from India. The Tamil labourer always migrates with his wife and children. The Malayalee labour community in Ceylon is almost entirely composed of adult males. Malayalees are generally unwilling to work on Estates, though I have come across a Malayalee Head Kangany who, by various means, including spells and 'mantras' kept a large Tamil labour force under control. But as peons, porters, toddy-tappers, garden labourers and domestic servants, the Malayalees are in great demand.

x x x x

Nature of Repatriation

Many of the applicants for repatriation are so sick and emaciated that their only desire is to see their villages once more before they die. Such labourers form a pathetic sight; they are the inevitable but tragic by-products of progress. They are a constant reminder of the fact that though Ceylon has proved an El Dorado to many an Indian, it has also spelt disillusionment to many a labourer, who snowed under with debts, harassed by the Kangany or debilitated by the climate of Ceylon, to which he is unaccustomed, returns suffering and in despair to his native land.

x x x x

Recruitment

In one case a woman and her children were recruited and brought over to Ceylon without the knowledge of her husband.

x x x x

Labourers proceeding to up-country estates for the first time are generally supplied with cumblies; while those ill-clad are given clothes. Nothing strikes a visitor to the Mandapam Camp with such pathetic interest as the way in which batches of labourers on the eve of their departure to Ceylon invoke to the accompaniment of drums

and music and dancing, the blessings of their Gods in that fateful adventure in which they embark, with eagerness, not unmingled with apprehension.

x x x x

The Labourer as Petitioner

It must be confessed, however, that the number of petitions received (from the labourers) cannot be regarded as an infallible guide to the working of the ordinances. As a petitioner, the labourer belongs essentially to the romantic and not to the classical school. It is not accuracy that he aims at, but effect, not form but atmosphere. And in his attempt to create an atmosphere, the labourer often indulges in hyperbole. It is therefore often difficult to discover the skeleton of truth under those adventitious adornments with which the labourer loves to decorate it.

x x x x

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'Tundu' Transactions

The 'Tundu' was an undertaking in writing to discharge a fixed number of labourers on receipt of the amount of their outstanding advances. Harmless in appearance, the 'Tundu' was in reality an instrument of industrial black-mail in the hands of the Kangany. The Kangany or the labourers of his gang under his inspiration, asked for extravagant advances; and if these were not forth-coming, he promptly demanded his 'Tundu' and proceeded to hawk it round the Estates, until some employer in dire need of labour was found willing to engage him and his men at the price of the old debts and a fresh advance.

x x x x

Principal Causes of Death

The principal causes of death are as follows :—
Apart from debility, pneumonia as usual claimed

The Coir Yarn Industry

(Census Report Page 248)

THE number recorded as earners and working dependents at the present census is 1,12,799 and besides these, 13,628 persons who follow some other principal occupations have been returned under coir yarn industry as subsidiary occupation, so that the total number of persons engaged in this industry (including the full time and part time workers) is 1,26,427. The increase during the last decade has been 23%. A little below 6% are workers in factories and 94% are carrying on the industry in their own homes. More than two-thirds of the workers are females. Among full time earners there are only 1,339 females per 1,000 males, but among working dependents the ratio of females to males is 4,811 to 1,000.

Preparation of the coconut fibre and the spinning of coir yarn are carried on mainly as cottage industries. Very often, men, women and grown up children in a household are engaged in these works during their leisure hours. Women who prefer to work indoors find this occupation more congenial to them than men and consequently there are considerably more women than men workers in it. The weaving of mats and matting out of coir yarn prepared by cottage workers is done largely in factories and there more men

the largest number of victims. The change from the dry hot plains of South India to the cold wet up-country districts in Ceylon is more than many labourers with constitutions, already impaired by poverty, can bear, unless all precautions are taken.

		Wages	
		Cents	Per day
Low Country	Men	41	about 7 annas
	Women	36	5½
	Children	24	3¼
Mid Country	Men	43	about 7½
	Women	35	5
	Children	25	4

than women are engaged, the proportion being only 181 females to 1,000 males.

The importance of coir yarn industry to this country can be gauged from the fact that out of 3,51,076 industrial workers in the whole State, 36% are employed in this industry alone.

Out of the total export trade of the whole State, namely, 11.25 crores in 1930, the value of the products of the coir yarn industry alone exported from Travancore, amounted to more than 2 crores. In 1925 the price went up to Rs. 122 per candy but in 1931 it dropped to so low as Rs. 40. In spite of this heavy fall, the industry is struggling on and with the return of normal conditions it is bound to develop and provide employment to a larger number of persons than at present.

x x x x
(Census Report Page 252.)

The number of persons employed in organised industries is 1,03,490. Of this, Tea Gardens, Rubber and Cardamom Estates employ 70%, manufacture of coir mats and matting employs 6.9%, Cashewnut factories employ about 7%, Tile factories employ 2%, 1198 persons are

engaged in chemical industries and 612 work in oil mills. 5.6% are employed in mechanically driven vehicles and transport.

x x x x

Wages

(Census Report Page 498.)

Ploughing	Men	10½	Chuckrams
Trimming bund	„	10½	„
Manuring	„	10½	„
	Women	7	„
	Boys	5½	„
	Girls	5½	„
Transplanting	Men	8	„
	Women	7½	„
	Girls	4½	„
Harvesting Paddy	Men	11¾	„
Irrigating Coconut			
	Palm Men	7¾	„
Harvesting coconut			
by climbing the tree	Men	17½	„
Goldsmith	„	18½	„
Blacksmith	„	15	„
Sawyer	„	17	„
Mason	„	18	„
Potter	„	8	„
Tailor	„	15	„

Subsidisation of Wages in Europe

IN reply to a question by Mr. North, the Minister of Labour furnished the following statement with regard to the countries which are adopting the principle of the subsidisation of wages with a view to the relief of unemployment:—

It would appear that the principle of subsidising the wages paid by private employers, with a view to the relief of unemployment, has been adopted in the following countries:—Austria, France, Germany, the Netherlands, Portugal, Switzerland, the Union of South Africa, and

Washerman	„	12½	Chuckrams
Tile Factory	„	13	„
	Women	9	„
	Boys	9	„
Oil Mill	Men	15½	„
Match Factory	Men	14	„
	Boys	5½	„
Monozite Factory	Men	10½	„
	Boys	6½	„
Paper Mills	Men	19	„
	Boys	7	„
	Girls	5½	„
Tea Cultivation	Men	12½	„
	Women	9	„
	Boys	7	„
	Girls	7	„
Tea Manufacture	Men	15½	„
Rubber Cultivation	Men	10½	„
	Women	8½	„
	Boys	7	„
	Girls	7	„
Coir Mat and Matting			
	Factory Men	21	„
	Women	12	„
	Boys	10½	„
	Girls	9½	„
Motor Repair	Men	25	„
	Boys	13	„

New Zealand. Brief particulars of the main schemes are given below.

Austria

The Austrian Unemployment Insurance Act empowers the Ministry of Social Administration, in prolonged periods of industrial depression, to make agreements with employers' and workers' associations under which an employer who refrains from dismissing workers during a period of complete or partial closing down is guaranteed repayment from the unemployment insurance funds of part of the expenditure thus incurred. The repayment may not exceed the amount

which would otherwise have been paid as unemployment benefit. It is known that such an agreement was made for the textile industry in 1933.

France

A Decree of 29th January, 1935, provides for the payment, under certain conditions, of a subsidy from the Unemployment Relief Funds to employers who increase their existing staffs in specified proportions by engaging workers in receipt of unemployment relief. The subsidy may not exceed the amount of unemployment relief, exclusive of dependants' allowances, to which the workers engaged would have been entitled had they remained unemployed, and may not be paid to the same employer in respect of the same worker for more than 180 days in twelve months.

Germany

In 1932 the German Government introduced a scheme, which was in force from 1st October, 1932, to 30th September, 1933, under which employers who engaged additional workers from among the unemployed received subsidies in the form of "tax certificates," which they were authorised to use as instruments of credit or to tender in payment of certain Federal taxes during the years 1934 to 1938.

At the present time arrangements exist for the grant to small-scale farmers of wage subsidies from the Unemployment Fund in consideration of the employment, for at least six months, of additional young workers as farm assistants. The subsidy is limited, in general, to a maximum amount of 25 Reichsmarks a month for each additional worker. The scheme was instituted in March, 1933.

An Act of August, 1934, relating to the substitution of older workers for workers under 25 years of age, provides for the payment of wage subsidies from the Unemployment Fund in cases where an employer engages trained non-manual workers over 40 years of age who have been unemployed for a prolonged period. The subsidy is payable during the first six months of employment, and varies according to the remuneration and family circumstances of the worker.

The Netherlands

In the spring of 1934 an experimental scheme was instituted under which the Government

undertook to pay to farmers and horticulturalists in certain districts a subsidy in respect of additional workers engaged for agricultural or horticultural work for which the employers were not in a position to pay the normal wage. The subsidy was to be equal to one-third of the wages normally paid.

Portugal

Employers are, it is understood, subsidised from the Unemployment Relief Fund to the extent of 50 per cent. of the wages of unemployed workers engaged by them for a minimum period of three days a week.

Switzerland

Under a Decree of 18th March, 1932, subsidies are granted to Swiss undertakings for specified export orders if the orders could not be undertaken without such subsidies, and the undertakings would otherwise have to close down or dismiss a large number of workers. The subsidy may not exceed the amount which the Confederation would have to pay in the form of grants to unemployment funds or as emergency benefit if the orders were not undertaken. The Cantons in which the undertaking is situated are called upon to provide a subsidy equal to at least one-half of the Federal subsidy. Subsidies are granted: (a) as loans to be repaid in whole or in part out of subsequent profits; or (b) as non-recoverable grants. A Decree of 20th June, 1934, amends this Decree, and grants, higher subsidies, in exceptional cases, in order to meet increased competition by foreign exporting industries assisted by special Government measures in the engineering, machine construction, vehicle building and tool-making industries. Five million francs have been allocated for providing subsidies under the two Decrees.

South Africa

In connection with recent schemes of assistance to farmers, the Government has undertaken to pay seven-eighths of the wages of unemployed Europeans employed by landowners and public authorities on anti-erosion schemes. With a view to the settling of white families on the land, the Government, in addition to granting loans to farmers to enable them to provide accommodation for such settlers, grants bonuses to supplement wages, the amount of the bonus being dependent upon the wage paid, the size of the worker's family, etc.

New Zealand

The Unemployment Board pays wage subsidies of varying amounts from its funds to farmers who take unemployed workers into full time employment on work which the farmer could not carry out wholly at his own expense. The Board also subsidises wages under various other schemes of land development work, and grants subsidies to gold-mining companies in respect of unemployed persons taken into full-time employment. In the case of gold-mining companies, all subsidies must be refunded before dividends are paid or interests are disposed of to other companies.

