

THE IMPACT OF THE WAR UPON IRISH ECONOMY.

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(*With Discussion.*)

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The European war has given rise to many speculations, generally vague but almost always gloomy, upon its probable effects on Irish economic life. It is a subject which calls for the attention of this Society; but equally obviously the usual procedure of enquiry cannot be followed with any profit. The uncertainty of events at present and in the future forbid the composition of a paper which would possess any degree of objectivity. It is certain that the war has already brought about changes in our trade; but with the discontinuance of the publication of many statistics it is now impossible to estimate exactly their degree or trend. A far greater degree of speculation is introduced by the uncertainty of the future course of the war. Obviously it must affect our position greatly if the more powerful neutrals are drawn into it. It must affect us also if it becomes impossible to transport raw materials; or if the demands of belligerents become so great that even our modest needs cannot be granted. It will affect us even more greatly if the internal transport of our only market were to be dislocated. Or, to take perhaps the clearest example, it will make all the difference to us if the British Government succeed in implementing its declared policy of preventing a rise in prices on the same scale as occurred in the last war. The trend of our taxation, our unemployment policy, our housing policy, of our production and standard of living both during and after the war must depend upon the determination of these issues.

It is clear, therefore, that it would be impossible and indeed impertinent to read a full-length paper upon so uncertain a matter as our trade in war time. The following remarks therefore are intended solely to preface a general discussion. To cover so wide a subject many of them must necessarily be general.

There appears to be a tendency to compare unfavourably our present position with our position in former wars. To a certain extent this may be due to the fact that, after all, we do know that we made large profits 25 years ago while no one knows how events will develop to-day. Undoubtedly, in the past we have consistently benefited from the misfortunes of others; whether the profits were made in cattle, as in the last war, or in tillage as happened a century before. In both cases war-time prosperity had to be paid for dearly in subsequent depression (and this is one matter which calls for attention now), but at least there was plenty of money going while the war lasted.

To-day we are in a more responsible and, at first sight, a less profitable position. We are necessarily debarred from many sources of revenue which existed in the last war. Expenditure on, and by

the Army, can only be a shadow of the expenditure undertaken by the British Government; and subsidies for various forms of agricultural production will certainly be far less. It may be presumed that allowances to the dependents of soldiers will bring in a smaller national revenue than then. At the same time we have now to maintain social services unknown twenty-five years ago. To maintain them may mean increased taxation and the burden there is already far heavier than it was at the beginning or, for the matter of that, at the end of the last war.

This point is of special importance in connection with one other matter which is also new. In 1914 our emigrants had for decades gone to the United States and there was no reason why a European war should bring them back. In 1939 we had had for some six years before a shift of population to Great Britain. With the outbreak of war many, though their number may be exaggerated, came back. The following figures, from the current issue of the *Irish Trade Journal*, are of interest.

Balance of passenger movement (by sea) to the United Kingdom:

1936 ...	— 26,917.	1938 ...	— 19,412.
1937 ...	— 28,052.	1939 ...	19,551 (Jan.-Sept.).

(It will, of course, be remembered that the sole value of these figures is comparative. They take no account of movements from ports over the Border. The figures for 1939 show a balance of immigration from July to September. In the normal course, perhaps, the tourist season would have shown such a balance. This year it may well have been swollen by fewer holiday-makers going from here to Europe and by many tourists here who remained in Ireland through the uncertainty of the position in Great Britain or inability to return home overseas.)

Be that as it may, it is clear that the war has brought some addition to our population. Normally a stoppage of emigration would be a source of satisfaction; in immediate, as distinct from eventual, circumstances, it must give rise to further anxieties.

If this immigration, and also the immigration into our cities in the last few years, can be absorbed by an increased agricultural production, then matters should go smoothly. But can men and women, after experience of life in English or Irish cities, go back to the land as easily as they left it? Upon the answer depends largely the nature of the unemployment question because (for reasons to be mentioned) there would appear to be little possibility of their absorption into industry. In the first few months at least the unemployment register increased.

