

THE
ECONOMIC REVIEW

A REVIEW OF THE FOREIGN PRESS

[REGISTERED AT THE G.P.O. AS A NEWSPAPER.]

VOL. VII. No. 13.

MARCH 30, 1923

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Vol. VII. No. 13.

March 30, 1923.

Price 1s. Weekly

Editorial Offices :

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Telephone : Gerrard 1396.

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ECONOMIC SURVEY

FRANCE

FINANCE

REPORT ON THE BUDGET TO THE FINANCE COMMISSION OF THE SENATE.

On Feb. 15 M. Henri Bérenger, general reporter to the Finance Commission of the Senate, read to the Commission a very lengthy report (occupying more than three hours) on the Budget Bill for 1923, as sent up to the Senate from the Chamber. The report was divided into three parts, and in the first M. Bérenger reviewed the debates and discussions of the Bill by the Chamber and its Finance Commission from Mar. 31, 1922, the date of its introduction, until Mar. 9, 1923, the date when it was passed. In this part of his report he called attention to the Chamber's omission to fix the exact amount of the deficit, and its proposal that the deficit, whatever it might be, should be met by an issue of Treasury Bonds. The speaker invited the Commission to examine thoroughly the actual extent and nature of the deficit by a careful study of the revenue and expenditure of the last half-year, the list of the debts owing by and to the Treasury, and the exact position of its current account.

In the second part of his report, the reporter considered these three items, and, making use of the official figures supplied to him by the Treasury, arrived at the debit and credit accounts of the Treasury, the amount of the Reparations debt, the estimate of pensions, and of the interest due for 1922 and 1923 on the National debt, comparing them with the amounts standing to the credit of the Treasury. After considering the Estimates, he declared revenue to be over-estimated by Fr.500 mill. and expenditure to be under-estimated by 1,500 mill. At the same time, he agreed that the collection of the price of railway material delivered to the country would give a supplemental revenue of Fr.500 mill., which would reduce to Fr.1,500 mill. the increase of the deficit as estimated by him, and show a final deficit for the year of Fr.3,700 mill. (as estimated by the Chamber), plus 1,500 mill., the increase estimated by the Senate, making an ultimate deficit of over 5 milliards, provided that the original figures of the Government's Bill proved to be correct. He estimated at Fr.35

milliards the amount required to meet the current needs of the nation for the year, originally estimated by the Government at 24 milliards and by the Finance Commission of the Chamber at 32 milliards. A careful study of the national accounts for 1922 showed current expenditure to be Fr.26,360 mill., although current revenue only reached 23,013 mill., giving a difference of 3,347 mill., which was inexplicable, as it was inconceivable that expenses should be incurred and paid to an amount so much in excess of available resources. The reporter, therefore, had come to the conclusion that expenditure had been over-estimated by more than Fr.3 milliards. On this assumption the original deficit would disappear altogether, leaving only the supplementary deficit of 1,500 mill. If this were so the financial position would be greatly relieved, but before making a definite revision of the figures of the national accounts it would be necessary to consult the Minister of Finance. In any case, after revising the credit estimates, which would appear to be more than sufficient to cover actual expenditure, there would still remain a deficit of Fr.1,500 mill., and a continuous increase of the National debt, due to the accumulating interest on the foreign debt, and the non-payment of that debt. Finally, the reporter submitted to the Commission the following possible alternative courses to be adopted by it :—

(1) To reject the Bill as passed by the Chamber, on the ground that it did not provide for meeting the deficit, except by loan.

(2) To invite the Government to proceed to a re-adjustment of revenue and expenditure, so as to present a balanced Budget to the Senate.

(3) Simply to resign itself to the situation which had been created by accepting without demur deficit and loan, and enter upon the discussion of the clauses of the Bill, leaving the financial situation in obscurity. M. Bérenger expressed the conviction that the Commission would not adopt the last course, and that it would deliberate and hear the views of the Government before deciding upon either of the others. (*Journal des Débats.*)

France

REPARATIONS IN KIND.

The *Journée Industrielle* (Mar. 18), dealing with the question of reparations, shows that, owing to the deliberate evasion of Germany, France has only received two-ninths of the reparations in kind to which she is entitled to date. The moratorium accorded to Germany for 1922 reduced the instalments payable by way of reparations for that year to Mk.720 mill. gold in cash and 1,450 in kind, of which 950 was to be paid to France and 500 to the other allied countries. The cash payments were made in accordance with the ruling of the Reparations Commission, that is to say, Mk.450 mill. gold in approved foreign securities, paid once or three times a month up to July 15, and 270 mill. in German six-monthly Treasury Bonds before Dec. 15, maturing between Feb. 15 and June 15, 1923.

The Ministry of Foreign Affairs has published the following particulars as to the payments in kind actually made: Germany was credited with 681,171,154 gold marks in respect of such deliveries under the various schedules, made up as follows: Goods for the reparation of the devastated areas (Sch. II), 134,881,113; vessels (Sch. III), 41,233,493; animals, wood, materials, etc. (Sch. IV), 66,783,081; coal, benzol, sulphate of ammonia (Sch. V), 279,888,631; dyes, chemicals, medicaments (Sch. VI), 19,910,706; Bemelmans Buntze agreement, 7,688,354; Gillet agreement, 2,369,823; other heads, 130,014,953.

Of France's share of 209 mill. gold marks, she received 181.1 mill. in the form of coal, which was 16% less than the amount fixed by the Reparations Commission. France, therefore, participated to a very small extent in the other classes of goods. Thus, of the 950 mill. gold marks' worth of reparations in kind assigned to France for the period, she only received 209 mill., whereas the other allied nations received practically the whole of their shares, Great Britain and Yugo-Slavia receiving more than the share assigned to them. The following table shows the share assigned and the share actually received by each nation out of the Mk.1,450 gold payable by Germany by way of reparations in kind during 1922 (in millions of gold marks):—

	Share Assigned.	Amount received.
France	950.0	209.0
Great Britain	120.0	167.8
Italy	146.1	107.7
Belgium	116.9	65.6
Yugo-Slavia	73.0	116.8
Rumania	16.0	2.1
Portugal	10.9	4.4
Greece	5.8	4.5
Japan	10.9	—

FEBRUARY REVENUE.

Revenue collected during February amounted to Fr.1,592,371,400; direct taxes of every kind to Fr.418,852,500, of which Fr.295,204,200 represent income tax of all classes and land tax, and Fr.122,476,000 special war profits tax.

The net yield from indirect taxes and monopolies is Fr.1,128,037,000, being 17,560,000 (1.5%) in excess of estimate and 113,907,000 (11%) in excess of the yield for February 1922. The yield from the various classes of indirect taxes and duties is as follows (in millions of francs): Registration 277.7, being 9% more than estimates, and the like percentage more than in February 1922; indirect contributions 366.2, being 15% above estimates, and 10% above the yield in February 1922. The chief part of the increase consists of: duties on the consumption of liquor—customs 184.8, being 26% below estimates, and 5% above February 1922; turnover tax 202, being Fr.659,000 higher than the estimate, a noteworthy result, as for the first time since its introduction it exceeds estimates. The yield from indirect taxes and monopolies for the

first two months of the year exceeds estimates by 125.4 mill., and the yield for February 1922 by 302.9 mill. (*Economiste Français*, Mar. 17.)

CAPITAL ISSUES IN 1922.

A perusal of the monthly reports issued by the National Association of French Holders of Stock Exchange Securities reveals a decline of investment in 1922 compared with previous years. The following table shows the amount of various classes of Stock Exchange Securities issued in 1922 (in millions of francs):

	Issued in France.	Issued abroad.	Total.
State, Departmental and Municipal loans (including Défense Nationale Bonds) ...	18,580.4	—	18,580.4
Loans secured by annual payments by the State ...	10,173.7	—	10,173.7
Various debentures ...	5,366.1	8.0	5,374.1
Capital increases ...	999.4	8.3	1,007.8
Flotation of new companies ...	375.4	—	375.4
Total in 1922 ...	35,495.0	16.3	35,511.4
Total in 1921 ...	38,837.6	133.6	38,971.3
Total in 1920 ...	55,722.8	125.6	55,848.5

(*Information Financière*.)

THE POPULARITY OF RAILWAY SECURITIES.

There is considerable discussion as to the class of investor who holds railway securities. On the one hand it is asserted that they are in the hands of a few large holders, while information supplied by some of the railway companies tends to show that they are more widely distributed. The Orleans Company has stated that on Jan. 1, 1920, 80% of share certificates represented from 1 to 10 shares only, 17% 11 to 50, and 3% over 50. The Est Company has also published statistics showing similar results. The dissemination of shares becomes more marked year by year. For the whole of the companies the average number of securities entered on each certificate was 13 in 1890, 11 in 1900, 9 in 1910, and 7 at the end of 1920, a sign of the increase of holders. At a rough estimate, the number of holders of French railway securities may be placed at 230,000 holders of shares and 1,500,000 holders of debentures. But when account is taken of the fact that among these holders are included insurance companies, benefit societies, and charitable institutions, who are only trustees for a large number of persons, it will be realised how widespread is the interest in railway securities. (*Journal des Débats*.)

TRADE

THE LYONS FAIR.

The results shown by the Lyons spring fair have exceeded the most optimistic anticipations. The chief characteristic of the fair was the exhibition, very well arranged, of heavy articles of industry, which attracted not only numerous visitors from the French provinces, especially the centre, south-east and south-west, but also foreign purchasers, which gives rise to the expectation that in this department the Lyons fair will prove a serious rival to that of Leipzig. The presence of trade delegations from Belgium, Italy, Switzerland, Poland, Czecho-Slovakia, Latvia and Russia, and the visit of individual British and American business men of standing attest the interest shown by foreigners in the fair.

The exhibitors of metal and engineering products scarcely participate in the general satisfaction, since the high price of raw materials is an obstacle to the conclusion of time contracts. However, a certain amount of business was transacted in some branches of the industry, such as small apparatus, and machine tools, which found purchasers when offered at moderate prices. Purchasers of textile goods held back owing to the sudden rise of certain raw materials for the industry.

The industry of luxury articles, which relied on numerous foreign buyers in bulk, suffered disappointment. On the other hand, exhibitors of glass, porcelain, furs, toys, toilet accessories, furniture and motor cars expressed unanimous satisfaction. The silk merchants of Lyons, who were represented to a greater extent than on previous occasions, had also cause for rejoicing.

The chief success of the fair, however, was obtained by the manufacturers of agricultural machinery. The interest of visitors was attracted by an exhibition of poultry breeding. Buyers from the provinces were numerous. (*Journée Industrielle.*)

SOCIAL AND LABOUR CONDITIONS

EMPLOYMENT FOUND IN 1922.

The following information as to labour situations found during 1920 is supplied by the *Bulletin du Marché du Travail*, published by the Ministry of Labour, and is derived from the weekly reports of the Public Registry Offices and of the dépôts and control offices of foreign labour. The public labour services supplied in all 1,448,444 situations, of which 1,277,946 were furnished by the departmental and municipal offices and 170,498 by the foreign labour offices. The total situations found by the departmental offices in 1921 and 1920, respectively, were 1,073,450 and 1,078,294. The year 1922, having fortunately been marked by the end of the unemployment crisis and a renewal of economic activity, saw a new and important development of the work of the offices. As will be seen above, the total number of situations found exceeded that of the preceding year by 200,000. Moreover, during the last three years more than 1,000,000 situations have been found each year, and these results show that the offices have completed their organisation, and that they are in a position to exercise on the labour market a regular and effective influence. During the year the number of permanent situations found was 646,991 (430,754 men, 216,237 women), and that of temporary situations (of at least a week's duration) 630,955 (574,969 men, 55,986 women). Permanent situations show in all an increase of 100,000 compared with the preceding year. The 630,000 temporary situations relate chiefly to dock labourers and unskilled labourers, and therefore show a large proportion of men. The weekly average of situations found was 22,000 and 23,000 during the first five months of the year, 26,000 in June, 23,000 and 24,000 during July and August, a maximum of 29,000 in September (the vintage season) and 25,000 for each of the last three months of the year. The general weekly average, therefore, was 24,500 for a week of six working days. The distribution of the permanent situations into industries for men and women respectively was as follows:—

Fisheries, 116 and 23; Forestry and Agriculture, 75,789 and 26,320; Mining, 5,842 and 23; Food, 4,623 and 2,000; Chemicals, 1,000 and 183; Rubber, Paper and Cardboard, 998 and 2,635; Book Industry, 831 and 664; Textiles, 186 and 3,276; Clothing, 3,286 and 26,743; Leather and Hides, 2,856 and 2,062; Wood-work, 22,578 and 310; Metals, 40,451 and 2,206; Fine Metals, 604 and 93; Embanking and Building, 80,917 and 37; Brick Making, 4,844 and 1,148; Unskilled Labour, 83,071 and 13,816; Transport, 20,020 and 70; Sale of Food and Catering, 42,511 and 33,064; Personal Attendance, 4,371 and 1,664; Various Trades, 16,033 and 11,181; Professions, 2,181 and 949; Domestic Servants, 8,882 and 80,673; Various, 7,089 and 7,101. Of the temporary situations, the greatest number found was for unskilled labour 482,144 and 2,109, and catering, etc., 54,982 and 41,588. Situations found in agriculture during the year were 107,200 (80,000 men and 27,200 women), more than 16% of the total of permanent situations found and an increase of 37,000 compared with the previous year. Of the total

number 30,000, or 28%, were employed in the vintage. The Departments where the greatest number of agricultural workers were placed were Hérault 12,000, Haute-Garonne 10,000, the Seine 8,000. In nine Departments agriculture employed more than half the number of workers placed, the chief being Eure-et-Loir 89%, Geirs 88%, Loir-et-Cher 77%.

The number of situations found for foreign workers by the four dépôts of Toul, Hendaye, Perpignan and Marseilles and the foreign labour control offices was 117,429 compared with 36,000 in the preceding year, and the number of foreign workers placed by departmental offices was 53,000, making in all 170,000 for the year compared with 63,000 for 1921, which gives an increase of over 100,000 foreign workers who found employment in France. The nationality of the 117,000 workmen placed by the foreign labour offices was as follows: Italians 54,898, Poles 31,363, Spaniards 9,764, Portuguese 8,064, Russians 3,903, Belgians 3,293, Czechoslovaks 1,338, North Africans 761, Greeks 638, Various 3,403. The following trades gave employment to the foreign workers: Building 29,931, Embanking 11,084, Coal Mining 2,487, Iron Mining 9,393, Unskilled 16,663, Metal 3,920, Agriculture 13,804, Various 12,147. The number of foreign labourers entering France through the control offices during the year was 180,000, and those leaving 50,000, giving a balance for those remaining in France of 130,000. The previous year, owing to the unemployment crisis, the numbers were as follows: Immigrants 24,000, Emigrants 62,500. Of the 180,000 foreign workmen entering France, 73,000 were assigned to agriculture and 107,000 to industry, of whom 58,000 went to undertakings in the devastated areas and 49,000 to undertakings elsewhere. These were chiefly composed of four nationalities, Italians 57,000, Spaniards 46,000, of whom 39,000 were employed in agriculture, Poles 37,000, Belgians 24,000, of whom 13,000 were employed in agriculture. Of those leaving France, 33,000 were Italians and 11,000 Spaniards.

