

THE ECONOMIC REVIEW

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Finance, Industry, Commerce, and Social Organisation.

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TRADE UNIONS AS INDUSTRIAL FINANCIERS.

It is beyond dispute that any fresh development in the theory or practice of Trade Unionism in one country or another will not remain there, but becomes immediately a matter of international significance. The struggle between Capital and Labour is not to be localised or geographically isolated, and the most formidable weapons resorted to in either camp will prove on inspection to be the manufacture of no one especially favoured nation. The necessities of a durable peace demand international co-operation. The real problems of industry are at present in a welter of confusion, and all that emerges to meet a keen, sympathetic, or clear eye is an apparently interminable conflict of irreconcilable interests. Whether one of the protagonists more than the other is to be saddled with responsibility for this chaos is not lightly or easily determined. An impartial mind will weigh over and over again the past history of trade unions. It will feel no reactionary disgust in tracing the events and agencies behind the legislation which obliterated anti-combination laws. It will not grudge to organised workers the attainment of a contractual status endowed with bargaining powers over the whole field of employment. Misgivings will arise upon an examination of the use or abuse of newly gained power. What has happened? Incessantly Trade Unionism has preached open war upon Capital. It has accumulated and devoted funds to the furtherance of this project. Its propaganda has visualised the complete overthrow of the so-called capitalist system. In fact, without multiplying instances, the efforts of Trade Unionism have, with militarist bravura and phrase, poisoned with a fearful damp the whole atmosphere of industry. Has it produced anything constructive? Conciliation and Arbitration Boards are almost ghosts of the past, and to a normal trade unionist nearly as terrifying. Although recent years have witnessed the growth of an intelligentsia behind the British trade union movement, it has not proved itself adaptable to or fertile in new ideas. The doctrine of solidarity through Federal Unionism, and its natural corollary, the omnipotent general strike, these are the dominant factors in its policy. In the adumbration of constructive ideas the trade unions have been lulled into lethargy, so far as co-operation with Capital is concerned, by its adoption of the variable phases of Socialism. Attracted to ideas of State-ownership, control and nationalisation, or self-

government in industry, it has become obsessed by a desire to overthrow and expropriate Capital. This is true of British and Continental Labour. As a result, industry finds itself to-day drifting dangerously and precipitated in a highly inflammable and explosive atmosphere.

It is a relief from the dulness of unpractical confiscatory proposals to be able to turn to America, where organised Labour has resorted to different tactics in order to gain its share in the control of industry. In that country trade unions are financing industry and new enterprise, they are *purchasing their power and control*. The history of the experiment was given by Mr. John Murray, formerly M.P. for West Leeds, in a letter to *The Times* on June 25 last. To students of industrial affairs the letter is a valuable piece of information, and we quote at length the passage in it relative to the subject we are discussing. Mr. Murray writes :—

“American trade unionism has been induced by various circumstances to think out the idea of control, and in the process of reflection it has attained to a new conception of policy. During the war the working classes earned high wages, and under the stimulus of a National Savings Campaign they acquired the habit of saving. The accumulations of individuals and of the unions mounted up rapidly, for Prohibition made saving easy. In the depression that succeeded the war boom many employers joined in the open shop campaign for lower wages and non-recognition of the unions, and some banks discriminated in the granting of credits against employers who stood by collective bargaining. The exceptional control which the American investment banks exert over industrial undertakings made the unions realise the ramifications of the money power and the almost irresistible weight of its influence.

“The story of how the American unions rose to the occasion, of how they founded banks and took up the business of supplying credit—in a word, of how they have turned themselves since 1920 into powerful capitalist organisations, reads like a fairy tale. Much of it is to be found in the pages of ‘Labor’s Money,’ by Richard Boeckel (published by Harcourt, Brace and Co., New York). The first experiment was the financing of the Crescent Machine Company of Norfolk by the Mount Vernon Savings Bank. This bank was acting for a client, the International Association of Machinists. The Brotherhood of Locomotive En-

gineers has achieved more, perhaps, than any other union. The following is quoted by Mr. Boeckel from a speech by the President of the Brotherhood's Bank :—

We have gone into the west and the north-west and have made loans by co-operative farmers under pressure from larger institutions. In such cases we cash their school warrants and extend them a line of credit wherever it is possible to help the producing classes.

This bank's resources grew from \$650,971 in November 1920 to 10¼ millions in November 1921, and 22½ millions in June 1923. The reformed trade unionism of America has set up new banks and acquired control of old ones, and it has made itself the predominant partner in many undertakings. To say that a new era has opened is the barest truth. It is not only that trade unionism has abandoned the old-fashioned policy of saving for fighting. It saves now to invest and for control. The motives of production are defeating the motives of antagonism."

Criticism may detect merit or demerit in a scheme whereby Trade Unions purchase their share of power and control in industry, but it must be admitted that the principle in practice is not guilty of those unstabilising and disruptive consequences which so vitiate Socialistic methods of reforming industrial organisation. Fundamentally it is not avowedly inimical to

Capital. It recognises and appreciates its function. Moreover, it affirms the dualistic process demanded by any system of production. American Trade Unionism of this type would, and aspires to furnish industry with skill and finance. It is essentially co-operative, while the other Labour movements are running to seed in visions of proletarian dictatorship. Two lines of argument will assail this idea of organised Labour purchasing its share of control in industry. On the one hand, Labour extremists and Socialist agitators will ridicule the notion of any trade union possessing the purchasing capacity of anything more than the merest fraction of capital holding in industry. Citing poverty and declining wages, he will caricature it as a fatuous illusion. On the other hand, a section of capitalist opinion may incline to the view that, with an eye on easy conditions of purchase, trade union activities will be directed to and concentrated upon devitalising and depressing any flourishing or going concern, indeed, on Industry indiscriminately. Neither objection is really valid. The latter, in its incidence, resembles too closely the trajectory of a boomerang—it would return whence it came, while the former should be most thoroughly answered after a careful scrutiny of the financial position of Trade Unions, Friendly Societies, and other corporate bodies which are busy accumulating funds out of the wage-earner's weekly surplus.

ECONOMIC SURVEY

DENMARK

POLITICAL AND GENERAL

STABILISATION OF THE EXCHANGE.

The various steps taken during the past few months to stabilise the value of the krone, while they have had a steadying influence for the time being, do not appear to have realised all the expectations of the authorities, and the new Premier, M. Stauning, has found it necessary to introduce a Bill with a view to tightening the Currency Central's control of dealings in foreign currency. The measure has been read a third time in the Folketing and is now being considered by the Landsting. The Government, however, much as they commended the Bill to the speedy and sympathetic attention of Parliament, are under no illusion as to its providing a final solution of the problem. In business circles, on the other hand, considerable impatience is manifested at this constant interference by politicians with a question which they contend should be left entirely to the management of the National Bank, the Directors of which should be compelled to realise their responsibilities in the matter. Anxiety is felt lest the comparative stability of the past few months give way to more serious fluctuation in the rates of exchange, as suggested by recent quotations. As a matter of fact the £ sterling has appreciated substantially within the last few weeks, having risen from Kr.25.56 on June 14 to Kr.26.20 on June 28, while the \$ equivalent rose from Kr.5.91 on May 17 to Kr.6.07 on June 28. The following table shows the general tendency of the market :—

Date.	Kr. to the £.	Kr. to the \$.
May 1	25.90	5.92
May 17	25.75	5.91
May 31	25.58	5.94½
June 14	25.56	5.93
June 28	26.20	6.07

FINANCE

THE NATIONAL INSURANCE COMPANY'S LOSSES.

The accounts of the Forsikrings-Aktieselskabet National for 1923 show a deficit of Kr.1.8 mill., which is partly covered by the reserve fund of Kr.850,000 and partly by carrying over a balance of Kr.1 mill. to next year's account. In a circular to the shareholders the

company's difficulties, it is explained, are wholly connected with the marine insurance side of the business, owing to the winding up of contracts with two English companies that have gone into liquidation and to the results of the company's own direct English business. Other factors have also contributed to this unsatisfactory state of affairs, as for instance the policy which was deemed advisable of effecting settlements with a number of companies for reduced cash payments. The Board of Directors, however, are confident that the losses sustained on the marine insurance side will within a reasonable time easily be made good by the other branches of the business, and for that reason they advised the shareholders to reject the proposal for liquidation which the by-laws required should be submitted to them at the annual general meeting. Acting on this advice, the shareholders have decided against liquidation, in the belief that, their heavy losses notwithstanding, the situation is by no means hopeless.

TRADE

FOREIGN TRADE RETURNS FOR 1923.

The *Danish Commercial Review* for June gives a summary of the returns issued by the Statistical Department of the foreign trade of Denmark for 1923, from which it appears that the total imports amounted to Kr.2,027 mill., Kr.1,907 mill. of which were for home consumption, while the exports of home-made and home-grown goods aggregated Kr.1,533 mill. and re-exports Kr.146 mill., or a total of Kr.1,679 mill., giving an adverse trade balance of Kr.348 mill. Comparing the imports for home consumption and the exports of home-made and home-grown goods, the adverse trade balance is Kr.374 mill., but a profit of Kr.26 mill. was made on re-exports or goods in transit. The following table gives the figures for the last five years (in millions of kroner) :—

	(a)	(b)	(c)	(d)	(e)	(f)
1919	2,605	2,394	740	268	1,654	1,597
1920	3,244	2,943	1,591	371	1,352	1,282
1921	1,697	1,549	1,410	154	139	133
1922	1,553	1,456	1,176	107	280	270
1923	2,027	1,907	1,533	146	374	348

The figures in column (a) represent the total imports, those in column (b) the imports for home consumption, those in column (c) the exports of home-made and home-grown goods, and those in column (d) the re-exports; while column (e) shows the surplus of

imports for home consumption over exports of home-made and home-grown goods, and column (f) the surplus of the total import trade over the total export trade, including re-exports.

INDUSTRY

ALUMINIUM HYDROPLANES FOR THE JAPANESE SERVICE.

The Rohrbachs Metal Aeroplane Company has produced a new type of hydroplane which has proved so successful that six machines have already been ordered by Japan. The plane is built of Dur-aluminium and measures 29 metres from wing-tip to wing-tip; it weighs 3,800 kg. and has a carrying capacity of 2,400 kg. The power is supplied by two Rolls Royce motors, Eagle 9, of 360 h.p. each, and the flying speed is estimated at 190 km. an hour; in other words, the hydroplane can cover the distance from Copenhagen to London in six hours. In the trial flight it reached an altitude of 4,000 metres. To ensure greater safety the machine is divided into water-tight compartments, and it is fitted with double steering gear as a provision against trouble from the failure of one set. It has also a complete installation for wireless telegraphic and telephonic communication, with an estimated range of 800 km. for the latter and 2,000 km. for the former. The first hydroplane has been purchased by the Mitsubishi Shoje Kaisha for the use of the Japanese postal service. (*Baltic-Scandinavian Trade Review.*)

SOCIAL CONDITIONS

ADVANCEMENT OF COMMERCIAL EDUCATION.

The absence of facilities for advanced training in commercial science is to be met, says the *Baltic-Scandinavian Trade Review*, by the conversion of the Copenhagen School of Commerce into a fully qualified high school or college, where pupils can acquire a thorough knowledge of modern languages, economics, insurance, commercial law, and other branches equal in every respect to that afforded by kindred institutions in other countries. The object aimed at is not only to raise the standard of the commercial class in Denmark, but to widen the field of activities of business men engaging in Danish undertakings abroad or taking service in foreign firms and companies.

THE SHORTAGE OF HOUSE ACCOMMODATION.

The shortage of houses, according to our contemporary, is a source of serious trouble to the municipal authorities, and the extension of building operations is being followed with the greatest interest because of the social disadvantage entailed by the shortage. Unfortunately the evil would appear to be increasing rather than decreasing. According to the latest estimates the number of homeless persons is higher than it was six months ago, and the various municipalities are now confronted with the difficulty of finding accommodation for 20,000 people. In Copenhagen there has been a large amount of building during the past six months, and on April 1 there were no less than 4,000 dwellings under construction, or about a thousand more than at the corresponding period of last year; but in the provinces there has been a falling off in building. There has been an extraordinary activity, however, in the brick and tile industry during the past year, the output being far greater than in 1922 and more than double that of 1921, while the number of persons employed in the industry is 2,000. At the same time, it is a remarkable fact that there has actually been an increase in the imports of bricks and tiles.

COMMUNICATIONS

SCHEME TO BRIDGE THE LITTLE BELT.

For many years the question of bridging the Little Belt between the mainland of Jutland and the Island of Funen has, says the *Danish Commercial Review*,

been under discussion in State Railway, commercial and political circles and much time and care has been given by the railway engineering staff to working out plans for the necessary construction. Definite results have now been attained, and in the closing days of the last Rigsdag a Bill was passed authorising the execution of the work. The bridge will form the connection from a point near Fredericia in Jutland to a point just south of Snoghøj on Funen. It will carry a double line of railway, and the pillars will be sufficiently wide and substantial to allow of the addition of a section for ordinary traffic at some future date. The work is estimated to take ten years to complete, and the necessary funds will be provided for in the annual Finance Bills, at the rate of Kr.1 mill. for the first two years and of Kr.5 mill. for the first four years. The preparatory work is to be put in hand as soon as possible.

FINLAND

FOREIGN TRADE RETURNS.

The official trade statistics for May show that imports amounted during that month to Mk.521.8 mill., exports to Mk.328.1 mill., and the surplus of imports consequently to Mk.193.7 mill. Never before in any one month has the value of imports exceeded half a milliard—in April 1924 it was Mk.426.2 mill. and in May 1923 Mk.460.2 mill. Imports are thus nearly Mk.100 mill. higher than they were in April of this year and Mk.60 mill. more than in May 1923, but exports also show a heavy increase, standing now at Mk.328.1 mill. as against Mk.246.2 mill. last April and Mk.247.6 mill. in May of last year. The following figures show the balance of trade for the first five months of last year and this (in millions of marks):—

	Imports.	Exports.	Surplus of imports.
January to May 1923...	1,704.1	946.9	757.2
„ „ 1924...	1,869.2	1,057.2	812.0

This shows that while exports have increased this year, imports have increased rather more.