Purchasing Power : In reply to a question by Sir A. M. Samuel, as to how much the average purchasing power level of real wages, mainly in organised industries for those in full-time weekly employment, was above or below the figure applicable to persons of similar grades for the inclusive period 1925 to 1929, the Minister of Labour stated that the information in the

possession of his Department, relating mainly to rates of wages in organised industries, indicates that for corresponding grades of workers the average level of full-time weekly rates of wages at the end of December, 1934, was approximately 5½ per cent. below the average level for 1925-29. The average level of working-class cost of living at 1st January, 1935, as measured by the official cost-of-living index number, was about 15 per cent. below the average level for 1925-29. On the basis of these figures the average level of real wages for work-people in full employment was about 11 per cent. above the average level of 1925-29. This figure takes no account of changes in actual earnings, resulting from variations in the state of employment, or from changes in the proportions of workers employed in different industries and occupations or paid at time rates and piece rates, as to which comprehensive statistics are not available.

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Coir Yarn Industry in Travancore

(Extracts from the Report of Mr. M. A. Almis, Ministry of Labour, Industry and Commerce in Ceylon.)

I WAS released from my normal official duties on July 10, 1934, by the Registrar-General and Director of Commercial Intelligence to study the coir yarn industry in Travancore. Before leaving for India I made some preliminary investigations in Ceylon for which purpose I visited Dodra, Gandara, and Kottagoda which are the chief centres of coir yarn industry in Matara and also Pinwatta, Pohoddaramulla, Waskaduwa, Etagama, Mullepitiya, and Moragalla in Kalutara District in addition to some of the Colombo firms dealing in coir yarn.

The Malabar Coast of India is important as the place for the growth of coconut palms in abundance and is world famed. The tree affords abundant scope for the mainstay of the people. Every part of the coconut tree is in some form or other useful to man and only one small item, namely, the husk or the outer covering of the coconut engages our earnest attention in the present report; and it is the nucleus of one of the biggest industries in Travancore, namely, coir yarn and coir mats and matting.

Labour here is supposed to be the cheapest in the world. The opening of factories by the natives of which we find quite a large number to-day dates back only a couple of decades, although there have been spasmodic enterprises now and then; but they died out at the infant stages for want of steadiness and outlets for the manufactured products. Now the native enterprises compete successfully both here as well as in oversea markets. A decade back, there was a boom in the trade and several factories had sprung up as joint stock companies as well as individual concerns of good standing. But with the slump in the trade and unhealthy competition several enterprises had perforce to go to the wall and factories were closed down. Another observation about mats and matting industry is that at one time the coir products were possible to be produced in well equipped factories only. Now the practice of the industry has become very widely distributed and has emerged out of the closed preserve of the

factories and is to be found in every cottage; a fact which is also true of the manufacture of mats which is now in the hands of the labourers. The matting industry still persists as a factory industry because of the fact that the processes of the manufacture of matting are somewhat involved and expert handling is necessary.

Labour Statistics

According to the Census of India, 1931, the coir yarn industry was classified as rope, twine string, and other fibres. But the discussion here is confined to coir yarn, because practically all the persons returned under the above group, except a few engaged in the palmyra fibre industry in South Travancore are workers in the coir yarn industry. The number recorded as earners (principal occupation) and working dependants at the Census of 1931 was 112,799. Besides these 13,628 persons who follow some other principal occupation have returned coir yarn industry as their subsidiary occupation, so that the total number of persons engaged in the industry, either as full-time or part-time workers, was 126,427. In 1921 the number was 102,634 and the increase during the decade has therefore been 23 per cent. Of the total number, 7,245 or a little below 6 per cent. were workers in factories and the remaining 119,182 (94 per cent.) were carrying on the industry in their own homes. It is interesting to note that more than two-thirds of the workers were females, the ratio being 2,079 females to 1,000 males among earners and working dependants together. Among full-time earners there were only 1,339 females per 1,000 males, but among the working dependants, *i.e.*, those who regularly assist the earners without themselves earning wages the ratio of females to males was as much as 4,811 to 1,000. Preparation of the coconut fibre and the spinning of coir yarn were carried on mainly as cottage industries. Very often men, women, and grown-up children in a household are engaged in these works during their leisure hours; women who prefer to work indoors find this occupation more congenial to them than men and consequently there are considerably more women than men workers in it. The weaving of mats and matting out of coir yarn prepared by

cottage workers is done largely in factories and here more men than women are engaged.

The importance of the coir yarn industry to Travancore can be gauged from the fact that out of 351,076 industrial workers 126,427 or 36 per cent. were employed in this industry alone and that out of the total export trade of Rs. 11.25 crores in 1930 the value of the products of the coir yarn industry exported from Travancore amounted to more than two crores. This industry has been hard hit by the present economic depression. Coir yarn prices have slumped heavily. In 1925 the price went up to a maximum of Rs. 122 per candy, but in 1931 it dropped to as low as Rs. 40. In spite of this heavy fall the industry is struggling on, and with the return of normal conditions it is bound to develop and provide employment for a larger number of persons than at present.

The number of persons employed in organized industries was 103,490. Of these, 7,132 persons or 6.9 per cent. of the total number were employed in the manufacture of coir mat and mattings. This industry was second only to agriculture which employed 62,452 persons or 60.3 per cent. of the total number. Coir factories in Travancore have made good progress during the last two decades. In 1911 there were only 1,983 workers. In 1921 the number rose to 5,101 and in 1931 to 7,132.

Coir factories have 1,092 female operatives giving one female worker for every five male workers. In the coir factories there were 361 children as compared with 6,301 adults or one child per seventeen adults.

Average Wages of Coir Mat and Matting Industry in 1931.

Men	...	12 annas per day
Women	...	7 " "
Boys	...	6 " "
Girls	...	5½ " "

Plantations

Coconuts are generally planted about seventy-five plants to an acre. According to official estimate, the area under coconut cultivation in Travancore in 1931-32 was 664,900 acres. This is an under rather than an over-estimate, as cultivation, in Travancore is not on a plantation scale; in addition to some estates the palm is grown in every back garden. The trees begin to bear in about eight or ten years.

The trees are not well bearing and the coconuts are generally small and add to the thinness of the fibre.

Plucking

The plucking of coconuts in Travancore is done once in forty-five days, when the age of the coconut is about ten months. In Ceylon plucking is generally done once in two months, when the age of the coconut is about one year. It must be noted that in Travancore the main by-product of the coconut is the coir yarn, whereas in Ceylon it is copra. The cost of labour for plucking 100 coconut trees in Travancore is 1 rupee 4 annas or equivalent to Re. 1.25, but in Ceylon the cost of labour for plucking 100 coconut trees is Rs. 2 to Rs. 3.

Husking

Immediately after plucking, the husking takes place and the coconuts are peeled into three or four pieces. The practice of husking immediately after plucking is not observed in Ceylon. For this purpose a sharp pointed spike of metal of pointed piece of hard wood is fixed firmly in the ground and the husks are separated by striking the nut against the sharp edge. A man can generally deal with 1,000 to 1,500 nuts a day working eight hours. The cost of labour for peeling 1,000 nuts is 1 rupee to 1 rupee 8 annas. The husks are gathered from various places and brought to the soaking places in canoes, and husks of a thousand coconuts on being taken to such spots, according to to-day's depressed state, cost about Rs. 6 to Rs. 8, but in Ceylon the cost of husks of 1,000 coconuts is about Rs. 2 to Rs. 3.

Soaking

The price of soaked husks of 1,000 coconuts which are equal to 4,000 pieces is about Rs. 10 to Rs. 12, whereas the price of the same quantity in Ceylon is Rs. 5 to Rs. 8.

Beating

Beating of husks is generally done by women. A woman can beat about 400 to 500 husks in one day and the labour for beating 1,000 husks is Re. 1 to Rs. 2. A woman in Ceylon can also beat the same amount of husks in a day, but the labour charges are Re. 1.50 to Rs. 2.

Willowing

The cost of making a willowing machine is Rs. 50 to Rs. 100. In Ceylon this process is done by hand. If it is done by machines it will save much time and labour.

Spinning

The fibres are now ready for spinning into yarn. There are two ways of spinning: Spinning by hand and spinning by wheel. In northern parts of Travancore hand spinning is largely carried on in Vycome and its suburbs. The yarn produced in places near the backwaters of Vambanad Lake are called Vycome Yarn. The yarn produced in places nearing the coast are called Beach Yarn. The spinning on the wheel is mostly practised in the case of better class of fibre in South Travancore section and is done in most places. For this purpose two experienced persons and a boy or a girl to turn the stationary wheel are required. Two frames are required for spinning; one of them having a stationary wheel containing two spindles, which is not in motion when spinning is going on. The other frame is mounted on three wheels and is in motion when the spinning is going on, and has one spindle. The spinners each carry a bundle of fibre, sometimes in small mat bags kept under their arms, and fix the fibre strand to the spindle. This done, they deliver the fibre of the thickness of the yarn required and walk back till they reach the other frame or the required length. When they are doing this the boy or the girl turns the stationary wheel to give the necessary twist. When the strands have reached the necessary length which is generally about 50 or 60 feet, the ends are put together and fixed in the single spindle on the movable wheel.

A triangular block of wood grooved on the sides is introduced between the strands and this helps to regulate the counter twist, prevents entanglements and binds the two strands very close. When the triangular block of wood is taken along the spindles the turning of the wheels by the other two should be done fast. The yarn thus twisted is made into hanks and sold to the nearest boutique or taken to the agents in the town for sale. Spinning by wheel is not done in Ceylon.

Conclusions

(a) The period of plucking coconuts in Ceylon should be limited wherever possible to once in 45 days as in Travancore and the local officials should be instructed to direct the planters to observe this method strictly in the interest of the coir yarn workers.

(b) The pit owners should be informed of the advisability of husking immediately after plucking and of removing the husks to soaking pits without delay and also of seeing that the pits are covered and properly weighted.

(c) The practice in Travancore is to cover the pits with a layer of mud. This method ensures earlier soaking and also preserves the lustre of the fibre. It is desirable that the people of Ceylon should be instructed to follow this practice as far as possible.

(d) The fibre in Travancore is entirely free from pith, being willowed first by striking with a long stick and afterwards by a willowing machine. One of the reasons for the inferiority of the Ceylon yarn is its being twisted with pith. The introduction of the Travancore process should remedy this defect.

(e) Manufacture of coir yarn in Travancore is done mostly by spinning wheels, whereas in Ceylon it is done by hand. The former method saves time and labour to a great extent and the yarn produced is superior in quality. Therefore spinning wheels on the Travancore model should be introduced gradually for the manufacture of coir yarn. Government might bear the expenses at the commencement as it would be difficult for the poor people to pay for spinning wheels.

(f) Technical instruction should be organized in Ceylon to educate the villager in the latest and modern methods of manufacture of coir mats, matting and other finished coir goods.

(g) The organization of co-operative societies to extend easy credit facilities and the improvement of marketing facilities are very essential.

(h) The purchase of good aniline dyes through the British Chemical Industries, Ltd., which has a branch in Colombo, is also recommended.

(i) There are several striking designs sent out from artists in various European countries to be embodied in the manufacture of coir mats and matting. The assistance of the Ceylon Society of Arts might be enlisted in order to suggest new and beautiful designs based on Sinhalese and Tamil models, *e.g.*, the Makara Thorana, etc. Such designs could be sent to this office for registration and used in Ceylon in the manufacture of mats and matting. As these would be original designs, the sale of such mats and matting would be assured.