	Unemployment Insurance		Unemployment Assistance		Total Live Register	
	1938	1939	1938	1939	1938	1939
August ...	18,580	16,953	47,465	50,141	70,552	70,961
September ...	18,167	21,774	47,718	51,058	70,411	77,888
October ...	20,209	22,929	66,618	53,875	91,280	81,719
November ...	20,324	23,706	69,403	90,715	93,223	118,130

If in future months it is found that our increase in population means merely an increase in unemployment, does it not seem that the only possible remedy is a policy of public works such as drainage, housing (if the materials are available), reclamation, and the time-dishonoured repairing of roads? And if so, how far can such works be financed out of current savings and how far may it become necessary to deplete our sterling assets? How far can, or must, our public debt be increased?

It has been said that the prospects of increased industrial employment are remote. For eight years State policy has been directed towards the strengthening of the industrial arm and the attainment of so high a degree of self-sufficiency as possible. It has had the unexpected result that our industries are far more sensitive to the uncertainties of war to-day than in 1914, and that freedom to import freely is far more vital to-day than then. In the last war, over a wide range of goods, we imported the finished article: to-day we import the raw materials or goods already processed for packing or assembly. It is only now becoming clear to all that our dependence upon supplies from abroad is as great, if not indeed greater, than it was twenty-five years ago. It is indeed greater in one sense that if these raw materials are not obtained the result must be to strangle industrial production with a consequent falling-off in employment and, in some cases, the disappearance of factories, together with the capital, public and private, invested in them.

Certainly the policy of high protection has failed to bring about any reduction in the value of our imports. Their value stood at £42,574,222 in 1932, and at £41,413,993 in 1938. There have been heavy falls in the imports of certain commodities. But there are a wide range of essential imports which have increased, as they might have been expected to increase, both in volume and value, with the expansion of the new industries.

Certain commodities shown in the Table on page 4 can never be supplied from our own resources; indeed there are others in the same class, such as tea, tobacco, maize and, with qualifications, wheat. There are other commodities in the list which are in special demand during an expansion of housing. But it is certain that the volume of imports needed to keep our industries going is not likely to decrease; and it must be one of our major aims to ensure that, so far as possible, these raw materials are maintained. It is hardly the result to be expected from a policy of self-sufficiency.

The difficulties, for the present at least, are chiefly physical. Fortunately our agricultural exports in the past have built up enough sterling assets to secure that we can pay for imports. But here again much will depend upon the needs of the belligerents and, also, on our relations with whichever belligerent holds command of the seas. Presumably the prospects of conveying imports in neutral ships will be investigated.

It should, however, be possible to replenish rather than to diminish our foreign assets. It is to be hoped that the prices for agricultural produce will, to say the least, increase considerably. Much will depend upon British financial policy. That policy, although professedly aimed at preventing a rise in prices, does not appear to have avoided a rise as swift as characterised the last war. Between the outbreak of war and November 1st, 1939, the price of food in the United Kingdom rose by 12 per cent. It will be seen later that,

if only through optimism, the buyers at Irish fairs appear to think that the golden days of the last war have already returned. But whether the higher prices are justified or not, there can be no doubt that the trend of prices must be upwards and that Irish exports will increase in value. There is, of course, the other side to that picture—the effect on food prices at home.

COMPARISON OF THE VOLUME AND VALUE OF IMPORTS OF CERTAIN RAW MATERIALS, 1932 AND 1938.

	VOLUME		VALUE	
	1932	1938	1932	1938
	tons	tons	£	£
Coal	2,303,919	2,483,973	2,734,418	3,319,422
Cement	196,932	203,471	361,357	373,579
Bars, rods :				
Iron	8,337	3,077	51,197	34,866
Steel	7,745	16,903	49,795	211,151
Iron and Steel construct	8,518	14,161	69,486	241,491
Plates and Sheets (galvanised)	9,434	8,270	103,131	142,161
Tin Sheets	3,836	6,546	71,007	168,487
	cwt.	cwt.		
Tubes, cast	126,846	232,854	95,583	147,831
" wrought	45,107	120,975	48,971	156,244
Copper manufactures ...	15,744	71,977	69,560	226,014
Brass and its manufactures	14,898	14,635	132,100	115,583
Boilers and boilerhouse plant	14,891	56,576	31,359	168,576
Electrical machinery :				
Generators	2,180	2,250	11,591	17,674
Motors	4,125	7,417	24,218	47,751
Other parts	15,062	37,266	138,227	299,828
Printing machinery ...	7,025	13,723	65,367	123,689
Textile machinery ...	10,203	37,906	57,674	183,141
	load	load		
Wood and Timber sawn, deal	68,057	150,398	284,238	711,803
	lb.	lb.		
Cotton yarn	976,968	7,205,990	51,235	366,599
	sq. yd.	sq. yd.		
Cotton piece goods ...	28,724,015	35,719,874	887,893	1,000,802
Rubber and manufactures	*	*	375,583	238,540
	cwt.	cwt.		
Paper, not coated ...	338,691	543,655	181,781	268,889
	gall.	gall.		
Gas and fuel oil	5,705,722	10,657,524	78,551	145,788
Petroleum lamp oil ...	17,860,080	18,405,217	296,852	302,083
Motor spirit	38,530,999	41,015,790	708,856	695,103

