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## ECONOMIC SURVEY

### GERMANY

#### FINANCE

##### THE NEW GERMAN BANK RATE.

The Reichsbank has raised its rate of discount by 2 to 12%. The enormous demands upon the bank during the past few weeks, together with the uninterrupted increase in investments and in the note circulation, had for some time rendered the question of a fresh increase in the discount rate a burning subject of discussion. The rate was last raised on November 13 last year by 2 to 10%. Until July of last year it had remained steadily at 5% for 7½ years, i.e. for nearly the duration of the war.

Meanwhile, economic conditions in Germany have become worse to an altogether extraordinary extent, the credit and capital market experiencing a further and considerable pressure. In these circumstances opinion even in December became increasingly definite that the management of the Reichsbank would proceed to tighten the discount screw, in view also of the enormously increased requirements for the turn of the year. The anticipation of some step relating to the bank rate led at that time to extensive precautionary measures, and to this the fact is mainly due that it was possible to enter upon the new year under financial conditions which were comparatively easy.

For the Reichsbank itself this period was certainly one marked by the most extensive demands upon it. In December alone it had to put into circulation no less than Mk.526 milliards of new paper money, yet in this one month the private bills presented increased by Mk.176 milliards, and Treasury Bills (*Schutzanweisungen*) by Mk.512 milliards. Thereafter, the Reichsbank had at the end of the year a note circulation of Mk.1,280 milliards and a holding of bills and discounted Treasury Bills of Mk.1,607 milliards. According to the return of Jan. 6, 1923, the note circulation had increased by a further Mk.56 milliards, while the holding of bills and Treasury Bills had decreased by Mk.74 milliards. The Reichsbank's statement had thus attained record

figures of prodigious extent. This led the directors during the closing days of December to urge the restriction of this gigantic figure, and particularly of private credits, and to announce measures for the limitation of excessive demands.

The gravity of Germany's situation may be gathered from a comparison of her bank rate with that of other countries. Abroad, a discount rate of 12% is a visible sign of the sickness with which Germany's economic life is afflicted. It is long since any civilised country has ever had such a high rate. At present, for example, the rate in England is only 3%, in the United States 4%, and in France 5%, while even at the present moment Czecho-Slovakia has been able, by relaxing the screw of her temporarily increased rate of discount, to reduce it by 2% to the former rate of 5%. (*Frankfurter Zeitung*, Jan. 19.)

#### CAPITAL ISSUES.

The demands upon the money market of the German industrial companies during the 4th quarter of 1922 reached a total of Mk.20,755,875,000. The following are the figures by months during recent years, since the movement in capital increases set in on a large scale (in mill. Mk.):—

	October.	November.	December.
1920 ... ..	697.4	473.0	1,390.1
1921 ... ..	1,232.0	1,886.7	3,830.0
1922 ... ..	3,172.2	5,919.0	11,664.7

The proportion of new foundations to capital increases in these years is shown in the following tables (in mill. Mk.):—

NEW FOUNDATIONS.			Number.	Mk. (mill.)
1920	October	...	42	181.3
	November	...	43	66.1
	December	...	13	158.2
1921	October	...	96	282.1
	November	...	129	699.5
	December	...	232	682.0
1922	October	...	259	1,015.3
	November	...	225	1,296.5
	December	...	385	2,159.8

## Germany

### CAPITAL INCREASES.

		Number.	Mk. (mill.)
1920	October	117	516.2
	November	110	406.4
	December	238	1,231.9
1921	October	141	950.0
	November	199	1,187.2
	December	370	3,147.8
1922	October	242	2,156.9
	November	298	4,622.5
	December	511	9,504.9

These figures give an instructive insight into the economic life of Germany. They show the enormous capital requirements of the German joint stock companies, which arose as a result of the unrestrained depreciation of the mark in 1922, and particularly in the last quarter of that year. As our current reports on this subject have shown, the German joint stock companies were able to cover only a portion of their capital requirements by means of increasing their capital. They were aided in a greater measure by capital obtained by way of loans. But as the cause of this need for capital has not only not yet been removed, but is even still more strongly operative, the question of the supply of capital for German industry becomes even more involved. In the last quarter of 1922 capital increases by 1,051 joint stock companies in all were announced, representing a sum of Mk.16,284.3 mill. This is about Mk.15 mill. for each increase. In the corresponding period of the preceding year, there were 710 increases, amounting to Mk.4,285 mill., and in the last quarter of 1919 there were 465, amounting to Mk.2,154.5 mill. Along with these there were in the last quarter of 1922, 869 newly formed companies with an aggregate capital of Mk.4,471.6 mill., i.e. Mk.4.9 mill. for each new formation, as compared with 457 new formations with Mk.1,663.3 mill., and only 98 companies with Mk.405.6 mill. in the corresponding periods of the two preceding years.

The increasing number of new formations is very noteworthy, and is in a certain respect contradictory of the restrictive operation of the scarcity of capital and the uncertain factors of price calculation. But as the classified details show, new formations for dealing in real estate by far out-number the others. As is well-known, the conditions in regard to this branch of enterprise have been exceptionally favourable during the past year owing to large demands from abroad. The second place is held by the textile industry for which the conditions were also favourable on the whole; trading companies come third, while machinery and metal work occupy the four and fifth places.

There were no new companies formed for deep sea fishery; the industry is almost entirely dependent on English coal, and, owing to the high costs, is in a condition of great depression. Moreover, there were no new formations in shipbuilding, salt works and potash works, or in the electricity, explosives, manure and milling industries. It is characteristic of the situation that no mortgage bank was established. (*Deutsche Allgemeine Zeitung*, Jan. 25.)

### THE RE-INTRODUCTION OF BANK SECRECY.

#### DISCUSSION BY THE FINANCE COMMITTEE.

The Finance Committee of the Reich Economic Council, at its meeting of the 18th January, discussed Article VI (Measures concerning Bank Secrecy) of the Bill for taking into consideration the currency depreciation in the taxation laws.

Paragraph I of the Article proposes to cancel paragraph 189 of the Taxation Ordinance, by which banking institutions will no longer be compelled to furnish lists of their clients. The Reich Finance Ministry's representative gave as a reason for doing so, that the experts who had been consulted considered it indispensable to abolish the furnishing of information

concerning clients in order thereby to strengthen confidence in the banks and thus obviate what, in their opinion, constituted a decided obstacle to the return of the hoarded money to them. This opinion was shared by the great majority of the committee. At the same time, from several quarters, and among others from the representative of the bank employees, attention was called to the useless burdening of the banks entailed by the keeping of the lists. On the other hand one of the members of the Reich Economic Council appointed by the Government pointed out that by the abolition of the lists of clients and of the deposit-obligation the control of fluid capital for taxation purposes would be rendered impossible. The abolition of the lists of clients was agreed to by 21 to 3 votes.

Whereas the Government proposal leaves the matter thus, the rapporteur, von Mendelssohn, introduced a much farther-reaching resolution, by which the banks would be relieved of the general information-obligation contemplated by paragraph 177 of the Taxation Ordinance, and be put upon the same footing as the exceptions in paragraph 179 (lawyers and doctors). The information-obligation of the banks would thus be limited to cases in which proceedings were taken on account of suspicion of evasion of taxation.

The resolution was adopted by 15 to 14 votes.

Paragraph 2 of Article VI abolishes the compulsory deposit of securities with fixed interest.

The majority of the Committee decided for the complete abolition of the deposit-obligation by 19 to 7 votes.

### RYE BONDS.

Permission for dealing in rye bonds, and for their quotation on the Berlin Bourse, has now been granted. There were no difficulties as had been reported, but the authorities required certain slight alterations in the prospectus submitted and shortly to be published, and this has meanwhile been done. (*Deutsche Allgemeine Zeitung*, Jan. 25.)

## INDUSTRY

### COAL RESOURCES IN 1922.

Before the war Germany was a coal exporting country, and showed in 1913 an export surplus of 34 mill. t. of hard coal. Her total output in 1913 was about 190 mill. t., import 11.4 mill. t., and her total export 45.5 mill. t. By the Peace Treaty, Germany lost the production of the Saar basin and Lorraine, amounting in 1913 to about 17 mill. t., and 75% of the output of Upper Silesia, representing 32.7 mill. t. in 1913. This loss amounts in all to some 50 mill. t. per annum, so that of Germany's production in 1913, 140 mill. t. of coal still remain. The years since the war, however, have affected the output greatly to its disadvantage, so that in 1922 only some 120 mill. t. were produced. The quality of the coal also has deteriorated very considerably since the war. A slate content of 10 to 15% has now to be reckoned upon, as compared with half that proportion before the war. Notwithstanding this enormous reduction in the German coal output the Reparations Commission demanded the delivery in 1922 of 22.28 mill. t. in all. Of this amount Germany delivered about 18 mill. t. (coke reckoned into equivalent coal), although, according to her coal balance sheet, there was absolutely no longer any possibility of export. The result of these deliveries was the import of foreign coal, which had to be purchased with high-exchange securities, with the exception of the relatively small quantities which came from Upper Silesia. For Germany, therefore, the Reparation coal deliveries have resolved themselves into a gold payment.

Although these few figures show the unsatisfactory course which the German coal industry took, and was compelled to take, in 1922, the following statistical survey will give a still clearer view. The prevalent fuel

shortage arising from the loss of the Saar mines and eastern Upper Silesia was intensified by the reduced capacity of the mines, which could be made good only imperfectly by a considerable increase in the lignite output. The following table shows Germany's hard coal and lignite production in 1922 as compared with 1921 and 1913 (in 1,000 t.) :—

	Hard coal (without Saar.)	Lignite Rough coal.	Briquettes.
1913 ... ..	173,722	97,189	21,413
1921 ... ..	136,209	122,985	28,289
1922 ... ..	120,664	ca.136,292	ca.29,467

Thus the hard coal output has still further diminished, and the decrease—along with the reduced capacity before-mentioned—has been particularly marked in the Ruhr district, owing to the migration of the miners into other occupations that, for the time, are better paid. The call for extra shifts, therefore, became more pressing. When they were introduced on Sept. 1 the daily working output was at first increased only slightly, and it was only during October that any considerable increase in the output was observed. On Dec. 13 the extra shift agreement was cancelled.

The conditions of production were more favourable in the lignite mines. Here the output has steadily increased, as it has done for years. The limited transport capacity of lignite prevented the German fuel requirements from receiving any material relief from this quarter.

According to the figures of the Reich Statistical Department, the German lignite was distributed during the first quarter of 1922 among the following groups of consumers :—

	Rough Lignite.	Briquettes.
	%	
Households, small industries, agri-culture ... ..	5.1	52.7
Army and Navy ... ..	0.0	0.2
Railways and shipping ... ..	0.3	1.0
Water and gas works ... ..	0.5	0.5
Electricity works ... ..	22.7	4.2
Chemical industry ... ..	22.4	5.8
Stone and earthenware, glass and porcelain industries ... ..	6.6	7.6
Textile and paper industry ... ..	13.3	6.5
Ore mining, iron and metal industry ... ..	11.5	11.6
Food industries ... ..	5.7	3.6
Potash and salt works ... ..	6.4	1.4
Other industries ... ..	5.5	4.9

German industry has, therefore, taken advantage of lignite as far as the supply permitted, and as far as it was possible to use it.

The coal demands of the Entente constituted the heaviest burden on German industry, not merely because of their amount (though this rendered necessary an almost equivalent import of English coal), but also because of the high grade qualities demanded, there being only relatively small quantities of these available in Germany. Subsequent to temporary mitigation of the conditions in 1921 the demands of the Reparations Commission have continuously become more stringent, both as regards quantity and quality. They were as follows (in 1,000 t.) :

	Total product'n.	Reparation deliveries	Entente demands	Export of English coal to Germany (from English statistics).
January ... ..	12,166	1,668.2	1,700	247.3
February ... ..	11,456	1,20.1	1,916	359.9
March ... ..	13,418	1,743.6	1,916	467.7
April ... ..	11,289	1,795.8	1,916	256.6
May ... ..	12,136	1,830.1	1,916	601.5
June ... ..	9,038	1,639.3	1,916	889.6
July ... ..	9,589	1,589.0	1,916	1,133.4
August ... ..	10,206	1,380.0	1,725	1,165.2
September ... ..	10,157		1,725	1,060.8
October ... ..	10,753	1,500.0	1,725	918.6
November ... ..	10,456	906.7	1,954	735.1
December ... ..	10,000		1,954	700.0
	130,664		22,279	8,500.
			(Approximate)	

In 1922, therefore, the Reparation deliveries must have amounted to some 18 mill. t., that is, about 15% of the total German production, as compared with 11.8% in 1920 and 13.2% in 1921.

Owing to the diminished output, and the considerable Reparation deliveries, increasingly large quantities of English coal had to be imported, and in the summer these assumed unexampled proportions. The import figures, compared with the corresponding months in 1921 and 1913, were as follows :—

	1913.	1921.	1922.
January ... ..	698,000	14,393	247,313
April ... ..	805,000	8,700	25,618
July ... ..	867,000	19,769	1,133,402
August ... ..	798,000	124,534	1,165,228
September ... ..	834,000	101,530	1,060,801
October ... ..	836,000	114,333	918,598
November ... ..	677,000	99,610	735,153

The most important point in connection with the import of coal is naturally that of price. English coal sometimes cost the consumer more than double the price of German, and this explains why the profitable export trade was able to secure foreign coal while the municipal electricity and gas works frequently suffered from great shortage.