Government Report on the Working of the Ottawa Pact in 1934-35

Changes in balance of trade

SIR Mahomed Zafrullah placed on the table of the Assembly to-day, a bulky volume of 347 pages on the working of the Ottawa Pact in the last financial year. The spirit of the report is evident in the elaborate apologies with which the first chapter commences. It seems that the period was abnormal since important economic forces had been in operation. And of course, there was the industrial depression. Moreover, the policy of economic nationalism rampant all over the world led to stiffening of the tariff barriers. Great monetary changes, resulting in widespread instability of foreign exchanges and lastly shrinkage in demand for and supply of industrial commodities have all, it seems, greatly influenced world trade.

The report goes on to stress certain practical limitations on its preparation and argues very strangely that the consideration whether India's other customers have taken relatively more than the United Kingdom is not quite relevant to the issue. It seems strange, by the way, that no signature is appended to the report as Mr. Meek's was for last year's report, to imply that though the figures may tell their own tale, it signifies nothing. One wonders whether if the figures had been favourable to the point of view of the champions of the Pact, these abnormal factors would have stood in their way of underlining to advantages India has gained from the Pact.

Details of the Report

The report points out the difficulty in examining the effects of preferences resulting from the agreement, on the trade and business of India. The main difficulty is to isolate phenomena in order to study the effects of preferences as distinct from other economic causes. The time wherein the preference scheme worked is far from normal. A policy of economic nationalism has been rampant throughout the world. Monetary changes have led to widespread instability in foreign exchanges and there have been changes in the demand and supply of individual commodities which have considerably influenced the trade therein. There have also been practical limitations to examinations carried out by the Report

because the data available are far from complete. However the report opines that "if India has improved her relative position in the United Kingdom as disclosed by her percentage of share in total United Kingdom imports, then, other things being equal, preference must *prima facie* be deemed to be valuable. Whether India's other customers have taken relatively more from her than the United Kingdom is not quite relevant to the issue. In cases, therefore, where the conclusion suggested by Indian export table differs from that indicated by the United Kingdom table in the same article, the latter must be considered more relevant to the discussion. The relative position of India in the United Kingdom market will therefore supply the primary evidence necessary to judge the success or otherwise of preference secured by India on her exports to the United Kingdom. "The report points out that examination regarding prices presents even more serious practical difficulties and proceeds to sum up the main facts in the tables. The first table shows exports from India of articles enjoying preference, which account for 62 per cent of a total of Rs. 152.4 crores value of our export trade. The percentage share of the United Kingdom was 30 in 1931-32 and 38.9 in 1934-35 while other countries' percentage fell from 70 to 61.1 during the corresponding period.

India's Share of U. K. Imports

India's percentage of the share of imports into the United Kingdom enjoying preferences rose from 4.6 in 1931 to 6.3 in 1934 while the percentage of share of other countries fell from 95.4 to 93.7 during the same period.

As regards imports into British India of articles enjoying preference, the percentage of share of the United Kingdom has risen from 41 to 44, while that of other countries has fallen from 59 to 56 as compared to 1931-32 and 1934-35.

Exports from India of articles not enjoying preference in the United Kingdom fell, in percentage, from 20.5 to 19.6, while that of other countries increased from 79.5 to 80.4 during the four years.

As regards imports into the United Kingdom of articles not enjoying preference, India's share

increased from 3.4 to 4.7 while that of other countries fell from 96.6 to 95.3.

Imports into British India of articles on which preference is allowed to the United Kingdom showed that the percentage of the share of the United Kingdom had risen from 33.7 to 39.3; that of other countries fell from 63.6 to 60.7.

Balance of Trade

The balance of trade of British India shows that whereas in 1913-14 it was against India by Rs. 34 crores in respect of the British Empire it was in India's favour by Rs. 14 crores in 1931-32. During the same period India's Trade balance was favourable to the extent of Rs. 100 crores with other foreign countries in 1913-14 and by Rs. 35 crores with them in 1931-32.

The trade in respect of U.K. was just balanced in 1931-32. But for British possessions it was in India's favour to the extent of fourteen crores. In 1932-33 it was against India by eleven crores in respect of U.K. but for other British possessions it was in India's favour by fourteen crores. In 1933-34 the trade just balanced with U.K. but was thirteen crores in favour of India for British possessions. In 1934-35 it was against India by five crores in respect of U.K. but in favour of India by eleven crores in respect of British possessions. As regards other countries the position regarding the balance of trade, was as follows in crores for the three years 1932-33, 1933-34, 1934-35.

Europe—plus three, plus ten, plus five.
U.S.A.—minus one, plus seven, plus five
Japan—minus six, minus three, plus three.
Other foreign countries: plus five, plus eight, plus three.
Total foreign countries—plus one, plus twenty-two, plus sixteen.
Grand total of balance of trade in India's favour:—plus four, plus thirty-five, plus twenty-two.

Imports into India

Imports into British India show the following share percentages respectively for years 1913-14, 1931-32, 1934-35.

United Kingdom: 64.1, 35.5, 40.6.
Japan: 2.6, 10.6, 15.7.
Germany: 6.9, 8.1, 7.6.
United States of America: 2.6, 10.2, 6.4.
Italy: 1.2, 2.8, 2.3.
Kenya (Zanzibar): .3, 2.9, 2.4.
Ceylon: .4, 1.1, 1.0.
China: .9, 2.2, 1.6.
Belgium: 2.3, 2.4, 1.6.
Austria Hungary: 2.3, .6, .5.
France: 1.5, 1.7, 1.2.
Straits Settlements: 1.8, 2.3, 2.3.
Java: 5.8, 3.8, 1.4.

Exports from British India for years 1913-14, 1931-32, 1934-35 show the following percentages:

United Kingdom: 23.4, 27.9, 31.6.
Germany: 10.6, 6.3, 4.6.

Japan: 9.1, 8.7, 15.9.

United States of America: 8.7, 8.9, 8.5.

France: 7.1, 4.8, 3.5.

Belgium: 4.8, 2.8, 2.8.

Austria and Hungary: 4, nil, nil.

Ceylon: 3.6, 5, 4.2.

Italy: 3.1, 3.4, 3.9.

Straits Settlements: 2.7, 3, 2.1.

China: 2.3, 4.9, 1.7.

Java: .8, 1.1, .3.

Kenya Zanzibar: 1.0, .5, .3.

Central and South America: 2.2, 1.5, 2.5.

The Report next deals with commodities exported and Imported. The Report points out that as regards wheat preference was granted in the United Kingdom and Ceylon but has been of little value to India owing to her special position. As for rice, preference was of special importance in view of contraction of Far-Eastern markets. Attempts are being made to improve the quality of Burma rice to make it suitable for consumption in European chiefly U.K. market.

Comparative Position of Chief Commodities

The following is the comparative position between 1931-32 and 1934-35 of exports from and imports into British India of chief commodities. In these total value for 1931-32 is taken at hundred and figures shown are for 1934-35 as compared to total value of 1931-32:

Rice (not in husk) exported to all countries—58. U.K. 318.

Linseed—all countries 196. U.K. 776.

Tea—All countries 104. U.K. 107.

Tanned hides—All countries 93. U.K. 93.

Tanned skin—All countries 103. U.K. 105.

Jute manufactures—All countries 98. U.K. 86.

Wollen carpets and rugs—All countries 158. U.K. 182.

Groundnuts: All countries 62. U.K. 153.

As regards imports into India the position is as follows.—

Chemicals—All countries 114. U.K. 116.

Drugs—Medicines: All countries 107. U.K. 107.

Hard ware—All countries 118. U.K. 107.

Instruments, apparatus, etc.—All countries 128. U.K. 135.

Brass and similar alloys—All countries 133. U.K. 187.

Lubricating mineral oils—All countries 86. U.K. 87.

Paints, colours—All countries 87. U.K. 106.

Rubber manufactures—All countries 93. U.K. 201.

Wollen manufactures—All countries 304. U.K. 248.

Motor omnibuses—All countries 182. U.K. 178.

It may be mentioned that the report, unlike that of last year, is not by the Director of Commercial Intelligence but is presented as a Government note and expresses no opinion and confines itself to a statement of facts.—Hindu.

Extracts from the Presidential Address of Mr. N. G. Haydon, Chairman of the Travancore Chamber of Commerce, at the Annual Meeting of the Chamber held on 6th September, '35

New Legislation

IN regard to the four Bills involving the interests of employers and employees, having studied these, I think it will be found that for the most part we shall be in a position to support the Bills, subject to certain minor amendments and subject to an assurance from Government that the various Acts, when passed, will be administered by men of experience and of exemplary Character. To facilitate the recruitment of such a staff it is obvious that high salaries will be necessary. Our sole desire is to co-operate with Government in all matters which are for the good of the State, its industries and its people. To give one indication of the type of amendment I should certainly regard as essential, I will refer to the Factory Regulation wherein it is specified that every District Magistrate shall be an Inspector for his district. There are two very vital objections to this. (1) District Magistrates have no experience in administering Factory Regulations. A Factory Inspector should have a certain amount of engineering knowledge, should have some of the attributes of a Health Officer, should have considerable knowledge of industries, some of economics, and lastly he should have time to do his work efficiently. (2) That a District Magistrate should be appointed as a Factory Inspector would only mean that his judiciary work would suffer and that his work as a Factory Inspector could not be satisfactory. The laws delays are already a blot on the fair name of Travancore and nothing should be done which will render matters worse than they are at present.

Political and Labour Agitators

This brings me to one matter of great importance on which I should like to say a few words. During the past year there has been a very determined attempt on the part of pseudo labour leaders in Travancore to disturb the happy relationship existing between the work-people and the employers by a campaign of vilification. Happily the response from the workers to this campaign has been very meagre but the position might well have been very serious indeed had strained relationship

already existed between employer and employee. The same agitators have not failed to express themselves all too freely at the expense of Government but Government are in a position to protect themselves in a manner beyond the powers of the average employer of labour. This Chamber in denying the charges levelled against employers of labour in Travancore appealed to the Government to conduct an enquiry into the truth of those allegations. I need hardly say none of our Members are against the establishment of sound Trade Unions—a separate Union for each industry—indeed it would very much facilitate negotiations, but it is quite impossible for employers to negotiate with a Union claiming to represent all the labourers in Travancore in their multifarious types of employment and claiming, I see from the Press, a Membership of only 4000 from a population of over 5 millions. Even of that alleged 4000 membership I suspect that if the books of the Union were open to inspection, 400 subscription paying 'live' members is a more likely figure.

The Travancore Government Bills for regularising, controlling and, perhaps, assisting in matters concerning Trade Unions and Trade Disputes is a step in the right direction providing it is administered by an Officer of Government specially trained in such work.