In order fully to understand the significance of the above figures, it is necessary to remember the ordinary seasonal fluctuations of Finnish trade. The first five months of the year regularly show a big surplus of imports, which in the normal year 1913, for example, when the value of money was about ten times what it is now, amounted to Mk.76.7 mill. The reason for this is that the principal centres of the export of timber and paper goods, viz. Kotka, Viborg, and the towns on the Gulf of Bothnia, are closed by ice during these months, whereas import trade via Hangö and Abo, and overland from Russia, can go on practically unhindered. The timber shipping season does not really begin till June, and that month and the succeeding ones up to September or October therefore generally show a considerable export surplus which counterbalances or even exceeds the deficit in the balance of trade for the period January to May. The shipments of the timber sold during the year are practically finished by October or November, which are also months of heavy imports, as the merchants are then filling up their stocks for the winter. The last two months of the year accordingly generally show a negative balance of trade.

When this is remembered, the big excess of imports for the first five months of 1924 is not as alarming as it looks at first sight. All the same, seasonal fluctuations on this scale must naturally cause a strain in various directions, and especially on the money market. *Mercator's* summary of the bank balance-sheets for May 31 shows that the heavy imports have made the supply of money exceedingly short. The Joint Stock banks' discounts and loans grew by Mk.115.6 mill. during May, while their deposits fell by Mk.57 mill. Their cash funds decreased by Mk.40.8 mill. to Mk.146.7 mill., and finally their rediscounting in the Bank of

Finland grew by Mk.122.5 mill. to Mk.540.6 mill., the biggest figure ever reached.

The growth of imports has naturally done much to make the demand for foreign currency keener. The Bank of Finland's assets with foreign correspondents decreased during May by Mk.115.7 mill. to Mk.538.7 mill. On May 31 last year the Bank's reserve of foreign valuta amounted to Mk.709.6 mill., very much more than the present figure. From the beginning of June, however, exports ought to exceed imports, which will diminish the demand for foreign currency, and the present reserve ought therefore to suffice to enable the Bank to maintain the value of the Finnish mark, which has been absolutely stable in relation to the dollar since the end of last year. It is worth noting that although the Bank of Finland's discounts and loans have thus increased, its notes in circulation have diminished from Mk.1,384.5 to Mk.1,361.3 mill. during the month of May (it was Mk.1,439.7 mill. on May 31, 1923). The main reason for this is that the sale of foreign valuta has brought large quantities of notes into the Bank.

The accounts of the National Exchequer for 1923 are now available in definitive form. The revenue has grown from Mk.2,926.1 mill. for 1922 to Mk.3,913.5 mill. for last year, while expenditure has only grown from Mk.2,551.2 mill. to Mk.3,497.4 mill. In the year 1921 the Treasury already had a surplus of Mk.189.1 mill., which rose to Mk.374.9 mill. in 1922 and to Mk.416.1 mill. last year. The capital balance was Mk.683.3 mill. at the beginning of 1923, and therefore amounted at the end of that year to no less than Mk.1,099.4 mill.

The estimates passed by the Riksdag for 1923 did not allow for any surplus at all, but anticipated, on the contrary, a shortage of Mk.167 mill. The ordinary revenue was estimated at Mk.2,448 mill., but has in fact amounted to Mk.3,062.6 mill. (Mk.2,669.1 for 1922). The chief increases in revenue have been from Customs duties, which have produced Mk.1,057.7 mill. as against Mk.798.6 mill. for 1922, State railways Mk.631.3 mill. against Mk.559.5 mill., tobacco excise Mk.159.6 mill. (Mk.125.9 mill.), the match tax Mk.21.8 mill. (Mk.15.4 mill.), and post office Mk.75.1 mill. (Mk.68.6 mill.). The income and property tax produced Mk.43.9 mill. last year as against Mk.438.9 mill. for 1922, or precisely the same sum. But the biggest difference between the estimates and the result shown in the national balance-sheet for 1923 is due to the Government having last year raised loans to a total amount of Mk.776.9 mill., which were not anticipated in the Budget in any way.

As the above shows, the State is now in an exceedingly good financial position, and we may therefore hope to see this year the proposed reduction of taxation. That would very greatly improve the position in the business world. (*Mercator*.)

FRANCE

FINANCE

THE CIRCULATION OF SILVER.

An anonymous writer in the *Information Financière* using the initials "E.C.," expresses his disappointment that the decline in the price of silver has not restored to circulation the numerous silver coins struck at various times, a large number of which must still be in existence. Since the reorganisation of the monetary system, the Mint has not ceased, except during the last few years, to increase the circulation of silver coins. Thus on Dec. 31 of last year the amount of silver coins struck since 1795 was estimated at Fr.6,365,458,859, of which Fr.5,779,878,497 were issued between 1795 and 1913 inclusive. The value of silver coins issued since that date is as follows (in millions of francs): 1914, 31.5; 1915, 86.3; 1916, 154.2; 1917, 114.5; 1918, 92.4; 1919, 76.7; 1920, 29.6. Since 1920 no silver has been

coined. At one time silver money was coined exclusively from silver ingots, but for many years this material has been supplemented by the melting down of coins withdrawn from circulation, and during the war, owing to the difficulty of obtaining bar silver, the silver used for coining was furnished exclusively by melting down out-of-date silver coins. Between 1795 and 1923 the value of coins withdrawn and reminted was Fr.879 mill. The value of coins withdrawn from circulation in and since 1914 is as follows (in millions of francs): 1914, 18; 1915, 29; 1916, 42; 1917, 26.3; 1918, 204.7; 1919, 73.7; 1920, 29.6. The large amount withdrawn from circulation in 1918 consisted of silver coins bearing the head of Napoleon III., crowned with laurel, withdrawn in pursuance of the Act of March 22 of that year. After deducting from the value of the silver coins issued during the above-mentioned period that of those withdrawn from circulation and melted down, the value of silver coins in existence on Dec. 31, 1923, was Fr.5,846,375,284, made up as follows: Five-franc pieces, Fr.4,640,137,333; two francs, Fr.227,751,102; one franc, Fr.431,501,241; fifty centimes, Fr.186,985,588.

The writer asks what has become of all this silver since: if many of these coins have been lost or have found their way abroad or into the melting pot in the course of the last few years, it is obvious that a considerable number must be hoarded away.

A SET-BACK IN RECONSTRUCTION.

One of the most urgent and arduous tasks of the Government, writes the *Journée Industrielle*, is the resumption of reconstruction works in the devastated areas. To put it bluntly, reconstruction is at a standstill, as the contractors who have hitherto financed the works decline to do so any longer, the condition of the public finances offering no guarantee for their reimbursement. The following facts have been elicited from an impartial investigation of the position.

There is a general stoppage of work in every department of the invaded area, as payment is not assured by the funds guaranteed by the householders themselves. All the firms, including the soundest, which have accepted contracts in the devastated areas are suffering from a severe financial crisis. The lack of credit is holding up works already in hand, added to which inconsistent and contradictory decisions, want of co-ordination and continuity in the reconstruction are serious obstacles to its progress. The late Minister, M. Marin, doubtless with the best of intentions, nullified by his circulars the effects of those of his predecessors upon which were based contracts between victims of the invasion and contractors.

Another cause of the suspension of works is the antagonism which has always existed between the Ministries of Finance and the Devastated Areas. Should the new Government succeed in bringing about co-operation between these two departments, it will have performed useful work and accelerated the progress of reconstruction. Such is the general view of the contractors. At a meeting of the members of Parliament representing the devastated departments M. de Lubersac pointed out the intolerable position of victims of the invasion, holders of instalment bonds for thirty years, upon which they are not at present authorised to raise money by way of loan, and if they desire to realise them they are compelled to show an expenditure on reconstruction of 90 per cent., so that they can only realise at a loss far exceeding 10 per cent. The meeting resolved to lay this question before the Ministry for the Devastated Areas.

TRADE

THE BRADFORD TEXTILE CONGRESS.

In June a conference was held at Bradford between the representatives of the Bradford and Roubaix-Tourcoing textile industries. The chief subjects dis-

cussed were (1) the means of rendering valid the arbitration clause in contracts in view of its non-recognition by the French Civil Code, and (2) the creation of an international cloth federation.

Mr. Hodgson, the British representative on the Arbitration Commission of the International Chamber of Commerce, stated the difficulties in the way of enforcing the execution in France of the arbitration clause in contracts in the following terms:—

In 1921 a mission from Bradford to Roubaix-Tourcoing had brought back a draft agreement for ratification by the representatives of the Bradford industry, but it was subsequently discovered that if the agreement had been ratified the Roubaix manufacturers would be infringing French law, and consequently the agreement would be binding upon the Bradford but not upon the Roubaix-Tourcoing signatories. The chief difficulty was created by Clause 1006 of the French Civil Code, which provided that "no arbitration covenant would be considered valid by French law unless it gave the names of the arbitrator and details of the points in dispute between the parties." In January last an international Arbitration Court was instituted, and M. Clémentel (the new Minister of Finance) had set down in the French Senate a Bill to amend Clause 1006 of the Code, but the Bill had not, to the speaker's knowledge, been passed. France, however, had signed a League of Nations protocol inviting members of that body to pass legislation recognising the arbitration clause in contracts. The French Courts had twice in the last two years pronounced judgments upholding arbitration awards given in foreign countries. These on their side had recognised awards given in France. The Bradford Chamber of Commerce had in the last few years settled 600 cases by arbitration, involving an aggregate amount of Fr.25 mill. Bradford, he concluded, was anxious to ratify the agreement with Roubaix-Tourcoing, provided that it was not one-sided. M. Mathon, President of the French Central Cloth Committee, stated that in the opinion of French counsel the French Courts practically accept arbitration awards in cases where a French subject deals with the subject of a country recognising arbitration clauses. To this Mr. Hodgson replied that in the terms of the two judgments above referred to, an arbitration, in order to be valid in France, must have been held in a foreign country, with the result that when an order is given in France or received from France care must be taken that the contract be executed in the foreign country, otherwise in case of dispute the arbitration clause would not be effective in France.

After reference to sub-committees, it was unanimously decided, on the proposal of Mr. Joseph Clay, that the following clause should be inserted in all order contracts to be entered into in future in France or Great Britain: "The present order is subject to the terms of an arbitration agreement now ratified, drawn up jointly by the Chambers of Commerce of Bradford and Roubaix-Tourcoing and other associations represented at the Roubaix Conference held in January 1921. Each party shall at the request of the other execute a covenant to go to arbitration in conformity with the said agreement, and specifying the points in dispute."

As regards the International Cloth Federation, M. Mathon, who proposed it, admitted that it was impossible to come to an immediate decision, and suggested that it should be considered by the trade organisations of Bradford, and their objections (if any) communicated to the French Chambers of Commerce. The proposal, he added, had already been accepted by the United States, Italy, Switzerland and Czecho-Slovakia.

M. Mathon again referred to the advantages of an agreement on the question of bankruptcies, and of an organisation, such as existed in France, for keeping a bankrupt under supervision and obtaining information relating to credits available for purchasers, and hoped to see a similar organisation established in Great Britain.

Other points discussed were the exchange of young employees of both nationalities for the purpose of mutually acquiring business principles and language, the chief objection being the possible opposition by the British Government to the employment of young Frenchmen in Great Britain, in view of the unemployment existing in that country; the packing of cloth, a very important subject with the French industry; and the decision that in principle all sales by French mills to British customers should be made on the terms prevailing in England and *vice versa*. (*Journée Industrielle*.)

EXHIBITIONS AND FAIRS.

The eighth Annual Fair of Bordeaux, one of the three principal fairs of France, founded in 1916 and opened on Sept. 5 of that year by the present President of the Republic, then Minister of the Colonies, M. Gaston Doumergue, himself a native of the South of France, was held from June 15 to 30. The returns of visitors, sales, etc., have not yet been published, but the fair seems to have embraced a vast number of products, including goods of local production such as Bordeaux wines, fish preserves, etc. Other exhibits included touring attractions, and appliances organised by the touring associations of Bordeaux and other towns in the South and in the various colonies, which were principally represented by agricultural produce and timber. Algeria, Morocco and West Africa each had its own pavilion.

Considerable impetus is being given to the encouragement of touring in France, and, like Bordeaux, most French fairs make a feature of their touring section, notably the Exhibition of Grenoble, to be held in 1925, where the section is being organised under the auspices of the National Touring Office, the Touring Club of France, the French Alpine Club and all the federations of local touring associations throughout the country.

An innovation in fairs is the National Labour Exhibition to be held in Paris in January next, to be preceded by local labour exhibitions in all the districts of France. The exhibits will consist of products of the skill of French artisans and workmen employed in all branches of industry, for which substantial prizes will be given. (*Exportateur Français, Journée Industrielle*.)

The *Exportateur Français* (May 1) supplies the following list (in chronological order) of fairs to be held in France during the remainder of the year. On the lower line in each case will be found the address at which particulars may be obtained:—

TOULOUSE	(June 1 to Sept. 1) Exhibition of Latin countries. Chambre de Commerce de Toulouse.
PARIS	(August-September) Concours Lépine for small French inventors and manufacturers, wireless exhibition. 151 Rue du Temple, Paris (3 ^e).
BASTIA	(September) General. Hôtel de Ville, Bastia, Corsica.
GRENOBLE	(September) Cookery and wine. Société des Cuisiniers du Sud Est, 22 Place Grenette, Grenoble.
LYONS	(September) Agricultural machinery. Hôtel de Ville, Lyons.
CHAMBERY	(October) Commercial and agricultural. Hôtel de Ville, Chambéry.
DIGNE	(October) Perfumery. Office Agricole des Basses Alpes, 9 Rue Colonel Payas, Digne.
PARIS	(October) Horticulture. Société de Horticulture de France, 81 Rue de Grenelle, Paris (16 ^e).
PARIS	(October) International; motor cycles and sport. 51 Rue Pergolèse, Paris (16 ^e).
PARIS	(November) Aviation. Chambre Syndicale de l'Aéronautique, 9 Rue Anatole de la Forge, Paris (17 ^e).
DIJON	(November) Food exhibition. Hôtel de Ville, Dijon.

