THE

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THE TRADE ENQUIRY.

From statements made in both Houses of Parliament it seems certain that the Government intends in the very near future to institute an enquiry into the position and prospects of British trade. With such an intimation there was bound to arise a multitude of commentators, since it is extremely doubtful whether any Government could embark upon such an undertaking without incurring considerable criticism. Not merely because people have lost a good deal of their faith in the efficacy of parliamentarily devised machinery, but primarily because the task it proposes to attack is surrounded by the most elusive of difficulties. At the moment of writing we are ignorant of the names and interests of the gentlemen who will compose this new Committee, and also of the terms of reference which will govern their deliberations. The latter should not require much hazardous guessing in view of the fact that a Government enquiry appointed last February is at present grappling with problems involved through the financial burdens and charges hampering our trade. The new enquiry must concentrate on the re-discovery of markets. Nevertheless, such abundant perversity reigns over the world of our trade to-day that it is very nearly safe for us to declare that if a body of supermen took this task in hand, ultimately they would submit a Report embodying recommendations which would soon become anathema throughout the length and breadth of the Empire. Why? Because so many of us are by no means sure of what a trade enquiry can or should discover, and, if we are, we are not so positively certain that the discovery will spell the route to an El Dorado for us. It will be considered little short of cynicism if we reiterate what others have singled out as the prime causes of British trade depression. They are familiar enough, but we will recapitulate a few of them—high and burdensome taxation, high wages and restricted output, lack of, or the incidence of, protective tariffs—all of them culminating in what is the crux of every problem to be faced by a trade enquiry, the excessively high cost of production and high prices. The recognition and diagnosis of such facts need the skill of no great practitioner, for it leads us not an inch beyond the territory occupied by two apparently interminable conflicts, the State versus Industry and Capital versus Labour. We are all conscious of certain industrial ailments, but there seems to be a tendency amongst us to imagine that British industry is more diseased than that of any other nation. This we do not believe to be true. Save in exceptional instances, the component parts of the whole world of industry are in a similarly chronic condition to ourselves, and that is neither so hopeless as some will have us think, nor so immune from contagion as others pretend. When all is said and done the soundest measure to apply to the condition of British trade lies in the weekly return of unemployment, and the considerable reductions recorded month by month for a significant past period are not consistent with the gloomy predictions of several economic barometers. Without emphasising the subtle, and we believe somewhat unreal, distinction drawn between "sheltered" and "unsheltered" trades, there can be no doubt in any mind as to the gravest aspect in the problem of trade. It is discoverable in the volume of exports. Foreign trade is bad, and it is upon its resuscitation that we hope the Government's proposed trade enquiry will exert its full energies. What one wants to know really and truly is whether it is "high prices" or the lack of purchasing power abroad which has brought foreign trade to its low level. Moreover, it is essential that a studied enquiry should be made into the wants and requirements of prospective customers and areas abroad. The virtue of salesmanship during the zenith of this country's commercial prosperity resided in the salesman's ability to make purchasers buy something they could very well have done without. This was true not only of trifling commodities and articles of luxury, but of such staple lines as, say, boots or cotton goods. To-day, amidst the impoverishment caused by a world war, the case is radically altered, and to sell anything abroad you have first of all to find a tentative sphere and then study the conditions prevailing within it. To some minds it may be very questionable whether this problem can be tackled at all by such an instrument as a Government enquiry. Were the "Economic General Staff" in existence that was sketched in outline by Sir William Beveridge some months ago, one might feel more hopeful. At any rate there is no doubt a very considerable body of opinion which will incline to the view that, with or without a Government trade enquiry, the individual initiative and enterprise within the four walls of any of our great commercial houses is of itself capable and able to manoeuvre the conditions and realisation of trade expansion. In such a view must reside the basis of our faith in the future possibilities of British trade. Nevertheless, we are disposed to incline hopefully towards the proposed Government enquiry if it seeks, as Lord Parmoor suggested to the House of Lords it would seek, to consider "the prospects of overseas trade and the prospects of British participation in the world markets." Much will depend upon the personnel composing it, but much more will depend of ultimate real value to British trade upon whether they are able or not to ascertain from foreign governments, foreign industries, and foreign sources true information relevant to the problem they are endeavouring to solve. In short, and in conclusion, the proposed trade enquiry will have an opportunity which we hope it will utilise—it can conduct its enquiry in the spirit of national competitiveness, seeking secretly and privily advantages and concessions abroad, but it can also try another method and place its cards and its dilemma frankly and squarely before would-be customers and endeavour to recreate the conditions of world markets under the influence and guidance of the spirit of international co-operation.

ECONOMIC SURVEY

FINLAND

GENERAL ECONOMIC SITUATION.

The character of Finland as a commercial country says *Mercator*, is determined by the fact that it exports mainly raw materials and semi-manufactures, which almost entirely consist of wood products, and that its imports of foodstuffs and finished goods are considerably larger than the production. Finland is therefore not a self-supporting country, but is very greatly dependent on the international division of labour.

It is a remarkable fact that after the economic collapse of Russia Finland managed to work its way into new buying and selling markets, and has successfully maintained its commercial standing. Before the war about 30 per cent. of Finland's foreign trade was with Russia. This country obtained cheap raw materials and grain from the Russian market, and could conveniently sell there the greater part of its paper and other manufactures, as well as a considerable portion of its farm produce.

The position has totally changed since the war. Even in the last two years, when trade with Russia has been resumed, it has not formed as much as 2 per cent. of the total foreign trade of Finland.

In spite of the loss of the Russian market, foreign commerce has increased from year to year, and is now beginning to have the same volume as it used to have. The difference is that wood products form an even larger proportion of the exports than they used to do. In pre-war days about 70 per cent. of all Finnish exports consisted of wood goods and paper industry products. In 1923 these two groups formed together about 89 per cent. of al exports (wood goods 61 per cent, and paper goods 28 per cent.). The export of textiles, iron and other manufactures, which formerly found a market in Russia, has practically come to an end. while that of farm produce has diminished both relatively and absolutely. Butter exports are now only half what they used to be, owing to the increased home consumption. Import trade has also found substitutes for the Russian market in other quarters, although Russian grain is now beginning to be imported in growing quantities. Imports are, however, divided between goods for consumption and goods for production in about the same proportions as before the war, rather more than two-fifths of all imports being for productive purposes.

It would naturally be a great advantage to Finland if normal trade relations with Russia could be re-established. The industries which produce finished articles, the most important of which are the iron and textile trades, would gain especially. A normal demand for goods on the Russian market would enable Finnish production to be much better balanced than it is at present. Many years will pass, however, before Russia can be expected to become a good customer, so Finland must be prepared to continue to do without the Russian market. We have now several years' experience to show that this is possible, and this fact is of great consequence to that political and social consolidation which has lately made such progress in our country.

But although Finland is able to organise its economy independently of Russia, it cannot be forgotten that great exertion will be required to consolidate her position as a commercial country. The great weakness is the one-sidedness of trade, the almost total dependence on wood products. There has recently been keen discussion of the forests regarded as national assets, and this has once more drawn attention to the fact that the growth of the forests is not proportionate to the large quantities of timber consumed. In the north of Finland, it is true, growth greatly exceeds the consumption, but the forests there are hard to get at, owing to the lack of communications. In those regions where the presence of waterways and railways makes exploitation possible, consumption exceeds growth. That is the main fact in this important economic problem. It may be mentioned, however, that scientific forestry has long been practised both by the State and by private individuals. The big wood-working firms are believed to be very economical with their timber capital. But if the exploitation of the forests is to continue increasing as it has done hitherto, it will undoubtedly be important to establish new communications and thus open up new felling areas.

