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THE ECONOMIC REVIEW

with which is incorporated the
POLITICAL REVIEW.

A Review and Bibliography of Current Publications dealing with
Finance, Industry, Commerce, and Social Organisation.

Vol. VII. No. 3.

January 19th, 1923.

Price 1s. Weekly

Editorial Offices :

14, CORNHILL, E.C. 3.

Telephone: Avenue 3156.

Subscription Rates (Post free, home or abroad)

1 YEAR	-	£2 : 12 : 6
6 MONTHS	-	£1 : 7 : 6

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ECONOMIC SURVEY

GERMANY

POLITICAL AND GENERAL

GERMAN CRITICISM OF THE BRITISH REPARATION SCHEME.

In the *Berliner Boersen Zeitung* (Jan. 7) Wilhelm Steneberg discusses the merits and demerits of the various schemes submitted to the Paris Conference. Speaking of the English scheme he remarks: This scheme dispensed with pledges and the use of force. It was none the less impracticable, in that it left out of account or else misestimated the German capacity to pay. True, a moratorium in the true sense of the word was provided, and on the immediate expiry of this only moderate payments were to be exacted. (Here follows a detailed analysis of the scheme which need not be reproduced here.) The details of the English scheme display a mixture of good sense and ignorance. It is true enough that the Allies would be placed in actual possession of 30 milliards if Germany could succeed by raising loans in acquitting her liabilities arising out of the first series of bonds. But Germany would not thereby be quit of her obligations; she would merely have changed debtors. The change of debtors would not put Germany in a position to meet the interest payments on the second series bonds. With a rate of interest identical with that of the bonds themselves (5%) and a redemption charge of 1%, the service of the loans would cost Germany 3 milliards of gold marks annually; to this would be added the service of the second bonds.

Purely financial considerations might give the impression that sums such as those mentioned in

the French and British proposals were within Germany's paying capacity. The fact that the German plan put forward by Dr. Simons in London in March 1921 foresaw a total payment of 50 milliards might lead to the same conclusion. This sum, however, expressly included all payments made by Germany up to that date, estimated by herself at 20 milliards. The plan was also expressly conditional on the retention by Germany of Upper Silesia.

In the *Deutsche Allgemeine Zeitung* "Odysseus" writes: The result of the Paris negotiations is to render for ever impossible any *rapprochement* of France and Germany. Poincaré desires neither money nor reparations: only the Rhine and the Ruhr. As even the English Press came to realise, France rejected the English plan from fear that it might secure reparations and settle the question once for all. It cannot, however, be over-emphasised that the English plan was in its way no less impossible, dangerous and destructive of German independence than the French plan. The English plan, too, would make the German Government act as nothing more than sweating master for foreign capital. The German Finance Minister would become simply the whipping boy (*Schanddeckel*) of the Entente. He would be obliged to follow the directions of the Finance Commission in all his actions, with regard to Money Circulation, Budget Taxation, Public Expenditure, etc., etc. This plan, if put into effect, would have secured without a doubt the great aim of French policy, namely, the annihilation of Germany and her political and economic life. By

Germany

refusing to accept this plan the French have enabled England to play the not unwelcome rôle of the philanthropist, and proved the truth of the assertion of Nietzsche that a victor is always a fool.

Dr. Pinner writes in the *Berliner Tageblatt* (Jan. 4) on the English Reparation scheme produced before the Paris Conference. The British scheme, he says, could serve as a basis of negotiation, although it over-estimates the German capacity to pay. This over-estimation is specially to be noted at the following points: The English plan proposes the cancellation of the A and B (together 50 milliard gold marks) and C (82 milliards) Bonds created by the London Conference of May 1921. In their place it proposes to create two series only. The first liability of Germany will then take the form of 50 milliards of gold mark bonds maturing in 32 years, on which in the first four years no interest is to be paid, while in the following four years interest at 4% and thereafter at 5% will be paid. The present value of the first series is reckoned by the English plan to be 30 milliard gold marks. The authors of the English plan lay special stress on this figure because they estimate that the acceptance of the plan and the stabilisation of the mark that would follow it would lead to a rapid revival of the credit, of Germany's credit, and that Germany would thereby be enabled to raise loans sufficient to cover the redemption within a short time of the entire first series of bonds. The Allies would then be in actual possession of the 30 milliards, and Germany would be in a position (according always to the authors of the British scheme) to ensure the service of the second series of bonds on their creation ten years later, and would also be in a position to redeem these quite quickly. This second series of bonds is to the nominal value of 17.31 milliards, or the same sum as the suspended interest payments on the first series of bonds in the first eight years. The present value of this second series is reckoned by Bonar Law at 7.4 milliard gold marks at an interest rate of 6½%, and this leads him to the conclusion that the entire German liability amounts only to 37 milliards present value, and could be paid off in 12 or 15 years. But an arbitration board could remit this debt wholly or partially if the situation of Germany's finances seemed to demand it.

This whole estimate of the present value of Germany's liability is to some extent fictitious. It depends upon the problematic ability of Germany to mobilise her debt by raising loans, and meet the appointed payments before they mature. But there is a further misunderstanding. The authors of the plan speak as though the speedy payment of the first series would at once loosen a burden from the back of Germany so that she could promptly take up the payment of the second series. But Germany would only be unburdened *vis à vis* her Entente creditors: her financial obligation would remain undiminished, to burden the national finances with large interest and redemption payments.

In so far as the English plan provides for an eventual payment of more than 50 milliards it is harder than the French plan, which foresaw in certain circumstances the reduction of the entire German liability to 50 milliards. The advantage of the English plan for Germany was its provision of a real moratorium in the early years. As regards the financial control of Germany, the English plan seeks to place this on a more neutral basis than hitherto. Apart from the guarantee provided by the presence of an American and a neutral member of the Finance Commission and of the German Finance Minister with a vote in case

of need, there is an attempt to make the necessary interference with the mechanism of Government as little wounding and as superficial as possible.

The British plan threatens the occupation of German territory and other forcible measures outside the Peace Treaty terms, but only in case of wilful failure to execute the conditions of the moratorium; the penalties are not exacted in advance as they are in the case of the French plan.

FINANCE

THE GERMAN MONEY MARKET.

In the weekly "Thoughts on the Money Market," published by *Plutus*, we read as follows (Jan. 3):—

The open money market in Germany was characterised both before and after the turn of the year by a comparative easiness. That this easiness in the Bourse money market in no way implies a true modification of the prevalent capital shortage is shown by the undiminished claims upon the Reichsbank's resources. The statement for Dec. 23 shows a new increase in the holding of private bills by 41.6 milliards, and in that of Reich bills by 142.8 milliards. The comparative cheapness of discounting at the Reichsbank—the rate is now 10%—has persuaded the banks and the trading community to make large claims on the resources of the central institute by means of the issue of trade bills and the rediscounting of Treasury bills. It is not surprising that the open market has felt a certain easiness as a result of this. Most noticeable is the development of the rates for financing bills. During the period of greatest strain on the money market monthly rates of 25–30% were demanded for the carrying over of bills. In December the rates fell to 10 or 12% monthly. They are now only about 7 or 8% per annum. But even 4% is a high rate compared with those usual in other branches of the money market. It seems that the high rates of interest here are enticing capital to this use. It is easy to picture the profits made by discounting Treasury or other bills at 10% *per annum* with the Reichsbank, and then utilising the resources so liquidated for financing bills even at so "low" a rate as 7% monthly. The President of the Reichsbank, at the meeting of the central committee on December 28, uttered a warning against the improper use of the resources of the Reichsbank. This warning, however, did not go beyond mere words, and words are not sufficient to keep persons desirous of making large profits from the means of making them. It was decided not to announce any new rise of 1 or 2% in the Bank Rate, because the ineffectiveness of such measures in the present circumstances has been clearly proved. The writer in *Plutus* agrees that small rises in the discount rate no longer effect any noticeable diminution of demand on the resources of the Reichsbank. He suggests that a rise of 10% or more would be much more to the point, and demands that sentimentality shall be eliminated out of the motives determining the Reichsbank's policy.

GERMANY IN THE INFLATION MORASS.

In *Plutus* (Jan. 3) a writer eloquently describes the general bewilderment caused by the continued depreciation of the mark, dealing more especially with its effect on the finances of the State.

He points out that in spite of so many apparent changes on the surface since the depreciation of the mark began, yet, fundamentally, the same theoretic and practical rules of economy still govern the economic life of the community. This is especially so in one domain where at first sight the changes seem to have been deepest, namely in the fixing of prices. The fact that in the modern community it has become the universal practice to express prices in terms of money, has not altered the principle that the price of a commodity is its exchange value in terms of other

wares. Not only has this principle not lost its validity, for the most part its application has undergone no change. The comparative exchange value of half a pound of butter and half a kilo of iron has remained practically unaltered. Only the number of marks required to make the transaction has altered. One *real* change has, however, come about, namely, the exchange value of human labour has fallen. Even this is hidden by the deceptive appearances of the money situation. The employers succeed to a great extent in persuading workmen and employees that there is some real value behind the greater nominal incomes and wages of these days. Only very gradually is the fact realised that many thousand mark notes to-day bring less satisfaction than a few hundred marks in old days.

INFLATION AND PUBLIC FINANCE.—In the public finances of the Reich, expenditure swells and revenue seems to crumple up to nothing. All this is due chiefly to the loss of the safe measure which a stable currency afforded. Let us, however, reckon the colossal figures of the present Budget in terms of gold marks. The German Empire in time of peace had a budget of about 5 milliard gold marks. Leaving out of consideration expenditure on fulfilment of the Treaty, but otherwise including all expenditure in the ordinary and extraordinary Budgets and in the seven supplementary Budgets for the last year, as well as all subsidies to the public services, and dividing the total reached by a depreciation factor of 1,000 (a rough estimate of the present purchasing power depreciation of the mark obtained by taking a mean between the inner and external depreciations), the expenditure in the present year's Budget may be estimated at 1½ milliard gold marks. In other words, the expenditure side of the present German Budget expressed in gold values is but one-third of what it was before the war. Add to this the Reparation charges, and place on the opposite side the decreased wealth and efficiency of the German people as a result of the Treaty, and these figures are still not large enough to be alarming.

INFLATION AND INCOMES.—The income of an average employee in December was Mk.60,000. Dividing this by 6,000 (a round figure index number for the cost of living in December), the result in pre-war gold marks is 100. In reality the purchasing power was somewhat higher than would appear from this, owing to the artificially low price of bread, though this advantage was largely counteracted by the fact that most of the income was paid in arrears. Why not then call his income Mk.100 instead of Mk.60,000? The first effect of this would be to remind him that the 250 marks he earned before the war bought more than 60,000 marks now, and to show him that he really was poorer now than before the war. This bringing home of realities would be far from a misfortune.

TAXATION.—The employee earning at the present rate Mk.60,000 monthly pays in round figures 10% = 6,000 paper marks = 10 gold marks out of his income as taxes. The present German taxation system is more steeply graded than any ever before seen, and for higher incomes as much as 60% must be paid as income tax. But whereas the employee has his tax deducted from his income as he receives it month by month, the tax quatum of the person enjoying a large income is not paid at once. This is owing to the principle of self-assessment for taxation which has the necessary consequence that the declaration can only be demanded at the end of the year. Only the receiver of fixed wages can be taxed monthly: the attempt to exact a monthly declaration from the tradesman or professional man would end in disaster. Generally speaking it is impossible to obtain the declaration from the tradesman less than two or three months after the close of the calendar year. But a much more serious delay is the inevitable consequence of the hard pressure on the time

of the taxation authorities, who are unable to produce their own estimate on the basis of the declaration of the individual earlier than the following autumn. Thus in 1922 the wage earner month by month paid out 10% of the sums he received. The employer, on the other hand, paid out in quarterly instalments a provisional tax for the current year on the basis of his ascertained income for the previous year. As a result of the currency depreciation he paid the tax on an estimated income that was only, say, 30% of his true income. He paid at the rate of 30% on his estimated income, or 9% on his true income, in four instalments of 2¼%. Each of these instalments, however, varied in value according to the depreciation of the mark in the months in question, so that the value of the four instalments was considerably less than even 9% of the true income. It may have been 6%. Now the preliminary estimates for the 1922 income having been only 30% of the true income, there remain 70% out of the original 30% tax to pay, i.e. 21% of the income. But further depreciation of the mark will cause this 21% to depreciate to, say, 14%. In this case 20% in all will eventually be paid. If the wage earner had been able to put off payment of his tax so long, the value of his payment would have been 2% or 3% instead of 10%. It is therefore an understatement of the case rather than an exaggeration to say that the recipient of a high income gets about one-third of his taxes remitted by postponement of paying. For the solvency of the State finances this is disastrous, and the Finance Minister is devising methods for counteracting this abuse. But the question now arises whether it is in reality possible that taxes at rates like 60% should be paid, or whether they are only tolerable, because the taxpayer reckons for certain on evading a certain percentage through depreciation of the currency. The whole taxation system in Germany to-day is *Demagogic*—its justification is that it deludes the masses into believing that high incomes are very hardly taxed. When the true state of affairs comes to be realised, as it must some day be, there will be bitter disappointment at the discovery that in normal circumstances it is impossible to tax an income of gold Mk.30,000 or 40,000 at a rate of 30%.