MARKETS FOR FRENCH PRODUCTS.

The Economic Press has of late been very active in discovering and announcing new outlets for products

of all kinds. As some of these might prove equally advantageous *mutatis mutandis* to British manufacturers, the following list of markets and their needs, extracted from the *Nord Industriel* and *Exportateur Français*, may be of interest.

Theoretically, bolts, screws and similar articles are all manufactured in Catalonia (Northern Spain), but its factories, although numerous, and, in some cases important, cannot supply home consumption. High Customs duties protect the industry, with the result that the import of these articles has shown a marked decline since 1922. The surtax applied to German products (Germany and Belgium being the chief importers of such goods), as well as the increased cost of production in Germany, have materially assisted this decline. French wares should therefore find a market here, provided their prices are sufficiently moderate to enable them to compete with home and Belgian production.

The following are the chief imports of this class of goods during the past three years (in kg.): bolts, rivets, hook pins for rails, 1921, 447,636, 1922, 146,116, 1923 (10 months), 74,185; screws and coach screws over 11 millimetres thick, with nuts, 1921, 5,279,602, 1922, 1,563,323, 1923 (10 months), 580,298; idem between 5 and 11 millimetres and nuts, 1921, 827,249, 1922, 492,484, 1923, 252,706; idem of less than 5 millimetres and their nuts, 1921, 161,617, 1922, 227,497, 1923 (10 months), 127,019.

Peru offers an important market for plumbing and sanitary engineering appliances. All such appliances find a ready sale on the Peruvian markets, the chief of which is Lima. Peru is not a producer of these goods, all of which are imported, Great Britain and America being the chief competitors with French importers.

Import statistics are as follows: 1922, enamelled iron ware, 18,796 kg., of which the United States supplied 17,029 kg.; pottery and stoneware goods, 55,293 kg., of which 36,361 kg. from the United States and 13,847 kg. from Great Britain. Delivery is f.o.b. or c.o.f. Callao. Duties are L.P.6.0.20 per kg. for enamelled ironware and L.P.0.0.10 for stoneware. French goods should be easily saleable, provided their prices are on a par with those of the competing articles.

Portugal should offer markets for large quantities of hardware and tools. Cheap goods come chiefly from Germany, but the import of French wares of superior quality is already considerable. All tools find a ready sale on the Portuguese market, notably saws, pincers, chisels, planes, axes, drills, screw-drivers, files; also locks, padlocks, nuts, screws, lamps, enamelled ware and stoves.

Celluloid combs and ornaments for the hair find a considerable outlet in the Argentine. The import of this class of goods was as follows (in kg.): 1918, 46,895 (from France 13,425, the United States 10,181, Japan 9,937); 1919, 41,075 (from the United States 16,218, Japan 14,250, France 6,396); 1920, 63,231 (from France 24,378, United States 14,013, Japan 16,578); 1921, 39,109; 1922, 80,834 (figures for individual countries for these two years are not available). For fancy and artistic goods French products take pride of place; for ordinary articles serious competition is offered by Germany, Japan and the United States.

INDUSTRY

TRADE CONGRESSES IN JUNE.

During the month of June a number of congresses were held by numerous economic and trade associations for the discussion of a variety of questions, a summary of which may prove of interest.

Nineteenth Congress of the International Union of Local Tramways and Railways and of Public Motor Transport, opened at Paris on June 17, M. Peytral, Minister of Public Works, being in the chair. The report of M. Delavenne, Chairman of the Common Transport Commission of the Paris Municipality, dealt with the problem of the expansion of large towns in connection with their transport, and suggested that the

extension of inhabited areas and that of transport should be placed under one and the same control. The report submitted the following questions to the consideration of the municipalities of all large towns: the apportionment by the municipality of means of transport in towns in such manner as to increase their power of absorption; that transport should be subject to a main policy and administered by one supreme authority entrusted with the function of drawing up a comprehensive scheme of extension; the necessity of balancing the working accounts; the discovery of a technical working scheme combining continuously increasing speed with continuously increasing carrying capacity. Papers on mechanical details of transport working with suggested improvements were read by technical experts such as M. Dubath, chief engineer of the Société Suisse de Neuhausen, M. Harmel, manager of the tramways Est-Ouest de Liège et Extensions. Other subjects discussed were the recruiting of the trains staff, improvements to be introduced into the permanent ways and their equipment, the use of motors on rails, and the introduction of fuel-saving apparatus on engines.

At the Congress of the Federation of hotel and restaurant keepers, and retailers of beverages alcoholic and otherwise (June 17), resolutions were passed containing the following demands and proposals: That the hotel industry should be treated on the same footing with regard to taxation as other industries, and that the duties of 3.6 per cent. and 12 per cent. should be abolished; that the Bill defining the liability of inn-keepers now before Parliament should be passed as quickly as possible with a view to removing their present heavy liabilities, which placed them at the mercy of dishonest travellers; that the "Bilking" Act should apply to travellers who put up at hotels knowing that they do not possess the means to pay; that an extensive propaganda should be organised throughout France in favour of national credit for the industry.

The fourth Congress of Industrial Chemistry (Bordeaux, June 18) dealt with the exact definition of essence of turpentine and the substances included in such definition; speculation in the exchange; the organisation of scientific research; analytical chemistry; photographic products, as to which papers were read by MM. A. Lumière and Leyewitz; and liquid fuel.

The discussions of the second meeting of the Central Cloth Committee bore on the future difficulties of the industry due to dependence on foreigners for raw material and insufficiency of markets; economic relations with foreign countries, notably the part played by the Committee in saving the situation of relations with Spain, Portugal and Greece, imperilled by the denunciation of existing agreements with those countries at the instigation of the wine growers' confederation; the prohibition of the export of wool; fluctuations of the exchange; cattle breeding in the colonies; Franco-British economic relations, and the International Cloth Committee.

GERMANY

FINANCE

BANK SUPPORT FOR THE STOCK MARKET.

On June 12 the Berlin "Stempelvereinigung," that is the big banks, decided to lend support to the stock and share market with a view to arresting the catastrophic slump in the prices of securities. An article in the *Vossische Zeitung* characterises this step as of far-reaching importance both for the Stock Exchange and for the economic situation generally, and as proof of the confidence of high financial circles in the exchange market. The desirability of such a step had been urged upon the banks since early in April, but they had hitherto refused on the ground that the situation was not sufficiently clear to warrant the expectation

of success from their intervention. In that they were no doubt right, for extreme caution was necessary, and the failure of the intervention must have brought about a complete collapse of the market. The following table gives some indication of the course of the market since the beginning of the year :—

Berlin Exchange.	Jan. 2.	Apr. 14.	June 11.	June 13.	June 19.
Deutsche Bank ...	18	9.3	7	7 $\frac{3}{8}$	7
Disconto-Commandit ...	22 $\frac{3}{8}$	10 $\frac{3}{8}$	7	7 $\frac{1}{2}$	7.4
Dresdner Bank ...	9 $\frac{3}{8}$	6	4	4 $\frac{1}{2}$	4 $\frac{3}{8}$
A.E.G. ...	13 $\frac{1}{2}$	9 $\frac{1}{2}$	6 $\frac{1}{8}$	6.8	6.8
Gelsenkirchner Bergw. ...	71 $\frac{1}{2}$	46 $\frac{1}{2}$	37 $\frac{3}{8}$	42.4	45 $\frac{1}{4}$
Harpener ...	84	59	47 $\frac{3}{8}$	50 $\frac{1}{2}$	51 $\frac{1}{2}$
Hirsch Kupfer ...	58	31 $\frac{1}{2}$	14 $\frac{1}{2}$	15.1	16 $\frac{7}{8}$
Linke-Hofmann ...	34	22	7	9 $\frac{3}{8}$	9
Orenstein ...	23 $\frac{1}{2}$	14 $\frac{1}{2}$	7.6	9 $\frac{3}{8}$	9 $\frac{3}{8}$
Ostwerke ...	31	26 $\frac{3}{8}$	16	17	16
Scheidemandel ...	65	23	11 $\frac{1}{4}$	13 $\frac{1}{2}$	13 $\frac{1}{2}$
Stettiner Vulkan	41	21 $\frac{3}{8}$	9 $\frac{1}{2}$	11 $\frac{1}{2}$	13

It will be seen that there has been a slight recovery since the intervention of the banks. A number of factors contribute to revive the confidence of leading financial circles : the evil effects of the mistaken German speculation in francs can now be seen in perspective and further surprises are not to be expected from that quarter ; the restoration of equilibrium in the security market has removed a source of great anxiety from the whole economic situation ; and finally, the success of the Gold Discount Bank has improved credit and thereby the foreign trade prospects. The credit shortage is indeed not by any means removed, but the worst is over, and the action of the big banks is a source of further encouragement.

TRADE

IMPORTS OF FOODSTUFFS.

There has been a large increase in the import of food-stuffs this year as compared with last, partly on account of the stabilisation of the mark, partly through the fall in the world price of agricultural produce, and partly in consequence of the remission of import prohibitions. The following is a comparative table giving also the export figures :—

	1,000 doppel-zentners.	Pre-war value. (In millions of gold marks.)	Present value.
1913.			
Imports ...	117,005	2,796.5	—
Exports ...	53,682	1,068.7	—
Excess of imports ...	63,323	1,727.8	—
1923.			
Imports ...	37,069	1,122.7	1,203.7
Exports ...	10,116	125.3	131.4
Excess of imports ...	26,953	997.4	1,072.3
January to April 1924.			
Imports ...	17,862	640.8	678.3
Exports ...	3,575	67.9	86.9
Excess of imports ...	14,287	572.9	591.4

If the imports maintain the same level throughout the year as in the first four months the excess will be as great in point of value as before the war. As the export of manufactured goods is certain to be less than before the war the imports can only be paid for by incurring debt or by the further impoverishment of the people. The increased import is being permitted in order to facilitate a recovery in exports, but this is a dangerous policy in view of the unlikelihood of exports reaching the pre-war figure, more especially as foreign countries are unwilling to allow Germany to displace home industries which the war had enabled her to develop. (*Hamburger Fremdenblatt.*)

FOREIGN TRADE RETURNS FOR MAY.

Owing to the very incomplete returns available from the occupied area the following figures must be treated with caution, especially in striking a balance between imports and exports. The two sets of figures are, according to present values (in millions of gold marks) :—

	Imports.	May.	April.	Jan. to May.
Live stock	9,290	9,934	38,920
Food and beverages	169,584	175,377	847,841
Raw materials	408,261	372,374	1,684,176
Semi-manufactured goods	...	79,769	84,086	346,308
Manufactured goods	202,499	158,607	729,093
Gold and silver	782	2,778	14,180
Total	870,185	803,156	3,660,518
	Exports.	May.	April.	Jan. to May.
Live stock	620	484	2,082
Food and beverages	32,792	29,623	119,697
Raw materials	31,883	32,336	143,664
Semi-manufactured goods	...	33,526	28,662	147,752
Manufactured goods	415,129	389,831	1,932,171
Gold and silver	2,267	1,193	6,812
Total	516,217	482,129	2,352,178

Thus, while there was an increase of both imports and exports as compared with April, it was considerably larger in the case of the imports. The increase in imports is due mainly to manufactured goods and in a lesser degree to raw materials ; this can, however, in some measure be ascribed to the fact that the relative rise in the price of manufactured goods above pre-war is greater than that of raw materials.


INDUSTRY

THE LIGNITE INDUSTRY IN 1923.

There was a heavy fall in the output of coal in 1923 due to the occupation of the Ruhr, as will be seen from the following comparative figures issued by the Lignite Industrial Union :—

	1913.	1921.	1922.	1923.
		(In millions of tons.)		
Lignite ...	87.0	123.0	137.2	118.2
Percent. of prev. year...	+ 5.7	+ 9.9	+ 11.5	— 13.8
Hard coal ...	190.0	136.2	130.0	62.2
Percent. of prev. year...	+ 7.2	+ 3.7	— 4.6	— 52.2
Total output ...	277.0	259.2	267.2	180.4
Lignite briquettes ...	21.4	28.1	29.2	26.5

The total decrease in the output of lignite and hard coal for 1923 as compared with 1922 is 32.5 per cent.



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Taking Prussia alone the output of lignite was 94.21 mill. tons as against 112.45 mill. tons in the previous year; the decrease in the Rhineland was 35.1 per cent., while in Middle Germany it was only 8 per cent., and east of the Elbe 4.8 per cent.

The report states that considerable boring for lignite was carried out, especially south and west of Frankfort-on-the-Oder, in the Forster district and in the Province of Silesia, and that good results were achieved. The work, however, was stopped by the law of Jan. 11, 1924, respecting the concession of lignite fields to the State. Only a few new fields were opened in 1923. The enormous importance of lignite to German industry may be judged from this fact alone, that whereas in 1914 out of a total output of 2,238 mill. kilowatts by the electricity works 63.3 per cent. was produced with hard coal, 23.0 per cent. with lignite, 11.16 per cent. with water power and 2.1 per cent. with oil, in 1922 the respective percentages with respect to the output of 7,233 mill. kw. were 48.3, 41.2, 9.7 and 0.8. Moreover, experiments in the use of lignite for locomotive power have produced satisfactory results, and during the last year firing by lignite dust has obtained increasing vogue in the metal industry. On the other hand, the expectation which was entertained in various quarters that there would be a large increase in the use of lignite dust for firing boilers has not been fulfilled. (*Frankfurter Zeitung.*)

DEUTSCHE PETROLEUM-RUTGERSWERKE.

