Increased Taxation:

Despite the fall in production at home and the reduced external trade, it has been found necessary to increase the burden of taxation which was already intensified by the steep fall in prices previously mentioned. Owing to the growth of unemployment and increased distress generally throughout the country, the Budget provision for normal expenditure, which usually runs to £26¼ millions has had to be supplemented to no less an extent than £2½ millions in the current financial year 1932-33. The raising of this additional large sum, as well as the maintenance of existing revenue, have involved heavy increases in both direct and indirect taxation.

Increased Burden of Fixed External Payments:

While the amount of the loan indebtedness abroad of the Free State is, unlike most of the other States of the Commonwealth, comparatively small, the volume of its external payments is very considerable, running to no less than £5½ millions per annum. This sum was practically the same in the year 1931, when the agricultural price index number was 110, as in 1929 when it was 139, and in 1922 when it was 160. The additional real burden involved in the payments may be measured directly by reference to these figures. These payments represented, in 1931, 15 per cent of the total exports.

Unemployment and Emigration:

Even before the present depression began, the Irish Free State had to contend with a severe unemployment problem. At the census of 1926, the number of persons who stated that they were out of work was 78,000, which constituted 12 per cent of the number of "employees" (657,000) in the country. The proportion of unemployed amongst work people insurable under the Unemployment Insurance Acts, the scope of which does not extend to agriculture and private domestic service, was 17 per cent, a figure considerably in excess of the United Kingdom figure of 9 per cent for April, 1926.

The current available statistics of unemployment for the Irish Free State are unsatisfactory, as they are in most countries. They indicate that in 1932 there has been a marked increase in unemployment in insured industries, and it is estimated that unemployment in these industries now exceeds 20 per cent. No statistics are directly available to indicate the magnitude of unemployment in uninsured industries, of which agriculture is the most important. The cessation of emigration overseas, practically all drawn from rural areas in the country, without any marked development in non-agricultural industry, has, it is known, resulted in a huge increase in unemployment in agriculture. An approximate idea of the magnitude of this increase may be derived from the declines in emigrants overseas, who numbered 21,000 in 1929, 16,000 in 1930 and 1,500 in 1931, as compared with a normal annual figure of upwards of 30,000.

Part II

The Irish Free State pound, resting on a sterling exchange standard, has at all times up to the present been maintained at parity with the pound sterling. The position of the Irish Free State as a creditor country has facilitated this. There is, accordingly, no problem of exchange instability between the Irish Free State and the United Kingdom with which this Conference need be concerned.

Notwithstanding this, the Irish Free State is materially interested in the general problem of exchange instability as exemplified in recent times both in the world generally and more especially in the case of some of the inter-Commonwealth exchanges. The delegates of the Irish Free State consider that the stabilization of exchanges between members of the Commonwealth could profitably be investigated at this Conference, and that any progress made would be a valuable contribution towards the solution of the wider problems that may hereafter engage the attention of the proposed World Monetary Conference.

Should other members of the Commonwealth find it feasible to maintain stability in terms of sterling, the methods to be adopted for this purpose would appear to be likely to involve problems which would be common in several respects to those members and the Irish Free State, and on which the interchange of views at this Conference should serve a useful purpose. The experience of the Irish Free State in operating a sterling exchange standard suggests that there are points of policy in the administration of such a standard on which communication and co-operation between the various authorities operating such a standard would be beneficial to all.