

MONTHLY NEWS
of the
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ASSOCIATION.**
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"FOLLOW LIGHT—DO THE RIGHT."

Foreign Exchanges and their Effects.

By L. A. DAVIES, Esq.

In endeavouring to outline as clearly as possible the more important ways in which exchanges affect a country, it is perhaps as well to first emphasise that a rate of exchange is merely the price at which that particular currency can be bought or sold. The only difference between the method by which the price of the currency of a country is quoted, and that by which the price of a commodity is quoted, is that in most cases the exchange rates indicate the amount of a currency which £1 sterling would buy, that is to say, a French quotation of 53.50 means that £1 would buy Frs. 53.50, whereas in commodities, the price is quoted as the amount of sterling to be given for a certain quantity of the commodity, *i.e.* Rubber at 1/6 per lb.

The price of a currency as of a commodity is governed by the law of supply and demand, such supply and demand being due to the value of goods and services which any one country sells to and buys from another country. If England sells to France more than she buys from that country, then the balance of trade would show a surplus of Francs remaining in the hands of the former as a result of the excess sales, and in order to get rid of these the price of the franc would have to be cheapened, or, in other words the exchange would move up. This is actually the present position, the French exchange being about Frs. 53 to the £1 sterling, against the parity of Frs. 25.22½.

Now the exchanges affect a country in various ways. If the exchange is in that condition which is known as being favourable to a country, that is to say, that the sales of that country have exceeded the purchases, which is the present position condition in England as regards France, then the amount of the Foreign currency which can be bought for £1 sterling is more than normal, with the result that France is discouraged from buying in England because more than the normal number of francs has to be paid for every £1 sterling. On the other hand, England is encouraged to buy in France, because for the same reason the £1 sterling will purchase more than the normal number of francs, thereby

lessening the price of goods in sterling. The result of this is that inasmuch as sales by England are discouraged and purchases by England are encouraged, the balance of trade commences to redress itself, and the exchange quotation to fall, until, if the process were continued, parity would be reached.

It has been argued that an adverse exchange is a benefit to the country, inasmuch as the export of their products is encouraged. This is, of course, a fallacy, for an unfavourable exchange is an evil. A country with adverse exchanges is seriously handicapped, inasmuch as it has to pay very heavily for all necessary importations, and therefore has to produce and export a larger quantity of goods, to be in a position to obtain from abroad those commodities which it needs, or alternatively to reduce its foreign purchases.

This in itself has the effect of minimising the cheapness of their market to Foreign buyers, for although the Foreign buyer gets more currency for, shall we say, £1 sterling, yet the cost of production is enhanced owing to the fact that the manufacturer has had to pay much more for his imported raw materials, and for his labour, the wages of the workmen having to be increased in order to counterbalance the high cost of living due to the greater price to be paid for imported food stuffs, clothing, etc.

Nevertheless, the cost of production in the currency of the manufacturing country is usually more than counterbalanced by the cheapness with which the Foreign buyer can purchase such currency, and therefore that market is a cheap one, and sales are encouraged.

From the foregoing, it will be seen that an adverse exchange affects a country by—

- (1). Increasing the cost of living.
- (2). Decreasing its power to buy Foreign products, and enhancing their cost.
- (3). Increasing its power to sell its products abroad, but at the same time decreasing the amount of Foreign products obtainable in exchange.

The first of these unfavourable results is influenced by the last two, and unfortunately the increase in the cost of living usually means a decrease in the standard of life, but as previously pointed out, provided the willingness to work is not affected, the eventual result of the last two

unfavourable factors will be a gradual correction in the adverse exchange, until the time arrives when parity is again reached, and normal conditions prevail.

The operation of the law of supply and demand upon exchange quotations is usually deferred by the extension to the debtor country of credit by that country which has the balance of trade in its favour, and in normal periods a slight and temporary extension of credit is sufficient to keep the exchanges from fluctuating too wildly. The effect upon a country which has the balance of trade largely in its favour, is to induce that country to invest or leave temporarily portions of its capital in the debtor country, for if, taking again the example of France and England, the exchange quotation is high, it means that French securities can be bought by England cheaply. As a rule the rates of interest in a debtor country are high, in addition to which there is always the prospect that at a later date exchange will have approached normality, when the capital can be withdrawn and brought home to the creditor country in an appreciated form.

