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ECONOMIC SURVEY

GERMANY

POLITICAL AND GENERAL

Germany in 1922.

At a plenary meeting of the Berlin Chambers of Commerce, the President delivered the following address on German Trade and Industrial Conditions in 1922.

More than any previous year, the year 1922 illustrated the total dependence of Germany on the powers of the Entente. Trade conditions developed and changed in immediate response to changes in the prospects of a moratorium, or in the methods of exaction of the Reparation tribute which formed the object of so many negotiations.

The unmistakeable intention of France to ruin and destroy the economic life of Germany kept the business of the country in a state of intolerable suspense, which acted as a strong deterrent to enterprise. Uncertainty about the future, and mistrust in the mark as a safe measure of values, gave to every transaction, without exception, the quality of a speculation. Every liability was entered into in complete ignorance of the circumstances in which it would have to be redeemed.

The Three Obstacles to Prosperity.

More than ever before, the activities of the country were restricted and demoralised by three factors :—

(1) Strikes and transport stoppages.

(2) Coal shortage.

(3) Raw material shortage.

(1) The early part of the year was disturbed by the constant threat of a railway strike, which actually took place in February, and only lasted a week. The damage caused by this strike was, however, very great. There ensued successive increases in the cost of transport, bringing the goods rates by October to about nine times, and the passenger rates to about five times the rates for January 1922. In January 1923 further important rises will be ordered, which seem likely to defeat their own end, by frightening away business. The same may be said of the continual rises in the postage rates. None the less a creditable improvement in the carrying capacity of the railways must be recorded. The truck shortage which signalised certain periods of previous years, especially at harvest time, was not felt in 1922.

(2) The coal supply is one of the foundations of Germany's economic existence.

In 1913 the pit coal mines of the nation provided 190 mill. t. of coal. Excluding Alsace-Lorraine, the Saar and the Palatinate, the remaining districts supplied in 1913 178 mill. t. In 1921 they supplied 136 mill. t. The total for 1922 is affected by the loss of the Upper Silesian mines to Poland in June. In 1921 these mines produced 22 mill. t. or 16% of the total output. In January–May 1922 they produced 10.8 mill. t. The total output in the districts remaining to Germany may be placed at 120½ mill. t. in the whole of 1922, if the yet unpublished results for the last two months be what they are expected to be. This is only 63% of the output in 1913 of the mines then included in the

Germany

Reich. Over against the bad results for 1921, this represents a small improvement of 5% for pit-coal and 10% for lignite. But these greatly reduced supplies Germany must share with the Reparation creditors, France and Belgium, who will look at nothing but the best quality. As Germany could not do without the quantities she was compelled to hand over to her creditors, she was obliged to re-import large quantities to the great detriment of her finances. Barges carry loads of German Ruhr coal up the Rhine to Antwerp, and bring back loads of English coal. The French creditors refuse to take English coal at Antwerp, and so save Germany the great cost of the useless to and fro transport. Thus is revealed beyond all doubt the intention to destroy Germany's industrial competition on foreign markets, by cutting off her coal supply. The aim has been successfully attained. Innumerable enterprises have been forced to restrict production. The iron, chalk, cement, sugar and artificial manure industries which formerly exported on a large scale, could no more avail to cover the internal demand, and large quantities of these commodities had to be imported. Foreign industry was meanwhile aided by the placing of German coal on the market at artificially low prices. Between January and November Germany had to re-import out of England more than half the quantities of coal exported as Reparations, as well as large sums from the Saar and Polish Upper Silesia. Mk.87 milliards had to be paid for the English coal imported. The loss of the richest coal district of Upper Silesia in June added greatly to these trials. Coal from this district, if imported at all, had to be bought at high prices, owing to the Polish coal tax. Since January last, the price of Upper Silesian coal has increased 59 fold. Less and less can German industries and households pay these prices, so that Germany's productive capacity is less and less thoroughly exploited.

Scarcely less disastrous than the effects of the coal delivery, were those of the timber Reparation deliveries. After the loss of Eastern timber lands, Germany is poor in this essential raw material.

(3) The shortage of home raw materials was due less to transport difficulties than to labour disputes. In the second half of the year the evanescent purchasing power of the mark led to reduced imports of foreign raw materials.

BUSINESS LIFE IN 1922.

In December 1921 a tendency to declining purchases could be felt. This continued in January. Uncertainty as to the future movements of prices deterred buyers. When further depreciation of the mark set in, demand revived, becoming exceedingly lively between February and April. The large demand was partly real, i.e. was occasioned by the insufficiency of the supply. The production of goods was only from one-third to one-half of the pre-war output. With the Genoa Conference in April, expectations of stabilisation led once more to a decline in demand. But the collapse of the loan negotiations sent the mark flying down and drove up demand. The murder of Rathenau in June destroyed all confidence in the internal situation, and in the mark, and embarked the whole population on a wild campaign of purchasing everything and anything—the flight from the mark. This demand was reinforced by that of foreigners, for whom high prices expressed in marks were no deterrent. From the middle of October, a weakening of demand was felt; in spite of wage and salary rises the mass of the population could no longer keep pace with the prices demanded.

THE CORN LEVY AND THE PRICE OF BREAD.

The Government announces that the price to be paid for the third instalment of the corn levy will be Mk.165,000 per ton for rye, and that a corresponding rise will be allowed for the other kinds of grain. Simultaneously, it has been resolved to curtail the period of delivery by one month, that is, the requisitioned corn will have to be handed over before Mar. 15 instead of Apr. 15, as previously arranged. (*Vossische Zeitung*, Dec. 20.)

The *Berliner Tageblatt* explains the significance of this: The recent rapid fall of the mark had brought the market price of corn up to ten times the price paid for the requisitioned quantity. For one ton the farmer receives to-day Mk.28,600 as against Mk.270,000 on the world market. In view of the poor harvest, which did not allow the farmer to make much profit out of the non-requisitioned part of his produce, some compensation had to be given. So in spite of the hard, even terrible, consequences for the consuming public, the Government had to take this step. A Government has to think not only of immediate but also of future supplies. Agriculture has doubtless earned more than other industries in the past years, but now there is unquestionably a serious embarrassment in farming circles, which has led to a decrease in the acreage under cultivation.

The effect of the rise in prices for the third instalment of the levy will be to raise bread prices about two-thirds.

The *Vossische Zeitung* comments that the price paid for the new instalment of the levy will be three-fifths of the market price. In the Commission which advised the Government to make the announcement recorded above, the delegates of the farmers demanded four-fifths, while those of the consumers wished to offer only two-fifths of the market price. The adoption of the latter price would certainly have led to sabotage of the levy or to the collapse of production. Economically it is probable that a higher price would have been better, but the granting of the farmers' demands would have imperilled the existence of the Cuno Government, and political stability is a prime requirement of Germany. On the other hand, even the present rise in the bread price will have terrible consequences, and the general rise in the cost of living by which it will be followed will make the task of stabilisation of the mark far more difficult and critical. The *Vossische Zeitung* sees only one way out of the difficulty, and that a bad way, namely, the granting of bread subsidies out of the national funds. True, Germany promised the Entente to abolish grants of this kind altogether, just as she promised not to "cover" the State's expenditure with issues of Treasury Bills to the Reichsbank. When the rapid depreciation of the mark set in, in November, it was demonstrated to be impossible to keep this promise. There may be considerations of such urgency as to render it equally impossible to keep the other promise. To do the country irreparable economic damage in order to reduce an already large Budget deficit, would be false wisdom.

FINANCE

WHAT CONSTITUTES SPECULATION?

The Central Union of German Banks and Bankers communicated the following observations to the *Berliner Tageblatt* (and other journals) on Dec. 22:—

In view of the special provisions of the income tax law regarding incomes obtained from speculation, clients are continually asking what speculation, properly speaking, is. The need for a clear definition of speculative as opposed to investing business, is very urgent now that the depreciation of the currency has caused large sections of the public who, in the past, totally abstained from any speculative activities, to resort to investment in stocks and shares as a means to avoid losses through diminution of the value of money. Now that there is a prohibition against the acquisition of foreign currency, money which it is desired to put by for only quite a short period is frequently invested in securities, so that it is difficult to deduce speculative intent from the mere fact that the security is not held for long. This at least in cases where the purchaser uses money that really is his own to effect the purchase. The case is somewhat different where borrowed money is used, and where the sale of the security takes place before the loan is repaid. The mere raising of credit does not in itself prove speculative intent, for anticipatory investment of payments shortly to fall due is a quite legitimate form of investment which has nothing to do with speculation. While the holding of securities for considerable periods of time (as three or four months) is an adequate proof that the investment is not of a speculative nature, the converse is much less true. It is officially recognised that, while the currency is unstable, the purchase of securities, to be held for only a short time, may well fall within the limits of non-speculative investments.

The *Berliner Tageblatt* agrees in general with the statement of the Bankers' Union, except in the application of the criterion whether the loan with which the security was purchased had been repaid before the purchaser resold the security. This it describes as a criterion at once too close and too loose, adducing instances where judgment based on this formula would be patently unfair. Experience shows more and more, it adds, that *speculative intent* is a much too abstract basis for a tax, for which the more objective basis *successful speculation* should be substituted.

A GERMAN BANKER'S REPARATIONS SCHEME.

The *Berliner Tageblatt* (Dec. 20) publishes the following explanation of his scheme for the payment of reparations by Herr Marx, Manager of the Internationale Handelsbank at Berlin. Herr Marx states that he has received from industrial quarters many expressions of approval for this scheme :—

The scheme, he says, is built on the assumption that Germany is not in a position to pay at the present moment, and every fresh payment that she is forced to make represents an alienation of part of her substance. He therefore suggests the financing of Germany's obligations by the handing over of pledges implying for Germany the liability to pay interest upon them. These pledges may be redeemed by Germany in German currency, the assumption being made that that currency will shortly be stabilised.

The proposition is to place a mortgage of 20% upon Germany's national wealth. For immovable property this would be very simple. The form taken would be that of a priority mortgage tax (Steuer-Vorhypothek). In the case of business enterprise the method would be more complicated. The plan would be to increase the share capital of all joint stock and limited companies by 25% * without any voting right being attached to these shares, which would constitute simply a legal claim to 20% of net profits. The sum to be allotted to the holder of these shares, in case of liquidation, would have to be the object of special legislation. Enterprises of a certain size not constituted as companies, would have to assume company status. Very small enterprises would be left as they are, but on grounds of equity a special tax would be imposed on them.

The pledges constituted by these shares, &c., would then be transferred to a special bank, called by Herr Marx the Contribution Bank. This bank would be under joint German and Entente control, and would have its seat preferably at the Hague or Berne. At its head would be a neutral governor. It would have a purely nominal share capital, say, 1 milliard marks, and the shares would be divided among the creditor powers as arranged by them.

An estimate must be made of the gold value of a 20% mortgage on the national wealth of Germany. If this latter be placed at 200 milliards of gold marks, then the mortgage will be valued at 40 milliards. The writer's view is that a better estimate would be 125–150 milliards, so that the mortgage would be 25–30 milliards. The assessed value of the mortgage would represent the total of Germany's liabilities. In other words, the Contribution Bank would be able to take up gold loans on conditions of interest and repayment to be determined later, on the security of the pledges in its possession, and to hand the proceeds to the creditor Governments.

On its side, the German Government would be empowered to buy back the loan obligations, and to demand that on each presentation of a 1,000 gold mark obligation by it, one of the Bank's shares would be transferred to it, until finally all the shares were bought back, and the bank would automatically disappear together with the mortgage on the national property.

The interest and dividend payments on the basis of the mortgage would be collected by the German Government, and handed to the Contribution Bank as they matured.

In his conversations with the French Deputy Renaud on the subject, the author of the scheme insisted on certain political conditions, as, return to Germany of the Saar district, of the Polish Corridor and of Danzig ; further, the withdrawing of the Armies of Occupation, and the abolition of foreign Commissions in Germany.

To render the first loans of the bank more easily negotiable, it is suggested that the Entente powers should countersign the certificates, on the understanding that any sums paid out by them should be added to the total of the German liability. A further suggestion is that a Franco-German Iron, Coal, Potash and Oversea Transport Syndicate should be established, and that extra profits above a certain level should be placed with the Contribution Bank, with the double aim of putting the interest payments on the loans on a more secure basis, and of speeding up the issue of the loans.

Finally, it is suggested that at least 1 milliard gold marks out of the results of the first loan should be handed to Germany, with a corresponding increase of the total of Germany's liabilities. The reason for this is that the effectuation of this scheme would necessarily be accompanied to begin with by a stagnation of trade and industry in Germany. During this time Germany would have to occupy herself with emergency works, and it would be necessary for her to import corn, fodder and raw materials.

*Sic.

STABILISATION AND PRICES.

In the *Berliner Tageblatt* (Dec. 15) the financial editor, Dr. Pinner, discusses the effect of the partial belief in an imminent stabilisation of the mark upon the German markets. The article is entitled *Latent Crises.* Dr. Pinner first calls attention to the comparative stability of the mark during the five weeks preceding. He comments on the fact that, whereas large daily price rises were the rule while the dollar rate was going steadily up, now that the position of the mark is temporarily somewhat better, there is no very marked tendency for these price rises to cease. He discusses at too great length for reproduction here the cases in which these continued price rises are respectively justified and unjustified. But, he says, once the exchange becomes really stable, or shows a tendency to improve, or, what comes to much the same thing, once it becomes commonly believed that such stability will shortly be attained, then the whole fabric of overblown prices will come toppling to the ground. This is shown by the fall of prices in Austria, which, once a measure of stability was attained by the krone, was considerably steeper than the rise in the value of the krone. There is no doubt that in Germany the first symptoms of such a reaction are already perceptible,

Germany

although the measure of stability as yet attained is so precarious and temporary. Whoever studies the German markets with an open mind will be persuaded that the purchasing fever is no longer at the highest point, even if prices are at the pinnacle still. The consumers proper have not yet inaugurated a regular "strike." But there are many who simply cannot keep pace with the new prices; they are obliged to restrict their purchases; while others, who could still buy in the same measure as before, prefer to wait, thinking that a stabilisation of the valuta is by no means so impossible as the sellers would fain persuade them. In circles which still possess purchasing power there is still much hesitation. Stabilisation, or no stabilisation? That is the question. But, even if there comes stabilisation, it is doubtful if the retail prices will go down very far, since their present level by no means corresponds fully to the latest wholesale prices; the effects of the last great fall of the mark have not yet been fully exhausted as regards retail prices. This explains the fact that buying still is considerable in certain circles, though the feverish eagerness to buy of a few weeks ago has wholly disappeared. Lastly, many purchasers have covered their needs for so long ahead that they need not trouble themselves: they can afford to wait and see what will happen.

