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CONTENTS

NOTES OF THE WEEK 419	CENTRAL EUROPE 429
FRANCE 421	Austria's Economic Outlook
Political and General	Hungarian Ministers' Visit to Paris and London
Trade in Metallurgical Products	Czecho-Slovak Bank Failures
The Industry of Dauphiné	International Financial Help for Hungary
Spirit Production	
Metallurgy and Coke Reserves	Foreign Bank Rates 430
Railway Earnings	
GERMANY 423	
Political and General	
Financial Policy of Government Criticised	
New Bills of Exchange Regulations	
No Buying of Dollar Loan	
Foreign Trade in March	
Rise in Coal Miners' Wages	
SWITZERLAND 425	
Customs Receipts	
Geneva Cantonal Finances	
Improved Finances of Federal Railways	
Foreign Timber Trade in 1922	
Signs of Industrial Recovery	
Prospects of Aluminium Industry	
ITALY 427	
Revenue Returns	
The New Turnover Tax	
Banking During and Since the War	
Italy's Requirements in Raw Material	
Cost of Living in March	
Progress of the Strike Movement	
	SPECIAL ARTICLES
	Tax Collecting in the Ruhr 431
	Wheat Currency in Hungary 433
	NOTES ON NEW BOOKS
	A New Light on War Trading 434
	Recent Publications 435
	STATISTICAL SECTION
	The Trade Barometer 436-437
	The European Exchanges 438
	Security Prices 439
	Bank of England and Currency Note Returns 439

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NOTES OF THE WEEK

The recent interchange of Diplomatic Notes between Germany and the Powers of the Allied Entente has scarcely advanced the prospects of a better understanding unless the Marquis Curzon has succeeded in convincing the German Government that the game of making futile offers far short of Germany's capacity of reparation must come to an end. On the other hand, British statesmen might profitably refrain from the use of taunting and provocative language to our closest allies, and particularly so at a time when British policy is out of tune with their interests and aspirations. For example, we have the Right Hon. Stanley Baldwin in the House of Commons reproving Belgium and France for promptly replying to the German Note without previously consulting the British Government, thus losing, in the opinion of His Majesty's Government, "the opportunity which in their opinion had been presented of once more testifying by a joint communication to the solidarity of the Allied Entente." Our Belgian and French friends may well be excused if they imagine the right time to have testified to the solidarity of the Allied Entente was when France and Belgium, with the sympathetic acquiescence of Italy, marched into the Ruhr, and Great Britain broke away from her allies, thus arousing fresh hopes in the German mind and encouraging Germany in her obstinate resolve at all costs to wriggle out of her solemn engagements.

* * *

A more deplorable exhibition of bad taste was "the dramatic scene at the City Temple," as it has been described, when the ex-Premier, after referring to the seven or eight million men who went from the Empire to the war, said: "Ah, how I wish there were just one word of appreciation of that fact in France and in Belgium. We are not a people who want gush—but just one word, they never know when the British Empire may be useful again . . . Those who have been redeemed from a tyranny that would have trampled them into the mire, saved through the strength of this Empire, if they would just record one sentence of gratitude that will make us. . . ." Unfortunately the hectic fervour of a Colonial Missionary Society audience lost us the remainder of the sentence.

But the suggestions underlying this undignified outburst are a tissue of falsehood. Britain did not throw herself into the war on the side of Belgium and France from any purely altruistic desire to save those two countries, but in order to save her own honour, which would have been everlastingly besmirched had she withheld her aid, just as Germany has everlastingly besmirched hers by violating the neutrality of Belgium.

* * *

In the second place, Britain went to war to ensure her own safety; as our statesmen were never tired of proclaiming to us at the time, let but Germany overcome Belgium and France and it would be England's turn next. Moreover, if in the pursuit of our policy we did help to save Belgium and France from destruction, it is equally the fact that little Belgium, by without a moment's hesitation barring the road to Germany's armies, by her desperate defence of Liège and her resistance at Antwerp, did quite as much to save England from the German menace. France's contribution, one-tenth of her territory devastated, and to our shame still largely lying waste four years after the Armistice, needs no dramatic outburst of the Lloyd Georgian type to capture the imagination. The third falsehood underlying that appeal is the suggestion that either Belgium or France has been lacking or ungenerous in her full recognition of the value of the help she received from the British Empire. "For your favour, sir, why, give God thanks, and make no boast of it."

* * *

A Czecho-Slovak journal, published in French for the information of inhabitants of Western Europe ignorant of Czech, puts in a plea, which appears to be justified, for the creation of a direct service of information between Central and Western Europe, so that news transmitted from the former to the latter should not pass through Berlin at the risk of being coloured on the way, as is now too often the case. To the dependence on this centre for news may be attributed the fact that in 1914 the war took the nations of Western Europe so completely by surprise. The majority of journals in Western Europe derived their information on Central European and Near Eastern affairs from the Korres-

Notes of the Week

pondenz Bureau of Vienna and Wolff. Since the war, despite the drastic changes wrought in Central Europe where new capitals have arisen at least equalling Vienna in importance, this ingrained habit has resumed its sway and the Press of London and Paris continues to derive its news of the new countries from the old sources. Owing to the number of new countries which have grown up the majority of newspapers are unable to maintain special wires or even special correspondents in each. Their news is therefore obtained either from voluntary correspondents or from the Press of Berlin and Vienna.

* * *

Again it is generally through Berlin that the Press of Czecho-Slovakia, of Rumania, of Yugo-Slavia, and of Poland derives its information on the affairs of Western Europe. In these circumstances it seems that all the support possible should be given to a scheme now on foot in the countries of the Little Entente for the establishment of a direct service of rapid and unbiassed information between Central (including Near Eastern) and Western Europe. Meanwhile in Czecho-Slovakia newspapers published in English, French and German convey a very fair idea to the outside world of political and economic conditions in Czecho-Slovakia and neighbouring countries, including her allies of the Little Entente. To those English readers interested in the affairs of Central and Eastern Europe but not conversant with the languages of the various countries, may be recommended the *Central European Observer*, a weekly paper published in English.

* * *

By the granting of extensive concessions, to the Sinclair Company for instance, and to the Friedrich Krupp firm for the agricultural development of the Don district, Russia is seeking to assure the development of her natural wealth by the aid of foreigners. It is evident that the Government intend to pursue this policy on methodical lines. A decree issued in Moscow on March 8 provided for the establishment of a Chief Concessions Committee (Glavconcessskom) of the Council of People's Commissaries to deal with the questions of concessions to be granted to foreigners and the establishment in Russia of joint stock companies in which foreign capital is to participate. The Committee will have sole control of all negotiations relating to the participation of foreign capital in industrial, trade, or other economic activities in the Russian Socialist Federal Soviet Republics and its allied Soviet republics, as well as of all negotiations for the conclusion of every kind of concession agreement which permits exception to the general laws. No institution will have the right to open negotiations relating to concessions without permission from the Committee. An important clause is that negotiations for the granting of concessions in the territory of the allied Soviet republics, and the working out of the drafts for such agreements, are to be conducted with the knowledge and participation of representatives of these republics. Further decrees have been issued for the establishment of concessions committees in London and Berlin. The London committee is empowered to examine applications from and conduct direct negotiations with concession seekers in Great Britain and France, and to prepare drafts for concessionary agreements in accordance with the instructions of the Chief Concessions Committee. The Berlin committee has to examine applications from concession seekers "on the continent of Europe." Both committees have also to examine proposals for the organisation of mixed joint-stock companies.

On May 1 the death took place in Paris, at the age of eighty, of Louis Léger, Professor of Slavonic language and literature at the Collège de France. From his student days at the Sorbonne, when he came into touch with Slav students, he took up the study of the Polish language and literature, and later extended his interest to the other Slav peoples. He paid his first visit to Bohemia in 1864 for purposes of study, going thence to Zagreb to study the Southern Slavs. He was again in Prague in 1871-72, where he published his "Correspondance Slave." He spent the year 1872 in Russia, also for the purposes of study, returning there again in 1880. On this occasion he also visited the Southern Slav lands and the Balkans. Having been nominated in 1885 Professor of Slavonic Languages and Literature at the Collège de France, he continued to work in this capacity untiringly at the task of making the Slavonic world known to the West. He published a series of books about the different Slav nations, among which are, "La Bohême pittoresque," "La Résurrection Tchèque au cours du XIX^e Siècle," in which he prophesied the collapse of the Austro-Hungarian Empire and the emancipation of the Slavs of Central Europe. Through his scholarly activity he gained great respect from all Slav peoples and was made an Honorary Member of the Petrograd Academy, and of Zagreb, Belgrade and Bohemian Scientific Societies. During the war Léger, together with Denis, was in France the most self-sacrificing pioneer of the idea of the emancipation of the Central European Slavs.

* * *

It is reported from New York that new regulations have been issued from the White House in connection with the utilisation of merchant shipping acquired by the United States during the war. These regulations are a confession in themselves that the previous system adopted of leasing the ships in question to private persons has proved a failure. The Government now intend to establish certain routes and to sell them to private persons if they can obtain a high enough price. If not, the Government will exploit these routes themselves and will even compete on them with private enterprises. Only Americans will be permitted to purchase, and the President has apparently stated that neither the fear of pecuniary loss nor any other obstacles will prevent him from making every endeavour to keep the American flag flying on the high seas. The question now is, whether the President can persuade Congress to cover the continuous deficit incurred by the American mercantile marine. Hitherto the House of Representatives has always refrained from granting subsidies or other aid to shipping. Without some such assistance its competitive powers are small, because its Budget is too heavily burdened by the expenditure in respect of personnel prescribed by law.

* * *

The Mexican Department of Foreign Affairs proposes to equip all its embassies, legations, consulates, and commercial agencies with wireless receiving stations, so that they may be in a position to obtain without delay the latest and all necessary information regarding laws, decrees, and items of international and commercial significance, which will be transmitted from a powerful station in Mexico. Argentine has gone a step further. The Chamber of Deputies, it is reported, is to be equipped with telephonic communication with the radio station at Palermo, which has a radius of 2,000 kilometres, and which will broadcast the debates to all "listeners-in." It is intended to equip motor lorries with receiving apparatus, so that the public in Buenos Aires and other cities may hear what goes on in the Assembly. It is highly probable that the personnel of the next Chamber will undergo considerable change as a result of this enterprise.

FRANCE

POLITICAL AND GENERAL

In the debate on summer-time, the Chamber has apparently given a somewhat ambiguous decision. After having voted for the repeal of the official time as fixed by the Act of March 9, 1911, it rejected, by a majority of 19 votes, on the initiative of the deputies for agricultural constituencies, headed by the President of the Commission for agriculture, the clause authorising the Government, which is in favour of the introduction of summer-time, to fix the legal time for the country, although the Minister of Public Works undertook to take into consideration the interests of the rural population. The result of the vote is somewhat dubious, seeing that as the Chamber has refused to leave the settlement of legal time in the hands of the Government, it will have itself to make provision for it, the Act of 1911 having been repealed. The Government, announced M. Le Trocqueur, will support its Bill. The debate has consequently been adjourned. Last year summer-time was introduced—for the year only—by 299 votes against 229. M. Poincaré urged the necessity of adopting rapid measures, which could only be done by decree, to avoid the confusion existing on the Belgian frontier, as Belgian workmen coming daily into France suffered serious inconvenience. This was the more essential, in that in Belgium, where summer-time was already in operation, the official time is fixed by decree.

FINANCE

ALGERIAN LOAN.

The Government of Algeria has been authorised to issue a loan of Fr.335.6 mill. in the form of 6 per cent. bonds of Fr.500 each at 480, redeemable in 48 years. (*Information Financière.*)

TRADE

THE PARIS FAIR.

The Paris Fair, exclusively confined to exhibits of national industrial products, was opened during May. This exhibition, originally instituted in 1903, began in a small way, but since 1917, when the President of the Chamber of Commerce, M. Roger, made an appeal to all French exhibitors, it has gradually grown in importance. The number of exhibitors which in that year was 1,500 has now reached 4,800. (*Journée Industrielle.*)

TRADE IN METALLURGICAL PRODUCTS.

The following figures show the quantity (in metric quintals) and value of the various classes of metallurgical products imported into and exported from the country during the first quarter of the current year (the figures in brackets representing the corresponding period of 1922):—

Imports.—Pig iron, metric quint., 165,611 (163,629); Fr.7,099,000 (5,915,000); iron alloys, quint., 22,336 (14,514), Fr.2,891,000 (1,487,000); iron and steel products, quint., 1,319,213 (1,339,627), Fr.98,994,000 (129,306,000).

Exports.—Pig iron, quint., 2,009,376 (1,073,183), Fr.74,347,000 (33,537,000); iron alloys, quint., 45,164 (9,802), Fr.6,310,000 (Fr.1,097,000); iron and steel products, quint., 4,464,271 (4,823,905), Fr.247,456,000 (169,500,000). (*Information Financière.*)

POTASSIUM EXPORTS.

During the first two months of 1923, the export of chloride of potassium reached 1,190,400 metric quint., an important advance on 763,456 quint., the figure for the corresponding period of 1922. This advance is specially remarkable as regards the United States, the export to which rose from 51,118 quint. in the first two months of 1922 to 248,568 during the corresponding period of the current year. (*Journée Industrielle.*)

INDUSTRY

THE INDUSTRY OF DAUPHINE.

The departments comprised in the old province of Dauphiné took the place in the front rank of industrial centres during the war. The following survey of the conditions in the various local industries in 1922 was supplied by the Manager of the Banque de Dauphiné at the last meeting of shareholders.

