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ECONOMIC SURVEY

GERMANY

FINANCE

STABLE INVESTMENTS IN SPITE OF FALLING CURRENCY.

It was recently announced that the Baden Electrical Works were increasing their share capital from Mk.100 to 600 mill. The new shares are to be taken over by the Provincial Government. Further the Company was empowered to issue a *Coal Value Loan* to the value of 1.1 mill. t. of a specified quality of coal. The subscribers to this loan are to pay in the value of a specified quantity of this coal in paper marks at the price for the day, and the interest and redemption will be paid in terms of the price of the coal as the payments mature. The loan is guaranteed by the State of Baden.

On the subject of such loans in kind the *Frankfurter Zeitung* speaks as follows: The attempts to issue loan securities on the basis of real values become more and more frequent. They have been especially so since the last collapse of the mark, and the failure of the agitation in favour of an issue of Reich Securities independent of the fate of the mark currency. They satisfy a natural and legitimate demand for a form of investment not liable to depreciation. The first steps in this direction were made with the issue of "rye loans" in Oldenburg and Mecklenburg Schwerin. The principle was then extended and assumed slightly different forms in the issue of a 6% Coke Loan by the Franken-Thuringen Ferngas Works, and that of the Baden Electrical Works Coal Loan which is guaranteed by the Baden State. Other local authorities, it is reported, are considering the issue of loans based on the value of rye or coal. Of special interest is the reported resolve of the Hamburg-Amerika Line to issue a gold loan backed by its inter-

nationally marketable transport facilities, its receipts in foreign exchange for goods and passenger carrying, and its insurances in foreign exchange. These various loans form in themselves a particularly blatant illustration of the collapse of confidence in the German currency. It is to be considered whether these transactions, in which the mark remains formally as the means of payment, while being divested of its character as a measure of values, will not react unfavourably on the mark itself. Between the various loans there are, however, very important differences of character. The earlier specimens are economically the sounder. In the case of the Mecklenburg Rye Loan, a certain number of State Lands were definitely pledged, in consideration of their value as rye-producing areas. The presence of the lands pledged, belonging to the State taking up the loan, was a guarantee against any kind of speculative interest entering into the transaction. The same applies where the loan is backed by tonnage owned by the borrower, insured in stable currency and realising profits in the same. It is otherwise where the borrower does not himself own the commodity with which he backs his loan. In this case the transaction is a speculation on the price of the commodity or on the rise of the mark *à la hausse*. In the case of the Baden loan the works are not in possession of the coal. They are, however, in possession of the electric current that is created by the coal and whose price varies with that of the coal, and this is to be the security for the interest payments. This contains the risk that if the mark depreciated yet more and coal prices rose correspondingly, there might well be a great decline in the demand for the current. In that case, the State guarantee might have to be brought into action, and this would burden the tax-

Germany

payers. It is undeniable that thus in a security designed to meet the needs of non-speculative savers a certain unavoidable element of risk enters.

THE GERMAN MONEY MARKET IN 1922.

In many branches of economic life the difference between the situation in 1921 and that in 1922 was a difference in degree only. In the money and capital market the difference was one of kind: the order of events in the two years was of a totally different nature. In 1921 appearances still indicated that an abundance of money was the natural accompaniment of inflation. Faced with demands for stabilisation of the currency, the leaders of the banking world replied by pointing a finger to their full coffers and declaring their readiness and eagerness to supply all reasonable credit demands. The central figures of the financial world were deceived by the illusion of paper money into overlooking the true process of impoverishment. Early in 1922 a change was felt. The demand for money springing from the liveliness of business and from the crystallisation of available money in the form of reserves of foreign exchange could not be met fast enough by the notes that were poured daily into the coffers of the banks by the process of inflation. In the second and third quarters the shortage of capital became a famine. Lack of credit acted as a deterrent to production. The banks showed the less inclination to be accommodating, the more the collapse of the mark led to credit demands for the real purpose of storing up reserves of foreign exchange. Simultaneously, the sense of the damage done to creditors by the fall of the currency grew. This led to a great unwillingness on the part of the usual depositors to lend their current receipts to the banks: they preferred to put by stores of foreign exchange. It equally discouraged the banks from playing too active a part as creditors. That this credit famine led to no more serious results than it did is to be accounted for by the fact that the Reichsbank once more opened its credit resources to the private market. The means whereby the Reichsbank was once more persuaded to serve the interest of trade and industry was the revival of the Commercial Bill of Exchange, which during and since the war had quite fallen out of use. The revival of this credit instrument was not easy to effect, but once effected it offered such obvious advantages that the number of private bills in circulation rose by leaps and bounds. On Dec. 15 the Reichsbank held 352 milliards of discounted private bills, as against 1 milliard only at the beginning of the year. The receipts from the Bill Stamp Tax show that the total number in circulation is about twice that figure. Those who called in this emergency aid to save them from the credit famine now wonder if the spirits they have invoked will prove too strong for them.

RATES OF INTEREST. In normal times it is the prevalent rates of interest which give the most accurate indication of the state of the money market. This is no longer so. The Reichsbank's Discount Rate, on which all other rates more or less depend, now no longer truly reflects the flux of supply and demand. Since the Reichsbank is free from all considerations of covering its obligations, the discount rate is kept down to an artificially low level. This was very plain and obvious, so long as the Reichsbank retained its 1914 Discount Rate of 5%, which it did until July 1922, since when it has been progressively raised to 10%. The day-to-day rates are naturally greatly affected by the Reichsbank rate, but with this reserve they give a certain indication of the position in the months of 1922 as compared with those of the previous year. The rises in the Discount Rate were:—July 28 to 6%; Aug. 28 to 7%; Dec. 29 to 8%; Nov. 13 to 10%. Average day-to-day rate:—1921—Jan. 3.7; Feb. 3.74; March 3.85; April 4.25; May 4.07; June 4.13; July 4.09; Aug. 4.29; Sept. 4.41; Oct. 4.33; Nov. 4.38; Dec. 4.13. 1922—Jan. 4.50;

Feb. 4.28; March 4.54; April 4.38; May 4.34; June 4.91; July 5.40; Aug. 6.50; Sept. 7.40; Oct. 7.75; Nov. 8.22; Dec. 9.21.

A quite different picture is that of the ordinary credit traffic between the banks and their customers. The rates of interest for the most part are nominally based upon the discount rate of the Reichsbank. It is not, however, the 3 or 4% by which the rates charged by the banks to their customers exceed the official bank rate that is important, but rather the supplementary dues and charges that are reckoned for the month if not (as in some cases) even for the week. When these charges are reckoned in with the rate of interest the increase in the price of credit over the year is shown to be most remarkable. Thus, in January 1922, the average rate was 8%, in August 12–14%, in December 25–30%. These rates were liable to remarkable variations both upwards and downwards, according to the exigencies of the particular case. A remarkable feature of the year has been the special development of the rates for renewing bills, in other words the rates for raising loans on bills. However good the security given to the lender, the rates for this kind of money have risen extraordinarily. In the third quarter rates so high as 10% monthly were the rule. In the fourth quarter they rose to 20–25%, to fall in December to 12–15%. Thus, a premium against the risk of further mark depreciation is the determining factor of these rates. Finally, it must be noted that while the banks have quite ceased to take the rate of the Reichsbank into account as the determining factor in the rates they charge to their debtors, they have not disconnected the rates they pay to their creditors in the same way. The interest paid on deposit continues to be kept down well below the official bank rate, so that the enticement to deposit has disappeared. The banks have not, therefore, attracted increased deposits, but there has been increased disparity between the rates they charge to their debtors and those they pay to depositors. (*Frankfurter Zeitung*, Dec. 23.)

INDUSTRIES

TRADE AND INDUSTRY IN DECEMBER.

According to the general review of the month, published by the Prussian Ministry for Trade and Industry, the average rise in wages in the month was 50 to 75%, as against 102% the previous month. The heavy iron industry suffers especially from the demand of the Entente for increased deliveries of coal and coke, necessitating a reduction in the allowance to the furnaces. The deliveries of foreign ore, especially of Swedish ore and minette, were satisfactory. The water transport conditions for ore were favourable. Home ores were, on the contrary, more than ever hard to obtain. The tendency of the scrap iron market was for prices to go above the world level. The small iron and steel industry is still well employed. The lack of skilled labour made it hard to execute in good time all the orders received. If the mark rises it will be necessary to raise the prices as fixed in foreign currency. This will put German prices above those of the competing foreign industries. In the electro-technical industry the number of long-dated orders received is unsatisfactory. The exploitation of water-power and orders for the building or extension of electrical stations are greatly diminished. (*Berliner Tageblatt*, Jan. 4.)

The National Mutual Life Assurance Society of London announces the issue during the year 1922 of 702 new policies for net sums assured of £548,102, at net new premiums of £21,391. This new business exceeds that transacted in the previous year.

The Directors of the London Joint City and Midland Bank announce that the net profits for the year amount to £2,253,492. After deducting dividend payments at 18% (or the same rate as for last year) and other appropriations, there is left to be carried forward a balance of £788,967.

FRANCE

FINANCE

THE AGREEMENT WITH THE BANK OF FRANCE.

The agreement signed between the Government and the Bank of France, reducing the amount refunded by the former to the latter in 1922 from Fr.2 to 1 milliard, has been ratified by the Chamber. (*Information Financière*, Dec. 30.)

THE EXPORT OF CAPITAL.

The operation of the Act of April 3, 1918, prohibiting the export of capital and regulating the import of foreign securities, which expired automatically on Dec. 31, has been extended to Feb. 28 by clause 21 of the bill for provisional monthly estimates, which has been passed by the Chamber. (*Information Financière*, Dec. 30.)

THE OWNERSHIP OF REAL PROPERTY BY FOREIGNERS.

A bill, recently passed without discussion by the Chamber, rendering the purchase of real property in France by foreigners, and the granting of leases to them for a term exceeding nine years subject to an authorisation by the Minister of Finance, has aroused considerable opposition in the Press.

The original bill, comments the *Journal des Débats* (Dec. 31), introduced during the period of effervescence immediately following the war, merely applied to real property situated in the frontier departments. The Commission of the Chamber, by extending its provisions to the whole of France, converted what might be considered as a measure of safety into what foreigners will inevitably stigmatise as anti-foreign legislation. No one can doubt that if the bill passes the Senate, it will provoke reprisals and hamper France's expansion in the world. Investments in land by foreigners constitute some compensation for the adverse trade balance. To discourage such investments is tantamount to discouraging foreigners from settling and spending their money in France, a serious mistake to which public attention has been called by the Association France-Grande-Bretagne.

The *Journée Industrielle*, Dec. 20, reproduces a letter addressed by the Secretary of the Executive Committee of the Association France-Grande-Bretagne to M. Poincaré, of which the following is the substance :—

The Committee of the Association, of which M. Jonnart, Senator for the Pas de Calais, is President, is convinced that the bill, if passed, would cause prejudice to French interests far outweighing the problematical advantages to be derived from it. An Act of this kind cannot fail to provoke reprisals, which would be the more dangerous, in that the amount of French property abroad is very considerable. Investments in land in France by foreigners contribute to the stabilisation of the currency, and, by locking up foreign capital in France, diminish the latent menace against the exchange. These investments have served this purpose for some years, and it would be very imprudent to discourage them and to compel foreign purchasers to sell property duly acquired by them.

The interest of the foreigner in purchasing real property in France, stimulated by the depreciation of the franc, is not to be disregarded. The mines are amply protected by the Mining Act of 1919, which has taken all the precautions necessary to prevent their falling into the hands of foreigners, either directly or through the agency of companies. The fact that the provisions of this bill are *retrospective*, contrary to the general principles of legislation, would place foreign

owners of real property and lessees in an ambiguous position, a possibility which has naturally caused great consternation abroad. The clauses which provide for a declaration in registering the transfer of land to a foreign company as to the proportion of French capital invested in such company, practically prohibits foreign companies from purchasing land in France and from taking leases for more than nine years. An Act of this kind cannot fail to produce abroad the effect of intransigent economic nationalism. It must in the long run exercise an adverse influence on the exchange.

The *Nord Industriel* (Dec. 30), which is especially interested in the bill, owing to the number of foreign residents in the north of France, agrees with the previous writer in condemning the clause rendering it retrospective. It complains that the bill, although seriously affecting French interests, was set down "subject to the proviso that it should give rise to no debate," and so was passed without discussion. The chorus of protest with which the publication of the bill was received was, according to this authority, led by the Foreign Affairs Commission of the Chamber, which had not even been consulted. In fact, the review questions the legality of the form of introduction of the bill, as the only authorities entitled to demand the insertion of the said proviso disclaim all knowledge of it.

RECONSTRUCTION IN ALSACE AND LORRAINE.

The following statistics on the work of reconstruction already effected in the three departments forming Alsace and Lorraine, have just been published :—

Restoration of the ground has been carried out over the following areas (in 1,000 hectares) :—

	Haut-Rhin.	Bas-Rhin.	Meurthe-et-Moselle.
Devastated area ...	339.9	2.7	40.6
Restored by Oct. 1, 1922	259.9	2.7	40.1
Remaining to be restored	80.0	—	0.5

The parts most damaged are the forest districts, where the soil has only now been cleared; re-planting can be proceeded with, if slowly. Generally, all parts of the soil have been restored to their original form of cultivation.

