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# THE ECONOMIC REVIEW

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## NOTES OF THE WEEK

The article which we reproduce on another page on "The Problem of Stabilisation" was written by Professor Gustav Cassel for the Quarterly Report of the Statistical Department of the Skandinaviska Kreditaktiebolaget in view of the consideration of the question of the stabilisation of paper currencies by the International Chamber of Commerce at its recent meeting in Rome. On this occasion the writer again defended the views he had propounded in London two years previously, and which are reflected in this article, his appeal giving rise to a keen debate in which Mr. Walter Leaf took a leading part in combating Professor Cassel's theories, with the result that the International Chamber of Commerce decided not to take any action. In our next issue we propose to give a commentary on the proceedings which has appeared in the *Economiste Français* from the pen of its editor, M. André Liesse, who is himself an adverse critic of the policy of the stabilisation of existing currencies as a remedy for all the economic ills the world is labouring under. The alternative he suggests is a return to pre-war parities, a change from present conditions which time alone can effect.

\* \* \*

Attention cannot fail to be arrested by the figures showing the effects of the occupation of the Ruhr on the life of both occupied and unoccupied Germany. On a much smaller scale, statistics of prices in the form of wholesale index numbers show the favourable or unfavourable effects on other countries of the Franco-Belgian policy, according as those countries are able or unable to obtain supplies to compensate them for goods locked up in the Ruhr. France, suffering from a coal shortage and inflation troubles, sees her food, coal, iron and textile prices appreciably rising, and the Belgian coal and iron markets are experiencing the same effects. In Sweden food is somewhat cheaper, but the increased cost of coal due to prevalent conditions in the international market is already reacting in other directions, and notably on the textile and chemical products markets. The coal shortage abroad has inevitably proved a boon to the industry in our own country: not for months has the foreign demand for British fuel been so great, trade being brisk

and prices high; but unfortunately, owing it is alleged to the insufficiency of loading facilities—a circumstance which, if correct, reflects no credit on the industry—exports are considerably hampered. Notwithstanding the improvement that has undoubtedly asserted itself in British trade generally and in the coal trade in particular, there is small ground yet for undue optimism, owing to the uncertainty of the political situation, a factor that militates against any general return of confidence.

\* \* \*

If Senator Oscar W. Underwood's contribution to the latest number of *Foreign Affairs* may be regarded as one of the premonitory signs of a devastating campaign such as usually signalises the fight for the Presidency of the United States, next year's contest will be watched with intense interest in this country. Apart from the intrinsic importance of the question which he discusses, "The Tariff as a Factor in American Foreign Trade," the fact that Mr. Underwood is the leader of the Democratic Party in the Senate and a probable candidate for the Presidency lends added significance to his appeal as evidence of the intention of that party to make the Tariff question an issue of the campaign. The demand is to be, not for a right-about face from high protection to free trade, "but that the tariff taxes should be so adjusted as to allow reasonable competition from abroad with all articles that invite competition," conducing to "a dividing of the whole market to a reasonable extent with the foreign producer in order that his goods may come in to pay us for merchandise we send out." Senator Underwood's outlook, however, has a wider horizon, for he clearly perceives the necessity to the United States of the economic and business life of Europe being rebuilt on sound foundations, not that he imagines the possibility of the United States being able to effect this recovery: "but we can," he contends, "to a large extent, adjust our laws and our trade methods to meet existing conditions in Europe, in order that we can find markets for our surplus production. We cannot have real, satisfactory business or anything approaching prosperity in the United States until Europe is on the mend, for there lies the market for the over-production of our fields and our factories."



## Notes of the Week

Obviously, the chief obstacle to be surmounted is the American Customs tariff, which as a trade factor is so interwoven with the lives of the American people, as well as with the unsettled conditions of production and consumption in the European markets, that he sees no possibility of solving the problem until the American producer has abandoned the economic view-point that he held before the Great War and has adjusted his line of thought to conform to the trade conditions that confront us to-day. The great difficulty is that "the Congress of the United States, taken collectively, is a very timid body of men, composed individually of many highly intelligent, honest and industrious members who rarely have the courage to march in a body in advance of public sentiment or of the declared sentiment of their immediate constituencies. This is particularly true in matters where the issues involved have in the past divided the two great political parties along partisan lines, such as the economic and industrial equations that grow out of the adjustment of Customs taxes." And herein is to be found the explanation of the new tariff law, which has inaugurated at the custom houses "the highest system of taxation on competitive articles that has ever been written in the history of this country." Far-seeing men in private and public life have wisely pointed out the way for future development, but "along many lines of the gravest importance the wagon of public safety is still travelling in the same old ruts that shaped its course for two or three decades before the Germans invaded Belgium. . . . Men in high positions proclaim that changed conditions have arrived and that they must be met fairly; and they then proceed to follow the fetish of the past and legislate in the same old way that they used to legislate before the Great War broke all business conditions away from their past moorings and left the world's affairs adrift in a stormy sea without compass or rudder."

\* \* \*

Senator Underwood himself is in no doubt as to the nature of the remedy the new world conditions require. It will be vitally interesting to watch the measure of success that may attend his reasoned plea for better and more free trade communication among the nations and for an abandonment of the policy of building artificial barriers to stop commerce at national borders. The alternative is clear and inevitable, and he embodies it in the grave words of warning with which he brings his article to a close. "Time has taught us," he says, "that a creditor nation cannot exclude from its borders the merchandise of other countries without destroying the foreign market for the product of its own people's labour. It may live upon its own fat for a time, but in the end, so far as trade is concerned, it will become a hermit nation and die of dry rot. The way is clear for the future. If we wish to travel the road of prosperity and plenty for all we must break down the barriers that stop the natural flow of trade and commerce." Senator Underwood's article is one that might profitably be read and digested by a wider public than the electorate of the United States, to whom it directly makes its appeal.

\* \* \*

Selected passages from "The Economic State of Germany under the After-Effects of the World War," an official pamphlet just issued by the German Statistical Department, have been reproduced in our columns. This pamphlet supplies an intelligible picture of the course of affairs in Germany since the armistice, and, unlike most official documents, has a human touch. It not only deals statistically with the effects of the execution of the Treaty of Versailles on Germany's State finance and on the

finances, food and material supply and health of the German public, but shows how the economic conditions of other countries have been detrimentally affected. As official propaganda goes, it is an effective compilation. Many of its sections would repay study on the part of the man in the street as well as of the expert. The former must remember, however, that statistics, however little they may be subject to charges of falsehood, seldom, by reason of a compulsory rigidity difficult to overcome, represent the entire truth. In most situations lie concealed subtleties which defy the most careful statistics. There is, nevertheless, no reason to doubt that the official figures employed in this case are based on the broad truths they seek to demonstrate—a marked shrinkage in the wealth of those middle classes which have been the main factor in building up the German economic and social system of to-day, and a lowering of the standard of public health in Germany which may not be definitely gaugeable in figures for another quarter of a century, but which is the expected concomitant of the deterioration in the standard of living experienced in that country since 1914.

\* \* \*

An innovation in Argentinian Government circles has been made by the appointment of Señora Lina de Castro as private secretary to Dr. Le Breton, Minister of Agriculture. Señora de Castro, who was born in Germany, came to Argentina at an early age and later married an Argentinian. She is the owner of a farm which she has developed under her personal supervision, and has taken part in the actual work of the farm itself. Her book on agriculture, "Manual of the Future Farmer," aroused much favourable comment at the time of its publication and was approved by the agricultural experts of the Permanent Exposition of Cordoba. In addition to her agricultural knowledge, Señora de Castro is an accomplished linguist. She speaks English, French, German, and Spanish. Her appointment to the National Ministry of Agriculture should serve to open the way for other women in Government positions, though in other Departments it may be difficult to find them with such suitable and valuable qualifications.

\* \* \*

The incubus of a prospective cotton shortage, due in part to the increasing consumption of American cotton by the home industries, is weighing heavily on textile manufacturing countries and is stimulating them to free themselves, according to the stock phrase, from their economic vassalage to the foreigner. For some two years past the question has been agitating the French Press, and efforts, supported by the Government, are being made to encourage the cultivation of cotton in the colonies, notably in Central and West Africa. Other countries are following suit, Italy, first and foremost, where an association is being formed for the cultivation of cotton in Sicily. Now comes the turn of Spain, where the Spanish Cotton Association, after a careful study of the question, has come to the conclusion that cotton of a specific grade can be grown in the country, but only with the assistance of a Government subsidy to enable it to compete with current American cotton prices. The Association suggests, by way of a beginning, an annual grant of 1,687,500 pesetas for a quantity of 6,750,000 kg. (10,000 bales), the average annual import being 400,000 bales, of which the greater part comes from the United States. According to an article in the *Sol*, a leading Madrid paper, efforts are being made in the United States to establish factories which would absorb the whole of their production of raw material, and as England, France and Belgium will also require the whole cotton output of their colonies, Spain will in future be hard put to it to obtain supplies from abroad.



## FRANCE

## FINANCE

## THE FRANC AND THE RUHR.

M. Henri Bérenger, reporter to the Finance Commission of the Senate, whose report on the Budget has been reproduced in this review (*cf.* THE ECONOMIC REVIEW, March 30, p. 265) has published an article in the *Actualités*, reported by *The Agence Economique et Financière*, in which he appears to imply that the slump in the franc which occurred earlier in the year was artificially brought about by financiers opposed to the occupation of the Ruhr.

The fresh collapse of the mark, he writes, affords proof of Germany's inability to continue her offensive against the franc, intended as a counter blow to the occupation of the Ruhr. The franc has recovered its price, has become stabilised, French exports have increased, the yield from taxation continues to improve, the harvest promises to be superior to those of preceding years, and, thanks to the economies effected by the Finance Commission of the Senate, some approach to a balanced Budget may be anticipated, which will give confidence to holders of French Treasury bonds.

The Ruhr itself is becoming more productive and 10 mill. t. of foundry coke are being despatched daily to France. France, therefore, has no reason for abandoning the operations for ensuring security and payment of her claims undertaken at the beginning of the year.

## THE BANQUE INDUSTRIELLE DE CHINE.

The company of management of the Banque Industrielle de Chine has drawn up a scheme of composition with the Bank's creditors. This scheme contains the following proposals. The Bank undertakes to pay within a period of 25 years from the date of ratification of the scheme, the whole of its debts secured and unsecured. Settlement with creditors will be effected from the proceeds of the realisation of the Bank's assets, either by the company of management as agent or directly by the Bank out of the following funds: 95 per cent. share of the profits of the company of management accruing to the Bank; the interest on the working capital of 50 mill. francs placed at the disposal of the company of management by the Bank; the proceeds from concessions belonging to the company of management and from the profits on all other operations whatsoever. The distribution of these funds shall be made whenever the moneys at the disposal of the Bank after payment of its fixed charges shall enable it to distribute 5 per cent. on the distribution bonds which are about to be created. The total liabilities, including both secured and unsecured claims, shall be represented by distribution bonds of Fr.500 each, ranking *pari passu*.

As regards claims in foreign currencies, the conversion of francs shall be reckoned at the rate of exchange on July 26, 1921, when the Bank was allowed the benefit of the "règlement transactionnel" (composition with creditors). Associations shall be formed by the holders of bonds representing unsecured claims, and of the holders of bonds representing the claims of members of the consortium (secured claims). It is understood that the interest due to members of the consortium shall be reduced to 4½ per cent. from the date of ratification of the scheme, such interest to be exempt from all taxation present and future. The bonds assigned to unsecured claims shall not bear interest, they shall be payable to bearer and under the "règlement transactionnel" order a market will be created for dealings in these bonds. The Société Immobilière d'Extrême Orient has agreed that its claims against the Bank shall be settled by the assignment of unsecured distribution bonds. The question of creditors in the Far East shall be settled as follows: They shall be allowed to exchange their

distribution bonds at par for United States gold dollar bonds redeemable in 23 years, the interest and sinking fund on which shall be provided out of the yearly sums payable under the agreement concluded between the French and Chinese Governments. The new bonds shall be in United States gold dollars, and shall bear interest from Jan. 15, 1923. They shall be issued in bonds of \$50 at least, and the exchange of partition for gold dollar bonds shall be made at the Paris dollar rate of July 26, 1921 (Fr.12.925). In return for their intervention shareholders of the company of management shall be entitled to take up at par either ordinary or 8 per cent. cumulative preference shares up to 100 millions of francs nominal, and to subscribe two-thirds of any capital increases of the Bank, but such right of subscription shall not apply to increases of capital reserved for the conversion of the capital representing unsecured claims into ordinary shares. The report of M. Benoist, the administrator, notes that the resumption of business activity by the French company of management and the fact that the latter was founded with the support of important companies, and that it will be possible to work the concessions granted to the Bank, are of a nature to afford prospects of a more or less rapid financial recovery.

