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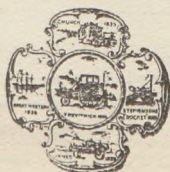
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NOTES OF THE WEEK

It is the considered opinion of the President of the Board of Trade, judging by the returns of our exports, that the tide of trade in this country has definitely turned, for whereas at the beginning of last year these returns showed a deficit of 35 per cent. as compared with 1913, this deficit had been reduced by the end of the year to 25 per cent., since when January has contributed a further reduction to 20 per cent., while stocks were being rapidly absorbed and business showed a marked improvement in the receipts of orders. Another sign of the break in the depression is the boom that is asserting itself in the iron and steel trade, the February and March returns of pig iron and steel production being most encouraging. Although the output of the former does not yet come up to the average for 1913, it is steadily rising; but the returns of steel production give an output of 707,100 tons for February and 802,500 tons for March, as compared with an average monthly output of 638,000 tons in 1913, and the prospects of further increases in April are distinctly promising. The small remissions of taxation provided for in the Budget will not fail to prove an incentive to greater enterprise, and it only remains that our unfortunate labour troubles should be composed and a way found out of the deplorable position into which Germany has been allowed to drift with regard to Belgium and France, and which is prejudicing the trade interests of this land as well as those of many Continental countries, to see the way clear for the realisation of those good times to which the whole industrial and commercial world is anxiously looking forward.

At a first glance the Bill to enable Ministers of the Crown to answer questions and take part in debate in either House is not one that would appear to come within the purview of a purely economic journal. When it is considered, however, that this "reform" would allow the country to dispense with a number of Under-Secretaries of State, the saving to the nation from the removal of this duplication of Parliamentary heads of departments becomes a matter of some economic importance. The Bill, of course, had not the ghost of a chance, as none of the great parties, however

profuse their professions of devotion to economy, could be expected to forego the great advantages in the way of political patronage, involving place, power and by no means negligible emoluments, which the existing system places at their disposal. On the other hand, it may be thought that the cutting down of ministerial offices would tend towards the introduction of the group system in our Parliamentary life, which is undoubtedly the weak side of the French political system. But the change advocated by Captain Thorpe is a fixed practice in other countries besides France, notably in Belgium, Holland and Spain, and is found to work well. The House of Commons, however, refused leave to introduce the Bill by a decisive majority, 244 votes to 100, a result which is not likely to deter its promoter from the further pursuit of his object.

* * *

The following theory as to the motives actuating German policy in the Ruhr and as to the cause of the Essen tragedy, which he maintains was deliberately instigated by the German industrial magnates, is propounded by M. René Pinon in the *Revue des Deux Mondes*. The false view that German unity is an historical and political reality has been the primary cause of all the mistakes committed by the Allied policy since the armistice. This unity has, in fact, never been solidly based on national patriotism aware alike of its strength and its limitations, but is in reality an abstraction or sort of pan-German religion. The constitutional work of Weimar is purely theoretical and requires to be revived by the State, whose strength is greatly diminished. But if the State fails, it is supported, or rather replaced, by the industrial magnates, who, however, govern in their own interests, the first of which is to crush democracy, parliamentary and socialist. The impoverished Reich is losing its vitality and means of action, but the captains of industry maintain the productive capacity of the country and thus assure the future. Germany, it is maintained, will only be great if she rejects the effete ceremonial of a Reich suffering under the stigma of defeat and burdened with reparations and makes a fresh start. But France, by the occupation of the Ruhr, has killed this skilful plan, and must be resisted at all costs, so that the National

Notes of the Week

cohesion of Germans may be restored ; hence tragic incidents such as that of Essen are ruthlessly provoked.

* * *

Our attention has been drawn, not in the usual way, but by a striking editorial appreciation in the *Echo de la Bourse*, to the excellent Report produced by Mr. J. Picton Bagge on the Economic and Financial Conditions in Belgium. For obvious reasons, we cannot profess to be particularly well acquainted with the publications of the Department of Overseas Trade, but if its Reports generally are up to the standard of this work, we can only express our regret that they are not given greater publicity. Mr. Picton Bagge, who as Commercial Secretary to His Majesty's Embassy at Brussels has produced this comprehensive and lucid survey of the situation in Belgium at the close of last year, takes a view by no means pessimistic of the prospects of our Ally for the current year, notwithstanding the default of Germany in respect of Reparations. "For a people endowed with such great natural gifts for work and progress and, as the war proved to the world, of endurance under difficulties, the outlook for 1923," he observes, "should not be gloomy. Trade and industry are reviving and reconstruction work, with the vast outlay involved, is nearly at an end. Public finance is in a serious condition and deficits are large, but there is much wealth in the country and a high sense of patriotism." A widespread circulation in England of Mr. Picton Bagge's Report would, in the opinion of our contemporary, have an excellent effect on the relations of the two countries : at any rate, it should go far to remove the unfortunate impression produced by "The Economic Consequences of the Peace" of Professor Keynes, whose shallow and churlish estimate of the extent of Belgium's sufferings in the war, whose suggestion of her Government's shameless readiness to exploit the feelings of the foreigner, and whose effort to belittle the losses sustained by the people provoked no small resentment throughout Belgium.

* * *

A vigorous protest has been launched by the Association of German Newspaper Publishers in connection with a rumour that foreign capital is participating to a predominant extent in a newspaper hitherto exclusively German property. As the Association points out, the policy or country of origin of the foreign participator is not the point. What matters is that a foreign subject must serve the interests and laws of his own country, and that the entry of foreign capital into a German newspaper is a serious economic and political danger. Both the independence of the Press and public opinion may be greatly affected. The name of the newspaper in question, however, is not disclosed. It is a well-known fact that the newspaper trade in Germany is continually struggling to hold its head above water in the face of ever-increasing financial difficulties. When one examines the monthly subscription cost of the daily paper to the German citizen, one is surprised, not at the height of the figure demanded, which works out at present at rather under a penny a day for three editions of the *Frankfurter Zeitung* for instance, but at the fact that the public can still, at a rate which to large circles must be absolutely prohibitive, subscribe in sufficient numbers to their daily papers to permit of their appearing at all. Many industries in countries with depreciated currencies are seeking for an increase of the participation of foreign capital, but the Association of German Newspaper Publishers is justified in expressing its fears at an extension of the practice to its special sphere.

The vigorous opposition offered in France, notably by the dwellers in the country, to the permanent introduction of summer time during the summer months, advocated by the dwellers in towns, recalls the vituperation and derision poured upon the proposal for a Daylight Saving Bill put forward in this country in the first decade of the century. The opposition of country deputies in the Chamber, doubtless with an eye on next year's elections, has caused the Government to withdraw the Bill and to propose the substitution for the whole of the time of the meridian of Strassburg for that of the meridian of Greenwich, of which it is 31 minutes in advance. The idea of summer time is extremely irritating to the country folk, who have long since solved the problem by getting up an hour earlier in summer without pretending that they are getting up an hour later, and suggest that the townsfolk should follow their example, a much simpler process than passing special Acts of Parliament, changing meridians, and employing childish subterfuges which deceive no one. A special Commission has met to consider the question from this point of view, and to weigh the possibility of putting forward, not the hands of watches and clocks, but the time of beginning business in the public offices and services, railways, etc.

* * *

From reliable sources comes the information that the United States is now going to release a portion of the German property held in that country before the war. This is good news for Germany, for the influx of capital which should result cannot be without effect on the value of her currency. The hopes of many of her citizens will be rather dashed, however, if the report is correct, that the intended payments are to total about forty-four million dollars and that the United States intends retaining for the moment approximately three hundred million dollars worth of German property. The Americans have, apparently, estimated their claims against Germany at some twelve hundred million dollars. Only about one-sixth of this amount is likely to be recognised. The two hundred million dollars probably claimable are, therefore, well covered by the three hundred million dollars worth of sequestered German property. In view of present conditions in the Reich, this decision is not, perhaps, surprising. Nor will it be surprising if, in the opinion of Germany, the United States, which makes a fetish of "the rights of individuals," might be expected to take rather more into consideration the fact that the German property in question is the property of private individuals, and to retain a slightly less generous slice of the whole as a justifiable guarantee for her own citizens' claims against Germany.

* * *

The housing problem in Chile is being tackled in a rather different fashion to the way it is being done here. In this country the working classes are the first consideration, but Sr. Guillermo Bañados, who has introduced in the Chilean Senate a bill "for providing houses for all persons employed by the Republic," takes a new and unusual line. He proposes that the newly formed Museo Social should take charge of the plan to sell the houses at cost on a basis of monthly instalments running for 15 years, the initial cost to be covered by a loan or bonds to the amount of Pesos 50,000,000 national currency.

In order to avoid delay in the delivery of Foreign Papers, attention is drawn to the change of address of THE ECONOMIC REVIEW, the Business and Editorial Offices of which are now at 6, John Street, Adelphi, London, W.C.2.

FRANCE

FINANCE

MARCH REVENUE RETURNS.

Revenue collected during March amounts to Fr.1,874.3 mill. Of this amount direct taxes show Fr.501.9 mill., of which 311.9 is derived from income tax and land tax, Fr.162.1 mill. from extraordinary war profits tax, and 83.6 mill. from Government lands and the sale of war stocks. Indirect taxes and monopolies yielded Fr.1,288.7 mill., an increase of 123.7 mill. (10.6 per cent.) on estimates and 134.3 mill. (11 per cent.) on the yield for March 1922. For the first three months of the year the yield from this source shows an increase of Fr.249.1 mill. on estimates and 437.2 mill. on the yield for March 1922. The yield from the turnover tax in March is particularly favourable, amounting to Fr.217.6 mill., or 48.2 mill. in excess of the yield for March 1922 and 20.6 mill. (10 per cent.) in excess of estimates. The yield from registration duties is 16 per cent. higher than that of March 1922 and 24 per cent. higher than estimate, results which are worthy of note, as the yield from these duties corresponds to general business activity. The Customs duties, totalling Fr.200.6 mill., are 17 per cent. below estimate. This decline is chiefly attributable to the decline of purchases abroad caused by the depreciation of the exchange. (*Information Financière.*)

REPARATION PAYMENTS BY FRANCE FOR GERMANY.

Hitherto, announces an anonymous writer in the *Information Financière*, the efforts made by France to repair the damage inflicted during the war has been but very imperfectly appreciated. An official document now supplies exact figures relating to this effort and to the huge extent of payments made on account of Germany. According to this authority, payments made by France on account of reparations up to Jan. 1, 1923, amount to Fr.97,740 mill., made up as follows (in millions of francs):—

1. <i>Damage to the person.</i>		
Military allowances, immediate relief, compensation for death	14,299	
Prisoners of war and civil victims	1,039	
Pensions and various expenses connected with disabled soldiers	15,910	
Orphans under the wardship of the nation	431	
		31,679
2. <i>Damage to property.</i>		
(a) <i>Private (Act of April 17, 1919).</i>		
Capital paid in indemnities	41,301	
Interest thereon	1,148	
Other expenditure (works, purchases, etc.)...	7,134	
(b) <i>Public.</i>		
Railways	2,182	
Public services	1,886	
		53,651
Total damages	85,330	
Interest thereon	12,410	
Total		97,740

As is well known, the country has not made the above payments with money received from Germany, which did not suffice for the maintenance of the armies of occupation. The total amount paid by Germany is 1,780 mill. gold marks, made up as follows: Cash 144 mill., value in gold of paper marks requisitioned 343 mill., payments in kind 1,293 mill., less 230 mill. advanced in respect of coal and repayable under the Spa agreement, leaving 1,541 mill. gold marks as the net amount paid by Germany up to Dec. 31, 1922. The cost of maintenance of the French army of occupation up to that date amounts to 1,002 mill. of gold marks.

The payment of reparations on account of Germany has been made by France out of her own resources in the following form (in millions of francs):—

Six year bonds	930
Crédit National Loans	17,614
Payments by annual instalments and loans to the victims of the invasion	6,406
Rente bonds delivered in settlement of certain classes of damage	465
External loans (purchases by offices abroad)	1,100
	26,515

The balance of about 72 mill. has been raised by consolidated loans and Défense Nationale bonds.

The *Journal des Débats* reviews a recent pamphlet by M. Henri Brenier, director-general of the services of the Chamber of Commerce of Marseilles, published in French and English, which explains the occupation of the Ruhr by the fact that after patiently waiting for four years France has received nothing from Germany at all commensurate with that country's power to pay and because no one has given to France the needed guarantee of security which had been promised. He supports his first contention by the following German figures of payments made by both countries up to the commencement of 1922 (in milliards of paper francs):—

Germany (not invaded, with 60 millions of inhabitants) ...	20
France (devastated, 40 millions of inhabitants)	75

The author, however, contests the figures relating to Germany as being too high, firstly because they include the value of State property and territory ceded which does not properly come under the head of payments, and secondly because they are prepared with a tendencious intention. In reality, by the end of 1922, Germany had paid £88 mill. in reparations and France £700 mill. M. Brenier shows taxation to be much heavier in France than in Germany.

TRADE

COMMERCIAL RELATIONS WITH SPAIN.

Members of the Chamber of Commerce of the Landes have been rendered uneasy by a proposal to increase the duty on Spanish wine as calculated to re-open questions, the settlement of which formed the basis of the commercial agreement concluded with Spain last July. The Chamber was anxious to avert such a result, as the loss suffered by French trade owing to the rupture of commercial relations is estimated at Fr.500 mill., whereas since the signing of the agreement the value of the export of French goods to Spain has risen from Fr.248 mill. during the last half of 1921 to 391 mill. during the last half of 1922, an increase of Fr.143 mill., or 60 per cent. The Chamber passed a resolution expressing the hope that the French Government would take advantage of the first favourable opportunity of concluding a more stable commercial agreement with Spain and for a longer period, and that in any case Parliament would reject any alteration of existing duties. The Comité de Rapprochement Franco-Espagnol, in the course of a meeting at Bordeaux, expressed the desire that all commercial associations concerned should petition the Government and Parliament to maintain the present economic understanding with Spain. (*Information Financière.*)

THE TRADE OF THE COLONIES.