The figures for the reconstruction of industries throughout the whole district are as follows :—

	No. of factories damaged.	Re-working by Oct. 1.
Textile factories ...	78	48
Other industries ...	131	92

The Associations of Manufacturers who have suffered war damage, formed at the beginning of the year, which have raised loans, will be able to expedite the work of reconstruction.

The reconstruction of buildings has proceeded more slowly, as is shown below :—

Buildings—		
Damaged ...	...	12,435
Repaired wholly or partly on Oct. 1, 1922	...	5,482
Remaining to be repaired	...	6,953
Destroyed	...	8,560
Partly or wholly re-built on Oct. 1, 1922	...	3,775
Remaining to be re-built	...	4,785

The credits voted up to Dec. 31, 1922, for the repair of war damages in Alsace and Lorraine amount to 1,040.8 mill. francs, distributed as follows (in millions of francs) :—

	Fr.
Loans to victims	629.7
Reconstruction of buildings	280.0
Restoration of the soil	72.0
Transport	13.3
Expense of experts	15.7
General expenses	2.3
Staff	27.2

(*Journée Industrielle*, Jan. 4.)

France

POLITICAL AND GENERAL

ECONOMIC SURVEY OF 1922.

A survey of economic conditions in France during the past year gives the following results:—

Statistics clearly show a marked improvement in the general economic situation, especially during the second half of the year, the one black spot being the wheat shortage. But taking the agricultural output as a whole, it will be seen that the increased yield from other cereals and from sugar beets and fodder, makes up for this deficit.

MINING.—Coal consumption, that unflinching barometer of the industrial activity of a country, rose from 48 mill. t. in 1921 to 60 mill. t. in 1922. Stocks of coal in hand, which exceeded 2 mill. t. at the end of June, had fallen to 400,000 t. at the end of the year. In October last the output of coal reached 2.8 mill. t., and that of iron ore 2.2 mill. t., compared with 2.3 mill. t. and 1.3 mill. t. respectively in December 1921. From December 1921 to December 1922, the monthly output of metal products rose from 312,000 t. to 503,000 t. of pig iron, and from 315,000 t. to 430,000 t. of steel.

TRADE.—During the first eleven months of the year, foreign trade showed a debit balance of Fr.3,114 mill. as against Fr.1,412 mill. in 1921. It should, however, be noted that the increase of imports has been chiefly due to the import of raw materials, and is thus an indication of a revival of industrial activity.

To this argument it is objected that France does not return to foreign countries, in the form of manufactured goods, the equivalent of the raw material which she receives in increasing quantities. She is, therefore, not making profits, and consumes more than last year—an advantage, no doubt, for her producers, but not a motive for rejoicing unless it is accompanied by a development of exports. However, as regards the quantity of foreign trade, it will be seen that exports have slightly exceeded in weight those of 1913 (20,186,000 t. against 20,027,000 t.)

RAILWAYS AND SHIPPING.—The average monthly earnings of the leading lines were Fr.520 mill. as against Fr.480 mill. in 1921 and Fr.448 mill. in 1920. The increase is still more marked in the case of shipping. Traffic in the ports rose from Fr.12.8 mill. t. during the first quarter of the year to 16.6 mill. t. during the third.

COST OF LIVING AND UNEMPLOYMENT.—The rise in prices, although unsatisfactory from one point of view, is none the less a sure sign of the decline of the commercial and industrial crisis. The index number of wholesale prices (1914=100) was 332 in December 1921, and after having fallen to 314 in March 1922, rose to 362 last November. Unemployment has practically disappeared, the number of unemployed in receipt of relief having fallen from 47,300 in June 1921 to 3,100 in September 1922.

THE EXCHANGE.—It may cause surprise that all these favourable signs have not brought about an improvement in the exchange, which, on the contrary, has depreciated during the last part of the year; this depreciation cannot be attributed to increased remittances abroad for trade purposes, as any effect which these remittances may have had on the exchange is trifling. But it should not be forgotten that the fluctuations of the exchange depend almost entirely on speculation, that is to say, on the investment in, or withdrawal from, France

of foreign capital, influenced by the impressions of the moment. These purchases and sales of francs exercise a dominant influence on the market. Now, foreigners who have speculated in the French exchange during the last few months have been influenced less by the purely economic situation of the country than by the state of its finances. But statements in Parliament on the financial situation have revealed nothing which was not previously known. It must not, however, be denied that they have made a great impression on the public abroad more than at home. And as it is impossible not to see that Germany's failure to pay is the direct cause of this situation, the position of the exchange has been to some extent bound up with the question of reparations. News, rumours, or simple opinions on this question have caused the rise or fall of the franc. (*Journal des Débats*, Dec. 31; Jan. 1.)

OUTPUT OF IRON AND STEEL.

The following information is supplied by the *Usine*. The output of pig iron in November is approximately 515,000 t., an increase of over 10,000 compared with October. The increase is due chiefly to the furnaces of the Nord and Meurthe-et-Moselle, as the Lorraine district has suffered from a shortage of coke, and consequently only produced 235,000 t., as against 233,000 in October. The steel output was 404,000 t. in November, against 429,000 in October. (*Information Financière*, Dec. 29.)

SUPPRESSION OF THE IRON AND STEEL COMPTOIR.

The Comptoir Siderurgique ceased operations and dissolved as from Jan. 1, 1923. The decision is due to the refusal of the Hauts Fourneaux de la Chiers Company to remain in the Comptoir on an equal footing with the other concerns; as it insists on being assured of a certain proportion of orders. The dissolution of the Comptoir is regretted by the technical press. It is hinted that the Hauts Fourneaux de la Chiers would not have held out had all the leading ironmasters used their best endeavours to persuade it not to do so, but that many of them were half-hearted in their support of the Comptoir. Henceforth there will be no control of sales nor regulation of prices, and competition will be free, so that the producers may be expected to adopt every means, including the cutting of prices, to fill their order books. Prices will suffer to the profit of the consumer, but it is doubtful whether the works of the centre, south and west, which only existed because the Comptoir allotted a certain proportion of orders to them, will be able to carry on business. These effects of the dissolution are doubtless well understood by the members of the Comptoir, and it remains to be seen how the future will judge those who have placed their private interests above those of the industry in general. The Comptoir was originally founded to face the situation in which the inclusion of the works of Meurthe-et-Moselle and the Saar had placed the French iron and steel industry. Its object was to ensure to its members an adequate amount of business proportionate to the producing capacity of each. The claim of a certain concern in Eastern France to maintain its privileged position in the Comptoir, the result of special conditions, brought about the dissolution. This is to be regretted, as the Comptoirs are certainly effective agents of that foreign expansion to which so great importance is attached. The Comptoir Siderurgique was regarded, especially in Great Britain, as the nucleus of a future European organisation, in which France would play a preponderant part. The Comptoir of sheet iron and large plates also ceased operations from Jan. 1. (*Journée Industrielle*, Dec. 25, 30; *Journal des Débats*, Dec. 31; *Nord Industriel*, Dec. 30.)

ITALY

POLITICAL AND GENERAL

The death is announced during this period of the Minister of the Treasury, Signor Tangorra, whose statement on the Government's general scheme of retrenchment appears in *THE ECONOMIC REVIEW*, Dec. 1, and his Budget statement in *THE ECONOMIC REVIEW*, Dec. 15. His resignation, on the ground of ill-health, took place but a few days before his death. His duties will be performed for the present by Signor Stefani, Minister of Finance, pending consideration of the amalgamation of the two offices which has for some time been discussed.

The Press announces the union at an early date of Fascists and Nationalists, an event welcomed by the *Corriere della Sera* as being of great political importance, especially in the South, where the two parties have developed considerably since the accession to power of the Fascists, and are often in conflict. The union will avert the dangers due to the existence, side by side, of two military organisations, especially as the Government contemplates the conversion of the "black shirts" (Fascists) into a kind of National Militia. The other parties, without displaying actual hostility, are watching the new Government closely. The *Stampa*, of Turin (organ of Sr. Giolitti) contains the following passage: "The recent decisions of the Government, and, above all, the grant of full powers to Sr. Mussolini, the creation of a supreme Fascist Council and of a Fascist Militia, the recent reprisals at Turin, and, finally, the Government's attitude towards the latter, all point to the Government's intention of setting up a dictatorship, and of rejecting all policy of co-operation, direct or indirect, with other parties."

FINANCE

REVENUE RETURNS.

Revenue for the first five months of the financial year (July 1 to Nov. 30), amounted to L.4,853.9 mill. as against L.4,716.3 mill. for the corresponding period of the previous year. The yield from the various branches of revenue for the period (in millions of lire, the previous year's figures being given in brackets) was: direct taxes, 1,442 (1,580); indirect taxes 1,045; monopolies, 1,259 (1,284). (*Berichte aus den Neuen Staaten*, Dec. 29).

ANOTHER ISSUE OF TREASURY BONDS.

The third series of a milliard seven-year Treasury lottery bonds, issued under the Decree of May 7, 1920, having all been taken up within little more than one month from the date when the bonds were first offered for subscription, the Government has proceeded to the issue of the fourth and last series of a milliard, the issue of which was authorised by the Decree of Feb. 19, 1922, in order to meet the applications which remained unsatisfied on the former issue. The bonds are issued at 98.50%, and will be on the same footing as the previous series, that is to say, they will bear interest at 5%, and will participate in the annual drawing for prizes. (*Corriere della Sera*, Dec. 19.)

THE GOVERNMENT'S TAXATION POLICY.

The Minister of Finance, Signor De Stefani, has communicated to the Association of the Chambers of

Commerce and Industry the following intentions of the Government with regard to the revision of taxation: a Decree will immediately be promulgated for the reduction of succession duties, and within as short a time as possible the reorganisation of the stamp taxes under special tariffs will have been completed. The personal property tax on the earnings of landowners, farming their own land, and on the wages of workmen employed by the State, would be imposed at a lower rate than on other classes of income. (*Corriere della Sera*, Dec. 24.)

INCOME TAX ON WAGES.

On Dec. 26 the Decree was published for the imposition of income tax from and after Jan. 1, 1923 on all salaries, wages, bonuses and allowances of every nature and kind, paid by the State to its own officials (including railwaymen), or to other bodies or private persons, and on the wages of the servants of secondary railway and tramway men, all such tax to be deducted at the source. A Stefani communication explains that the tax is imposed on servants of the secondary railway and tramway men in order not to place them in a privileged position with regard to the State railway servants. (*Corriere della Sera*.)

REVISION OF INCOME TAX ON AGRICULTURE.

The Minister of Finance has just issued a communication announcing the revision of the income from farming and from land pending the new land survey. The condition of various kinds of farming will be investigated, and the assessment of their yield brought up to date.

In exercise of the unrestricted authority conceded to it by Parliament, the Government has already provided for a periodical classification of cultivated land for the purposes of the new survey. Under these provisions the assessment of land improved since Jan. 1, 1886, will be brought up to date under the survey, and for the future, improvements will be taken into account as soon as they are introduced, subject to a reasonable period of exemption. Thus the unbusinesslike disparity between the actual condition of the land, and that shown by the survey registers, will disappear, and the survey will become a more correct basis of taxation. Land improved since 1886, which has hitherto escaped taxation under its valuation before that year, will now have to contribute revenue to the Treasury. Another measure authorises the land survey department to proceed to a rapid revision of income and profits from land as at present valued, in order to put an end to the anomalies and disparities in the taxation of various properties. Many of these valuations are of long standing, and will now be brought up to date. Under existing legislation these incongruities can only be got rid of by a fresh land survey, which will be the work of years. But as the exigencies of revenue permit neither the State nor the local authorities to await this re-assessment, the land survey department is authorised to revise the rates imposed on different classes of cultivated land, and also to bring up to date the valuation of those which have undergone improvement. Income will be assessed according to the present condition of the land, and at the prices of produce obtaining on Jan. 1, 1914, that is to say before they were affected by the depreciation of the currency. This work is expected to be completed in eighteen months from Jan. 1, 1923.

The income tax on profits from farming, which was formerly only paid by the tenant farmer, will henceforth be paid by the landowner and the tenant, on the profit-sharing system (*Métayer*). (*Corriere della Sera*, Dec. 19.)

Italy

THE PRESENT REVENUE PAID BY AGRICULTURE.

Senator Einaudi, in the *Corriere della Sera* (Dec. 15), continues his analysis of the yield to the Treasury of income from land.

The aggregate tax paid by landowners *quâ* landowners, as opposed to that paid by them in their capacity as farmers of their own land, may be computed as follows (in millions of lire) : 1914, State tax, 86.2 ; local surtaxes, 201.5 ; total, 287.7 ; 1921, State tax, 139.1 ; local surtaxes, 667.0 ; total, 806.1 ; if to these amounts be added : 1914 additional taxes, 1.5, and in 1921 the proportion of various taxes, general and local, assignable to land (supplementary tax, war tax, improvement tax, etc., 74), we arrive at 290 for 1914 and 880 for 1921. But to the latter figure must be added the proportion of the special levy on capital, computed at 385 for 1921. It may be assumed that from one-sixth to one-eighth of this tax was paid by the landowner, say L.50 mill. These L.50 mill., *provided always that the present provisional valuation is maintained*, may be considered to be the average burden to be borne by land for the next 20 years. But as the valuation of land is undergoing revision, this amount may well be multiplied by four or more.

