

THE

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## NOTES OF THE WEEK

A link with the past has been broken by the death in his ninety-fifth year of M. de Freycinet, an associate of Gambetta and one of the founders of the Third French Republic. Born in 1828 at Foix, in the South of France, Charles Louis de Saulce de Freycinet, after passing through the Ecole Polytechnique, chose the profession of engineer and became manager of the Midi Railway in 1870. Owing to the remarkable powers of organisation which he displayed in this office he was appointed by Gambetta as chief of the military cabinet of the provisional Government at Tours. He entered politics in 1876 as Senator of the Seine in the party of the Gauche Républicaine. Between 1876 and 1900 he occupied various positions in the Government, including that of Premier. Between the end of the war and the date of his election to the Senate he was engaged in the reorganisation of the French army and although a peace-lover, but no pacifist, he resolutely opposed the reduction of the term of military service. As Minister of War for four years he laid the foundations of a new army, introduced the three years' service, established a Supreme War Council, created the post of Chief of General Staff, and improved the frontier defence scheme. He subsequently became President of the War Commission of the Senate (a post afterwards filled by M. Clemenceau). As Minister of Public Works he developed a celebrated scheme of public works. In October 1915, although 88 years of age, he again devoted himself to the service of his country by joining M. Briand's Cabinet as Minister without portfolio, but retired on the reconstruction of the Cabinet in December 1916, together with other ex-Ministers, MM. Bourgeois, Combes and Guesde. M. de Freycinet also distinguished himself in literature and was elected to the Academy in 1890. Among his early works was a pamphlet on the work of women and children in British manufactures, published in 1867. After his retirement from politics he published his memoirs.

\* \* \*

Although occasional reports of lively proceedings in the French Chamber scarcely convey the impression that French politics are conducive to longevity, nevertheless this opinion is refuted by other

examples than that of M. de Freycinet. M. Emile Olivier, for instance, who was Premier at the time of the disaster of 1870, lived to see the beginning, if not the end, of the last war, 44 years later, and within a few years of his death published his memoirs in the *Revue des Deux Mondes*. Other veteran politicians are : M. Ribot, recently deceased, a colleague of M. de Freycinet in bygone Cabinets, who at the age of 73 did not hesitate to assume the reins of office at a critical stage of the war in 1917 ; M. Clemenceau, still living, whose energy and vitality at a still more critical period later in that year, when 78 years of age, and until the end of the war, largely contributed to the success of the Allies ; and the ex-Presidents, M. Loubet, born in 1838, and M. Fallières in 1841, who, although retired from politics, are still living. M. Ribot, like M. Clemenceau, was a member of the Académie Française.

\* \* \*

It is scarcely matter for surprise that the revelations contained in Admiral Consett's book, "The Triumph of Unarmed Forces," should have created considerable sensation in France. Assuming these allegations to be true, writes a critic in a responsible journal, and they will have to be refuted by proof and not by mere denial, Great Britain played a more than equivocal part in the war, for which her Allies are entitled to call her to account. The book is the severest indictment ever brought against a country waging war in alliance with other countries, since it shows that British traders by revictualling Germany enabled her to maintain for four years and a half a resistance which Germans only expected to last six months. Official figures quoted by Admiral Consett show that the export to the Scandinavian countries and Holland of certain essential commodities, such as coal, cacao, fertilisers, which enabled those countries to supply Germany with horses and livestock, lubricating oils, copper, zinc, etc., increased two, three and up to twelve fold in certain years of the war as compared with 1913. Moreover, huge amounts of paper money were taken into Scandinavia by Foreign Office messengers, and were sold to Germany at profits amounting to 50 per cent. The questions which naturally occur



## Notes of the Week

to the mind are the following: To whom did the Foreign Office messengers deliver this money? Who advised the Foreign Office to despatch it? Into whose pockets did the profits go? While awaiting the official reply to Admiral Consett, which will doubtless be made in due course, those Englishmen who are so ready to accuse France of "unnecessary precipitancy," and of great diplomatic mistakes, would do well to show more reserve. To them might be applied the lines—

"Le moindre solécisme en parlant vous irrite,  
Mais, vous en faites, vous, d'étranges en conduite."

\* \* \*

If only as a record it may be of interest to quote an opinion on the Cuno Note expressed in the *Journal de Genève* in the interval between the receipt of the French reply and the despatch of the German rejoinder, to the effect that Germany is far from being at the end of her resources. As the writer shrewdly observes, she has spent enormous sums in the Ruhr to promote resistance to the compulsive measures of the Franco-Belgian occupation, and it is equally certain that the speculators who have been openly buying marks since their precipitous depreciation have supplied Germany with far more money than she has devoted to the payment of reparations. On the other hand, the Paris Press affects belief in the possibility of the Ruhr being exploited indefinitely until its wealth has yielded the required indemnities. But the most impartial observers, he says, are unanimously of the opinion that if the occupation is bringing disaster to Germany it is costing France far more than the harvest she is reaping there is worth. Still, if by some extraordinary chance the Ruhr adventure should eventually prove remunerative, seeing that France and Belgium are not the only creditors of the Reich, other claimants would not fail to put forward their demands should there be anything to divide. Further, were France known to be drawing any profits, her impatient creditors would at once press her in turn for payment. Hence the conclusion he arrives at that it would be far better to cease invoking the London Schedule of Payments and discussing the sum of 132 milliards in which nobody any longer believes, and to confer over the question of the inter-Allied debts in connection with that of the German indemnity.

\* \* \*

The almost irresistible fascination of the lottery and the sweepstake is by no means confined to the people of any one particular country, but, so far as we can judge, the French Government would appear to be alone in recognising the value of such an apparently unfailing source of revenue and in taking the most common-sense steps in seeing that the enthusiasm of the nation shall be directed into proper and profitable channels. These channels, we need hardly say, all lead to the French Treasury. One morning last week the Minister of the Interior officially called attention—owing to the iniquity of lottery promoters in Scandinavia, Italy, and elsewhere, who were trying to tempt money out of the country—to the fact that foreign lotteries are prohibited in France and heavy penalties are imposed on any persons discovered "trying their luck." Simultaneously with this solemn warning subscriptions were opened for the purpose of financing the great International Exhibition to be held in Paris in 1925. Tickets bearing no interest were offered at Fr.50 each, and, in addition to entitling the holder to fifty free admissions to the exhibition, they give him the right to participate in

prize drawings which will take place in August and October this year and next. The largest prize is one of a million francs. The bonds will be redeemed at par within fifty years. Whether it was owing to the warning of the Minister, or to the attractiveness of the gamble (which we think was greatly increased by the ingenious addition of the fifty free entrances), or to both, we have no reliable information, but the fact remains that the bonds were three times over-subscribed within the twenty-four hours. Surely it is not inconceivable that in this country, sooner or later, reasonable facilities may be given for this kind of thing, whether for public or for certain private charitable objects, without the present farce of having to indulge in such odd tricks as placing in order of popularity boys' names, posters, or films, under the legal supposition that they are a test of skill.

\* \* \*

Among cottage industries which are tending to disappear may now, according to a French contemporary, be reckoned Belgian hand-made lace. This industry has in many lands supplemented the income of the peasant class, and those of us who have indulged in walking tours in Belgium at the end of the last and beginning of the present century remember lace-making, seen through the open doors of cottages, as quite a feature of the landscape. But in spite of the efforts made to support it the industry is undergoing a sharp crisis both in France and in Belgium. Although new schools for lace-making have been founded in the latter country they have met with little success (that of Bruges had only six scholars when it re-opened for the year 1922-23). Among the causes of this decline may be noted the competition of foreign lace (especially from Indo-China) and machine-made lace, inadequate wages, changes in the fashion, and neglect of lace by wealthy people. It appears that the new rich have no eye for good lace. But, whatever the cause, the lace-maker is disappearing from the continent of Europe. The number of "dentellières" in Belgium, where, however, owing to the efforts being made to save the industry the crisis is less acute than in other countries, is estimated at 40,000, as against 80,000 before the war. The only two remaining lace centres of any importance are Bruges and Turnhout. Bruges possesses a training college for teachers of the art of lace-making, where two years suffice for forming mistresses capable of teaching all forms of lace-making, thanks to a new process. This consists of drawing each design of lace in coloured chalk on a blackboard. At the same time, the pupils learn the art of "adapting" the design to the manufacture of lace. The salvation of hand-made lace, if it is destined to survive at all, will probably be found in a general reform of teaching. The Office of Christian Lace-makers of Belgium has founded a lace "comptoir" (sales agency office), which abolishes the middleman, follows the changes of fashion and of the market at home and abroad, pays better wages than formerly, and exacts as far as possible careful and artistic work.

\* \* \*

A new process of retting by the Felsinuous bacillus has been discovered by Carbone in the hemp retting pits of Italy. This bacillus is produced at a temperature of 37 degrees (Centigrade). The seed is prepared by inoculating the potato with the preparation called Felsinozima, which can only be propagated by special laboratory processes. This bacillus will be found to be better than Rossi's and others, and assures true retting. With it a better refining is obtained and the fibre is easily separated from the sheath, a result which is not obtained with the Rossi bacillus.



# FRANCE

## POLITICAL AND GENERAL

M. Auguste Gouvain, who, in the *Journal des Débats*, may be said to voice the opinion of the Press in general on the British and Italian replies to Germany, would deem them excellent did they not reveal deplorable methods of negotiation and a total absence of finality. Lord Curzon's astonishment that the German offer is so much below the proposals made by Mr. Bonar Law last January appears to indicate, without expressly saying so, that were it more in accordance with such proposals, the British Government would be inclined to consider it. But inasmuch as the Allied conference in January broke up because these proposals were unacceptable as a basis of negotiation, the writer fails to see what Lord Curzon would have done had the German offer been more in harmony with them, unless he intended to use it to put pressure on France and Belgium. Signor Mussolini is at least more explicit when he states that "Mr. Bonar Law's proposals did not appear to take sufficient account of the irreducible claims of Italy, and that he must insist that the problems of reparations and debts between the Allies should be settled as soon as possible, taking into account the cost of reconstructing the devastated areas." It is easy to see why the British and Italian replies could not be identical, as Lord Curzon desired.

It came as no surprise (to the French) that Lord Curzon should have admitted in his note that he had "tendered advice to Dr. Cuno on more than one occasion, apart from that contained in his speech of Apr. 20," but Signor Mussolini's statement that he had repeatedly addressed appeals to Berlin to induce the German Government to make reasonable and practical proposals was less expected. Appeals from Rome and advice from London, had, as was to be anticipated, only served to increase the arrogance of the German Government, puffed up at being the object of so much solicitation. The surprise of the two statesmen, therefore, appears to be a trifle naïf, as they had been well warned of the inevitable consequences of their efforts. They appear, moreover, ready to repeat their mistake, since, instead of insisting that the German Government should cease from trying to evade the terms of the peace treaty, they beg Dr. Cuno to make fresh proposals. They are only wasting time, as should Dr. Cuno consent to make proposals more nearly approaching Mr. Bonar Law's they would be considered inadequate at Rome, and quite inadmissible at Paris and Brussels. Never will the German Government of its own accord propose conditions acceptable to the Allies. The situation is only made worse by fostering delusions in Germany, and until the Cabinets of London and Rome agree with Paris and Brussels in insisting that, as a preliminary condition to negotiation, work must be resumed in the occupied territory, France and Belgium have no option but to tighten their grip on the Ruhr. Deeds, and not words, will bring Germany to reason.

Business circles continue to urge the introduction of summer-time. The Chamber of Commerce of Rouen and the Union of Trade Committees of Eastern France have passed resolutions to that effect. The former points out how serious the retention of the winter time handicaps the Paris Bourse and all financial operations, by the fact that it opens an hour later than the exchanges of Brussels and London, whereby all arbitrage business is rendered impossible.

## FINANCE

### THE BUDGET IN THE SENATE.

The Finance Commission of the Senate pursues its task of trying to balance the Estimates for 1923, and, in his latest report, the reporter, M. Henri Bérenger,

appears to have succeeded if only his proposed reductions in expenditure prove feasible and his increased revenue estimates are not exaggerated. The reporter brings into account the various economies, which, with the concurrence of the reporters on the various departmental estimates, he has judged applicable in each department, taking into account the resources, amounting to some 2 milliards, shown to have been available on Mar. 31, by the reports of the departmental controllers of incurred expenditure. After revising the estimates chapter by chapter and clause by clause, the reporter estimates at Fr.1,150 mill. the aggregate savings to be effected. This is the first step towards striking a balance; the next consists of a considerably increased yield from direct and indirect taxes, estimated on the basis of the yield for the first four months of the year, which considerably exceeded estimates. On this basis the additional revenue for the whole year is estimated at Fr.2,300 mill. If to these be added Fr.500 mill., payable by the railway companies for stores transferred to them by the State, and 10 mill. the revenue from the Saar mines, the reporter arrives at the following figures (in millions of francs): Revenue, 23,135; Expenditure, 22,753; Surplus, 382.

The Estimates, as sent up to the Senate from the Chamber, showed a deficit of Fr.3,700 mill. Subsequently the reporter raised the question of transferring to the special Budget of expenses recoverable from Germany, the sum of Fr.3,000 mill. from the general Budget, where it figured as interest on the national debt. He contended that this sum was wrongfully entered in the general Budget, as it was payable not by the French taxpayer, but by Germany, or, in default, out of an account provided for the purpose in the special Budget. After a long discussion, this question was adjourned to a subsequent sitting, but the Commission unanimously adopted the Budget balanced as above. (*Journée Industrielle*, May 12.)

Some critics are inclined to consider the result achieved by the Senate as too good to be true, M. Maurice Kellersohn observing in the *Information Financière* that it would be admirable if the estimated revenue increases were not open to question, and if the Commission were not so disposed to transfer to the Special Budget the Fr.3,000 mill., which the Finance Minister had boldly included in the general. The financial critic of the *Journée Industrielle* does not consider the Commission's estimate of increased revenue for the year grossly exaggerated, although the excellent results for the first four months of the current year include considerable arrears of taxes properly payable in previous years, a fact which renders it improbable that the results for the remainder of the year will be quite so brilliant. He also considers the estimated reduction of expenditure optimistic, and foresees supplemental estimates in the future. The figures are high when it is remembered that more than half the Budget expenditure represents interest on the national debt, which is irreducible. Leaving this item out of account, the reduction proposed by the Commission represents 20 per cent. Real economy does not consist in the suppression of figures, but in the suppression of employments and departments, such as was effected by the Geddes Commission. On the whole, however, the position of the ordinary Budget shows considerable improvement.