It is apparent from these facts what a mastery English coal has obtained over the German economic body during the past few years. The channels this fuel has begun to occupy in Germany it will not so soon abandon, but on the contrary it will extend its distribution system still further, for industrial life will for the present remain dependent upon its import. The upheaval to which the Ruhr is now subjected has already brought about an exceptionally active demand from German consumers for coal in English ports. The figures given above have been far exceeded owing to the situation there, but they supply a dismal perspective with regard to the course of events in 1923. A considerable increase in the import of English coal must definitely be reckoned with during the next few months, and this could at best only be diminished by a further sharp fall in the exchange and by a further—not improbable—rise in English coal prices. (*Vossische Zeitung*, Jan. 20, and *Deutsche Allgemeine Zeitung*, Jan. 25.)

### IRON AND STEEL IN 1922.

The year 1922 has been for the German iron and steel industry the most difficult which it has ever experienced. It has made the utmost demands upon the energy, prudence, tenacity and endurance of the individual industrialists in the maintenance of their independence and in keeping their works going.

The industry began the year with an adequate supply of contracts. These were largely unexecuted orders already booked as a result of the boom in the previous autumn. New orders had greatly diminished since December 1921, and in January 1922 they had almost entirely ceased in many branches of the iron and steel industry, so that the future was faced with great apprehension. In February and March orders again came in more freely, only to fall off again considerably during the following weeks. Such fluctuations went on throughout the whole year. Weeks of the utmost quietness were succeeded by weeks of the most active demand, so that it was possible to maintain a satisfactory degree of employment throughout the year, and it was unnecessary to restrict operations for lack of work. It is one of the characteristics of the year 1922 that the imminent industrial crisis so often predicted by the most competent observers, which was to be marked by the most acute degree of unemployment, never made its appearance.

Labour disputes of an extensive nature arose in the Mark district, where the metal workers stopped work from Feb. 6 to Feb. 20, owing to wages disputes. The harmful effects of this strike were minimised by the railway strike in force at the same time, which would in any case have brought about a restriction of work, as happened in the iron and steel industry generally.

## Germany

During March, April and May there were continuous wages disputes, lasting several weeks, in the metal industry in South Germany, and by these most of the iron and steel works there were affected. This interruption of work was extremely prejudicial to the trade in that district and individual works were seriously affected for long periods. The other strikes that occurred were of little importance.

The general industrial situation at the beginning of 1922 was entirely different from that at the end of the year. The chief cause of this is to be sought in the enormous fall of the mark, which in 1922 had reached its lowest point hitherto on Nov. 8, viz. 9,150. This was mainly due to external influences over the course of which we have no power. In this year it has been practically demonstrated that the Treaty of Versailles cannot be carried out.

Apart from the great fall of the mark and its continuous sharp fluctuations, another feature of 1922 was that all costs of production adapted themselves with the greatest readiness to the mark's decline on foreign bourses. By this speedy adjustment of the difference in exchange we have been speedily brought back again to the world market price and in part below it. Among other things, the situation contains the extraordinarily great danger that with the slightest improvement in the mark we shall be forced above the world market price along the whole line, and that our foreign trade will come to a standstill. In December this was actually the case. After reaching its lowest point in November the mark recovered a little, and about the middle of December remained stationary at about 8,000, afterwards recovering still more and fluctuating between 6,500 and 7,000. The result is that the demand for iron and steel goods has once more become insignificant.

The basic factors determining our prices for industrial products are the cost of coal, iron and transport. All three also govern the prices of iron and steel goods. Bituminous pit coal cost Mk.405 per t. in January, and Mk.22,763 in December. Bar iron cost Mk.5,030 per t. in January and Mk.293,200 in December. Railway freights also have been increased twelve-fold in the course of the year. Owing to these enormous increases the financial resources of the iron and steel industry were subjected to an ever-increasing strain. Moreover, the financial burdens of all kinds, especially those imposed by the State and the municipalities, were continually rising. The result was that the iron and steel industry, in common with our whole industrial system, suffered—as it still does—from the most serious lack of capital. This difficulty was intensified by the fact that the financial demands upon the banks themselves were so heavy that they were unable to grant credits to the large extent that was necessary.

In addition the conditions of delivery and payment imposed by the producing works were made more stringent in the course of the year, and thereby rendered the shortage of capital still more serious. This capital and credit famine, which will be accentuated still further with the rising prices, threatens to become a grave danger to the iron and steel industry. As a counteractive the employment of barter was advocated during the year. Although the system was adopted to some extent its use has not been sufficiently extensive to ease the situation in any perceptible degree.

The prices of iron and steel goods had to be raised in 1922 to cover the increase in the cost of raw materials and semi-manufactures, wages and in manufacturing charges generally. During the whole year the trade had to complain of the inadequate supply of raw materials and semi-manufactures, and on this account the output had sometimes to be restricted.

The sale of iron and steel goods abroad was rendered more difficult by the Foreign Trade Control Office. Thus, to mention only one factor, the export duty was raised at the end of August 1922 by 30 to 60%. The opposition of the Iron and Steel Goods Industrial Union has, however, had the effect of obtaining a reduction in the duty to a general rate of 2%, which will probably take effect as from Jan. 1.

In 1922 foreign countries continued their protective policy against Germany, and the export of iron and steel goods was therefore hampered. The chief countries in question were Italy, Switzerland, Spain and the United States. A somewhat more satisfactory incident in this connection was the conclusion of the Treaty of Rapallo with Russia, by which commercial relations with the East—of the very greatest importance to the iron and steel goods trade—were renewed. The extension of this Treaty to the Ukraine has also been officially announced.

The home market during 1922 showed on the whole but little capacity for absorbing iron and steel goods. It has been clearly shown that the purchasing power of the masses has been very materially diminished. The condition of the building market, too, which is of the utmost importance to the iron and steel goods industry, has become steadily worse owing to rising prices, so that it may practically be said to be at a standstill.

Although in 1922 the iron and steel goods industry was on the whole well occupied, in every other respect it suffered seriously and had to fight hard for its existence. Its difficulties and struggles, however, do not end with the close of the year. There are many indications that they will continue in an intensified form, and it is to be hoped that 1923, by at last bringing about a reasonable solution of the Reparations question, will see our economic system once more established upon a secure and regular basis. (*Berliner Börsen Zeitung*, Dec. 29.)

## FRANCE

### FINANCE

#### REPORT OF THE BANQUE DE FRANCE.

The report of the Banque de France, as read out at the general meeting by the Governor of the Bank, summarises the financial and economic situation of the country during 1922. Germany's default, reads the report, throws extra charges on the estate accounts, which have to assume an ever-increasing burden.

At the end of 1921, the balance at the disposal of the Treasury enabled it to pay off the 2 milliards of francs to the Bank of France in accordance with the agreement in February. The Crédit National was able to issue bonds to the value of 4.5 milliards. The Défense Nationale Bonds placed at the disposal of the Treasury a sum sufficient to enable it to reduce in March the rate of interest by half a point. The position of the money

market rendered possible, at the same time, a reduction of the bank rate, from 5½% to 5%. The removal of restrictions on dealings in Rentes in April had no prejudicial effect on prices of Government Stocks.

Meanwhile, the Département de la Seine (Paris) and the leading railways had issued bonds on the London and New York to the relief of the Paris market. The comparatively easy position of the Treasury was demonstrated during this period by a new and appreciable reduction of loans by the Banque de France to the State.

Towards the middle of the year the failure of the efforts to induce Germany to fulfil her Treaty obligations brought about an appreciable tightness of money, which was being simultaneously called for on account of some revival of business. As a result, despite a second issue of Crédit National bonds in July, and of long-dated

Treasury Bonds in October, there was a falling off in the resources of the Treasury, which caused the Government again to apply for assistance to the Banque de France, the advances by which had reached 25.5 milliards in October, reduced, however, to 22 milliards by the end of the year. By the middle of December it had become evident that the Treasury could not dispose of sufficient funds to enable it to repay the agreed annual instalment of 2 milliards to the Banque de France, which was reduced for that year only to one milliard.

The rates of exchange last year, as in the preceding years, have undergone violent fluctuations. The first quarter of the year was marked by a recovery of the value of the franc on the chief foreign markets. The year opened with the pound and dollar at Fr.52.50 and 12.50 respectively, rates which fell in April to Fr.47 and 10.50, but in June came a relapse, and in October quotations reached Fr.72 and 16. However, the year terminated with the pound at Fr.64 and the dollar 13.75.

The signs of recovery from the commercial and industrial crisis, which had appeared at the end of 1921, became more pronounced during the current year, especially in the last months. There has been an appreciable revival of production and of trade. Discounts have increased 44%, in respect of the number of bills, and 20% in respect of their value.

In spite of the shortage of labour and of adverse climatic conditions, the position of agriculture has remained satisfactory. It is true that the wheat harvest has yielded 25 mill. quintals less than last year, but this deficit is nearly made up by the increased yield of other cereals. The potato crop exceeded by 60% that of last year, and the grape harvest was 69 mill. hectolitres, as against 49 mill. in 1921.

The activity of mines and industries was still more satisfactory. During the first 10 months of the year the iron mines yielded about 17 mill. t. of ore, as against 11.5 mill. during the corresponding period of 1921. The increase was still more marked towards the end of the year, the monthly output being twice that of last year. The number of blast furnaces at work has practically doubled. The output of pig iron in October was 514,000 t. as against 295,000 in the preceding October, and that of finished steel rose from 177,000 to 400,000 t. The textile industry has also increased considerably the number of spindles and looms at work. The increased railway earnings also denote a revival of output and trade. The departments of the North and East contribute in an ever-growing proportion to increased output. In the devastated areas 145,000 hectares of land have been restored to agriculture, and land under cultivation has now reached 75% of 1914 figure. Roads and public buildings have been almost entirely restored, and 85% of destroyed industrial establishments employing more than 10 workmen, are again at work, employing 475,000 hands. All this reconstruction work has had a most favourable effect on foreign trade. Imports have risen from 35 to 46 mill. t., and exports from 14 to 20 mill. It is important to note that the increased imports consist almost entirely of raw material necessary to industry.

After having given the above general survey of economic conditions in France during the year, M. Robmian supplied the meeting with the following information as to the business of the Bank.

The amount of Défense Nationale Bonds subscribed to or renewed at the Bank during the year was Fr.28,079 mill., and the total amount subscribed or renewed through its agency since the beginning of the war was Fr.135,724 mill. Subscriptions received by the Bank for 3 and 5 year 6% Treasury Bonds amounted to Fr.3,027,445,000, or 37% of the total actually subscribed.

*Metal reserve.*—The following are the particulars of the Bank's metal reserve (in millions of francs):—

Dec. 23, 1922 ... ..	5,823.8
Dec. 24, 1921 ... ..	5,803.9
Increase ... ..	19.9
Gold, Dec. 1921 ... ..	5,524.1
Gold, Dec. 1922 ... ..	5,534.6
Increase ... ..	10.5
Silver, Dec. 1921 ... ..	279.7
Silver, Dec. 1922 ... ..	289.1
Increase ... ..	9.4
On Dec. 23, 1922, the gold reserve was made up as follows:—	
In the bank ... ..	3,670.3
Deposited abroad ... ..	1,864.3
	5,534.6

The Bank of England has remitted during the year a part of the gold deposited with it as security for loans under the agreement of April 25, 1916. In 1919 Fr.58.8 mill. of this gold was recovered, the loan being reduced to that extent, and during last year Fr.84.2 mill. more was returned. The item "gold abroad" shown on the balance sheet should not give rise to any misinterpretation either as regards the gold consigned to the Bank of England under the terms of the agreement of April 25, 1916, or as regards the gold remitted to the British Treasury under the "Calais Agreement" of Aug. 24, 1916. It has been specifically laid down in various reports that the Bank of France has a claim on this gold, until the whole advances have been refunded under the above agreements.

The French Government took care to make this point clear by means of a wireless communication sent all over the world on Jan. 17, 1917.

The amount of cash owned by the Bank abroad has declined from Fr.607.6 mill. on Dec. 24, 1921, to Fr.572.5 mill. in Dec. 1922, a reduction of Fr.35.1 mill.

*The Bank Rate.*—The discount rate was reduced on Mar. 11 from 5½% to 5%, the rate of interest on loans being maintained at 6½%.

*Note circulation.*—The fluctuations of the note circulation were as follows:—

Dec. 23, 1922 ... ..	Fr. (mill.)	35,952.9
Maximum, Oct. 4 ... ..		37,514.4
Minimum, March 22 ... ..		35,281.7

*Current and deposit accounts.*—The payments and withdrawals into and from current and deposit accounts were the following:—

Payments ... ..	Fr. (mill.)	546,010.8
Withdrawals ... ..		546,378.1
Total amount of these operations		1,092,388.9
Total amount in 1921 ... ..		1,124,746.8
Decline ... ..		32,357.9

The balance of current and deposit accounts on Dec. 23 last was Fr.2,383.9 mill.

*Advances to the State.*—The total amount of the Bank's permanent advances to the State without interest repayable on the expiration of the Charter is fixed by agreement at Fr.200 mill.

The balance of temporary advances made to the State since the beginning of the war was:—

On Dec. 31, 1921 ... ..	Fr. (mill.)	24,000
On Dec. 31, 1922 ... ..		23,000
Reduction ... ..		1,000

The maximum of these advances authorised has been reduced from Fr.27 to Fr.25 milliards after Jan. 1, 1922. Under agreement of Dec. 20, 1921, the State undertook to reduce the debt at the rate of Fr.2 milliards

## France

a year, but as before stated this annual repayment was reduced to Fr.1 milliard for the year 1922 only.