Agricultural Debt Redemption

.....The views of this Chamber briefly are these: That there is a case for the assistance of the poor ryots—growers of paddy, coconuts, etc.,—in the redemption of their debts and that if anything can be done to assist them without working hardship on other sections of the community and without destroying credit it should be done. These poor ryots, however, are not clamouring for help. The agitation for debt redemption legislation and debt reduction legislation emanates from a certain type of Rubber and Tea estates owners who, having lived through years of great prosperity, failed to make any provision for the future, dissipated the great profits earned by the estates in very prosperous days, borrowed and secured credit to their

utmost capacity and are now adopting the attitude of much injured individuals. For this type we can have no sympathy save sorrow that men who have commanded fortunes should have been so short sighted as to dissipate them so foolishly and to make no provision by way of reserves out of large profits against the possibility of lean years. May I here say that this clamour for debt redemption has no support whatever from Mr. S. Krishna Aiyar B.A., B.L., President of the Alleppey Chamber of Commerce, President of the Indian Planters' Association of Kerala and President of the Indian Tea Planters' Association who, according to newspaper report, made the following statement:—

"As an agriculturist myself, interested in all Travancore produce, my sympathies are with the agriculturist. But I feel considerable misgivings about the proposal now in the air. Agriculture, like any other industry, is dependent on credit. Credit, once shaken, is not easily restored.....Banks, Coast Firms and indigenous money-lenders have revised their credit policy. As every Travancorean may be brought within the definition of agriculturist in the Proclamation, general business credit has also begun to be affected. I regard the Proclamation as a mere feeler, especially as the major part of the three months' time runs within the Court holidays. If, however, the policy is persisted in, agriculture might be the first industry to suffer and 'save us from our friends' will be the cry. Capital might be deflected from Travancore and all business might suffer. If the Government decide on issuing bonds to finance relief, they may have to do so to the extent of a few crores of rupees. (Rupees Twenty Five crores according to the Report of the Travancore Banking Enquiry Committee). The creditors might be prepared to forego even part of their principal, against the Government 3½ per cent. bonds. If the Government make the venture, at least half the lands of the agriculturist will have to be taken over for default and a new department organised for the purpose. To repay the debt further taxation might be necessary, that means further distress and further debts and further relief and the same vicious circle. The creditor and how to do justice to him, have been ignored. His use is over, his bolt has been shot, let him look out for himself.

Let us hope that somebody will cry halt and that wiser counsels will prevail before further commitments are made."

The fact is that today, thanks to schemes of restriction and quotas, Tea and Rubber have again reached a meagre profit earning basis and honest estate owing debtors will see to it that their debts are discharged as soon as may be before any of the present profits are distributed by way of dividends or other methods of profit appropriation. It will be interesting to hear if the Debts Redemption Committee have examined the accounts of estate debtors with large liabilities to ascertain on what their loans were dissipated.

There is a suggestion that arbitration boards should be appointed in connection with agricultural indebtedness. Needless to say such arbitration boards can only prove a failure and the delay caused in hearing hundreds of thousands of cases would probably add many years to the delays which already take place in the Courts.

It is certain that cases settled by an Arbitration Board will, in almost every instance, again have to be referred to the Courts because it is a regrettable fact that the class of debtors who are clamorous in their demand for debt redemption and debt reduction legislation are those whom, past experience lead us to suppose, will accept the award of the Arbitration Board but will not abide by it and the creditor will still be obliged to take the matter to the Courts. The honest debtor has already settled reasonable terms of repayment with his financiers. Creditors have publicly declared themselves to be perfectly willing to negotiate in the matter of these estate debts if the debtors will meet the creditors and make reasonable proposals. The fact is some of these debtors have no desire whatever to meet their creditors; their one desire is to see legislation introduced which will involve inordinate delay.

There is a false impression abroad that the majority of the debts involved are those between Bankers or money-lenders or Coast Agents and the Estates, but this is far from the fact. Unfortunately, the biggest class of creditor is not sufficiently articulate to make known the seriousness of his position. I refer to the grain and piecegoods merchants to whom the agriculturist directly or indirectly owes far more than he owes the Banks or Coast Firms. One of our Members informs me that four grain merchants in Alleppey alone have outstanding to the extent of 50 lakhs. From this the total figure

due to the bazaars of Travancore from the agriculturists can only be surmised and a false step in the matter of legislation at this juncture may well involve a cataclysm of bankruptcies involving the collapse of the Banking system and ruin of the State. No legislation should be introduced which is likely to impair the confidence which the public have in the Banking system of the State. If, as the result of legislation, the Banks are obliged to write off as irrecoverable large sums of money, it will mean either that the Banks show serious losses or, at any rate, no profits, probably for several years, with consequent loss of the public confidence so essential to the success of the credit institutions of the State. Moreover, I understand that in the majority of instances the Banks have credited to their accounts overdue interest in the past years which would have to be written off if legislation so directed. Income-tax has been paid on the Bank's profits and in common fairness Government would have to refund such taxation. The only safe course is for Government to avoid legislation with retrospective effect and to maintain the sanctity of contracts.

What is to be the position of the creditor who is also a debtor? So long as he receives payment of amounts due to him he is solvent and can pay his debts. If, however, he does not receive payment neither can he make payment.

Let us examine the position today. As the result of the moratorium suspending the operation of the Courts in connection with agricultural debts and loans on immovable property, the sanctity of practically all contracts in Travancore has been violated. Further violation to the sanctity of those contracts is contemplated in the form of debt redemption and reduction legislation. This, as the President of the Indian Planters' Association has rightly pointed out, is tantamount to a declaration of general bankruptcy. Capital is already fleeing the State. Neither business nor agriculture can be conducted without capital and unless some-one has the wisdom to cry 'Halt' the condition of the industries and the agriculture of the State in a few years' time can better be imagined than described.

The subject warrants for more elaboration than I am able to devote to it this afternoon.

Import Duty on Foreign Copra

Another subject which has engaged the anxious attention of this Chamber for sometime past has been the question of the serious effect on the

prices of Indian produced copra, coconut oil, etc., as the result of the importation of foreign copra. At a very moderate estimate no less than Rs. 400,000,000 is invested in coconut gardens in India. I believe the Director of Agriculture, Travancore, with whom we have been co-operating, assesses the value of the gardens at Rs. 700,000,000. That this capital should be producing loss instead of profit is deplorable. Not only has this importation seriously affected the coconut growing industry but it has had repercussions in connection with the groundnuts industry and sesame industry as may be seen from the fact that this year's groundnut acreage has been reduced by no less than 26% and the sesame acreage by 14% with the prospect of further reductions next year. We are faced with a position which must cause any student of economics to shudder. Ceylon and Singapore copra is being imported into India in vast quantities to the ruin of the Indian industry. Indian grown copra is being produced at prices below the cost of production—prices which literally mean starvation to the population and such neglect of cultivation that crops are becoming smaller and smaller. Meantime, groundnuts, the price of which in India is unattractive, which are grown in India and are for many purposes a suitable substitute for copra and are being exported from India. Obviously before Ceylon copra enters India to feed Indian Oil Mills those Mills should consume all the copra which is produced in India and all the groundnuts. No student of economics can be satisfied to see oil kernels being imported into India whilst Indian oil kernels are being exported.

Then we have another anomaly. The Provincial and State Governments in India have been obliged to afford relief to agriculturists by remission of taxation. Certainly in the case of coconut and rice growers such remission would not have been necessary had foreign importations been regulated by a reasonable tariff policy. These remissions of taxation virtually amount to the *Indian Government subsidising the Ceylon copra industry*. (Italics ours). This Chamber does not support an embargo on importation of foreign copra. All that is asked is that the Government of India should impose on foreign copra a duty sufficient to ensure that foreign copra shall not enter India at prices below *the cost of production in India plus a reasonable margin of profit*. That foreign copra is entering not only below the

cost of production in India, but also below the cost of production in Ceylon, (Italics ours) is clearly demonstrated by a glance at the share list of the Ceylon coconut producing companies. These shares are a drug on the market—offered at prices far below parity with no buyers and no prospects of dividends. In other words, the majority of these Companies, if not all of them, are trading at a loss and selling their copra in India at distress prices.

The Government of India caused a Sub-Committee of the Imperial Council of Agricultural Research to meet in January and investigate the claims we have so often advanced for protection. ... Unfortunately, the wheels of Government grind slowly and till this date, the Report of the Committee has not yet been published and the Government of India have not indicated what action they propose to take.

Trade Conditions

You do not need me to tell you of the increasing difficulties with which we meet year by year, almost week by week, in transacting business. Every country in the world, with the exception of our best customer, Great Britain, is indulging in a great endeavour to be self supporting, to do without imports or at the very least to establish a sound trade balance, with the result that we are faced with quotas, block accounts, restrictions, compensating barter business, higher tariffs, manipulated exchanges and, in fact, every possible type of obstacle to free trade. That, despite these difficulties, trade is proceeding with reasonable normality is a tribute to the tenacity and spirit of our exporters. Meantime trade treaties are being negotiated between the Government of India and various other Governments which, from the point of view of India as a whole, will presumably be beneficial; but the position of the Indian States is very different. These treaties bind the Indian States but, speaking generally, the benefits derived from these treaties are limited to British India. So far as we know no arrangements are being made either to ensure that Travancore interests are safeguarded or to enter into independent commercial agreements. I would commend to the notice of the Government of Travancore that there is only a certain amount of world trade available and that there is the serious danger that the International Treaties which are now being concluded may eventually leave very little residue for Travancore.

For the work of the Trade Agent in Bombay I have nothing but praise, but the opinion I have formed is that the scope of his powers and activities is too limited and much greater use could be made of his services. I feel that it behoves the Travancore Government to set machinery in action which will ensure sound trade representation abroad, as Mysore is reported to be doing.

Looking Forward

Now what of the future? What has the year in store for us? Facing facts boldly we must admit that business may not be any easier in the future than in the past. The rampart of Tariff walls and restrictions to which I have referred elsewhere becomes stronger. So far as Travancore is concerned it is essential that the Banking and credit facilities of the State should be established on a more satisfactory basis. The danger of easy credit is as great, possibly greater in this State, than the danger of restricted credit. The Travancore Government is to be congratulated on adopting a 'forward' policy in connection with the industrial development of the State and the provision of cheap electrical power; But the Government should not fail to profit by their own past experience and by the study of the successes and failures of industrial enterprises in neighbouring States.

The recent electoral reforms appear to have given general satisfaction and freed from all sense of grievance the people of Travancore must unitedly strive for the advancement of the prosperity of the State.

Two great industries of Travancore — Rubber and Tea — have taken the necessary steps which it is confidently hoped will eventually solve their difficulties. The producers of coconuts and rice are not so influential or well placed and are very dependent upon Government action for the restoration of prosperity. The coconut industry cries aloud for protection and I am convinced that had the coconut gardens but been in the proximity of New Delhi the present conditions would not have been tolerated so long. We are at a geographical disadvantage.

The coir mats and matting industry continues to lack the necessary organisation to render it productive of the large profits which should be possible in what is practically a monopoly — a state of affairs we hope may soon be overcome.