The financial position of Finland may also be much strengthened by the development of another factor in production—agriculture, the primary occupation of the country. For reasons of commercial policy, cattle-raising has been favoured for many years at the expense of tillage, but efforts are now again being made to increase the production of grain. The experience so far gained suggests that in this way it will be possible to diminish the importation of grain, which takes a disproportionately big place among imports. The area of arable land has increased since the pre-war period at least in the same proportion as the population. During 1923 100 million kilogrammes less grain were imported than in 1913.

The work done for promoting agricultural production has proceeded simultaneously with another important movement, that for the reform of the condition of land ownership. Between the years 1919 and 1922 more than 17,000 tenants (crofters and squatters) have been made into independent farmers, and the creation of new independent holdings by means of land colonisation is still in progress. Indeed, it is not unknown that the majority of the Riksdag has shown even excessive zeal in this direction, as the two Acts named "Lex Kallio" and "Lex Pulkkinen" prove, but the general aim to increase the land-owning agricultural population is right in itself, and dictated by the belief that in this way the economic strength of the country can be enhanced.

The rapids of Finland form one factor in production which still has enormous possibilities of development. The power at present used by industry amounts to about 450,000 h.p., more than half of which is produced by wood and coal, while only 8 per cent. of the 2½ million h.p. in the rivers has so far been exploited. The upper reaches of the river Vuoksen alone contain 700,000 h.p. of energy in a stretch of 27 kilometres, and only 14,000 h.p. has yet been developed here. The biggest of the rapids in the upper Vuoksen is Imatra, which concentrates all the masses of water from 60,000 sq. km. of lakes and waterways in a rocky pass only 19 metres wide. The Government has now begun to develop these rapids, building in the first instance for 79,000 turbine h.p. From the main hydro-electric station to be erected here, power will be carried to a number of subsidiary stations scattered over the south of Finland, from Viborg to Abo. It is known that this power is to be used for electrifying the railways in the south of the country, as well as for lighting. The cost of the power station has been estimated at Mk.170 mill., and the transmissions at Mk.160 mill., making altogether Mk.330 mill., which at an exchange of Mk.40 to the dollar is equivalent to $8.25 mill.

There has been some criticism of the scheme to erect this hyrdo-electric station, but it is undoubtedly in the interests of the national economy that such an enormous natural source of power should at last be utilised.

The natural resources of Finland undoubtedly justify some optimism about the future of its economic forces, but the financial policy of the last few years suggests that the country is inclined to be even too optimistic. Without going into detailed examples, it may be mentioned that a couple of recent investigations have shown that the great increase of Government expenditure is by no means counterbalanced by a corresponding growth of the productive national wealth. While this wealth is at most about the same as it was before the war, Government expenditure has increased by at least 50 per cent., allowing for the change in the value of money. The burden of taxation, reckoned in the same way, is now on an average twice as heavy as it used to be. The relatively biggest share of taxation falls upon trade and industry, which have consequently come into a very difficult position. Luckily, the financial affairs of the State are now so good that it has been possible to hold out hopes of a reduction of taxation. It is of vital importance to the industry of the country that this fiscal reform should speedily be realised. It will be the first step in that movement towards better conditions of production which appears to be the most important economic problem of the present moment.

But the reduction of taxation will not alone be enough to make the conditions of production more favourable. Another necessity is cheaper credit for industrial purposes, and this brings us to what is just now the most difficult problem of all, the state of the money market. It has recently been pointed out that, allowing for the changed value of money, there is now much less bank capital available than there was before the war. The position is still further aggravated by the fact that such capital as there is consists very largely of temporarily deposited foreign money. The depreciation of the currency has very greatly reduced that net saving which before the war used to be available for productive purposes, and it will be many years before these savings can be replaced. Till that is done, the capital required will have to be secured by foreign loans to a greater extent than would otherwise be necessary. Several such loans are now projected.

It is this need for loans which causes the greatest weakness at present in the financial standing of Finland. It is a weakness which can gradually be overcome by strict economy. Such economy may partly consist in reducing expenditure, and partly also in a financial policy which does not try to reach Utopias—as in the question of the Prohibition Act—but aims at attaining sound and practical ends.

FRANCE

FINANCE

THE GOVERNMENT'S FINANCIAL INTENTIONS.

M. Jean Goeury reviews in the *Exportateur Français* the existing financial situation, and deals in turn with its principal factors.

It only required, he writes, a statement on the financial question by M. Henry Bérenger (*cf.* THE ECONOMIC REVIEW, July 18) to disturb the calm atmosphere surrounding the franc since the execution of the Dawes scheme has been in prospect, and to send up with a rush the pound sterling three or four points. This proves how deeply rooted in the minds of holders of francs, French and foreign, is the anxiety as to the position of the franc, almost amounting to a fixed idea. In the face of her enormous financial liabilities, not easy to reduce, what assets, it is asked, can France marshal, how can she balance her Budget and what does the Government think on the subject? Although silence is maintained in official circles, those in a semi-official position speak fast enough, and it seems to the writer of interest to gather from utterances and v ews of these persons, and from the schemes disclosed by them, the financial intentions of the Government and its circle.

The Budget.—Everybody desires a balanced Budget, and this object was achieved in 1923, but its achievement appears to be much more doubtful in the case of its immediate successor. To do so requires a revenue of 30 milliards instead of 24, as in it is incorporated the special expenditure called recoverable, but hitherto never recovered. In this connection it should be remembered that the permanent and normal revenue fell in May to about Fr.1,700 mill.

The Treasury Accounts.—On Dec. 31, 1923, the internal debt was estimated at Fr.270,780,103,000 and the external debt (calculated at par) at Fr.38,794,936,000. The Treasury will therefore still require for each of the coming Budget years Fr.10 milliard of fresh money over and above the 30 milliards derived from taxation. But even this figure does not give the exact requirements of the Treasury. As a matter of fact if the accumulated deficits of the past few years be taken into account, the Treasury will have to be assured of a steady movement in Défense Nationale Bonds, which have hitherto amounted to 120 milliards a year, and which in 1925 will amount to 150 milliards (owing to the maturing of short-dated bonds).

The State's Debt to the Bank.—The State owes to the Bank rather more than 23 milliards, repayable under the terms of the agreement of December 1920 at the rate of 2 milliards a year. The Government has great difficulty in finding these annual sums, and the majority of the financial experts belonging to the Left favour a rescission of the agreement.

War Losses Compensation.—A vigorous offensive has been conducted against the continuance of expenditure in connection with the Recoverable Expenditure Budget, which, met by borrowing, represents in capital and interest 97 milliards since the Peace Treaty, and 23 milliards for last year alone. For the complete restoration of the Devastated Area another 30 milliards are required. It is unanimously agreed that henceforth a halt should be called in reconstruction by disregarding claims for damage to personal property altogether (goods, etc.), and, with regard to houses and land, by revising the rates, and closing the account of supplementary credits. Others go much further, denounce as scandalous a number of payments made, and call for a revision of the Act of 1919. The Compensation for Damage Act is mentioned especially as a source of the acquisition of scandalous and illicit profits.

Levy on Capital.—The party in power is extremely divided on this subject. Some blame M. Herriot for having sacrificed this clause of the Radical programme, while the majority praise his courage in so doing. Many even go so far as to say that the levy on capital has already taken place in the form of inflation and of the depreciation of Government loans and all other securities. The holders of 3 per cent. Rentes have lost at least two-fifths of their capital since 1913.