But to say that our agricultural production should increase in value is merely to ignore deeper necessities. If in this country we are content to live on higher prices for the same amount of production we shall lose an unexampled opportunity. It is most certainly

not enough that agricultural production should pay: it must be expanded. Nothing was more striking, or more ominous for the future of Irish agriculture, in the paper recently read to this Society by Professor Duncan, than the inability to expand production in face of higher prices. Prices may rise much more quickly in the future: will production rise also?

Nor does the matter end there. It would seem that the volume of our agricultural production has, comparatively to other countries, remained almost stationary in the last forty years. It has been estimated (by Dr. Kennedy in *Studies*, December, 1938) that in that period the export of butter from Denmark has doubled, of bacon and hams more than doubled, and the export of eggs almost quadrupled. Between 1913 and 1937 the export of butter from New Zealand rose from 12,500 tons to 147,500 tons. Are there any figures in this country that can stand the test of comparison?

It is profitless to inquire now if the policy pursued in this country in recent years has been such as to encourage an increase in agricultural production. But, quite apart from other considerations, the prices offered at recent Irish fairs would suggest a doubt as to whether that policy can be maintained at all in present conditions. The issue of the *Irish Trade Journal* for December, 1939, shows the following increase in prices at fairs in the quarter July-September, 1939, as compared with the similar quarter of 1938. Store cattle increased by amounts between 6.9 per cent and 11.9 per cent.; fat cattle between 4.8 per cent. and 8.8 per cent.; fat lambs by 8.3 per cent.; ewes by 13 per cent.; young pigs by 10 per cent.; in the same period butter went up by over 8s. per cwt.; white oats by 9 per cent.; black oats by 13 per cent.; potatoes by 17 per cent.; and hay by anything between 28 per cent. and 36 per cent.

It is certain that, striking as these increases may be, they have been dwarfed by developments since the end of September. The question then presents itself: If these increases continue, will the farmers continue to be interested in guaranteed prices for wheat, or beet, or even in the industrial alcohol factories? Is it not more likely that they will go into those lines in which prices are soaring?

If they do that, and go into those forms of farming which, when all is said and done, are natural to our climate, should it not be State policy to see that production on those lines is expanded? In so general a paper as the present it would be impossible to indicate the lines on which that expansion should be directed; but it is likely that the matter will be taken up during the discussion. One remark may be allowed. Do the times not call for an honest return to those general principles of agricultural policy which were pursued between 1922 and 1932? Is it not possible, by an increase of mixed farming, to maintain and, indeed, to increase the area under profitable tillage? Is it not possible to carry those principles further and to introduce winter feeding into Ireland as it has been introduced into other countries which, in peace as in war, compete with us in the export market?

It is to be hoped that these matters will be discussed to-night. Perhaps the most insidious danger of all to-day is not that our raw materials may not be available or that our supplies of daily necessities may be curtailed, but that the producing community may be content to take higher prices and maintain their production at the level of recent years. It must surely be the supreme concern of the

State to ensure not merely that the farmers get better prices but also that they produce more and, the first matter to be seen to, that they are put in a position to produce more. To do so would be the most productive of all forms of war-time expenditure; it would bring a rich return not only during the period of war but in that peace which we hope will soon return.