According to returns published by the Agence Générale des Colonies, the general trade of the French Colonies in 1921 amounted to Fr.4,698.1 mill. The Colonies' trade with France amounted to Fr.1,500 mill., inter-Colonial trade 122 mill., and the aggregate trade of

France

the Colonies with foreign countries to 3,050.5 mill. Aggregate exports amounted to Fr.2,428.4 mill., and imports to 2,269.6 mill. (*Information Financière*.)

INDUSTRY

ALSACE POTASSIUM SALES IN 1922.

Out of a total production of 228,000 t. of potassium in 1922, the mines of Haut-Rhin sold 65,909 t. in France and 71,148 t. in the United States. The following are the figures relating to the sales of various classes of salts (in 1,000 t.): Sylvinite (12/16), France 100, U.S. 57, total 157; riche sylvinite, France 142, U.S. 126, total 268; chloride (50—60 and over), France 36, U.S. 76, total 112. The total amount of potassium salts sold amounted to 536,802 t. (*Information Financière*.)

THE SUPPLY OF RUHR COKE.

The French metallurgical industries have been seriously hampered by a shortage of coke since the occupation of the Ruhr, a considerable percentage of blast furnaces having been forced to close down in consequence. Speedy relief from this situation is now anticipated, as from April 13 the amount of coal despatched from the Ruhr to France was 7,000 t. per day, the average daily quantity despatched by Germany before the occupation being 6,000 t. The municipal authorities of Essen have received notice from General Degoutte of a recent ordinance containing the following provisions: Mine owners who by Mar.31 have failed to pay the coal tax, will be subjected to the following regulations: vehicles charged with coal will not be allowed to move about without a special permit, but in the case of coal distributed gratuitously to the workmen, such permit may be issued by the general commanding the district. Breaches of these regulations will involve confiscation of the vehicle unprovided with a permit, and penalties amounting to fines of 100 mill. marks and five years' imprisonment. German papers predict that neither mine owners nor workmen will apply for the permits. (*Journée Industrielle*.)

DEVELOPMENT OF WATER-POWER.

A certain reaction against the violent enthusiasm exhibited by the French public in favour of water-power, the future liberator of French industry from its servitude to the foreigner in respect of fuel, was noted during the course of last year, when the construction of water-power stations showed an apparent decline. Professor Auguste Pawlowski, of the Ecole des Hauts Etudes, editor of the *Annuaire de la Houille Blanche*, however, denies in the *Information Financière* that there has been any real arrest in the development of "white coal" (the accepted term for water-power in France). He admits that the number of applications for concessions for the construction of water-power works and utilisation of falls and rivers, which amounted to 180 for the years 1920 and 1921, only totalled 48 in 1922, a decline which he attributes in part to the previous number of applications. The applications presented by Jan. 1, 1922 related to 775,000 kilowatts, distributed over all parts of the country. It would, however, appear that a fresh stimulus has been given to interest in this industry, as the Water-Power Board submitted to investigation waterfalls with an aggregate potential power of 137,000 kilowatts, and the Conseil d'Etat has had before it papers relating to the concession of power to the extent of 114,000 kilowatts. It may be assumed that the electrical industry will show renewed activity during the coming year. Works in the course of construction for the electrification of railways provide for the production of 83,000 kilowatts. Renewed activity by the distributing industry may be contemplated in the comparatively near future. During 1922 companies

using "white coal," apart from the railways, applied for some Fr.300 mill. of capital, compared with the average of 350 mill. a year raised in 1919, 1920, and 1921. When it is considered that prior to 1914 the amount invested in electricity was only Fr.800 mill., it will be seen that the use of water-power has not been abandoned, and that the slight set-back in 1922 will not be so far reaching as certain people are pleased to imagine.

SOCIAL AND LABOUR CONDITIONS

COST OF LIVING IN MARCH.

The wholesale index numbers for March, just published by the Statistique Générale de la France, show a less pronounced upward tendency than during the two previous months. The wholesale index numbers at the end of each month were (the average 1901—10=100) General: Dec. 418.4, Jan. 447.3, Feb. 487.5, Mar. 490.2; food (20 articles): Feb. 485.1, Mar. 459.2; industrial material (25): Feb. 505.7, Mar. 515. The general indices of the retail prices of 13 commodities in Paris have risen from 3,394 in Feb. (an increase of 214 per cent. on the average for 1914) to 3,459 in March (an increase of 221 per cent.) The following index numbers of individual industrial products have been supplied to the Ministry of Labour by the mixed committees of each industry:—*Various industries* (tulle, lace, metallurgy, gas, tramways, July 1914=100): Feb. 1, 1923, 372; Mar. 15, 390. *Textiles* (May 1, 1920=100): Dec. 2, 1922, 93.68; Mar. 3, 1923, 96.4. *Engineering and Naval Construction* of Nantes and Lower Loire (July 12, 1919=100): July 1922, 112; Dec. 1922, 106.48; Mar. 15, 1923, 115.30. (*Information Financière*; *Journal des Débats*.)

COMMUNICATIONS

INLAND NAVIGATION.

According to the *Journal Officiel* traffic on inland waterways during 1922 amounted to 30.3 mill. t., as against 19.4 mill. in 1921, an increase of 55.9 per cent. The traffic on the individual waterways in the two years (1921 in brackets) was as follows—(in 1,000 tons):—

Rivers.—Aisne, 1,169 (401); Scheldt (Cambrai to the frontier), 5,348 (2,737); Lys, 921 (441); Oise, 3,695 (2,052); Rhône, 785 (476); Saône, 1,123 (609); Scarpe, 3,772 (198); Seine, 36,251 (24,151); Rhine, 1,965 (429).

Canals.—Aire (Beauvais to Aire), 2,525 (2,013); Aisne (lateral), 960 (216); Aisne and Marne, 1,265 (300); Ardennes, 560 (89); Briard, 1,060 (651); Deule, 4,303 (4,238); Est, 2,401 (927); Marne and Rhine to old frontier, 3,311 (1,874); same to Strassburg, 1,311 (514); Rhône and Rhine, 499 (301). The navigable lengths of the above rivers are (in kilometres): Seine 537, Rhône 489, Saône 374, Oise 104, etc., and of the Canals: Est 432, Rhône-Rhine (both sections) 448, Marne-Rhine 210, and Briard 107. (*Economiste Français*, April 14.)

AVIATION AGREEMENT WITH CZECHO-SLOVAKIA.

An aviation agreement between France and Czecho-Slovakia, originally negotiated during the Genoa conference, has been signed and will come into operation shortly. The contract is reciprocal, provides special conditions, and deals with traffic and subsidies. The technical question has also been settled, and provides for the interchange of engineers, mechanics and pilots. The two Governments will offer one another facilities for the purchase of aeroplanes and engines, will supervise construction and keep an eye on manufacture in other countries. The contract is valid for three years, and is renewable automatically. (*Gazette de Prague*)

GERMANY

FINANCE

EVIDENCE OF DWINDLING CAPITAL.

The recently issued official pamphlet, "The Economic State of Germany under the after-effects of the World War," of which mention was made in THE ECONOMIC REVIEW last week, supplies the following figures in proof of the shortage of capital in Germany:—

Deposits in the Prussian savings banks increased from 13.1 milliard gold marks at the end of 1913 to 29.6 milliard paper marks at the end of 1920, or, reckoning on the basis of the official wholesale index number, they sank to 2.1 milliard gold marks, or 16 per cent. of the pre-war savings. Since 1920 the actual decrease in value is still more marked. The savings bank deposits for the whole of the Reich amounted, at the end of 1913, to 19.7 milliard gold marks, and in the middle of 1922 to only 52.9 milliard paper marks, or 0.755 milliard gold marks, a decrease to 3.8 per cent. of their former extent. Again, the credit accounts in the financial institutions in Germany were worth between 30,000 and 35,000 mill. gold marks at the end of 1913. At the end of November 1922, they totalled about 800 milliard paper marks, i.e. computed in pre-war values according to the rate of the dollar, only about 460 mill. gold marks. Nor must it be overlooked that a not inconsiderable proportion of this latter sum was in respect of foreign investments.

Another proof of the dwindling of German capital is afforded by an examination of the sums invested in securities. If, according to the security index number, shares stood, on an average, in the middle of December 1922, at ninety times the pre-war height, they are worth, in gold value, calculated according to the internal purchasing power of the mark, only about 6.09 per cent. of their pre-war value. Whereas, according to the market value on Dec. 31, 1913, the total capital of all the joint-stock companies, represented by Mk.17.4 milliard, was worth 31.2 milliard gold marks, the sum of all share values on Dec. 31, 1922, was worth only 4.9 milliard gold marks, i.e. a capital which could be held in private hands.

GOLD-BACKED SAVINGS ACCOUNTS.

Although the Central Association of German Bankers decided against the advisability of the introduction of gold-backed credit accounts, most of the German savings banks, says the *Konjunktur* of Mar. 31, are making preparations to open, as from May 1, gold-backed savings accounts. In this case it is not simply a question of gold-backed mark accounts. The savings banks and banking centrals will exercise the function of agents in that they will immediately supply, in return for payments to gold-backed savings accounts, the necessary cover in sound securities, primarily in Dollar Loan. For this purpose one gold mark will be reckoned as the equivalent of 1/10th dollar on the basis of the official rate on the Berlin Bourse of the 6 per cent. Reich Dollar Loan. Should this Loan cease to be quoted on the Berlin Bourse, another Dollar Loan, either issued or guaranteed by the Reich, will serve as the standard. Acceptances, refunds and interest will be paid either in this security or in paper marks. Gold-backed savings accounts can only be opened for holders of paper mark accounts amounting in value to at least double the proposed gold mark account. Existing paper mark savings accounts may not be converted into gold-backed savings accounts. Gold-backed savings accounts may be transferred to or from other savings bank branches. A savings bank may, without stating a reason, refuse to open a gold-backed savings account.

According to the *Frankfurter Zeitung*, the Badische

Landwirtschaftsbank (agricultural bank) in Karlsruhe, which recently announced the acceptance of deposits based on wheat security, is now introducing a gold-backed savings deposit scheme. The Reich Dollar Loan will serve both as the standard of calculation and as the cover for the deposits.

GOLD CREDIT PREMIUM MARKET PROPOSAL.

Professor Mahlberg, of the Commercial College in Mannheim, took for the subject of a lecture to the Society for the Study of Currency and Financial Reform, the theme "The organisation of a money market on the gold credit premium basis," and made the following suggestion, which we reproduce from the *Berliner Börsen-Zeitung*, for steadying the mark:—

The actual value of the German paper mark cannot to-day be ascertained. Its foreign value depends on the adjustment of supply and demand on the Bourse, whereby in consequence of the opposing "bear" and "bull" speculation tendencies, the value of the mark is driven exaggeratedly in either the one or the other direction and causes the excessive fluctuations now experienced. The true value of the mark probably lies midway on the zig-zag curve. If, on account of the Ruhr invasion, the rate of the dollar rises from Mk.8,000 to over 40,000 within a few days, no sufficient reason connected with home conditions can account for this development. It is our financial organisation which is at fault. What is wrong is that the bill of exchange market is too narrow to represent the financial status of the whole country and that we lack the means to counteract unjustified foreign currency speculation.

The task of determining the value of the mark should be removed from the bill of exchange market and should be assigned to a specially created gold premium market. The foreign exchange rates have, as a currency standard, the disadvantage, as stated above, of being subject to excessive fluctuations caused by speculation; the index figures only show the depreciation which has gone before. The Bourse quotation for Mk.20 pieces formerly published in Berlin and Munich has been prohibited by the Entente; the present purchase price of the Reichsbank for Mk.20 pieces is behind the times. If the supply and demand in paper money is balanced on a gold mark basis on a special market, the daily value of the mark could be ascertained without calling into play actual gold. This daily quotation would have three advantages at home. It would agree with the price level of home goods; it would comprise the supply and demand for financial media of the whole country; on account of the possibility hereby provided of sound financial traffic, foreigners could continue to place their demands with us and international solidarity on the gold markets would thus be created. The possibility of putting out money at interest on a sound basis, by again dealing, technically speaking, in gold marks, would improve the abnormal state of our financial system. The present lack of confidence in the mark would be overcome.

The conditions of this gold premium credit business would be: (a) The gold premium rate must be quoted daily; (b) the Reichsbank must take the initiative in this business until it functions by itself; (c) the mere announcement of the establishment of this market will cause the mark to rise in value; (d) the Reichsbank must discount commercial bills on a gold basis only; it may give gold credits to the extent of its gold debits; it would make no profit, but no losses either; (e) extended offers to the Reichsbank could be converted into long-term credits, preferably into Reich or State gold loans; (f) the Reichsbank must participate on the market continuously, in order to influence it in accordance with the general economic position; (g) the rate

Germany

of interest would be a normal one, or bank discount rate; (h) business for forward delivery would be permitted; (i) other banks would also participate in business. They could balance their paper mark obligations daily or postpone their clearings to the ensuing day on the assumption that the premium quotation would alter very little, as on the whole it would only be influenced to any great extent by further increases in money issues.

This system would not produce stabilisation, but it would put a stop to the rapid and violent course of depreciation.

NEW COMPANY CAPITAL LAW.

In December 1922, the law concerning the formation of limited liability companies was altered in that the original capital might not be less than Mk.500,000, whereas the former minimum was Mk.200,000. The draft of a Bill has now been submitted to the Reichsrat fixing the minimum share capital of a newly-founded company at Mk.5 mill. The chief reason for this amendment is that during the last few years so many small companies have been formed for reasons connected with taxation rather than for economic purposes. The work connected with the founding of a number of companies belonging to one concern, but each with the minimum capital permitted, has proved very irksome in official quarters. Also, in consequence of the depreciation in the value of money, the legal minimum was no longer sufficing to carry on the work of many companies formed, and the formation of companies by practically insolvent owners was being encouraged. (*Berliner Börsen-Zeitung*, April 14.)