## TRADE

## FOREIGN TRADE RETURNS.

The Customs authorities have just published the following figures of foreign trade for the first three months of the year compared with the corresponding period of the previous year (in millions of francs):—

	1923.	1922.	Differences in 1923.
<i>Imports.</i>			
Foodstuffs ... ..	1,623.0	1,193.6	+ 429.3
Industrial raw material ...	4,327.7	3,013.9	+ 1,313.7
Manufactured goods ...	1,023.2	1,026.1	— 2.8
	6,974.0	5,233.7	+ 1,740.2
<i>Exports.</i>			
Foodstuffs ... ..	672.6	426.0	+ 246.5
Industrial raw material ...	1,892.8	1,152.3	+ 740.4
Manufactured goods ...	3,559.9	2,994.6	+ 565.2
Postal parcels ... ..	373.7	307.0	+ 66.6
Total ... ..	6,499.1	4,880.2	+ 1,618.8

It should be remembered that imports are valued in accordance with importer's declarations, checked by the Customs authorities, for the purpose of levying the turnover tax, and exports according to the official rates drawn up by the permanent commission of Customs valuations in respect of the year 1921. Increases compared with last year are especially noticeable both in the export and import of raw material for industries. The export of manufactured goods has increased by over 565 millions of francs. During the three months imports exceeded exports by Fr.474.9 mill., as against Fr.353.5 mill. in the first quarter of 1922. The monthly returns for the last nine months show the following values (in millions of francs): *Imports*, 1922—July 1.9, Aug. 1.9, Sept. 1.8, Oct. 2.1, Nov. 2.3, Dec. 2.9. 1923—Jan. 2.1, Feb. 2.3, Mar. 2.4. *Exports*, 1922—July 1.4, Aug. 1.6, Sept. 1.7, Oct. 1.9, Nov. 1.7, Dec. 2.7. 1923—Jan. 1.6, Feb. 2.3, Mar. 2.4. (*Journée Industrielle.*)

## COMMERCIAL CONVENTION WITH BELGIUM.

The draft commercial convention with Belgium (including Luxemburg) has been settled, and will be signed shortly. Owing to the extent of the trade for which this convention provides, it constitutes the most important of those concluded by France since the war. Six months ago many believed it to be impossible to



## France

harmonise the interests of both sides, but after careful negotiation this has been accomplished with results satisfactory to both contracting parties. Indeed, it is suggested that this Treaty is an important step towards the economic reorganisation of Western Europe. (*Journée Industrielle.*)

### A COMING MOTOR FAIR.

Under the name of the Auto Fair, an exhibition of second-hand motors will be held at Argenteuil from May 4 to 13. The fair is open to all sellers of motor cars, cycle cars, motor bicycles, side cars and aeroplanes, and dealers in and inventors of motor accessories, motor boats, aeroplanes, motor bicycles and sporting articles. A motor track for trials will be at the disposal of exhibitors and purchasers twice every day. (*Journée Industrielle.*)

## INDUSTRY

### THE SUGAR OUTPUT.

The result of an inquiry instituted by the Sugar Refiners' Association of France, shows that during the season 1921-22 an area of 125,406 hectares was sown with beetroot. An increase of from 15 to 20 per cent. of this area is anticipated for the present season. A further inquiry organised by the same association supplies the following valuable information for the season 1922-23. For this year an output of 400,000 t. of refined sugar, as against 278,000 for the preceding season is to be anticipated. But as the average annual consumption of sugar in France is about 700,000 t., some 250,000 t. will have to be imported. The amount of stocks in the country is 81,339 t. The latest fortnightly report published by the Czarnikow firm of London, furnishes the following approximate figures, slightly over-estimated, of the output of raw sugar of the chief producing countries for 1922-23 (in 1,000 tons): Germany, 1,500; Czecho-Slovakia, 725; France, 510; Belgium, 280; Holland, 260. By deducting one-tenth, the difference between raw and refined sugar, the output of France appears at 449,000 t. (510,000—51,000), a figure slightly lower than the above estimate. (*Information Financière.*)

### THE SILK INDUSTRY.

The statement on the output of silk in France by M. Fougère, President of the Lyons Silk Weavers' Association, which has already appeared in the columns of this review (*cf.* THE ECONOMIC REVIEW, April 13, p. 311) is supplemented by the following information, supplied by M. Henri Terrail, silk merchant and Treasurer of the Chamber of Commerce of Lyons, in a report to the Chamber on the development of silk production in France and the colonies. Silk weaving in the United States, begins the report, has made great progress during the past 20 years, the number of mills having increased from 624 in 1904 to 902 in 1914, and 1,360 in 1921, representing a capital of \$533 mill. In order to supply their needs, the United States manufacturers have practically monopolised the raw silk of Japan, to the detriment of the French industry. It is, therefore, of extreme importance to French manufacturers to stimulate silk production in countries more accessible to France and less open to American competition. The output of cocoons in France, continues the report, was 5 mill. kg. in 1914, and the average output from 1915 to 1922, inclusive was 2.5 mill. Efforts made to encourage the cultivation of mulberry trees and the breeding of silk worms have had little result. Farmers have substituted more important and lucrative branches of cultivation for silk worm breeding. If the high prices for cocoons of the past few years are maintained this branch of agriculture will doubtless revive. In the meanwhile, 94 per cent. of the raw material for the French silk industry is imported from abroad. Little material is to be expected from Syria, of which the breeding of silk worms was an important industry, owing to the destruction of the mulberry trees

for fuel during the war, and from neglect, and to the decline of the population. In China the International Institute has founded in the chief silk centres establishments for the production of selected silk worm eggs which are delivered to breeders at prices practically equal to those of non-selected eggs. The eggs chosen by the Institute yield about four times the amount of cocoons as the ordinary eggs. In Indo-China silk worm breeding is successful provided that it is confined to natives, that selected eggs are used, and that the ravages caused by two kinds of insects are checked. North Africa is by soil and climate very propitious to mulberry trees, but silk cultivation is but little developed. After consultation between dealers and manufacturers the Lyons Chamber of Commerce decided that Syria and China were the countries best adapted to the cultivation of silk for the Lyons market and voted, in principle, a grant for the promotion of silk cultivation in those countries. (*Journée Industrielle.*)

## SOCIAL AND LABOUR CONDITIONS

### PROFIT-SHARING.

The Chamber of Commerce of Roubaix, after due consideration of a list of questions laid before it by the Ministry of Labour on the subject of profit-sharing by workmen, has rejected any scheme of this kind, showing in detail its disadvantages and dangers as well as the impossibility of applying it equitably.

The Chamber of Commerce of le Havre has replied to the questions addressed to it by the Ministry in the following terms: "The Chamber, while approving any measures adopted by the manufacturers for the purpose of interesting their employees in results obtained by their personal efforts on the understanding that the remuneration is in respect of such efforts, is nevertheless convinced that if profit-sharing by the whole staff of a small undertaking may prove beneficial in certain cases it would not be so in respect of large undertakings. Therefore compulsory profit-sharing would lose any advantages which it has brought about in simple cases to which it has been applied. The Chamber considers that the obligation to share profits imposed by the Government upon manufacturers would be exceedingly injurious to industry, and that it would be equally harmful to regulate the conditions of profit sharing in such industries as have adopted it voluntarily. Too great differences exist on the importance of labour and earned profits between one business and another to apply generally and by act of law the system of profit-sharing adopted by any one firm. The Chamber therefore demands the maintenance of the *status quo.*" The Chambers of Commerce of Rennes and Brest have given equally unfavourable replies. The reporter of the latter on the list of questions argues that, inasmuch as the principle of participation in profits involves that of participation in losses, the wage earners would scarcely be disposed at the end of a bad year not only to forego their profits but to make good the loss. The reporter further points out that the principle of profit-sharing would involve the interference of the workmen in management, a principle always strongly opposed by owners, who rightly contend that being alone responsible, they must have the exclusive right of deciding upon measures to be adopted, often a delicate task, unhampered by workmen's councils, whose interests may possibly be diametrically opposed to their own. Any step in that direction, he concludes, should, provided the owners agree, take the form of payment at the end of the year of a bonus to the workmen, or of paying a certain percentage of the profits into a special fund which would enable the workmen to participate in social works, it being understood that any such measures should be at the discretion of the employer and that their adoption by way of experiment should not commit him permanently. (*Journée Industrielle.*)



# GERMANY

## POLITICAL AND GENERAL

The Mayor of Berlin has published officially a pamphlet on the distress in that city ("Die Not in Berlin"), the contents of which, he states, apply not only to Berlin but to the whole of Germany. From a synopsis of its contents contained in the *Frankfurter Zeitung* (April 22) the following points are abstracted:—

Before the war Berlin's milk imports and requirements amounted to about 1.2 mill. litres daily. At the beginning of December 1922, only about 385,000 lit., and at the beginning of February 1923, only about 300,000 lit. a day were available. Of these quantities about 50,000 lit. remained unsold daily on account of its high price. The recognised normal daily milk requirements for children, nursing mothers, invalids and the aged are 600,000 lit. a day without reckoning ordinary household and trade requirements. According to official estimates, the cost of food commodities alone averaged in January 1,366 times the average cost in 1913. In comparison with this increase in the cost of living, the increase in the incomes of most persons is nothing like so great. The average monthly wage of an unskilled married Government labourer in Berlin had risen, in January 1923, to 888 times, and that of a skilled worker to 643 times the pre-war wage. The salary of a low standard official was 702 times, that of a middle standard official 463 times and that of a higher standard official only 373 times as high as before the war. The decline in the value of the wage or salary as the class of post improves, and its relation to the cost of living, are noteworthy. Social and war pensioners, elderly women, especially women of the intellectual class, and many other persons of this type—9 million persons in Germany are drawing benefits, including 6 millions with no other source of income—have long been putting up a desperate fight against starvation and privation. Deaths from these causes are reported by doctors from all over the country. The recent increase in suicides is noteworthy. There were reported in Berlin during the months September to December last 502 cases of suicide compared with 406 in the corresponding period of 1921.

The great increase in tuberculosis is particularly alarming, especially among children and old people. The mortality from tuberculosis in the six inner districts of Greater Berlin in 1913 was 15.68 per 10,000 inhabitants. In 1920 this proportion was only 14.96 : 10,000. In 1921 it had increased to 15.12 and in 1922 to 18.35 : 10,000. By way of comparison, the mortality from tuberculosis in inner London in 1922 was 12.4 : 10,000. The increase of alcoholism is another proof of the deterioration of the standard of living. In 1920 334 persons addicted to alcoholism were admitted to the asylums; the number in 1922 was, approximately, 630. Statistics concerning the health of school children show deplorable results, especially of children who have just left school and those over 14 years of age in the higher grades. In the Pankow district of Berlin, in 1922, it was found that among the children leaving school, 22 per cent. of the boys and 25 per cent. of the girls were under the normal as regards weight and height. For reasons of health, 31 per cent. of the boys and 30 per cent. of the girls, i.e. almost one-third of the children going out, were unfit for work. Conditions have much deteriorated since then. Figures such as these are reported from all parts of the Reich. All palliatives hitherto employed have proved insufficient, notwithstanding the assistance received from abroad.

The Reichsbank discount rate, says the *Berliner Börsen-Zeitung* (April 23), is raised by 6 to 18 per cent.

## FINANCE

### THE FALL OF THE MARK.

The fall of the mark on April 18 was the event of the week in Germany. The dollar reached a temporary rate of 33,000, compared with a rate circling round 20,000 for the last few months. This was due to the fact that on that day the Reichsbank met only a small proportion of the demand for funds which has been augmenting day by day, and left by far the greater part of it to be covered in the open market. The official reason given for this action—or lack of action—was that former intervention had cost the Reichsbank too much, and that new methods for supporting the mark were planned whereby foreign currencies would only be reduced in value sporadically.

The whole situation results from speculative unrest owing to the continual uncertainty feared. The Cabinet, in consultation with the directorate of the Reichsbank, has now decided to continue the support of the mark on the Bourse and has also issued a statement regarding other regulations to be effected. Imports are to be severely restricted and the compulsory notification of foreign currency holdings is to be instituted. According to Dr. Becker, Minister for Economic Affairs, who spoke at length in the Reichstag on April 19 on the general situation, the Government intend to reduce the import of those goods which they themselves utilise—by which grain and coal are understood. It is probable that regulations relating to the exchange bureaus will be introduced which will check small speculators. The Minister stated that they would not abstain from the most draconian measures if they proved necessary to maintain the mark at a level which would obviate any further rise in the cost of living. (*Berliner Börsen-Zeitung*, *Frankfurter Zeitung*, April 20; *Deutsche Allgemeine Zeitung*, April 22.)

According to Georg Münch in the *Vossische Zeitung* (April 22) the Reichsbank is continuing to increase its gold holdings abroad. The statement published showing the position up to the middle of April showed deposits in the large foreign banks of issue amounting to 184.5 mill. gold marks. It is reported that these deposits are to be increased up to 300 mill.

### THE DOLLAR LOAN.

Max M. Warburg, a well-known Hamburg financier, has contributed to the *Bank Archiv* an article on the results of the Dollar Loan Subscription, in which the following points are noteworthy:—

It has now been ascertained that subscriptions to the Reich Dollar Loan only total 12½ mill. dollars. The banking syndicate which guaranteed the sale of 25 mill. dollars worth of the loan was quite aware that it would, on account of its type and the difficult political and financial situation, be difficult to place. It is now evident that the number of holders of foreign currency is far smaller than was supposed. Experts have repeatedly asserted during the last few years that the foreign holdings of Germany were greatly over-estimated. It is probable that many holders of foreign balances have refrained from employing them in whole or in part to buy Loan, but there is no doubt that the gold holdings of private individuals come far below the estimates. In addition, exports have fallen off considerably since the Ruhr invasion, and importers of food and coal require large supplies of foreign bills. In business circles a better result could have been achieved had the credit-raising capacity of the Loan been less niggardly. Industrials, merchants and bankers can naturally only guarantee investments in securities which will at all times be pawnable on favourable terms at the banks. A higher degree—40 and 60 per cent. were the figures fixed [see THE ECONOMIC REVIEW, March 30,



## Germany

p. 269]—of pawnable capacity was therefore the most vital factor for the success of the Loan in business circles. It would also have been much better to pay interest by means of half-yearly coupons instead of in the form of redemption premiums. The greater portion of the investing public cannot dispense with regular interest payments, and their confidence increases if they can, at these regular intervals, feel sure that the obligations of their debtor are capable of fulfilment. [We wonder if the writer has considered the success of our National Savings Certificates.—Ed.] Another cause militating against the Loan was the Bills of Exchange Regulations, which made it impossible for a holder of foreign currencies invested in the Loan to repurchase such currencies with the paper marks he would acquire on possibly selling out his Loan. Its flotation was undoubtedly also prejudiced by the French propaganda against it, the effects of which could no longer be entirely removed by the ensuing verdict of the Reparation Commission in favour of the guarantee of the Reichsbank.