### APRIL REVENUE RETURNS.

The yield from revenue during April amounted to Fr.2,018.7 mill. as against 1,874.3 mill. in March. The yield from the various classes of taxes is as follows (in millions of francs, the figures in brackets representing the March yield): Direct taxes, 576.2 (501.9), including



## France

237.1 (311.9) from income and land tax and 112.8 (162.1) from special war profits tax; revenue from State lands and proceeds of sale of war stocks, 92.6 (83.6); indirect taxes and revenue from monopolies, 1,349.8 (1,288.7), the highest figure from this source ever attained, exceeding the previous record of January 1923, by 37.7 mill., the return for April 1922 by 169.1 mill. or 12 per cent., and estimates by 179.4 mill. or 13 per cent.; Customs, 192.6 (200.6), an increase on estimates of 19 per cent.; registration and stamp duties and domain lands, 588.6, an increase of 9 per cent. on April 1922, and 12 per cent. on estimates; indirect taxes, 421.1, an increase of 10 per cent. on April 1922, and 12 per cent. on estimates; turnover tax 248.5 (217.6), an increase of 17.9 on the yield for January last, which, in itself, showed an increase of 40.5 on the average monthly yield for 1922.

The Finance Minister has informed the Finance Commission of the Chamber that the yield from taxation for the first four months of the current year exceeds that of the corresponding period of the preceding year by Fr.858.4 mill., being 606.4 mill. the excess from indirect taxes, and 252 mill. excess from the old direct taxes and from income tax. The Minister further announced that the last issue of three, six, and ten year bonds had produced 9,778 mill., of which 2,200 in cash.

### SEIZURE OF FRENCH BANKS IN TURKEY.

The manager of one of the French banks at Smyrna, recently seized by the Turks, who has proceeded to Lausanne, has made the following statement to a representative of the *Agence Economique et Financière*: The object of the seizure by the Turks is to check all the deposits of Greeks and Armenians in the French banks. The Angora Government is anxious to obtain precise

knowledge of the amount of these deposits, in order to be in a position to compensate itself should its claim for a war indemnity against Greece not be decided in its favour. The Turks wish to bring the Conference face to face with a *fait accompli*, and at the same time to threaten French interests. They have, at present, confined themselves to putting an embargo on the deposits and to preventing all dealings without previous notice to the Turkish authorities, but notice has been given to the banks to furnish a full list of depositors under threat of removing the deposits. It is to be hoped that this step will not be taken, but it would cause no surprise in view of the present frame of mind of the Turks. The situation is serious, as similar measures might easily be adopted in Constantinople as soon as the Allied troops are withdrawn. In anticipation of such an occurrence, the British banks have closed, and it is believed that British subjects have withdrawn their deposits from Turkish banks, even from the Ottoman bank at Constantinople. In their present frame of mind the Turks are running the risk of financial isolation.

## SOCIAL CONDITIONS

The index number wholesale prices for April, just published by the General Statistics department, show a slight decline in respect of March. The general index is calculated on the basis of the average price for 1901-10 = 100 of 45 commodities. The numbers at the end of April are as follows, those at the end of March being shown in brackets: General (45 articles), 479.2 (490.2); articles of food (20), 451.5 (459.2); vegetable foodstuffs (8), 386.0 (400.1); animal foodstuffs (8), 486.7 (487.6); sugar, coffee, cacao, 527.3 (520.7); industrial material (25), 499.4 (515); minerals and metals (7), 467.8 (510.9); textiles (6), 619.6 (632.7); various (12), 457.4 (458.6). (*Information Financière.*)

# GERMANY

## POLITICAL AND GENERAL

### REPORT OF PRUSSIAN CHAMBER OF COMMERCE.

According to the report of the Prussian Chamber of Commerce for April, business was dull generally until the middle of the month, then retail trade began to revive and demand was intensely active for a few days, falling off again towards the end of the month. The hard coal output in Upper Silesia proceeded satisfactorily, and is estimated for the month at about 760,000 t., and the wagon supply was good. Purchasers held back, however, and pithead stocks increased by about 10,000 t. to 27,000 t. The demand for Upper Silesian rough coke remained active; consignments went chiefly westwards. Owing to the large imports of English coal, the stacking of coal was general, nor is the coal market likely to improve until exports augment. In the Central German lignite district consignment was impeded and the extra Sunday shifts instituted on account of the Ruhr invasion had often to be suspended, so that output suffered accordingly. Business in rolling mill products remained unsatisfactory, owing to the continual uncertainty with regard to price movements; the freedom from Customs duty permitted for foreign rolled goods affected home trade very detrimentally. The Siegerland works did good business in pig-iron and heavy sheet metal, but business in fine sheet was very quiet. The accentuated blockade in the Ruhr had disastrous effects on the activity of the iron foundries and engineering works. The position in the boiler construction, sheet metal and tinplate works was bad, and was still worse in the screw and nut factories. No improvement took place in the position of the locomotive construction works; in this sphere

the North American industry, having conquered the South American markets, is looking for fresh markets. A shortage of orders was reported in the machine tool industry, in the aluminium and finished metal products industries of the Lüdenscheid district and in the small ironware and steel goods industries of the Schmalkalden and Solingen industrial areas. In the electro-technical industry a falling off in orders is also noticeable. On account of the insecurity of financial prospects, home shipyards are not inclined to place new building orders; fresh orders from abroad are restricted to repairs and small cargo steamers. Scarcely any home purchasing took place in the chemical industry, and during the first half of the month foreign buyers were practically non-existent. In the wholesale paper trade, business showed no signs of revival, notwithstanding a fall in prices, and as export prices were lower than home prices, no foreign trade was done. Owing to the diminishing purchasing power of rubber consumers, the position in this industry grew perceptibly worse; working hours had to be curtailed, and it was no longer possible to avoid dismissals. In the building trade, reports were not uniform; in Frankfurt, Cassel and Hanover unemployment increased, and the position showed no improvement in Breslau and Duisburg, but in Berlin and Görlitz business appears to have revived somewhat. The prices of building material have dropped in some places; bricks are being offered below official prices, and in Berlin and Frankfurt building timber is much cheaper; in Hanover and in the invaded territories it is as dear as ever; the drop in prices is evidently considered only temporary, as it has not yet led to any greater building activity. In various accessory building material works wages have risen.



Business in the table glass industry was bad, although the supply of raw material was satisfactory; exports have sunk by one-third compared with last month, as it has not been possible to compete against the prices of the Belgian and Czecho-Slovakian industries. Activities had to be considerably restricted in the hollow glass industry and a number of furnaces extinguished. The oils and fats industry experienced much difficulty in home sales, and foreign sales of fodder cakes were detrimentally affected by the offers of cheap goods by America and Russia. (*Frankfurter Zeitung*, May 4.)

#### PERMIT SYSTEM IN THE RUHR.

The *Vossische Zeitung* (May 9) publishes the following details of the latest regulations of the Inter-Allied Rhineland High Commission regarding admission to, and travel and sojourn in the occupied areas:—All persons over 16 years of age residing in the occupied areas may, as hitherto, travel within those areas with a personal permit. If these persons cross over into unoccupied Germany and vice-versa, their permits must be specially *visé*. Persons over 16 years of age residing in unoccupied Germany must obtain a special pass for travelling to and from the unoccupied areas, which pass will only hold good for the special place for which it is made out. Persons applying for such a pass must, besides supplying detailed information as to their identity, reason for requiring the pass, etc., etc., pay a fee of Mk.2,000. The regulations also state that after May 10, journeying from the occupied to the unoccupied districts will probably be interrupted for whole days at a time.

#### NEW CHAMBER OF COMMERCE.

The *Berliner Börsen-Zeitung* (May 8) reports the founding of a Turkish-German Chamber of Commerce with headquarters in Frankfurt.

## FINANCE

### INVESTMENTS IN GERMAN COMPANIES.

According to *Wirtschaft und Statistik* (April 5), the number of joint-stock companies in existence in Germany at the end of 1922 was 9,669, with a nominal capital totalling Mk.104.1 milliard. In 1913 there were 5,486 joint-stock companies, with a capital totalling Mk.17.4 milliards. It should be noted that the figures for 1922 are provisional only, having been computed on the basis of the 1921 companies (6,636 with a total capital of Mk.49.4 milliard) plus the new formations in 1922, no account having been taken of dissolved companies during the latter year. The increase in capital since 1913 is due chiefly to the fact that so many companies have watered their share capital by raising it. Especially during the last two years, the price at which new shares have been issued has not in any degree corresponded to the depreciation in the currency. This means that paper mark shares have been introduced alongside the former gold mark shares and the former gold capital is now spread over a larger number of shares. The average rates at which shares were issued have changed as follows: 1913, 120.65; 1914, 114.62; 1915, 104.99; 1916, 108.03; 1917, 110.41; 1918, 122.09; 1919, 105.32; 1920, 119.25; 1921, 124.81; 1922, 156.73. (The last figure is a provisional one.) Only in 1922 did the rate of issue augment to any extent, not, however, to anything like the extent of the currency depreciation or the rates quoted on the Bourse. At the end of December, though, the average rate of issue was 220.48, and exceeded 200 for the first time then.

Capital increases on the one hand, a rise in the market quotations on the other have resulted in a vast increase in the nominal value of share holdings. The following calculation of these values is based on the assumption that the average market quotation, as gauged from an examination of the original shares of 300 undertakings, applies to original shares introduced on the open market, but not to preference shares nor to the shares of companies founded after the outbreak of war, the capital of

which was paid up in paper marks. In order to estimate the value of private holdings of German shares, therefore, the capital increases in respect of new foundations since 1913 and of the issue of preference shares in 1921 and 1922 has been deducted from the capital value of the German joint-stock companies.

The following estimated figures represent for each year, in milliards of marks, the total value of the nominal capital of these companies, their real value in paper marks and their real value computed in gold marks: 1913, 17.4—30.7—30.7; 1917, 18.9—41.2—20.4; 1918, 19.7—29.8—12.1; 1919, 20.3—42.2—5.3; 1920, 29.0—108.2—7.5; 1921, 49.4—344.3—9.9; 1922, 104.1—724.3—4.9. The rise of the real value to Mk.724.3 milliard is considerably less than the corresponding fall in the value of the currency. The vital point is that, computed according to the internal purchasing power of the mark, the real value of the share holdings has sunk to under Mk.5 milliards, viz. to about one-sixth of their pre-war value.

This loss in property experienced by the shareholders is all the more noteworthy since the gold capital invested in the companies, notwithstanding its reduction through less profitable utilisation, etc., has not suffered a similar shrinkage, and since new gold capital has been brought to the companies in the interim through new foundations and capital increases. From the standpoint of the shareholder, the gold capital of all the companies is reckoned by adding to their real value for 1913 (Mk.30.7 milliard) the figure representing the new foundations and capital increases, computed in gold marks according to the wholesale index number. In millions of marks these figures, at the end of each year, would be: 1913, 30,721.7; 1914, 31,634.4; 1915, 31,855.6; 1916, 32,115.3; 1917, 32,714.1; 1918, 33,271.6; 1919, 33,784.3; 1920, 34,412.8; 1921, 35,808.8; 1922, 36,513.8. Whereas, therefore, between 1914 and 1922 5.8 milliard gold marks worth of new capital was paid up by the shareholders, the value of their holdings sank to 4.9 milliard gold marks.

### TWO INDUSTRIAL COMPANY REPORTS.

The profit and loss account of the well-known metal firm, Hirsch Kupfer und Messingwerke A.-G., for 1922, shows gross profits amounting to Mk.826.07 mill., compared with Mk.75.2 mill. in 1921. The carry over at the beginning of 1922 was Mk.3.55 mill., as against Mk.3.45 mill. carried over at the beginning of 1921. Net profits totalled Mk.188.76 mill., compared with Mk.16.52 mill. in 1921. A dividend of 200 per cent. was declared, whereas in 1921 it was only 15 per cent. Mk.11.34 mill. was carried forward. (*Vossische Zeitung*.)

The annual report of the Deutsche Erdöl A.-G. (natural oil) showed gross profits of Mk.1,253.24 mill. compared with Mk.94.50 mill. in 1921. Net profits, including the carry over, totalled Mk.625.44 mill. compared with Mk.33.30 mill. in 1921. Mk.185.84 mill. (5.38 mill.) was carried forward. A dividend of 400 per cent. compared with 25 per cent. in 1921 was declared on the capital of Mk.100 mill. These results are remarkable and point to very satisfactory business during the past year, during which connections with foreign countries were greatly extended. The results for the first quarter of 1923 are already very satisfactory. (*Vossische Zeitung*, April 18.)

## TRADE

### TRADE AGREEMENT WITH PORTUGAL.

The provisional trade agreement concluded on April 28 between Germany and Portugal, and valid for a period of six months, provides for the enjoyment by Germany of Portugal's minimum Customs dues on German imports to this country, and for their freedom from special additional charges. As regards the payment of the dues in gold and any abatements thereon, Germany is not to be placed in a less favourable position than any other country, Spain and Brazil excepted.



## Germany

Portugal is reducing the maritime dues for German shipping by 25 per cent., thus placing Germany on a similar footing to France. The concessions made by Germany to Portugal consist in fixing Customs maxima for certain Portuguese goods and products, and in assuring certain minimum import quotas, viz. Mk.30 per d.ctr. on sardines in oil of Portuguese production in air-tight vessels; Mk.5, 10 and 20 per d.ctr. on cork products of various specified kinds; 6,000 hectolitres per month of port and madeira; 12,000 cases per month of pine-apples; 10,000 t. per month of fresh fruit. Germany has also contracted not to place any difficulties in the way of invoicing goods from either side in the currency of either country, furthermore to facilitate this procedure by admitting the escudo on the Bourse quotations. (*Deutsche Allgemeine Zeitung*, May 1.)

## SOCIAL AND LABOUR CONDITIONS

### SOME UNEMPLOYMENT STATISTICS.

The *Frankfurter Zeitung* (Apr. 27) contains an article showing the position at the end of March as regards unemployment.