BERLIN BUDGET DEFICIT.

A preliminary statement of the Berlin Budget proposals for 1923 has been made in the Berlin Magistracy. The estimates have been drawn up on the basis of the value of the mark and the cost of wages, etc., on Oct. 1, 1922. Revenue is estimated at Mk.51 milliard and expenditure at Mk.55.2 milliard. The deficit is expected to be covered principally—to the extent of 3 milliards—by additional income resulting from the adjustment of various taxes to the depreciation in the currency. A very grave deficit is shown when these estimates are adjusted in accordance with the April money value. Income then totals Mk.517 milliard against a total expenditure of Mk.547 milliard. This deficit of 30 milliards can only be met, if at all, by the greatest sacrifices. (*Deutsche Allgemeine Zeitung*, April 12.)

INDUSTRY

RESULTS OF RUHR COAL REQUISITIONING.

According to the *Frankfurter Zeitung* (April 12) the figures of the coal export to France and Belgium from the occupied Ruhr district during March amounted in all to 990 waggons of coal and coke. The February export to these countries totalled 1,700 waggons, so that for the two months France and Belgium obtained 2,690 waggons of coal and coke. By way of comparison it may be stated that before the occupation the average daily delivery of reparation coal to these countries from the Ruhr district amounted to about 1,850 waggons. During the whole of the last month, therefore, the total consignments did not even equal the usual daily consignment. The unproductivity of the Ruhr adventure is thus strikingly demonstrated. The French *Echo National* has owned that notwithstanding the unshakable optimism of the French Minister for Public Works, the requisitioning of coal and coke in the Ruhr has produced only ludicrously small results.

IRON PRODUCTS CHEAPER.

Following on the decrease in pig-iron prices caused by the fall in the price of coal, the standard prices for semi-

manufactures and rolling-mill products were lowered as from April 11. The following prices now hold good per ton (the figures in brackets denote the prices fixed on Feb. 21):—

Basic commercial goods.—Semi-manufactures: rough ingots, Mk.728,000 (749,000); rolled ingots, 813,000 (837,000); billets, 86,400 (89,000); sheet billets, 89,000 (97,000). Rolled goods: section iron, Mk.1,003,000 (1,034,000); bar iron, 1,012,000 (1,043,000); universal iron, 1,094,000 (1,127,000); hoop-iron, 1,220,000 (1,261,000); rolled wire, 1,080,000 (1,112,000); thick sheet iron, over 5 mm., 1,141,000 (1,176,000); thin plate, 1 to 3 mm., 1,471,000 (1,518,000). (*Berliner Börsen-Zeitung*, April 12.)

CRITICAL STATE OF POTASH INDUSTRY.

According to the *Deutsche Bergwerkszeitung*, potash sales are so bad that the potash industry is threatened with work restriction on a large scale. In a number of works this has already occurred, and output for stock will almost certainly attain greater proportions during the next few months. The accumulation of stocks is affecting the finances of the works detrimentally. An increasing number of them have recently complained of a shortage of liquid means. Additional profits from foreign business are no longer so great since the mark has improved in value, and they do not help to adjust the financial balance. The situation is rendered increasingly critical because the rocksalt business, which was in the habit of making considerable advances to many of the potash works to cover their working costs, is itself at a very low ebb. There are very few channels open to the potash industry for obtaining the large credits it requires. Help from the Reich can scarcely be forthcoming, seeing what gigantic sums are being expended in connection with the Ruhr. Only credits, however, will enable the crisis to be overcome. As things stand, there will be nothing for it but to apply to the public capital market for funds. It may to-day be stated with a fair degree of certainty that a new era in connection with the capital supply of the potash industry is opening and that very considerable sums will be involved.

AGRICULTURE

END OF THE CORN LEVY.

The Reichstag has accepted the motion put forward by the Centre Party, the German People's Party, the Democrats and the Bavarian People's Party for the abolition of the Corn Levy. It included a request that, notwithstanding the abolition of the Levy, a sufficient bread corn supply should be assured to the people by suitable co-operation with the agricultural organisations, etc., and that the price of bread corn should be lowered to the poorer classes. The votes were 211 for, and 146 against the proposal. (*Deutsche Allgemeine Zeitung*, April 13.)

This decision has met with pronounced disapproval on the part of the Social Democratic Press. *Vorwärts* speaks of "a serious injustice towards the public as a whole." The only other proposal, however, worthy of discussion, was the socialist motion, likewise for abolition of the Levy, but which demanded the delivery of corn by the farmers in exchange for nitrate supplies, on the basis of peace-time prices. This suggestion would have necessitated the establishment of gigantic new organising machinery and the expropriation of the nitrate supply, both of which courses would have been entirely impracticable. It has now been decided that the Government will form a reserve of 3½ mill. t. of corn, and that the price of bread shall be lowered for certain of the poorer classes, such as social and war pensioners, by means of a special property tax. The general public will receive no more cheap bread. This arrangement is certainly not ideal, says the *Vossische Zeitung* (April 13), but its critics must evolve a better plan which could be executed without even greater complications and difficulties.

BELGIUM

POLITICAL AND GENERAL

The unfortunate impression created in the country by M. Loucheur's visit to London without the Belgian Government having been notified or consulted has been happily removed by the Conference that has taken place in Paris between the Premiers and Foreign Ministers of the two countries, and the speeches delivered by M. Theunis and M. Jaspar since their return leave no doubt as to the spirit in which the Franco-Belgian policy as regards Germany is to be pursued. "Three months ago," says M. Theunis, "we marched into the Ruhr for the reason that Germany was not fulfilling her most solemn obligations, because the many proofs we had given of our patience and desire to conciliate had been in vain, and because France and Belgium, if they are not to perish, must see to it that all the devastation caused by the war is made good. We are now in the Ruhr, and we shall remain there until Germany recognises our rights; and we will withdraw little by little, gradually as she carries out her engagements." The organisation they have established there, he went on to say, must be extended, perfected and made more stringent. From the outset both France and Belgium were determined to see the struggle out to the end: it was not possible to say that in either country that resolve had been strengthened, but the unity of action that had been achieved added greatly to its effectiveness. For four years Germany had been playing the game of financial bankruptcy, but they were determined that she must be made to realise that she had lost the game, and must make up her mind to make due reparation and come forward with genuine offers; but there must be no doubt of her honesty of purpose, and so long as those proposals were not forthcoming the attitude taken up by France and Belgium would be maintained and even strengthened. "We went to the Ruhr not to make war," said M. Jaspar, "but to obtain what had been solemnly promised to us; and we shall remain there until reparation is not only promised, but effected."

FINANCE

THE BUDGET FOR 1923.

M. Theunis has made a statement to the effect that a saving of Fr.100 mill. in round figures had been made on the Estimates of expenditure for 1922, which amounted to Fr.437 mill. Reviewing the Budget for 1923, the *Echo de la Bourse* explains that it is composed of five parts: the Ordinary Budget, the Extraordinary Budget, the Budget of recoverable expenditure, the Budget of State businesses, and the Budget of food and supply. This last section, which is fast becoming extinct, has been reduced to Fr.15 mill., and shows a balance to the good of Fr.1.8 mill. The section covering State businesses, which in 1921 showed a deficit of Fr.279 mill. and in 1922 one of Fr.211 mill., is expected to show a small profit, but at the least receipts will cover expenditure. The Budget of recoverable expenditure is of course the largest section, the sum total exceeding Fr.3,000 mill. In 1922 the estimate of German repayments was Fr.3,000 mill.: for the current year it is only Fr.1,500 mill., and even so a doubt remains whether these payments will be made. The deficit in this section represents 60 per cent. of the total deficit of the whole Budget. With regard to the Extraordinary Budget, a distinction must be drawn between unavoidable and avoidable expenditure. The former includes the costs of the war, which cannot be contested in principle, but the different items of which might, in the opinion of our contemporary, be the subject of careful revision. These include subsidies to war orphans, Fr.6.5 mill.; assistance to incapacitated workmen, Fr.875,000; assistance to victims of labour accidents, Fr.4.25 mill.; expenses of National Defence as a result of the war, Fr.32.5 mill.; and temporary indemnities in respect of

the high cost of living, which it would be waste of time to ask Parliament to reduce. But there remains the largest item of all, a sum of over Fr.433 mill. for the initiation or extension of public works, which the Government admits is too large, and which ought certainly to be reduced. Finally, we have the Ordinary Budget, totalling nearly Fr.3,000 mill. Here income only falls short of outgoings to the extent of a few millions. The chief items are the current expenses of administration, Fr.1,400 mill., and the charges for the National Debt, Fr.1,100 mill., the latter being a constantly growing quantity, owing to the loans which have periodically to be contracted to cover the cost of reparation work. As for the current expenses of administration, which have risen from Fr.289 mill. in 1914 to Fr.1,482 mill. in 1921, they have been reduced to Fr.1,400 mill. In this connection great economies have been effected, in spite of the unfavourable economic conditions of the country. In conclusion, the *Echo de la Bourse* points out that the cost of public works and the expenses of general administration amount altogether to about Fr.1,800 mill., of which over Fr.500 mill. are absorbed in National Defence. This leaves a balance of Fr.1,300 mill., on which a saving of Fr.50 mill. might be effected—fifty millions on an aggregate Budget of seven and a half milliards! However honest and careful the management of our finances may be, we have yet to realise the fact that it will not prevent the financial situation being dependent, above all, on the reparations to be paid by Germany; it will not prevent the charges on account of the National Debt exceeding the total cost of our administration; nor will it prevent the requirements of our national security absorbing a third of that cost. It is beyond the power of the Minister of Finance to wipe out in 1923 the effects of the whole period of the war.

TRADE

JANUARY AND FEBRUARY RETURNS OF IMPORTS AND EXPORTS.

The general foreign trade of the country, which stood at Fr.1,760 mill. for imports and Fr.1,522 mill. for exports in 1870, had risen in 1900 to Fr.3,594 mill. for imports and Fr.3,297 mill. for exports, in 1910 to Fr.6,552 mill. for imports and Fr.5,695 mill. for exports, and in 1919 to Fr.7,600 mill. and Fr.4,655 mill. respectively. The following year showed an enormous increase, imports soaring to Fr.20,365 mill. and exports to Fr.16,285 mill. In 1921 there was a set-back to Fr.14,927 mill. and Fr.12,002 mill. respectively.

The Minister of Finance has now produced the returns for January and February 1923, those for the latter month showing a marked improvement as compared with the former, the adverse balance of trade having fallen from Fr.443 mill. to Fr.214 mill. This is due to two causes, a shrinkage on the one hand of imports from Fr.929 mill. to Fr.801 mill., and a rise in exports from Fr.485 mill. to Fr.587 mill. Moreover, this improvement extends to every section of the returns, but is most marked in connection with the export of manufactured goods, which is characteristic of the prosperous condition of business. As the *Neptune*, however, is careful to point out, the period covered by these returns is a short one, and any conclusions one might be tempted to draw from them would probably be considerably affected when taking into account the fluctuations of the exchange; for the weight of the goods imported shows considerable decreases in February as compared with the previous month, except under the heading of live stock, while as regards exports there is only a decrease under the heading of raw materials and semi-manufactured goods. The totals work out as follows: Imports—Jan. Fr.2.18 mill. t., Feb. Fr.1.80 mill. t.; Exports—Jan. Fr.1.34 mill. t., Feb. Fr.1.24 mill. t.

SPAIN & PORTUGAL

POLITICAL AND GENERAL

SPAIN.

A Royal Decree has been published dissolving the Cortes, and appointing April 29 as the date for the elections to the Chamber, May 13 that for those to the Senate, and May 23 for the opening of the new Parliament.

Señor Pedregal, who has left the Cabinet as a result of the recent crisis (cf. *THE ECONOMIC REVIEW*, April 13), is replaced at the Ministry of Finance by Sr. Villanueva, President of the Chamber in a former Liberal administration. Sr. Villanueva was distinguished during the war by his strong anti-Ally sentiments. The electoral programme of the Government just published contains the following points: revision of the clauses of the Constitution relating to the suspension of the constitutional guarantees (liberty of the Press, right to hold meetings, etc.), and to the composition of the Senate, and the addition of a section providing for the sitting of the Cortes for at least four months in every year; proportional voting; a comprehensive scheme of social and labour reform, including the improvement of the lot of the agricultural labourer by a revision of the land laws (presumably in the sense of an introduction of the system of small holdings); schemes of irrigation and drainage; reform of the Public Health laws; technical training; reorganisation of the national finances in the direction of retrenchment and the balancing of the Budget; revision of the administration of Morocco; schemes for the reorganisation of the army and navy, including the strengthening of naval bases and the increase of light naval units. The official communication concludes on a doubtful note in regard to the probability of this programme being carried out.

PORTUGAL.

Considerable activity is discernible among the various political parties in view of the approaching election of the President of the Republic. Prospective candidates are: Sr. Texeira Gomés; General Norton de Matos, High Commissioner of Angola, who held the portfolio of War during the war; Sr. Chagas, Minister in Paris, all of the Democratic Party; Sr. Magalhaes Lima, of no party; and Sr. Sá Cardosa, President of the Chamber and candidate of the new Nationalist Party. The Democrats, have a majority in Parliament but it is on the cards that the Monarchists, Catholics and Independents may join forces with the Nationalists, in which case Sr. Sá Cardosa would probably be elected.

FINANCE

SPANISH BUDGET RETURNS.