To a country with an adverse exchange, the temporary attraction or retention of funds in that manner is of considerable importance, and enables them to tide over a period during which the balance of trade is against them, but it must not be overlooked that payment has to be made for such accommodation, so that a heavier production is necessary in order to export a sufficiency of commodities to meet the interest, or in other words, the balance of trade is still more heavily weighed against the debtor country, and a greater effort in production is necessary in order to re-adjust the position to normality.

Both to the creditor and debtor country the evils of abnormally appreciated or depreciated exchange are considerable. Those to the debtor country have been outlined above; to the creditor country they are of a rather different nature. It will have been seen that a favourable exchange enables the creditor country to buy cheaply in the markets of the debtor country, and thereby the cost of the manufactured articles to the consumer in their country is lessened and the cost of living minimised. This in itself is a favourable factor if it could be had without any undue disturbance of industry in the creditor country, but unfortunately the ability to buy manufactured commodities abroad cheaply means that those factories and workmen engaged on the production of similar commodities in the creditor country are thrown out of work. This is a temporary phase which eventually adjusts itself by the direction of labour to other quarters or in other ways, but in the meantime considerable hardship is experienced by certain sections of the population of the creditor country, although the population as a whole of that country, are enabled to buy the affected articles more cheaply, with a resultant decrease in the cost of living.

The reduction in the debtor country's power to buy means also a curtailment of the markets of the creditor country, with a resultant depression in their trade and an increase of unemployment.

In normal times it is usual for a country to have a favourable trade balance with some countries, and unfavourable with others, but this is of little importance provided the aggregate trade balance is in their favour. The excess funds due from one set of countries is used to meet the claims from others, and thereby all the exchanges are kept close to parity. One of the difficulties however, at the present time is that the credit and balance of trade of certain European countries is so unfavourable, with a resultant very heavily adverse exchange, that the proceeds of goods sold to those countries by, say, England, cannot be used to pay for English purchases in countries like America with whom England herself has an adverse exchange, for America refuses to accept such currencies in discharge of our debts.

As these disorganised European countries are unable at the present time to pay in commodities or services for all the goods which they need to import, it results that England and other countries similarly placed have either to curtail sales to those parts of Europe, with the unfavourable economic results to the latter with which we are now unfortunately familiar, or alternatively, to continue selling on long credit. If the latter course is adopted it means that commodities which might have been exported to those countries where the exchanges are against England, thereby tending to the correction of such exchanges, are prevented from attaining that desired objective. Possibly, however, the good resulting from the restoration of productive power in the disorganised countries may more than counterbalance the hardships and bad effects experienced by countries such as our own, due to the continuance for a longer period, of our adverse exchanges with certain parts of the world, notably America.

Here and There.

The Women's Local Government Society has just published a leaflet on the duty of Women as Jurors, this is a matter about which most women know little, but in which many are greatly interested, as they may now be called upon to act in that capacity. There is no literature on the subject, so this leaflet comes at an opportune moment. The price is 6d. a dozen copies, and it can be obtained from the Secretary, Women's Local Government Society, 19, Tothill Street, Westminster, S.W.1.

The Editor has received a letter from Miss Green, Secretary of the N.C.W. stating that the official account of the Bristol Conference will shortly be published, price 2/6. This will be a separate publication, and will not be contained in the Occasional Paper, as we stated last month by error.

The Economic Conference of the Fight the Famine Fund.

By LADY GROGAN.

The Economic Conference, which was organised by the supporters of the Fight the Famine Fund, was attended by Italian, Dutch, German,

and Austrian delegates; no French or Belgian delegates were present. The general impression left by the speakers, who included well-known economists like Sir W. Goode, Mr. Hobson, and Herr von Schülze Gävernitz, was that conditions throughout Europe were extremely bad and that the outlook was very dark. Practically all the speakers agreed that until the economic reconstruction of Germany had begun, finance could not be re-adjusted, and until the sum due from Germany for reparation was fixed, no reconstruction was possible. All were agreed that Austria was in the worst plight of all countries in Europe, and that her condition constituted a danger to the whole continent. Mr. Hobson asserted that she was in a state of rapid starvation, and another speaker declared that the situation of Vienna was a crime against humanity. Sir G. Paish pointed out that the belligerent nations were now unable to support themselves, and owing to lack of transport and of credit, could not obtain raw material from those parts of the world which had not suffered in the war; purchasing power was gone, large stocks of unsaleable goods existed, British exports were going, to a great extent, to countries which could not pay for them. Herr Simon, a German delegate, urged that no reconstruction in Germany was possible while the shadow of a debt of unknown magnitude hung over the country; already there were a million unemployed, and a vast number of people working half-time at half the normal wage. In parts of Germany there had been great over-production of boots and shirts, which no one could afford to buy, and the state of exchange made imports and exports alike impossible. The tendency in industry was towards Trustification and Socialization, but Herr Simon did not consider that there was any danger of Bolshevism or repudiation.