STABILISATION OF THE MARK.—All such considerations lead to the *constatation* that every reform must begin with stabilisation of the mark. The suggestion frequently made that a gold mark for reckoning purposes only should be introduced would not materially help the situation. It would simply shift the interest in depreciation from the debtor to the creditor. The only way of return to gold calculations would be that the Reich should issue Real Value Loan Securities,* with interest and redemption payments in paper marks, but according to the gold rate of the day. This would give a sense once more to saving and investment; it would remove the incentive to hoarding of foreign exchange. It would persuade capital now invested abroad to return to Germany. The Reich would then be enabled to raise income and capital taxes on the basis of gold values, at rates which could and would be paid.

THE REICHSBANK AND GERMAN STATE FINANCE.

Under this title, Georg Muench writes in the *Vossische Zeitung* (Jan. 7):—By the end of the year 1922 Germany had a floating debt of some 1½ thousand milliards, and a note circulation of some 1¼ thousand milliards. This shows how closely the increased indebtedness of the Reich is bound up with the development of the status of the Reichsbank. The sad fact that the two are bound up together cannot, however, be remedied by simply loosening the ties between the Reichsbank and the State, as has been freely suggested abroad in enemy countries. Until the finances of the State are

* Wertbeständige Anleihen.

Germany

so ordered that it can carry on without continually increasing its floating debt, there is no help for it that the State must continually draw on the resources of the Reichsbank. Does any one suppose that the credit of the German State is now good enough for it to be able to dispose of the necessary Treasury Bills without the endorsement of the Reichsbank? It may be replied that the Reich might issue paper money simply on its own authority. But it is hardly to be supposed that such money issued without any backing whatever would enjoy even the same confidence that is accorded to the notes issued by the Reichsbank which are covered by a specie reserve and other very valuable assets. The notes issued by the Reich would be of less value than those issued by the Reichsbank and a hopeless confusion in the financial situation would ensue. No, the one serious remedy would be the removal of the cause of the continued decline of the German currency, which is the enforcement of impossible reparation demands.

None the less, a slight improvement in the situation for the Reichsbank has already occurred. The open market has shown a readier disposition to accept Treasury Bills. While the floating debt of the Reich increased during December by 657 milliards, the Treasury Bill portfolio of the Reichsbank increased by "only" 512 milliards. Thus in the month of December 145 milliards of Treasury Bills must have been absorbed by the open market, and 25 milliards in the last week alone. What is the origin of this increased willingness of the open market? On the one hand the purchases by foreigners of German shares in the last month have liberated considerable sums. At the same time home speculation was reduced in December as the result of expectations of stabilisation and passing improvements in the rate of the mark; while the same considerations led to a decline in ordinary trade business. Thus a considerable quantity of money became free for disposal by the banks, and the rate of interest (9% at least) was sufficiently enticing for them to invest it in Treasury Bills. Naturally the discount rate for Treasury Bills rises automatically with the bank rate, so that the attraction of these bills is greater now than ever before. The phenomenon here noticed is but the first signs of a tendency, having as yet but a minor bearing on the general money situation.

Simultaneously with the rise in the bank rate occurs automatically a rise in the rate of interest charged by the Darlehnskassen for Lombard Loans. This has led to the chief customers of the Darlehnskassen, namely local authorities, seeking to raise the money they need through other and cheaper channels. For the most part they are having recourse to loan issues. Although they have to pay rates of interest quite outside the limits formerly usual for such loans, yet these loans at 7, 8, or even 9% are cheaper than loans against pledges (Lombard Loans) at 10½ or 12%. This relief of the Darlehnskassen is very welcome to them, for

their financial resources are otherwise strained to the uttermost. If in despite of this the Darlehnskassen's outstanding loans increased in the last quarter of 1922 from 36 to 252 milliards, the explanation lies in the huge loans that they have had to make to the Reich Corn Office for cereal imports. Three-quarters of the outstanding loans are of such a nature. And upon them depends, to a large degree, the fundamental question of feeding Germany's population.

INDUSTRIES

THE GERMAN TEXTILE INDUSTRY IN 1922.

The German textile industry in 1922 enjoyed a continuous boom throughout the year as the result of the depreciation of the currency. Buyers were anxious above all else to divest themselves of their mark holdings by transforming them into goods. Foreign customers also took advantage of the favourable prices offered to them. The competition to secure goods assumed forms of extraordinary acuteness. The spinners and weavers were sold up for months ahead; soon after the beginning of the year they had orders in hand to keep them busy up to the second and third quarters. Between Easter and Whitsun, when there seemed a probability that the Genoa Conference would lead to stabilisation, there was a slight abatement of eagerness. After the failure of the conference, the demand once more became as violent as ever, and the goods shortage became acute.

The total collapse of the mark in July, and the months immediately following, caused the wholesalers to abandon the mark as a measure of prices altogether. Prior to that quotations in marks, with a certain elasticity of application, were the rule. After July quotations were only made in stable foreign exchange. The immediate results were an extraordinary strain on the available money supplies, and an almost total disappearance of all stocks of raw material and manufactured articles. The statistics showing the cotton stocks at Bremen are typical. In January 1914, these amounted to 492,600 bales, in December 1921 to 316,800, and in December 1922 to 103,000 bales.

Towards the end of the year the spinning and weaving mills were distinctly less busy. Owing to the difficulty of obtaining raw material it is likely that many works will have to restrict their output. Foreign competition was very serious. The import of English, Swiss and Alsatian yarn and fabrics was at one time considerable. The competition of foreign countries was felt no less on the home than on the foreign markets. The foreign firms could quote fixed prices and promise punctual delivery. They were also prepared, in view of the bad market conditions for their wares, to sell at cost price. The Treaty provision that imports from Alsace should enter Germany duty free gives the Alsatian trade a great advantage. High taxation has greatly decreased the competitive power of the German industry. In general, the situation is regarded as unfavourable. (*Berliner Tageblatt*, Dec. 30.)

FRANCE

FINANCE

PROPOSED INCREASE OF DIRECT TAXATION.

The Minister of Finance has announced his intention of introducing at an early date a Bill to increase all direct taxes at present in force by 20%, with the exception of income tax on wages and salaries. This surcharge will also apply to the luxuries and turnover taxes. A certain organ of commerce and industry complains that this increase of taxation should have been accompanied by reforms of the fiscal and administrative systems, and regrets that, since the Minister intended adopting this course, he did not make up his

mind to do so sooner, and thus avoid the inconvenience caused by the demoralisation at home and abroad evoked by the acknowledgment of the deficit. Subject to this criticism, the country will courageously accept this indispensable remedy, provided that Parliament agrees to this fresh "turn of the screw," which it is invited to accept blindfold and without previously taking into consideration the hazards which may result from it. The journal in question sees in this effort to balance the Budget, an intention on the part of the Government to agree to grant the moratorium to Germany and a tacit admission of the insufficiency of the pledges which it proposes to take, since the deficit

amounts to some 4 milliards of paper or one milliard of gold francs, which the Government, by a skilful and energetic policy, might have reasonably expected to extract from Germany. This critic approves M. de Lasteyrie's wisdom in exempting from the surtax salaries and wages, since this part of the income tax, owing to the strict supervision of wages by the revenue, inspires the feeling that they are more severely taxed than other sources of income less closely supervised.

An increase of 20% on taxation will constitute a heavy burden on trade and industry, which in many cases may prove fatal. For instance, an increase of 20% on import duties on raw material may render it impossible for some industries to compete with their foreign rivals, or in other words to export. (*Information Financière*, Jan. 9; *Journée Industrielle*, Jan. 10.)

A SUPPLEMENTARY REPORT ON THE BUDGET.

In view of the coming discussion of the Budget for 1923 on the reopening of the Chamber, the reporter to the Finance Commission has issued a supplementary report modifying certain of the previous estimates. The Commission has acceded to the Government's request to fix the cost of living estimates for the whole year instead of for six months as previously agreed. The amount of these estimates and consequent credits to be voted will therefore be Fr.648,367,020 instead of the former figure of Fr.324,183,510. As a result of the revision of the estimates in general, expenditure will be increased by Fr.946 mill. The revenue estimates, as proposed by the Government and accepted by the Commission, show an increase of Fr.1,159 mill. The Budget therefore shows a net increase of revenue of Fr.213 mill., whereby the amount to be raised by loan is reduced to Fr.3,487 mill. (*Information Financière*, Jan. 9.)

APPROPRIATION OF CAPITAL BY THE STATE.

M. G. Charpentray, banker and President of the Chamber of Commerce of Grenoble, draws attention to the dangers threatening industrial undertakings in the future owing to the excessive demands for capital by the State. One of the principal causes of the feeling of insecurity at present existing in industrial circles is the difficulty which the majority of industrial concerns find in meeting their current expenditure. During the era of optimism following the victory, the foundation, extension and improvement of business premises at a high cost, which were the order of the day, locked up large amounts of capital, and thus ultimate demands for money were foreseen and discounted. But owing to the enormous needs of the State and other public bodies, and to the continuous issues by the industries themselves, it has become increasingly difficult to raise capital on reasonable terms. All compete in the issue of debentures at ever-increasing rates of interest, and fresh issues of shares are viewed with misgiving by old shareholders owing to the prolonged depreciation of their holdings. The situation, already difficult owing to the competition between private enterprises, becomes impossible when the State, taking undue advantage of its power, rushes recklessly into the arena and ruthlessly snaps up first, owing to the inducements it is able to offer by squeezing the taxpayer, all the capital which it requires for its inexhaustible needs. At a time when the producers of the country are striving, under ever-recurring difficulties, to keep alive their business, the Government, by the heedlessly onerous terms which it accepts in issuing its continual loans, attracts to itself all the capital available without leaving sufficient for the development of business to which it is indispensable. During 1922 the State sucked up all available capital by loans offering the following attractions:--

1. February issue of 6% Crédit National Bonds (Fr.500 each) free of all taxes, present and future, at 497, the first instalment of interest payable in advance; net yield including interest payable six months in advance, and premium on redemption 6.53%.
2. October. Issue of three and five year Treasury

Bonds free of taxes (Fr.500) at 497.50; net yield, taking into account the redemption premium and leaving out of account the subscription bonus, by which subscribers will benefit on the next State loan, 6.23 or 6.44%, according as the bonds are for five or three years.

3. December. Issue of 6% Communal lottery bonds with attractive prizes. It is impossible for private enterprises which are unable to offer the same security as the State, to compete effectively in the issue of capital with such attractive investments. Their only resource is to offer higher rates of interest to the detriment of their vitality and credit, whereby they run the risk of incurring a further shortage of ready money for current purposes which will again force them to borrow.

At a time when the whole policy of the Government should be directed towards the further development of the productive power of the country, it is deplorable to find it indifferent to the critical condition of the national industry. The State itself must sooner or later share in the general impoverishment which it will have so blindly helped to produce.

A reduction of the interest on loans and Treasury bonds, concludes M. Charpentray, will not prevent the Treasury from raising money, since there is always a certain amount of ready money available which its owners do not desire to see locked up for extended periods. Moreover, in reducing the interest on its own loans, the Government will enable the bank to reduce its discount rate, and thus to alleviate the burdens of commerce and industry. (*Journée Industrielle*, Dec.28.)

INDUSTRIES

THE POTASSIUM MINES OF ALSACE.

It is announced that a bill is about to be introduced for the concession of the potassium mines of France. The provisions of the bill are stated to be, broadly, as follows: Concession of all rights connected with the working of the mines to a single French company for 75 years. The capital is to be subscribed in the following proportions: 50% by agricultural associations; 10% by chemical industries using potassium; 20% by associations and corporations of Alsace and Lorraine; 15% by the holders of mining adventures (kux), and 5% by the miners. (*Information Financière*, Dec. 29.)

THE COAL OUTPUT IN THE NORTH.

The output of coal and coke and coal products in the three northern fields in November, compared with October, was (in 1,000 t.):--

	November.			October.		
	Coal.	Briquettes.	Coke.	Coal.	Briquettes.	Coke.
West of field ...	649	18	28	638	18	28
*Pas de Calais ...	338	21	1	333	22	28
*Nord ...	389	92	20	395	91	18
	1,376	131	49	1,366	131	74

The coal output for November shows an increase of 10,000 t. on that of October, which, in its turn, exceeds that of September by 56,000 t. (*cf. THE ECONOMIC REVIEW*, Dec. 8, p. 410). The average daily output for November (which had one working day less than October) was 55,070 t., against 52,557 in October, an increase of 2,518. (*Nord Industriel*, Dec. 30.)

FLOURISHING TEXTILE INDUSTRY.

The position of the textile markets truly reflects the state of business. In round numbers the output of wool, cotton and other products recorded in 1922 at Roubaix was 40 mill. kg., compared with 17.3 mill. in 1921 and 28.7 mill. in 1920. The output is nearly equal to that of pre-war times. The chief contribution to this improvement is made by combed wool, which records 30 mill. kg. as against 13.7 mill. in 1921 and 17.5 mill. in 1920. (*Nord Industriel*, Jan. 5.)

* Victims of the invasion.

France

NOVEMBER CHAMPAGNE SALES.

The number of bottles despatched from the Champagne district during November was: Champagne, 2,104,691; other sparkling wine, 364,708; as against 1,687,254 and 493,412 respectively in October. The number of bottles of champagne sent abroad was 1,015,864. (*Exportateur Français*, Dec. 26.)

AGRICULTURE

THE WHEAT SHORTAGE.