The Budget returns just published by the State Accounts Department show the following figures: (a) for January last, (b) for the first 10 months of the financial year just concluded (in millions of pesetas):

Collected Revenue: Direct taxes (a) 58.7, (b) 648.1; indirect taxes (a) 82.8, (b) 775.1; monopolies (a) 54.1, (b) 442.7; State property, rents (a) 1.9, (b) 24.3; ditto sales (a) 0.1, (b) 10.8; Treasury resources (proceeds of loans, etc.) (a) 7, (b) 532; total (a) 204.9, (b) 2,453.8. The total collected revenue for corresponding periods of the four preceding years are as follows (exclusive of the proceeds of loan issues, the figures for which are given in brackets): 1918-19, 1,241.3 (200); 1919-20, 1,358.2 (424); 1920-21, 1,597.7 (300); 1921-22, 1,856.1 (2,026); 1922-23, 1,933.7 (500).

Expenditure: (a) 230.9, (b) 2,445.1, as against 2,588.2 in 1921-22; 1,917.4 in 1920-21; 1,645.3 in 1919-20; and 1,609.7 in 1918-19. (*España Económica y Financiera*.)

TRADE

IMPORTATION OF GERMAN GOODS INTO SPAIN.

It has been said, announces the *Monthly Journal of the British Chamber of Commerce for Spain*, that German goods have been imported into Spain through Holland in order to avoid paying the surcharge in the shape of a co-efficient in force on articles of German manufacture.

It is gratifying to note that the Spanish Customs Authorities are alive to this or similar practices, and in the *Gaceta de Madrid* of Mar. 23, 1923, is published a Royal Order, explaining that in consequence of the many requests received to put a stop to the illicit competition created by the concealment of the country of origin of products of countries with which no conventions are in force or which through depreciation of their currency are subject to pay a co-efficient, it has been decided to adopt measures in order to obtain a more efficient compliance with the regulations, and consequently from May 1 next goods coming under the items of the Spanish tariff therein specified must be accompanied by a Certificate of Origin.

British importers into Spain should take particular note of this, and see that goods exported to Spain belonging to these items are accompanied with the necessary Certificate of Origin, as if not, it may lead to them having to pay duty under the first column tariff which is often double and treble that of the second column tariff.

AN INDEX OF THE SPANISH CUSTOMS TARIFF.

A provisional index classification for the application of the new Customs tariff has been prepared and sent to the Press. The index, which apparently sets out every article subject to duties, will be submitted to the Customs and Valuations Board before being legally adopted. The *España Económica y Financiera*, which supplies this information, while approving the idea of setting out the goods comprised in each heading of the tariff, considers the present index to be over-elaborate, as it sets out with excessive detail a number of unimportant articles.

REDUCTION OF DUTIES ON BRITISH PRESERVED FISH.

The *Gaceta de Madrid* of Dec. 30 last contains a notification, dated Dec. 21, which states that, as a consequence of an application made by H.M. Embassy at Madrid under the provisions of the second paragraph of Article 5 of the Anglo-Spanish Commercial Treaty, No. 1,331 of the Spanish Customs Tariff (viz., other fish, salted, smoked, or cured, except in tins) has been added to Part II of Schedule A annexed to the Treaty.

Goods covered by Part II. of this Schedule when produced or manufactured in His Britannic Majesty's territories are entitled to most-favoured-nation treatment in the matter of Customs duties on importation into Spain, so that fish of the kinds covered by No. 1,331 of the Spanish Customs Tariff, when imported into Spain from the United Kingdom or other parts of the British Empire to which the Treaty is applicable, are now dutiable at the reduced rate of Pes.18 per 100 kg., fixed by the Commercial Treaty concluded in October last between Spain and Norway.

SOCIAL CONDITIONS

COST OF LIVING IN SPAIN.

The recently published returns of the Statistical Bureau show the index numbers of various classes of commodities in January 1923 compared with the average index for 1922 (figures in brackets) to be as follows

(1914 = 100): Animal foods, 192 (197); vegetable foods, 161 (165); beverages and various, 155 (162); fuel, gas and electric current for industry, 166 (178); textiles and leather, 166 (149); metals, 149 (152); building material, 229 (242); chemicals and various, 143 (159).

The review *España Económica y Financiera* (Mar. 17) gives the following statistics of prices in Madrid and Barcelona since 1913, taken from the official report of the Institute of Geography and Statistics:—

Annual General Index.—1913, 100; 1914, 101; 1915, 119; 1916, 141; 1917, 166; 1918, 207; 1919, 204; 1920, 221; 1921, 190; 1922, 176.

Foodstuffs of Animal Origin.—1913, 100; 1914, 102; 1915, 109; 1916, 121; 1917, 142; 1918, 180; 1919, 203; 1920, 215; 1921, 203.

Beverages and Various.—1913, 100; 1914, 99; 1915, 106; 1916, 116; 1917, 118; 1918, 135; 1919, 153; 1920, 198; 1921, 160.

Raw Material for Industry.—1913, 100; 1914, 107; 1915, 118; 1916, 166; 1917, 194; 1918, 281; 1919, 269; 1920, 295; 1921, 217.

Textiles and Leather.—1913, 100; 1914, 100; 1915, 105; 1916, 129; 1917, 166; 1918, 221; 1919, 234; 1920, 239; 1921, 151.

Building Material.—1913, 100; 1914, 101; 1915, 112; 1916, 129; 1917, 151; 1918, 197; 1919, 194; 1920, 200; 1921, 264.

Chemicals and Various.—1913, 100; 1914, 99; 1915, 107; 1916, 144; 1917, 197; 1918, 242; 1919, 224; 1920, 243; 1921, 187.

Metals.—1913, 100; 1914, 94; 1915, 174; 1916, 217; 1917, 253; 1918, 286; 1919, 219; 1920, 180; 1921, 164.

THE PURCHASING POWER OF THE SPANISH PESETA.

The *Semana Financiera* publishes figures relating to the purchasing power of the peseta in Spain, taking for purposes of comparison the index numbers for Spain and the United States, and basing them on the intrinsic value of the peseta compared with the dollar. The

following figures show at various periods (a) the index number for Spain, (b) the index number for the United States, (c) relation of the two index numbers, (d) the purchasing parity of the peseta in Spain expressed in dollars: 1918 (a) 207, (b) 203, (c) 0.98, (d) 0.1890; 1921, July (a) 186, (b) 120, (c) 0.64, (d) 0.1234; Oct. (a) 185, (b) 123, (c) 0.66, (d) 0.1273; December (a) 183, (b) 123, (c) 0.67, (d) 0.1292; 1922, Jan. (a) 179, (b) 124, (c) 0.69, (d) 0.1331; Feb. (a) 177, (b) 126, (c) 0.71, (d) 0.1370; March (a) 176, (b) 125, (c) 0.71, (d) 0.1370; April (a) 185, (b) 127, (c) 0.68, (d) 0.1312; May (a) 176, (b) 129, (c) 0.73, (d) 0.1408; June (a) 177, (b) 131, (c) 0.74, (d) 0.1427. From the above it will be seen that the intrinsic value of the peseta in Spain was under its purchasing power even in 1918. It will, however, be noted that it has steadily increased in 1922.

LEGISLATION AFFECTING CO-OPERATIVE SOCIETIES IN SPAIN.

On Feb. 13, 1923, a Decree was published in the *Gaceta de Madrid* by the Minister of Labour, Commerce and Industry amending the Decree of Oct. 14, 1919, and providing for the institution of a co-operative department attached to the Institute of Social Reform.

According to the provisions of the new Decree, the functions of the co-operative department will be to examine all questions affecting co-operative societies and associations of consumers, to compile and keep up-to-date complete statistics concerning these organisations in Spain and to maintain contact with them, to collect information concerning the position and development of the co-operative movement in other countries, to take steps to make known the co-operative movement in Spain and abroad and to promote the growth of co-operative principles and methods amongst the general public. The department will also supply co-operative organisations with any information they may require and will draft legislative measures relating to co-operation. (*Industrial and Labour Information*, Vol. v. No. 13, published by the International Labour Office at Geneva.)

NORTHERN EUROPE

FINANCE

BALANCES OF RUSSIAN CREDIT INSTITUTIONS.

The total balance of assets and liabilities of all the Russian credit institutions—the State Bank excepted—amounted on Feb. 1 to R.547.8 mill. (1923 rouble value), compared with R.179.6 mill. on Jan. 1. According to the official gold rouble rate, these figures would read R.27.4 mill. and R.10.6 mill. The credit institutions in question comprise, besides numerous mutual credit societies in the two capitals and the provinces, eight joint-stock banks, viz., the Trade and Industry Bank, the All-Russian Co-operative Bank, the Ukrainian Co-operative Bank, the Far East Bank, the Russian Commercial Bank, the South-East Trading Bank in Rostov, the Moscow Municipal Bank and the Petrograd Municipal Bank. The great increase in the balance is in part due to the first publication of a balance sheet by the Russian Commercial Bank, which figured in the total to the extent of R.232.6 mill. The eight joint-stock banks together comprise 97 per cent. of the balance with R.534.8 mill., the remaining 3 per cent. being in respect of the mutual credit societies. Bank deposits have augmented from R.36.3 to 96.6 mill. Loans from the State Bank increased by R.22 mill., but they form only a small item on the balance sheet. On the asset side, credits against goods showed the greatest increase.—The balance of the State Bank on Feb. 1 amounted to R.1,695 mill. (*Ost-Express*, Mar. 27.)

LITHUANIAN ESTIMATES FOR 1923.

The Lithuanian Budget estimates for 1923 include an Ordinary Budget, the revenue of which totals Litas 153,063,927, and the expenditure Litas 123,339,734, and an Extraordinary Budget, the revenue of which totals Litas 46,145,160 and the expenditure Litas 57,923,351. A sinking fund to the value of Litas 2,662,000 is provided for. The total estimated revenue for 1923 thus figures at Litas 199,209,087, and the expenditure at Litas 183,925,085. These estimates show a surplus of about 30 mill. litas on ordinary revenue and of about 15 mill. on the total. In sterling, the revenue, taking 45 litas to the £, is about £4,420,000, the expenditure about £4,087,000, showing a surplus of about £333,000. That these estimates are justified appears from the actual State receipts and expenditure already recorded for January of this year. The total ordinary and extraordinary revenue comes to Litas 11,819,742. There was further cash in hand at the beginning of January amounting to Litas 5,318,811, making a total revenue of Litas 17,138,553. The expenditure for the month was Litas 10,018,190. The balance in favour of income is thus Litas 7,120,364.

BALANCES OF BANK OF LITHUANIA (LIETUVOS BANKAS).

The following statement in Litas, of the balances of the Lietuvos Bankas shows to what extent business has increased during the last four months up to the begin-

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ning of March:—Oct. 15, 1922 (first issued), Litas 15,706,226.76; Nov. 1, 21,346,302.68; Nov. 15, 25,335,575.79; Nov. 30, 32,042,262.43; Dec. 15, 37,091,630.28; Dec. 31, 44,913,003.12; Jan. 15, 1923, 48,080,527.39; Jan. 31, 55,066,072.55; Feb. 15, 56,983,894.86; Feb. 28, 59,804,658.05.

TRADE

NEW RUSSIAN EXPORT REGULATIONS.

New regulations regarding export dues have been published whereby wines, spirits, all articles of consumption, except caviare and meat products, also ores, timber products and timber manufactures, may be exported free of duty. Most of the other export dues have been considerably reduced. For made-up furs, for instance, they have been reduced by from 30 to 50 per cent. Various regulations point to the intention to favour the export of semi-manufactures and finished articles in preference to that of raw materials.

The export of fire-arms, explosives, munitions, telegraphic apparatus and instruments, and other army necessities, also of scrap metal, merino wool, cotton, horses and pigeons is prohibited. Scrap-iron and steel scrap may be exported only with special permission. The export of rough bristles has been temporarily prohibited. (*Ost-Express*, Mar. 28.)

NEW RUSSO-GERMAN TRADING COMPANY.

According to the *Ost-Express* (Mar. 28) the Soviet Government have confirmed the statutes of a Russo-German Trading and Transit Company which will organise goods transit and trade across Russian territory between Germany and Persia. The company will be empowered to transport goods via the ports of the Baltic Sea and the Northern Arctic Ocean, the Marie canal system, the Volga River, and the Persian ports on the Caspian Sea. The founders of the company are the Russian Commissariats for Foreign Trade and Transport and the Robert Wenkhaus Trading Company in Hamburg. The original capital will consist of 250,000 gold roubles in 2,500 shares.

ESTHONIAN FOREIGN TRADE IN 1922.

According to official statistics, import values for the whole of 1922 amounted to Mk.5,589.4 mill. and export values to Mk.4,811.6 mill., creating a surplus of import over export values amounting to Mk.778 mill. If the quantity and value of the separate items imported and exported be examined, it will be seen that articles of consumption, imports of which totalled 4,756 poods to a value of Mk.1,635.3 mill., showed a deficit balance amounting to Mk.364.7 mill., since exports totalled 5,183 poods, but to the lower value of Mk.1,270.6 mill. This is mainly due to the large imports of American wheat.

The potato crop was poor, and affected unfavourably the vegetable exports. As regards live stock, a surplus of Mk.82.3 mill. was achieved, as exports were considerable and amounted to 12,700 head of horses, cattle and pigs to a total value of Mk.83.2 mill., whereas imports were negligible. The item "animal products," imports of which totalled 107 poods to a value of Mk.163.8 mill., and exports 33 poods to a value of Mk.79.6 mill., shows a deficit balance. Plants and seeds, on the other hand, were exported to the value of Mk.63 mill. for 198 poods, whereas imports amounted only to 22 poods to a value of Mk.16.5 mill. Timber and timber products showed the most favourable balance; exports totalled the considerable figure of 8,683 poods to a value of Mk.902 mill., while imports amounted in value to only Mk.55.3 mill. Paper exports to Russia helped to swell the total export values by Mk.596.1 mill. for 1,333 poods in comparison with which imports amounted to 1,043 poods to a value of Mk.240.4 mill., leaving a surplus export balance of Mk.355.7 mill. Textile exports amounted to 704 poods to a value of Mk.1,576.5 mill.; and imports to 394 poods to a value of Mk.941.8 mill.; but since no separate figures are given for raw materials and manufactured goods, the totals supplied are not very useful. Cotton formed a large percentage of the imports, while exports were composed chiefly of flax, and of cotton manufactures. Metals and metal products were an important factor on the import side; they totalled 1,620 poods to a value of Mk.674.3 mill., whereas exports amounted only to 661 poods to a value of Mk.35.6 mill. Imports of minerals, coal and oil far exceeded the exports, and together burdened the deficit balance to an extent of Mk.885.3 mill.

