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ECONOMIC SURVEY

GERMANY

POLITICAL AND GENERAL

GERMANY'S REPARATION PLANS.

The following comments by William Vogel in "Konjunktur," before the Ruhr occupation had taken place, are not without interest.

Two attempts were made in the last year to reconcile and harmonise French and German economic aspirations. The first was that made by the German Builders' Co-operative Associations; the second the similar agreement made by the French Co-operative Societies with German concerns. Stinnes had in view the creation of an understanding between French ore and German coal. Yet another and more recent effort in the same direction was the agreement reached between the Strauss-Wolff and Creusot-Schneider groups. These attempts failed of success, owing to the change in the tendency of Berlin policy. Yet the German builders and industrialists were on the right track. With the assistance of the Government of the Reich, it would have been quite possible to make a success out of these agreements. They were regarded with favour by French industry, but were frowned upon by the French Government, when the German Government showed itself too accommodating to the British and American points of view. The community of interest between West German coal and French ore is one that springs from geographical necessity, not from political preferences. Until this community of interests is able to assert itself in some way, there will be no lasting peace in Europe. The French Chauvinists seek this goal by way of the occupation of the Ruhr and the separation of the Rhineland from

the rest of Germany. These plans are the converse of those conceived by certain German circles during the war. But quite another outlet for these aspirations might be found if Germany could discover a bridge across the cleft between herself and France, which France would not fear to tread. German diplomacy has, however, not attempted to explore these possibilities. The Wilhelmstrasse is less well informed regarding the opinions of French industry than are the German industrialists. Large numbers of Frenchmen are thoroughly sick of the unproductive policy of force pursued by Poincaré, which has had no result save to alienate the Allies of France. Instead of utilising this tendency, and offering to the French industries, plans which could be favourably looked at by them—plans, that is, based on the prospect of Franco-German co-operation in Central Europe, German diplomacy has made itself the mouth-piece of Anglo-American aspirations running directly contrary to those of France and Belgium. This has formed an effective obstacle against all schemes for reconciliation. That Germany should be saved by a moratorium and a loan, obtained at the expense of the erection of an Anglo-American economic hegemony on the Continent, would be a defeat for the diplomacy of France, so severe that no French Government could survive it. Faced with such a programme France could do nothing more than turn herself resolutely towards the Ruhr, and insist on the unfortunate reparation coal deliveries. The French aspire to the hegemony of the European iron market; this end they can only attain when the use of German coal is assured to them for a long time ahead.

Germany

The existence of a Franco-German Political Treaty to guarantee the frontiers would be superfluous once German and French economic interests were so firmly tied together that France could feel certain that her heavy industry was not menaced by the incursion of British and American capital into Germany. Viewed in this light the question of Reparations and Sanctions takes on an altogether different aspect. In autumn 1922, such a policy was nigh to realisation. Since then the orienting of Germany's whole policy in the Anglo-Saxon direction has frustrated any such hopes. America holds out to Germany the possibility of a loan of about \$2 milliards, in return for an extensive assurance of America's economic position on the European continent. Another condition would be that the loan should be granted only by instalments, and that a part at least of the loan should be taken in the form of American goods. This is no very pleasing prospect for Europe. The independence of Europe would thereby be sold for a mess of pottage, without a lasting peace being in any way ensured. All the sacrifices that Germany might make would only serve to heighten France's embitterment at such a solution. Seen from this point of view, it is permissible to ask whether the failure of the Paris Conference is altogether to be deplored from the German side.

FINANCE

RYE CURRENCY.

When for some time a country has been deprived of the stable measure of values that is indispensable for trade and credit operations in a civilised country, it decides to help itself, and to look round for substitutes for the normal measure. For long back, German wholesale trade has reckoned not in marks, but in the stable currency of other countries. Retail trade has not been able to accommodate itself so easily. Where the attempt was made to get rid of the mark as a measure in retail trade transactions, legal measures interposed, but the retailers found their own remedy—they thought in dollars, and charged in marks; that is, automatically shifted their mark prices in accord with the movements of the mark. Those who deal not in goods, but in credit, were rather worse off. Even the most trustworthy creditors could hardly obtain long credits, for week by week the number of persons prepared to lend money, which might be returned in an absolutely depreciated form, got smaller and smaller. In these circumstances certain bodies, anxious at all costs to obtain credit, made up their minds to fling the currency overboard altogether, and to offer to repay their creditors with orders for specified quantities of natural products. The borrowers receive and repay marks, it is true, but only by reckoning the value of the commodities which form the true measure of values into marks at the rate of the day. While normally the money is the fixed value, and the commodity the shifting value, here the opposite is the case. The commodity is the fixed and known, the money the unfixed and variable factor. Thus business has returned to methods familiar in the time of Homer, when not a money token, but an ox was the unit of calculation. The unit in Germany is not an ox for the most part, nor yet is it gold. It is not gold, because gold does not exist, at least in an accessible form in sufficient quantities for the purpose, and because its value on the German market is so easily affected by speculation. A series of other products, notably coal, potatoes, and above all rye, have been called into service. Three important borrowers have recently taken up "rye loans" with great success. The first was the Oldenburg State Credit Institution, which issued securities of 125 kg. of rye that could be bought at the price of that amount of rye, as noted in the Berlin Bourse on Nov. 10. They are to be redeemed at 150 kg. of rye, the extra 25 kg. representing the interest. This principle, applied by the Oldenburg Creditanstalt to a short loan, was exploited

by the Republic of Mecklenburg Schwerin for a long loan. This State issued a loan of 40,000 centners of rye, redeemable in 1942. The issue was so successful that a further issue on the same lines is already under consideration. Finally, there has been established in Berlin a *Roggenrentenbank* or Rye Bank, for the purpose of granting loans to agriculturists, calculated as regards interest and redemption, on the basis of the current price of rye. The Bank obtains its working capital by taking up loans whose interest and redemption are similarly fixed. The form taken by the latter loans is that of *Roggenrentenbriefen*.

The great demand that has been shown for these new-fangled loan securities, in spite of the apparent shortage of home capital for any other purposes, shows clearly that there is the greatest need felt for a stable investment market, and that this demand has been cheated of realisation by the absence of a lawful stable currency. Naturally, the loans in kind are by their competition gravely endangering the position of all those borrowers who still reckon their interest and redemption payments in marks. These are, first and foremost, the Local Governments, who are seeing the last remains of their popular reputation fade away. If Germany does not very soon come once more into possession of a stable valued currency, all these borrowers will have nothing left but to go over themselves from cash to kind calculation. Of course, calculation in kind is at best only an emergency substitute. Rye, potatoes or coal are not in themselves a safe repository of values. If their price depended exclusively upon the variations of the mark, then their movements would be parallel to those of the general price level, and the products would have a stable purchasing power. But they are dependent upon other and non-monetary conditions, as variations of the supply, alterations in import and export regulations and dues, State price regulation, etc. They are only less unstable than the German mark, which is money to-day in name only. (*Die Bank*, Jan. 1923.)

INDUSTRY

THE IRON INDUSTRY AND THE OCCUPATION OF THE RUHR.

The following article, appearing in the *Deutsche Allgemeine Zeitung* (Jan. 23), gives a particularly interesting account of the present position of the German and French iron industries.

In the year 1913 the raw iron output of Germany, in its pre-war frontiers and inclusive of Luxemburg, was 19.3 mill. t. In its present frontiers it produced in 1921 perhaps 7 mill. t., in 1922 8½ mill. t. The territories lost by Germany in the war (Alsace-Lorraine, the Saar, Upper Silesia, Luxemburg), contained very important blast furnaces, ore and coal mines. After the Ruhr district, these territories were the main iron producing centres of Germany, but they contained only minor iron *working* industries (engineering, locomotive, tool and wire industries, among many others). The transference of the Western border lands to the fiscal system of France and Belgium, naturally caused great upheavals in Germany's economic industries. The result was that in Germany an iron famine set in, while France, having doubled her blast furnace industry, was left with a superfluity of iron, except in so far as the old market in Germany was artificially kept open by fiscal dispositions.

France's aim in framing the dispositions in the Treaty of Versailles was to protect her own iron manufactured goods industry with high tariffs, while forcing the sale of the Lorraine, Saar and Luxemburg output by forbidding Germany to place duties on it for five years. The success of these measures has been impaired by the introduction of the franc into these districts, and the depreciation of the mark. In the course of the last year Germany suffered from a shortage of iron, while France had a superfluity left over on her hands. With the support of the French Government, and the help of

cheap German coal, the French iron industry was enabled to offer the cheapest prices on the world market, although working at a loss, with the result that France exported far greater quantities of iron than she imported. Germany, on the other hand, could not cover her current requirements, and was obliged to purchase iron extensively from abroad. While before the war Germany's export of iron and steel was ten times larger than her import, the import in 1922 was for most months larger than the export.

The following were the reasons for the great iron demand in Germany. The Peace Treaty exacted the delivery of the merchant fleet, of a great quantity of rolling stock, agricultural machinery, tools, etc., also the destruction of much plant which was designed for the output of peace goods, as well as of war material. The possessors of this plant, that is in the first place the railway and shipping companies, and also factories, demanded and partially received recompense from the State for the purpose of reconstruction. It is, therefore, of the most urgent necessity that the output of iron and steel should be brought up to the highest possible level. Now Germany has lost all her pit coal outside the Ruhr, and what remains to her of Upper Silesia. Further, she has had to deliver gratis 20% of the output of the Ruhr, that is 1½ to 2 mill. t. monthly, to the Allies. The following measures were therefore taken in order to secure, in spite of everything, the highest possible iron and steel output.

(1) Large quantities of waste iron were utilised for high furnace and steel purposes.

(2) Superior foreign ore (Swedish, Spanish, and Canadian) was employed.

(3) Inferior fuel was used for boilers and generators.

(4) English, Dutch, Czech, Saar and even American coal was bought.

By these measures Germany succeeded in bringing her raw iron output up to 36% of the pre-war output in 1921, and 45% in 1922—in other words, respectively 7 and 8½ mill. t.

The French will, in the attempt to give colour to charges against Germany, refuse to consider the output of Germany now as compared with before the war. Instead, they will proceed to give a cut and dried comparison of the output of the furnaces in Germany now as compared with the output of the same furnaces before the war. Viewed in this light, the Ruhr furnaces produced in 1921, 66% of what they did before the war, and in the first nine months of 1922, 80%. For the furnaces in the rest of Germany, a figure well below 80% must be supposed. France will point out that her furnaces produce only 55% of the pre-war figure.

In order to demonstrate Germany's default, the following will be hushed up: (1) At the cost of what efforts and sacrifices this not really very adequate output of the Ruhr furnaces has been obtained. (2) How huge is the home requirement of Germany still unsatisfied. (3) That for lack of iron, the German iron working industries have been compelled to reduce their activities in the last two years, and to buy expensive foreign iron. (4) That in order to produce an amount of iron commensurate with the reasonable needs of Germany, the Ruhr furnaces would have to produce 130% and not 80% of their pre-war output; while the number of the French furnaces having been doubled since the war, an output of 50% by each furnace should have satisfied the needs of France. (5) That Germany had to import in 1922 no less than 15,800 t. of coal, whereas she was, before the war, one of the principal coal exporting European countries. But for this import of coal, how would the output of iron have appeared, and how would the labouring masses, dependent on this industry, have survived? (6) That as a result of these circumstances, France has an iron trade balance in her favour, Germany an adverse one. (7) That it is impossible to compare the productivity of a Germany maimed and impoverished by the peace, with that of Germany before the war.

To sum up, Germany now has an adverse coal and iron balance. How, then, is she to pay for the import of corn, foodstuffs, wool, cotton, hides, metal—not to mention the iron ore itself, without which her population cannot support itself? Europe stands before a catastrophe of which the Ruhr situation is the prelude.

The *Vossische Zeitung* (Jan. 24) writes: The position of the iron industry in regard to the Ruhr crisis must be variously judged according to the geographical position of the district under consideration. Eighty per cent. of the industries are situated in the Ruhr territory itself. To these the present situation does not at present offer any danger as regards their coal and raw material supply. The supply of iron ore and scrap iron for the remaining 20% is assured for the next months. There is also a considerable store of coal available. The coal question is only serious for the blast furnaces. Those which are situated on the North Coast are already accustomed to the use of English coal. In the future, they must rely on it exclusively. The same is true of those in Hanover. The Thuringian and South German works will have to rely on importing from Czecho-Slovakia. The iron working industries are supplied with fine steel for superior goods for some time to come. The iron foundries have raw materials for three months. If worse traffic and business complications in the Ruhr are to be expected, there will be difficulty in selling machines, etc., and large quantities will be available for export.

THE DISTRESS IN THE GERMAN TIMBER TRADE

From circles in close touch with the Managing Board of the German Timber Trade, the *Deutsche Uebersee Zeitung* (Jan. 21), has received the following information on the German Timber Trade and the distress in the woodworking industry:

Even before the war Germany was unable to cover her requirements in timber from her own forests, and in the year 1913, for example, 15.8 mill. c. m. (558 mill. c. ft.) of wood had to be imported, as against an export of 9 mill. c. m. (31 mill. c. ft.) of timber. By the cession of well-wooded districts Germany's forest land has been considerably diminished, whilst on the other hand, several mill. of c. m. of timber annually are demanded from us for reparation purposes. Thus Germany is forced to import timber not only to maintain her own industry, but also buy it in the world's markets for purposes of reparation.

The enormous burden on German economy and the tremendous harm done to it by such circumstances, become evident when we learn that, whilst the mark price of the dollar is at present about 1,600 times as high as before the war, timber has risen to an average of 6,000 to 10,000 times its pre-war price, and in some cases even more. This increase in the price of the raw material naturally means that the prices of the finished products are already considerably higher than those ruling in the world's markets. Not only have innumerable articles of daily use become far too dear for the home consumption, but in addition to this the flourishing export of the woodworking industry has come to a standstill. The woodworking industry has left no stone unturned to avert this catastrophic development, but so far without success. The Government does nothing in the matter, and the difficulties in the way of the wood supply are increasing from day to day. Before the war, when the timber trade was on a normal footing, and the woodworking industry could take in systematic supplies, there were numerous Government and private timber sales in the months of September and October, or November and December respectively, besides which very large industrial groups secured a considerable portion of their total requirements by several years' contracts with the proprietors of forests. Such contracts and the public sales have ceased, and in place of the great public auctions during the last four months of previous years, very small quantities of timber indeed

Germany

appeared in the market during the same period of 1922. In a number of districts the sales are expected in January and February; in many others, however, no time has yet been fixed for the sales.