Indirect Taxation.—The reduction of indirect taxation, or taxes on articles of consumption, has been promised, but even Radicals are sceptical as to the possibility of fulfilling this promise. It should be remembered in this connection that to the May revenue of Fr.1,700 mill. indirect taxes and monopolies contributed 1,417 mill., or 85 per cent. It is difficult to conceive of any Government, especially one financially embarrassed and pressed for money, rejecting this class of revenue so easily collected.

Direct Taxation.—"We shall make of the income tax, honestly applied," declared M. Herriot, in announcing the Government's programme, "the basis of a truly democratic fiscal system." Now the income tax yielded last May Fr.255,631,000, or 15 per cent. of the total revenue. In order to mitigate the threat of extending the application of this unpopular tax, the Government promises to simplify it and to render it less inquisitorial and vexatious. M. Caillaux, whose views undoubtedly inspire certain Government leaders, has denounced the present system of supervision and control of income and of the imposition of penalties as unreasonable, and calculated to promote the clandestine export of securities. This is worth remembering, but if this view is accepted it will be impossible to obtain a better yield from the tax. From a consensus of opinion on the part of competent authorities it may be gathered that the following will be the two main lines of the course to be adopted. To make a distinction between earned and unearned income; and not to increase the rate but to apply the tax to certain classes of profits hitherto immune, or but lightly taxed, such as the profits of financial institutions, banks, insurance companies, professional earnings, profits from agriculture, which in an essentially agricultural country have only contributed 2 per cent. as against 34 per cent. paid by civil servants' incomes, 32 per cent. by industrial and commercial profits, and 20 per cent. by income from investments.

The New Surtax.—The imposition of a second *double décime* (surtax of 20 per cent.) has been spoken of, but the idea does not appear to be very popular. It is said of the first surtax (imposed by the Poincaré Government) that it has not given the results expected of it, that it has increased indirect taxation, already too heavy, and cost of living, and that it has overcharged the death duties to such an extent as to cause serious fear of an exodus of capital. It does not seem to be a time for bullying and violence, and it is probable that the Government will deal leniently with capital of which it has need, and will try to inspire it with confidence. Two pronouncements seem to point to this intention. The first is the report of M. Henry Bérenger, in which he declares that the Budget "must mainly be balanced by a restoration of confidence in the country's financial future," also that "if 30 milliards a year can laboriously be obtained by compulsion, that is by taxation, the other 150 milliards (the amount of the floating debt) can only be obtained by restoring confidence" and that "at all costs a more solid confidence must be established at home and abroad." The second pronouncement is that of M. Vincent Auriol, a Socialist deputy who has never voted for any Budget and who has just been elected President of the Finance Commission of the Chamber, a choice which has caused universal anxiety. But M. Auriol, in his opening speech, took care to reassure public opinion rather than to frighten it.

All this is very significant, and it is impossible to believe for a moment that a Government which has need of public confidence in order to renew its bonds and to make a success of its consolidation loan will be so foolish as to overburden, harass and alarm the taxpayer.

OUTSTANDING FINANCIAL QUESTIONS WITH RUSSIA.

The *Agence Economique et Financière* has sent a representative to London to interview members of the Russian delegation and their circle in order to ascertain their views on the prospects of a resumption of trade relations between France and Russia. The results of this inquiry are summarised as follows.

The Russian representatives are steadily optimistic and confident not only as to the success of their present negotiations in London but also as to the conversations which will ultimately take place in Paris. The Russians still put forward their old reasons for an immediate and unconditional recognition by France of the Soviet Government, as it will enable the negotiators to treat on an equal footing, a point on which they lay great stress. They justify their intention of only partially recognising Russia's debts on the plea that it has been deprived of a considerable portion of its territory. They express a desire to come to an agreement with the new French Government, but point out that the latter must not forget that they, the delegates, have to reckon with Russia's internal policy. The head of the mission emphatically contradicted the reports of aggressive speeches by Trotsky published in the French and British Press.

Hitherto the attitude adopted by successive French Governments has barred negotiation, with the result that French holders of Russian bonds have been completely deprived of their income. The Soviet Government is quite ready to consider the possibility of according partial satisfaction to the holders of Russian bonds, but this question must be separated from banking debts and the debts due from one Government to the other. The Russian delegates, it was argued, could no more go back home and tell the Russian nation that, after the partition of land, nationalisation of works, and the introduction of Socialist étatisme, they had agreed to an absolute recognition of debts contracted by the Imperial Governments, than could M. Herriot tell the French electors that he had agreed to the absolute cancellation of loans issued in France. It was therefore obviously a case for compromise, the suggested terms of which were, reduction of the debt, abolition of the covenant to pay interest in gold, and deferment of interest for a lengthy period. The Soviet Government contemplated, simultaneously with the settlement of debts, a financial transaction which would enable them under certain guarantees to contract fresh loans for the purpose of financing their commercial and industrial operations. With regard to French property confiscated in Russia, the Russians took their stand on the Act of Nationalisation, and were opposed to absolute restoration, but suggested it in the form of a long term lease giving to the Russian Government participation in the profits of the undertaking owning the property to be restored in this form.

The general impression conveyed by these interviews to the representatives of the *Agence Economique et Financière* was that the Russian delegates were very clever, well aware of the difficulties with which they had to contend, and desirous of overcoming them, but by giving as little as possible. To them, therefore, must be opposed tenacious and expert negotiators. It is certain that many incidents will crop up in the course of the negotiations which must soon be opened, but it is important to discover that while remaining loyal to their Socialist policy, the Soviets are disposed to make certain concessions which, although rejected at Genoa and The Hague as totally inadequate, may under changed conditions form a basis for discussion. The numerous difficulties which have been overcome during the negotiations in London, and the way in which rupture has been avoided, do not give cause for undue pessimism with regard to the future conversations between the French and Russian Governments. One of the leaders of the mission declared that if they went to Paris it would not be in order to treat with M. Cochin and his friends, as they did not desire an agreement with the Communist group in the Chamber, but with the French Government as representing the French nation, and that their business would be with bankers and manufacturers.

AGRICULTURE

WINE AND CIDER IN 1923.

Wine.—The amount of wine produced in France (exclusive of Corsica, Alsace–Lorraine and Algeria) was, according to the declarations of the wine growers, 56,982,933 hectolitres, being 56,698,452 hl. made at the vineyard and 284,481 hl. represented by the vintage sent away. Stocks in hand amounted to 5,439,755 hl., giving a total amount available for consumption of 62,422,685 hl. as against 71,136,129 hl. for the previous year, showing a decline for the season 1923–24 of 8,713,441 hl. The stock in the hands of the wholesale dealers on Oct. 1, 1923, amounted to 8,891,801 hl. as against 9,034,010 hl. on Oct. 1, 1922.

The area planted with vines in France in the ownership of the wine growers who declared the amount of their output was 1,404,596 hectares, or 23,727 more than in 1922, but the average yield per hectare was 41 hl., as against 50 hl. in 1922. Comparing the quantities declared in 1922 and 1923, increases are shown in the latter year in only 15 departments.

In Algeria, where wine is produced under the same conditions as in France, the declared production amounted to 10,186,356 hl. from a planted area of 180,413 hectares; the stock carried over from the previous vintage was 57,098 hl., giving an available total of 10,243,454 hl. The average yield per hectare was 56 hl. In Corsica the yield is estimated at 265,658 hl., as against 234,636 in 1922. In Alsace and Lorraine the yield, as declared, shows a decided falling off, being 181,237 hl. as compared with 956,825 in 1922, but the stocks in hand at the end of the season were considerably larger than at the end of the previous year, being 130,139 hl. as against 49,943.