Statistics furnished by nine of the large workers' associations, states the article, show a great general increase in unemployment as compared with the previous month, and a still more striking increase of short time working. At the end of March half the workers in the textile industry were working short time, in the footwear industry the percentage was as high as 69. Unemployment is worst in the tobacco industry, where it amounts to 37 per cent. The figures supplied by the nine associations were as follows: (the first figure represents the percentage of total unemployment during the last week of March, the second figure the percentage of workers affected by reduced hours of unemployment at the end of March): Metal Workers' Association, 2.3 and 13.76 per cent.; Textile Workers' Association, 3.57 and 49.91 per cent.; Central Association of Christian Textile Workers, 4.61 and 55.53 per cent.; Central Association of Shoemakers, 5.66 and 68.88 per cent.; Tobacco Workers' Association 37.32 and 40.71 per cent.; Clothing Workers' Association, 5.98 and 51.69 per cent.; Municipal and State Workers' Association, 2.73 and 0.9 per cent.; Bookbinders' and Paperworkers' Association, 9.32 and 2.87 per cent.; Book Printers' Association, 10.59 and 14.71 per cent. The Metal Workers' Association has just instituted in 150 of its administrative districts a weekly report on unemployment. According to its statistics for the first week in April the percentage of unemployed rose to 3.6 and that of short time workers to 15.9. In the second week of April these numbers augmented to 4.1 and 17.8 per cent. respectively. The following report supplied by the Association of Book Printers shows that the figures representing unemployment do not always afford a complete survey of the bad state of an industry. It runs, "Unemployment in the book printing trade is increasing in distressing fashion. The number of skilled workers who have taken up other callings during the last four years totals about 16,000. Exception must be made in respect of about 4,000 of these, who, although they are employed on other work, still pay contributions to our funds. Short time working is far greater than appears from the above figure (14.71 per cent.), for so much of it is never notified. The position of the unemployed is all the more hopeless since the future offers no hope of better employment in

our trade, and entry into other trades is rendered difficult by the ever augmenting general unemployment. In Berlin and in the districts on the right bank of the Elbe, Schleswig-Holstein, Dresden and Bavaria, the percentage of unemployment is highest. In more dense industrial districts, where emigration of the unemployed from one industry to another was easier, unemployment was not so evident in our statistics. The inference should not be drawn, however, that unemployment in our industry was any less in those parts." This last remark is noteworthy, for it shows that unemployment statistics in the various industries cannot be mechanically compared, since when the state of an industry remains permanently bad, migration ensues and the percentage of unemployment in that industry decreases. An examination of the foregoing statistics leaves one in no doubt as to the general state of industry.

A report from Hamburg, reproduced in the *Frankfurter Zeitung* (April 29), on the position of the labour market in North-West Germany, states that unemployment in Hamburg is greatest in the food and luxury industries. These comprise the tobacco, cigarette, margarine, preserving, chocolate and sweet industries. During the first quarter of 1923 it amounted to 12 per cent.; since the end of March it has risen to 32.6 per cent. These statistics are based on the membership records of the local sick fund, in which the large number of short-time workers does not appear. Dismissals have occurred in the chocolate industry, and, since the beginning of April, in not only the Hamburg, but the Kiel and Bremerhaven fishing industries; in the latter dismissals large numbers of female workers were involved. In the building trade in Hamburg there are 2,000 or 18 per cent. less workers employed than on Dec. 31, 1922, notwithstanding the fact that this is usually the busy season for builders. When, in addition, the unfavourable state of the clothing industry in these parts is noted, no other general inference can be drawn than that the unemployment here is directly due to the increasing inability of the public to feed, clothe and house themselves. In the metal working industry employment had shown a decrease of 20 per cent. for the last year, and the future looks no rosier now in the shipping industry, owing to the shortage of material, especially of steel plates, brought about by the occupation of the Ruhr. The increase in Hamburg, Kiel and Bremen, of metal workers seeking employment, is undoubtedly due in part to the material shortage. Various shipyards in the Kiel district were obliged, in March, to order shipbuilding material abroad. Until they arrive, working must be restricted and short time worked. In Bremen alone the number of unemployed in the metal working industry on April 1 totalled over 1,000. For lack of material the Weser Shipyard Company, an important concern, has been obliged to make Saturday a holiday. In the Hanover district, inland, the small metal working firms have suffered particularly badly from lack of orders. The Hamburg potash industry has experienced for months past a falling off in sales and has been obliged to introduce holiday shifts. Sales in the leather industry here decrease continuously, chiefly on account of the shortage of orders for leather furniture for export. Nor does shipping offer any prospect of additional employment in the near future. The extent to which reduced working hours have increased in North West Germany is gaugeable from the result of an inquiry circulated by the Labour Department for Lower Saxony, which showed that in the metal working, chemical, rubber, textile, food and luxury industries of the Province of Hanover there were at the beginning of April 33,400 short time workers; in the municipality of Hanover alone, the number was 15,220. The total number of short time workers in the whole of the Province of Hanover is estimated at 60,000.



# SPAIN & PORTUGAL

## POLITICAL AND GENERAL

### THE SPANISH ELECTIONS.

The time-honoured process of "making the elections" by the party which has succeeded in securing office and obtaining the dissolution decree from the King (on this occasion the Liberal party, or rather parties), has resulted in giving to the Liberal Government, amid the usual scandalised denunciations by the Opposition press of arbitrary interference with the free and independent voter, a majority in the Chamber. The combined Liberal groups will marshal 216 deputies out of a Chamber of 409, and will probably count on the support of the Reformists, numbering 20. The three chief leaders of the Liberal Entente, no more in harmony than other ententes, are represented as follows: Marquis de Alhucemas, 91 deputies; Count de Romanones, 48; Señor Alba, 41. Two minor groups, under the leadership of Señores Gasset and Alcalá Zamora contribute 16 between them. Of the Opposition, the official Conservatives, led by Señor Sanchez Guerra, number 94 (the largest party in the Chamber); the followers of Señor Maura 12; those of Señor La Cierva 14; the Regionalists or Catalan Autonomists 22 (all the above are Conservatives of various shades); Republicans 14, and Socialists 7. The last named secured their triumph chiefly in Madrid, where they polled 5,000 votes more than on the previous occasion. This is explained by the absence of Syndicalist candidates, whose supporters in 1920 have now transferred their votes to the Socialists. The Communist candidature has proved a fiasco. It is generally believed that Count Romanones, although a deputy, will be appointed President of the Senate, and that the Reformist leader, Señor Álvarez, will preside over the Chamber. The Senate, at the time of going to Press, has not yet been elected. The Cortes meet on May 23.

## FINANCE

### ISSUE OF SPANISH TREASURY BONDS.

The Government has issued six months Treasury Bonds, at par, to the value of Pes.500 mill. renewable for a further period of six months. The bonds will bear interest at the rate of  $4\frac{1}{2}$  per cent. free of all taxes and duty, and are eligible for inclusion at their full value, in any consolidation loan which may be issued. The 500 millions have been fully subscribed, chiefly by the banks and public institutions, private subscribers being comparatively few. Of the Pes.215,837,500 of the 5 per cent. bonds redeemable on May 4, repayment has been demanded of 28,542,000 only, which leaves to the Treasury net proceeds, less cost of issue, of 471 mill. A financial critic, while congratulating the Minister of Finance on the success of the issue, warns him not to rest on his laurels, but to practise strict economy and seek to balance the Budget, and reminds him that in the autumn it will be necessary to consolidate the Treasury's floating debt, which at present amounts to the formidable total of Pes.3,500 mill. If in the days of Villaverde (the Finance Minister who reconstructed the National finances after the American war) a floating debt of 600 mill. was held to be contrary to the fundamental principles of sound finance, what would have been said of the present amount? (*Epoca; España Económica y Financiera.*)

### A SURVEY OF SPANISH FINANCE.

In connection with the recent issue of Treasury Bonds, the financial review *España Económica y Financiera* gives the following survey of the progress of the national finances, including the increase of the National

debt during the past 15 years. The 1908 Budget of Pes. 1,025 mill, showing a surplus of nearly 40 mill. offers a striking contrast with the present estimates of 2,617 mill., with a deficit which will probably exceed 900 mill. In order to arrive at this figure it suffices to remember that revenue, estimated at 2,617 mill. will not, on the showing of the recently published revenue returns, exceed 2,429 mill. On the other hand, expenditure, originally estimated at Pes.3,044 mill. will, on the same authority, probably ultimately reach 3,368 mill., or an increase of 300 mill. In 1908 the national debt was 9,000 mill., and is now 1,400 mill., an increase of over 50 per cent. in 14 years. This debt includes over 3,000 mill. of Treasury Bonds, maturing as follows: 215 mill. on May 4, 150 mill. on July 4, 500 mill. on Oct. 15, 1,117 mill. on Jan. 1, 1924, 1,095 mill. on Feb. 4, 1924. Such was the situation as stated by Sr. Villanueva on taking over the portfolio of Finance from his predecessor, Sr. Pedregal, who had, moreover, to find money to meet the outgoings of the Treasury. For this there were only two alternatives, an application to the Bank of Spain and an issue of Treasury Bonds.

By the terms of the Banks Organisation Act, the limit of the advance to be made by the Bank of Spain to the Treasury is Pes.350 mill., the Treasury paying no interest, while the amount of the advance does not exceed 200 mill., 1 per cent. when the amount exceeds that sum for a period up to nine months, and 2 per cent. beyond such period. This inexpensive means of supplying the needs of the Treasury is only available in the case of temporary deficits, and cannot be used to meet abnormal situations extending over long terms of years. The amount just raised by the issue of Treasury Bonds is no more than is strictly necessary to meet the needs of the Treasury for the next few months, including the 150 mill. required for the redemption of the bonds falling due on July 1. Further means will have to be raised to meet the 500 mill. worth of Bonds falling due in October, when, owing to the amount of the floating debt, a consolidating loan will have seriously to be considered. The amount to be raised will be Pes.4,500 mill. at least, to include 3,600 of Treasury Bonds on the market and 900 mill. the amount of the deficit. However, it is somewhat premature to speak of a loan in October, as when the time comes the Treasury may find it more advantageous to extend the term of repayment of the existing bonds for another year.

### FIRST CLEARING HOUSES IN SPAIN.

Hitherto the clearing house system has been unknown to Spain. During April of this year, however, clearing houses were formed in the three chief banking centres, Madrid, Barcelona and Bilbao. The business done by the Madrid institution since its foundation on Apr. 9, seems to indicate that it will take root in Spanish banking and will achieve the purposes for which it was created, notably, a diminution of the note circulation. Moreover, the Madrid house was free from the difficulties encountered by the other two institutions on commencing operations. The Barcelona clearing house is supported by 17 banks and the business transacted by it since its inception averages about Pes.3 mill. a day, but an increase is expected. The Bilbao house opened in April with business amounting to Pes.749,805 but the daily average down to the end of the month was rather less than 2 mill. (*España Económica y Financiera.*)

### ACQUISITION OF REAL PROPERTY BY FOREIGNERS IN PORTUGAL.

The Minister of Finance has introduced a Bill to prevent the acquisition by foreigners, whether



## Spain and Portugal

individuals or bodies, of real, including house property, usufructuary interests therein, or leases thereof for terms of more than ten years, without previously obtaining the authorisation of the Minister of Finance. Failure to comply with this enactment will render void any contracts in respect of such property. The above provisions shall also apply to the real property of Portuguese commercial firms, of which the majority of partners, shareholders or managers shall be foreigners. (*Comercio do Porto.*)

### TRADE

#### SPAIN'S FOREIGN TRADE.

The Spanish Customs Board has just published the foreign trade returns for 1922 compared with the two previous years. The figures (in millions of pesetas) are shown in the following table:—

Imports.		1920	1921	1922
Live Stock	... ..	12.58	10.69	18.57
Raw Materials	... ..	363.38	817.57	961.29
Manufactured Goods	... ..	729.22	1,258.20	1,404.59
Foodstuffs	... ..	316.02	746.52	648.74
Gold in bars and coin	... ..	7.46	0.17	3.05
Silver in bars and coin	... ..	1.63	0.62	0.61
		1,430.32	2,833.80	3,036.88
Exports.		1920	1921	1922
Live Stock	... ..	1.78	5.31	3.63
Raw Materials	... ..	213.25	276.83	350.02
Manufactured Goods	... ..	321.95	418.90	315.92
Foodstuffs	... ..	473.16	865.52	779.59
Gold in bars and coin	... ..	4.90	4.91	0.60
Silver in bars and coin	... ..	9.85	12.71	4.02
		1,024.92	1,584.20	1,453.26

(*España Económica y Financiera.*)

#### SPAIN'S TRADE WITH FRANCE.

According to official figures recently published in France, the value of Spanish exports to that country during the first quarter of 1923 was Fr.125.13 mill. as compared with Fr.27.60 mill. in the corresponding period of last year, and Fr.103.78 mill. in the first quarter of 1921. The value of French goods imported into Spain for the first three months of the present year was Fr.207.97 mill. against Fr.71.55 mill. and Fr.167.66 mill. in the first quarter of the two preceding years. It will be noted that the consumption of French goods in Spain is consistently and substantially in excess of that of Spanish goods in France. (*Report of the Anglo-South American Bank.*)

#### SPAIN'S COMMERCIAL CONVENTIONS.

The commercial convention with Germany has been extended until the end of June. Germany does not at present desire a commercial treaty with Spain.

The *modus vivendi* with Rumania has also been extended.

It is announced that the United States desire, not a further extension of the *modus vivendi* with Spain, but the conclusion of a treaty of commerce. A treaty will shortly be concluded with Belgium, a result which has probably been influenced by the visit of the King and Queen of Spain to Belgium.

The financial review, *España Económica y Financiera*, which supplies the above information, offers the following criticism on the commercial conventions concluded by Spain. Spain, it comments, which for some years now has been protectionist, although its industry is still in the embryonic stage, published in February 1922 a rigorous independent tariff which, had it not been subsequently modified, would have led the country to commercial isolation. Faced with this danger, the Government obtained authority to treat on the basis of the second column of the tariff, deeming that any tariff would be acceptable if tempered by this power and by the power to add the most favoured nation clause.