*Redemption Fund.*—The Bank paid to the State on Dec. 31, 1922, the surplus in hand of the redemption fund account opened in pursuance of the Acts of Dec. 26, 1914, and Dec. 20, 1918, ratifying agreements made on the renewal of the Bank's Charter. Up to Dec. 31 last the amount paid into this account under the above agreements was Fr.2,630,841,581.

*Profits.*—Particulars of earnings and expenditure during the past year are (in millions of francs):—

Profits after deducting payments made to the redemption fund under the Acts of Dec. 26, 1914, and Dec. 20, 1918 ... ..	443.4
Expenses of administration, purchases of land, payments to provident and pensions funds, and allowances to staff ... ..	202.3
Net profit... ..	241.1
Add rediscount from 2nd quarter of 1921 ...	13.0
Brought forward... ..	3.3
Total ... ..	257.5
<i>Less—</i>	
State taxes ... ..	89.1
Interest on redemption fund account ...	2.4
Sum set apart for current risks ... ..	50.0
Written off on account of dishonoured bills	75.0
Set apart for special costs of administration	4.0
Addition to the fund of proceeds of discount and interest rates in excess of 8% and 6% respectively ... ..	12.1
Rediscount 2nd half-year ... ..	13.6
Brought forward from 2nd half 1922 ...	5.2
Net profits ... ..	5.9
Interest on investments ... ..	45.1
	51.1
Dividend of 28% per share on 182,500 shares	51.1

(*Information Financière*, Jan. 26.)

## RECONSTRUCTION LOANS.

The second series of the departmental reconstruction loan for the department of the Nord, the total amount of which is Fr.300 mill., will be issued immediately. The first series of Fr.150 mill. was subscribed in 1922. More than half the first series was paid to the claimants by cheque in less than a year. It is anticipated that the whole of the new series will be allotted shortly. As has already been stated (*cf.* THE ECONOMIC REVIEW, Feb. 2), grants for reconstruction in 1923 will only be half the amount of those made in 1922. It is desirable that the communes should follow the example of the department and raise loans secured by the annual payments by the State. (*Nord Industriel*, Jan. 27.)

## TRADE

### FOREIGN TRADE.

The following figures of France's foreign trade for the whole of 1922 have just been published by the Customs:

*Value* (in millions of francs).

<i>Imports.</i>	1922.	1921.	Difference in 1922.
Foodstuffs ... ..	5,800.0	5,748.3	+ 51.0
Industrial material ...	14,048.1	11,408.9	+ 2,639.1
Manufactured goods ...	4,052.4	4,910.6	— 858.1
	23,900.6	22,067.9	+ 1,832.6
<i>Exports.</i>			
Food ... ..	1,920.7	2,070.8	— 150.0
Industrial material ...	5,443.8	4,091.5	+ 1,352.2
Manufactured goods ...	11,860.1	12,356.4	— 496.2
Postal parcels ... ..	1,417.1	1,253.6	+ 163.4
	20,641.9	19,772.5	+ 869.4

During the year imports exceeded exports in value by Fr.3,258.6 mill., compared with Fr.2,295.3, the excess of imports in 1921.

Although the adverse trade balance has increased, it is probable that the deficit is more or less made up by the goods taken out of France in the luggage of travellers, who were exceptionally numerous last year, of which no account is taken in the returns. The increase of imports is largely due to raw material for industrial purposes. The monthly returns for the second half of 1922 are as follows (in millions of francs):—

	Imports.	Exports.
July ...	1,995.7	1,433.0
Aug. ...	1,959.7	1,676.3
Sept. ...	1,893.1	1,741.0
Oct. ...	2,108.8	1,937.4
Nov. ...	2,348.2	1,706.4
Dec. ...	2,923.2	2,778.9

The marked increase of the value of imports and exports (especially the latter) in December should be noted:—

	<i>Quantity</i> (in 1,000 tons.)		Difference in
	1922.	1921.	1922.
<i>Imports.</i>			
Foodstuffs ... ..	5,063	4,268	+ 795
Industrial material ...	44,606	34,222	+ 10,384
Manufactured goods ...	1,696	1,571	+ 124
Total ... ..	51,266	40,062	+ 11,304
<i>Exports.</i>			
Foodstuffs ... ..	948	1,222	— 273
Industrial material ...	19,144	12,892	+ 6,252
Manufactured goods ...	2,494	1,895	+ 599
Postal parcels ... ..	27	25	+ 2
Total ... ..	22,615	16,035	+ 6,580

In comparison with 1913, imports have increased by Fr.15,279 mill. and 7,146,320 t., and exports by Fr.13,762 mill. and 541,175 t. Thus it will be seen that French trade has more than regained its pre-war activity. (*Journée Industrielle*, Jan. 27.)

## RUSSIA AND THE LYONS FAIR.

The participation of Russia in the Lyons Spring Fair has been definitely decided upon during the recent visit to Lyons of M. Malychiff, President of the Committee of the fair of Nyni-Novgorod. The commercial organisations of Central Russia, of the Nyni-Novgorod Fair of Ukraine, White Russia, the Federation of the Trans-Caucasian Republics and Turkestan will be grouped together in joint representation. The articles exhibited will be alcohol, wood, cereals, hemp, cocoons, animal hair, oil derivatives, raw wool, flax, raw hides, skins, hogs' bristles, and carpets. The Latvian Government has also announced its intention of taking part in the Fair. (*Information Financière*, Jan. 24.)

## SOCIAL AND LABOUR CONDITIONS

### THE EIGHT-HOUR DAY.

The Ministry of Labour has issued a statement informing the employers' and workers' organisations concerned that the Federation of French Printers has submitted to the Ministry a request for the revision of the Decree of Aug. 30, 1919, containing public administrative regulations for the application of the Eight-Hour Day Act of April 23, 1919, to the printing trades.

The proposed amendments relate to the following sections of the Decree:—

*Section 2.*—Paragraph 1 of the present text of this section provides that undertakings may adopt one of the following methods for the application of the Act of April 23, 1919.

(a) Limitation of working hours to a maximum of eight per working day in each week.

(b) Distribution of the forty-eight weekly working hours unequally between the working days, subject to a maximum daily limit of nine hours in such a way as to allow of a Saturday afternoon's rest.



Paragraph 2 provides that in phototypographic workshops hours of work may be distributed over a period of two weeks, subject to a maximum daily limit of nine hours and the addition of one day's rest to the weekly rest period.

It is proposed to delete paragraph 2 and make the following additions to paragraph 1:

- (c) Distribution of actual work over a period of two weeks, subject to the addition of one day's rest to the weekly rest day.
- (d) Distribution of actual weekly working hours over five working days, subject to the addition of one day's rest to the weekly rest period.

The object of this amendment is to allow all printing undertakings, and not only phototypographic undertakings as at present, to distribute hours of work over a period of two weeks and further, to remove the difficulties which arise in undertakings which adopt the Saturday afternoon holiday as a result of the half-day on Saturdays.

Section 3.—It is proposed to add the following clause to paragraph 2, which deals with the making up of hours

of work lost on account of public holidays, local fairs or other local events.

“Hours worked to make up for lost time due to public holidays, a local fair or other local event must be reckoned as ordinary working hours.”

The object of this amendment is to avoid the difficulties which may arise concerning the conditions for the making up of time so lost.

Section 6.—In view of the seasonal character of the industry and the necessity of employing almost exclusively skilled workers, of whom only a limited number are available, it is proposed that the number of hours overtime allowed owing to special pressure of work—at present 120—should be increased. Further, in order to prevent overtime worked by a very limited number of workers being charged for as though it had been worked by the whole of the undertaking, it is proposed to add to section 6 a paragraph providing that overtime shall be reckoned separately for each individual. (*Journal Officiel*, Jan. 1, 1923, quoted by the *Report of the International Labour Office*, Jan. 19.)

## ITALY

### FINANCE

#### SUPPRESSION OF THE MINISTRY OF THE TREASURY.

By Decree, dated Dec. 31, 1922, the Ministry of the Treasury has been suppressed, and is merged in the Ministry of Finance, a measure long advocated by Signor Luzzatti and other financial authorities, on the ground that the collection and distribution of revenue should be in the same hands. The two departments have been distinct since 1877. (*Echi e Commenti*, Jan. 25.)

#### POST-WAR BUDGETS.

Signore G. Parator, Minister of the Treasury in the Facta Government, as reconstructed last August, surveys, in *Echi e Commenti*, January, the post-war Budgets, in the following terms:

Italian post-war Budgets, thanks to the manner of their composition, do not give rise to the same delusions as French Budgets. The Italian Budget has never lost its unity, and, if in Revenue Estimates reparations have been taken into account, no expenditure has been made in anticipation of reparations. The absence of recoverable expenditure estimates has enabled the Government and Parliament to concentrate their attention on the deficit. But that does not mean that the solution of the problem of foreign debts, and of reparations has not a vital influence on Budget and deficit. The writer has analysed and restated the post-war Budgets in such a manner as to present two separate accounts, giving the following results: (a) To demonstrate the main origin of the deficit; (b) to show how the State finances could soon be set in order by an equitable solution of the problems of inter-allied debts and reparations. The tables set out below show two Budgets: (A) The ordinary Budget comprising departmental expenditure, expenditure on national defence, including that of the colonies, expenditure on interest and cost of the internal debts, and all revenue except as hereunder specified; (B) the special provisional Budget comprising expenditure on the devastated area and on reconstruction of war damages, war relief and pensions, interest on loans by foreign Governments, revenue arising from the wool stores left over, and reparations. The main figures of the five post-war Budgets are as follows (in millions of lire):—

	1918-19.	1919-20.
A.—ORDINARY BUDGET.		
Revenue ... ..	8,043.5	10,066.0
Expenditure—		
(a) Departmental ...	4,477.3	6,295.7
(b) National defence (including colonies)	21,568.9	8,098.3
Interest on internal loan	1,941.2	2,891.6
Total expenditure ...	27,987.4	17,285.6
	27,987.4	17,285.6
Deficit ... ..	19,943.9	7,219.6
B.—SPECIAL BUDGET.		
Revenue—		
Proceeds sale of war stores ... ..		1.0
Reparations from Ger- many and Austria	100.0	
Total revenue ... ..	100.0	941.6
Expenditure—		
(a) Interest on loans from foreign Governments ...	764.0	1,161.2
(b) Devastated area and reconstruction of war damage ...	537.4	588.5
(c) Military relief and pensions ... ..	1,777.4	1,556.5
Total expenditure ...	3,078.8	3,306.2
	3,078.8	3,306.2
Deficit ... ..	2,978.8	2,364.6
SUMMARY.		
Deficit ordinary Budget	19,943.9	7,219.6
„ special „	2,978.8	2,364.6
	22,922.7	9,584.2
Railway deficit... ..		860.0
Total deficit ... ..	22,922.7	10,444.2
	1920-21.	1921-22.
A.		
Revenue ... ..	14,509.0	15,832.1
Expenditure—		
(a) Departmental ...	8,650.5	8,661.3
(b) Defence ... ..	5,570.9	4,311.4
(c) Interest on internal debt ... ..	3,200.6	3,995.1
	17,422.0	16,967.8
	17,422.0	16,967.8
Total deficit ... ..	2,913.0	1,135.7

**Italy**

		B.	
Expenditure—			
(a) Proceeds of sale of war stores ...		545.0	430.0
(b) Reparations from Austria & Germany		650.0	550.0
Total revenue ...		1,195.0	980.0
Expenditure—			
(a) Interest on loans for reconstruction	972.0		1,000.0
(b) Devastated areas and reconstruction of war damage ...	1,873.9		2,418.3
(c) Military relief and pensions ...	1,358.1		1,955.1
	4,204.0		5,373.4
	4,204.0		5,373.4
Deficit ...		3,009.0	4,393.4
SUMMARY.			
Deficit ordinary Budget		2,913.0	1,135.7
„ special „		3,009.0	4,393.4
		5,922.0	5,529.1
Deficit supply ...		4,700.0	400.0
Railway ...		1,045.0	1,290.0
Total deficit ...		11,667.0	7,219.1
ESTIMATES.			
		A.	1922-23.
Revenue ...			13,963.6
Expenditure—			
(a) Departmental ...		6,733.5	
(b) Defence ...		2,680.6	
(c) Interest on internal loans ...		4,176.8	
Total expenditure ...			13,590.9
B.			
Revenue—			
(a) Proceeds of sale of war stores ...			300.0
(b) Reparations by Austria and Germany ...			1,000.0
Total revenue ...			1,300.0
Expenditure—			
(a) Interest on loans from foreign Governments ...		1,090.0	
(b) Devastated areas and reconstruction of war damage ...		1,677.3	
(c) Military relief and pensions ...		1,686.2	
Total expenditure ...		4,453.5	

From 1918-19 to 1922-23 that part of expenditure which should be covered by reparations amounts to 20,415.9 mill., which is less than the actual amount, since the estimate for 1922-23 is bound to be exceeded, and it should further be remembered that part of these 20 milliards of expenditure was met by loans, interest on which was and still is chargeable to the ordinary Budget. Revenue on reparation account is estimated at 2,200 mill., which also exceeds the real amount, as the milliard estimated for 1922-23 will certainly not be paid.

Until the problems of the devastated areas and reconstruction are settled, Budget B, even with the strictest economy, will amount to at least four milliards.

**THE ATTRACTION OF FOREIGN CAPITAL.**

*Echi e Commenti* continues its campaign of organising an international institute for considering means to obtain foreign capital for Italian enterprise (*cf.* THE ECONOMIC REVIEW, Dec. 29), and announces that the time has come for taking the preliminary steps towards calling an international congress at Rome with this object.