The Deutsche Petroleum A.-G. and the Rutgerswerke A.-G. in Berlin have issued their report for 1923, the first since their association together. The companies took over the Vereinigten Chemischen Fabriken A.-G. in Ottensen-Barndenburg, which prepares oils and fats for technical purposes. Of the Mk.10 mill. share capital the Rutgerswerke received 70 per cent. and the subsidiary Danubia A.-G., a mineral oil company, 30 per cent., while the latter company handed over Mk.12 mill. of its newly issued share capital to the Rutgerswerke, which now controls a majority of the shares. The Deutsche Petroleum and the Rutgerswerke also guaranteed an Mk.8 mill. debenture issuable by the Berlin City Gaswerke A.-G. in 1924, and concluded a contract with the company for the delivery of gas by-products. They further made agreements with the chemical factory of Kuhnheim und Co. A.-G., by which co-operation is assured within the sphere of their common interests. Both companies were considerably affected by the occupation of the Ruhr.

The selling companies of the Deutsche Petroleum suffered from the difficulty of obtaining foreign bills and from an extraordinary fall in the market prices of oil products. The world price of petrol, for instance, fell by nearly 50 per cent. during the year. The selling companies nevertheless showed a profit for the year, and the other daughter companies made satisfactory progress. The tar product factories of the Rutgerswerke located in the occupied area only produced one-sixth of the output of the previous year owing to the action of the French, who also confiscated large stocks. There was increased production in the factories in Eastern Germany, but a slight decline in South Germany. With one exception the remaining departments of the Rutgerswerke were not fully occupied, and the output was some 25 per cent. less than in the previous year.

The Deutsche Petroleum showed a profit of Mk. 598,933.4 bill. and the Rutgerswerke one of Mk. 1,060,511.3 bill., but the profits are being carried forward and no dividends are being declared. (*Deutsche Allgemeine Zeitung.*)

SOCIAL AND LABOUR CONDITIONS

UNEMPLOYMENT STATISTICS.

At the end of April the proportion of Trade Union members totally unemployed was 10.4 per cent. as compared with 16.6 per cent. at the end of March, and

partially unemployed 5.8 per cent. as compared with 9.9 per cent. in March, 17.1 per cent. in February and 47.3 per cent. in November 1923. The number of fully unemployed in receipt of relief (excluding the occupied area) shows a considerable decline. On May 15 the number receiving relief was 243,268 as against 310,898 on May 1 and 695,072 on April 1. Since April 1 the payment of relief to part-time workers has been stopped. The decline of unemployment in the various industries since the beginning of the year is shown in the following table:—

Industry.	Jan.	Feb.	March.	April.
Metal	27.1	28.2	22.2	16.9
Textile	9.4	8.5	4.9	3.1
Building	71.1	71.2	36.9	14.3
Transport	18.5	19.1	16.4	13.6
Timber	21.0	14.8	9.6	6.4
Foodstuffs	14.4	13.5	7.2	6.4
Leather	13.7	8.8	4.0	2.3
All industries	26.5	25.1	16.6	10.4

(*Wirtschaft und Statistik.*)

COST OF LIVING.

The index figures for the cost of living show a distinct decline in the second half of May and the beginning of June. The highest point was reached on May 14, between which date and June 4 the cost of food fell by 4.7 per cent. Heating and lighting remained unchanged, while rents, which had been stable almost the whole of May, rose 3.6 per cent. by June 1. Between May 21 and June 4 clothing fell by 2.3 per cent. The total fall between May 14 and June 4 was 2.6 per cent. The fall in the cost of food is chiefly due to the effects of the good weather on agricultural produce, especially vegetables and potatoes. Taking 1913-1914 = 1, the comparative figures for the first five months of the year in billions are as follows:—

	Jan.	Feb.	March.	April.	May.
Cost of living	1.10	1.04	1.07	1.12	1.15
Ditto, excl. clothing... ..	1.04	0.98	1.00	1.06	1.08
Food	1.27	1.17	1.20	1.23	1.26
Heating and lighting	1.63	1.55	1.51	1.48	1.47
Clothing	1.51	1.47	1.49	1.54	1.58
Rents	0.29	0.34	0.38	0.53	0.55

It will be seen that there is a general increase for the month of May as a whole, due to the rise in prices up to the middle of the month. (*Wirtschaft und Statistik.*)

WAGES AND SALARIES.

Taking the average for all occupations of which particulars are available the nominal wage for skilled workers fell from 28.81 Rentenmarks in December 1923 to 27.76 R.Mks. in January 1924 (3.64 per cent.), and for unskilled workers from 24.27 R.Mk. to 23.05 R.Mk. (5.03 per cent.). As, however, the index number for cost of living fell by 8.25 per cent., real as opposed to nominal wages rose in January by 5.01 per cent. to Mk.25.76 (= 73.6 per cent. of the pre-war rate) for skilled workers, and by 3.53 per cent. to Mk.21.39 (= 88 per cent. of the pre-war rate) for unskilled workers. The wages of skilled workers were 18.8 per cent. and 20.4 per cent. higher in December and January respectively than those of unskilled, as compared with 44 per cent. before the war and only 8 per cent. in the first quarter of 1923. (*Wirtschaft und Statistik.*)

The April number of the Hamburg monthly statistical reports has a special article dealing with the effects of the depreciation of the currency upon the salaries of State officials and employees from 1919 to 1923. The purchasing power of the monthly salaries is given month by month, and is calculated with reference to the value of a paper mark according to the Hamburg cost of living index number, the wholesale index number and the dollar exchange. The percentage relatively to the purchasing power of pre-war salaries is also included. In November 1922, measured by the dollar exchange, the higher officials received only Mk.42 (5.16 per cent. of pre-war), the intermediate officials Mk.25 (7.58 per cent.), the lower officials Mk.17 (8.33 per cent.), and the State employees Mk.18 (10.78 per cent.).

COMMUNICATIONS

SHIPPING COMPANIES' REPORTS FOR 1923.

The three largest shipping companies in Germany—the Hamburg-America, the Lloyd and the Hamburg-South America—have now issued their reports. As in all last year's reports, the paper mark figures are practically worthless for estimating the actual position of the companies, as no attempt is made to reduce them to a common standard of value; nevertheless they are of interest for comparative purposes. All the companies are carrying forward their profits and refraining from issuing dividends.

	Hamburg-America.	Lloyd.	Hamburg-S. America.
(In millions of Marks.)			
Share capital, 1923...	285	1,000	95
" " 1913...	180	125	25
(In billions of Marks.)			
Receipts	1,787,277	1,011,064	888,178
Expenditure	1,337,277	503,661	138,975
Written off	150,000	357,161	—
Surplus	300,000	150,240	749,203

Expenditure in all cases includes taxation. It will be seen that the Hamburg-South America line shows a proportion of expenditure to receipts of only 20 per cent., which is far less than either of the others. The Hamburg-America shows a particularly unfavourable proportion: in 1913 the receipts were Mk.68 mill. and the expenditure Mk.3.6 mill., or hardly 5 per cent., whereas last year the receipts were only one-fortieth of the 1913 total, but the expenditure over one-third. The situation in the current year is still worse owing to the enormous taxation. The *Börsen-Zeitung* deprecates this policy of bleeding the companies when the restoration of the fleets after their depletion by the Peace Treaties is a matter of urgent economic necessity to Germany.

The following comparison shows the extent to which ocean-going tonnage has fallen off since 1913:—

	Hamburg-America.			Lloyd.		
	Built.	Building.	Total.	Built.	Building.	Total.
(Gross reg. tonnage.)						
1913—	1,038,645	268,766	1,307,411	706,996	201,000	907,996
1922—	291,595	108,000	399,595	135,546	198,625	334,171
1923—	373,027	15,800	388,827	286,365	66,500	352,865

Thus the fleets stand at about one-third of their pre-war tonnage, whilst the rate of progress in reconstruction is almost negligible.

The report of the Hamburg-South America Line, says the *Deutsche Allgemeine Zeitung*, states that cabin and emigration traffic last year was brisk. The foundation for the improved regulation of this traffic has been laid by agreements with German and foreign lines. Freight traffic suffered from heavy competition, but it is hoped to diminish open competition by a closer understanding with other lines. There were no serious losses at sea. The prospects for the current year are uncertain, as the shipping market is suffering generally from an oversupply of tonnage. The substitution of shipping by foreign Governments is troublesome and must be met on the German side by an effective support of shipping on the part of all interested.

PORT OF HAMBURG TRAFFIC RETURNS.

The growth of traffic at Hamburg is illustrated by the following comparison of incoming and outgoing tonnage:—

	Incoming.		Outgoing.	
	Ships.	Tonnage.	Ships.	Tonnage.
May. 1913	1,242	1,194	1,362	1,254
1921	570	638	644	636
1922	1,131	1,247	1,438	1,320
1923	1,106	1,322	1,378	1,390
1924	1,230	1,517	1,619	1,595

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GREECE

AGRICULTURE

CRISIS IN THE TOBACCO INDUSTRY.

Of late, Greek tobacco, by which three-quarters of the population of Macedonia makes its living, is passing through a serious crisis by reason of the keen competition of Bulgarian, Turkish and other tobacco on foreign markets, an illusion which has been maintained of late years despite the fact that Macedonian tobacco has remained unsold, while Bulgarian and Turkish tobacco is being disposed of in large quantities. The Bulgarian tobacco planters this year again increased their plantings and Greek tobacco growers have gone to Turkey and begun planting there on a large scale, since it is well known that in the neighbourhood of Smyrna and Trebizond there are large districts in which tobacco of the finest quality is produced. On the other hand, many of the tobacco planters of Macedonia were compelled either to curtail their plantings or to discontinue them altogether, being almost ruined, since the tobacco from the abundant crop either remained unsold or had to be disposed of at a price which did not cover the cost of production. The Macedonian planters, in order to improve their position, had to organise themselves and to examine in common the causes of their misfortune. The causes of the recent tobacco crisis were: firstly, the excessive duties imposed by the Government on exported tobacco; secondly, the high cost of preparing the tobacco for the market; and although the Government saw its mistake and was obliged to reduce the duty from 20 per cent. to 2, the tobacco workers on the other hand exerted themselves by all the means in their power to increase the cost of production, partly by their posterous demands for wages, partly by their idleness. This remarkable phenomenon should be observed, namely, that while an *ocque* (lb.2.84) of tobacco is sold by the tobacco growers for 30 drachmae with an increase for duty of 6 or 7 drachmae, another 37 to 50 drachmae are required for the cost of preparation for the market, that is to say the preparation costs more than the tobacco and duty together.

In the export of tobacco it is necessary to discard injured leaves and to sort them according to quality, hence the workmen take care to take advantage of their work by reducing its yield with the object of damaging the tobacco trade, and by increasing their claims for exorbitant wages. Tobacco growers must decide to try to reduce the cost of preparation. The work of preparation of the leaf requires a thorough simplification.

Apart from this the tobacco growers should take vigorous steps to induce the Government to permit the

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export without preparation of certain kinds of tobacco which do not require it, as it otherwise is impossible to compete with foreign tobacco of a similar quality at present day prices. (*Oikonomologos Athenon.*)

THE RAISIN CROP IN 1923.

The quantity of raisins produced during last year amounted to 200 million pounds, being 50 million pounds less than that of 1922 and 30 million less than that of 1921. Thus, at an average price of Dr.3,500 per thousand pounds, the value of last year's crop was Dr.700 mill. The export of raisins for the season 1922-23 (Aug. 1, 1922, to July 30, 1923) was 161,232,000 pounds as against 197,232,000 for the season 1921-22. The export to the chief customer countries is shown in the following table (in 1,000 lb.) :—

	1921-1922.	1922-1923.
Great Britain	113,143	117,613
United States	46,804	16,126
Holland... ..	22,963	22,232
France	4,406	864
Other countries	9,747	4,397
Total	197,063	161,232

Export for the remaining five months of 1923 (belonging to the 1923-24 season) was 123,732,000 lb. imported by the various countries in the following proportions (in 1,000 lb.): Great Britain, 51,193; United States, 6,844; Holland, 6,512; Germany, 1,298; other countries, 1,043.

The reduced export in 1922-23, although the output was less, was due partly to the fluctuations of the exchange, but mainly to the exceptional restriction of the export to the United States and Canada, owing partly to the competition from the cheaper Californian products, and partly to the reduced stock of the Greek fruit from the preceding season. It is satisfactory to note that the export to America for the first five months of 1923-24 was some 30 per cent. higher than for the corresponding period of 1922-23. After the economic collapse of Germany, that country's market, which absorbed 20 million litres annually, was lost, but at least it is hoped to maintain export to the other countries.

To prevent an excessive accumulation of stocks owing to the decline of exports during 1922-23, the Government has purchased 20 million lb. to be disposed of probably for wine-making. The amount of the fruit to be retained was fixed at 35 per cent. of the whole, to be used for distilling at the average price of Dr.472 per 1,000 lb.

It is of interest to consider the prospects of competition with Greek raisins by those of California and Australia. The Californian product falls far below the Greek as regards quality and cheapness, but in quantity it is exceptional. Under the management of the Sun Maid Raisin Growers' Company it reached in 1922-23 125,000 tons. It should be noted that although its output largely increased, its consumption on the other hand remained stationary owing to its moderate quality; thus the stock in hand exceeded 100,000 t., to which must be added the new crop. In consequence the producing company is suffering from a financial crisis.

The Australian raisin is similar in quality to the Greek, being superior in point of sweetness, and in quantity it does not exceed 25,000 t. Its production, however, is hampered by its cost, so that when the freight is added its price in England is about twice that of the Greek article.