Employment involving the transfer of workmen from one district to another has a peculiar importance, as it is through this means that the offices exercise a regulating action on the labour market, not only in the town where the office is situate, but in the whole department and in the neighbouring departments, and often in more distant districts. The number of workmen removed from one district to another in 1922 was 238,400, representing over one-third of permanent situations found. The number for the previous year was 144,500, showing an increase for 1922 of 93,900.

Situations were found for 16,197 disabled soldiers and for 271 war widows. The greatest number of those thus employed was by the following departments: Seine (Paris) 5,516, Gironde 882, Loire-Inférieure 709. During the year 7,761 apprentices were found situations by the offices or by the services of trade investigation founded by them, as against 5,335 in the preceding year, an increase for 1922 of 2,400. This figure affords an idea of the progress made by the offices as regards technical investigation.

POPULATION STATISTICS.

The Bolletino del Ufficio Municipale del Lavoro di Roma quotes the *Journal Officiel* for the following statistics of births and deaths in France during the first half of 1922, compared with the corresponding period of 1921 (the figures for which are given in brackets): Children born alive, 396,726 (421,180); deaths, 387,081 (348,329); excess of births over deaths, 9,045 (72,851); marriages, 193,454 (238,185); divorces, 14,305 (15,567). These figures are not very satisfactory from the French point of view, as they show, compared with the previous year, a decline in births of 25,000, an increase of deaths of 40,000 and a decline in marriages of 45,000. The figures for Paris are: births (alive), 27,978 (32,102); deaths, 26,599 (25,629); marriages, 19,012 (22,141); divorces, 2,767 (2,614).

France

The following figures show the distribution of the population at specified periods between urban and rural Communes. During the last 50 years French Communes have been officially divided into two classes: urban, in which the population of the chief centre of the Commune exceeds 2,000, and rural, in which the population does not exceed that figure, a somewhat arbitrary arrangement, which, however, serves to convey a rough idea of the distribution of the population between town and country. The figures given in the following table represent 1,000 units:—

	Urban.	Rural.	Total.	Proportion per 100.	
				Urban.	Rural.
1851 (84 departments) ...	9,135	26,648	35,783	25.5	74.5
1872 (87 departments) ...	11,235	24,868	36,103	31.1	68.9
1891 ...	14,311	24,032	38,343	37.4	62.6
1911 ...	17,509	22,093	39,602	44.2	55.8
1921 (87 departments) ...	17,380	20,120	37,500	46.3	53.7
1921 (90 departments) ...	18,206	21,004	39,210	46.4	58.6

COMMUNICATIONS

RAILWAY EARNINGS.

The earnings of the leading French railways for the first four weeks of the year (Jan. 1 to 28) are shown below (in millions of francs):—

	1923. (a)	1922. (b)	Increase in 1923.	
			Gross.	% per km.
State	70.6	65.9	4.6	7.05
Paris-Lyon-Méditerranée	121.8	115.6	6.1	5.3
Nord	82.0	80.8	1.1	1.4
Orléans	63.6	60.8	2.8	4.66
Est	78.3	67.7	10.5	15.59
Midi	33.9	30.6	3.3	11.0
Alsace-Lorraine and Guillaume-Luxemburg	34.1	30.6	3.4	10.71

(a) Provisional. (b) Amended.

(*Economiste Français.*)

INLAND NAVIGATION IN 1922.

The amount of goods carried in 1922 on the rivers was 16,171,937 t. as against 10,425,596 t. in 1921, and on the canals 14,203,364 t. as against 9,045,160 t., making a total of 30,375,307 t. as against 19,402,416 t., an increase of 10,902,885 t. (*Information Financière.*)

GERMANY

POLITICAL AND GENERAL

IS GERMANY RECOVERING?

Albert Sauzède has contributed a recent article to the *Journal de Genève* in which he seeks to reveal signs of the returning prosperity of German industry and agriculture. He disclaims any attempt to prove his statements by hypothetical conjectures or generalisations and states that he relies merely on the straightforward statistics which he supplies.

It is fairly daring to state, he begins, that German agriculture is prospering. Taking the same areas now and before the war, the Germany of 1922 is producing less than in 1913. The 1922 corn output is estimated at about 2 mill. t., compared with over 4 mill. t. in 1913. That fact in itself cannot be considered optimistic. But let us turn to the satisfactory side of the picture, to the increased quantity of fertilisers employed in the later year. Two years ago, Herr Braun, Prussian Minister of Agriculture, stated that there was a radical means of augmenting the fruits of the earth—intensive cultivation. He estimated at Mk.21 milliard (the mark value in January 1921) the sum required during the year for financing grain imports. He maintained at the same time that if national grain production was re-established on the pre-war level, these 20 milliards could be saved. He insisted that Germany could produce 50,000 t. of nitrates a year. It is well known that he refused to deliver to France the 60,000 t. of nitrates which this country demanded in the form of fertilisers. In 1922 Germany consumed 340,000 t. of home-produced nitrates. According to figures supplied by the *Kölnische Zeitung*, the total nitrate output for 1923-24 will probably amount to 420,000 t. This is not far off Herr Braun's estimate, and points, therefore, assuredly to agricultural recovery. It is still more significant that, notwithstanding increased consumption, the commercial balance as regards nitrates is now completely reversed since before the war: then it was well on the deficit, now slightly on the surplus side.

Potash shows a similar progress. During the first three-quarters of 1922, sales amounted, in round figures, to 10 mill. metric quintals of

pure potash, compared with 6,214 mill. during the same period of 1921. The total output in 1922 was 13 mill. t. Taking into account certain accumulated reserves, home consumption is estimated to have amounted to 8.5 mill. t., as against 2.75 mill. t. exported. In order to facilitate the conquest of foreign markets, a potash "Konzern" has just been established in the form of a powerful trust. At the end of 1922 it paid a magnificent dividend; the sums distributed during the year totalled about Mk.192 mill. compared with Mk.8 mill. in 1921. Reduced to its gold value, this denotes an increased dividend.

If we pass now to the commercial side, it is easy to show that Germany is regaining her position on the world markets. Statistics show best the progress in the reconstruction of her merchant fleet which serves the above purpose: between July 1, 1921, and June 30, 1922, Germany succeeded in flying her flag on an additional 130 ships, these ships being none other than her own craft repurchased from England. In a year, therefore, she has purchased what amounts to one-tenth of her pre-war commercial fleet. Furnished with these sure guarantees of commercial expansion, the large shipping companies have recommenced their careers, already so brilliant before the war. The Norddeutscher-Lloyd had at that time a fleet of one million g.r.t. The execution of the terms of the Versailles Treaty reduced this figure to 57,000 t. In 1920-21 a programme was drawn up which provided for the construction of 29 new ships with a total tonnage of 385,000 t. To-day, this company owns 26 sea-going vessels with a total tonnage of 124,000 t., and river craft, etc., with a tonnage of 50,000 t. Their South American line alone employs 41,000 t. Maritime traffic between Germany and the Far East is fast re-establishing itself.

Investigation might be conducted in many other realms. They would all reveal Germany's increasing expansion—the faithful barometer of the economic capacity of a nation. Notwithstanding her great loss of man-power and of territory, Germany was able in 1921 to employ as many people in industrial exploitation as in 1913. In her mines, the pre-

war figure is even exceeded. The mines are employing 200,000 more men than before the war. There is no doubt that the Reich has paralysed rural life in order to intensify industrial activity and in order to augment to the maximum its export riches.

FINANCE

THE FLOATING DEBT.

On Feb. 28 the Floating Debt had reached Mk.3.59 billion. The increase in the period Feb. 21 to 28 alone amounted to Mk.658.4 milliard. Revenue from taxes and customs in the last ten days of February only amounted to Mk.70.3 milliard, a comparatively low figure. General administrative costs during this period came to Mk.487.3 milliard, and payments in foreign currency under the Versailles Treaty to Mk.29.2 milliard. The cost of the State undertakings, especially of the State Railways, was very high. The latter, in consequence of revenue losses owing to the Ruhr occupation, figured in the statement to the extent of Mk.175.6 milliard. (*Frankfurter Zeitung*, Mar. 13.)

SAXON FINANCES.

In connection with the present political crisis in Saxony, the following account of the serious financial position of this State which the *Berliner Börsen-Zeitung* (Mar. 15) has received from a Dresden correspondent, who signs himself "Dr. G. B.," is interesting:—

The financial position of Saxony, as indeed of all the other German States, is so serious that it is no longer possible to ignore it. The policy of "laissez-faire" and "laissez-aller" is nearly done with. Its end will be a sad one, but no one dares to say so. To put matters plainly, the State coffers are empty. If the Reich was formerly the boarder of its individual States, the position is reversed to-day. They are all entirely dependent on Berlin. There is this difference, however. The States were financially sound, the Reich is but a financial skeleton with a semblance of life. It is quite impossible for Saxony to pay her own officials, she has to borrow the money—not just the money for their bonuses—from the Reich, thereby increasing the already gigantic monetary inflation. The State's own sources of wealth are but poor. The introduction of new land and trade taxes involved much assessment work and expenditure, and finally only brought in depreciated money. The first two coal loans brought in about 7 milliards, but this was entirely swallowed up by the State coal and electricity undertakings, and did not benefit the general State administration. To make matters worse, these so-called "wertbeständig" loans have caused the State enormous losses. Shortly after their floating, coal rose in price by about 90%, so that the State owed her creditors seven or eight milliard marks more than she had received! Luckily these loans are not repayable for some years, so that there are hopes of an adjustment. The interest payments on them, however, are a serious difficulty. On the basis of the coal prices it has been reckoned that interest payments will amount to over 600% of the paid-up capital. It is not surprising that subscriptions to the third coal loan were slow in coming in. On top of this misfortune came the Reich dollar loan, which was a strong competitor of the Saxon coal loan. Meanwhile, the extension of power works and brown coal works, etc., is necessitating the spending of hundreds of milliards. To this again are added demands for the new buildings of the Veterinary College, University settlements, the chemical section of the Dresden Technical College, etc., all of which are a heavy burden on the State finances. There is no longer any thought of conducting well-ordered finances, of balancing expenditure against revenue. Any thought of a credit policy in Saxony has practically ceased, for most of the huge investments in State concerns will never pay. This small State has

seven ministries—though amalgamations could quite well be effected (the Reich is dispensing with its Treasury; see under "New State-run Company")—and 96 deputies, though she could manage with half that number. The school fee is still Mk.4,000 a year, although one teacher costs Mk.600,000. What Saxony requires is a financial dictator with comprehensive powers and unflinching energy to save the State from complete downfall. Nothing else will avail.

RESULTS OF CREDIT RESTRICTION AND COMPULSORY ADMINISTRATION.

The effect of the artificial measures of the Reichsbank for supporting the mark, and even more of the rigorous credit restrictions imposed, was evident beforehand, says an article in the *Deutsche Allgemeine Zeitung* (Mar. 18). They were bound to impose sacrifices on the business world. Enormous losses have, in fact, resulted not merely in connection with securities and bills of exchange, but also numerous international commodities. The wholesale prices of some goods have fallen by over 50%. The losses on the corn exchange have been striking. On Jan. 31 rye was quoted on the Berlin Bourse at Mk.64,000, on Mar. 8 at Mk.29,000. It goes without saying that even very large firms will find it difficult to withstand losses of such magnitude. A Silesian grain company stopped business a few days ago, and further collapses are expected. The difficulties do not lie in the huge price decreases alone, but chiefly in the rigorous credit restrictions enforced by the Reichsbank and the private banks. If they were less severe it would be possible to carry over obligations instead of being obliged to meet them at great loss, as is often the case to-day. This applies not only to corn business but to all raw material transactions dependent on abroad. After the price question, the credit question is the one with which the business world is chiefly occupied. There was much talk lately of the new dollar loan being an excellent instrument of credit. The recently published conditions concerning money raising on this loan are distinctly disappointing. Short call loans may be raised up to 60% of the value of the dollar loan deposited, but only 40% is granted on loans repayable daily at sight. The latter is the rate of deposit interest granted by the Reichsbank on raw sugar. A higher rate is very desirable in the interests of the dollar loan itself. Or does the Reichsbank intend to take further steps in support of the mark?

The present credit troubles demonstrate most clearly the extraordinary capital shortage which exists to-day. As bank credits are almost unobtainable, companies find themselves obliged to raise their capital. Notwithstanding the depressed state of the security market, the new capital issues lately have increased rather than fallen off. The February demand for industrial capital totalled Mk.16.9 milliard, compared with Mk.12.3 milliard in January and with Mk.1.4 milliard in February 1922. In paper marks this implies an enormous increase in the capital demands of industry, but computed in gold marks it is a decrease from 28 to just over 3 milliard marks. The continuous impoverishment of Germany is also evident in the increasing difficulties with which the financing of the home harvests is meeting. The paper credit of the organs—the co-operatives and unrestricted traders—which formerly financed them no longer suffices. The Central Prussian Co-operative, to which the agricultural co-operatives apply for credit, and which has already drawn largely on its discount credit at the Reichsbank, is raising its capital by one milliard. In the grain trade the formation of the Getreidekredit A.G. is proceeding, in order to assist the credit requirements of the industry. It will have a capital of Mk.1 milliard. This same lack of capital is compelling the milling industry to amalgamate. A so-called "Mill Bank" with a capital of Mk.300 mill. is being formed, in which all the large Berlin corn mills are participating.

In how far all these efforts will be successful remains to be seen. They show how great is the need for capital

Germany

and credit, and how all imaginable means to overcome the existing difficulties are being employed. Agriculture itself is, in many instances, unable to fulfil its obligations without credits. This applies, in particular, to sugar beet growers, on account of the re-introduction of compulsory administration in the sugar industry. These growers have to content themselves with payments on account which amount to only about one-tenth of the costs of production. The Food Ministry has now been asked for a credit of Mk.100 milliard for the growers and the sugar factories, in order to prevent a decrease in the acreage under cultivation in beet. This example alone serves to show the evils of extended compulsory administration. What applies to the sugar industry applies likewise to grain. In no direction is the removal of compulsory administration more urgently required than in the control of foreign trade. Germany's export capacity is weakened through the necessity for a separate examination of every business transaction. Every justification for the export tax is removed at a time when home prices stand so much above the world market prices. This tax should be dropped, and tariff conditions, etc., should be lightened. Everything should be done to facilitate export trade. Only in this way will the foreign currency required in the country be procured. The foreign trade figures for January show clearly, in the greatly reduced exports and the surplus of imports, how great is the necessity for removing the last traces of compulsory administration, the injurious effects of which have never been more evident than now.