The purpose in view is to assemble a number of experts, consisting of foreign capitalists and financiers, politicians, students, economists, jurists, technical experts, organisers, manufacturers, and representatives of public offices, and bodies concerned with Italian interests, with the sole object of inviting and selecting schemes suitable to the enterprises to be financed. A considerable propaganda campaign is to be undertaken for the special benefit of capitalists of North and South

America, who have hitherto remained aloof from the Italian money market. Meanwhile, an organising committee, composed exclusively of Italians, will be formed in order to draw up a scheme for the formation of the institute. The object of the institute will be to promote the investment of foreign capital in Italy and its colonies, giving special preference to agricultural and industrial enterprises of public utility, and for undertakings to be founded jointly with foreign and Italian capital.

Signor De Vito, a deputy, and former Minister of Marine, contributes the following information on the difficulties attendant on financing all the public works which are necessary.

According to recent publications, the public works in course of construction, and those for which schemes have been drawn up by the Government, involve an expenditure of some 14 milliards. Even if the works be divided into those which are urgent, necessary and useful, the first class alone will require an expenditure of 9 milliards, without counting current expenditure and such as will be ultimately required for the railways. This expenditure should be distributed according to localities as follows: Northern Italy, 4½ milliards; 1.7 milliards in Central and 3.5 milliards in Southern Italy. The proposal to give the preference to works which cannot be postponed is the only one feasible. The writer cites various objects for the outlay of foreign capital, which include: The wide tracts of country unprovided with communications but with natural resources and possibilities of agriculture which remain undeveloped; unfinished ports which require to be equipped and linked up one with the other; rivers and mountain torrents which overflow and cause destruction, and which might be usefully employed for navigation, irrigation, and the manufacture of water-power, whereas in other districts industries are languishing for want of water-power, to these preference should be given in the supply of electricity.

But even if expenditure be confined to such works as cannot easily be postponed, their requirements are heavy, and the 9 milliards can easily be exceeded, if only in expenditure on railways in course of construction and on new railways urgently required, especially in the newly acquired territory. The chief danger lies in a continued disproportion between the annual grants and the work to be undertaken, a danger to be averted only by a more extensive system of concessions. Concessions have always played a great part in the Italian administrative system, and to them the country owes the greater part of its railways, power-stations and the fine drainage works of Northern Italy.

But the disturbances caused by the war, the export of capital, bank failures, frequent strikes, and the Bolshevik menace, have all combined to strike a heavy blow at concessions. Bodies and companies formed to work them, and which had already commenced operations, were obliged either to suspend or abandon them, when they were no longer able to obtain financial support from the State. The great difficulty lies in obtaining capital, and is increased in the case of its being required for purposes of the departments, communes, or other corporate bodies. In order to obtain it a large internal loan has been suggested, through the issue of bonds, similar to railway debentures, but the idea had to be abandoned, owing to its possibly adverse influence on credit, and because it would have deprived industry and agriculture of available capital. Attempts were made to found special credit institutions, but they dragged on a languid existence or perished. Of course, nothing need prevent Italian capital from sharing in this form of investment, but it is of great importance to secure foreign capital.

The financing of public enterprises, when properly controlled, need in no way diminish the authority of the State and offers no question of servitude or of the dangerous supremacy of any foreign body. (*Echi e Commenti*, Jan. 15.)

## COMPANY FOUNDATIONS IN 1922.

During 1922, 1,072 joint stock companies were founded with a capital of L.1,222.1 mill. The number of companies which increased capital was 818, the aggregate amount thus raised being L.2,188.7 mill.; the reorganisation of the finances of eight companies required L.114.9 mill. The total issue of capital by companies thus aggregated L.3,525.7 mill. Companies which went into liquidation numbered 396, and their capital amounted to L.1,014.4 mill. Capital reduction to the extent of L.1,710.1 mill. was effected by 237 companies, and 17 companies with a joint capital of L.2,37.7 mill. sought amalgamation. (*Berichte aus den neuen Staaten*, Jan. 19.)

## CUSTOMS RETURNS.

Customs receipts for the first half of 1922 amounted to L.1,022.2 mill. as against 739.3 mill. in the first half of 1921. (*Berichte aus den neuen Staaten*, Jan. 19.)

## INDUSTRIES

## THE UTILISATION OF WATER-POWER.

The Bologna journal *Resto del Carlino*, publishes a treatise on the water-power of the Trent district and South Tyrol by the former deputy to the Austrian Reichsrat, Emmanuele Lanzerotti, who had prepared several schemes for its utilisation. According to this authority, the said districts possess a potential water-power of a million h.p. In addition to the Adige and its tributaries, he deals with the possibilities of the rivers Sarea, Chiese, Brenta, and their tributaries, as well as numerous mountain tarns capable of serving as reservoirs. So far only some 50,000 h.p. have been utilised, and about 60 power stations have been erected, but the South Tyrol has been ignored. Lanzerotti recommends the foundation of a hydrographical institute which would undertake the utilisation of water power on a large scale. In addition to the electrification of railways, the author considers the supply of power for chemical and iron works. Moreover, the transmission of water power from the Trent and South Tyrol into the neighbouring Italian provinces for agricultural purposes is considered. (*Berichte aus den neuen Staaten*, Jan. 10.)

## THE SICILIAN SULPHUR CRISIS.

The American papers are talking of the foundation of an Italo-American trust for the purpose of developing the Sicilian sulphur industry which is being throttled by American competition. (*Cf. THE ECONOMIC REVIEW*, Nov. 17, p. 345, and July 14, p. 25.) (*Exportateur Français*.)

SOCIAL AND LABOUR  
CONDITIONS

## NEW REGULATIONS FOR FOREIGNERS.

A Decree, dated Jan. 4, imposes on foreigners in Italy the obligation of personally attending the office of the local police authorities to make a declaration of their status, the place from whence they come, and the object of their presence in Italy. Foreigners staying in hotels, pensions and the like, are dispensed with personal attendance, and their declaration can be transmitted through the proprietor of their place of lodging. The same dispensation is granted to persons staying in educational or training establishments, retreats, nursing or convalescent homes, and in religious communities. Foreigners moving from one locality to another are obliged to repeat their declaration except those travelling in the country for pleasure and during a period of not exceeding two months.

The Decree makes special provision for foreigners already resident in Italy, or who are registered as

members of chambers of commerce or of recognised bodies, institutions, or associations, who own or are managers of industrial or trading concerns, or who belong to civil institutions or religious communities, or whose names are on the registers of direct taxation in the local district in which they make their declaration. These provisions do not apply to members of the College of Cardinals. Breaches of the above regulations are punishable with fine, imprisonment and expulsion from the country. (*Corriere della Sera*, Jan. 10.)

## THE HIRING OF FARM HANDS.

The Ministry of Agriculture has addressed to various agricultural organisations a circular pointing out the need for carrying on agricultural work in country districts that had been neglected during the war, and stating that unless employers help in the provision of employment, the State will be compelled to pay further unemployment benefit and therefore to impose fresh taxation. The Federation of Agricultural Unions of the Province of Bologna has issued as a result of this circular a memorandum giving an account of its efforts to reduce unemployment. Committees consisting of representatives of agricultural employers and agricultural workers respectively have been set up to determine, in agreement with landowners, the work which can be effected on each property and the number of workers who should be employed. As regards estates leased on the *métayer* system, the committees have endeavoured to ascertain whether the tenant and his family are able to cultivate the whole of their land, with a view to procuring, if necessary, the employment of temporary workers for the surplus area. Such temporary workers are entitled to benefit by produce-sharing agreements. Another method adopted to promote opportunities of employment is to encourage the industrialisation of agricultural production by creating associations for growing tobacco and sugar-beet and by establishing dairies. (*Report of the International Labour Office*, Jan. 12.)

## GRANTS FOR UNEMPLOYMENT RELIEF WORK.

The system of compulsory unemployment insurance established by the Legislative Decree of Oct. 19, 1919, provides for a reserve fund made up of 10% of the receipts of the local unemployment insurance funds, together with an annual grant from the State. This grant, which was fixed for the first three financial years at L.40,000,000, has been withdrawn for 1923.

A decree was issued by the Minister of Labour and Social Welfare on Nov. 29, 1922, providing that the present sums in the reserve fund are to be used, up to a total amount of L.35,000,000, for the purpose of making loans to local authorities and associations organising public works which are likely to reduce unemployment. The loans must be repaid within two years at most, and bear interest at 5%. (*Report of the International Labour Office*, Jan. 12.)

## UNEMPLOYMENT RETURNS.

The number of workers totally unemployed increased during November 1922, while the number of workers on short time decreased, as is shown by the following table:—

Date (end of month)	Totally unemployed.		On short time.	Total No. of persons totally unemployed or on short time.
	Total No.	In receipt of relief.		
November 1921	512,260	114,376	181,082	693,342
October 1921	321,011	80,273	86,727	407,738
November 1922	354,238	69,300	43,140	397,378

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

## Italy

### COMMUNICATIONS

#### REVIVING TRAFFIC IN FIUME.

A Fiume correspondent furnishes the *Journal de la Marine Marchande* (Dec. 28) with the following information on the resumption of traffic in that port:—

Although the railway service from Zagreb (Agram), the capital of Croatia, to Fiume has not yet been resumed, the traffic in that port, if still much below its pre-war level, has been fairly brisk during the past few weeks.

The "Lloyd Triestino" has included Fiume in its routes to the Black Sea and the Far East. Its vessels bring goods from Trieste, and ship timber and oil from the local refineries. The "Società Nazionale dei Servizi Maritimi" carries goods between Fiume, Venice, Ancona and the Levant.

The importance of Yugo-Slavia's timber export, and the practical impossibility of utilising other ports, has decided traders of that country to send their timber to Fiume. In fact, not only have several individual vessels from Bilbao, for example, which have brought corn or coal to Venice or Trieste, found return cargoes at

Fiume, but regular shipping companies have concluded important contracts for the transport of large quantities of timber from Fiume to France and Spain. Chief among these companies is the Tripovich Company, of Trieste, which has a contract with the "Fagmeà" Timber Company, of Fiume, to carry its timber to Spain at L.60 per t.

Again, it should be noted that it has been agreed to refine at Fiume oil purchased by Hungary in Russia. The transport of this commodity will constitute an important branch of business for Fiume. The "Società di Navigazione Generale Italiana" has opened a branch office at Fiume, a tribute to its growing importance. From private information it appears that the hinterland of Fiume will afford possibilities for extensive emigration to South America. The suppression by the Italian Government of the subsidy to the "Società di Navigazione Adria," plying from Fiume to Marseilles, will cause material injury to the former. It is, however, to the interest of the Italian Government that the service should be maintained, although without subsidy. The satisfactory results obtained by the Tripovich Company from its services to Marseilles and Barcelona, should stimulate the creation of a like service from Fiume.

## CENTRAL EUROPE

### POLITICAL AND GENERAL

#### CZECHO-SLOVAKIA: UNFOUNDED REPORTS.

Mobilisation reports in circulation at home and abroad that Czecho-Slovakia was mobilising in connection with the occupation of the Ruhr, have been emphatically contradicted by Dr. Benès, Minister for Foreign Affairs.

#### BRITISH PROPAGANDA AGAINST CZECHO-SLOVAKIA.

A misleading letter has been published in the *Manchester Guardian* over the signature of a Dr. Tuka, formerly professor of Bratislava University, writes the *Gazette de Prague* (Jan. 27), which was a mere string of inaccuracies and unfounded accusations against Czecho-Slovakia. The letter appeared also in the *Nation* and *New Age*, and called forth a remonstrance from Mr. R. W. Seton Watson, the well-known authority on Slovakia. The *Slovak*, a Bratislava daily, of which Dr. Tuka is now editor, denies that that gentleman ever wrote a letter to the *Manchester Guardian* at all, and states that Dr. Tuka is requesting the *Manchester Guardian* to let him know from whom it got the letter bearing his name.

"We fully share Dr. Tuka's curiosity as to the authorship of a letter sent to the English Press—for the purpose of propaganda against this country—a letter which even those whose daily occupation it is to speak against the Republic, have hastened to disclaim."

#### THE RUHR AND CZECHO-SLOVAKIA.

The Franco-Belgian action in the Ruhr district will probably not be without some influence upon the foreign trade of Czecho-Slovakia. It is generally assumed that it may result in an increased export of North Bohemian lignite. Whether there will be an increased demand for Ostrava coal remains to be seen. Czecho-Slovakia's principal competitor in this commodity is England, which can quote lower prices than that country. Indirectly,

the export of Czecho-Slovak coal will no doubt be encouraged to Hungary and Austria as a consequence of a diminution of German competition. It is, however, impossible to speak as yet with certainty on these points. It is also likely that the Ruhr district will now provide an advantageous field for the export from Czecho-Slovakia of pit props and other timber for the mining industry. Both to Alsace and Lorraine there is already an improved export of boards from Czecho-Slovakia. (*Gazette de Prague*, Jan. 30.)

#### HUNGARY: WARLIKE PROPAGANDA.

Neighbouring countries, especially Czecho-Slovakia, continue to be suspicious of Hungary's intentions. *Gazette de Prague* (Jan. 17) expresses its satisfaction at the recent representations made to that country by France, Great Britain and Italy in the following terms:

It is not surprising that France, England and Italy, as well as the Little Entente, have entered a protest at Budapest against the passivity of the Hungarian Government in face of the dangerous irredentist propaganda which flourishes in that country and which, in the words of the Entente protest, "can only be injurious to relations with neighbouring States and to peace."

