

EXTRACT FROM MONTHLY REVIEW OF STANDARD BANK OF SOUTH AFRICA.OCTOBER 31, 1922.THE AGRICULTURAL POSITION

While a considerable improvement in the agricultural prospects of the country generally has taken place during recent months, it would be idle to deny that the position of many members of the farming community in the Union and Rhodesia is still extremely difficult, and, indeed, in some cases critical. And the cause of this is not far to seek, for probably no section of the industrial community has suffered more severely from the unstable conditions that have obtained during the last two or three years than the farming interest.

When considering the position today, however, it is necessary to bear in mind the fact that this industry was the first to profit by the new economic situation called into being as a result of the outbreak of war in 1914, for, owing to the withdrawal for war service of large numbers from the work of production, raw materials of almost every description very soon appreciated in value, the effect of which was in due course reflected in increased wages of those engaged in other industries, and a consequent general advance in the cost of living. After the conclusion of the Armistice and the subsequent arrangement of terms of peace, there came about, as the result of many causes--chief of which were the curtailment of Government expenditure and the restriction of credit--a marked diminution

in the purchasing power of the world, one effect of which is seen in the return of most raw materials to approximate pre-war values. While wages in other industries continue today, if not at the highest war-time rates, at least at levels which exhibit considerable inflation when compared with the pre-war basis, it follows that the farmer is at present laboring under a considerable disadvantage, inasmuch as he is compelled to pay, for necessary goods and materials, prices inflated by high wages paid for their manufacture, whereas he is receiving a return for his own produce on a basis of pre-war value.

The problem is not peculiar to South Africa, but is of world-wide application at the present day. A recent press cable states that in Great Britain farmers of all classes and in all districts are in serious financial straits, and that failing means of adjusting outlay to revenue, large numbers will be driven out of business. In the United States of America, also, the matter has been under investigation by a Government Commission. It appears to be generally recognized, however, that the situation is not one calling for Government intervention, unless, indeed, some alleviation may be afforded by way of further reduction of railway rates for the transportation of agricultural produce, or in some other similar manner. Adjustment will ultimately come about through the regular operation of economic forces, which are not at present functioning in a normal manner owing to the continued world-wide financial disorganization. In due course the prices of raw materials, as representing the value of agricultural services, will assume their proper relationship in

the markets of the world to the value of industrial services, and abnormalities such as now exist will disappear. Any attempts to hasten such adjustment by legislative measures will, it is thought, probably have the opposite effect to that desired.