CHAMBER NOTES

The following letter from the Agent, South Indian Railway Co., Ltd., Trichinopoly addressed to the Dewan of Travancore and forwarded to this Chamber is published for the information of all concerned:—

Freight Rates for Coconut Products

Detailed enquiries have again been made into this subject and I have to reply that briefly stated, the requests of the Alleppey and Travancore Chambers of Commerce are :-

I. (a) Lowering of the general classification for coconuts and its bye-products, namely, copra, coconut oil and oil cake.

(b) Quotation of rates for coir yarn, rope string, mat and mattings based on one anna per ton mile for distances between 200 and 300 miles and eight pies per ton mile for distances over 300 miles in view of the present trade depression.

II. Quotation of low special rates so as to compare favourably with the sea freight from Alleppey for Copra, Coconut oil, etc., to Bombay, Karachi, Calcutta and other intermediate stations.

III. Running of a weekly through goods-train from Ernakulam to Bombay.

I. (a) With the exception of coconuts the rates adopted for coir, coconut-oil, oil cakes are those fixed by the Indian Railway Conference Association.

The revision of the General Classification of goods is already engaging the attention of the Railway Board and the general question of a lower classification for coconuts and their bye-products will have to be decided by them.

However, even as at present classified, we can quote reduced rates between specific points and such special rates have been quoted on application from merchants and will continue to be granted where justification is found to exist.

(b) The anomaly of charging coir yarn at fourth class and coir, coir rope or string at second class has since been removed and all these commodities are now charged alike at second class rates, i.e., at about 11.43 pies per ton mile.

This is lower than the rate suggested by the Travancore merchants up to 300 miles and should stimulate freer movement of traffic. The Travancore Chamber of Commerce who have asked for a rate of 8 pies per ton mile for distances over 300 miles are not able to furnish any facts and figures to support their request or to show how traffic would be improved thereby.

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II. As regards rates to Bombay, Karachi, Calcutta and North Indian markets, I have to observe that merchants seldom avail the all-rail route, even if rail rates are adequately reduced to the level of the sea freight prevailing at the time of reduction. Traffic continues to be despatched by sea as the sea freight is invariably reduced concurrently and many of the wholesale dealers have some vested interest or other, as Shipping Agents, Stevedores etc., in the steamers engaged in coastal trade.

A further attraction in the sea route is the private rebate paid by shipping firms to their customers.

If, however, the firms interested in the industry or the Chambers of Commerce would state the highest freight rates that

would suit them to specific points and would give us an assurance that the traffic would be despatched by rail if those rates are quoted, in spite of any reduction in rates made by the Steamship Companies, quotation of such special rates will be considered in conjunction with foreign railways concerned.

The quotation of special rates for coconut-oil to Cocanada and other stations referred to by the Chamber of Commerce is already under consideration.

III. With regard to the running of a through goods-train from Ernakulam to Bombay, the total quantity of coconuts and their bye-products likely to move by rail in a year is only about 230 tons and this does not justify the running of a weekly special goods-train.

South Travancore Chamber of Commerce

Debt Redemption Committee

(Resolutions passed by the South Travancore
Chamber of Commerce)

RESOLVED that the Government be requested not to take any action whatever on the report of the Debt Redemption Committee without consulting the Chambers of Commerce in Travancore.

II. Resolved that the attention of the Government be drawn to the acute financial crisis which exists in the State and which has practically paralysed all commercial activity.

III. Resolved that the Government be requested to restore commercial credit in the country by all possible means immediately.

IV. Resolved that the attention of the Government be drawn to the commercial

deadlock which prevails in the State for want of Capital from outside and the apprehension engendered in the minds of the outside public that the country is not financially fit for investment of Capital.

V. Resolved that the Government be requested to allay the panic which has been created in commercial circles by the Newspaper report of what the Debt Redemption Committee has recommended to the Government to issue a communique, at once to allay this panic.

VI. This Chamber requests Government to convene a Conference of the Commercial and the Industrial Bodies in the State immediately to discuss and formulate propositions and schemes affecting commercial and industrial debts.

Bengal Chamber of Commerce

The Bengal Relief of Indebtedness Bill, 1935

THE Committee of the Chamber, in consultation with the European Group in the Bengal Legislative Council, have had under consideration the provisions of the Bengal Relief of Indebtedness Bill which was recently introduced in the Council and referred to a Select Committee. The Bill—which, it should be stated, is *not* concerned with debts incurred for trade purposes—aims at providing a solution of the difficult problem of rural indebtedness and with this object in view it proposes that Debt Settlement Boards should be established in such areas as may be prescribed by notification. If application is made to the Board by a debtor or by any of his creditors, the Board will in the first place endeavour to bring about an amicable settlement; but failing such a settlement the Board will have the power, in certain circumstances and subject to certain conditions and restrictions to bring about a settlement on a basis which it considers to be reasonable. In addition, the Bill includes provision for a simple insolvency procedure.

The Committee of the Chamber have recently addressed the Secretary to the Bengal Legislative Council accepting the underlying principles of the Bill subject to certain reservations which they have asked should receive the careful consideration of the Select Committee to which the Bill has been referred. Their letter proceeds:—

The first of these reservations is that the Bill must be limited in its application strictly to those classes it is designed to benefit. Clause 2 (9) defines a debtor as one “whose primary means of livelihood

is agriculture, whether he cultivates with his own hands or not” and in the event of any question arising as to the interpretation of this definition in a particular case the Debt Settlement Board concerned is authorised to give a final decision in the matter. The Chamber Committee do not agree that the position should be left thus. The object of the Bill is, or should be, to afford relief to the actual cultivator or raiyat, and the Chamber is strongly of opinion that the scope of the Bill in this respect should be rigidly and clearly defined. As it stands at present, the definition is capable of being interpreted to include a tenure holder or an agriculturist who though primarily dependent on agriculture

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for his livelihood, has other sources of income at his disposal and may in fact have incurred his debts otherwise than as an agriculturist. It has been suggested that a suitable method of restricting the scope of the Bill to the classes it is designed to benefit would be to qualify the present definition by providing that the debtor must be a raiyat or under-raiyat according to the Tenancy Act. But whatever expedient is adopted with this object in view, the essential point is that the provisions of the Bill should be made applicable only to the *bona fide* cultivator classes and that debts incurred otherwise than in connection with purely agricultural pursuits should be rigorously excluded.

The Chamber Committee's second reservation relates to the period for which the proposed legislation shall remain in force. In their opinion, the Bill is designed to meet a set of circumstances approaching the status of an emergency; it should therefore be regarded as an emergency measure only, and the duration of its application should be restricted accordingly. Three methods of doing so have been suggested. The obvious method would be to place a definite limit of, say, five years on the life of the Act but this may not be the best means of achieving the object in view as it may not be possible to take full advantage of the provisions of the Act in all districts at the same time. Clause 1 (3) contemplates that the Act shall come into force in different areas as may be directed by the Local Government and this suggests a second method of restricting the life of the Act, namely by providing that it shall apply in any notified area for a limited period only. The Chamber Committee prefer this method and they strongly recommend its adoption. The

third method which has been suggested involves an amendment of clause 9 (2) which the Chamber considers should in any case be made. This clause provides that if an application made by a debtor has been disposed of, the Board shall not entertain any further application within two years of the date of the disposal of the first application. It has been proposed that a suitable method of putting a term to the life of the Act would be to provide that once a cultivator has obtained an award from a Board it should not be permissible for him to apply again for a settlement in respect of the same or any other debts. As has been indicated above, the Chamber Committee consider that clause 9 (2) should be amended to this effect, apart entirely from the question of limiting the term of the Act. Failing such an amendment, the tendency will be for a cultivator who has once obtained a settlement, again to accumulate debts in the knowledge that he can re-apply to the Board for a further settlement after a period of two years. In this respect the Bill may tend to defeat its main object.

Holidays with Pay for Industrial Workers

In the Abstract for May it was mentioned that the Chamber had under consideration the question of the attitude which should be adopted by the Government of India at the 1936 Session of the International Labour Conference when proposals will be considered contemplating (i) that only holidays with pay should be granted to workers other than those engaged in agriculture and shipping; (ii) that a minimum period of service under one employer should be prescribed after which a worker will be eligible for holidays with pay, special provision being made for seasonal workers and those engaged in occupations where frequent

changes of employers are the rule; and (iii) that the period of the holiday and the pay to be granted to the workers during holidays should be fixed on some definite basis.

The Chamber Committee, after consultation with the various industrial Associations concerned, have since submitted to the Government of Bengal an expression of their views on these points. Their reply was published for the information of members in circular No. 289—1935, dated the 5th September. It contained a detailed examination of the question from the standpoint of Indian Industrial conditions generally as they exist today, and also from the point of view of the principal industries represented by the Chamber, namely the jute mill, paper mill, flour mill, tea, mining and engineering industries. Generally the

view expressed by the Chamber and by these interests was that legislation for the provision of holidays with pay is neither practicable nor desirable at the present stage of India's industrial and economic development and that it must be left to individual employers in India to decide how far it is possible for them under existing conditions to grant holidays with pay to their labour. The Chamber has strongly recommended that the attitude of the Government of India towards any convention that may be proposed by the International Labour Conference in this connection should be that India is unable to ratify it; and that when the matter comes up for second and final discussion at the 1936 conference the insuperable difficulties in the way of the adoption of the convention by India should be stressed.

P.B.C.C.

Soap Industry in Travancore

SOAP has now become a regular item in the domestic budget in every home in India. Other detergents, whatever their intrinsic merits might be, are gradually yielding place to soap. But the consumption of it in India, even after allowing for the mass poverty of the country, remains at the low level of 4 oz. per head per year as against 20 lbs. in Great Britain, 21 lbs. in Japan and 25 lbs. in the U.S.A. and offers scope for development of the soap making industry.

The first soap factory to be established in India was the North West Soap Company's over a quarter of a Century ago. Since then the industry has made steady progress and now at least half the soaps consumed in India are of Indian manufacture. The rate at which the industry

has developed is shown by the decline in the import of soaps from over Rs. 16 millions in 1928 to less than 10 millions in 1932. This is gratifying and indicates a bright future for the industry.

This progress, till recently, has to a great extent been confined to Bengal and Bombay. During the last decade, however, three or four factories started in South India in the wake of the Government Soap Institute at Calicut have done exceedingly well. The excellent progress made by these enterprises should be an eye opener to the industrially minded in the South.

This should especially be the case in Travancore. The State possesses large resources in coconut and other oils used in soap manufacture and has besides a large soap minded population. Despite

these natural advantages increasing quantities of soaps are being imported into the country from abroad, the value of imports in 1932 being Rs. 158,000/-. It is to be regretted that no attempts were made either by the State or by joint-stock enterprises to start a concern which could profitably utilise the natural resources of the country.

The chief cause militating against the establishment of the soap industry has been the small manufacturer. Soap is one of those products which could be made, though indifferently, in the home from coconut oil. Taking advantage of this it has been possible for him to glut the market with a product whose only merit is cheapness, and incidentally bring a respectable industry into disrepute.

In making the foregoing statement no indictment is meant against cottage industries in general. But soap making is

an exception. The cost of adequate machinery and the technical skill required for making good soaps place the industry beyond the purview of the cottage.