The raisin is therefore no longer a Greek monopoly, and exactly because the danger is not pressing it is necessary, in order to forestall competition which must unavoidably be met in the future, that the raisin producers should take care that bounds be set to the continual rise of the cost of production, and that an increased yield per "stremma" (1,000 square metres) should be obtained by the introduction of more modern methods of cultivation, by a limitation of cost of production, and by improving the quality of the fruit and of the equipment necessary to its production. (*Ibid.*)

LITHUANIA

GENERAL ECONOMIC SITUATION.

The foreign trade of Lithuania, like all the Baltic States, has been continually increasing during the last five or six years, and more especially since the autumn of 1922, when, by the introduction of the Lit currency, the country detached itself from the catastrophic decline of the German mark. In the last quarter of 1922 imports totalled 18 mill. lits (\$1.8 mill.), mostly from Germany. In 1923 they rose to an average of about 12 mill. lits a month, and in the first four months of this year to an average of nearly 18 mill. lits. The total imports during the latter period were 73 mill. lits and the exports 80 mill. lits, showing a favourable balance of about 7 mill. lits. In April, however, there was an adverse balance of 1.5 mill. lits, the imports amounting to 24.5 mill. lits and the imports only to 23 mill. lits. The relative decrease in exports is ascribed to the new Customs tariffs and to the fact that the general depression in Central and Eastern Europe had just begun to be felt in Lithuania. Owing to the situation in Germany Lithuania has been compelled to turn to other markets, notably England, Scandinavia (especially Sweden), Latvia and Czecho-Slovakia. In exchange for her agricultural products she has been taking a good deal of coal, colonial goods, cement, herring and other articles from overseas and Latvia, machines from Latvia and Czecho-Slovakia, tobacco from Holland and America, agricultural machinery from Scandinavia, and so forth. In spite of all this, however, Germany continues to dominate the Lithuanian import market: whether permanently remains to be seen. As regards the effect of the depression on Lithuania it may be remarked that in the latter half of June the port of Memel, through which the major portion of the foreign trade passes, was well-nigh deserted. Nevertheless the set-back is probably only temporary, and the prospects for the future appear not unfavourable. In particular, the flax harvest of last autumn, which will only be realised in the second half of the present year, was the third largest in Europe, amounting to 20,100 tons, Poland and Latvia taking first and second places with 40,900 t. and 24,630 t. respectively. Moreover, increased business is expected to result from the Kovno Fair, at which fifteen States and about 300 firms will be represented as compared with eleven States and 200 firms last year. It is probable, however, that Lithuania has now reached a stage beyond which any immediate expansion is unlikely in view of the general situation in Eastern Europe. The same is doubtless true with regard to transport, especially shipping, which is almost exclusively in foreign hands. In the latter connection it may be mentioned that Sweden is proposing either this year or next to start a regular circular traffic between Stockholm, Memel and the other Baltic ports, and Finland has decided to follow suit by commencing a direct line from Helsingfors to Memel and Danzig next spring, while trial trips between Helsingfors and Memel are to be made this summer. (*Revaler Bote.*)

RUMANIA

FINANCE

CAPITAL ISSUES IN MARCH.

The *Analele Bancilor*, quoted by *Wirtschaftliche Nachrichten*, supplies the following figures relating to the raising of capital by the various branches of industry in March last (in millions of lei, the figures in brackets representing the number of undertakings in each class): *New foundations*: Banking (2), 10; chemical (2), 5; commercial (6), 16; pottery and porcelain (3), 4; textiles (2), 17; insurance (1), 15; total (16), 67.

Capital increases: banking (7), 28; building (1), 4; chemical (2); printing (1), 10; commercial (4), 13;

wood (1), 5; pottery and porcelain, 2.5; food (1), 0.25; oil (3), 24.8; private railways (1), 19; textiles (1), 6; total (22), 114.5.

THE NATURALISATION OF FOREIGN COMPANIES.

The following information on the proposed naturalisation of foreign companies carrying on business in Rumania, as to which representations have been made by the concerns likely to be affected, appears in the April number of the *Boletinal Institutului Economic Romanesc*, the organ of the Institute of Rumanian Economics:—

The Institute, which has devoted special attention to the attraction of foreign capital into Rumania, has assigned to a special commission for consideration the problem of the naturalisation of companies, which is an important factor in the solution of the said problem. The commission, after a careful study of the question, has made the following recommendations: (1) Naturalisation shall not apply to small companies, that is to say, those which do not exceed the fixed legal amount. (2) Naturalisation shall not apply to companies unconnected with the defence or economics of the country. (3) No legal distinction shall be made between Rumanian capital and that belonging to the national minorities. (4) In companies which must in fact be naturalised, Rumanian capital must represent at least 55 per cent. of the whole. (5) Two-thirds at least of the directors of naturalised companies, and also its chairman, must be Rumanian. (6) It is recommended that special legal privileges be offered to companies becoming naturalised, not accorded to other classes of companies.

Apart from studying the above-mentioned questions by means of commissions, the Rumanian Economic Institute has taken an active part in founding and endowing institutions of the highest economic importance, such as Societatea Nationala de Credit Industrial (National Association of Industrial Credit) and Asociatunea Bancilor Romane (Rumanian Banks Association).

REPAYMENT OF THE SWISS LOAN.

In April last an agreement was concluded with the Federal Council of Switzerland for the repayment in four annual instalments of 5 million Swiss francs, the 19,800,000 Swiss francs, the balance still outstanding of the loan raised by Rumania in Switzerland in 1920. The interest has been agreed at 5 per cent., being 1 per cent. in excess of the Swiss bank rate. (*Wirtschaftliche Nachrichten*.)

TRADE

EXPORT RETURNS FOR MARCH.

Apparently the latest official foreign trade returns deal with nothing later than the exports for March, which amount to 335,682 t. in weight, as against 188,755 t. in February and 253,990 t. in January, and to 1,060.5 mill. gold lei in value, as against 527.3 mill. in February, 858.7 mill. in January, and 891.4 mill. in March 1923. The value of the main classes of exports in March as against March 1923 (in brackets) was (in millions of lei): cereals and their products, 550.5 (452.9); oil, 227.3 (282.3); wood, 187.8 (110.9); livestock, 71.9 (41.1); miscellaneous, 16.8 (4). The value of the principal cereals imported were: maize, 356.2 mill. lei; barley, 59 mill.; wheat, 54.3 mill. The amounts of cereals exported to the chief customer countries were: Great Britain, 12,829 t.; Austria, 13,597 t.; Belgium, 12,337 t.; Czecho-Slovakia, 8,500 t.; France, 10,985 t.; Gibraltar, 20,537 t.; Holland, 11,724 t.

The value of the various kinds of oil exported as against March 1913 (in brackets) was (in millions of lei): raw oil, 0.1; oil residue, 5.4; refined oil, 63.4; petrol, 135.8; paraffin, 0.1; petroleum, 22.4; and the amounts of oil exported to the principal destinations were:

Austria, 4,738 t.; Egypt, 11,698 t.; Germany, 6,987 t. (*Bursa*.)

EXHIBITIONS AND FAIRS.

A Samples Fair, promoted by the Chamber of Commerce of Kluj (Klausenburg) in Transylvania, is to be held at that town from Aug. 31 to Sept. 14 next. The main exhibits will be those of raw material and semi-manufactures. The Fair will comprise 11 sections, which include: Agricultural, electrical and other machinery, cars, and waggons; glass, porcelain and ceramics; timber, leather; paper and printing; provisions; textiles; chemicals; industrial art and cottage industries; agricultural products. (*Central European Observer*.)

INDUSTRY

THE NEW MINES BILL.

Protests against the new Mines Bill have already been addressed to the Government by foreign oil mining companies, to which are now added memorials to the same effect presented respectively by mining experts and engineers, and by Rumanian oil companies. These two memorials are almost identical with that presented by the foreign companies, and only differ on the clause relating to the proportion between the Rumanian and foreign capital of mining companies, and the composition of their boards. The two memorials in question demand the proportions provided for by the Bill, namely that 60 per cent. of the capital should be Rumanian and 40 per cent. foreign, and two-thirds of the directors and the chairman of each board should be Rumanian.

The Mines Bill has been rushed through the Senate with a rapidity which precluded all discussion. It is probable that the Chamber will proceed with equal haste, and thus, comments *Bursa*, an Act of the greatest importance to the economic future of the country and the re-organisation of its finances will have been disposed of as easily as a letter in a letter box. The supporters of the Bratianu Government will nevertheless have achieved their object of obtaining control of the oil industry and of still further alienating foreigners. Thus the Rumanian economic review; but the following announcement of a possible amendment of the Bill in deference to representations which have been made is supported by the *Central European Observer* of a more recent date:—

Under pressure from foreign financial circles supported by their respective Governments, the Rumanian Government has decided to amend the Mines Bill. The most important changes are that the home-subscribed capital of new mining undertakings shall consist of at least 55 per cent. of the whole in each case; in case of increases of capital, 30 per cent. may be taken up by new shareholders, 60 per cent. by the old shareholders, and 10 per cent. by employees and workpeople. The term for the nationalisation of the mines is fixed at 10 years, and the Government will not have power to deprive of their concessions the owners of enterprises that have failed through no fault of their own to produce the prescribed results.

THE OUTPUT OF OIL.

The general oil output is steadily increasing in spite of difficulties and the uncertainty of the future (i.e. the Mines Act), a proof of its inherent vitality which shows of what it might be capable were its progress not impeded by obstacles and restrictions of all kinds which are being imposed upon it.

The May output of the principal companies, as compared with that of April (in brackets) was as follows (in tons): Astra Romana, 42,648 (30,500); Steaua Romana, 20,040 (20,866); Creditul Minier, 25,920 (24,620); Romano-Americana, 15,334 (15,151); Phoenix Oil, 14,322 (10,080); R.D.P., 11,126 (13,638); Concordia, 8,423 (10,333); Colombia, 6,158 (5,982);

Aquila Franco-Romana, 4,658 (5,284). The total output for the month may be estimated at 160,000 t.

Foreign orders are rare, nevertheless the tendency is better by reason of purchases made by native firms for sales on a large scale. Central Europe is holding back for the time being owing to its accumulation of stock. Output during the first three months of the current year amounted to 392,377 tons—an increase of 8,814 tons on the figures for the corresponding period of last year. This year's total output is expected to approximate closely to the pre-war figure of 1,800,000 tons.

LABOUR CONDITIONS

COST OF LIVING IN BUCHAREST.

The following are the index numbers for various departments of the cost of living in Bucharest in April as compared with March (in brackets): Aug. 1, 1916 = 100: Food (21 articles), 3,689 (3,560); clothing (9), 4,567 (4,442); articles of general necessity (10), 3,303 (3,317), general index number. The articles of food showing marked increase are: Coffee, 4,170 (3,700); olives, 600 (5,330); fish, 3,750 (3,000).

RUSSIA

BANKING UNDER THE SOVIET REGIME.

All the banks and credit organisations in Russia were closed and put into liquidation during the first year of the Soviet régime. The State Bank, however, was reopened on Oct. 12, 1921, by Decree of the Council of People's Commissaries for the purpose of "promoting the development of industry, agriculture and trade, concentrating credit transactions in money and executing other measures in the interest of a regular financial system." Up to the end of 1922 the State Bank was the only credit establishment in Soviet Russia and it still dominates the money market. While the capital of the former State Bank equalled 5.7 per cent. of the private capital invested in Russian banks, that of the present Bank is 1½ times more than the private capital. Similarly the money invested in the State Bank still exceeds that in all the others put together. The State Bank has 27 business offices, 114 branches and 177 agencies (as against 128 formerly), which are distributed over the whole of Soviet Russia, while the other banks, even the largest, like the Ukraine Bank or the Wseko Bank, are much less strongly represented. Whilst the financial transactions of the former State Bank comprised 30 per cent. of the total done by all the banks and 5 per cent. of the credit issues, the present Bank does 75 per cent. of all the banking transactions in the country, though even so it only transacts some 25 per cent. as much business as was done by the former State Bank.

The resources of the State Bank are composed of the sum transferred from the Public Exchequer to form the original capital (200 mill. roubles in 1922, subsequently increased to 50 mill. chervonetz roubles), of other State grants for specific objects, of notes which it issued in virtue of the Decree of Oct. 22, 1922, and of current investments by State co-operative and communal economic organisations. The latter were obliged to deposit their available money in current account with the State Bank, and only recently received the right to open such deposits with special banks like the Wseko Bank, the Prom Bank, Communal Banks, etc. Nevertheless the deposits with the State Bank have continually increased, and already amount to three times as much as the original capital. The State Bank carries out all bank credit transactions. Though secured loans at first predominated and amounted to five times as much as the uncovered credits, still the discounting of bills has obtained increasing vogue in the course of time (the Bill was re-introduced by the Decree of March 22, 1922). The Bank gives long as well as short term credits, the former mainly to industry and agriculture for specific objects.

The clients of the State Bank are chiefly banks and State industrial and commercial organisations; second come co-operative societies, and finally private undertakings. The credit policy of the Bank is of special importance in the execution of particular undertakings, e.g. corn export, purchase of raw materials, organisation of fairs, etc. In financial transactions with abroad in pursuance of the trade monopoly the Bank plays a predominant part.

The independently worked State concerns (factories, trusts, syndicates) have broken away from the domination of the State Bank, which is governed by fiscal interests, and have founded special banks of their own to serve their particular interests. Such are the Wseko Bank for the co-operative societies, the Prom Bank for industry, the Commercial and Foreign Trade Bank, a number of Communal Banks of which that in Moscow is the most important, and local banks like the Ukraine Bank, the Far Eastern Bank or the South Eastern Commercial Bank. The original capital of all these banks was composed of investments by the several interested parties and of grants from the State Bank. Up to its conversion into a foreign trade bank the Commercial Bank was the only private one and was established by foreign capital, but the State has now obtained a controlling interest. These joint stock banks are entitled to carry out all the usual banking transactions, including those with abroad. Their principal customers are the shareholders themselves: the only one with a majority of private clientèle is the South Eastern Bank in Rostoff, and that has not hitherto been very successful.