But in order fully to understand the real burden borne by land, we must take into account occasional taxes, such as transfer and succession duties.

The respective amounts of these taxes levied in the last pre-war and the last post-war financial year, were as follows (in millions of lire) :—

	1913-14.	1921-22.
Registration	94.3	564.0
Mortgage	11.1	75.3
Succession	50.0	1219.0

Taking the amounts of 1914 as equal to 100, the index numbers for 1921-22 are : registration 556, mortgages 668, and succession 440. Moreover, as land cannot be concealed, nor even nowadays undervalued, as can personal estate, trade stocks and bearer bonds, it may reasonably be held that it pays more than its fair share of taxation, and in this respect it can justly claim that the zeal for equity displayed by the Ministry of Finance, should be turned on other sources of revenue. It would, therefore, be reasonable, as even the Government supporters have pointed out, to reduce succession and other duties (the duty on sale of real estate has risen from 4.80 to 8.60%, that on leases from 0.30 to 0.50%, etc.), in the interest of the Treasury itself. (*Cf.* "The Government's Taxation Policy," *supra*.)

The real problem arises from the L.930 mill. paid by land in the form of direct taxes, and of the L.1,100 mill. to be paid as levy on capital. The unfair distribution of the burden is due partly to the antiquity of the existing survey valuations, partly to the pressure exercised on land by the local authorities. Some L.670 mill. out of the L.930 mill. are levied by the provinces and communes, some of which levy them in a manner which almost amounts to expropriation. In certain districts these taxes and super-taxes amount respectively per hectare to L.153, 140, 123, 95, 87 and 81 mill. The apportionment of the tax among individuals and among communes is a problem quite distinct from the total tax of one class. The oppression of the communist assessors in certain districts has caused the tax greatly to exceed the average. The problem of taxation in general is a question of comparison. On the whole, it may be urged that there is a certain equality among the three classes into which income is divided to-day.

In conclusion it may be stated that (1) Income from land as such, is sufficiently taxed ; (2) It is necessary to establish an equitable assessment so that no one pays too much, and no one pays too little ; (3) Income must be revalued and brought to the actual value of money to-day ; (4) On revaluation of income, the rates must

be reduced by about one-fourth, otherwise the maintenance of present rates on revalued income would be equivalent to the confiscation of land.

THE RISE OF THE LIRA.

The fact that the new Fascist Government will, on the one hand, cease from steering for a policy of intimidation and proposes to carry out numerous economic and financial reforms, favourably affected the lira. No one, however, is blind to the fact that, on the other hand, the foreign political programme of the new Government might very easily lead to serious complications. In several countries a movement similar to Fascism—although weaker than in Italy—is beginning to be clearly perceptible. (*Report of Rotterdamsche Bank Vereeniging*, Dec.)

TRADE

FOREIGN TRADE.

Between Jan. 1 and June 30, the value of imports amounted (in millions of lire) to 7,746 as against 8,745 in the corresponding period of 1921, and exports to 4,198 against 3,961 in 1921. (*Berichte aus den Neuen Staaten*, Dec. 29.)

FOREIGN TRADE RELATIONS.

Difficulties have arisen in the negotiations for a Commercial Treaty with Switzerland, chiefly owing to the demand by the latter for the reduction of import duties on 470 articles, whereas Italy only asks for a reduction on 120. Fear is entertained in Italy that a heavy reduction of duties in favour of Switzerland will open the door to the import of goods from countries with a depreciated currency under Swiss labels. The question is being considered by the Premier, and hopes of an ultimate removal of difficulties are entertained.

The chief result of the newly-concluded commercial agreements with Czecho-Slovakia is that Trieste, owing to the railway tariff agreement concluded between the two countries, bids fair to replace Hamburg as Czecho-Slovakia's chief trade port. The railway administrations of the two countries have agreed to an automatic reduction of rates up to 60% to correspond with the fluctuations of the mark. The shipping companies have also offered reduced rates. Warehouse dues for Czecho-Slovak sugar in transit will undergo modification. It may, however, be noted that the rates to Trieste, on the Czecho-Slovak railways, are still above the pre-war level. A direct train service between Prague and Trieste in 48 hours is to be established. At present the transport takes 6 days. (*Corriere della Sera*, Dec. 20 ; *Berichte aus den Neuen Staaten*, Dec. 29.)

SOCIAL AND LABOUR CONDITIONS

COST OF LIVING AND WAGES.

The index number of the cost of living (food) of a working class family in Rome, consisting of two adults and three children, was (1914=100) : 482 in October against 471.6 in September, 352 in October 1921, and 341 in October 1920 ; and in Milan : 480 in September 1922, 561 in October 1921, and 517 in October 1920.

Wages, however, have not risen in the same proportion, and this disparity explains the emigration of workmen to neighbouring countries, where they easily find work on the same terms as native workmen. (*Exportateur Français*, Dec. 20.)

UNEMPLOYMENT.

On Nov. 1, 1922, the number of unemployed was 321,011, or 8,297 more than on Oct. 1. (*Berichte aus den Neuen Staaten*, Dec. 15.)

SCANDINAVIA

FINANCE

SWEDEN'S BALANCE OF PAYMENT ABROAD.

The following article, dealing with the financial situation of Sweden as a result of the war, appears in the *Stockholm Review, Affärsvärlden* :—

The war occasioned many changes in Sweden's position as a debtor and creditor of foreign countries. Although these can for the most part only be roughly assessed, and the assessments of various experts are not always in complete agreement, it is important that the subject should be discussed, lest the return of the world at large to more stable circumstances should lead to awkward surprises.

The most obvious of these changes is that Sweden has bought back most of the securities she had sold to foreign countries before the war. The total value of these repurchases has been estimated at Kr.600 mill. For various reasons, it is probable that this figure comes well below the truth. A better estimate would be Kr.700 mill. During the war, only one regular loan was taken up by Sweden—the 25 mill. dollar 6%. Recently a large part of this loan also has been redeemed, and the repurchasing is still continuing. A certain number of Swedish shares have been bought from foreign owners, and also a certain number (probably not very large) of foreign securities, such as Finnish Kronor Loan, Norwegian Pound Loan, and Danish Dollar Loan. The foreign shares purchased have mostly been resold. On the other hand, Sweden's investments in Germany are practically worthless now. Kr.500 mill. is a fair estimate of what Sweden has lost on the collapse of the German mark. The Riksbank alone lost some Kr.175 mill. in this way.

All the short credits taken up by Sweden abroad before the war have been redeemed and not renewed. The extent of these repayments, which were almost all effected soon after the outbreak of war, may be roundly placed at Kr.100 mill. The excess of the Swedish banks' claims on foreign banks over their liabilities to foreign banks, has increased since June 1914 from Kr.104 mill. to Kr.231 mill. Other Swedish claims on foreign countries, that is those that are not registered by the banks, are probably small, at least as regards countries with stable exchange, with the exception that Finnish marks are probably widely held.

Against these increases in Sweden's claims on foreign countries must be placed a large increase in the invisible liabilities of Sweden to those countries. The foreign holding of Swedish kronor notes has greatly increased, and amounts now to perhaps Kr.100 mill., though some experts make a lower estimate. This is equivalent to a liability at call. Equally there is no doubt that large foreign credits exist in the Swedish banks, and elsewhere in Sweden. The extent is hard to judge. A certain air of secrecy surrounds the whole question. The bankers maintain that its importance has been exaggerated. It is certainly a fact that Swedish tourists have carried large sums of Swedish notes abroad with them in the last few years, and that nothing like the same sums have returned to Sweden through the ordinary channels. The authorities have taken so little interest in the matter that they have not even investigated the number of notes so returned, especially from Germany and other countries with depreciated currency.

Swedish credits on foreign banks are at present comparatively small, owing to the capital shortage in Sweden, and the risk entailed in the holding of accounts in foreign exchange. Foreign banking accounts in Sweden are, on the other hand, very large. There are first of all the accounts in sterling and dollars opened in Sweden by those who for political reasons hesitate to

place their assets in former enemy countries. Secondly there are the accounts opened because of the exceptionally favoured position of the Swedish currency, both politically and economically. These foreign accounts in Swedish banks are largely to account for the excessively high value of the Swedish currency on the international market. Their existence will constitute a danger if a return is made to the gold standard. The presence of these foreign claims on Sweden, whether in the form of banking accounts, or merely holdings of Swedish notes, is not due to any excess of capital in the countries in question, but to their desire to find a safe shelter for their assets in troublous times. Should the reparation question be settled, and a stabilisation of the mark and other currencies ensue, these claims would be presented at once. It is likely that this will coincide precisely with an improvement in Sweden's economic situation, which would bring with it a lively demand for capital. Just at that moment some Kr.200 mill. of the present apparent capital stock would be withdrawn. Some remedy would have to be adopted, as for instance :—

- Export of the previously redeemed Swedish securities.
- Export of holdings of foreign securities.
- Renewal of short credits abroad.
- Taking up of regular loans abroad.

By any of these measures the Swedish money market would be brought out of its present splendid isolation. If foreigners withdrew their money and Sweden were forced once more to appear on the international loan market, as was normally the case before the war, then Swedish interest rates would fall more into line with those of foreign countries than is now the case.

THE GOLD STANDARD IN SWEDEN.

In the *Svensk Finanstidning* (Dec. 16), Gustav Akerman discusses the position of the Swedish currency as the highest valued currency in Europe to-day.

Sweden, he says, has now come to the long-awaited moment when she can afford to place her currency once more on the legal gold basis. She should not be shy of the honour of being the first to take this step. It would win her a marked measure of prestige in the counsels of Europe. England might look resentfully on such a move, having herself once enjoyed a similar pre-eminence, but that should not be any obstacle. (We think Herr Akerman gives us credit for too little breadth of outlook.—Ed.) Nevertheless, as the *only* State placing her currency on a gold footing, and a little State at that, Sweden would have to take certain measures to render herself independent of quite chance foreign phenomena, and in particular the American seasonal fluctuations, and the effects of the vagaries of German capital.

Herr Akerman criticises the present policy of the Riksbank, which is to stem the rise of the krona by purchasing large quantities of foreign exchange. The rise of the krona is largely due to the seasonal fall of the dollar, and Hr. Akerman quotes the well-known economist, Dr. Silverstolpe, as judging that in normal (pre-war) years, the bottom point of this seasonal fall was reached in March only. He therefore suggests that purchase of foreign currency on a very large scale indeed, will be necessary if the krona is to be effectively kept down to gold (that is dollar) parity. He suggests the sum of Kr.200 mill., and maintains that the business of the bank would be materially embarrassed by having to purchase so much foreign currency, while the act of purchase would in itself be equivalent to supplying foreigners with cheap credit at a time when credit facilities in Sweden are not easy. The system Hr. Akerman would wish to see established is that of the "marginal" gold standard, obliging the Riksbank to

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buy gold at a certain minimum price, and to sell it at a certain maximum price. Investigations have shown that the maximum variation in the dollar rate at Stockholm during 1922 was 5% in either direction. The gold points for the dollar rate are about 1% on either side of par. Therefore the margin of discretion that should be left to the Riksbank in its purchase of gold, and redemption of notes, may be placed at 4% over and under par, corresponding to rates of 3.58 and 3.88.

In a later issue of the same journal the argument is further elaborated. It is shown that the quantity of foreign exchange that has to be bought by the Riksbank to keep down the krona rate is steadily increasing, thus :—

			Kr. (mill.)	
Week ending Dec. 2	...	...	10.1	
" " " 9	...	...	13.7	
" " " 16	...	...	30.3	

It will be impossible for the Riksbank to keep up the purchase of foreign exchange at this rapidly-increasing rate.

AGRICULTURE

DANISH AGRICULTURE IN 1920-21.

The Danish Agricultural Economic Bureau publishes some interesting figures regarding the profits of Danish agriculture between 1918-1921. The following table shows : (1) the profit in kroner per hectare of cultivated land for farms of different sizes ; (2) the profit on the invested capital in average farms.

	Net profit in kroner per hectare.			Percentage profit on capital invested.		
	1918- 19.	1919- 20.	1920- 21.	1918- 19.	1919- 20.	1920- 21.
Farms of less than 10 hct.	308	288	279	9.5	8.2	7.4
10-20 "	329	287	231	11.3	10.3	8.5
20-30 "	315	279	247	10.4	9.6	8.4
30-50 "	298	282	244	10.6	10.0	8.4
50-100 "	282	267	210	10.3	10.0	8.3
More than 100 "	281	274	170	11.5	11.1	6.7
All Farms	306	281	236	10.6	9.9	8.2

It will be noticed that, as compared with 1918-19, there is a marked falling off in the net profit per hectare in properties of all sizes—despite the fact that the gross profits were larger than in that year. This is because the increase in costs was even more marked than that in the prices realised.