In the circumstances it is gratifying to learn that a Company has been formed in Alleppey under the style of The Oriental Chemicals Ltd. This Company has an ambitious programme. Starting with the manufacture of soaps and other toilet requisites of good quality, it wants to extend its activities in course of time to the manufacture of chemical and pharmaceutical preparations. As the manufacturing side will be in the hands of a qualified and experienced chemist and the marketing in the charge of a Directorate composed mainly of prominent business-men of Alleppey with Messrs. A. V. Thomas & Co. Ltd., as Managing Agents, there is every reason to hope that the venture will be a success and will lead the way to other industrial enterprises.

Trade Difficulties for Travancore in Foreign Countries

A firm in Stockholm writes :

"We beg to inform you that it is very difficult to import your mats and mattings on account of the high import duty.

We have regular buyers of coir yarns which are used in the manufacture of coir mats and mattings in this country."

The above speaks for itself.

* * *

An esteemed correspondent writes from Buenos Aires :

"We are surprised that merchants in your country are unwilling to ship goods to Buenos Aires on trust receipt terms.

All exporters in the United Kingdom are shipping on these terms under the Board of Trade Export Guarantee Scheme. Can you not move the authorities concerned to make this system applicable to your country also?"

"How many seasons are there?" asked the teacher ?

"Just two," answered Rachel.

"What are they?" inquired the puzzled instructor.

"Slack and busy," replied Rachel.

Air-Service between Trivandrum and Bombay

THE new Passenger Air-Service between Trivandrum and Bombay will, it is understood, be inaugurated on Tuesday the 29th October, 1935. The Service will be run on every Tuesday from Bombay to Trivandrum and on every Friday from Trivandrum to Bombay. The journey is expected to last about nine hours. There are two halting stations, namely, Goa and Cannanore on the way. It is also understood that arrangements have been made for the Aeroplane to have Railway connections at Cannanore in both the directions.

The plane used is a D.H. 85 and is capable of a speed of 110 miles per hour. The cabin is constructed to accomodate two passengers. The following are the timings of the Service.

South-bound :		(Every Tuesday)
Dep. Bombay		0630 hrs.
Arr. Goa		0905 "
Dep. "		0930 "
Arr. Cannanore		1215 "
Dep. "		1245 "
Arr. Trivandrum		1521 "
North-bound :		(Every Friday)
Dep. Trivandrum		0800 hrs.
Arr. Cannanore		1035 "
Dep. "		1105 "
Arr. Goa		1355 "
Dep. "		1415 "
Arr. Bombay		1651 "

The Passenger fares are given below:—

Goa	Rs. 60		
Cannanore	135	75	
Trivandrum	150	90	60
			Bombay. Goa. Cannanore.

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Industrial Notes

Scope of Indian Industry

IN the course of a lecture Dr. P. S. Loganathan, officiating Professor of Economics of the Madras University, laid stress on the utility of large-scale production. He says: ".....the Economists' belief in the efficiency of large scale production rested entirely on principles enunciated long ago by Adam Smith and reinforced by technical and other influences in subsequent years. It was possible to say that for each industry the best results could be secured if the majority of the units were organised on an optimum scale, on a scale sufficiently large to enable production at the lowest cost per unit." He pointed out that in spite of the theories expounded on the economics of large-scale production, the number of small industries was very large, while organised production on a large-scale was carried only by a handful of firms. In India except perhaps the iron and steel industry and cotton and jute, the other industries are according to him not organised for large-scale production. As explained by him it is but true that unless production is made on a large-scale so as to bring down the cost of production to the lowest minimum, it cannot be expected that these small industries can pay. This is true in the case of the coconut industry of Malabar which is neither organised nor possesses the facility for large-scale production. Coconut cultivation in Malabar is a common occupation of the people and the cost of production is consequently high. This is the chief reason why the coconut industry of Malabar cannot stand against the competition of Ceylon, where the industry is organised on large-scale basis. Though the Indian market is vast enough to consume the entire coconut production of Malabar, yet Malabar coconuts do not fetch a fair price on account of the heavy cost of production. If this industry is organised on large-scale production basis it will surely be easier to compete with the foreign dumping.

Mysore Paper Factory

The proposal for opening a paper factory at Bhadravathi in Mysore is now under the consideration of the Mysore Government. Raw materials for the industry can be obtained from

the bamboo forests by the side of Bhadravathi. The preliminary expenses are estimated to be Rs. 18,00,000. The factory is expected to produce 20 tons of paper per day.

Textile Industry

In England a new mechanical device has been invented which is said to be capable of minimising the imperfections caused in the woven fabrics by thick and thin places. It is also claimed that the mechanism can efficiently deal with yarns and will help to weave cloths of unusually fine texture. It is expected that this new invention, if proved successful, will solve the great problem of fine weaving that has been so long confronting the textile experts.

Industrial Migration

In an interview with a representative of Reuters General J. J. Pienaar M. P., of South Africa, is reported to have stated that he found Great Britain excessively over populated. He also suggested that a scheme of industrial migration would help much to solve the unemployment problem in Great Britain. He was of opinion that Britain instead of centralising her industries in Britain itself should expand her industries to the Dominions, by opening and capitalising new industries and by starting branches of existing industries. Such a scheme would afford a large scope for the skilled labour of Britain to migrate, thus diminishing the number of the unemployed. Industries started by foreigners in the Dominions have very largely developed and are competing with the British industries now. If Britain had capitalised industries in the Dominions it would have helped in her industrial trade better and would have solved the unemployment problem of Britain to a great extent. In South Africa, for instance, General J.J. Pienaar pointed out that there was a large scope for opening and developing new industries and not only the skilled labour in South Africa could be absorbed in such industries but they would also provide for a large number of Britain's skilled labour. The ideal implied in the suggestion of General J.J. Pienaar is laudable and deserves the consideration of all industrial experts.

Interchange of Commercial Personnel

A MEMORANDUM issued by the Ausschuss für den Austausch Junger Kaufleute, Berlin N.W. 7, Neue Wilhelmstrasse 9-11, gives an interesting insight into the efforts being made in Germany to bring about a system of exchange of personnel with the commercial undertakings of other nations.

In the course of the Autumn of 1934 a Committee was formed in Berlin with the object of furthering an international interchange of young merchants.

This Committee was called into being by the Auswärtiges Amt and the Reichswirtschaftsministerium of Berlin, and official permission to start working was essential. But the Committee is now allowed to carry on entirely independently of official control.

The plan is, to send into foreign countries, on a basis of interchange, a limited number of particularly selected young merchants, if possible an "Elite," and it is to be hoped that other countries will send into Germany young men of a similar type.

Only such German applicants will be considered, who have passed their apprenticeship satisfactorily and who have worked at least one to two years as regular clerks.

The applications must contain a *curriculum vitae*, good testimonials from the firms where the young men have worked, as also a recommendation from a Chamber of Commerce.

Proof must be forthcoming that the applicant has availed himself with intelligence and assiduity of the opportunities given him to learn the rudiments of commerce, that as far as is humanly possible to judge he has the making of an "ehrbarer Kaufmann" in him, that his character and *morale* are of the very highest and that his manners are those of a gentleman. So that, not only those who send the young man out into the world may hope to have helped someone worthy of the trust placed in him, but that those also who employ him will be glad to have him as a collaborator.

If there is any doubt as to the suitability of a candidate, he is asked to present himself before a sub-committee of selection.

It is to be hoped, says the memorandum, that other countries will consider this German plan favourably and, in some way adapted to their own

conditions, enter into this idea of an interchange of young merchants of particularly high standing.

There would, it is suggested, be no burden on the Labour market, as the young men would interchange their posts and salaries.

Apart from giving such young men an opportunity of extending their commercial knowledge and experience in foreign countries (and there is every probability of a sufficient number of able applicants as soon as information spreads that suitable berths can be found), they would also be able to become acquainted with the ways and characteristics of other lands and their inhabitants in fact with the other man's point of view.

Up to now, it has been left nearly entirely to men of science and students to try to bring about international understanding. This was and is all to the good. But why, it is asked, should young merchants not be given similar opportunities, in their own young interests and in the interest of the undertakings they will in later years be called upon to conduct?

Ultimately, it is remarked, everybody will yet come to understand, that *cooperare necesse est*. In order to be able to do so sound knowledge of an international sort should be acquired.

To help in this direction is the aim of the Committee mentioned in the memorandum and they hope for early co-operation. (L.T.R.)

FOR THE DEFENCE

The defendant in the breach of promise action was a singularly ugly little man.

"Gentlemen of the jury," said his counsel. "you've heard the evidence of the plaintiff, and doubtless you've admired her. Now, do you believe this enchanting, this fascinating, this captivating, this accomplished girl would favour the advances or listen, save with scorn, to the amorous protestations of the wretched and degraded defendant?"

His client tried to interrupt.

"Silence, sir!" replied his counsel, in an undertone. "Gentlemen," he continued, "do you think this girl would ever have permitted an offer of marriage to be made her by this miserable atom of humanity, who would have to stand on a penny to look over twopence?"

The jury thought not. Verdict for defendant.

Wealth & Its Distribution

IN U.S.A. a Bill is being enacted against large enterprises under one management with the deliberate purpose of breaking up large holdings.

Apparently many people regard these purposes approvingly or with indifference, on the simple theory that the rich have more than they need or ought to have, and that the poor of course will be benefited. Such opinion seems to have been formed with little understanding of the part played in the business of the country by the capital which by the choice of many owners is consolidated in large corporations, or by the large capital holdings of individuals. They indicate little comprehension of the effects upon employment, upon property values and upon all business, which must result from such a policy, if maintained.

The Essence of Communism

We do not say that the new system of discriminatory taxation goes to any such length in this measure as the Communist doctrines propose, but it adopts the principle and makes a long start toward establishing it in practice. It accepts the theory that the private fortunes are unearned, that equivalent values have not been given for them, that they have been acquired by exploiting the weak and helpless members of society, and that poverty exists for this reason. Let there be no mistake about the issue: if this theory is true, the new tax legislation is justified. On the other hand, if it is untrue, and these fortunes are only incidental to much larger benefits conferred upon the public by the fortune-makers, then the tax legislation, like the Communist Manifesto, is based upon egregious fallacies, and if put into effect will do vastly more injury to the public than to the owners of private fortunes, even though the latter are obliterated. The adoption of the principle is a menace to all of the institutions of the society we know, for it threatens the system of social relations by which all the progress of the past has been achieved, and by which the wage-working millions have been accustomed to obtain employment. It is a proposal to destroy the highly developed, essentially co-operative, system by which all wants have been supplied, trusting to a theory that a better one can be developed before too many people have died of starvation, waiting.

That there may be no mistake about the purpose of Communism we quote the two closing

paragraphs of the Communist Manifesto as adopted in London in 1848:

The Communists disdain to conceal their views and aims. They openly declare that their ends can be attained only by the forcible overthrow of all existing social conditions. Let the ruling classes tremble at a Communist revolution. The proletarians have nothing to lose but their chains. They have a world to win.

Working men of all countries, unite!

Marx and Engels were monomaniacs on the subject of the class war and they believed that the interests of employers and employed were so fundamentally opposed that mutually advantageous relations between them were impossible.