The following figures show the extent to which the various countries concerned participated in Esthonia's foreign trade during 1922:—Export to: Russia, Mk.1,235.1 mill.; England, 1,071.5 mill.; Germany, 609.3 mill.; Belgium, 346.9 mill.; Finland, 325.9 mill.; Sweden, 316.8 mill.; Latvia, 311 mill.; Denmark, 203.8 mill.; France, 135.7 mill. Import from: Germany, 3,059.1 mill.; England, 829.7 mill.; Danzig, 407.7 mill.; Finland, 356.5 mill.; Latvia, 248.8 mill.; Denmark, 196.6 mill.; Sweden, 150.5 mill.; U.S.A., 130.9 mill.; Russia, 82.8 mill. When examining these figures, it should be noted that although imports from Germany figure at a value which is over one-half of the total import values of Esthonia, many of the goods included in the figure are only transit goods coming by way of German ports. This applies to Czecho-Slovakian sugar and to Polish goods. Nevertheless German imports still bulk largely in the Esthonian commercial balance. By way of comparison, it is interesting to ascertain that the deficit balance of Mk.777.8 mill. compares favourably with one of Mk.2,196 mill. in 1921.

The figures for January 1923, now published, show import values totalling Mk.509.8 mill. and export values Mk.384.1 mill., i.e. a deficit in the commercial balance of Mk. 125 mill. (*Revaler Bote*, Mar. 17, 24.)

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THE BALKANS

POLITICAL AND GENERAL

RUMANIA'S NEW CONSTITUTION.

The new Rumanian Constitution, against which the opposition parties have carried on such a bitter fight, has duly passed the Bucharest parliament this week by 230 votes to 5, the opposition abstaining from the debate and from the vote, which they regarded as illegal. The new Constitution differs, as a whole, but little from the old one. It secures equal rights and liberties to all Rumanian subjects irrespective of race or religion. One of the most important provisions is that by which land is nationalised and forests expropriated for the purpose of forming communal forest estates. It is further expressly laid down that Rumania is a national Rumanian State, and so it speaks only of Rumanian citizens and never of a non-Rumanian population.

Clause 20, which provides for the nationalisation of mines (*cf.* THE ECONOMIC REVIEW, Mar. 3, p. 279) was passed without amendment. The Constitution Act was published in the official Gazette on Mar. 29.

The opposition press is vigorously attacking the Liberal Government, and describes the ratification of the new constitution as an idle victory for the Premier, Bratianu. In the parliamentary circles of the opposition it is asserted that Bratianu is already tired of office and is considering further possible combinations against the new government. The situation is comparable to that in 1921, when Take Ionescu, immediately after the fall of Averescu, was entrusted with the formation of a government, only to cross over after a month to the Liberal Government of Bratianu.

To-day, after the liberal régime has persisted for fifteen months, the names of Marghiloman and Averescu are mentioned in political lobbies and more and more voices are to be heard calling for new elections. It is said that if new elections do not take place a new coalition government will be created composed of the national Transylvanian party and that of Averescu, towards which the peasant Caranist party will preserve an attitude of benevolent neutrality.

All these combinations, in connection with which are mentioned the names of the future foreign ministers (Vaida-Voevod, Prince Ghika, formerly Minister in Paris) will probably not be realised before the autumn, unless of course some new complication arises which precipitates matters.

The following somewhat disquieting account of the state of feeling in the country appears in the political survey in the *Revue des Deux Mondes*, April 15:—The opposition to the Constitution Bill was chiefly sustained by the deputies from Bessarabia and especially by those from Transylvania. Martial law has been proclaimed, and, if messages from news agencies are to be believed, the opposition were during the final voting kept under strict supervision in a building upon which, in order to cut off communications with the outside world, the fire engines liberally played. Martial law has been proclaimed, and the universities, the army and public opinion are in a state of effervescence; numerous officers have resigned from the army and university lectures have been suspended for several days. These agitations are a bar to the accomplishment of national unity and to economic revival, and may afford to Soviet Russia the opportunity of endeavouring to recover Bessarabia. No political peace has been concluded with Russia.

THE POLITICAL SITUATION IN YUGO-SLAVIA.

It is not yet clear how the internal political situation will develop as regards the new parliament in Yugo-Slavia. Decisive in this regard will be the attitude adopted to the new chamber by the Croat opposition (Raditch Party) and the attitude of the Radicals to the

Croat opposition itself. The Raditch party were to have made their decision at a Congress to be held on Mar. 25, at Zagreb, but this Congress has been postponed. In the meantime the Raditch party are negotiating for the co-operation of the Slovenian Clericals and the Bosnian Mohommedans, by joining with whom they could form an autonomist block of some 110 to 120 members. According to a statement by Raditch, the Croat opposition abides resolutely by its demands for autonomy, at the same time emphasising the unity of the Kingdom of the Serbs, Croats and Slovenes. The Radicals, it is reported, are only ready to negotiate with the Croat opposition on a parliamentary basis. The elements occupying a middle situation between the two camps (Davidovitch, Protitch) are convinced that only an agreement between the Radicals, the Slovenian Clericals and the Mohommedans can provide the conditions essential for a favourable internal development and consolidation in Yugo-Slavia. The Democratic party declines to co-operate with the Radicals, and is sceptical as to the future of the situation, believing that the only solution lies in new elections. These elections, again, should it come to them, will not, so the Democrats believe, have any different result than the ones just concluded. An agreement between the Serbs on the one hand and the Croats and Slovenes on the other is now an absolute necessity, and this very fact justifies the hope that the agreement will, after all, be arrived at. The resignation of the Pachitch (Radical) Government has been announced in the British Press.

The Conference at Opatlia between Italian and Yugo-Slav representatives has been adjourned for the Easter holidays. The negotiations have reached a critical point, both sets of delegates so far insisting upon their opposed standpoints in the question of Baros and Delta and the control of Fiume.

FINANCE

THE RUMANIAN BUDGET.

The financial year—formerly from April 1 to Mar. 31—will in future coincide with the calendar year beginning on Jan. 1, the new system to come into operation on Jan. 1, 1924, so that the budget just introduced is for nine months only from April 1, 1923, to Dec. 31, 1923, inclusive. The Budget is once more introduced, complains the *Bursa*, on the lines of the budgets for pre-war Rumania, no account being taken of the needs of the country as reconstructed since the war.

The Budget for the nine months is balanced (at least on paper) at Lei 15,406.5 mill., an increase of 7,532.7 mill. in revenue and expenditure, compared with the corresponding nine months of 1922–23. The following details are supplied by the *Bursa* (April 1 and 8):—

Revenue is estimated at 15,406.4 mill. The Minister claims to have unified during the last financial year, the Budgets of the various provinces new and old, a claim, object the critics, which is supported neither by experience nor statistics, for the very good reason that only from April 1 next will a uniform system of taxation be applied to the whole country in the place of the special fiscal enactments formerly prevailing in Bukovina, Bessarabia and Transylvania, so that no accurate estimate of the yield is possible. M. Vintila Bratianu, however, in a fit of newly-found optimism, justifies his estimated increase of over 7 milliards by the revenue yielded during the first nine months of the financial year which has just come to an end. The future revenue is estimated as follows:—

Direct taxes, inasmuch as for the nine months of last year the collected revenue exceeded estimates (489.9 mill.) by 65.1 mill., the future yield is estimated at 1,577 mill., an increase of upwards of a milliard.

The Balkans

Indirect taxes at 5,885.9 mill., another increase of 1.7 milliards.

Stamp and registration duties, at 903.2 mill., an increase of 124.7 mill.

State monopolies at 1,770 mill., an increase of 226.1 mill.

Communications show a deficit, largely attributable to the railways, the expenditure of which is estimated at 3,204 mill. and the yield at 1,900 mill. This deficit is to be made up by an increase of 510 mill. from the additional 25 per cent. on rates; a saving of 120 mill. by the suppression by Act of Parliament of bonuses; and suppression of 125 mill., being 30 per cent. and 5 per cent. on the rates paid respectively to railway servants and the Labour Institute, making a total yield of 2,735 mill. to which will be added 37 mill., the earnings from pipe lines, although the cost of their construction has not yet been defrayed, and 432 mill. from general revenue. Once more the fact is demonstrated that the working of the State railways requires to be placed on a commercial basis.

Taking the increase of revenue over estimates during the nine months of the last year as a starting point, the Finance Minister does not hesitate to estimate the increase for the next nine months at 6,423.1 mill.

Expenditure, also estimated at 15,406.5 mill., is composed of the following departmental estimates as compared with those for the nine corresponding months of the previous financial year: Finance 4,424 mill., an increase of 3,125 mill., the interest on the national debt having increased by 2,644.7 mill.; Education, about 1 milliard, an increase of 200 mill.; Interior, 668 mill., double the previous expenditure; War, 2,338 mill., nearly double last year's expenditure; Public Works, 170 mill., an increase of 30 mill.; Justice, 233 mill., an increase of 24 mill.; Agriculture and Crown Lands, 392.2 mill., an increase of 170.2 mill.; Industry and Commerce, 233.6 mill., an increase of 60 mill., probably an inadequate estimate; Foreign Affairs, 28 mill., an increase of 9 mill.; Labour and Health, 450 mill., an increase of 203 mill.; Communications, 3,932 mill., an increase of 1,428 mill., justified by the increase of public services and the estimated deficit of 400 mill. on the railways. Further additions to the estimates are: 750 mill., assigned to religious propaganda and lectures in labour centres, an innovation; 500 mill. for increased pay to civil servants; 305 mill. for supplementary estimates. The Budget was discussed and voted in a single sitting of the Chamber.

BEARING THE SERBIAN DINAR.

The bankruptcy proceedings against the Trieste banking firm of Hacker and Krauss, announces the *Politika*, has brought to light speculative operations tending to the depreciation of the dinar. Messrs. Hacker and Crauss sold to Zagreb speculators lire for dinars at prices considerably below market quotations, but whereas the Zagreb dealers had to pay in full on the conclusion of the bargain, the Trieste firm only delivered part of the lire, and required time extending to several months for settlement of the balance. Thus business amounting to 200 mill. dinars was concluded between Hacker and Crauss, and several Zagreb firms. At first the Trieste bank loyally fulfilled its undertakings, and those who engaged in the early operations had no cause for complaint, the losses being borne by those who dealt with Hacker and Crauss when on the verge of bankruptcy. By this time Hacker and Crauss sold at rubbish prices on the Trieste, Zurich and Vienna markets, the dinars previously purchased dearly. They cared nothing for the dinars being above all anxious to repurchase the lire. These operations, together with the occupation of the Ruhr, caused the fall of the dinar in January. Heavy fines have been imposed on Zagreb speculators, including managers and officials of the

leading banks. The inquiry as to the complicity of Zagreb banking establishments is still proceeding.

THE NATIONAL BANK OF BULGARIA.

According to the *Echo de Bulgarie*, the National Bank of Bulgaria showed net profits during 1922 of 124,412,772 leva.

ISSUES IN BULGARIA.

Capital issues in Bulgaria during 1922 were adversely affected by the state of the money market. The nominal capital raised by the flotation of new companies during the year was as follows (in millions of leva): Banks (2), 31; industrial (25), 69.8; commercial (17), 32.7; transport (2), 1.5; insurance (2), 5; total, 140. The following figures show the payments to the capital of companies which was not fully paid: Banks (13), 11.1; industrial (3), 5.2; transport (2), 2.5; commercial (6), 2.4; total, 31.3. (*Moniteur des Interêts Matériels.*)

THE FINANCIAL SITUATION IN GREECE.

The total note issue at the end of 1922 amounted to Dr.3,700 mill., as against 2,500 mill. at the end of 1921.—an increase of 47.5 per cent. The exchange on London, which at the end of 1921 was Dr.100 to the £, was at the end of 1922, 380, and on Feb. 15, 1923, 390, an increase of 280 per cent. Although the increase of the note circulation certainly contributed to the fall of the Greek currency, political and psychological considerations bore a still more important part.

By means of new taxes estimated at Dr.600 mill., and of savings introduced into the administration, the Finance Minister undertakes to balance the Budget. Moreover, the amount which will come into the Treasury as a result of the compulsory delivery to it of gold, representing deposits with the banks and of bills and other paper payable in gold, against payment in paper drachmas for gold drachmas at par, will certainly be used as a cover for the note circulation, and may serve as the basis for a fresh note issue for the needs of the Treasury. This compulsory delivery of gold is estimated to provide the Treasury with 100 mill. gold drachmas. The measure has been severely criticised, as the loss caused to credit by the arbitrary nature of these enactments will seriously shake confidence in the Government.

INDUSTRY

THE NATURAL RESOURCES OF YUGO-SLAVIA.

The following notes on the natural resources of Yugo-Slavia are contributed by Professor Franges to the *Berichte aus den neuen Staaten* :—

The numerous branches of agriculture combine to form the principal source of Yugo-Slavia's natural wealth, especially in the North, where it is more fully developed. In addition to the various classes of cereals, other plants are produced in the following average annual quantities (in 1,000 quintals): Hemp 200, tobacco 120, beans 400, rice 25, cotton 2½, poppy seeds. Yugo-Slavia, with 7 mill. hectolitres, is the fourth largest wine producing country in the world. Its fruit supply consists chiefly of oranges, lemons, figs, dried plums, of which the annual output varies from 2 to 12 mill. quintals. The greater part of the above-mentioned produce is exported and largely strengthens the foreign trade account. The annual export of cereals must even, when prices are low, be estimated at 2.5 milliards of dinars. Stock raising is another important branch of agriculture, and the value of cattle and swine exported in 1921 amounted to 900 mill. dinars. The extent of this export trade has steadily increased since the use of cold storage vans which enable the meat of these animals to be sent long distances. Yugo-Slavia's forests, of varying value, cover 7,684,000 hectares. The value of the timber actually cut is far from corresponding to

export possibilities. The value of timber and wooden goods exported amounted, in 1920, to 357.3 mill. dinars.