Some months ago the Minister of Agriculture instructed the heads of departments in the provinces and professors of agriculture to undertake an active propaganda to stimulate the sowing of winter wheat. Statistics just published in the *Journal Officiel* show that in response to this appeal the area sown with winter wheat in 1923 is 5,256,411 hectares compared with 4,799,370 in 1922, an increase of 457,000. A like effort will be undertaken in respect of spring wheat. It has been ascertained that in various districts farmers have made an increased use of chemical fertilisers in order to obtain a higher yield. The area sown with other cereals this winter is larger than last. The increased areas sown are: rye, 30,000 hectares; barley, 13,000; oats, nearly 50,000. (*Information Financière*, Jan. 10.)

SOCIAL AND LABOUR CONDITIONS

THE TAX ON WAGES.

On Oct. 20, 1922, the Government introduced in the Chamber a Bill proposing to increase the present abatements of income tax on wages by Fr.2,000, raising the exempted income to 6,000, 7,000 or 8,000 francs respectively, according to the population of the place of residence of the taxpayer. The Bill provides that the resulting deficit in the Budget shall be made good by increasing the price of ordinary tobaccos.

The Executive Committee of the Council for Social and Labour Legislation, a body representing the most important independent non-manual workers' associations, which had already discussed the question of the tax on wages, adopted a resolution on Nov. 12 noting the increase in the exemption limit, while maintaining its previous demands in respect of increases in the abatements on account of wife or children. The resolution further regretted that, in order to meet the deficit arising from the provisions of the Bill, the Minister had thought it necessary to resort to an increase in indirect taxation which is already a heavy burden on wage earners, and advocated instead an increase in the general income tax payable by persons with an income exceeding Fr.50,000. This resolution was communicated to the Finance Committee of the Chamber.

The Bill was examined by the Finance Committee on Nov. 27. The committee has recognised the principle of abatements on account of children at the rate of Fr.1,000 per child up to the age of 16. No abatement, however, is to be made on account of a wife. (*Report of the International Labour Office*, Dec. 29.)

COMMUNICATIONS

WORKS TO BE EXECUTED BY THE RAILWAY COMPANIES IN 1923.

The Supreme Railway Council has approved the scheme of works, to be executed by the various railways in 1923, which includes an expenditure of Fr.270 mill. on electrification and Fr.770 mill. on other works.

The Midi. This railway proposes to spend Fr.124 mill. on electrification, an expenditure which will comprise the acquisition of two power stations, the

equipment for the supply of water-power of the valley of Ossan (Fr.30 mill.), the construction of a system of electricity in connection therewith (Fr.13 mill.), the equipment of the valleys of the Ariège and Têt, and the erection of subsidiary power stations. This first part of the work will comprise the electrification of some 1,500 km., about half of the scheme contemplated in 1920. Electrification will be carried out on the lines in the Pyrenees and the Bordeaux Irun (Spanish frontier) line. The expenditure on other works, the renewal and completion of the ballasting of certain lines will amount to Fr.3.5 mill.

Paris Ouest. Expenditure on electrification Fr.90 mill., on other works Fr.6.9 mill., being the extension of the Limoges station and construction of plant. The line to be electrified will be the Paris-Vierzon.

State Railways. Fr.45 mill. on electrification of the Banlieu railway and the Paris-Becon-Les Bruyères line. Other works will comprise the demolition of the Batignolles tunnel (Fr.8 mill.), the doubling of certain lines and the construction or reconstruction of stations.

Paris-Lyon-Méditerranée. Electrification expenditure will only amount to Fr.11 mill., and will be expended on the Culoz-Modane line. The first part of its programme includes the electrification of the Nice-Coni line and the lines in the neighbourhood of Nice. Other works include double lines on a section of the Lyons-Marseilles line, the linking up of that line with the Geneva-Grenoble line (Fr.6.5 mill.), and the linking up of the Lyons-Marseilles and Avignon-Miramas lines via Salon (Fr.3.7 mill.).

The Nord. Apparently undertakes no electrification, but will expend Fr.74 mill. on reconstruction. (*Journée Industrielle.*)

RE-INVESTMENT OF WAR PROFITS FROM SHIPPING.

Considerable anxiety has been felt in shipping circles on the approach of Dec. 31, 1922, the date of the expiration of the period for the expenditure on the construction of new ships of excess profits made during the war, and in particular sums received by way of insurance for loss of vessels during the war. Should these sums, which are carried to a suspense account, not be so expended, they become liable to the excess profits tax.

The Under-Secretary of State for the Mercantile Marine has now informed the Shipowners' Association that the above time limit, not having been fixed by law, but only by notification, is inoperative.

A Bill has been set down extending the time for re-investment until June 30, 1923. In any event a month's notice will be given. (*Journal de la Marine Marchande*, Dec. 28.)

PASSENGER FARES ON THE MESSAGERIES MARITIMES.

The Messageries Maritimes has made considerable reductions in its passenger fares to the Far East and Egypt, and is also contemplating reductions of those of its services to Australia and the Indian Ocean. (*Journal de la Marine Marchande*, Dec.)

AMERICAN BANKS IN PARIS.

According to New York advices, the published balance sheets of certain American Banks which have branches in Paris show that they have suffered severe losses, and it is likely that they will withdraw from business in that city. The Equitable Trust Company is obliged to write off not less than \$3,500,000, as it is impossible to realise certain claims which it has on customers owing to the "Indulgence of French Law." The Bankers Trust Company has also written off large amounts. The Farmers' Loan and Trust has disposed of its Paris Office to the National City Bank. (*Frankfurter Zeitung*, Jan. 9.)

BELGIUM

FINANCE

THE TOBACCO EXCISE SYSTEM.

Tobacco cultivation in Belgium is following a downward curve, due partly to the high price of Belgian compared with foreign tobacco, and partly to the increase of cigarette smoking, the native tobacco not being used in their manufacture. The import of foreign tobacco has risen from 10,000 t. in 1913 to 16,500 t. in 1922.

It may, however, be noted that the revenue receipts under this head have not appreciably diminished, and the cost of collection is moderate in proportion to yield, so that the duty would seem to have been established on a sound basis. Moreover, the excise duty on the growth of native tobacco does not exceed 5 centimes a plant, and the fiscal formalities required of planters are by no means so vexatious or onerous as to seriously affect profits. Modifications have recently been introduced in this respect, and the finance department is considering the question of the adjustment of the fiscal burdens between imported and home grown tobacco. (*Moniteur des Intérêts Matériels.*)

INDUSTRIES

IRON, STEEL AND COAL.

The *Moniteur des Intérêts Matériels* (Jan. 5) gives the index numbers of the output of coal and iron and steel products respectively, in November, taking the average output for 1913 as equivalent to 100. The following table shows the index numbers of output of (a) coal, (b) coke, (c) briquettes, (d) average daily output.

	(a)	(b)	(c)	(d)
yearly average 1913	100	100	100	100
" " 1919	81.44	21.49	97.75	84.95
" " 1920	98.00	52.47	109.19	81.00
" " 1921	95.38	39.48	102.32	87.81
Jan. 1922	98.33	46.61	100.54	88.95
July "	87.70	77.52	93.56	87.04
Oct. "	95.54	90.00	94.28	89.52
Nov. "	95.45	91.93	92.48	91.81

Below are shown the index numbers of the output of metal products compared on the same principle.

	Pig iron.	Raw steel.	Finished steel.	Finished iron.
Monthly average 1913	100	100	100	100
" " 1919	10.1	13.0	18.4	2.6
Yearly average 1920	44.9	49.8	64.9	53.2
" " 1921	35.4	32.1	44.8	49.4
Jan. 1922	45.5	38.7	53.7	59.4
July "	61.4	50.6	73.3	53.2
Oct. "	83.6	85.5	102.0	69.9
Nov. "	83.3	85.7	100.8	69.4

THE CLOTH INDUSTRY.

The following table shows the total amount of wool treated, including weighing, in the cloth making districts of Verviers and Dison, and gives the index numbers compared with the average monthly figures for 1913 (2.2 mill. kg.) which equal 100.

	Kg. (mill.)	Index numbers.
Aug. ...	2.7	116.7
Sept. ...	3.1	135.9
Oct. ...	4.1	181.9
Nov. ...	3.0	153.4

(For the index number for the previous months of 1922, see THE ECONOMIC REVIEW, Sept. 29, p. 194, and Oct. 27, p. 282.) The total amount of wool treated—washed, carbonised, carded, combed and simply weighed in November, was (as shown above), 3.5 mill. kg. in 1922, compared with 2 mill. in 1921 and 1.9 mill. in 1920. (*Bulletin de Documentation Economique*, Dec. 30.)

TRADE

FOREIGN TRADE.

Belgium's foreign trade for the first nine months of 1922 is represented by the following figures, published by the Ministry of Finance, those for the corresponding period of the previous year being given in brackets: Imports: 15.1 mill. t. (12.9), and Fr.6,430.6 mill. (7,728.9); Exports 11.9 mill. t. (13.1) and Fr.4,304.5 mill. (5,447.1). (*Note*:—The period from May 1 to Sept. 30, the figures for which have already been given in THE ECONOMIC REVIEW, Dec. 8, includes Luxemburg, the Customs union with which came into operation on May 1.)

The following tables show the figures for the principal countries trading with Belgium, compared with the previous year.

		IMPORTS.	
		1921.	1922.
		Fr. (mill.)	
France ...	...	1,310.3	348.2
Great Britain ...	...	843.8	954.6
Germany ...	...	1,107.5	897.2
United States ...	...	1,307.0	711.1
Holland ...	...	641.9	683.8
		Tons (1,000.)	
France ...	...	2,209	4,044
Germany ...	...	4,647	3,920
Great Britain ...	...	702	2,019
Holland ...	...	1,105	1,491
United States ...	...	1,084	671

		EXPORTS.	
		1921.	1922.
		Fr. (mill.)	
France ...	...	1,185.2	1,119.1
Germany ...	...	878.3	636.0
Great Britain ...	...	960.5	632.9
Holland ...	...	741.9	462.6
United States ...	...	154.8	143.5
		Tons (1,000.)	
France ...	...	5,088	6,155
Holland ...	...	3,054	1,720
Germany ...	...	656	1,250
Great Britain ...	...	1,743	668
United States ...	...	200	172

(*Gazette de Hollande*, Jan. 3.)

SUGAR PRODUCTION.

The amount of sugar obtained by treatment or refining in the factories and refineries during the first nine months of 1922 was 165,000 t., the monthly amount so obtained being 18,864 t. in November, 15,165 t. in October, and 15,570 t. in September. The index numbers of output for these months are (the monthly average for 1913 = 100), November 175.5, October 139.3, September 143.2. (*Bulletin de Documentation Economique*, Dec. 30.)

SOCIAL AND LABOUR CONDITIONS

EMIGRATION OF BELGIAN WORKMEN TO FRANCE.

For the last few weeks a slackening of the exodus of Belgian workmen to seek work in France has been observable. This circumstance may be attributed to the following main causes: decline of building operations, close of the season for agricultural labour, increase of wages in Belgium, and present prosperity of Belgian mining. Other causes, too numerous to give here, also exist. More hands are consequently available in many industries, notably mining, with the result that mining output has increased. But it is not to be expected that this state of affairs will continue permanently, and it is probable that in the spring the flow towards France will set in with renewed vigour. (*Neptune*, Dec. 9.)

HOLLAND

FINANCE

DUTCH WAR CLAIMS AGAINST AMERICA.

The Memorandum of Reply to the Report of the Second Chamber on the Bill providing for amendments to the Military Estimates, has appeared. The Minister agrees with those members who contend that the original estimates concerning various articles are far from correct. When the 1921 estimates were drawn up, the data for a normal year of peace were not yet available. Besides, the estimates were considerably impeded by the fluctuation in prices in 1920.

The loss suffered on goods sold to America may be estimated at Fl.70,000, when the still open claims of \$49,691 have been collected. The Minister further states that the machine guns and munitions bought in America in 1917, were seized by the American Government.

The price of purchase, plus the additional cost of testing, storage, etc. totalled on the day on which the American Government had made the partial payment, Fl.13.7 mill. inclusive of 5% interest from the dates of the various payments. The above-mentioned partial payments amounted to Fl.12.8 mill., so that there remains to be collected an amount of Fl.802,408, plus interest. Payment is also due of Fl.0.45 mill. for a confiscated quantity of barbed wire. A claim for payment of the two amounts has already been lodged by the Dutch Minister at Washington. (*Gazette de Hollande*, Dec. 23.)

THE DUTCH CREDIT TO GERMANY.

Keen anxiety continues to exist on the subject of the sums advanced by Holland to Germany (*cf.* THE ECONOMIC REVIEW, Dec. 8), especially as regards their safety, and questions are being addressed to the Government on all sides.

In an address to the Minister for Finance on the subject of the Dutch loan to Germany, the executive of the Association of Stockbrokers says that one need not be an exaggerated pessimist to suppose that the German Reich will not be able to redeem in Dutch florins and at the stipulated date, the Treasury notes mentioned in the agreement. In fact, when the Bill relative to the credit was being dealt with, the Government pointed out that the real guarantee did not consist so much in the security given by the German Government as in the counter-value to be obtained by means of the credits which were destined for the purchase of raw materials in other countries, the finished products to be exported. In this manner the German manufacturer obtains payment in foreign legal tender at its full value. The Association asks what guarantees there are that such payments will really be used for the redemption of the credits received. Further, it wishes to know what security has been given by the German recipients of the credits and how such security is being administered by the Treuhand Verwaltung. (*Gazette de Hollande*, Dec. 28.)

INFLATION AND THE FLORIN.