EXPORT TAX REDUCTIONS.

As from Mar. 20 the tax on a number of exports is reduced as follows: tax on typewriters, 4%; bronze dyes, 2%; cut precious stones, 1%; partly cut, 0%; goods made of precious metals, 0%; silver goods, 2%; powdered aluminium, 2%; stereotype-plates, blocks and types, 3%; zinc goods, 3%; tin-ware, 1%; gas meters, 2%; hydrometers without clockworks, 1%; new scales, 1%; old, 6%; watches, 0% and 1% according to kind; clocks, from 1 to 2%; organs and pianos, 1%; musical instruments, 1%, 4%, 5%; indigenous nuts, 10%; foreign nuts, 1%; Cola nuts, 0%; goods made from oats, barley, malt, rice or pulse, of foreign origin, 5%; rice fodder meal, 4%, 1% and 5%; milling products of foreign origin: rolled rice, 1%; oatflakes, 2%; other products, 10%; and indigenous products, 10%; roasted zinc blende, 1%; certain nickel salts, 1%; varnishes, lacquers, etc., 2%. The tax on wicker and basket work, carbon pencils, electrodes, carbons for incandescent lamps, incandescent lamps, dynamos, other electrical machinery and apparatus, insulators, etc., is also reduced. (*Deutsche Allgemeine Zeitung*, Mar. 15.)

NEW STATE-RUN COMPANY.

A company called the Vereinigte Industrieunternehmen A.G. (Association of Industrial Undertakings) has been formed with a capital of Mk.600 mill. to take over the administration of the shares and participations of the Reich in economic undertakings formerly administered by the Treasury (i.e. the Reichsschatzministerium, not the Reichsfinanzministerium, which is the Ministry of Finance). The company has been founded by the Reich itself and by the four large companies whose capital belongs exclusively to the Reich. Private participation in the capital of the company is not provided for. The four large companies in question are the Deutsche Werke, the Elektrowerke, the Vereinigte Aluminiumwerke and the Reichs-Kreditgesellschaft. Notwithstanding the independent position of each of these companies, the new company will be under one business management, which will aim at simplifying the

administrative side of the business and at reducing costs. The formation of this company is closely connected with the intended dissolution of the Treasury. (*Vossische Zeitung*, Mar. 8.)

TRADE

FAIRS.

BRESLAU.—Reports on the Breslau Fair do not augur any better results than the Leipzig and Königsberg spring fairs brought. It began under the same unfavourable auspices resultant on the unprecedented rise in the dollar, and consequently in costs, wages and freights. Home buyers have, so far, says a report in the *Berliner Börsen-Zeitung* (Mar. 14) on the opening days of the Fair, bought only absolute necessities; foreign buyers purchase only when prices are not much higher than those on the international market. Business was good only on the first two days, and chiefly by reason of the urgent requirements of Upper Silesians. Smuggling is being carried on, in both the wholesale and retail trade, between German and Polish Upper Silesia. The merchants of the German towns of Beuthen, Gleiwitz, Hindenburg, Kreuzburg and Ratibor have, on account of the greatly increased prices now existing in Polish Upper Silesia, much larger turnovers and requirements in goods than formerly. In East Upper Silesia the goods shortage in certain articles became so intense after the division of the Province that in Kattowitz, Königshütte, Tarnowitz, Rybnick, etc., it is not possible to procure nails, pins and needles, or any other small iron goods. There is also an appalling shortage of textiles, paper, pharmaceutical products, tobacco, spirits, etc. The recent fair in Kattowitz, which was more a Polish national demonstration than an event of business utility, did not help matters much in this respect, as most of the exhibits of really necessary objects were poor and not capable of delivery. The Upper Silesians, therefore, have bought very busily at Breslau. Good trade was also done in special articles with Silesia's Czecho-Slovakian neighbours.—A rather later report in the *Vossische Zeitung* (Mar. 15) states that the depressed state of business at the Fair is most striking. It continued even when prices began to be lowered. Visitors were numerous, but they contented themselves with examining prices, and did not buy. Business in most of the sections was about on a level, not so prices, however. In the woven goods industry, which is so much to the fore in Silesia, prices were lowered to about 10%, some even to 25% below final prices at the Leipzig Fair, and were often under cost. Even this inducement to buy did not avail except in articles of daily use, which found moderate sales. Business in the leather goods section ran on much the same lines. There was a certain amount of agricultural demand for useful articles, but luxury leather goods found no buyers. Prices were very uneven. Reductions in the footwear branch were considerable and almost amounted to panic decreases; they were sometimes over 50%, and prices were far under cost. The best business, comparatively speaking, was done in the tobacco and food sections, Upper Silesians being active buyers. There is no doubt that the Upper Silesian trader who now invoices his goods in Polish marks has thereby achieved more favourable sale conditions, though neither he nor the Polish Government will own it. In these sections, too, prices were lower, the price of chocolate being about 25% below that at Leipzig, cakes and biscuits about 10% lower. In the paper section business was done with Poland and Upper Silesia.

KÖNIGSBERG.—The Königsberg correspondent of the *Deutsche Allgemeine Zeitung* expresses doubt as to the benefits to be derived from the first European Timber Fair held in Königsberg from Mar. 18 to 22. He states that timber imports from Lithuania, which had been very small of late, have now completely ceased, and difficulties are also being experienced as regards Russian

exports. Will it be possible to conclude transactions relating to goods one has not seen? Many circumstances lead one to ask whether any business can be done at all. Königsberg lacks the necessary timber depôts in her ports; land transport difficulties are immense; the inland waterways scarcely come into consideration, as traders in Memel, Riga and Petrograd far prefer to sell their timber direct to Germany and Russia than indirectly through Königsberg. One will have to be content if an understanding can be reached with the Russian Trusts, and if by means of this timber conference the stone can be laid to the development of further timber fairs. This is the first attempt to bring about the resumption of the business relations between the Eastern countries which were severed by the war. Preparations reveal very active international participation, in which Holland and England are included.

INDUSTRY

FALL IN LEATHER PRICES.

Prices on the leather and footwear market have responded markedly to the fall in the rate of the dollar. A very large proportion of the raw materials employed in German leather manufacture are of foreign origin, viz. about two-thirds of the raw hides, about five-sixths of the tanning materials, and at least three-quarters of the fats. This is the reason why home leather goods always adapt themselves quickly to international market prices. When, after the stabilisation measures of the Government, the foreign exchanges fell back, the raw hide market prices followed very reluctantly, because the Hide Utilisation Offices refused to allow underbidding, withdrew a number of lots from auction, and finally stopped the auctions entirely. The idea was not immediately accepted that prices must be adapted to the rising mark. It is only thanks to the energetic intervention of the leather industry, and also to the Government, that the latest auctions proceeded unchecked. The prices of raw hides in general have sunk, since the maxima achieved towards the beginning of February, to about 35% or 40% of these maxima, and stand considerably under the international market prices. Since prices are inclined to rise abroad, the difference now is becoming even more marked. Leather prices followed the movement at once. Manufacturers lowered their prices in accordance with the fall in raw hides, and it looks as if leather market prices would remain firm at about 40 to 55% of the maxima of the beginning of February. The difference between the fall in raw hide prices and those of leather is caused by the higher wages, general costs of handling, freights, etc. Also, leather prices had not yet attained the same parity as hide prices. Footwear and all kinds of leather goods have followed the price decrease movement, and customers are thus afforded the opportunity of buying much more cheaply to-day. At the Leipzig Fair leather goods were among the first to show any considerable price reductions.

The leather and leather goods market first experienced, as a result of the altered market conditions, intense sale difficulties. Already, at the time of the highest prices, the footwear industry complained of lack of sales. This applied to their foreign as well as to their home customers. Whereas the fall in prices now is proving a relief and a cause of selling activity to the footwear industry, the leather manufacturing and processing industries are threatened by reduced working, and many a business must be most precariously placed to-day. Wages, salaries and other costs are so high that large credits, some open, some against acceptances, had to be raised. Sale difficulties result in a fall in takings, and it is extraordinarily difficult to raise new credits or prolong existing ones, so the dates on which

the acceptances fall due are looked forward to with much anxiety. The hide trade is similarly placed. The difficulties should, nevertheless, prove only temporary in most cases, as the industry has a great power of resistance. (*Berliner Tageblatt*, Mar. 14.)

NEW POWER WORKS.

The Rhine-Main-Danube Company are making a low frequency water-power works at Kachlet on the Danube, near Passau. The work will be completed in four years, will have a capacity of 56,000 h.p., and will produce 250 million kilowatt-hours a year, saving 250,000 t. of coal. For the purpose of supplying electricity, these works, at present the largest and best steam-power works in South Germany, have concluded a working contract with the Franken high frequency works. The Franken works have a capacity of 85,000 h.p., and supply the industrial centre round Nürnberg. In order to finance the undertaking, the Rhine-Main-Danube Company will place on the market a loan for 6 mill. gold dollars at 5%. The bonds may be paid for in paper marks, computed in dollars. The Reich and the Bavarian Government have assumed responsibility for the loan. (*Deutsche Allgemeine Zeitung*, Mar. 10.)

SOCIAL CONDITIONS

THE HOUSING SHORTAGE.

On Mar. 14 the Reichstag heard the third reading of the Bill dealing with the building tax. The Bill was passed with a small majority.

Paragraph 1a of the Law provides that builders of new industrial premises must supply new living accommodation for a part of their employees engaged on overtime work. Another provision relates to the preferential employment of revenue from country districts for the building of small dwellings. The main provision of the Law, which fixes the amount of the building tax, states that from Jan. 1, 1923, to Dec. 31, 1924, the tax will amount to 1,500% of the usufruct value of the building. To this 1,500% must be added the 1,500% for the municipalities, so the actual tax during these two years will amount to 3,000%. The quota per head to be levied on the population was fixed at Mk.40.

In the discussion on the second reading of the Bill, a Democratic Deputy stated that the Committee occupied with the passing of the Bill had demanded the appointment of a special official to verify prices in the building material industry, and the establishment in the Ministry for Economic Affairs of an Advisory Committee to verify the price decreases on building materials and the general development of prices. They also demanded preferential tariffs on the transport of building materials for houses being built with Government advances. The suggestion of a levy on unmarried persons for building purposes was also made. The Minister of Labour, Dr. Braun, stated that in 1922 the Government had advanced Mk.14 milliard for assisting building, and the Reichskreditilfegesellschaft Mk.4 milliard for building miners' houses. In order to prevent building which had been started from remaining unfinished on account of increased prices the Government must be empowered to adapt the tax to requirements in the course of the year. The increase of the tax from 50 to 3,000% was not as great as it seemed. The entire expenditure on rent would amount to about Mk.60,000 for a Mk.400 peace-time rental, viz. 3% of the yearly earnings. Before the war the average expenditure of a worker on rent was 20% of his earnings. The tax would not be levied on social pensioners, disabled soldiers, and such like. Some reduction might also possibly be made in the case of large families. A number of industries had offered to place a part of their earnings in cash at the disposal of the various Provinces for building cottages. The Government intended to make immediate advances to the Provinces.

Germany

An article in *Wirtschaft und Statistik* (Mar. 5) on the prices of building and building materials in January and February 1923 states that the cost of stone, lime, plaster and cement rose more in January than building timber. This movement continued throughout February. The prices of the first-mentioned group were 158% higher on Feb. 15 than the average January price. Building costs averaged 2,798 times the peace costs in January and thus came down to the approximate level of the wholesale index figure of 2,785, which they had previously exceeded. Costs of building in the country are on the whole lower than those in the towns. Taking

an index figure of 1 for the costs of building in July 1914, recent costs work out as follows for 1 cbm. of space built on:—December 1922: industrial town buildings, 1,833.3; private town dwellings, 2,017.5; agricultural buildings, 1,780.1; country cottages, 1,684.2; January 1923: in the same order, 2,802.1, 2,796.5, 2,519.4, 2,421.1. The index for the average of all building costs in the country was only 2,486.6 in January, and therefore compares favourably with the above-mentioned figure 2,798, which refers to the towns. It has hitherto been possible to use old material in the country, whereas new material had to be used in the towns. Stocks of old material are now getting used up, however, and the cost of building in the country is therefore closely approaching that in the town.

SWITZERLAND

FINANCE

BANKING RESULTS IN 1922.

As a number of banks have now published their annual reports for 1922, a short survey of their balance sheets and profit and loss accounts is possible. Before giving these, it will not be out of place to reproduce some of the statements made by the director of the Eidgenössische Bank at its general meeting. He stated that economic conditions in 1922 had not altered much on the preceding year. Extraordinary conditions reigned on the money market, which had absorbed large sums that should have benefited industrial and trade undertakings. Some of the largest industrial undertakings did not themselves know how to dispose of their continually mounting available capital. Although much of it was, contrary to normal conditions, invested in long-term securities, it continued nevertheless to accumulate. The deposits in the Schweizerische Nationalbank had increased steadily. It was therefore not surprising if from all sides came a clamour to reduce interest rates, and if the banks were frequently reproached with not sufficiently lowering their rates to debtors in accordance with the gradually sinking interest curve. The latter has not, however, sunk on all sides. The average rate of interest on bank debentures, for instance, rose from 5.12% in 1921 to 5.15% in 1922 for those of the Eidgenössische Bank and from 5.07% to 5.12% for those of another large bank. If the unfavourable relation of administrative expenditure to gross profits since 1918 and the growing burdens of taxation be taken into account, such an unjustifiable and prejudiced judgment of the interest policy of the banks must surely be revised, and it must be recognised that the rate of interest could not be summarily lowered.

The Union des Banques Suisses (Union Bank of Switzerland) showed a balance of assets and liabilities amounting to Fr.500.2 mill., compared with Fr.551.6 mill. in 1921. Gross profits amounted to Fr.19,423,126, net profits to Fr.5,193,308. The dividend was reduced from 8% in 1921 to 7%. Fr.213,308 were carried over, compared with Fr.134,231 in 1921.

The Schweizerische Kreditanstalt showed a balance of assets and liabilities of Fr.779.67 mill., compared with Fr.820.25 mill. in 1921. Net profits amounted to Fr.9.57 mill. as against Fr.9.55 mill. in 1921. The dividend was maintained at 8%.