The mineral wealth of the country is not yet fully developed, but it has been ascertained that Yugo-Slavia's stock of coal, mostly lignite, would suffice to supply the whole territory of the former Austrian Empire for 1,000 years. The country's coal and timber are the chief attractions to Italy in entering into commercial relations. Yugo-Slavia possesses extensive ore deposits of high quality. The deposits at Ljubija, discovered during the war, which contain 54 to 60 per cent. of iron combined with small quantities of barytium, are in consequence easily smelted, and so prove a source of attraction to foreign capitalists. Other minerals which exist in considerable quantities are copper, antimony, manganese and chrome. Among the countries' natural resources must be included water-power. The large falls in the mountain ranges and their spurs stretching far into the great Pannonian plain offer an almost inexhaustible source of water-power, and are only waiting to be used in industry. The utilisation of this water-power will help the development of large

tracts of land hitherto unproductive. The extent of land capable of development by this means has been estimated at nearly a million hectares.

Industry finds in the natural resources of the country extraordinarily favourable prospects, but a speedy development is hampered by the comparative shortage of capital, lack of skilled workmen and sparseness of population.

THE EXPORT OF GREEK RAISINS.

The export of raisins from Greece during the second moiety of 1922 amounted to Dr.7,517,399, as compared with 13,447,892 in the corresponding period of the previous year. The value of export (in 1,000 drachmas) to the various countries for the period was as follows (the 1921 figures being given in brackets): United States, 2,649 (3,746); Egypt, 26 (20); Italy, 256 (604); Holland, 3,775 (2,555); India, 15 (15); Turkey, nil (23); Germany, 290 (1,268); France, 152 (83); Great Britain, 3 (308); British Africa, 2 (nil); Yugo-Slavia, nil (10); Belgium, 40 (18). (*Oikonomologos Athenon.*)

CENTRAL EUROPE

FINANCE

JOINT STOCK COMPANIES IN CZECHO-SLOVAKIA.

Official statistics just published show that the number of joint-stock industrial and commercial companies in Czecho-Slovakia, not including banks and insurance companies, was 1,065 on Dec. 31 last. Of these, 955 were Czecho-Slovak companies, with an aggregate capital of Kr.4,744.5 mill., while 107 were foreign.

Agricultural industries (sugar factories, breweries, flour mills, dairies, etc.) formed the largest group represented by 248 companies; then followed transport with 97, glass, porcelain, etc., with 75, textiles 62, engineering 54, chemical 54.

Of the 107 foreign companies registered in Czecho-Slovakia, 37 are Hungarian, 26 Austrian, 24 German, 6 English, with an aggregate capital of slightly over £23,000,000, 3 American, with total capital of \$460,700,000, 3 Belgian, 2 Dutch, 2 Italian and 1 each of French, Swiss, Danish and Greek origin. (*Central European Observer.*)

BRITISH CAPITAL FOR POLAND.

The Warsaw press states that, following upon the definite adjustment of the eastern frontiers of Poland, foreign capital is displaying increased interest in Polish trade and finance. A large English financial group has recently contracted with Polish timber merchants for the delivery of timber to England, in return for which the English group will construct railways and sawmills in the eastern frontier districts in order to facilitate the exploitation of the extensive forests there. Foreign capitalists are also said to be interesting themselves in the Polish coalfields. (*Central European Observer.*)

TRADE

COMMERCIAL RELATIONS OF AUSTRIA AND CZECHO-SLOVAKIA.

Fresh negotiations will be opened between Czecho-Slovakia and Austria shortly with a view to amplifying the existing commercial treaty, especially in regard to Customs tariffs. The Czecho-Slovak Minister of Commerce is already collecting the necessary material and conducting enquiries in order to ascertain which particular branches of industry desire preferential treatment and to which branches Czecho-Slovakia on her part can afford to grant special advantages. These ad-

vantages would subsequently have to be extended also to all those States which by virtue of existing treaties enjoy the most favoured nation treatment except in the case of such goods to which would be applied article 222 of the Treaty of St. Germain concerning the right of Austria to conclude a convention for a special customs régime with Czecho-Slovakia or Hungary for a limited period. (*Central European Observer.*)

CZECHO-SLOVAKIA COMMERCIAL TREATIES.

New commercial conventions with England, Belgium and Switzerland are in course of preparation. Negotiations with England will also deal with the question of the desequstration of Czecho-Slovak property in that country. A number of existing treaties are also to be revised, among them those with Italy, Austria and Spain. In the case of Austria endeavours will be made on both sides to reduce the existing Customs tariffs. It is also hoped that the negotiations with Hungary which were broken off some weeks ago may be resumed. Hungary, it is believed, will make an early decision on this point. (*Central European Observer.*)

INDUSTRY

CZECHO-SLOVAK ENGINEERING INDUSTRY.

The following information on the above industry is supplied by the *Gazette de Prague* :—

It is reported that the export of Czecho-Slovak machinery for sugar-works, breweries and alcohol distilleries, coming chiefly from the Skoda workshops, has recently been directed towards the devastated regions of France, Belgium, Italy and Yugo-Slavia.

From another source it is reported that the "Czecho-machine" Company has recently sold 30 motor ploughs to an Agricultural Co-operative Society at Asserbédjian (Caucasus). Ten of these ploughs have already arrived, the other 20 are at the moment warehoused at Trieste, whence they will be exported to Batoum. The Skoda Works have sold to Java the two tractors which they had sent to the Samples Fair which was recently held in that island; they have also sold some tractors in France and Spain.

The number of orders received by Czecho-Slovak engineering concerns has increased during the past week resulting also in an increase of production. Engineering works are now demanding a longer term for their deliveries. Apart from contracts with Germany, large

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orders are being received from oversea countries, and from the neighbouring States of Russia. Commercial relations with the natural outlets—Yugo-Slavia, Rumania and Poland—are not yet sufficiently established on account of the difficulties of the exchange. The consumption of the country has considerably improved, and merchants are replenishing their stocks.

The Prague Iron Company is proposing to open another blast furnace, which will bring the number of working furnaces in Czecho-Slovakia up to a total of eight. Prices for home consumption will remain unchanged, but there is a possibility of export profits coming down. Export has increased, but nevertheless export prices do not yet cover the cost of production.

CZECHO-SLOVAKIA'S VIOLIN INDUSTRY.

Czecho-Slovakia is known all over the world as a country of excellent musicians. Less known, however, is the fact that it has a great industry of musical instruments, the chief centre of which is Schoenbach and its district. Musical instruments are manufactured chiefly at home, about 4,000 workers being employed in this home industry. Good resonance wood, mainly maple, is needed for the manufacture of bow instruments and is furnished by the rich forests of Slovakia and Carpathia.

The export of this merchandise to foreign countries before the war, as well as at present, is mainly done through German exporters and under the German trade mark, as can be seen from export statistics. It is un-

fortunate that it has not yet been possible to open direct business connections with other countries, in the interest of this industry as well as in the interests of foreign buyers.

Export statistics of bow instruments (mainly violins) give the following facts:

The total export in 1920 amounted to 2,143 quintals valued at Kr.19.20 mill. Out of this quantity Germany received 1,029 quintals, England 343 quintals, United States 222 quintals.

The total export in 1921 amounted to 3,202 quintals, valued at Kr.34.5 mill. Out of this Germany received 1,224 quintals, valued at Kr.13.2 mill., England 450 quintals valued at Kr.4.9 mill., United States 630 quintals valued at Kr.6.8 mill.

The total export in 1922 amounted to 3,191 quintals. Out of this Germany received 1,548 quintals, England 504 quintals, and United States 462 quintals.

It is a pity that official statistics are not kept relating to the number of individual instruments. According to non-official estimates there is a yearly production of about 130,000 violins, 2,000 cellos, and 1,200 double basses.

These statistics are very interesting. Germany, which alone manufactures and exports a considerable quantity of these instruments is the biggest buyer, thanks to its former business connections with foreign countries (re-export).

During the last few months it has been reported that foreign firms are beginning to interest themselves as to the opening of direct business connections with Czecho-Slovakia. (*Central European Observer.*)

THE ELECTRICITY INDUSTRY IN ITALY

In a recent address to the Italian Electrotechnical Association, the electrical engineer, Signor Civita, supplied the following information as to the position of the industry, which he described as Italy's principal key industry.

He vigorously repudiated the allegations made from time to time in the Press that the electricity companies do nothing to create new stations, accompanied by the insinuation that they are deliberately restricting the supply of current with the object of raising the price. With the aid of figures, Signor Civita showed that, except in 1915-16, owing to the special conditions due to the war, and in 1919-20, owing to the uncertainty due to the social and labour unrest, there had been no cessation of the construction of stations and plant. Central power stations existing in 1915 produced 1,520,000 h.p., which was increased by 650,000 h.p. to 2,170,000 h.p. by the end of 1922. The two years 1921 and 1922 alone gave an increased output of 300,000 h.p., and saw the opening of 67 new power stations, many of which possessed reservoirs containing in all 78,375,000 cubic metres of water. During the same period the construction of 51 new stations, capable of producing 364,454 h.p. and of 27 reservoirs with a capacity of 209,656,000 cub. m. was put in hand. Other works especially in the Venetian and Trent districts, capable of producing at the end of three or four years over 3 mill. h.p., are about to be commenced immediately, whereas before the war only about half that amount was produced. These operations call for an ever-increasing amount of capital. The capital invested in this form of enterprise has risen from less than L.700 mill. in 1915 to L.2,070 mill. on Dec. 31, 1922, an increase of L.1,370 mill. The paid-up capital of electricity companies, including debentures, amounts to L.2,297 mill., and if thereto be added the value of electricity works owned by the communes and by small private owners the figure may be put at L.2,550 mill., while a further 312 mill. in respect of increases of capital already authorised is being raised. Capital thus invested should, according to the rate of increase of the past few years, amount to 3 milliards in 1923, and exceed 5 milliards in three or four years' time. All this has been accomplished without any assistance from the Government, which not only has failed to keep its promises, but,

owing to continuous changes of policy has caused serious disturbance to the finances and administration of the industry. Especially has the latter felt the withdrawal of the undertaking to exempt from taxation the excess war profits used in the construction of new works and plant, the threat of compulsory registration of securities, the non-payment of the bounty of L.40 per h.p. authorised by a Decree of 1919, in respect of the 300,000 h.p. produced since that date, and its threatened suppression by the present Minister of Finance. The speaker hoped that the present Government, which would probably remain in office for a long time, will take into consideration all the requirements of the industry and make good previous omissions. Owing to the depreciation of the currency the cost of new works is ever on the increase. Whereas the inclusive cost of setting up one unit of horsepower was L.500 in 1915, it is now about L.3,000. The cost of power, the working expenses of which have quadrupled since 1920, is further augmented by the ever-increasing rate of interest on capital, and by taxes. Thus, in proportion, as new power is created it will become dearer. The present official rates for current are inadequate, and not in proportion to the cost of production, and require revision. The present average return on capital invested in electricity enterprises is 4 per cent., whereas that on the Consolidated Government Loan exceeds 6 per cent. It is idle to talk of excessive profits and exorbitant price for current, which is barely double the pre-war prices, whereas the general cost of living has increased four or five-fold. Capital is increasingly difficult to obtain from abroad owing to the uncertainty of the political outlook, and at home, because available capital is absorbed by the Government.

An agreement has been signed under the auspices of the Ministry of Public Works, between the Società per le Forze Idrauliche della Sila and other leading electricity companies of Southern Italy and Sicily on the one part and the Banks of Naples and Sicily, the Assicurazione Sociale and the National Insurance Institute on the other, for a first loan of L.65 mill. for the construction of the first group of power stations in the Sila, for the transport lines of Apulia and Calabria, and for the completion of the scheme of electricity for Southern Italy and Sicily. (*Economista d'Italia.*)

SPECIAL ARTICLES

THE BANKS OF ISSUE AND THE WAR

Wirtschaftsdienst (March 2 and 16) publishes under the signature "Dr. Th. Plaut" the following account of the attempts on the part of the great States which participated in the war to return to sound financial methods:—

"Money! more money! and yet more money!" This Machiavellian saying is the universal war cry. Where can this money be procured? When the Great European War started, a fairly unanimous reply to this question appeared to have been reached. The granting of credit by the central banks of issue, even at the cost of their solidity or of the depreciation of their fiduciary issues by an increase of credit and paper money not warranted by the commodity supply, was to procure the money vital to the State. The pre-war constitution of the banks of issue was opposed to such inflation—the Banque de France may perhaps be excepted—and aimed at the provision of a sound currency. Their main principle was that State credit should not serve as a cover for note issues. At the outbreak of war, therefore, it was necessary to institute regulations whereby the banks of issue could, by means of the very slightest alterations in their statutes—anything more would have shaken their reliability—be made to serve the required purpose.

