

## International Exchanges

(Continued from page 7.)

Britain met her balances of obligations in gold, her £1 was at par, but a few weeks ago she got tired of meeting the drain of gold, and the Bank of England ceased to sell gold freely at par. Consequently sterling depreciated at once, and the £1 became worth only about 3.90 American dollars (yesterday it was worth 3.62 dollars) or 90 French francs or, say, 15/- or 16/- against the franc and the dollar.

What resulted? At once Americans and their customers, and French people and their customers, found they could buy British goods 20 to 25 per cent. more cheaply, and British business began to hum. The English newspapers of the first week in October report manufacturers as having been overwhelmed with overseas orders; some totalling more than they had received for months.

Say, an American arrives in London with his dollar draft and finds he can get a £1 note for 3.62 dollars instead of 4.86 dollars; he saves the difference on each £1 worth of British goods, so he buys from England more freely.

Conversely, however, the British buyer has to give a £1 for only 3.62 dollars in buying from America, so he buys less American goods and American trade suffers.

### Triangular Operation.

It works out in a very interesting fashion when the exchange is triangular between three countries. Suppose a New Zealand farmer buys some American tools costing 4.86 dollars in America, payment for which is to be made in London. This farmer sells a lamb in London for £1. He could sell that £1 in London to the bank for about 22/-, payable in New Zealand, but he pays for these tools instead. The £1 is meantime only worth, say, 3.62 dollars, so he loses 7/- on his exchange through buying American tools paid for in London with money he could have profitably transmitted to New Zealand.

### Present Results.

NOW what is the present result of all these exchange movements.

In practice Britain is getting more orders and selling more goods. She has a 20 to 25 per cent. advantage in selling to countries whose currencies are still fixed on gold. This means that the dragging, creaking wheels of her trade, retarded by the depression, are turning again more easily. It means more orders, more employment, a bigger turnover on which to spread heavy overhead costs, a profit instead of a loss per unit of turnover.

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## "The Lady of Lyons"

Bulwer Lytton's Famous five-act Drama



Above: Naare Hooper, who is taking the part of Pauline Deschappelles, a noted beauty of Lyons.

Right: Harold Shaw, who will appear as Beauseant, a rich gentleman of Lyons in love with and refused by Pauline

will be presented from 3YA under the direction of Naare Hooper and Harold Shaw at 8 p.m. on Wednesday Nov. 18.



The Bradford wool journals of a month ago are quite excited about what they call the spectacular advance in wool values and the activity of the September sales in London which were extended by two days because the market was so good. A correspondent in the "Wool Record" says:—

"The departure of Great Britain from the gold standard has lowered the international value of our currency and increased the sterling value of commodities. The immediate effect is to discourage imports and by making our manufactured articles cheaper in other currencies bring export orders to our mills. Large orders for yarns have been placed with home trade spinners because imported yarns can no longer compete. This means increased activity in British mills."

It certainly means a disadvantage in the prices of some of Britain's imports, as it is equivalent to an import duty, but on balance she will gain largely meantime.

### Rising Prices.

It is true, however, that prices will tend to rise in Britain, and thus the purchasing power of wages and salaries and other incomes will be reduced in proportion, but purchasing power will only give up a little of the great advantage it has had during the rapidly falling prices of the last two years. In January, 1930, butter was retailing at 2/2 per lb in England. Recently it was only 1/2 retail, so there is room for some increase in prices without hardship to anybody, especially as wages are much higher in England now than they were pre-war.

Moreover, times of rising prices are usually times of prosperity. "Nothing

succeeds like success"—and this movement may give an impetus to British trade which is cumulative, and which may continue and grow with the assistance of other factors which may be brought into play.

Really what is happening on this exchange question all round the world is a little mild inflation—and inflation which is devaluing money to a lower ratio than goods, and the way this is coming about is keeping control and robbing inflation of its great dangers.

### MacMillan Report.

THE recently issued British MacMillan Report repeatedly stresses the great desirability of a large rise toward the price level of 1928, which the report considers would command widespread though not universal approval. The exchange movements which I have mentioned appear to be working toward this to some extent in some countries, though of course prices are still a long way from this 1928 level.

Our present abnormal exchange problems are teaching us a great deal about the necessity for balanced trade relationships between nation and nation and a common standard of value.

Some people say that the gold standard has broken down, and blame this for most of our exchange troubles today. Probably the truth is that the gold standard has been required to do much more than its proper function, and it would be more true to blame the extraordinary results of the war for our present troubles.

The gold standard has given the world a common measure for its prices and financial operations. The currencies of the nations of the world have by common consent had a fixed re-

lationship to gold, and consequently a fixed ratio to each other, and it has been most convenient that this standard should be the common denominator in all the currencies of gold standard countries; and their price relationships subject to an exchange charge which then need never be higher than what is called the higher or lower gold points, that is the cost in freight, insurance, and loss of interest of shipping gold for the redressing of adverse trade balances.

### The Standard.

A STANDARD of this kind is convenient and necessary if we are to have reasonable stability of exchanges, which is most desirable for many reasons; and if we all decided to abolish the gold standard to-morrow, the world would require some other standard in its place, and such an acceptable standard appears well nigh beyond the wit of man to find.

Adverse and large short date balances which could not be met with gold, because of its maldistribution, mainly through America and France having locked up the bulk of the world's supply of monetary gold, are the exciting cause of the present exchange difficulties of Great Britain.

It is an irony that while the sudden outside demands on Great Britain which at most could only amount to a few hundred millions, were being made in such a manner as to cause her to suspend her gold standard and leave sterling to find its own level, her investments overseas amount to the huge sum of not less than £4000 millions.

She is abundantly solvent, although her depreciated currency exchange would make her appear to be financially weak.

The fact is that the world's low prices have caught her with abnormally high and unproductive costs and obligations. The same thing has happened to Australia, New Zealand and other countries.

Meantime the slow struggle back to the soundness which is indicated by exchange parity will be accomplished by following the old advice, served up anew by "Punch"—"Spend your pennies wisely, and the pound will take care of itself."

## Television Patents

PATENTS relating to television are being issued by the United States Patent Office at the rate of two a week. In America, however, the term "television" has a rather wide application, for it is stated that of the total 350 "television" patents now in existence, 176 cover photographic recording and transmission systems.

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