If there has, as yet, been no consumers' strike on a large scale, within the business world there are the clearest signs of a movement of revolt by the retailers against the present exorbitant price calculations. This movement shows, not only a right instinctive appreciation of the present situation, but also a sense of the peculiar difficulty of the position for the retail trades. Legal decisions and commercial considerations have to a great extent prevented the retailer from raising his prices in the ratio of the depreciation of the mark. He has had to sell his stocks below the cost of replacement. He has been driven to borrowing more largely from his bank if he could, and if not to reducing his stocks in hand. It is he, further, who has in the first place to bear the brunt of a collapse of the market, when the buyer, unable to keep up with the constant price rises, simply ceases to buy.

Such considerations have led to the recent decision of the retail clothiers for men and women to institute a retailers' strike against their wholesalers. The strike is against the whole system of price calculation that has lately prevailed. When the wholesalers reply that they themselves are but links in the chain and that they only pass on the load which their own providers have burdened them with, there can be no denying the truth of their contention. But they have no right to submit passively to such treatment from above. It is their duty to pass on the protest from below to their own providers, instead of meekly accepting and attempting to profit by the pressure exercised on themselves. Such a movement, beginning from below, would go a long way towards restoring more sound and normal conditions right through the chain.

In present circumstances such efforts are by no means fore-doomed to failure. Production itself is resting on a very insecure basis. As yet, there is no marked increase of unemployment, no marked decrease of output to record, as a result of the capital shortage and the decreased purchasing power. Yet more than the preliminary stages of a crisis are already perceptible. In the textile, leather, shoe and printing industries, the hours of work had to be curtailed. Some factories have had to reduce the number of employees. Both internal and foreign markets are weakening. The number of workers dismissed is as yet small, but those who are dismissed find it almost impossible to obtain another post. Where the output has been necessarily curtailed the resulting increase in cost prices has been balanced by increasing sale prices in the same ratio. This is a most unsound method, which cannot be continued without disaster.

Dr. Pinner concludes urging all links in the trade chain to exercise pressure upwards, and, by bursting the bubble of inflated prices, to give breathing space for production to develop along sound lines.

INDUSTRY

IRON PRICES IN GERMANY.

In the second week of December the price of scrap iron increased only slightly. That of rolled iron and half manufactures increased by roughly 20%. According to the *Vossische Zeitung*, the German prices for December are—on a basis of 1 dollar = 8,100 marks—50% above the level of international prices. The steel works defend the prices they charge, not only with the customary statement that the prices of ore, coal, wages and overhead costs have enormously increased, but also with the complaint that the customary conditions of payment (payment to be made on the 15th day of the month following delivery of the goods) allow them to realise the prices on an average only after a month has elapsed, so that they are specially hard hit by the depreciation of the currency. *Wirtschaftsdienst* observes that this excuse is not valid in the majority of cases, where payment is effected by bills and other credit instruments. Also many works have reduced the time limit for payments lately.

FRANCE

FINANCE

THE FINANCE MINISTER ON THE SITUATION.

The Minister of Finance, M. de Lasteyrie, in a recent statement to the Finance Commission of the Chamber on the financial situation and the Government's proposed financial measures, announced that the Government was about to submit to the Commission a Bill for provisional estimates for the months of January and February.

In the Bill for provisional monthly estimates, it was proposed to reduce the amount of loans which the Crédit National was authorised to issue for reconstruction purposes, from Fr.8 to Fr.6 milliards, and the amount to be issued by the Associations of victims of the invasion from Fr.4 to Fr.2 milliards. On the other hand, a supplementary sum of Fr.3 milliards would be entered on the estimates for the payment in ten year bonds of interest and damages in respect of personal property. The national debt would have been increased during 1922 by an amount which would not exceed Fr.20 milliards, as expenditure had been Fr.8 milliards less than in 1921, and the additional revenue could be computed at Fr.2 milliards. The floating debt had remained the same as in 1921, as the aggregate amount of Treasury Bonds and Défense Nationale Bonds in circulation did not exceed Fr.60 milliards. Subscriptions to the last issue of three and five year bonds had amounted approximately to Fr.8.2 milliards, of which Fr.2.4 milliards was new money. The provisional estimates would continue the cost of living allowance of Fr.730 to civil servants. (*Information Financière*, Dec. 23.)

THE REPAYMENT TO THE BANK OF FRANCE

The recent announcement by the Minister of Finance to the Finance Commission of the Chamber that the Treasury was unable to make the full repayment to the Bank of France, due on Dec. 31, 1922, as covenanted under the agreement of 1920, and that in consequence a new agreement had been signed on Dec. 21, caused no surprise in well-informed circles.

The Finance Commission has approved the Bill for the revised agreement between the Government and the bank, expressly stipulating that it was an exceptional measure, whereby the amount to be refunded for the current year is reduced from Fr.2 to Fr.1 milliard.

The reporter to the Finance Commission, M. Bokanowski, opened his report on the agreement in the following terms :—

" It is the defect inherent in a financial policy based on borrowing, to create an anomalous and dangerous conflict of interest between the needs of the Treasury and the prosperity of private enterprise, between the finances of the State and the business life of the nation. A revival of business, and renewed confidence on the part of the public at large in the possibility of increased earnings fron commerce and industry, suffice to diminish the funds on which the Treasury has been accustomed to draw, and to impose upon the Government the obligation of providing for a reduction of its expenditure. Thus it was the indication of a sound revival of business which compelled the Minister of Finance, and the Governor of the Bank of France, to sign the agreement of Dec. 21 last. A few weeks would have sufficed to demonstrate by experience the fundamental truth contained in the maxims laid down by the Commission in its report on the Budget for 1923, and in the following debate, viz.: (1) That any deflation pre-supposes a previously balanced Budget; (2) That a financial policy based on borrowing indicates stagnation of business, and at the same time contributes to prolong the general slump."

The reporter reminded the Chamber that the agreement of Dec. 29, 1920, covenanting for an annual repayment to the Bank of Fr.2 milliards, had been concluded, in the expectation that on the following May 1 Germany would pay to the Allies 20 milliards of gold marks, and would ultimately make full reparation to France for the damage caused, but the subsequent disappointment of these expectations had seriously embarrassed the Treasury. M. Bokanowski, after referring to existing and future problems with which the currency policy was faced, and defining the means of stabilising the franc, concluded as follows :—

" A country's exchange cannot be regulated by arbitrary decrees. There is nothing more futile and more dangerous than a policy of deflation, pursued under conditions which offer to it no chance of success. The example of Czecho-Slovakia affords food for reflection. A policy of stabilisation and organisation of the currency pre-supposes a balanced Budget and a permanent revival of business, the first condition of which is renunciation of the policy of borrowing. As soon as France receives from her creditors the payment of the reparations to which she is entitled, and as soon as she sets her finances in order, the currency problem will be solved." (*Information Financière*, Dec. 28.)

THE BANQUE INDUSTRIELLE DE CHINE.

M. Doumergue, President of the Foreign Affairs Commission of the Senate, has communicated to the Commission a letter from M. Griolet, Chairman of the company for carrying on the business of the Banque Industrielle de Chine, announcing that, according to information received from London sources interested in the matter, the British Courts will make an order to wind up the branches of the bank in London, Singapore and Hong Kong, if by Dec. 31 the scheme for the reconstruction of the bank has not been ratified.

A Shanghai message announces that the Association of French Creditors of the Banque Industrielle de Chine in China, and the President of the French Chamber of Commerce in that country, have urged the necessity of finally passing the Act for the reconstruction of the bank before Dec. 31, as otherwise the agreement with the Chinese Government will be in serious danger of falling through. They insist on the necessity of settling the matter in order to enable a private settlement with creditors (*règlement transactionnel*) to come into operation, and the new company for carrying on the business of the bank to commence work, both of which events are awaited with impatience in the Far East. (*Information Financière*, Dec. 22; *Neptune*, Dec. 23.)

THE YIELD FROM INCOME TAX.

M. Pierre Bodin, in the *Information Financière* (Dec. 21), continues his defence of the French system of income tax against the criticism made by foreigners, that its yield is inadequate (*cf.* THE ECONOMIC REVIEW, Dec. 29), and supplies the following further facts and figures.

First imposed in 1916, the general income tax (as distinct from the tax under special schedules) was by no means burdensome, declarations of income were optional, its rate was very low, and the maximum of exempted income was Fr.5,000, a high figure in view of the cost of living at that time. In 1917, however, declarations became compulsory, the rate was raised appreciably, and, in spite of the marked increase in the cost of living, exempted income was reduced to Fr.3,000, with the result that the number of those liable to the tax was doubled, and the yield from the tax quintupled. In 1918 the rate of tax for the previous year was doubled. In 1920 the maximum income exempt from the tax was raised from Fr.3,000 to Fr. 6,000, and the rate was increased to such an extent (50% on parts of income exceeding Fr.500,000) that, owing to the general increase of incomes consequent on the depreciation of the currency, the yield exceeded that of 1919 by 60%, and that of 1916 by 165%.

In 1921, by reason of a closer supervision of declarations, the yield amounted to 2,150% of that of 1916. The number of persons (*a*) declaring their incomes, and (*b*) entered on the registers as liable to income tax, from the date of its institution, is as follows :—

	(*a*)	(*b*)
1916	165,394	270,226
1917	367,554	274,077
1918	438,700	581,019
1919	500,668	670,218
1920	528,971	474,288
1921	558,039	805,722

In 1920, the apparent anomaly that the number of persons entered as liable for income tax is less than the number of declarants, is explained by the fact that declarations had to be made by Mar. 31, and that the maximum of exempted income was raised from Fr.3,000 to Fr.6,000 by an Act of June 25, so that a large proportion of the declarations became void.

The actual, compared with the estimated yield from the tax, since its institution, is as follows :—

	Estimated.	Actual.
	Fr. mill.	
1916	40	51.1
1917	140	254.6
1918	370	547.7
1919	450	563.0
1920	800	896.7
1921	800	1,147.9

The following statistics have just been published by the Ministry of Finance. In 1920 the amount of rebate in respect of children (367,207), and other persons, aged parents and adopted children (57,348), supported by the taxpayers, was Fr.37,992,000 (general income tax only). To this amount should be added that of rebates on the taxable income itself, deducted in respect of the amount thereof, and of allowances for families. The exact amount of such rebates has not yet been ascertained, but is estimated at Fr.150 mill. The rate of tax is increased by 25% on the incomes of unmarried persons of over 30 years of age having nobody to support. The number of such persons in 1920 was 159,656, and the aggregate amount of these surcharges Fr.21,880,400. A comparison of these figures with the

France

total number of persons subject to general income tax, 805,722, shows that these unmarried persons assessed for general income tax possess only small incomes. Taxpayers of over 30 years of age who have been married for two years and have no children, are liable to a surcharge of 10%. The number of families of this class is 92,399, and the aggregate amount of the surcharge Fr.9,808,500. A comparison of these figures with the total number of payers of general income tax, shows that their incomes are about the average.

TRADE

FOREIGN TRADE.

The foreign trade returns for the first eleven months (Jan. 1 to Nov. 30) of 1922, compared with the corresponding period of the preceding year, show the following results :—

VALUE (*in millions of francs.*)

Imports.	1922	1921		Difference in 1922
Foodstuffs	5,171.2	5,071.0	+	100.2
Industrial materials	12,144.1	9,977.8	+	2,166.2
Manufactured goods	3,661.8	4,441.5	—	779.7
Total ...	20,977.3	19,490.4	+	1,486.8
Exports.				
Foodstuffs	1,671.7	1,900.4	—	228.7
Industrial materials	4,238.2	3,808.2	+	450.0
Manufactured goods	10,740.2	11,296.6	—	556.3
Postal parcels ...	1,192.8	1,073.1	+	119.7
Total ...	17,863.0	18,078.3	—	215.3

Imports exceed exports by Fr.3.1 milliards compared with Fr.1.4 milliards in the corresponding period of 1921.

QUANTITY (*in* 1,000 *tons.*)

Imports.	1922	1921		Difference in 1922
Foodstuffs	4,582	3,693	+	888
Industrial material ...	40,326	30,102	+	10,223
Manufactured goods	1,528	1,393	+	135
Total ...	46,437	35,189	+	11,247
Exports.				
Foodstuffs	835	1,139	—	303
Industrial material ...	17,071	11,732	+	5,338
Manufactured goods	2,255	1,759	+	496
Postal parcels ...	23	21	+	2
Total ...	20,186	14,652	+	5,533

Imports exceed exports by 26.3 mill. t. as against 20.5 mill. t. in 1921.

The figures for each of the last five months are the following (in millions of francs) :—

	Imports.	Exports.
July	1,995.7	1,433.0
August	1,959.7	1,676.3
September	1,893.1	1,741.0
October	2,108.8	1,937.4
November	2,348.2	1,706.4

(*Information Financière*, Dec. 21; *Journée Industrielle*, Dec. 21.)

INDUSTRIES

THE SUGAR OUTPUT.

The output of sugar between Sept. 1 and Dec. 1, 1922, was 131.5 mill. kg. compared with 84 mill. kg. in the corresponding period of 1921. (*Information Financière*, Dec. 17.)

THE SILK INDUSTRY.