All these circumstances contributed to the ill-success of the Loan; yet it would not be fair to impute the disappointing result to the errors of the new-fangled issue alone. To judge of it fairly, we must free ourselves from the *furor numericus* in which the state of the currency has entangled us. It is extraordinarily difficult to draw conclusions from figures any more. When the Loan comes on the market its fate may be more favourable. An official quotation for it is urgently necessary. A market for forward delivery should also be established. Our foreign trade circles are suffering badly from the lack of an official forward delivery market for foreign bills and from the fact that very difficult conditions have arisen owing to the money shortage on the unofficial market for futures in these bills. If this Loan were permitted a wide scope, as a security holding against the delay in Customs payments, for instance, it would have a far wider market. According to the latest regulations, Customs dues are no longer payable at the rate obtaining at the date of clearance, but at that on the day of payment. A market for futures would therefore greatly assist importers to bridge over the new payment difficulties.

Both at home and abroad it should be recognised that a certain gauge of the actual capital and saving capacity of Germany has been born from the result of this loan issue. If it shows how modest is that saving capacity, it should be clear to every honest politician who wishes to work with correct figures, that the capacity to pay must be determined before the final reparations figure. The American plan, to ascertain through an international commission of recognised experts the amounts paid and payable and the mode of payment, is the only possible solution of the chaos in which we are now plunged.

### BIG LOAN ISSUE BY BERLIN.

The City of Berlin is seeking permission to issue a bearer loan in paper marks to the value of Mk. 10 milliard. Only a part of the issue, which is timed for May, will be made to begin with. The rate of interest is not to exceed the Reichsbank discount rate. The loan will run for a period of about twenty years. About 40 per cent. of the proceeds is destined for the central organisations, the remainder is to benefit the municipal undertakings and is intended to assist in the building of hospitals, schools, etc. (*Deutsche Allgemeine Zeitung*, April 12.)

### FOREIGN BILLS BANK FOR HAMBURG.

The *Deutsche Allgemeine Zeitung* (April 20) learns from Hamburg of the formation, under the direction of the Braunschweigische Staatsbank and the Sächsische Staatsbank, together with the Hamburg banking firm

Jakob Heckscher, of the Deutsche Standard-Bank Kommanditgesellschaft in Hamburg. The purpose of the new institution is to supply foreign credit, in particular to provide short termed credit in foreign currencies for assisting transit trade and the processing industries. The original capital is Mk. 500 mill. The legal reserve is Mk. 50 mill. and a special reserve of Mk. 1 milliard, to be computed in gold marks, is created.

### BIG SHIPPING COMPANY REPORTS.

The annual report of the Hamburg-America Line showed gross profits amounting to Mk. 761.72 mill., compared with Mk. 96.17 mill. in 1921. Net profits totalled Mk. 95.45 mill. (29.49 mill.), of which Mk. 37.52 mill. (10.40 mill.) were placed to the reserve and Mk. 54.00 mill. (18.00 mill.) paid out in dividends at the rate of 30 per cent. (10). The original capital remains at Mk. 180 mill. The report says: "In 1922 we acquired a further 26 sea-going ships with a total tonnage of 98,936 g.r.t. Meanwhile, during the first quarter of 1923, this number has been augmented by 7 steamships with a total tonnage of 35,004 g.r.t. Fourteen trans-oceanic ships with a tonnage of about 108,000 g.r.t. are at present on the stocks. We also acquired the steamer "Brasilia"—6,682 g.r.t., the "Galicia"—ex "Thessalia," 6,146 g.r.t., and the "Toledo"—ex "Kigoma," ex "Algeria," 8,105 g.r.t. A number of our new ships have been fitted out with Diesel engines. Our connection with the Harriman Group (United American Lines) enabled us to make good progress in promoting traffic on our North American routes. Freight traffic to the U.S.A. suffered from intense competition, and will be still further weakened on account of the high protective Customs duties introduced by this country. We resumed traffic to the west coast of South America in December by the establishment of a monthly service via Antwerp and the Panama Canal. We have to report the loss, in September, of our double screw passenger and mail steamer "Hammonia," only recently acquired from the Royal Dutch Lloyd in Amsterdam. We were employing on Dec. 31, 1922, 1,427 employees and 3,312 workmen on land and 4,001 persons on ships. We owned in all, at the end of 1922, 261 ships with a total tonnage of 446,506 g.r.t., compared with 239 ships with a total tonnage of 408,030 g.r.t. at the end of 1921 and with 439 ships with a total tonnage of 1,360,360 g.r.t. in 1913. To-day, therefore, our total tonnage, including new constructions, is 65 per cent. behind that of 1913. Our sea-going tonnage only amounts to about 22 per cent. of the pre-war.

The annual report of the Norddeutsche Lloyd shows gross profits of Mk. 733.5 mill. (100.58 mill. in 1921) and net profits of Mk. 514.5 mill. (45.76 mill.). Of the latter sum, Mk. 113.8 mill. was written off for reconstruction purposes and Mk. 250 mill. for tax payments. Mk. 142.5 mill. (25 mill.) was divided among the shareholders at an interest rate of 30 per cent. (10) on the increased share capital of Mk. 475 mill. (*Vossische Zeitung*, April 12; *Berliner Börsen-Zeitung*, April 15.)

## TRADE

### THE FRANKFURT FAIR.

The results of the Frankfurt Spring Fair, which lasted a week and closed on April 21, have, on the whole, exceeded expectations. The sections which did the best business were the textile, footwear, leather and travelling requisites sections. Luxury articles and productions necessitating a great expenditure of capital did not find so much favour in the eyes of purchasers. Although, in comparison with the Leipzig Fair, business was far livelier, depression was still the characteristic feature, and the money shortage permitted only the most necessary purchases of the most necessary articles. The textile exhibiting firms decided, at the close of the Fair, to form an association. (*Frankfurter Zeitung*, April 22.)

An earlier report in the *Deutsche Allgemeine Zeitung* (April 18) states that the variations in prices were



striking, probably because some exhibitors were obliged to sell and had to place their goods on the market at losing prices. Results in the book section were even more disappointing than at Leipzig; very few orders were taken. A few very good contracts were made in the metal goods section. The textile section did well; satisfactory business in woven goods, cotton and woollen goods and dress materials was reported; silk materials met with less interest, this applied also to lace and embroideries; prices were about on the same level as before. The toy industry is especially badly hit by present economic conditions; its critical situation was characterised by the placards displayed on various stalls to the effect that large stocks of tangible goods were available. The technical section did scarcely any noteworthy business; large machinery does not sell well in these days of capital shortage.

## INDUSTRY

### FRENCH HOPES OF RUHR COAL DISCUSSED.

The *Frankfurter Zeitung* (April 18) supplies some information regarding coal output and transport conditions in the Ruhr which throws doubt on the optimistic prospects expressed by M. Le Trocquer, the French Minister for Public Works, regarding the supplies to be obtained from the occupied areas. He stated that two days ago the transported coke totalled 7,700 t. and yesterday 8,000 t. and that in ten days' time the figure would be 10,000 t.; in a month's time the coke transport would equal that before the occupation; the economic state of France could then be completely restored. German experts are extremely sceptical regarding this optimistic account. It is not denied that the quantity of coke laden has augmented, but the statement that the pre-occupation figure will be reached is met with absolute incredulity. The Minister has omitted from his account a most vital factor, that between the loading and consignment of the coke there is a very great difference. Experts are convinced that the prophecies of the French Minister will be shattered, for previous observations show only too clearly the inefficiency of the militarised railway service conducted by the French and the Belgians. The Germans will, naturally, do nothing to assist their enemies in handling the loading and consignment apparatus. The new regulations instituted by General Degoutte, whereby all coal consigned within the Ruhr territory without a permit will be confiscated has simply led to the stoppage of consignment. In any case, the quantities confiscated in this manner—certain requisitions have already

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occurred—will be much too small to weigh in the balance against the French requirements unless some very thorough organisation is established in this respect.

According to a report stated to have been made by the special Essen reporter of the *Journée Industrielle*, technical difficulties in the mines have often prevented the direct consignment of coal stocks to the main lines. In a number of places it had been necessary to construct special lines. In face of these difficulties the increased coke transport promised by M. Le Trocquer by the end of the month was not very likely to occur.

## HOLLAND

### POLITICAL AND GENERAL

Whatever the reason—the futility of labour troubles at home or the disastrous effects of the financial crisis abroad due to Germany's recalcitrancy—the practical Dutch mind is apparently looking more and more fixedly to solid Conservatism for a cure of the economic ills from which the trade and industry of the country are suffering. The elections for the Provincial Estates, which in their turn elect the members of the First Chamber, are symptomatic of this reversion of public opinion. In every one of the eleven Provinces the three parties of the Right—the Catholics, the Anti-Revolutionaries and the Christian Historicals—have improved their position, while the Plattelandersbond or League of Peasants has secured seats in most of the Estates. The significance of these returns lies in the fact that the electorate for the Provincial Estates is practically identical with that which returns the Second Chamber, although the limits of the electoral districts are different. Incidentally, it is surmised that the women's vote and

proportional representation may have materially contributed to the defeat of the parties of the Left, among which the Liberals *pur sang* suffered most, through their association, no doubt, with the Radicals and Socialists. It is confidently predicted that, as a result, the composition of the next First Chamber, the membership of which is 50, will be as follows: Right—Catholics, 16; Anti-Revolutionaries, 7; and Christian Historicals, 7; total, 30. Left—Liberals, 6; Liberal Democrats, 2; Socialists, 11; and Peasants' League, 1; total, 20. The possibility, however, exists that the Catholics may hold as many as 18 seats and the Anti-Revolutionaries 9, at the expense of the Liberals and Socialists.

Holland, after all, is to have summer time, the Bill for its abolition, which was recently carried in the Second Chamber by 49 votes to 35, having been rejected by the First Chamber by 35 votes to 9. No decision, however, has yet been come to as to the date at which it is to commence this year, the Prime Minister, in answer to representations that it should begin at once, in order



## Holland

that Dutch time may conform to Belgian and British time, stating that the Government must be left free to fix the time in accordance with local requirements, as is the practice in other countries. It is generally thought that June 1 will be the date selected.

### FINANCE

#### MARCH REVENUE RETURNS.

Following considerable increases in the revenue for both January and February as compared with the corresponding months of last year, the returns for March which have just been published show a serious falling off, amounting to Fl.3.33 mill. The Ordinary revenue shows a total of Fl.33.32 mill., while the aggregate for the first three months was Fl.106.90 mill. as against Fl.100.18 mill. last year. The three items which show most increase as compared with March 1922 are the Death and Donations Duties (Fl.278,863), the Household Tax (Fl.159,362), and the Excise on Meat (Fl.117,609), others with a smaller surplus being the Excise on Beer (Fl.95,450), the Ground Tax (Fl.20,638) and Pilotage (Fl.16,643), while the Statistical Duties, the Excise on Salt, the Tax on Playing Cards, and the Assay Dues only gave inconsiderable increases. One source of revenue not included in last year's March returns, however, yielded a substantial sum, the Excise on Tobacco, which is credited with Fl.1.46 mill., while another similar item, Mining Dues gave Fl.18,614. On the other hand, there is a decrease of Fl.2.17 mill. in Income Tax, of Fl.985,146 in the Excise on Spirits, of Fl.833,360 in Property Tax, of Fl.508,466 in Import Duties, of Fl.453,791 in the Excise on Sugar, and of Fl.357,291 in the Dividend and Bonus Tax. With regard to Extraordinary revenue, the Supertaxes in support of the Sinking Fund for the 1914 Loan yielded only Fl.8.23 mill. as against Fl.11.33 last year, while the War Profits Tax returned the insignificant sum of Fl.1,494 as compared with Fl.3,125,725 in March 1922. The figures in respect of these last two resources for the first three months of the year were Fl.26.61 mill. and Fl.13.98 mill. respectively, as against Fl.27.33 mill. and Fl.20.84 mill. in 1922. (*Gazette de Hollande*, April 21.)

#### BUDGET OF THE DUTCH EAST INDIES.

The Budget for the coming year shows a deficit of Fl.84 mill. as against one of Fl.184 mill. for the current year. As regards the Ordinary service of the Archipelago, the deficit is Fl.25 mill. as against Fl.90 mill.