Glove Making (chief centre, Grenoble).—The industry, which was dull at the beginning of the year, revived considerably after October. The chief causes of this revival were: Reduction of price, which gave a fresh impetus to the sale of an article which is essentially a luxury; renewal of orders from the United States which had slackened pending the publication of their Customs tariff; depreciation of the exchange, which favours exports, an advantage considerably tempered by the increased cost of foreign raw material. The sales by the Grenoble glove industry during the year amounted to Fr.110 mill., of which 96 mill. represented exports. An improvement is anticipated for 1923.

Leather dressing was stagnant during the first eight months of the year and prospects remained very uncertain, but after Sept. 21, the date on which the American Customs duties came into force, orders began to come in again. Owing to the fashion of short sleeves, there was during the latter months of the year considerable demand for long gloves for ladies of 16 and 12 buttons. Owing to the uncertain business outlook, the tanners were careful to assure their stock of raw hides. They then paid comparatively high prices, out of proportion to the prices which they obtained for their dressed hides. But for the revival during the last four months of the year they would have been constrained to sell at a loss; but at one time the demand from glove manufacturers was so urgent that the supply of dressed hides was exhausted in a few days, and prices rose by 40 to 60 per cent. The almost complete absence of stocks of raw and dressed hides renders the market very sensitive to the slightest demand.

Silk Goods.—The year 1922 may be considered as very favourable to this industry, one of the most important in the district. Orders were steadily placed with the weaving mills at very good prices. The depreciation of the exchange and the resulting high price of wool and cotton will probably cause a slackening of output in the Dauphiné works, and weavers do well to pay increasing attention to the manufacture of artificial silk, the price of which is more independent of the fluctuations of the exchange.

Buttons and Hooks.—The demand for clasps for gloves and Morocco leather ware continues to be above the average, but boot buttons are affected by the crisis through which the boot and shoe industry is passing. On the other hand, the rise in raw material causes considerable prejudice to manufacturers of leather articles, the sale price of which does not keep pace with it.

Paper, business in which was dull through 1921 and in the early part of 1922, revived during the latter part of the year, when all the mills were working normally.

Lime and Cement.—The present year has opened auspiciously, and there is reason to hope that the pre-war output will be reached if not exceeded. The big local firms continue to adopt a go-ahead policy, some by improving their plant, some by evolving new methods of manufacture, and others by organising branch houses which will strengthen the activity and tenacity of the Grenoble manufacturers on the export market. There will soon be seen on the Dauphiné market the celebrated high-grade alumina cement obtained by fusion.

Engineering.—The stocks of raw material, which had greatly depreciated, obtained better prices during the past year. The occupation of the Ruhr is a factor in the

France

improvement, but probably only an artificial factor. The engineering and boiler industries have continued to keep down their general expenses and to confine new work to what is strictly necessary. They are also striving to manufacture from their stocks in hand by reducing new purchases to a minimum. Orders having become more active, it has been possible to increase sale prices and render them more profitable.

Water-power. Although during January 1922 the flow of the mountain torrents had declined to an unprecedented minimum, the remaining eleven months were exceptionally rainy, and the generating stations were in a position to work satisfactorily. The lakes which constitute the reservoirs necessary to meet the water shortage in September and December maintained a high level, so that the thermal power stations of the Alpine district need only consume a very small quantity of coal. The high price of material and labour has retarded the construction of important works, but the study of the utilisation of new falls has been steadily pursued, and some important schemes are about to be realised. Among them are the scheme of equipment of the Upper Drac, which would constitute an important reservoir of electric power for the whole Grenoble district; the completion of the scheme for the equipment of the fall of the lower Bonne, which will supply a power of 6,000 h.p.; the power station supplied by the fall of the lower Baton will be working by the end of the year. A syndicate of local manufacturers and engineers is considering the means of utilising to the utmost advantage the magnificent reserves of the Laffrey lakes. Their equipment will be proceeded with by stages, the scheme for the completion of the first stage is ready, and the necessary authorisation is about to be applied for. (*Journée Industrielle.*)

SPIRIT PRODUCTION.

The total output of spirit during the first six months of the season 1922-23 amounted to 1,430,821 hectolitres, as against 1,127,987 during the corresponding period of 1921-22. Out of this quantity 893,050 hl. are reserved to the State; the balance of 537,771 representing free production. The total output is derived from the following substances (in hectolitres): Wine, 144,121; cider and perry, 179,789; lees, dregs and fruit, 202,358; farinaceous substances, 77,469; beets, 756,426; treacle, 69,855; other substances, 562. The Customs returns show an import of 185,433 hl. as against 156,452 for last year, and an export of 83,523 hl. as against 89,774 last year. The stocks in hand continue to increase steadily in proportion as imports increase and exports decrease. They now represent 1,477,853 hl. as against 1,235,447 for the corresponding period of 1921-22. These stocks are distributed among the various establishments as follows: General sale warehouses, 300,553 hl.; excise bonding stores, 11,234; Customs bonding warehouses (general trade), 8,341; professional distillers, 663,535; special depôts of the spirit department, 522,490. It is interesting to note that the stock reserved to the State has risen from 1,013,991 to 1,259,174 hl., an increase of 245,183, whereas the free stock has fallen from 221,456 to 218,479 hl., a decline of 2,977 hl. (*Journée Industrielle.*)

METALLURGY AND COKE RESERVES.

The Minister of Public Works has addressed a letter to the Société des Cokes des Hauts Fourneaux, requesting metal works to put into stock one-third of the coke which they receive from the Ruhr, until in the works an aggregate stock of 250,000 has been formed which represents the amount required for a fortnight's consumption by the metal works. (*Information Financière.*)

COMMUNICATIONS

RAILWAY EARNINGS.

The following are the earnings shown by the leading railway companies for the first three months of the year, Jan. 1 to April 1 (in millions of francs):—

	1923.	1922.	Difference. in 1923.	
			Gross receipts.	Per cent. per km.
State	244.0	222.9	+21.0	9.45
Paris-Lyon	437.2	410.9	+26.3	6.4
Nord	268.5	263.1	+5.3	2.0
Orléans	224.5	210.5	+14.0	6.66
Est	248.7	236.4	+12.3	5.22
Midi	107.7	98.2	+9.5	9.74
Alsace-Lorraine and Guillaume-Luxemburg	100.5	104.8	+4.3	—

The 1923 figures are approximate, those for 1922 are amended. (*Economiste Français*, April 28.)

A CONGRESS ON THE POST, TELEGRAPH AND TELEPHONE SERVICES.

Attention has been called by the Press of late to the unsatisfactory condition of the telephone service in France, which compares very unfavourably, especially as regards its trunk or inter-urban lines, with those of most other countries. These complaints have attracted the attention of the ruling powers, with the result that on April 24 a congress was opened under the patronage of the President of the Republic and the Government to consider possible improvements, administrative, financial and commercial, to be introduced into not only the Telephone Department of the Post Office but also into the Post and Telegraph services. The congress was presided over by M. André Lebon, a former Minister and President of the Federation of Manufacturers and Merchants of France, the Vice-President being M. J. Coignet, Senator and President of the National Association of Economic Expansion. The report on the work of the congress read by the general reporter, M. Aymé Bérard, examining in detail all the reforms proposed and accepted by the various sections and by the whole congress is too long for reproduction, but the decision arrived at was that the Post, Telegraph and Telephone Department being a business undertaking, including a vast transport service, should be subject to the ordinary rules governing business. The reporter divided in principle the Post Office service into commercial, technical and financial sections. The congress voted for the constitution of a special committee for supervising the realisation of a comprehensive and practical scheme for the reorganisation of the post, telegraph and telephone services. (*Journée Industrielle*; *Information Financière.*)

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GERMANY

POLITICAL AND GENERAL

The *Vossische Zeitung* (May 1) announces the extension of the Stinnes Trust to include the well-known Kattowitz and Bismarck mining and foundry concerns in Upper Silesia. Hitherto this Trust comprised the Deutsch-Luxemburgische Bergwerks-und Hütten A.G., the Gelsenkirchener Bergwerksgesellschaft, the Bochumer Verein für Bergbau und Gussstahlfabrikation, the Siemens-Schuckert concern, and participated to a large extent in the Braunschweigische Kohlenwerke, Böhler and Co., and the Oesterreichische Alpine Montan-Gesellschaft.

The amalgamation in November 1920 of the Rhein-Elbe-Union (Gelsenkirchen and Deutsch-Luxemburg) with Siemens-Schuckert was of more than economic significance. It implied the close co-operation of lower Rhenish, Bavarian and Berlin mining interests. Their participation in the Braunschweigische Kohlenwerke procured the concern influence in the Central German lignite industry and their interests in Böhler and Co. and in the Alpine Montan-Gesellschaft extended their activities to Austrian soil. The strength of the new combination is therefore immense. The Bismarck foundries include everything in Upper Silesia connected with steel manufacture, from the mining of the ore to the manufacture of every quality of steel. The inclusion in the Trust of the Kattowitz mining company will chiefly strengthen its coal supply, for it possesses over 50 mill. square metres of coal fields. The company also produces pig-iron and rolled goods and will be a great source of strength in this sense to the Trust.

FINANCE

FINANCIAL POLICY OF GOVERNMENT CRITICISED.

An article in *Plutus* of May 1 criticises severely, in connection with the fall in the exchange, the entire recent financial policy of the Government.

I have often asserted, begins the writer, that the rate at which the Government, through the medium of the Reichsbank, maintained the exchange, was not in correspondence with actual economic conditions. When the Reichsbank began to intervene on the market, the index number representing the internal purchasing power of the mark corresponded approximately to a dollar parity of 20,000 marks. The measure of inflation achieved also justified the maintenance of the dollar rate at 20,000. The Government must have known from the beginning that the result of their stabilisation activities would endure in proportion as they took measures to prevent a deterioration in economic conditions. These they have not taken. They have, on the contrary, promulgated and tolerated a number of measures which increased inflation at the same time as they intensified the tendency towards the further purchase of foreign currencies. Looking at the matter quite superficially, this is already evident in the fact that during the last few months, quite apart from the increase in the note circulation, Treasury Bills have augmented by well over a billion marks. The greater part of this augmentation is due to the action in the Ruhr and to the necessity of financing imports to a far greater extent than would have occurred under normal conditions; to the necessity also of supplying the Ruhr manufacturers with sufficient credits to maintain their activities and of preventing complete disorganisation in the newly-occupied areas. Politically this action may have been necessary, and this is not the place to discuss whether or no the methods of credit granting adopted at the beginning were right. The Government and the Reichsbank have done nothing,

however, in view of the necessity of increasing inflation in one place, to prevent the demand for credit from augmenting in other places, in order to create some sort of balance. They certainly began by restricting credit. This was naturally a very unwelcome measure, and was received with great protests on the part of persons not interested in political events, protests which eventually far outweighed the advice of more patriotic circles, and resulted in the failure of this measure. There is no doubt that not inconsiderable numbers of people made a far more extensive use of the additional commercial discount facilities afforded by the Reichsbank than would, on close examination, have been warranted. Credit restriction here would have been justified, but protests from the Rhineland finally resulted in almost complete refrainment on the part of the Reichsbank from the verification of credit demands in the unoccupied districts. It must of course be acknowledged that the Ruhr events produced very sensible economic disturbance even in unoccupied Germany, and this fact was fully utilised as a pretext.

If the Government did not consider it possible to effect credit restriction on a large scale, they could surely have resorted to other alleviating measures. They could have maintained a better ratio between exports and imports, chiefly by opposing the import of luxury goods more rigidly. They could, at all events, have precipitated the collection of taxes rather more instead of discussing at such length the law concerning currency depreciation in connection with taxation. It is evident that the Reichsbank was obliged to throw large quantities of foreign currency on the market if it was resolved to maintain the rate of exchange at its former rigid standard, no matter how great the demand. It would probably have been far better if the bank had allowed the rate to rise slowly and if at the same time it had done early what it has done late, raised the rate of discount.

The bank cannot now, since it has not resorted to these measures, be surprised at the consequences. Nor is it strange if a trader, after considering the advisability of covering his demands in foreign bills on the spot or later, decides, in view of the continually augmenting inflation and demand for currency, on the former course. Whether the demands are legitimate or not is another question. However one may judge these transactions, are not the statesmen who have not impeded them far more to blame than those who undertook them? Has anything been done to prevent credits granted to industrials in the Ruhr from being employed for purposes not absolutely warranted economically? Do the Government, now that they have decided to take action, think they will influence the foreign exchange market by controlling stocks of foreign currency? The notification of stocks will prove of little value if this regulation does not apply to the banks. I am firmly of opinion that even if the Reichsbank obtains possession of a large quantity of currency which it can, if necessity arises, throw on the market, traffic in bills of exchange must be centralised.

Another great problem at the present time is the advisability of foreign investments. This form of the flight of capital is gaining ground rapidly in Germany at present. Quite apart from the general detrimental effects economically and of the effects on the exchange of such transactions, these investments may prove very injurious to Germany in that foreign powers may exploit the German desire for their securities. As a matter of fact, foreign experts are warning the public against the purchase of the securities of certain undertakings which Germany is purchasing because they are foreign currency values, but without verifying their intrinsic value. If the Government will not centralise

Germany

foreign bills traffic, they should at all events prohibit the import of foreign securities, and should extend the notification compulsion for foreign currencies to all foreign securities unofficially dealt in on German stock exchanges. It is most vital, also, that the foreign transactions of the banks during the last six months should finally be verified.

NEW BILLS OF EXCHANGE REGULATIONS.

The draft of the new Bills of Exchange Regulations now in course of examination by the Reichsrat is as follows: Only the Reichsbank and other home banks permitted to conduct deposit and foreign exchange business and doing business within the sphere of an authorised stock exchange, are authorised as foreign bills banks. Payment in foreign currencies in home transactions is prohibited. The fixing of sale prices in home currency on the basis of a foreign currency is prohibited in retail trade. The acquisition of foreign currencies in exchange for Reich marks or German securities abroad is only permissible with competent official authority. This condition does not apply to foreign bills banks, but the latter must report all business in this connection to a special office. Foreign currency may only be acquired through a foreign bills bank and may not be acquired for the purposes of speculation or investment. Anyone acquiring foreign currency must, on demand, supply the aforementioned office with detailed information regarding the use to which such currency will be put. Loaning on foreign currencies is prohibited. Any such transaction is null and void. Any contravention of the regulations will be punishable by imprisonment up to three years and a fine not exceeding ten times the value of the foreign currency employed.