The threat of inflation of the Dutch currency is exercising the minds of native economists, and the views of Professor H. Fryda, expressed in an address given at Utrecht at the request of the Utrecht branch of the Netherlands Trade Association, are reproduced in substance as follows:—

With regard to the position of the florin, he said, there are two questions to be answered, viz. to what extent has inflation existed in Holland, and to what extent does it still exist? In reply to the first question it may be said that much of the money created by the State in the years of war, and for some time afterwards, was new money, and thus caused inflation of the currency. The question whether further inflation is to be expected, and, if so, whether the stability of the florin is endangered, is occupying the attention of many people in the country.

It is well known that only recently the President of the Netherlands Bank expressed sombre views on the subject. He believes that if the State continues to make unproductive expenditure, inflation is unavoidable and the florin will be in danger.

A distinction should be made between two points, said Professor Fryda, viz. the financial policy of the State and the monetary policy of the Central Bank. No natural connection necessarily exists between the two. The task of the Central Bank is the maintenance of the monetary standard. Of a private institution like the Netherlands Bank it may be expected that it will fulfil this task to the best of its ability, whatever may be the policy of the State. Whenever the old question arose as to whether a State bank or a private circulation bank was preferable, it was always pointed out that the preference should be given to the private bank, because it was independent of the State. Why, then, should not the Central Bank declare emphatically that it will maintain the value of the florin, as far as it is able to do so?

In normal times the value of the legal tender was modified by the gold covering. Although in 1914 the covering percentage was reduced to 20%, Dutch gold stocks are amply sufficient for a covering of 40%.

This percentage causes the florin to enjoy abroad a confidence which makes it a safe investment for foreigners. This confidence must not be lost. The question might even be considered whether it would not be well to raise the percentage once more to 40%, and thus, perhaps, confirm the confidence of foreign countries in the florin.

The State is nowadays too often and unjustly represented as the inflator. The creation of money does not rest with the State, but with the Issue Bank, whose task it is to preserve foreign confidence in the florin. If the State fully realises that this is the policy of the Issue Bank, it will also realise that it must adopt a policy in conformity with it. The policy of a State not recognising this necessity will doubtless have fatal consequences for the community. It has recently been unjustly represented, however, that inflation is the only consequence of such a policy. Even should such a policy, as M. Vissering asserts, bring calamity to the country, such a calamity need not assume the shape of inflation. One should refrain from shaking the confidence in the florin by exaggerated representations in this respect. (*Gazette de Hollande*, Dec. 28.)

THE AMSTERDAM EXCHANGE IN 1922.

Although neither the past nor the future is very bright, there is for Dutchmen some consolation in the fact that the position of the stock market at the beginning of the New Year is better than it was at the beginning of 1922. The period of transition, during which the exchange adapted itself to the altered circum-

stances, after the period of feverish speculation which succeeded the conclusion of peace, has passed without any great catastrophe. Much that was rotten has been swept away, prices have been restored to a reasonable basis and, although the activity in the business world may still leave much to be desired, there seems to be no further reason to fear a débâcle.

In the last week of the year, the Amsterdam Exchange was firm. Although quotations of practically all securities were lower than in the corresponding period of the previous year, there was every reason for satisfaction. (*Gazette de Hollande*, Jan. 3.)

INDUSTRIES

JAVA'S SUGAR EXPORTS.

The following review of Java's sugar exports appeared in *The Indian Trade Journal*, and has special reference to the dealings in sugar between British India and the Dutch East Indies.

According to the reports received from the correspondents in Java, the exports of sugar out of the crop of 1921, during the twelve months Apr. 1921 to Apr. 1922, amounted to 1,499,000 t. against 1,412,500 t. exported during the same period in the previous year. Out of this total, India received some 621,000 t., chiefly white sugar; the rest were distributed as follows:—

- China, 412,500 t., chiefly browns.
- Japan, 308,000 t., chiefly browns.
- Europe, 145,000 t., chiefly whites.
- Australia and New Zealand, 7,000 t., chiefly whites.
- America, 5,500 t., chiefly whites.

The total production of sugar during the season amounted to 1,627,000 t. as compared with 1,509,500 t. in 1920. It will be seen, therefore, that 128,000 t. were left for local consumption during the year 1921–22, against 97,000 t. in 1920–21. (*Gazette de Hollande*, Jan. 3.)

SEA FISHERIES IN NOVEMBER.

According to returns published by the Fisheries Department, the sea fisheries in November were on a smaller scale than in the corresponding month of 1921.

The catches landed totalled 7,902,500 kg. with a value of Fl.1,683,700, the corresponding figures for Nov. 1921 being 11,135,000 kg. and Fl.2,152,800.

Although the number of steam trawlers engaged (110) exceeded that for October (107), it was below that for Nov. 1921 (116). Of the 110 steam trawlers, 6 landed their total catches in English ports.

The catches landed by the Dutch steam trawlers totalled 1,587,000 kg. with a value of Fl.565,300, as compared with 2,058,000 kg. and Fl.659,500 in Nov. 1921. Catches were scant, averaging only 744 kg. per day, comparing with 1,191 kg. per day in Nov. 1921. Although prices were fair, profits were very moderate.

German trawlers landed 1,333,500 kg. of fish, yielding Fl.332,200.

Sailing luggers and coastal motor boats participated in the trawl fisheries to a greater extent than in Nov. 1921, whilst coastal sailers were less conspicuous. The sailing luggers caught on an average 108 kg. per day (243 kg. in Nov. 1921) and the motor boats and coastal sailers 293 kg. and 135 kg. (400 kg. and 189 kg.) respectively. (*Gazette de Hollande*, Jan. 3.)

SOCIAL AND LABOUR CONDITIONS

THE TRADE UNION MOVEMENT.

The following figures, relating to trade unions in Holland, are extracted from returns published by the Central Statistics Bureau.

The number of "union men" in the various industries of the country was 640,044 on Jan. 1, 1922, compared with 651,215 on Jan. 1, 1921, and 683,468 on Jan. 1, 1920. "Union men" are distributed among the various classes as follows:—

	1921.	1922.
(a) Ordinary workmen	390,744	381,380
(b) Clerical and technical employees	52,754	49,850
(c) Employees of the public services	207,717	208,814

The percentage of these various classes belonging to the central unions or associations was:—

	1921.	1922.
Ordinary workmen	96.5	95.8
Clerical and technical employees	56.6	53.6
Employees of the public services	57.2	56.1

(*Gazette de Hollande*, Jan. 6.)

INDEX NUMBERS.

According to data published by the Central Statistics Bureau, the index number for the wholesale prices of 53 articles was, in November 1922, 180 as against 178 in October 1922, and 188 in November 1921. For articles of consumption the figures were 172, 166 and 186 respectively.

	General Index.	Articles of Consumption.
1901–10	100	100
1913	114	113
1918	447	330
1919	339	318
1920	320	276
1921	206	206
January 1921	243	227
October „	193	191
November „	188	186
January 1922	183	179
July „	185	181
October „	178	166
November „	180	172

For the increase in the index figure as compared with October, articles of consumption are chiefly responsible. (*Gazette de Hollande*, Jan. 3.)

COMMUNICATIONS

THE PORT OF ROTTERDAM IN 1922.

Arrivals in the New Waterway and Rotterdam between Jan. 1 and Dec. 30, 1922, were as follows:—

	Ships.	(1,000 Net R. Tons.)
N. Waterway 1922	9,407	13,440
1921	9,301	12,221
Rotterdam 1922	8,418	12,262
1921	8,060	10,865

In the course of December 1922, 824 ships of 1,205,051 net reg. t., arrived in the New Waterway, of which 716, aggregating 1,072,750 net reg. t., proceeded to Rotterdam.

In December 1921, 623 vessels, totalling 858,036 net reg. t., put into the Waterway, including 554 of 789,463 net reg. t. for Rotterdam. (*Gazette de Hollande*, Jan. 6.)

ROTTERDAM AND ITS RIVALS.

The following list has been published for the harbour movements in the years 1922 and 1921 for the ports of Hamburg, Antwerp, the New Waterway and Rotterdam.

	Hamburg.		Antwerp.	
	Ships.	Tons (1,000.)	Ships.	Tons (1,000.)
1922	10,838	13,005	8,323	12,776
1921	8,843	9,572	8,076	11,033
Increase	1,995	3,433	247	1,743

	New Waterway.		Rotterdam.	
	Ships.	Tons (1,000.)	Ships.	Tons (1,000.)
1922	9,407	13,442	8,418	12,262
1921	9,301	12,221	8,060	10,865
Increase	106	1,221	358	1,397

SPAIN & PORTUGAL

POLITICAL AND GENERAL

SPAIN :

The advent of the new Government has produced a better tone on the stock exchange. A reassuring note is the settlement during the last week of December of labour disputes in all parts of the country. The Government, after long deliberation, has adopted a definite policy for Morocco in the substitution of a civil for a military High Commissioner, which appears to indicate that the policy of conquest is to be abandoned. It has appointed as High Commissioner Sr. Villanueva, a member of the party of the Marquis de Alhucemas, and ex-President of the Chamber. The situation in the Rif remains critical.

A reduction of military expenditure is foreshadowed, which includes the temporary suppression of the military academies, and reduction of the number of men called up to the colours.

British travellers, commercial and private, will be interested in the suppression of the visa on passports between the two countries.

A new party entitled the Popular Party, is to be formed in imitation of the party of the same name existing in Italy. Its members will be drawn from the ultramontane parties, Maurist and Traditionalist (Carlist), and its distinctive feature will be a Christian Socialist tendency with the object of reforming society for the benefit of the poor. Sr. Maura, in a speech to his followers, has announced that the secession of a number of them in favour of the new party will not induce him to think of a dissolution of his own.

The extreme clerical party has raised a violent outcry against a decree prepared by Count Romanonis, Minister of Justice, for the protection of works of art in the churches, by imposing restrictions on sales of such works, which appear to have been carried on to a considerable extent, notably in Toledo. The Papal nuncio has protested personally to the King against the Decree, and if it is not signed the Government will probably resign.

PORTUGAL :

Senhor Antonio Maria da Silva, the leader of the extreme Democrats, has succeeded in forming a third consecutive Government, whose tenure of office appears to be highly precarious.

Bomb explosions took place at the end of December in various parts of Lisbon. In this connection, in a recent lecture on Portuguese economics delivered to the Foreign Trade Association in Berlin, the lecturer caused some sensation by assuring his audience that such demonstrations must not be taken seriously, as they were merely in the nature of a display of fireworks, and devoid of any intention to take life.

FINANCE

SPAIN : BUDGET RESULTS.

According to the returns published by the General Accountancy Department, revenue actually collected and expenditure incurred during the first six months of the financial year (Apl. 1 to Sept. 30) and during the corresponding period of the two preceding years was (in millions of pesetas) :—

	1920-21.	1921-22.	1922-23.
Revenue	1,207.7	1,733.1	1,086.4
Expenditure	1,067.9	1,295.5	1,316.4

The following table shows revenue collected from the chief sources : (a) in respect of the present year, (b) outstanding from previous years, (c) total (in millions of pesetas) :—

	(a)	(b)	(c)
Direct taxation	351.1	29.8	380.9
Indirect taxation	438.1	13.2	451.4
Monopolies, etc.	212.3	0.0	212.4
Crown lands : sales	9.7	2.0	11.8
" " rents	10.4	0.0	10.4
Treasury resources	19.3	0.9	19.3
	1,040.9	43.2	1,086.4

The increase of 20 million pesetas in expenditure is entirely attributable to the campaign in and administration of Morocco, which amounted to Pes.206.2 mill., as against Pes.141.9 mill. in 1921-22, of which military expenditure claimed Pes.200.6 mill. in 1922-23 and Pes.135.2 mill. in the previous year. (*España Económica y Financiera*, Dec. 23, 30.)

THE SPANISH LOAN TO FRANCE.

The Bank of Spain, at the request of the Banking Consortium and on instructions from the Spanish Government, has agreed to grant a reduction of $\frac{1}{2}\%$ on the interest on that part of the loan represented by French bills, deposited with the Bank, amounting to Pes.175 mill. A report, which, however, lacks official confirmation, is in circulation, that negotiations are on foot for an extension of the time for repayment of the next instalment of the loan. (*España Económica y Financiera*, Dec. 30.)

A NEW SPANISH BANK ABROAD.

Rumours, apparently well founded, are on foot respecting the foundation of a Spanish bank in New York under the title of the Spanish Transatlantic Bank of New York. The institutions said to be interested in this foundation are the Compania Transatlantica (shipping), the Banco Español de Credito, the Hispano Colonial, and an important American syndicate (*España Económica y Financiera*, Dec. 30.)

PORTUGUESE FINANCES IN 1922.

The condition and prospects of the Portuguese State finances at the end of 1922 are anything but reassuring. The latest report, published by the Bank of Portugal, shows that the note circulation at the beginning of November amounted to Esc.987,507,000 (947 mill. on Oct. 4), and a recent rumour as to a further increase by 300 mill. caused a sharp fall in the exchange. This amount indicates no increase of business, but merely that the Government finds this the easiest means of raising money to meet current expenditure without heeding the fact that this continued increase of the circulation seriously affects Portuguese credit and increases the cost of living. A glance at the Government's account with the Bank of Portugal reveals a liability of Esc.800 mill. for special contracts alone. The Budget deficit originally estimated at Esc.132 mill. subsequently appeared at Esc.334.8 mill. It is impossible to forecast the figure which it may ultimately reach. The interest on and expenses connected with foreign loans absorbed Esc.141,982,000, and after payment thereof there only remained Esc.298,018,000 to meet other current expenditure. As subsidies under the new Act are increased to Esc.270 mill., the balance remaining for carrying on the business of the country, including payment of interest on the internal loan, is reduced to Esc.28 mill. The position of the exchange market affords sure proof of economic depression aggravated by

speculation. There is no evidence of any attempt on the part of the Government to retrieve this disastrous situation. This state of the Portuguese exchange on London during the last two years is shown by the following table, which gives the average quotations during each quarter:—

	1921.	1922.
First half-year ...	5 $\frac{1}{16}$	4 $\frac{5}{16}$
Second half-year ...	6 $\frac{1}{16}$	4 $\frac{3}{16}$
Third half-year ...	6 $\frac{3}{16}$	2 $\frac{1}{2}$
Fourth half-year ...	5	2 $\frac{1}{8}$

(*Commercio do Porto*, Jan. 2.)