### TRADE

#### MARCH TRADE RETURNS.

The Trade returns for March, as compared with the previous month show an increase of Fl.3 mill. in respect of imports and of Fl.12 mill. in respect of exports, the adverse balance for the month being Fl.58 mill. as against Fl.67 mill. in February and Fl.82 mill. in January. The following table gives an analysis of the returns according to groups of goods: (a) Live stock; (b) Foodstuffs for man and beast and beverages; (c) Semi-manufactured goods—(i) of animal origin, (ii) of vegetable origin, (iii) of mineral origin; (d) Manufactured goods; (e) Other goods; (f) Gold and silver specie and bullion:—

	Imports.		First Quarter.	
	Tons.	Fl. (1,000).	Tons.	Fl. (1,000).
(a) ...	286	192	646	417
(b) ...	219,435	42,301	741,961	131,200
(c) i ...	8,765	6,720	23,907	19,236
ii ...	129,632	33,802	382,185	97,262
iii ...	681,922	18,243	2,373,224	57,946
(d) ...	246,293	63,813	806,534	193,423
(e) ...	2,316	377	4,749	1,199
(f) ...	110	5,618	111	5,886
Total ...	1,288,761	171,067	4,333,317	506,566

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	Exports.		First Quarter.	
	Tons.	Fl. (1,000).	Tons.	Fl. (1,000).
(a) ...	2,634	1,575	5,760	3,322
(b) ...	166,090	40,036	438,035	110,466
(c) i ...	6,078	3,018	17,260	9,098
ii ...	28,156	10,056	107,875	28,795
iii ...	385,149	8,005	984,362	20,510
(d) ...	140,064	43,369	400,624	118,479
(e) ...	3,495	918	7,173	2,395
(f) ...	14	607	25	1,421
Total ...	731,580	107,584	1,961,113	294,488

The total import of coal, coke and briquettes was 421,838 t., of which Great Britain supplied 332,183 t., Germany 56,889 t., and Belgium 32,748 t., while the exports amounted to 242,103 t., of which 110,806 t. went to France, 48,194 t. to Belgium, 29,573 t. to Germany, and 45,065 t. to Switzerland. A further supply of 30,851 t. bunker coal was sold to foreign shipping. (*In-en Uitvoer*, April 25.)

### INDUSTRY

#### THE PRODUCTION OF RUBBER IN MARCH.

The *Gazette de Hollande* gives the following statistics of the production of rubber in the Dutch East Indies for the month of March:—

Silau Sumatra Rubber Maatschappij, 33,000 half-kg. as against 33,000 in February, and 30,800 in March 1922.

Ambaloetoe Rubber Maatschappij, 21,000 half-kg. as against 20,000 in February, and 21,000 in March 1922.

Rubber Maatschappij Serbadjadi, 49,000 half-kg. as against 48,000 in February and 52,000 in March 1922.

Oost Java Rubber Maatschappij, 102,000 half-kg. in March as against 96,000 in February, and 97,000 in March 1922.

Lamong Sumatra Rubber Maatschappij, 54,000 half-kg. in March as against 46,000 in February, and 45,000 in March 1922.

Indische Rubber Compagnie, 63,750 kg.



# SWITZERLAND

## FINANCE

### FEDERAL DEFICIT.

The Federal balance-sheet for 1922 shows a total revenue of Fr.425,863,979 and an expenditure of Fr.505,271,645. The surplus is therefore on the expenditure side, and amounts to Fr.79,407,666. The estimated deficit was Fr.99,400,000, to which, in the course of the year, supplementary credits amounting to Fr.34,024,138 were added. Since a total deficit amounting to Fr.133,424,138 was thus allowed for, the result is more favourable by Fr.54,016,472 than was estimated. The deficit compares favourably with one of Fr.127,571,870 in 1921 and of Fr.99,636,730 in 1920. (*Neue Zürcher Zeitung*, April 5.)

### TERMS OF FEDERAL RAILWAY LOAN.

The Federal Council have decided to permit the issue of a loan by the Federal Railways to the value of Fr.200 mill. at an issue price of 94½ and an interest rate of 4 per cent., the loan to be redeemable in fifteen years. The Confederation will take over the loan to the value of Fr.20 mill. The banks are underwriting Fr.100 mill. worth unconditionally and Fr.80 mill. worth on option. (*Journal de Genève*, April 7.) According to the *Neue Zürcher Zeitung* (April 7), the loan is not expected to affect the money market very much, as it is a question of the consolidation of existing floating debt, of which a part has already been taken over by the public in the form of rescriptions from the banks of issue.

### ST. GALL FINANCIAL RESULTS FOR 1922.

The accounts of the Canton of St. Gall showed for 1922 expenditure to the value of Fr.41,147,377, which included the deficit balance of Fr.12,660,873 carried over from 1921, and revenue to the value of Fr.26,638,472. The deficit amounted, therefore, to Fr.14,508,904 instead of the sum of about Fr.15.55 mill. estimated. (*Neue Zürcher Zeitung*, April 8.)

### THE NESTLE REPORT.

The annual report of the Nestlé and Anglo-Swiss Condensed Milk Co. shows gross profits of Fr.65.03 mill. (20.18 mill. in 1921) and net profits of Fr.3.10 mill. compared with a net loss in 1921 of Fr.93.184 mill. It should be remembered that, as a result of the serious losses incurred in 1921, the year 1922 was one of reconstruction and of great difficulty, and this year's results have again, as in the previous one, not permitted the payment of a dividend. The original capital of Fr.160 mill. was reduced, in December 1921, to Fr.80 mill., the preference share capital remaining at Fr.45 mill.

The report states that during the year under review efforts were concentrated on the improvement of financial conditions and on liquidating the large stocks of goods in hand. Fortunately it had been possible to effect a sufficient reduction in stocks to increase the restricted production. Special endeavours were made to reduce bank indebtedness, and it was very satisfactory to be able to state that by the end of 1922 the company's obligations of this nature only totalled 42 per cent. of those on Dec. 31, 1921, and only 26 per cent. of those on Dec. 31, 1920. Sales fell by about 20 per cent. compared with last year, but were, nevertheless, in the chief markets of the company, still 40 per cent. higher than before the war, taking into account only the markets served then. In England, for instance, there was a certain falling off in the sale of condensed milk, due in the main to the throwing on this market of large quantities of competitive products at losing prices. The great unemployment in this country caused a considerable falling off in the purchasing power

of important sections of the community, which factor was also not without effect on the company's sales. Sales in the U.S.A. also diminished. This was not due to a decreased demand for the company's products but to the fact that some of the less advantageous markets there were abandoned in favour of more concentrated trade on others. Business in Central and Eastern Europe and the Levant was not easy to conduct, either from the standpoint of sales or of the conveyance home of the proceeds.

As regards the other companies of the concern, which figure together on the asset side of the general balance sheet at Fr.175.60 mill. in 1922, compared with Fr.170.34 mill. in 1921, the report on the Nestlé's Food Co. in New York states that the share capital, which did not alter during the year, amounts to Fr.15 mill. The year was an extraordinarily difficult one. By reason of the huge stocks owned by the company as a whole, this particular company had to restrict output to a minimum, even during the time when the costs of production are always lowest. It was possible to get rid of the stocks, but on the other hand the expected profits were not made, and scarcely any benefit was derived from the considerable price increases for milk products which came into force during the latter half of the year. Now that conditions have become more normal, the company intends to raise its output, during the period in 1923 when production costs are lowest, to nearly three times the height achieved during the same period of 1922.

The Maple Leaf Condensed Milk Co. in Canada rejoices in excellent output conditions in this young country and was able to supply, with satisfactory results, the English colonies enjoying Customs facilities in regard to Canadian products.

The Nestlé and Anglo-Swiss Condensed Milk Co. (Australasia), in Sydney, has good prospects. Although it has not yet been possible to complete the concentration of the Australian output in those works where the most favourable results are expected, profits during this first year permitted the payment of a dividend on the preference share capital, the allotment of a considerable sum to the reserve fund and quite a good carry-over. It is hoped, in future, to pay a dividend on the original shares as well. The chocolate works in process of erection by this company are nearly ready.

The A/S Norske Melkefabriker in Christiania was able to serve its Norwegian customers with success and to supply the mother company with valuable contributions towards overseas trade stock.

The business of the Société Nestlé in Paris was very satisfactory and showed a noteworthy increase on that of 1921.

The progress experienced by the Sociedad Nestlé A.E.P.A. in Barcelona enabled the company to increase its capital during the year from Pes.2 mill. to Pes.10 mill. Business was in every respect satisfactory.

These companies show, *in toto*, profits of which Fr.1.26 mill. accrue to the main organisation. (*Neue Zürcher Zeitung*, April 6 and 7.)

### COMPANY STATISTICS.

The total number of firms, associations, foundations, etc., figuring in the Swiss commercial register at the end of 1922 was 79,876, compared with 78,893 at the end of 1921. Of these, 43,433 (42,765 in 1921) were private firms, 10,339 (10,438) were co-partnership and limited liability companies, 19,591 (19,257) were joint-stock companies and co-operatives. In 1922 3,737 new private firms were incorporated, compared with 4,055 in 1921 and 4,542 in the record year 1920; new co-partnership and limited liability companies were registered to the extent of 1,083 (1,179 in 1921, 1,498 in



## Switzerland

1920); the registration of new joint-stock companies and co-operatives amounted to 936 (1,017 and 1,086). Of the latter, 697 had a capital under Fr.100,000, 190 had a capital of Fr.100,000, and 49 had a capital exceeding Fr.100,000. These figures show the effect of the world crisis on our business life. Among the new joint-stock companies, small firms were, as always, in the majority. In 1922 3,069 (3,436 in 1921, 3,607 in 1920) private firms were dissolved, the cause being bankruptcy in 440 cases (368 and 244); 1,182 (1,212 and 1,196) co-partnership and limited liability companies were wound up, bankruptcy being the cause in 124 (113 and 87) cases; 602 joint-stock companies and co-operatives were dissolved, 95 (113 and 50) of the dissolutions being due to bankruptcy. The total number of bankruptcies reached an unprecedented figure, and amounted to 0.82 per cent. of the incorporations on Jan. 1, 1922. (*Neue Zürcher Zeitung*.)

## INDUSTRY

### STATE OF READY-MADE CLOTHING INDUSTRIES.

Dr. Staehelin supplies the *Neue Zürcher Zeitung* (April 12) with the following account of the state of the ready-made clothing and underwear industries:—

Before the war Switzerland covered her demand in ready-made clothing and underwear chiefly in Germany. It was therefore expected that, the war ended, this strong branch of German industry would be increasingly represented in Switzerland. The flooding of the latter country with ready-made goods, which reached a climax in 1921, had no connection any longer with normal competition; it was rather the result of endeavours to influence the German exchange by earning as much money in these goods as possible. It was chiefly a necessity measure when in December 1921 restrictions were placed on the import into Switzerland of woollen ready-made articles of apparel. These restrictions resulted in the reduction of the import of men's and boys' ready-made clothing from 3,086 d.ctr. in 1921 to 1,635 d.ctr. in 1922. In women's and children's ready-mades the decrease was only from 2,365 to 2,227 d.ctr., and in neither case can any actual embargo measures, therefore, be traced. The restrictions worked most beneficially. Illicit trading was suppressed in the branches affected by the regulations and calm was restored among those retailers who, by reasons of rumours regarding the German goods imported, feared that they would have to renounce the purchase of Swiss goods in favour of cheap foreign ones. The state of employment in the ready-made clothing and underwear industries which, at the beginning of 1922, was still bad, soon improved, and during the second half of the year it was possible not only to employ all the factory labour but to provide the innumerable home workers in these industries with occupation again. The greater part of the large ready-mades, viz. coats and dresses, exported, went to Holland—15 d.ctr.—and to France—9 d.ctr. Smaller quantities went to England, Denmark and Sweden. The overall industry was well occupied, not so the ladies' underwear industry. Imports of woollen underwear for women were larger than in 1921. This industry tried to improve its position by increasing export, and showed, with 953 d.ctr., by far the largest export figure in the ready-made clothing and underwear industries. It is interesting to note that England was the chief purchaser with 298 d.ctr. Then came Holland with 86 d.ctr., Argentine with 68, Sweden with 51, Spain with 46, France with 41, Italy with 34, U.S.A. with 31, Australia with 29, Norway with 27, Canada with 23, Belgium and Austria each with 20, Denmark with 19, Turkey with 17, Poland with 14, Egypt with 13, Germany with 11, Hungary, Cuba, Brazil, Uruguay and Paraguay each with 10, Mexico with 7, the Philippines and the Near East each with 6,

Yugo-Slavia and British South Africa each with 5, the Dutch Indies, Central America, New Zealand and Rumania each with 4, China, Columbia, Chile and Peru each with 3, and Japan, British India, Morocco, Algiers, Greece, Czecho-Slovakia, Finland and Portugal each with 1 d.ctr. The home position in this branch was favourably affected by the continuous rise in cotton prices, which resulted in an increased demand, since purchasers came to the conclusion that prices were not going to fall. Purchasing became active, and in the latter half of the year the ladies' underwear industry was fully occupied.

In the men's underwear industry sales were good throughout the year, but prices were so depressed that results were, on the whole, unsatisfactory. In the industry for the manufacture of service clothing orders were plentiful, although not nearly so great as formerly. The cheaper qualities of goods were preferred and manufacturers did not make much profit. The corset industry was the least busy, chiefly because imports were even larger than in 1921, and Switzerland was flooded with cheap "exchange-rate" goods. Compared with 723 d.ctr. in 1921, the 1922 imports of cotton corsets amounted to 1,008 d.ctr. The proof that these imports were connected with a rate of exchange policy is afforded by the fact that Germany came at the head of the purchasing countries with 759 d.ctr.; next came France with 124 d.ctr., Belgium with 66, England with 34, U.S.A. with 11, Sweden with 5, Italy with 4, Holland with 3 d.ctr. Bad business was probably also caused by the fact that the fashions do not favour corsets. The crisis in this industry has become so acute that fears are entertained for its future existence unless it is protected by import restrictions.