The situation was most easily met by the Banque de France. This institution was founded in 1800, during a war. Since then, notably in 1848 and 1871, it had been fully tested. Its constitution permitted the issue of uncovered paper money up to a legal limit which was raised several times and was, before the war, Fr.6,000 mill. Advances to the State were only a question of legal sanction, and had often occurred. All that was required, then, was to raise the legal maximum for uncovered note issues in case of necessity. This was done, and the State took every advantage of it. The maximum was several times raised, until in October 1920, it stood at Fr.41 milliard. The actual note issues totalled, in November 1920, Fr.39.635 milliard, and at the same date advances to the State had reached the approximate figure of Fr.26.5 milliard. The Russian bank of issue proceeded on similarly simple lines. It was all the more easy to raise the legal maximum of R.600 mill. to which uncovered note issues could be made, since no statements of note issues were published after the war started. In Germany, Austria and England, conditions were different. The means employed by Germany and England were similar, viz. the creation of a war currency. The basis of this measure in Germany was provided by expert research on the matter conducted in peace-time and by the excellent experience of Prussia in 1870 with her loan bank notes. By an Order of Aug. 4, 1914, loan banks under the administration of the Reichsbank were established. Their notes were issued against pledges and securities, including the pawning of Reich loan. These notes were reckoned as gold to the extent of one-third of the cover of Reich banknotes. Strictly speaking, the Reich indebtedness was functioning as a gold cover. Also, Reich promissory notes were issued on the same terms as commercial bills. In England, the regulations relating to note issues had already before the outbreak of war proved too rigid. In order to avoid any further shaking of public credit, which had already suffered owing to the Bank Holidays and other moratorium measures, no alterations in the statutes of the Bank of England must be made. The Government therefore issued, under the pretext of easing a temporary money pressure, so-called Currency Notes, to which no covering regulations applied and which were actually

covered to a great extent by loans to the State. These notes were issued in great numbers and soon formed almost the only payment media in cash transactions. Finally, the bank constitution in Austria resembled that of Germany—40 per cent. gold cover for notes, 60 per cent. commercial bills. A clause in the regulations provided for the compulsory redemption of the notes, but had never been legally confirmed. The gold cover presented no difficulties, therefore. As regards bills of exchange, an Order was made whereby financial bills were issued on similar terms to commercial bills. The possibilities of inflation were employed in every country, but in very different degrees and for very varying periods. England was the first country to succeed in returning to normal conditions.

THE PROCESS OF REFORM IN ENGLAND AND FRANCE.

In England, inflation was at its height after the "unpegging" of the dollar—by which is understood the stoppage in the spring of 1919 of the purchases in the U.S.A. in support of the currency. The parity of the dollar to the £ had sunk to \$3.30, prices had risen by over 340 per cent., and the note circulation amounted to over £130 mill. of banknotes and £370 mill. of Currency Notes, besides instruments of credit the extent of which is difficult to gauge. Numerous suggestions were made for the reform of the note issue system and the financial constitution. One suggestion advised a return to the old system; a second demanded complete reform in the shape of an elastic currency on the American pattern; a third proposed legal depreciation of the value of the £, to correspond with its actual depreciation. The Cunliffe Committee, a committee appointed by Parliament under the presidency of a director of the Bank of England, considered the question. Its resolutions were sanctioned by the Cabinet and came into force early in 1920. They maintain the financial constitution adopted for the war period, and while representing the pre-war state as the aim in view, deprecates any sudden transition from the present system. They prescribe the employment of Bank of England notes as cover for the Currency Notes, in order that when such cover is complete the Currency Notes may be cancelled and dispensed with and replaced by banknotes. On Jan. 10, 1923, the banknote reserve amounted to only £21.15 mill., or less than 10 per cent. of the £290 mill. of Currency Notes in circulation. In order gradually to reduce the amount of these Notes in circulation, it was also decreed that the actual maximum of an uncovered issue should represent the legal maximum for the ensuing year. The latter was fixed at £320.6 mill. for 1920, and for 1923 at about £270 mill. The uncovered Note issue has already contracted, therefore, by over £50 mill. A third resolution prohibited the overstepping of the aforementioned maximum except when bank rate should have reached 10 per cent. Although use will probably seldom be made of this condition, it actually revokes the whole rigid system of English Currency Note issues, and converts these Notes into an eternally elastic payment medium which should be extremely useful in times of crisis.

The recommendations of the Cunliffe Committee proved to be sound. The £ sterling has gradually increased in value, while prices have sunk. There is no doubt that the time is not far off when the £ will again have attained its full gold parity.

Development occurred on different lines in France, although the aim was similar. The financial constitution had not altered since the outbreak of war, and it should have been easy to attain the end in view. The Government was empowered to pay out Fr.2 milliard in cash annually, in order to reduce the note circulation. The precipitous fall in prices—the general index figure fell

Special Articles

in 1920 from about 590 to 360—assisted to this end. The note circulation sank to Fr.36 or 37 milliard, and credits were paid off to the extent of about Fr.24 milliard. This was not effected by means of State revenue or the funding of the debt, but by raising money with one and two-year loans, i.e. the Bons de Défense Nationale. Inflation was not checked in this way. A repayment of Fr.2 milliard due in 1922 had to be reduced to one-half. The note circulation is gradually increasing in value, the revenue of the State from taxes and dues, especially from income tax, is most unsatisfactory, and only sufficed, in 1922, to cover 50 per cent. of the expenditure. Increased taxation to the extent of 20 per cent., such as is planned for 1923, could not meet a 50 per cent. Budget deficit, especially if income tax is not included in the increase. The cash payment plan had to be dropped, owing to its economic futility and also to public opposition. Instead, a Fr.13 milliard loan was instituted. The France of today can never produce such a huge sum. Bank facilities will have to be employed, i.e. inflation will have to be enormously increased. The results of this policy are already visible. The French Minister of Finance is refusing to discuss the financial situation in Parliament; rising prices are causing anxiety; the rate of the franc is falling notwithstanding the manipulations of the Banque de France; in place of reparations from Germany, France is indulging in costly adventures. Prophecy is difficult, but attention must be drawn to the fact that in Germany inflation has driven the mark to a dollar parity of 50,000 in scarcely two years. France may be nearer to attaining the level of Germany, Russia and Austria than many holders of French stock think.

(To be continued.)

FINANCIAL POSITION OF YUGO-SLAVIA

Dr. Stojadinovic, the Yugo-Slav Minister of Finance, speaking at a recent conference of the Zagreb banks, reports the *Central European Observer*, said that the financial situation of Yugo-Slavia was, on the whole, favourable, and that there was every prospect of the post-war economic crisis being soon overcome.

The idea entertained in some quarters that the dinar notes have only a meagre gold backing in the National Bank Treasury is incorrect.

The metal reserves of the National Bank are given in the pre-war parity of dinar with franc. Thus these reserves, returned at 84½ mill. dinars, amount at the present rate of exchange to 1,800 mill. dinars, so that the total fiduciary circulation of Yugo-Slavia has a metal backing to the extent of 35 per cent. The State is indebted to the National Bank to the amount of 4,000 mill. dinars, from which the item of 1,238 mill. issued in National Bank notes to replace the banknotes of the former Austro-Hungarian Monarchy and which are covered by the share to be received by Yugo-Slavia on the liquidation of the Austro-Hungarian Bank, must be deducted. Further deductions are to be made in respect of 312 mill. dinars covered by deposits of foreign securities and 961 mill. of assets which the State has in the hands of the Bank, so that the State debt amounts to no more than 2,541 mill. dinars—a small item compared with the debts of the majority of the European States.

The Finance Minister does not intend to permit any increase in this amount of circulation and is determined to abide by a policy of deflation. Many firms in Yugo-Slavia have, in his opinion, unnecessarily large reserves of foreign bills and specie. These reserves will be thrown on the market and bring about a fall of prices in Yugo-Slavia if the note circulation be not increased

through a new issue, the trade balance will thus improve and the circulation as it exists will prove sufficient to meet all demands. The State has already commenced to pay its debts to the National Bank. The Budget has been balanced, and this balance will be maintained, for the State revenues are bringing in more than was estimated, while the expenditure is less owing to Yugo-Slavia obtaining material in the form of reparations from Bulgaria, Hungary and Germany. From the State monopolies, Yugo-Slavia secures a 60 per cent. net profit, while the railways and post begin to show a balance on the right side.

Of pre-war debts Yugo-Slavia now owes on the debt to France, the yearly coupons of which represent no more than 40 mill. of French paper francs. Yugo-Slavia's war debts are a milliard French francs, 24 mill. pounds sterling and 51 mill. dollars—the sum is, however, *de facto* less, for numbers of war contracts have been by error reckoned more than once. For the payment of interest on these debts, Yugo-Slavia requires no more than 36 mill. dinars per annum, that is, only 5 per cent. of the entire Budget sum. Of the loan granted by the Bleer group Yugo-Slavia has so far taken up only 15 mill. dollars and will probably take up no further instalments, for the railway line to the Adriatic Sea, for which the loan was principally raised, is not a pressing necessity for Yugo-Slavia.

The following supplementary remarks made by the Minister on his return to Belgrade to representatives of the Press, are reported by the *Zagreber Tagblatt*.

The Minister's recent conferences with representatives of banks in Zagreb and Novisad had taught him how ignorant the public were of the financial situation of the country. Direct taxes, duties on articles of consumption, stamp duties, monopolies, etc., had shown an increased yield. Customs duties had slightly declined, but this situation would cease with the abolition of export restrictions. The turnover tax had also yielded 54 mill. less than the estimate, but an improvement was already discernible. The latest quotations showed that the exchange was becoming more steady, the recent fall in which he attributed to an unfounded panic which broke out in certain financial centres since last March. He maintained the principle of non-intervention in his future policy with regard to the exchange. The National Bank must exercise its influence on the progress of the price of the dinar. The Minister was opposed to the creation of a State Banking department. The National Bank must buy and sell foreign securities on the Bourse, and undertake and execute orders, which a number of circumstances (reserves not bearing interest, etc.) rendered easy. The National Bank could suffer no loss by operating on the exchange and in securities. The Bank would always remain in agreement with the Minister of Finance and intervene effectively in all excessive fluctuations of the exchange, whether upwards or downwards. Dealing with the country's position with regard to the winding up of the Austro-Hungarian Bank, the Minister stated that it had already received 24 mill. gold kronen (which had been sold in Zurich) and claimed a further 10 to 15 mill.

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NOTES ON NEW BOOKS

BELGIUM'S ECONOMIC RECOVERY.

Report on the Economic and Financial Conditions in Belgium, December 1922, together with an Annex on the Economic Situation in the Grand Duchy of Luxemburg. By J. Picton Bagge, Commercial Secretary to His Majesty's Embassy, Brussels. (H.M. Stationery Office, 80 pp., 2s. 6d. net.)

Although the Department of Overseas Trade is careful to disclaim responsibility for the views expressed in the reports of its officers, Mr. Picton Bagge's work reflects credit equally on himself and on the Department in whose service he is. In his Introductory Remarks he tells how the depression of 1921, which persisted through many months of 1922, has now given way to a great recrudescence of activity in many branches of industry, justifying hopes of a gradual though slow revival, as evidenced by the fall of unemployment to below the normal proportion of pre-war years and by the shipping returns. It is admitted, however, that many obstacles have still to be overcome before the ultimate goal of prosperity is reached, the principal one being the Reparation question, with which the solution of Belgium's public finance problem and the franc exchange is intimately bound up. One of the main factors in Belgium's economic recovery is shown to be her enterprise in foreign countries, in which lies one of the great sources of her financial strength. "There is scarcely a country in the world," he says, "no matter how distant, in which Belgian finance does not play its part. Belgian tramway companies, electric power companies, mining companies, engineering, chemical and other works are everywhere to be found. The return from these investments, in conjunction with the transit trade of Antwerp, forms

invisible exports of great value." In succeeding chapters he deals with Public and General Finance, including a valuable review of the question of Foreign Exchange; Trade and Industry; Natural Resources; Transport and Communications; Legislation and Administration, including International Relations; and Social Questions, including the Housing problem, the Cost of Living, and Labour problems. The Annex on the Economic Situation in the Grand Duchy of Luxemburg, with which Belgium is now linked up in a Customs Union, completes the study. Perhaps the only fault to be charged against the Report is its price.

RECENT PUBLICATIONS

[The mention of a book under this heading does not preclude its review in a later issue.—ED.]

Whither France? Whither Europe? By Joseph Caillaux. Translated from the French by F. M. Armstrong. (Messrs. T. Fisher Unwin, 10s. net.) Mr. Fisher Unwin has published an excellent translation of M. Caillaux's book. In a preface written for this edition, M. Caillaux refers with appreciation to the review of his book when it was first published in French, which appeared in our columns on July 14 last. On that occasion we concluded with the following words: "Those who believe that 'practicality' consists in dealing with the problems of to-day from the standpoint of the weakest intelligence in the voting mobs of Western Europe need not trouble to read this book. Those who believe that to go to the roots of problems and to envisage an immense horizon of possibilities is the more interesting and the only truly 'practical' method of facing them, will read it with breathless interest." We do not think we can more adequately indicate the direction in which M. Caillaux's book makes its appeal, and we are glad that an opportunity has been given to English readers to acquaint themselves with his work.