For many months past now we have repeatedly called attention to the steadily growing reaction and violence in Hungary, and in the last few weeks the Allied Press and public in the West have at length been awakened to a sense of the menace to European peace presented by a Hungarian Government which shows itself, at the best, indifferent to the Trianon Treaty and its obligations thereunder; and has proved indulgent to, if it has not actually encouraged, the many and varied elements that openly defy the Treaty, and are ever threatening the neighbour States with war for the purpose of recovering by force of arms the territories which never rightly pertained to Hungary and of which she was justly deprived by the Treaty of Trianon. In Central Europe the provocation given by Hungary has been so manifest that even the people who

as a rule conveniently contrive to be looking the other way on such occasions, could not fail to see it. The German *Prager Tagblatt*, for instance, expressed its opinion in a leading article last week that: "Hungary's aim, both in her domestic policy and in the conduct of her foreign affairs, is to create a permanent state of unrest all round her. The innumerable irredentist publications, the countless irredentist societies, the oath of allegiance of the 40,000 to the banner of a Hejjas—are all officially winked at, and the Hungarian Government cannot rid itself of the responsibility for all these actions, for the absolutist Hungarian régime does not permit any other manifestations to be made than those that are agreeable to it."

## FINANCE

### AUSTRIA'S GOLD LOAN.

Subscription to the new 8% gold loan, which closed on Jan. 16, yielded over 4 mill. dollars, equivalent to 260 milliard kronen. The amount subscribed, therefore, exceeds the amount offered for subscription by two-thirds. This result is the more satisfactory in that, according to report, it has been obtained, not by the subscription of important financial institutions, but in great measure to the contributions of the public. The levy on capital, the share of the gold loan taken up by home banks, subscription to the issue bank shares, and the taking up of gold Treasury bonds by the public, have in the last four months absorbed over a billion kronen. This effort towards the setting in order of the national finances, an unmistakable sign of restored confidence, must produce a favourable effect abroad, and assure the continuance of the restoration of the national finances so auspiciously inaugurated. (*Berichte aus den neuen Staaten*, Jan. 26.)

### AUSTRIA'S DEBT.

The debts of the old Austrian Empire have been allocated by the Reparations Commission to the Succession States in the following proportions: German Austria, 36.8%; Czecho-Slovakia, 41.7%; Italy, 4%; Poland, 13.7%; Rumania, 1.6%; Yugo-Slavia, 2%. (*Berliner Börsen Zeitung*, Jan. 17.)

### HUNGARY'S DEBT.

The apportionment of Hungary's debt among its successors is as follows: Hungary, 49.6%; Czecho-Slovakia, 17.4%; Yugo-Slavia, 6.7%; Rumania, 23.4%; Fiume, 0.8%; Austria, 1.6%. (*Berliner Börsen Zeitung*, Jan. 17.)

### CZECHO-SLOVAK SAVINGS BANK DEPOSITS.

During December deposits in the 195 Czecho-Slovak Savings Banks exceeded the withdrawals by Kr.142.2 mill.; those in the 171 German Savings Banks showed an increase of Kr.50.8 mill. In 18 German banks the deposits of marks exceeded the withdrawals by over 47 mill. The total increase in the deposits for the whole 366 Savings Banks in the country was thus Kr.210.7 mill., an increase of 71 mill. over the November growth. The total amount of deposits in the banks is over Kr.8,705 mill. (*Gazette de Prague*, Jan. 27.)

### THE BURDEN OF TAXATION IN CZECHO-SLOVAKIA.

The *Lidové Noviny* publishes the following table showing the taxation per head of the population in pre-war Austria and in Czecho-Slovakia since the war, including the estimates for the current year (the figures represent kronen):—

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The work is fully illustrated with Statistical Charts and Tables.

### WAGES IN THE COAL INDUSTRY

By J. W. F. ROWE, B.A. In the Series of the London School of Economics. 10s. 6d. *Ready shortly.*

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	Pre-war Austria.	Czecho-Slovakia.		
		1919.	1922.	1923.
Land Tax ... ..	6.15	9.29	16.36	17.10
Income tax ... ..	3.49	16.61	48.48	61.31
Other direct taxes ...	5.13	26.57	54.65	60.64
<b>Total direct taxes</b>	<b>14.77</b>	<b>52.47</b>	<b>119.49</b>	<b>139.05</b>
Customs ... ..	4.36	11.85	44.65	56.48
Duties on consumption	13.84	30.19	192.87	162.58
Turnover tax ... ..	—	—	168.40	137.87
Stamp and railway ticket duties ... ..	8.95	27.92	57.14	82.08
Monopolies (tobacco and lottery) ... ..	8.78	29.84	141.20	147.39
Other indirect taxes ...	0.18	1.18	4.56	3.22
<b>Total indirect taxes</b>	<b>36.11</b>	<b>100.98</b>	<b>608.82</b>	<b>589.62</b>
<b>Average taxation per head</b>	<b>50.88</b>	<b>100.98</b>	<b>697.12</b>	<b>701.72</b>

To the State taxes must be added local taxes. In pre-war Austria these amounted to about 170% of the direct taxes, excepting income tax, and in Czecho-Slovakia to 250% in 1919 and 700% in 1923. The following table shows approximately the amount of taxation borne by each inhabitant:—

	Pre-war.	1919.	1922.	1923.
State Taxes ... ..	50.88	100.98	697.12	701.72
Local taxes ... ..	19.25	89.65	497.07	544.18
<b>Total ... ..</b>	<b>70.13</b>	<b>190.63</b>	<b>1,194.19</b>	<b>1,245.90</b>

(*Berichte aus den neuen Staaten*, Jan. 26; *Gazette de Prague*, Jan. 27.)

### CZECHO-SLOVAK LOAN IN LONDON. A CONTRADICTION.

The reports of the application by Czecho-Slovakia for a loan of £400 mill. in London (*cf.* THE ECONOMIC REVIEW, Jan. 12, p. 34), and of its subsequent circulation from Berlin have been contradicted, as no such application has been made. (*Information Financière*, Jan. 20.)

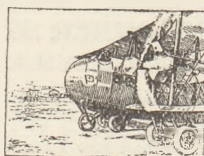
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### Central Europe

#### THE CZECHO-SLOVAK KRONE IN BERLIN.

On Jan. 15 the Czecho-Slovak krone was in great demand on the Berlin Bourse, and only 50% of the bids could be satisfied. It was dealt in at between Mk.339.15 and Mk.340.80. (*Gazette de Prague*, Jan. 20.)

#### POLAND'S TAXES.

The yield from taxation in Poland in November amounted to 7,998 mill. Polish marks. (*Berichte aus den neuen Staaten*, Jan. 28.)

#### TAXATION REFORM IN POLAND.

In preparing its Finance Bill the Polish Government is striving as far as possible to restore the burden of taxation to the pre-war basis, to guard against loss by reason of the depreciation of the exchange and to simplify the method of levying. It is proposed to increase the land tax forty-fold and to establish it on the basis of corn prices. The industrial tax will be levied twice a year and its rate will be 2%. Income tax will only be levied on incomes exceeding Mk.2 mill. This tax will vary on a graduated scale from 2% to 25%, the latter to be levied on incomes exceeding Mk.125 mill. A considerable increase will be made on the safe deposit tax. (*Berichte aus den neuen Staaten*, Jan. 28.)

### TRADE

#### IMPORTS INTO CZECHO-SLOVAKIA.

The Statistical Bureau publishes figures for the period January to November last, which show that imports considerably declined as compared with the corresponding period of the previous year. The total for the eleven months of 1922 was 2,864,957 t., as against 3,649,807 t. in 1921. The main decline was

in the imports of grain and cereals, which fell from 739,440 t. in 1921 to 381,616 last year; in coal and timber—from 1,045,575 t. to 625,779; in minerals—from 775,051 t. to 503,185. On the other hand, the exports underwent but a slight decline, and exceeded the imports by almost 5,000,000 t. (*Gazette de Prague*, Jan. 20.)

#### COAL EXPORT FROM CZECHO-SLOVAKIA.

In the months of July, August and September, this country exported 1,189,326 t. of coal (of which 963,235 t. were lignite), 96,370 t. of coke, 34,796 t. of briquettes. Almost one half of this total quantity went to Austria, the rest being exported to Germany, Poland, Yugo-Slavia, Hungary, Italy, Rumania, Switzerland, Denmark, and Holland. (*Gazette de Prague*, Jan. 27.)

### INDUSTRIES

#### THE POSITION OF THE CZECHO-SLOVAK INDUSTRIES.

The *Prager Presse* (Dec. 24 and Jan. 21) gives a survey of the leading industries during 1922 by experts, and their present position as affected by the crisis.

**Iron.** The position of this industry during 1922 is summed up by the chairman of the Chamber of Commerce, M. Leon Bondy, in the following terms:—

At the beginning of the year the iron industry was divided into three geographical groups—Moravian Silesian, Slovakian and Bohemian, and also into three classes of production—blast furnaces, steel works and rolling mills. The blast furnaces, which are the chief producers, had to reduce output in 1922 owing to the high price of ore and lime and high transport rates. In certain districts the blast furnaces abandoned their regular operations and confined themselves to the manufacture of steel from purchased raw and scrap iron. Thousands of hands in the mines, lime quarries and blast furnaces were thrown out of work. The market for the iron works of Czecho-Slovakia, which before the war, in the old Austro-Hungarian Empire, extended over a territory inhabited by 56 mill. inhabitants, is now confined to an area of 13 mill. The old market is practically lost, and the industry must find its outlet on the world markets where it has to face the competition of Germany, Belgium, France, and Great Britain. The prices on the general market are much lower than those on the home market, which, however, barely cover costs of production. M. Bondy concludes his survey with recommendations for protectionist measures.

Recently the industry has received considerable orders from Great Britain. Anxiety, however, is felt lest transport through Germany be subject to such excessive rates owing to the depreciation of the mark as to render competition impossible. According to the papers and private information improved prospects are in sight, as numerous orders for manufactured and semi-manufactured goods have been coming in from the Balkans, Hungary, and recently from Germany.

**Engineering.**—Dr. Vladislav Sykora, manager of the company which runs the former Skoda works, supplies particulars of the position of engineering.

The attention of manufacturers has been specially directed during 1922 to saving in the cost of production. In May wages were reduced 10%, whereupon a strike of four weeks' duration ensued. In October a further reduction of 20% was introduced without causing any strike. Salaries, which had not risen so rapidly or so high, underwent a 10% reduction on Jan. 1, 1923. The effect of these economies, however, was a postponement of home orders in expectation of a further fall in prices. Extensive State and municipal works, the immediate execution of which is demanded by the public interest, are being held back, although their postponement means continued unemployment. In order not to increase

unemployment and also to retain skilled workmen, the industry has reduced the number of working days a week. The industry has introduced improved organisation and methods of production. Although there are no prospects of immediate improvement, and although no important contracts have been concluded with Russia, the best prospective customer of Czecho-Slovakia's engineering industry, nevertheless the latter is equipped to meet all demands.

*Cotton.*—This industry, according to the industrial magnate, Dr. Zucker, suffered severe losses during the past year. Certain kinds of thread which fetched Kr.60 in January, fell to Kr.40 in July and Kr.20 at the end of October, and fabrics were affected by the same fall in prices. The spinning industry at the beginning of the year was working up to 80% and weaving to 70% of their respective productive capacities, but towards the end the rate of activity had fallen to 30% and 25%. The industry, however, continued to fight vigorously against these unfavourable circumstances, and succeeded in retaining its markets, as export figures show. Up to the end of October 387,000 quintals were exported, as against 267,000 in the previous year. These exports consisted chiefly of finished goods. The difference between the price of the finished article and raw cotton was Kr.60 per kg. at the beginning of the year, and Kr.30 per kg. at the end. The export for the whole year was 450,000, which was equivalent to a value for exported labour (difference between the price of cotton and finished articles) of Kr.2 milliards; if to these figures are added those of cloth export 170,000 kg., with a value for exported work of Kr.800 mill., and ready-made clothing 4,000 pieces, export value Kr.200 mill., we have for the whole textile industry a value of work for export of 3 milliards, a figure attained by no other industry. The import of cotton for the year may be estimated at 900,000 quintals, the ascertained figure for 10 months being 725,000. Half the quantity manufactured therefrom was exported, and half retained for home consumption. The total value of the textile industry was therefore Kr.6 milliards. Home consumption of 450,000 quintals of raw cotton and 220,000 bales of manufactured cotton was small. During the year the price of cotton rose from 18% to over 25%, owing to two successive bad crops in America, the pre-war price being 11 to 12 cents., and the average price in 1920-21 15 cents.

In March wages were reduced 15% by the suppression of the cost of living allowance instituted in November 1921, when the krone was quoted under 6. After long negotiations wages were further reduced in October by 18%. The yield from labour per man per hour reached in spinning the pre-war figure. In weaving one man worked two looms as against three before the war and four in England, and an overseer supervised 30 to 40 looms as against 70 before the war.

The rise of the currency has been a severe blow to the textile industry. The sudden rise of the krone in Zurich from 12 to 19 centimes was the more felt by the industry in that it was accompanied by a sharp decline of the currency of Italy, Czecho-Slovakia's chief competitor.

During the last few weeks the situation has been reversed, the krone having fallen to 16 and the lira having risen to 27. A further decline in the krone would, however, be as prejudicial to the industry as the sudden rise.