Though the forest management is aware of the distress amongst the woodworking firms and the scarcity of timber, they refrain from selling, thus giving an impetus to profiteering. It might be pointed out that the woodworking industry itself is responsible for the prices of round timber by overbidding each other at the timber sales. The reply to this is that industry and trade must either get hold of some of the small quantity offered, even at excessive prices, or cut down their work, and maybe close down for some time, as has already been done in many cases. This unprecedented abuse must lead to a collapse sooner or later.

A NEW MOVE IN THE GERMAN TEXTILE INDUSTRY.

The general depression in the possibilities of production owing to the Peace Treaty brings with it an absolute necessity for more rational economy in raw materials, a far more thorough exploitation of all existing possibilities of extending the basis of raw materials for Germany's textile industry. For her raw materials Germany has to depend almost entirely on foreign produce, which has to be paid for at enormously high prices. The so-called monetary blockade, the impossibility to import sufficient on account of the collapse of the German currency, is doing much more towards impeding the importation of indispensable foreign raw materials than did the blockade during the war. For years past competent industrial circles and leading men in scientific research have been trying to attain rationalisation in the use of raw materials by the creation and development of institutes for scientific research on a broad scale.

An important step has just been taken in this direction. With the joint assistance of industrial magnates, the German and Prussian Governments and some of the best known scientists of international reputation, a new Institute for the Chemistry of Fibrous Materials has recently been created and associated with the Kaiser Wilhelm Society for the Promotion of Science. The opening ceremony took place on Dec. 5, 1922.

Under the direction of Prof. Herzog the new Institute for the Chemistry of Fibrous Materials is to make scientific investigations of all possibilities, how to effect the greatest saving in the use of foreign raw material, to exploit to the utmost every possibility of application to industry, and at the same time to seek means of increasing the production of raw materials at home. One of the main objects of this institute is to find means of using up, to the very last shred, the waste and the by-products, and of working the material itself more carefully and serviceably than hitherto. Whereas the spinning and weaving, dyeing and sizing of the yarns and textiles have already been thoroughly investigated, suitable physical and chemical research on the fibrous materials themselves is still missing. This is to be the chief aim of the new institute. The results hitherto obtained in research on wood fibres are most noteworthy. A few examples may be given here. The suppleness and strength of wool fibres depend largely on the amount of fat and water contained therein. In the manufacture of woollen goods, however, too little attention is paid to this fact. On the contrary, the hairs may be said to be permanently subjected to maltreatment during the process of manufacture. The new research institute has now worked out various tests, in order to be able to give exact numerical statements as to the characteristic properties, not only of the hairs themselves, but also of the yarns and cloths made from them. The flexibility, durability, fraying, tensile strength and other properties of the material, which have hitherto been tested only by imperfect means used in practice, will now be placed under a control that can be numerically determined. (*Deutsche Uebersee Zeitung*, Jan. 21.)

SOCIAL CONDITIONS

SOCIAL INSURANCE REFORM.

The two main branches of social insurance in Germany, invalidity and old-age insurance for manual workers, and the non-manual workers' insurance system, have been remodelled in order to correspond with changed conditions, particularly the depreciation in the value of money.

The two amending Acts came into force on Nov. 10, 1922. Amongst non-manual workers there had been a very general demand for the amalgamation of the two branches of insurance, but under the new Act insurance of non-manual workers remains a separate branch of insurance as heretofore.

Insurance of Non-manual Workers.—All non-manual workers belonging to the following classes whose annual income does not exceed 840,000 marks per annum, will be compulsorily insurable:—

1. Non-manual workers in positions of authority.
2. Officials, foremen and other non-manual workers in a similar or higher position.
3. Office employees (in so far as they are not exclusively employed as messengers, cleaners, etc.), including office apprentices.
4. Shop assistants and apprentices; other non-manual workers in commercial occupations, even if the undertaking in which they are employed is not commercial in character; chemists' assistants and apprentices.
5. Actors and musicians, irrespective of the standard of their work from an artistic point of view.
6. Non-manual workers in educational occupations, welfare work and nursing.
7. (In maritime and inland navigation) captains, deck and engineer officers, pursers and pursers' assistants and other non-manual workers in a similar or higher position irrespective of their training and education.

Invalidity Insurance.—The following are compulsorily insurable under the invalidity insurance scheme:—

1. Manual workers, artisans, domestic servants.
2. Persons carrying on home industries.
3. Crews of German ships with the following exceptions: (Maritime navigation) captains, deck and engineer officers, pursers and pursers' assistants, and other non-manual workers in a similar or higher position. (Inland navigation) captains insurable under the Non-manual Workers' Insurance Act.
4. Journeymen and apprentices, unless they are insurable or are exempted from compulsory insurance under the Non-manual Workers' Insurance Act.

The following table shows the various income classes and contributions payable. Half the contribution is paid by the employer and half by the worker:—

| Class. | Annual income. | Invalidity insurance | | Non-manual workers' insurance | | |
|-------------|----------------|----------------------|-----------------------|-------------------------------|-----------------------|--|
| | | Weekly contribution. | Monthly contribution. | Monthly contribution. | Monthly contribution. | |
| | | Mk. | | | | |
| 1 ... Up to | 7,200 | 10 | ... | 60 | ... | |
| 2 ... | 14,400 | 20 | ... | 100 | ... | |
| 3 ... | 28,800 | 30 | ... | 170 | ... | |
| 4 ... | 50,400 | 40 | ... | 280 | ... | |
| 5 ... | 72,000 | 50 | ... | 420 | ... | |
| 6 ... | 108,000 | 65 | ... | 600 | ... | |
| 7 ... | 144,000 | 85 | ... | 820 | ... | |
| 8 ... | 216,000 | 110 | ... | 1,150 | ... | |
| 9 ... | 324,000 | 145 | ... | 1,690 | ... | |
| 10 ... | 432,000 | 180 | ... | 2,340 | ... | |
| 11 ... | 576,000 | 225 | ... | 3,140 | ... | |
| 12 ... | 720,000 | 270 | ... | 3,970 | ... | |
| 13 ... Over | 720,000 | 320 | ... | 4,840 | ... | |

Every insured person who has paid his contributions regularly is entitled to an old-age pension at the age of 65. The old-age pension consists of a basic pension and the additional amounts payable in respect of each month's contribution paid. (*Korrespondenzblatt des A.D.G.B.*, Dec. 9, 1922; Quoted by *Industrial and Labour Information*.)

FRANCE

FINANCE

THE SURCHARGE TAXES.

The proposal by the Minister of Finance to impose a surcharge of 20% on all direct taxes, with the exception of income tax on salaries and wages (*cf.* THE ECONOMIC REVIEW, Jan. 19, 26), whereby he hoped to raise the three or four milliards required to balance the Budget, has been rejected by the Finance Commission of the Chamber, which passed the following motion by 20 votes to 11.

(1) The Finance Commission takes note of the adherence of the Government to the policy of balancing the Budget, so closely bound up with the preservation of the national credit.

(2) The Commission will ask the Chamber to pass the measures for the prevention and repression of fraud on the Revenue. It will insist upon the continuance of a policy of strict economy, and if necessary will agree to the imposition of such equitable taxes as shall be deemed indispensable to a balanced Budget.

The first clause of the motion was passed unanimously, the second by the majority stated above.

The passing of this motion means that the Commission is resolved not to agree to the proposed automatic surcharge of 20%; but reserves the right to seek in any one part of the Government's Bill the means of balancing the Budget, which leaves the position of the latter very much where it was before. (*Information Financière*, Jan. 25.)

PROPOSAL FOR A BIENNIAL BUDGET.

A Bill has been set down by a group of deputies for the purpose of extending the Budget of 1923 to the year 1924, subject to necessary amendment required by circumstances by Acts specially passed by the Chamber in 1924.

In the preamble to the Bill its authors argue that the Statute Book contains no Act enacting the passing of the Budget every year, and that consequently the passing of a biennial Budget is quite constitutional. (*Information Financière*, Jan. 21.)

RECONSTRUCTION EXPENDITURE FOR 1923.

Complaints are heard from the devastated areas that the delay in passing the Budget has caused the reconstruction organisations, builders, architects and others, to lose valuable time in preparing for the reconstruction work for the coming year. The Prefect of the Department of the Nord has not yet been informed of the amount to be placed at the disposal of the Department for the purpose, but he anticipated that it would not exceed 50% of last year's amount, that is to say the Department will only be able to count on spending one milliard on reconstruction in 1923, in place of the two milliards expended in 1922. In some quarters it is believed that only 900 mill. will be available. It is true that this figure does not include indemnities for damage to goods and chattels, which are payable in ten-year bonds, nor purely industrial reparations, payable by the proceeds of loans. After deducting the share allotted to agriculture, the Fr.900 mill. will be used entirely for reconstruction. But even so, this amount will be far from satisfying all needs.

Last year unorganised reconstruction representing about two-thirds of the damage done to buildings in the Nord, received rather over 600 mill. The co-operative societies of the Department spent 400 mill. Thus rebuilding works in 1922 took over one milliard.

The reconstruction machinery, of which the co-operative societies and private persons will be able to dispose in 1923, will enable them to undertake a

more extensive programme. The co-operative societies alone will be in a position to undertake works to the value of Fr.500 mill., for their two leading associations have an almost unlimited amount of material and labour at their disposal. But lack of money must surely hamper their constructive operations. (*Nord Industriel*, Jan. 20.)

TRADE

THE IMPORT OF FROZEN MEAT.

The Argentine Government, in order to relieve the stock breeding crisis, has signed an agreement for the export of large quantities of frozen meat to France, in consideration of appreciable purchases from that country of chemical and metallurgical products. In consequence, French industrial associations, especially that of Pont-à-Mousson, are considering making the experiment of importing frozen meat for their workmen.

The despatch of frozen meat began in January, and consignments of 2,000 t. a month are anticipated. The cost price in French ports will be roughly Fr.2.60 per kg., plus transport from the port to the place of destination, and the profits of the middlemen. This will bring the retail price to about Fr.5 per kg. (*Information Financière*, Jan. 17.)

THE FUR TRADE AND RABBIT SKINS.

It is reported that a Decree is being prepared to restrict the export of rabbit skins. This measure is due to the recent prosperity of this branch of trade, as rabbit skins have never been more in request by furriers than at present, and in various ways they are being sold in the guise of the most fashionable kinds of furs. A deputation of the national federation of exporters of butter and eggs has lodged a protest with the Minister of Commerce against the imposition of duties on the export of rabbit skins. On due consideration, the Chamber of Commerce of Paris is of the opinion that the interests of the majority will be best met by an imposition of an export duty on rabbit skins suitable for fur-making and by a free export of those for use in the hat trade. In the opinion of the Chamber of Commerce any Customs measures on the matter should be purely provisional and should be repealed as soon as an adequate amount of labour and machinery should have been attained. (*Exportateur Français, Journée Industrielle*, Jan. 16.)

INDUSTRY

CREATION OF AN INDUSTRIAL RESEARCH DEPARTMENT.

The Act creating an office of industrial and scientific research was published in the *Journal Officiel* (Dec. 30), and contains the following provisions:—

A national office for industrial and scientific research and inventions is created for the following purposes: to encourage scientific research of all kinds conducted in scientific institutions or by independent scientists; to develop and co-ordinate scientific research calculated to benefit the national industry; to ensure the requirements of the public service and assist inventors. The Act in no way repeals clause 70 of the Finance Act of Apr. 30, 1921, creating the Institute of Agricultural Research, which will conduct all research affecting agriculture and remain attached to the Ministry of Agriculture. The new institution will be attached to the Ministry of Education and Fine Arts, and will have its own financial establishment and staff. It will receive an annual grant voted in the estimates of the Ministry of Education. (*Economiste Français*, Jan. 13.)

France

SOCIAL AND LABOUR CONDITIONS

LABOUR SHORTAGE.

The lack of labour is at present a serious cause of anxiety to the manufacturers of Northern France. The coal mines have met the difficulty by the introduction and settlement of 30,000 foreign miners in two years. This result, which has greatly assisted the production and reconstruction of the damaged coal mines, is the work of the Central Committee of French coal mines, which possesses powerful recruiting and transport agencies abroad. The Committee is prepared to extend its operations, and has entered into negotiations for the purpose with the two most important syndicates of Lille.

In order to ascertain exactly the needs of agriculture and of allied industries, the Minister of Agriculture has addressed a circular to all departmental prefects instructing them to obtain from the local authorities, and to supply to the Ministry before Jan. 23, the following information: The number existing and needed, respectively, of agricultural labourers in each commune; whether farmers are prepared to receive a supply of hands equivalent to the deficit (if any); the class of work which would be assured to such hands; whether and to what extent the commune possesses the requisite dwelling accommodation for the labourers and their families; whether the commune possesses a sufficiency of small auxiliary industries (wheelwrights, smiths and farriers); in what communes these industries are lacking. (*Journée Industrielle*, Jan. 16; *Nord Industriel*, Jan. 20.)

THE COST OF LIVING.

The official statistics give the index numbers in Paris of the retail prices of foodstuffs (13 articles) as follows:—

| | 1922. | 1921. |
|----------|-------|-------|
| November | 3,191 | 3,504 |
| December | 3,276 | 3,474 |

In Northern France, the index numbers are: November 1922, 3,312; average of the fourth quarter of 1921, 3,685. The number for the North is the highest of all. (*Nord Industriel*, Jan. 20.)

WAGES PAID BY STATE AND PRIVATE UNDERTAKINGS.