TRADE

SPAIN'S FOREIGN TRADE.

The Customs Department has not yet published the foreign trade figures since August last, for which month they are (in millions of Pesetas): imports 304.5, exports 110.8, giving an adverse trade balance for the month of 193. The following table shows the figures of the chief branches of foreign trade for the first eight months of the year (January to August) compared with the corresponding period of the two preceding years (in millions of pesetas):—

IMPORTS.				
	1920.	1921.	1922.	
Livestock ...	8.2	3.8	8.1	
Raw materials ...	42.1	525.9	652.3	
Manufactured goods ...	466.5	942.5	826.8	
Foodstuffs ...	219.1	580.4	464.2	
	736.1	2,052.8	1,951.6	
Gold ...	7.4	0.1	3.0	
Silver ...	0.9	0.4	0.2	
Total ...	744.5	2,053.4	1,954.8	

EXPORTS.				
	1920.	1921.	1922.	
Livestock ...	0.8	3.8	2.9	
Raw materials ...	156.3	181.3	209.7	
Manufactured goods ...	209.7	263.2	176.3	
Foodstuffs ...	315.3	455.9	478.5	
	682.2	904.3	866.6	
Gold ...	4.1	3.9	0.0	
Silver ...	5.1	7.4	3.1	
Total ...	691.5	915.7	870.8	

The comparison with previous years is only approximate, as until February of this year, when they were brought up to date, the calculations were made on an antiquated and conventional basis. (*España Económica y Financiera*, Dec. 9.)

SPAIN'S COMMERCIAL RELATIONS WITH GERMANY.

As a result of the recent expiration of the Commercial Treaty between Spain and Germany, Spanish imports from the latter country have fallen off considerably, certain business being practically impossible under present conditions. In these circumstances, the Spanish markets seem to offer a good opportunity to British exporters of various classes of manufactures, including machinery, motor lorries, cutlery, general ironmongery, pottery, earthenware, and fancy goods.

A *modus vivendi* has, however, been concluded between the two countries, to remain in force until Jan. 7 inst., whereby Spain grants to Germany the benefit of the second column of her tariff (containing reduced duties), but maintains the co-efficient in respect of depreciated currency. Spain receives the most-favoured-nation treatment. This *modus vivendi* will doubtless be extended pending the conclusion of a definite treaty, which is under consideration by the experts of the two countries. (For the rupture of previous negotiations cf. *THE ECONOMIC REVIEW*, Oct. 27). (*Report of the Anglo South American Bank*; *España Económica y Financiera*, Dec. 30.)

THE IMPORT OF CEREALS INTO SPAIN.

The farmers are conducting a vigorous campaign in favour of the complete prohibition of the import of foreign cereals, especially wheat and maize. The first is already legally forbidden, but it is said that large quantities reach the country by contraband. Maize may now be imported by the cattle breeders of the Asturian and Galician provinces for the feeding of their animals, but the Minister of Public Works has promised to limit the quantity permitted.

In the course of a meeting of farmers and breeders at Zamora, Deputy Jenaro Lorenzo, who represents agricultural interests, declared that the farmers of Spain had lost over a hundred million pesetas in the course of a year owing to Government purchases of foreign wheat.

Certain critics in the Spanish Press, however, are sceptical as to the righteousness of the farmers' complaints. They are no longer satisfied with prohibition conditional on the price of wheat on the regulating markets of Castile not exceeding 53 pesetas, but claim absolute prohibition.

The General Association of Agriculture has addressed a statement to the Government on the disastrous effects of the free import of maize, and will probably end by demanding its absolute prohibition in order to enable farmers to sell their bran at remunerative prices. It would be as well, contends the aforesaid critics, to decide what is a remunerative price, as the lamentations of the farmers do not afford an adequate basis for a decision; wheat, they continue, is being sold at double pre-war prices, which should certainly prove adequate. The onus of proof to the contrary lies with the petitioners. It seems to be clear that maize should be imported, not with a low duty, but free of duty altogether. (*España Económica y Financiera*, Dec. 30.) (*Report of the Anglo South American Bank*.)

WINE EXPORTS FROM OPORTO IN 1922.

It may be assumed that the wine export in 1922 was higher than in 1921. Statistics for the whole year and the whole of the country are not yet available, but the export from Oporto for the first 11 months may serve as a basis of calculation. The increased export of wine from Oporto was due to the larger amount of table wine exported, especially to France. The figures are as follows in (1,000 pipes):—

	1922.	1921.	Difference in 1922.
Port wine ...	69	47	+22
Common wine ...	94	18	+76
	163	65	+98

In 1921, however, 50,000 pipes less than in 1920 were exported from Oporto, so the increase in 1922 more than makes up for the deficiency in the previous years. The chief importers of port in 1922 (in 1,000 hl., the 1921 figures being given in brackets) were:—Great Britain 263 (201), France 36 (7), Brazil 20 (10), Belgium 18 (10). The increased export of table wines in 1922 was largely taken by France (+365,000 hl.), Brazil (+26,000), and the Portuguese Colonies (+8,000). France alone in 1922 took 395,000 hl. of table wine out of a total export of 502,000 hl. (*Commercio do Porto*, Jan. 2.)

PORTUGAL: COMMERCIAL TREATY WITH CZECHO-SLOVAKIA.

The *Diario do Governo* has published the terms of the commercial treaty recently concluded between Portugal and Czecho-Slovakia. Each nation accords to the other the most-favoured-nation treatment; and Czecho-Slovakia undertakes to permit the import of certain Portuguese products up to the following amounts annually: wine 30,000 hl., of which at least 20,000 must be port and madeira; preserved fish, 3,000 t.; seeds,

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1,000 t.; vegetables, 500 t.; dried fruit, 1,500 t.; oranges, lemons, pine apples and bananas, 7,000 t.; other fresh fruit, 2,000 t.; coffee, 3,000 t.; Madeira embroidery, 3 t.; cork, rolled and in sheets, 1,000 t. These consignments will be admitted in equal parts per quarter except in the case of commodities produced only in certain seasons, as grapes, oranges, etc. As regards the 20,000 hl. of port and madeira, the Czecho-Slovak Government undertakes to reserve import licences as to half thereof to importers named by the Commercial Associations of Oporto and Funchal. The Czecho-Slovak Government acknowledges that the designation of port or madeira wine applies exclusively to wines grown in the Douro district, and the island of Madeira, and undertakes to prohibit fraud and falsification. The same treatment will be conceded to the beer called Pilsen by the Portuguese Government, which acknowledges this appellation to be the exclusive property of certain breweries in the Pilsen district. Each Government undertakes to protect special designations referring to districts whether of wine or mineral waters, when such designation shall have been communicated by the other Government. The agreement to remain in force for a year, and if not denounced by either side to be extended for six months. (*Commercio do Porto*, Dec. 17.)

AGRICULTURE

PORTUGUESE AGRICULTURE IN 1922.

The only interest in agriculture, complains a critic, which the Government may be expected to display, is the heavy taxation imposed on landed property in 1922. To multiply by six indiscriminately the 1914 tax on all classes of produce is a fiscal absurdity, as although the profits on certain classes may have increased twenty fold, it is not the case with all. Every means should be adopted to encourage the reduction and not the increase of the area of uncultivated land, which is still considerable. It is true that during the past year 55,000 hectares more than in the previous year were sown with wheat, but what are the 370,000 hectares on which this cereal is grown in comparison with the enormous area which might be devoted to its cultivation? The yield from the wheat harvest of 3,327,200 hl. certainly surpassed that of all previous years, but unfortunately this increase in quantity was not accompanied by increase in quality owing to lack of all care in the selection of seeds. Even this increased crop was far from satisfying the needs of home consumption.

The equivalent of this year's crop in millions of kg. is 252, which, after deducting 42 for seed, leaves 210 for sale to meet an average annual consumption of 276, so that the deficit of 66 has to be made up by the import of foreign corn, a heavy drain on the resources

of the country. At the end of December last a decree was published authorising the import of 15 mill. kg. of foreign wheat to make up the shortage, which could easily be accomplished by intensified cultivation even of the area at present devoted to wheat growing.

The vintage during the year shows much better results than does the wheat harvest. The wine produced showed greater improvement both of quantity and quality. It has been estimated at about 5.9 mill. hl., 1.5 mill. more than in the previous year, and was on the whole of excellent quality. The export of wine has increased, so that the planting of new vineyards should give no cause for alarm.

More attention, however, should be accorded to other forms of cultivation such as grass and garden and orchard produce in order to render the country independent of exports, and to provide material for various industries, especially fruit and vegetable preserving, which has already a certain importance and is capable of development if only the Government would encourage instead of neglect it. But the Government has done nothing to stimulate agriculture. It has offered no facilities for the introduction of artificial manures, has not supplied the official agricultural stores with a proper selection of seeds, and has not provided quick and cheap transport. In short, agriculture is neglected by the rulers of a country essentially agricultural. (*Commercio do Porto*, Dec. 28, 29; Jan. 2.)

COMMUNICATIONS

THE TRAFFIC IN THE PORTS OF OPORTO.

The increase of traffic in the two ports of Oporto (Oporto up the river, and Leixoes on the open sea) during 1922 is a valuable indication of the revival of trade. The traffic in both ports in 1922 was 1,492 vessels (steamers and sailing ships) compared with 1,325 in 1921 and 1,227 in 1920. The number attributable to Leixoes was 665 in 1922, as against 693 in 1921 and 633 in 1920, and to Oporto 827, 652 and 594 respectively; it will be noted that Leixoes did not make the same progress in 1922 as the river port, and it is suggested that further works require to be undertaken in the former in order to meet the needs of navigation. (*Commercio do Porto*, Jan. 2.)

FUEL FOR THE RAILWAYS.

The discovery of coal mines at Lena will enable the railways to be supplied with native coal instead of coal imported from Great Britain at great expense. Experiments made with this coal on various trains, including the Sud-express, have proved satisfactory. It will be necessary to build a branch line of 20 km. to connect the mines with the western railway at Pataias and to prolong it to Entroncamento to link up with the north and eastern lines. (*España Económica y Financiera*, Dec. 30.)

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POLITICAL AND GENERAL

THE ECONOMIC POLICY OF THE NEW YUGO-SLAV GOVERNMENT.

Although the new (provisional) Government is still under the presidency of M. Paschitch, the new Finance Minister, M. Stoyadinovitch, has made it clear that his economic and financial policy will have nothing whatever to do with that of his predecessor (cf. *THE ECONOMIC REVIEW*, Jan. 5). The *Zagreber Tageblatt* (Jan. 4) gives some more notes on what this policy has effected already and may be expected to effect.

The abolition of all compulsory restrictions on trade in foreign bills and exchange has already resulted in a considerable improvement of the

financial situation. The exchange rates now reflect the real value of the dinar; hence the exporters are ready to produce the foreign currency they have received and to place it on the market. As a result most of the arrears of the demand for foreign currency that had accumulated were, in the course of last week, satisfied. The Bourse reacted favourably to the news that the question of export duties upon pigs had been satisfactorily resolved. The demand for foreign currency was appreciably smaller in expectation of an inflow of cheaper foreign goods in the near future. Buyers of foreign exchange were not over-anxious to buy, but the banks were prepared to sell even at somewhat exaggeratedly low rates. Already in the previous week it was noticed that

the great banks were placing large quantities of foreign exchange on the market without effecting purchases of other currencies to the same extent. This fact heralds a revival of activity in export trade, for which the banks wish to have sufficient fluid resources; these they seek to acquire by changing their holdings of high valued currency into dinars. In the goods exchange the tendencies were the same.

The improvement of the situation is due to the efforts of the new Finance Minister to improve export trade. In this connection two important facts should be noticed.

(1) Up to now, Yugo-Slav financial circles have been inclined to take a very pessimistic view of the finances of the Yugo-Slav State, and particularly of the dinar. They valued the dinar much lower than did foreigners. They were thus brought unwillingly into contradiction with their own interests, being obliged to conduct Bear operations against the dinar. Now the general disposition to release foreign exchange holdings and to return to the dinar shows that a change has set in. Business circles have regained faith in the dinar, and the consequences will soon be felt. If the Finance Minister succeeds equally in putting into effect the other parts of his programme, such as the restriction of public expenditure, the general confidence will be still further restored. The new export duties on pigs show that it is possible to bring the interests of trade into harmony with those of the Treasury; and M. Stoyadinovich intends to put the same principles into practice in dealing with the grain trade.