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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. 1920	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
Jan. 16	367.9	296.6	Mar. 3	148.4		Nov. 3	170.1				
Feb. 13	367.6	310.3	10	148.4		10	170.1				
Mar. 19	396.9	319.0	17	149.8	160.0	17	169.3	157.6			
Apr. 16	384.6	325.2	24	149.4		24	168.2				
May 14	391.2	325.5	31	149.8		Dec 1	167.4				
June 18	417.7	322.4	Apr. 7	150.3		8	161.5				
July 16	418.8	316.9	14	151.7	160.1	15	161.2	155.7			
Aug. 13	386.8	313.1	21	154.1		22	162.2				
Sept. 17	379.4	311.4	28	154.6		29	162.6				
Oct. 15	328.6	302.3	May 5	157.8		1923					
Nov. 19	293.0	286.9	12	159.9		Jan. 5	162.4				
Dec. 17	257.0	263.8	19	162.1	160.6	12	162.8				
1921			26	163.3		19	163.2	157.1			
Jan. 14	244.2	245.9	June 2	162.9		26	165.3				
Feb. 18	219.1	225.2	9	164.9		Feb. 2	166.9				
Mar. 18	199.0	210.8	16	163.6	159.9	9	168.7				
Apr. 15	202.8	204.8	23	164.8		16	177.2	157.6			
May 12	204.3	201.7	30	162.4		23	181.1				
June 17	201.8	197.7	July 7	164.7		Mar. 2	184.8				
July 15	194.4	194.1	14	165.1	160.3	9	188.2				
Aug. 19	178.1	190.0	21	165.8		16	192.4	160.3			
Sept. 16	183.4	187.0	28	167.3		23	189.3				
Oct. 14	170.2	180.7	Aug. 4	168.1		30	188.9				
Nov. 18	154.5	172.8	11	165.9		Apr. 6	192.2				
Dec. 16	153.2	167.9	18	164.0	156.3	13	197.4				
Dec. 30	150.0		25	166.1		20	198.5				
1922			Sept 1	163.4							
Jan. 6	148.1		8	160.4							
13	148.7		15	161.2	154.3						
20	144.0	164.0	22	158.6							
27	141.3		29	158.8							
Feb. 3	142.3		Oct. 6	159.8							
10	147.0		13	161.2	155.2						
17	149.2	161.8	20	162.8							
24	149.7		27	165.9							

CHART ILLUSTRATING TABLE I.

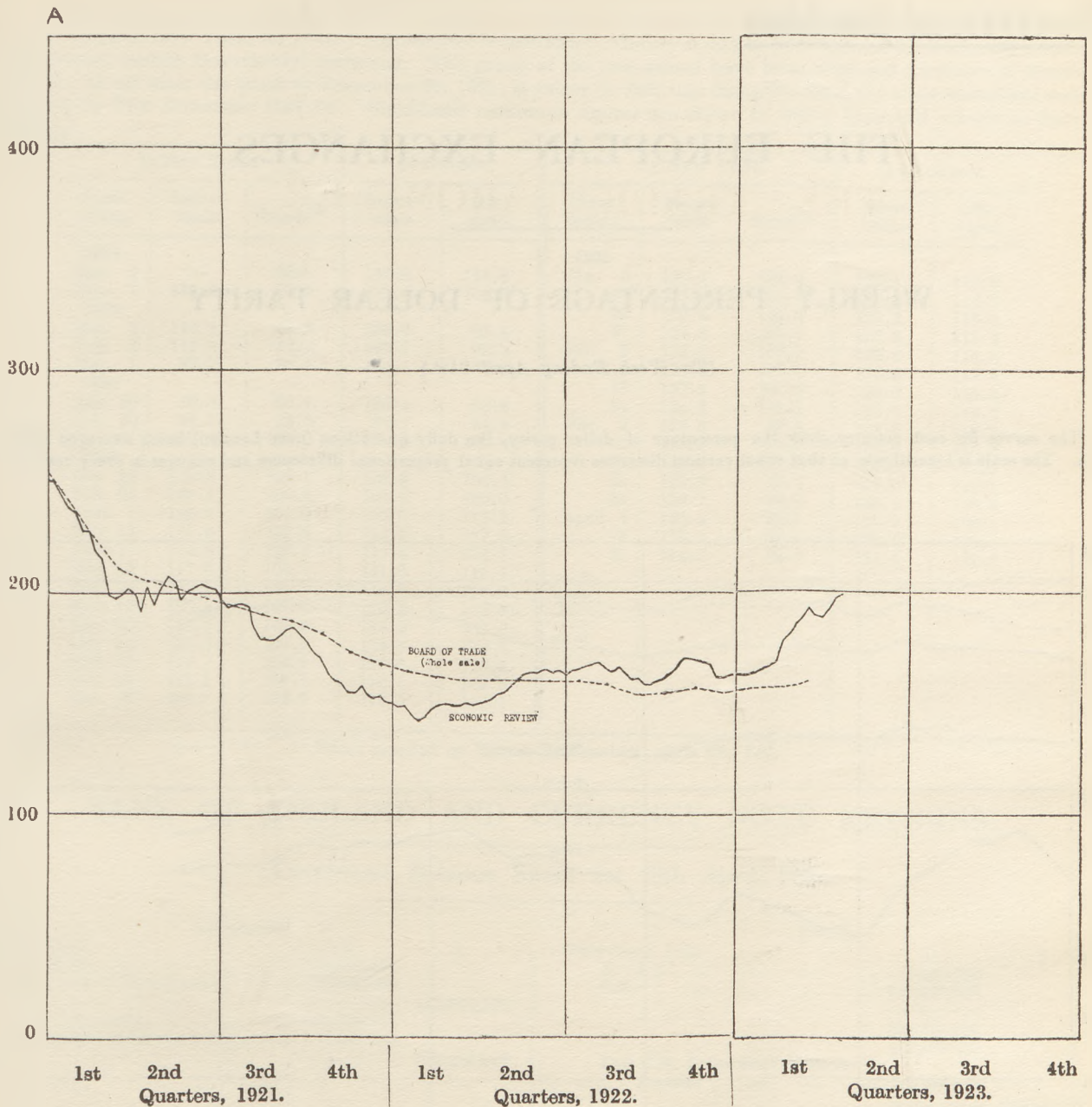


TABLE II.

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	117.7	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. 19 ...	91.3	106.1	95.3	135.1	132.4	122.2	93.5	91.7	89.7	130.8	108.81	... Jan. 19
Feb. 16 ...	100.5	114.7	105.7	143.9	131.4	120.0	89.1	90.1	89.7	196.2*	118.13	... Feb. 16
Mar. 16 ...	113.2	139.6	141.5	143.9	138.9	124.4	94.2	88.6	84.2	214.4	128.29	... Mar. 16
" 30 ...	113.2	131.8	133.0	150.9	125.5	124.4	91.3	89.3	88.2	211.5	125.91	... " 30
Apr. 6 ...	113.2	130.6	132.1	161.4	127.8	124.4	95.7	90.9	83.2	217.3	128.16	... Apr. 6
" 13 ...	113.2	131.2	131.1	179.9	133.1	124.4	97.1	91.7	88.2	226.0	131.59	... " 13
" 20 ...	113.2	125.4	132.1	182.5	128.7	124.4	97.8	92.5	88.2	238.5	132.33	... " 20

*Revised Quotation.

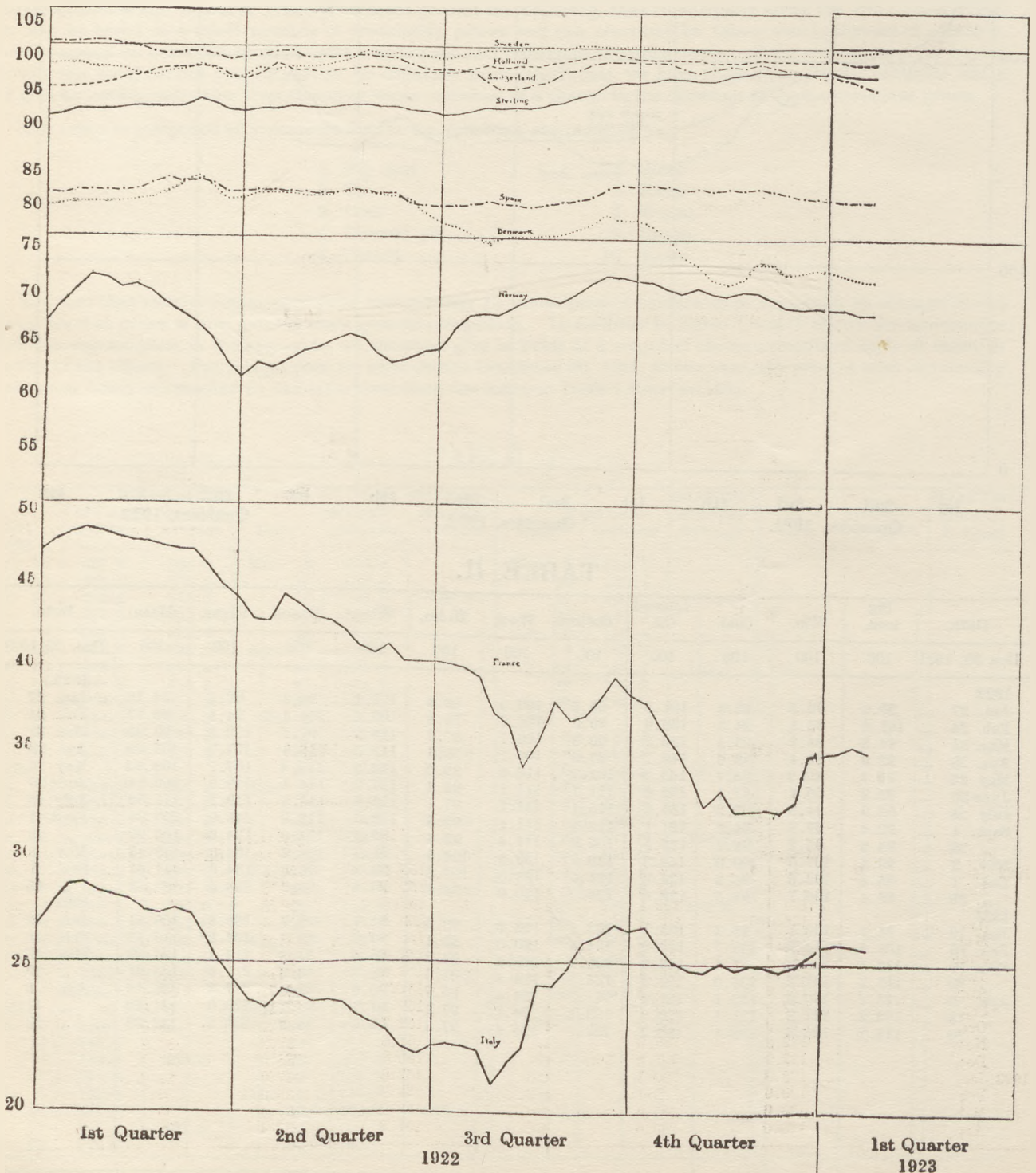
Statistical Section

THE EUROPEAN EXCHANGES

WEEKLY PERCENTAGE OF DOLLAR PARITY

(To Week Ending April 21st.)

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. Significant maximum figures are shown in heavy type and minimum figures in italics.

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.
1919					1923				
Jan. 1	—	98.4	147.8	114.4	Jan. 6	120.5	102.8	122.1	113.5
Nov. 1	140.8	92.5	172.6	101.5	13	122.2	102.6	122.3	114.0
1920					20	120.4	102.0	123.3	116.8
Mar. 1	116.0	87.8	186.6	93.4	27	120.8	101.1	122.2	115.8
July 1	113.6	82.4	149.1	92.3	Feb. 3	122.5	102.1	122.2	114.8
Dec. 1	92.2	89.6	130.1	88.6	10	125.4	102.1	122.5	115.1
1921					17	127.3	101.6	123.2	115.6
Aug. 20	80.3	90.4	105.4	93.8	24	126.8	101.1	126.4	116.2
Oct. 20	91.1	92.0	91.1	94.4	Mar. 3	128.6	99.8	129.5	116.3
Dec. 31	100.0	100.0	100.0	100.0	10	128.0	99.5	128.9	116.5
1922					17	129.2	98.5	129.3	117.0
Jan. 28	100.8	102.1	102.3	104.4	24	127.3	97.8	129.0	118.1
Feb. 25	105.2	100.8	103.6	109.0	31	126.7	98.0	128.4	118.5
April 1	109.8	101.5	103.5	112.2	Apr. 7	126.4	98.1	129.9	120.4
May 13	114.6	102.4	114.9	117.9	14	125.9	98.7	131.2	120.8
June 17	112.8	102.7	114.4	112.4	21	124.7	99.4	134.6	121.2
July 15	117.6	106.5	111.6	115.4					
Aug. 19	122.1	105.7	114.0	116.0					
Sept. 16	123.8	107.6	115.2	112.5					
Sept. 30	121.2	105.8	113.2	112.0					
Oct. 14	127.6	104.4	114.5	112.3					
Nov. 25	114.4	102.0	115.0	115.4					
Dec. 16	121.1	103.1	116.1	113.8					
Dec. 30	121.7	102.5	119.5	113.3					

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

BANK OF ENGLAND AND CURRENCY NOTE RETURNS.

Combined Balance Sheet for 19th April, 1923.

LIABILITIES.				ASSETS.			
	£	£			£	£	
<i>Notes Issued.</i>				<i>Government Debt.</i>			
B. of E.	145,440,495			B. of E.	11,015,100		
Less those in C.N. Reserve	22,450,000			C.N.	241,334,927		
		122,990,495				252,350,027	
C.N. outstanding	284,077,032					12,329,950	
C.N. called in but not yet cancelled	1,487,915			Less C.N. Investment Reserve Account		12,329,950	
		285,564,947					240,020,077
				<i>Other Securities.</i>			
				B. of E.			8,734,900
Ratio of Gold to Notes	37.4%			<i>Gold Coin and Bullion.</i>			
„ Gold & Silver to Notes	39.1%			B. of E.	125,690,495		
				C.N.	27,000,000		
				C.N. Balance at B. of E.	109,970		
				<i>Silver Coin</i>			152,800,465
							7,000,000
		408,555,442					408,555,442

Summary of Combined Balance Sheets. January 1922 to date.

Date.	B. of E. Notes less those in C.N. Reserve.	C.N. outstanding inc. called in but not cancelled.	Total.	Gold.	% of Gold to Notes.	% of Gold & Silver to Notes.
1922 Jan.	125.9	304.3	430.2	155.5	36.1	36.8
Feb.	125.9	298.8	424.7	155.6	36.6	37.3
Mar.	125.9	300.4	425.3	155.6	36.6	37.7
Apr.	126.0	301.3	427.3	155.6	36.4	37.6
May	126.1	298.3	424.4	155.8	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.	123.0	285.6	408.6	152.9	37.4	39.1
Apr. 19	123.0	285.6	408.6	152.8	37.4	39.1

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