Regulations applying to exchange bureaux have also been drafted. They provide that such bureaux may only be conducted with the permission of the competent official authorities. This permission will be made dependent on the extent of public demand. The bureaux must deliver to the Reichsbank within three days of receipt all foreign bank notes taken in exchange, and must keep detailed accounts of all foreign currencies acquired. The public display of foreign currencies is prohibited. (*Frankfurter Zeitung*, May 7.)

NO BUYING OF DOLLAR LOAN.

The Reich Dollar Loan was admitted on the Bourse during the last week in April. On the first day its rate fluctuated between 25,750 and 26,750, the dollar being then quoted at 27,500. The rate was therefore between 1,000 and 2,000 under dollar parity. Large quantities of the Loan came on the market for sale and when, later in the week, official intervention on the market ceased, the gulf between dollar parity and the rate of the Loan widened to 3,000 (Dollar 30,250, Loan 27,250). The hope that large sections of the public who were unable to purchase Loan previously for lack of foreign security holdings would purchase on the Bourse has not yet been fulfilled. (*Plutus*, May 1.)

TRADE

FOREIGN TRADE IN MARCH.

In March as in February the reliability of the official foreign trade figures has been greatly prejudiced by the invasion of the Ruhr. In consequence of the seizing of the Customs houses and the expulsion of the officials, the statistical records of export and import trade can no longer be made by Germans. The following figures have, therefore, only a provisional value. Total exports amounted to 9,382,000 d.ctr., total imports to 52,201,000 d.ctr. The items were as follows:—*Exports*: livestock, 1,000 d.ctr.; food and beverages, 787,000; raw materials, 3,258,000; semi-manufactures,

1,768,000; finished goods, 3,568,000 d.ctr. *Imports* (in the same sequence): 39,000, 3,309,000, 44,846,000, 3,231,000, 775,000 d.ctr. Comparisons with previous months serve very little purpose, but it is interesting to note that in March the imports of hard coal totalled about 34 mill. d.ctr., compared with 18.7 mill. in January and 10.5 mill. representing the monthly average in 1922. March hard coal imports were therefore more than three times as high as the average monthly imports in 1922. (*Vossische Zeitung*, May 5.)

COMMUNICATIONS

AIR SERVICES.

It was officially announced by the *Berliner Börsen-Zeitung* (April 28) that regular daily air services for postal and passenger traffic would be resumed on the following routes by German airships at the beginning of May: Berlin-Hamburg-Bremen-Amsterdam-London, by the German Aerolloyd in conjunction with a Dutch company (this service was actually resumed on April 30); Berlin-Danzig-Königsberg, by the German Aerolloyd and the Junkerswerke alternately; a connection will be made with the Königsberg-Riga route, over which the Junkerswerke fly. The courier route, Königsberg-Moscow, which at present only serves official purposes, and which connects at Königsberg with the night express to Berlin, has been open for some days, under the management of the Russo-German Air Company. A daily service has been in progress since April 17 on the Hamburg-Copenhagen route. Several important routes connect Germany with Switzerland, Vienna and the Balkans. The route Munich-Zürich-Geneva is to open on May 1 under the joint co-operation of the Junkerswerke, the Rumpler Air Co., the Bavarian Air Lloyd and a Swiss company; so is the route Munich-Vienna, which is to extend later on to Budapest and Belgrade. The routes Berlin-Dresden, Dresden-Leipzig-Magdeburg-Hanover-Bremen, and Hamburg-Stettin with a connection by air to Königsberg, will not be flown this year.

IMPORTANT NEW STEAMSHIP.

On April 28 was launched for the Hamburg-America line, from the shipyards of Blohm and Voss in Hamburg, a 22,000 ton steamship, the "Deutschland." It will ply on the company's North American line as a passenger and cargo steamer. (*Hansa*, May 5.)

SOCIAL AND LABOUR CONDITIONS

RISE IN COAL MINERS' WAGES.

As from May 1 coal mining wages will be raised on an average by Mk.1,760 per man per shift. This does not include the special bonus to miners in the occupied districts, who will now draw, on an average, inclusive of special bonuses, Mk.15,282 per shift. Rises in the individual areas will therefore be as follows:—Ruhr, Wurm and Cologne districts, Mk.1,760; Düren, 1,470; Upper Silesia, 1,140; Lower Saxony, 1,020; Saxony, Lower Silesia and Ibbenbüren, 1,080; Central German lignite district, 1,060; lignite border district, from 8 to 10 per cent. less. In Bavaria, for anthracite miners, Mk.1,080; for hard coal miners, 920; for lignite miners, 1,010 in the larger and 960 in the smaller works. (*Berliner Börsen-Zeitung*, May 2.)

The mine-owners, after consultation with the Ministry for Economic Affairs, decided not to press for a rise in coal prices, notwithstanding the fact that miners' wages are to be increased by from 10 to 13 per cent. Meanwhile the award is to be submitted to the miners' representatives. According to reports from Essen they will not accept it. The Ruhr miners are of opinion, apparently, that the rise granted to them is not pro-

portionate to the recent rise in food prices. They state that whereas before the war the miner's wage compared with the daily wage of an unskilled worker in the ratio of 5 to 2.70, the two are equal to-day. (*Vossische Zeitung*, May 4.)

The *Berliner Börsen-Zeitung* is of opinion that this award will have disastrous effects on prices and on the action in support of the mark. The mines did not demand a rise, although the cost of living has augmented during the last few weeks. Other categories of workers, however, in the building trade in particular, were in advance of the miners. Since the announcement of the award to the miners a movement towards higher wages has spread through all categories of workers, agricultural workers included. Their demands are in many instances in excess of the miners' award. It is most regrettable that labour should have taken advantage of this moment to come forward with its demands. The pretext is not valid that the blame for the situation rests with the factors which brought about the further rise in the value of foreign currencies. The latter was due solely to mistakes in connection with the support of the mark. It is the Government which should be blamed for the recent developments and the Government which should be required to guarantee the increased wages. It is quite certain that unless the action in support of the mark is to collapse entirely, a rise in the price of

coal must be avoided at all costs. Industries, in the meantime, will have a difficult situation to face. It will be remembered that on April 1 the net coal prices in unoccupied Germany were reduced by from 3½ to 9 per cent. The price of Central German lignite briquettes experienced a fall of Mk.5,000. At the same time, however, the coal tax was reduced in quite insufficient degree—by 10 per cent.—and the price of the above briquettes therefore fell from Mk.81,250 to 61,856 per t. A burden was thus imposed on the coal industry of the unoccupied areas, on the lignite industry in particular, which they assumed willingly in the interest of the resistance campaign in the Ruhr. Now, fresh sacrifices are demanded of them. In this critical and unusual situation credits should be granted in unoccupied Germany as well as in the occupied areas. The representatives of the coal industry should state outright that the precarious situation to-day is solely a result of the unproductive policy of the Government, and that the Government must find a way to ease the burden placed on the shoulders of industry by this new rise in wages. Otherwise, the rise will be given at the cost of the economic exploitation of the mines, in other words, at the cost of the productive and resisting capacity of the German nation. As things stand to-day, what can the Government care about a cart-load of paper marks more or less?

SWITZERLAND

FINANCE

CUSTOMS RECEIPTS.

The revenue from Customs in April amounted to Fr.15,413,391, compared with Fr.12,053,536 in April 1922, viz. a surplus of Fr.3,359,853. The total revenue from this source from Jan. 1 to Apr. 30, 1923, was Fr.57,195,616 compared with Fr.50,515,201 during the same period of 1922, viz. a surplus for the four months of Fr.6,680,415. (*Neue Zürcher Zeitung*, May 5.)

GENEVA CANTONAL FINANCES.

According to an article in the *Neue Zürcher Zeitung* (April 27), the financial difficulties of the Canton of Geneva are even worse than those of Basle, Berne, or Zürich. In 1913, the deficit already amounted to Fr.54 mill. From 1914 to 1917 it remained at about Fr.69 mill. Thereafter it rose at a rapid rate, viz. from Fr.87 mill. in 1918 to Fr.103 mill. in 1919, to Fr.129 mill. in 1920, and to Fr.150 mill. in 1921. At the end of 1922 the Cantonal deficit was estimated at not less than Fr.170 mill., or Fr.1,000 per head of the population, three times the extent of the indebtedness of the Cantons of Berne or Zürich. This continuous growth of the Geneva State debt is not only distressing in itself, but results in the increase of interest on the debt by a million every year. In the Geneva Budget for 1923 a sum of Fr.8.24 mill. is provided to meet the service of the debt. This sum is equivalent to 30 per cent. of the cantonal revenue. After deducting this Fr.8.24 mill. about Fr.18 mill. remains. As this sum has not sufficed to meet requirements for many years past, it is quite certain that in 1923 the deficit will again be augmented.

The huge deficits of the last few years, states the writer, point to the conclusion that economy measures alone will not suffice to adjust the cantonal finances. Two other ways suggest themselves. Taxes on income and property must be more carefully collected; the screw of taxation must be more severely applied. Energetic measures have already been taken in Geneva on these lines. Economy measures will result in lessening expenditure by about Fr.1½ mill. The chief measure, however, has been the drawing up of a new tax law.

Since the extraordinary expenditure of the post-war period could be expected gradually to disappear, the task of restoring sound financial conditions appeared in the main to promise fulfilment. An anonymous body of people has now taken a referendum against the Loi Gampert, the new tax law. It is possible—this would seem to be confirmed by the result of the referendum campaign—that a number of Geneva citizens share the opinion of the referendum committee. That is the case with the "Ligue contre l'étatisme," which considers any increase in taxation out of the question. Possibly also, bad business is causing the majority of the Geneva population to consider the new, increasingly stringent tax law, very inopportune at present. We think they are labouring under a very grave error. Economy measures alone can never reduce so heavy a burden of debt, and it is not possible to allow this burden to increase. We have long watched with anxiety its continuous growth and have followed with interest the discussions on the new tax law. We rejoiced that it should have avoided all the rocks in the Grand Council, and trust that it will be accepted by the people of Geneva.

IMPROVED FINANCES OF FEDERAL RAILWAYS.

The 4 per cent. loan of the Federal Railways has been fully subscribed (*see THE ECONOMIC REVIEW*, May 4, p. 383). The financial position of the railways has improved lately. In the first quarter of 1923 results showed an improvement amounting to about Fr.21 mill. on the corresponding period of 1922, for in comparison with a deficit in January to March of that year of about Fr.7 mill., the working showed this year a surplus of about Fr.14 mill. The Schweizerische Kreditanstalt remarks on this subject in its April report: "Everything points to the fact that the worst of the traffic troubles are over, and that the Federal Railways are slowly overcoming their difficulties. If general economic conditions become more normal, the railways should be running at a profit again by 1924 or 1925. By continuing their work of electrification the railways are rendering to Swiss industries and the whole country a service which cannot be too highly appraised to-day. It will permit the employment of many thousands of

Switzerland

workers who would otherwise be forced into the acceptance of unemployment doles." (*Neue Zürcher Zeitung*, Apr. 27, May 1.)

TRADE

FOREIGN TIMBER TRADE IN 1922.

According to recent statistics relating to Switzerland's foreign trade in timber, imports amounted in 1922 to 4,617,753 quint. to the value of Fr.33.88 mill., compared with 3,376,518 quint. to the value of Fr.41.91 mill. in 1921. Exports totalled 923,227 quint. to a value of Fr.14.75 mill. in 1922, compared with 675,587 quint. to a value of Fr.16.27 mill. in 1921. Imports in 1922 therefore exceeded exports by 3,694,526 quint. to a value of Fr.19.13 mill., compared with an excess of imports over exports in 1921 of 2,700,931 quint. to a value of Fr.25.65 mill. In timber, then, Switzerland has again become an importing country.

Firewood formed the chief component of the imports. The 1922 imports of firewood were nearly double those of 1921, and nearly three times as great as the imports during each of the pre-war years, 1912 and 1913. Notwithstanding such a flood of foreign firewood, the price rose considerably at the end of the year under report and at the beginning of 1923. The greatest volume of imports came from Czecho-Slovakia, France was not far behind with foliage timber; Yugo-Slavia and Rumania also delivered large quantities; Italy absorbed most of the firewood exports in this timber. The import of roundwood and sawn timber fell considerably, even in regard to foliage timber, although the latter was not subject to import restrictions. Imports of round coniferous timber fell from 2,600 wagons—a wagon load equals 10 t.—in 1921 to 1,600 in 1922, and of coniferous planks from 4,970 to 2,740 wagons; import restrictions existed as from the middle of 1921. France was the chief vendor of coniferous and foliage roundwood.

The exports of building timber were far greater than in 1921; they increased from 461,549 quint. to 613,643 quint. The export of coniferous planks rose from 4,340 to 5,380 wagons. This increase in exports formed in many districts a welcome adjustment to the decrease in home consumption. If the total values be examined, however, it is evident that export trade, accompanied as it was by rising prices for roundwood at home, was not very profitable. The exports were, it is true, greater in quantity, but were about half a million francs less in value than in 1921. (*Neue Zürcher Zeitung*, Apr. 24.)

INDUSTRY

SIGNS OF INDUSTRIAL RECOVERY.