On passing the recent Estimates, groups of members, as usual, demanded higher salaries and wages for officials and workmen employed by the State. The sole object of this proceeding is a bid for votes by a certain class of politicians among the official classes, and the design to embarrass the Government and its supporters. Recently a deputy of the extreme left demanded an allowance for

uniforms for Customs officials, who receive bonuses amounting to Fr.10,000 or 12,000 a year in respect of summonses issued for smuggling.

Technical journals have recently published comparative tables of the wages earned by officials and workmen employed respectively in State (notably railways) and private undertakings. Thus, in Paris, the average wage of an unskilled metal worker is Fr.15.20, compared with Fr.24 earned by a porter on the State railway. The minimum wage of a postman is Fr.5,720 per annum, an increase of 3.36% on the 1914 wage. It is well known that in the devastated areas, heads of firms have more than once protested against the inexplicable generosity of the Government in the matter of wages. (*Exportateur Français*, Jan. 9.)

COMMUNICATIONS

RAILWAY EARNINGS.

The following are the gross earnings of the leading French railways for the whole of 1922 compared with the previous year (in millions of francs):—

| | 1922. | 1921. | Difference in 1922. | |
|--|---------|---------|---------------------|------------|
| | | | Actual | % per kil. |
| State | 1,004.7 | 951.1 | 53.6 | 5.64 |
| Paris-Lyon-Méditerranée (French section) | 1,761.0 | 1,643.7 | 1180.0 | 7.1 |
| Nord | 1,100.7 | 990.5 | 109.5 | 11.0 |
| Orléans | 917.8 | 907.2 | 10.5 | 1.16 |
| Est | 1,008.3 | 905.1 | 102.9 | 11.37 |
| Midi (24—30 Dec.) | 462.4 | 445.2 | 17.2 | 3.87 |
| Chemins de fer d'Alsace et de Lorraine et du Guillaume-Luxemburg (24—31 Dec.) | 469.4 | 428.6 | 40.7 | 9.51 |

(*Economiste Français*, Jan. 20.)

TRAFFIC ON THE RHINE.

The traffic in the port of Strassburg for 1922 amounted to 2,211,640 t., compared with 2,726,977 in 1913, a decline of 515,337 t. This amount includes about 400,000 t. of potassium travelling down stream. In 1913 this item was unimportant. (*Information Financière*.)

THE MONOPOLY OF FRENCH SHIPS.

Owing to the isolation of Algeria during the last shipping strike, the operation of the Act of 1793, giving the French flag a monopoly of sea traffic between France and Algeria was temporarily suspended, and foreign vessels were permitted to take part in this traffic. A petition has been addressed to the Under-Secretary of State by a number of French residents in Algiers through the Governor of Algeria for the permanent repeal of the Act. The Under-Secretary of State has rejected the petition, arguing that the monopoly is by no means detrimental to Algerian interests and that it is an absolute necessity in the event of mobilisation. (*Journal de la Marine Marchande*, Jan. 11.)

SWITZERLAND

FINANCE

THE YIELD FROM CUSTOMS AND OTHER DUTIES.

During the first 11 months of 1922 receipts from the Confederation's Customs amounted to Fr.141,094,394, as against Fr.95,523,974 for the corresponding period of 1921 and Fr.130,200,000 on the Estimates for the whole year.

During the said period stamp duties and the coupons tax produced Fr.27.8 mill., as against 19.1 mill. in 1921. The improvement in the Customs receipts may be attributed to the increased tariff, and that in the other duties to the coupons tax, which was only imposed in 1922. (*Moniteur des Intérêts Matériels*, Jan. 19.)

FINANCIAL PROBLEMS IN 1922.

No session of Parliament has ever been more prolific than that of 1922 in Bills, the object of which was to balance the Budget. The determined effort of M. Musy, Minister of Finance, supported by Parliament, to check expenditure, has resulted in a considerable reduction of the civil service staff and of expenditure. Salaries paid by the Confederation, including those of railway officials, had risen from Fr.172 mill. in 1913 to 403 mill. in 1920. In 1922 they fell to Fr.367 mill., and they are estimated for 1923 at 352 mill. Since he took office on June 1, 1920, M. Musy, backed by the Federal Council and Parliament, has effected a saving of Fr.50 mill. In spite of a practically automatic increase in expenditure, the deficit of Fr.100 mill. in 1922 has been reduced to 80 mill. in the

Budget for this year which has just been passed. There is, however, a special Budget of Fr.100, consisting chiefly of unemployment grants. Should the general economic situation show improvement, of which there are already signs, the expenditure will be first reduced and finally eliminated, and at the same time the yield from the Customs, railways and the post office will increase. The yield from the Customs will increase automatically as soon as Parliament has suppressed import prohibitions. The Federal Council also proposes to increase revenue by raising the duties on spirits and tobacco, which are less in Switzerland than in other countries. Parliament will submit to referendum during the year a proposal for the extension of the spirit monopoly, which will increase the Revenue of the Confederation and of the Cantons.

The tobacco monopoly is dead, after having caused the postponement of the tobacco tax for five years, and a consequent loss to the Federal Treasury of at least Fr.100 mill. The wheat monopoly is going the same way, and could be profitably replaced by a well-considered support of agriculture. (*Journal de Genève*, Jan. 3.)

JOINT STOCK COMPANIES.

According to returns recently published by the Swiss Federal Statistical Office, the changes in Swiss joint stock companies in the last 2½ years were as follows:—

| | No. | Capital (Fr. mill.) |
|--------------------|-------|------------------------|
| End of 1920 | 7,266 | 5,243 |
| „ 1921 | 7,498 | 5,665 |
| June 1922 | 7,643 | 5,736 |

(*Exportateur Suisse*, December.)

TRADE

FOREIGN TRADE.

Foreign trade figures for the first nine months of the year are (in millions of francs):—

| | 1922. | 1921. |
|--------------------------|---------|---------|
| Imports | 1,330.7 | 1,698.4 |
| Exports | 1,248.1 | 1,331.8 |
| Excess of imports | 82.6 | 366.6 |

In quantity imports amounted to 28 mill. metric quintals, compared with 36 mill. in 1921.

The principal articles, the import of which increased, were coal, timber, iron and wheat. Wheat rose in quantity from 413,767 to 492,976 t., but declined in value from Fr.220.1 to 145.6 mill.

The quantity of other imported articles (in 1,000 t., the previous year's figures being given in brackets) were: Unworked iron and steel 62.3 (24.6), raw wool 5.4 (3.8), silk 3 (1.8), coal 1,547.9 (1,166.6), oil residue 17.4 (4.6). Export during the year was irregular. Cheese was exported to the amount of 15.1 mill. kg., and to the value of Fr.22.7 mill., the amount having increased four-fold, and the value only two. This is due to the export of 4.7 mill. kg. of cheap cheese to Germany. The best customers for cheese were before the war: The United States, Fr.15.3 mill.; Germany, 12.6 mill.; France, 8.1; Italy, 6.7; Belgium, 1.5; Great Britain, 1 mill. Condensed milk, with 14.7 mill. kg., and Fr. 21 mill., shows a decline in value of Fr.17 mill., and in quantity of 2.2 mill. kg. The chief markets for this commodity were Great Britain and France and their respective colonies. Chocolate shows a still greater decline, the export being 4.1 mill. kg., and Fr.18.5 mill., as against 8.8 mill. kg., and Fr.44.2 mill. Machinery declined from Fr.182.2 to 121.4 mill., and from 39 to 29 thousand t. (*Exportateur Suisse*, December; *Journal de Genève*, Jan. 2.)

FOREIGN TRADE INSTITUTIONS.

The following information as to Swiss Institutions for Economic Expansion is derived from a review published in the *Bulletin Officiel de Bureau Industriel Suisse*, by Professor Paillard, of the Ecole des Hautes Etudes Commerciales of Lausanne University. The

organisation is under the Federal Political Department attached to the Ministry of Foreign Affairs, and the Department of Public Economics. These departments collect and collate economic information furnished them by the Swiss legations and consulates. These are instructed to supply economic and commercial information and assist all efforts made to extend economic and other relations between Switzerland and the countries to which they are sent. Switzerland has 15 legations, those in London and Rio de Janeiro being provided with commercial attachés and 121 consulates.

The Union Suisse du Commerce et de l'Industrie is the supreme representative organisation which is consulted by the Government on all business questions. It is divided into technical and local sections, among them being Chambers of Commerce which are in a position to supply useful information to foreign exporters. The Swiss Chambers of Commerce abroad should also be mentioned. There is one in Paris with branches in Lyons and Marseilles. Other institutions of a similar character are the Bureau Suisse de renseignements pour l'achat et la vente de marchandises at Zurich, founded and maintained by the State and the Bureau Industriel Suisse at Lausanne, a private institution founded by Swiss manufacturers and exporters. Whereas the Zurich bureau supplies information on importing and exporting, the Lausanne institute specialises in the latter. It informs foreigners as to articles manufactured in Switzerland, and its card index of 40,000 cards enables it to supply foreign purchasers with information of all kinds. It also keeps a list of foreign firms likely to interest Swiss traders. Its publication, *Informations Economiques* mentions articles in demand in foreign countries. (*Bulletin de Documentation Economique*, Dec. 30.)

IMPORTS FROM ENGLAND.

Swiss imports from Great Britain during the first half of 1922 amounted in value to £7,446,483, as against £3,583,624 in the corresponding period of the previous year. (*Exportateur Suisse*, December.)

INDUSTRY

INDUSTRY IN 1922.

The following account of the present condition of Swiss industry appears in the monthly report of the Société de Banques Suisses:

Never was the situation of Swiss industry so critical as at present; thousands of workmen have been dismissed, temporarily or permanently. Important factories have been compelled to close down, and many carry on their business beyond the frontier, with the co-operation of a staff partly Swiss. This two-fold emigration of industry and labour constitutes a real danger to exporting industries. Companies of world-wide reputation have had to pass their dividends more than once; others, such as Nestlé's, have had to balance their accounts by applying to their reserve funds and reducing their share capital. There have been a large number of industrial bankruptcies, with aggregate liabilities hitherto unparalleled.

A number of manufacturers at the beginning of the crisis, counting on an early recovery, increased their stocks, and, owing to the decline in the price of raw material and of manufactured goods, experienced heavy losses. But all Swiss industries have not suffered in an equal degree. Thus those which worked for the home market were longer in feeling the effects of the crisis, but in the end they did feel it, as the purchasing power of the consumer had appreciably declined. Certain branches of manufacture, including boots and shoes, chemicals, silk cotton fabrics and watchmaking, experienced a slight revival of foreign orders, which would have been more marked could a lower cost price have enabled these industries to compete on foreign markets. Swiss industry is hampered not only by outside causes, but

Switzerland

also by obstacles from within, such as the high cost of living, which impels the working classes to oppose any reduction of wages.

Compelled to pay wages much higher than those paid by the majority of its trade rivals, burdened by oppressive fiscal measures, by railway and postal rates, which in view of the exchange are much higher than those borne by its neighbours, Swiss industry has to produce at far too high a cost. This high cost of production is an effectual bar to the resumption of business relations with foreigners to the same extent as formerly. The operation of the new Customs tariff brings no relief, as its character is purely fiscal, designed to fill the State coffers, and if on the one hand it checks dumping, on the other it serves to maintain the cost of living. (*Journée Industrielle*, Jan. 18.)

SWITZERLAND'S COAL SUPPLY.

One of the chief difficulties with which Swiss industry has to cope is the shortage of coal. Whereas before the war Switzerland obtained 80% of her coal and 85% of her coke from Germany, these figures were reduced in 1922 to 28 and 39%, and for the future only 4.5 and 12% are to be expected from this source. The small amount of coal now obtained from Germany comes from the firm of Becker at comparatively cheap rates under contract, the rest has to be obtained at the world's market prices, which are influenced by the competition of Great Britain, France and Belgium. These altered conditions have adversely affected the Swiss coal supply, and, consequently, the cost of production in two ways, first, by the removal of the sources of supply to a greater distance and the consequent increased cost of transport; secondly, by the difference in prices to the disadvantage of Switzerland of coal supplied by Germany under the reparations clauses of the Peace Treaty. The first of these effects will continue to be felt until Germany has fulfilled her treaty obligations; the second is closely bound up with the problem of stabilising the mark and the levelling of international costs of production.

During last November Switzerland imported some 125,000 tons of pit coal in the following percentages: From the Ruhr 2.5, the Saar 28, France 22, Belgium 16, Holland 11, Great Britain 18, Poland 2.5, whereas, before the war, as already stated, four-fifths came from Germany and the balance from France and Belgium in equal proportions. The changed circumstances burden the price of coal with high railway rates, since Switzerland has not the alternative, as have most countries, of transporting her coal supply by sea. Had Switzerland been able to get her coal from the Ruhr, she would have paid Fr.127.50 per truckload from Ruhrort to Basle, whereas the rate from Mons-Basle and Cardiff-Basle are Fr.167 and Fr.275 per 10 t. respectively. Finally, France, in order to favour her northern mines, has imposed a tax on the sale of coal from the Saar, the next nearest source of supply to Switzerland after Germany, of 10%, as against 2% on the coal from the north, and has also raised the transport rates for Saar coal on the railways of Alsace and Lorraine. The high rates in Germany have driven the transport of Saar coal to the Alsace side of the Rhine. Nevertheless, in spite of the high rates and duties, preference is given to Saar coal owing to its proximity and its gas-producing qualities. (*Neue Zürcher Zeitung*, Jan. 4.)

RECOVERY OF THE WATCH TRADE.