This paper can do nothing more than touch the fringes of the many problems with which this country is faced. There are many questions, no less important, which have not even received mention. The problems of revenue must be considered. There is the matter, which would need a special discussion, of our currency policy. The immediate problem, however, is how our industry and our agriculture are to be strengthened in these uncertain times. The purpose of this introductory paper has not been to deliver individual views on that problem but to serve as a medium for introducing a general discussion which will surely clarify and define the issues. If it succeeds in that it will have achieved its purpose.

DISCUSSION ON MR. MEENAN'S PAPER.

DR. HENRY KENNEDY proposed a vote of thanks to Mr. Meenan, and said he would deal with some of the matters raised from the agricultural point of view. It would require the gift of a prophet to answer all the questions raised. He had already expounded the view that the failure to increase agricultural production in this country was due to the fact that you cannot get blood out of a turnip, and you cannot make a silk purse out of a sow's ear, and you cannot procure milk from a cow in winter on bad hay, on roots you have not got, and on feeding that you cannot buy. Before any serious improvement in agriculture could take place there would have to be a drastic change in technique, and they would not make things better by a little improvement here and a little improvement there. They would have to get the farming weather proof. There was everything to be said for self-sufficiency on the farm, when that could be realized at a lower cost than non-self-sufficiency. The two familiar crops, grass and potatoes, should form the basis for a completely self-contained agricultural economy in this country, and the basis for enormously increased production. The potato would form the basis of a large increase in pigs and poultry. From time to time he had ventured the view that the question of tillage had been approached in recent years from a wrong angle. The object in any rational farming economy should be to produce the maximum amount of food per acre at the lowest cost. If there had been a campaign of "Grow more grass" during the last 18 years they would now have far more cattle, pigs, poultry and far more crops. The question arises to what extent—in the light of modern technical experience—can the nation as a whole make up for the neglect of these two invaluable crops. He could not say that the prospects were very rosy as regards increased production. It was not practical to change technique over-night. It would take a long time, and with their farmers he did not think they could expect a very serious change in the period of time that one considers in connection with the war. If certain essential raw materials, particularly fertilisers, were not forthcoming he could see a situation arising where there would be a reduction of agricultural products. Again, with pigs and poultry they may have a diminution of

production because these products were based to a large degree on imported feeding stuffs. One of the most crucial questions of all was that of fertilisers. He would like to present a more rosy picture with regard to the possibilities of increased production, but frankly he could not. A mighty effort, however, should be made to increase production and to make up for the neglect which had taken place in that direction since the State was established. If in the year 1925 agricultural production in this country was on a level with that of Denmark, the nett value of our exports instead of being £13 million should have been £60 million. The position, therefore, was, that there were enormous possibilities for increasing production given the fertilisers. But he would be an optimist who would envisage a very substantial increase for a few years because the change in technique will necessarily take a considerable time.

SENATOR JOHNSTON, seconding the vote of thanks, said it was extremely difficult for people in their position to deal objectively with the problems before them, because there had been a regrettable cessation of publication of statistics, and they were not in possession of all the relevant facts.

One illustration of the effect of war restrictions was that the internal prices here of commodities had definitely increased in reference to world prices. For instance, maize was selling in the market towns here at £11 and £12 a ton; it was imported into Liverpool at £9 a ton, and in the United States it was four or five shillings a hundredweight. This was one of the differences in price which the war situation had certainly tended to aggravate, and he mentioned it merely by way of illustrating the war effects on their economy as compared with that of the outside world. Another thing was the rise in prices during the early months of the war as compared with the early months of the late war. All through the history of the last war the £ remained more or less at par with the dollar, and that removed one factor affecting prices which had caused a rise in prices now. There was also the increased cost of transport and the cost of war insurance and war risks. If the present prices could be stabilised and the war financed on the present level of prices it would be very satisfactory from every point of view. The present rise had a good effect on their economy because it had increased the prices of those things which they were well fitted to produce and export. He thought it was more marked in the case of butter, bacon and eggs than in coal or wheat. Wheat was cheaper to-day in Canada than it was in 1914. He agreed with Mr. Meenan that agricultural production should expand, but he also felt with Doctor Kennedy that it was much easier said than done. The expansion of agriculture was a matter of long term policy. If conditions were otherwise it would be possible to bring about a rapid increase in the production of poultry, eggs and bacon, but they would have to call in the use of imported raw materials, and that was precisely the thing which was extremely difficult to do under war conditions. They could not expect miracles especially after the way agriculture had been treated during the last seven or eight years. It was, so to speak, caught on the wrong foot. The limited cargo space available at present should be used for the importation of wheat, of which 100 per cent. was used for consumption by people, especially when it was remembered that the growing of wheat exhausted the fertility of the soil, unless it was grown in proper rotation with roots. The farmers were encouraged to use sixty thousand acres of land for the growing of beet. With the world glut of sugar they should consider whether it would not be better to use that sixty thousand acres to grow potatoes, which would give them 600