The following table shows the amount of wine imported and exported during 1923 as compared with the previous decade (in millions of hectolitres):—

	Imports.	Exports.
1913	7.6	1.6
1914	6.8	1.1
1915	8.4	1.0
1916	8.4	6.6
1917	10.4	0.4
1918	5.8	0.3
1919	6.3	1.1
1920	5.4	1.8
1921	5.0	1.6
1922	7.9	1.0
Average	7.2	1.7
1923	8.1	1.5

Of the 8,103,714 hl. of wine imported in 1923, 70,385 hl. came from Italy, 1,630,100 from Spain, 521,732 from Portugal, 302,547 from Tunis, and 5,371,888 from Algeria. The latter country exported 4,125,916 hl. in 1922 and 3,917,044 hl. in 1921.

Wine made from raisins amounted to 1,743 hl. between Oct. 1, 1922, and Sept. 30, 1923, as against 1,072 hl. for the corresponding period of the previous year.

Cider.—The output of cider for 1923 is estimated at 16,011,840 hl. as against 17,366,642 hl. in 1922, being a decline of 1,354,802 hl., and 18,689,000 hl., the average output for the previous 10 years, a decline of 2,677,346 hl. The cider production in Alsace and Lorraine for 1923 is estimated at 69,360 hl. It should be noted that there is no declaration required in respect of cider production, so that the figures are less accurate than those for wine. (*Economiste Français.*)

GERMANY

POLITICAL AND GENERAL

THE TARIFF BILL.

The Ministry of Finance has drafted a Tariff Bill of which the main features are the following:—

1. Freedom of importation for the following commodities, which has existed since the beginning of the war, is abolished: Corn (rye, wheat and spelt, barley, oats), potatoes, cattle and meat. These commodities are specifically mentioned because a tariff cannot be reimposed upon them except by law, whereas the free importation of all other foodstuffs can already be abolished by decree.

2. The tariff rates of Dec. 25, 1902, for agricultural products are restored, but the power of the Government to modify these by preferential rates is prolonged to June 30, 1926.

3. The law of Aug. 5, 1922, empowering the Government to raise the import tariffs on industrial produce or to impose tariffs on industrial produce where they did not already exist is extended for a further two years beyond the date of expiry, i.e. from July 1, 1924, to June 30, 1926.

4. The turnover tax is reduced from 2½ per cent. to 2 per cent.

Attached to the draft is a memorandum which states that the proposals contained in the Bill are dictated by the necessity of restoring the trade balance. To this end the conditions of production must be rendered as favourable as possible, and particularly the intensity of agricultural production must be enhanced. The clauses empowering the Government to modify the 1902 tariff and reducing the turnover tax are included with a view to lightening the burden on the consumer occasioned by the tariffs. The increasingly dangerous position of agriculture is best indicated by the disproportion between the prices of agricultural produce, which are about 85 per cent. of pre-war, and the cost of the means of production (manure, machinery, implements), which are on an average about 115 per cent. of pre-war. Moreover, agriculture is burdened not only by credit shortage, but also by the prohibition of export. Unless a stimulus is given to agriculture there will be a heavy decline of acreage next year, which must ultimately react to the disadvantage of the consumer. The efficacy of import tariffs for increasing both acreage and profits was demonstrated before the war, and it is hoped that similar results will be achieved again by the same method. Finally, the expected improvement in agricultural production must react favourably on the industries which manufacture the means of production and must enhance the market for home produce at the expense of the importer.

Both the *Frankfurter Zeitung* and the *Hamburger Fremdenblatt* deprecate the raising by the Government of the highly contentious tariff issue at a time when the political situation is already extremely difficult and complicated. *Vorwärts* characterises the tariff proposals as a mere bribe to the Nationalists with a view to gaining their consent to the Dawes report, and is supported in this opinion by the *Frankfurter Zeitung*. At any rate the proposals will bring the Government into sharp conflict with the Socialists; whether the Nationalists will respond in the sense desired of them remains to be seen. The *Frankfurter Zeitung* roundly accuses the Government of unprincipled demagogy in reviving during the sickness of the Reich a recipe which was productive of sufficient harm even during the healthy expansion of pre-war days. It regrets that the tariff policy of the Reich is to be increasingly exposed to the devices of Governmental caprice for another two years, and affirms that as long as the price of German agricultural produce remains below that of the world market the position of agriculture cannot be improved by tariffs. The *Hamburger Fremdenblatt* makes the last point with still greater emphasis; while a doppelzentner of Manitoba wheat stands at Mk.21.49 as compared with the German wheat at Mk.14.46, what possible advantage can German agriculture expect to derive from a protective tariff? What agriculture requires is the expeditious execution of the Dawes report and foreign credits. The *Deutsche Allgemeine Zeitung* points out that until Germany regains control of her western Customs frontiers the question of tariff or no tariff is merely of academic interest; of much more importance to German agriculture is the removal of the prohibition against exports. Judging by Press comments the Bill will not obtain an easy passage.

In addition to the Press opinions already quoted interesting light is thrown on the trend of German opinion with regard to trade and tariff policy by the programme unanimously adopted by the committee of the Foreign Trade Association at its sitting on May 31. It urges that every effort be made to obtain the removal of anti-German preferential tariff rates in a large number of foreign countries. Moreover, Germany, both in its own trade policy and in foreign negotiations, should aim at the abolition of the numerous impediments to international trade and intercourse which have arisen since the war, amongst which arbitrary tariff imposts are specifically included. The existing tariff competition is closely related with competitive armaments and is a danger to the peace of Europe. Unless the Continental States mend their ways in this respect they will find themselves economically outdistanced by America and Great Britain. German foreign trade interests require free trade in raw materials and most semi-manufactured products with a view to reducing home prices and costs of production. A high protective tariff for whatever purpose would be a fatal error. Of fundamental importance to German foreign trade is a settled policy free from liability to change.

FINANCE

THE REICHSBANK IN THE FIRST HALF OF 1924.

From the middle of November 1923, when inflation ceased and the short-term Rentenmark credit to the State was definitely fixed at Mk.1,200 mill., the maintenance of currency stability again devolved in the first instance upon the Reichsbank through its credit policy. But instead of adopting the only certain method, viz. raising discount rates to correspond with rates in the open money market, the Bank began giving easy credit owing to the increasing shortage of capital and credit in the country. It was not till the beginning of April, when private credits had risen to Mk.1,999.3 trill. from Mk.668 trill. in January, that the Bank was itself compelled to change its policy to one of credit restriction. The tension could not, however, be too abruptly relaxed, and private credit reached its highest point of Mk.2,083.5 trill. on May 31, though June witnessed a noticeable fall. Parallel with the movement of private credit went private deposits: continual increase till April, then steadily maintaining a more or less fixed level, interrupted only by a sharp decline on the monthly closing days, particularly in May and June. The increase in the note circulation, on the other hand, did not stop with the beginning of the credit restriction policy, and there was a rise of about Mk.400 trill. between April and June. This is explained by a parallel increase in "other assets," which is itself officially explained by the calling in of securities by the Reichsbank. Whether this is the only explanation of the rise in "other assets" cannot be gauged from outside; purchases of dollar Treasury notes may possibly be included. At any rate it is evident that the increase in note circulation is not due to a fresh inflation. The credit restriction policy has proved a wise one, and found expression in the increase of Mk.20 mill. in the gold held by the Bank during the latter weeks of the period.