The Swiss watchmaking industry is passing through an unprecedented crisis (*cf.* THE ECONOMIC REVIEW, Sept. 1, p. 105, and Jan. 5, p. 9), although indications of recovery are now beginning to appear. The causes are various, and include a decreased purchasing capacity of foreign customers and high Customs tariffs. The crisis, however, would have been less acute had Swiss manu-

facturers adopted a more conservative policy, instead of which, stimulated by their prosperity during the war, they increased their means of production without taking into account whether the post-war demand would be commensurate with the capacity of their supply. Even at the beginning of the crisis, the huge stocks built up during the war were added to, with the result that by the middle of 1921 half the hands engaged in watch-making were unemployed. The revival of foreign competition, especially that of Germany, which invaded the home and foreign markets, including the Swiss, aggravated the crisis. From 1920 the export trade declined rapidly, as will be seen from the following figures, relating to watches and completed works:—

| | Articles (mill.) | Fr. (mill.) |
|-------------|---------------------|----------------|
| 1919 | 17 | 315 |
| 1920 | 14 | 325 |
| 1921 | 8 | 170 |

During the past year a reaction set in, and during the first nine months export figures were as follows in (a) millions of articles, (b) metric quintals:

| | 1921. | | 1922. | |
|----------------------|-------|-----|-------|-----|
| | (a) | (b) | (a) | (b) |
| First quarter | 2.1 | 305 | 1.7 | 239 |
| Second „ | 2.2 | 255 | 2.3 | 295 |
| Third „ | 1.8 | 233 | 2.7 | 383 |

The steady progress, quarter by quarter, indicates recovery, whereas in 1921 there was a set-back in the third quarter. Another satisfactory sign is the increased export in more important branches of the industry, pocket and wrist watches and complete works. Finally, the industry last year found outlets in 29 foreign markets as against 7 in 1921. (*Journal de Genève*, Dec. 28.)

THE BOOT AND SHOE INDUSTRY.

The boot and shoe industry appears to have emerged safely from the crisis, so that unemployment in this industry has now ceased. The exports in the first nine months of this year were quantitatively more than 50% in excess of those of the same period of last year, i.e. they went up from 493,700 kg. to 773,800 kg. Although the export values rose only from Fr.24.2 to Fr.25.5 mill., this is attributable to the fact that prices had dropped considerably. The chief purchaser was Great Britain with Fr.9.0 mill., followed by Rumania with Fr.5.4 mill. (*Exportateur Suisse*, December.)

COTTON AND COTTON YARNS.

The imports of cotton into Switzerland in the first three quarters of 1922 totalled 14,463 t. to the value of Fr.43.1 mill., which shows a diminution of 4,155 t. as compared with the figures for the same period of last year. On the other hand, the imports of cotton yarns have gone up to an unprecedented extent, i.e. from 1,797,500 kg., value Fr.21.3 mill. to 3,234,400 kg., value Fr.37 mill. The greater part of the imported yarns, viz. 2,891,000 kg., value Fr.33,875,000, came from England. It is remarkable that the imports of yarn are counter-balanced by equally extensive exports, totalling Fr.36.4 mill., most of which went to Germany. (*Exportateur Suisse*, December.)

SOCIAL AND LABOUR CONDITIONS

SUPPRESSION OF THE FOOD OFFICE.

The Federal Council has abolished the Food Office as from Jan. 1, 1923, and has replaced it in its function of supplying the country with cereals by a special department entitled "Administration Fédérale des Blés," which is entrusted with the import, sale, and storage of grain and the acquisition of home-grown wheat. This office will be attached to the Department of Public Economics. (*Exportateur Français*, Jan. 2.)

HOLLAND

FINANCE

REVENUE RETURNS.

A general statement as to revenue for November, made by the *Telegraaf*, has already appeared in this Review (*cf.* THE ECONOMIC REVIEW, Jan. 5) but the exact figures are as follows (in millions of florins):—

| | 1922. | 1921. | Difference in 1922. |
|----------------------|-------|-------|---------------------|
| November | 50.9 | 35.7 | + 15.2 |
| Eleven months | 431.1 | 399.6 | + 31.8 |

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

THE NATIONAL DEBT.

The National Debt of the Netherlands naturally has also grown as a result of the strongly increased expenditure.

The following tables show the position of Holland's consolidated debt on Jan. 1 of the years given below (in millions of florins):—

| Description. | 1914. | 1922. | 1923. | Annual interest |
|----------------------------|---------|---------|---------|-----------------|
| 2½% Inscribed stock | 585.3 | 560.4 | 556.8 | 13.9 |
| 3% National Debt | 511.7 | 455.9 | 446.8 | 13.4 |
| 3½% " " | 51.3 | 44.2 | 43.1 | 1.5 |
| 4% Netherlands Loan 1916 | — | 123.6 | 123.2 | 4.9 |
| 4½% " " 1916 | — | 123.2 | 122.8 | 5.5 |
| 4½% " " 1917 | — | 481.4 | 476.1 | 21.4 |
| 5% " " 1918 | — | 334.8 | 331.1 | 16.5 |
| 5% " " 1919 | — | 378.6 | 344.6 | 17.2 |
| 6% " " 1922A | — | — | 150.6 | 9.0 |
| 6% " " 1922B | — | — | 150.0 | 9.0 |
| | 1,148.3 | 2,502.1 | 2,745.1 | 112.5 |

In addition to the above, the floating debt on Dec. 27 last, was as under (in millions of florins):—

| | |
|--|-------|
| Loans of the Netherlands Bank | 14.8 |
| Treasury Notes in circulation | 207.1 |
| " Bills* " | 475.0 |
| Paper currency in denominations of Fl.2.50 and Fl.1.0 | 31.8 |
| Total excluding balances of Post Office cheques and transfer service (85.7) | 728.9 |
| Cash in hand | 6.3 |
| Against this: Government's advances to the Colonies... .. | 335.9 |
| Government's advances to municipalities in respect of income tax levied by the Government for account of the municipalities | 92.1 |
| | 428.0 |
| | 294.4 |

* Of this amount 62 mill. is held by the Netherlands Bank. (Report of *Rotterdamsche Bank Vereeniging*, Jan.)

STOCK EXCHANGE INDEX NUMBERS.

The Stock Exchange index numbers of the various classes of securities mentioned below at the beginning, middle and end of December, are as follows:—

| Average of | Dec. 1. | Dec. 15. | Dec. 29. |
|---------------------------------|---------|----------|----------|
| 6 stocks bearing fixed interest | 89.59 | 89.70 | 89.66 |
| 3 bank shares | 109.67 | 107.50 | 107.75 |
| 16 miscellaneous shares | 169.97 | 167.23 | 174.43 |
| All 25 stocks together | 143.44 | 141.46 | 146.68 |

The following differences were recorded during the month:—

| | % |
|--------------------------------------|--------|
| Stocks bearing fixed interest | + 0.07 |
| Bank shares | — 1.92 |
| Miscellaneous | + 4.46 |
| General | + 2.64 |

(Report *Rotterdamsche Bank Vereeniging*, Jan.)

THE CREDIT TO GERMANY.

As a good many unfavourable comments have been heard to the effect that Germany applies the sums

placed at her disposal, by virtue of the Dutch-German credit agreement, to enterprises which compete with Holland, and to the purchase of raw materials outside Holland, it may be of interest to quote the reply by the Finance Minister to an interpellation on the subject in the Lower House:

"On Dec. 1 the balance advanced (i.e. the figure arrived at after deducting from the total credits allowed the sums repaid) amounted to Fl.39,000,000. When concluding the agreement, the Netherlands Government did not reserve to itself the right to exclude certain industries from the credits granted, nevertheless, during the latter part of the time care has been taken by the German Commission to prevent as far as possible German enterprises competing with Dutch industry receiving facilities." (The Minister was alluding to the cigar industry.) (Report of the *Rotterdamsche Bank Vereeniging*, Jan.)

THE RECOVERY OF THE FLORIN.

Considerable satisfaction is expressed by the economic Press that at the end of the year the florin regained gold parity with New York, at any rate temporarily, for the first time since 1919. (The weekly percentage of dollar parity of the chief European countries during each quarter of 1922 is shown in our chart of European exchanges at the end of the number.)

If one calls to mind the gold cover of the florin, one can then understand why the latter in international business should be placed on a level with gold, even though the issue of gold by the Netherlands Bank has not yet been resumed. The following table shows the amount of notes in circulation, and metal reserves at the Netherlands Bank at various periods (in millions of florins):—

| Date. | Notes in circulation. | Metal cover. |
|--------------------------|-----------------------|--------------|
| June 27, 1914 | 306.2 | 170.0 |
| March 27, 1915 | 459.1 | 291.2 |
| " 25, 1916 | 588.4 | 515.2 |
| " 31, 1917 | 745.6 | 597.4 |
| " 30, 1918 | 889.7 | 729.5 |
| " 29, 1919 | 679.1 | 1011.2 |
| " 27, 1920 | 644.6 | 1013.3 |
| " 29, 1921 | 637.7 | 1036.8 |
| " 27, 1922 | 611.8 | 959.6 |
| December 18, 1922 | 590.9 | 968.1 |

In point of fact the gold cover really appears higher than it actually is, since a very appreciable amount of Dutch notes has been withdrawn from circulation, for purposes of hoarding abroad. The upward tendency of the florin started when the dollar had reached its highest point, and the Dutch public began to sell its not inconsiderable holding of dollar securities. These sales reflected the country's confidence in the florin which, however, became less evident at the end of 1921, and particularly in the first half of 1922, under the influence of a Press campaign, based rather on political than on economic considerations. At an earlier date there had been no lack of attacks on the gold policy of the Netherlands Bank, but now the Government's policy and not the Bank's, was held in certain quarters to endanger the stability of the florin. In the opinion of these critics the Government did not sufficiently urge the necessity for economy. As a result of the crisis, they argued, taxation will yield less, expenditure will continue on the same basis, and there will be nothing for it but to have recourse to the note press. Unfortunately, these arguments, which were intended as a warning, were accepted literally, so that even abroad a less favourable view of the florin was temporarily taken. (Report of the *Rotterdamsche Bank Vereeniging*, Jan.)

Holland

TRADE

FOREIGN TRADE IN DECEMBER.

According to data published by the Central Statistics Bureau, imports into Holland in Dec. 1922, represented a value of Fl.163 mill., and exports of Fl.100 mill., the figures for Nov. 1922 being Fl.172 mill. and Fl.104 mill. respectively, and for Dec. 1921, Fl.180 mill. and Fl.97 mill.

The import balances in January, February, March, April, May, June, July, August, September, October, November and December 1922, were 66, 68, 67, 74, 86, 50, 59, 80, 48, 75, 68 and 63 millions of florins respectively. (*Gazette de Hollande*, Jan. 20.)

THE PROTECTIONIST MOVEMENT.

For some time a strong movement in favour of protection has been spreading in various classes of the community.

Representatives of the industries of Brabant at a recent meeting at Tilburg, passed a resolution stating that the industry of Brabant is in a deplorable state, chiefly as a result of the valuta competition, that the preservation of a flourishing industry is absolutely necessary to afford sustenance to the steadily increasing population, and demanding temporary legislation for the protection of the existing branches of industry.

At a general meeting of the Middle Class Federation at Amsterdam, the question of temporary protective measures on behalf of Dutch industries was also discussed but apparently no resolution was passed. Opponents of protection laid stress on the danger of reprisals.

The Social Democratic Congress lately held at Utrecht brought forward a resolution which was introduced at a previous Congress, in which the attention of the Socialist faction in the Chamber was called to the fact that Labour interests within the country would be served by protectionist measures.

The unity of view between the representatives of employers and employed is duly noted by the *Telegraaf*, which offers the following comment: When the great industrialists of Brabant and the Social Democratic Labour Party begin to cook in the same kitchen, the result must be a strange dish. In normal circumstances these two classes do not find each other's menus too appetising. When in addition to all this, it is expected that the Government will serve up the stew, it is certainly time to issue a word of warning.

Coming from the great industrialists of Brabant, this argument causes no surprise. They have always been—in opposition to those of Twente—a stronghold of protection, and they have never attempted to conceal that self-interest is the only motive which actuates them. We can only refer them to the unfortunate results of panic measures of protection made in England, the United States, Switzerland, Italy and Denmark.

With regard to the Socialists, we would ask the question if they consider themselves justified in ignoring the interests of International Social Democracy, and from purely national interests to allow themselves to be driven to adopt an egoistic protectionist policy by an artificially created panic in the south of our country.

Is the Social Democratic Labour Party convinced that their cause is good when it can only be served by forming a protectionist block with those whom they used to call the "textile barons of Tilburg"? (*Gazette de Hollande*, Jan. 20.)

BELGIUM

TRADE

THE REGULATION OF IMPORTS AND EXPORTS.

The Government is introducing a Bill to amend the Act of June 30, 1922, which places certain imports and exports under Government control. The new Bill provides that from now until the end of 1923 the Government is empowered to regulate by decree the import, export and transit of all goods and securities, subject to the proviso that all such decrees be immediately submitted to Parliament for ratification. The preamble to the Bill explains the reasons for its introduction as follows: "The experience of the past few months has demonstrated the difficulty of foreseeing what products may become important in the course of six months or a year. Circumstances may occur which render desirable the prohibition of the export of commodities, for the retention of which in the country it was not deemed necessary to demand special authority. Two examples will illustrate this maxim. Recently the export of corn and flour caused alarm. The danger was not so serious as was supposed, but the fact remains that the Government could not have stopped this trade without delay, since corn and flour were not included among the commodities—the subjects of the Act of June 30, 1922.

Traffic in the exchange is subject to crises, the effects of which are only too well known. In this case again it is necessary that the Government should oppose without delay improper imports or exports dangerous to the public credit. (*Journée Industrielle*, Jan. 5.)

INDUSTRIES

INDUSTRIAL CONDITIONS IN 1922.

M. Max Delobe, in the *Echo de la Bourse* (Jan. 11) follows the course of industrial business with all its fluctuations stage by stage during 1922, and summarises his observations in the following terms:—The trade

depression with which the year 1922 opened became gradually accentuated through the healthy influence of economic laws which broke down slowly but surely the opposition of the trade unions, the real and active cause of the crisis. However, this salutary action of natural laws was soon checked by various factors, chief among which was the depreciation of the currency. The first stage was thus reached at the end of April. Little by little demand began to increase, thanks to a growing confidence, the needs of consumption long restrained began to make themselves felt, and week by week the revival of trade under excellent conditions became more marked. At the beginning of August the revival was in full swing, and so continued until October, when the Anglo-Turkish complications and the consequent fluctuations of the exchange in general and the pound sterling in particular brought business to a standstill, and caused the year to close in dulness and indecision.