In 1922 the Schweizerische Bankverein showed a balance of assets and liabilities amounting to Fr.1,019,571,933, compared with Fr.1,082,947,281 in 1921 and Fr.1,190,179,489 in 1920, i.e. a gradual decrease in business. Gross profits were Fr.36,333,920, compared with Fr.39,406,600 in 1921 and Fr.41,836,056 in 1920, again a decrease. Net profits were Fr.10,527,119 compared with Fr.11,549,762 in 1921. A dividend of 8% was declared, compared with 9% the preceding

year. The unfavourable state of business is chiefly evident if current accounts be examined; they showed a decrease in 1922 as against 1921 of about 6 million francs. Bills, too, showed a decreased balance, from Fr.299.5 mill. to Fr.278.7 mill. Security investments, on the other hand, amounted in 1922 to Fr.92.6 mill., showing a tremendous rise on the 1921 figure, which was Fr.42.5 mill. The report states that owing to the comparatively small demand for funds in trade and industry and the impossibility of employing sufficient liquid funds in exchange operations, the bank was obliged to increase considerably its holdings of short-termed home and foreign securities, and that its London branch has greatly increased its investments in British and Colonial Government Stock.

The profit and loss account of the Schweizerische Nationalbank showed net profits of Fr.7,628,152 compared with Fr.9,123,600 in 1921 and Fr.11,420,221 in 1920. The note circulation decreased from Fr.1,009,263,735 at the end of 1921 to Fr.976,426,110 on Dec. 31, 1922. The deposit accounts rose from Fr.116,475,358 to Fr.147,447,411.

The yearly turnover of the Schweizerische Volksbank amounted in 1922 to Fr.38 milliard compared with the much higher figure of Fr.44.3 milliard in 1921. Interest and commission earnings also fell off by Fr.3.7 mill. The debenture capital decreased by Fr.19.8 mill. Deposits, on the other hand, increased by Fr.20.5 mill. A dividend of 5% (6% in 1921) was declared.

The general business depression is also visible in the figures for 1922 of the Basler Handelsbank. The balance of assets and liabilities fell from Fr.301 mill. to Fr.291 mill., the turnover amounted only to Fr.8,288 mill., compared with Fr.9,029 mill. the year before, and Fr.9,209 mill. in 1920. The net profits amounted to Fr.3.69 mill. (3.68 in 1921). The dividend was maintained at 6%.

The Comptoir d'Escompte de Genève at Geneva showed a balance of assets and liabilities amounting to Fr.264,702,365 compared with Fr.261,975,386 in 1921. Net profits fell from Fr.6,624,854 in 1920 to Fr.4,107,972 in 1921, and to Fr.3,764,681 in the year under survey. It was not possible to pay the former dividend of 10%, and a dividend of 5% was declared.

The balance of assets and liabilities of the Argauische Hypothekbank Brugg (Mortgage bank) amounted to Fr.68,487,182 compared with Fr.71,155,511 in 1921. Net profits amounted to Fr.508,398 (Fr.548,478 in 1921). The savings bank accounts showed an increase of Fr.457,684, whereas 1921 showed a decrease of Fr.2,052,677. Loan accounts rose from Fr.3,472,999 to Fr.4,105,166. A dividend of 4% (4 in 1921) and a super-dividend of 3% (3) were declared. The rate of interest on new debenture issues was gradually lowered from 5½ to 4½%, and the interest on savings deposits from 4½ in June to 4% in December.

The turnover of the Argauische Kantonalbank amounted to Fr.2,594,711,824 compared with Fr.2,992,406,014 in 1921. Net profits amounted to Fr.1,340,383 compared with Fr.1,393,982 in 1921. The debenture capital increased from Fr.75,837,700 to Fr.77,369,600. The dividend was maintained at 4½%. The balance of assets and liabilities increased from Fr.185,057,851 to Fr.191,189,158. During the year the rate of interest on mortgages was reduced by ½% on both first class and second class mortgages, and therefore stood on Dec. 31 at 5 and 5½% respectively.

The net profits of the Hypothekarbank (Mortgage bank) in Winterthur amounted to Fr.1.28 mill., practically the same as in 1921. A similar dividend of 6½% was declared. The balance of assets and liabilities rose from Fr.90.74 mill. to Fr.91.94 mill. The administration explained the impossibility at present of reducing the loan rates on mortgages.

The Aktiengesellschaft Leu and Co., Zürich, showed a balance of assets and liabilities amounting to Fr.213.6 mill., compared with Fr.213.2 mill. in 1921. Net profits amounted to Fr.2.17 mill. as against Fr.1.34 mill. in 1921 and Fr.3.48 mill. in 1920. The original capital was reduced during the year from Fr.20 to 10 mill.

The Schweizerische Bodenkredit-Anstalt in Zürich closed its year with a deficit of Fr.1.89 mill., whereas in 1921 it showed profits of Fr.56,550. The share capital was reduced from Fr.26 to 7.8 mill., and the rate of interest on debentures from 5½ to 4%.

The Schweizerische Bank für Kapitalanlagen in Zürich, which in 1921 showed net profits of Fr.111,616, showed in 1922 net profits of Fr.689,854. In contradistinction to 1920 and 1921, when no dividends were paid, a dividend of 7% was declared on the partially (50%) paid-up share capital and of 6% on the fully-paid-up shares.

The balance of assets and liabilities of the Gewerbebank, Zürich, amounted to Fr.6.51 mill. compared with Fr.6.79 mill. in 1921. Net profits increased from Fr.41,988 to Fr.66,158. A dividend of 5% (0 in 1921) was declared. (*Neue Zürcher Zeitung*, March.)

CAPITAL ISSUES.

Capital increases were greater in Switzerland in 1922 than the year before. Shares and debentures were offered for public subscription to the value of about Fr.860 mill., as compared with Fr.735 mill. in 1921, Fr.720 mill. in 1920, Fr.777 mill. in 1919, Fr.736 mill. in 1918, Fr.488 mill. in 1917, Fr.386 mill. in 1916, and Fr.387 mill. in 1915. Industrial companies and banks made far smaller claims on the money market in 1922, as the following table shows :—

	Fr. (mill.)				
	1915.	1918.	1919.	1921.	1922.
1. Industries ...	58.0	97.1	188.35	76.15	46.0
2. Banks ...	81.0	107.7	96.0	46.0	9.0
3. Railways ...	—	52.3	100.5	0.35	27.0
4. Federation, Cantons, Towns and Communes ...	248.0	479.3	392.39	612.60	780.0

The large demands made by public bodies (group 4) is very noticeable. The figure for 1921 included the Federal Loan Bank Loan and the Loan for the Electrification of the Federal Railways. Even allowing for the monetary depreciations in 1922, the amount of the capital issues is tremendous. In January, 5½% Federal Debentures, repayable in 1930, were issued at par to the value of Fr.300 mill. Another issue by the Federation took place in September to the value of Fr.200 mill. and consisted of 4% Loan at 97½%, repayable in 1932. Other issues of interest during the year were the 5% debentures at 96½%, to the value of Fr.30 mill., repayable between 1932 and 1934, issued in April by the Canton of Geneva; the 5% debentures, at par, to the value of Fr.20 mill., repayable between 1930 and 1934, issued by the Canton of Basle in May; the 6% debentures of the Cie: de Chemins de fer de Paris à Orléans, at 92½%, to the value of Fr.25 mill., placed on the Swiss money market in July; the 4½%

debentures, at 97%, to the value of Fr.12 mill., issued by the Canton of Freiburg in July; the 4½% debentures, at par, to the value of Fr.12 mill., repayable in 1932, issued by the Canton of St. Gall, in September; the 12,000 shares of the Centralschweizerische Kraftwerke in Lucerne, at 110%, to the value of Fr.6 mill., issued in October, and their 5% debentures, at par, to the value of Fr.6 mill., repayable between 1930 and 1935, issued in December. The 1922 6% Amsterdam Municipal Loan of Fr.10 mill., was also offered for public subscription in Holland and Switzerland. (*Neue Zürcher Zeitung*.)

CUSTOMS RECEIPTS.

Swiss customs receipts in February amounted to Fr.13,320,591, compared with Fr.11,327,249 in February 1922, showing a surplus as against last year of Fr.1,993,342. Revenue from this source between Jan. 1 and Feb. 28, 1923, amounted to Fr.25,943,083, compared with Fr.23,639,012 in the same period of 1922, i.e. a surplus in 1923 of Fr.2,304,071. (*Neue Zürcher Zeitung*, Mar. 5.)

ZURICH CANTONAL LOAN.

In order to procure funds for financing the emergency works to the value of Fr.10 mill., sanctioned in 1922, hospital building in Zürich and Winterthur, and the consolidation of short-termed debts, the Canton of Zürich is raising a 4½% loan to the value of Fr.20 mill. The Association of Cantonal Banks and the Cartel of Swiss Banks have underwritten the entire loan and will offer it shortly for public subscription. (*Neue Zürcher Zeitung*, Mar. 17.)

TRADE

FOREIGN TRADE IN 1922.

The official foreign trade statistics for the whole of 1922 are now published. They show a surplus of imports amounting to Fr.225 mill., or 16.9%. This compares favourably with an import surplus of 23.2% in 1921 and of 22.8% in 1920. Total import values were Fr.1,915 mill. (2,296 in 1921), total export values were Fr.1,690 (1,763 in 1921, 3,277 in 1920). The decrease in import values is due to the great fall in values early in the year. The export values do not include that relating to the export of gold bullion, the decrease in which is also very noticeable, viz. from Fr.376 mill. in 1921 to Fr.72 mill. in 1922.

Imports.—Corn imports diminished slightly in quantity compared with 1921, and sunk in value by 50%. They came chiefly from Canada and the U.S.A. The Federal Corn Department took advantage of the great fall in values during the year to cover its requirements at a cost of Fr.116 mill. instead of the Fr.218 mill. spent in 1921. Fodder imports amounted to 914,000 quintals to the value of Fr.22.5 mill., compared with 626,000 quintals in 1921. Potato imports were doubled at 615,000 quintals. Cocoa imports, on the other hand, were halved at 30,000 quintals, and amounted to only one-sixth of pre-war import quantities. The 829,000 quintals of sugar imported cost only Fr.44.7 mill., whereas a far smaller quantity in 1921 cost Fr.113.3 mill. Tobacco imports amounted to 48,000 quintals in quantity—double those of 1921, but only one-half of the pre-war quantity—and to Fr.13.8 mill. in value, compared with Fr.11.5 mill. in 1921. Wine imports fell from 1,570,000 hl. and Fr.101 mill. to 1,137,000 hl. and Fr.73 mill. Most of the Swiss wine came from Spain and Italy, the French quota amounted to scarcely one-third of that of previous years. Egg imports remained about the same at 100,000 quintals. Cattle, meat and butter imports showed a considerable decrease. Generally speaking, raw material imports have increased in quantity and decreased in value. Coal imports, for instance, were 2,200,000 t. compared with 1,630,000 t. in 1921, but were still only two-thirds of the pre-war figure. This

Switzerland

fact is not unconnected with the electrification of the railways. The value of the coal imported was Fr.147 mill. as against Fr.171 mill. in 1921. Pig-iron imports rose from 1,630,000 quintals and Fr.51 mill. in 1921 to 2,300,000 quintals and Fr.44 mill. in 1922. Iron manufactures sank in value from Fr.45 to 27 mill. Machinery imports amounted to 241,000 quintals and Fr.36.7 mill., as against a previous 290,450 quintals and Fr.57 mill. Automobile imports also fell. Cotton imports—215,000 quintals and Fr.65.5 mill.—were much lower than in 1921—246,000 quintals and Fr.98.4 mill. Similar conditions applied to ready-made clothing, imports of which sank from 7,014 to 5,107 quintals, and from Fr.32.3 to 16.8 mill. Underwear sank from 2,347 quintals and Fr.5.7 mill. to 2,281 quintals and Fr.4.87 mill. But the import of hides, leather and footwear rose considerably, viz. from 40,200 quintals and Fr.32 mill. to 66,100 quintals and Fr.41 mill.

Exports.—Watch industry exports rose in value from Fr.169.3 to 180 mill.; cotton textiles from Fr.126 to 140.7 mill.; silk ribbons from Fr.59.9 to 69.9 mill.; cheese from Fr.28.96 to 68.6 mill. (a notable increase); other textiles from Fr.33.6. to 41.4 mill.; silk waste from Fr.29 to 37.5 mill. A fall was experienced in machinery export values from Fr.232.65 to 166.8 mill.; embroideries from Fr.181.42 to 172.8 mill.; condensed milk from Fr.46 to 28.8 mill.; and chocolate from Fr.57.6 to 26.4 mill. (a notable decrease). As regards export quantities, the 204,033 quintals of cheese exported was greater than in 1921; this applied also to textiles and silk ribbons, to certain kinds of embroidery and to fresh milk. Chocolate exports—61,494 quintals, and those of condensed milk—206,267 quintals, sank in quantity as well as in value. (*Journal de Genève*, Mar.10.)

INDUSTRY

THE WATCH INDUSTRY.