The development of the Bank's position during the period accurately reflects the general economic development of Germany, which was partly due to the unrestricted granting of credits by the Bank up till April. However absurd the sharp restrictions of credit since April may appear in view of the shortage of capital and credit from which the country is suffering, that policy is nevertheless a fundamental economic necessity. By gradually restoring a normal security market, as the Bank has been endeavouring to do since the middle of May, it can build up central reserves which may soon be required, if only to meet the adverse trade balance. And it cannot be denied that Reichsbank reserves are more likely than private reserves to be properly employed in the general interest. The table below gives a survey of the development in the position of the Reichsbank (in millions of gold marks or trillions of paper marks). (*Frankfurter Zeitung.*)

TRADE AND INDUSTRY

FREIGHT PAYMENTS.

The lines to Brazil, the Straits Settlements, China and Japan have announced that as from July 1 payment of freights must precede the issue of bills of lading, and other lines are expected to follow suit. This action is due to the necessity of obtaining liquid funds to cover current expenditure; hitherto the companies have been giving credit extending sometimes over several months without interest, but are no longer financially in a position to continue this practice. Moreover, under existing conditions they run considerable risk of loss owing to the large number of bankruptcies. As most exporters are already selling abroad at a minimum profit in order to retain their market at all, they are placed in a difficult position by this move of the shipping companies, and in the case of large consignments will often be totally unable to find the ready cash. Forwarding firms will find themselves in still greater difficulties than the exporters; they often have to find £500 to £1,000 sterling for a single consignment, so that under the new conditions they will have to meet demands which are at present made on no other class of trader in Germany, as they already have to wait weeks or months for payment. (*Hamburger Fremdenblatt.*)

THE LIME INDUSTRY IN 1923.

Encouraged by a live market the rise in prices due to the depreciation of the mark was excessive and the reaction involved heavy capital loss. The occupation of the Ruhr involved a falling off of 33 per cent. of the total production of the industry. The decline in the Ruhr was 50 per cent. up to July 1923 and was as much as 80 per cent. in the latter part of the year. The total production for the year was only 2,311,171 tons as against 4,354,276 t. in the previous year, a de-

1924.	Jan. 7.	Feb. 7.	March 7.	April 7.	May 7.	June 7.	June 30.
Gold	467	467	464	443	442	442	462
Rentenbank notes	175	215	225	263	284	334	278
Private Credits—							
Bills	356	841	1,284	1,867	1,885	1,953	1,898
Pledgeable securities	312	324	306	132	134	118	509
Total	668	1,165	1,590	1,999.3	2,019.1	2,070.4	2,006.8
Other assets	285.8	258.2	296.2	211.9	292.2	525.3	702.3
Circulating Reichsbank notes ...	491	520	612	683.7	787	954.2	1,097.3
Deposits—							
Private	244	274	323	392	358	327.7	280.9
State	345	453	384	423	465	517.9	493.0

crease of 46 per cent. The following table shows how the production was disposed of :—

	Tons.	Percentage of total production.
Iron and steel industry ...	418,678	18.1
Nitrocalcite industry	159,255	6.9
Other chemical industries ...	197,606	8.5
Sugar factories	4,574	0.2
Agriculture	282,654	12.2
Building industry	1,078,924	46.7
Chalky sandstone factories ...	105,279	4.5
Export	20,021	0.9
Elsewhere	45,742	2.0
Total	2,312,733	100.0

The iron and steel industry took 58 per cent. less than in 1922, the chemical industry 37 per cent., the nitrocalcite industry 33 per cent., agriculture 48 per cent., and the building industry 42 per cent. The import of foreign lime products shows a decrease of 59 per cent. as compared with 1922. (*Hamburger Fremdenblatt.*)

AGRICULTURE

RETAIL PRICE OF AGRICULTURAL PRODUCTS.

Whilst competitive or enforced selling has caused a general downward tendency in prices, retail prices have been less responsive. A case in point is afforded by the relation between the producers' and retail prices of agricultural commodities. The following table compares the relation between producers' and retail prices in 1913 and 1924 :—

50 kg.	Producer's price. (In marks.) 1913.	Producer's price. May 1924.	Retail price. 1913.	Retail price. May 1924.	Incl. of difference in 1924, in marks.	Producer's price 1924, in percentage of 1913.
Rye meal	8.22	6.55	16	16.3	1.97	—20
Potatoes ...	2	3.40	3.50	6.51	1.61	+70
Butter ...	128	166	140	219	41	+30
Pig meat ...	53.50	42.60	75	96	31.90	—20

These examples serve to show the extent to which the difference between the price received by the producer and the price paid by the consumer has increased in 1924 as compared with 1913. In the case of butter, for instance, the difference for 50 kg. in 1913 was Mk.12, whereas to-day it is Mk.53, or nearly 4½ times as great, though the producer's price has only risen by 30 per cent. In the case of rye and pig meat the producer's price had actually fallen, yet the price to the consumer has risen considerably. The 2½ per cent. turnover tax is not by itself sufficient to account for the increased cost of distribution ; the explanation is probably to be sought in the survival of methods of calculation which obtained during the period of inflation. In any case it is an unfavourable development both from the point of view of the agriculturist and of the consumer. (*Frankfurter Zeitung.*)

ITALY

TRADE

FOREIGN TRADE RETURNS.

The trade figures for May 1924 are not yet available. For the first four months imports amounted to L.5,815.7 mill. and exports to L.4,357.3 mill., with an unfavourable trade balance of L.1,458.4 mill. as compared to L.2,366.7 mill. for the corresponding period of 1923.

The monthly figures for the current year, which mark an encouraging growth in the country's foreign trade, are shown below (in millions of lire) :—

Imports.	1924.	1923.	Difference.
January	1,166.0	1,058.0	+ 108.0
February	1,561.0	1,578.6	— 17.6
March	1,518.4	1,474.1	+ 44.2
April	1,566.1	1,404.0	+ 160.2
Total ...	5,815.7	5,514.7	+ 301.0
Exports.			
January	840.0	786.0	+ 54.0
February	1,103.2	759.5	+ 343.7
March	1,215.7	880.2	+ 335.4
April	1,198.4	722.3	+ 476.1
Total ...	4,357.3	3,148.0	+ 1,209.3

The unfavourable trade balance which stood at L.2,366.7 mill. for the first four months of 1923 has fallen in 1924 to L.1,458.4. The detailed figures for trade with leading countries for the same period 1924 and 1923 show that with the exception of the United States, whence Italy draws so large a part of her raw material, and of Great Britain, which supplies most of her coal requirements, the trade balance has distinctly shifted in her favour.

The chief increases in imports were accounted for by frozen meat (L.98 mill. as against L.31.5 mill.), raw cotton (L.1,240 mill. as against L.846 mill.), wool (L.275.5 mill. as against L.165 mill.). There was a heavy fall in wheat imports (L.613,730,371 as against L.1,208,438,587). Italian exports of agricultural products continued to increase (L.1,075.0 mill. as against L.547.3 mill.), as also of textiles (L.2,094.9 mill. as against L.1,568.6 mill.). In the case of textiles exports exceeded imports for the period under consideration by L.74.3 mill.

In connection with the negotiations now begun for a renewal of the commercial treaty between Italy and Japan, it is of interest to note that trade between these two countries has increased of late. In 1921 Japanese exports to Italy were valued at 2,317,504 yen, and her imports from that country at 1,762,779 yen. In 1922 the figures had risen to 5,096,500 and 2,916,548 yen respectively. Japan's imports from Italy include mercury, machinery, implements, automobiles, essential oils, citric and tartaric acid, vermouth, felt hats, buttons and cinematographic films.