According to statistics published by the *Journal Officiel*, the output of cocoons in the whole of France for the year was 2.5 mill. kg. compared with 2.5 mill. kg. in 1921, 3.2 mill. kg. in 1920, 2.3 mill. kg. in 1919, 3 mill. kg. in 1918, and 2.5 mill. kg. in 1917. (*Moniteur des Intérêts Matériels.*)

COMMUNICATIONS

RAILWAY EARNINGS.

The following are the gross earnings of the leading French railways from Jan. 1 to Dec. 2, 1922 (48 weeks), compared with the corresponding period of the previous year (in millions of francs) :—

	1922 (*a*)	1921 (*b*)	Increase in 1922 Actual	Increase in 1922 % per kil.
State	918.4	867.6	50.7	5.8
Paris-Lyon	1,612.8	1,508.3	104.4	6.9
Nord	1,005.0	913.0	92.0	10.0
Orleans	843.0	835.1	7.8	0.9
Est	922.5	825.9	96.5	11.6
Midi	427.3	411.2	16.1	3.1
Alsace Lorraine and Guillaume Luxemburg	433.2	394.3	38.9	9.8

(*Economiste Français*, Dec. 23.)

SOCIAL AND LABOUR CONDITIONS

THE LABOUR SHORTAGE.

At a recent meeting of the Federation des Industriels et des Commerçants Français, the shortage of labour was the chief subject of discussion. The President of the Federation, M. André Lebon, laid particular stress on the gravity of the problem of labour, which might be counted to reach the height of acuteness in about fifteen years. In order to avert the danger, the question of employing foreign labour would have to be faced. But whether this was to be only provisional, which would involve the conclusion of labour agreements with foreign powers, or whether the labour would be supplied by the permanent settlement in France of foreign workmen and their families, the actual needs of agriculture and industry would have to be taken into account.

The Marquis de Vogué, President of the Association of Agriculturists of France, stated that the present labour crisis was the severest ever experienced by French agriculture. In normal times, the surplus rural population had been able to supply industry with the labour which it required. Now, however, this reserve had been drawn upon, since, on the one hand, the needs of industry had increased, owing partly to its development, but especially to the eight hour day, and on the other, the rural population had been depleted by the war and the declining birth rate. A remedy must be sought for this alarming state of affairs, which would lead, among other things, to a reduction of the output of corn. Industry could not be expected to sacrifice its interests, and efforts to increase the birth rate could only give results at a distant date. There only remained to call upon foreign labour, a question which all the agricultural associations were now considering, with the co-operation of the public authorities.

The representative of industry, M. Eugène Motte, a manufacturer, of Roubaix, declared that industry was also suffering acutely from shortage of labour. Like M. de Vogué, the speaker believed the import of foreign labour to be indispensable, but did not consider that any distinction was to be made between temporary and permanent foreign labour, as the foreign workmen who came to France on temporary work, as often as not married and settled there. Foreign labour might be found without going far afield; if, for example, the unemployed in Great Britain were to seek work in France, they would, at one and the same time, render a service to France, and relieve the distress in their own country. But in order to render the immigration of labour successful, a definite policy was necessary. Sacrifices would have to be made, and probably loans would have to be advanced, as this policy of immigration would involve a policy of settlement. Advances would have to be made jointly by the State and industry, but the former must have no share in management or organisation. (*Journée Industrielle*, Dec. 18).

COAL MINERS AND THEIR WAGES.

At a recent conference of coal owners and miners of the Pas-de-Calais and the Nord, the latter demanded a return to the rate of wages ruling in January 1922, assigning as their reasons the increased cost of living and the improvement of the economic situation due to the depreciation of the franc and the revival of business. The masters objected that the improvement caused by fluctuations of the exchange was too uncertain to permit of an increased output of coal, and that such increase would result in checking the revival of business which had set in. The question of wages could not be discussed finally until the economic situation became stable. As the men's representatives persisted in their demand, the conference resulted in a deadlock. (*Information Financière*, Dec. 28.)

BELGIUM

FINANCE

INDEX NUMBERS OF THE BRUSSELS BOURSE.

The following are the general index numbers of the average prices of some twenty stocks and shares quoted on the Brussels Bourse, compared with the quotations on other dates shown below (Dec. 31, 1913 = 100) :—

	Jan. 31. 1921	Jan. 31. 1922	May 1. 1922	Nov. 1. 1922
General ...	127.85	129.44	119.64	171.52
Securities at a fixed rate of interest ...	—	87.44	87.02	88.17
Company shares	—	121.67	123.0	180.0

The index numbers of the chief classes of securities on Jan. 31, 1921, and Nov. 2, 1922, respectively, are : Government and municipal loans, 82.32 and 84.43 ; companies debentures, 87.45 and 89.15 ; companies shares, textiles, 179.35 and 280.59 ; plate glass, 207.87 and 354.79 ; ordinary glass, 158.40 and 137.15 ; coal, 150.31 and 208.72 ; iron and steel, 123.40 and 137.94. The comparative general index numbers are as follows : Dec. 31, 1913, 100 ; Nov. 8, 1918, 126.26 ; Nov. 1, 1919, 150.62 ; Nov. 1, 1920, 152.55 ; Nov. 1, 1921, 118.54 ; Nov. 1, 1922, 171.52. (*Bulletin de Documentation Economique*, Dec. 16.)

FRAUDULENT DEALINGS IN MARKS.

For the past year the Ministry of Finance has urged the public prosecutor's offices in all parts of the country to investigate frauds which have taken place on the occasion of the exchange of marks (for francs). The redemption was effected, as is known, through the agency of banks, at par against Belgian francs or National Reconstruction Bonds. Certain profiteers, in order to escape proceedings for trading with the enemy, or merely to avoid paying taxes, deposited their marks with various banks in various towns. A month ago, on the final rupture of negotiations with Germany for the redemption of the marks, the local courts were again instructed energetically to resume their investigations. At Brussels, 2,700 transactions which aroused suspicion have been investigated, but it has been ascertained that these frauds were chiefly carried on at Antwerp. In that city the banks, after raising objections on the plea of professional secrecy, have consented to furnish the legal authorities with accounts of the marks deposited with them. (*Neptune*, Dec. 21, 22.)

THE EXCHANGE PROCEEDINGS AT ANTWERP.

The action of the public prosecutor at Antwerp in arresting several prominent stockbrokers for complicity with a German firm established in Holland, and in impounding the funds of the said firm deposited with Antwerp banks, has caused considerable disturbance to stock exchange business, especially exchange operations for the account on that market (*cf.* The Economic Review, Dec. 22, p. 455.) Business became almost stagnant during the period immediately following these proceedings. Opinion in the Antwerp Press appears to be generally hostile to the action of the Court, which is considered to have been over hasty. The von Bary firm has voluntarily offered to produce its accounts relating to operations in the exchange to the Antwerp Court, and to send a representative to Antwerp to submit to interrogatives. The Antwerp proceedings have caused considerable astonishment in Amsterdam and Rotterdam financial circles, where opinion supports the von Bary bank, and advocates reprisals against Belgian banks. The *Telegraaf* quotes an article from *The Times*—which has considerable influence on the Antwerp market—severely condemning the action of the Belgian Government. In the end the arrested persons have been released on bail, and the funds of the von Bary firm deposited in Belgian banks have been released. It is reported that the Government has decided to appoint a commission of experts to examine thoroughly the question of the influence exercised on the exchange market by the transactions of the von Bary bank, with a view to the ultimate introduction of legislation with the object of suppressing operations calculated to provoke economic disturbance in the country. (*Neptune*, Dec. 15, 16, 17, 18, 19.)

INDUSTRIES

THE OCTOBER COAL OUTPUT.

The output of coal and products in October was (in 1,000 t.): coal, 1,818 compared with 1,720 in September, and 1,815 the monthly average for 1921 ; stocks in hand at the end of the month 558, compared with 758 and 946 ; coke, output, 264 as against 239 and 115 ; briquettes, 214 as against 206 and 222. (*Bulletin de Documentation Economique*, Dec. 16.)

REVIVAL OF BREWING.

The brewing trade has shown signs of revival during the current year, the number of breweries at work being 1,985 in the third quarter, 1,950 in the second and 1,920 in the first, as against 1,902 in 1921, 2,013 in 1920, 2,109 in 1919, and 3,214 in 1913. The quantity of meal subject to tax used in the breweries constitutes a sure indication of the production in the industry. These quantities in the post-war and last pre-war years were (in 1,000 t.) :—

	Amount	Index Number
1913	51.0	100
1919	13.9	27.3
1920	23.2	45.6
1921	31.4	61.6
1922 (1st quarter)	31.1	61.0
„ (2nd „) ...	39.6	77.6
„ (3rd „) ...	34.0	66.7

(*Bulletin de Documentation Economique*, Dec. 16.)

SOCIAL AND LABOUR CONDITIONS

OCTOBER INDEX NUMBERS.

The wholesale index numbers, as published by the November number of the *Revue du Travail* were (April 1914 = 100) :—385 (206 kinds of goods) in October, against 364 (204 kinds of goods) in September. The average retail index numbers, as published by the Ministry of Labour (April 1914 = 100), were :—376 on Oct. 15 and 384 on Nov. 15. (*Bulletin de Documentation Economique.*)

HOLLAND

FINANCE

NOVEMBER REVENUE

It makes a singular impression, in these times of crisis, to see the revenue increase by leaps and bounds. It is easy to realise, writes the *Telegraaf*, that many people see in the sombre tone adopted by the Government a policy especially devised to rush through retrenchment measures. Doubtless, the number of those who believe that the Government is too pessimistic, is greatly on the increase. The figures for the November revenue act as grist to the mill of those shortsighted people. The total figure, inclusive of the excise on tobacco, amounts to over Fl.50.9 mill. or Fl.15.1 mill. more than in November 1921.

The reason why the figures for this year's revenue do not yet reflect the depression have been demonstrated again and again. Strong increases in the taxes already existing (death and donation dues, excise on distilled liquors, hall mark duty) and the introduction of new duties (excise on tobacco) veil the real state of affairs. In addition, some important sources of revenue reflect, not the present, but the apparent prosperity of the past, and this is particularly true of the figures now under consideration.

The increase is chiefly due to the income tax (increase Fl.7 mill.), death and donation dues (Fl.5.0 mill.), tobacco excise (Fl.875,000), excise on distilled liquors (Fl.225,000), and property tax (Fl.1.8 mill.), total Fl.14.9 mill. It is thus seen that if these sources were eliminated, the increase would dwindle to almost nothing.

Thus far, revenue in 1922 has exceeded the estimate by Fl.32 mill., and the revenues in the corresponding period of 1921 by Fl.26.1 mill. Over the whole period the increase was chiefly caused by income and property tax, dividend and bonus tax and death and donation dues.

The revenues from extraordinary sources form no compensation for the black financial prospects. The war profit tax yielded in November 1922, only Fl.1 mill., and the super-tax for the loan fund, 1914, Fl.15 mill., Fl.7.7 mill. of which was received from the defence taxes. (*Gazette de Hollande*, Dec. 20.)

THE NEW LOAN.

A Bill has been introduced into the Second Chamber providing for the issue of a new State loan. It is proposed to authorise the Minister for Finance to issue bonds to bearer to an amount of Fl.350 mill., redeemable in 50 years, which is required for the consolidation of the floating debt. These bonds may be issued as a whole or in instalments, at the discretion of the Minister.

Replying to questions in Parliament, the Minister regretted that the floating debt has accumulated to such a figure that consolidation has become necessary. Retrenchment is the only way of preventing a further increase of the National Debt.

In reference to the question whether it is desirable to consolidate at once such a considerable part of the floating debt, the Minister replied that such is not his intention.

The amount of Fl.177 mill. covers the deficit on extraordinary expenditure and crisis expenditure up to 1922, but not the deficit to be expected on the ordinary Budget for 1923.

The Minister does not agree with those members who advocate a forced loan bearing a low rate of interest.

It is the intention to issue the loan in instalments, at favourable periods. When the whole loan will have been issued, is, therefore, unknown.

The question whether part of the loan has already been taken up, the Minister answers in the negative. It is hoped to place part of the loan abroad. (*Gazette de Hollande*, Dec. 20.)

STOCK EXCHANGE INDEX NUMBERS.

The stock exchange index numbers on the various classes of securities mentioned at the beginning, middle, and end of November, are as follows:—

Average of:	Nov. 1.	Nov. 16.	Nov. 30.
6 stocks bearing fixed interest	90.07	89.56	89.48
3 bank shares	110.67	109.58	109.83
16 miscellaneous shares ...	170.33	170.42	170.18
All 25 stocks together ...	143.91	143.72	143.57

The following differences were recorded between numbers at the beginning and end of the month:—

	%
Stocks bearing fixed interest	—0.59
Bank shares	—0.84
Miscellaneous shares	—0.15
All stocks together	—0.34

(*Report of the Rotterdamsche Bank Vereeniging*, December.)

TRADE

FOREIGN TRADE.

According to the figures published by the Central Statistics Bureau, the value of Dutch imports and exports in November (exclusive of gold and silver specie and bullion), compared with the two preceding months and with November 1921, was as follows (in millions of florins):—

	Imports.	Exports.
1921—		
Nov.	175.8	106.6
1922—		
Sept.	164.6	115.6
Oct.	186.6	112.0
Nov.	172.2	104.3

In the first eleven months of 1922, Dutch imports represented a value of Fl.1,863.8 mill., and exports Fl.1,121.0 mill., both without specie and bullion. In the various months of this year, the import balance totalled 66, 68, 67, 74, 86, 0, 59, 80, 49, 75, 85 and 68 mill. florins respectively. In the first eleven months of 1921, Dutch imports represented a value of Fl.2,060.2 mill. and exports Fl.1,272.4 mill. (*Gazette de Hollande*, Dec. 23.)

HOLLAND'S COMMERCIAL RELATIONS.