It is interesting to note the use made by the Govern-

ment of the powers granted to it in April 1922, and the system which it adopted in negotiating the only treaties of commerce hitherto concluded, that is, with Switzerland, Norway, France and England. The fundamental mistake committed by the Government from the protectionist point of view was to begin with Switzerland, a country of slight economic importance to Spain as compared with France and Great Britain, instead of with the two latter. To Great Britain was accorded the most favoured nation clause covering the whole tariff instead of applying it to individual items which was the limit of the powers granted to the Government by the Act which provides that advantages accorded by the Government to any one country can only be applied to another by special agreement and subject to the grant of corresponding advantages in favour of Spanish products. Each of the four treaties concluded is in the nature of a *modus vivendi* rather than of a treaty, since they are concluded for a period of one year, with the exception of that with England, the duration of which is three years.

Only in very exceptional circumstances was the Government authorised to reduce the duties by more than 20 per cent., but in the four treaties concluded this limit has been exceeded in respect of many items; thus the reduction of duty exceeded 20 per cent. on 16 articles in the treaty with Switzerland, on 48 in the treaty with France, the reduction in some cases amounting to 75 per cent., on 8 in that with Norway, and on 28 in that with Great Britain, in which 76 per cent. reduction of duty was reached on certain articles.

In the treaty with Switzerland the only advantages obtained by Spain were in respect of wine, to the neglect of agricultural and mining products, whereas Switzerland was favoured in respect of articles which it does not produce, which means that it was acting as agent for a third country. In the treaty with France, Spain conceded everything and obtained practically nothing, notwithstanding the clause of the Authorisation Act, which expressly states that advantages are only to be conceded on reciprocal terms.

Apart from the extensive concessions made to Great Britain, the fact that the treaty is concluded for three years, precludes the revision of the tariff by the Spanish Parliament within that period. The only compensation for the concessions granted to Great Britain directly and under the most favoured nation clause, is the right to import into England, as heretofore, in competition with other countries, certain Spanish products such as preserved vegetables, oil, oranges, onions, almonds, nuts, walnuts, grapes, cork, and iron ore. The disadvantages entailed by this treaty are not only in respect of concessions, but the future effect of such concessions on the treaties hereinafter to be concluded with Belgium, the United States, and Germany.

### COMMUNICATIONS

#### EARNINGS OF SPANISH RAILWAYS.

The earnings of the leading Spanish railways for approximately the first three months of the year (the periods given vary) are as follows (the difference compared with the corresponding period of the preceding year appears in brackets): Norte (Jan. 1 to April 10), Pes.78,714,859 (+3,650,739); Madrid Zaragoza y Alicante (Jan. 1 to Mar. 31), 60,471,241 (+5,207,269); Andaluces (Jan. 1 to April 20), 15,179,004 (+306,068); Zafra á Huelva (Jan. 1 to April 8), 933,176 (—959); Madrid Cáceres á Portugal, 3,226,883 (—75,858); Oeste (Jan. 1 to April 10), 2,369,656 (—191,892).

By Decree of Dec. 26, 1918, the railway companies were authorised to raise their rates by 15 per cent. on the existing statutory rates pending the reorganisation of the railways. Since that date more than one Bill has been introduced in Parliament with this object without having been passed, so that it has been found necessary to extend for another three months the powers to apply the said increased rates. (*Epoca; España Económica y Financiera.*)



# SCANDINAVIA

## POLITICAL AND GENERAL

"Since 1920," says M. Axel Gerfalk in the *Scandinavian Shipping Gazette* (May 7), "and like the rest of the world, the Scandinavian countries have been passing from the unpleasant phase of depression into the still more unpleasant phase of liquidation. A great many big enterprises in all walks of our economic life have gone to the wall or been compelled to reconstruct themselves financially, paying the just penalty for their childish optimism in banking on the thought that the boom created by the war would last for years and years." In his opinion it was but natural that, after shipping, insurance and commercial businesses had suffered from the disastrous effects of the depression, the banks should in their turn have been affected. In Denmark, Norway and Sweden great banking concerns have had to suspend payment temporarily and undergo reconstruction, necessitating the writing off of a great deal of share capital and the putting up of fresh capital, with or without the assistance of Government. The latest misfortunes of the Centralbanken and the Foreningsbanken in Norway, which last year were compelled to strengthen their position with the help of fresh capital and State-controlled administration, and have now been compelled to suspend payment and take refuge under the Norwegian Bank Emergency Act, are however not likely to endure, and M. Gerfalk is confident that they will shortly re-open. But as a remedy for all these troubles he looks forward to the adoption of some kind of a Federal Reserve Act modelled on American lines.

## FINANCE

### BUDGET NEWS.

DENMARK.—The Supplementary Finance Bill for 1922-23 presented by the Prime Minister to the Folkething shows estimates of revenue totalling Kr.78.5 mill. and of expenditure totalling Kr.68.5 mill., which added to the Ordinary Budget gives a total revenue of Kr.407.7 mill. and a total expenditure of Kr.426.5 mill. This leaves an estimated deficit of Kr.19.8 mill., in spite of the fact that the first three quarters of the financial year showed a surplus of Kr.38 mill., in view of which it was confidently expected that revenue and expenditure would be found to balance at the closing of the accounts. On the State Capital and Loans Account there was an estimated revenue of Kr.21 mill. and an estimated expenditure of Kr.128 mill., showing a deficit of Kr.107 mill., but as probably the whole of this expenditure would not be incurred it was anticipated that the account would show a deficit only of from Kr.60 to 70 mill. as against Kr.188 mill. the previous year. At the same time the Premier introduced a proposal authorising him to issue State Bonds to a maximum of Kr.30 mill. by a single emission, or Kr.10 mill. annually during the present and two succeeding financial years, at an interest not exceeding 5 per cent. and redeemable in equal annual drawings over forty years, or at three months' notice on the part of the State. The bonds would be in denominations of Kr.200 to Kr.5,000. After expressing the opinion that the considerable amount of capital now available in Denmark for investment in bonds made the present moment a favourable one for the new issue, the Premier explained the purpose for which the money was required. The Budget for 1923-1924, which had already been introduced, showed a deficit of Kr.28.25 mill., to meet which he was making reductions in the estimated expenditure and introducing new measures which would together represent Kr.34 mill., or Kr.5.75 mill. more than the deficit. To this he proposed to add the year's issue of the new State bonds, Kr.10 mill., and the produce of the prolonged Customs duty on

luxuries and of the restaurant and chocolate taxes, Kr.27 mill., which was expected to bring in approximately Kr.43 mill. towards the Supplementary Budget for 1923-1924.

SWEDEN.—The Budget Estimates for 1923-1924, now before the Riksdag, indicate, says the Skandinaviska Kreditaktiebolaget's Quarterly Report, that the Budget has been balanced without resorting to reserves or imposing new or increased taxes. This has been rendered possible only by severe retrenchment. The greatest saving has been achieved by the reduction of bonuses to Government officials, and thanks to the much smaller grant required for the relief of unemployment. Even allowing for the reduction of the expenditure on these large items and on the grant to cover the losses entailed by the State war-time commissions, it is evident from the subjoined tabular summary that there has been considerable cutting down also of other items. Particularly noteworthy is the saving effected in the costs of administration, by the introduction of improved methods of work and the reduction of the staff of officials. The expenditure for the Army and Navy has also been reduced, in conformity with the aims of the League of Nations.

	1919.	1920.	1921.	1922.	1923-24
	(In millions of Kr.)				
Budget total ...	944.4	929.4	1,118.3	930.6	737.6
Borrowing ...	194.5	185.9	229.4	99.6	87.5

The total of Kr.737.6 mill. for the financial year 1923-24, continues the Report, "does not seem to be too great for the country to bear without inconvenience. This impression is further strengthened by the revenue side of the Budget. The various items of revenue have, generally speaking, been estimated at lower figures than the revenue actually obtained in 1922, the year of depression. The Minister of Finance, in his estimates of revenue, has proceeded from the assumption that the economic situation, so far from deteriorating, will slowly improve. The State revenue is, of course, not unaffected by the economic situation, but the stabilisation of the value of money is a security against such violent dislocations as occurred during the war. . . . The strong point in this Budget is, as above indicated, that the real expenditure is actually balanced by revenue due in the current year. In conformity with established tradition, borrowing has been resorted to only for expenditure on capital account."

It has long been the guiding principle of Swedish financial policy that borrowed money shall be used only for productive purposes, by investing it in revenue-yielding enterprises the net profit from which goes to defray the interest on the national debt. "In conformity with this principle," writes Mr. Sten Widlund, the Statistician of the Swedish National Debt Office, "borrowed sums have been invested primarily in the big State enterprises notably the Railways, Telegraph and Waterfalls administrations and to some extent also in the Post Office, and have been appropriated for the State lending funds and invested in certain shares. At the end of 1922 the State investments of borrowed moneys totalled Kr.1,619.6 mill. as against a total State debt at that time of Kr.1,551.5 mill. As borrowing is thus primarily intended for permanent investment, the Swedish national debt consists preponderantly of funded loans, the bulk of which are 'Rentés' without any time limit for repayment. The amortisation of these permanent loans proceeds therefore at a very slow rate. The floating debt which the State was obliged to incur for the financing of the war-time commissions has, as mentioned above, now been fully redeemed. The remaining floating debt amounted at the end of 1922 to only Kr.86.4 mill., and consisted chiefly of loans from State institutions and of National



## Scandinavia

Debt Office bills. In addition to borrowed moneys, considerable sums derived from taxation have been invested in the State Productive Funds. It will thus be evident that the total assets of the State on the books exceed the State debt. This surplus, according to the latest available figures for the end of 1921, was no less than Kr.1,546.4 mill. The yield of the productive funds during certain years since 1918 has not been sufficient to cover the interest on the national debt. As this was due primarily to war-time conditions, we may be justified in reckoning for the future with a yield large enough at least to cover the interest on the borrowed money invested in those funds. The surpluses for 1922 were fully adequate to render the State enterprises as a whole independent of revenue from taxation for the payment of the interest on the borrowed capital. And, according to the Budget Estimates for 1923-1924, the revenue from the productive funds will exceed the expenditure for the payment of interest on the national debt.

"The increase of the national debt is bound to become constant, in view of the continuous development of the State enterprises for the financing of which borrowing is resorted to. The rapid rate of increase of the State debt during the last few years, which, however, is relatively less than that in other countries, is to be ascribed in the first place to the large requirements of capital and the extensive enlargements of the State enterprises. The retrenchment in the State expenditure has, however, affected also the expenditure of borrowed money, whence there will be a decrease in the future requirements of loans and in State indebtedness. The expenditure to be covered by borrowing is estimated for the budget year 1923-1924 at Kr.87.5 mill. Practically all State loans before the war had been placed in foreign countries, whereas of the loans launched since the beginning of the war but not yet repaid, only one, the six per cent. dollar loan of 1919, has been issued in a foreign market. However, a very large part of the Swedish bonds placed in foreign countries has been repurchased from abroad. The bulk of the State bonds is thus now in the hands of Swedish nationals.

"The effective average rate of interest on the Swedish national debt before the war was about 3½ per cent., a token of Sweden's good credit. But the large increase in the general rate of interest during the war naturally conducted to raise the interest the State has been obliged to pay on the new loans, namely 5 to 6 per cent. The effective average rate of interest on the national debt has thus been increased to 4.73 per cent. in 1922. Since the rate of interest has now gone down, the National Debt Office, in March 1923, issued a new 4½ per cent. 'Rente' of Kr.50 mill., which is being offered for subscription at 97 per cent.

"As may be seen by the foregoing, the contracting of loans for covering the current State expenditure (including national defence purposes) has not been consistent with Swedish budget practice since many years. The loans being instead limited to serve for certain funding purposes, the increase of the Swedish national debt has become lower than in other countries. The present national debt is also relatively a small one; at the end of 1921 it amounted to Kr.254 per head, which is lower than in any other country with an effective currency. It is, however, to be observed in this connection that the Swedish national debt, which for the main part has been placed in profitable undertakings, does not burden the Budget in the same way as the national debts of such countries where borrowed means are spent for the meeting of current expenses."

The following is an abstract of the Budget for 1923-1924:—

<i>Revenue.</i>		Kr. (mill.)
Income tax and tax on capital	...	130.0
Stamp duties	... ..	50.0
Custom duties	... ..	114.0
Sugar tax	... ..	26.0
Tobacco duty	... ..	45.0
Spirits duty	... ..	86.0
Sundry taxes	... ..	27.8
State Productive Funds	... ..	114.1
Share in profit of Riksbank	... ..	16.0
		608.9
Sundry revenue	... ..	41.1
Borrowing	... ..	87.5
		Total 737.5
 <i>Expenditure.</i>		 Kr. (mill.)
Expenditure proper—		
Army and Navy	... ..	149.3
Social purposes	... ..	81.8
Cultural purposes	... ..	121.3
Interest on national debt	... ..	80.3
Other expenditure proper	... ..	152.3
		585.0
Expenditure on capital account—		
State enterprises, etc.	... ..	13.2
Amortisation of national debt	... ..	51.8
Covered by borrowing—		
State enterprises, investments and lending funds	... ..	87.5
		152.5
		Total 737.5

## TRADE

### FOREIGN TRADE RETURNS.

DENMARK.—The foreign trade returns for February show a considerable increase both in imports and exports. As compared with January, imports increased from Kr.142 mill. to Kr.155 mill., and exports of home products from Kr.103 mill. to Kr.113 mill., while re-exports remained at Kr.5 mill. The adverse balance of trade thus stood at Kr.37 mill., as against Kr.34 mill. for January and Kr.33 mill. for December.

On the import side, says the Danish Commercial Review (No. 28) of the *Danish Foreign Office Journal*, the increase in the main applied to fodder (from Kr.11.8 mill. to Kr.16.4 mill.) and to cars, machinery, etc. (from Kr.3.8 mill. to Kr.7.5 mill.). There was a decrease of about Kr.1.5 mill. in mineral fuel, and it would appear that the imports of coal from Northumberland and Durham, consequent upon increased exports to the Ruhr districts, have fallen from 138,000 t. to 77,000 t., whilst imports from Scotland rose from 117,000 t. to 133,000 t. There was also an increase of a few thousand tons in the imports of cinders and coke.