It will be noticed that in 1920-21 the net profit per hectare falls sharply as the size of the property increases. The net profit per hectare on the smallest farms is Kr.100 higher than that on the largest. But as the amount of capital invested in the small farms is relatively high, the percentage profit on it is below the average, though (unlike previous years) higher than that for the largest farms, the interest yield in which shows a decline from 11.1% to 6.7% in one year. (*Finanstidende*, Dec. 20.)

COAL

The Swedish Spitzbergen Coal Mining Company has now issued its annual report for the year of operations July 1, 1921—June 30, 1922. It will appear from the balance sheet, that the result has been very un-

favourable, viz. a loss of Kr.338,000, which may even in reality be considerably greater. The Swedish State holds rather great interests in the company, and it is now expected that a new application for State support will be handed in, the liquidity of the company being anything but satisfactory. The operations are still on a very small scale. During 1921 the total shipments were 38,200 t. and during 1922 72,000 t. There have been 92 days suitable for stemming coal during 1922, as far as the Svea mine is concerned. At present 191 persons are passing the winter at the Swedish Spitzbergen mines. (*Finanstidende*, Dec. 23.)

SOCIAL AND LABOUR CONDITIONS

LABOUR DISPUTES: DENMARK.

The number of labour disputes in Denmark, entailing cessation of work, was as follows in recent years :—

1911 ...	51	1914 ...	44	1917 ...	215
1912 ...	60	1915 ...	43	1918 ...	253
1913 ...	76	1916 ...	66	1919 ...	472
				1920 ...	243

The culmination was reached in 1919. This year witnessed twice as many disputes as 1911-1915 inclusive. The reason was the extraordinary rise in prices following on the war, owing to which demands for wage rises were continually being made before the expiry of the period of contract.

The number of working days lost by reason of strikes and lockouts during 1916-1920 inclusive, was 2.9 mill. In the same period an expenditure of Kr. 32.1 mill. was made on account of unemployment. (*Finanstidende*, Nov. 1.)

THE POPULATION OF DENMARK.

Estimates as to the population of Denmark on July 1, 1922, give the figure as 3,318,000 against 3,283,000 at the same date in 1921. The increase on the year was thus 1.07%, against 1.25 in each of the two previous years. The reduced rate of increase was partly due to reduced birth rate, which in 1921-1922 was 23.30 per thousand against 24.18 the previous year, and partly to increased death rate, 11.85 against the exceptionally low figure of 11.21 per thousand.

LABOUR CONDITIONS IN THE COPENHAGEN FREE PORT.

In May this year an agreement was concluded between the dock labourers and the Copenhagen Free Port Company, Ltd. The agreement was to operate for one year and be subject to three months' notice. Provision was made for a variation of one per cent. in the wage rates for each variation of one per cent. up or down in the official price index in August, but in the event of either side proposing before Aug. 1 that the agreement should be prolonged for a second year, and the other side agreeing thereto, the suggested variation in August was to be dispensed with and instead there should be a variation in February in accordance with the official half-annual price index published in that month.

It is now announced that the dock labourers' union and the Free Port Company have agreed to prolong the agreement for a second year, and it will thus operate until the Spring of 1924.

NORTH EUROPE

SOVIET RUSSIA AT THE END OF 1922.

In the *Frankfurter Zeitung* (Dec. 24), Georg Popoff, writing from Moscow, discusses the question whether Russia has passed the worst crisis, or if that is still to come. The last five years, he says, have reduced Russia to a state of advanced decadence, but there has been no collapse, properly speaking. Even at the worst period care was taken that life should not wholly cease in the most important sections of Russia's economic existence. Even now the Russian people can work tenaciously in the hope of recovery.

The last year and a half have been distinguished by the attempt to introduce the New Economic Policy. What has been the net result of the period? Many observers reply by pointing to the undoubted revival of trade and of small industry that has taken place, and to the improved condition of agriculture. Apparently, the worst is over. Yet in many branches there are continued "crises," and the situation continues to disimprove.

The writer then investigates the position in the main sections of Russia's economic life.

(1) **AGRICULTURE.**—The position is undoubtedly better than a year ago. Yet there is no serious increase in production to record. The sad situation is reflected by the continual variations in the output index numbers for the producing districts, by the remarkable decline in the stock of agricultural implements and necessaries, by the steady relapse from modern to antiquated agricultural methods, by the unceasing diminution in the number of persons employed and in the falling numbers of livestock. The result is a falling off of the productivity and of the purchasing power of the peasant population. The harvest failure of 1921 was so serious that the better harvest of 1922 could not anywhere near compensate for it. In 1921 the tax in kind yielded 267 mill. poods of corn, while 150 mill. poods were available for the open market. In 1922 the tax in kind did not yield very much more, but, on the other hand, 300 mill. poods were available for the open market. The tax in kind was collected with much less delay and trouble in 1922 than in the previous year. It is also now much less burdensome to the people, who are quite freed from any payment in cash. None the less, the general state of agriculture is such that it can only be saved by the investment in it of a great deal of capital.

(2) **TRANSPORT.**—The state is deplorable. The railways have been divided into three categories, which receive 100%, 50% and 30% respectively of their certified requirements of fuel and other materials. The receipts from the railways show a constant increase which is not to be attributed only to the depreciation of the currency. The railways, none the less, register a large deficit, for the whole apparatus and instalments were created originally with a view to transport on a much larger scale than is now possible. The railways are now manned by one million men, whose condition is lamentable. The provision of fuel to the railways is a source of constant difficulty. The coal output is only 4% of the pre-war. Almost the whole of the fuel is therefore wood. As timber is more difficult to obtain in the Ukraine than elsewhere in Russia, only 50% of the trains announced to run in that province could actually proceed. The number of railway engines that could not be used for want of repairs increased as follows:—1918, 38%; 1919, 51%; 1922, 61% of the total number in the country. As a result of imports from Sweden and Germany the total number rose to 19,052, but of these only 7,409 are in working condition. With the utmost

efforts only a fraction of the country's requirements can be met, and a total collapse is constantly menacing.

(3) **HEAVY-ORE-PRODUCING INDUSTRY.**—The position is cheerless. The production of cast iron was in 1922 6.4% of the pre-war; that of iron 10.4% of the pre-war. The requirements of the country are covered only up to 4%. All stocks are exhausted. In the Donetz district most of the works are under water. The 20 mill. gold roubles that the State has managed to raise in response to the alarm signals in the Soviet Press will not to any serious extent help the situation.

(4) For **LIGHT INDUSTRY**, occupied in the production of every-day consumption goods, the situation improved during the year. The "Treugolnik" rubber works had to double the number of employees during the year. Most of the factories, even the small ones, are still owned by the State, that is, by the so-called Trusts, which are largely directed by the previous owners. There are estimated to be 4,000 larger and the same number of smaller factories in Russia. The latter are leased out—only 40% to private persons and 60% to State Co-operative Institutions. The workers in the State factories number 1 mill., those in the private factories only 45,000. The lack of raw materials is very serious. The prices realised for the manufactured goods will often not suffice to purchase new raw materials. The light industry thus passes through an endless series of crises.

(5) **OIL PRODUCTION** is less hopeless than other branches of industry. Possibly political motives have led the Government to take a special interest in protecting it. During the last year, considerable quantities of oil were exported from Russia. In the half-year ending June 11, 1922, 2.6 mill. poods were exported, yielding a total net profit of 3.8 mill. gold roubles. In the next half-year 10 mill. poods were exported, and the net profit was 11.9 mill. roubles. If the official Moscow figures be correct, Soviet Russia in the second half of 1922 exported 40% of the normal pre-war quantity of oil exports (1913, 51.2 mill. poods.) The Moscow figures apparently do not exaggerate greatly, for new natural springs were discovered at Baku and Crosny, which considerably increased the output.

(6) **LABOUR CONDITIONS** have apparently somewhat improved, as a result of improved food supply from the State. The present wages represent only 30% of the pre-war, on an average. The terms "wage" and "income" are confusing, for in the early years of the Soviet rule the workers lived chiefly not on their wages, but on the food supplies granted by the Government. The proportion of total income represented by wages has developed roughly as follows: 1917, 95%; 1918, 42%; 1919, 20%; 1920, 5.6%; 1921, 22.6%.

The rise in 1922 has been continuous, till now 75% of the average workman's income is derived from his wages. The position of the worker is bad, but distinctly better than a little time ago.

The great number of unemployed is an alarming factor. No precise figures are available, but the State Institutions have dismissed 2 mill. employees. Some of these have found other occupations as a result of the permission of private trade.

(7) **HOME TRADE.**—The financial confusion, and the oppressive taxation imposed by a Government which to some extent purposely keeps down trade, have an adverse effect upon it. For the present there is a general air of uncertainty. A year ago the tendency was to extend business and increase stocks. Rather the opposite tendency now prevails. "Wait and see" is the motto.

North Europe

(8) FINANCE.—The results of the important reforms that the Soviet Government is trying to effect cannot as yet be seen clearly. Such a reform is the issue of gold-backed notes by the State Bank. These are already in great demand, but the supply is not yet sufficient for them to be able to oust other money from circulation. At the same time the Government has issued a gold premium loan. This is the first State Security that the Soviet Government has set in circulation. This step was taken as a result of the encouraging reception of the Corn Loan in the summer. In spite of all these measures the Soviet rouble continues rapidly to fall.

The Budget year concluded on Sept. 30. The revenue amounted to R.205 trillion (or about \$7 mill. at the time of writing). The receipts from taxation were divided as follows: direct taxation, 34.8%; indirect taxation, 65.2%, of which 44.4% from excise and 20.8% from Customs duties. Of the total taxation, 61% fell on the inhabitants of the towns. The proportional relation of taxation receipts to note issue improves. In the summer of 1922 taxation receipts were 1.2% of the note issue; in September 24.4%.

The Moscow Government produced one-quarter of the entire tax revenue, the Ukraine one-fifth, the twelve Central Governments 13%, the Petrograd Government 12%, and the whole of Turkestan only 1%.

(9) FOREIGN TRADE.—The desire to control private competition leads to the obstinate retention of the foreign trade monopoly. In view of this restriction, it is to be wondered at that the foreign trade is as great as it is. There are other obstacles also to its recovery. One of the principal is the astounding ignorance of the foreigners who go to Russia about the most elementary principles of the Soviet Government. The Germans have learnt to accommodate themselves better than anyone else, but they, too, generally go to Russia with the settled conviction that capitalism is rapidly being restored in the old sense, and that trade in Russia is just like trade anywhere else.

The total export from Russia in 1922 was one-twentieth, while the total import to Russia was one-quarter of that for 1913.

To sum up, Russia is still living on capital. Slight improvements in methods of trade and production have yet been effected. The purchasing power of the population is 40% only of what it used to be. Hence a lack of demand that makes it hard to sell even small quantities of goods on the Russian market. The isolation of Russia has called forth economic methods never yet recorded in history. If the European trader wishes to recapture the Russian market, he must learn to understand and take into account these new phenomena. The idea that the Russia of the new economic policy is in any way like the old Russia of the Czars, is an illusion in which too many foreigners indulge.

TRADE

FINLAND'S FOREIGN TRADE.

	Import.		Export.		Import (-) or export (+) excess.
	Quantity	Quantity	Quantity	Quantity	
	Index No.	Index No.	Index No.	Index No.	
	F.Mk.	1913=	F.Mk.	1913=	
	(mill.)	100	(mill.)	100.	
Oct. 1922	365.0	59.3	479.3	98.5	+ 114.3
Nov. "	392.5	84.3	390.5	106.5	- 2.0
Jan.-Nov. 1922	3,530.9	70.8	4,188.7	94.1	+ 657.8
" 1921	3,278.5	53.0	3,071.5	67.6	- 207.0
" 1920	3,237.2	52.1	2,648.5	68.2	- 588.7

The above table shows the value of Finland's foreign trade in the last two months, and in the first eleven months of the last three years. It also shows the volume of exports and imports as compared with those for the normal year, 1913 (100). (*Mercator*, Dec. 29.)

FINANCE

THE FINNISH BUDGET FOR 1923.

The Budget Committee reduced the deficit on the Government's Budget Estimates for 1923 from F.Mk.281 to 107 mill., but the changes voted by the Parliament in the Budget Debate brought it up once more to 167 mill. The Budget was passed by the Parliament just before Christmas, and can thus be applied as from the New Year; so the deficit falls entirely on extraordinary expenditure.

The Ordinary Budget balanced at F.Mk.247.4 mill. As compared with the Estimates for 1922, the Revenue is 14% higher, the expenditure is 21% higher. This, however, leaves out of account an extra expenditure of F.Mk.300 mill. in 1922, for which a Supplementary Budget was drawn up. Moreover, the extraordinary expenditure for 1923 is of a productive nature, and is mostly applied to the building and improvement of railways. Other items in the additional expenditure are the acquisition of ice-breakers and the construction of a power station at Imatra.

The deficit of F.Mk.167 mill. is covered from the State Properties Capital Fund, now amounting to 490 mill. (*Mercator*, Dec. 29.)

FINNISH CURRENCY AND INDUSTRIES.