They were convinced that "control of the instruments of production" by employers made the wage-earners helpless in their power, and that even at that time the consolidation of capital in few hands was preceding so surely and rapidly that the entire "proletariat", as they called the wage-working class, was bound to "sink lower and lower" in misery, unless it rebelled.

The first and most obvious comment upon this theory is that although it was thus formally stated nearly 100 years ago, the "proletariat," instead of sinking "lower and lower," as predicted, has steadily and vastly gained in status, especially in the countries where the modern methods of "capitalistic" production have had the greatest development. The proof of this is overwhelming, but neither logic nor facts have influence upon minds that are dominated by emotion. A large proportion of the people believe what they like to believe, because it excites their emotions and they like the sensations.

Henry Ford and the Automobile Industry

Last month's article in these columns was written about and around the career of Mr. Henry Ford and an interview with him which had been published in the New York Times Magazine of July 7 last. It was intended to shift the discussion from the theoretical to the concrete, from a comparison of general conditions 100 years ago and now, to a showing of how such fortunes as that of the Ford family have been created and are employed.

There are people who think of wealth as something owned by somebody who probably ought

not to have it, without a thought as to how the wealth is employed or who is benefited by the employment. There are others who appreciate what the automobile has done for America: of the way it has spread population out of the cities into the suburbs, of the choice of residence it allows to the workman, of the boon it is to the farmer with the paved roads, the quick trip to the village, the movie in the evening, and the trip to Florida or California between seasons—and of what it has done for the healthful recreation and social education of both city and country dweller.

Moreover, the passenger car is only a part of the automotive story. The truck is a means of transportation of great convenience and value, and the farm tractor has led to a complete line of new farm implements, whereby one man may do as much work as two did with the horse-drawn machinery of thirty years ago, thereby permanently lowering the labour cost of all farm products to the consuming millions.

Not all farm production is by these methods at present, but the tendency is obvious and the ultimate results can be foreseen. They mean sweeping and beneficial changes in the methods of supplying common necessities. Already the improvement in farm implements since the Communist Manifesto was adopted has resulted in a reduction of the farm population of this country from approximately 75 per cent of the total population to about 25 per cent, thus having the double effect of releasing labour for the production of other goods and services and of protecting the working masses against the rise in the cost of living which must have resulted from the increasing population if there had been no improvement in the methods of production.

The Marxian theory is that under the wage-system the workers are slaves, unable to bargain or choose, that all benefits of machine production must go to the employers, the workers obtaining only a bare subsistence to keep them alive. Could there be a more complete refutation of any theory than is given to this by the history of the automobile industry? Henry Ford began as a member of the "proletariat," as they call it, and so did his rivals. They struggled with each other for the favour of the public, learned from each other, employed fellow workmen, bargained for capital bought materials in the open markets, increased sales, increased wages to attract workmen from other industries, improved their methods, employed

engineers and scientists to improve the materials, and by their combined, although competitive, efforts to improve the products and reduce both costs and prices, they achieved the combined result of *selling motor cars by the million to the very wage-earners whom the Communist Manifesto calls the "proletariat"*.

The Accessory Industries

All of this was not accomplished by the makers of finished cars. Accessory Industries have played an important part and should be mentioned. The term "accessory industries" usually is applied to the industries producing parts, which may be used either as integral parts of all cars or as parts commonly attached but priced separately. Also the basic industries have certain accessory relations to all the industries by supplying necessary materials or services. Thus all industries are dependent upon transportation service, and improvements in railroad services aid them all and eventually reduce all costs, as illustrated above by improvements in agricultural production.

The automobile industry draws upon all of the other industries, either directly or indirectly, for its own consumption or for labour or goods sup-

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on Application.

plied to its workmen, and the prices of the latter affect the value of wages. In short, the economic system is interdependent, and fundamentally co-operative, for all of the industrial groups are supplying each other.

We have mentioned that the automotive industries were fortunate in following Andrew Carnegie and his aids and rivals in the development of the steel industry. We have told the story of the Victoria bridge over the St. Lawrence river near Montreal, built in the eighteen fifties, and famed in its time as one of the most notable engineering achievements of the world, but it is worth repeating in this connection. Built of wrought iron, the Victoria bridge was 16 feet wide, carried a single railroad track, and had a load capacity of one ton to the linear foot. In 1898 the superstructure was taken down the foundations enlarged, and a new superstructure erected of Bessemer steel. This bridge, in use today, is 67 feet wide, carries two railroad tracks, an electric car line, a wagon way, and has a load capacity of five tons per linear foot. The original

superstructure costs \$3,000,000 and the new one \$1,500,000! These figures were given out at the dedication of the second bridge. The wages paid for the work done on the second bridge were approximately double those paid for the work done on the first bridge, and it was by the reduction of costs and prices upon the steel made for all the needs of industry that the Carnegie fortune and other steel fortunes were accumulated. Moreover, these fortunes *had to be accumulated* in the steel industry for the same reason that the Ford fortune had to be accumulated in the automobile industry, to-wit: in order that the increasing demand for the products, resulting from the price reductions could be supplied.

The Tire Industry

But the steel industry is not the only one that has contributed largely to the cheapening of automotive products. The rubber industry may be mentioned. The cost of operating a car is a matter of some importance. The following table gives comparative tire figures for 1913 and 1935, from the Firestone Tire & Rubber Company:

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	1935	1913
Consumer's price for a		
Ford car. Size : 30 x 3½	\$11.95	\$22.80
Mileage from this tire	21,000 m.	3,500 m.
Cost per mile per tire		
Size : 6.00x16	\$.00057	\$.0065

In the old days tires were guaranteed for 3,500 miles, hence this figure is used in computing the cost per mile at that time. The 21,000 miles used to compute the present cost per mile is the result of a survey recently made, in which the mileage varied from 10,000 to 40,000 miles.

Also of interest is the fact that the 30x3½ tire used in 1913 weighed approximately 13 lbs. and the 6.00 x 16 used today weighs approximately 22 lbs. In 1913 the price of rubber was over 80 cents per pound, while the average price this year to the middle of August is approximately 12 cents. The reduction in the price of rubber was accomplished by the scientific propagation of rubber producing trees, creating new sources of supply. Cotton in both years was approximately 12 cents per lb. Average hourly wage of all wage-workers in the Firestone Tire Factories in 1913 was approximately 30 cents; in 1935, 92 cents; other tire factories about the same; cost of living July, 1935, up 33.2 per cent over 1913. Average net earnings of the six leading tire companies in 1934 equalled 2.74 per cent on the aggregate sales, which were \$475,000,000.

Electrical Industry

Mentioning Ford and Firestone reminds us of Edison and the electrical industry. The latter is only a little older than the automobile industry, so nearly contemporary that Edison, Ford and Firestone were cronies. The first central station for the generation and sale of electric current for light and power, in all the world, was installed by the Edison Company in New York City in 1882, and now the electrical industry is one of the leading industries in the direct and indirect employment of labour. It has figured largely in the newspapers of late, but with little mention of the fact that since 1913 the average charge-rate for electric current in the United States, for household use, has fallen approximately 30 per cent, while the average of all wage-rates in the industry have advanced approximately 157 per cent. The total of all industries in which prices or service charges have been reduced since 1913 is small, hence the electrical industry is distinguished by this fact. Indeed

it is worth while to mention that the rapid improvements in the technique of the industry is one explanation for the rapid expansion of holding companies, the principal function of which has been supplying capital for the rehabilitation of electrical stations throughout the country. In normal times this process probably would have proceeded more slowly and with less speculation in it, but unfortunately the industry became involved in the wild tide of speculation resulting from the war inflation with disastrous results. The expansion of the electrical industry was on a sound investment basis, but in the eagerness of the time too much of it was done on bank credit. The securities of electrical companies soared with other securities and all were carried down together. In all of the discussion of holding companies there has been surprisingly little account of the reasons for the expansion or debacle, or the part in it all played by the war. War has no place in the modern economic system. This is the one great lesson of the last twenty years, but little attention is paid to it. The inflation infection permeated all business, and governmental policies as well.

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		Moscow	Kabul

What reason is there to suppose that if governments were running or regulating all business, they would maintain unvarying stability? Did not governments get the world into this mess, by making war on each other, and by making terms of peace and of trade relations that virtually have continued a state of War?

George F. Johnson, Shoe Industrialist

Possibly because of the interest manifested in its Ford interview of July 7, the New York Times Magazine followed it in the issue of August 11, with an interview with another prominent industrialist, Mr. George F. Johnson, head of the Endicott-Johnson Corporation, the second largest shoe manufacturing company in the country, located at Endicott, near Binghamton and in nearby villages. The article, the author of which is a woman, was written from the social welfare viewpoint, rather than as a discussion of business or economics, telling more about Mr. Johnson's personality, his simple manners, kindly views of life, good relations with his workmen, and large gifts for social purposes in the villages where the works are located, than it does about the shoe business. The gifts seem to have been made in the main from his private fortune, which is as it should be because the stock of the corporation is widely held, and many of the holders may not be able to give proportionately with Mr. Johnson. The nett earnings of corporations available for distribution should be distributed to the stockholders for their individual disposition, according to their own means and choice.

Of Mr. Johnson's kindliness and desire to do full justice to his employees there is abundant testimony, but he has known that many kinds of service contribute to the operations of the company, that all are necessary to it, and must be justly treated in order to secure harmonious co-operation and the most satisfactory results to all concerned. The son of a New England ship captain, he has the sturdy qualities of the type and the Yankee faculty for knowing all that is going on about the business. He knew that the business must be a success in order to afford steady employment, and must have nett earnings as a basis for growth. Mr. Johnson has achieved an exceptional success in a highly competitive line of business. He has so conducted the business as to keep it going and growing, with an enhancing reputation, thus serving both shoemakers and the shoe-wearing public.

He began life for himself without property, as a shoe-worker. The article says that "at forty he was foreman of a shoe factory that was ready to be liquidated because it did not pay." Twenty-five years later he was employing more than 15,000 men and when the business was converted from a partnership to a corporation he "discovered" that he was worth \$7,000,000. At present the employees number 20,000, and employment has been well maintained throughout the depression.

Until about 1880-90 Boston and neighbourhood had a long lead in the shoe industry, with New York and Philadelphia following. Skilled labour was an important factor at that time, but with the introduction of special machinery, the making of shoes required less of the former labour-training, and factories developed rapidly in the middle west, where the hides of home production were to be had, and thus the East has lost its once predominant position in the western shoe trade. The leading producers, including Endicott-Johnson, have their own tanneries, and are self-supplying and highly specialized in their methods, doing business on small profit margins, which vary but little among them. The ratio of profit to dollar sales for Endicott-Johnson in 1929 was 4 per cent, and in the five years ended with 1934 averaged 3.54 per cent. The average profit per pair of shoes in these years dropped from 8.12 cents in 1929 to 2.60 cents in 1930, and was between these figures in the other four years, except that the report for 1933 does not show this data. This was the entire compensation of capital for its share in production, including the risks of failure, or loss on the investment, a factor of importance as the list of insolvent companies attests. It may be added that this showing of profit is better than the consolidated results to manufacturing industries of all kinds in the same years, as shown by the figures given in these columns last month. Most people continue to buy shoes even in hard times; may be wear out more of them! Sales of the corporation in 1934 aggregated \$52,248,000. None of these figures is from the Times article, but taken from official reports. The stock is listed on the New York Stock Exchange and bought and sold there continually. The rules of the Exchange require that the essential facts about the operations of listed companies shall be published.