(2) The banks are now in a position adequately to finance trade and industry. The memory of the restrictions imposed by the great capital shortage of a year ago will make apparent the importance for Yugo-Slavia's industrial development of the improvement that has now set in. In former days the Yugo-Slav Press combated the proposed industrialisation of Yugo-Slavia as premature, on the grounds that the financial needs of the new industries would lead to further inflation, and so to further currency depreciation. Since then the point of view taken has somewhat changed. Greater advantages are expected from the development of foreign trade and industry. Foreign currency derived from export trade keeps the trade balance level, and reacts favourably on Yugo-Slavia's balance of trade

AGRICULTURE

THE RESULTS OF THE YUGO-SLAV AGRARIAN REFORM.

From the purely economic point of view, the agrarian reform in Yugo-Slavia has not been so successful as was hoped. To begin with, it was only the neighbouring smallholders who profited by the partition of the large properties. Not till later was the attempt made to colonise (i.e. to bring peasants from other districts to settle). The large, highly-developed and profitable properties were parcelled out to begin with; only later were equally fruitful but as yet uncultivated tracts assigned. The first result of the parcelling of arable estates was a decline in the output. In many cases this may have been the result of the short time the new owners had in which to arrange and deal with their land in the first year. But in the majority of cases it was simply due to the inexperience and ignorance of the new owners, who were chosen on political and "national" rather than on economic grounds. Hence Yugo-Slavia is obliged to import corn from abroad. The sugar and spirit industries are hit, because no attempt was made to ensure the continued production of their raw materials. (*Obzor*, Dec. 24.)

The most fertile part of Yugo-Slavia is undoubtedly the Voyvodina. (This province includes the Western

Banat and Bachka Valley where the Hungarian, Rumanian and Yugo-Slav frontiers meet. — Ed., *ECONOMIC REVIEW*). The fertility of the soil of the Bachka Valley was formerly notorious, and the model estates of this district were world famous. Unfortunately the agriculture of the Voyvodina has of late seriously declined, and unless a stop can be put to this decline, the whole province will suffer from economic depression. The reason of this decadence, which involves also the towns of the province, is to seek in the manner in which the agrarian reform has been carried out. The sequestration of the large provinces for a considerable time occasioned much loss. The admirably organised, and highly fertile estates, have suffered irreparable loss from the mismanagement of the new owners. A serious decline in the relative productivity of the soil has been noted, and is ascribed to the lack of modern appliances and machinery, the lack of money resources, and also to the neglect of the present owners. The average yield of the cultivated land has fallen by 25% or 30%. A still worse result must be expected before the swing of the pendulum sets in. Those great landowners in the Voyvodina whose estates have not yet come under the hammer of the agrarian reform, are hastily selling out so as not to be left penniless.

The towns of the district are suffering severely from the decadence of the surrounding agricultural country. Thus Szabadka, formerly a prosperous agricultural town, has had a large proportion of its estates sequestered for the agrarian reform and has fallen into serious financial embarrassment. There is no money left for the most pressing needs. Besides the 6,000 yokes of municipal land taken for agrarian reform purposes, the Minister of Agriculture has commandeered other large tracts of agricultural land. Recently 2,000 yokes leased out by the municipality to smallholders were seized, and the city had no other course open than to refund Kr.8 mill. of rent to the evicted lessees. The dilatory method of parcelling out the land to the new owners has also occasioned great loss. Many thousand yokes were assigned too late for the autumn sowings, and had to lie fallow.

The "flight from the land reform," in the form of a reckless sale of land and property, inspires not only private owners, but also municipalities.

Numerous attempts to remedy this disastrous condition of affairs have been ineffectual. There is now a renewed demand that the model properties be excluded from the parcelling process. There are signs that the deplorable results of sacrificing these properties are being dimly realised even in Government circles. If haste is not made the damage done will be for ever irreparable.

TRADE AND INDUSTRY

NEW TURKISH CUSTOMS TARIFF.

The "Direction Générale de Douanes" of Angora, on Nov. 8, 1922, re-established the Specific Tariff of Mar. 10, 1332/1916, and the law of Mar. 11, 1334/1918, in place of the *ad valorem* tariff of 11% in force since Sept. 1921.

The "Direction Générale de Douanes" of Angora, further, extended to the Constantinople Customs the application of the Decrees voted in the meantime by the Grand National Assembly of Turkey and already in force in Anatolia.

The Decrees prohibit the import of numerous articles and generally increase the original specific duty tariff of 1916 five times, and in some cases 1,500%. It should be noted, however, that the present regulations, containing certain contradictory or badly stipulated provisions, are only transitory, and that several points of the Grand National Assembly Decrees are not yet fixed or applied in a permanent manner; in the case of wines and spirits, for instance, and contrary to current rumours, beers, cognacs, liqueurs and spirits alone are prohibited, pure alcohol and wines remaining subject to the specific tariff, multiplied by five.

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Among the principal prohibited articles are tobaccos, furs, fancy leather goods, cotton textiles, silk, wool, ready-made clothing, jewelry, fancy goods, perfumery, etc.

Among commodities, the duty on which is increased by 1,500%, figure wheat, flour, dry vegetables, sweetmeats, potatoes, chocolates, etc.

The duty on certain articles, such as sugar, coffee, tea, petrol, rice, soaps, spices, is increased five times only, but these articles are subject to an additional consumption tax.

It seems that the Turkish Government will be compelled to bring certain modifications to this protection of an extreme character which would compromise the economic reorganisation of the country. (*Circular of Imperial Ottoman Bank.*)

THE PIG EXPORT FROM YUGO-SLAVIA.

The Cabinet resolved in a meeting on Dec. 22 to forbid the export of pigs under 70 kg. in weight, either living or killed. For live pigs over 70 kg., an export duty of Dinar 500 per head, or Dinar 4 per kg. if invoiced by weight, is to be paid. For killed pigs, the export duty is Dinar 450, for pig lard Dinar 600, per 100 kg. (*Slovenec* Dec. 24.)

YUGO-SLAVIA'S OUTLET TO THE SEA. FIUME OR SALONIKA ?

Signor Mussolini has remarked "Serbia should turn her attention to the Aegean Sea and leave Fiume undisturbed until the clearing up of the Lausanne Conference renders more opportune the fulfilment of the Treaty of Rapallo." The public opinion of Yugo-Slavia and more especially of Croatia, has not, says the *Zagreber Tageblatt*, been very much edified by this expression of Italian opinion. What is the outlet to the Aegean Sea really worth? Is its value sufficient from the economic point of view to justify Yugo-Slavia turning her eyes for one moment from the harbour of Fiume? The writer, speaking from experience, can state decisively that it is not. The following is not a contribution to vexed political questions, but merely an enquiry into the present condition of Salonika as a possible free zone for Yugo-Slavia.

Every evening at 7 p.m. an express train leaves Belgrade for Athens. This is the line along which, as a vein, the commerce that is the life blood of the country is to flow. In order that it should be in any way adequate to fulfil its purpose, this railway must necessarily have more than a single line. But as is well known, in the whole of Yugo-Slavia there are no more than a few kilometres of double line, and these are not in the territory of pre-war Serbia. The express arrives after many hours at Nish. Further than Skoplye it can proceed only when the weather is most favourable, and it is by the aid of providence only that it reaches the frontier station of Gyevgyelyam. When this part of the journey is accomplished there remain 30 to 36 hours before the Athens express reaches Salonika.

Anyone arriving in Salonika for the first time and knowing that this city was the centre of the Allies' war operations on that front, must ask himself in astonishment, however this was possible in view of the wretched state of the transport facilities. An equally justified cause for surprise is how anybody thinks that the financial means required for the creation of the free harbour zone in Salonika and for the construction of the railways necessary to serve it will be raised. The future of an export trade cannot be staked on the slow, heavy laden trains that now crawl through the stations. This refers equally to the Greek and Serbian railways. The line from Skoplye (the old frontier) to Salonika belongs to a French Company, which has claims outstanding at both Belgrade and Athens for the damage done to it by the commandeering of this line by the Governments. The uncertainty about the ownership of this line seems to account in some measure for the failure to improve its conditions since the war.

On the Serbian side there is a lot of material received as reparations, as well as new station buildings and watch houses; on the Greek side there is of course nothing of the sort. The long and short of the matter is that, after a trip from Belgrade to Salonika, nobody could remain unconvinced that many years and many milliards would have to be spent before Salonika could supply to Yugo-Slavia what is all ready for her at Fiume.

The business circles of Yugo-Slavia are unanimous in demanding an outlet to the sea. The diplomatists of the business world suggest that this should be secured at Salonika. But whoever has seen Salonika with his own eyes would strongly advise these same diplomatists to concentrate their desires on the possible that is upon Fiume. Besides, the freedom of the port of Salonika is by no means to be a special favour to Yugo-Slavia, for in a short time similar agreements are to be made by Greece, also with Italy and Czecho-Slovakia.

In November 1922, the then Greek Minister for Foreign Affairs, M. Politis, conferred in Belgrade with M. Paschitch, for the purpose of clearing up an old obligation: the Agreement of 1914 regarding the free zone was to be submitted for ratification to both the Greek and the Yugo-Slav Parliament. But now M. Politis is no longer Minister, and it is doubtful if the friendly arrangement he made will be acceptable to the new revolutionary Government in Athens.

Meanwhile in Salonika the free zone is marked out. A great stretch of land is being acquired where harbour buildings, customs and administrative offices, etc., are to be built. The Agreement provides that the Greek State shall acquire on behalf of Serbia the property now in private hands, and hand it over to the Serbian authorities. Eighty kilometres of railway, from Salonika to the Greek frontier, are to be built with double lines and placed under Serb administration. Telegraph and telephone are to connect this little severed Serbia with the mother country.

It seems like a dream—that Serbia, who fought so long and so hard for an issue to the sea, should now obtain a modern harbour for her import and export trade. But there are many difficulties still in the way. In spite of the Salonika Treaty, Fiume remains the burning question for Yugo-Slavia and incidentally for Italy.

SOCIAL AND LABOUR CONDITIONS

CONDITIONS OF LIFE IN GREECE.

The swift and unceasing rise in the prices of articles of the first necessity gives rise to serious alarm even among those who are well off. The middle classes, employees and officials, are completely ruined.

The price of practically all foodstuffs, other than meat, has doubled in the last three months. Imported goods in particular are beyond the means of former purchasers. Their price has increased by 80% to 100% in the last three months. The price of home produced goods has increased by 40% to 60%.

The products of the soil, vegetables, potatoes, etc., have increased in price more than any other commodities. Meat and fish prices have only risen 10% to 20%. Eggs have gone up by 120%, cheese and butter by 40%, and milk by 80%. In general, the rise in foodstuffs during the three months August, September and October, has been of 80%. The price of other prime necessities, as clothing, has risen by 100%. In these circumstances life in Greece is becoming a difficult matter.

While the fall in the drachma is the prime cause of the rise in prices, speculation accounts for about 25% of it. This is likely to intensify rather than to abate.

Those who consider the future without prejudice are forced to the conclusion that social anarchy awaits the country. The only hope is for a commission of economic experts to be convoked without delay to advise the Government as to the steps it should take to avert the present dangers. (*Economiste*, Athens, Dec. 15.)

SPECIAL ARTICLES

THE TRADE OF TRIESTE.

The result of the recent sample fair at Trieste furnishes Commendatore Dr. Alberto Moscheni, manager of the "Cosulich" shipping company, with the opportunity of giving in *Berichte aus den Neuen Staaten* (Dec. 16), the following survey of trade and industrial conditions and prospects in Trieste:—

The international sample fair recently held in Trieste has again attracted the attention of the hinterland to this city. Visitors to the fair obtained a good idea of general economic conditions in Trieste.

The general impression was that the fair was a success from the business point of view, notwithstanding the fact that the participation of its old hinterland, notably Germany and Austria, was below expectations. Italian products from north, west and east, were well represented, and Italian exhibitors must have achieved good results. It was already obvious in August that the present economic situation of Germany and Austria would stand in the way of any extensive representation at the fair. It came as a surprise to the people of Trieste themselves that Italian products could be exhibited in such varied forms.

The fair was representative of general business conditions in Trieste. The decline of trade with the hinterland was counterbalanced by new openings in Italy. A golden mean will have to be found between the views of those who see the future prosperity of Trieste only in its functions as an international port, and of those who fix their attention exclusively on trade with Italy. As long as the hinterland cannot purchase and lives so to speak, from hand to mouth, trade with Italy assumes greater importance.

This situation explains the altered views of Trieste business men on the question of a free port. National or international port was the question, and the attitude of business circles indicates no desire to allow any road to be blocked. Nevertheless, Trieste's international functions should not be under-rated.

In 1921, Trieste's trade with the Succession States amounted to 7.5 mill. qu. To and from Austria alone were consigned 3.5 mill. qu. which out of an oversea trade of 5.5 mill. constitutes a very respectable proportion, and indicates that the bulk of Austria's oversea trade is conducted through Trieste. Trade relations with Yugo-Slavia are on the increase, and Italy now occupies first place in Yugo Slavia's foreign trade. As regards trade with Czecho-Slovakia, the effects of the fall of the mark make themselves felt, and indicate a reduction of the German transport rates when reckoned in a gold currency.

The question of transport rates is at present very important for Trieste's trade. The railway conference in Botzen opened the way to an improvement in existing conditions, but the conviction is growing that regularity and speed are more important than the question of rates. The transport of goods from Trieste to Bohemia takes eight to ten days, in spite of the number of frontiers which have to be crossed. A few days suffice for the carriage of goods to Vienna. This result is an important step towards taking full advantage of Trieste's geographical position. The coming economic conference between Italy and Czecho-Slovakia, to be held in Venice in November, will deal with the question of Czecho-Slovakia's trade via Trieste. The questions of the port, railway rates and transport, the establishment of a Czecho-Slovak Custom House, as already agreed, will also come up for discussion. A revival of the trade in sugar, which henceforth will be exported in bulk, and the prospects of which are improving, is anticipated. The cotton trade, which has hitherto been unimportant, should receive an impetus from the foundation of a large cotton firm which will buy cotton out of store.