Commercial treaties have been concluded or are being negotiated with the following countries:—

Negotiations are proceeding with Spain, Czecho-Slovakia and Finland; negotiations have been conducted with Poland and Baltic States; there have been preliminary conversations with a view to subsequent negotiations with Brazil and Venezuela; an agreement is likely to be reached shortly with Austria and Hungary; and trade relations have been settled with Bulgaria. (*Report of the Rotterdamsche Bank Vereeniging*, December.)

SOCIAL AND LABOUR CONDITIONS

GERMAN LABOUR IN HOLLAND.

The question of foreign labour, which has attracted considerable attention in Holland for some time past, has now also been taken up in Germany, where a shortage of labour has been caused in some districts by the exodus of German workers to Holland.

The *Limburger Koerier* publishes a letter written by the secretary of one of the German trade unions to the "Gesamtverband," in reply to a question concerning German workers crossing the frontier to seek work in Holland.

According to this letter, the number of such workers has recently increased to an alarming extent, and they include not only the inhabitants of the frontier districts.

The labour exchange at Aix-la-Chapelle receives applications from all parts of Germany for work in Holland. It is a regrettable fact that even those workers who are indispensable to the economic interests of Germany, viz., miners and workers in the building trades, go to Holland to improve their position. They meet with no passport difficulties when crossing the frontier, as Dutch employers are only too pleased to see them. As a result, thousands pass into Holland. On pay day, they go to Germany to buy all kinds of commodities, with which they return to Holland. This is especially noticeable in the Ruhr district.

For the German building trade, the exodus of skilled workers is highly regrettable. In Aix-la-Chapelle, for instance, hundreds of new buildings, which ought to have been completed a year ago, are not yet ready for use, owing to the shortage of carpenters, plasterers, etc. It has also become impossible to relieve the housing shortage, whilst working with unskilled workers increases the cost of construction.

The question has arisen whether the welfare of the country should be sacrificed to the interests of a few individuals. If workers in the building trades are prevented from crossing the frontier, exports of building materials should also be stopped. For new buildings in Holland, German materials are almost exclusively used, and these exports have assumed such proportions that the construction of buildings in Germany has frequently to be stopped for want of cement, bricks, wood, tiles, etc. (*Gazette de Hollande*, Dec. 23.)

SWITZERLAND

POLITICAL AND GENERAL

The Federal Assembly (being the State's Council, composed of representatives of the cantons, 44 in number, and the National Council or Chamber of Deputies) has just elected the Federal Council which corresponds to the Cabinet of other countries, its President or Premier also fulfilling the functions of President of the Confederation. The members of the Federal Council, who are elected for three years, are MM. Scheurer, President (*ex-officio* President of the Confederation); Chuard, Vice-President; Motta, Schultess, Haab, Musy and Haeberlein. Other State officials also elected are M. Steiger, Chancellor of the Confederation; M. Franz Schmid, President of the Federal Court; and M. Affoller, Vice-President. The offices of the new Government have not yet been distributed, but M. Scheurer was the head of the National Defence Department, and M. Musy of the Finance Department in the last Council. The Foreign Affairs Department has apparently been placed in commission, as the Federal Council has appointed a delegation consisting of MM. Molta, Schultess and Haab.

The recent "initiative" for a "referendum" on the question of a levy on capital, which was defeated, has caused great excitement, and given rise to proposals for a revision of the constitution in the direction of restricting the right of "initiative." Private bills have been set down in the State and National Councils with this object.

FINANCE

SWITZERLAND AND THE CREDIT TO AUSTRIA.

An address on this subject was recently given at the Society of Statistics and Political Economy of Basle by M. Sarasin, President of the Swiss Bankers' Association, and Swiss delegate to the financial commission for the reconstruction of Austria.

In the report of the address, the Swiss daily press does not attempt to give a general summary of the very detailed statement by M. Sarasin, but confines itself to reproducing his views as to the possibility of carrying out the Geneva agreements, and his arguments in favour of participation by Switzerland. Several obstacles, he remarks, both political and economic, stand in the way of carrying out the measures agreed upon. The chief political obstacle is the organised opposition of the Socialists to the financial control assigned by the Geneva agreement to the High Commissioner and the Committee of guaranteeing States; and the economic obstacles include excessive inflation, the Budget deficit, and the failure of taxation measures. Great efforts will have to be made to balance the Budget; and as the issue bank is to cease printing further notes, the deficit will have to be met by the international loan of 650 mill. gold kronen. By proceeding gradually, it may be possible to set Austria's finances in order by the end of 1924. After briefly indicating the means whereby Austria could raise sufficient revenue to balance the Budget, a hard but not impossible task, M. Sarasin dealt with Switzerland's participation in financial assistance, giving his reasons in favour of such participation. The Confederation had not signed the Geneva agreement, since this document, being in the nature of a State Treaty, it would be necessary to await the expiration of the period during which a referendum on the subject could be held. He considered it desirable that Switzerland should co-operate in financial assistance to Austria, either by contributing to the general loan or by making an independent loan of Fr.20 mill. duly secured. The three reasons why Switzerland should come to the assistance of Austria were: (1) That the latter formed Switzerland's only trade outlet on the East; (2) that inasmuch as Swiss policy was governed by her situation between four States, the maintenance of the *status quo* was a vital question for her; (3) that the Swiss Confederation must, in its own interests, continue an ancient tradition by coming to the relief of a friendly neighbour nation and saving it from famine. (*Journal de Genève*, Dec. 19.)

THE CURRENCY MARKETS IN NOVEMBER.

Unlike October, when a steady downward movement of the Swiss franc could be recorded, the rate rose again considerably in November. The apprehension felt at first regarding a possible levy on capital has subsided, and the public's confidence in its own currency has also increased. (*Report of the Rotterdamsche Bank Vereeniging*, December.)

INDUSTRIES

THE SUBSIDY TO THE WATCH INDUSTRY.

The following information is supplied by the Swiss Watch and Clocks Association (Federation Horlogère Suisse):—

The French Government, on the grounds that export subsidies (*cf.* THE ECONOMIC REVIEW, Sept. 1, p.105) are contrary to the terms of the commercial convention of 1906, and to those of the Franco-Swiss agreement of May 31, 1921, has demanded their immediate withdrawal, under the threat of passing measures equivalent to the prohibition of the import of Swiss clocks and watches into France. It is stated that this demand has been complied with. (*Bulletin de Documentation Economique*, Dec. 16.)

THE EMBROIDERY INDUSTRY.

The crisis in the embroidery industry has become more acute owing to the complete stoppage of exports

Switzerland

to the United States as a consequence of the Customs tariff. Sales are almost nil, and a request for a moratorium has been addressed to the Federal Council. In the event of its not being granted, the manufacturers have threatened to close down. (*Bulletin de Documentation Economique*, Dec. 16.)

AGRICULTURE

THE SITUATION IN 1921.

It was only at the beginning of 1922 that people began to speak of an agricultural crisis. Nevertheless, the Committee of the Swiss Farmers' Association had already during the previous year called attention to the fact that by reason of the fall in the price of livestock and meat the crisis had extended to agriculture.

The Committee has published the results of its investigations into the accounts supplied by 402 farms and farming undertakings in all parts of Switzerland, cultivating an average of 13 hectares, including woods (an average slightly above that of the whole country, with correspondingly higher profits). Its figures may be taken as approximately accurate. The following table shows, per inhabitant, (*a*) gross yield, (*b*) working expenses, (*c*) cost of labour, (*d*) net profits :—

	(*a*)	(*b*)	(*c*)	(*d*)
1901–5 average ...	590	449	274	141
1906–13 „ ...	723	534	315	189
1914–19 „ ...	1,292	781	460	511
1920 „ ...	1,652	1,256	738	396
1921 „ ...	1,246	1,190	602	56

It will be seen from the above that the relation of working expenses to gross profits is much more unfavourable than ever before. The principal cause of the decline of gross profits is the fall in the price of cattle and pigs, and, in a minor degree, the reduced yield from fruit cultivation and forestry. Again, the reduction of the area devoted to arable land has also contributed to diminishing profits. On the other hand, the price of milk—which only fell after February 1922—was satisfactory. The cost of labour, although showing a slight fall, was 100% above the pre-war cost. Expenditure on buildings, the upkeep of live stock and supplies, and the amount written off in respect of dead cattle, prevented any appreciable reduction of working expenses. The net profits, shown in the last table, prove that the yield from agriculture has fallen to the level of the very unfavourable pre-war yield, which has occurred in no other branch of industry. Thanks to the relief afforded to them, even the unemployed are in a better position than before the war. But, as a return to the pre-war profits only affords a means of livelihood, if general cost of living declines proportionately, it will be interesting to see whether this condition applies to the farmer. The following table shows (*a*) the average daily share of profits from land or earnings per person, (*b*) annual expenses of a family, (*c*) daily expenditure per person :—

	(*a*)	(*b*)	(*c*)
		Fr.	
1901–5	1.25	3,189	2.08
1906–13	1.47	3,308	2.19
1914–19	2.25	5,001	3.37
1920	3.28	7,471	5.04
1921	3.07	7,223	4.87

Although private expenditure in 1921 shows a slight decline compared with the years of war, it is nevertheless 100% higher than in pre-war years. The above table clearly shows that, in order to live, the small farmer had, in 1921, to draw upon his savings. (*Journal de Genève.*)

COMMUNICATIONS

ELECTRIFICATION OF THE RAILWAYS.

The electrification of the Swiss Federal Railways is now being carried out. Under the Electrification Act of 1918, the Swiss railways were divided into three groups, the electrification of which was to be carried out in periods of ten years. The first section to be converted consists of 1,123 km., to be equipped at the rate of 110 km. a year. The work of conversion is now being carried out over a length of 239 km. The sections already completed are Lucerne–Zurich, 55 km.; Lucerne–Basle, 92 km., and Sion–Lausanne, 52 km. The monophase system is being adopted. The total length of the Federal railways is 2,942 km., in addition to which a number of important private lines are also being electrified. According to the scheme, contained in the Act of 1918, 412 km. will have been electrified by the end of 1922, 519 km. by the end of 1923, 676 km. in 1924, 856 km. in 1925, and 877 km. (*sic*) in 1926. The cost of the work to be completed up to the end of 1926 will be Fr.478 mill., Fr.350 mill. for the cost of the line, etc., and Fr.128 mill. for rolling stock, payable as follows: Fr.299 mill. by the end of 1922, Fr.179 mill. by the end of 1926.

The cost of running by electricity, compared with steam, depends naturally on the price of fuel. It is estimated that on the St. Gothard line, the cost, equivalent to the price of coal, on the basis of the traffic of 1913, will be Fr.90 per ton, whereas coal only costs Fr.60 per ton. At first sight, therefore, there appears to be no economic advantage in electrification. Moreover, it must not be forgotten that the erection and equipment of power stations was carried out when prices were high, so that this expenditure will be a charge on future balance sheets. On the other hand, these works have helped to check unemployment. It is anticipated that working by electric power will be no dearer than steam, when once traffic attains 90% of the traffic of 1913. (*Moniteur des Intérêts Matériels*, Nov. 6.)

SOCIAL AND LABOUR CONDITIONS

UNEMPLOYMENT IN NOVEMBER.

During November the number of unemployed increased by about 3,200. The following table gives the figures for various classes of unemployed (*a*) at the end of October 1922, (*b*) at the end of November 1922, and the difference % in November compared with (*c*) November 1921, (*d*) October 1922 :—

	(*a*)	(*b*)	(*c*)	(*d*)
Totally unemployed ...	48,218	51,128	—36	+ 6
Partially unemployed	21,585	21,900	—61	+ 1½
Total number of unemployed	69,803	73,028	—47	+ 5
In receipt of relief ...	16,581	18,415	—55	+11
Employed on relief work	16,457	13,860	—	—16
Total number of those benefitting by public relief	33,038	32,275	—	— 2

(*Neue Zürcher Zeitung*, Dec. 21.)

THE BALKANS

POLITICAL AND GENERAL

YUGO-SLAVIA :

The Political Crisis.

The Yugo-Slav political crisis having passed almost unnoticed in the British Press, a short explanation of the situation may not be out of place here.

The predominant question in home politics is that of the constitution. This is no mere academic matter, but a problem of life and death to the State. The present constitution is strongly Centralist, and corresponds to the ideas of the pure Serb elements in the State. But it is doubtful whether the State in this form can continue to exist, so strong is the resentment of the non-Serb elements. In particular, Croatia is highly discontented with the Centralist Constitution, and desires a status more like that of Bavaria in the German Reich. The Croat leader, Radich, has since the promulgation of the Constitution boycotted the Parliament. Neither he nor his 50 strong party have set foot inside it. As the strong Communist party was about the same time excluded from the House on suspicion of having been party to the attempted assassination of the King, and no members were elected in their stead, the House practically ceased to be representative. The working majority of the Pascitch Coalition was quite artificial, depending on the absence of its opponents. Meanwhile feeling in favour of decentralisation grew steadily stronger, even among the Serbs. The fear of a return of Radich and his friends (which would have put the Government in a minority of 214 to 205 in the House) made the Government's situation untenable. On Dec. 5 Pascitch resigned, but in default of any other possible Government, with the present Parliament, was entrusted on Dec. 17 with the formation of another Government, pending a general election. This Government has been formed from the ranks of the Radical Party alone. For the moment, the main interest in the change of Government resides in the substitution of M. Stoyadinovitch, editor of the important daily *Politika*, for M. Kumanudi, at the Ministry of Finance. This implies a complete change of programme, as shown by the following statement by the new Minister circulated by the Avala Agency.

The Policy of the New Minister of Finance.

M. Stoyadinovitch observes that his career at the Ministry of Finance had lasted from 1914 to 1918, so that he was not unaccustomed to facing financial difficulties. He wished, none the less, that he had been spared one quite unexpected difficulty. Namely, as was recorded in the Belgrade Press, his predecessor, M. Kumanudi, had taken the occasion to repay to the National Bank on leaving office, a debt of Dinar 130 mill. The same Minister, who had consistently borrowed during his whole term of office from the National Bank, remembered his debts, amounting to Dinar 5 milliards the day he left office, and repaid Dinar 130 mill. This looks rather like leaving the coffers empty, and letting the successor decide how to face the consequent difficulties.