## LABOUR CONDITIONS

### IMPROVEMENT OF THE LABOUR MARKET.

Notwithstanding the continued obscurity in international politics, the state of the Swiss labour market, says an article in the *Neue Zürcher Zeitung* (April 19), showed an improvement in March. A number of industries are complaining that they can only maintain sales by keeping prices down. Their margin of profit is often so small that they will scarcely be able to bear further pressure if costs of production rise. Possibly, therefore, the augmented prices of raw materials, so evident in March, may lead to loss of business, and may, during the next few months, result in depression again on the labour market. The fact remains, however, that there were no signs of stagnation in the preceding month. On the contrary, the tension on the labour market relaxed to a degree not experienced for many months past. There were, at the end of the month, 44,909 totally unemployed persons, compared with 52,734 at the end of February—a decrease of 15 per cent. The partially unemployed totalled 19,779, as against 21,791 at the end of February—a decrease of 9 per cent. The total of entirely and partially unemployed amounted to 64,688, compared with 74,525 at the end of February—a decrease of 13 per cent. Of these, 17,010 persons (21,856) were receiving Government aid—a decrease of 22 per cent. on the end of February figure, and 15,385 (13,644) were employed on emergency work. This latter figure shows an increase of 13 per cent., and is due to the fact that weather conditions permitted the employment of about 1,700 additional persons on emergency work. That fact, of course, accounts for the decrease in the number drawing benefits.

The building trade, owing to the time of year, showed the greatest improvement, the number of totally unemployed being reduced by 2,860. The metal working and engineering industry showed the next best recovery, the total unemployment figure being reduced by 990 persons and that representing partial unemployment by 1,105. The corresponding reductions in the textile industry were 510 and 850. In the watch industry the number of totally unemployed sank by 715. The



demand for qualified building labour was so great in some districts that it might almost be described as a labour shortage. In other industries, too, the relation between supply and demand was distinctly better, though nothing like normal. For every 100 openings for men there were 339 applicants compared with 558 in February.

The percentage of unemployment in the various industries at the end of March was as follows:—*Totally unemployed*: Unskilled labour, 27.5; building trade, 16.0; watch industry, 12.0; metal working and engineering, 12.0; textile industry, 9.0; administrative and commercial, 6.0; food industries, 3.0. *Partially unemployed*: Textile industry, 49.5; metal working and engineering, 19.0; food industries, 10.5; watch industry, 9.5; chemical industry, 5.5; other callings, 6.0.

## CENTRAL EUROPE

### POLITICAL AND GENERAL

#### THE AUSTRIAN CABINET.

On April 16, Dr. Seipel's Cabinet resigned and was immediately re-elected by the National Council by 100 votes to 59. Dr. Schürff, a representative of the German National Party, takes over the Portfolio of Commerce and Communications from Dr. Kraft, another member of the same party, who retires for private reasons. Two other Ministers, Dr. Waber and Dr. Odehnal, also retire, and will not be replaced, the Cabinet being reduced to nine members in pursuance of the scheme of economy which forms part of the reconstruction programme. Of the members of the reconstructed Government, Dr. Seipel, Dr. Schneider, Dr. Kienbock, Herr Smitz, Herr Buchinger, and Herr Baugoin, are Christian Socialists, Dr. Frank and Dr. Schürff, members of the German National Party, while the Minister for Foreign Affairs, Dr. Grünberger, is a Civil Servant. Dr. Seipel, the Chancellor, will take over the business of the former Foreign Office, and the Vice-Chancellor, Dr. Frank, becomes Minister of Justice. (*Neue Freie Presse.*)

#### AUSTRIA AND ITALY.

In giving the Italian Cabinet an account of his interview with the Austrian Chancellor, Signor Mussolini announced that both sides had expressed the desire to strengthen the relations between the two countries, and that a commercial agreement would be signed between them at an early date. The Italian Premier had expressed himself ready to entertain favourably Dr. Seipel's request that the property of Austrian subjects in Italy should be released and the Austrian Historical Institute in Rome should be given back. He had at the same time obtained satisfactory assurances as to the property of Italian subjects in Austria. Dr. Seipel had promised to expedite the ratification of the agreements signed at the conference in Rome. (*Neue Freie Presse.*)

#### THE POLITICAL PARTIES IN POLAND.

According to the *Central European Observer*, the recent entry of the national minorities into the Diet has already had important results. According to the Press a close co-operation of all the Polish parties will be effected. The recent negotiations between the parties of the Right and the "Piastovci" party with the object of forming a bloc have been extended to include the radical People's Party, "Wyzwolenie," and the National Labour Party with whose leaders conferences have already been held.

At the Conference of the War Committee, the Minister of War, Sosnkowski, brought forward a plan for the passing of a law enforcing universal military service. Several deputies expressed themselves in favour of a shortened period of military service. The Minister replied, however, that he would have no objection to

The position is, therefore, worst as regards unskilled labour, more than one quarter of which is unemployed, and in the textile industry, where, although total unemployment amounts only to 9 per cent., partial unemployment is almost one-half of the total figure. If the position at the end of March be compared with that on the same date of 1922, it will be seen that the number of persons totally unemployed, 44,909, shows a decrease of 50 per cent. on the figure for the earlier date—89,099, and that the 19,779 persons partially unemployed in March 1923, compares still more favourably—a decrease of 51 per cent.—with the 40,315 persons coming under this category in March 1922. In other words, the tension on the labour market has, in the twelve months ending March 31, 1923, been reduced by one-half.

make to this, provided that he had a guarantee that there would be no new war for at least the next ten years.

### FINANCE

#### TERMS OF THE AUSTRIAN LONG-DATED LOAN.

According to the following official report of the Control Committee of the guarantor States, published by the General Secretariat of the League of Nations, the terms of the Austrian Loan are to be as follows:—The loan, which is redeemable in 20 years, will be secured on the one hand by the Austrian national assets, and on the other by the guarantee to the full amount by various States. The loan contract provides for the appointment of trustees to safeguard the interest of holders, and also for the simultaneous issue in the currencies of the countries in which they are offered for subscription, of the different parts of the loan. The Committee has also passed a number of resolutions to be submitted to the Council of the League. (*Neue Freie Presse.*)

#### COMPANIES IN CZECHO-SLOVAKIA.

In the first three months of the current year 38 new joint-stock companies were established in Czecho-Slovakia with an aggregate capital of Kr.58.3 mill. In addition to this, 31 existing companies increased their paid-up capital by a total amount of Kr.60.4 mill.

There are also 107 foreign joint stock companies carrying on business in the country, the aggregate amount of whose capital (in millions of the currency unit of each country) is as follows: Austria Kr.679.9, Belgium Fr.73, Denmark Kr.50, France Fr.81, Germany Mk.687.8, Great Britain £23.25, Greece Dr.1, Holland Fl.30, Hungary Kr.194.5, Italy L.88.7, Switzerland Fr.0.1, U.S.A. \$460.7. (*Central European Observer.*)

#### THE HUNGARIAN CUSTOMS TARIFF.

The eminent Hungarian economist, Geheimrat Dr. Alexander von Matlekovits, has, at the request of our Budapest correspondent, furnished us with the following analysis of the new Hungarian Customs tariff:—

A critical examination of the new Customs tariff shows it to be in the nature of a system of prohibition, or, as the author of the Bill himself expresses it, presents a strong tariff protection. It raises the duties on at least three-fifths of the 2,500 articles specified, often three or fourfold. Since each duty is reflected in the price of the commodity on which it is imposed, the first effect of the tariff will appear in a sharp rise in the cost of living. In many cases the fiscal duty is converted into a protective duty, and the effect of this protective system may well be to endanger the yield of the fiscal duty. The more prohibitive the rate of duty becomes, the less it yields financially. Some examples of the excess of the new rates are: Cut flowers (formerly



## Central Europe

free), Kr.1,200 and 2,400; knitted and woven silk goods, Kr.3,000 to 6,000 instead of 1,300; silk lace, Kr.7,000 instead of 1,400; high quality furs, Kr.40,000 instead of 200 and 430. Duties of this kind are simply premiums on smuggling. The Bill is of an agrarian character, seeing that it raises the price of agricultural produce. On cereals the former duties are maintained, wheat benefits by a protective duty of 30 to 40 per cent. On cattle, and especially on animal products, the universal high duties are raised still further. On the other hand the real aims of agriculture are jeopardized. The rigorously protective duties on clothing and other necessities have, generally speaking, adversely affected the conditions of life of the agricultural population; moreover the cost of material required by agriculture keeps pace with the increase of its earnings. The chief object of the Customs tariff is an ample protection of industry with a view to stimulating its development. But when Hungarian industry in the days of the Customs union was able to compete with the Austrian industries, the duties under the 1907 tariff already offered a barrier against the Austrian and Czech industries, which, raised still further, will check the necessary free course of economic development and give to Hungarian industry the character of a monopoly, which is an economic danger. Excessive protection approaches in many cases a prohibition of imports. Among industrial products the duties upon which have undergone the highest increases are: Single thread yarns, from Kr.19 to 30; double thread yarns, from Kr.24 to 75; bleached yarns, from Kr.8 to 11; glazed yarns, from Kr.14 to 75; bleached yarn of medium quality, from Kr.32 to 95; dyed yarns, from Kr.38 to 123; threads, from Kr.83 to 240, 500, and 600; ordinary coloured textile material, from Kr.76 to 135; bleached from Kr.95 to 180; thick smooth raw stuff, from Kr.120 to 150, etc. Thus the spinners and weavers are satisfied. But the industries finishing semi-manufactures also have to be satisfied, so the following increased duties on these products have been established: Pig iron, from Kr.1.5 to 3; steel for tools, from Kr. 7 to 8; spades and sickles, from Kr.16 to 70; harness from Kr.24 to 80; iron wire, from Kr.9.5 to 12; steel wire, from Kr.22 to 35; wire cables, from Kr.35 to 150; boilers, from Kr.24 and 40 to 60; motors, from 24 and 40 to 67 and 70; Diesel engines, from Kr.24 and 40 to 150 and 180. This tariff has the peculiarity of showering the benefits of protective duties upon industries which need no protection. The starch industry is sound, and in 1923 exported 208,858 quintals, as against an import of 11,666 quintals. Nevertheless, the duty of Kr.16, corresponding to 30 to 50 per cent. of the value, has been raised to Kr.30 in the case of potato starch, to Kr.45 for wheat and maize starch, and Kr.80 for rice starch. Such duties will not encourage trade and will only aggravate the differences between industry, agriculture and the consumers.

## INDUSTRY

### INDUSTRIAL DEVELOPMENT IN HUNGARY.

Herr Philipp Weiss, President of the Pester Ungarische Commercial Bank, gives the following account of Hungary's industrial progress since the war. Since the end of the war and the suppression of the revolution, a steady and continuous development of industry has taken place in Hungary. The results cannot be shown by figures, since during the last two years no production statistics have been published, but every Hungarian participating in business has knowledge of the foundation of a number of new industrial undertakings, of a gradual extension of existing businesses, of the attraction of capital to industrial enterprise and of the increase of the number of industrial workers. Since the Treaty of Trianon struck off the fetters of the Customs union

with Austria—its one benefit to Hungary—and rendered to the country its economic independence, a new era has been opened to the national industry. Hungary's industrial output already appreciable in the last decade of the last century, will now really develop. Her independent economic policy is definite and stable, and the new Customs tariff will doubtless assume a pronounced protective tendency. The depreciation of the currency will, as in Germany, benefit industrial production. Although this benefit, owing to other and disastrous consequences of depreciation, is often merely transient, its effect on industry is for the time being—and is at present in Hungary—undoubtedly beneficial. The crux of the question is to take advantage of the slump in the Exchange in such manner that the boom in output aimed at shall react favourably on the currency. Capital which to-day is everywhere seeking investment in gold securities is naturally also striving for the solution of this problem, and, consciously or unconsciously, takes part in it. This tendency of capital is just now a powerful guiding principle in the industrial development of Hungary. The development of the various industries naturally varies considerably. The most rapid progress has been made by the textile industry, since, under the customs union, Austrian and Czech competition pressed most heavily on this industry, whereas now its output can supply but a small fraction of consumption. Real and steady progress is also shown by the food preserving, chemical, leather, iron, engineering, pottery, bottle-making and various other industries since their expansion does not depend solely on the present concatenation of economic and political circumstances.

## COMMUNICATIONS

### THE SUDBAHN AGREEMENT.

At the end of March an agreement was concluded by Austria, Hungary, Italy and Yugo-Slavia with the Sudbahn Company, and a committee representing debenture holders, for the administrative and technical reorganisation of the Sudbahn railway system, which now becomes an international railway under the style and title of the "Donau-Save Adria Eisenbahn Gesellschaft." The agreement, which requires ratification by the Governments of the countries concerned, the general meeting of shareholders, the Reparations Commission, and the Austrian Control Commission, is divided into two parts, the first of which deals with the regulation of traffic, the second with the further administrative and financial organisation of the railway. The first agreement is divided into five sections, providing, respectively, for free transit, facilities in frontier traffic for the conduct of the Customs service and the addition of Customs penalties, modifications in passenger and luggage traffic, special regulations for international stations, and the adoption of the resolutions passed at the Portorose Conference.

The second agreement provides for the title of the undertaking, the assignment of its headquarters to Vienna, the constitution of the Board, and priority of the provisions of the agreement over laws of the contracting States with which they conflict. These provisions appreciably increase the efficacy of clauses 248 and 249 of the Treaty of St. Germain.

The second agreement regulates financial matters, the most important provision of which is the payment of interest on the companies' securities in gold instead of paper francs as heretofore, which does away with the vexatious "hausse" clause of the Vienna agreement.

Specially favourable terms were accorded to Austria in the apportionment of surplus earning between the contracting States. The minimum shares in gross receipts apportioned among the various countries are (in gold francs): Austria 6.7 mill., Hungary 3.3 mill., Yugo-Slavia 5.02 mill., Italy 4.92 mill. (*Berichte aus den neuen Staaten; Neue Freie Presse.*)



## SPECIAL ARTICLES

### THE PROBLEM OF STABILISATION

By PROFESSOR GUSTAV CASSEL.