On the export side bacon, meat and dairy produce increased on the whole about Kr.3 mill., and there was also a significant increase in seed for sowing purposes. It would appear from these returns that Germany was a somewhat greater buyer in February than during the previous months. Increased quantities of butter and bacon were exported to that country, and of horses 298 head as against 94 in January. The bacon exports increased from 12,900 to 13,600 t., while there was a decrease in the export quantity of butter. Great Britain took over considerably more than in the previous month, but the United States, which in January bought 629 t., was not in the market at all during February. The next largest customers after England were Belgium with 505 t., France with 394 t., Czecho-Slovakia with 282 t., and Switzerland with 264 t. Further, there was an increase in cheese and eggs, and a slight decrease in milk.

### CUSTOMS BARRIERS.

NORWAY.—A Government Bill was recently adopted at a secret meeting of the Storting to increase all Customs duties by 20 per cent., except those on sugar and coffee. On the other hand, the Government was authorised to abandon the proposed increase on fishing gear and fishing materials, while the Norwegian farmers'



motion to raise the duty on bacon and that brought forward by the Conservatives to increase the duties on sugar and coffee were rejected. Great satisfaction, however, is expressed at the return to normal conditions in the trade relations with Portugal consequent on the repeal of the Prohibition Law forbidding the import of heavy wines. Under the new commercial treaty between the two countries Norway obtains most favoured

nation treatment and special facilities for Norwegian ships calling at Portuguese ports. The treaty is automatically continued in force at the end of every year failing three months' notice of discontinuance by either of the parties concerned, a step which neither is likely to take in view of the general satisfaction which the convention has given to the commercial interests of both countries.

## NORTHERN EUROPE

### POLITICAL AND GENERAL

#### FAR EAST DEVELOPMENT.

After their political re-union with Soviet Russia, the various districts of the former Far East Republic did not long enjoy economic independence. Following on the connection with Moscow in November 1922, a mixed Commission of Moscow and Chita representatives busied themselves with the question of the connection of Chita—which had not so decisively opposed the employment of foreign capital and which seemed disposed to promote the economic development of Vladivostok—with the trade system of Soviet Russia. Opinion was unanimous that only a very gradual transformation to the Moscow system would be possible. As a matter of fact this gradual transformation has proceeded very rapidly. The nationalisation of industry is making rapid progress and is said to extend over far more branches than was actually recommended by those who advocated re-union with Moscow. Export trade is nationalised already. On Jan. 27, 1923, the *Krasnoye Znamia* in Vladivostok published regulations whereby the import of a large number of trade commodities into the Far East Republic was temporarily prohibited as from Jan. 16. Exceptions seem to be made only in respect of absolutely indispensable articles, which can only be obtained abroad. The list of prohibited imports is a long one. It includes a number of metal goods, leather products and minerals, agricultural products such as alcohol, beers and wines, mineral waters, macaroni, olives, nuts, chicory, honey, mutton, cheese and butter, also chemicals, such as calcined and caustic soda, artificial fertilisers containing phosphates, likewise pitch, resin and matches, varnishes, candles, window glass, china ware, electric lamps, cement, certain fur goods, practically all kinds of timber, rags and waste paper, writing materials, and all patent medicines. These import prohibitions are being most rigidly enforced and without a special permit the entry of goods of the above noted description cannot be reckoned on.

At the beginning of February a representative of the Moscow People's Food Commissariat arrived in Vladivostok with the intention of securing supplies of Russian wheat for East Siberia, as according to his opinion it was 10 per cent. cheaper and of better quality than Manchurian wheat. It is very doubtful if consignment can be effected. The voluntary fleet in Russia which, before the war, supplied the connection between the Black Sea ports and Vladivostok, can no longer be in a state to do so. On Jan. 1, it possessed only 32 per cent. of its pre-war tonnage and only 16 out of its 45 ships. Of these 16, 9 have been handed over to Petrograd, and only seven remain in Vladivostok. It is all the more incomprehensible, therefore, that foreign tonnage should be kept at a distance by means of import prohibitions.

Tax collecting will also be controlled and centralised in Moscow, but no agreement has yet been reached as to whether the taxes are to be raised during the first few years in the form of raw products or of gold. Gold, by the way, is still circulating in the Far East as a currency medium. As regards the activities of foreign banks, a Bill is being submitted to Moscow which regulates the conditions under which they may exist and function.

Since Moscow has assumed the administration, travelling facilities as regards entry into Vladivostok have been greatly restricted. Any persons found in the city without a permit from an authorised Soviet representative are punished and ejected from the country. (*Wirtschaftsdienst*, Apr. 13.)

### INDUSTRY

#### TROTZKI ON THE FUTURE OF INDUSTRY.

Trotzki, in his eagerly awaited speech to the recent Congress of the Russian Communist Party, owned that although the famous "new economic policy" had led to a revival of industry, it had not rendered it more profitable; on the contrary, the working and original capital of the State industries and the railways had diminished during the first two years after the introduction of the policy, and most of the estimated profits of certain branches of the processing industries were the result of clerical manipulation; the actual losses incurred could not yet be estimated. Production in the State industries was costing more than in the smaller and home industries; in 1922 the output of the latter was worth between 4 and 5 mill. gold roubles, that of the former only 950 gold roubles. The high costs of production of the State industries were due in the main to the fact that only about 17 or 20 per cent., at most 25 per cent. of the capacity of the State works was utilised. It was therefore necessary that, apart from the dismissal of workers, the number of factories working should be diminished. All costs must be restricted, especially those in respect of education and learning. By resuming grain export the State would procure the necessary funds for the reconstruction of industry and for covering the deficits in the heavy industry. Foreign trade monopolies should be still more closely associated with the conduct of the State industries. Only by a maximum of effort would it be possible to maintain the State industries against competition and capitalist enterprises.

In the debate that ensued a number of economic experts expressed the opinion that Trotzki over-estimated the danger of the competition of small and home industries; in reality they afforded a market for the products of State industries. Bogdanov, the President of the Supreme Economic Council, agreed with Krassin that it was necessary to attract private capital into Russian industries. (*Ost-Express*, May 1.)

#### RUSSIAN ORE OUTPUT.

According to the *Russian Information and Review* (Apr. 21) Russia's total output of the most important ores in 1922 was as follows:—

	OUTPUT OF ORES, 1913 AND 1922.		1922 per cent. of 1913.
	1913 (tons.)	1922 (tons.)	
Iron ore ... ..	8,830,750	205,000	2.3
Copper ore ... ..	1,103,635	23,435	2.2
Manganese ore (Nikopol area)	238,485	78,235	32.8
Zinc (Caucasus) ... ..	2,600	325	12.5
Asbestos (Urals) ... ..	16,085	3,266	20.3
Lead (Caucasus) ... ..	1,350	300	22.2

*Iron Ore.*—The catastrophic situation reflected in the above figure of iron ore output in 1922 showed some improvement in recent months. Krivorog is the chief



## Northern Europe

centre of the iron ore industry; the output in that area during the three months October–December 1922, amounted to 25,140 t., or 52 per cent. of the total Russian output (48,130 t.) in that quarter. One of the main difficulties of the industry is the shortage of capital for repairs and extensions, and with a view to improving the position in this respect it has been decided to export and sell abroad 166,000 t. out of the total anticipated output of 384,000 t. during the working year 1922–23. The programme provides for doubling the 1922 output in 1923, and with the further capital which this will bring in it is hoped that more rapid progress may be made from 1924. *Copper Ore*: In 1913 the output of copper ore in the Caucasus amounted to 371,670 t. or 35 per cent. of the total output. For the last three years practically all the copper ore has been supplied by the Ural mines, and the resumption of work in the Caucasus mines will only be possible when more capital is available. *Manganese Ore*: The output of manganese ore for the current working year has been fixed at 77,500 t., of which 75,000 t. will be exported. During the three months October–December 1922 the output was 16,168 t. In the new Chiatura area the output in January amounted to 5,503 t., which is three times the amount obtained during the quarter October–December 1922 (1,850 t.). From this area 11,228 t. were exported abroad (to Great Britain 4,197 t., and the remainder to Holland) during 1922. *Asbestos*: The Russian asbestos industry is of world-wide importance, and large quantities were exported before the war. At present there is an increased demand for asbestos in the home market, as it is now being more widely used for insulating steam boilers, etc., through which considerable economy in fuel is obtained. The People's Commissariat for Transport is now introducing asbestos insulation on 2,000 steam engines. The 1922–23 output programme has been fixed at 3,615 t. (22.5 per cent. of 1911). It is intended to export 600 t. During October–December 613 t. were obtained—17 per cent. of the year's output programme. *Lead and Zinc Ore*: For the working year 1922–23 the output programme for zinc and lead has been fixed at 335 t. each; sulphuric acid, 2,000 t.; fire-brick, 6,000 t. Output for the first quarter of the current working year was: Zinc, 120 t. (35.8 per cent. of the year's output programme); lead, 40 t. (11.9 per cent.); sulphuric acid, 203 t. (11.8 per cent.); and fire-brick, 880 t. (14.6 per cent.).

On Dec. 1, 1922, 9,500 workers were employed in all the mining (other than coal) enterprises of the Republic, while in January 1923 they numbered 10,000. The number of working days per worker was 20.8 in October, 23.4 in December. Thus the utilisation of labour in December exceeded that of October by 12.5 per cent. The output per worker in October amounted to 22.3 roubles (pre-war currency), and in December, 26 roubles (pre-war currency), i.e. an increase of 16.6 per cent.

The position with regard to the mining of manganese, zinc, lead, and asbestos is comparatively favourable, and a steady rise in output can be anticipated. In the case of iron and copper, however, the position is very bad, largely owing to the fact that the metallurgical industry has been requiring so little during recent years. With the revival of the metal industry, however, the demand for metal ores is certain to develop rapidly.

### RADIUM PRODUCTION IN RUSSIA

According to *Metall und Erz*, the Department for Industry of the Russian Government has decided to enlarge the Biundisch Chemical Works, which have been working at a considerable profit. The additional output is primarily intended for export purposes. The factory is to work 40,000 poods of radium ore, and it is expected to produce 1.8 grammes of radium. On account of the high quality of Russian radium it is hoped to get 300,000 gold roubles a gramme.

## COMMUNICATIONS

### BAD STATE OF RUSSIAN RAILWAYS.

*Ost-Express* (April 28) learns that the Russian railways own at present 19,000 locomotives. Of these, however, only 8,000 are in working order, and only 5,900 are in use on account of the fuel shortage. A number of these 5,900 are very worn out. Of the waggon supply, too, 30 per cent. is in need of repair, as against 3 or 5 per cent. before the war. The special difficulty is the shortage of closed-in waggons for the transport of perishable goods. This was very evident when the autumn grain transports took place. Worse than this, however, is the advanced state of wear and tear of the permanent way and superstructure material.

### AIR SERVICES.

The *Ost-Express* learns that the Russo-German Air Company, "Deruluft," intends to run an air service three times a week in both directions between Moscow and Königsberg. A Petrograd–Riga service is also to be instituted, as well as a regular air service on the Moscow–Odessa–Constantinople and Moscow–Rostov lines.

The *Revaler Bote* (April 30) announces the opening of a regular daily air service between Reval and Königsberg, with a connection at the latter city with the train service to Berlin, and landing stages at Riga and Memel. By June 1, at latest, the Reval–Berlin air service will be extended to Petrograd; it will then be possible to complete the whole distance between Petrograd and London in 36 hours instead of in 7 days and 7 nights as at present. As from June 1 an air service will be run twice daily between Reval and Helsingfors; for this purpose the Aeronaut Company, the Esthonian company in control of the service, has acquired two waterplanes. It is also intended to establish again shortly a daily air service between Reval, Pernau, Fellin, Dorpat and Reval.

## SOCIAL CONDITIONS

### URBAN POPULATION STATISTICS IN RUSSIA.

According to the *Ost-Express*, the results of the All Russian town census, taken over 2,123 towns of the Soviet State, omitting the Transcaucasian Republics, show a total urban population, garrisons included, of about 24 million souls, compared with 21.15 million in August 1920. Moscow, Petrograd and Kiev, with respective populations of 1,542,000, 1,067,000 and 403,000 inhabitants, show increases of 56, 14 and 10 per cent. on the former figures. Odessa, on the other hand, with 315,000 inhabitants, shows a decrease of 26 per cent. In the towns of Eastern and South-Eastern Russia, the population shows a falling off of from 5 to 14 per cent. owing to the results of the famine. In Moscow the population statistics have reached the 1910 level again, but the number of births during the last two years only exceeds the mortality figure by between 8,000 and 9,000. The Moscow garrison and military police number together about 52,000 men. Compared with an increase of population in this city by 56 per cent., the increase in habitable dwellings is only 2.7 per cent.

### SOCIAL INSURANCE IN RUSSIA.

The Soviet Government have ceded to the continuous pressure from economic quarters to reduce the social insurance benefits to workers and employees in order to decrease the burden borne by the State industries. Former rates amounted to between 22 and 27 per cent., and for industries and officials financed by the State, to 17 per cent. of the salary or wage. They have now been reduced to between 16 and 22 and to between 12 and 16 per cent. respectively. For the transport, fuel and metal industries a definite rate of 16 per cent. has been fixed. The introduction of social insurance in Soviet Russia took place at the end of 1921. It actually came into practice in May 1922, but owing to lack of funds the system is developing very slowly. There were, according to official figures, 94,000 unemployed of all grades in Petrograd on April 1 of this year. (*Ost-Express*, May 2.)



# THE BALKANS

## POLITICAL AND GENERAL

### NEW YUGO-SLAV GOVERNMENT.

M. Paschich has formed a homogeneous Radical Government, the two Mahometan Ministers who formed part of the previous Cabinet being excluded. It consists of the following members:—Premier, M. Paschich; War General, Pesich; Foreign Affairs, Dr. Ninschich; Interior, M. Vujischich; Justice, Dr. Markovich; Education and Agriculture, M. Trifunovich; Religion, M. Ljuba Jovanovich; Communications and Commerce, Dr. V. Jankovich; Land Reform, M. Miletich; Forests and Mines, Dr. Seskich; Social Welfare, Dr. Arich; Health, Dr. Slavko Miletich; Post and Telegraph, M. Vukischevich; Public Works, M. Uzunovich; Finance, Dr. Slazadmovich.