The monetary situation had been brought to a sorry pass, from which there was no immediate escape, by the useless sale of dollars on the Bourse, in the attempt to keep up the dinar. The sale of dollars ceased, and when foreign exchange rates went up the Ministry dictated artificial and arbitrary rates to deceive the public and itself. But at these official rates of 1 dollar = 74 dinars, etc., nobody could in reality purchase the exchange required. Demands for exchange steadily accumulated, but there were practically no sellers. The Assistant Minister of Finance recommended the importers to lower their prices and get rid of their stocks, thus forcing the consumption of foreign goods. He publicly guaranteed a rate of Fr.9 to Dinar 100 in Switzerland, and promised that the rate would soon be 12. Meanwhile the importers, who had absolute need of foreign exchange, sold their dinars abroad, for the regulations of the Ministry were naturally not valid across the frontier. This sent the dinar flying down. The following prices were paid at Zurich for Dinar 100 :—Oct. 18, Fr.10.30 ; Nov. 1, Fr.9 ; Dec. 1, Fr.7.30 ; Dec. 15, Fr.6 ; Dec. 16, Fr.5.50.

"That is the situation," says M. Stoyadinovitch, "which meets me on assuming office. To-morrow I will abolish this impossible *régime*. But it must not be said by anyone that the dinar has sunk 100 points in one day. In reality this decline has been long going on steadily. The question now is how to stop it. This hard task I will not try to effect by any new artificial methods. But the return to free dealing in exchange must be made slowly. The State has had sufficient recent experience of precipitate action.

"My main efforts will be directed towards balancing the Budget and improving the trade balance. An Act for rendering the burden of direct taxation more equitable is already prepared. The real wealth of the country gives cause to hope that order may soon be restored to the finances of the country, without which there is no hope of affecting the urgent reforms in the State which are now on everyone's lips."

THE STATE OF RUMANIA.

[The following paragraphs do not form a single article. They are merely excerpts from leading articles in the Bucarest *Bursa*, a journal whose utterances are on an intellectual level considerably above those of the majority of its rivals in Rumania. As they stand, we believe that they will give the reader a vivid picture of present conditions in Rumania.]

I

The Bourse operations in Rumania have for some time back been less than ever founded on any real basis. A small number of securities which offer special opportunities for transactions of a more or less illusory nature, are handled. When a sale of these securities is really effected, it is due to the need of the seller for immediate cash.

The necessity of satisfying imperative needs leads to the conclusion of urgent commercial deals. While the debasement of the Rumanian currency prevents importation from countries with high currency on a large scale, we have the spectacle of traders holding large stocks disposing of them at very low prices, under pressure of the strangle hold of their creditors, anxious to liquidify their assets before the new year. The number of purchasers for these stocks is very small, and it is not the consumer who profits, but a few speculators who hope to realise large profits in time.

The economic respiration of the country is, in these circumstances, a series of gasps. Only the most short-sighted, and those whom circumstances have enriched without any effort on their own part, fail to see the menaces which loom as clear as day in the immediate future.

The Balkans

The most typical manifestations of the present day are the fury of creditors against their debtors, and the innumerable combinations planned and never put into more than the initial stages of execution.

Those in whose hands the power of the State resides, strive to provide counter attractions for the attention of those they govern, so that they may satisfy the motive which leads them to retain the power. Hence the recent Anti-Semite agitations. But this utilisation of racial hatred as a means of diverting attention from the real needs of the country is an expedient that will not be of long effect. Soon the rulers, who have the same mentality as Bourse speculators and wholesale foodstuff dealers, will share the fate which has overcome these last.

II

Rumania's politicians have no respect for plighted troth or written word, be it Constitution, law, or decree. They are in no way concerned to redeem their verbal or written promises, even to foreigners, less than ever in financial or business matters. Their interest is concentrated on those laws which can be exploited against their adversaries and emulators, if necessary, by an arbitrary interpretation.

At the present moment no promise is respected in Rumania, verbal or signed, be it in commerce or in the relations between the public administratory services and the business world.

This is not the fault of traders, industrialists or bankers—none can be expected to do the impossible. It is the fault of unworthy elements in the high places of Government. The State owes large sums to the banks, quite apart from the National Bank, which is here left out of consideration. It owes huge sums to its own subjects for railway material and other kinds of provisions for the public services. The industrial companies, the contractors, the tradesmen of all categories who have supplied railway and other material to the State, have incurred huge debts with the banks in the course of doing so. These debts they cannot repay because the State will not repay them what it owes. Thus a vicious circle has been created. Meanwhile, the economic life of the country is being strangled out of existence. But the solution of the problem lies in the hands of persons whose interests are purely selfish, and whose only concern in these problems is what they can make out of them.

III

Rumania's balance of trade with foreign countries is adverse. She has practically nothing to export to improve it. What available merchandise there is can only be exported with the utmost difficulty owing to the restrictions imposed by the Government which disable trade without doing any clear good to the Government. As regards the importation of objects of the first necessity, Rumania does not enjoy the confidence of those who could supply her. This is partly due to a number of circumstances common to all nations whose trade education is behind the times, and which affected Rumania before the war. But in the three years following the war, numbers of untrained and uneducated persons plunged into trade and purchased anything and everything from abroad, pouring out lei into foreign countries, and so depreciating the Rumanian exchange and discrediting Rumanian trade abroad. They entered into written engagements which they did not dream of keeping, so that at the present moment some foreign contractors will not conclude a deal with a Rumanian firm, even if payment is made in advance. They have learnt from their own or their friends' experience that obtaining payment is not the only difficulty faced by those who trade with Rumania. The others are Customs formalities, transport difficulties and law-suits.

IV

In Rumania the epoch of slavery is not yet wholly past. There is a superficial layer of Western civilisation reflected in the hypocritical speech of the ruling classes in their salons, in Parliament, and on occasions of public ceremony. In reality, even since the expropriation of the great land owners (effected with so many subterfuges), the country remains as in the middle ages. There is a total absence of a sense of responsibility towards the governed, both in political and in financial circles.

Rumania has no great capitalists, no financial, industrial or trade trusts. Instead, she has an insatiable desire to get rich without working. The small amount of liquid capital that there is, is not in the hands of those who would utilise it for the economic good of the country; still less the unexploited capital. It is in the hands of persons who have no interest in making it productive. No sane unprejudiced observer can deny the truth of this depiction of the situation.

The reason for this situation is that outside Turkey there is no people so uneducated as the Rumanian. This applies to every social rank. In the villages there is an illiteracy of 80%. In the governing classes there is a 100% lack of the education required for proper fulfilment of the post held. The few who have any education have been unable to make any use of it, being at the continual beck and call of the masters of the moment. They have always rested content with material honours and riches.

Such being the case, the spectacle of the present crisis in Rumania should surprise none. On the other hand, none should expect those who see things as they are, to shoulder alone the risks entailed in any protest. All the great problems which profoundly affect the life of the masses of the people are in the hands of persons who have too great an individual interest and too little special capacity.

Try to tackle the problem of the exchange, that of Rumania's bad credit abroad, that of the exploitation of dormant wealth, that of taxation reform, that of the crisis on the home market, that of the hell which Bucarest, capital of Greater Rumania, is; the attempt will bring down torrents of wrath from the masters of the situation, who are consciously or unconsciously responsible for things as they are.

FINANCE

BULGARIA:

The freshly founded International Bank of Bulgaria with a capital of Lev.75,000,000, will begin its operations at the beginning of next year. More than half the capital has been subscribed for by the National Bank and the the Agrarian Bank, the remainder by foreign banks and private people. The main office will be in Sofia, but branches will be opened in Berlin, Paris, Zurich and Constantinople. (*Frankfurter Zeitung*, Dec. 18.)

RUMANIA: THE FINANCIAL AND ECONOMIC SITUATION.

Rumania at the present moment suffers from a money shortage and a consequent business depression such as has not been known for many years. The causes for this are not only the same as have produced the world-wide stagnation of trade, but also more local circumstances.

(1) Declined Foreign Trade. August and September are usually months when export trade is specially lively. This year, although the quantity of cereals available for export was relatively high, the export returns were most discouraging. This is partly due to lamentable transport conditions, but chiefly to the economic policy of the Government, if policy it can be called. The State imperatively needs money; the £35 mill. loan is backed by the Customs receipts; therefore the Government has placed export duties on cereals of all kinds so high that a margin of profit between Rumanian costs of production and world market prices hardly remains. The policy of Czecho-Slovakia has crippled the wine export trade. Thus, the main source by which money flows into the country has largely failed. The decrease in imports has not by any means atoned for this.

(2) Feverish Company Foundations. The enormous number of companies founded has drained the resources of banks and individuals. The acquisition of Siebenburgen in 1918 brought with it the necessity of accommodating the flourishing industry of this district to the needs of Greater Rumania. The consciousness of the great exploitable wealth of the country led to a veritable epidemic of company foundations. Untold millions were invested in real wealth, that is, factories, works, &c., and these new enterprises requiring the support of credit in the early stages, still further drained all available money resources. The banks now declare that their coffers are empty the more so because the absence of any important export trade has cut off the main source of deposits.

For this reason, the banks are not only forced to reduce their credit accommodations, but also to think themselves of taking up fresh capital by new share issues. Industrial enterprises, large and small, are obliged to adopt the same measures—whether with success or no remains still largely to be seen. The situation has been aggravated by the fact that, in the process of unifying the currency, large sums of money were taken from the annexed districts, without their equivalent in lei having yet been received. This is especially the case with sums invested by the Siebenburgen banks and companies and private persons in war loans. In this manner a large section of the wealth of Siebenburgen has been simply confiscated, while the continual currency depreciation and attendant rise in the cost of living have made the need for liquid resources increasingly urgent.

(3) State Liabilities. Large quantities of goods had to be obtained by the State for reconstruction purposes, and for these the State remains to a large extent still indebted to industry and trade. The internal floating debt has attained Lei 2 or 2½ milliards, it is reckoned. Huge sums are still owed as compensation to former owners for the land from which they have been expropriated during the agrarian reform.

(4) Taxation in the Annexed Districts. The taxation policy of the Government has been to squeeze the maximum out of the newly annexed districts. In general the annexed parts are much more highly taxed than old Rumania. This is specially true of the industrial districts. (Instances are then given showing that individuals and firms in Siebenburgen pay up to six times heavier taxes than those in Old Rumania.) The costs of production are thus raised out of all justice for the industries of the annexed districts which have to compete against those of the old kingdom. To sum up, such is the stagnation of business in Rumania at the present moment that there may be expected a crisis more grave than the State has ever known. So long as the one remedy proposed by the Government is an increase of the note circulation by 1 milliard to 16 milliards, little hope of a recovery can be entertained, even should world conditions improve. (Bucarest Correspondent of *Deutsche Allgemeine Zeitung*, Dec. 10.)

SOCIAL AND LABOUR CONDITIONS

AGRICULTURAL CO-OPERATIVES IN CROATIA AND SLOVENIA.

The *Zagreber Tageblatt* (Dec. 14) speaks glowingly of the services rendered by the Croat-Slovene Agricultural Union. The peasants have gradually come to see the value of co-operative supply and sale depôts, and even those who adhere to the party of Raditch (the leader of the Croat Separatist Party) are joining the union in spite of their party's ban on it. The Union has carried through patiently a well-conceived programme. The peasant member orders his requirements through the union and becomes a shareholder in the Co-operative Bank. The Union managed to have the export of corn and fodder prohibited when this year's harvest proved insufficient to cover local needs in many places. It has when necessary opposed industrial pretentions with great effect. In Karlovac the Union has built a large depôt, in which are housed not only the supply department for every kind of agricultural requirement, but also a branch of the Co-operative Bank. Near the Station is the sales depôt, arranged according to the model of large western warehouses. Similar sales depôts have been started in other towns. The sales are lively and the prices serve to regulate those of all other sellers. The policy is not to undersell other vendors but to prevent sudden rises as a result of momentary shortages. Classes are being held to train persons for the office of secretary to the smaller local unions which already number 320, so that they may be able to act not only as liaison agents with Zagreb, whence the desired goods are sent by the Central Union, but also as counsellors to the members on all matters connected with their works. Government grants are assisting the holding of these training classes.

NORTH EUROPE

FINANCE

RUSSIA: BANKING AND FINANCIAL OUTLOOK.

BERLIN, Dec. 6.—The financial situation is extremely difficult, especially in the Ukraine, where, according to official statements, a collapse of the whole economic programme is feared; for this reason, the severe taxation policy is to be carried out to the last tittle. The Soviet Government has introduced the Income Tax which had been expected for a long time, besides a capital tax, which, however, will for the present affect only the town population, as there is no machinery for collecting taxes in the country. The tax is imposed also on juridical persons, with the exception of State undertakings, societies and companies, with regard to which a special law is to be drafted. The amount of taxation is steeply graduated.

The Issuing Department of the State Bank has begun the issue of the gold bank notes in denominations of "Tscherwonzy" (1 tscherwonez = 10 gold roubles). At present, such notes have been issued to the amount of 200,000 tscherwonzy, fully covered by a special reserve of gold and foreign exchange held by the State Bank. According to the first balance sheet of the issue, this reserve is at present worth 514,653 tscherwonzy; the Bank has a right to issue further 214,653 tscherwonzy. It is proposed within a short time to issue altogether R.20 mill. of these notes. In view of the impending opening of the Bourses, and of the formal dissolution of the State Bank's monopoly of foreign exchange dealings, it is proposed to institute a strict official control of exchange dealings, and a Foreign Exchange Order is accordingly to be promulgated which will come into force before these exchanges are opened. The rates for gold and foreign exchange for the latter half of November in Moscow showed a slow but steady rise; the $ was quoted on Nov. 14 at R.1,700 (1922 pattern), on Nov. 17, 1,900, on Nov. 23, 2,000, on Nov. 27, 2,200; the quotation for the German mark on the same dates was R.33, 33, 32, 32. These are the quotations of the official Quotation Commission, whereas the quotations on the open market (or rather on the illicit exchanges) were from 10% to 15% higher throughout. When the exchanges have actually been opened, consignments of money from abroad will no longer be paid according to the official quotations, but according to the rates quoted on the open market. (*Ost-Express*, Berlin.)