Now that it is being realised with increasing clearness that stabilisation must be the aim of monetary policy and that this stabilisation must comprise both the internal values of currencies and the rates of exchange, the question as to how this stabilisation is to be effected is emerging into the foreground. The problem, of course, assumes a very different aspect according as the necessary conditions for the maintenance of a stable monetary value exist, or not. In the latter case it will be essential, first and foremost, to restore such conditions.

The fundamental condition for a stable internal value of money is that currency shall not arbitrarily be issued for the manufacture of purchasing power. It is thus of paramount importance that the Government should be in a position to finance the Budget without resorting to such artificial means. It is scarcely possible to attain that object by legal methods, that is, by prohibiting the Government from having recourse to such expedients and by making the management of the State finances independent of the Government. Even if measures in that sense may be of some use, the balancing of the Budget—though effected by dint of actual borrowing—is nevertheless in reality always an indispensable condition for enabling a country to maintain a stable monetary value.

The very term "stable monetary value" implies, of course, a certain stability in the formation of prices; hence in endeavouring to restore a stable monetary value it is essential to put an end to arbitrary interference on the part of the Authorities in the form of maximum prices, subsidies with a view to the reduction of prices, and so forth. Seeing that all these interferences originally arose as a counterpoise to a rapid depreciation of the value of money, it is but natural that they should be done away with in connection with a return to a stable monetary value. The further State interference has advanced, and the more extensive its ramifications, the greater the difficulty in finding the level at which free prices can be restored. It is possible to work up to that end in one of two ways: either by immediately abolishing State control over prices and allowing the market to find its own level, or by gradually adjusting State control of prices to an anticipated level. But, obviously, a certain adjustment must have taken place, in one of these ways, to the condition of free prices, before it is possible to determine the general level that is to express the new stable value of money.

In order to bring about stability in the relations between the currency of the country and foreign currencies, it is manifestly first of all necessary that the balance of trade should be brought to, and maintained at, equilibrium without necessitating the creation of assets in foreign countries by artificial means, such as the sale of the currency of the country to foreign speculators. The effectuation of such an equilibrium may possibly require a foreign loan, for example in order to procure absolutely indispensable foodstuffs and raw materials. A foreign loan may be necessary also in the future in order to reduce the unfunded balance. The essential thing is that the necessity of selling currency to foreign countries should be dispensed with. The currency already sold to foreign countries should be bought back as soon as possible and replaced by permanent loans. In cases where very large sums have been sold abroad, the foreign value of the currency will, as a rule, have fallen in still greater proportion, so that the redemption of the currency will no longer afford any great difficulties. Thus, for example, the German Reichsbank could now repurchase without the slightest difficulty all the mark notes in foreign countries

at the current rate of exchange, simply by using a small part of its gold.

A stabilisation of the rates of exchange naturally presupposes that those rates are in equilibrium. Hence stabilisation cannot be attained so long as the currency of the country is undervalued on the international market. Such undervaluation exists practically always in the case of currencies whose internal value is subjected to continuous depreciation. But great undervaluation may itself also give rise to a further depreciation of the internal value of the currency. A stable internal value of money can therefore be attained only after eliminating the international undervaluation of the currency. Indeed, in order to obtain a stable currency at all, the political and economic conditions must be such that the economic life of the country in general approaches the normal.

The arbitrary interferences with the liberty of international trade which were called forth by the undervaluation will, of course, also have to be abrogated in connection with the restoration of normal rates of exchange, i.e. of rates which correspond to the purchasing power par. It will be first and foremost essential to eliminate all obstacles in the way of exportation, and all measures intended to compel foreign purchasers to pay prices beyond those of the home market. Only if the currency of the country possesses its full purchasing power in the hands of foreigners can it be expected that foreign countries will value the currency at its purchasing power par. Moreover State interference with actual currency transactions must, of course, be brought to an end.

The rates of exchange that are to be stabilised and kept stable must naturally correspond to the purchasing power par. A stable price level at home is thus an essential condition for stable rates of exchange. The selection of the new purchasing power par is by no means an easy matter. In my opinion, the right method of procedure is to set about to fix the value of the currency both at home and abroad as soon as the extrinsic conditions for equilibrium in the Budget and in the balance of trade have been fulfilled. As circumstances are at present, the determining of the value will practically take the form of fixing the price of the dollar in the currency in question. If the currency is greatly undervalued, the "stabilisation rate" of the dollar should be taken considerably lower than the current rate. On the other hand, it would seem to be practically necessary to fix the rate somewhat higher than would correspond to the purchasing power par at the moment. The advantage of thus proceeding is that the transition from the existing system of inflation to an economic system based on a stable value of money will not be too sudden, and that a certain security is afforded that the process of stabilisation can actually be carried out and the dollar par once fixed be maintained. Obviously, the authorities in such cases will be inclined to postpone the final fixing of the dollar par to the future. But by so doing they will certainly also postpone the carrying out of the stabilisation and perhaps jeopardise it entirely.

If it is desired to restrict to a minimum the speculation which stabilisation always brings in its train, nothing can be more beneficial than to determine once for all the rate towards which the entire process of stabilisation is to be directed.

We now approach the problem of stabilisation as it presents itself to countries which already have a tolerably stable internal value of money, and which are not handicapped by any international undervaluation of their currencies. If a currency of this kind is very close to the pre-war gold par, there may be good reason to restore that par. But, if the present value of the



## Special Articles

currency is considerably below the pre-war par, that par need not be taken into consideration at all. All that has to be done in that case is to fix, as soon as possible, a new dollar par adjusted to the actual purchasing power par of the currency in relation to the dollar. There is, of course, always an element of uncertainty with respect to this purchasing power par, as the price statistics in different countries are by no means always absolutely reliable, especially when it comes to comparisons. A certain amount of guidance may be afforded by the actual rates of exchange, provided, of course, that there is no reason to assume that these rates are the expression of some undervaluation or overvaluation.

When a certain dollar par has once been fixed, it must be maintained. For this purpose the central bank must be prepared to sell dollars at a rate of exchange somewhat above par and likewise to purchase dollars at a rate somewhat below par. The certainty that the fluctuations of the rate of exchange for the dollar will always be confined between these limits is the safest remedy against such speculations as might hinder the process of stabilisation.

If the central bank binds itself unconditionally to buy dollars at a certain minimum rate, the dollar cannot possibly fall below that rate, and the bank cannot sustain any loss on those purchases. And, as the bank pays with its own notes, it can continue this policy ad libitum. It is naturally assumed that the dollar remains a free gold currency. Should this not be the case, it will of course be necessary instead to bind the currency, in a similar way, to gold direct.

Any tendency of the dollar to rise above the fixed maximum rate should, as indicated, be prevented by the sale of dollars. In order to render such sales possible, the central bank ought to possess certain reserves. It is obviously advantageous if such a reserve can be secured by purchases at times when the dollar is low. Such a reserve must be created by a surplus in the balance of trade, or, if necessary, by borrowing from foreign countries. As the reserve in question, generally speaking, will not actually be drawn upon, its real purpose being to afford security for the execution of the stabilisation, a foreign bank credit can, in a large measure, take the place of the reserve.

The popular notion that a foreign loan or a foreign credit is the first and most essential condition for the stabilisation of a currency is certainly erroneous. The real basis for the foreign value of the currency is always the purchasing power which the currency represents on the home market. The maintenance of that purchasing power depends on the stabilisation of the internal price level, which in its turn depends on a proper restriction of the circulation of money. If governmental demands have been shut off in the manner above indicated, this restriction can be carried out simply by the limitations to which the banks, and especially the central bank, subject themselves in their extension of credits. The principal means for regulating the circulation of money is the discount rate. By a judicious manipulation of the bank rate, as pre-war experience has abundantly shown, the central bank can, generally speaking, impart a stable value to the currency, and, even if the difficulties in these disturbed times are greater, there is no reason to presume that the discount rate has now lost its efficacy. Not until a wise discount policy secures for the country a stable monetary value at home will it be possible to stabilise the rates of exchange in relation to the gold currencies and, by suitable purchases and sales, to prevent the rates of those currencies exceeding certain defined limits upwards or downwards.

It may, of course, be questioned whether it is wise to direct the entire process of stabilisation to binding the currency anew to the metal gold. But public opinion throughout the world is undoubtedly in favour of a

return to a gold standard. If this is our aim it is urgent to realise it as soon as possible. Such early action is indeed of no small importance for the stability of the value of gold itself. So long as the United States alone have an effective gold standard, the value of gold is practically determined by the value of the dollar, and thus by the financial policy and general economic conditions of the United States. Not until several countries have restored the gold standard will gold be in such general demand for monetary purposes as alone can guarantee an adequate stability in its value.

A general demand for gold would undoubtedly involve the risk of an increasing scarcity of the metal. The restoration of the gold standard must therefore be accompanied by deliberate economy in the use of gold for monetary purposes. This economy cannot, as was recommended by the Genoa Conference, be restricted to limiting the accumulation of gold reserves, but must be extended to entire abstention from the use of gold for the circulation of gold coin.

The most suitable time for again binding a stabilised paper currency to the metal gold is obviously at a falling phase in the fluctuations of the value of gold. If it were attempted to do so during a period of rising gold value, there would be a considerable risk of failure in maintaining the par once fixed, and the entire process of stabilisation might thus easily fall into discredit. It is vital that there should be no such failure. If the value of gold is slowly falling, adherence to the gold par fixed upon will be facilitated, whilst the proceeding decline in the value of gold, provided it is confined within reasonable limits, will not entail any appreciable inconvenience. Such a situation would seem to exist at the present moment. The abundant supply of gold in the United States affords the prospect of increased grant of credits and hence of a consequent rise of prices. Thus some lowering of the value of gold is to be reckoned with for some time to come. On the other hand, there is every indication (for instance, the recent raising of the discount rate) that the Federal Reserve Banks this time have taken precautions betimes to keep the rise of prices in the United States within narrow limits. From this point of view, the present time is undoubtedly very well suited for a general return to a gold standard. But it is essential to act promptly.

## BANKS OF ISSUE AND THE WAR

(Continued from April 27.)

### THE PROCESS OF REFORM IN RUSSIA, AUSTRIA AND GERMANY.

We will now turn our attention to the European States with so-called depreciated currencies, and examine the position in Russia. It is evident that no immediate endeavours to stabilise the currency were made after the Revolution. If credence can be given to various official documents dealing with the issue of Soviet paper roubles, the intention of the Commissariat for Finance was to complete the destruction of the *bourgeoisie* through the depreciation of paper money. This was to be done by increasing national property and by decreasing the production of goods for the open market. The *bourgeoisie* would then make every effort to rescue their last savings in money form. The aim was to deprive them of this money. The money in question would fall in value owing to the reduction in the goods supply; it would depreciate still more owing to the inflation purposely brought about, which cost the State nothing: on the contrary, it enabled it to pay its officials cheaply until the day when co-operative production should be so far advanced that money could be dispensed with. Whether these theoretical suppositions are correct is of secondary importance. The point is that the issue of paper money was absolutely uncontrolled. Russia was the first country to make the hitherto almost incredible experience of serious economic and financial difficulties caused by a strike of note-printers.



Since the introduction in Russia of the new economic policy, endeavours are being made to re-organise the financial constitution. Various fruitless plans have been executed. The reduction of the value of 10,000 roubles to 1 at the beginning of 1922 was of course without effect. In October 1921 a commission had been entrusted to draw up the statutes of a new State Bank. In November the Bank was established with headquarters in Moscow and numerous branches in other cities. The original capital was fixed at 2,000 milliard roubles, equivalent to 200 mill. 1922 roubles. During the course of 1922 it was raised to 575 mill. roubles. Paragraph 1 of the statutes states that the Bank belongs to the Commissariat for Finance. Its president is elected by the Council of People's Commissaries. Of its profits, 20 per cent. goes to the shareholders, the remainder is placed, according to a fixed percentage, in part to the reserve fund, in part to the general cash in hand of the Bank. The Bank was empowered to carry on nearly all regular banking activities, and, strange to say, its own business, in securities and bills of exchange. Its chief duty, however, was in regard to ordinary financial traffic. It had not, at first, the privilege of issuing notes. The necessary economic and monetary prerequisites for this had still to be created.

After the reduction in the value of the rouble in 1922 came another financial reform, the creation of a new gold coin, the Chervonetz, the value of which is 10 gold roubles. There was no free right of minting. Only the Commissariat for Finance has the right to mint gold. In October 1922 the Bank acquired the right to issue notes to the value of 20 mill. chervonetz. The gold cover for these notes must be 25 per cent., but foreign gold currency standing at the gold parity may be employed instead; the cover for the remaining proportion must be in bills or other proper bank cover. State advances may be employed as note cover, but in this case the gold cover must be raised to 50 per cent. Apparently, therefore, Russia has a new currency and a new bank constitution, both of which are based on gold and are thus sound. It would have been much better, though, to make the Bank a completely autonomous institution and not to permit State advances to serve as cover for note issues. Nevertheless it is quite possible that the new currency will remain; in that case, the old one will disappear completely in time, and the new one will automatically take the place of the pre-war gold currency. We are rather anticipating events, however, for the unsound policy of basing the new money in part on State credit and the confusion still ruling in Russian economic life are reflected in the fall in the rate of the exchange.