The number of banks together with branches and subsidiary banks abroad (e.g. the Russian People's Bank in London and the Transit Bank in Riga) is continually on the increase, though most of them have assumed but little importance. In some localities the network of banks has grown faster than the economic development, with the result that they have gone through critical periods of stagnation. Unlike the State Bank, the other banks deal largely in bills and uncovered loans, the latter comprising about 60 per cent. of the total loans.

It was only with the appearance of the chervonetz notes which were issued by the State Bank on a gold basis and with the introduction of the gold basis into all banking transactions that bank credits, which had carried as much as 25 per cent. interest per month, were raised to something like a normal footing. It may, therefore, be assumed that the monetary reform which is at present being carried out will further improve credit. The latest (April 1924) State Bank discount rates for two months' bills of State undertakings at sight are 8 per cent. at headquarters, 9 per cent. at the other offices and 10 per cent. at the branches; for four months' bills at sight one per cent. higher in each case; for bills of private undertakings two per cent. higher in each case. The large central banks give credit at various rates averaging about 12 per cent., or including commission costs and other extra charges about 24 per cent. The rates of the provincial banks are very various: thus, 1 to 3½ per cent. per month in Simpheropol, 3 to 4 per cent. in Nikolajeff, 2 to 3 per cent. in Samara, 2½ to 4½ per cent. in Baku, and so forth.

Landed property is no security in Soviet Russia, as no occupant may be deprived of his holding for debt or insolvency. The former agrarian banks have gone into liquidation. The provision of small credit facilities for agriculture and home industries, which had reached considerable development before the war, has been revived; there exist to-day between 1,500 and 2,000 bureaux for this purpose, though there were no less than 21,000 in 1917. But they suffer from want of capital and do little business. (*Wirtschaftsdienst.*)

YUGO-SLAVIA

FINANCE

MINISTERIAL STATEMENT ON THE FINANCIAL SITUATION.

According to the Belgrade journal *Politika*, quoted by the *Central European Observer*, M. Stojadinovic, the Finance Minister, made a statement regarding the economic and financial situation, the harvest outlook, and the loan to the controllers of the monopolies. He gave expression to the opinion that the present fluctuation of the exchange of foreign bonds together with the present fluctuation of the dinar cannot have any great and deep significance.

Further he emphasised the fact that the Yugo-Slav exports during the first three months of 1924 amounted to a total of 976,000 tons representing a value of 2,786 millions of dinars, whereas last year the exports for the same period amounted only to 753,000 tons of a value of two milliards of dinars.

The increase was therefore considerable. The State revenue in June 1923 amounted to 583 million dinars, whereas for June of the current year it would exceed 783 millions, i.e. an increase of 200 million dinars. The amount of bank-notes in circulation in October 1923 was 6 milliards, whereas at the present time it was estimated at 5.5 milliards.

The exports had increased and the Budget was balanced, whilst the amount of bank-notes in circulation had diminished. These were three important factors for the value of the dinar, and thus there was no cause for pessimism. It was true that floods had caused much damage in the meadows and fields, but the water had now fallen and it was possible to hope that this damage would yet be reduced to the minimum. Thanks to plentiful rains, rich harvests were expected everywhere. It was necessary to lay stress on the fact that not only had the sowing shown good results, but also much more ground had been tilled this year than in previous years.

As regards the tilling of the ground, the bad results of the land reform were disappearing more and more. The sugar season this year would show such a good yield that Yugo-Slavia would not only cover its own needs, but would also have some 10,000 tons for export.

The revenue from the tobacco harvest of last year was so great that it was possible to export ten times more tobacco than in the preceding years, i.e. 5 million kilogrammes. For this year's harvest the Government had invested 650 million dinars, which sum would be recovered from the sale of the tobacco.

The Tobacco Control had succeeded in agreement with the Ministry of Finance in obtaining a loan from a group of English banks of £300,000 at 8½ per cent., which was a testimonial to the economic situation of Yugo-Slavia. This loan was secured by supplies of tobacco. English financial circles were willing to provide Yugo-Slav exporters with further credits, which were very important for the Yugo-Slav export trade because the National Bank had already exhausted its contingent of bank-notes destined for issue, and neither the National Bank nor the Ministry of Finance wished to increase the amount of bank-notes in circulation.

TRADE

EXPORT RETURNS.

The quantity and value of Yugo-Slavia's exports for the first four months of the current year, as compared with 1923, are shown in the following table reproduced from the *Privredni Pregled* :—

	Quantity in tons.		Value in millions of dinars.	
	1924.	1923.	1924.	1923.
January ...	220,110	186,924	668.9	396.7
February ...	228,436	166,847	645.1	463.1
March ...	266,718	183,707	746.3	652.7
April ...	260,920	216,068	725.3	489.5
Total ...	976,184	753,546	2,786	2,002

By far the most important article of export was timber, the value of which was 134 mill. dinars in January, 161 mill. in February, 176 mill. in March, and 144.6 mill. in April. The value of fresh meat exported was (in millions of dinars) 62.7, 65.3, 28.2 and 21.3 in each of the said months respectively, and of prunes (a leading article of export) 60.2, 35.4, 23.4 and 54.5.

SOCIAL AND LABOUR CONDITIONS

WHOLESALE INDEX NUMBERS.

The index numbers of the wholesale prices of certain specified classes of commodities for May 1924, as compared with other periods, are as follows (1913=100) :—

Agricultural produce : May 1924, 2,245, April 2,351, March 2,433, February 2,380, January 2,295, January 1923, 2,740.

Livestock : May 1924, 2,082, April 2,290, March 2,479, February 2,888, January 2,626, January 1923, 1901.

Vegetables : May 1924, 1,036, April 965, March 1,005, February 994, January 910, January 1923, 912.

Building materials : May 1924, 2,132, April 2,060, March 2,092, February 2,062, January 2,062, January 1923, 2,240.

Groceries and Spices : May 1924, 1,681, April 1,683, March 1,709, February 1,685, January 1,667, January 1923, 1,954.

Industrial Products : May 1924, 2,292, April 2,484, March 2,523, February 2,618, January 2,618, January 1923, 2,830.

General Index Number : May 1924, 1,911, April 1,973, March 2,040, February 2,101, January 2,034, January 1923, 2,098. (*Privredni Pregled*.)

* * The Directors of the Midland Bank Limited announce an interim dividend for the half-year ended June 30 last at the rate of 18 per cent. per annum less income tax, payable on July 15. The dividend for the corresponding period of 1923 was at the same rate.

FOREIGN BANK RATES.

	Per cent.		Per cent.
Amsterdam ...	5	Kovno ...	8
Athens ...	7½	Lisbon ...	9
Belfast ...	5	Madrid ...	5
Belgrade ...	6	Moscow ...	6
Berlin ...	90	New York ...	3½
Brussels ...	5½	Paris ...	6
Bucharest ...	6	Prague ...	6
Budapest ...	18	Reval ...	8
Christiania ...	7	Riga ...	8
Copenhagen ...	7	Rome ...	5½
Danzig ...	12	Sofia ...	7
Dublin ...	5	Stockholm ...	5½
Geneva ...	4	Vienna ...	12
Helsingfors ...	9	Warsaw ...	12

FOREIGN AND DOMINION BUSINESS ENQUIRIES.

THE ECONOMIC REVIEW assumes no responsibility for the standing of firms or individuals whose applications appear under this heading.

DEMANDS.

Cawnpore, India (Post Box No. 103).—Messrs. Schanne & Chattus require to import (a) Paint varnish and allied lines, (b) Petroleum products, lubricants, etc., (c) Scientific instruments, laboratory and educational outfits, (d) Typewriters, office appliances, etc., (e) Musical instruments, talking machines, etc., (f) Toys, dolls, nursery requisites, etc., (g) Chemicals, mostly commercial, mostly driers, e.g. manganese, various preparations of lead oxide and other preparations of lead cobalt, various preparations of lead oxalic acid, betanaphthol, butyl alcohol, pyrogallic acid (heavy crystals, commercial variety), ether, (h) Footwear and leatherware, shoe-findings, etc., (i) Hosiery and fancy textiles. Also Capsules and Collapsible tubes, such as are generally used for tooth pastes; and Transfers for labelling drums, canisters, etc. Terms, cash with order.

SPECIAL ARTICLES

THE FUTURE OF THE AMERICAN RAILWAYS.*

By LINCOLN GREEN.

The best assurance that can be had as to the future of our railways is the record of past performance.

The first comprehensive statistical information that we have, embracing all our railways, is contained in tables prepared by the Interstate Commerce Commission for the year ended June 30, 1888. Our total main track railway mileage at that time was 136,884. In 1914 the mileage was 256,547. Since that year the mileage diminished until, in 1920, the total main track mileage of all the railroads was 252,845. At the end of 1917 we were operating 253,626 miles of main line track, representing an increase over 1888 of 116,742 miles, or 85.3 per cent. During the intervening period the traffic had increased—freight, 545.7 per cent.; passenger, 234.7 per cent.

This great expansion of our railway mileage was accompanied by a steady improvement in the character of service and in the properties: better track, equipment, depots, etc., all of which required large additional investment. The increased expenditure per mile of road was 12.3 per cent. The tendency of charges was downward to such an extent that in 1917 the average receipt per ton per mile reached the surprisingly low figure of 0.715 cent. The significance of these facts should not be overlooked—an expansion of facilities, a large increase in investment, with a reduction in the price of transportation.

Passing over the period January 1, 1918, to March 1, 1920, during which time the properties were operated by the Federal Government: the roads were returned to their owners on March 1, 1920, under the terms of the Transportation Act, with treasuries depleted, credit impaired, expenses increased, and facing a period of uncertainty in the matter of final settlements with the Government, making it impossible for the time being to proceed with any financial plans.

Because of increased expenses the Federal Administration had made horizontal increases in freight and passenger rates; and for the same reason the Interstate Commerce Commission made further increases the latter part of 1920, so that throughout the year 1921 freight and passenger rates were as a whole higher than during any period of recorded history, embracing all the railways. During that year the average receipt per ton per mile was 1.275 cent, or nearly twice that of 1917. The year 1921 was a period of depression, and even with these peak rates the carriers as a whole earned but little more than three per cent. upon the tentative valuation of their properties as determined by the Interstate Commerce Commission.

On January 1, 1922, a voluntary reduction of 10 per cent. was made by the carriers in rates on farm products. On July 1 of the same year rates on all other classes of traffic were reduced 10 per cent. by order of the Interstate Commerce Commission. These horizontal reductions, coupled with various readjustments of rates, made the level of freight charges in 1923 approximately 12 per cent. below the level of 1921. A revival of business began early in 1922, continued throughout that year and through 1923, during which latter year the railways handled the largest volume of traffic in their history. Without attempting to be exact, returns so far compiled warrant the statement that the final figures for the year 1923 will show that these railways produced in excess of 415 billion ton miles of commercial freight.

For the year as a whole it is estimated freight loadings will total 50,000,000 cars, or an increase of about 11 per cent. over the previous high record.

In the meantime large additions have been made to motive power and equipment, and a programme of improvement has been undertaken involving an enlargement of main track and terminal facilities, representing an expenditure already appropriated of approximately \$1,800,000,000.

Chiefly because of reduction in the general level of rates the average revenue per ton per mile was substantially reduced, representing an aggregate of 600 million dollars less than would have been obtained under the higher level of rates of 1921. Average receipt per ton per mile for eight months ended August 1923 had been reduced to 1.109 cent. Here again we have a large increased investment, concurrent with a reduction in the price of transportation.

Commenting upon the performance of 1923, the Interstate Commerce Commission had the following statement in its last Annual Report to Congress: "Three noteworthy facts have characterised the transportation history of the current year: (1) The unprecedented volume of traffic handled; (2) the concurrent transformation of a car shortage condition into one of car surplusage; and (3) an exceptionally equitable distribution of available equipment over territory in which the large traffic movements originate. During the first nine months of 1923 the carriers handled more freight traffic than during any previous corresponding period.

Some of the outstanding factors which have made possible this hitherto unequalled transportation performance are: (1) The condition of power and cars, (2) new locomotives and cars placed in service, and (3) increases in the mileage per car per day and loading of equipment."

The so-called "Guarantee" provision of the Transportation Act is a mere recognition of the old rule that rates must be "just and reasonable," and that carriers have the right to a "fair return," the only difference being that Congress has, in the Transportation Act, definitely stated what the "fair return" shall be. The attainment of this return remains, as it always has been, a matter of management and of traffic volume.

As to the future, it requires no stretch of imagination to assume such continued growth of the commerce of this nation as to require a steady expansion of our railway facilities. The Chamber of Commerce of the United States, after a careful study of the situation, has recently adopted a report of one of its Committees which estimates an increase of thirty-three and one-third per cent. in the volume of traffic during the next ten years. This is probably conservative. The same report estimates a need during the same period for an expenditure of nearly nine billion dollars in "improvement and additional facilities," to say nothing of sums needed for "improvement of the existing service to render it safer and better."

The tentative valuation of railway properties expressed by the Interstate Commerce Commission in 1920 was 18 billion 900 million dollars. It is therefore estimated that additional capital required during the next ten years represents almost one-half the total value ascertained by the Commission in 1920. The sum needed is large and must be obtained from private sources. Capital does not seek investment for the mere purpose of "laying up treasures in heaven." It is of vital importance to the American public that the credit of the railways be unimpaired; that they be allowed to continue a level of transportation charges that will yield a net income that will attract investment. It is not intended to suggest any increase in the general level of charges; that will be unnecessary in the event the volume of business shows normal increase—unless, indeed, there be a disproportionate increase in expenses. It is intended to make clear the point that to attract capital the transportation business must be on a sound, profitable basis, and that a reduction in transportation charges means reduced income and impaired credit.