An article in the *Journal de Genève* (May 6) from the pen of Hervé Gutknecht states that the most striking feature of Swiss foreign trade in 1922 was undoubtedly the revival in the export of watch products and textiles. The revival was not exceptional; it was nevertheless sufficient to show that the bedrock of the crisis in both industries, but especially in the watch industry, had been touched, and that they were gradually regaining their position on foreign markets. The total export of watch products sold by weight in 1922 was 1,480 metric quintals, compared with 1,099 in 1921, and the total of clocks and watches exported amounted to 10,152,844 pieces, compared with 8,403,366 in 1921. Notwithstanding the fall in prices, which varied between 15 and 35 per cent., watch exports amounted in value to Fr.180 mill., viz. a surplus of Fr.11 mill. on the 1921 exports. This increased export naturally brought about a decrease in unemployment, which, by the end of December 1922 had diminished by two-thirds, and a corresponding improvement in the position of a number of works in the watch industry. Although exports in this industry

are not nearly equal in volume to the pre-war, the recovery is such as to warrant great hope for the future.

The revival in the textile industry, though not equal to that in the watch industry, is of considerable importance. This is proved by the fact that the value of the 1922 exports was Fr.723.9 mill., or over 40 per cent. of the asset side of the Swiss commercial balance. The improvement is most noticeable in the silk industry, the exports in which amounted to 57,023 metric quint. as against 49,619 in 1921, to a total value of Fr.365.2 mill., as against Fr.341 mill. in 1921. The increase in volume is about 15 per cent., that in value, by reason of falling prices, is only 7 per cent. In the cotton industry, the quantitative increase in exports was far smaller; exports here totalled only 210,909 metric quint., compared with 208,829 in 1921; on the other hand, cotton embroidery exports rose from 25,642 to 34,829 metric quint. This progress is all the more remarkable in view of the very strong competition on the part of countries with depreciated currencies. The recovery in wool exports was more noteworthy, with a total figure of 29,422 metric quint. compared with 26,396 in 1921; successful competition was possible on both the German and Austrian markets; decreased prices, unfortunately, resulted in a fall of the total export values from Fr.39.1 mill. in 1921 to Fr.35.4 mill. in 1922. Taking results in the textile industry all round, however, they furnish some proof of the resumed capacity of the industry to compete on international markets.

PROSPECTS OF ALUMINIUM INDUSTRY.

At the annual general meeting of the Aluminium-Industrie-Gesellschaft, the president's speech contained some interesting details regarding the general state of the aluminium industry in Switzerland, from which the following points are abstracted:—

At the beginning of 1922 sale conditions were, notwithstanding the continuously falling price of aluminium, totally unsatisfactory. Fortunately, the demand improved during the latter half of the year, but not until the close of 1922 did prices become firmer. It is not possible to foretell whether the improvement in both sales and prices will continue. Political and economic conditions are still uncertain. Efforts have been concentrated during the last year in reducing the costs of production in this country and in extending the markets for our products. The former point is of vital importance, for the Swiss market can absorb but a modest fraction of our output, and prices must therefore permit of competition on international markets. We are able to report very considerable progress in this respect, but it is doubtful whether this will be maintained, for the costs of raw material are already showing a serious tendency to rise. Prospects for the current year were not unfavourable until the deterioration of relations between France and Germany. The greatly restricted output of all aluminium producers during the past two years and the far greater demand since the end of 1922 have resulted in the fact that no country to-day possesses any aluminium of importance. In addition, a great revival took place in the automobile industry in the United States, and this industry is the chief consumer of aluminium over there. I must, nevertheless, issue a warning against viewing with too great optimism the successful business concluded by us during the first few months of this year. The new impulse is due in the main to improved conditions on the United States markets; on our other foreign markets economic conditions are not such as to furnish grounds for undue optimism. Even in the United States the tide may turn as rapidly as it turned before. Our greatest source of anxiety is the uncertainty caused by the state of affairs in the Ruhr. Not only are the prices of raw material for aluminium production in Europe being driven up, it is even doubtful whether sufficient quantities of this raw material can be procured at all. (*Neue Zürcher Zeitung*, Apr. 30.)

ITALY

FINANCE

REVENUE RETURNS.

The yield from revenue for the first nine months of the current financial year according to the recently published official returns (July 1 to Mar. 31), amounts to L.9,267.6 mill., as against the estimate of L.10,986.3 mill. March revenue shows an increase of L.48.3 mill. in comparison with March of last year. (*Economista d'Italia.*)

THE NEW TURNOVER TAX.

On Apr. 1 came into force the Decree imposing a general tax on sales or turnover tax calculated on the basis of invoices. The tax applies to every kind of transfer (sale and purchase, exchange, deposit on loan, deposit and delivery, by way of security, of raw material for the purpose of working up for account of consignor) of raw materials, industrial products, and other goods between manufacturers, merchants and traders. The new tax is designed with a view to the simplification and assimilation of taxes. The rate of the tax is 0.5 per cent. on the sale of raw material and agricultural products, 1 per cent. on semi-products and finished products, 2 per cent. on certain goods, such as luxury articles. Under the 1 per cent. rate are included certain classes of goods hitherto classed as luxury articles and liable to a tax of 12 per cent. The 2 per cent. rate will be applied to several classes of goods which were formerly subject to payment of 12 per cent. on sales between dealers and consumers. The same rate (2 per cent.) now applies to silk fabrics, lace, and gloves hitherto liable to a 10 per cent. tax. Even sales of precious stones, gold and silver wares, henceforth pay the general turnover tax. The turnover tax of 0.36 per cent. formerly in force, applied only to sales in Italy and imported goods were only taxed when the importer had a legal representative in Italy. Henceforth imported goods are also subject to the turnover tax. Goods exported from the producer direct to the dealer are exempt from the tax, as are sales of food, fuel and articles produced by State monopolies. (*Berichte aus den neuen Staaten.*)

BANKING DURING AND SINCE THE WAR.

The *Berichte aus den neuen Staaten* reproduces the following survey of Italian banking by Signor Gino Borgatta from the *Revista Bancaria* :—

During the early period of the war Italian banks were faced with numerous difficulties and their net profits declined, but from 1917 onwards the net profits rapidly increased, reaching their highest point in 1918, and after a slight setback in 1919, maintained a high level. The Italian banking system was particularly developed during 1920 and 1921, and earnings grew, not merely owing to increased business activity and participation direct or indirect in war undertakings, but also to the extension of loan and bill discounting business. The progress of business, as represented by aggregate share capital, reserves and profits, is shown by the following figures (in millions of lire) :—

Paid-up capital : 1912, 534.4 ; 1913, 557.5 ; 1914, 593.6 ; 1915, 644.4 ; 1916, 578.9 ; 1917, 715.8 ; 1918, 1471.7 ; 1919, 1,971.1.

Aggregate reserve fund : 1912, 121.6 ; 1913, 126.2 ; 1914, 138.6 ; 1915, 129.8 ; 1916, 135.7 ; 1917, 143.7 ; 1918, 317.4 ; 1919, 436.3.

Aggregate net profits : 1912, 50 ; 1913, 56.3 ; 1914, 24.2 ; 1915, 41.7 ; 1916, 45.1 ; 1917, 75.8 ; 1918, 191.9 ; 1919, 251.7.

Before the outbreak of war Italian banking was characterised by numerous amalgamations. The smaller banks were absorbed by the larger, the branches of which were thus appreciably increased. This tendency

showed itself up to the second half of 1914, a period in which the first signs of depression made themselves felt. The year 1915 was a critical one for Italian banks, owing to the difficulties of the Bank of Rome, although in 1916 and 1917 the remaining banks were increasing their business. Conditions of banking business became easier, because, through the influence of the war, deposits and all other assets at their disposal began to rise. This tendency was further accentuated during 1918, as a section of industry had to carry on their business with the help of bill discounting, a profitable business for the banks. The period 1918 to 1921 was marked by great activity in the raising of capital for banks by new foundations and capital increases. Reductions of capital and liquidations of old businesses were appreciably reduced. The increases of capital are of interest not merely because they are a sign of the business activity of the banks, but because they convey an idea of how the banks have amalgamated of late years. The following figures show (a) the number of banks increasing capital, (b) former capital of the banks increasing capital, (c) new capital raised in the following years (b and c in millions of lire) :—

1912 (a) 8, (b) 154.4, (c) 51.8 ; 1913 (a) 21, (b) 23.2, (c) 15.8 ; 1914 (a) 11, (b) 134.8, (c) 30.5 ; 1915 (a) 8, (b) 66.1, (c) 6.3 ; 1916 (a) 5, (b) 3.5, (c) 2.5 ; 1917 (a) 13, (b) 164, (c) 83.4 ; 1918 (a) 23, (b) 472, (c) 230.5 ; 1919 (a) 44, (b) 715.3, (c) 386.2 ; 1920 (a) 68 (b), 675.4, (c) 700.6 ; 1921 (1st half-year) (a) 30, (b) 70.7 (c) 108.

From the time of Italy's entering the war (May 1915) up to July 1921, 153 new banks were founded, with an aggregate share capital of L.215.8 mill. Of this number 117 banks with a capital of 156.3 mill. were founded in the sole period between 1918 and 1921. Capital increases were still more numerous, numbering between 1914 and 1921 some 200, the capital thus raised amounting to L.1,520 mill. The greater part of this capital, L.1,425.4 mill. (representing 155 increases) was raised between 1918 and the first half of 1921. Liquidations, on the other hand, only amounted to 43, representing an aggregate capital of L.23.7 mill., which signifies that only small banks were wound up. In the second half of 1920 two companies with a capital of L.450,000, and in the first half of 1921 three companies with a capital of L.1,650,000, went into liquidation. Reductions of capital were almost nil, and in 1921 none were recorded. This analysis shows that the small banks were gradually absorbed by the large. Recent years have offered to banks the opportunity of extending their business operations and of attracting available capital to agriculture and provincial towns.

While the average capital of the newly-founded banks and the average net profits of the old established concerns increased considerably between 1917 and 1919, it is to be noted that the proportion of companies with a large capital (exceeding L.100,000) declined during the war, but again rose in 1919. The average capital of new banks rose from L.236,900 in 1917 to L.720,000 in 1918, L.800,000 in 1919, and L.3,725,000 in the first half of 1920. In the last half of 1920 and the first half of 1921 the average capital of individual new banks fell to L.550,000.

THE BURDEN OF DEATH DUTIES.

Under the heading of "Fiscal Ferocity," a summary of an article on the severity of death duties in Italy, by Senator Einaudi, has already appeared in these pages (*cf.* THE ECONOMIC REVIEW, Oct. 6, p. 211). Professor della Volta, Director of the Institute of Social Sciences, now takes up the matter, and, quoting from an article by Dr. Guasti, Notary of Milan, on the subject, draws special attention in *Echi e Commenti* (Apr. 5) to the heavy burden of death duties in Italy as compared with other countries.

Italy

Although, commences Professor della Volta, this form of duty lends itself more than any other to frauds upon the revenue, a circumstance which perhaps explains the attitude adopted by certain legislators, the present Government appears to hold the view that the terrors of death have their limits, and has consequently decided to proceed to an immediate revision of the system. The following figures, quoted by Dr. Guasti, in *Problemi Italiani* (Jan. 15), show the amount paid by (a) husband or wife, (b) a child, (c) a stranger-in-blood on inheriting a million lire or its equivalent in Italy and other countries (the figures given represent 1,000 lire): Italy (a) 168, (b) 264, (c) 708; Belgium (a) 39, (b) 39, (c) 338; France (a) 60, (b) 66.6, (c) 373; Germany (a) 66.5, (b) 66.5, (c) 206; Holland (a) 76, (b) 76, (c) 461; Rumania (a) 70, (b) 70, (c) 292; Poland (a) 80, (b) 80, (c) 350; Greece (a) 45, (b) 70, (c) 130; Japan (a) 54, (b) 54, (c) 70. It should, moreover, be noted that in Italy relations beyond the fourth degree (first cousins) and *adfines* are considered strangers-in-blood, whereas other countries tax them more lightly than strangers. Further, as regards Italy, the above duties are increased by entry and valuation dues, supplementary tax, etc. This system, introduced in 1920 and 1921, has, however, failed to produce the anticipated results. The yield from death duties for the years from 1913-14 to 1921-22, was progressively as follows (in millions of lire): 50, 52, 65, 83, 129, 160, 181, 220. In regard, however, to the last figure, the yield for the year 1921-22, it should be stated that it was estimated at 300 mill., and by the reporter to the Bill in the Chamber at 411 mill., provided the registration of bearer securities was made compulsory.

TRADE

FOREIGN TRADE IN 1922.

Imports amounted to L.15,727 mill. in 1922 as against 17,267 mill. in 1921, and exports to L.9,297 mill., as against 8,275 mill. in 1921. It will, therefore, be seen that imports have declined by 1,540 mill. and exports have increased by about one milliard, thus reducing the debit balance to 6,430 mill. from nearly 9 milliards in 1921.

The decline of imports and increase of exports apply chiefly to foodstuffs. Coal imports show a decline compared with 1921, although the amount imported has increased by 1,500,000 t. (*Exportateur Français*.)

ITALY'S REQUIREMENTS IN RAW MATERIAL.