The remedies for the present situation suggested by the speakers may be summarized as follows: all political impediments to economic reconstruction must be withdrawn; Germany and Austria must be regarded not as late enemy states but as functional organisms; the Peace Treaty must be revised in accordance with economic considerations; the question of credit and exchange must be handled by the League of Nations; reconciliation and international co-operation must be established; and above all, the co-operation and generosity of U.S.A. must be sought. Lord Parmoor suggested various amendments in the constitution of the League of Nations: all countries should be admitted on equal terms; decisions should be arrived at by means of a majority vote, as unanimity would be impossible to obtain; there should be impartial disarmament; private property should not be confiscated; reasonable indemnities should be fixed.

The atmosphere of the Conference was frankly pacifist, and while special care was taken to avoid hurting the susceptibilities of the late enemy delegates, criticism of British Imperialistic designs and of the methods and aims of the Allies both in peace and war, was outspoken and severe. The impression conveyed by the speakers was that

the present tragedy in Europe was due not to the war, nor to those who brought about the war, but to the peace imposed by the Allies. The tone of the German and Austrian delegates, though the picture they drew of conditions as they affect children and the professional classes particularly, was very distressing, was moderate, courageous, and reasonable. The Italian delegate, on the other hand, spoke with great bitterness of the sacrifices made by her own country, the present conditions of unrest and privations. The tendency to criticise the constitution of the League of Nations, to doubt the efficiency of its machinery was noticeable even among speakers who as avowed pacifists might be expected to welcome any substitute for the militarism of the past.

Our Work.

We have been most fortunate in our arrangements for the Propaganda Meeting on November 17th, in that we have secured two such excellent speakers as Lady Frances Balfour and Mrs. Nesta Webster, whose book on the French Revolution has been almost universally read and admired. The Meeting will be held at 1, Upper Brook Street, kindly lent by Miss Parsons, and the subject "Bolshevism and its bearing on our own Social problems." We appeal to all readers of "Monthly Notes" to come and to bring their friends, and we assure them they will be interested.

Tickets for our Ball on the 18th have sold well, but thesecretary still has some to dispose of. "Paul Jones" will not be introduced on that evening, so there need be no hesitation on the part of anyone on that score.

The Monthly Conference for December will be held on the 8th of that month at Lady Selborne's house, 49, Mount Street. The subject is to be Women Jurors, and the speaker, Mrs. Ross, M.A., Hon. Sec. of the Women's Local Government Society. It is hoped that there will be an excellent attendance, particularly in view of the fact that the subject has been chosen by special request of many of our members.

The October Conference on the Bishop of London's Criminal Law Amendment Bill was of very great interest. In the unavoidable absence of Miss Pieton Turberville, Lady Nott Bower kindly spoke. She gave a most interesting address explaining the need of a bill of this sort from many cases which have come within her own experience. There was a large attendance.

Notice of the Council and Annual Meetings were given in the last issue of "Monthly Notes"

It may interest our readers to learn that Mr. A. F. Whyte who contributed an article on "Uniformity and Variety in America" in the August issue of this paper has been appointed President of the Indian Legislative Assembly constituted under the Government of India, October, 1919. The Council opens its sittings at Delhi on February 9th.

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The Editor regrets that owing to lack of space the usual article on Politics is omitted this month.

OUR FASHION LETTER.

A SPECIAL DRESS DISPLAY.

THERE has been no happier inspiration than that of Messrs. Swan and Edgar, of Piccadilly-circus, W., who are holding a special display of lovely new model day and evening dresses which, suitable for wear on all occasions, can be "worn away," if necessary, with practically no delay, any slight alterations being done in the shortest possible time by a staff of expert dressmakers specially employed for work of this kind.

Fashions While You Wait.

WHAT this means to the woman who suddenly receives an invitation for a Theatre or Restaurant party, a Thé Dansant or an At Home, and who has nothing to wear, cannot be over-estimated. For Swan and Edgar's models, instead of coming under the heading of ordinary ready-to-wear toilettes, represent the really new and most exclusive models just sent over by the best French Houses for this season's wear.

A Delightful Dinner Gown.