First period. Crisis. Like the present year, 1922 opened with a profound feeling of disillusion on the subject of German reparations. As to-day, the self-interest of the British caused at the Cannes Conference a serious breach between the Allies and materially strengthened Germany's position by inciting her to resistance.

At the opening of the year the resistance of the trade unions to economic laws and the question of the exchange prevented all recovery of business. Nevertheless, economic evolution for a time held in check by fortuitous circumstances, resumed its sway and pursued its wholesome action. This period was marked by an illogical struggle between the unions and the Government on the one hand, and industry on the other. But under sheer stress of circumstances the idea of setting the industrial situation in order by a general reduction of wages took shape and forced itself on public attention. It gradually became evident that Belgium, essentially a manufacturing country, with means of production,

the extent of which was probably over-estimated, since many consuming countries had become producers during the war, can only sell her products abroad on the condition that she manufactures more cheaply than her rivals. Before the war she owed her prosperity not merely to the excellence of her experts and her plant, but also to the quality and cheapness of her labour. Now it is just these factors which form the most unfavourable elements of her present situation. Her depreciated exchange, by artificially inflating profits and wages, places her at a disadvantage with regard to her trade rivals, who had already provided against these adverse factors.

It is absolutely vital to the country that sale prices be reduced owing, not only to competition, but to the decline of the British and German currencies. A further curtailment of general expenditure being out of the question—unless by increased production impossible of realisation at present—the only resource is reduction of wages. This truth slowly began to penetrate the minds of the workmen, as professional agitators discovered to their cost. A propaganda campaign against the fatal Eight-Hour Day Act, passed purely for electioneering purposes, and without reflection or consideration, was already on foot.

The industrial outlook, owing to a combination of all the adverse factors above enumerated, became more gloomy.

During February and March the crisis made its effects more and more felt, and industry was faced not only with competition but with all the problems inherent to the situation. The Central Industrial Committee met several times early in March to discuss a reduction of wages, and simultaneously the uncompromising attitude of the union leaders began to relax. After laborious discussion between the employers and the unions, hampered by the clumsy and one-sided intervention of the Government, the question of wages was finally settled in April by a reduction of 10%.

Second period. Recovery. During the first half of May foreign markets showed a better tendency, and the industrial situation improved, if only slightly. The signal for recovery had, however, been given, and the first stage terminated. The theory of a return to normal conditions by means of a succession of oscillations, gradually decreasing in violence, has been justified by events. During June and July the revival became more marked, and it is worthy of note that it was steady and universal, as purchases flowed in indiscriminately from all consuming countries. Towards the end of August business activity was at its height, and the recovery continued into September. The export position was in all respects excellent; Germany, involved in ever-growing social and financial difficulties and wanting in raw material, could be disregarded as a rival. Lorraine and Luxemburg, absorbed in the execution of large orders placed by Germany, did not enter into competition. The rise of the dollar opened new outlets, and the valorisation of the pound sterling defeated Great Britain's efforts to reduce cost prices. With increasing orders output became nearly normal. These bright prospects, however, were somewhat darkened by symptoms of labour unrest. The unfortunate wording of the agreement for reduction of wages, which gave the business depression as the reason for reduction, was one of the main causes of this unrest. At the end of the period the cost of living began to rise rapidly. The Government, deaf to the protests of the manufacturers, declined to amend the Eight-Hour Act.

Present period. However, the course of business was not altogether unsatisfactory, when the events in the Near East, accompanied by a heavy fall in the exchange, came as a bolt from the blue. Confidence was shaken, consumers held back, and business again became dull. The rise of wages and raw material caused producers to raise prices to the utmost. The business public, suddenly realising the result of the mistakes committed since the Armistice, was on the

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verge of panic. General despondency settled upon the country, prospects of an improvement of business rapidly receded, and the country fell back into the old conditions, increased cost of living, wages, raw material, fuel, etc.

However, the second half of November was marked by the return of a certain measure of tranquillity and reflection. Business was, of course, dull, and markets fluctuating, but owing to the number of orders on their books manufacturers were in a fairly good position. The rapid rise of index numbers renders an increase of wages inevitable. During December the outlook remained gloomy, for to the causes of depression above referred to must be added the dulness inseparable from the end of the year.

**SOCIAL AND LABOUR
CONDITIONS**

UNEMPLOYMENT RETURNS, END OF OCTOBER, 1922.

According to returns sent in to the communal unemployment insurance funds by the unemployment insurance societies and centralised each month at the Ministry of Industry and Labour, the number of unemployed remained almost stationary during October, as is shown by the following table :—

| Date (end of month) | No. of persons insured. | Totally unem- ployed. | On short time. | Total. | Percentage of insured persons unem- ployed. |
|------------------------|-------------------------------|-----------------------------|-------------------|---------|---|
| Oct. 1921 | 748,302 | 53,573 | 48,506 | 102,079 | 13.6 |
| Sept. 1922 | 690,024 | 9,397 | 17,034 | 26,431 | 3.8 |
| Oct. 1922 | 691,126 | 10,144 | 17,041 | 27,185 | 3.9 |
| Nov. 1922 | 694,924 | — | — | 26,450 | 3.8 |

(Report of International Labour Office, Jan. 12.)

THE BALKANS

POLITICAL AND GENERAL

THE GENERAL SITUATION IN RUMANIA IN 1922.

Dr. Victor Slavescu, Deputy Manager of the Banca Romanesca at Bucarest, contributes the following article to the *Prager Presse* (Jan. 11). The year 1922 was marked by a general improvement in the national economy and public finances of Rumania. At the conclusion of the world war, Rumania, like the other nations engaged in hostilities, entered into a period of economic consolidation. The liberated districts, with their various economic systems, had to be reorganised in such a way that they could realise their newly-acquired incorporation into the Rumanian State. This consolidation was a most difficult matter, and called for immense efforts from the leaders of the nation and from the masses. But to-day a powerful Government which knows its task is leading Rumania in the right direction.

Agrarian Reform.—The past year was notable as the year in which the Agrarian Reform (resolved upon in 1917, and already partly carried through) was consolidated. Through this reform, the mass of the peasants came into actual and legal possession of the land that they tended. The Reform as first conceived applied to the territory of the old kingdom only, but it has been found desirable to extend its application further to the new provinces, Bessarabia, Bukovina and Siebenbuerger. By contenting the peasant masses, and providing them with the principal means of production, Rumania has put her economy on a sound basis, and saved herself a heap of socio-political troubles in the future. Given the geographical position of Rumania, that is a consideration which deserves to outweigh other important facts, such as the diminution of agricultural output, and so of the amount of corn available for export. All these unavoidable consequences of the transition to peasant ownership were foreseen by the statesmen who are now at the head of affairs in Rumania. It is hoped and expected that when the peasant has acquired the full complement of machinery and stock that he requires, and has gained experience in running his farm on his own initiative, the agricultural output will regain its old level of quantity and quality.

Industry.—Pre-war Rumania was an agricultural country. The new provinces acquired since the war have rendered it also in considerable degree an industrial country. The oil and forest industries of the old kingdom have been supplemented by the metal, mining and agricultural industries of the new provinces. Rumanian industry, heavily hit both in Old Rumania and in the Bukovina by the war, has so far revived through its own efforts, that in many cases the pre-war production level has been attained, and in some cases it has been surpassed. It is true that a large proportion of the machinery, plant, tools, semi-manufactures, and raw materials needed, had to be imported from foreign countries with high exchange, and that this entailed great expense, especially for industries hit by the war, and for new company foundations. Once the Rumanian exchange improves, and the industrial companies are able to settle their foreign liabilities with a less ruinous outlay of lei, a busy future may be predicted for them.

The general output of the country is on the increase steadily, and a considerable increase in exports and decrease in imports (especially of luxuries)

has been recorded for the past year. The balance of trade is not yet, however, favourable. The transport system is undergoing reconstruction with the co-operation of Czecho-Slovak and German industry, which have both provided a number of railway engines.

Finance.—If the year 1922 has a record of unbroken progress in Rumania's industrial life, the record is even more excellent for the Rumanian public finances. During this year the Government gave up its habit, contracted during the war, of meeting expenditure with loans from the National Bank or public loans. It succeeded in producing an ordered Budget, both as regards expenditure and revenue. Not only did the Government succeed in meeting current expenditure with current revenue, but in addition it repaid Lei 600,000 out of the Lei 12 milliards advanced by the National Bank. Further, the Rumanian State was able to proceed with an important clearing up of the financial situation, by consolidating the entire floating debt which had accumulated through the sale of Rumanian Treasury Bills abroad during and immediately after the war. With the help of the English money market, a loan of £30 mill. at 4% was raised, and Rumanian floating debt to the sum of French Fr.1,300 mill., which had been weighing heavily on the credit of the country, could be consolidated; the operation is still in process of effectuation. By the measures introduced into the Parliament by M. Vintila Bratianu, and now under discussion, a safe revenue is earmarked to ensure the punctual fulfilment by the State of its obligations, and also the maintenance of an effective public service. In Dec. 1922, a German Delegation appeared in Bucarest to discuss war debts still not liquidated, and in particular the redemption of the Lei 2½ milliard, issued by the Germans during the war at the time when two-thirds of the territory of Rumania was in their hands. If these negotiations are successful, Rumania will then be in a position to consolidate the internal floating debt, to pay out war indemnities to its own subjects, and finally to restore the credit of the Rumanian currency abroad.

In spite of the year's good results in the economic and financial spheres, no improvement of the currency could be recorded. There was a good fight to stabilise the lei at 10 French centimes. There is every hope that when the effort to increase the national output has borne fruit, and a favourable trade balance is restored, the Rumanian exchange will raise its head once more, without appreciating so quickly as to be an obstacle to trade with neighbouring countries.

In the first half of the year, the money market was tolerably fluid; but in the second half it was somewhat stagnant. This stagnation took the form of a restriction of credit by the trade banks, depression in the Bourse, a falling off of trade transactions, and an unwillingness to take up new issues. The explanation is to be sought, not in a money shortage properly speaking, but in the hoarding of money by the peasants, and by capitalists who fear stern fiscal measures.

[We recommend our readers to compare this rosy account of Rumania's progress with other less optimistic utterances, such as those which appeared in *THE ECONOMIC REVIEW*, Jan. 5, and a special article on the Currency Crisis, Jan. 19, 26.]

YUGO-SLAV TAXATION RECEIPTS.

On Jan. 15 the Yugo-Slav Finance Minister announced that in October the total taxation receipts were Dinar 50.47 mill., or Dinar 4.4 mill. more than in the previous October, and Dinar 5.2 mill. more than expected in the estimates. (*Zagreber Tageblatt*, Jan. 19.)

THE COLLAPSE OF THE DINAR.

To-day the dinar is noted at 4 in Zurich (i.e. 100 Dinar = 4 Swiss Francs). It is impossible to guess whither it may fall. The collapse began with the entering of Central Europe into the latest critical phase. There is not the slightest doubt that political considerations are narrowly bound up with the fall of the dinar. The Government cannot, therefore, be blamed, still less the banks, or the trading community. According to reliable information, it is Paris and Prague that are throwing dinars on the market. One would feel less annoyed at the Prague Bank Office throwing over the dinar, in its efforts to save the Czech krone, if there had not been so much talk of brotherly co-operation between the two peoples. As to Paris there is reason to believe that the market is mainly supplied with dinars from abroad, chiefly from Italy and Hungary. Paris itself has no reason for desiring a fall of the dinar at the present moment. On the other hand, it is easy to understand that Hungary is doing her best to undermine the financial position of Yugo-Slavia, just at the moment the latter country is attempting to exact execution of the Peace Treaty. Italy is also anxious to weaken Yugo-Slavia, both in order to prevent it taking strong measures against Hungary, and with the aim of having the upper hand in the impending negotiations.

It is strange that at this moment, when Hungary is threatened on every side by powerful neighbours, her exchange should keep up, while that of Yugo-Slavia, whom none threatens, falls rapidly. It means that Hungary prosecutes a much more successful propaganda abroad, and also has better financial connections. The Government cannot escape blame for having done nothing to make known abroad the truth of the situation in Yugo-Slavia, nor to repulse the campaign of lies initiated by the enemies of the country. The Minister of Finance could have intervened abroad with a comparatively small expenditure, and a good chance of success. Instead of which an attempt is made to place all the odium of the responsibility for the collapse on the shoulders of an isolated class. The Government is too much occupied in preparing the elections to take any steps in a matter that deeply affects the country. Only a decisive intervention abroad, financial and propagandist, and a resolute action against Hungary could save the dinar. Meanwhile this is not done, and the fall continues. (*Zagreber Tageblatt*, Dec. 18.)

That the collapse of the dinar has nothing to do with that of the mark is generally established. Doubtless the general European situation, complicated by the Reparation tangle and the Ruhr occupation, has not failed to react on the exchanges of Eastern Europe. But not to the extent of explaining a fall by 40% in one day of the quotation of the dinar. The Hungarian, Austrian, Czech, Rumanian, Bulgarian and Polish exchanges fell somewhat, but not to anything like the same degree. The chief explanation is rather to be sought in the rumours of war, to which in the last week more importance was attached abroad than in Yugo-Slavia. Foreign countries are anticipating difficulties for Yugo-Slavia in the near future; and the Government's expenditure on military supplies has badly affected the credit of the dinar. The sales of dinars by the Prague Bank Office have also contributed to the fall; and a further reason for foreign suspicion against the dinar has been the announcement that that the American Bleer group had revoked the Dollar Loan agreement, and would not pay the second instalment. Had the revocation come from the Yugo-Slav side, this would have been taken abroad as a sign of strength, but its effect coming from the American side is just the opposite. (*Ibid*, Dec. 19.)

COMMUNICATIONS

THE ADRIATIC RAILWAY ASPIRATIONS OF YUGO-SLAVIA.