The position of the watch industry improved somewhat in 1922. Exports consisted of 10,152,844 pieces to the value of Fr.179,736,500, as compared with 8,403,366 pieces to the value of Fr.169,131,000 in 1921, 13,815,727 pieces to the value of Fr.183,049,200 in 1913, and 10,416,885 pieces to the value of Fr.147,017,366 in 1910. The last year, 1910, was the first year of recovery after the critical ones of 1908 and 1909, and 1922 exports almost reached the 1910 level. In judging these statistics, the growth and technical improvements in the industry during the last ten years should be remembered. The watch industry could quite well produce 17 or 18 million pieces a year, if the demand for them existed. The "Extraordinary Federal Subsidy" granted to the watch industry on Dec. 6, 1921, and again on October 12, 1922, played a large part in the resumption of business relations, especially with countries having a very depreciated currency. These subsidies were intended to assist unemployment and also to effect, as far as possible, adjustments in the financial loss caused by dealing with the aforementioned countries. The first credit of Fr.5 mill. was used up by the end of July, 1922. Another provisional credit of Fr.1 mill. was voted, and was included in the sum of Fr.6 mill. sanctioned on October 12, 1922. This credit in turn was used up by Feb. 8, 1923. It is not probable that further credits will be demanded. Compensations on exchange losses were gradually reduced; from 30% before July 1, 1922, they were, after Nov. 10, 1922, reduced to 10% for European countries and 8% for overseas States. The experiences encountered in connection with the subsidies were on the whole good. Careful control was established in regard to the employment capacity of workers, and the number of unemployed and State-aided workers in the watch industry showed a great decrease during the year. In January, 1922, 13,598 persons were totally unemployed, 7,384 were partially unemployed; in December, 1922, the number of totally unemployed amounted to only

3,295, and of partially unemployed to 2,587. The subsidy also, without a doubt, aided the resumption of trade relations with foreign countries, and a number of orders were received from Eastern Europe, including Austria. Some disappointment, on the other hand, accompanied trade with France. Pressure from this country obliged the stoppage of the subsidy grants on November 8, 1922, in order to protect the watch industry in the Doubs Department. France also prohibited, for two months, from Feb. 9, 1923, the import of gold watches, under the pretext that Switzerland had exceeded her export quota by 800,000 French francs. Watch imports to France from Switzerland are regulated by an agreement, under which notice of cancellation of the contract must be given three months before the end of the calendar year, otherwise it runs for another year. No such notice was given by France. According to Swiss calculations based on customs statistics the Swiss import quota to France still has a margin to the value of Fr.1,003,000, which France will not recognise. Seeing how conscientiously the Swiss executive organs have fulfilled their duties, and Switzerland has kept to the terms of her contract, the French decision to prohibit the import of gold watches for two months is highly inconsiderate in view of economic conditions. The new customs tariff with the U.S.A., in force since Sept. 22, 1922, imposed a duty per piece instead of, as formerly, a duty according to value. This often led to difficulties, but, nevertheless, exports did not decrease. Exports to this country, of very small oval and round watches, some of them often smaller than a one-rappen piece, were especially large. The U.S.A. has prescribed so many conditions connected with the details of the watches that it is hoped to found a Swiss Association of Watch Exporters in order to avoid the confusion now arising in connection with watch exports to the U.S.A. (*Neue Zürcher Zeitung*.)

THE DYE INDUSTRY.

There has been very little change in the situation of the export trade of the Swiss dye industry, although things are better than at the beginning of last year. Manufacturers complain of German competition and the depreciative effects of German dyes for reparations. All the same, in the first nine months of 1922, 2,873,700 kg. dyes, of a value of Fr.42,321,000, were exported.

England, France, and U.S.A., each absorbed one quarter of the exports. As the new American tariff is calculated to place difficulties in the way of dye imports in future, more dyes were sent to U.S.A. in the third quarter of last year.

Artificial indigo from Switzerland was exported in considerably larger quantities, rising from 344,200 kg. to 2,295,100 kg., their value totalled Fr.9 mill. only, as the price has dropped considerably. Nearly all the exported indigo went to China and Japan. (*Exportateur Suisse*, Feb.)

SOCIAL CONDITIONS

TOO MANY TEACHERS.

On account of the great superfluity in the Canton of Zürich of qualified primary school teachers, of both sexes, the Educational Council has passed a resolution whereby certificates of eligibility will, as from 1926, until further notice, not be granted to women applicants for teachers' posts. Women may, nevertheless, enter for the efficiency tests and obtain certificates.

This measure, while restricting the number of women who can obtain posts in the Zürich primary schools, does not prevent them from becoming qualified as teachers and seeking posts elsewhere. A minority in the Council considered it unfair to apply this measure to the women teachers alone, but it was pointed out that the vacancies for women were less than for men and that at present more women than men were available. (*Neue Zürcher Zeitung*, Mar. 8.)

SPAIN & PORTUGAL

FINANCE

SPANISH BUDGET RETURNS.

According to the returns just published by the Accounts Department, revenue collected in November amounted to Pes.237.5 mill., in December to Pes.230.4 mill., and for the first nine months of the financial year (Apr. 1 to Dec. 31) to Pes.1,728.9 mill. and expenditure to Pes.321.8 mill. in November, Pes.339.3 in December, and Pes.2,214.2 for the nine months. The chief items for the nine months are interest on loans 437 mill., public works 395.3 mill., war 357.2 mill., and Morocco 296 mill. Net revenue and expenditure for the corresponding periods of the preceding years are (in millions of pesetas): 1918, revenue 1,150.2, expenditure 1,571; 1919, 1,256 and 1,542.7; 1920, 1,452.9 and 1,751.1; 1921, 1,664.8 and 2,319.5; the revenue figures do not include proceeds of loans. (*España Económica y Financiera*, Mar. 17.)

THE BANK OF SPAIN IN 1922.

The report of the Bank of Spain for 1922 is of special importance, owing to the fact that during the year the Act for the reorganisation of the Spanish banking system came into operation, and that since July 29 last the Bank of Spain has been governed by the new Charter provided by that Act. Under this Charter the capital of the Bank was raised from Pes.150 to 177 mill. by the issue of 54,000 new shares, the power of the Bank to issue notes was extended to the end of 1946, the advance of 150 mill. to the Treasury was to be continued to the same date, and until that date the loan of 100 millions advanced in respect of the former overseas possessions was not to be called in. The Charter also authorises the Bank to carry on, in addition to the business specially assigned to it thereby, ordinary banking business. During the period under review, the Governors of the Bank were successively Sr. Sedó, the Marquis de Lema, and Sr. Rodriganez (the Governorship of the Bank of Spain is a political appointment and usually changes with each Ministry). At present the Bank possesses 61 branches, exclusive of agencies in Larache, Tetuan, Paris, and London, and its representative in Tangier. By agreement with the Minister for Foreign Affairs, the terms for financing the administration of the Spanish sphere in Morocco have been settled. The credit operations with the State consisted of six renewals of Treasury Bonds previously issued, as well as the negotiation of a fresh issue of Pes.500 mill. of 5% Bonds. The Treasury account with the Bank during the year stood as follows (in millions of pesetas):—

Balance on Dec. 31, 1921	...	...	881.0
Receipts during 1922	...	...	3,749.1
Payments during 1922	...	...	4,405.6
Balance on Dec. 30, 1922	...	...	224,634.3

Payments made by the Bank abroad for Treasury account (in millions of each particular currency) were: Marks 45.3, £ stg. 1, francs (French) 24.4, reis 962.2, pesetas 17.7.

In accordance with the policy favourable to France adopted by the Government, the Bank reduced the rate of interest on the Bills covering the loan to that country to 5½%.

Under the new Act the Bank is authorised to raise the note circulation to Pes.5,000 mill.; at the end of 1922 the note circulation amounted to Pes.4,136,958,350 as against Pes.4,244,080,675 at the end of 1921. The necessities of national business are met by this amount, and its reduction must be attributed entirely to the arrested development of the wealth of the nation. The

metal reserve covering the note circulation must be at least 60% of its amount, 50% at least to be in gold, and the balance (10%) in silver, a condition which has been amply fulfilled as the reserve at the end of the year was Pes.3,207 mill., or 77.5% of the circulation, the proportion consisting of gold being 2,561.4 mill., or 61%.

In May 1922 the interest on loans secured by the deposit of securities was reduced from 6 to 5½%, and interest on loans on personal security from 6½ to 6%. The business transactions of the Bank during the year, as compared with 1921, show the following figures (in millions of pesetas):—

	1922.	1921	Difference in 1922.
Discounts on Madrid ...	5,312.2	5,557.4	— 245.1
Discounts on other towns	574.2	882.1	— 307.9
Transactions in the provinces ...	147.9	205.1	— 57.2
Loans on securities ...	847.4	609.3	+ 238.1
Loans on goods and bills of lading ...	7.1	12.7	— 5.5
Credit guaranteed by Bills ...	15.9	46.7	— 30.8
Credit guaranteed by the deposit of securities ...	4,745.2	3,285.8	+ 1,459.3
Credit on personal guarantee ...	321.5	307.0	— 14.4
Credit on the security of goods ...	27.9	71.1	— 43.2
Bills drawn ...	25.8	25.7	+ 0.1
Balance of these Accounts on Dec. 31 ...	1,065.6	1,024.9	+ 40.6
Current accounts in gold...	21.5	73.3	— 51.7
Balance of these Accounts on Dec. 31 ...	1.5	1.6	— 1

The profits for the two years were (in millions of pesetas):—

	1922.	1921.	Difference in 1922.
Gross ...	125.8	136.0	—
Expenditure ...	24.8	31.6	—
Net ...	101.0	104.4	— 3.4

The profits in 1922 were distributed as follows:—

	Pes. (mill.)	Pes. (mill.)
Dividend of 140 per share	...	49.5
Profits tax	16.8	—
Tax on dividends	6.0	—
Stamp duty on value of shares	1.3	—
Ditto, on value of bonds	0.1	—
State's shares of profits	27.0	—
Carried forward	...	51.3
		0.2
		101.0

TRADE

PROPOSED DEVELOPMENT OF SPAIN'S OVERSEAS TRADE.

Spanish merchants, manufacturers, and producers have recently become convinced of the necessity of making an effort to extend their commerce overseas and have succeeded in impressing on the ruling authorities the need for some practical method of finding an outlet for their products. As a result of the discussion a congress has been called of representatives of Spanish Overseas Commerce which is to hold meetings shortly

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in Madrid, Seville, and Barcelona, where representatives of Spain and of all the Spanish-speaking republics of South America will exchange views and draft a programme for the development of trade. Among the ideas which appear to have a great chance of adoption by the delegates are the appointment of competent commercial advisers to every Embassy and Legation abroad, and also the establishment of direct shipping communication between the western coast of South America and Spain, which hitherto has been almost entirely lacking. The Government and the King are both taking a deep interest in the Congress, the inaugural assembly of which will be presided over by His Majesty. (*Weekly Report of the Anglo-South American Bank.*)

THE MODUS VIVENDI WITH GERMANY.

The commercial *modus vivendi* with Germany concluded on Jan. 1 last has been extended to Apr. 30 next. (*España Económica y Financiera.*)

INDUSTRY

CRISIS IN THE SPANISH BUILDING TRADE.

As long ago as last May the Institute of Social Reforms called the attention of the Government to the danger of a serious crisis in the building trade of Madrid, and at the same time appointed a Committee to study the problem and propose measures for its solution. The Committee has concluded its work and submitted to the Ministry of Labour a report recommending various measures, some urgent, and the summoning of a national building congress consisting of representatives of all classes interested in the trade.

Among the measures of reform entailing legislation, proposed by the Institute, are the following: the realisation of the large sums required for the building of public departments, which constitute a heavy burden on the estimates of such departments, either by loan, or by encouraging the formation of building companies to be remunerated out of the grants annually voted; the foundation of "guilds" similar to those which have obtained such successful results in England; the exemption from rates and taxes of buildings, licence for the erection of which shall have been demanded of the municipalities within a given time and on specified terms; reform of the undervalued land duty on land suitable for building, or another progressive duty, or substitution therefor, according to the period of delay in building on such land; the alienation by municipi-

palities at cheap rates of building sites in their possession; reduction of transport rates for building material. The Minister of Labour has entrusted the Institute with the framing of questions to be submitted to the National Building Congress. The adoption of measures to remedy the acute crisis in the building trade is the more urgent in that it is accompanied by an equally acute housing problem. (*Epoca.*)

SOCIAL AND LABOUR CONDITIONS

PORTUGAL: THE INSTITUTION OF TRADE UNION PROPAGANDA COMMITTEES.

The *Report of the International Labour Office* reproduces the following announcement from the Lisbon Syndicalist organ *Batalha* :—

The Council of the General Confederation of Labour (*Confederaçao Geral do Trabalho*) has decided to set up propaganda committees in the chief industrial centres. The functions of these committees will be :

(a) to organise lectures on trade union organisation with the object of promoting the creation of new organisations and stimulating the activities of those already in existence :

(b) to supply the General Confederation of Labour with all necessary information concerning the various districts ;

(c) to promote continuous propaganda with a view to keeping alive the spirit of organisation of the working classes.

The propaganda committees will work in close touch with the General Confederation of Labour.

PORTUGAL: 'TAXATION OF CIVIL SERVANTS' SALARIES.

The Minister of Finance has introduced in the Chamber of Deputies a Bill providing that the tax imposed on State employees, including retired employees in receipt of pensions, under Section 19 of the Act of Sept. 21, 1922, No. 1368, shall be abolished, but that State employees in receipt of a salary in excess of 600 escudos a year shall be liable to a special tax equal to 5% of their salary, called occupational tax (*taxa profissional*).

Cost of living and other bonuses, and special allowances for removals, etc., will be exempt from taxation. Manual workers' wages are also exempt from the tax. (*O Mundo*, quoted by the *Report of the International Labour Office*.)

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POLITICAL AND GENERAL

BULGARIA: REPARATIONS.

After an interval of about six months steps have been taken towards a settlement of the question of reparation payments. The Reparation Commission and the Bulgarian Government have exchanged notes embodying their respective proposals, and an agreement has been practically arrived at. The Reparation Commission no longer demands the whole customs receipts to cover the reparation instalments, but is prepared to accept the Bulgarian proposal and be satisfied with a certain proportion of those receipts. The Commission is further ready to reduce the total sum of reparations which was fixed by the Peace Treaty at 2,250 mill. gold francs, thus meeting the request of the Bulgarian Government that the total should be reduced

by the amount of the instalments already made in kind, that is, in rolling stock, in cattle and in coal for Yugo-Slavia. It would seem that this question—the most serious of Bulgaria's post-war problems—will find a satisfactory solution. (*The Central European Observer.*)

INTERNAL POLITICS IN BULGARIA.

Immediately upon his return from the Conference at Lausanne, M. Stambolijsky, the Premier, expressed his dissatisfaction at the home situation, and he is supposed to have referred to matters which had taken place during his absence, in particular, the incident at Kystendil, where the town was occupied by Macedonian insurgents, and the wild excesses of the so-called Orange or Agrarian mounted Guards, and whose doings had, as Stambolijsky himself had the opportunity of observing,

done much to discredit Bulgaria in the eyes of the foreign public. It was in connection with these matters that the Minister of Commerce, M. Daskalov, and three other members of the Cabinet resigned. The executive committee of the Agrarian Party, after a secret session lasting several days, surprised the public by accepting the resignation of M. Daskalov. So far no successors to the four Ministers had been appointed, their portfolios having been taken over by other members of the Cabinet. A few days later, the energetic Premier revealed the fact to representatives of the press that all these Ministers had been dismissed from their party and from the Cabinet for dishonourable conduct and for treason to the Agrarian party. At the same time he threatened to put the matter in the hands of the courts, should the delinquents venture to take any steps against the leaders of the party.

As a result of the changes in the Cabinet, a dissolution of Parliament is not out of the question. M. Stambolijsky has, it is true, declared that he has no thought of it, but the fact that Parliament is discussing and has perhaps at this moment approved of a reform of the rules of franchise proves that a dissolution is under consideration. The main change in the franchise is the lessening in area of the constituencies, the grant of the franchise to gypsies settled in the country and the limitations placed upon the right of public officials to vote.