### THE SALONICA ZONE.

The Zagreb *Rjec* states that the agreement arrived at regarding the Yugo-Slav zone in the harbour of Salonica provides that the zone shall still remain under Greek sovereignty, but that the administrative powers shall be in the hands of Yugo-Slavia.

The supreme control over the Yugo-Slav zone as well as over the entire port will be exercised by the Greek Port Commander who will be an admiral by rank and will have the right to participate in the settlement of disputes concerning public rights in the free zone. No other Greek representative will have the right to interfere in such disputes, which will be settled according to Yugo-Slav law.

At the head of the Yugo-Slav administration of the free zone there will be placed a Yugo-Slav civil Commissioner. With regard to the extension of the zone, an arrangement has been arrived at by which the so-called French quay with its warehouses has been allotted to Yugo-Slavia.

## FINANCE

### CAPITAL ISSUES IN RUMANIA.

The following figures as to the amount of capital raised by public companies in Rumania during 1922 are supplied by the *Argus* and reproduced by *Berichte aus den neuen Staaten*. The total number of companies which increased their capital was 142, and the amount raised 1,768.3 mill. lei, as against 117 companies and 996.5 mill. lei in 1921, and the number of companies founded during the year was 179 with an aggregate capital of 771.9 mill. lei, as against 238 companies with 1,980.8 mill. lei in 1921. The amount of capital raised by the chief classes of industries in 1922 was (in millions of lei): Capital increases—54 banks with 498.3, 63 industrial companies with 1,141.8, and 25 commercial companies with 128.2; newly founded companies—45 banks with 162, 78 industrial companies with 419.8, and 56 commercial companies with 189.9. The number and aggregate capital of public companies at the end of 1922 and 1921 (the latter in brackets) was: 608 banks with 3,236 (563 with 2,575.6); 617 industrial companies with 6,689.9 (539 with 5,128.1); 245 commercial with 1,307.1 (189 with 987.9); total, 1,470 with 11,232 (1,291 with 8,691.8) mill.

The figures for January 1923 have already been given (cf. THE ECONOMIC REVIEW, Apr. 13). Those for February, as supplied by *Analele Bancilor*, are (in millions of lei): New foundations—4 banks with 4, 1 mining company 1, 1 commercial 1, 1 engineering 6, 1 paper 1, 1 textile 10, total 9 with 23; capital increases—4 banks with 11, 1 mining company 60, 1 food 3, 1 paper 20, 1 oil 60, 1 textile 12, 1 insurance 3.

The March figures supplied by the same authority (also in millions of lei) are: New foundations—10 banks with 8.8, 2 chemical 1.2, 1 electrical engineering 1.2, 2 commercial 2.5, 2 food 5, 1 metallurgical 20,

1 oil 30, 1 transport 5; capital increases—2 banks 10, 2 chemical 11, 1 commercial 5, 3 food 736, 1 paper 30, 1 textile 33, 1 transport 10.

### BUCHAREST STOCK EXCHANGE INDEX.

As a basis for the index numbers on the Bucharest exchange in January and April, the values of 5 investment securities and the value of 25 dividends are taken as equalling 100. On this basis the index numbers are: Jan. 1, 1923—securities 93, dividends 133; April 1, 1923—securities 88, dividends 93. For the various classes of securities, the numbers are (Jan. 1, 1921 = 100)—Banks, Jan. 1, 1923, 65, April 1, 63; insurance 66 and 62; shipping 35 and 34; oil 87 and 96; industrials 80 and 79. (*Argus*.)

### YUGO-SLAVIA'S BUDGET RETURNS.

The Yugo-Slav Budget returns for December show: Revenue, Dinar 623.9 mill; Expenditure, 582.2 mill.; surplus, 42 mill. dinars. As regards details, direct taxes with surcharges yielded 68 mill., duties and dues 39 mill., monopolies 18 mill., special duties on articles of consumption 3 mill., Customs duties 15 mill., general taxes on consumption 60 mill., bank note yield 51 mill. (*Jugo-Slavenski Lloyd*).

The Budget returns for the first six months of the financial year Aug. 1 to Jan. 31, as supplied by the *Zagreber Tagblatt*, are as follows (in millions of dinar): expenditure 3,227.2, revenue 3,354.2, surplus 127. Of the latter Customs duties and surcharges yielded 698.3, duties on articles of consumption 281.6, turnover tax 62.9, direct taxes 307.1, inland duties 240.8, monopolies 854.

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## The Balkans

### YUGO-SLAVIA'S NOTE CIRCULATION.

The following figures show the increase of Yugo-Slavia's note circulation since the war (in millions of dinar): Jan. 1, 1919, 340; Jan. 1, 1920, 711; Jan. 1, 1921, 3,380; Jan. 1, 1922, 4,688; Aug. 1, 1922, 4,868; Jan. 1, 1923, 5,039; Mar. 15, 1923, 5,379; April 15, 1923, 5,438. (*Berichte aus den neuen Staaten.*)

### BULGARIA'S REVENUE RECEIPTS.

The revenue from Bulgarian State monopolies in 1922 amounted to 253.8 mill. leva, the estimate being 290 mill. During last March revenue from this source amounted to 18 mill. The proceeds of the sale of matches during the year was 73.1 mill. as against an estimate of 50 mill., and the proceeds of the sale of cigarette papers was 65.1 mill. against an estimate of 75 mill. (*Echo de Bulgarie.*)

## TRADE

### RUMANIA'S EXPORTS IN 1923.

The *Bursa* gives the following figures relating to the exports from Rumania (a) in March (b) in the first quarter of 1923 (in tons, the figures in brackets representing the corresponding periods of 1922): Export of chief products (a) 200,254 (exclusive fir trunks and live stock), being an increase of 41,895 compared with March 1922, (b) 627,404 (290,798), an increase of 327,608. The various kinds of produce exported were: (a) wheat 800 (nil), (b) 2,309 (8); wheat flour (a) 2,062 (716), (b) 6,124 (3,398); rye (a) nil (3,337), (b) nil (3,867); barley (a) 57,313 (13,007) (b) 205,780 (49,261); oats (a) 22,365 (6,763), (b) 76,160 (26,079); maize (a) 26,491 (23,315), (b) 42,094 (46,893); millet (a) 407 (244), (b) 1,146 (305); bran (a) 1,504 (385), (b) 1,994 (504); beans (a) 4,378 (3,177), (b) 16,055 (8,500); total cereals (a) 115,320 (50,954), (b) 351,662 (138,815); oil (of all kinds) (a) 34,806 (44,245), (b) 73,942 (95,063).

### RUMANIA'S IMPORT PROHIBITIONS.

The *Bursa* announces that the Minister of Industry has informed the Press that under the new system of imports drawn up by a commission specially appointed for the purpose, the import of half the articles hitherto imported will be prohibited.

## INDUSTRY

### GREEK INDUSTRY.

The following figures give some idea of the condition of industry in Greece, showing the number of factories and of the workmen employed therein. The total motive power used amounts to 53,172 h.p. They, however, only include establishments having an annual output of the value of Dr.500,000 and upwards. The total number of establishments is 431 employing 30,800 hands, divided among the various industries as follows: Textiles, 82 factories and 10,875 hands; food, 177 and 6,081; chemicals, 50 and 3,647; engineering, 33 and 3,800; tanning, 28 and 1,252; electric power, 14 and 400; paper and printing, 16 and 895; tobacco, 8 and 1,962; woodwork, 8 and 408; hat trade, 3 and 400.

The industrial development of Greece is slight compared with that of Western Europe, but her industries are none the less important. Greek products are sent across her borders. Greek ploughs, chemical fertilisers, soap, wine, hats, cement and other products, are consumed even in Eastern countries. Moreover, there exists in Greece potential water-power which could be used in the creation of new industries, and for industrial purposes. It was computed by the office for the study of water-power enterprises that there exists a total available water-power of 350,000 h.p. in Central Macedonia and the Greek mainland. Meanwhile, no definite

measures have been taken in the matter. (*Oikonomologos Athenon.*)

### GREECE: CAVALLA TOBACCO STOCKS.

According to information supplied by the Ministry of National Economics, the stocks of tobacco in Cavalla have reached 6,488,000 okes (an oke=2.8264 lbs.), which it is expected will be exhausted within three months by reason of the recent demand for Macedonian tobacco abroad. (*Oikonomologos Athenon.*)

### TURKISH TOBACCO.

The monthly report of the Imperial Ottoman Bank for April announces that the sales of tobacco by the Turkish "Régie" amounted, in January to 183,912 kg., valued at £T.674,116, as against 183,464 kg., and £T.662,609 in January 1922, and in February to 175,241 kg., valued at £T.639,690, as against 218,288 kg. and £T.714,465 in February 1922.

The sales effected during the year 1922-1923 were, approximately, 2,830,000 kg., valued at £T.9,915,000, as against 3,299,000 kg. and £T.11,279,500 for the preceding year. The decrease is due to the continuation of hostilities in Asia Minor during the greater part of 1922, and to the reduction in the number of districts in which the "Régie" enjoys a monopoly.

### RUMANIA'S OIL OUTPUT.

The *Argus* informs us that Rumania's oil output was 1,368,929 t. in 1922, compared with 1,163,240 in the previous year, an increase of 205,689 or 18 per cent. The average monthly output was 114,077 t.

### BULGARIA'S COAL OUTPUT.

The coal production of Bulgaria for 1922 amounted to 1,021,327 t., as compared with 911,664 t. in the preceding year. The most important mine in the country is the State mine at Pernik, which last year produced 898,112 t. and for the period 1915 to 1919 had an average yearly output of 576,335 t.

## SOCIAL AND LABOUR CONDITIONS

### RUMANIAN INDEX NUMBERS.

The general wholesale index numbers in Rumania were (the price on Aug. 1, 1916=100): Feb. 20, 2,557; and Mar. 20, 2,617; and the average numbers of the chief necessities of life were: food (sugar, rice, coffee, tea, olives, beans, maize, flour, wheat flour, potatoes, salt, white bread, ordinary bread, meat, milk, butter, lard, fish, wine, cheese, spirits, spirits of wine); February 2,690, March 2,800; clothing (9 articles) 3,360 and 3,377; miscellaneous commodities (soap, glass, firewood, timber, light oil, benzine, raw oil, leather for uppers and soles, paper) 1,622 and 1,675. (*Berichte aus den neuen Staaten.*)

### LAND DISTRIBUTION IN YUGO-SLAVIA.

The *Obzor* quotes the following extract from a statement by the Yugo-Slav Finance Minister on the redistribution of land. In the Voivodina, Croatia, and Slovenia, there are 767 large estates, containing in the aggregate 858,819 "joch" (a joch = 1.422 acre) of land suitable for cultivation. Of these, 350,496 "joch" have been distributed among neighbouring farmers, 72,242 among independent applicants, and 79,228 among settlers, making a total of 501,966 joch, or 58.45 per cent. of the total cultivable land contained in large estates. Exclusive of settlers, 185,906 families have shared in this distribution.

This land reform is not from every point of view beneficial, as on the one hand it cuts up large units which were farmed more profitably as a whole, and on the other, deprives many holders of motives for thrift since by reason of compulsory partition they are unable to increase their holdings by purchase.



## SPECIAL ARTICLES

### GERMANY'S TRADE BALANCE WITH OTHER COUNTRIES

By DR. VON GLASENAPP, Vice-President of the  
Reichsbank.

In order to appreciate the present position of Germany's balance of foreign payments it is essential to glance back at the period before the war. The most important factor in that balance, the visible commercial balance, has for many years, owing to the increase of population and imports, shown a deficit. The figures for the import and export of commodities for the last five years prior to the outbreak of the war were as follows in milliards of marks for 1909, 1910, 1911, 1912, 1913, and Jan. 1 to July 31, 1914, respectively:—Imports: 8.5, 8.9, 9.7, 10.7, 10.8, 6.4; Exports: 6.6, 7.5, 8.1, 9.0, 10.1, 6.0. The excess of imports over exports was: 1.9, 1.4, 1.6, 1.7, 0.7 and 0.4 respectively. The deficit of the visible commercial balance was, however, more than adjusted by another component part of the balance of foreign payments, viz. the so-called invisible exports.

Chief among the invisible assets stands the revenue from all the German holdings of foreign property—securities and shares in undertakings abroad—which before the war were estimated by those best qualified to know (Helfferich, Sombart, Steinmann-Bucher, Ballod) at between Mk.20 and 25 milliard. Investigations made during the war seemed to confirm this estimate. Given an average rate of interest of 5 per cent., their annual yield may be taken as between 1 and 1½ milliards of marks. To this sum must be added the profits from international freights—especially marine freights—and banking transactions. These two items together may be estimated at about Mk.1 milliard. The remaining assets still to be considered—e.g. money paid by foreigners travelling in Germany, legacies, etc.—may be set off against corresponding items in favour of foreign countries. With regard to invisible liabilities, foreign holdings of German securities were insignificant, while foreign undertakings in Germany exercised little effect on the balance. On the other hand, some mention should be made of the numerous migratory labourers attracted to Germany, who took back considerable sums to their own countries. Since these labourers totalled about 700,000, it may be assumed that perhaps about Mk.400 mill. left the country. The total yield of the invisible exports, after deducting corresponding items, may be estimated at about Mk.1½ milliard. Accordingly the balance of foreign payments showed a surplus which in 1913 amounted to about Mk. 1 milliard gold. Temporary changes in the international money market, involving temporary investments by one country in another induced by the varying rates of interest, have been left out of consideration. That Germany's balance of foreign payments was favourable before the war receives confirmation from the movement of the exchange rates. For many years up to 1914 the German exchange rate not only maintained the gold parity, but made it possible for the Reichsbank to procure large sums in gold. As a matter of fact, in the last five years preceding the war the Reichsbank purchased gold to the value of Mk.1 milliard in all.