Germany, especially Bavaria, are again directing their attention to Trieste. German manufacturers are again alive to the fact that the quicker shipment via Trieste will appreciably increase their profits.

Poland, too, which carried on business with Trieste, chiefly through Vienna, is desirous of establishing direct communications with that city. Passenger and emigration traffic through Trieste to Palestine and America, has been furthered by the decision recently reached in Lucerne to establish a direct service from Warsaw to Trieste, and by the concession by Italy of greater facilities in the visa of passports.

Hungary still trades chiefly through Vienna. The effect of the recent concessions by the "Cosulich" shipping company, in respect of the emigrant traffic, has smoothed the way for its development.

Whereas the import trade of Trieste is suffering from the depreciation of the currency in the hinterland, its export trade is assuming great importance. In the first eight months of the current year, the export figures for the whole of the previous year were exceeded. The extension of the services of the Lloyd Triestino had a considerable share in the development of exports. Of special importance are the new services to the Russian Black Sea ports. The introduction by the Soviet Government of shipping communications with Italy, which according to the latest reports, have again been withdrawn, has excited attention abroad. Four steamers a week now ply from Trieste to the Levant, and increased services to India are under consideration.

The coffee trade, which sharply declined on the establishment of the coffee monopoly in Italy, began to revive after the suppression of the monopoly; in nine months some 200,000 qu. of coffee have been imported. The crisis in the hinterland, and the confusion in the Near East, severely test the strength of the trade.

As regards industry, the shipbuilding yards view the future with some anxiety. After the completion of the work now in hand, the future activity of the yards, which are capable of an output of 200,000 t., will depend on the industrial policy of the Government. The new Government, which is hailed by trade and industry as their liberator from the lack of policy hitherto prevailing, and which appears to be earnest in its desire to smoothe the way for the economic revival, will not be able to disregard shipbuilding, which is a national, not merely a local question. An early decision is expected. Meanwhile the yards are undertaking other kinds of construction. The Cantiere Navale Trestino, which has already taken to constructing rolling stock, will now devote itself to making electric plant. A revival of the activity of the blast furnaces of Servola is also being spoken of. Negotiations are proceeding with the Government for various concessions which will render their working possible.

The new commercial treaty between France and Italy, whereby the Italian duties on preserved fish have been considerably increased, offers new outlets to the important Adriatic fish preserving industry, but the introduction of the Italian spirit system is prejudicial to the business of the Ampelea Company of Rovigno. The working of the bauxite deposits in Istria promises to be successful. The establishment of this industry, and the extension after the armistice of the "Arsa" coal mines, have drawn attention to the local mining industry.

The agreement with the "Ford" motor works, which has set up a factory in the former "free territory," for export to the Balkans and the Levant, is acclaimed with great satisfaction in Trieste. The favourable situation of the port for trade with the Levant is confirmed by this important factory.

The new Government's distaste for State monopolies is welcomed in Trieste, because it means that the scheme

Special Articles

of an insurance monopoly, which would have been a danger to the big Trieste underwriting firms, has been definitely dropped.

Trieste is awaiting the re-establishment of the inter-ministerial trade committee, which commenced its labours a month ago. It is to deal with the question of rendering cheaper and improving Trieste trade, of reducing the bonding warehouse dues, simplifying the bonding warehouse administration, constructing harbour works, reducing railway rates and various duties, establishing a commercial port, reducing taxes and the like. Should the further labours of the committee fulfil the expectations raised by its preliminary work, a good stroke of business for Trieste's trade will have been accomplished.

THE CURRENCY CRISIS IN RUMANIA.

The following history of the currency crisis in Rumania is given by Dr. Costin Stoicescu in *Oesterreichische Volkswirt* (Nov. 18 and Dec. 2 and 9.)

THE CHANGE OF CURRENCY IN THE NEW PROVINCES.

For the last two years Rumania has suffered a serious currency crisis. Since the autumn of 1920, when the exchange of kronen and rouble for lei began in the new provinces, and as at the same time the influx of new payment media by the smuggling of these currencies from their original countries was rendered impossible, a serious shrinkage of current coin set in, while inflation and the consequent effect on prices in these provinces began to make their appearance in the other parts of the country. The effect of these measures made itself the more felt in that only 60% of the full value fixed by law of the lei, exchanged first for the kronen, then for the roubles, was issued and put in circulation, whereas these currencies were suddenly and completely withdrawn. It is true that the 60% actually paid of the lei corresponded to the real market price of this currency, and even exceeded it, therefore as regards value the currency circulation was in theory fully replaced. However, as usually occurs in changes of currency, the situation did not remain the same as before. Above all, prices, especially of the principal articles of consumption, showed an upward tendency. This immediately caused the shortage of coin to make itself sharply felt in the new provinces.

But other consequences of this change of the currency contributed to aggravate the money shortage. The unification of the currency for the whole country simplified the financial relations between the new provinces and the old kingdom, and supplied a stable basis of accounts in commerce and banking. The result of this improved situation was a strong revival of business activity, and of money transactions between the old and new parts of the kingdom. This revival of business led to an increase of the money circulation and a strong attraction of capital to the country. In the new provinces the banking system had not been fully restored, the issue bank had not yet been established, and the system of postal orders and post office savings banks, especially in the Banate and Transylvania, had not yet been revived, so that in this respect currency organisation was inadequate to the needs of increased business, and the currency crisis became more acute. Consequently not only more capital, but more ready money was transferred from the old kingdom to the new provinces, whereby the money shortage became accentuated in the rest of the country.

A further aggravation of the situation depicted above, was the tardy process of exchanging the currencies. The Government had obtained from the National Bank a credit of Lei 7.5 milliards for the purpose, Lei 5 milliards to be exchanged for kronen, and Lei 2.5 milliards

for roubles, and the lei notes issued by the Germans through the Banca Generala. The exchange of kronen began on Sept. 1, and only at the end of the month were some 2,100 mill. in circulation. By the end of April 1921 some Lei 5 milliards had been issued, and by Sept. 1, 1921 Lei 6 milliards. Finally, the total amount of lei issued in exchange for the withdrawn kronen and roubles was 5,647 mill., the remaining 1,410 mill. being used to replace the notes of the Banca Generala, and therefore constituted no additional issue of currency.

The unsettled business and political conditions caused the National Bank severely to restrict its discount business. It never did much in the way of advances on security.

At the beginning of the currency exchange operations, the total loans by the bank to the State amounted to Lei 4,100 mill.; in Jan. 1921 the bank agreed to set apart Lei 400 mill. out of the Lei 2,500 mill. of the credit opened for the purpose of exchanging roubles, for urgently-needed expenditure on the railways and the army, of which amount Lei 80 mill. was advanced in the following April. Subsequent advances by the bank to the State during 1921, amounted to Lei 600 mill. Since then the State has made no further calls upon the bank.

CAUSES OF THE CRISIS: THE DEMAND FOR CAPITAL.

It is important to note that the period of the withdrawal of the kronen and roubles, and that of the first appearance of a tightness of money, that is to say, the autumn of 1920, coincided with the period in which the confusion of prices and business first began to disappear, and business became steadier.

The course of economic conditions may be illustrated by the sudden activity in the raising of capital. The capital invested in joint stock companies rose from about Lei 1,000 mill. at the end of 1918, to Lei 1,982 mill. at the end of 1919, Lei 5,268 mill. in 1920 (in which year Lei 3,286 mill. of fresh capital was issued), and Lei 6,984 mill. in 1921, distributed among 1,453 joint stock companies. The most active period of company promotion was 1920, when the first signs of the currency crisis began to appear.

DEPLETION OF THE CIRCULATION.

The effect of an extensive foundation of companies is increased trade. Two kinds of products especially affect Rumania, namely, agricultural produce for export and material for industry, chiefly imported. Home industry, strongly developed in Transylvania and the Banate, produces for the most part raw material (coal, petroleum, iron, minerals, salt, timber), semi-products and iron products (machinery and parts of machinery, building material, etc.), of which the latter are far from meeting the requirements of industry, and the former (petroleum, timber, etc.), are chiefly produced for export. The home market, which was destitute of material, was entirely dependent on foreign countries for its supply. In the years 1919 and 1920 foreign trade figures were as follows (in millions of lei):—

				Imports.	Exports.
1919	...	...	...	3,620	103
1920	...	...	...	6,957	3,622

In 1921, imports, owing to the high customs tariff, shrank considerably. After the transfer abroad of lei notes in payment of imports, as to the amount of which opinions vary considerably, but which may perhaps be estimated at 1½ milliards, there remained in Rumania in the autumn of 1921, some Lei 10 milliards, of which the last 2 milliards had just been put into circulation. The lei notes held abroad only form part of the amount of lei due from Rumanian business men to foreigners for goods sold by the latter in that currency, and the remainder (about Lei 2½ milliards) stand to the credit of foreign firms with Rumanian banks and business houses. Owing to these balances standing to the credit of foreigners, the banks were obliged to build

up large cash reserves. The reports of the eight leading Rumanian banks show that these reserves amounted to over Lei 800 mill. on Dec. 31, 1920, and to over Lei 1,100 mill. on Dec. 31, 1921, and if, as may be assumed, the other banks throughout the country, some of which are of considerable importance, had in all reserves amounting to at least a milliard, it will be seen that at the end of 1921, over Lei 2 milliards were withdrawn from circulation, and consequently from business. Therefore, in the autumn, that is at the most favourable time of the year, of 1920 and 1921, only Lei 8 milliards at the most remained in circulation in Rumania. A further cause of the withdrawal of money from circulation is to be found in the peculiar conditions surrounding internal trade, which is entirely governed by the distribution of the population of 16 millions. Notwithstanding the accession of the industrial provinces of the Banate and Transylvania, 80% of the population of Rumania is agricultural, and the remaining 20% by no means entirely inhabits the towns, as a considerable proportion is engaged in mining and forestry. The actual urban population may be estimated at some 2 mill. The rural population, mainly in the old kingdom and in Bessarabia, possesses a somewhat low standard of civilisation. Its needs are few, and a considerable proportion of the articles of consumption which it requires (clothing, etc.), are made at home or by village craftsmen, and the others, which have to be purchased in the towns, are renewed only at long intervals. The rural population is much more of a seller than a buyer, and its produce goes to the towns to be exchanged for cash, little of which is expended on commodities, the bulk being hoarded and consequently withdrawn from circulation. Again, in consequence of the expropriation and allotment of land, the peasant is no longer a wage earner but a landowner, who produces his own food, and retains the greater part of his profits. As the peasant farmer does not pay the purchase money for his holding at once in cash, he can apply his surplus profits in relieving himself of his debts, and the burdensome interest thereon. As a consequence of the exiguity of his needs, and of the comparatively small value of his property destroyed during the war, which he has had to replace, there still remains to him a large surplus which he does not spend. The population of the town spends part of its income in commodities, but the other part finds its way to the land in the purchase of food, where it remains. The Rumanian industry does not, as a rule, produce such articles of consumption as are continually being sold and re-sold, and so cause money to circulate. It produces either articles for export (timber, petroleum, minerals, etc.) or bulky articles (building material, machinery, etc.), which fetch, it is true, large sums, but only at intervals, and these sums pass through few hands. Thus its sales cause no quick and active circulation of the currency. On the contrary the proceeds of these industries go largely to the workmen from whose hands they also, in great part, find their way to the rural population. Of course there are other industries which stimulate the circulation of money by the sale of articles of consumption.

The trade of the towns alone causes money to circulate effectually and in the usual way. But even this branch of business diverts a certain part of the circulating media from the main stream as soon as it comes into touch with the rural population.

On the other hand, in the early days after the war, there existed an enormous power of absorption of all kinds of goods on the part of the population, combined with a development of import and retail trade, which stimulated the business fever. The import figures of Lei 9 mill. in 1920-21, and the figures already given relating to the promotion of companies, give some idea of the wild rush for business.

THE DEFICIT.

To the above causes of the crisis may be added two others which had disastrous results: the depreciation of

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By Sir JOSIAH STAMP, K.B.E., D.Sc. Being the Newmarch Lectures of 1920-21 on Current Statistical Problems in Wealth and Industry. 10s. 6d. Postage, 9d.

In the House of Commons, during the Budget Debate of April, 1922, this book was much referred to.

Spectator: "He has the rare advantage of viewing these questions from the official's special knowledge and with the layman's freedom from departmental bias. We are impressed with his clarity of exposition . . . his statistical method inspires confidence and is used with serene impartiality."

THE LEAGUE OF NATIONS

Second Year Book of the League of Nations, January 1st, 1921—February 6th, 1922.

Including the Complete Story of the Washington Conference, with the Complete Texts of Treaties and Agreements.

By CHARLES H. LEVERMORE, Ph. D., Secretary of the League of Nations Union, and of the New York Peace Society. Member of the American Historical Association. 7s. 6d. Postage, 6d.

Copies of the First Year Book, Jan.-Dec., 1920, may still be obtained. 3s. Postage, 4d.

Glasgow Herald: "A book of reference of infinite value to the student of foreign affairs. Few, if any, other volumes contain so much useful material in an accessible and well-indexed form."

THE PRINCIPLE OF OFFICIAL INDEPENDENCE

By R. MACGREGOR DAWSON, M.A., D.Sc. (Econ.). With Introduction by GRAHAM WALLAS, M.A., Professor of Political Science in the University of London. 10s. 6d. Postage, 9d.