thousand tons more of potatoes at ten tons to the acre. Of course all through this business they should keep before their minds the lessons of the last war and especially the danger of unbalanced growth of cereal cultivation.

It would be desirable to revert to the pre-1932 agricultural policy if it was politically possible. They should restore the feeling of security and enterprise of the large farmers and tell them to go to it. He had pointed out before to the Society that there were only fifty thousand farmers altogether who employed wage paid labourers. If each of those fifty thousand took on one additional man, it would go a long way towards solving the unemployment problem.

Senator Johnston concluded by saying that one of the ways in which inflation could come about was by unbalanced exports. Restriction of imports can produce a condition which is essentially the same as monetary inflation ; but though they tried very hard here to restrict imports in recent years, they succeeded more in restricting exports. In the war situation that now existed there was a danger of inflation through a policy of unbalanced exports. They all owed a great debt of gratitude to Mr. Meenan for the way he had brought this matter before them.

GENERAL R. MULCAHY, T.D. said it would be interesting to know the reaction of the war on the mentality of the farmers. In a year or two he would like to see that the agricultural community as a whole had extricated themselves from the position they were placed in by Government policy for so long. They could understand the position the farmers were placed in being short of fertilisers and so on, but it was now a matter of life and death for them. The war might drive the farmer to depend upon his own initiative which would be a good thing. But with the case that was so very definitely made by Dr. Kennedy for the production of potatoes and grass, he could never understand why individual farmers did not go in for that line of production, because he regarded it as a line in which a farmer could act as an individual and make his own of it. It need not entail co-operation with others. If he were a farmer he would not come asking the members of the present or last Government about his farm. He would rather go to the Agricultural Instructor. Any weakening that would take place in their economy here would not take place on the farm. There would be no weakening in the agricultural community. He thought that, with all the other problems, as the war went on the farmers would be left to guide their own footsteps.

On the industrial side, the managers and organizers of industries at the present time had some difficulties, but he did not think they would be very great. On the pricing system, they could fix their own prices, and they should not plan to lose. There may be difficulty with regard to raw materials, but most of them knew where their raw materials were to be got, and they were in touch with channels that would provide them. There must be a certain amount of Government contact and Government assistance ; but when he read a speech such as that of the Minister for Economic Warfare about Britain buying up all the raw material they could get, he could not see why there should be any difficulty about getting raw material. With regard to the quickening up of agricultural production, when they considered that during the last few years 48 thousand boys and girls had disappeared off the land, they realized it would take some time to absorb even half that number. He hoped it would be possible, as Senator Johnston suggested, to get agri-

cultural employers to employ more. The towns were more stagnant than they need be because of the difficulties the farmers had been in, and there was a considerable lack of employment in urban districts, and it was particularly so in Dublin because of the falling off in the building and the motoring industries. So it was not clear that the agricultural industry could absorb all the unemployed, and it was clear that some scheme must be evolved by the Government to employ them in some way. There undoubtedly would have to be increased expenditure to develop employment schemes.