The great Italian industries depend almost entirely on the foreigner for their raw material. According to the results of a Government inquiry conducted in 1919, the following are the average annual requirements of industry in raw material to be imported from abroad (in 1,000 tons): Coal, 12,000; iron ore, 500; manganese ore, 30; chrome ore, 5; nickel ore, 2; tungsten, 1; iron and steel scrap, 400; pig iron for refining, 150 to 175; metallic lead, 12; metallic copper, 40 to 50; tin ore, 3; zinc ore, 20; fusion pig iron, 200 to 250; Styrian magnesite, 50; Veitsch magnesite bricks, 7; Dinas siliceous bricks, 57; Chamette siliceous bricks, 3; kaolin, 28; modelling clay, 80; Flintstein, 1; Naxos emery, 3; corindum, 1; Eubean magnesite, 2; sand of all kinds, especially Fontainebleau, 25; fireproof earth and clay, 6; natural phosphates, 500; copper for extract of sulphate, 4; chloride of potassium, 1; chloride of magnesium, 1; paraffin, 30; colophanum, 20; copal and damar, 2; guelracho wood, 250; turpentine, 4; acetate of calcium, 4; iron chrome, 2; tannini extracts, 1; magnesite, 5; various feculas, 25; silicate of soda, 5; animal fat, 30; vegetable fat, 6; fish oil, 7; palm oil, 20; palm seeds coco pulp, 20; coprah, 20; sesame seeds, 25; ground nut, 4; linseed, 30; castor seed, 12; colza seed, 4; benzine, 66; petroleum, 110; heavy oil and residues, 127; nitrate of soda, 100;

sulphate of ammonia, 22; potassium salts, 25; Thomas slag, 120; cotton, 232; hemp, 8; flax, 3; jute, 45; wool, 20; dry cocoons, 5; cellulose, 80; hides, 25; building timber, 3,000; wood for fuel, 200; furniture wood, 30,000; rubber 12. (*Journal de la Marine Marchande*.)

SOCIAL AND LABOUR CONDITIONS

COST OF LIVING IN MARCH.

The following information as to the cost of living in March is taken from the Milan journal *Sole* by the *Berichte aus den neuen Staaten* :—

Wholesale prices in March, with the exception of those of building material, show an increase as compared with February. The highest rises are recorded in textiles (5.26 per cent.), metals and minerals (3.59 per cent.), and vegetable products (3.87 per cent.). The highest increase compared with the average of March 1913 is in textiles 672.95 per cent., and the lowest in chemicals 424.38 per cent.

The *Economista d'Italia* considers of little importance the slight upward movement which has taken place in cost of living index numbers in each of the last five months. The period from Jan. 1, 1922, to Mar. 31, 1923, may be divided into three parts, the first January to April 1923 marked by a sharp decline, the second from May to October by an appreciable increase, and the third November 1922 to March 1923 by a slight decrease followed by stability. In March the index numbers of the chief articles of food show the following variations: Increases, rice from L.2.40 to 2.50; potatoes, L.1.10 to 1.20; decreases, milk, L.1.70 to 1.60 per litre.

PROGRESS OF THE STRIKE MOVEMENT.

The following figures relating to strikes in Italy, decade by decade since 1881, are extracted from an article on the subject by Signore Roberto Tremelloni, in *Problemi Italiani*. The average annual number of strikes and strikers in the different decades was: 1881 to 1890, industrial strikes 2,218.8, strikers 21,782.9, agricultural 11.7 and 86.5 (the year 1890 showing the highest number in industry of 139 strikes and 21,782.9 strikers, and 1885 the highest number of 62 strikes and 89 strikers in agriculture); 1891-1900, industry 7,734.4 strikes, and 50,691.4 strikers, agriculture 15.2 and 192.2 strikers (highest industry, 1897, 24,135 strikes and 76,570 strikers, agriculture, 1898, with 36 and 256); 1901 to 1910, industry 1,003.7 strikes and 182,638.3 strikers, agriculture 242.7 and 114,734.2 (highest industry, 1907, 1,881 and 321,449, agriculture, 1907 377 and 254,131); 1911-20, industry 887.6 strikes and 426,623.5 strikers, agriculture 106.6 and 197,821.6 (highest industry 1920, agriculture 1920). The number of strikes and strikers in each post-war year were: 1919, industry 1,626 and 1,078,869, agriculture 208 and 505,128; 1920, industry 1,881 and 1,287,935, agriculture 189 and 1,045,732; 1921, industry 1,045 and 644,584, agriculture 89 and 79,298; 1922, industry 552 and 422,773, agriculture nil.

The average annual number of strikers of both classes in each decade was: 1881-90, 24,001.7; 1891-1900, 58,425.8; 1901-10, 297,372.5; 1911-20, 624,445.1. The proportion of industrial to agricultural strikers was 9.8 times in 1881-90, 6.3 in 1891-1900, 1.6 in 1901-10, 2.1 in 1911-20, 8.1 in 1921.

As will be seen from the above figures the greatest number of strikes was recorded in the decade 1901-10, the decline in the following decade being due to the war. The chief characteristic of the strike movement in 1911-20 was the increased number of workmen taking part (an average of 628 per strike as against 230 in 1901-10), a characteristic which was accentuated in 1921. This feature may be explained by better organisation, efforts of agitators to bring ever-increasing numbers into the struggle, an increased co-operation which substitutes class agitation for simple trade unionism.

CENTRAL EUROPE

POLITICAL AND GENERAL

AUSTRIA'S ECONOMIC OUTLOOK.

Baron Bruno Schröder, the head partner of the London banking firm of Henry Schröder and Co., who has recently visited Vienna in connection with the participation of the Oesterreichische Boden Kreditanstalt in an international financial syndicate through the agency of the Schröder firm, has expressed to a representative of the *Neue Freie Presse* his views on Austria's economic future. He was of opinion that Vienna would maintain in the future its importance in international trade. Whereas the new Central European states had still to build up their economic existence, Vienna had active business relations with foreign countries, and large and old-established banks which were naturally important to national business. Moreover, its geographical situation made it a natural centre of European trade. He declared that Austria owed the success of the negotiations in London for England's participation in her economic regeneration largely to Sir Montagu Norman, Governor of the Bank of England, who had exerted the influence of that institution in raising the necessary funds. Sir Montagu Norman, declared Baron Schröder, took the view that the reconstruction of Central Europe should begin at its weakest spot, namely Austria, and further considered that the reconstruction of a nation of 6 million inhabitants with century old traditions could, in spite of difficulties, be accomplished more easily than that of newer countries. Baron Schröder considered the prospects of the long-dated loan to Austria to be very favourable.

HUNGARIAN MINISTERS' VISIT TO PARIS AND LONDON.

Hungary's every movement is watched with suspicion by her neighbours, and the visit of two of her ministers to London and Paris for the purpose of obtaining financial assistance is not allowed to pass without comment. In addition to this avowed object, the *Central European Observer* suggests that the visit conceals the further object of arranging for the abolition of the charge on the Hungarian State revenue and property and of negotiating on the matter of the protection of State property in former Hungarian territory and reparations for losses caused by the Rumanian occupation of Hungary.

In well-informed circles in Hungary, adds this authority, the visit is not regarded with too much optimism. The well-known economist, for instance, Baron Sztéréyi, writing in the *Pesti Hirlap*, warns the public against undue hopefulness, calling attention to the great difficulties with which the Hungarian representatives are confronted.

The most damaging effect on public opinion abroad, according to him, is produced by the fact that Hungary is living beyond her means, and that the spirit of liberalism and democracy which is so prevalent in western states is absent in Hungary. For this reason the Minister of Finance prepared, before his departure to Paris, a special memorandum, in which he undertook to show that Hungary is conducting her affairs as economically as possible and that the unsatisfactory conditions in the country have only been brought about by the decisions of the Peace Conference.

The advanced paper, *Világ*, expresses regret at the fact that the Magyar politicians will only negotiate with the Great Powers and not with the Little Entente, although the latter is directly interested in Magyar reparations.

FINANCE

CZECHO-SLOVAK BANK FAILURES.

Dr. Friedrich Weil in the *Neue Freie Presse* conveys the impression that Czecho-Slovakia has been on the verge of a banking crisis, a subject on which Czecho-

Slovak journals in touch with Government circles have been discreetly reticent. Conditions in Czecho-Slovak banking circles have so far become normal, writes Dr. Weil, that it is now possible to pronounce an opinion on the past anxious weeks, provided that no new complications arise. It should be made clear that the recent bank failures have no connection with the industrial crisis and that the disappearance of three banks is not due to a combination of insolvencies and bankruptcies, however much the contrary may be asserted. The failures should be attributed rather to mismanagement and excessive speculation in goods and foreign currencies. Banks which held aloof from all dealings in goods were not, during the period of slump, exposed to the same risks as those which maintained goods departments, and which soon began to be talked about. Rumours had long circulated about the Moravian-Silesian bank. Two years ago certain Prague banks refused to give this institution a helping hand, a sure sign that something was wrong. The other two banks which have failed are the Bohemia-Foreign Bank and the Pozemkova Banka (Land bank.) The two main causes of the failure are gross carelessness on the part of individual managers and lack of supervision by the Government. The fall of the Pozemkova Banka was in part brought about by the failure of the Bohemia bank. But the board is by no means so innocent as it now tries to make shareholders and depositors believe. These failures had a very adverse effect on the other banks. The consequent withdrawals from small and medium sized banks, except where the money was transferred to the large, notably the German banks, deprived trade of a large amount of capital, and would doubtless have had very serious results had the failures occurred in a period of money shortage. But inasmuch as a number of industrial firms owing to their closing down made no demands on the banks, and as others for some months had received no credit from the large banks, these events produced little effect on the circulation of money. Nevertheless many banks, owing to the run on them, were in danger of closing. The Ceska Banka, not distinguished by farseeing management, at the general meeting of which some sharp criticism was heard, has been obliged to seek assistance. It is a matter for surprise that the Zivnoftenska Banka, which usually upholds the principle of the removal of unsound, superfluous banks, should interest itself in the Ceska bank. In what manner it will support the last-named remains to be seen.

It is hoped that the bank crisis will terminate with the liquidation of the three banks above referred to. The crisis should not be exaggerated, since bank failures have occurred in Switzerland, Denmark, and Norway, but at the same time it should not, especially in Czecho-Slovakia, be treated lightly. The managers of small and moderate sized banks are not—with rare exceptions—experienced enough to avoid producing crises, and still less to avert them. The *Central European Observer*, in which signs of official inspiration are sometimes discernible, airily attributes the failures to the results of the war and of post-war conditions, and cites the failures of the Banque Industrielle de Chine and the Banca Italiana di Sconto as precedents.

INTERNATIONAL FINANCIAL HELP FOR HUNGARY.

The economic situation in Hungary, announces the *Central European Observer*, is still very serious. The fall of the Hungarian krone is increasing the insolvency and poverty of all classes of people, and forcing both official and unofficial circles to consider the problem of avoiding an impending financial débâcle.

The question was discussed by Dr. Gustav Gratz, a prominent economist, and formerly Hungarian Minister of Foreign Affairs, at a meeting held in Basle of the

Central Europe

League of Nations Unions, where, at his instigation, a vote was passed advocating that Hungary should receive international financial assistance in the same manner as Austria.

This opinion of a Hungarian economist reveals the seriousness of the financial situation, and is an indication that Hungary must abandon her political isolation and resolve to work hand in hand with her neighbours.

The visit to Paris and London of the Hungarian Premier, Count Bethlen, accompanied by the Finance Minister, M. Kallay, for the purpose of negotiating an international loan has been reported by the British Press (e.g. *Morning Post*, Mar. 9). In this connection the following account of Hungary's present financial condition, by Dr. Alexander Popovics, President of the Hungarian State Note Bank, and ex-Minister of Finance, supplied by our Budapest correspondent, may prove of interest. The Premier and the Minister of Finance have gone to Paris in order to lay the position before the Reparations Commission, and to represent to it that the country can do no more than it has already done towards its economic reconstruction without outside assistance. Hungary, in addition to the effects of the war, had to undergo two revolutions and nearly five months of Bolshevik rule, at a time when an impoverished world was demanding undisturbed and increased production; valuable raw material and auxiliary products which the former united Austro-Hungarian territory had previously produced now have to be brought from abroad. All conditions of production have been reversed. On top of this came the most burdensome terms of the Peace Treaties, namely, those relating to debts to foreigners which had matured before or during the war, all the more burdensome in that the national finances and business, owing to the dearth of ready money, are dependent on imported capital. Even arrangements for payment of debts to the two chief creditor States, France and England, concluded on terms which gave some measure of relief, did not suffice. Hungary's finances are not in a position to meet even the reduced liabilities within the time and to the extent agreed upon. The effort to restore disorganised economic conditions still exists. Agriculture, the chief branch of national production, is crying aloud for increased output. But this aspiration is hampered by the difficulty, or rather the impossibility, of obtaining the necessary capital for agricultural operations. Industry might prosper with the support of low wages and the effect of the depreciated currency favouring export. But both industry and commerce suffer from oppressive measures, partly a relic of the war and partly imposed since from force of circumstances. On all branches of business, however, the continued depreciation of the national currency weighs heavily. This monetary disturbance promotes illicit profits, converts the natural into an unnatural distribution of property, and contains grave social dangers. It is, therefore, to be understood that serious-minded Finance Ministers and politicians are anxious to restore order in this direction as soon as possible. In the first place efforts should be made to stabilise the krone, since, owing to the Budget deficits, the conduct of national affairs can only be carried on by the issue of uncovered paper money and to this continual recourse to the printing press is due the impossibility to stabilise the currency; outside assistance for the national finances must be obtained. It must not be overlooked that since the restoration of order, also in this field, considerable results have been achieved. For the financial year 1920-21, when the Zurich quotations stood at Fr. 2.3 per Kr. 100, the Budget showed a deficit of Kr. 10 milliards. For the year 1922-23, with the exchange at 23 centimes per Kr. 100, the deficit was 40 milliards; thus, although the deficit had increased four-fold, the value of the currency had declined to one-tenth. Since that date the exchange has again fallen appreciably, but the final

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deficit will still probably be considerably behind that of 1920-21.

In addition to strict economy, existing taxes have been increased and new ones introduced. Doubtless much can still be done by a drastic reduction of expenditure. The State undertakings can be economically improved, and in some respects better use can be made of the tax-collecting machinery. These possibilities, however, require time, and in order to gain time foreign help is necessary. To obtain this, and generally to achieve greater freedom of movement in the financial-political domain, is the object of the present ministerial visits.