*Glass.*—Glass-making, one of the country's chief exporting industries, has been suffering from a severe crisis for some months past. Only one table glass firm is now producing, and that works by machinery. Bottle-making is at a standstill, the chief firm—Siemens—having ceased production at the end of December. Only two looking-glass factories are at work and producing 20% of their capacity. The manufacture of glass-ware and ornaments (Gablonz) is restricted, and the factories remaining at work are only doing so in order to keep their skilled workmen.

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Already during the previous year new glass works were founded in neighbouring countries, which has aggravated the crisis and constitutes a menace to markets for Czecho-Slovak blown glass in the Succession States. Italy, Poland and Hungary have all become serious rivals to Czecho-Slovakia on the glass markets, and in Rumania seven new glass works have been founded. About 2,000 glass workers, including some of the best, have emigrated owing to unemployment, and this emigration is a serious danger for the industry.

The industry exports 85% to 90% of its products. Cost of production has risen enormously, the price of coal being 16 times, inland transport rates 12 times, and raw material 12 times pre-war prices, whereas the products of the glass works only obtain 5 to 6 times pre-war prices abroad.

*Wood.*—Some weeks ago prospects on the timber market were bright, as German prices have fallen into line with Czecho-Slovak prices, especially those of wood for mines. However, now fears have arisen that the position may alter owing to the French occupation of the Ruhr and the possible working by the French of the German State forests. Nevertheless, the outlook is not unfavourable, since Germany, through the occupation, has lost the bulk of her wood supply and does not possess sufficient elsewhere, but apart from this she is dependent on Czecho-Slovak wood. Demands for sawn timber are coming from France and Belgium.

## SOCIAL AND LABOUR CONDITIONS

### COST OF LIVING IN AUSTRIA.

The joint cost of living Commission, on the report of experts, fixed the cost of living for the period Dec. 15 to Jan. 15, compared with the previous period, as follows:—

## Central Europe

	Decline or rise in previous period.	
	% Dec.-Jan.	% Nov.-Dec.
Food ... ..	+ 2	- 6
Clothing ... ..	- 4	- 3
Dwelling ... ..	0	+ 43
Lighting and heating ... ..	+ 5	+ 5
General index ... ..	+0.83	-3.36

The Commission has fixed the difference at + 1. (*Berichte aus den neuen Staaten*, Jan. 19.)

### CZECHO-SLOVAK INDEX NUMBERS.

The index numbers for December, just published by the Statistical Bureau, show that, compared with November, there was a slight fall in prices. In Group I (foodstuffs, fuel, petroleum, soap) there was a drop of 2.2%, and in Group II (textiles, footwear and men's hats) a drop of 4.2%. The main reductions were in beef (10%), pork (5%), coal (6%), fats (4%), petroleum (3.5%), textiles (4%), shoes (5%), hats (3.5%). Com-

pared with December 1921, the prices in Group I were lower by 34.8%, those in Group II by 49.7%.

	1921.		1922.	
	Dec.	July.	Nov.	Dec.
Group I	1,556	1,475	984	962
Group II	2,200	1,736	1,156	1,107

(*Gazette de Prague*, Jan. 17.)

### CZECHO-SLOVAKIA: UNEMPLOYMENT FIGURES.

According to statistics issued by the Ministry of Social Welfare the number of persons receiving unemployment pay from the State was 141,000, an increase of 28,000 on the preceding month. Of the recipients, 97,000 were males and 44,000 females. In addition to this 127,000 dependents of unemployed persons were in receipt of State support, while 80,900 partially unemployed and 39,000 dependents were in receipt of pay from their employers. On the whole unemployment is about double what it was in 1921. (*Ibid.*, Jan. 20.)

## COMMUNICATIONS

### AIR SERVICE BETWEEN LONDON AND PRAGUE.

From a report issued by the Czecho-Slovak Ministry of Public Works, it appears that the Government is arranging, in conjunction with the British Government, for a direct air service between London and Prague to commence this coming Spring.

## NORTH EUROPE

### FINANCE

#### THE BANK OF LITHUANIA.

The position of the Bank of Lithuania on Jan. 1, 1923, was as follows (in Lit mill.):—

Assets.		
Total gold reserve ... ..	...	15.1
Stable foreign currency... ..	...	17.8
Other foreign currency ... ..	...	0.1
Discounted Bills ... ..	...	8.5
Other assets ... ..	...	3.1
		44.6
Liabilities.		
Share capital ... ..	...	12.0
Notes in circulation ... ..	...	30.3
Treasury account ... ..	...	0.2
Other liabilities ... ..	...	2.2
		44.7

(*Revaler Bote*, Jan. 22.)

### RUSSIA.

#### THE STATE BANK.

The founding of a State bank was the first important measure taken by the Soviet Government for the organisation of credit on the basis of the new economic policy. In judging the results obtained by the State during its first year of existence, the fact must be taken into account that during the revolution the whole fabric of the old banking system had perished and that an entirely new organisation had to be created. In the course of one year not only a central establishment but a whole network of branches and agencies was created. On Oct. 1, 1922, 116 branches were in existence, 50 of which had been founded during the second half of the year. Through the direct participation of the State Bank a number of subsidiary banks have been created, as for instance the Bank of Industry, the Consumers' Co-operative Bank, the Bank of Commerce and others.

To a certain extent the State Bank has relieved itself of its function of providing credit for small customers, and has more and more developed into a central bank, which as the holder of a monopoly of note issue has become the regulator of all business. Between Jan. 1 and Oct. 1 the balance of the bank has increased 123 times, and its value in gold roubles four times.

The following table shows month by month (a) the value of the total funds of the bank in millions of roubles valued on the basis of the index numbers of goods; (b) the working capital in millions of roubles valued on the same basis; (c) long-dated loans to industry; (d) current account; and proportion per cent. to the total circulation of; (e) working capital; (f) long-dated loans; (g) current account:—

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
	Roubles (mill.)						
Jan.	120	8.3	—	1.2	6.9	—	6.0
Feb.	104	4.6	—	4.0	4.4	—	3.9
Mar.	88	6.6	—	2.2	7.5	—	2.5
Apl.	64	5.9	—	1.3	9.2	—	2.0
May	67	4.2	—	1.2	7.4	—	2.1
June	75	5.2	1.2	2.8	6.9	1.6	3.7
July	78	6.8	6.8	6.1	6.9	6.9	6.2
Aug.	137	15.8	13.4	9.2	11.5	9.7	6.7
Sept.	169	21.5	14.6	16.8	12.7	8.6	9.9
Oct.	185	21.5	17.3	23.9	11.5	9.3	12.9

The current accounts on Oct. 1 were distributed among the following classes: State undertakings 88%, co-operative societies 4.3%, private persons 7.7%. Foremost among the Bank's operations are credits to industry and commerce, in the three following forms: (1) the opening of credit to industries; (2) credit on bills; (3) credit on goods. On Nov. 1 the amounts of these credits were as follows: Advances to industries, R.6,045.5 mill. (1922 issue); bill discounting and loans, R.4,094.5 mill.; Oct. 1 advances on goods, R.880 mill. Of the loans to industries, 84% were made to State undertakings and 16% to private persons.

The industries which benefited most by the industrial loans were (in millions of roubles): food supply, 2,050.0 (40.2%); timber, 1,268.7 (24.8%); textiles, 715.5 (14.4%). Credit to agriculture amounted to R.1,692.3.

Finally, the State Bank has laid the foundation for a currency circulation and for the issue of bank notes. The gold cover of the Bank for the issue of notes on Nov. 28 was as follows: 2 mill. gold roubles in noted Russian currency (Imperial roubles), 1,885,916 roubles worth of gold ingots, 229,383 foreign currency and bank notes, and Bank of England notes to the value of £125,000 equivalent, at the rate of 8.65 gold roubles to the £, to 1,081,250 gold roubles. (*Berliner Börsen Zeitung*, Jan. 18.)



## THE TAX ON COMMERCE AND INDUSTRY.

The tax on commerce and industry plays an important part from a financial point of view. In the aggregate the industry tax for the first nine months of 1922 yielded R.2,219 mill. (of the 1922 issue), or in other words half the total direct taxes. The tax on industry is divided into two—licences and revenue duties—the proportion of the first being 60% and of the second 40%. In 1913 R.1.8 mill. industrial products were taxed, in the second half-year the number was R.0.6 mill., or about 30%. Of these about 60% were in respect of commerce, 12% industry and 1.2% luxury articles. On an average undertakings pay about R.2,000 in licence taxes and luxury articles three times as much. The revenue taxes have only yielded 38% of the estimate. (*Revaler Bote.*)

## THE TAX ON WAGES.

The Soviet Government has introduced a special tax on wages for those in receipt of salaries and wages which exceed the maximum amount under the tariff. The surplus over this amount is liable to tax. The rates are on a graduated scale, and rise from 6% on R.500 to 10% on R.2,500 and 33% on R.5,000 (equals old R.5,000 mill.) (*Ost-Express Telegram, Moscow, Jan. 27.*)

## THE ORGANISATION OF BANKS.

A Decree of the Soviet Government has accorded to the Government administrations the right to found special local banks in the form of mixed joint stock companies in which the said authorities must participate to the extent of at least 50% of the share capital. The function of the banks is to finance municipal authorities and private building operations in towns and also to open short-dated credits to State and Co-operative Societies and private persons. The formalities of sanctioning the foundation of these banks are simple. The foreign trade commission which has entered into an agreement with the Bank of Commerce and Industry for the financing of foreign trade takes up shares of the bank to the value of R.2 mill. (gold). The Bank of Commerce and Industry takes up a large block of shares of the new State joint stock company into which the Petrograd State Commercial Institution has been converted. In return the Company receives shares of the Bank of Commerce and Industry. (*Ost-Express Telegram, Moscow, Jan. 20.*)

## PROGRESS OF THE MERCANTILE EXCHANGE IN MOSCOW.

The Report of the Central Mercantile Exchange in Moscow, recently published, shows a great development in the sales on the Exchange which until July 1922 were unimportant. The operations on the Exchange are gradually ousting those in the street. The greatest number of sale transactions are with the State Institutions, next with private enterprise, and lastly with co-operative societies. The increase of operations with private persons is developing quickest. The following are among the list of goods dealt with: textiles, food and groceries, medicines and chemicals, metal goods and raw material. (*Ost-Express Telegram, Moscow, Jan. 20.*)

## TRADE

### THE EXPORT SCHEME FOR 1923.

The Foreign Trade Commission has drawn up a scheme for export for 1923, whereby the quantity of the several commodities to be exported is fixed. The amounts and value are as follows (in millions of poods and millions of gold roubles, the latter being given in brackets): Corn, 10 (13); flax, 2.5 (30); hemp, 1.2 (7.2); oil-cake, 3 (5); sugar, 1 (4.8); tar products, 1.2 (3.7); raw hides (10 mill. hides) (15.9); skins (15 mill. skins) (18); fish (1.7); timber (43); naphtha and ores (29.2); industrial products (16.5). The above figures are subject to revision. (*Ost-Express, Jan. 23.*)

## RUSSIAN WOOD ON FOREIGN MARKETS.

The manager of the "Seeroljes" (Southern Forest Trust), who has just returned from a visit of investigation abroad, reports that the Russian timber is gradually regaining its reputation among foreign purchasers. Last year the Trust exported 105 thousand standards, 25% of which went to England, 20% to Holland, and 15% to Belgium. For the coming year an export of 200,000 standards is contemplated. The Trust has received large orders from the reconstruction co-operative societies in the devastated areas of France. England remains as always the chief market for the sale of Russian timber. The importance of the German has declined owing to the depreciation of the exchange. Nevertheless the German importer plays a prominent part as middleman in the sale of Russian timber abroad. (*Ost-Express Telegram, Moscow, Jan. 28.*)

## FOREIGN TRADE.

According to provisional official returns, exports in November amounted to 2.5 mill. poods, to the value of 5.5 mill. gold roubles (at the 1913 rate), of which 24,000 poods are foodstuffs, 2.6 mill. raw materials and semi-manufactures, and 12,000 assorted goods. (*Ost-Express Telegram, Moscow, Jan. 25.*)

## THE EXPORT OF RUSSIAN PRODUCTS.

The Trust of the Chemical Industry during the year 1922 exported 3,500 t. of soda to Latvia, Esthonia, Finland, Sweden and Norway, and treated with German firms for the delivery of large amounts of soda to Germany.

According to the Customs returns, during the first nine months of 1922 1.8 mill. poods of flax were exported. According to a statement by the foreign commission the export licences for flax have been granted to 12 State, co-operative and private undertakings, as well as to a number of private persons. In addition to the regular export there has been excessive smuggling of flax into Esthonia, Latvia and North Poland.

A licence has been granted to the Petrograd Branch of the "Chleboprodukt" for the export of 2,000 poods of flax, which closes the flax export for this year, as the maximum amount of flax for export has been reached.

The Foreign Trade Commission has granted a licence for the export of 7.5 mill. poods of iron ore from South Russia.

The President of the Board of the Nisjhni Novgorod Fair has stated that Russia is beginning to get the famine in hand. Corn prices are relatively lower than prices for manufactured goods. This is detrimental to agriculture, so that the Government is compelled to take measures to check this evil. The "Chleboprodukt" has in hand such large supplies of cereals as to cause a further decline in corn prices if they are thrown in unlimited quantities on the home market. Consequently the Government has authorised this Company to export 25 mill. poods of corn for the foreign market. (*Ost-Express Telegram, Moscow, Jan. 5, 20, 22, 23.*)

## COMING FAIRS.

A Spring Fair was opened at Kiev on Feb. 1, with the object of bringing Ukraine industry and commerce into business communication with Western Europe. The licences for participation in the Fair are granted by a special Fair Commission. Exhibits consist chiefly of agricultural machinery and tools, plant for mills and sugar refineries, wood products, textiles, leather, porcelain, stoneware, glass, paper, tobacco, matches, electrical products and confectionery. Poland has granted transit facilities from Germany.