The *Zagreber Tageblatt* publishes an interview with Dr. Silovitch, a University Professor at Zagreb, on the above subject, with special reference to a conference of coastal municipalities, recently held at Bakar.

The Conference was occupied with considering plans for the construction of lines between St. Kuzma and Bakar, and between St. Kuzma and Martinschika. The construction of this railway is of urgent, not to say desperate necessity. The cost is estimated at Dinar 60 mill. It would be the most speedy and practical way of linking up the few normal gauge lines that Yugo-Slavia boasts, with the Adriatic. The scandal is that it has not already been built. The necessity would be none the less even were Sushak evacuated, and at Yugo-Slavia's disposal, and also the port of Barosh. These ports alone cannot satisfy the needs of the imports and exports of Yugo-Slavia. Bakar and Martinschika are also required. As things are at present, trade cannot find outlets that are economically possible within the confines of the country. Therefore it makes its way across Italy via Trieste. The country suffers greatly from this. Timber, the principal export commodity, cannot be properly exploited, owing to the high cost of transport to the sea, and is therefore beaten in competition by the inferior timber of Rumania. So serious are the transport difficulties, that maize imported from the Argentine is cheaper in Dalmatia than that from the Serbian Woywodship. This is sufficient proof of the urgency of building this line. It must be done this very winter, and should have been done long ago. The coast population is suffering still from the effects of last year's drought. They have not had sufficient potatoes, even for seed purposes. Emigration to America is closed. It is the State's duty to give them the means of sustenance by employing them for the building of these lines. It is absurd to say that Fiume would suffer.

And anyway, since the Treaty of Rapallo, Fiume is a foreign town and port for Yugo-Slavia, which needs a door that she can go in and out of uncontrolled.

RAILWAY CONCESSION BOARD IN RUMANIA.

From Jan. 1, 1923, a permanent railway commission has been attached to the Ministry of Communications for the purpose of examining all applications for private railway concessions, having regard to the needs of the State in the future development of lines of communication linking up the principal trade centres. The commission will consist of the director of private railways, a representative of Rumanian railways, a member of the General Staff of the army, and a representative of the Ministry of Communications. It is only on the advice of this commission that the Ministry may approve concessions. (*Bursa*.)

INDUSTRY

RUMANIA'S OIL OUTPUT.

The output of oil in December, compared with Nov. 1922, was 127,500 t., distributed as follows (in tons):

| | Dec. 1922. | Nov. 1922. |
|---------------------------|------------|------------|
| Astra Romana | 35,712 | 35,936 |
| Steaua Romana | 19,482 | 19,356 |
| Romano Americana | 18,475 | 15,732 |
| Phoenix Oil | 5,473 | 2,415 |
| Colombia | 11,049 | 7,371 |
| Rumanian Oilfields | 841 | 1,238 |
| Other Companies | 1,118 | 1,092 |

(*Moniteur du Petrole Roumani.*)

THE METAL OUTPUT IN TRANSYLVANIA.

The output of copper, lead, iron and pyrites in Transylvania, the only province of Rumania to produce those metals, is as follows (in tons):—

| | Lead. | Copper. | Iron. | Pyrites. |
|-------------|-------|---------|---------|----------|
| 1919 | 544 | 14 | 112,684 | 1,867 |
| 1920 | 601 | 165 | 73,839 | 10,889 |
| 1921 | 581 | 108 | 91,109 | 15,937 |

(*Berichte aus den neuen Staaten*, Jan. 19.)

SPECIAL ARTICLES

THE STRUGGLE OF THE FRENCH MERCANTILE MARINE.

The following account of the recent development, and present position of the French Mercantile marine, is supplied by M. René La Bruyère in the *Revue des Deux Mondes* (Jan. 15.)

The recent seamen's strike has attracted public attention to the position in which the French merchant fleet has been placed with regard to its rivals. The dispute was connected with an international question, that is to say, with the introduction of the eight hour day on board ship. It placed the Under-Secretary of State for the mercantile marine in the dilemma of maintaining a law which would wreck the merchant service, or of giving to ship-owners a money compensation in order to place them on an equality with their foreign rivals. The last was quite out of the question, as it would have permanently established on French ships a system of labour in conflict with universal economic interests.

This outbreak, although it caught the French mercantile marine just as it was making unprecedented efforts to regain its strength, sapped by the submarine war, did not succeed in ruining its future. Common-sense prevailed, and the good ship, storm-tossed for a time, resumed its course. In considering the position of a merchant fleet, four points must be taken into account—the stock-in-trade, or in other words tonnage, the conditions of working the ship, cargo, and working capital.

FRENCH TONNAGE.

As regards tonnage: On Aug. 1, 1914, the tonnage of the whole world was 50 mill. gross, of which 45 mill. belonged to steamers. The growth of the tonnage of merchant ships kept pace with the continually increasing progress of international trade. Between the end of 1910 and the beginning of July 1914, general progress was made in all countries, France being specially prominent. Her merchant fleet was increased by 500,000 t. between 1906 and 1914, and during the period 1910 to 1914 the percentage of increase was 35; that of Great Britain in the same period being 9%, and that of Germany 29. In 1914 the whole French merchant fleet consisted of 2,550,000 t., or 5% of the world's fleet, that part of it represented by steamers consisting of 2,000,000 t., or 4% of the total amount of the world's steamers. But the war overtook France's merchant service when in full development. No other country suffered as much as France, either in territory or ships. Great Britain lost 7.9 mill. t. out of 21 mill. t. and France 921,000 out of 2,500,000. Great Britain, however, was able to replace the ships as they were lost, by the work of her building yards. France's yards were given to the manufacture of war material, and she was compelled to replenish her fleet from without.

In spite of these adverse circumstances, the French merchant fleet rose from 2,500,000 t. in 1914 to 3,600,000 in June 1922, taking third place on the list of the world's sea powers following Great Britain and the United States. Lloyds Shipping Register, in its latest returns, which deal only with steamers, classifies the principal merchant fleets as follows (in millions of tons): Great Britain, 19; the United States (exclusive of the vessels on the great lakes), 13.5; France and Japan, each 3.5 (but if sailing vessels be added, France exceeds Japan in tonnage); Italy, 2.7; Holland, 2.6; Norway, 2.4; Germany has fallen from 5 to 1.7 mill., but is rapidly regaining her pre-war tonnage. In spite of losses, and the closing of the building yards, the French merchant fleet is likely in a few months' time to reach 4 mill. t. So much for quantity: As regards quality, the percentage of new vessels built since 1918 is 38.7 and that of ships more than 25 years old only 2.5. It is true that among the new ships there are some of those built abroad which are below standard. Nevertheless, France can claim to possess 2.2 mill. t. of shipping less than 15 years

old, that is to say quite sufficient to supply the needs of her trade.

With the exception of the United States, the increase of the French merchant fleet with regard to 1914 is the greatest of all. But the United States has rushed into a programme of shipbuilding out of all proportion to the possibilities of her trade, so that now she does not know how to utilise the tonnage rashly acquired during the war. She is obliged to resort to bureaucratic or protectionist measures, as regrettable from the international point of view as they are disastrous for America's finances. French ship-owners, while responding to the appeal of the nation, were able to keep within proper bounds the reconstruction of the merchant fleet, which they now have to utilise.

THE COST PRICE OF SHIPS.

The shipping companies are obliged in each balance sheet to carry a certain amount to depreciation account. This process is sufficiently rapid to cover the cost price of ships by redemption premiums in twenty years in the case of passenger, and twenty-five in the case of cargo boats. The initial cost of the vessel is, therefore, an important item of working expenditure, as upon it is based the amount of the annual sum set apart for depreciation. In this respect, the French merchant fleet is not in a very favourable position. France was compelled, as stated above, to purchase abroad some 2 mill. t. required to restore her fleet, as the work done by the home yards was practically nil. The output of the yards fell from 176,000 t. displacement gross in 1913 to 2,496 in 1917, recovering to 21,000 in 1918 and 24,000 in 1919. While the French slips remained idle foreign yards experienced unprecedented prosperity. France, alone, which had sacrificed her yards to the manufacture of war material for the benefit of the Allied armies, had to purchase abroad the vessels which she was no longer in a position to construct, and for which she had to pay through the nose.

Taking advantage of the difficulties attendant on the transfer of the flag, vendors of ships on the British, American, and Japanese markets charged fabulous prices, amounting in certain cases to Fr.3,000 per gross t. displacement. In the apportionment of the ex-enemy ships, France was no more fortunate, and only obtained 208,000 t. as a set-off against war losses of 921,000. In order to mitigate the resentment aroused by this apportionment, Great Britain agreed to transfer 250,000 t. of ex-German ships to France, a purely commercial transaction very unfavourable to France, the ships being valued at the top price of £40 per t. The result of all these operations is that the French merchant fleet is to a certain extent over-capitalised. The necessity of allotting redemption charges to ships originally assessed at a value considerably above their real value, inevitably necessitates increased working expenditure.

French ship-owners appear to be justified in demanding compensation for this condition of affairs. It should be noted that the reconstruction of shipping was demanded by the Government itself, and that speeches in Parliament and articles in the Press represented it as a national duty for shipowners. In some cases they were actually forced into purchasing ships, as, for instance, under the Maclay-Clementel agreement, when, in the presence of several members of the Government, ship-owners were invited to sign a political contract which placed on their hands ships of inferior quality. It was intimated that those who refused were guilty of unpatriotic conduct, so that it was almost impossible for them to resist hints which practically amounted to orders. Moreover, it was the epoch of dreams of a coming wave of economic activity.

The reconstruction of French shipping was, in certain instances, imposed by law. Under the system of compulsory insurance those who had suffered loss were compelled to expend the indemnity on the purchase of fresh ships. The same rule applied to war profits. The

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December 31st, 1922.

| | | | | |
|---------------------------|---|---|---|--------------------------|
| Authorised Capital | - | - | - | £45,200,000 |
| Subscribed Capital | - | - | - | <u>38,117,103</u> |

LIABILITIES

| | £ |
|--|--------------------|
| Paid-up Capital | 10,860,852 |
| Reserve Fund | 10,860,852 |
| Current, Deposit and other Accounts (including Profit Balance) | 355,928,411 |
| Acceptances and Engagements | 25,862,341 |

ASSETS

| | |
|--|--------------------|
| Coin, Notes and Balances with Bank of England | 54,254,534 |
| Balances with, and Cheques in course of Collection on other Banks in Great Britain and Ireland | 13,548,935 |
| Money at Call and Short Notice | 17,187,013 |
| Investments | 55,454,831 |
| Bills Discounted | 46,066,631 |
| Advances to Customers and other Accounts | 182,307,521 |
| Liabilities of Customers for Acceptances and Engagements | 25,862,341 |
| Bank Premises | 5,270,960 |
| Shares of Belfast Banking Company Ltd. and The Clydesdale Bank Ltd. | 3,259,690 |
| Shares of the London City and Midland Executor and Trustee Company Ltd. | 300,000 |

Copies of the Balance Sheet, audited by Messrs. Whinney, Smith & Whinney, Chartered Accountants, may be obtained at any Branch of the Bank.

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Special Articles

general requisition ensured the replacing of lost vessels without giving the former owner the option of being indemnified in cash. These measures had their advantages since they accelerated the increase of the merchant fleet; unfortunately, they led to that over-valuation from which it is suffering to-day. In a report of the extra-parliamentary commission, the additional cost of French shipping was estimated as follows: There remained 1,500,000 t., valued at Fr.999 per gross t. displacement, whereas the average current price is Fr.500, which would make a total over-valuation of Fr.735 mill. To this must be added an over-capitalisation of Fr.300 mill. for vessels recently delivered or in course of delivery; the total over-valuation of the merchant fleet should therefore be reckoned at about 1 milliard. The expenses connected with this over-valuation are difficult to estimate. In taking insurance into account, they may, perhaps, be set down at 200 mill. a year. It should, however, be noted that these surcharges do not affect all shipping companies equally.

The large firms, thanks to their reserves, have been able to provide for depreciation on a larger scale than the others, so that the valuation of their stock is probably more accurate.

THE ADVANTAGES ENJOYED BY FOREIGN VESSELS

Other causes of extra cost of working French ships are that in the home ports they are subject to stricter regulations than foreign vessels; this is an ill-considered violation of the principle of equal treatment of the flags of all nations to the detriment of France. For instance, the provisions for safety and health are applied much more strictly to French ships and are practically disregarded by foreigners. A vessel which exchanges the French flag for any other can trade in French ports under more favourable conditions than when flying the French flag.

(To be continued.)

A JUST PEACE.

In one of his brilliant essays in the *Secolo*, the great Italian philosopher-historian, Guglielmo Ferrero, recounts that he once read an old book of jurisprudence in which right and wrong motives in warfare were discussed. The old writer made the cynical observation that two monarchs, warring on each other, should always fight for some tangible advantage, never for an abstract principle like justice, liberty or truth. For when merely material considerations are at stake defeat is not any more intolerable on the battlefield than in the football field (the comparison is our own); whereas when high principles and fine names are in question, he who acknowledges defeat has to surrender what he holds or ought to hold dearest, while the victor, regarding himself as the agent of God, cannot through the thought of human frailty be persuaded to adopt modest methods of celebrating his victory.

When he read this suggestion for the first time, in the course of the world war, Signor Ferrero was horrified at its blasphemy, and we are not surprised to learn it; since, for saying much the same as the old jurist, Mr. Shaw was in this country regarded by quite intelligent persons as something less than a man. But the four years since the peace have led Signor Ferrero to think that his old author was right. There is nothing so dangerous in the world as a victor persuaded of the righteousness of his victory, unless it be a conquered nation which believes itself to have fought in vain for justice's sake. Unfortunately, the international public opinion which condemns wars waged for the simple aggrandisement of the aggressor cannot prevent war altogether, and it can only succeed in forcing the belligerents to consider and proclaim themselves the sword-bearers of a higher power. Hence the truth of

Nietzsche's saying that the victor is *always* a fool. He might have added, so is the vanquished.