Mr. George F. Johnson, as Chairman of the Board, receives a salary of \$50,000 per year, a

son who is President receives dlr. 25,000, and nobody familiar with the business doubts that they are worth it. With annual receipts and disbursements about \$50,000,000 each, or \$100,000,000 in the aggregate, with management important both ways and the all-important factor in profits, Mr. Johnson's \$50,000 is less in proportion to his value to the company than the average salary of the branch managers of a retail grocery chain.

Hourly wages in the shoe industry were 21.2 cents in July, 1914, and 55.2 cents in 1934 (November), obviously an increase of about 160 per cent. If Mr. George F. Johnson could be eliminated, and his \$50,000 salary divided equally among his 20,000 workmen, it might appear that they would get dlr. 2.50 more apiece yearly, but what would become of the pilot and captain of the ship, the one knowing every shoal and rock in the channel, and the other commanding the crew.

The International Shoe Company

This sketch of the Endicott-Johnson Company was prompted by the Times interview above-mentioned, but it would not be proper to give a description of the shoe industry without mentioning the International Shoe Company of St. Louis, the largest maker of shoes in the world. It is the creation of two young brothers named Johnson and a cousin named Rand, who were born on cotton plantations in Northern Mississippi, back shortly before the war between the State. The father of the Johnson boys was killed in that war, and the authentic story is that the three boys grew up on the Rand homestead "without schooling or store clothes, learning the hard value of a dollar bill and wondering what but cotton picking lay ahead". In the '80's the Rands and Johnsons got into country store merchandising in Holly Springs, from whence they shifted, first to Memphis and then to St. Louis, gaining in working capital as they moved along, and gradually making a specialty of shoes becoming gobbers of New England shoes. They learned about shoe-making and ventured into manufacturing, and the rest of the story is one of steady growth until in 1923, with a production of 42,500,000 pairs, they topped the world record, and in 1929 reached 55,000,000 pairs, and nett sales aggregated \$132,111,000. The International Shoe Company was incorporated in Missouri in 1911. It has about 30,000 employees. It is making shoes in fourty-one factories, and including tanneries that

supply 80 per cent of its leather and a mill in Arkansas making cotton linings, it has various accessory industries, aggregating ninety-five plants in all. Most of them are in the St. Louis area, but some as far away as New Hampshire. Many have been acquired by the purchase of going concerns, which have been kept going where they were, continuing the employment of the workmen without disturbance. The founders of the business have passed on, but the Rand and Johnson families still are the principal proprietors, with large holdings within the staff.

These details about International Shoe are taken in part from a lengthy article in the Fortune Magazine, for March, 1933, fully vouched for and worth reading in full. One more statement from that article is pertinent:

International has never spilled over. It has not been beguiled by prosperity. It has never invited public purchase of a share of its stock. It has never paid money for financing. It has not now, nor has it ever had a bonded debt. It has no bankers on its board. It has no affiliations in Wall Street. It is a manufacturing company run by manufacturers for the purpose of manufacturing. And every director of international is a man whose one and only business interest in life is International Shoe.

All of a Kind

Thus it appears that the histories of Johnson & Rand, George F. Johnson and Henry Ford are all very much alike. *They all began with nothing but what they had within themselves.*

Mr. Ford was supplying the world with a new utility, never obtainable before. The cases are precisely alike in that all of the fortunes made in these businesses, *are in the business were made*, and have had to be there in order that the increasing demands of the public for the products could be supplied, and that the increasing number of workmen could be employed. If the United States Government had ousted either Mr. Ford, George F. Johnson or Rand & Johnson from where they were making their successes it would have been obliged to supply the same amount of capital to handle the business, and without Henry Ford, George F. Johnson or Rand & Johnson to run it.

The shoe industry differs much from the automobile industry. It is older, supplies a low-priced article of common use, and the methods are quite standardised. The automobile industry is compara-

tively new, the product is one in which style counts for much, and is highly changeable, the sales run into larger volume, sales fluctuations are greater than in the shoe industry, and in all respects the business is less stable.

We have asked the question: At what point in Mr. Ford's career would it have been socially desirable for the Government to take the Ford business away from him in order to prevent him from becoming continually richer as the business grew? The same question may be asked about the other men. On the Karl Marx theory that what an employer gains in his business is obviously taken away from his employee, a \$1,000,000 or \$7,000,000 fortune may be quite as unjustifiable as one of \$100,000,000; the main difference being that circumstances were not the same.

If Mr. Ford had been retired when he had \$100,000 or \$1,000,000, his part in the subsequent development of the industry would have stopped there; he never would have given employment to 100 000 men. The same is true as to the others. Furthermore, if when they "discovered" that they were individually worth \$100,000 or \$1,000,000 "book value," they had thereafter divided all additional profits among the workmen, the result would have been the same. They would have had no further part in the development of the industries. At these stages of their careers these men were just getting under way, and if retired then would have been condemned to make no use of their abilities, training and experience during what have proved to be the most useful years of their lives. They would have had enough to live on, but the public would have lost the service of their constructive abilities.

This seems to answer the question asked last month, whether men like Edison, Ford, the Rands and Johnson's are exploiters of the masses, or by their capacity for organising the masses and discovering new ways of doing things, do so increase the productivity of all the industries, that the flow of wealth is vastly enlarged, with benefits to all? The Marxian idea is the "card-game idea" of business, i. e., that what one player gains others must lose. The Edison-Ford-Johnson and Rand idea is that developing industries create an ever-increasing abundance of all desirable things, in which everybody participates. It contemplates all industrial groups, guided by helpful leaders, exchanging products and services with each other, and as "team work" improves, both in the smaller

organizations and in the all-inclusive organization, all enjoying a higher and higher standard of living.

We cannot carry this discussion much further now, but we are only at the threshold of the subject, and it will be continued from month to month. Last month we named a lengthy list of important industries in which hard manual toil has been lightened, production increased, and the purchasing power of wages over commodities vastly increased, in the last 100 years. These achievements of the modern economic system have been accomplished by scientific research, invention, management, the use of capital and the more effective organization of labour. Every industry might be analysed as in this and last month's article, but no more now. We will add, however, this sweeping statement, that no important industry can be named wherein wage-rates today do not average higher, in relation to their pre-war level, than do the prices of its product. In relation to the prices of the industrial products into which they have entered, wage-rates have increased generally and largely since 1913.

The secret of prosperity is in just such balanced relations between all parts of the economic system as is maintained between working groups in the Ford and Johnson factories. The highest possible prosperity for every group and class is obtained by harmonious co-operation to increase the efficiency of the system as a whole. The constant efforts of every industry to eliminate waste and lost motion, to reduce costs and prices, and thus increase sales, results in a continuing distribution of benefits to consumers, who in overwhelming numbers are the workers themselves. Moreover, the increasing supplies of capital which can be utilised only by employing labour, and the constant development of new industries, have so enlarged the demands for labour that the percentage of "gainfully employed" to the total population of this country has steadily increased and the trend of wages has been steadily upward.

The influence of the modern economic system, under such intelligent leadership as has been afforded by Edison, Carnegie, Ford, the Johnsons, Rands and scores that might be named, has been for the development and improvement of the organization by which society supplies its wants, and for the unification of society, all in striking contrast to the Marx-Engel doctrine of an irrepressible class war.

In Conclusion

It must be apparent that what Marx and Engel did not know about the economic system in 1848 would fill volumes, and that their followers have learned nothing since. The most serious, however, of all the developments of this disturbed period is this new tax legislation, which Senator Gerry very properly has said is not revenue legislation. In it we have the beginning of a policy which, so far as it goes, is a substitution of the doctrines of the Communist Manifesto for the Constitution of the United States.

The Constitution of the Fathers was intended to develop individualism, to teach each person to think and act upon his own responsibility, to learn his own rights, and the rights of others and the necessity for voluntary cooperation with others in organized society. People live and develop as individuals, and by their experiences, their faculties grow by use, and the forefathers intended the Constitution to protect independent thinking. The new policy is intended to restrict individual initiative, and make everybody conform to a pattern and plan. This new taxation is coercive and punitive, and based upon the theory that the fortunes acquired in business are obtained by exploitation.

This policy is based on many assumptions—all false. The primary one is that the privately owned fortunes have been taken from the mass of the people by high prices or other devices and thus have reduced their purchasing power from what it had been; whereas, the truth is that all of the fortunes acquired in industry have been made by reducing costs and prices, thus increasing the purchasing power of the mass, and increasing consumption, as shown by the constantly increasing volume of trade per capita, except in periods when trading relations have been disturbed by abnormal events, for example, the War.

A feature of this assumption is the idea that not only are these fortunes taken from the people and thus withdrawn from general use, but that they are completely devoted to the use and benefit of the owners, whereas these fortunes all remain in industry, are engaged in accomplishing economies in production and distribution, in supplying the wants of the people, and doing so more efficiently and abundantly than possibly could be done by the Government if the fortunes existing in the industries were taken over by the Government and operated by Government employees.

Another aspect of this same assumption is the idea that Congress, which is a changing body, with about one-third of its members on the average coming in new after every election, together with a bureaucratic administration which it might set up in Washington, could employ these fortunes, which exist in the form of industrial equipment, more usefully than the men who have created them! With all regard for the many splendid men in Congress it is common knowledge that with 531 members in the two Houses, it is a very cumbersome body for effective action. It is under constant pressure from many outside quarters, and has endless capacity for disagreement within itself. In sheer desperation to get something done it resorts to all sorts of devices, tactics and log-rolling bargains, everybody believing, it may be assumed, that what he is striving to accomplish is for the best interests of the country and that the end justifies the means, although there never is any certainty about that. The one thing certain is that Congress can have no effective organization for managing the complicated economic system, or even just the big corporations.

Congress is first of all a political body. The breath of its life is politics, and politics is much the same everywhere, all the way from the voting precinct through the country courthouse and city hall and the state capitol, to Washington, D. C. Always the uppermost idea in politics is to "get by" in the next election. Politics did not make this country what it is, and the less of politics there is in business the better for the country.

We venture to say again, still following Senator Gerry, that the present bill is not a revenue measure, or even a wealth-sharing measure. It is just a proposal to level down society, to hit every head that shows above the deaf level, to penalize success, to suppress leadership, to take from every man who has demonstrated powers of leadership—upon whom thousands or hundreds are dependent for employment, the properties and instrumentalities by means of which he gives employment and does his work. It is intended to oust these men from the industries they have built up, to tear apart the men and industries; disrupt the organizations, scatter ownership arbitrarily and break up control, regardless of the disorganization and paralysis which must result to all business.

(N. C. B. N. Journal)