A less indulgent critic, the *Gazette de Prague*, considers that the decline of the Hungarian krone is largely due to the distrust aroused by incessant disturbances produced by royalist risings, violent irredentist propaganda campaigns, and the double breakdown of negotiations for an economic convention with Czecho-Slovakia. This critic also considers that further reduction of expenditure could be achieved by the suppression of superfluous officials, and of costly propaganda campaigns.

FOREIGN BANK RATES.

	Per cent.		Per cent.
Amsterdam ...	4	Moscow ...	6
Athens ...	6½	New York ...	4½
Berlin ...	18	Paris ...	5
Brussels ...	5½	Prague ...	5
Bucharest ...	6	Reval ...	—
Budapest ...	8	Riga ...	—
Christiania ...	6	Rome ...	5½
Copenhagen ...	6	Sofia ...	6½
Geneva ...	3	Stockholm ...	4½
Helsingfors ...	8	Vienna ...	9
Lisbon ...	8	Vilna ...	—
Madrid ...	5	Warsaw ...	7

SPECIAL ARTICLES

TAX COLLECTING IN THE RUHR

M. Robert Lacour-Gayet explains in the *Revue des Deux Mondes* (April 15) the system of collecting taxes adopted by the French in the Ruhr. The occupation, he writes, appeared to France and Belgium to be the most effective means of meeting Germany's default, and of forcing her to fulfil her treaty obligation. At the same time, since the Reich declared itself unable to pay, it was quite natural to take pledges and utilise them to advantage. France's policy was, therefore, to harmonise these two divergent purposes. Faced by the opposition of the German Government and of the bulk of the population, the chief care of the French authorities in the Ruhr was to promulgate a number of measures destined to bring about the submission of their opponents, the most effective of which was the prohibition of exports. It is of importance to accentuate the efforts made by rendering, from now onwards, the occupation productive, and to show how, in spite of innumerable difficulties, the collection of taxes and duties which the Allied Governments decided to levy for their own benefit, was organised.

There is no question as to the legality of this levy, which even the American Government has recently admitted, citing as a precedent, the levy of taxes, in similar circumstances by the American authorities when occupying Vera Cruz. A like course was also followed by the Allies in 1922 on deciding to occupy new bridgeheads on the right bank of the Rhine and to build up a Customs barrier against unoccupied Germany. It was therefore no innovation to add to the programme of profiting by the resources of the Ruhr, a fiscal programme, which was very moderate, consisting only of the levy of three taxes: Customs duties, export licence dues, and the coal tax (Kohlensteuer).

REASONS FOR THE CHOICE OF TAXES.

The policy of collecting all existing taxes might have exposed France to the charge of designing to administer the territory, so a selection was made of taxes easily controlled with an assured yield. It was in no way the Allies' intention to substitute their own for German officials, but as the latter had co-operated with the Allies in the application of the penalties in 1921 it was hoped that they would do so again. This, however, on instructions from Berlin they refused to do. Moreover, as the taxpayers also refused to pay their taxes into offices under French and Belgian control, and to make declarations, it was impossible to allow them the usual payment facilities accorded in normal times. Thus, in instituting methods both of assessment and payment, the main objects were to avoid a co-operation which was impossible and to convince the Germans of the futility of resistance. The levy of taxes, therefore, aimed not only at procuring revenue, but also at assisting in the work of coercion, the sole means of ensuring the success of the action undertaken.

THE COAL DUTY.

The coal duty brought into the German Treasury considerable revenue, and its high rate—40 per cent.—combined with the restricted number of persons liable to it rendered it easy of collection. Those liable are the mineowners and lessees, grouped into powerful associations capable of giving to the administration all requisite guarantees. However, when Dr. Cuno, who represents the industrial magnates, came into office, the activities of the revenue authorities were relaxed. From certain information received, the French Government had grounds for believing that for some time past the Reich had abstained from levying this tax, a presumption which became a certainty on the seizure of certain documents by the French on their arrival in the Ruhr, showing that the Kohlensteuer had not been

collected since October 1922. Certain news from Berlin even suggested the idea that the German Government contemplated its suppression. The French were therefore constrained to re-establish this tax. The object of a Decree issued by General Dégoutte on Feb. 27 was to bring the methods of assessment and collection into harmony with existing circumstances, that is to say, by taking into account the resistance of those liable to the tax and of the German administration. The assessment had been made under the German system on the declaration of the mineowners, a method which it was out of the question to continue. It was easy to foresee that those liable to the duty would decline to furnish material for assessing the value of the duty, there therefore remained no alternative but to introduce a system of taxation by payment of fixed sums. A refusal to make a declaration renders those refusing immediately liable to the tax, for which purpose the information supplied by the German returns for 1921 would be used subject to correction in respect of increased production subsequently found to have taken place. This method enabled the Allied authorities to dispense with information which the mineowners would probably decline to supply. On the other hand, in order to avoid over-taxation, the Germans would be constrained to produce their books. Should this result be achieved it would be proof of a weakening of resistance. From now onwards a judicial commission has been provided for hearing any claims which may be made. It will be composed of the head of the inter-allied commission of control of the mines and factories, an allied engineer and a German chosen by those liable to the tax from a list of ten experts presented by the inter-allied commission. By the creation of this organisation it is made clear that there is no desire to convert taxes legally due into arbitrary impositions. The French authorities thus show how eager they are to reconcile justice with the methods of constraint forced upon them by the Germans.

The payment of the tax raised a question of some delicacy. It had become necessary to prevent the taxpayers from profiting by any depreciation of the mark between the date of demand and the date of payment; and it is common knowledge that the German Government had spontaneously favoured such speculation by multiplying delays and respites. In order to check this fraudulent manoeuvre, it was decided that the tax primarily assessed in marks should be converted into dollars at the date of payment. Further, it was necessary to prevent diminution of the amounts collected by the Allies, by reason of any rise in the German currency, as such an operation would tend to the depreciation of the dollar. Therefore it was stipulated that, on no account must the sum payable be less than that due from the date when it had been assessed in marks. This proceeding aimed at giving to duties not levied at the time of assessment, the character of cash payments, the only strictly accurate method of levying in periods of currency depreciation. The Kohlensteuer, as existing under the German régime, could have only furnished marks; it seemed, therefore, preferable to demand, for at least three quarters of the amount due (30 out of 40 per cent.), payment in foreign currency. Those liable for this tax have at their disposal a sufficiently powerful financial organisation to enable them to procure such currencies.

The object of the numerous penalties imposed is to compel the regular payment of taxes. The normal means of exacting payment of revenue, that is by distress, is inadequate, as in the Ruhr it is dependent on the loading and despatch of coal, and therefore beset with numerous difficulties. In order to give a personal character to repressive measures, in addition to the fines imposed by German law, attachment of the

Special Articles

person and joint liability of directors of the boards of mining companies have been decreed. Under these enactments the mineowners, as well as the directors, can be kept in prison as long as the tax remains unpaid. But the most efficacious means of pressure is the refusal of export licences, and of exemptions from export prohibitions to all mines which have not paid their coal duties to the Allies. This refusal will be extended to industries cognate to the defaulting mine, so that the interest of such industries will incite them to bring pressure to bear on the mineowners to cease an opposition which has become detrimental to the general business of the district.

In order to give as little food as possible for misrepresentation, it was decided not to suspend, as would have been perfectly legal and justifiable, the despatch of coal to Switzerland and Holland under existing contracts ensuring a regular delivery of specified amounts of coal a month, and the Customs authorities have accordingly been instructed to allow the departure of trains laden with coal within the specified limits, destined to those countries. This liberal measure, which affords proof to the impartial observer of the moderation of the Allied Powers, is a purely exceptional concession, and the occupation authorities reserve the right to claim payment of the Kohlensteuer on all amounts of coal despatched to foreign countries under fresh contracts.

LICENCE DUES.

Thanks to the creation of the customs cordon which at present cuts off occupied from unoccupied Germany, the Allies are in a position to exercise strict control over the trade, whether export or import, of the Ruhr area. This supervision enables them to seize at first hand the export licences authorised by the Reich. Under the terms of payment of May 5, 1921, which defined the extent of Germany's liability, the latter undertook to pay, in addition to a fixed annual sum, a further sum by way of deduction of 26 per cent. on the value of exports. In order to obtain the necessary foreign currency, the German Government compelled traders to deliver to it, in exchange for marks, the foreign money which they received for their exports. The licences therefore do not constitute an export tax, and their machinery was only intended to enable the Reich to purchase from its subjects the foreign money of which it had need. For this system, which would have constrained the Allies to increase their purchases of marks, was substituted another which converts the export licence into a regular tax. Licences are now only delivered subject to the payment in foreign currency, by intending exporters, of 10 per cent. of the value of the goods to be exported. In addition, exporters must sign an undertaking to deliver to the Allied authorities a certain percentage of foreign currency the sole condition on which they will be repaid in marks. By means of this regulation the new system adapts the German system to the benefit of the current accounts of the two Allies.

Although one of the aims of the policy of the occupying powers is to create a glut of the Ruhr products within the district, nevertheless it has been decreed that for certain goods and in special circumstances exemptions to the general export prohibition may be granted on payment of an *ad valorem* duty of 10 per cent. This duty, which only concerns inland trade and contracts drawn up in marks, is payable in that currency.

CUSTOMS DUTIES.

The yield from licence duties and exemption dues is already increasing steadily. The Allied administration, however, has had to cope with an obstinate resistance from the German administration, which has not only striven to raise every kind of impediment but has also officially organised a system of fraud, the extent and ingenuity of which are revealed by frequent examples.

At Dusseldorf itself, the German officials were discovered to be endeavouring to collect the taxes which the Allies had reserved to themselves, a proceeding which led to numerous arrests and deportations. High officials of the German Customs organised a regular system of smuggling. A typical example was the organisation of a secret postal service for the receipt and delivery of parcels the despatch of which was prohibited by the Allies unless the duties were previously paid. A train of 10 vans discovered in a suburb of Dusseldorf served as a post office in substitution for the offices occupied by the Allied authorities. A fact of this kind is significant as revealing the care and method with which resistance was organised by the German Government in the hope of wearing down the patience of the Allies. The results achieved by the Customs service of the latter are all the more satisfactory and deserve mention.

It was at first necessary to bring from France a large number of Customs officials, recruited as far as possible among the natives of Alsace and Lorraine. Subsequently it was necessary stage by stage to occupy the German tax-collecting offices, train the new staff, and organise the line of control round the district. The establishment of the Customs cordon was particularly complicated. It was of the highest importance not to leave outside the sphere of Allied control any important trade centre, a reason which prompted the occupation in the middle of February of the ports of Emmerich and Wessel, on the right bank of the Rhine, between Dusseldorf and the Dutch frontier. This measure was indispensable, seeing that German agents in those towns claimed the right to levy export duties. Similar measures had to be adopted in the Elberfeld district to the south of the Ruhr and the north of the Cologne bridgehead. The protests from the British Press which these measures called forth appear to be unfounded, as they are only taken with the object of preventing the German authorities from claiming payment of duties already paid to the Allies.

Everywhere possible store houses of goods have been seized, notably at Dusseldorf, Duisburg and Ruhrort, where the strong military occupation renders feasible the normal working of the civil administration. But this was a subject of particular difficulty. German, as well as French law, authorises warehouses for foreign goods which pay duty, not on entering the country, but only when sold for consumption. Certain goods may be kept by traders in their own warehouses, and are subject only to intermittent inventories by the revenue authorities. This system, known as "fictitious bonding," which provides exceptional trade facilities, is greatly employed in Germany, and has largely contributed to the prosperity of the Ruhr district. It could, of course, not be allowed to continue, as it necessitated the presence of numerous officials and a rigorous inspection of business books. Therefore the Allies prohibited the right of bonding in districts not under special supervision. They decided that duty must be paid on all goods at the frontier, unless destined for a bonded warehouse supervised by their own customs officers.

The Customs, in addition to levying duties, also seized contraband goods. In some cases the Allied authorities only took over the work of the German authorities, which had already decreed confiscation; in others they seized all goods on which duty had not previously been paid. One month after the introduction of this system the proceeds of confiscated goods sold amounted to some ten millions of francs.

The general organisation of the Customs system as applied in the Ruhr may be considered as one of the most efficacious means of compelling Germany to execute the peace terms. At present the local industrial magnates are striving to counteract the efficiency of the Allies' action by slackening the output of their factories and accumulating their products in the district, a course which, if persisted in, will entail sooner or

later commercial suicide. On the contrary it is to be anticipated that they will seek to maintain foreign trade at its normal level, in which case the levy of Customs duties will rapidly increase.

INDIRECT TAXES.

Originally the Allies only sought to levy the before mentioned taxes, but the opposition of the Germans forced them to extend their fiscal operations. This might appear easy to those who do not know that the taxes paid in Germany are insignificant. The German Government made a great parade about raising certain taxes and creating new ones, but in reality the situation has not changed. The laxity with which the taxes are collected and the length of time allowed for payment have had the effect of completely relieving the rich from payment of direct taxes. The poorer classes also have virtually benefited by total exemption, since the rates of the majority of indirect taxes are by no means commensurate with the depreciation of the mark. For example, duty on 100 kg. of salt amounts in France to 10 francs, the corresponding duty in Germany is equivalent to about half a centime. The French duty on sugar is 50 francs the 100 kg.; in Germany it is 2 centimes. In order to collect these taxes to any appreciable extent the Allies would have had to raise the rates on their own authority, a delicate matter, as their present policy is not to substitute their sovereignty for that of the Reich in the Ruhr. For the present it has been deemed preferable to limit this course of action to the wine and tobacco duties. By this means only those luxury articles are affected upon which Germany, contrary to its usual custom, imposes fairly high duties. It may further be mentioned that these *ad valorem* rates preserve their full efficacy despite the depreciation of the mark; thus a 20 per cent. duty, for instance, is always independent of the value of the currency.