In Austria the development has been somewhat different. The dissolution of the former Austro-Hungarian State Bank was decreed under the Treaty of Saint-Germain. An entirely new project was evolved, and on Jan. 1, 1923, the new Austrian Bank of Issue came into existence as a purely private bank. The Government have only a nominal influence in regard to the election of the members of the governing board. The Bank has been financed for the greater part with foreign money. Its share capital of 30 mill. gold kronen has remained abroad because its seizure by Socialist governments is feared. The Bank is prohibited from making advances to the State; it must keep a gold cover to the extent of 33 per cent. of its assets—they amount to about 90 mill. gold kronen altogether—and the remainder must be covered by commercial paper. It is clear that complete recovery cannot be effected by the reorganisation of the bank alone. The Geneva decisions which provided for the establishment of the Bank therefore provide, among other things, for a so-called "Sperrgesetz," radical economy measures, and a League of Nations Loan. The Bank is founded, the terms of the Sperrgesetz have been executed, but the liquidation of the loan is a slow process and the economy measures consist in pensioning

off officials. Is that economy? As the Austrian Administration might no longer make advances to the Government after the middle of November 1922, the latter has pawned balances in the Foreign Bills Office against a loan from the Austrian banks. These banks have, in their turn, obtained the means to make the loan by pawning so-called commercial paper with the Bank of Issue. Is that a stoppage of inflation? Both questions can be answered by an examination of the fall in the rate of the Austrian currency since the beginning of 1922. The Austrian krone was quoted in the London money market at the beginning of January 1922 at 28,000 to the £; between July and October it sprang from 86,000 to 305,000, and was standing in March 1923 at 334,000.

Finally, let us turn to Germany. By the regulations of May 9, 1921, the obligation on the Reichsbank to hold cover to the extent of one-third was officially abrogated. In March 1922 followed the law whereby the Reichsbank was empowered to maintain gold stocks abroad. One or two reforms concerning the drawing up of the Bank statement make things clearer, but are without significance to the currency policy. They refer to the separate entering of Treasury Bills and of State and private property. On June 3, 1922, appeared, under pressure from the Entente, the new Autonomy Law which released the Administration of the Reichsbank legally from Government influence. We are no further forward than this, and the course of the exchange during the first period of the Ruhr occupation shows that the Law has not served much purpose yet. The Reichsbank succeeded, however, after the first panic was over, in stabilising the mark at about 100,000 to 108,000 to the £ sterling at a not very great cost: £100,000 is said to have sufficed to reduce the rate of the mark from 200,000 to 100,000 to the £ in one day. The mark still remains steady, yet no large sums are being employed for this purpose. The Reichsbank now announces that it increased its note circulation during the last week of February, owing to claims on the part of the Government, by nearly 400 milliards. These claims are evidently due to the Ruhr proceedings and lead one to fear that in place of our former credit inflation the more dangerous form of fiduciary inflation has occurred.

In all countries with depreciated currencies the tendency has been to create alongside the fluctuating currency a standard based on the gold value, viz. gold-backed roubles and kronen, rye loans. Further, attempts are being made to free the financial system from State influence. As if the formal stoppage of the creation of money by the State could restore normal conditions to an unsound economic system, when such conditions are the prerequisite for a sound financial system! Past events and events in the near East have, I think, taught us that stabilisation cannot be effected by half-measures. It will no more be achieved in Russia, where the State does not refrain from constant note-printing, than in Austria, where sound economic conditions have not been fully restored. Nor can stabilisation be expected in Germany until the French adventure in the Ruhr ends in permanent peaceful compromise. If this is not achieved and if trade and industry resort in increasing measure, in pursuance of the example of the Government, to calculations on a gold-backed mark basis, the functions of the Reichsmark as a payment medium will also recede into the background in proportion as gold-backed deposits are introduced by the banks, and the gold bank-mark will take its place.

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*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.*



## Special Articles

### FOUR BOOKS ON BOLIVIA

It would seem at first sight, a remarkable fact that within the last six months four books should be published in this country dealing with the Republic of Bolivia; one would be led to conclude that this almost unknown republic was receiving more than its fair share of spontaneous publicity. But the explanation is not far to seek: Bolivia is surprisingly wealthy in all natural resources and the visitor is astonished to find within that artificially remote country specimens of every source of production and the "potentiality of wealth beyond the dreams of avarice." Small wonder that he shouts his discovery from the housetops; or that four discoverers should simultaneously proclaim this promised land. Perhaps an explanation of the fact that, while Bolivia's products have been increasing manyfold during the last ten years, her name is not associated with these is to be found in her position: she has been cut off from the sea, and having no outlet of her own, her products are exported through the ports of other countries. Thus, for example, Bolivian rubber passes down the Amazon to Para, where it is exported as Para rubber. But in any case the English reader has now no further excuse for his ignorance of Bolivia; in these books, all of which are extremely readable, he has travel, adventure, mineral statistics and sociology combined into a story which instructs while it amuses, and is a welcome relief to the ordinary superficial and inaccurate compilations we are used to see on the subject of South America.

#### MR. PRODGER'S ADVENTURES.

Undoubtedly the most remarkable of these four books is *Adventures in Bolivia*, by C. H. Prodgers. As Mr. Cunningham Graham says in an excellent introduction, the book "exudes sincerity": what arrests one's attention most is the directness of the story and the simplicity of the style. In this again Mr. Cunningham Graham's comparison with Purchas or Hakluyt is very happy. Mr. Prodgers is a man of great experience with the natives of South America; at the time of his expedition he was in charge of a large racing stable in Chile, he has prospected for gold in many parts, and has had all the management of an old-timer. Stress should be laid on his understanding of the native mind, for most of the prejudices and misapprehensions in this country arise from ignorance of this; an Englishman will go out with all the preconceived notions of our insular race, and without attempting to see the native point of view, describe a series of outrages which have their existence only in his suburban mind. Here, and indeed in at least three of these books, we are spared this. In his contact and relations with the Bolivians, both white and native, Mr. Prodgers shows a sympathy and understanding which marks the highest standard. And the results justify this, for Mr. Prodgers meets with none of the trivial annoyances which form the *pièce de résistance* of most books of travel in South America. He succeeds where ninety in a hundred would fail. He reached the secret city of the Indians on the Challana and returned alive, having successfully completed his mission in spite of warnings and forebodings of those who proved to him that such an undertaking was impossible. But apart from his story of his visit to the forbidden city of Paroma, which might have been written by Burton, we have a detailed account of his search for hidden treasure. Everyone has heard of the Inca and Jesuit gold which is said to have been hidden in Peru and Bolivia, first at the time of the seizure of Atahualpa, and again at the time of the expulsion of the Jesuits. This is a subject we read with enthusiasm when young, but with more than incredulity when we grow up; but here you have it reduced to hard facts. Details and statistics are not wanting. We are told that a certain person (named) found certain gold objects in a Jesuit *cache*; we are given a copy of the actual document which was the guide

to Mr. Prodgers in his three expeditions to one of these secret hoards, and we find in reality a story which we thought only existed in books for boys. There is in Bolivia a law governing these "*tapadas*," whereby the share which the government takes is regulated and the procedure on the discovery of one is set out. Adventure with profit (for if one did not discover a hidden store of gold any journey into the interior would pay for itself by the most elementary trading) is here within the reach of all, and those young men whom the end of war left *blasés* and impatient of office life would find here certain adventure and no less certain wealth.

#### MR. GUISE'S EXPERIENCES AMONG THE WILD INDIANS.

Hardly less remarkable is the book of Mr. A. V. L. Guise, a mining engineer, who spent six years in Bolivia the whole time amongst the wildest Indians. Noteworthy is the fact that Mr. Guise arrived in Bolivia ignorant of Spanish and without experience in South America. This would lead one to expect the usual collection of ignorant and prejudiced statements that are found in the majority of books of this class. But this is far from being the case: Mr. Guise set about learning Spanish, and within a very short period had completely mastered it; and his book is remarkable for its extraordinary insight into the mentality both of the official Bolivian and of the many savages who have not yet become true citizens of the republic. Behind another very interesting story, which is much more detailed than that of Mr. Prodgers, and because he was there longer much more extensive, we have the same moral and refrain. Here is a country of immense natural wealth waiting for enterprising men to develop and exploit it. Facilities are not wanting, the government being ready to give the *bona fide* settler greater advantages than he can find elsewhere nowadays, and, contrary to popular belief (another clichéd prejudice), "politically Bolivia is peaceful"; the business man is not called upon to take part in South American politics, and if he leaves them alone he is left undisturbed by political changes, which do not always take the form of an appeal to the country. He must make allowance for temperament and mind his own business. These two books illustrate the complete success of men of straight dealing who use their common sense and know how to *ménager* a little.

Incidentally it should be mentioned that while history is not the business of any of the books, it is not by any means their strong point. There are, for example, the stories about the Dictator Melgarejo, which appear in Mr. Guise's book. These are good stories, particularly the one about the British representative who was humiliated by Melgarejo for refusing to render homage to Melgarejo's Indian mistress; with the result that Queen Victoria enquired, "Where is Bolivia?" A map was brought, and it was pointed out that the geographical situation of Bolivia made it impracticable to demand redress under the guns of a British man-of-war. Whereupon it is said the Queen seized a pen, and making a few strokes across the map exclaimed: "So far as England is concerned, Bolivia no longer exists." This is, no doubt, a good story, and it has been suggested that it should be left alone. There are, however, inherent objections to it. During the presidency of Melgarejo there was no British Minister or Consular officer in Bolivia, and, on the other hand, if Queen Victoria had been shown a map of Bolivia at that time she would have seen that Bolivia then had a coast line with several ports which could have been brought under the guns of a British man-of-war. They were not very important ports, but Chile found it worth her while to take them from Bolivia some years later, thus producing that isolation from the outer world and dependence on other nations for communications which have done Bolivia irreparable economic injury.

#### THREE "ASSES" AND A TROPICAL TRAMP.

It would be scarcely fair to place in the same category the book entitled *Three Asses in Bolivia*. It is not a pretentious work, and, as its name implies, is written in



a lighter vein; but it is, nevertheless, a useful work, and gives quite a reasonable description of the country, approached this time from the other side by way of Buenos Aires.

The last of these four books, *The Adventures of a Tropical Tramp*, by Harry Foster, deals for the most part with Peru, describing only a short voyage into Bolivia, but as the writer discusses, perhaps more than anything else, the actual people themselves, it is noteworthy on that account. There is a tendency to flippancy, which is perhaps inevitable in such a work, but the truth is that the writer has seized the essentials of these peoples much more accurately than many a graver writer. He travelled in Peru and Bolivia as the correspondent of the *West Coast Leader*, a weekly paper published in English at Lima, and saw during his brief stay a good deal of the country. His appreciation of the Peruvian and the Bolivian would not be approved in their respective countries, but nevertheless it must be regarded as a sympathetic and, on the whole, reasonably fair description, making allowance for the difference of points of view.

(To be continued.)

## RECENT PUBLICATIONS

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

*Politics and Progress.* By Ramsay Muir. (Messrs. Methuen and Co., Ltd., 3s. 6d. net.) The purpose of this book is to give a coherent view of the political and social aims of Liberalism. The volume, in effect, is a summary of the trend of opinion in the various discussions and conferences of the Liberal Summer Schools movement. It may be remembered that Mr. Asquith recently referred to last year's Summer School at Oxford as containing the material for a future Liberal programme.

*Wages in the Coal Industry.* By J. W. F. Rowe. (P. S. King and Son, Ltd., 10s. 6d. net.) While there are a number of books on the British coal industry, so far no attempt has been made to study the past history of wages in the different coalfields in any detail, and there is no systematic account of the methods by which wages have been regulated or of the results obtained. In consequence there is little real understanding of many of the problems which have to be solved if the present wage system is to be replaced by one more equitable and generally satisfactory. This book is an attempt to fill some of these gaps.

*The Commerce of Nations.* By C. F. Bastable. Revised by T. E. Gregory. (Methuen & Co. 6s. net.) This well-known work, which was originally published in 1891, now appears in a revised edition, and the facts and arguments with which it deals have been brought down to the present time. The scope of the work covers the general principles of international trade, the development of the tariff policy of the leading commercial nations of Europe and other continents, the main arguments for and against Free Trade and Protection, as well as a consideration of the outlook in tariff matters in the near future. Professor Gregory, in a preface to the revised ninth edition, writes: "Since the publication of the eighth edition of this work, the Great European War has thrown the whole tariff system of Europe into the melting pot. At the same time, the development of a preferential system inside the British Empire has completely recast the economic relations between this country and the self-governing dominions. I have tried to incorporate all the latest information with regard to European and American conditions, but the situation changes so much from day to day that it is difficult to keep up to date." It follows naturally that Professor Gregory has had by no means an easy task in weaving into the book the threads of the post-war period, but he has done his work well, and added greatly to the value of Prof. Bastable's book.

## P. S. KING & SON, LTD.

### A HISTORY OF THE CANADIAN PACIFIC RAILWAY.

By HAROLD A. INNIS, Ph.D., Lecturer in the Department of Political Economy in the University of Toronto. 12s. 6d.

*Times Literary Supplement.*—"The first part is a fully documented sketch of the history and economic development of Canada in the days before the coming of the railway. . . . The latter part is a study, largely statistical, of the expansion of the railway, freights, passengers, earnings, and expenses."

*S. Wales Daily News.*—"Dr. Innis deals with every phase of this development in a most exhaustive manner, with the result that his book is a source of information on the subject. Everyone concerned in railway schemes, either technically or financially, will find this work of absorbing interest, while teachers of economic geography will find in it much useful material not included in any ordinary textbook for the instruction of their pupils."

### INSURANCE BY INDUSTRY EXAMINED

By JOSEPH L. COHEN, M.A. (Cantab), M.A. and Gilder Fellow in Economics (Columbia Univ.), Author of *Insurance against Unemployment*. 5s.