Trade with the leading exporting and importing countries from January 1 to April 30, 1924, stands as follows (in millions of lire) :—

	Imports.	Exports.
Austria	125.7	223.8
Czecho-Slovakia ...	66.0	47.9
France	472.7	601.0
Germany	406.4	523.0
Great Britain	657.8	437.2
Yugo-Slavia	147.8	124.8
Switzerland	102.6	538.7
Argentina	211.7	217.9
United States	1,589.0	359.0

A communication issued by the Chief of the Soviet Delegation in Italy shows that the recent commercial treaty with that country is beginning to produce results. Large purchases of citrus fruits (oranges, lemons, limes, etc.), citric acid, silk, textiles, sulphur, machinery and cotton material for sifting flour have been made by the Soviet authorities, and the prospects of developing the sale of Italian bicycles and motors in Russia are good. On the other hand, Russia is steadily increasing her exports to Italy of corn, naphtha, petroleum, lumber, iron and manganese ores, and other raw material.

At the annual meeting of the General Confederation of Italian Industries held at Naples in May, the results of the economic and financial policy of the Government were amply illustrated. In examining the trade statistics for 1923 as illustrating the results of recent commercial treaties and agreements, the Confederation called attention to the fact that while the excess of imports over exports in 1923 stood at 35.8 per cent., a figure only slightly in excess of the 31.1 per cent. at which it stood in 1913, a study of the details shows that imports of raw materials required for manufactures have increased as compared to the pre-war period, but those of manufactured products have declined. On the other hand, Italian exports of these latter show a marked and encouraging growth. (*Report of the Confederation of Italian Industries*, July.)

INDUSTRY

THE SINCLAIR OIL CONCESSION.

The details of the concession to prospect for oil which the Italian Government has made to the Sinclair Company, and which have aroused considerable opposition (*cf.* THE ECONOMIC REVIEW, June 20, p. 537), are quoted in the June Report of the General Confederation of Italian Industries from an official communication issued on May 16. This states that the efforts so far made by Italian companies, subsidised by large Government grants, have proved unsatisfactory as the capital available has been insufficient to secure conclusive results, and the technical knowledge required has often not been forthcoming. At the same time the need of ascertaining whether or no fuel oil exists in commercial quantities has become increasingly urgent. For these reasons the Government has decided to grant to the Sinclair Company the right to explore the subsoil in Emilia and Sicily, while reserving in those districts an area of some 40,000 hectares already assigned to Italian undertakings. The agreement with the Sinclair Company provides for three stages in the work: the first three years will be used for study, the next three for investigation, and during the ensuing four actual exploration of the subsoil will be made. During the first period the Sinclair Company undertakes to expend no less than 5 million lire on the preliminary work. Should these studies decide the Company to sink shafts in certain zones, it will form an Italian Company for this purpose with a share capital of not less than 40 million lire, of which 40 per cent. will be placed on the market for Italian subscribers. During the ensuing three years the Company is pledged to an annual expenditure of L.8 million on actual soundings. Thus by the end of the sixth year the Company will have invested in the enterprise a total sum of 29 million lire. This will be followed by a third period extending over four years, during which the Company undertakes to put into full working efficiency, at an outlay of $12,500 per unit, each unit of 1,000 hectares it decides to take up. Meanwhile it will abandon all claims to zones shown to be unproductive. At the close of the ten years the Sinclair Company will be entitled to concessions covering an area not to exceed 75,000 hectares. The total capital outlay for the whole ten-year period will amount, if the investigations give favourable results, to L.104,000,000. The concessions will cover the output and handling of mineral oils, gas, and their respective hydrocarbides, but do not apply to asphaltic schist. The concession will be for 50 years.

The Italian Government will exempt from Customs duties machinery imported by the Company, provided such machinery cannot be supplied by Italian factories, and it exempts the profits of the Company from income tax (*ricchezza mobile*) for a period of ten years. On its side the Government is entitled to a percentage on all dividends exceeding 7 per cent., up to a maximum of 40 per cent. on its quota of dividends amounting to 45 per cent. and over.

The decree under which the concession is made will be submitted to Parliament for ratification and Signor Mussolini in his recent address to the parliamentary majority referred to it as one of the measures he hopes will be subjected to full and impartial examination by the House. The whole question of the exploration of the Italian subsoil is one which has given rise to heated debates ever since the war, and the need to secure sources of petroleum supplies is becoming each year of greater importance. In 1923 the value of mineral oil imports exceeded 600 million lire and the figures for the first quarter of 1924 indicate that this sum will be exceeded during the current year.

THE HYDRO-ELECTRIC INDUSTRY.

The year 1923, reports the General Confederation of Italian Industries, was a good year for the hydro-electric industry, one of great national importance and which absorbs a considerable portion of Italian capital affording a solid and safe investment. Recent returns show 131 undertakings owning 355 plants generating 1,504,216 h.p. with a share capital of 2,147,762,312 lire and bond issues for 13,364,342 lire. The plants are valued at 2,940,604,665 lire. The total profits distributed for the year by 131 companies amounted to 146,941,911 lire, an average dividend of 6.75 per cent.

That the water power resources of Italy are being actively developed is shown by the figures for central stations now under construction which will be finished by 1925. Of these there are 24 which will generate 2,209,000,000 kw. h., while plans are being made for another 56 to generate 3,908,500,000 kw. h. It is interesting to note that of those under construction an important section are in Southern Italy (Calabria and Sardinia), where the lack of cheap power for industrial purposes has hitherto unduly retarded development. Very important plants are also being built and planned in the Trentino, one of the provinces which Italy recovered from Austria after the war, and which will be converted by these works from a poor mountainous territory into one of great industrial importance. In connection with these central stations six artificial lakes are now being constructed, which will be completed by 1927 with a content of 340,475,000 cm. of water. Plans are being prepared for fifteen others with a content of 682,000,000 cm. of water.

The total capital now invested in hydro-electric plant is estimated at over 3,000 million lire.

AGRICULTURE

HARVEST PROSPECTS.

The preliminary estimate of the wheat yield places it at 4.8 million metric tons as compared with an average of 4.7 million. This is a good average yield, though inferior to the bumper crop of 1923, of 6.1 million m. t. (*Report of Confederation of Italian Industries.*)

RELIEF FOR AGRICULTURE.

Following its settled policy of encouraging agricultural production, the Government has taken measures to provide credit with a view to facilitating the acquisition of small holdings by disabled war veterans.

The Government will pay 2.50 per cent. of the interest rate charged on loans made for this purpose out of the funds provided by the recent law on credit for agricultural improvements. Loans from this same fund will also be made for improving olive plantations with a view to increasing the yield of this valuable crop.

Wine-growers are assisted in the prevailing crisis in that branch of production by a 50 per cent. reduction on railway rates for the carriage of wine coming from the Southern provinces, while the excise duty on wine is reduced from 20 to 15 lire per hectolitre.

The use of machinery on the farm is encouraged by repealing existing Customs duties on the more important agricultural machines.

The prospects of sugar production for the current year justify the belief that the output of Italian refineries will more than suffice to meet the needs of the home market, and in view of this the restrictions on sugar exports have been repealed. (*Report of Confederation of Italian Industries.*)

PRODUCTION AND CONSUMPTION OF FERTILISERS.