Intelligent English opinion has by now reached rather the same conclusion as Ferrero. France, on the other hand, has not perceived the danger of adopting a permanently self-righteous attitude, and is providing an unconscious but decisive testimony to the reality of the danger. But, in justice to France, it is right to recall that Germany, when still a potential victor, showed all signs of failing even more signally in that capacity than France is now doing. This is generally forgotten in neutral countries, where sentiment at the present moment is overwhelmingly on the side of the Germans in the latest phase of the struggle with the French. In order to keep a balanced judgment, it is well to remember what German patriots, psychologically so similar to French patriots, would have done with victory had Germany carried the day. We do this not in order to justify the French *Intransigents* in the pursuance of the present brutal policy towards Germany, but rather to stimulate the imagination to conceive how the Allies would have felt had Germany succeeded in realising her war aims, and to make us consider whether our behaviour would in those circumstances have been much different from that displayed by Germany at the present moment.

In 1917 there was published in Germany, and distributed to the troops, a work entitled *Deutschlands Zukunft bei einem guten und bei einem schlechten Frieden* (Germany's future in the case of a good and in the case of a bad peace). The authors of this work were, or professed to be, full of the conviction that Germany was fighting for the right—that is, for her place in the sun, of which unscrupulous nations had combined together to deprive her. This conviction was almost certainly quite sincerely shared by their readers. The work attained great popularity, the publishers early announcing that no less than 200,000 copies had been ordered. "We did not seek the war. But now our enemies have seized upon the opportunity of war, and without our help have given us the chance of making good our previous neglect and securing what is necessary to our future. If we do not take it, we are worse than fools." So runs the wrapper advertisement of this pamphlet, tragic in its light-headed optimism. The sections of the pamphlet that are of immediate interest at the present moment are the second and third, in which the future situation under (1) a "Scheidemann" peace (we would have said a "Henderson" peace), and (2) a "German" peace, are discussed.

The Scheidemann peace was to be based on the axiom *Let each side bear its own burdens*, the German peace was to make the enemies of Germany bear the total cost of the war.

At that time the war debt of the German Empire amounted to Mk.118 milliards. It was modestly suggested that a supreme effort in the way of a capital levy might bring it down to 110 milliards. For the service of this debt an annual sum of 7.15 milliards would be required; further 1.5 milliards for pensions, and $\frac{1}{2}$ milliard for developed armaments. While Germany's pre-war debt per head was Mk.75, her post-war debt per head was thus to be Mk.2,537 per head (or 1,835 if the enemy were made to pay for pensions only.)

A long table in *Deutschlands Zukunft* set out the taxation that would be necessary for Germany to meet this annual charge of Mk.8 milliards. The taxes proposed included a corn monopoly, a coal tax of Mk.10 per t. sugar, salt, beer and wine taxes. These indirect taxes would realise about 6 $\frac{1}{2}$ milliards. The remaining 2.65 milliards would have to be covered by direct taxation amounting to Mk.172, as against a pre-war 36 per head.

Such were the gloomy prospects for the German citizen of a "Scheidemann" peace.

Very different were those held out by a German Peace, under which the enemy would bear the whole burden, and the individual German would bear no heavier taxation than before the war.

In the case of the German Peace, the enemy would pay

| | Mk. (milliards.) |
|-------------------------------|------------------|
| War Expenditure | 120 |
| Pensions and Armaments | 45 |
| Losses in the colonies | 5 |
| Private losses | 30 |
| Grand total | 200 |

Huge sums like this cannot of course be paid cash down, say the authors.

For the most part the yearly revenue they represent would be raised by taking possession of public and private property of such a nature that it could be properly administered by the State. Such property would be: (a) Railways, canals, ports, warehouses; (b) natural resources, such as coal, ore, salt, petroleum; (c) land suitable for the settlement of German farmers.

The individual countries could contribute to the payment of the indemnity as follows:—

| | Mk. (milliards.) |
|---|------------------|
| Belgium—Railways (good for Mk.3 milliards), coal mines and deposits (Mk.20 milliards), altogether | 23 |
| France—Railways (2), coal mines (10), iron fields in Lorraine (10), altogether | 22 |
| Courland and Lithuania | 1 |
| Rumanian Oil Wells | 6 |
| Poland | 6½ |

This, however, accounts for only 60 out of the 200 milliards. The remainder would be paid somewhat as follows:—

| | Mk. (milliards.) |
|--|------------------|
| Ceded Merchant Navies | 4 |
| Suez Canal Control | 1 |
| Extension of Germany's African Empire, at cost of Belgium and Portugal—perhaps also France, England and Italy | 10 |

The 128 milliards now remaining would have to be paid by import of raw material, half products and food-stuffs required by Germany. These figures do not touch the claims of Germany's allies, which would have to be considered equally.

Justifying these sweeping proposals, the German authors conclude: *The enemy have only themselves to blame for the fate that is in store for them. And in any case this is not nearly so bad as what Germany was intended to suffer at their hands.* Only such a peace as this can enable Germany to work and to expand and safeguard her existence as a nation.

And the conclusion of the pamphlet is this:

“A peace by which we are made to bear our own burdens condemns us to an inevitable decline and to a permanent inferiority to America, Japan, England and Russia. America and Japan have received a great accession of economic strength by the war, while England and Russia will bear ‘their own burdens’ much more easily than Germany, and will soon have got over their momentary losses due to the war. For England will still continue in a position to exploit half the world in the shape of her colonies; she will make good all her losses from this inexhaustible source of supply; she will oust us from every market by every possible device; she will continue to rule the seas and live freely in them. Russia, again, whose strength is founded entirely on her dominion over vast areas and their increasing colonisation by the peasantry, is in such a primitive stage of economic development that she cannot be shaken at all so long as she remains in possession of these areas; she will very rapidly develop her industry, her agriculture, and her means of communication, exploit her natural resources, and in a few decades herself grow and work up almost all classes of raw material, including cotton. At all this Germany will be compelled to look on impotently. To the losses of our public finance will be added our private losses to the amount of Mk.30 milliards, and the losses of our colonies to the amount of Mk.5 milliards, thereby still further lowering our economic capacity and bringing our indebtedness and losses up to one half of our total national wealth. Thus there is only one

possible conclusion to be drawn: the enemy must bear our burdens!”

It is not in a spirit of petty triumph that we recall these mad hopes by which the *morale* of the German Army was propped up in the war. Such war aims as these were by no means universally supported in Germany. The *Berliner Tageblatt*—not to mention the Socialist Press—characterised the book as “Pan-German trash of the worst kind.” There were as many persons in Germany as in England—few enough in all conscience on either side—who kept their heads in those stormy days. But let us soberly try to imagine with what feelings the authors of this officially approved German war publication re-read their war-time utterances now, and at the same time remember that at the present moment, claims little less monstrous are being enforced against Germany. Let us consider what would have been the hatred in “Allied” breasts had a victorious power extorted in the name of “Justice” assent to peace conditions of this kind. And what was it that enabled the Germans to nurse such preposterous projects? The conviction that Germany was entirely in the right, and the Allies entirely to blame for the war they had provoked: that Germany was fighting for justice and the Allies for their own selfish advantage. Therefore it was right that the Germans should escape all consequences of the war, and that the entire burden should be shouldered by her Allies. If in the process they were ruined, so much the worse for them. An identical thought harbours in the mind of almost every Frenchman to-day. He believes that since Germany was wholly responsible, France wholly innocent of the outbreak of war, therefore, whatever happens to Germany now is her own look-out. But if the truth be told, the average man of each belligerent nation was during the long struggle sustained by almost identical beliefs. The average German felt no more doubt as to the justice of his cause than did the average Englishman. Until this is realised we shall never have an end of preposterous claims and outrages to humanity in the name of Justice.

No sane person returning from a visit to Germany can pretend that the human plant grows much otherwise there than in our own countries. We fought the war for political reasons, and history seems likely to vindicate our claim to have done so in the best interests of the world. But, God preserve us from that self-righteous attitude which so largely brought Germany to her present tragic pass of famine and violence and which will bring us to the same pass only too swiftly if our *Hybris* extends to regarding ourselves as the Ministers of the wrath of God. A peace based on the assertion of superior force may be harsh and cruel. A peace based on belief in the victor's moral superiority, so that the sufferings of the conquered, however bitter, are regarded as “his own fault,” and the manifestation of divine disfavour is worse than frank and open massacre.

C. J. S. S.

LEAGUE OF NATIONS MONTHLY BULLETIN OF STATISTICS

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STATISTICAL SECTION

THE TRADE BAROMETER

EXPLANATION

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

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

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

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

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

TABLE I.

| 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 | | | April 29 | 202.2 | 209.0 | Dec. 30 | 150.0 | 171.4 | Aug. 25 | 166.1 | |
| Sept. 3 | 379.8 | | May 6 | 207.2 | | 1922 | | | Sept. 1 | 163.4 | 159.1 |
| 10 | 379.7 | | 12 | 204.3 | | Jan. 6 | 148.1 | | 8 | 160.4 | |
| 17 | 379.4 | | 20 | 197.0 | | 13 | 148.7 | | 15 | 161.2 | |
| 24 | 360.6 | | 27 | 200.5 | 205.9 | 20 | 144.0 | | 22 | 158.6 | |
| Oct. 1 | 356.3 | 318.1 | June 3 | 201.9 | | 27 | 141.3 | 167.5 | 29 | 158.8 | 157.1 |
| 8 | 346.8 | | 10 | 203.6 | | Feb. 3 | 142.3 | | Oct. 6 | 159.8 | |
| 15 | 328.6 | | 17 | 201.8 | | 10 | 147.0 | | 13 | 161.2 | |
| 22 | 319.8 | | 24 | 201.6 | | 17 | 149.2 | | 20 | 162.8 | |
| 29 | 315.3 | 308.5 | July 1 | 196.4 | 201.8 | 24 | 149.7 | 165.3 | 27 | 165.9 | |
| Nov. 5 | 310.8 | | 8 | 193.3 | | Mar. 3 | 148.4 | | Nov. 3 | 170.1 | 158.0 |
| 12 | 304.6 | | 15 | 194.4 | | 10 | 148.4 | | 10 | 170.1 | |
| 19 | 293.0 | | 22 | 194.8 | | 17 | 149.8 | | 17 | 169.3 | |
| 26 | 283.8 | 292.9 | 29 | 193.6 | 198.2 | 24 | 149.4 | | 24 | 168.2 | |
| Dec. 3 | 272.0 | | Aug. 5 | 183.8 | | 31 | 149.8 | 163.2 | Dec. 1 | 167.4 | 160.4 |
| 10 | 271.2 | | 12 | 178.8 | | Apr. 7 | 150.3 | | 8 | 161.5 | |
| 17 | 257.0 | | 19 | 178.1 | | 14 | 151.7 | | 15 | 161.2 | |
| 23 | 253.0 | | 26 | 178.1 | 194.0 | 21 | 154.1 | | 22 | 162.2 | |
| 30 | 249.8 | 269.4 | Sept. 2 | 180.8 | | 28 | 154.6 | 163.2 | 29 | 162.6 | 158.6 |
| 1921 | | | 9 | 183.0 | | May 5 | 157.8 | | 1923 | | |
| Jan. 7 | 249.5 | | 16 | 183.4 | | 12 | 159.9 | | Jan. 5 | 162.4 | |
| 14 | 244.2 | | 23 | 180.0 | | 19 | 162.1 | | 12 | 162.8 | |
| 21 | 237.6 | 251.0 | 30 | 176.8 | 191.0 | 26 | 163.3 | | 19 | 163.2 | |
| 28 | 235.2 | | Oct. 7 | 172.1 | | June 2 | 162.9 | 163.9 | 26 | 165.3 | |
| Feb. 4 | 227.0 | | 14 | 170.2 | | 9 | 164.9 | | | | |
| 11 | 227.4 | | 21 | 163.0 | | 16 | 163.6 | | | | |
| 18 | 219.1 | | 28 | 159.5 | 184.5 | 23 | 164.8 | | | | |
| 25 | 215.8 | 229.9 | Nov. 4 | 158.9 | | 30 | 162.4 | | | | |
| Mar. 4 | 198.8 | | 11 | 155.0 | | July 7 | 164.7 | 163.1 | | | |
| 11 | 197.5 | | 18 | 154.5 | | 14 | 165.1 | | | | |
| 18 | 199.0 | | 25 | 157.7 | 176.4 | 21 | 165.8 | | | | |
| 25 | 201.4 | | Dec. 2 | 153.6 | | 28 | 167.3 | | | | |
| April 1 | 199.6 | 215.2 | 9 | 152.1 | | Aug. 4 | 168.1 | 163.2 | | | |
| 8 | 191.6 | | 16 | 153.2 | | 11 | 165.9 | | | | |
| 15 | 202.8 | | 22 | 150.3 | | 18 | 164.0 | | | | |
| 22 | 194.3 | | | | | | | | | | |

* 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, 1922.

CHART ILLUSTRATING TABLE I.