* This article is reproduced from *The Corn Exchange*, Philadelphia, U.S.A.

The achievement of American railway management should be a sufficient guarantee that with reasonable opportunity for continued exercise of initiative it will, under a fair system of charges, respond in future, as in the past, to every public need.

The Transportation Act is under attack, and while the commercial interests of the country are urging that it be not changed on the ground that it has not yet been sufficiently tested, there is a disposition in some quarters to amend it, which, coupled with a demand from the same interests for reduction in transportation charges, creates an unfortunate condition of uncertainty.

Wise counsel prevailing, we need have no apprehension touching the future.

FINANCIAL AND RAILWAY PROBLEMS IN TURKEY.*

Turkey seems to be getting more and more into the same extreme of difficulties and dangers which has long afflicted her northern neighbour, Soviet Russia. In the National Assembly at Angora the spirit of Nationalism, represented by hotheads who are totally out of touch with practical life and the economic sphere of international intercourse, has gained the upper hand, and has brought about the revocation of the well-known decree of the 28 Mouharrem 1299 (8/20 Dec. 1881), as it "was not expressly reaffirmed in the Treaty of Lausanne." This so-called Mouharrem Decree has formed during the last forty years the key-note of Turkish financial policy. It set up the so-called "Administration de la Dette Publique Ottomane" as an entirely independent organ for the administration of the whole National Debt of Turkey, which on this condition was reduced by £85 mill. sterling and by a further £40 mill. in 1903 at the expense of the creditors. This Commission, which was composed of representatives of the European Powers, was to receive the revenues from the tobacco and salt monopolies and from the indirect taxes, as well as from a number of ear-marked taxes, tithes and special contributions, out of which it was to defray the service of the consolidated foreign debt of Turkey. The Commission performed its duties well, and reassured the international financial world to such an extent that it became possible to raise a whole series of Turkish loans in Europe, which powerfully stimulated the economic development of the country. In particular, it was almost without exception entrusted with the management of the whole service of the revenue guarantees given by the Government for the construction of new railways. Turkey has now stopped delivery of the revenues prescribed for the service of the debt, and has thereby removed the corner-stone of her whole financial structure, which has been a stumbling-block with the Nationalists ever since the victory over the Greeks and the success at Lausanne. This step has profoundly shaken the confidence of all creditors of Turkey, and *The Times* goes so far as to talk of a "foolish default" and almost of fraudulent bankruptcy. Those responsible obviously take no account of the inevitable closing of the European and American money market to Turkey. Yet the country, having no capital resources of its own, is entirely dependent upon foreign capital for its reconstruction after the continuous wars which have stricken it since 1911.

A further step towards breaking away from Western influence was made by the National Assembly on April 25, 1924, when it resolved that the railways and works of the Anatolian Railway Company and of the Haidar-Pasha Harbour Company are to be bought out, and voted the Government an initial credit of £15 mill. Turkish for repairs and the construction of new lines, regardless of where the money was to come from. Swiss financial circles are particularly affected by this resolution, as the

Bank for Oriental Railways in Zurich has had a big holding of shares and debentures in both companies for many years. Under the original concessions repurchase became optional at the expiry of thirty years, i.e. from February 1923 onwards, on the understanding, of course, that the concessionary companies should have the possession and operation of the lines during this term. Moreover, in a letter of July 24, 1923, which is attached as an official annexe to the Treaty of Lausanne, Ismet Pasha, the head of the Turkish delegation and now Prime Minister at Angora, formally declared that the concessions to both these companies as to a number of others should remain intact. An addendum to this declaration states: "The clauses of the said contracts and agreements shall, at the end of a year from this day, being the day on which the Peace Treaty comes into force, be brought into conformity with the new economic conditions." From this, as from a number of similar verbal utterances by leading representatives of Turkey, the directorates of these companies inferred that their railways and works, of the possession and operation of which they had been deprived since the armistice in the autumn of 1918 and which continued to be withheld by the Turkish authorities even after the evacuation of Constantinople by the Allied troops, would be immediately restored to them, and that, as promised, the concessions would be revised to meet the altered circumstances. By this they understood that the earliest date for repurchase would be correspondingly extended, and the tariffs proportionately increased. On this assumption the Bank for Oriental Railways, as is well known, about a year ago succeeded in interesting a powerful English financial group in its undertakings in Asia Minor. This group declared its readiness to give full support to the Bank under the new circumstances of those undertakings and within the stated period to obtain on the English market the estimated sum of about £2 mill. required for the renewal of lines, works and rolling-stock. It came as a great disappointment to all interested parties when in September 1923, after the withdrawal of the Allies, the Turks took over the remaining lines and works themselves, refused to hand them over to the former administration or to re-admit the old personnel, and demanded the despatch of negotiators to Angora to settle the question of the restoration of the railways. After prolonged negotiations Herr Huguenin, the Director General of the Companies, succeeded in bringing about an agreement with Moutkar Bey, then Minister of Labour, which stipulated for the restoration of the railways to the old companies. The conditions, though onerous, were in the main accepted by the directors and shareholders after mature consideration. The consultative committees of the National Assembly, however, refused their assent to the agreement. Still, for some time it seemed as though in the fresh negotiations the view would prevail that the interests of the country would best be served by restoring the railways to their old owners, and constructing new lines with fresh capital.

The resolution of April 23 proved that this expectation was baseless. The companies are, of course, emphatically protesting against it and will hold the Turkish Government responsible for all the consequences, as they cannot allow themselves to be deprived of their property contrary to all right and justice by an arbitrary act of State. Relying on the concessions and the subsequent pledges they will for the present dispute the admissibility of the repurchase, and demand the maintenance and revision of the concessions together with the restoration of the lines and works. If the repurchase of the Anatolian railways is carried through the Turkish Government will have to pay the railway company till the expiry of the concessions, i.e. till the year 2002, an annuity equal to one-half of the gross revenue in the five years preceding the repurchase, which amounts to at least Fr.10,000 per kilometre. The company holds that the five years in question are the last five years when it was in full possession, i.e. 1914 to

* Translated from the *Neue Zürcher Zeitung*.

1918, and not the last five years up to the present during which it has not been in possession, and in compensation for which, in its view, the concessions are automatically prolonged. The company further claims that compensation must be paid in gold, inasmuch as the original capital was in gold and the kilometre guarantees fixed by the concessions purport to be in gold and are always accounted on this basis. Similarly, an annuity equal to 80 per cent. of the average revenue during the last five years would be due to the Haida-Pasha Harbour Company, or at least a sum equal to the interest and redemption of the capital invested in the undertaking; and as the dividends and debenture interest are payable in gold the Government will again be liable in gold. Moreover, both companies claim full indemnity for stores and working stock at an expert valuation, and, in addition, the Anatolian Railway Company hold large credit claims against the Turkish Government for the installation of irrigation plant in the plain of Konia. To clear up all these questions fresh negotiations would have to be initiated at an early date. The Turkish authorities would doubtless be reminded that in the years before and during the war the private administration of the railways by the old companies not only did not claim the kilometre guarantees, but contributed to the Government a considerable proportion of their revenue, and that the country was altogether extremely well served by the privately operated railways. So they might finally revert to the view that it would be better to return to this system, which commands long experience and the necessary capital, rather than to venture upon experiments of their own to the prejudice of the legitimate rights of third parties.

As far as the Bank for Oriental Railways is concerned, the sum total of all this is the unpleasant fact that for a long time it can reckon neither upon regular revenue from the working of the railways nor upon compensation for repurchase. Since 1921 the Orient Bank has to all intents and purposes maintained full service of its liabilities in the hope that all difficulties would find a solution at no distant date, and in spite of the fact that it was receiving no interest or dividend from its debentures and shares in the undertakings in Asia Minor. In view of the present circumstances its directorate will have to ask itself whether this can continue. The prices of the shares and debentures during recent weeks prove that the Stock Exchange regards the situation as insecure.

THE LAKE OF ASPHALT.*

Captain Kidd, Morgan, Blackbeard, Captain Blood and other gentlemen of high-handed finance of a bygone day overlooked a bet. If any one of these galleon-scuttling gentry had taken a day off from pirating and snooped about a bit near one of their strongholds on the Island of Trinidad he might have found himself walking out on the surface of a "lake," the contents of which has since produced more wealth than all the Spanish treasure ships of fact or fiction ever carried. And yet, although untold shiploads of this valuable product have been carried away to the four corners of the globe, there remains nearly as much as ever. The General Asphalt Company and its subsidiary, The new Trinidad Lake Asphalt Company, Ltd., handle the entire output of this wonderful treasure storehouse of nature. It is leased from the British Government and the Island of Trinidad collects a huge royalty.

A more romantic setting for the great industry would be difficult to imagine: a tropic isle abounding in luxuriant vegetation, life and colour. After passing Tobago, famed as Robinson Crusoe's Isle, we came in sight of the mammoth pinnacles of rock, the Dragon's Mouth, entrance to the Gulf of Paria. These gigantic

rocks are in reality the broken fragments of the tail end of a mountain range. A visit to Port of Spain and its amazing botanical gardens occupied the day, but another morning found us chugging up to the Asphalt Company's dock at Brighton, thirty miles across the gulf. We made the landing in a string of lifeboats towed by a motor-boat. Half a mile of plodding up a hill under the broiling sun and the blackish, undulating surface of the lake was beneath our feet.

Tiny floating islands of trees and shrubs dotted the lake and patches of surface water were in evidence, while a fringe of cocoanut palms straggled around the borders. The area of the lake is about one hundred and fourteen acres, and the depth—well, borings to a depth of 135 feet show nothing but pure asphalt. Needless to remark, walking on top of a lake was a new experience to us, but when we saw gangs of negro labourers out toward the centre, hacking away at the stuff, we ventured out. The surface seemed soft under foot, like Broad Street in midsummer, and there were softer spots where we sank slowly if we did not keep moving.

A narrow gauge cable railway was laid on the surface, and looped out toward the centre and back. On this ran small cars into which the labourers were dumping great blocks of the black, porous stuff. This was hacked out of the parent mass by picks, and the chunks were carried on the heads of the men. They dig all day in one spot to a depth of about three feet, and the next morning when they return the hole is filled up, and only roughening marks where they dug. It was at first supposed that nature filled the cavity by forcing up new asphalt from the depths. Now it is figured that the hole is filled by the imperceptibly slow sinking of the lake level. As a matter of fact, it requires nature a few centuries at least to evolve the solid asphalt from liquid petroleum. The whole lake is known to be in very slow motion, and near the middle is of softer consistency. In spots it can be seen oozing up through the surface. Here and there through the pools of rain water there bubbled an odiferous gas of the well-known variety that makes over-ripe eggs famous. When the workmen touched matches to some of these spots the gas burned with a green flame. In one of the soft places a workman stood with bare feet for about five minutes and sank up to his knees. He had some difficulty in extricating himself. He said in twenty minutes he would sink out of sight. He merely made the statement, but did not prove it.

The railroad is moved about at times, where different sections of the surface are mined. The loaded cars are conveyed ashore, where some are side-tracked to the refinery seen in the distance. Here it is melted in cauldrons, and the 25 per cent. or more of water removed. It is then shipped in barrels. Most of the mined asphalt is carried along an overhead conveyor to the ships at the end of the long dock. It is dumped into chutes and rattles down into the hold. I was told it again slowly melts into a solid mass and has to be dug out with picks at the end of the journey. As the loaded cars slide down the grade toward the ship, it hoists the empties coming back, thus very little power is required.

Asphalt is the residue from a liquid asphalt or maltha, volatilised and modified by processes of nature, and this liquid asphalt or "mother substance" has been found by sinking wells in the neighbourhood, and many of them are yielding a rich return. Although hundreds of thousands of tons of asphalt are removed annually, enough remains to pave the principal streets of the whole world for an untold number of years to come.

The *Eco Della Stampa*, Corso Porta Nuova 24, Milan, Italy, reads all the daily and periodical papers of Italy through its agency. It was founded in 1901, and since that year has enjoyed the ever-increasing esteem of the public, which is able to appreciate its very valuable work. Its service of press cuttings will be of assistance to the diplomat, politician, business man, artist, or writer in his studies and work, since he is kept, without worry or exertion, in touch with the intellectual, artistic, literary, scientific, industrial, commercial and financial movements throughout the world at very small cost and in the fullest manner. Terms of subscription will be sent on receipt of your card.—*Advt.*

* This article is reproduced from *The Corn Exchange*, Philadelphia, U.S.A.

THROUGH THE REVIEWER'S EYES

Gibt es eine exacte Nationalökonomie? (Is there an exact Science of Economics?) An Address by Prof. Bruno Moll. (Leipzig: Akademische Verlagsgesellschaft. Price, Mk.1.20.)

Probleme der Finanzwissenschaft; Methodologische und Finanztheoretische Untersuchungen. (Problems of the Science of Finance.) By Prof. Bruno Moll. (Leipzig: Akademische Verlagsgesellschaft. Price, (unbound) Mk.7.)

We have fortunately emerged from the day when science could claim to speak with authority about every conceivable subject. Hostility to science is no longer implied by criticism of its competence to determine the truth about everything. Scientists themselves are exhibiting a more salubrious modesty as to the range of their potential achievement, and are the first to acknowledge the limitations of their method, though the word is still apt to be used with less critical care than is fitting, and eminent psychologists can still talk about "scientifically" selecting the class of persons who ought to be allowed to vote. The austere objectivity which characterises pure mathematics or geology, and which par excellence distinguishes the scientist from the mere layman, is necessarily lacking in the study of so capricious a phenomenon as the human mind; psychology or sociology are doubtful cousins by marriage of the family of sciences. Of all the "human sciences" economics, participating as it does in mathematics, has the strongest bond of kinship. But Prof. Bruno Moll rightly denies even to economic science the ability to make assertions which command the universal applicability ordinarily expected of a scientific pronouncement. The only universality which it can achieve is in the sphere of arid abstractions devoid of concrete usefulness. For the rest, the mere fact, for instance, that both Free Trade and Protection can claim eminent academic authority is eloquent testimony of the impossibility of arriving at objective economic truth. It is the duty of the political economist to eliminate any and every intellectual bias from his researches; but it is also his duty to modify purely economic considerations by reference to judgments of value, e.g. on such questions as hours of labour or sanitary conditions. But "pure" science knows nothing of judgments of value. And Prof. Moll holds the chair of Political Economy at the University of Leipzig.