Two more Ministers, MM. Bakaloff and Radaloff, have left the Cabinet. The portfolio of the Interior has been entrusted to M. Stoyanoff, formerly director of Compulsory Labour, and that of War to M. Costa Mouravieff, formerly Chargé d'Affaires at Constantinople.

The elections are fixed for April 22. (*Echo de Bulgarie*; *Central European Observer*.)

YUGO-SLAVIA'S ECONOMIC SITUATION IN 1922.

Commerce Reports, the official organ of the United States Ministry of Commerce, gives the following unfavourable account of Yugo-Slavia's economic position in 1922:—

The consolidation of the country proceeds slowly, chiefly owing to the difficulty of bringing the industrial elements of the provinces formerly belonging to Austro-Hungary into harmony with the agricultural elements of Serbia, and also because of the political tension existing between the various constituent provinces of the kingdom. There is no indication that the national finances are likely to be set in order. The issue of bank notes has been restricted. Throughout last year special difficulties existed in obtaining loans. Notwithstanding the efforts of the Government to raise the value of the currency by artificial means, the dinar steadily fell during the year. On Jan. 3 it was worth nearly one-third of its original value; on Dec. 30 it was only worth one-eighteenth. The private American loan appears to have benefited finance and commerce but little; trade continues to be depressed. The state of communications hampers progress, although some railways have been improved and others reconstructed. The poor maize harvest, in conjunction with the decline of the export of wheat and animal products, exercised a very adverse influence on foreign trade, although the extra good yield of plums to some extent counterbalances this failure. According to statistics published, imports during the first seven months of the year exceeded exports by 24%. This trade balance, as regards trade with the United States, was yet more adverse. Yugo-Slav purchases of various manufactured goods in the United States may perhaps continue, but, by reason of the depreciation of the currency, can scarcely increase. (*Zagreber Tagblatt*.)

FINANCE

NEW DIRECT TAXES IN RUMANIA.

The Act for the unification of direct taxes and for the creation of a progressive tax on aggregate income has been passed by Parliament, whereby the direct taxes now in force have been replaced as from April 1, 1923, by the following classes of income tax:—

1. On income from land.
2. On income from house property.
3. On income from securities.
4. On income from commerce and industry.
5. On wages.
6. On income from professions and occupations not taxed under any of the other heads.
7. Graduated tax on aggregate income.

Income from securities is subject to a tax of 15% in addition to the following taxes on various classes of income: 12% on income from inscribed shares belonging to companies, the bulk of whose capital is Rumanian; 10% on cash deposits with the banks; 8% on income from Land Bonds issued by landowners' associations, as well as from Expropriation Rentes and on the securities of companies for the erection of cheap dwellings founded in accordance with the Act of Feb. 13, 1910. Income tax is assessed on gross income derived from Rumania, as well as gross income derived from other countries by Rumanian subjects. The tax is 15% in all cases. Classes of income liable to the tax are (1) dividends and interest on all stocks, shares, bonds, debentures, etc., of whatever nature and kind, except dividends distributed by popular banks, co-operative and federal societies, and dividends received by such institutions, all such dividends being subject to the tax on the income of commercial enterprises; (2) the coupons from State Rentes and Bonds of the State, except where specially exempted from tax; (3) annuities exceeding Lei 25,000, those below that amount being liable to the tax on wages; (4) interest and income of all kinds derived by persons other than bankers, from mortgages, secured and unsecured loans, interest on money on deposit or on current account bearing interest, and guarantees in cash; (5) bonuses paid by companies apart from salaries which are subject to the tax on wages (6) fines or services and all sums, whether non-recurrent or periodical, received for the concession or exercise of rights, for mining concession or the lease of commercial or industrial enterprises. The value of fixtures which grantees of concessions, tenants or farmers are compelled to set up for the benefit of the owner, is treated as rent. The following classes of income are exempt from the tax: interest of less than Lei 10,000 on savings deposits with banks annexed to public institutions or popular banks authorised by law, and interest on less than Lei 5,000 on savings deposited with other banks; interest on mortgage bonds issued by financial institutions authorised to issue such bonds; the perpetual Expropriation Rente as well as other securities, the property of educational or charitable institutions carrying on works of public utility, provided that such securities be deposited with the Official Deposit Bank; income on foreign securities or on deposits belonging to diplomatic agents on condition of reciprocity.

Tax on income from commercial and industrial undertakings.—A tax of 10% is imposed on net incomes from commercial and industrial undertakings, from farming by tenant farmers, and from forestry and mining undertakings, whether carried on by tenants or concessionaries, or by the owners. The tax is increased by 2% on net incomes derived from banking discount and loan operations, and is reduced by 2% on that derived from undertakings engaged exclusively in industry, mining and land or water transport. This class of income comprises income from land and buildings connected with the undertaking which is exempt from the tax on income from real estate, urban and rural. Taxable income is net income

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after deduction of working expenses such as rent, interest on borrowed capital, wages, compulsory share in profits by the staff, sums written off for depreciation of property, rent of fixtures, payments to sinking fund, contributions to pensions or provident funds, upkeep, insurance, etc. In addition to the above deductions, joint stock companies may deduct statutory reserves up to 10% of net capital, special reserves for doubtful debts, share in profits taken by other companies, rent or royalties for concessions, and interest on moneys deposited. The following bodies are exempt from this tax: Companies working the State mineral waters under the Act of 1909, for the remainder of the period of exemption of 10 years from the beginning of the working as therein provided; new industrial and mining undertakings, under which description are included undertakings of which the property was destroyed during the war, up to the fifth year from beginning business, provided their annual profits do not exceed 8%, and the tax will be reduced by half where the profits exceed 8% but do not exceed 10%. These exemptions or rebates only apply to undertakings the bulk of whose capital is derived from Rumania and subject to the performance of the conditions imposed by law, and industrial or mining regulations. Foreign undertakings carrying on business in Rumania are taxed in respect of profits earned in Rumania, which they are obliged to declare, and they are also obliged to draw up a balance sheet showing their operations and the capital from which their profits are derived.

In addition to this tax a surtax is payable by the following persons or bodies: persons or bodies liable for the tax who are obliged to publish a balance sheet, should their net annual profit exceed Lei75,000, being the proportion of profits shown in the schedule to the Act; persons not obliged to publish a balance sheet and who do not keep books, whose annual turnover exceeds 1 million lei., are deemed to have a capital equivalent to half the turnover and shall pay a surtax on the same conditions as the class of persons first named. The surtax shall be imposed on a graduated scale according to the earnings on capital. Joint stock companies shall pay a surtax progressing from 0.5% on earnings of 10% to 11% to 27% where they exceed 50%, and private persons 5% where the earnings are from 15% to 16%, and 20% where over 500%. (*Bursa.*)

THE NATIONAL BANK OF YUGO-SLAVIA.

The old National Bank of Serbia has been converted by Charter, accepted by the general meeting of shareholders and approved by the Minister of Commerce, into the National Bank of the Kingdom of Serbs, Croats and Slovenians. According to the Charter, the Board is to be elected afresh, the Governor, M. Vajfert, having been confirmed in his office by Royal Decree.

The Bank's report for 1922 read at the general meeting, supplies the following information: The National Bank Act fixes the amount of the credit to be given to the State by the Bank at 1 milliard dinars, but it may advance a further 2 milliard dinars for current expenditure on the security of Treasury Bonds, bringing the total amount which the Bank is empowered to advance to the State for its current needs to 3 milliards. Of this amount 2,316,854,379 dinars had been advanced up to the end of 1921, leaving a balance of 183,148,620. During 1922 the State borrowed a further sum of 150,382,845 dinars, so that at the end of 1922 the amount owing from the State to the Bank was 2,967,237,224. As this is the only amount which the State may borrow from the Bank and represents its total indebtedness since the regeneration of the country, and as the note issue by the Bank on account of the State by virtue of the National Bank Act has ceased,

it may be assumed that the note issue on account of the State is closed and that henceforth notes will only be issued for business purposes. The account "Provisional Conversion," opened during the year, indeed shows a fresh advance, but this is covered by the balance in foreign currencies and bills standing to the credit of the State. The account "Kronen Conversion" shows on Dec. 31 a debit against the State of 1,238,193,889 dinars, or 30,305,024 less than on Dec. 31, 1921. This latter sum, the State's share in the Bank's net profits, is the amount by which the debt was reduced during the year. The Bank Act provides that the proceeds of the Domain Lands should be used in reduction of the debt, but this year the Finance Committee of Parliament suppressed this payment (32 mill. dinars), as well as 28 mill., the special sum to be set aside for the reduction of the debt. The Kronen Conversion Account is, of course, not a special State debt incurred for the purpose of meeting current expenditure, but is set apart for the calling in of the old Austrian kronen notes. The whole debt incurred by the State in respect of the Kronen Conversion Account is now secured by a mortgage on the State Domain. According to the report the State has certain credit accounts with the Bank to the value of 504,106,023 dinar. This is formed by State revenue collected by the Bank for the State's account at an average of 150 mill. dinars a month, and by the unused balance of the 7% Loan, and especially of the 8% Dollar Loan. At the request of the Board of the Bank, the winding up of the moratorium was expedited. For the foundation of the new State Liquidation Bank, the National Bank has agreed to discount State Bonds to the value of 25 mill. dinar at the rate of 1%. The Bank has also participated in the liquidation of the Austro-Hungarian Bank. In pursuance of an agreement with the latter it obtained on behalf of the State a further instalment of 14.6 mill. gold kronen. The winding up of the branches of the Austro-Hungarian Bank on Yugo-Slav territory commences forthwith. The most important business which the Bank will have to transact for the State is in connection with the American Loan. By clause 12 of the agreement for the Loan the Government undertakes to hand over to the Bank all sums for the payment of the public works undertaken in the country, and the proceeds of the sale of dollars, the Bank undertaking on its side to make the requisite payments in respect of railway construction. So far it has received on behalf of the State \$15,250,000. The report then gives details of the work done by the Bank on account of the State, e.g. the purchase of foreign bills and currencies, the procuring of moneys for payments abroad on behalf of the State, and sales of foreign bills and currencies to the State and on the Bourse. The Bank, however, could not meet demands by the State for purposes of the Budget, as these are not provided for by the National Bank Act, in which the form and nature of advances to the State are clearly defined. The Bank advanced 55 mill. dinar to the State for the relief of distressed districts, on the security of bank guarantees.

In a survey of general economic conditions in 1922, the report describes the harvest results and the condition of stock breeding as favourable, speaks of the difficulties from which industry is suffering (bad transport service, money tightness, etc.), emphasises the advantages of the investment of foreign capital in the country, points out the impossibility for the National Bank of providing all the capital required for industrial enterprise, and of financing export, which it represents as suffering from deficient communications and fluctuating customs duties, refers to the customs measures adopted in 1922 and to the import policy of suppressing duties on the plea of reducing the cost of living, and finally deals exhaustively with the fluctuations of the dinar in 1922 in conjunction with measures adopted with regard to dealings in foreign exchanges. The report complains of the continued disorder of the national finances.

Concluding with an account of the business of the Bank in 1922, the report shows gross profits from all branches of the business of 74,218,203 dinars, an increase of 49,027,193 dinars as compared with 1921; expenditure of 16,488,238 dinars, an increase of 7,805,705, and net profits of 57,729,965. After deducting 5% (2,886,196 dinars) for reserve, 6% (3,463,797 dinars) remuneration of officials, and 60% (30,827,801 dinars) the share of the State, in all 37,178,097 dinars, there remains for distribution among shareholders the sum of 20,552,377 dinars, including 509 carried forward from 1921. (*Zagreber Tagblatt.*)

THE YUGO-SLAV DOLLAR LOAN.

According to the *Trgovinski Glasnik*, the dollar loan bonds have in consequence of various rumours as to the alleged coming rescission of the loan contract, fallen heavily. The \$100 bonds are quoted in New York at 58, the issue price being 95, of which the Yugo-Slav Government only received 87. The Minister of Finance, whose difficulties in the course of negotiation are well known in the United States and other foreign countries, has repeatedly asserted that he in no way intends to rescind the contract, and has already met the interest about to fall due. Even were the contract to be rescinded the part of the loan, \$15 mill., already negotiated would be in no danger, as it is fully secured by the interest on monopolies. According to the latest report the price has risen to 60. (*Berichte aus den neuen Staaten.*)

THE TIGHTNESS OF MONEY IN YUGO-SLAVIA.

The *Zagreber Tagblatt* announces that the tightness of money on the Belgrade market has led to the raising of the rate. Certain banks have raised interest on loans guaranteed by them to 9% a year.

According to a statement by the *Trgovinski Glasnik*, the crisis on the money market has reached its culminating point. The cause of the tightness of money lies chiefly in the Government's deflation policy, which has led to a large restriction of credit by the Narodna Banka, as well as to the accumulation of unsaleable stocks. The money shortage has made itself especially felt in Zagreb. This may be partly attributed to the failure of the exporting firm of Harker and Krauss, of Trieste, which has brought many Zagreb firms into difficulties. (*Berichte aus den neuen Staaten.*)

DIRECT TAXES IN GREECE.

The direct taxes already ascertained for the financial year 1922-23, that is to say from Apr. 1 to Nov. 30, 1922, amounted to Dr.54.6 mill. as against Dr.35.4 mill. for the corresponding months of 1921-22. (*Oikonomologos Athenon.*)

TURKEY: THE RECONSTRUCTION OF SMYRNA.

The *Economiste d'Orient* is the authority for the announcement that a syndicate is being formed in Paris for making a preliminary study for the reconstruction of the vilayet of Smyrna, by a combine of several firms. To begin with the syndicate is pooling the expense of conducting investigations on the spot. Should the experts' report prove favourable a Turkish limited liability company will be floated with its head office at Smyrna. The principal firms forming the syndicate are the Union Centrale d' Entreprises, Banque Morgan Hajas, Banque d'Outre-Mer, Banque Cahen of Antwerp, Banque des Pays d'Orient, Société Française du Levant, a foundation of Creusot, Orosal Bank, and other commercial and metallurgical companies. There are three Turkish members on the Board of the syndicate of investigation. Side by side with this syndicate a group consisting entirely of Turks has been formed at Smyrna, the chairman being Abdul Kader Zade Tevik Pasha. The two syndicates are working in unison. The Paris syndicate, of which the capital is said to be

Fr.800 mill., has assigned one million to the preliminary investigations on the spot. A special commission, composed of French and Turks, will immediately proceed to Smyrna to conduct investigations. The French syndicate will in all its operations submit to Turkish law. (*Information Financière.*)

INDUSTRY AND AGRICULTURE

THE NATIONALISATION OF RUMANIAN MINES.