Evidence of the notable progress made by Italy toward economic recovery in 1923, reports the Confederation of Italian Industries, is afforded by the annual reports and balance-sheets submitted by the leading joint stock companies to their general meetings. Many of these are now available and show that in several branches output has attained pre-war figures. Indeed, in the case of chemical fertilisers, the consumption of which is an index to agricultural prosperity, output in

1923 actually exceeded the figure for 1913. The preparation of these fertilisers is a major branch of the activities of the Italian chemical trades which are now devoting commendable activity to the technical solution of the problems inherent to large scale production of nitrogenous fertilisers.

By far the largest producer of fertilisers is the Montecatini Company, which decided at its recent annual meeting to raise its share capital from 3 to 4 hundred million lire.

Italian agriculture consumed in 1923 1,100,000 m. tons of hyperphosphates and bone fertilisers, 58,000 of basic slag, 42,000 of nitrate of soda, 30,000 of sulphate of ammonia, 40,000 of cyanamide, 75,000 of copper sulphate, 34,000 of potash salts, and 60,000 tons of sulphur. The price reductions effected in these fertilisers in 1923 as compared with 1921 resulted in a money saving to Italian farmers which the great co-operative supply company, the *Consorzi Agrari*, calculates at from 280 to 300 million lire. The total consumption of chemical fertilisers in Italy in 1923 amounted to 1,439,000 tons, only 10,000 tons less than that for 1913, when the use of fertilisers reached its high-water mark.

The Italian chemical trades are taking care that production keeps pace with consumption, which is expected to increase steadily. It is recognised that the desired increase of agricultural production depends on intensive farming rather than on an increased acreage, and this in turn implies the scientific use of fertilisers.

In July next, work will begin in the first section of the new plant which the Montecatini Company is erecting at Venice for the manufacture of hyperphosphates. When completed this factory will have a potential annual output of 100,000 tons. In the South of Italy, at Taranto and Bagnoli, plants are in course of erection for the production of hyperphosphates and copper sulphate. In Sardinia, where the water power supplied by the Tirso dam is preparing a real economic transformation, a factory will be opened with a potential output of 15,000 tons of hyperphosphates and the possibility of doubling this figure at short notice.

As noted in a former issue of this Report, the synthetic nitrogen industry is becoming one of considerable importance in Italy. The plants now working and in course of erection are planned to provide an annual output of 60,000 tons of nitrogenous fertilisers, sufficient to meet the needs of home consumption. With this end in view the Montecatini Company recently floated the Upper Adige Electric Company with a 40,000 h.p. generating plant, which will be at work in 1925 for the production of synthetic ammonia, nitric acid, and ammonia nitrate. The daily output of nitrogen is estimated at 30 tons. In Sardinia the Sardinian Ammonia and Nitrogenous Products Company has been founded with a similar object, and will be capable of producing some 20 tons of nitrogen a day. It is anticipated that the output of synthetic nitrogen in Italy in the first half of 1925 will amount to between 18,000 and 20,000 tons.

PORTUGAL

FINANCE

THE DEPRECIATION OF THE CURRENCY.

The currency continues to depreciate, laments the *Commercio do Porto*, but the Government apparently remains unconcerned. The above-mentioned journal assigns the depreciation to the following causes: the note circulation which has increased by 150 mill. escudos since the beginning of the year; adverse foreign trade conditions marked by excess imports and declining exports; insufficiency of production due to the eight-hour day; a defective colonial banking system and inadequate means of transport; the serious position of the national finances which no steps are taken to improve; continuous alarmist reports of grave political events circulated at a time when a maximum of tranquillity is essential to the settlement of important outstanding questions; the lack of public confidence in the Government due to such measures as the payment of interest on the external loan at the fixed arbitrary rate of 2⅜d. to the escudo instead of at the current rate of the day; the atrophy of trade with the colonies due to various disturbing factors, foremost among which is the colonial banking system; and the reaction on the Portuguese market of the Brazilian Exchange and of economic conditions in Brazil. The following figures show the development of (*a*) the note circulation, (*b*) the price of the £ in escudos since 1914: 1914 (index), (*a*) 100, (*b*) 100; 1915, (*a*) 120, (*b*) 100.4; 1916, (*a*) 140, (*b*) 109.9; 1917, (*a*) 204, (*b*) 112.6; 1918, (*a*) 284, (*b*) 104.2; 1919, (*a*) 386, (*b*) 178.9; 1920, (*a*) 636, (*b*) 618.4; 1921, (*a*) 795, (*b*) 808.8; 1922, (*a*) 1,098, (*b*) 1,532.1; 1923, (*a*) 1,458, (*b*) 1,375.5; 1924, (*a*) 1,611, (*b*) 2,053.8; average, (*a*) 621.5, (*b*) 690.4.

The above figures will convey a correct idea of the deterioration of Portugal's financial situation since 1920.

FINANCIAL SURVEY FOR JUNE.

In its survey of the financial and economic situation for the month of June the *Commercio do Porto* gives the continued shortage of ready money as the leading factor in the stagnation of business. This dulness is largely due to the excessive industrial tax imposed without discussion or consideration, and which, owing to absence of combination on the part of the taxpayers, encountered no organised opposition. A continuation of this situation threatens national commerce and industry with complete extinction. The situation of the exchange, dealt with in a previous column, is an important contributing factor to the state of business, and measures recently adopted to improve it have had a contrary effect. So long as the note circulation is not checked no improvement in business is possible. A slight improvement at the end of the month in the escudo, which fell to 149 to the £, was only temporary, and was followed by a reaction to 153, the supply of foreign bills and currencies having become scarcer.

Stock markets are naturally dull owing to the shortage of ready money. The External Loan has fallen sharply as a consequence of the Decree published in June providing for the payment of interest in escudos (*cf.* THE ECONOMIC REVIEW, June 27, p. 558). This enactment is the more iniquitous in that the payment of Customs duties on which the loan is secured is enacted in gold and yields sufficient to ensure full payment of interest and other expenses connected with the debt. If the Government is not in a position to meet its liabilities in full, then let it come to an arrangement with its creditors as a body without exceptions in favour of any given nationality. (The preferential treatment granted to British subjects by the payment of interest to them in gold has aroused considerable resentment in the Portuguese Press.) The internal loan has fallen considerably owing to lack of buyers. Of the other securities, banking shares are dull; the Tobacco Company's shares have fluctuated without any decided tendency; Portuguese rails rallied somewhat on an improved report; Benguella Bonds, which recently declined sharply on the coming issue of further securities, have recovered lost ground; the new 6½ per cent. Loan 1923 rose slightly. Other securities are dull owing to lack of buyers.

TRADE

A MARKET FOR TEXTILE FABRICS.

Foreign trade journals which keep a sharp eye on possible foreign markets have of late been informing their readers of Portugal's requirements in textile fabrics, chiefly supplied hitherto by Great Britain. The *Deutsche Leinen Industrielle*, in an article which the French *Nord Industriel* quotes as likely to be useful to its own readers, supplies the following information. Great Britain remains Portugal's main source of supply, especially in cotton fabrics. In 1920, the last year for which Portuguese trade returns are available, Portugal imported cotton fabrics to the value of 40.2 mill. escudos, of which 34.6 mill. came from Great Britain. In 1922 (according apparently to the British trade returns) exports of fabrics from Great Britain to Portugal amounted in quantity to 18,429,800 square yards as against 6,362,100 square yards in the preceding year, an increase of 200 per cent. But in the same year the export of raw cotton declined heavily, being 27,885 quintals as against 80,718 quintals in 1921, a decline ascribed to the rise in prices. The export of cotton from Angola in that year reached 740 t., an increase of 85 per cent. as compared with the figures for 1921. Manchester supplies zephirs, white shirtings and grey calico, while France competes in the cheaper qualities. There is a strong demand for up-to-date cotton goods, of which Manchester is again the principal purveyor, France and Austria coming next in close competition. Printed cotton fabrics are very popular both in Portugal and her colonies, which order this class of goods in large quantities. A British firm recently obtained an order for 20,000 yards of printed cotton in lengths of 20 yards, all of one pattern. British prices are, however, now too high to sustain competition, and are bound to come down. Raw cotton handkerchiefs 5 inches in width are chiefly sought after by the negro population of the Portuguese colonies, and are supplied mostly by Hamburg firms. During 1923 British exports of cotton fabrics to Portugal, Madeira and the Azores amounted to 23,757,300 square yards.