An example of this is shown in a very lovely dinner and dance dress suitable for a woman past her first youth, which shows a glorious grey and black sequin brocaded dress mounted over a grey satin foundation, while floating side draperies of grey tulle impart a lightness and daintiness of effect that make this one of the most effective and beautiful frocks of the moment.

THERE is also a very lovely day dress made in peacock blue chiffon velvet that shows the new high collar effect, and the entire back of bodice made of that heavy wool lace that is dyed to match the velvet, while a gracefully-draped skirt, also trimmed with lace, adds to the beauty of this model. Copied in any coloured cloth, velvet or georgette, this would make an ideal frock for bridesmaids at a Winter wedding, the back view being as attractive as the front.

A Lovely Model for Winter Bridesmaids.

NOR are frocks alone made a feature of at Messrs. Swan and Edgar's dress display. This includes a new collection of model hats, which are especially attractive. Amongst these are to be seen the first examples of the new gold lace hats for Thé Dansant wear, which are the most popular novelty of the Winter season. One especially lovely example is a rather high-crowned hat made of transparent gold lace with a downward tilted brim of narrow proportions wreathed with a strip of fur, while flatly applied on to the brim are clusters of silk grapes and leaves and flowers carried out in subdued French colouring, the effect being so charming that it is difficult to believe that this model costs but 5gs. complete.

The New Thé Dansant Hat.

OTHER special attractions now on view at the Great Corner Shop in Piccadilly include some practically-priced fur-lined motor coats specially designed for wear in open touring cars.

A New Motor Coat.

These are to be had in various coloured Tweeds of particularly good quality and fully lined with natural brown hamster fur; and trimmed with luxurious-looking fisher-marmot collars, that introduce a darker and richer tone of brown, are a bargain speciality of this week at 27gs. each, while delightful fur motor coats are to be bought here at equally practical prices.

AND, writing of furs, one cannot ignore the importance of bear fur, which has so suddenly sprung into popular favour this season. This is due to the fact that in spite of the rise in prices bear still remains an inexpensive pelt, although it gives every indication of rising as rapidly in value as skunk has done during the past ten years. What is more, it is exceedingly hard wearing and extraordinarily becoming.

The Importance of Bear Fur.

With their usual foresight Swan and Edgars have laid a particularly good stock of bear, and are making a speciality of some delightful bear cape stoles at 12½gs. each, with big muffs to match at the same price, while bear necklets and muffs can be bought here at 6gs. the set complete.

INTERNATIONAL Women's Franchise Club, FOR MEN AND WOMEN. 9, GRAFTON STREET, PICCADILLY, W.

Subs.: London Members, £2/2/0; Country, £1/5; Irish, Scottish and Foreign, 10/6 per annum. Entrance Fee One Guinea.

LECTURES, Autumn, 1920. Wednesdays, 8.15 p.m.

- Nov. 17. "Capitalization of Wages and Salaries" ... MR. FREDERICK THORNTON
Chairman ... MR. AUSTIN HARRISON
- Nov. 24. "The Economic Consequences of Peace" ... MRS. SWANWICK, M.A.
(By MR. J. M. KEYNES.)
Chairman ... MR. NORMAN MORRISON.
- Dec. 1. "Clap-Trap" ... MISS NINA BOYLE.
Chairman ...
- Dec. 8. "The Press, its Power and Influence" ... MR. J. A. SPENDER,
Chairman ... MR. J. C. SQUIRE.
- Dec. 15. HOUSE DINNER. "Woman from a Man's Point of View and Man from a Woman's Point of View" ... MR. J. WELLS THATCHER, (Barrister-at-Law).
Chairman ... MR. GOLDFINCH BATE.
(Other Speaker announced later).

Invitations to Lectures given to Non-Members on application to the Secretary.
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Professional & Business Women's League

President: THE VISCOUNTESS ST. CYRES.

The LEAGUE has been founded to make provision for women in time of severe sickness, who earn their living in professional or business callings.

The object of the League is to get as many beds as possible in private wards in General Hospitals in London and the Provinces, where members can receive the most skilful treatment towards their restoration to health.

Members of the League are treated as private patients, and are placed in a cubicle or a private ward. Those who can afford to pay a small sum in addition to their subscription, are asked to pay it to the Hospital.

Beneficial as have been the Insurance Acts to thousands, they cannot provide treatment for severe illness, and the work of the League begins where the Act leaves off.

All donations and Subscriptions should be sent to the Secretary, Miss Mildred Ransom, at the Registered Office of the League, 195-197, Edgware Road, W. 2.



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