Clause 20 of the new Rumanian Constitution, relating to the nationalisation of mines, has just been drawn up, and provides as follows: mining deposits together with underground wealth of every nature whatsoever are the property of the State, with the exception of common rock masses, quarries of building material and peat deposits. A special Mining Act shall determine the form and conditions of working the mines, the royalties to be paid to the owner of the surface and the extent to which the latter may participate in the working. Due account shall be taken of vested interests, in so far as they correspond to the development of the mines, and subject to distinctions to be provided by a special Act. Mining concessions granted in pursuance of Acts at present in force will be maintained during the remainder of the term for which they were granted; the working of mines by the present owners will be respected so long as such working continues. Provided always that such concessions and workings provided for in the last paragraph shall be subject to the provisions of the Mining Act and the regulations to be drawn up thereunder, which will provide a maximum duration of concessions and workings in no case to exceed 50 years from the promulgation of the Constitution. (*Bursa.*)

THE RESULT OF SMALL HOLDINGS IN RUMANIA.

Considerable apprehension has been felt as to the effect on agricultural production of the sub-division of large estates into small peasant holdings. The Association for the Study of Agricultural Questions has recently issued a memorandum containing a series of proposals for increasing the cultivation of corn. The chief methods recommended for this purpose are:—

That measures should be taken to encourage the cultivation of rye in districts unsuitable for the cultivation of wheat;

That steps should be taken for the immediate transference of seed corn from districts possessing a surplus to districts where there is a scarcity;

That bonuses for the encouragement of the cultivation of wheat should be granted by the State;

That agricultural associations should be set up for promoting common action between the different agricultural interests and enabling the peasants to dispose advantageously of their produce;

That present regulations relating to export should be modified so as to allow small producers to export freely, subject only to reasonable dues;

That legislation should be passed requiring the adoption of rational and intensive methods of cultivation;

That a "National Corn Committee" should be set up representing the various agricultural interests, the milling industry and the Ministry of Agriculture, to examine questions relating to the production of corn and the corn trade;

That agricultural experts should be placed in rural districts, wherever possible, in order to set the example of scientific cultivation.

The memorandum also suggests that lectures should be arranged during the winter by the district agricultural experts and agents and by the educational authorities for the purpose of emphasising the necessity of increasing the production of corn. (*Universal*, quoted by *Report of the International Labour Office.*)

SPECIAL ARTICLES

WORKMEN'S COUNCILS IN VARIOUS COUNTRIES

(Continued from Mar. 16)

THE COUNCILS IN GERMANY.

After the fall of the Empire had left the field clear for the workmen's and soldiers' councils, the latter hoped for a time for the establishment in Germany of the Soviet system. One of their first acts (Ordinance of Dec. 28, 1918) was to constitute committees of workmen and clerks in all undertakings and offices, public and private, which employed 20 persons at least, in order to protect their interests against the employers. Although at first the Government declined to include in the constitution the principle of labour control in factories, labour disorder and serious strikes forced it to give way, and an ordinance promulgated in March 1919 in favour of "factories' councils" in industrial undertakings laid down the principles subsequently incorporated in Article 165 of the Constitution. This enactment provides that workmen and officials shall be called upon to co-operate on an equal footing with the masters in the regulation of wages and conditions of work as well as in the general management of the undertaking. In order to protect their interests, social and economic, workmen and employees are to be represented on the "factories' councils" constituted in private enterprises, on local workmen's councils grouped according to trades, and on the confederated workmen's council. In unison with the representatives of employers and other classes of the community concerned, these councils are to assist in the formation of local economic councils and of a confederated economic council.

It was easy to include the above principle in the Constitution, but it was quite a different matter to pass the Act to regulate its practice. The Bill was set down in August 1919, a few days after the Constitution had been voted, but was only passed in the following January. It was violently opposed not only by the extreme Right, but also by the extreme Left. The progressive parties, which complained that a mere caricature of labour representation had been accorded to the workmen, promoted an agitation which, culminating in a riot on Jan. 4, was finally suppressed by machine guns.

The Act, as finally passed, provides for the institution of "factories' councils" in all public or private undertakings employing at least twenty persons. It, however, only accords to them a very small share in the actual conduct of the undertaking. They are to assist the management with their advice on improvements of methods of work with the object of increasing the yield. In addition they are to act as arbitrators in disputes between masters and men, enforce the application of sanitary regulations and those relating to the safety of the workmen, the work of disabled soldiers, and unemployment; to co-operate in the administration of social works, old age pension funds, and workmen's dwellings; and to supervise collective contracts in force for the regulation of wages and conditions of work. A more important function assigned to them is that of intervention in the hiring and dismissal of the men. But it was not for this that the workmen demanded "factories' councils." What they aspired to was control and management of the undertaking, always considered as a means of altering the system of production. Therefore it was on this vital point that the resistance of the owners was concentrated.

The Act provides that the Council should nominate one or two of its members to the Council of Supervision in order to protect the interests and demands of the workmen as well as to uphold their suggestions concerning the organisation of the enterprise. These repre-

sentatives have the right to vote on the same footing as other members of the Council of Supervision. A special Act was passed to settle the conditions governing this representation. In addition, the Council is empowered to demand of the employers information on all questions connected with the working of the undertakings which should relate to labour contracts and the occupation of the workmen, including the wages book. Finally, a much more serious matter, it could call for the production of the balance sheet and account of the profits and losses for the preceding year. Everything depended on the definition which should be given of the balance sheet above referred to, and an Act passed on the subject in February provided that it should show the assets and liabilities of the business in such manner as to render it possible to judge the financial position of the undertaking. The property of the undertaking not actually used in the working of it was not to be included. The balance sheet was to be accompanied by information supported by vouchers, the production of which, however, was not made compulsory. The workmen regarded this Act as a rejection of their claims, since they desired to have cognizance not merely of the ordinary balance sheet which would afford no accurate knowledge of the real position of the undertaking, but of a clear and detailed statement of all financial operations. At the beginning of 1922 an Act was passed giving the workmen's delegates the same rights on the Council of Supervision as the other members of the Council. In short, the laws which up to the present have governed the working of the "factories' councils" form a compromise between the claims of the workmen and the opposition of the proprietors.

On this occasion the German proprietor class showed considerable aptitude for adapting itself to circumstances. On finding it impossible to stem the torrent it set about dividing and weakening it, with conspicuous success. It had, however, no need to take excessive alarm at this innovation, since it was already accustomed to co-operate with the workmen on mixed boards consisting of representatives of employers' associations and trade unions. These "communities of labour," created in 1918 in order to face the consequences of the war, have been considerably extended.

On their side the trade unions, so powerful in Germany, at once defined their attitude towards the Councils. It should be noted that the law expressly states that these should keep to their functions of auxiliary organisations of the unions. Their decisions are still subordinate to the terms of collective contracts concluded between masters' and labour organisations. This subordinate position is necessary to avoid anarchy. The unions have clearly indicated their position of protector by placing at the disposal of the Councils their financial resources and their influence as old-established and sound organisations.

It afforded them very practical assistance in founding training institutions for workmen who might be appointed members of the Councils. As a matter of fact the German workmen are well aware that their ignorance of economics will debar them for a long time to come from taking the part on the Councils which they anticipated. Lectures are organised in each town by the general federation of trade unions. The syllabus is very interesting. It includes a course of political economy and of financial science, together with a smattering of civil and commercial law and social and fiscal legislation. It also deals with the consequences of the peace treaty on the economic life of Germany. It is not difficult to guess in what spirit this part of the instruction will be imparted. The Federal Economic Council has invited the Government to defray part of the expense of the training of working members of the "factories' councils."

During the three years that the Act has been in force the workmen's councils have continuously striven to extend their functions, while the manufacturers consider that they have succeeded in defeating these efforts. The influence exercised by the Councils has been extremely diverse; where they were composed chiefly of old hands it has tended towards moderation, but when guided by the extremists it has been subversive of discipline. The workmen in this case have been intent on sacrificing the interests of the business to their own individual interests. It is worthy of note that so far the workmen have declined to take advantage of the opportunities offered to them to promote production, whether by suggesting improved methods of work or otherwise, but have concentrated their attention on presenting claims relating to the conduct of the workshops or the internal affairs of the factory, which have been so numerous that it has been found necessary to appoint special officials to deal therewith.

Certain smaller States such as Norway, Austria and Czecho-Slovakia, have passed laws on the subject on the lines of those passed by Germany.

"INDUSTRIAL DEMOCRACY" IN AMERICA.

The writer next surveys the movement towards workmen's councils in England, notably the constitution of the Whitley Councils, appending the remark that in England as elsewhere, the extreme Socialists are opposed to the formation of all mixed councils founded with the sole object of conciliation. He then proceeds to deal with the Council movement in the United States.

Here the democratising movement of industry, encouraged by both President Wilson and the Bishops delegated by the Catholic War Committee, has made remarkable progress.

Workmen's councils have been created in a large number of works chiefly on the initiation of the owners. They are in their main lines as follows: Side by side with the mixed committees of masters and men there have been instituted Industrial Representatives, a sort of liaison officers whose duty it is on the instructions of the owner to inform him as to the doings and spirit of the staff. They have also the mission to represent him in dealing with the workmen and to show to the latter the supreme authority in human shape. In some companies such as the Demuth Co. (tobacco pipe manufacturers) the system comprises two councils, an upper and lower house, so to speak, whose decisions are carried out by the manager of the undertaking. The lower house consists of thirty workmen elected by the men and the upper house of foremen, supervisors, heads of workshops, etc. Their sittings take place once a week, and they discuss questions affecting the daily life of the factory, hours of work, wages, discipline, workshop regulations, and appointment of certain of the foremen. But they have no power to intervene in the technical, commercial or financial management of the undertaking. On the whole these Councils confine themselves to considering questions within the province of the workmen, or discussing from the workmen's point of view those of general interest. They subsequently, in conjunction with an equal number of representatives of the management, meet on a mixed committee for the purpose of formulating decisions to be submitted to the management. They are often entrusted with the administration of social organisations founded by the owner for the benefit of the men. Their functions vary in extent and importance according as the industry to which they belong employs principally skilled workmen or those of a lower grade. Cases have been cited where the Council participates in the Taylor system, greatly distrusted and feared by American workmen.

The Councils are chiefly credited with having established direct contact between employers and employed. In order to understand the importance attached to this feature by Americans, it should not be forgotten that this is a need much more strongly felt in America than in France. The time is past in this young democratic society when class distinctions are

ignored. The rapid and excessive expansion of big industries has produced the same result as in Europe, namely, the creation of an industrial proletariat; and the conditions arising therefrom are harsher than those obtaining in older countries, where, in spite of all, something of the old spirit which mitigated social relations in the days of yore still prevails. At the same time Americans, impregnated with the democratic spirit which gives them unbounded faith in the capacity of the people for participating directly in administration and government, find it quite natural to grant to the workmen a share of management in a department which is much more within their province than the election of magistrates or legislators.

The great employers' association known as the National Industrial Conference Board instituted at the end of 1919 an inquiry into the results obtained by the Councils, and came to the conclusion that three-quarters of the employers who had adopted the system were favourable to it. But in order that a Council should work properly it must not be imposed as an institution founded by the masters; the workmen must be prepared for the reform and must co-operate in realising it. In places where the trade unions are paramount it is useless to attempt to create councils. Their development in the United States has only been possible owing to the weakness of syndicalism, which only combines a very small fraction of the working class. The trade unions clearly see that direct agreement between masters and men weakens their power, hence their hostility to the Councils, which they accuse of being the tools of the masters. However, Mr. Gompers, the influential leader of the labour party in the United States, who is a partisan of the joint co-operation of workmen and employers, has adopted a conciliatory attitude towards the Councils, and may possibly induce the trade unions to accept them.

CO-OPERATION BETWEEN MASTERS AND MEN IN FRANCE.

In France there have always been found employers who, either in the interest of the proper working of their business, or inspired by high moral considerations and a sense of social duty, have conducted their relations with their workmen as between man and man. As long ago as 1885, M. Léon Harmel instituted in his spinning mills at Val de Bois a factory council for the men and a workshop council for the women, which, sitting with the employers once a fortnight, deal with questions of discipline, organisation of work, apprenticeship, sanitation and wages.

(To be continued.)

RECENT PUBLICATIONS.

La Primauté de l'individu. By Georges de Lenner. (Lamertin, Bruxelles.)

Towards the Great Peace. By Dr. Ralph Adams Cram, being the 1921 Dartmouth Alumni Lectures on the Guernsey Centre Moore Foundation. (Messrs. George G. Harrap and Co. 7/6 net.)

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STATISTICAL SECTION

THE TRADE BAROMETER

EXPLANATION

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

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

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

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

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

TABLE I.