On November 4 the Bank of Finland recorded the lowest price for the £ sterling that has yet been seen, namely, F.Mk.157.75. There has since been a gradual recovery to 177 for the £, with a similar improvement for other stable currencies. But even this latter price was far below the average for the previous month, which was F.Mk.191.55, or 8% higher. There being some reason to suppose that this rate will be more or less maintained for some time to come, there has been a good deal of anxiety expressed as to the effect of the "improvement" of the Finnish mark upon the export industries of Finland. Fears have long since been expressed that the rise of the Finnish mark above a certain point would necessarily lead to a restriction of business for the country's exporting industries. Since the £ fell below 200 these complaints have been loud. In the *Pappers och Travarutidning for Finnland*, two articles deal exhaustively with this question. According to these a large number of timber-refining enterprises are already on their last legs as the result of the alterations in the value of the currency. Even for the firmer established branches of the industry the position is anything but favourable. The Saw industry is not at present badly hit, for its season is over. The plans for the winter may have to be modified considerably in the direction of a restriction of output. Those firms who purchased stocks in advance at high prices are naturally hard hit. The Printing Paper industry is already badly affected, especially as the prices for paper abroad show a steady falling tendency. The worst effects are felt by the manufacturers of high grade paper, which is yielding hardly any profit whatever. In the case of Chemical Pulp the effect of the rise of the F.Mk. is more or less balanced by the fall of prices abroad.

The situation is far from hopeless if properly dealt with. Good reasons may be adduced for the lowering of taxation of freights and of Customs duties. But the remedy must not be sought in State measures alone. There are other measures that can and should be taken to restore the margin between cost and sale prices—namely, the reduction of wages in correspondence with the fall in the cost of living. Finland has long enjoyed the export premium supplies by a low currency quotation, but her industries must now compete with those of her neighbours without such adventitious aid. If the employers do not hesitate to take drastic measures, there is no need why any serious stoppages in production should take place. (*Mercator*, Helsingfors, Nov. 24.)

In the past years, Finland had lost all connection with the outside world as far as market conditions were concerned. Practically no repercussion of the general depression of these years has been felt in Finland, first and foremost for the reason that, so far, Finland has not had to go through any such process of deflation, price fall and currency shortage as has, for example, Sweden. For some time the Finnish currency has been undervalued abroad (its internal purchasing power has exceeded its international value), which has put a premium on the country's exports. None the less, the industrial life of Finland has had difficulties to contend with. If there has been, properly speaking, no deflation, there was, two years ago, a cessation of inflation which had serious effects, and rendered the continued existence of many firms impossible. In 1921 there were 360 bankruptcies in Finland, and there were 268 in the first three quarters of 1922. It is noteworthy that the number of protested Bills of Exchange rose from 2,850 in 1920 to 3,780 in 1921.

The money market is the best index for the judgment of the general situation in Finland at the present moment. The combined report of the private banks shows that for the moment liquid assets are abundant. This ease on the money market is quite artificial, and owes its being to the large influxes of foreign currency into Finland, chiefly as advance instalments as payment of next year's exports. But the exceptionally high rates of interest that still prevail show that in reality there is a credit shortage. This shortage, and the Bank Rate of 8%, show that business is lively.

In industrial circles a certain degree of calm has settled after the alarms of a month ago, when the F.Mk. rose so precipitately. Certain industries working for home consumption are still beset with difficulties and have a hard task to obtain orders. The timber industry has now closed its shipping season, which was successful beyond all expectation. Altogether 800,000 standards were shipped away, as against 600,000 the previous year. The exporters are sanguine as to next year's prospects. The producers will have the great advantage of no stocks being left on their hands. Unless some surprise in the exchange market upsets expectations, next year will show good results. The paper industry has not yet recovered from its alarm over the rise of the Finnish exchange, and has also to contend with another difficulty, namely, the decline in prices abroad.

Importers have not done badly, having enjoyed the advantages over the previous year of a more stable exchange and also more stable prices abroad. Lack of credit has somewhat restricted activities, but the value of imports for 1922 (less December) showed an increase of F.Mk.250 mill. on the corresponding figure for 1921. This shows that the purchasing power of the public was considerable.

Generally speaking, in the past year, Finland has advanced some way down the path of stability, but the continued uncertainty of exchange conditions makes every transaction to some extent a speculation on the exchange. (*Mercator*, Helsingfors, Dec. 25.)

CENTRAL EUROPE

POLITICAL AND GENERAL

AUSTRIA: THE PRESIDENT OF THE ISSUE BANK.

Dr. Reisch, a former Governor of the Bodenkreditanstalt, and a former Minister of Finance, has been appointed President of the new issue bank with M. Jansen, a manager of the National Bank of Belgium, as deputy President.

POLAND: NEW PRESIDENT.

M. Stanislas Wojciechowski has been elected President of the Polish Republic in the place of M. Narukowicz, who was assassinated immediately after his election. The new President, who is a member of the Witos party, is a distinguished economist, and has identified himself with the co-operative movement.

HUNGARY: RUMOURED TERROR IN HUNGARY.

The countries forming the Little Entente are keeping a vigilant eye on Hungary, of which the reactionary and irredentist tendencies cause it to be viewed with suspicion. The *Gazette de Prague* sees in a Bill recently introduced by the Minister of the Interior, a step towards the introduction of a "white terror."

The Hungarian Minister of the Interior, M. Rakovski, has presented a Bill to Parliament to secure what is called "increased protection for public order." At the end of this year, it may be recalled, the term expires of the special provisions of a military nature which have up to now been in force in Hungary, and M. Rakovski's Bill is designed to supply a substitute for those provisions. Under the Bill, should it become law, the Government will have the right to expel from the country or to place under police supervision, or to condemn to penal servitude, any person who is considered

objectionable to the authorities. Persons placed under police supervision will not be allowed to read newspapers, to make use of the telephone, or to attend meetings; and their correspondence will be subjected to censorship. Among the "undesirable elements" to be punished in this way there will be included practically all those who have the courage to differ in opinion from the authors of the provisions. In other words, the practical effect will be to suppress every free expression of opinion—not to speak of action—to stifle every word of criticism, even if it be strictly to the point, directed against the powers that be.

Furthermore, according to paragraph 7 of the Bill, it will be possible to call up all males from 18 to 50 years of age for the personal performance of duties in "protecting public order, security and health." This paragraph is nothing else than a measure of mobilisation conflicting with the provisions of the Treaty of Trianon. The issue of a new newspaper depends upon the decision of the Prime Minister; foreign letterpress can be censored or confiscated before reaching its destination; the sum which the periodical press has to deposit as security is to be raised ten-fold, etc. (*Gazette de Prague*.)

FINANCE

AUSTRIA: THE REPAYMENT OF WAR LOAN IN AUSTRIA AND CZECHO-SLOVAKIA.

The Czecho-Slovak Press dwells with undisguised self-complacency on the difference in the position of Czecho-Slovak and Austrian subjects in the repayment of the war loans.

Austria proposes to pay off her war loans at par, and it is not without interest to note how holders of such loans who are Austrian subjects will fare compared

Central Europe

with those holders who are Czecho-Slovak subjects, and are entitled to accept the terms of repayment offered by the Czecho-Slovak Government in respect of the Austrian war loans apportioned to Czecho-Slovakia as one of the Succession States. For every Kr.24,000 nominal, for example (at the time of subscription the equivalent roughly of £1,000), the Austrian subject will now receive Austrian Kr.24,000 (to-day worth less than two shillings), while a Czecho-Slovak subject receives for every Kr.24,000 nominal, Government stock to the amount of Czecho-Slovak Kr.18,000 (to-day some £120). It will be remembered that the German parties in this country make the "unjust" treatment of war loan holders one of the main items of their complaint against the Republic. If these holders will now compare their lot with that of their compatriots who have retained Austrian citizenship, they will find that their position, in respect of war loans, is represented by the proportion of £120 to two shillings. (*Gazette de Prague*, Dec. 30.)

CZECHO-SLOVAKIA: SPECULATION IN THE EXCHANGE.

According to the Prague papers, the fall in the exchange on foreign markets is due in part to an exaggerated apprehension in connection with the liquidation of the Bank of Moravia and Silesia, partly to the speculative manœuvres of certain Prague banks, and to the intervention of Berlin and Vienna financiers, who have thrown large quantities of Czecho-Slovak kronen on the market in order to cause a fall in the exchange. On the other hand, the internal index figure, which was 1876 for the month of October, is now only 996. The comparison between these figures gives the best indication that speculators have chosen an unfortunate moment to try and depress the exchange. Meanwhile it is announced that the Banking Office of the Ministry of Finance is requiring Prague banks to give a statement of the amounts owing to them in appreciated foreign currencies, as well as a statement of credit granted in kronen to foreigners. It would appear, from the results of this enquiry, that the figures of both the above statements are more than is warranted by actual demand, and prove that certain of the banks in Prague have been speculating on a fall in the krone. The Ministry of Finance is taking strong measures to restrict such speculation. (*Information Financière*, Dec. 20.)

THE BANK RATE.

On Dec. 19, the official bank rate was raised to 7% for discount, and the rate of interest on loans on security to 7½% and 8%. This is a precautionary measure against speculation in the krone, and the Bank Committee of the Ministry of Finance is empowered to alter these rates as soon as it is assured that speculation operations have ceased. At the same time it was resolved to exercise strict supervision over applications for credit. The easier measures for dealings in foreign currencies, which had gradually been introduced by the Committee, have been suspended subject to the satisfaction of the legitimate claims of commerce and industry. (*Prager Presse*, Dec. 20.)

A CZECHO-SLOVAK LOAN IN LONDON.

A Berlin message circulating in the foreign Press announces that the Finance Minister, Dr. Rasin, has gone to London to accelerate the negotiations on foot for a second Czecho-Slovak loan in Great Britain to the value of £400 mill. (*Information Financière*, Dec. 21.)

POLAND'S DIRECT TAXES.

The total yield from direct taxation between Jan. 1 and Aug. 31, is Polish Mk.86,102.2 mill., of which Mk.70.427 mill. is derived from the levy on capital. (*Berichte aus den Neuen Staaten*, Dec. 15.)

THE CZECHO-SLOVAK BANKS.

The Official Statistical Bureau has recently issued figures relating to the Joint-Stock Banks of Czecho-Slovakia up to Dec. 31, 1921.

The total number of such banks has risen from 25 to 40 since the year 1919. The aggregate capital amounted in 1919 to Kr.915 mill., in 1920 to Kr.1,329 mill., and in 1921 to Kr.1,548 mill. The reserve funds amount to Kr.676 mill., while the profits carried forward to the 1922 accounts total over 9 millions. The banks' own assets and properties had a value of Kr.2,233 mill., while the deposits, etc., entrusted to them amounted to over Kr.21,000 mill. Net profits on the year's working made an aggregate of Kr.252 mill., and the dividends paid range between 8 and 14½%, ample provision being made at the same time for the reserve funds.

Under the title of "Gratifying Progress in a New State," the *Times* Trade Supplement (Banking Section) recently treated this topic and remarked: "Banking has made great strides in Czecho-Slovakia since the foundation of the Republic four years ago, when it was deemed desirable to emancipate finance from the influence of Vienna and Budapest. The process may now be said to be complete.

"Not only have Czecho-Slovak banks absorbed such branches of Viennese establishments as were situated in the territory of the new State, but several of them have entered into close relations with British, French, Dutch, Belgian and Italian banks. In this way foreign capital has been attracted to a considerable extent, and the banks have formed valuable links with some of the great international concerns. In this connection it is worthy of mention that no foreign bank is permitted to do business in Czecho-Slovakia on its own account, although the participation of foreign capital is welcomed.

"The business of the banks is not confined to banking in the strict sense of the term. The Czecho-Slovak banks frequently found and take an active part in industrial undertakings of all kinds. As holders of large blocks of shares the banks are entitled to nominate their own representatives on the board of directors of those concerns which they control. In addition, they generally establish their own commercial departments, which sell the products of the industries in which they are specially interested. Thus the banks become, to all intents and purposes, the rivals of some of their customers."

Figures published by the Ministry of Finance show that deposit accounts in the Czecho-Slovak banks in August last amounted to Kr.5,631 mill., an increase of Kr.92 mill. on the previous month. Current accounts amounted to Kr. 9,467 mill., an increase of Kr.236 mill. on the figures for July. The Czecho-Slovak savings banks, 368 in number, could boast in September last of deposits to the amount of Kr.8,263 mill.—an increase of Kr.45 mill. as against the previous month. In 18 German savings banks in this country deposits of German marks amount to Mk.85 mill.

The following table shows the amounts deposited and withdrawn in and from the various classes of savings banks in the country during the month of October (in millions of kronen):—

	De- posited.	With- drawn.	Balance.	Amounts of deposits.
Czech	271.2	190.4	+ 80.7	4,524.2
German	124.0	110.3	+ 13.7	3,260.5
Bohemian savings bank in Prague	13.7	8.7	+ 4.9	426.9
First Moravian Savings bank in Brunn	7.6	6.2	+ 1.3	146.1
	416.6	315.7	+100.8	8,353.9

(*Gazette de Prague; Berichte aus den Neuen Staaten*, Dec. 1.)

POLAND : FOREIGN DEBTS.