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WESTMINSTER.

the currency, and the Budget deficit. The Budgets for the post war years show the following figures (in millions of lei):—

	Revenue.	Expenditure.	Balance.
1919-20	2,002.7	5,205.3	-3,202.5
1920-21	4,224.2	6,861.5	-2,637.2
1921-22	6,366.8	5,831.8	+ 535.0

The surplus for 1921 is purely fictitious, as beside the ordinary Budget exists a special Budget, details of which have not yet been published, but from previous information we know that credit for these estimates of over 1.5 milliards was granted, so that 1921-22, as a matter of fact, also shows a deficit. Part of this yearly deficit was met until the end of 1919 by loans from the National Bank, in 1920 by a consolidated loan, and only in 1921 was the National Bank called upon to meet the above-mentioned special expenditure of a milliard.

A NOVEL FINANCIAL POLICY.

The special calls upon the State for expenditure on repair of the railways and on other public works were very heavy. Already in 1920 the Treasury found a difficulty in meeting this expenditure, and in 1921 large sums due to important industrial undertakings remained unpaid, and when, in the autumn, the crisis broke out in full force, these firms were referred to the National Bank, where, by means of discounts through the agency of leading banks, they succeeded in realising part of their claims. Since then the Ministry of Finance made the non-payment of these debts, on the plea of strict economy and expediency (?) its regular policy. They are estimated variously at 1 and 2 milliard lei, and still remain unpaid by the State, but they have possibly been further realised by means of discount by the National Bank, but to what extent, and on what terms, remains unknown.

(To be concluded.)

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.

Date	10 Com- modities	* Board of Trade	Date	10 Com- modities	* Board of Trade	Date	10 Com- modities	* Board of Trade	Date	10 Com- modities	* Board of Trade
1920											
Sept. 8	379.8		April 29	202.2	209.0	Dec. 30	150.0	171.4	Aug. 25	166.1	
10	379.7		May 6	207.2		1922			Sept. 1	163.4	159.1
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	356.8	318.1	27	200.5	205.9	20	144.0		22	158.6	
8	346.8		June 3	201.9		27	141.3	167.5	29	158.8	157.1
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	308.5	24	201.6		17	149.2		20	162.8	
Nov. 5	310.8		July 1	196.4	201.8	24	149.7	165.3	27	165.9	
12	304.6		8	193.3		Mar. 3	148.4		Nov. 3	170.1	158.0
19	293.0		15	194.4		10	148.4		10	170.1	
26	283.8	292.9	22	194.8		17	149.8		17	169.3	
Dec. 3	272.0		29	193.6	198.2	24	149.4		24	168.2	
10	271.2		Aug. 5	183.8		31	149.8	163.2	Dec. 1	167.4	160.4
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	269.4	26	178.1	194.0	21	154.1		22	162.2	
1921			Sept. 2	180.8		28	154.6	163.2	29	162.6	158.6
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	251.0	23	180.0		19	162.1		12	162.8	
28	235.2		30	176.8	191.0	26	163.3				
Feb. 4	227.0		Oct. 7	172.1		June 2	162.9	163.9			
11	227.4		14	170.2		9	164.9				
18	219.1		21	163.0		16	163.6				
25	215.8	229.9	28	159.5	184.5	23	164.8				
Mar. 4	198.8		Nov. 4	158.9		30	162.4				
11	197.5		11	155.0		July 7	164.7	163.1			
18	199.0		18	154.5		14	165.1				
25	201.4		25	157.7	176.4	21	165.8				
April 1	199.6	215.2	Dec. 2	153.6		28	167.3				
8	191.6		9	152.1		Aug. 4	168.1	163.2			
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.

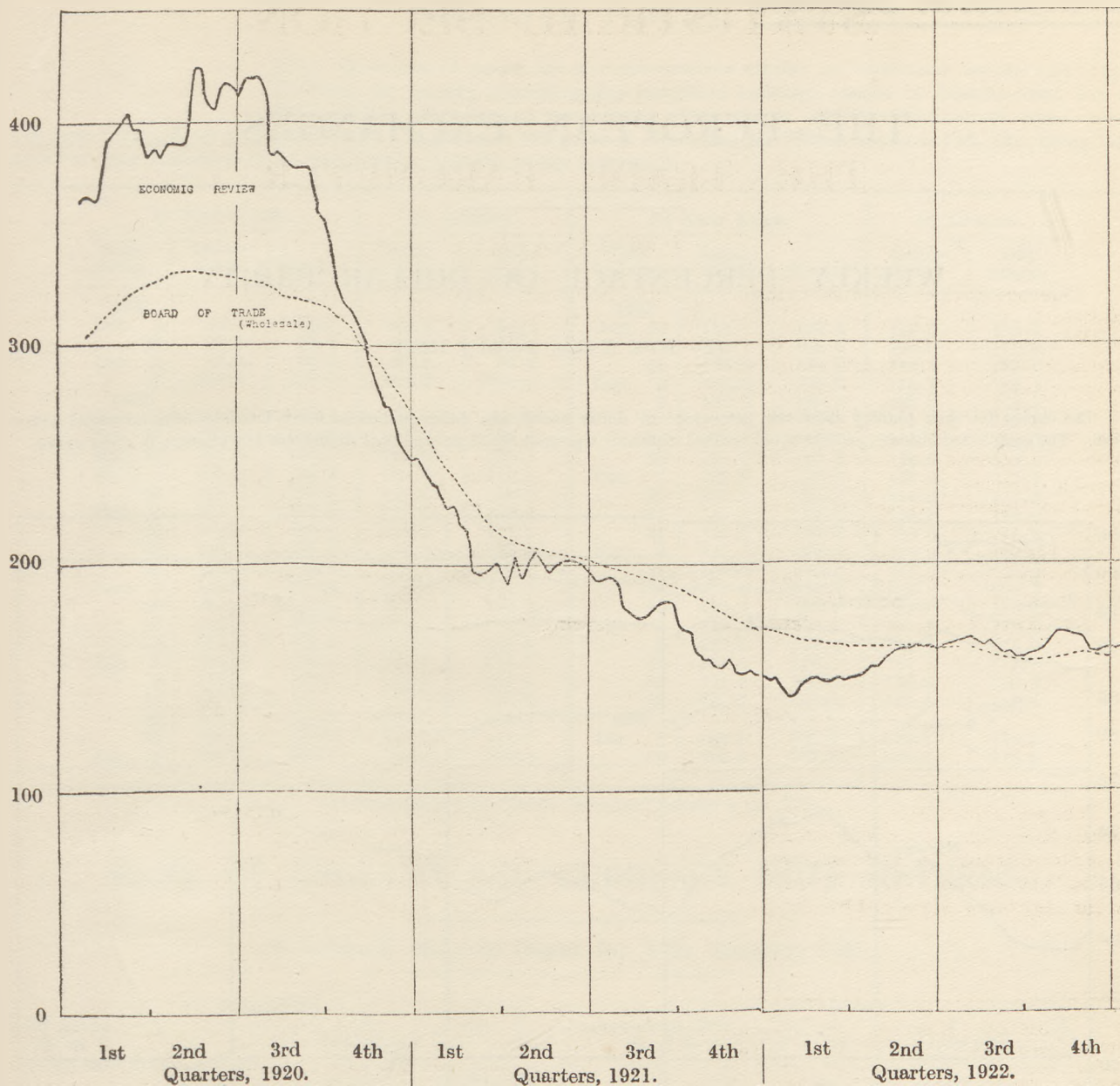


TABLE II.

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												
Jan. 27 ...	90.6	90.5	92.4	108.8	85.3	100.0	82.6	101.1	94.4	96.1	94.18	... Jan. 27
Feb. 24 ...	101.4	85.3	94.3	136.9	90.0	106.7	76.8	106.4	104.4	94.1	99.77	... Feb. 24
Mar. 31 ...	94.3	84.2	93.4	126.3	90.3	106.7	87.0	116.2	97.1	103.8	99.93	... Mar. 31
Apr. 28 ...	92.9	89.4	89.6	149.1	87.9	106.7	78.3	113.5	115.8	107.7	103.09	... Apr. 28
May 26 ...	99.1	89.2	88.7	155.3	101.1	115.6	89.9	128.8	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												
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
" 12 ...	90.1	106.5	93.4	133.3	126.4	122.2	93.5	91.7	89.7	138.5	108.52	... " 12

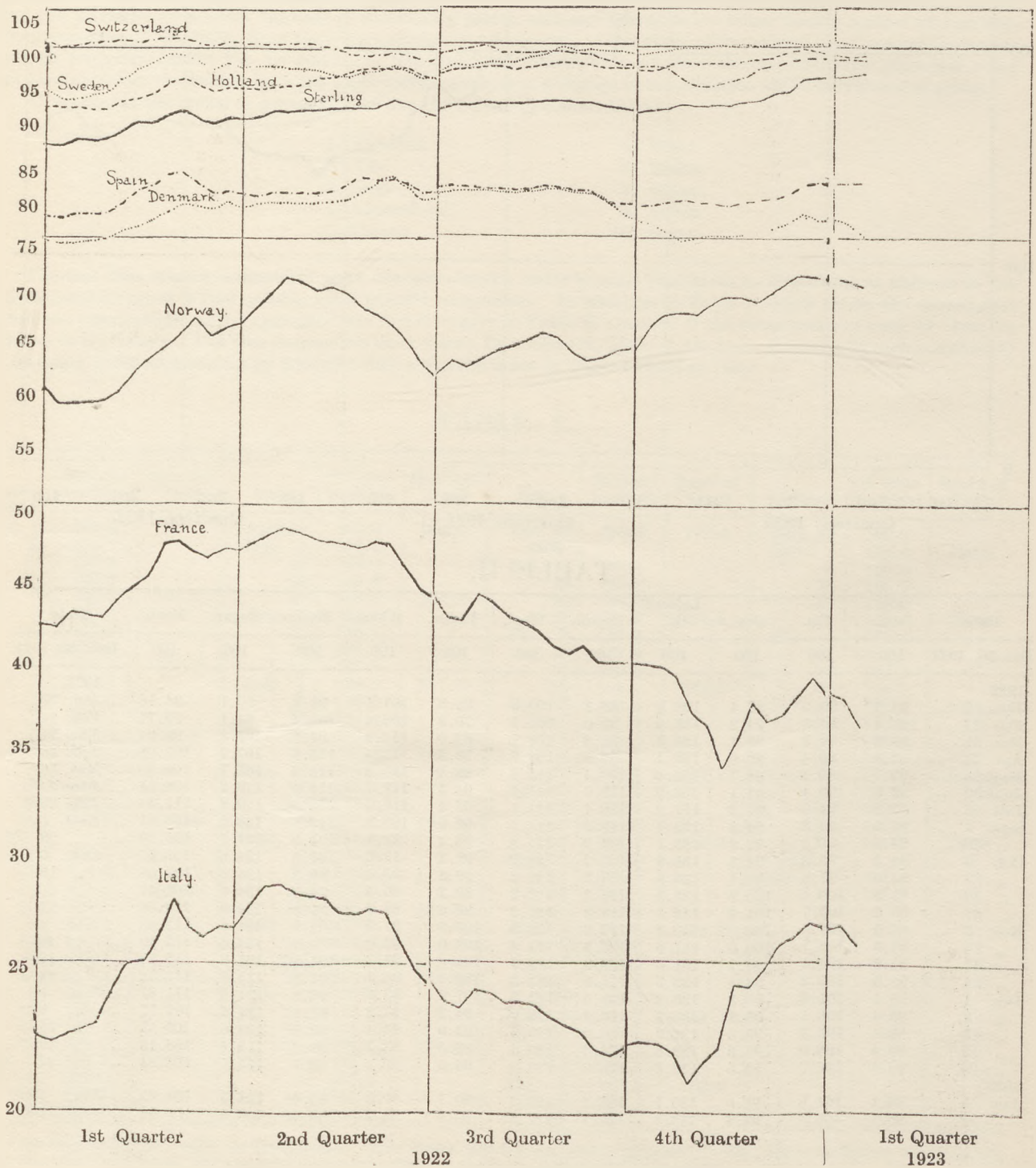
Statistical Section

THE EUROPEAN EXCHANGES

WEEKLY PERCENTAGE OF DOLLAR PARITY

(To Week Ending January 13th.)

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	91.3	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	116.9	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	113.5	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	13	122.2	102.6	122.3	114.0

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

BANK OF ENGLAND AND CURRENCY NOTE RETURNS.

Combined Balance Sheet for 11th January, 1923.

LIABILITIES.				ASSETS.			
	£	£		£	£		
<i>Notes Issued.</i>			<i>Government Debt.</i>				
B. of E.	144,107,635		B. of E.	11,015,100			
Less those in C.N. Reserve	21,150,000	122,957,635	C.N.	247,201,227			
C.N. outstanding	288,218,837			258,216,327			
C.N. called in but not yet cancelled	1,518,134	289,736,971	Less C.N. Investment Reserve Account	12,820,198		245,396,129	
			<i>Other Securities.</i>				
			B. of E.			7,434,900	
			<i>Gold Coin and Bullion.</i>				
			B. of E.	125,657,635			
			C.N.	27,000,000			
			C.N. Balance at B. of E....	205,942		152,863,577	
			<i>Silver Coin</i>			7,000,000	
		412,694,606				412,694,606	

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. 11	123.0	289.7	412.7	152.9	37.0	38.7

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