MR. COLM BARRY, joining in the vote of thanks, said Mr. Meenan had focussed their attention on the trade of the country. Of course that was the crux of the whole situation. Very few of their industries could get all the raw materials at home, and that was particularly true of agriculture, and agriculture, moreover, was very much dependent for its prosperity on the export of the surplus production. At the beginning of this war the balance of trade stood at about £17½ millions, and the situation was very different from that at the beginning of the last war. They were not certain whether import prices would go up more than export prices or whether export prices would be higher. But they did know that prices would go up, and a proportionately equal rise in import and export prices meant the same proportionate rise in the import balance of trade if the volume of imports and exports remained the same. The same consideration did not come up for notice after the outbreak of the last war because then there was practically no import balance of trade. The volume of imports will decline, but they could not say whether there will be a rise or fall in the volume of exports. Suppose both import and export prices rose equally—about 50 per cent. each—and that the volume of exports went up by say 10 per cent., while the volume of imports declined by 10 per cent., there would then be a drop in the import balance by about a million pounds, which would bring it down to £16 million. These assumptions were optimistic, as present indications were that import prices would rise more than export prices. At any rate, there seemed little danger of inflation through an export surplus as Senator Johnson feared. Up to the present there had been a falling off generally in the volume of their exports, though of course there was a big increase in value. The balance of trade for the second last month of 1939 was much the same as in the corresponding month of the previous year. The volume of their exports would, of course, depend on whether they could get the raw materials and feeding stuffs. If an unbalanced position developed it might not be very easy to meet it by the liquidation of their external assets. At any rate, they would probably have to sell them at reduced prices. In the table of the balance of payments published in the June issue of the *Irish Trade Journal and Statistical Bulletin* the most important invisible item was their income from foreign investments, and the corresponding debit item, foreign profits in this country. He thought that on the whole the nett figure under this heading would not greatly alter. There would probably be very little difference in the payment of about £2½ million from the British Ministry of Pensions and the British Treasury; but they would lose about £400 thousand from American tourists, and there would be a reduction in the amount coming from the Sweepstakes. Then there was the item called "balance unaccounted for". This was a credit balance put in to make the two statements agree. This figure of about £5½ million, which had been looked upon on more than one occasion as a loss, ought really to be regarded as a credit item.

It was a rather mysterious item and it was difficult to make out what it was made up of. It probably included moneys from the tourist traffic, payments by patrons to commission agents, and so on, and, therefore, was likely to diminish during the war. The impression one gathered was that their present income was going to drop, and if that were so it would have to be redressed by the liquidation of various external assets.

MR. DUFFY said they were all indebted to Mr. Meenan for his paper, but he would prefer if Mr. Meenan had undertaken the review himself rather than invite the members without preparation to indulge in a review. The main thing that must concern them in the discussion was the fact that to-day there were 112,000 people unemployed in the country. These people were dependent on Home Assistance and on Public Assistance, both of which were inadequate and must be increased; the sooner they realized that the better. He did not subscribe to the view that it was a tragedy to see their own people returning from England. When a person got off the incoming boat in Dublin he at once became a consumer of their produce and they should therefore welcome him home. But could they provide goods and services for him?

PROFESSOR O'BRIEN: Is he a producer, though?

MR. DUFFY: "I want to get that man to become a producer; I want him to show a return to the community for the hospitality he receives." The sooner they faced the fact that they had to paddle their own canoe the better for them. He would not like to say what was going to be the outcome of the war or who was going to have command of the seas. Other speakers appeared to be more confident in that respect than he was. At the present time Great Britain was creating money out of nothing at the rate of a million pounds a day. The securities on which that credit was based may not be worth much after the war. Senator Johnston had raised a point that had been worrying him (Mr. Duffy) for a considerable time. He had been impressed by the way the farmer was urged to produce more food, not for consumption here, but to send abroad. Didn't that mean that they were aiming at sending out something for which they were getting no return and that they were denying themselves something they needed? In the 1914-18 period they did have an opportunity of reaping advantages from the war situation, but they would not reap any advantages now owing to the policy pursued by Britain in Britain's interest. Senator Johnston's suggestion that 50 thousand more men could be employed on farms if each farmer employed one additional man was only begging the question. Why should the farmer employ an additional man unless he was assured that he could profitably dispose of the produce of that man's labour? By providing work and wages for the unemployed they would ensure that a profitable home market would be available to the farmer, but not otherwise.

Mr. Duffy added that with regard to the question of inflation, he could see a difficulty in sending out goods without getting goods in return. But there could not be inflation in a country where they had 110,000 people unemployed in a population of three millions. He knew of one motor firm that had disposed of all its men, some of them earning from six to ten pounds a week, and these men would not be content to go hungry. It was a question of very serious import for the country, and one that must receive attention. Mr. Meenan had performed a great service in bringing it forward.