The Foreign Trade Commission has decided to authorise foreign exhibitors at the All-Russian agricultural exhibition in Moscow in August to sell their exhibits to Russian State, co-operative and private enterprises. Each sale must be registered in the foreign section of the exhibition, the import duty paid and 10% of the sale price deducted for the benefit of the exhibition. (*Ost-Express Telegram, Moscow, Jan. 17, 23, 29.*)

## North Europe

### INDUSTRY

#### THE IRON AND STEEL INDUSTRY.

The Russian iron and steel industry possesses 23 trusts and 11 independent works. It employed at the beginning of 1922, 201,600 workmen and 32,000 officials, and on Oct. 1, 1922, 191,000 workmen and 38,000 officials. The average number of workmen to a factory had fallen from 890 to 865. The output from January to September amounted to R.89.9 mill. as against R.81.7 mill. for the whole of 1921. However, the output was at its highest at the beginning of the year, since when, especially in South Russia, it has steadily declined. The output of household utensils showed a marked decline owing to competition. Industry continues to be hampered by a lack of working capital. According to the *Economiste Zhizn*, the last quarter of 1922 did not record a further fall but rather an increase of output. It is anticipated that the worst of the crisis is over and that the industry will be able to meet the demand. (*Ost-Express Telegram*, Moscow, Jan.23.)

#### THE TEXTILE INDUSTRY.

With the inauguration of the new economic policy came a marked revival of activity in the textile mills. But the supply of raw material did not keep pace with the increased producing capacity of the mills. With the exhaustion of accumulated stocks it became apparent that Russia's depleted economic resources were unable to supply the demand for raw material. Indeed, the question of raw material has become one of life and death for many branches of Russian industry, and threatens to bring to nought the efforts already accomplished.

*Cotton.*—With the introduction of the new economic policy the demand for raw cotton by the industry has increased from 950,000 poods in 1920 to 4.5 mill. poods in the industrial year 1921-22. At the same time it became apparent that the production of cotton in Russian territory had declined. The cotton growing area declined between 1914 and 1922 from 437,755 dessjatin in Turkestan, and 264,000 in the other districts, to 54,000 dessjatin in Turkestan and 135,000 in the Caucasus (the returns for Khiva and Bokhara not being available). The output of fibres for spinning, which was 17.1 mill. poods in 1914, and attained 20.2 mill. poods in the record year 1915, can only be estimated for 1922 at 600,000 poods in Turkestan and 7,500 in the Caucasus. On these figures the decline of cotton output in 1922, as compared with 1914 may be reckoned at 87% for Turkestan and 74% for the Caucasus, while that of the output of spinning fibres is still greater, being 95% and 99.5% respectively.

Including stocks in hand, Russia can only reckon on from 1 to 2 mill. poods of spinning fibres for 1923, so that the crop will be far below the demands of home consumption. The Russian industry will therefore for several years to come be dependent on foreign cotton, chiefly American and Egyptian.

*Cloth.*—Sheepbreeding throughout the world has declined by some 20% to 25% during the past 10 years, and in Russia (exclusive of the Ukraine) the number of sheep has fallen from 13 mill. in 1920 to 8.7 mill. in 1922, or 48%. The breeding of merino sheep has entirely ceased. The amount of wool available for the market in 1922, after the needs of the producer were provided for, was 210,000 poods, as against 3.8 mill. in 1916. Simultaneously with the output of wool has Russia's cloth industry declined. The new States formed on her western border have deprived Russia of the greater part of her industrial areas, with the result that she has lost two-thirds of her spindles and 60% of her looms. The output of the cloth mills has fallen from 52 mill. arschin in 1916, to 29.1 mill. in 1921-22, and from 3.8 to 1.2 poods. According to the programme of production for the industrial year, 1922-23

already begun, the output will be 27.1 mill. arschin of cloth, requiring 905,000 poods of wool, composed of 855,000 of coarse and medium, and 148,000 of merino wool. Russia will therefore for many years to come appear as a buyer on the world's wool markets. Already before the war she imported 40% of the wool required by the mills.

*Linen.*—During 1922, 400,000 dessjatin were sown with flax, giving a yield of 5 mill. poods, which meant a drop of 50% in area sown and 25% in output. By subtracting 3 mill. poods for the needs of the producer and adding 1.5 mill. of stock in hand, 3.5 mill. poods will be left for home consumption and export. The linen mills are variously provided with raw material for the coming year, as some have stocks in hand sufficient for eight or nine months, and others for only two or three. On an average the industry may be said to be provided with a six months' supply. The needs of producers in flax for the year are estimated at 2.5 mill. poods of flax, and this supply must be maintained if stocks are not to be exhausted by the end of the year. The yield from this year's crop must be so apportioned as to give 1.5 mill. poods to home consumption, leaving 2 mill. poods for export, the flax export being vital to the maintenance of the foreign trade balance. Export prospects are, however, by no means so rosy as would at first sight appear, since formerly Europe obtained four fifths of its flax from Russia. Flax prices, which are two and a half or three times those of pre-war times, have appreciably reduced demand, so that the markets are only taking 30% of the pre-war supply. The 10 mill. poods which West Europe now requires she either grows herself or imports from the Baltic States. Should the Russian flax crops, as is quite probable, improve within a reasonable time, a sharp struggle will begin for markets, which Russia, owing to the cheapness of her labour, may succeed in capturing by bringing down prices. (*Revaler Bote*, Jan. 12.)

#### THE ELECTRICAL INDUSTRY.

According to the official returns, the Russian electrical industry in October 1922 employed some 7,500 hands (51% of the pre-war number). In the financial year, October 1921 to September 1922, the value of output, reckoned in pre-war values, was some 16 mill. gold roubles or 30% of the 1914 output. In the two preceding years, the output was 8.7 and 5.4 mill. respectively. The output of the individual worker rose from 20% of the pre-war standard in 1920 to 60% in 1922. The industry is suffering seriously from lack of working capital, raw materials and customers.

The stocks of completed products taken over by the Trust are difficult to dispose of, as they are mostly the result of former orders and current output finds no market owing to the declining purchasing capacity of the public. Owing to lack of raw material, low power current and accumulator products are the most seriously curtailed. The shortage of copper is especially felt, as the demand for the year by the electrical industry requires 150,000 poods, whereas the total copper output last year only yielded 200,000. The whole industry is at present in the hands of four Trusts. (*Ost-Express*, Jan. 12.)

#### RUSSIA'S ROLLING STOCK OUTPUT.

The following amount of locomotives and rolling stock has been turned out in Russia during the last 14 months: October 1921 to September 1922, 115 locomotives and 591 trucks, carriages, etc.; October 1922, 4 locomotives and 48 other units; November 1922, 4 locomotives and 22 other units. From the second quarter of 1922 there has been a decline in output. Whereas during the first quarter 35, and during the second 28, locomotives were completed for delivery, the number sank to 19 during the third. The number of carriages, trucks, etc., delivered, fell from 235 in the first quarter to 34 in the third. (*Revaler Bote*, Jan. 23.)

# SPECIAL ARTICLE

## THE STRUGGLE OF THE FRENCH MERCANTILE MARINE.

(Concluded.)

### THE EIGHT HOUR DAY.

The Under-Secretary for the Mercantile Marine, M. Rio, is to be congratulated on having abolished one serious cause of working expense, namely the eight hour day on board ship. The extra cost thereby entailed is difficult to estimate. The annual loss on working entailed by its application has been put by some at Fr.150 mill., and by M. Raphael Georges Levy (*Revue des Deux Mondes*, Feb. 15), at Fr.177 mill. Although these estimates, based on theoretical rather than practical arguments, may be somewhat exaggerated, nevertheless the crews of French vessels were larger than on those of any foreign country; certain cargo boats carried thirty-two hands as against seventeen carried by foreigners. In consequence, the latter declared a freight war on French ship owners, which rendered competition impossible for the latter. The eight hour day must either be rendered international, or it must be abandoned. A French ship cannot enter for so keen an international competition with a handicap of Fr.84 per ton displacement.

The centralisation of seamen on certain limited points of the land, the special nature of their duties, and their common life on board, create bonds of union and comradeship which become manifest both in times of danger at sea, and on the labour exchange. Even a ship's discipline is used by the leaders to start strikes of which the spontaneous effects are the lying-up of ships and the stagnation of national trade.

### THE QUESTION OF CARGOES.

The world's tonnage has increased by 20% in relation to the pre-war figure, but this increase by no means coincides with a corresponding increase in trade, but rather with a decline of business.

The chief currents of import and export have slackened owing to the closing of numerous markets. Cargoes decline in quantity in proportion to the offers of tonnage. Naturally shippers give their cargoes to those ship-owners who offer the cheapest rates, so that freights tend to become international, and as a rule are fixed by the "Baltic" in London. To make up for their inability to give their own vessels a monopoly of their own sea trade, nations seek to reserve to them trade between home ports. Nearly all nations (with the exception of Great Britain) have adopted a system of coasting monopoly which has been extended to trade between France and North Africa, but the famous "colonial intercourse" which made the fortune of the mercantile marine under Louis XIV., has long been abandoned, and France's trade with her colonies is now open to foreign competition. Without enumerating all the protective measures adopted by the various seafaring nations since the armistice, it will suffice to remark that, apart from the British, the French mercantile marine, which had always enjoyed legal protection, is the only one to be thrown on its own resources in the face of rival merchant fleets, subsidised more or less directly by their Governments.

### FRANCE'S SEA TRADE.

In 1913 France's sea trade amounted to 40 mill. t. (as against 150 mill. t. for England), of which by no means the greater part was carried in French bottoms. An examination of the movement of shipping in French ports shows that at no time has the proportion of French trade carried by French ships exceeded 26%. The trade so carried was 5.5 mill. t. out of a total of 25 mill. t. in 1890; the same out of a total of 27 mill. t. in 1900, 7.6 mill. t. out of 45 mill. t. in 1910, and 9.9 mill. t. out of 54 mill. t. in 1913. Between 1890 and

1913 sea trade in French ports open to all nations increased by 172%, that carried by French ships by 82%, and that carried by other vessels by 206%. After 1913 there was a considerable decline in shipping in French ports, which fell to 22 mill. t. in 1918. The share carried under the French flag never exceeded 21.5%. In 1919 it was 18.6%, in 1920 20.2%.

Statistics show that on an average 85% of the earnings of a vessel goes to the nation under whose flag it sails. All export under a foreign flag is a dead loss to the exporting country. It is by becoming carriers for the whole world that Holland and England achieved their prosperity. On the other hand, France, which is obliged to abandon to foreign flags a part of her trade much larger than that which she carries for them, has to pay to other nations a heavy tribute. Before the war it is estimated that France disbursed on an average Fr.350 mill. in the form of freight. In 1915 she paid Fr.2 mill., and in 1916, 1917 and 1918, the sums paid under this head to mutual or allied nations, amounted to Fr.4 milliards. It can no longer be alleged that this situation is due to insufficiency of tonnage, since France now possesses 4 mill. t. of shipping, or a total shipping trade of 45 mill. as against 2.5 mill. for 60 mill. in 1913.

### THE WORKING EXPENSES OF SHIPPING COMPANIES.

As a result of an interpellation in the Chamber by M. Brindeau, an extra-parliamentary commission, with M. Guernier as reporter has been appointed, to consider how to improve the position of the mercantile marine.

Among the important questions to be considered by this Commission that of finance stands foremost. The increase of tonnage above recorded has placed the question of working expenses on an entirely new basis. The latest report of one of the large shipping companies gives an idea of the increase of general expenses. Coal has risen from Fr.885,000 to 4 mill.; cost of crews from Fr.9 to 37 mill.; outfitting equipment from Fr. 6 to 40 mill.; cost of passengers' food and the service of goods traffic from Fr.20 to 168 mill. The total advance money has risen from Fr.34 to 219 mill., a difference of 700%. A large liner on leaving port, which required an outlay of Fr.210,000 now requires 820,000. The result is that French shipping works with a greatly larger working capital than formerly. The increase of tonnage registered is 100%, and of its value 400%. Working capital shows an increase of about 500%. It is not far from the truth to say that the figures of balance sheets of shipping companies are five or six times larger than formerly. Hence it is necessary for shipping to make appeals for capital, and as the financial market is monopolised by State issues, it would seem that, in the first place, protection should take the form of facilities granted by the State to shipping companies to obtain the credit requisite for placing fresh orders with French building yards. The Commission has passed a unanimous resolution asking the Under-Secretary of the Mercantile Marine "to acquaint the Government with the urgent necessity of setting down at the earliest possible date a bill for the foundation of a national bank for credit to shipping on the following basis, the bank to be formed by a joint stock company, with power to issue debentures which would be guaranteed by the State, all to the value of Fr.500 mill., for the purpose of interest and sinking fund. This guarantee would be preferably drawn up on the same terms as governed the bonds issued by the Cr dit National for the purpose of making advances to industry and commerce." The Under-Secretary has appointed an inter-Ministerial Commission to examine this proposal, and it is probable that a Bill will be introduced at an early date corresponding to the recommendation of the commission. The first nation which is able to found a system of credit for its mercantile marine on a solid basis will obtain an undoubted superiority for its flag.