Date	10 Com- modities	Bd. of Tde. Monthly Average	Date	10 Com- modities	Bd. of Tde. Monthly Average	Date	10 Com- modities	Bd. of Tde. Monthly Average	Date	10 Com- modities	Bd. of Tde. Monthly Average
Sept. 3	379.8		April 29	202.2		Dec. 30	150.0		Aug. 25	166.1	
10	379.7		May 6	207.2		1922			Sept. 1	163.4	
17	379.4	311.4	12	204.3		Jan. 6	148.1		8	160.4	
24	360.6		20	197.0	201.7	13	148.7		15	161.2	153.9
Oct. 1	356.3		27	200.5		20	144.0	164.0	22	158.6	
8	346.8		June 3	201.9		27	141.3		29	158.8	
15	328.6	302.3	10	203.6		Feb. 3	142.3		Oct. 6	159.8	
22	319.8		17	201.8	197.7	10	147.0		13	161.2	
29	315.3		24	201.6		17	149.2	161.8	20	162.8	155.2
Nov. 5	310.8		July 1	196.4		24	149.7		27	165.9	
12	304.6		8	193.3		Mar. 3	148.4		Nov. 3	170.1	
19	293.0	286.9	15	194.4	194.1	10	148.4		10	170.1	
26	283.8		22	194.8		17	149.8	159.9	17	169.3	157.6
Dec. 3	272.0		29	193.6		24	149.4		24	168.2	
10	271.2		Aug. 5	183.8		31	149.8		Dec. 1	167.4	
17	257.0	263.8	12	178.8		Apr. 7	150.3		8	161.5	
23	253.0		19	178.1	190.0	14	151.7		15	161.2	155.7
30	249.8		26	178.1		21	154.1	160.1	22	162.2	
1921			Sept. 2	180.8		28	154.6		29	162.6	
Jan. 7	240.5		9	183.0		May 5	157.8		1923		
14	244.2		16	183.4	187.0	12	159.9		Jan. 5	162.4	
21	237.6	245.9	23	180.0		19	162.1	160.6	12	162.8	
28	235.2		30	176.8		26	163.3		19	163.2	157.1
Feb. 4	227.0		Oct. 7	172.1		June 2	162.9		26	165.3	
11	227.4		14	170.2		9	164.9		Feb. 2	166.9	
18	219.1	225.2	21	163.0	180.7	16	163.6	159.7	9	168.7	
25	215.8		28	159.5		23	164.8		16	177.2	157.6
Mar. 4	198.8		Nov. 4	158.9		30	162.4		23	181.1	
11	197.5		11	155.0		July 7	164.7		Mar. 2	184.8	
18	199.0	210.8	18	154.5	172.8	14	165.1		9	188.2	
25	201.4		25	157.7		21	165.8	160.3	16	192.4	
April 1	199.6		Dec. 2	158.6		28	167.3		23	189.3	
8	191.6		9	152.1		Aug. 4	168.1				
15	202.8	204.8	16	153.2	167.9	11	165.9	156.3			
22	194.8		22	150.3		18	164.0				

CHART ILLUSTRATING TABLE I

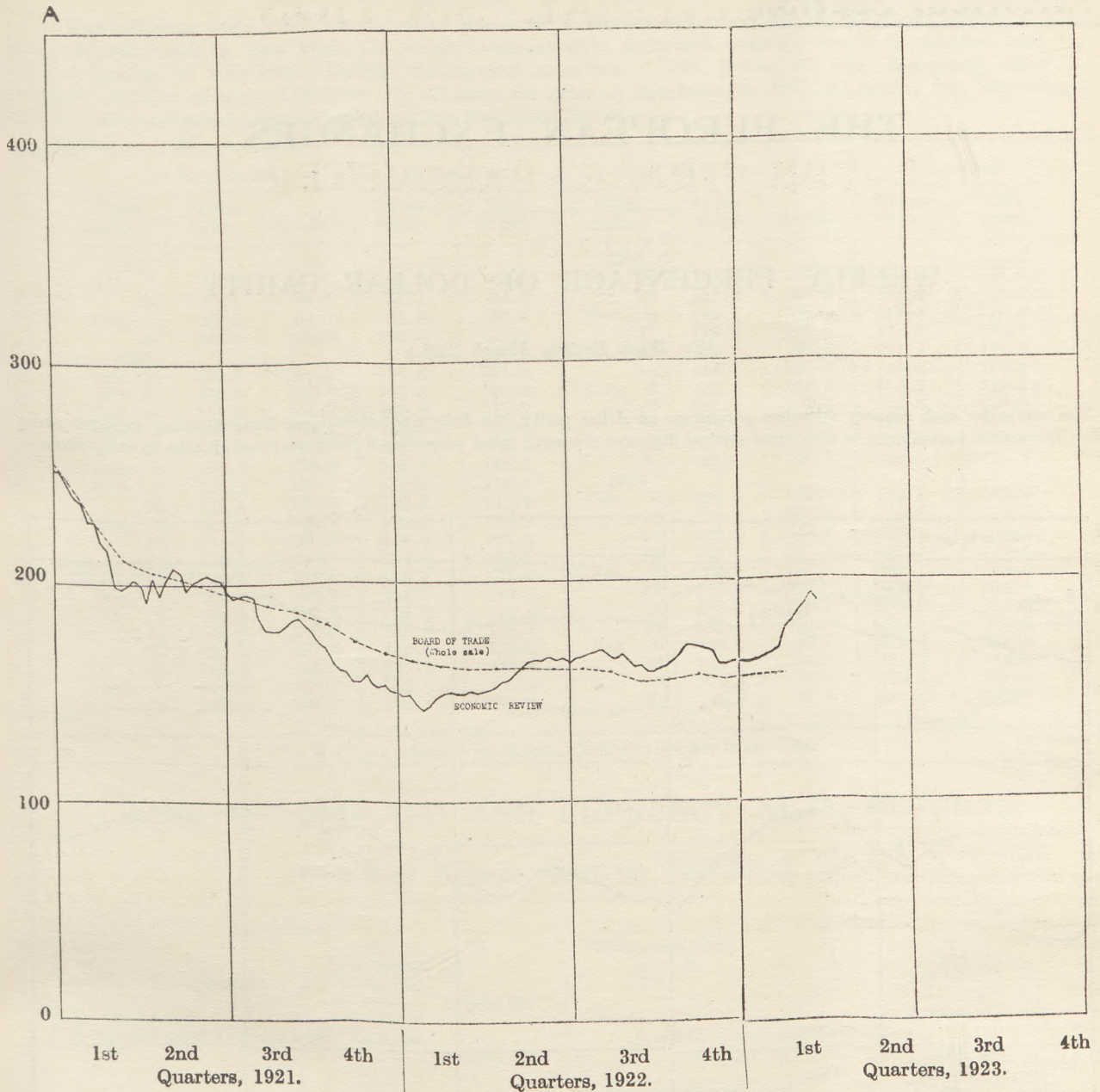


TABLE II.

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
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
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
" 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
" 9 ...	97.9	109.6	113.2	147.4	130.5	120.0	95.7	91.7	88.2	130.8	112.50	... " 9
" 16 ...	100.5	114.7	105.7	143.9	131.4	120.0	89.1	90.1	89.7	196.2*	118.13	... " 16
" 23 ...	105.2	120.8	113.2	145.6	133.7	120.0	89.1	89.3	84.6	205.8	120.73	... " 23
Mar. 2 ...	108.5	125.4	128.3	147.4	135.1	120.0	92.0	88.6	78.7	207.7	123.17	... Mar. 2
" 9 ...	110.8	130.9	132.1	143.9	139.3	124.4	92.8	89.3	79.4	211.5	125.44	... " 9
" 16 ...	113.2	139.6	141.5	143.9	138.9	124.4	94.2	88.6	84.2	214.4	128.29	... " 16
" 23 ...	113.2	135.3	133.0	143.9	133.4	124.4	91.3	89.3	84.6	213.5	126.19	... " 23

*Revised Quotation.

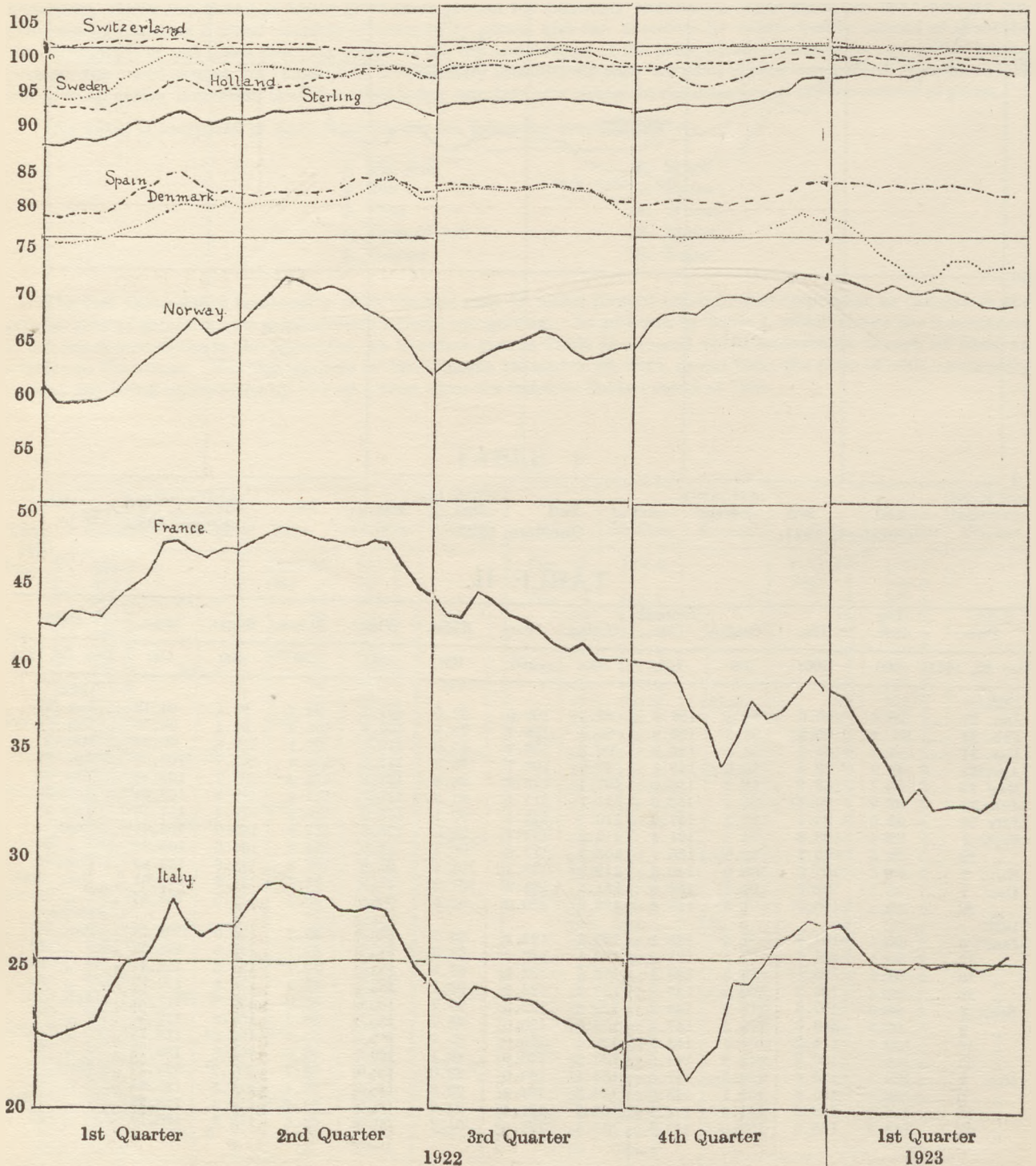
Statistical Section

THE EUROPEAN EXCHANGES

WEEKLY PERCENTAGE OF DOLLAR PARITY

(To Week Ending March 24th.)

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



SECURITY PRICES.

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

IN NEW YORK.			IN LONDON.		IN NEW YORK.			IN LONDON.	
Week ending.	Indus-trials.	Bonds.*	Indus-trials.	Gilt-edged.	Week ending.	Indus-trials.	Bonds.*	Indus-trials.	Gilt-edged.
1921					1922				
Oct. 1	88.4	91.3	104.5	94.4	Oct. 21	125.7	102.8	114.8	113.0
29	91.1	92.0	91.1	94.4	28	121.7	102.0	114.8	113.0
Dec. 2	97.4	99.4	94.2	96.0	Nov. 4	122.1	103.4	114.5	113.0
30	100.0	100.0	100.0	100.0	11	118.2	103.1	115.0	113.6
1922					18	117.6	102.4	114.7	114.5
Jan. 28	100.8	102.1	102.3	104.4	25	114.4	102.0	115.0	115.4
Feb. 25	105.2	100.8	103.6	109.0	Dec. 2	118.3	102.2	115.7	115.0
Mar. 25	107.4	101.7	102.8	110.7	9	120.5	102.8	116.2	114.3
April 1	109.8	101.5	103.5	112.2	16	121.1	103.1	116.1	113.8
29	114.4	103.1	117.6	116.9	23	121.6	102.9	118.3	113.5
June 3	118.8	102.9	113.5	115.7	30	121.7	102.5	119.5	113.3
July 1	114.5	103.6	110.0	114.7	1923				
29	119.4	106.0	112.8	116.7	Jan. 6	120.5	102.8	122.1	113.5
Aug. 5	119.6	106.0	113.3	116.4	13	122.2	102.6	122.3	114.0
12	119.7	105.5	113.6	116.4	20	120.4	102.0	123.3	116.8
19	122.1	105.7	114.0	116.0	27	120.8	101.1	122.2	115.8
26	123.9	106.9	113.5	115.5	Feb. 3	122.5	102.1	122.2	114.8
Sept. 2	124.9	106.6	114.1	112.1	10	125.4	102.1	122.5	115.1
9	125.4	106.7	115.6	113.5	17	127.3	101.6	123.2	115.6
16	123.8	107.6	115.2	112.5	24	126.8	101.1	126.4	116.2
23	122.2	107.0	113.5	112.2	Mar. 3	128.6	99.8	129.5	116.3
30	121.2	105.8	113.2	112.0	10	128.0	99.5	128.9	116.5
Oct. 7	123.9	106.1	113.3	111.7	17	129.2	98.5	129.3	117.0
14	127.6	104.4	114.5	112.3	24	127.3	97.8	129.0	118.1

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

BANK OF ENGLAND AND CURRENCY NOTE RETURNS.

Combined Balance Sheet for 22nd March, 1923.

LIABILITIES.				ASSETS.			
Notes Issued.	£	£		Government Debt.	£	£	
B. of E.	145,431,620			B. of E.	11,015,100		
Less those in C.N. Reserve	22,450,000			C.N.	236,245,819		
			122,981,620				247,260,919
C.N. outstanding	279,460,036			Less C.N. Investment Reserve			
C.N. called in but not yet cancelled	1,494,928			Account	11,891,600		235,369,319
			280,954,964	Other Securities.			8,734,900
				B. of E.			
				Gold Coin and Bullion.			
				B. of E.	125,681,620		
				C.N.	27,000,000		
				C.N. Balance at B. of E. ...	150,745		152,832,365
Ratio of Gold to Notes	37.8%			Silver Coin			7,000,000
„ Gold & Silver to Notes	39.6%						403,936,584
			403,936,584				403,936,584

Summary of Combined Balance Sheets.
January 1922 to date.

Date.	B. of E. Notes less those in C.N. Reserve.	C.N. outstanding inc. called in but not cancelled.	Total.	Gold.	% of Gold to Notes.	% of Gold & Silver to Notes.
1922 Jan.	125.9	304.3	430.2	155.5	36.1	36.8
Feb.	125.9	298.8	424.7	155.6	36.6	37.3
Mar.	125.9	300.4	425.3	155.6	36.6	37.7
Apr.	126.0	301.3	427.3	155.6	36.4	37.6
May	126.1	298.3	424.4	155.8	36.6	37.8
June	124.9	297.9	422.8	154.8	36.6	38.0
July	122.9	296.4	419.3	152.8	36.4	38.1
Aug.	122.9	293.3	416.2	152.7	36.7	38.4
Sept.	122.9	289.1	412.0	152.8	37.1	38.8
Oct.	122.9	288.0	410.9	152.7	37.2	38.9
Nov.	122.9	287.9	410.8	152.8	37.2	38.9
Dec.	122.9	301.3	424.3	152.8	36.0	37.7
1923 Jan.	123.0	280.3	403.2	152.8	37.9	39.6
Feb.	123.0	279.1	402.1	152.9	38.0	39.7
Mar. 22	123.0	281.0	403.9	152.8	37.8	39.6

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