In the Green Book recently published by the Ministry of Finance, Poland's debts to the various countries are given as follows (in millions of the respective currencies) :

United States	...	...	...	\$184.4
France...	...	...	...	Fr.783.8
England	...	...	...	£4.3
Italy ...	...	...	...	L.17.4
				{ Fr.(gold) 36.3
				{ Fr.(French) 1.2
Holland	...	...	...	Fl.18.2
Norway	...	...	...	Kr.16.4
Denmark	...	...	...	Kr.0.3
Sweden	...	...	...	Kr.0.1

In addition, Poland owes Switzerland Fr.73,000.

According to the rate of exchange in New York on Dec. 31, 1921, Poland's foreign debt amounts in all to \$283,379,610, the percentage of which is apportioned as follows : to the United States, 65.09 ; France, 22.24 ; England, 6.49 ; Italy, 2.81 ; Holland, 2.37 ; Norway, 0.93 ; Denmark, 0.02 ; Sweden, 0.01 ; and Switzerland, 0.005. (*Berichte aus den Neuen Staaten*, Dec. 15.)

COMPANY ISSUES.

The amount of capital raised by the foundation of new companies, and the increase of capital by existing companies, between Jan. 1 and Sept. 1, 1922, was (in millions of Polish marks, Austrian kronen, and French francs) as follows :—

Companies.	No.	Capital.	No.	Increase.
Textiles ...	16	551	26	1,186
Food ...	10	437	39	3,826
Mining & smelting ...	5	{ 165 + 24* }	15	{ 2,408 + 26*
Iron and steel ...	17	{ 570 + 1† }	26	1,797
Minerals ...	4	258	5	171
Chemicals ...	12	818	14	587
Animal products ...	2	31	4	159
Timber ...	11	435	12	457
Paper & printing ...	5	185	4	795
Banks ...	4	480	22	2,208
Commerce ...	27	1,200	33	1,234
Electricity, gas and telephones ...	2	68	4	191
Communications ...	5	896	—	—
Insurance ...	3	50	1	28
Miscellaneous ...	31	1,473	13	638
Total ...	154	{ 7,617 + 1† + 24*	218	{ 15,735 + 26*

The total number of companies in existence on Sept. 1 was 1,291, with an aggregate capital (in millions) of Polish Mk.59.145, French Fr.185 and Austrian Kr.50. (*Berichte aus den Neuen Staaten*).

SOCIAL AND LABOUR CONDITIONS

WHOLESALE PRICES IN CZECHO-SLOVAKIA.

The Statistical Bureau has just published the official index figures of wholesale prices prevailing on the 1st of each month of the year just closing.

The following table shows the average figure for all commodities, month by month, the figure 100 representing prices (a) in July 1914, (b) in Jan. 1922.

	(a)	(b)
January ...	1,675	100
February ...	1,520	91.5
March ...	1,552	93.7
April ...	1,491	91.3
May ...	1,471	90.9
June ...	1,471	91.1
July ...	1,464	90.6
August ...	1,386	85.6
September ...	1,155	72.7
October ...	1,059	66.6
November...	1,017	64.6
December	999	62.8

(*Gazette de Prague*, Dec. 30.)

* Austrian kronen.
† French francs.

TRADE

CZECHO-SLOVAKIA : FOREIGN TRADE.

The foreign trade figures for the first ten months of 1922, as published by the Statistical Bureau, are : exports 7,849,600 t. compared with 8,090,300 t. for the corresponding period of 1921, and imports 2,669,100 t. compared with 3,337,800 t. for the previous year. Exports in November amounted to 708,192 t. compared with 574,775 t. in October 1922 and 705,761 t. in November 1921. The chief items of export were : fuel, 464,146 t. compared with 388,290 t. in October and 517,999 t. in November 1921 ; fruit and vegetables, 59,334 t. as against 48,388 t. and 6,605 t. ; and sugar, 45,912 t. as compared with 48,997 t. and 42,920 t. (*Information Financière*, Dec. 19 ; *Gazette de Prague*, Dec. 30.)

INDUSTRIES

NAPHTHA CONCESSIONS IN CZECHO-SLOVAKIA.

The Minister of Labour has informed the Finance Commission of the Senate that the Franco-American Standard Co. has unduly delayed the foundation of the Franco-Czecho-Slovak company for the working of the naphtha wells, as covenanted in the contract with the company. The Franco-American company has alleged as a reason for the delay, difficulties in the development of the naphtha fields, and proposes the rescission of the contract, and renunciation of the prospecting concession. (*Information Financière*, Dec. 12.)

THE SUGAR SEASON IN CZECHO-SLOVAKIA.

The total amount of raw sugar exported during October and November was 845,730 qu. compared with 864,290 qu. in the corresponding period of the preceding year. The chief importing countries (in 1,000 qu., the previous year's imports being given in brackets) were : Austria 170 (48), Hamburg, in transit, 325 (534), Great Britain 160 (93). (*Gazette de Prague*, Dec. 20.)

IRON INDUSTRY IN POLAND.

The progress of the iron industry since the war may be judged from the following tables, which show the output (a) of blast furnaces, (b) of Martin furnaces, (c) of rolling works during the post-war years compared with the last pre-war years (in 1,000 t.) :—

	(a)	(b)	(c)
1913...	418	588	467
1919...	15	16	14
1920...	42	68	49
1921...	60	118	92
1922, 1st 6 months	39	67	57

The number of factories, of all classes, at work was : 53 in 1913, 9 in 1919, 20 in 1920, 32 in 1921, and 37 in 1922, and the number of workmen employed 21,000, 5,380, 10,360, 13,000, 17,800 respectively. (*Berichte aus den Neuen Staaten*, Dec. 16.)

AGRICULTURE

POLAND'S FORESTS.

The total area covered by forests in the whole of Poland is 8,943,700 hct., which represents 23.2% of the country's total area of 38,629,700 hct. Of this amount 6,832,100 hct. belongs to the State, and 6,111,600 hct. to private owners. (*Berichte aus den Neuen Staaten*, Dec. 29.)

HARVEST RESULTS IN POLAND.

The yield from Poland's harvest in 1922 was as follows (in 1,000 t.) :—wheat 1,150, rye 5,133, barley 1,297, potatoes 33,495, sugar beets 2,671. The percentage of increases compared with last year's harvest is : wheat 12.6, rye 17.6, barley 4.1, potatoes 95.5, and sugar beets 136.6 (*Berichte aus den Neuen Staaten*, Dec. 29.)

SPECIAL ARTICLES

THE ECONOMIC RECONSTRUCTION OF ANATOLIA.

Major Franz Carl Endres deals with the present economic position and future prospects of Anatolia in an article in the *Berliner Boersen Zeitung* of Dec. 27.

Not only the new Government at Constantinople, but also the States of Europe have a special interest in the recovery of Anatolia. The Pan-Turks themselves, however much they may, from political motives, attempt to make a show of independence, are exercised in their minds about this question, knowing that the finances of Turkey cannot be restored to a healthy condition by any other means than by the establishment of regular trade relations with Europe. The problem of how to clothe the inhabitants of Anatolia and supply them with a hundred things that they cannot at present produce themselves cannot be solved save by a large export of all available commodities. Such commodities can only be mined and agricultural raw products. But the need of Turkey is at least one year ahead of her available export; the supply of commodities to Turkey must precede by at least a year the export of the products which she can exchange for them. In other words, Turkey is badly in need of credit.

It is quite erroneous to believe that, at a word of command from those in authority, Anatolia can resume the broken thread of her flourishing economic life. That 100 rich Turks of Constantinople have undertaken to rebuild each a village destroyed in the war, is, in itself, no more than a *beau geste*. Even supposing the promise is fulfilled, what of the other 1,000 villages that are in the same plight? Even before the war Anatolia was known as the land of widows. Since 1878 the children of Anatolia have provided cannon fodder for every war and revolution in the Near East, as well as for the continued fights against the Arabs in Yemen. Before the war there were some 11 million inhabitants to half a million square km., that is, about 21 inhabitants per square km. As a result of the war, of the expulsion of the Greeks and other causes, this number has fallen to less than a half, that is, to 10 inhabitants per square km. and 5½ mill. in all.

The live stock of Anatolia has suffered even more losses than the human population. Statistics for 1914 and 1919 show the following changes (the figures refer to million head) :—

	1914.	1919.
Horned cattle	7.43	4.2
Horses	1.04	0.63
Sheep	21.9	4.0
Goats	16.0	2.06
Camels	0.49	0.09

Half the figures for 1919 would be an optimistic estimate of the present position. Probably, not more than a million head of horned cattle and sheep are now in existence.

Even in 1919 the harvest returns showed that the cereal output had declined disastrously. The total figure was not more than 2.45 mill. t. of wheat, and 1.67 mill. t. of barley. The tobacco output was only 17.8 mill. kg. These figures, low as they are, represent about the half of what should be reckoned for the present day.

Huge stretches of land lie waste; the towns and villages are deserted and destroyed, the farms are burnt or demolished. It might be conceivable that a country with a good system of communications should emerge speedily from such conditions, but it is precisely in the transport question that the difficulties to be met are greatest. In the whole huge district there are but a few isolated roads that are in a fit condition for economic use. As to railways, it need simply be said that there is a district between Angora and the old Russian frontier on the one side, and the Black Sea and Baghdad Railway on the other, with an area of 400,000 square km., that

has no single line of railway. (The whole extent of the German Empire to-day is only 468,000 square km. !)

In criticising the methods of the Turkish Government, it should not be forgotten what terrific difficulties face whoever would institute serious reforms in a vast territory so destitute of transport. A similar lack of transport was at the bottom of the Russian famine. Before the war it was possible to find districts that kept themselves miserably alive by importing grain from abroad when less than 500 km. away there were tons of good food rotting for want of transport. In spite of all the changes brought by the war, one fact remains modified: Anatolia's economic problem is a transport problem. For the solution of this, large sums are needed, and these will not be obtained save in return for concessions to the lender.

Turkey has no money. Owing to the long arrears of overdue pay there are continual desertions from the army, and this has doubtless not been absent from the minds of the Turkish delegates at Lausanne. The comparatively high value of the Turkish pound is to be attributed, not to an optimistic estimate of Turkey's financial position, but to the fact that France is in possession of the greater quantity of the Ottoman debt.

The realisation of the mineral reserves of Anatolia is another hope that depends exclusively on transport. These mineral reserves are much richer than is commonly believed. The treasures of the Armenian Taurus have not yet been explored. There will be surprises when they are. But in Anatolia itself there are large locations that have not yet been touched, or if they have been touched they are not exploited to anywhere near their full potentialities. In West Anatolia, where it would be easy to construct branch lines to meet the main lines, Magnesia-Panderma and Konia-Haidarpasha, coal and ore are largely found in such close proximity to each other that smelting could take place almost at the pit-head, and this would, of course, add enormously to the economic value of the products. West of Panderma, and in the whole south-west of Asia Minor, lignite is found. In a very broad stretch, from Pergamon to Broussa, are lead ore, copper, tin, chrome and iron. In the big peninsula west of Smyrna is Cinnobar. The whole of Anatolia is rich on a similar scale. In the Armenian part there is copper and coal with a large proportion of valuable by-products. Gold and silver have also been located. Gold is washed down by various rivers. But if, with this catalogue of the located wealth of Anatolia, be compared the statistics of the trade due, an extraordinary disparity between the two will be noticed. A reform of the grotesque mining laws, a more sensible concession policy, and an efficient railway service connecting with the nearest sea ports, would multiply this export to many times its present extent. In 1913-14 (the Turkish Year 1329) were exported :—

	Tons.
Iron ore	6,041
Copper ore	897
Zinc ore	4,347
Lead ore	14,287
Chrome ore	26,373

&c., &c.

The linking of railways must be the centre of Turkish economic reconstruction; but not after the uneconomic model of the Baghdad Railway, for strategic purposes only. Smaller, less-exciting projects are more in keeping with the situation; projects for branch lines off the existing main lines, and from the sea coast inland. Enver Pasha's 1916 projects must be forgotten, the new lines must be traced by economists and geographers. But what Turkey most needs now is an influx of men who are capable of guiding the reforms needed in agricultural, mining and transport methods. And to obtain these men she had best turn her eyes to the country that can provide them—Germany.

HUNGARY'S ECONOMIC SITUATION IN 1922.

The following survey of the past year is supplied by our correspondent at Budapest:—

THE POSITION OF THE EXCHANGE.

After the disturbances caused to business in 1921 by a premature raising of the krone by the Minister of Finance Hegedtis, the year 1922 was productive of a certain steadiness. Under the new *régime* introduced by the Minister, Herr Kallay, the Hungarian krone showed more stability, although it declined by 72.5% from 82.5% at the beginning of the year to 22½, its present quotation. Kallay's success is due to his taxation policy, the greatest innovation contained wherein is the land tax, based on the value of wheat, which is taken as the unit of payment. Further, the raising of the rate of the turnover tax from 1½ to 3% (a further increase to 5% is in contemplation) has contributed appreciably to the increase of revenue. Earnest but unsuccessful efforts were made to check the note circulation, but it rose from Kr.25,174,941,187 (equivalent to 207,683,265 gold kronen) on Jan. 1 to 72,016,112,259 (only 163,886,655 gold kronen). The gold parity, therefore, of the State notes in circulation fell 21.2%. Meanwhile, since the value of the krone had fallen during July from 0.51 to 0.30, and in August to 0.17, the Government resolved to control dealings in the exchange by the foundation of an Exchange Department. The sale of large blocks of kronen abroad was prohibited, and imports restricted to indispensable articles. In October and November the demands of commerce and industry were only 60% of what they were in September, since, in view of the steadiness of the krone speculation had become impossible. Although the Exchange Department publishes no report of its dealings, it is known that it has already amassed a considerable store of foreign currency in order to cover requirements during the first three months of the new year, on which Hungary's export of agricultural produce mainly depends. The Director of the Department, Herr Dusan Tabakovics, has likened the Hungarian krone to a badly injured man, who must be allowed to repose. It would be a mistake to seek to raise its rate. However, in any event, its price will be maintained at 22 or 23 centimes.