GUARANTEES AGAINST REPRISALS.

In ordering this fresh levy of taxes, General Dégoutte was careful to inform the inhabitants of the district that it was in answer to the methods of the German authorities. It would appear, moreover, that a number of German taxpayers were quite ready to pay their taxes to the Allied authorities either from self-interest or through sheer weariness, had they not feared reprisals from Berlin. Already a decree of the occupation authorities had safeguarded those who should obey its orders. It was deemed expedient in this respect to emphasize the value of this promise by the following proclamation:—"It is put on record that officials, employees and private persons who comply with the orders of the occupation authorities, and in particular taxpayers who pay their taxes at the offices created by such authorities are formally taken under the protection of the Allied Governments now and in the future; and these Governments undertake to guarantee them against all reprisals on the part of the German Government, and not to enter into negotiation with it so long as it shall not have given formal undertakings to such effect."

The effect of this declaration is to protect the inhabitants of the occupied territories against the malevolence of Berlin. Those ill know the ordinary Germans who render them responsible for initiating the system of passive resistance. Many of them would refrain from obstruction were they not overawed by the fear of disobeying the orders of their Government. When once they feel themselves protected, and realise that force is on the side of the Allies, their scruples about yielding will doubtless soon disappear. They are probably inspired less by patriotism than by the ingrained habit of obedience to Berlin.

WHEAT CURRENCY IN HUNGARY

Our Budapest correspondent supplies the following account of the substitution of a more or less stabilised wheat currency for the fluctuating krone currency in Hungary.

Since the granting of loans has proved highly detrimental to the lender for the reason that his claim, nominally in kronen, is repaid in money the purchasing power of which continually declines, the available cash in the banks has declined to an alarming extent. In 1921 the four leading Budapest banks still handled deposits to the value of Kr.14.8 milliards equivalent to Kr.119 mill. gold. In 1922, although the amount of deposits had increased to 25 milliards, yet owing to the depreciation of the currency their value had declined to Kr.50 mill. gold. During the first quarter of the current year even the face value of the deposits has declined, so that they are only to be computed at 25 mill. gold kronen. Production, which disposes of quite inadequate capital, has recourse to inflation of shares. Whereas, say for example, in Czecho-Slovakia, commercial credits are equivalent to about 21.2 Hungarian gold kronen per head of the population, in Hungary they only amount to 8.2 gold kronen.

ADOPTION OF A WHEAT STANDARD.

These circumstances, due to the fluctuations of the krone caused the adoption in Hungary of the price of wheat as the standard of value. The transition to a wheat currency began with the fixing of the rent for land in wheat, then followed sales of goods on the same principle. The Government assessed the amount of the land tax and of the redemption value of land under the land reform scheme at the current price of wheat. Domestic servants and farm labourers stipulate for the payment of their wages in wheat, in villages rent is paid in wheat, the office having charge of orphans contemplate insuring in terms of wheat their wards' funds against depreciation, and certain factories will only deliver agricultural machinery against payment in wheat values.

THE WHEAT CURRENCY IN BANKING.

The wheat currency has even extended its triumphal progress to banking. The Ungarisch Italienisch Bank, has, first of all the leading Budapest banks, put into practice the idea of valuing deposits and loans on the basis of the current price of wheat.

As a result of this well-considered experiment, property in kronen is stabilised in wheat values. Wheat deposits serve as advances to agriculture. The unit of value is the cash quotation on the Budapest Bourse for 76 kg. of wheat. On making deposits, bankers' certificates (*kassenscheine*) are issued, due for payment at the same time as the deposits. The latter are deposited for 6, 9 or 12 months, and bear interest respectively at $4\frac{1}{2}$, 5 or 6 per cent., according to the length of the deposit. The interest also is reckoned in terms of wheat. The repayment of deposits is based on the average price of wheat for the previous month. The bankers' certificates are payable to bearer and are negotiable. The minimum deposit is calculated at 5 quintals of wheat. Wheat loans are granted to landowners, tenant farmers and wine-growers for the purposes of their business. The value of the wheat loan is calculated on the basis of the previous day's wheat quotation on the Budapest Exchange. The interest is 8 per cent. and the terms of the loan are respectively 6, 9 and 12 months.

Following this example, other big Budapest banks propose to introduce a new currency into credit and loan business. The Association of Savings Banks and Banks has thoroughly considered the issue of bank certificates representing the standard value, in order to increase deposits. The decision taken is not for a uniform but for an optional standard of value. Some of the banks are in favour of a wheat value, others prefer a gold or dollar standard. But financial experts have advised against the latter, as long as trade in foreign currencies is restricted. The more cautious fear, on

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

the restoration of free dealings in foreign currencies and bills, a sharp rise in gold and dollar quotations and a consequent disturbance of krone rates. The Pester Vaterländische Erste Sparkasse is said to be about to issue bankers' certificates in terms of wheat values. Finally, the Government is to introduce a Bill in the National Assembly regarding the issue of wheat bonds.

CONCLUSION.

Finally, as against the assumption that the price of wheat has hitherto approximately adjusted itself to the depreciation of the Hungarian krone, attention should be called to the disproportion between the values of gold

and wheat. The output of gold being limited assures the stability of its value. The price of wheat, however, depends upon the result of the harvest in each year, and therefore upon chance and the possibility of its depreciation on the world's market. So the anomalous situation may occur that—in contradiction to previous ideas—a good harvest may prove a financial disaster (and a bad one, a benefit), since with an abundant yield the price of wheat and corresponding value of the krone will fall. One will not be far wrong in estimating this experiment of a wheat currency as a skilful and temporary expedient for the purpose of mitigating the disadvantages of the fluctuations of the krone, but, in the end a currency system can only be established on a gold basis.

NOTES ON NEW BOOKS

A NEW LIGHT ON WAR TRADING.

The Triumph of Unarmed Forces, 1914-1918, an Account of the transactions by which Germany during the Great War was able to secure supplies prior to her collapse under the pressure of economic forces. By Rear-Admiral M. W. W. P. Consett, C.M.G., Naval Attaché in Scandinavia 1912-1919, Naval Adviser to the Supreme Council 1920. Assisted by Captain O. H. Daniel, R.N. (Williams and Norgate, 15s. net.)

Admiral Consett, in his valuable work on "The Triumph of Unarmed Forces," deals with an hitherto unrecorded chapter in the history of the war—the unseen economic struggle—the very existence of which was probably unsuspected by the majority of Englishmen. From his coign of vantage in Scandinavia Admiral Consett was able to see on the outbreak of war the sudden swelling of the trade stream which flowed into the Scandinavian countries, among which by the way, for ease of reference in the book, Holland is included. The extent of this traffic at first amazed the Scandinavians, as it gradually gave rise to the view that necessity, and not philanthropy entirely, contributed greatly to its source. This view, studiously encouraged, led to the belief that it was no longer England but Germany that was to be feared. Trade with Scandinavia continued unchecked for over two years; agreements, as the author points out, by which neutrals engaged that Germany should not benefit by our trade were openly and continuously violated; and representations, containing clear, authentic statements of facts relating to the manner in which the raw materials and finished products from overseas passed in identical or similar form through Scandinavia to Germany, were disregarded.

The prolongation of the war from the six months or so that Germany had contemplated to the four and a half years is shown by the evidence produced by Admiral Consett to have been mainly due to her supply by British traders of foodstuffs and the material for munitions. It was only when in 1917 the blockade was for the first time enforced that really effective pressure was brought to bear, both from the full exercise of our maritime rights and the right to control the distribution of the products of the Empire, and that the position of Germany became hopeless. The adoption of the Declaration of London by the British Government made trading with the enemy by this country and by neutrals possible. This weakened greatly our

case in protesting our right to interfere with American trade, for America contended that while we were invoking the aid of maritime law in support of our right of interference with her commerce, we were ourselves competing in trade with her. The author remarks that the nature of many commercial transactions that came under his personal observation in Scandinavia give strong support to the justice of this contention. In this connection it is significant to record that on June 3, 1915, the American Ambassador, at the request of the American Consul-General in London, asked for information regarding the amount of raw cocoa and preparations of cocoa exported from Great Britain to Holland, Denmark, Sweden, Norway and Italy during the four months ending April 30, 1915, as compared with the same period in 1913. The reply was as follows:

	1913.	1915.
	lb.	lb.
January	260,361	2,626,687
February	116,868	1,628,173
March	137,423	4,060,428
April	415,815	3,903,633

Let us examine, for a moment, the trade in some other vital commodities:—

COAL.—Supplied, without any restrictions on its use, in unlimited quantity to Scandinavian ships, railways and factories.

COPPER.—The British export of copper to Sweden was doubled. The Swedish export of copper to Germany was trebled.

LUBRICANTS.—Great Britain's export to Denmark rose from 150 tons in 1913 to 500 tons in 1915.

FERTILISERS AND FODDER.—Supplies from this country enabled Denmark to export to Germany cattle, horses and food. In the first seven months of 1916 Denmark's meat export to Germany was 62,561 tons, sufficient to furnish during the period about one million meat rations daily on the scale of the current German Army ration.

OILS.—The exports from this country to Denmark went up from a total of 5,895 tons in 1913 to 11,052 tons in 1914, and 20,646 tons in 1915. The oil cake obtained from imported oil seeds enabled the Danes to increase their export of fattened cattle to Germany from 152,357 in 1913 to 305,031 in 1916.

And so one could go on. Increases equal in proportion are shown in our export to Scandinavia and in the re-export to Germany of such vital commodities as tin, zinc, nickel, cotton, rubber and cement. But perhaps the most extraordinary example of our inexplicable

behaviour was over the Scandinavian fishing industry. In 1913 we received 8,677 tons of fish from Scandinavia, while the grand total for the years 1915, 1916 and 1917 was about 1,400 tons less than that for 1913, but Germany's grand total for the same three years was 268,624 tons more, and, presumably, in order to see that the German supply of fish should be well maintained, we sent to Denmark in the same three years no less than 481 tons of fishing gear, compared with our export of 39 tons in 1913.

To Admiral Consett, who was untiring in endeavouring to draw the attention of the British Government to this state of affairs, his work must have been one of great difficulty, and during the first three years of the war of heartbreaking hopelessness, and it is to his credit that he should have marshalled the facts of his case against official negligence (which strays perilously near the line of criminal negligence) with an absence of any spirit of recrimination and with a remarkable fairness in its presentation.

"There were," he concludes, "in the blockade certain features which it would serve no useful purpose now to recall, yet the failure to prevent supplies from reaching our enemies on a less immoderate scale than that recorded stands, I think, in need of fuller explanation than has yet been given. . . . This book has been written to but little purpose if it has failed to make clear that the unarmed forces with which it deals rest, for their power of being applied, upon naval and air supremacy; and that there is no security for the sea-borne supplies upon which we mainly depend for our existence except in our Navy and its sister service the Royal Air Force."

RECENT PUBLICATIONS

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

Hungary and Democracy. By C. J. C. Street, with a Foreword by T. P. O'Connor. (T. Fisher Unwin Ltd., 10s. 6d.) In this book the author draws attention to the undemocratic and reactionary tendencies of the present régime in Hungary, and to the perpetual menace of this régime to the peace of Europe. The tendencies of the Magyar ruling classes are traced from the time of the *Ausgleich* to the present day, and their effect on the Succession States is touched on. In the course of the book the current Magyar propaganda for the restoration of Hungary to her former boundaries and for the revision of the Treaty of Trianon is examined, and the methods of the irredentist societies, such as the "Awakened Magyars," are dealt with. Mr. Street has endeavoured in his interesting book to depict the conditions which prevail in Hungary to-day, and the effect these conditions must have throughout Central Europe.

Guilds and Co-operatives in Italy. By Odon Por. (Translated by E. Townshend, Introduction by A. E., and an Appendix by G. D. H. Cole. Labour Publishing Co. Ltd., 5s. net.) This work on the evolution of the Guild Organisation of Industry in Italy was written before the political revolution there had taken place. The author has consequently added a preface in order to explain the real meaning of recent events, and to forecast, though it is of course too soon to do so with any definiteness, the social results likely to flow from them. He recalls that Mussolini's first act after the formation of his Cabinet at the King's bidding was to communicate with d'Annunzio and to assure him that there would be no abuse of victory. This assurance and this desire to

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keep in touch with d'Annunzio gives, he says, the key to the present situation. The author's treatment of his subject makes interesting reading, and a valuable survey on "The Guild Movement in Great Britain" is contributed by Mr. G. D. H. Cole. The growth of this comparatively recent industrial activity, judging by the evidence before us, has been one of marked rapidity and its increasing importance entitles it to careful examination.

Bibliographical Survey of Contemporary Sources for the Economic and Social History of the War. By M. E. Bulkley, B.A., B.Sc. (Clarendon Press, Oxford, 10s. 6d.) This bibliography, which fills practically 650 double-column pages, is a concisely annotated survey of the literature dealing with the economic and social history of the United Kingdom during the war and reconstruction periods. It forms part of a long series, "Economic and Social History of the World War," in process of publication by the Carnegie Endowment for International Peace, and should serve as a most useful guide, not only alongside many other volumes, published or still to come, of the series, which deal with the history of British finance, social life, individual industries, etc., during the war, but also to the general reader in search of reliable information and criticism on all the economic and social problems of the war period in this country, except, of course, those in regard to which secrecy was unavoidable even after the war was over. The bibliography necessarily covers a vast number of subjects, the classification of which into sections can have been no easy task. It has been dealt with in admirable manner. The actual selection of material reflects every credit on the discriminating judgment of Miss Bulkley and her two assistants, Miss Joan Joshua and Miss Nancy Thomas. A word of praise should also be given to the author for having slightly extended the legitimate scope of the bibliography and for including several American and foreign books which dealt with British war-time problems.