RUSSIAN INCOME TAX AND CAPITAL TAX.

MOSCOW, Dec. 9.—The newly introduced progressive Income Tax and Capital Tax for the town population is to be levied for the first time for the half-year from October 1922 to March 1923; it is to be based on the income for the months April to September 1922, and on the amount of the non-productive capital up to Oct. 1. The assessments are expressed in variable tax units, fixed for the current half-year at (1922) R.1,000 and R.500 respectively. The rate will be 0.8% on a half-yearly income of R.120,000; 3.5% on a half-yearly income of R.600,000; and 12% on a half-yearly income of R.2,000,000. In the case of a capital of R.1.5 mill. the tax will be 0.15%; on a capital of R.10 mill. 0.6%; 1.35%; capital in excess of this amount, 1.5%. As regards income tax, the amount of income allowed free of tax varies according to the district from R.40 to R.120,000; in the case of capital, the maximum allowed free of tax is fixed at R.300,000. (*Ost-Express*, Berlin.)

FOREIGN CAPITAL IN RUSSIA.

BERLIN, Dec. 6.—It is expected that the provisional agreement will settle the long-contested differences between Krupp's and the Soviet Government. Stomoniakow, chief of the Soviet Russia Commercial Office in Berlin, who is going to Moscow shortly, is to submit the agreement, together with various other provisional agreements with German concerns, to the Soviet Government for ratification. The German firm, Meinecke, wishes to form a combine with the "Ssseweroles" (Northern Forest Trust) for the exploitation of the forests on the River Mesen (Government of Archangel). The East European Bank, of Danzig, has offered to certain Russian trade organisations credits for goods and its services as intermediary for foreign purchases. A commercial delegation from Czecho-Slovakia has arrived in Charkow, to negotiate the importation of machinery, fertilisers, etc., into the Ukraine, and the exportation of Ukrainian raw materials, also the continuation of agricultural and industrial concessions. R. Kalning, chairman of the newly-formed Latvian State Bank, and former Finance Minister of Latvia, is in Moscow with the purpose of encouraging commercial relations between his country and Russia by means of credits that can be offered by his Bank; these commercial relations had latterly fallen off very greatly, and a short time ago the Soviet authorities had expressed an unfavourable view as to their future outlook. (*Ost-Express*, Berlin.)

INDUSTRY AND COMMERCE

THE RUSSIAN PROGRAMME FOR THE GERMAN-RUSSIAN COMMERCIAL NEGOTIATIONS.

MOSCOW, Dec. 15.—The Drafting Committee for the German–Russian Commercial Treaty reported to the State Programme Commission as to the progress made in their work. The Committee states that the first task of Russia as regards foreign trade policy must be to increase production in industry and agriculture, which is at present extremely small. In spite of the existence of the foreign trade monopoly, import duties are indispensable, not only fiscal duties, but also protective duties in support of home industries, which they say are capable of development within the next few years. These duties would only need to be quite small in the case of articles needed for production purposes and raw materials. Export duties would also have to be retained, but the reciprocal system for these would have to be thoroughly revised, as it is endangering the Russian export trade. It should be sought to secure from Germany a concession whereby no *duty would be imposed on imports from Russia of cereals, timber and other raw materials* for a certain period. Russia would make certain concessions on its side, in the form of privileges to German persons and companies, with regard to their commercial activities in Russia. On the other hand, Russia would insist on retaining autonomy as regards the Customs tariff and would refuse to introduce a tariff convention. The privileges alluded to might consist of the granting of concessions, the admission of German credit institutions, etc. The Committee has obtained the opinion of experts on trade conditions in Germany; the opinions of all the experts, with the exception of Varga, former Minister of Economics for Hungary, were optimistic in tone. The State Programme Commission agreed to the principles proposed by the Committee. The Committee is at present working on a number of details, among which are:—most-favoured nation agreements; recognition of juridical persons; patent rights and rights of firms; possibilities of arbitration; transit goods; commercial shipping; commercial activities of private persons and their right to capital; rights of private persons to transact import and export business or credit business; import and export contingents, etc. (*Ost-Express*, Berlin.)

SPECIAL ARTICLES

CURRENCY DEPRECIATION AND STATE LIABILITIES.

In the December issue of *Die Bank*, Dr. Lansburgh discusses the reason for certain apparent anomalies in the current Stock Exchange quotations of some German and Prussian State obligations.

Unsettled currency conditions make of every single transaction a fraud or a speculation. The building or purchase of an enormous factory is neither more so nor less so than the journey in a tram for which the price of the ticket may or may not be doubled the next day, so that it may or may not prove to have been good business to take the trip one day earlier.

In the middle of November the current quotation for the Reich 3% loan on the Berlin Bourse was 1,000. It was thus priced extraordinarily much higher than any of the other Reich loans bearing higher rates of interest. The 5% war loan, for instance, was actually quoted below par at 80%. In a former number of *Die Bank* (Sept. 1922), when the price of the Reich 3% had already reached 300, this anomaly was discussed. The explanation then given was that the International character of this loan—as regards rate of interest the least enticing—was what secured it so markedly preferential a price over all the other loans of the Reich and of the States. For this loan is quoted not only on the Berlin Bourse, but also in London, Amsterdam, Brussels and Switzerland. The attention of the Foreign financial world is thus drawn to it more than to any of the more remunerative loans of the Reich and the States, whose value is purely "internal." The German 3% is a well-known brand and as such overpriced. An excellent example of how much more an extensive market contributes to the exchange value of a commodity than does its intrinsic worth!

Thus was explained the quoted price of 300 which reposed on no foundation of real wealth, but simply on the desire of the many foreign holders of marks to invest these latter in an international interest-bearing security. Is it the same reason that has now driven the price of this loan up to 1,000?

The answer to this cannot be a simple "Yes." For in the interval much has happened. German credit has suffered a severe setback. The political outlook for Germany has become much more black with the resignation of Lloyd George. The certainty that the inflationist policy of the Wirth Parliament must lead to a general collapse has spread all over the globe. Above all, the financial prospects of the German State have been seriously damaged by the open talk at home and abroad of a possible German State bankruptcy. If in spite of all these unfavourable factors, which are notorious to every financier in the world, the price of the German 3% loan soars upwards as it did in November, then there must be some special expectation attached to its possession.

What that expectation is may be easily deduced by the simultaneous movement of another Loan Security—the Prussian 3% Consols. This security was purchased in October and November in very large quantities, and its price has gone up to 400, that is, not nearly so high as the Reich 3% but vastly higher than any other more profitable Reich or Prussian loan. That a simultaneous demand for the two least profitable German and Prussian loans—both pre-war loans—should be felt, and in a greater degree for the more international of the two (for the Reich 3% is a regular international security), in a lesser degree for the Prussian loan, which outside Germany is quoted only on the London Stock Exchange, gives away the secret of the phenomenon.

The price of these securities depends in very great measure upon the fate of the German currency; but less upon its recent collapse than upon the prospects of stabilisation. Since the Reparations Commission and the experts have made it perfectly clear that stabilisation of the mark must be the first step in the financial recovery of Germany, foreign financial circles have begun to take measures in view of such a stabilisation and to consider what will be its immediate and more distant effects. It is supposed that the new mark will have a value of 1/500 or 1/1,000 of the old mark. But then the question arises, what will become of the old loans paid in in gold before the war? Will the interest and amortisement of these be tacitly continued in new marks representing at best 1/500 of the value of the money paid in? This would amount in all but name to repudiation. Or will the Reich and States do all in their power to repay the loans in the gold values that the lenders were promised?

The rise in the Reich and Prussian 3% indicates clearly the answer so far given to this question. In the case of war and post-war loans paid in in paper marks (though not depreciated to the same extent as now) the lack of demand shows that no hopes are entertained that these will be paid back in good currency. They are valued no higher than their present yield of interest in worthless paper justifies. In the case of the pre-war loans a sharp distinction is made between those that are purely internal and concern only the Reich and the States and their citizens, and those which represent in part a liability to foreign citizens, being quoted on foreign bourses. In the case of the first, some adequate recompense to the lender is considered not impossible, but unlikely in view of the precarious State finances of Germany. In the case of the second, lively hopes are entertained that the lenders will be somehow indemnified. Although the resumption of interest payments in full gold values is not expected, some considerable allowance for the depreciation is certainly expected to be made. The expectation is much more confident in the case of the truly international Reich 3% than in that of the Prussian 3% Consols.

Whether the speculation on the faithfulness of the German and Prussian Governments to their plighted word reposes on a sound basis or no, not even those Governments could say for certain. It is a question to be settled less by right than by might. When the time comes for Germany to regularise all her liabilities, then the political situation will determine what Germany will be expected to do to meet her promises and to what extent it will be in her power to act in accordance with justice in the final settlement. No amount of desire to act rightly can now secure a just liquidation of these debts. For Germany to redeem her written promises literally would be out of all possibility. *Summum jus* would here be *summa injuria.* Moral justice would require that to each creditor should be repaid the same value that he lent. This would also be quite impossible. There are few debtors who are in a position to repay their pre-war gold mark borrowings in full gold values (clear indication of the loss in national wealth occasioned by the inflation). But it would be deprived of all moral value, even were it possible, by the fact that modern credit is transferable, so that the wrong persons would in most cases receive the indemnification. To attempt to evaluate all claims by tracing all purchases and sales from the origin of the liability would lead to a new class of profiteers—an *Aufwertungsgewinnlertum* (translation of this expressive term is not attempted) to swell the ranks of the war, revolution and reparation profiteers.

None the less, it is to be assumed that when the mark is stabilised, some scheme will be evolved to prevent the total collapse of the securities representing pre-war gold loans. Some such indemnification of creditors has always marked the end of periods of inflation, e.g. in France after the assignats and at the end of the Napoleonic wars. Whatever happens, the arrangement

Special Articles

come to will be merely the chance product of circumstances and will depend upon the holders of power. Foreign politics will almost certainly play a part in the decision, as large quantities of German State Securities are in foreign possession. As a large proportion of the Reich and Prussian 3% Loan Obligations are in the hands of influential London and Paris banking groups, it is not to be doubted that some form of diplomatic pressure will be brought to bear in favour of the indemnification of the holders of these securities. The persons indemnified will, however, only in the rarest cases be the original creditors who lent in gold marks and are morally entitled to some kind of recompense. They will be in most cases persons who have recently purchased the loan as a purely speculative investment.

WORLD DEMAND.

By PROF. DR. OTTO GOEBEL-HANNOVER.*

In spite of the temporary advantage given to German exports by the depreciation of the currency, yet the export trade of Germany is only equivalent to a fraction of what it was before the war. The trade of the other industrial countries has similarly declined, and also that of the countries producing raw materials. The crops of rubber and other industrial raw products have to be artificially restricted, as does also the shipping of foodstuffs, in order that the price may not fall behind the costs. Unemployment is gradually remedied in some countries only to make an appearance in others.

It is to my mind erroneous to attribute this circumstance exclusively to the disappearance of Central Europe from the markets, and the total collapse of Eastern Europe. That the loss of Russia has had no such decisive influence upon the world economic situation as the Bolshevik delegates at Genoa seemed to believe, may be gathered from the following table showing the comparative importance of the principal countries in world trade before the war. The table shows in milliards of gold marks the total value of the export, import and re-export trades of the countries in question (including colonies, etc.) in 1912:—

Great Britain	47
Germany	22
France	17
U.S.A.	16
Belgium	11
Holland	11
Austria-Hungary	6
Russia	6
Italy	5
The rest	21

The total thus reached is in round figures gold marks 170 milliards.

Even when it is taken into consideration that for many of the larger countries there are sums reckoned twice over—once, that is, as imports and once as re-exports, yet the share of Russia in the world trade turnover is shown to be a comparatively small one. Much more serious is the decline in Germany's foreign trade, a decline which corresponds to about 10% of the world's trade in 1912. But beyond this, more abstruse causes must be found to account for the catastrophe than the general disorganization of trade.

The past century, and more especially the past half-century, was an epoch of feverish change, under the impulse of mechanical and transport development. It was also an epoch of tremendous population increase in the countries affected by this development. The basis of the employment of the industrial classes, and of the prosperity of the industrial countries was not the satisfaction of current requirements so much as the necessity of providing for the growth of the population (in the original German *Neubaubedarf*). The yearly population increase in Germany was 800,000. What an enormous demand for material, what an unending field for energies this growth in the population supplied!

Every technical improvement and perfection brought with it a destruction of the old and obsolete. Scarcely ever was a machine, a building, a transport facility utilised to the point at which it could no longer serve its purpose. Good and useful plant was ruthlessly demolished to make place for more modern, more perfect plant. Everywhere the needs and the claims of the individual expanded. Travellers by sea or land demanded twice the space that a few years before they had considered sufficient. Similarly the grade of luxury in food, clothing, and housing rose. This wave of increasing demand was not limited in its effects to the great industrial countries. Among the simplest, most primitive peoples there was an increase of demand.

This period of rapid progress, which in the natural course of events would have made way for a period of tranquillity, without any sudden jar or shock, was rudely interrupted by the world war, and converted into a period of regression. The population of Europe is declining. The poverty and collapse of the middle classes cannot in the long run be compensated for by the increased claims of the working classes. These claims they will not be able to maintain at their present height. A wave of poverty has gone over even the countries that were not affected by the war, and those that were victorious in it.