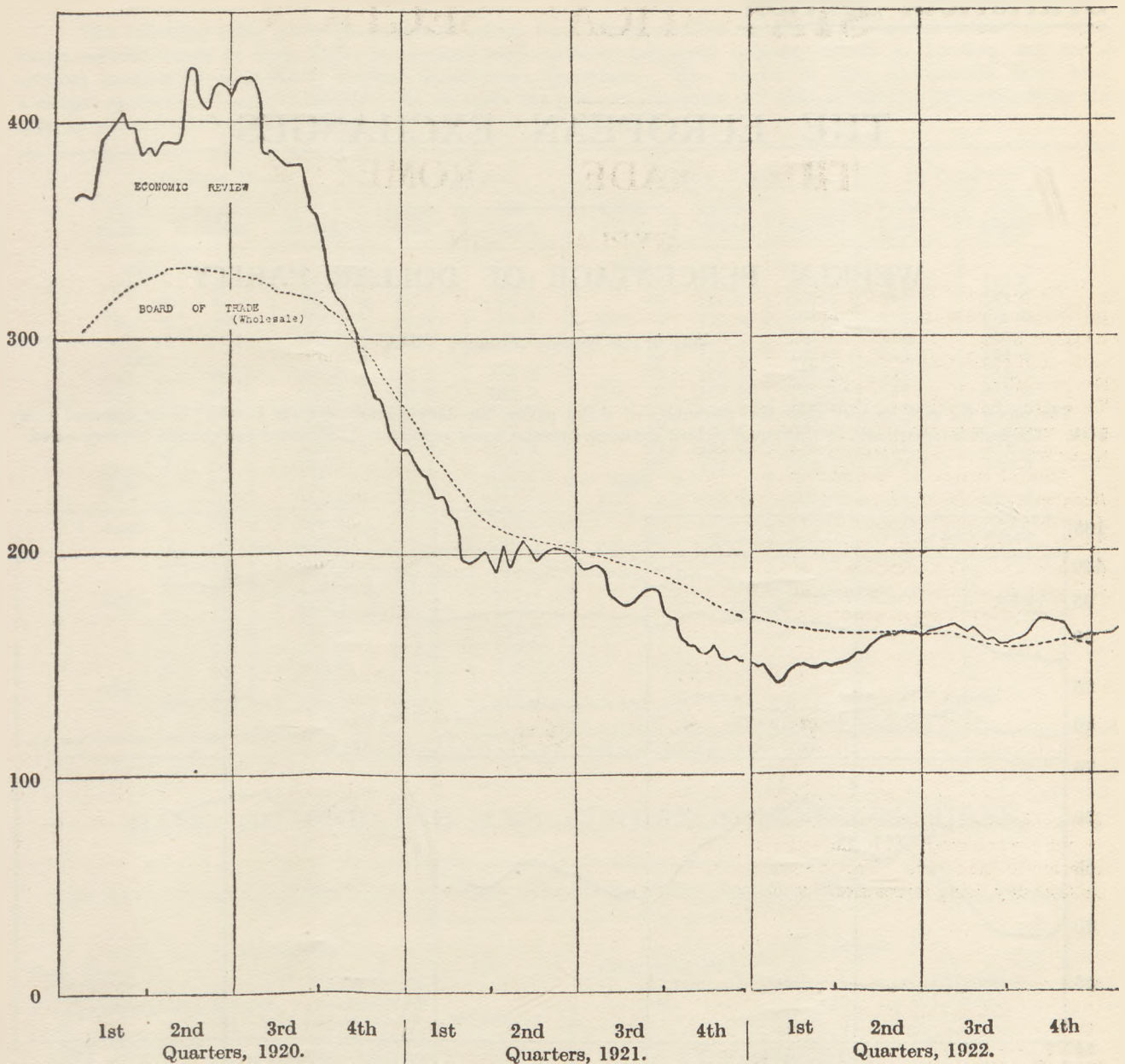


TABLE II.

| 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 | 123.8 | 118.4 | 107.7 | 108.88 | ... May 26 |
| June 30 ... | 92.9 | 90.4 | 81.1 | 152.6 | 111.7 | 111.1 | 91.3 | 117.7 | 114.4 | 119.2 | 108.24 | ... June 30 |
| July 28 ... | 92.9 | 94.5 | 97.2 | 157.9 | 110.1 | 111.1 | 97.1 | 119.0 | 116.5 | 119.2 | 111.55 | ... July 28 |
| Sept. 1 ... | 92.4 | 93.8 | 94.3 | 121.1 | 113.9 | 111.1 | 92.8 | 108.9 | 112.8 | 148.0 | 108.91 | ... Sept. 1 |
| " 29 ... | 94.3 | 95.2 | 92.9 | 135.1 | 105.9 | 117.8 | 96.4 | 82.8 | 104.0 | 134.6 | 105.90 | ... " 29 |
| Oct. 6 ... | 94.3 | 95.3 | 94.3 | 136.9 | 103.7 | 122.2 | 99.3 | 83.6 | 101.5 | 134.6 | 106.57 | ... Oct. 6 |
| " 13 ... | 95.5 | 97.8 | 98.1 | 136.9 | 108.9 | 122.2 | 99.3 | 85.4 | 96.3 | 134.6 | 107.50 | ... " 13 |
| " 20 ... | 95.5 | 100.6 | 100.9 | 136.9 | 114.3 | 122.2 | 99.3 | 86.5 | 94.9 | 134.6 | 108.57 | ... " 20 |
| " 27 ... | 95.5 | 105.7 | 101.9 | 142.1 | 118.3 | 122.2 | 98.6 | 88.0 | 98.9 | 134.6 | 110.58 | ... " 27 |
| Nov. 3 ... | 95.5 | 107.5 | 100.0 | 140.3 | 119.9 | 133.3 | 106.5 | 91.9 | 104.8 | 134.6 | 113.43 | ... Nov. 3 |
| " 10 ... | 95.5 | 108.1 | 100.0 | 131.6 | 126.6 | 133.3 | 103.0 | 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 | 95.3 | 133.3 | 116.9 | 120.0 | 94.2 | 94.3 | 92.6 | 134.6 | 107.67 | ... " 8 |
| " 15 ... | 89.4 | 103.5 | 95.3 | 136.9 | 120.0 | 120.0 | 92.0 | 93.4 | 89.7 | 134.6 | 107.48 | ... " 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 |
| " 19 ... | 91.3 | 106.1 | 95.3 | 135.1 | 132.4 | 122.2 | 93.5 | 91.7 | 89.7 | 130.8 | 108.81 | ... " 19 |
| " 26 ... | 92.4 | 108.9 | 100.0 | 136.9 | 137.0 | 122.2 | 97.1 | 93.3 | 83.1 | 130.8 | 110.17 | ... " 26 |

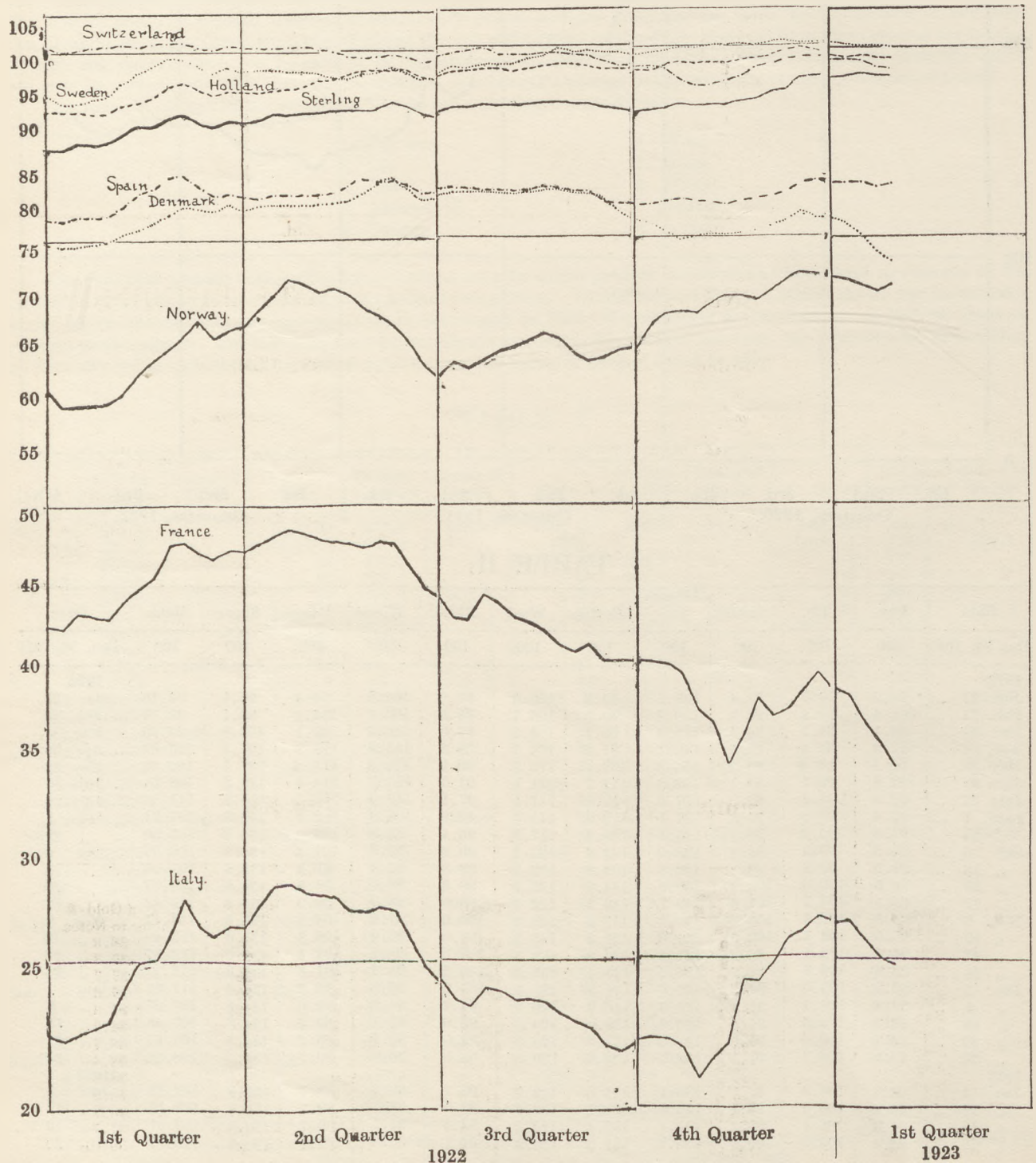
Statistical Section

THE EUROPEAN EXCHANGES

WEEKLY PERCENTAGE OF DOLLAR PARITY

(To Week Ending January 27th.)

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- tri-als. | Bonds.* | Indus- tri-als. | Gilt- edged. | Week ending. | Indus- tri-als. | Bonds.* | Indus- tri-als. | Gilt- edged.¹ |
| 1921 | | | | | 1922 | | | | |
| Oct. 1 | 88.4 | 91.3 | 104.5 | 94.4 | Oct. 21 | 125.7 | 102.8 | 114.3 | 113.0 |
| 29 | 91.1 | 92.0 | 91.1 | 94.4 | 28 | 121.7 | 102.0 | 114.8 | 113.0 |
| Dec. 2 | 97.4 | 99.4 | 94.2 | 96.0 | Nov. 4 | 122.1 | 103.4 | 114.5 | 113.0 |
| 30 | 100.0 | 100.0 | 100.0 | 100.0 | 11 | 118.2 | 103.1 | 115.0 | 113.6 |
| 1922 | | | | | 18 | 117.6 | 102.4 | 114.7 | 114.5 |
| Jan. 28 | 100.8 | 102.1 | 102.3 | 104.4 | 25 | 114.4 | 102.0 | 115.0 | 115.4 |
| Feb. 25 | 105.2 | 100.8 | 103.6 | 109.0 | Dec. 2 | 118.3 | 102.2 | 115.7 | 115.0 |
| Mar. 25 | 107.4 | 101.7 | 102.8 | 110.7 | 9 | 120.5 | 102.8 | 116.2 | 114.3 |
| April 1 | 109.8 | 101.5 | 103.5 | 112.2 | 16 | 121.1 | 103.1 | 116.1 | 113.8 |
| 29 | 114.4 | 103.1 | 117.6 | 116.9 | 23 | 121.6 | 102.9 | 118.3 | 113.5 |
| June 3 | 118.8 | 102.9 | 113.5 | 115.7 | 30 | 121.7 | 102.5 | 119.5 | 113.3 |
| July 1 | 114.5 | 103.6 | 110.0 | 114.7 | 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 |
| 12 | 119.7 | 105.5 | 113.6 | 116.4 | 20 | 120.4 | 102.0 | 123.3 | 116.8 |
| 19 | 122.1 | 105.7 | 114.0 | 116.0 | 27 | 120.8 | 101.1 | 122.2 | 115.8 |
| 26 | 123.9 | 106.9 | 113.5 | 115.5 | | | | | |
| Sept. 2 | 124.9 | 106.6 | 114.1 | 112.1 | | | | | |
| 9 | 125.4 | 106.7 | 115.6 | 113.5 | | | | | |
| 16 | 123.8 | 107.6 | 115.2 | 112.5 | | | | | |
| 23 | 122.2 | 107.0 | 113.5 | 112.2 | | | | | |
| 30 | 121.2 | 105.8 | 113.2 | 112.0 | | | | | |
| Oct. 7 | 123.9 | 106.1 | 113.3 | 111.7 | | | | | |
| 14 | 127.6 | 104.4 | 114.5 | 112.3 | | | | | |

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

BANK OF ENGLAND AND CURRENCY NOTE RETURNS.

Combined Balance Sheet for 25th January, 1923.

| LIABILITIES. | | | | ASSETS. | | | |
|--------------------------------------|-------------|-------------|-------------------------------|-------------|---|-------------|--|
| | £ | £ | | £ | £ | | |
| <i>Notes Issued.</i> | | | <i>Government Debt.</i> | | | | |
| B. of E. ... | 144,111,735 | | B. of E. ... | 11,015,100 | | | |
| Less those in C.N. Reserve ... | 21,150,000 | 122,961,735 | C.N. ... | 237,713,143 | | | |
| | | | | 248,728,243 | | | |
| C.N. outstanding ... | 279,320,207 | | Less C.N. Investment Reserve | | | | |
| C.N. called in but not yet cancelled | 1,513,409 | 280,833,616 | Account ... | 12,150,038 | | 236,578,205 | |
| | | | <i>Other Securities.</i> | | | | |
| | | | B. of E. ... | | | 7,434,900 | |
| | | | <i>Gold Coin and Bullion.</i> | | | | |
| | | | B. of E. ... | 125,661,735 | | | |
| | | | C.N. ... | 27,000,000 | | | |
| | | | C.N. Balance at B. of E.... | 120,511 | | 152,782,246 | |
| | | | <i>Silver Coin</i> ... | | | 7,000,000 | |
| | | 403,795,351 | | | | 403,795,351 | |
| Ratio of Gold to Notes ... | 37.8% | | | | | | |
| " Gold & Silver to Notes | 39.6% | | | | | | |

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. 25 | 123.0 | 280.8 | 403.8 | 152.8 | 37.8 | 39.6 |

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