There is no doubt of the confidence inspired by the Exchange Department. At the beginning of the year when the krone was stable, deposits with the banks showed a steady increase. In August a complete change took place, and the fall of the krone caused depositors to withdraw their deposits. The foundation of the Exchange Department restored public confidence.

BANKING.

In November and December deposits increased to such an extent that a large part of the banks were in a position to redeem their bills held by the State bank. Deposits are double what they were a year ago. All banks during the year were continually forced to raise capital, and to throw upon the market blocks of shares of their own undertakings, in order to find the large sums required for the financing of their large industrial enterprises. The banks paid more attention to trade in goods than formerly. Finally, all the banks, even those of the provinces, made larger profits and were able to pay higher dividends than in the previous year. Considerable anxiety is caused to the banks by the question of the valorisation of their holdings in the savings banks in the succession states, the payment of the coupons in those states, and their foreign debts. Until all these questions are settled, business will be liable to disturbances.

FOREIGN TRADE.

Hungary's foreign trade met with a set-back owing to the decline of agricultural produce. In 1921 the debit balance was Kr.21 milliards, and is estimated for 1922 by experts at Kr.50 milliards, an increase of 150%.

The increased debit trade balance for the year 1922 will, in great part, be equalised by remittances from Hungarians settled in America, which, at the present rate of the krone may be reckoned in milliards, and by the large purchase of property in Hungary by inhabitants of the Succession States with a more favourable currency.

THE CONDITION AND PROSPECTS OF AGRICULTURE.

The authorities are giving their attention to the decline of agricultural output. According to statistics compiled by the Ministry of Agriculture, in 1922 the average yield of potatoes per "joch" (equivalent approximately to 1½ acres) was 26 quintals, as against 28 in 1921, and 60 to 80 in normal times; in certain model farms it even reached 160. The export of agricultural produce showed a marked decline. It is, however, worthy of note that small farmers are endeavouring to adopt more scientific methods of farming. "Dwarf holders" could, with a better selection of seeds, produce from 20 to 24 quintals of wheat, as against a present production of 8 or 9, and the use of artificial manure is gradually being introduced. The ideas of the Hungarian farmer have completely changed since the war. At present irrigation works are being undertaken in order to prevent failure of harvests in times of drought. The cost of an enterprise of this kind, on a property of 150 "joch" amounts to about Kr.9 mill., which precludes its universal adoption. The Government proposes to encourage this movement by allowing unrestricted export of the crops produced by this means. Another class of improvement is the establishment of dairy farms under the superintendence of Danish experts, and provided with Danish plant, from which it is hoped to assure to Hungarian butter a leading place on the world's markets.

INDUSTRIAL PROGRESS.

Unexpected strides have been made in the course of the year by Hungarian industry. The depreciation of the krone, combined with high import duties, stimulated output and rendered possible the establishment of new undertakings. The increasing tendency towards political and economic union has had a favourable effect on the development of industry. The iron and steel and engineering industries were extended and have been engaged in export to the Balkans. The textile, leather, boot and chemical industries became increasingly independent of the foreigner. Special success was achieved by the textile industry, which had an adequate supply of home-grown wool at its disposal. For several weeks past, no permits for the export of wool have been issued. The price of wool rose during the year from Kr.125 to 800 per kg. The price of coal rose steadily throughout the year, from 170 paper or 1.32 gold kronen in January—the pre-war price being 1.30 gold kronen—to 758 paper or 1.72 gold kronen in November. Other materials required by industry rose in proportion.

COMMERCIAL RELATIONS WITH FOREIGN COUNTRIES.

In the further development of Hungarian industry, negotiations for commercial treaties with neighbouring countries will be of great importance. So far, no commercial agreements have been concluded with Rumania or Yugo-Slavia, and trade is carried on with these countries without an agreement. With Austria alone has a treaty for the exchange of commodities been concluded, which, however, has recently declined in importance, because, firstly, Austrian prices for industrial products exceed the general prices in the world's markets; and, secondly, the export of the agreed quantity of Hungarian wine is hampered by the payment of duties in gold. As regards Czecho-Slovakia, the draft treaty with that country has been converted into a commercial agreement. Negotiations with Poland are in progress, and an agreement will probably be concluded in January. If the organisation of industry in dismembered Hungary, separated from her former industrial centres, continues to make the same progress as heretofore it will probably be completed in about ten years' time.

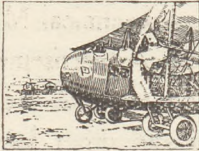
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Special Articles

THE INDUSTRIAL CRISIS IN AUSTRIA.

The possibility of Austrian industry weathering the crisis from which it is at present suffering, is considered by Herr Artur Knöpfelmacher, President of the Leather Industries Association, and Herr Artur Bittner, a member of the Chamber of Commerce in the *Neue Freie Presse* (Dec. 16 and 17).

CAUSES OF THE CRISIS.

The stabilising of the Czecho-Slovak krone affords to Austrian industry a practical demonstration of that situation, anticipated in theory, in which industry found itself involved after the currency had ceased to fall, and the fictitious prosperity by which it is accompanied had come to an end. Long before the first signs of stagnation made their appearance in Austria, and long before the hope arose that the policy of reform would take practical shape, the Czecho-Slovak industry, which in many respects is similar to that of Austria, had to encounter many a serious setback. Many people seem to think that with this timely warning before it, Austrian industry should have taken precautions, and are surprised that it should have suffered the full weight of the crisis. A closer consideration of the circumstances, however, shows that the Austrian industry although quite alive to the facts, was bound to become involved in the present situation, and that no precautionary measures, however good, could enable it to cope with the overwhelming conditions. It is quite natural that at that particular moment the cost of living and consequent rate of wages should have reached their height. It was equally to be anticipated that a check in the upward trend of prices should be followed by a cessation

of sales. Nevertheless, it was not easy to decide upon more extensive restrictions of business, the more so that the high cost of material and labour had in many industries resulted in reduction of work. The crisis was bound to come, and could not be averted. It was also to be foreseen that the Austrian industry would be harder hit than that of Czecho-Slovakia, since the fictitious boom had lasted longer in Austria, and the exhaustion of capital, which was bound up with it, had made greater strides.

Prices in Austria, which had already exceeded the general prices throughout the world, further accentuated the stoppage of sales. To these causes must be added the difficulties in the way of production which owing to the necessity for importing raw material from abroad made itself felt in various industries, notably the boot industry. The latter, which is largely dependent on the import of semi-products from abroad, was faced with the additional difficulty that the price of the completed article declined faster than that of the semi-product. Other causes are the shortage and cost of coal, the Government Customs tariff policy, excessive cost of transport, high wages, inadequate yield from labour, and the import restrictions imposed by the other Succession States.

THE EFFORTS OF AUSTRIAN INDUSTRY.

The above considerations show how difficult of solution are the problems with which Austrian industry is faced. Nevertheless, it must be admitted that it is fighting undauntedly and energetically to avert the threatened catastrophe. What has been possible for it to accomplish out of its own resources, it has accomplished. Prices have been largely reduced without regard to the cost of production. Those of boots and shoes are appreciably lower than in other countries, lower even than before the war. Shoes for rough wear used to cost on an average Kr.16.50 a pair, equivalent to Kr.240,000 of the present currency, and they can now be obtained for Kr.150,000. The industry, turning to account the lesson taught by the Czecho-Slovak crisis, and by the sale of substitutes for various commodities during the war, has turned its attention more than formerly to quality, and produces only the best.

THE COST OF PRODUCTION.

It is, however, obvious that industry cannot cope with the crisis unaided. To fix prices without regard to the cost of production must in the long run lead to disaster and exhaustion of capital.

The first step towards reducing the cost of production is the lowering of wages, especially in those cases where a large percentage of the price of manufactured articles is due to the cost of labour. In taking this step, industry must be supported by the workmen. The working classes must in the end recognise that reductions in wages cannot be made only in proportion to the decline in the cost of living, but that the general conditions of trade and consumption must also be taken into consideration.

The question of wages stands in close connection not only with attempts to find a way out of the present stagnation of business, but also with all measures directed towards economic recuperation. Industrial and commercial prosperity, including the export trade, is dependent on the immutable law of supply and demand, whatever form it may assume. Wages as a factor in fixing prices are subject to the same law. In the long run wages are paid not by the manufacturer, but by the goods manufactured; otherwise come crisis and unemployment.

THE BURDEN OF TAXATION.

Quite as necessary to industry as a full understanding of its difficulties by the working classes, is a fuller understanding of the situation on the part of the public authorities. Those engaged in industry cannot but feel that a regard for purely fiscal interests will do far more harm than can be made good by the benefits which are

expected from it. A stop must be put to the continuous raising of duties and transport rates which creates conditions calculated, even without a crisis, to weaken the capacity for competition of important industries.

The revolution has brought about such a change in the conditions of the supply of certain indispensable materials, that a direct raising of rates and duties to the level which prevailed under the monarchy directly threatens the production of certain articles. A continuance of the recent transport rates policy is not, if the storm is to be weathered, to be thought of.

Transit trade, export, the finishing industries, are not only severely oppressed, but their power of competing with western nations (to say nothing of Germany) is through transport rates alone, seriously impaired. It is imperative that the transport rates, which are a serious charge on raw materials, and which industry has to bear, should be altered. The natural and political disadvantages which shut off Austria from the sea, and handicap her trade with the Near East and oversea countries, are not here taken into account. But particular stress must be laid on the excessively high rates on the local railways. The industrial crisis calls for a thorough revision of railway and navigation rates.

THE CUSTOMS DUTIES.

In close connection with the above stands the coming revision (i.e. raising) of the Customs tariff. The idea that the State revenue must be increased should not prevent prudent moderation and sober reflection, if disaster is to be averted.

To take one example: the tax on benzine, an essential raw material to many industries, is to be raised to Kr.7 (gold) per kg., equivalent to Kr.1,000 (paper), and in view of the declining price of the commodity to 30% of its value. Thus the industries which use benzine must cease to export.

FOREIGN TARIFFS AND COMPETITION.

The measures of exclusion adopted by the Succession States are largely responsible for the critical situation of Austrian industry, and it is essential that the Government should immediately deal with this thorny question, as industry is powerless to help itself. Moreover, it is imperative that industry, if it has difficulty in competing with Germany in neighbouring States, should at least be protected on the home market against the worst consequences of the depreciation of the currency. At all events it should be safeguarded against the dumping with which it is threatened, and the transfer to Vienna by foreign firms of stocks of goods unsaleable elsewhere. Owing to the small purchasing power of the Austrian public, and the impossibility of examining the quality of these articles, a parasite growth of this kind threatens to destroy whole industries.

There is no denying the fact that the crisis has been aggravated by the import of German goods, which was only possible by a slow adaptation of prices to the changed value of the mark.

THE OUTLOOK.

The burdens, concludes Herr Knöpfelmacher, which threaten trade and industry in the form of taxes and increased expenses of Government undertakings, such as rent, turnover tax, etc., as well as the sacrifices which the effort at recuperation must inevitably impose, suggest an increase rather than a reduction of prices. Forced sales must of necessity come to an end with the exhaustion of stocks. Another consideration for the consumer class is that increased consumption means increased production, and a lowering of the cost of production and consequently of prices. In spite of the gloomy present and gloomy prospects, it will, and must, be possible by a co-operation of the Government, the working class, consumers, trade and industry, to overcome the crisis.

From observations made from day to day, adds Herr Bittner, the revival of optimistic views does not appear to be unfounded.

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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 | 6. Wool |
| 2. Tin | 7. Hides |
| 3. Coal | 8. Wheat |
| 4. Linseed oil | 9. Bacon |
| 5. Cotton | 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.