The few countries which, like the U.S.A., have been enabled to draw to themselves the financial resources of the world, cannot make up their mind to sacrifice their accumulated treasure to the revivication of world trade. It is no exaggeration to say "to sacrifice," since in present circumstances no one can tell how long it will take to get a return for money so expended. They fear, also, lest the fruits of such action may not be enjoyed by their competitors, against whom as producers they are as yet by no means sufficiently armed. Thus the U.S.A. is not far from thinking that

* From the *Berliner Boersenzeitung*, Dec. 22.

by leaving the industries of her rivals to tackle as best they may the financial difficulties which confront them, she may obtain so large a share of a reduced world trade as may suffice to keep her own well-financed industries sufficiently employed.

We shall be well advised to consider the falling off in our trade as not a temporary but a permanent phenomenon, and seek to liberate ourselves as much as possible from the dependence on foreign foodstuffs whose import now absorbs so large a part of the profits of export.

NOTES ON NEW BOOKS

Central European Universities after the War. By C. P. Blacker, of Balliol College, Oxford.*

Resa till Konstantinopel genom Mellan Europa. By Fredrik Bo͞ok. Stockholm. P. A. Norstedt.

These books have in common nothing but the subject—namely, conditions in Central Europe in 1922. For Mr. Blacker, who modestly purports to depict only the state of the Central European Universities when he visited them in August last, goes a great deal further in reality. As a background to the details he gives us about student life in Austria, Hungary, Czecho-Slovakia, Poland and Germany, he supplies a concise review of general conditions in these countries, not from the viewpoint of the economic expert, nor of the political journalist, but from that of the fair-minded foreigner who walks about, notes down what he sees, and asks intelligent questions of all those he comes up against, without always taking as gospel truth everything that he is told. Mr. Blacker writes with no pretention to literary style, but his appeal is not for that the less effective, when he asks "every undergraduate and school boy in England to realize that it is open to him to take a small part in lending a helping hand to an enemy who has been humiliated, crushed, and ruined," and specifies as the best means for doing this a contribution to the European Student Relief Fund, in support of which this pamphlet has been written.

Mr. Bo͞ok's brilliant book has very serious pretentions to style. It is a subtly-composed narrative in which every aspect of life in Central Europe in 1922 finds its reflection. The author is animated by that resentment against the victor, and commiseration for the vanquished, which must almost inevitably overtake the spectator of a long and doubtful struggle, suddenly ended by the hopeless collapse of one of the combatants. The victor can scarcely be expected not to indulge to some extent the desire for revenge accummulated during long years of struggle, but the generous spectator is only too apt to make no allowances for this, and Mr. Bo͞ok is certainly not concerned to make them. His outlook is even somewhat vitiated by his obvious desire to find the victors in the wrong in every case. His dislike of the English in particular is demonstrated in a method with which Pierre Loti has familiarised us. The book might almost be called "L'Europe sans les Anglais." But not quite, for once or twice the fur coats and check trousers of the English Valutaschweine obtrude themselves into these pages. Would it be impolite to remind Mr. Bo͞ok that, so far as can be ascertained, the proportional increase in the tripper export of England since the war falls well behind that of some other countries, and not least his own?

But these are small defects in a book so valuable that we can only regret it has been written in a language which debars it from a wide international circulation. Mr. Book has an almost magical power of conveying aspects of life in his many halting places between Stockholm and Constantinople, and he wastes no words. The general impression he has received of Europe in 1922 is a black one. It is blacker than that of most observers, for it is illumined by few gleams of hope. A little comfort from the busy hustle of Prague, a little confidence in the future of agricultural Poland—that is the best he has to report. Elsewhere depression, degeneration, emasculation, as in Austria and to some extent in Germany: or fierce revolt against the reversal of historical process that has subjected valiant and progressive populations to those which are their inferiors in achievement and enterprise, as in Hungary. Of the Bulgarians, Mr. Bo͞ok allows that they look pleasanter than the other Balkan peoples. Of the Rumanians, that those who do not go barefooted are exquisitely stockinged and shod, and that a Rumanian night-club dance has plenty of "go" in it. Of the Yugo-Slavs—but perhaps we had better not give publicity to Mr. Bo͞ok's "Ultimatum to Yugo-Slavia"!

The value of the book to an Englishman is that it shows how little the orthodox Allied view of the war and the peace has filtered through to the neutral countries: how far an intelligent citizen of what Mr. Shaw calls the most civilized country in the world is from seeing behind Allied policy since the Armistice any but the most stupid and brutal of those same motives which thrust the Central Powers into a war that crushed them to death.

Statistics of the Iron and Steel Industries. (The National Federation of Iron and Steel Manufacturers, Caxton House, Westminster. Pp. 83, viii. Price 5/4, post free).

This volume of elaborately presented statistics of the production and foreign trade in iron and steel in all the principal industrial countries has been prepared by the National Federation as a sequel to the annual volumes formerly prepared by the Iron and Steel Trades Federation, containing also more detailed figures than are possible in the excellent monthly bulletin. Particularly interesting are the schedules of price and production changes over very long periods. For instance, Marked Bar Prices per ton are given from 1806—1922, showing a general steadiness in the price of iron which is very remarkable in view of the tremendous changes in industrial technique and organisation of the last 115 years. At least twice in every decade since 1810–1920 the price of marked bars has been quoted between £9 and £10 per ton—a comforting reflection for those who take pride in the stability of this country's monetary system.

Memoirs of an Ambassador. By Freiherr von Schoen. George Allen & Unwin. Pp. 253. 10/6.

It is an excellent thing that books by prominent Germans dealing with the politics of pre-war Europe should be translated into English, so that the English reading public may become familiar with the view of the origin of the war, which is as orthodox in Germany as that familiar to ourselves is in France and England.

Freiherr von Schoen gives us a lucid and interesting account of his work as a diplomat in Copenhagen, St. Petersburg and Paris. The book covers the years from 1900 to 1914. During this time the author seems to have worked honestly and zealously to promote and preserve friendly relations between Germany and her neighbours, endeavouring to dispel the cloud of mistrust and suspicion which, according to him, surrounded his country at that time.

Whether the picture he gives of a pacific and amiable Germany hemmed in by hostile neighbours jealous of her prosperity and leaguing together to compass her ruin, be wholly accurate, is matter for controversy which would be out of place in these columns. Enough to say that the book throws, what is for the ordinary reader at least, quite fresh light on many familiar incidents. The author is ready to acknowledge that Germany was guilty of gross political blundering and tactlessness, especially in her treatment of Alsace and Lorraine, and in her attitude towards England's efforts for the limitation of armaments at the second Hague Conference. But he dismisses as an entire fabrication the desire for world domination commonly attributed by the French and English to the leaders of Germany.

It has been well said that there are in Europe two political parties only: those who wish to understand the other side's point of view and those who do not. All who in England adhere to the former party should obtain and read this book. K. G. S. S.

*Copies, Price 1/-, obtainable at the Office of the Economic Review, 14, Cornhill, E.C.3.

STATISTICAL SECTION

THE TRADE BAROMETER

EXPLANATION

There are obvious objections to the multiplication of Index Numbers ; but THE ECONOMIC REVIEW claims a double justification for adding to the list. In the first place, a weekly index should be of greater practical value than an index which is made up monthly and published in arrear. In the second place there is room for an index number which, instead of covering a wide field for the sake of representing the general level of all commodity prices, sets out to reflect the prevailing tendency of prices as exemplified in a small number of particularly sensitive commodities. The Harvard University Committee of Economic Research has recently shown that in America an index number devised to forecast price movements can safely be based on a small selection of price quotations, provided the commodities chosen are those which most accurately and rapidly reflect the trend of the general price level.

The closeness of the correspondence between movements of THE ECONOMIC REVIEW index and those of the *Economist, Statist* and Board of Trade gives some ground for believing that an adequate index for the United Kingdom can be based on a small number of commodity prices, and can therefore be taken weekly instead of monthly. The divergence of our index from the others at the top and bottom of the price cycle perhaps gives ground for hoping (though the point cannot yet be said to be definitely established) that we have chosen constituent elements which will give an earlier indication than the other index numbers of a change in the direction of the movement of prices.

Our index is composed of quotations for the ten following commodities :—

1. Pig iron
2. Tin
3. Coal
4. Linseed oil
5. Cotton
6. Wool
7. Hides
8. Wheat
9. Bacon
10. Sugar

The fact that *relative* commodity price changes may be under present conditions as important as changes in the general level of prices is now gaining more general recognition. In addition to Table I, which shows the movements of our ten commodities in the aggregate, we therefore give in Table II a record of the movements of each of them in relation to the others. For this purpose we have chosen December 30, 1921, as our base, the price of each commodity on that day being represented by 100 (at a time when the index in Table I stood at 150).

TABLE I.

Date	10 Commodities	* Board of Trade
1920		
Sept. 3	379.3	
10	379.7	
17	379.4	
24	360.6	
Oct. 1	356.3	318.1
8	346.8	
15	328.6	
22	319.8	
29	315.3	308.5
Nov. 5	310.8	
12	304.6	
19	293.0	
26	283.8	292.9
Dec. 3	272.0	
10	271.2	
17	257.0	
23	253.0	
30	249.8	269.4
1921		
Jan. 7	249.5	
14	244.2	
21	237.6	251.0
28	235.2	
Feb. 4	227.0	
11	227.4	
18	219.1	
25	215.8	229.9
Mar. 4	198.8	
11	197.5	
18	199.0	
25	201.4	
April 1	199.6	215.2
8	191.6	
15	202.8	
22	194.3	
April 29	202.2	209.0
May 6	207.2	
12	204.3	
20	197.0	
27	200.5	205.9
June 3	201.9	
10	203.6	
17	201.8	
24	201.6	
July 1	196.4	201.8
8	193.3	
15	194.4	
22	194.8	
29	193.6	198.2
Aug. 5	183.8	
12	178.8	
19	178.1	
26	178.1	194.0
Sept. 2	180.8	
9	183.0	
16	183.4	
23	180.0	
30	176.8	191.0
Oct. 7	172.1	
14	170.2	
21	163.0	
28	159.5	184.5
Nov. 4	158.9	
11	155.0	
18	154.5	
25	157.7	176.4
Dec. 2	153.6	
9	152.1	
16	153.2	
22	150.3	
Dec. 30	150.0	171.4
1922		
Jan. 6	148.1	
13	148.7	
20	144.0	
27	141.3	167.5
Feb. 3	142.3	
10	147.0	
17	149.2	
24	149.7	165.3
Mar. 3	148.4	
10	148.4	
17	149.8	
24	149.4	
31	149.8	163.2
Apr. 7	150.8	
14	151.7	
21	154.1	
28	154.6	163.2
May 5	157.8	
12	159.9	
19	162.1	
26	163.3	
June 2	162.9	163.9
9	164.9	
16	163.6	
23	164.8	
30	162.4	
July 7	164.7	163.1
14	165.1	
21	165.8	
28	167.3	
Aug. 4	168.1	163.2
11	165.9	
18	164.0	
Aug. 25	166.1	
Sept. 1	163.4	159.1
8	160.4	
15	161.2	
22	158.6	
29	158.8	157.1
Oct. 6	159.8	
13	161.2	
20	162.8	
27	165.9	
Nov. 3	170.1	158.0
10	170.1	
17	169.3	
24	168.2	
Dec. 1	167.4	160.4
8	161.6	
15	161.3	
22	162.2	
29	162.6	

* An error in the base prices of the Board of Trade Index Number has been discovered. The corrected figures are about 2% lower than those here given, and are published in the *Board of Trade Journal* for November 2nd.

CHART ILLUSTRATING TABLE I.

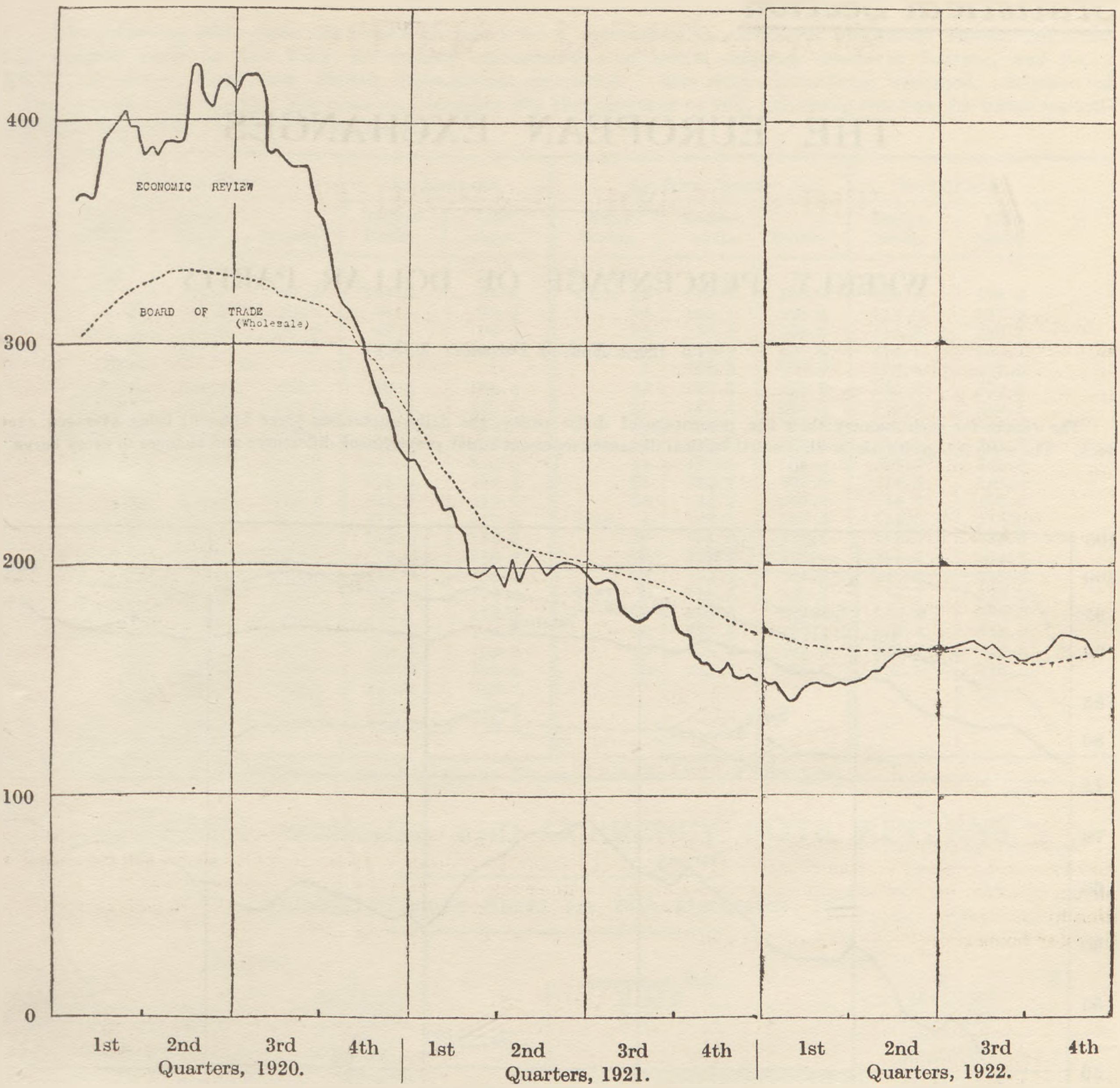


TABLE II.