The outbreak of war completely altered this favourable state of affairs. Exports diminished very considerably, mainly because the output, already reduced by the calling of the workers to the colours, was devoted increasingly to military requirements, while imports, in spite of drastic restrictions, remained comparatively large. Between August 1914 and the end of December 1918 imports totalled Mk.22.8 milliard gold—equal to Mk.31.8 milliard paper, and exports Mk.11.7 milliard

gold—equal to Mk.16.5 milliard paper; the resulting deficit was Mk.11.1 milliard gold, or Mk.15.3 milliard paper. There was, too, the fact that Germany's allies realised a part of their imports to the value of about Mk.4 milliard gold at Germany's expense, so that the total deficit was Mk.15.1 milliard gold. The so-called invisible exports in the form of international freights disappeared almost entirely, banking transactions virtually ceased, and a large proportion of German claims in foreign countries could not be collected. On the other hand, the item on the debit side due to the employment of foreign workmen, of course, disappeared. The whole deficit in the payment balance could only be covered, in the absence of other possible means, by obtaining possession of German funded property and by credits. For this purpose gold to the value of about Mk.1 milliard migrated to foreign countries; part of it was money withdrawn from circulation and part of it was taken from the reserves of the Reichsbank. The weekly reports of the Reichsbank did not, it is true, show these payments, because the amounts that reached the bank during the war from home circulation were so large that they counterbalanced the payments. In addition, securities had to be sold on a large scale. By the end of 1918 it had been proved that foreign securities to the value of at least Mk.3 milliard gold had been sold and home securities to that of Mk.1 milliard. The remaining deficit of about Mk.10 milliard gold was temporarily covered by taking up credits. Germany obtained credits in foreign currency to the amount of between Mk.3 and 4 milliard gold, while the remaining 6 or 7 milliards of gold marks she either owed or paid for in paper marks. The paper marks that have migrated to foreign countries are obviously to be regarded as German floating debt. To this floating debt arising from the commercial balance must be added the large amount in German paper marks which flowed into the occupied areas during the war, which, however, it is impossible to determine.

Accordingly, during the war period, Germany's balance of foreign payments showed a loss of capital of about Mk.5 milliard gold and a debt which, quite apart from the floating mark liabilities, may be estimated at between Mk.3 and 4 milliard gold. That, in addition, Germany's national wealth has incurred enormous losses by the war and the cessions of territory arising out of the Peace Treaty, that innumerable goods were destroyed and the supplies existing in the country nearly all consumed, that the soil was exhausted by inadequate fertilising, that all machinery, transport media, etc., were completely worn out, and that man power was reduced, hardly needs mentioning. Experts have calculated that Germany's national wealth, amounting before the war to slightly over Mk.300 milliard gold, diminished during the war to one-third or one-half, so that its present value is probably between Mk.100 and 150 milliard gold. Such was Germany's exhausted position when she entered the period of peace.

The first result was that imports increased to an extraordinary extent, while exports recovered only by degrees. In 1919 imports were valued at Mk.6.6 milliard gold—equal to Mk.32.5 milliard paper, and exports at Mk.1.76 milliard gold—equal to Mk.10.1 milliard paper, with a resulting deficit of nearly Mk.5 milliard gold—equal to Mk.22.4 milliard paper. Matters improved somewhat in 1920: imports, it is true, increased in value to about Mk.7 milliard gold—equal to Mk.98.1 paper, but at the same time exports increased to Mk.5.1 milliard gold—equal to Mk.69.3 milliard paper, so that the deficit for the year declined to Mk.1.9 milliard gold—equal to Mk.28.8 milliard paper. For 1921 the import and export



## *Special Articles*

figures are only available for eight months. An estimate of the total figures for the whole year gives imports Mk.4.5 milliard gold—about Mk.118 milliard paper, and exports Mk.3.4 milliard gold—about Mk.96 milliard paper, with a resulting deficit of Mk.1.1 milliard gold—equal to Mk.21 milliard paper. In all probability the excess of import during the last few years has actually been larger, since a certain proportion escaped control at the frontier and therefore could not be included in the statistics. (The amounts in paper marks have been computed in gold marks month by month on the basis of the exchange rate of the dollar.)


The so-called invisible exports, which were in abeyance during the war, have now been finally lost. Now that the mercantile marine has been surrendered any remunerative participation in international marine freights is practically out of the question. German undertakings in countries formerly hostile are in liquidation. The substantial foreign securities have in part been liquidated, in part been used in payments to foreign countries, and in part have disappeared in connection with the flight of capital; the stocks still remaining of Russian, Austrian, Hungarian, Polish, etc., securities have no significance as far as the balance of foreign payments is concerned. Foreign tourist traffic alone may be reckoned as an asset worth mentioning, but in view of the low level of the mark its gold value is small. On the other hand, the expenditure on foreign workmen ceases to appear on the debit side of the ledger. Its place, however, is taken by a new item, viz. the expenditure on interest payments on and the amortisation of the credits taken up in foreign currencies and marks during and since the war. This amount has increased with the country's annually growing indebtedness, and may now be estimated at Mk.  $\frac{3}{4}$  milliard per annum. The deficit of the trade balance is therefore no longer, as before the war, compensated for by invisible factors, but is rendered still larger. Since the execution of the Peace Treaty, however, further large and visible debit items have come into existence, viz. the huge payments to the Allies. In so far as these payments are in kind they need not be taken into consideration, for while they influence the payment balance very considerably, they do so indirectly only; they necessitate large exports which bring Germany no profits, and do not tend to any creation of foreign bills as with other exports. On the other hand, payments in cash to foreign countries already made and to be made under the Peace Treaty are of the greatest direct importance. Apart from the huge payments (of which the amount has not yet been finally determined, and which in part find their way to foreign countries) required for meeting the expenses of the armies of occupation and the Commissions of Control, there had been paid up to the end of 1921 about 500 million gold marks for the discharge of pre-war foreign debts under the "clearing" scheme and 1.1 milliard of gold marks for cash payments in respect of reparations; up to the end of February 1922 another 200 million gold marks had been paid. There results, then, for the years 1919, 1920 and 1921 a total deficit of at least Mk.11 milliard gold from the visible and invisible commercial balance and the payments in cash due under the Peace Treaty, exclusive, that is, of the payments in kind.

How has this deficit been covered? To a small extent—slightly over Mk.1 milliard gold—in gold which had to be paid to foreign countries in 1919 for foodstuffs and in 1920 for the reparation liabilities. For the rest payment could in the main only be effected by disposing of German marks, by the sale of German securities, and by procuring loans. The disposal of German marks was effected in part by the sale of paper marks and in part by creating foreign credit balances in German banks. The amount of paper marks at present in foreign countries may be estimated at between 25

and 30 milliards of paper marks; it is held in part by the French and Belgian Governments and in part is retained in private hands abroad. Foreign credit balances in German banks amount to about Mk.35 milliard paper; foreign countries hold at least an equal amount of German securities. The total of the credits taken up by Germany and still current cannot be estimated even approximately. It would not be an overestimate to assume that they amount to Mk.30 milliard paper. In the same way only an approximate estimate is possible of the extent to which land, buildings, shares, undertakings, and other property of every kind still in Germany have been sold to foreigners. It is true that this indebtedness of Germany is set off by German credit balances in foreign countries, but their amount is frequently very much overestimated. They may well in the main be due to the fact that trade and industry are compelled to keep balances in foreign countries for the requisite purchases of raw materials for their own needs. These cannot be of very large amount, since the total export in 1920 amounted to Mk.5.1 milliard and in 1921 to Mk.3.4 milliard gold only, and barely one-half of these sums was invoiced in foreign currencies, the accruing foreign bills having to be employed for the most part in paying for imports and for covering in part the payments due under the Peace Treaty. This is confirmed by the course of events during the first half of 1920: the sharp fall of the exchange rate which took place at that time most certainly drove the majority of the hoarded foreign bills to the Reichsbank, and yet the holdings of the bank at that time—i.e. in February, March, April and May—did not increase by more than Mk.736 mill. gold, by far the greater part being due to legitimate export. In 1921, with the decline of export and the increasing demand on the part of the German Government for foreign bills, there was even less scope for the hoarding of such bills. To give the exact figures is obviously impossible. It is equally impossible to ascertain the amount of the sums which have reached foreign countries owing to the migration of capital. All attempts on the part of the Government to ascertain the amount of these sums have proved futile, and private estimates rest on so uncertain a basis that it is not worth while to discuss them.

The future prospects of Germany's balance of foreign payments gaugeable from the foregoing data are unspeakably gloomy. That the visible commercial balance will show a surplus is not to be expected at once. It is at best possible to hope that the deficit will diminish by degrees. There is almost a total lack of invisible assets to adjust the deficit. On the other hand, the interest and amortisation payments for the currency debts and for the German securities which have migrated to foreign countries increase the deficit, which can be met in no other way than by further sales of securities, by obtaining fresh credits (and these increase progressively the amount of interest owing), or by further sales of marks (which increase the depreciation of the mark). As the depreciation of the mark increases and the belief in its ultimate recovery declines, the possibility of meeting the deficit by sales of marks or securities correspondingly diminishes. The total disappearance of this possibility would be tantamount to the collapse of Germany's economic system, with disastrous results to that of the world. In these circumstances it is impossible to conceive how Germany, in addition to the clearing payments and other payments under the Peace Treaty, is to find vast sums in cash for reparation purposes. Any such payments are only likely to accelerate Germany's collapse.

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



## RUSSIAN COTTON SUPPLIES AND THE TEXTILE INDUSTRY

The *Ost-Express* supplies information respecting cotton growing and yield in Turkestan, in which the following points are of interest: As a result of the Russian Revolution the areas under wheat in Turkestan were extended for fear of a famine and the area under cotton diminished to 88,000 hectares only in 1918—the area under cultivation in cotton in 1916 was about 580,000 hectares. From this catastrophe Turkestan has never recovered. Subsequent years showed the following picture: 1919, 103,000 hct.; 1920, 109,000 hct.; 1921, 58,000 hct.; 1922, 54,000 hct. The yield fell from 15 mill. poods in 1916 to 600,000 poods in 1922. In the meantime the Soviet Government had, in 1918, established a cotton monopoly and decreed the formation into co-operatives of all the cotton growers. This resulted in the destruction of the well-developed credit and purchasing organisation in the industry. The purchasing power of money was almost nil. In 1922, however, the Cotton Committee, composed of experts and interested persons, was formed, which assumed control over all the most vital functions connected with the cotton trade of Turkestan. In 1922, thanks to the work of this Committee, it had already been possible to establish a price relationship between cotton and wheat which again afforded the population the necessary stimulus to increase the cotton growing area. The aims of the Committee for 1923 have already failed in part owing to monetary difficulties and to the bureaucracy displayed in Moscow. It was to sell its cotton stocks to the textile industry and was then, with the support of the State Bank and other central institutions, to import grain, the demand for which amounts to about 4 mill. poods. In the first place, however, the textile industry was unable to pay for all the cotton delivered; furthermore, the support received from the above-mentioned institutions was quite insignificant, and the Committee was only able to import 1 mill. poods of wheat.

The irrigation works, which fell into disrepair at the time of the Revolution, are now being restored, and it is hoped that by May this will have occurred to the extent of 40 per cent. In February 1923 free trading in cotton was permitted, but this measure will not promote the financing of the cotton yield yet, as private capital resources are small and private capitalists fight shy of an investment which must last for eleven months. The programme of the Committee provides for an area under cultivation in cotton of 130,000 hct. for this year, i.e. an increase of 100 per cent. In Turkestan proper the area is to be 100,000 hcts., in Bukara 20,000 and in China about 10,000. The Committee possesses in all supplies of cotton seed amounting to 827,000 poods. From this fund, Armenia, the second Russian cotton growing district of importance, will also be supplied; it is intended to plant about 12,000 to 16,000 hct. in 1923. As only 700 hct. were planted here in 1922, it is very doubtful if the complete programme for this year will be executed.

According to careful estimates, the entire cotton yield for 1923 should produce between 1.5 mill. and 2 mill. poods of fibre. Stocks from former yields total about 1.5 mill. poods. As the reduced requirements of the Russian textile industry are between 4.5 mill and 4.8 mill. poods, it may be assumed that they will be covered to the extent of about one-half. The industry has already begun to purchase foreign cotton. Owing to the fall in value of the rouble, Turkestan cotton is far cheaper than foreign and is likely to remain so at present. Financial difficulties are standing in the way of purchases of foreign cotton and the Russian textile industry will therefore be obliged to stop work for three or four months this summer.

An *Ost-Express* telegram from Moscow to the *Frankfurter Zeitung* (April 23) states that the Russian textile industries will probably stop work from June to September, during the busiest time in outdoor work.

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The flax industry is threatened by a similar crisis. On account of financial difficulties the industry was unable to supply itself with the required quantities of material. Flax stocks will only last for another three or four months and work will also probably have to stop in this industry in the late autumn until the arrival of supplies from the new yield. The prohibition of the export of wool from Soviet Russia of November 1922 has now been extended over the entire Republic.

The *Ost-Express* (May 5) learns that in 1922 the Transcaucasian silk yield amounted to 46,000 poods of raw cocoons, compared with 270,000 poods before the war. In Turkestan the yield totalled only 53,000 poods, compared with 180,000 poods in 1914. Better results are expected in 1923; the Transcaucasian yield is estimated at 150,000 poods and that of Turkestan at 100,000. The chief task confronting silk cultivation in Russia at the present time is the promotion of silkworm breeding, which has, so far, only been carried on to any great extent in Turkestan. Transcaucasia only boasts of seven breeding stations, which can only satisfy 7 per cent. of the demands of the Caucasus.

### FOREIGN BANK RATES.

	Per cent.		Per cent.
Amsterdam	4	Madrid	5
Athens	6½	Moscow	3
Belgrade	6	New York	4½
Berlin	13	Paris	5
Brussels	5½	Prague	5
Bucharest	6	Reval	—
Budapest	12	Riga	—
Christiania	6	Rome	5½
Constantinople	—	Sofia	6½
Copenhagen	6	Stockholm	4½
Geneva	3	Vienna	9
Helsingfors	8	Vilna	—
Lisbon	8	Warsaw	7



# 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
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	159.0	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			Sep. 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		18	198.1				
27	141.3		29	158.8							
Feb. 3	142.3		Oct. 6	159.8							
10	147.0		13	161.2	155.2						
17	149.2	161.8	20	162.8							
24	149.7		27	165.9							



CHART ILLUSTRATING TABLE I.