The same judicious criticism of method is exhibited by Prof. Moll throughout his excellent work on financial science. The book is divided into three parts, the first on method and the other two on the theory of expenditure and revenue respectively. For the closer study of the author's views on extraordinary expenditure, state bankruptcy, the relation of capital to income for purposes of taxation, we must refer the reader to the book itself. The following passage on German post-war finances may perhaps excite curiosity as to the other matter contained in the book: "During the years since the war a high levy on the really taxable classes and, above all, heavy taxation of agriculture and big industry would have enabled the State solidly to cover out of ordinary revenue a far larger proportion of its expenditure than was actually the case, and by limiting the issue of Treasury Bills to put the brake on the issue of notes by the Reichsbank. Post-revolutionary Germany went nearly bankrupt, not merely because of the boundless claims of the 'victors,' nor yet because of the unintelligence of the ignorant masses, but also principally because its Governments were altogether too unintelligent and too weak in face of the possessors of economic power and their representatives, whilst these 'privileged classes' themselves easily escaped from the demands of the State through the depreciation of the currency and the many factors contributory to this process." J.C.J.

The Journal of Political Economy. June 1924. (The University of Chicago Press. London: The Cambridge University Press. Bi-monthly; Price, 4s. 6d.)

In an article on the Quantity Theory of Money Mr. J. L. Laughlin, of Boston, proves too much. He rightly attacks the "Quantity Theory" which asserts that prices are not influenced by the costs of production, but only by the amount of money or credit offered for goods. But it surely is fallacious to say that the amount of credit has no influence on prices, that the prices of goods are determined before the media of exchange (money and credit) are called in, or that the volume of the media of exchange and the volume of trade coincide. On the contrary, one of the chief difficulties of sound finance lies precisely in the right adjustment of the volume of credit to the volume of trade. An instructive article on Agriculture and Price Stabilisation outlines the methods and system of organised distribution of two of the leading typical co-operative marketing associations in the United States, the California Fruit Growers' Exchange and the Sun-Maid Raisin Co.; a second article will deal with their relation to finance and price stabilisation. Mr. E. E. White deprecates injunctions in Labour disputes: "Employers who have relied upon them to protect their property and their employees have often found that they afford but poor protection. Nor is there any evidence that injunctions have prevented strikes or hastened their settlement. . . . The United States probably has more strikes both in absolute number and relative to population than any other country." An interesting article describes the strange life of the hermit-like Huterian Communities, of which there are five in South Dakota, nine in Manitoba and twelve in Alberta, numbering 2,622 souls in all. The Society originated in Moravia in 1528, but has been exiled in various countries for centuries owing to its pacifism. It practises community of goods and children, but is strictly monogamistic. J.C.J.

☪ THE ECONOMIC ILLUSION

by Arthur Bertram 7/6

Social and economic problems of the day examined in a new light. The author is constructive in his criticism.

♦ ♦ ♦

☪ THESE THINGS CONSIDERED

by Margaret Pollock 7/6

A straightforward re-statement of the progressive ideals and aims of the present day in relation to the prevailing social conditions. The foreword is by J. L. Hammond.

♦ ♦ ♦

☪ The INTERNATIONAL LABOUR OFFICE

by E. Beddington Behrens 7/6

An important treatise dealing with the functions and achievements of the League of Nations Labour Office. Foreword by Prof. Laski.

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STATISTICAL SECTION

THE TRADE BAROMETER

EXPLANATION

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

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

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

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

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

TABLE I.

Date	10 Com- modities	Bd. of Tde. Monthly Average	Date	10 Com- modities	Bd. of Tde. Monthly Average	Date	10 Com- modities	Bd. of Tde. Monthly Average	Date	10 Com- modities	Bd. of Tde. Monthly Average
1920,			Sept. 15	161.2	154.3	July 27	175.3		Mar. 21	180.4	
Jan. 16	367.9	296.6	Oct. 13	161.2	155.2	Aug. 3	171.7		28	177.1	
Feb. 13	367.6	310.3	Nov. 17	169.3	157.6	10	173.5		Apr. 4	176.3	
Mar. 19	396.9	319.0	Dec. 15	161.2	155.8	17	174.6	154.5	11	178.1	
Apr. 16	384.6	325.2	29	162.6		24	168.4		18	177.5	164.7
May 14	391.2	325.5				31	168.0		25	175.8	
June 18	417.7	322.4	1923			Sept. 7	168.4		May 2	172.0	
July 16	418.8	316.9	Jan. 5	162.4		14	173.2	157.8	9	170.9	
Aug. 13	386.8	313.1	12	162.8		21	173.8		16	171.2	163.7
Sept. 17	379.4	311.4	19	163.2	157.0	28	171.2		23	169.5	
Oct. 15	328.6	302.3	26	165.3		Oct. 5	166.1		30	171.2	
Nov. 19	293.0	286.9	Feb. 2	166.9		12	164.2		June 6	167.5	
Dec. 17	257.0	263.8	9	168.7		19	166.0	153.1	13	167.1	
1921			16	177.2	157.5	26	165.8		20	167.8	
Jan. 14	244.2	245.9	23	181.1		Nov. 2	166.4		27	167.6	
Feb. 18	219.1	225.2	Mar. 2	184.8		9	170.4		July 4	167.1	
Mar. 18	199.0	210.8	9	188.2		16	171.7	160.8			
Apr. 15	202.8	204.8	16	192.4	160.3	23	175.6				
May 12	204.3	201.7	23	189.3		30	177.4				
June 17	201.8	197.7	30	188.9		Dec. 7	175.4				
July 15	194.4	194.1	Apr. 6	192.2		14	177.0	163.4			
Aug. 19	178.1	190.0	13	197.4	162.0	21	175.5				
Sept. 16	183.4	187.0	20	198.5		28	176.8				
Oct. 14	170.2	180.7	27	202.9		1924					
Nov. 18	154.5	172.8	May 4	198.7		Jan. 4	174.8				
Dec. 16	153.2	167.9	11	197.5		11	176.4				
Dec. 30	150.0		18	198.1	159.8	18	178.6	165.4			
1922			25	197.6		25	180.0				
Jan. 20	144.0	164.0	June 1	193.1		Feb. 1	181.1				
Feb. 17	149.2	161.8	8	191.4		8	186.8				
Mar. 17	149.8	160.0	15	190.0	159.3	15	187.9	167.0			
Apr. 14	151.7	160.1	22	183.1		22	185.9				
May 19	162.1	160.6	29	180.6		29	186.8				
June 16	163.6	159.9	July 6	177.3		Mar. 7	184.4				
July 14	165.1	160.3	13	177.9	156.5	14	182.1	165.4			
Aug. 18	164.0	156.3	20	177.3							

CHART ILLUSTRATING TABLE I.

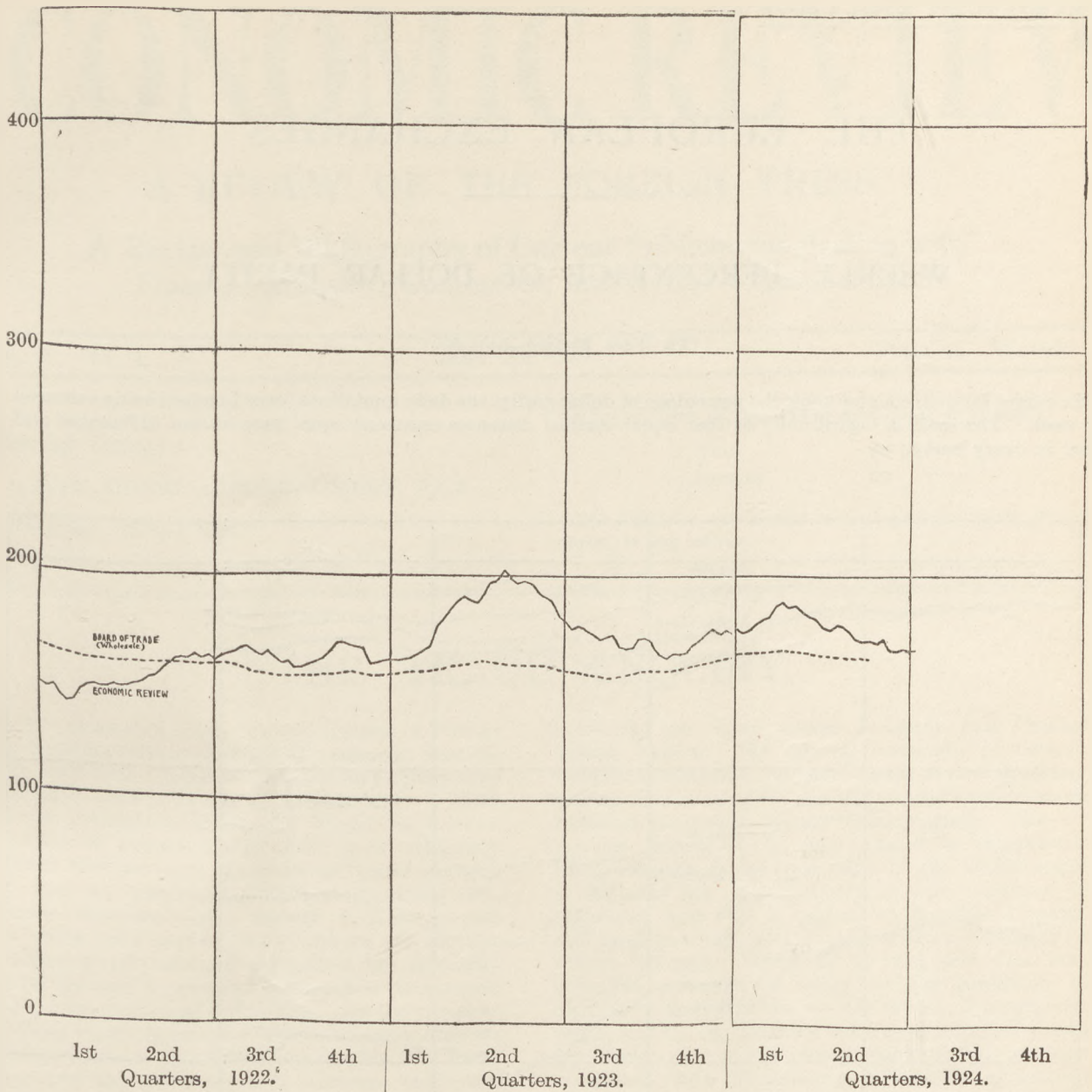


TABLE II.

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
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
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. 29 ...	94.3	95.2	92.9	133.1	105.9	117.8	96.4	82.8	104.0	134.6	105.90	... Sept. 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. 29 ...	89.4	106.7	91.5	138.6	126.0	120.0	93.5	90.4	89.7	138.5	108.43	... Dec. 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
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
May 18 ...	110.8	117.9	128.3	166.7	120.2	137.8	102.9	102.7	91.2	242.3	132.08	... May 18
July 20 ...	102.6	108.1	100.0	154.4	129.5	126.7	89.9	105.9	80.1	184.6	118.18	... July 20
Oct. 12 ...	93.4	117.1	90.6	150.9	136.4	126.7	84.8	83.0	66.2	145.9*	109.50	... Oct. 12
Nov. 16 ...	97.2	127.4	97.2	149.1	165.8	128.9	87.0	86.2	73.5	132.7	114.50	... Nov. 16
Dec. 14 ...	101.4	138.5	92.5	150.9	173.5	133.3	84.1	93.3	69.1	143.2	117.98	... Dec. 14
1924.												1924.
Jan. 18 ...	100.5	146.9	94.3	154.4	164.1	137.8	88.4	91.7	69.1	143.2	119.04	... Jan. 18
Feb. 15 ...	96.7	163.4	96.2	171.9	159.6	151.1	91.3	100.4	65.8	156.1	125.25	... Feb. 15
Mar. 14 ...	94.3	166.6	98.1	138.6	143.0	151.1	89.1	105.1	71.0	156.8	121.37	... Mar. 14
Apr. 18 ...	99.1	142.2	100.0	133.3	160.4	153.3	87.7	99.6	71.3	136.5	118.33	... Apr. 18
May 16 ...	96.7	129.5	87.7	132.5	151.2	153.3	88.4	102.8	75.0	124.3	114.14	... May 16
" 20 ...	94.3	121.9	86.8	134.2	150.9	153.3	89.9	103.6	77.1	118.2	113.02	... " 20
" 23 ...	93.4	124.8	84.9	136.8	155.0	153.3	89.9	105.1	80.5	117.6	114.13	... " 23
June 6 ...	93.4	126.9	83.0	137.7	154.5	142.2	90.6	105.9	84.2	98.0	111.64	... June 6
" 13 ...	92.5	128.9	81.1	140.4	147.3	142.2	92.0	106.7	83.5	99.3	111.39	... " 13
" 20 ...	89.6	128.2	79.2	143.0	146.8	142.2	92.0	106.7	87.5	103.4	111.86	... " 20
" 27 ...	92.0	131.8	77.4	143.0	144.6	142.2	92.0	106.7	83.1	104.7	111.75	... " 27
July 4 ...	90.6	132.4	75.5	143.0	145.3	142.2	92.8	108.3	80.1	104.1	111.43	... July 4

*Revised Quotation.

Statistical Section

THE EUROPEAN EXCHANGES

WEEKLY PERCENTAGE OF DOLLAR PARITY

(To Week Ending July 5th.)

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.