# 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 arrears. In the second place there is room for an index number which, instead of covering a wide field for the sake of representing the general level of all commodity prices, sets out to reflect the prevailing tendency of prices as exemplified in a small number of particularly sensitive commodities. The Harvard University Committee of Economic Research has recently shown that in America an index number devised to forecast price movements can safely be based on a small selection of price quotations, provided the commodities chosen are those which most accurately and rapidly reflect the trend of the general price level.

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

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

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

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

TABLE I.

Date	10 Com- modities	* Board of Trade	Date	10 Com- modities	* Board of Trade	Date	10 Com- modities	* Board of Trade	Date	10 Com- modities	* Board of Trade
1920											
Sept. 3	379.3		April 29	202.2	209.0	Dec. 30	150.0	171.4	Aug. 25	166.1	
10	379.7		May 6	207.2		1922			Sept. 1	163.4	150.1
17	379.4		12	204.3		Jan. 6	148.1		8	160.4	
24	360.6		20	197.0		13	148.7		15	161.2	
Oct. 1	356.8	318.1	27	200.5	205.9	20	144.0		22	158.6	
8	346.8		June 3	201.9		27	141.3	167.5	29	158.8	157.1
15	328.6		10	203.6		Feb. 3	142.3		Oct. 6	159.8	
22	319.8		17	201.8		10	147.0		13	161.2	
29	315.3	308.5	24	201.6		17	149.2		20	162.8	
Nov. 5	310.8		July 1	196.4	201.8	24	149.7	165.3	27	165.9	
12	304.6		8	193.3		Mar. 3	148.4		Nov. 3	170.1	158.0
19	293.0		15	194.4		10	148.4		10	170.1	
26	283.8	292.9	22	194.8		17	149.8		17	169.3	
Dec. 3	272.0		29	193.6	198.2	24	149.4		24	168.2	
10	271.2		Aug. 5	183.8		31	149.8	163.2	Dec. 1	167.4	160.4
17	257.0		12	178.8		Apr. 7	150.3		8	161.5	
23	253.0		19	178.1		14	151.7		15	161.2	
30	249.8	269.4	26	178.1	194.0	21	154.1		22	162.2	
1921			Sept. 2	180.8		28	154.6	163.2	29	162.6	158.6
Jan. 7	249.5		9	183.0		May 5	157.8		1923		
14	244.2		16	183.4		12	159.9		Jan. 5	162.4	
21	237.6	251.0	23	180.0		19	162.1		12	162.8	
28	235.2		30	176.8	191.0	26	163.3		19	163.2	
Feb. 4	227.0		Oct. 7	172.1		June 2	162.9	163.9	26	165.3	
11	227.4		14	170.2		9	164.9		Feb. 2	166.9	
18	219.1		21	163.0		16	163.6				
25	215.8	229.9	28	159.5	184.5	23	164.8				
Mar. 4	198.8		Nov. 4	158.9		30	162.4				
11	197.5		11	155.0		July 7	164.7	163.1			
18	199.0		18	154.5		14	165.1				
25	201.4		25	157.7	176.4	21	165.8				
April 1	199.6	215.2	Dec. 2	153.6		28	167.3				
8	191.6		9	152.1		Aug. 4	168.1	163.2			
15	202.8		16	153.2		11	165.9				
22	194.3		22	150.3		18	164.0				

\* An error in the base prices of the Board of Trade Index Number has been discovered. The corrected figures are about 2% lower than those here given, and are published in the *Board of Trade Journal* for November 2nd, 1922.

CHART ILLUSTRATING TABLE I.

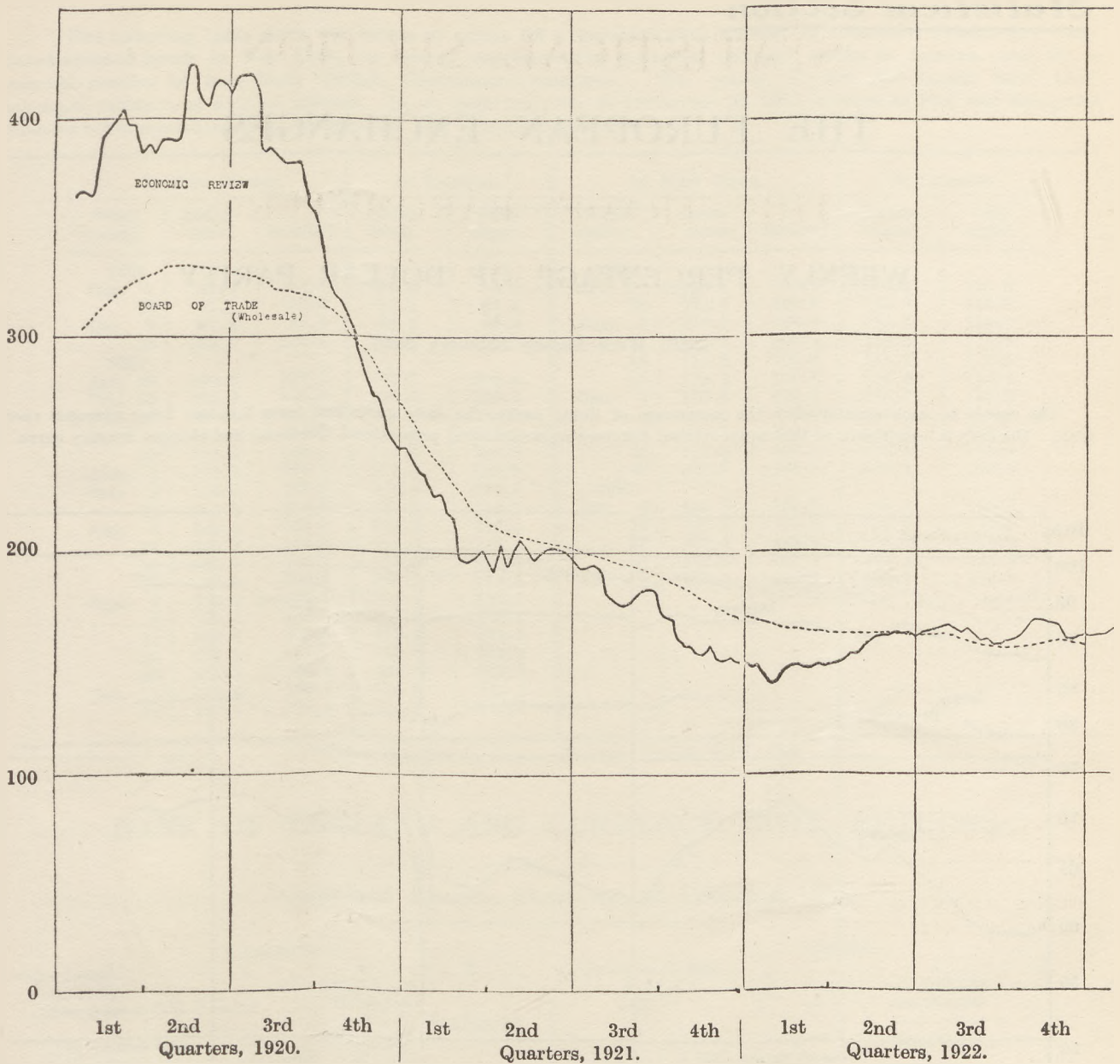


TABLE II.

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	108.0	93.0	103.3	134.6	113.40	" 10
" 17	95.5	104.1	96.2	131.6	126.9	133.3	108.0	94.1	104.4	134.6	112.87	" 17
" 24	95.5	102.3	94.8	133.3	121.4	133.3	110.1	94.1	101.8	134.6	112.12	" 24
Dec. 1	95.5	102.6	94.3	136.9	121.5	133.3	107.2	93.9	96.3	134.6	111.61	Dec. 1
" 8	89.4	106.1	95.3	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
Feb. 2	96.0	107.8	113.2	138.2	129.2	122.2	95.7	93.3	86.0	130.8	111.28	Feb. 2

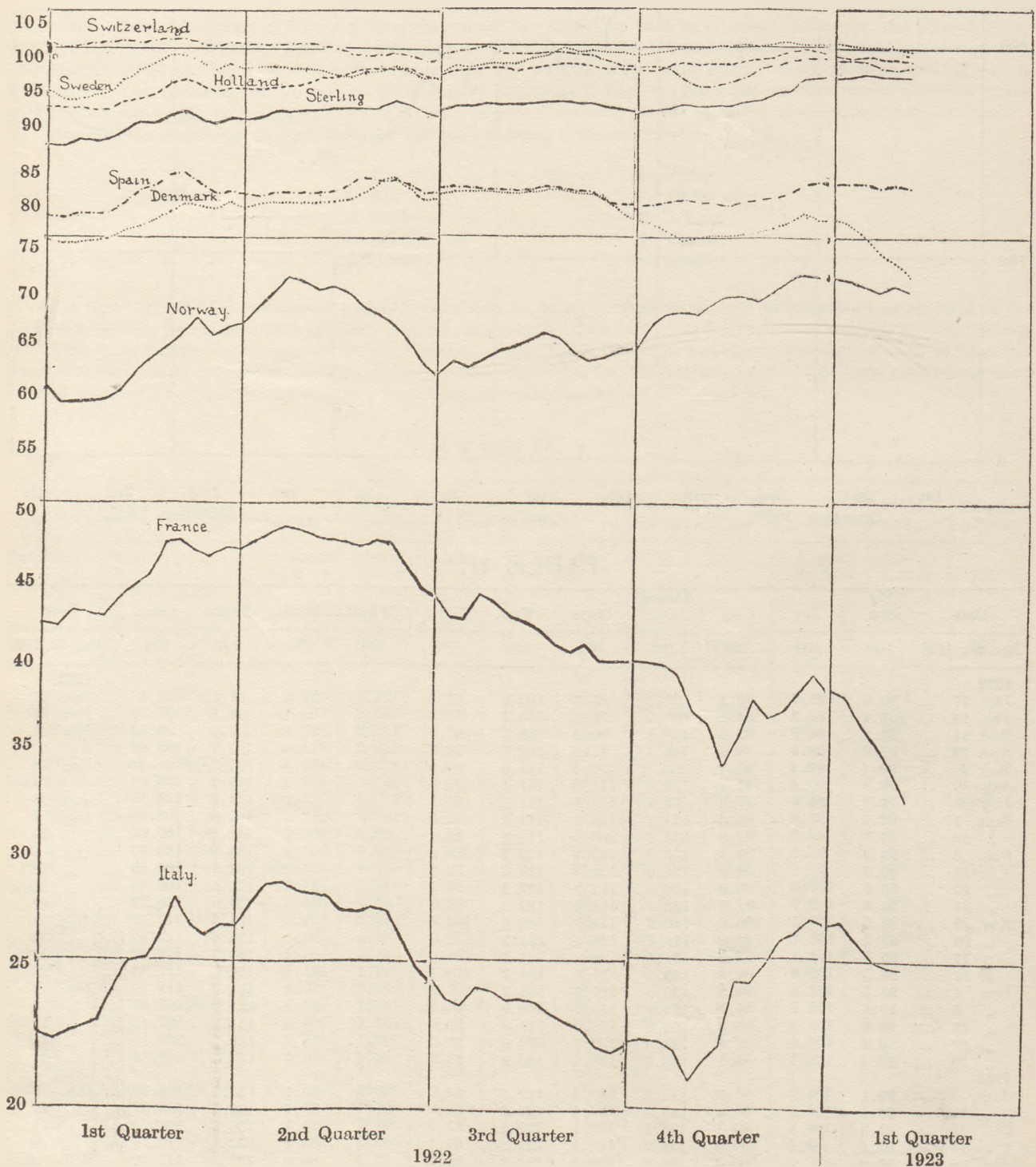
## Statistical Section

### THE EUROPEAN EXCHANGES

#### WEEKLY PERCENTAGE OF DOLLAR PARITY

(To Week Ending February 3rd.)

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



SECURITY PRICES.

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

IN NEW YORK.			IN LONDON.		IN NEW YORK.			IN LONDON.	
Week ending.	Indus-trials.	Bonds.*	Indus-trials.	Gilt-edged.	Week ending.	Indus-trials.	Bonds.*	Indus-trials.	Gilt-edged.
<b>1921</b>					<b>1922</b>				
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
<b>1922</b>					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	<b>1923</b>				
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	Feb. 3	122.5	102.1	122.2	114.8
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 1st February, 1923.

LIABILITIES.				ASSETS.			
	£	£			£	£	
<i>Notes Issued.</i>				<i>Government Debt.</i>			
B. of E. ... ..	144,113,525			B. of E. ... ..	11,015,100		
Less those in C.N. Reserve	21,150,000			C.N. ... ..	236,868,569		
		122,963,525				247,883,669	
C.N. outstanding	278,761,840			Less C.N. Investment Reserve			
C.N. called in but not yet cancelled	1,511,077			Account ... ..	11,928,334		235,955,335
		280,272,917		<i>Other Securities.</i>			
				B. of E. ... ..			7,434,900
				<i>Gold Coin and Bullion.</i>			
				B. of E. ... ..	125,663,525		
				C.N. ... ..	27,000,000		
				C.N. Balance at B. of E. ...	182,682		152,846,207
Ratio of Gold to Notes	37.9%			<i>Silver Coin</i>			7,000,000
Gold & Silver to Notes	39.6%						403,236,442
		403,236,442					403,236,442

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	155.3	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. ... ..	123.0	280.3	403.2	152.8	37.9	39.6

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