MR. FORDE said that one of the things suggested now was that they

should develop agricultural production only, for export trade. Admittedly if things went as they did during the last war there would be unlimited scope for trade in agricultural products. But when the war was over they would have the competition again of New Zealand and the other countries which normally supply the British market. If they developed industry—if they built on the basis of an industrial economy—then they would at least be able to supply a certain proportion of their own requirements after the war. It was suggested by Professor Johnston that 60 thousand acres of potatoes would have been grown by the farmers if they were not growing 60 thousand acres of beet. At present the position was that there was no war in the real sense. If, however, it took the course of the last war they would be left without sugar. It was more important, he thought, to keep their people supplied with sugar than to keep the people of other countries supplied with pork. If they had gone along sufficiently on self-sufficiency lines the problems of supplies and employment would not be so acute. There may be a certain deflection of employment—the motor trade was down to a skeleton organisation. In the long run, however, employment should increase in war conditions. There were a lot of firms equipped as a result of the last seven years' policy, and already orders were coming in from the other side. If the war went on and there were raids in England, it was easy to see that there would be very heavy demands on Irish industries. There were a lot of difficulties in connection with their industrial problem. Mr. Johnston suggested the abolition of protection and quotas. This, in his opinion, was not practicable since in many cases the prices quoted by British supplies for raw material to Irish firms were so much above the prices quoted to manufacturers in the United Kingdom that the existing protection was cancelled. Such cases could only be dealt with by increased protection if the industries were to survive. Mr. Meenan had given a list of commodities which could not be produced from their own resources. The list was certainly an extraordinary one. It included cement which was now produced here and for which, in fact, there was an unlimited export demand. In the products of the heavy industries there were included numerous items which could be, if not wholly, at least partially, manufactured here.

PROFESSOR O'BRIEN said he had a great many remarks to make, but it was too late, and he would not have spoken at all but for the fact that he had interrupted Mr. Duffy. He interrupted him because he was so very interested in what he said. There were three points in the country's economic system where a balance was essential and three possible disequilibria that might arise during the war. The first was a disequilibrium in the balance of payments that would result in a loss of sterling reserves. There were suggestions that the value of possessing external assets was exaggerated. It seemed to him that at a time like this, when normal trade had given way to power politics, the only thing that prevented this country from being swamped was its external assets. Any small country at the present time that had not got ample external assets would be in a very serious position. He agreed with what Lord Stamp said yesterday: "Everyone in Government and trade must be export-balance conscious because it touched all our activities." The second disequilibrium was between costs and prices which might add to the already serious volume of unemployment. The third was between public revenue and expenditure. Those were the three important matters affected by the economic position to-day.

MR. BRENNAN mentioned that a most important point to which insufficient attention had been paid was the question of wage increases in relation to rises in the cost of living. In many quarters in this country there seemed to be an impression that as the cost of living rose wages should be increased more or less in proportion. Any general attempt to give effect to such a policy would be productive of great harm and must tend ultimately towards inflation and currency depreciation. The fact was that in war time the real national income in the form of commodities available for civil consumption became curtailed. This necessitated reduced consumption and a lower standard of living and it would be futile to seek to avoid this consequence by steps such as the increase of wages. Moreover the increase of wages could not be generalized and those who would immediately benefit by it could only do so to the prejudice of the greater portion of the community and especially of the poor.

It was also important to bear in mind that the ultimate economic effect of the war on this country would have to be measured in relation to the steps taken in other countries to safeguard their economic position. The stringent control of wages and other costs in France and Germany for example, would mean that on the return of peace these countries so far as this particular factor was concerned would be in a favourable position for the conduct of their external trade as contrasted with countries which during the war would allow inflationary influences to affect wages and other elements in their economic structure.

THE PRESIDENT said their discussion that evening had been very interesting and while he would formally put to the meeting a vote of thanks to the reader of the paper, he felt that the thanks of the Society should be accorded to all those who had spoken to the paper. He felt sure that Mr. Meenan would join with him in thanking those who had taken part in the discussion. So much time had been taken up by the previous speakers, only a few minutes unfortunately were available for Professor O'Brien, who had given a very good summing up of what had taken place, as well as making his own contribution he had quoted words spoken by Lord Stamp in the British House of Lords which were of the utmost importance in days such as these, viz.: "Everyone in Government and trade circles must be export-balance conscious because it touched all our activities."

MR. MEENAN thanked the members for the discussion.