An enquiry into the recent working of the British Scheme of Unemployment Insurance, and an examination of the proposals which have been suggested to take its place.

### THE FUTURE OF OUR AGRICULTURE

By HENRY W. WOLFF, Author of *Co-operation in Agriculture, etc.*; Honorary Advisor to the Irish Agricultural Organization Society, one of the Founders of the British Agricultural Society, and of the Agricultural Organization Society, 1900. 12s. 6d.

*Westminster Gazette.*—"Mr. Wolff is a diffuse and discursive writer, but besides knowing his subject from a to z, both at home and abroad, he knows how to make it interesting. . . . His keys to the future are education, organization, co-operation."

Orchard House, 2 & 4 Great Smith Street,  
WESTMINSTER

*Insurance by Industry Examined.* By Joseph L. Cohen. (Messrs. P. S. King and Son, Ltd., 5s. net.) Mr. Cohen has made an inquiry into the recent working of the British scheme of unemployment insurance, and has examined the proposals which have been suggested to take its place. The advocates of the proposal known as insurance by industry point out that at present good and bad risks are pooled together and workmen and employers in trades with very different averages of unemployment are obliged to pay the same rate of contributions. It is contended that it is unfair to subject trades with a low unemployment rate, e.g. railway work, to the same burdens as trades that have a high percentage of unemployment, like shipbuilding. When the insurance trade contracted out of the general Act and began a scheme of its own, it was possible to increase the scale of benefits and to eliminate contributions by employers altogether. It is true that this is likely to prove a very exceptional instance, but it illustrates very clearly the contention of those desiring that the whole system should be based on insurance by industry. The great stress of unemployment in many industrial countries, and the encouragement of the International Labour Office to adopt certain international minima of labour conditions, induce many of these countries to look to the experience of Great Britain to guide them in measures of unemployment insurance. Mr. Cohen asserts that a just estimate of the question is as much necessary for their guidance as for that of the public of this country. We agree that his discussion of the problem, coming as it does after the conclusion has been reached that the various proposals for giving effect to the idea of insurance by industry are not likely to be helpful in our present stage of industrial organisation, may point the way to a surer means of giving the working classes of the community that greater security which they require.



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

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

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

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

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

TABLE I.

Date	10 Com- modities	Bd.of Tde. Monthly Average	Date	10 Com- modities	Bd.of Tde. Monthly Average	Date	10 Com- modities	Bd.of Tde. Monthly Average	Date	10 Com- modities	Bd.of Tde. Monthly Average
1920.											
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		27	202.9				
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.

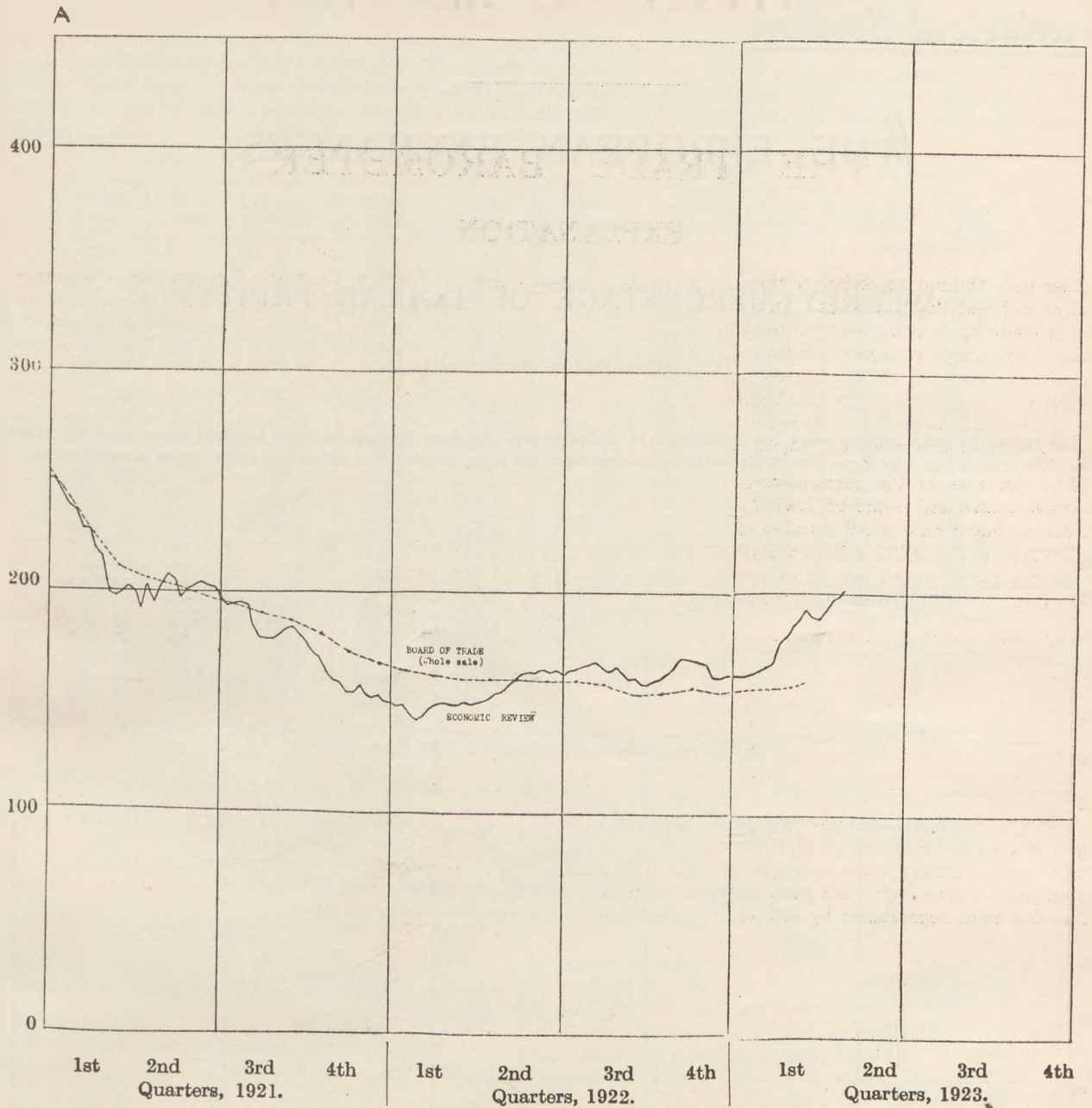


TABLE II.

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												1922.
Jan. 27 ...	90.6	90.5	92.4	108.8	85.3	100.0	82.6	101.1	94.4	96.1	94.18	... Jan. 27
Feb. 24 ...	101.4	85.3	94.3	136.9	90.0	106.7	76.8	106.4	104.4	94.1	99.77	... Feb. 24
Mar. 31 ...	94.3	84.2	93.4	126.3	90.3	106.7	87.0	116.2	97.1	103.8	99.93	... Mar. 31
Apr. 28 ...	92.9	89.4	89.6	149.1	87.9	106.7	78.3	113.5	115.8	107.7	103.09	... Apr. 28
May 26 ...	99.1	89.2	88.7	155.3	101.1	115.6	89.9	123.8	118.4	107.7	108.88	... May 26
June 30 ...	92.9	90.4	81.1	152.6	111.7	111.1	91.3	117.7	114.4	119.2	108.24	... June 30
July 28 ...	92.9	94.5	97.2	157.9	110.1	111.1	97.1	119.0	116.5	119.2	111.55	... July 28
Sept. 1 ...	92.4	93.8	94.3	121.1	113.9	111.1	92.8	108.9	112.8	148.0	108.91	... Sept. 1
" 29 ...	94.3	95.2	92.9	135.1	105.9	117.8	96.4	82.8	104.0	134.6	105.90	... " 29
Nov. 3 ...	95.5	107.5	100.0	140.3	119.9	133.3	106.5	91.9	104.8	134.6	113.43	... Nov. 3
Dec. 1 ...	95.5	102.6	94.3	136.9	121.5	133.3	107.2	93.9	96.3	134.6	111.61	... Dec. 1
" 29 ...	89.4	106.7	91.5	138.6	126.0	120.0	93.5	90.4	89.7	138.5	108.43	... " 29
1923												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	88.2	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
" 27 ...	113.2	126.6	132.1	182.5	130.4	124.4	100.0	94.1	88.2	261.5	135.30	... " 27

\*Revised Quotation.



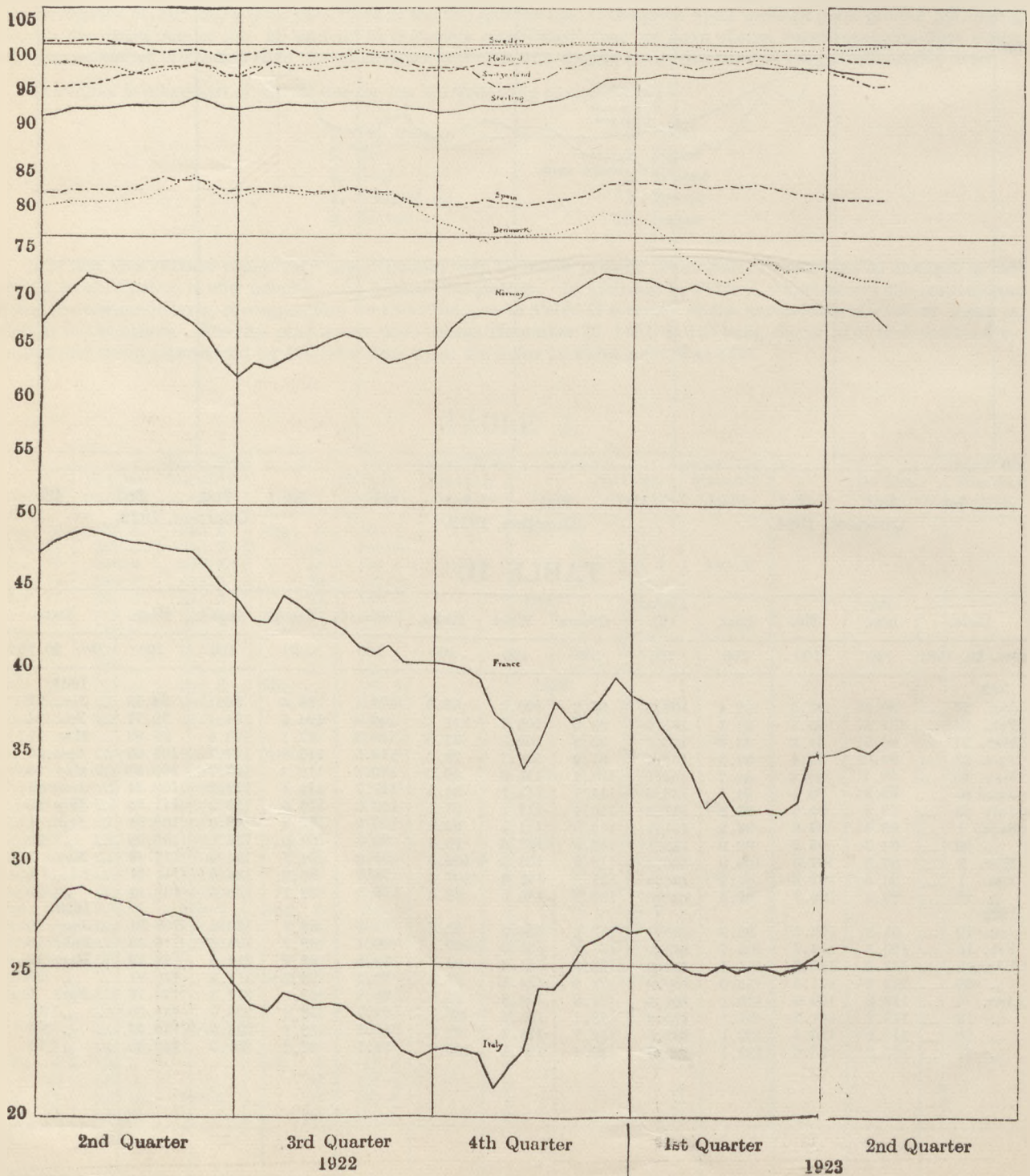
Statistical Section

THE EUROPEAN EXCHANGES

WEEKLY PERCENTAGE OF DOLLAR PARITY

(To Week Ending April 28th.)

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.
<b>1919</b>					<b>1923</b>				
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
<b>1920</b>					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
<b>1921</b>					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
<b>1922</b>					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	April 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	28	124.1	98.8	137.9	122.9
Aug. 19	122.1	105.7	114.0	116.0	May 5			137.5	
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 26th April, 1923.

LIABILITIES.				ASSETS.			
Notes Issued.		£	£	Government Debt.		£	£
B. of E. ...	...	145,442,670		B. of E. ...	...	11,015,100	
Less those in C.N. Reserve	...	22,450,000		C.N. ...	...	239,463,365	
			122,992,670				250,478,465
C.N. outstanding ...	...	282,483,837		Less C.N. Investment Reserve	...		
C.N. called in but not yet cancelled	...	1,486,352		Account ...	...	12,162,191	
			283,970,189				238,316,274
				Other Securities.			
				B. of E. ...	...		8,734,900
				Gold Coin and Bullion.			
				B. of E. ...	...	125,692,670	
				C.N. ...	...	27,000,000	
				C.N. Balance at B. of E. ...	...	219,015	
							152,911,685
				Silver Coin ...	...		7,000,000
							406,962,859
							406,962,859

### 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. 26 ...	123.0	284.0	407.0	152.9	37.6	39.3



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