1920		1921		1922		1923	
Date	10 Com- modities	Date	10 Com- modities	Date	10 Com- modities	Date	10 Com- modities
Sept. 3	379.3	April 29	202.2	Dec. 30	150.0	Aug. 25	166.1
10	379.7	May 6	207.2	1922		Sept. 1	163.4
17	379.4	12	204.3	Jan. 6	148.1	8	160.4
24	360.6	20	197.0	13	148.7	15	161.2
Oct. 1	356.3	27	200.5	20	144.0	22	158.6
8	346.8	June 3	201.9	27	141.8	29	158.8
15	328.6	10	203.6	Feb. 3	142.3	Oct. 6	159.8
22	319.8	17	201.8	10	147.0	13	161.2
29	315.3	24	201.6	17	149.2	20	162.8
Nov. 5	310.8	July 1	196.4	24	149.7	27	165.9
12	304.6	8	193.3	Mar. 3	148.4	Nov. 3	170.1
19	293.0	15	194.4	10	148.4	10	170.1
26	283.8	22	194.8	17	149.8	17	169.3
Dec. 3	272.0	29	193.6	24	149.4	24	168.2
10	271.2	Aug. 5	183.8	31	149.8	Dec. 1	167.4
17	257.0	12	178.8	Apr. 7	150.3	8	161.6
23	253.0	19	178.1	14	151.7	15	161.3
30	249.8	26	178.1	21	154.1	22	162.2
1921		Sept. 2	180.8	28	154.6	29	162.6
Jan. 7	249.5	9	183.0	May 5	157.8	1923	
14	244.2	16	183.4	12	159.9	Jan. 5	162.4
21	237.6	23	180.0	19	162.1		
28	235.2	30	176.8	26	163.3		
Feb. 4	227.0	Oct. 7	172.1	June 2	162.9		
11	227.4	14	170.2	9	164.9		
18	219.1	21	163.0	16	163.6		
25	215.8	28	159.5	23	164.8		
Mar. 4	198.8	Nov. 4	158.9	30	162.4		
11	197.5	11	155.0	July 7	164.7		
18	199.0	18	154.5	14	165.1		
25	201.4	25	157.7	21	165.8		
April 1	199.6	Dec. 2	153.6	28	167.3		
8	191.6	9	152.1	Aug. 4	168.1		
15	202.8	16	153.2	11	165.9		
22	194.3	22	150.3	18	164.0		

* 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.

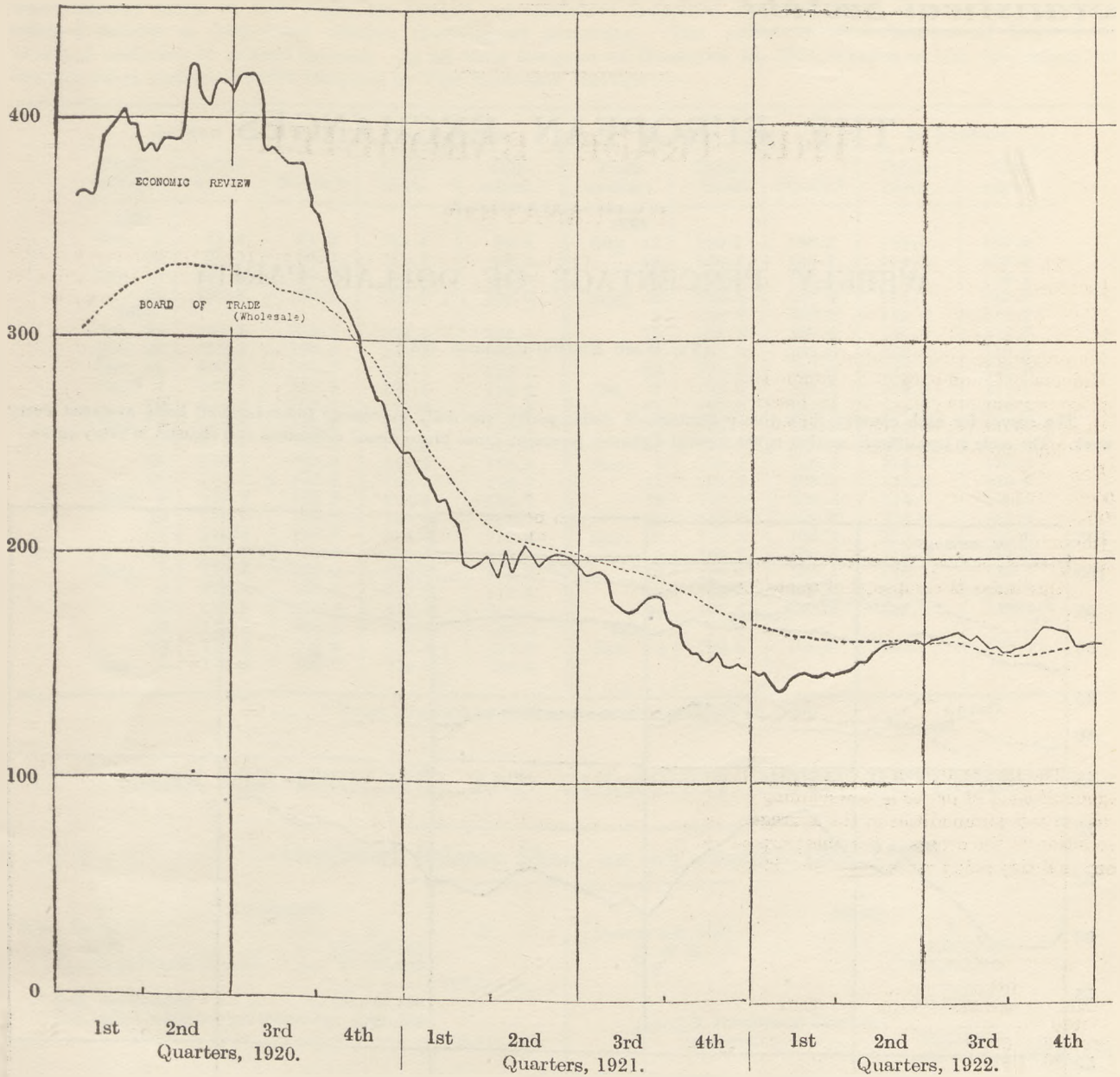


TABLE II.

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 ...	90.1	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
1923												1923
Jan. 5 ...	90.1	104.9	91.5	135.1	125.2	122.2	95.7	89.9	89.7	138.5	108.28	... Jan. 5

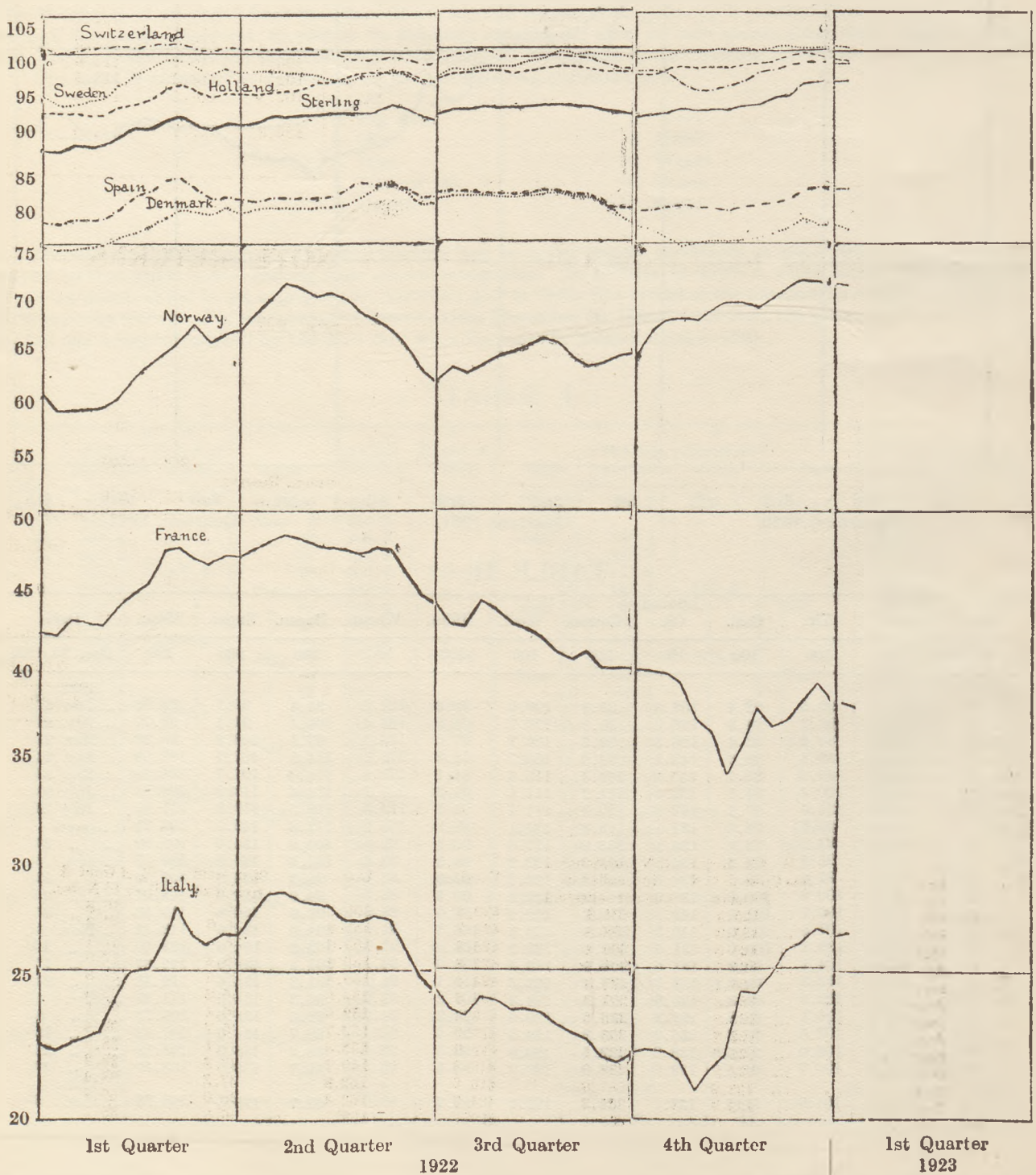
Statistical Section

THE EUROPEAN EXCHANGES

WEEKLY PERCENTAGE OF DOLLAR PARITY

(To Week Ending January 6th.)

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 of the last-named 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.		IN NEW YORK.			IN LONDON.	
Week ending.	Indus- trials.	Bonds.*	Indus- trials.	Gilt- edged.	Week ending.	Indus- trials.	Bonds.*	Indus- trials.	Gilt- edged.
1921					1922				
Oct. 1	88.4	91.8	104.5	94.4	Aug. 12	119.7	105.5	113.6	116.4
29	91.1	92.0	91.1	94.4	19	122.1	105.7	114.0	116.0
Dec. 2	97.4	99.4	94.2	96.0	26	123.9	106.9	113.5	115.5
30	100.0	100.0	100.0	100.0	Sept. 2	124.9	106.6	114.1	112.1
1922					9	125.4	106.7	115.6	113.5
Jan. 28	100.8	102.1	102.3	104.4	16	123.8	107.6	115.2	112.5
Feb. 25	105.2	100.8	103.6	109.0	23	122.2	107.0	113.5	112.2
Mar. 25	107.4	101.7	102.8	110.7	30	121.2	105.8	113.2	112.0
April 1	109.8	101.5	103.5	112.2	Oct. 7	123.9	106.1	113.3	111.7
29	114.4	103.1	117.6	110.9	14	127.6	104.4	114.5	112.3
May 6	115.4	102.8	115.5	117.1	21	125.7	102.8	114.3	113.0
13	114.6	102.4	114.9	117.9	28	121.7	102.0	114.8	113.0
20	116.7	102.8	114.5	117.3	Nov. 4	122.1	103.4	114.5	113.0
27	117.7	102.9	113.5	116.6	11	118.2	103.1	115.0	113.6
June 3	118.8	102.9	118.5	115.7	18	117.6	102.4	114.7	114.5
10	114.9	102.5	114.2	114.2	25	114.4	102.0	115.0	115.4
17	112.8	102.7	114.4	112.4	Dec. 2	118.3	102.2	115.7	115.0
24	114.8	103.0	113.7	113.3	9	120.5	102.8	116.2	114.3
July 1	114.5	103.6	110.0	114.7	16	121.1	103.1	116.1	113.8
8	115.3	105.4	110.6	115.9	23	121.6	102.9	118.3	113.5
15	117.6	106.5	111.6	115.4	30	121.7	102.5	119.5	113.3
22	118.1	106.8	112.2	116.7	1923				
29	119.4	106.0	112.8	116.7	Jan. 6	120.5	102.8	122.1	113.5
Aug. 5	119.6	106.0	113.3	116.4					

* Prices supplied by Messrs. Bernhard Scholle & Co., Ltd.

BANK OF ENGLAND AND CURRENCY NOTE RETURNS.

Combined Balance Sheet for 4th January, 1923.

LIABILITIES.				ASSETS.			
Notes Issued.	£	£		Government Debt.	£	£	
B. of E.	144,105,985			B. of E.	11,015,100		
Less those in C.N. Reserve ...	21,150,000			C.N.	253,013,504		
		122,955,985				264,028,604	
C.N. outstanding	293,894,189			Less C.N. Investment Reserve			
C.N. called in but not yet cancelled	1,520,254			Account	12,915,219		251,113,385
		295,414,443		Other Securities.			7,434,900
				B. of E.			
Ratio of Gold to Notes	36.5%			Gold Coin and Bullion.			
„ Gold & Silver to Notes	33.2%			B. of E.	125,655,985		
				C.N.	27,000,000		
				C.N. Balance at B. of E....	166,158		152,822,143
				Silver Coin			7,000,000
		418,370,428					418,370,428

Summary of Combined Balance Sheets.

January 1922 to date.

Date.	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.
1922 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.	122.9	301.3	424.3	152.8	36.0	37.7
1923 Jan. 4	123.0	295.4	418.4	152.8	36.5	38.2

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