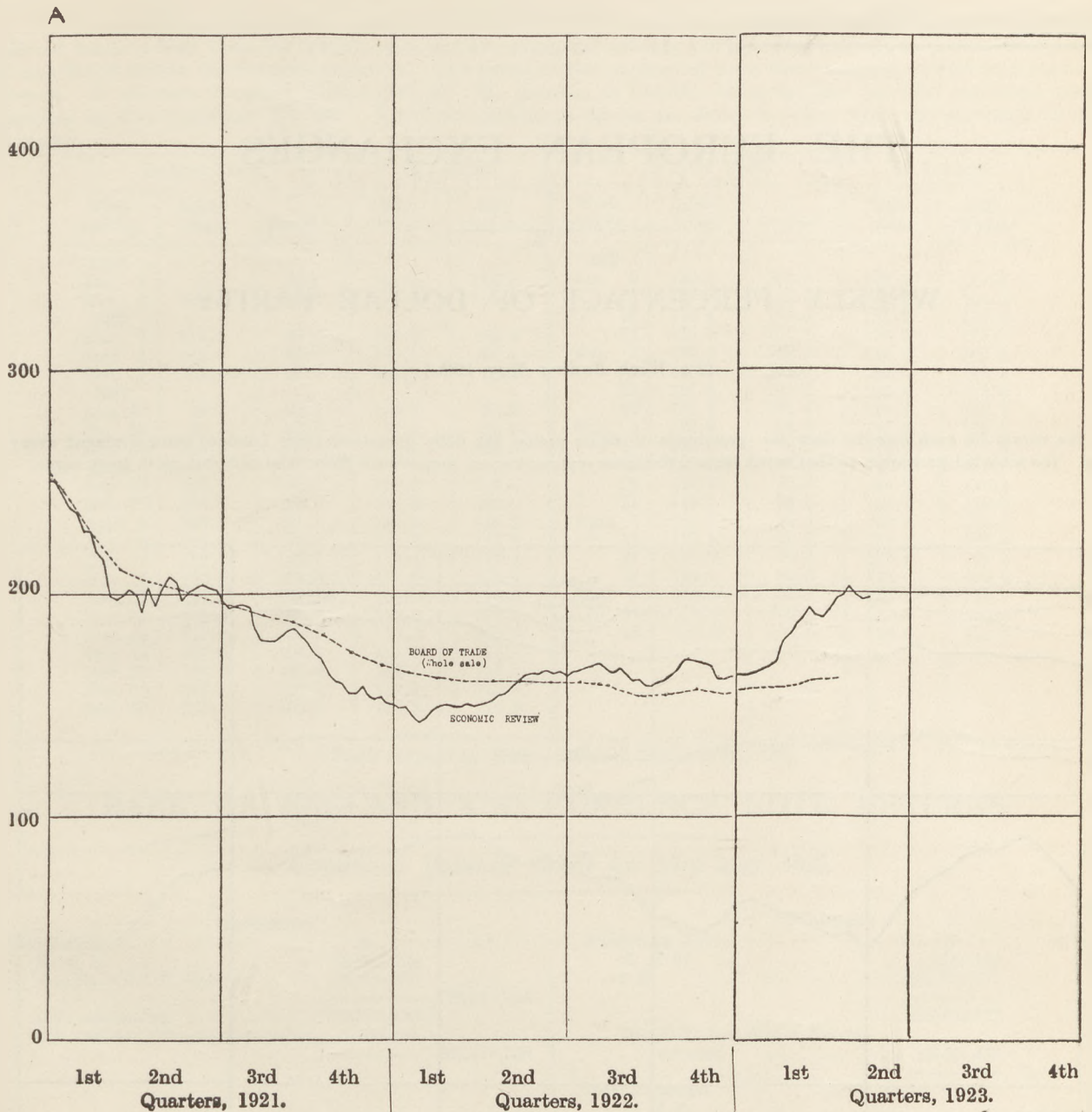


TABLE II.

Date.	Pig iron.	Tin.	Coal.	Linseed Oil.	Cotton.	Wool.	Hides.	Wheat.	Bacon.	Sugar.	Mean.	Date.
Dec. 30, 1921	100	100	100	100	100	100	100	100	100	100	100	Dec. 30, 1921
1922												1922.
Jan. 27 ...	90.6	90.5	92.4	108.8	85.3	100.0	82.6	101.1	94.4	96.1	94.18	... Jan. 27
Feb. 24 ...	101.4	85.3	94.3	136.9	90.0	106.7	76.8	106.4	104.4	94.1	99.77	... Feb. 24
Mar. 31 ...	94.3	84.2	93.4	126.3	90.3	106.7	87.0	116.2	97.1	103.8	99.93	... Mar. 31
Apr. 28 ...	92.9	89.4	89.6	149.1	87.9	106.7	78.3	113.5	115.8	107.7	103.09	... Apr. 28
May 26 ...	99.1	89.2	88.7	155.3	101.1	115.6	89.9	123.8	118.4	107.7	108.88	... May 26
June 30 ...	92.9	90.4	81.1	152.6	111.7	111.1	91.3	117.7	114.4	119.2	108.24	... June 30
July 28 ...	92.9	94.5	97.2	157.9	110.1	111.1	97.1	119.0	116.5	119.2	111.55	... July 28
Sept. 1 ...	92.4	93.8	94.3	121.1	113.9	111.1	92.8	108.9	112.8	148.0	108.91	... Sept. 1
"   29 ...	94.3	95.2	92.9	135.1	105.9	117.8	96.4	82.8	104.0	134.6	105.90	... " 29
Nov. 3 ...	95.5	107.5	100.0	140.3	119.9	133.3	106.5	91.9	104.8	134.6	113.43	... Nov. 3
Dec. 1 ...	95.5	102.6	94.3	136.9	121.5	133.3	107.2	93.9	96.3	134.6	111.61	... Dec. 1
"   29 ...	89.4	106.7	91.5	138.6	126.0	120.0	93.5	90.4	89.7	138.5	108.43	... " 29
1923												1923
Jan. 19 ...	91.3	106.1	95.3	135.1	132.4	122.2	93.5	91.7	89.7	130.8	108.81	... Jan. 19
Feb. 16 ...	100.5	114.7	105.7	143.9	131.4	120.0	89.1	90.1	89.7	196.2*	118.13	... Feb. 16
Mar. 16 ...	113.2	139.6	141.5	143.9	138.9	124.4	94.2	88.6	84.2	214.4	128.29	... Mar. 16
"   30 ...	113.2	131.8	133.0	150.9	125.5	124.4	91.3	89.3	88.2	211.5	125.91	... " 30
Apr. 6 ...	113.2	130.6	132.1	161.4	127.8	124.4	95.7	90.9	88.2	217.3	128.16	... Apr. 6
"   13 ...	113.2	131.2	131.1	179.9	133.1	124.4	97.1	91.7	88.2	226.0	131.59	... " 13
"   20 ...	113.2	125.4	132.1	182.5	128.7	124.4	97.8	92.5	88.2	238.5	132.33	... " 20
"   27 ...	113.2	126.6	132.1	182.5	130.4	124.4	100.0	94.1	88.2	261.5	135.30	... " 27
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
"   18 ...	110.8	117.9	128.3	166.7	120.2	137.8	102.9	102.7	91.2	242.3	132.08	... " 18

\*Revised Quotation.



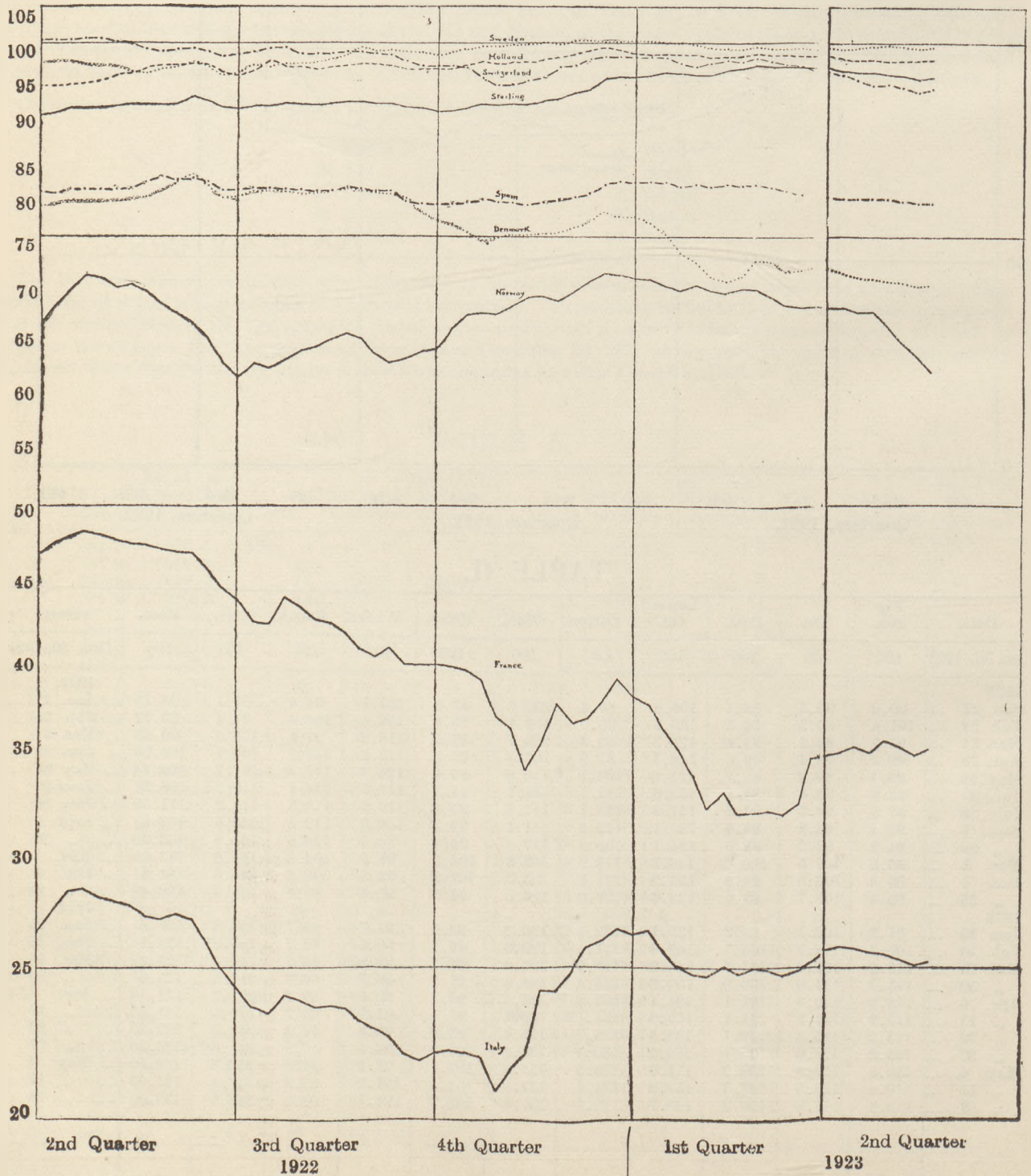
Statistical Section

THE EUROPEAN EXCHANGES

WEEKLY PERCENTAGE OF DOLLAR PARITY

(To Week Ending May 19th.)

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





## SECURITY PRICES.

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

IN NEW YORK.			IN LONDON.		IN NEW YORK.			IN LONDON.	
Week ending.	Indus-trials.	Bonds.*	Indus-trials.	Gilt-edged.	Week ending.	Indus-trials.	Bonds.*	Indus-trials.	Gilt-edged.
<b>1919</b>					<b>1923</b>				
Jan. 1	—	98.4	147.8	114.4	Jan. 6	120.5	102.8	122.1	113.5
Nov. 1	140.8	92.5	172.6	101.5	13	122.2	102.6	122.3	114.0
<b>1920</b>					20	120.4	102.0	123.3	116.8
Mar. 1	116.0	87.8	186.6	93.4	27	120.8	101.1	122.2	115.8
July 1	113.6	82.4	149.1	92.3	Feb. 3	122.5	102.1	122.2	114.8
Dec. 1	92.2	89.6	130.1	88.6	10	125.4	102.1	122.5	115.1
<b>1921</b>					17	127.3	101.6	123.2	115.6
Aug. 20	80.3	90.4	105.4	93.8	24	126.8	101.1	126.4	116.2
Oct. 20	91.1	92.0	91.7	94.4	Mar. 3	128.6	99.8	129.5	116.3
Dec. 31	100.0	100.0	100.0	100.0	10	128.0	99.5	128.9	116.5
<b>1922</b>					17	129.2	98.5	129.3	117.0
Jan. 28	100.8	102.1	102.3	104.4	24	127.3	97.8	129.0	118.1
Feb. 25	105.2	100.8	103.6	109.0	31	126.7	98.0	128.4	118.5
April 1	109.8	101.5	103.5	112.2	Apr. 7	126.4	98.1	129.9	120.4
May 13	114.6	102.4	114.9	117.9	14	125.9	98.7	131.2	120.8
June 17	112.8	102.7	114.4	112.4	21	124.7	99.4	134.6	121.2
July 15	117.6	106.5	111.6	115.4	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	18	116.8	100.6	132.0	121.8
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 17th May, 1923.

LIABILITIES.				ASSETS.			
Notes Issued.	£	£		Government Debt.	£	£	
B. of E. ... ..	145,447,705			B. of E. ... ..	11,015,100		
Less those in C.N. Reserve ... ..	22,450,000			C.N. ... ..	242,914,571		
		122,997,705				253,929,671	
C.N. outstanding ... ..	285,935,870			Less C.N. Investment Reserve			
C.N. called in but not yet cancelled	1,480,338			Account ... ..	12,161,458		
		287,416,208				241,768,213	
				<i>Other Securities.</i>			
				B. of E. ... ..		8,734,900	
				<i>Gold Coin and Bullion.</i>			
				B. of E. ... ..	125,697,705		
				C.N. ... ..	27,000,000		
				C.N. Balance at B. of E. ... ..	213,095		
						152,910,800	
				<i>Silver Coin</i> ... ..		7,000,000	
						410,413,913	
							410,413,913

## Summary of Combined Balance Sheets.

## January 1922 to date.

Date.	B. of E. Notes less those in 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 17 ... ..	123.0	287.4	410.4	152.9	37.2	39.0



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