STATISTICAL SECTION

THE TRADE BAROMETER

EXPLANATION

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

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

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

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

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

TABLE I.

Date	10 Com- modities	Bd.of Tde. Monthly Average	Date	10 Com- modities	Bd.of Tde. Monthly Average	Date	10 Com- modities	Bd.of Tde. Monthly Average	Date	10 Com- modities	Bd.of Tde. Monthly Average
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	161.4			
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		May 4	198.7				
13	148.7		15	161.2	154.3	11	197.5				
20	144.0	164.0	22	158.6							
27	141.3		29	158.8							
Feb. 3	142.3		Oct. 6	159.8							
10	147.0		13	161.2	155.2						
17	149.2	161.8	20	162.8							
24	149.7		27	165.9							

CHART ILLUSTRATING TABLE I.

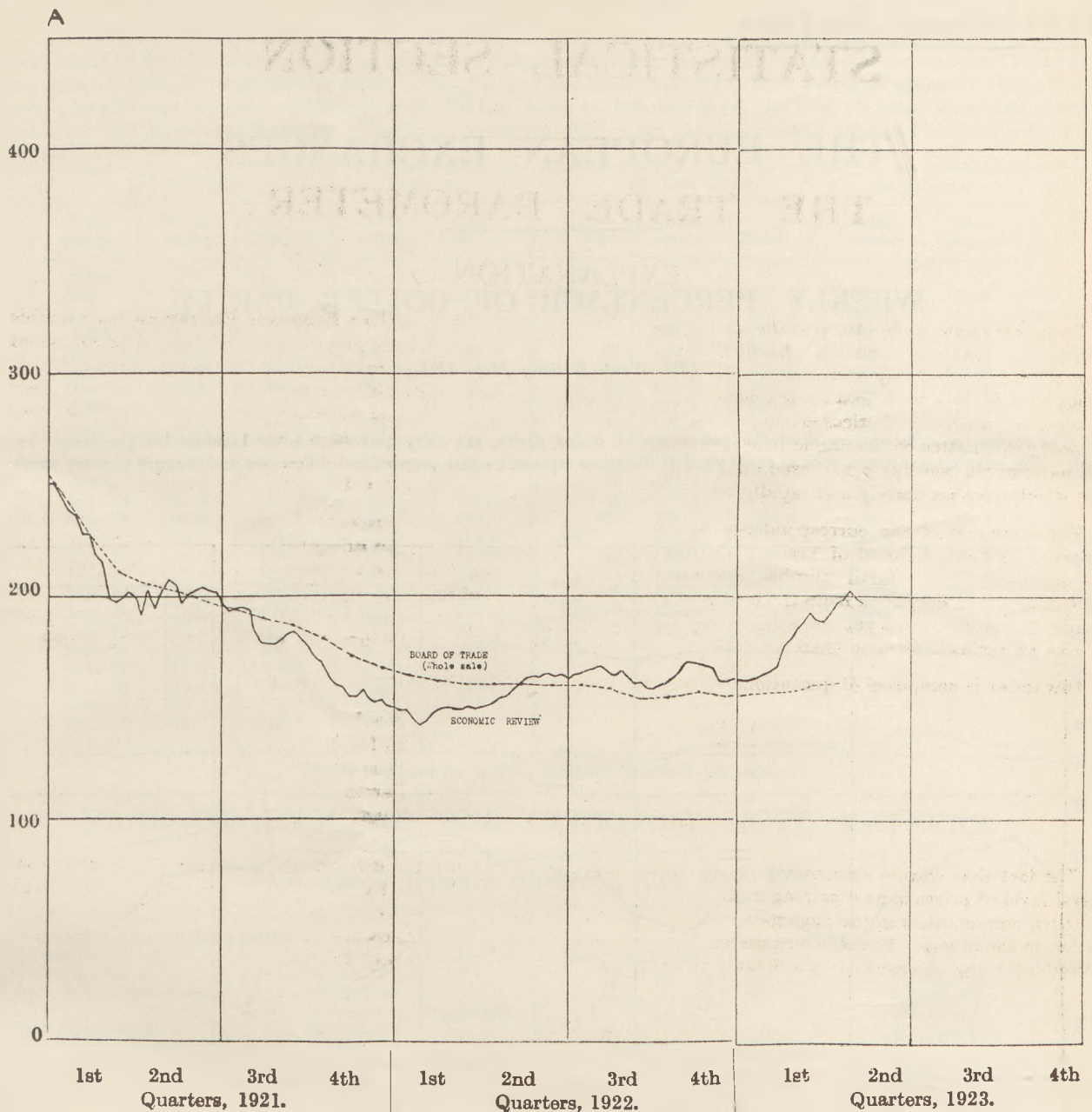


TABLE II.

Date.	Pig iron.	Tin.	Coal.	Linseed Oil.	Cotton.	Wool.	Hides.	Wheat.	Bacon.	Sugar.	Mean.	Date.
Dec. 30, 1921	100	100	100	100	100	100	100	100	100	100	100	Dec. 30, 1921
1922												
Jan. 27 ...	90.6	90.5	92.4	108.8	85.3	100.0	82.6	101.1	94.4	96.1	94.18	... Jan. 27
Feb. 24 ...	101.4	85.3	94.3	136.9	90.0	106.7	76.8	106.4	104.4	94.1	99.77	... Feb. 24
Mar. 31 ...	94.3	84.2	93.4	126.3	90.3	106.7	87.0	116.2	97.1	103.8	99.93	... Mar. 31
Apr. 28 ...	92.9	89.4	89.6	149.1	87.9	106.7	78.3	113.5	115.8	107.7	103.09	... Apr. 28
May 26 ...	99.1	89.2	88.7	155.3	101.1	115.6	89.9	123.8	118.4	107.7	108.88	... May 26
June 30 ...	92.9	90.4	81.1	152.6	111.7	111.1	91.3	117.7	114.4	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	108.5	91.9	104.8	134.6	113.43	... Nov. 3
Dec. 1 ...	95.5	102.6	94.3	136.9	121.5	133.3	107.2	93.9	96.3	134.6	111.61	... Dec. 1
" 29 ...	89.4	106.7	91.5	138.6	126.0	120.0	93.5	90.4	89.7	138.5	108.43	... " 29
1923												
Jan. 19 ...	91.3	106.1	95.3	135.1	132.4	122.2	93.5	91.7	89.7	130.8	108.81	... Jan. 19
Feb. 16 ...	100.5	114.7	105.7	143.9	131.4	120.0	89.1	90.1	89.7	196.2*	118.13	... Feb. 16
Mar. 16 ...	113.2	139.6	141.5	143.9	138.9	124.4	94.2	88.6	84.2	214.4	128.29	... Mar. 16
" 30 ...	113.2	131.8	133.0	150.9	125.5	124.4	91.3	89.3	88.2	211.5	125.91	... " 30
Apr. 6 ...	113.2	130.6	132.1	161.4	127.8	124.4	95.7	90.9	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
May 4 ...	110.8	127.4	130.2	171.9	125.6	137.8	102.1	97.2	91.2	230.8	132.50	... May 4
" 11 ...	110.8	122.5	128.3	159.6	121.4	137.8	101.4	101.2	91.2	242.3	131.65	... " 11

*Revised Quotation.

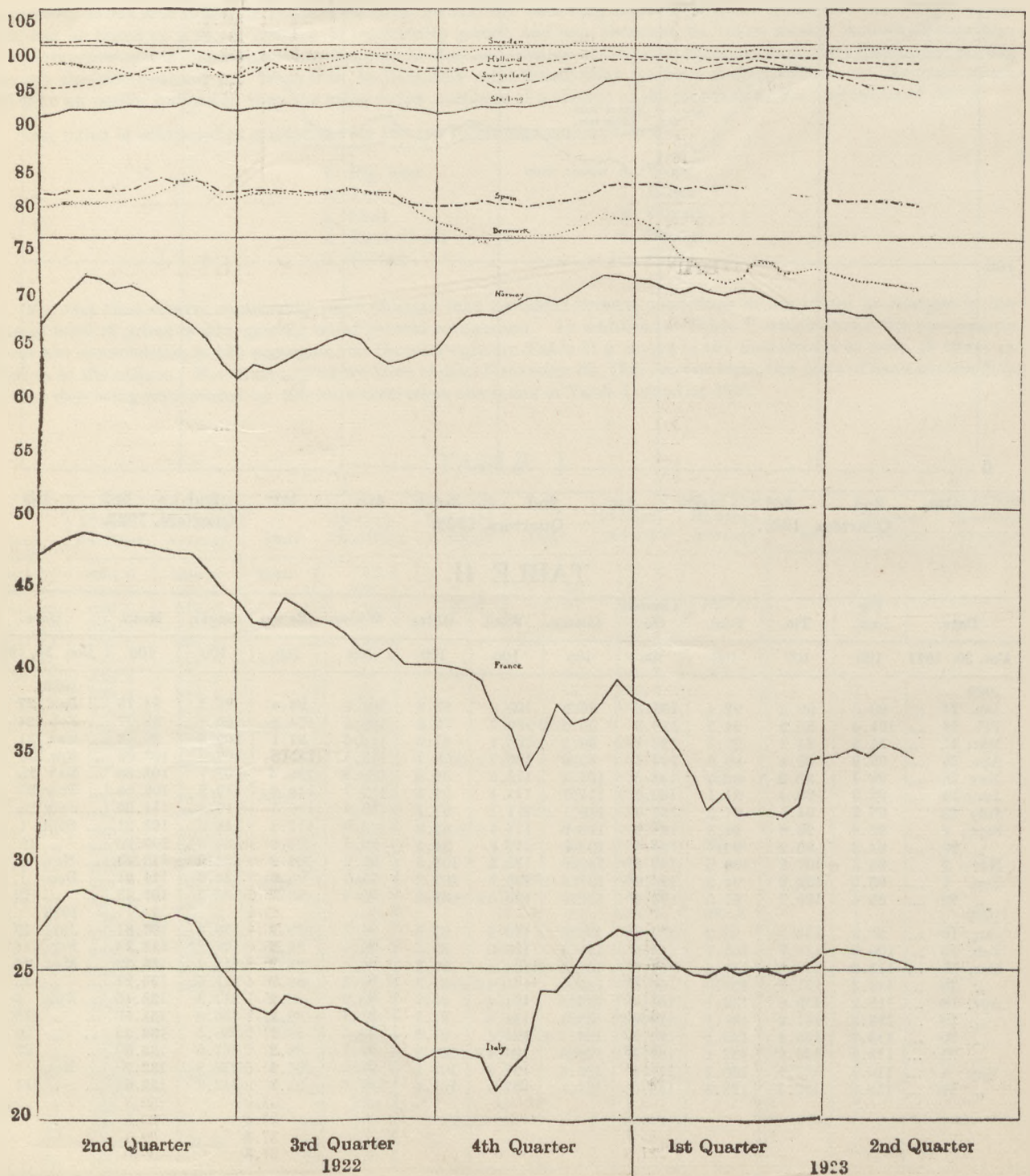
Statistical Section

THE EUROPEAN EXCHANGES

WEEKLY PERCENTAGE OF DOLLAR PARITY

(To Week Ending May 12th.)

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



SECURITY PRICES.

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

IN NEW YORK.			IN LONDON.		IN NEW YORK.			IN LONDON.	
Week ending.	Indus-trials.	Bonds.*	Indus-trials.	Gilt-edged.	Week ending.	Indus-trials.	Bonds.*	Indus-trials.	Gilt-edged.
1919					1923				
Jan. 1	—	98.4	147.8	114.4	Jan. 6	120.5	102.8	122.1	113.5
Nov. 1	140.8	92.5	172.6	101.5	13	122.2	102.6	122.3	114.0
1920					20	120.4	102.0	123.3	116.8
Mar. 1	116.0	87.8	186.6	93.4	27	120.8	101.1	122.2	115.8
July 1	113.6	82.4	149.1	92.3	Feb. 3	122.5	102.1	122.2	114.8
Dec. 1	92.2	89.6	130.1	88.6	10	125.4	102.1	122.5	115.1
1921					17	127.3	101.6	123.2	115.6
Aug. 20	80.3	90.4	105.4	93.8	24	126.8	101.1	126.4	116.2
Oct. 20	91.1	92.0	91.1	94.4	Mar. 3	128.6	99.8	129.5	116.3
Dec. 31	100.0	100.0	100.0	100.0	10	128.0	99.5	128.9	116.5
1922					17	129.2	98.5	129.3	117.0
Jan. 28	100.8	102.1	102.3	104.4	24	127.3	97.8	129.0	118.1
Feb. 25	105.2	100.8	103.6	109.0	31	126.7	98.0	128.4	118.5
April 1	109.8	101.5	103.5	112.2	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	99.3	137.9	122.9
Aug. 19	122.1	105.7	114.0	116.0	May 5	119.3	99.2	137.5	123.1
Sept. 16	123.8	107.6	115.2	112.5	11	117.6	100.0	133.4	122.5
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 10th May, 1923.

LIABILITIES.			ASSETS.		
Notes Issued.	£	£	Government Debt.	£	£
B. of E.	145,446,050		B. of E.	11,015,100	
Less those in C.N. Reserve	22,450,000	122,996,050	C.N.	242,556,792	
C.N. outstanding	285,566,494			253,571,892	
C.N. called in but not yet cancelled	1,482,820	287,049,314	Less C.N. Investment Reserve Account	12,101,786	241,470,106
			Other Securities.		
			B. of E.		8,734,900
			Gold Coin and Bullion.		
			B. of E.	125,696,050	
			C.N.	27,000,000	
			C.N. Balance at B. of E.	144,308	152,840,358
			Silver Coin		7,000,000
		410,045,364			410,045,364

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.	123.0	285.7	408.7	152.8	37.4	39.1
May 10	123.0	287.0	410.0	152.8	37.3	39.0

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