Date	Pig iron.	Tin.	Coal.	Linseed Oil.	Cotton.	Wool.	Hides.	Wheat.	Bacon.	Sugar.	Mean.	Date
Dec. 30, 1921	100	100	100	100	100	100	100	100	100	100	100	Dec. 30, 1921
1922												1922.
Jan. 27 ...	90.6	90.5	92.4	108.8	85.3	100.0	82.6	101.1	94.4	96.1	94.18	... Jan. 27
Feb. 24 ...	101.4	85.3	94.3	136.9	90.0	106.7	76.8	106.4	104.4	94.1	99.77	... Feb. 24
Mar. 31 ...	94.3	84.2	93.4	126.3	90.3	106.7	87.0	116.2	97.1	103.8	99.93	... Mar. 31
Apr. 28 ...	92.9	89.4	89.6	149.1	87.9	106.7	78.3	113.5	115.8	107.7	103.09	... Apr. 28
May 26 ...	99.1	89.2	88.7	155.3	101.1	115.6	89.9	123.8	118.4	107.7	108.88	... May 26
June 30 ...	92.9	90.4	81.1	152.6	111.7	111.1	91.3	117.7	114.4	119.2	108.24	... June 30
July 28 ...	92.9	94.5	97.2	157.9	110.1	111.1	97.1	119.0	116.5	119.2	111.55	... July 28
Sept. 1 ...	92.4	93.8	94.3	121.1	113.9	111.1	92.8	108.9	112.8	148.0	108.91	... Sept. 1
" 29 ...	94.3	95.2	92.9	135.1	105.9	117.8	96.4	82.8	104.0	134.6	105.90	... " 29
Oct. 6 ...	94.3	95.3	94.3	136.9	103.7	122.2	99.3	83.6	101.5	134.6	106.57	... Oct. 6
" 13 ...	95.5	97.8	98.1	136.9	108.9	122.2	99.3	85.4	96.3	134.6	107.50	... " 13
" 20 ...	95.5	100.6	100.9	136.9	114.3	122.2	99.3	86.5	94.9	134.6	108.57	... " 20
" 27 ...	95.5	105.7	101.9	142.1	118.3	122.2	98.6	88.0	98.9	134.6	110.58	... " 27
Nov. 3 ...	95.5	107.5	100.0	140.3	119.9	133.3	106.5	91.9	104.8	134.6	113.43	... Nov. 3
" 10 ...	95.5	108.1	100.0	131.6	126.6	133.3	108.0	93.0	103.3	134.6	113.40	... " 10
" 17 ...	95.5	104.1	96.2	131.6	126.9	133.3	108.0	94.1	104.4	134.6	112.87	... " 17
" 24 ...	95.5	102.3	94.8	133.3	121.4	133.3	110.1	94.1	101.8	134.6	112.12	... " 24
Dec. 1 ...	95.5	102.6	94.3	136.9	121.5	133.3	107.2	93.9	96.3	134.6	111.61	... Dec. 1
" 8 ...	89.4	106.1	95.8	133.3	116.9	120.0	94.2	94.3	92.6	134.6	107.72	... " 8
" 15 ...	89.4	103.5	95.8	136.9	120.0	120.0	92.0	93.4	89.7	134.6	107.53	... " 15
" 22 ...	89.4	106.0	91.5	138.6	123.5	120.0	93.5	92.1	88.2	138.5	108.13	... " 22
" 29 ...	89.4	106.7	91.5	138.6	126.0	120.0	93.5	90.4	89.7	138.5	108.43	... " 29

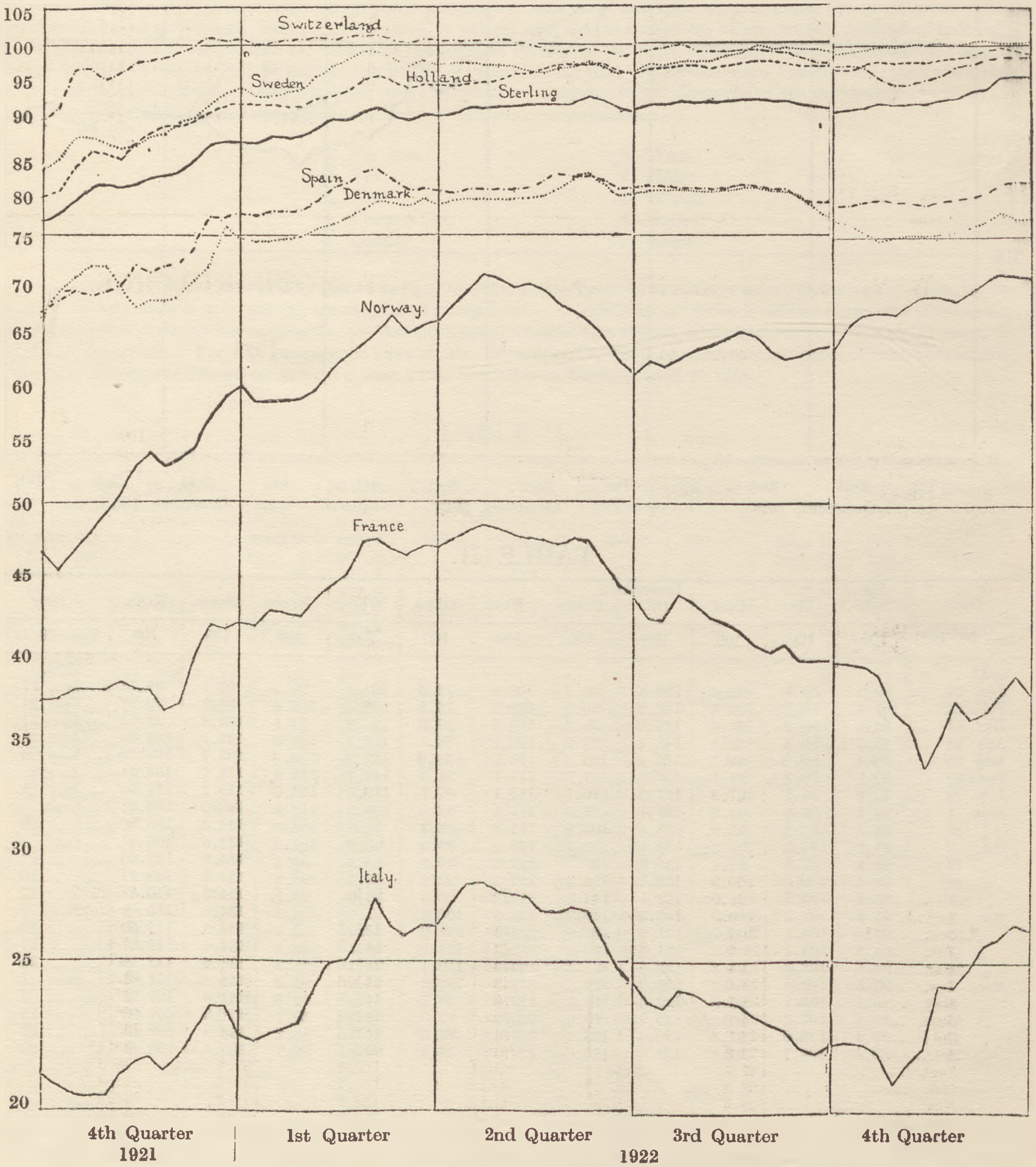
Statistical Section

THE EUROPEAN EXCHANGES

WEEKLY PERCENTAGE OF DOLLAR PARITY

(To Week Ending December 30th.)

The curves for each country show the percentage of dollar parity, the daily quotations (over London) being averaged every week. The scale is logarithmic, so that equal vertical distances represent equal *proportional* differences and changes in every curve.



SECURITY PRICES.

The following table gives the course of prices for a representative number of industrial stocks and long-dated railroad bonds in New York, for twenty representative industrial ordinary stocks in London, and for a selected number of long-dated British Government securities. The prices have been averaged, exclusive of accrued interest. In all cases the price at December 30, 1921, is taken as 100, this being the base for other statistical series compiled by THE ECONOMIC REVIEW :—

	In New York.		In London.	
Week ending.	Industrials.	Bonds.*	Industrials.	Gilt-edged.
1921				
Oct. 1	88.4	91.3	104.5	94.4
29	91.1	92.0	91.1	94.4
Dec. 2	97.4	99.4	94.2	96.0
30	100.0	100.0	100.0	100.0
1922				
Jan. 28	100.8	102.1	102.3	104.4
Feb. 25	105.2	100.8	103.6	109.0
Mar. 25	107.4	101.7	102.8	110.7
April 1	109.8	101.5	103.5	112.2
29	114.4	103.1	117.6	116.9
May 6	115.4	102.8	115.5	117.1
13	114.6	102.4	114.9	117.9
20	116.7	102.8	114.5	117.3
27	117.7	102.9	113.5	116.6
June 3	118.8	102.9	113.5	115.7
10	114.9	102.5	114.2	114.2
17	112.8	102.7	114.4	112.4
24	114.8	103.0	113.7	113.3
July 1	114.5	103.6	110.0	114.7
8	115.3	105.4	110.6	115.9
15	117.6	106.5	111.6	115.4
22	118.1	106.8	112.2	116.7
29	119.4	106.0	112.8	116.7
Aug. 5	119.6	106.0	113.3	116.4

	In New York.		In London.	
Week ending.	Industrials.	Bonds.*	Industrials.	Gilt-edged.
1922				
Aug. 12	119.7	105.5	113.6	116.4
19	122.1	105.7	114.0	116.0
26	123.9	106.9	113.5	115.5
Sept. 2	124.9	106.6	114.1	112.1
9	125.4	106.7	115.6	113.5
16	123.8	107.6	115.2	112.5
23	122.2	107.0	113.5	112.2
30	121.2	105.8	113.2	112.0
Oct. 7	123.9	106.1	113.3	111.7
14	127.6	104.4	114.5	112.3
21	125.7	102.8	114.3	113.0
28	121.7	102.0	114.8	113.0
Nov. 4	122.1	103.4	114.5	113.0
11	118.2	103.1	115.0	113.6
18	117.6	102.4	114.7	114.5
25	114.4	102.0	115.0	115.4
Dec. 2	118.3	102.2	115.7	115.0
9	120.5	102.8	116.2	114.3
16	121.1	103.1	116.1	113.8
23	121.6	102.9	118.3	113.5
30	121.7	102.5	119.5	113.3

* Prices supplied by Messrs. Bernhard Scholle & Co., of New York.

BANK OF ENGLAND AND CURRENCY NOTE RETURNS.

Combined Balance Sheet for 28th December, 1922.

LIABILITIES.

	£	£
Notes Issued.		
B. of E.	144,073,200	
Less those in C.N. Reserve ...	21,150,000	
		122,923,200
C.N. outstanding	299,810,921	
C.N. called in but not yet cancelled	1,525,788	
		301,336,709
Ratio of Gold to Notes ...	36.0%	
„ Gold & Silver to Notes	37.7%	
		424,259,909

ASSETS.

	£	£
Government Debt.		
B. of E.	11,015,100	
C.N.	258,922,140	
	269,937,240	
Less C.N. Investment Reserve Account	12,872,253	
		257,064,987
Other Securities.		
B. of E.		7,434,900
Gold Coin and Bullion.		
B. of E.	125,623,200	
C.N.	27,000,000	
C.N. Balance at B. of E.... ...	136,822	
		152,760,022
Silver Coin		7,000,000
		424,259,909

Summary of Combined Balance Sheets.

January 1922 to date.

Date. End of	B. of E. Notes *less* those in C.N. Reserve.	C.N. outstanding inc. called in but not cancelled.	Total.	Gold.	% of Gold to Notes.	% of Gold & Silver to Notes.
Jan.	125.9	304.3	430.2	155.5	36.1	36.8
Feb.	125.9	298.8	424.7	155.6	36.6	37.3
Mar.	125.9	300.4	425.3	155.6	36.6	37.7
Apr.	126.0	301.3	427.3	155.6	36.4	37.6
May	126.1	298.3	424.4	155.8	36.6	37.8
June	124.9	297.9	422.8	154.8	36.6	38.0
July	122.9	296.4	419.3	152.8	36.4	38.1
Aug.	122.9	293.3	416.2	152.7	36.7	38.4
Sept.	122.9	289.1	412.0	152.8	37.1	38.8
Oct.	122.9	288.0	410.9	152.7	37.2	38.9
Nov.	122.9	287.9	410.8	152.8	37.2	38.9
Dec. 14	122.9	292.5	415.4	152.8	36.8	38.4
„ 21	122.9	298.6	421.6	152.8	36.2	37.9
„ 28	122.9	301.3	424.3	152.8	36.0	37.7

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