To the above information we may add the following extract from *France Textile*, which will serve to show why Portugal is so largely dependent on the foreigner for her supply of textile fabrics. The Portuguese textile industry is severely hampered by increased cost of production, which, compared with pre-war figures, has risen in the following proportions: fuel, 30 per cent.; chemicals, 40 per cent.; raw cotton, 75 per cent. If to these items be added rise in wages and reduction of hours of work, it will not be difficult to realise in to what a state the industry has fallen.

SOCIAL AND LABOUR CONDITIONS

COST OF LIVING.

The cost of living in Portugal has increased enormously since 1914, fairly steadily from that year until December 1919, and thenceforth with vertiginous rapidity, especially in the early months of 1920.

The following index numbers for 25 articles of food, lighting, heating, clothing, etc., reproduced from the latest report on social welfare show the rise in the cost of living since the war: July 1914, 100; July 1915, 111.1; July 1916, 137.4; July 1917, 162.3; July 1918, 292.7; July 1919, 316.8; July 1920, 551.6; July, 1921, 816.7; October, 903.6; 1922, January, 932.7; April, 964.2; July, 1,128; October, 1,302; 1923, January, 1,503.2; February, 1,519.9; March, 1,636; April, 1,630; May, 1,536; June, 1,714.3. Thus the cost of living by June 1923 had increased seventeen-fold since the outbreak of war. The social welfare figures apparently do not go beyond June 1923, but the *Commercio do Porto*, which supplies the above information, computes the increase up to date at twenty-fold.

The chief cause for alarm to thinking persons is not the actual rise in the cost of living itself, but the absence of measures to check it. Owing to the depreciation of the currency, certain articles of first necessity which have to be imported are rapidly rising in price, as the following table shows (the prices given being in escudos per kg.):—

	January 1922.	June 1922.	September 1922.
Sugar	1.8	1.6	2.6
Rice	1.1	1.1	1.9
Salt cod	3.0	3.1	4.6

SPAIN

FINANCE

THE NEW BUDGET.

A Decree published in the *Gaceta de Madrid* of July 1 contains the Budget estimates for the financial year 1924–25 commencing on that date, which show an expenditure of Ptas.2,941,724,894, of which Ptas. 2,570,635,871 represent general permanent expenditure, Ptas.366,427,057 special expenditure, and Ptas. 4,661,966 liabilities brought forward from the previous years, and a Revenue of Ptas.2,777,840,568, which gives an initial deficit of Ptas.163,884,326, as against Ptas. 31,339,000 in 1923–24 and Ptas.561,010,000 in 1922–23. The main branches of revenue, as compared with the last two financial years, show the following figures (in millions of pesetas):—

	1922–23.	1923–4.	1924–25.
Direct taxes... ...	712.1	940.5	1,010.7
Indirect taxes ...	654.2	1,028.3	1,060.3
Monopolies and State-managed undertakings	102.1	572.4	612.9
State property—			
Rents	23.0	23.0	38.6
Sales	0.5	0.4	0.4
Treasury resources (loans, etc.) ...	50.6	52.0	54.6
	1,842.7	2,617.0	2,777.8

The estimates to meet interest on the Perpetual Interior 4 per cent. Loan have been increased to cover interest on a further issue of the Internal Loan or of Treasury bonds during the year, authorised by the Decree. The floating debt to be issued by the Treasury during the year is limited to a fourth of the expenditure estimates. Credits to guarantee interest on secondary and strategic railways are increased up to 15 millions, and the Decree authorises expenditure on repairs, maintenance and construction of highways to the extent of Ptas.74 million, and the preparation of a scheme for similar works to extend over the next eight years. Authorisation has been granted for the creation of a service of postal cheques, for the organisation of the Directorate of the Mint and Stamp Department, and the assignment of the formation of the Ordnance Survey to a department attached to the Ministry of Finance. The Decree proposes to simplify and render more equitable the taxation laws. The Military Directory is anxious to make the Budget clearer and more honest so as to give an exact appreciation of the financial position of the country. The Directory intends to enforce a stricter administration of the public services. (It will be noted that this year the estimates, instead of being submitted to Parliament, have been prepared in the departments and promulgated by Decree.)

Authority is given in the Budget for the issue or negotiation of Government stock in order to cover the deficit, as well as to meet temporary or extraordinary expenditure in connection with public works.

A comparison of the 1924–25 Budget with that of the preceding year shows a decrease of Ptas.106,661,148 in expenditure, this saving having been effected owing to substantial reductions in the credits granted to the War Office and for the Moroccan campaign. (*España Económica y Financiera.*)

RECENT FINANCIAL REFORMS.

Several reforms with a view to the simplification and co-ordination of the administration of the national finances have recently been promulgated by Decree. Thus, on June 19 a Decree was published creating a supreme Tribunal of Finance in substitution for the Audit Office of the Kingdom, the General Accountancy Department of the State, and the Civil Accounts Department for the Spanish Protectorate in Morocco. A Decree of June 21 has reorganised the central and provincial services of the Ministry of Finance, of which a certain number of offices for the collection of revenue (taxes, rents and duties, tobacco and stamps) will be henceforth united into one department, entitled the General Directorate of Public Revenue. A general Treasury Accounts Department has been created to concentrate the functions hitherto distributed among various departments.

The National Council of Economy has been definitely constituted, but its activities will be confined to the preparation of Treaties of Commerce. A Decree will soon be issued for the revision of the system of supervision and control of joint stock companies. (*Exportateur Français.*)

THE DIVIDEND OF THE BANK OF SPAIN.

The Board of the Bank of Spain has decided to distribute a dividend for the first half of the current year of Ptas.55 per share, the same as for the first half of 1923. This will absorb Ptas.19,470,000. The profits for this half-year show a slight increase of Ptas.400,000. The dividends distributed by the Bank during the last ten years for (*a*) the first half-year, (*b*) the entire year, were as follows per share: 1914, 1915 and 1916, each (*a*) 47.50, (*b*) 100; 1917, (*a*) 50, (*b*) 100; 1918, (*a*) 50, (*b*)105; 1919, (*a*) 60, (*b*) 125; 1920, (*a*) 65, (*b*) 130; 1922, (*a*) 65, (*b*) 140; 1923, (*a*) 55, (*b*) 120. (*España Económica y Financiera.*)

TRADE

FOREIGN TRADE IN 1923.

The newly founded Council of National Economy has inaugurated its labours with a compilation of Spain's foreign trade figures for 1923 as compared with the previous year, an initiative welcomed by *España Económica y Financiera*, which reproduces the Council's figures as highly valuable to the business world.

The following table shows the value of the main classes of imports and exports (in millions of pesetas) :—

Imports.	1922.	1923.
Live stock...	18.5	29.2
Raw material	971.8	966.9
Manufactured goods	1,399.9	1,621.7
Foodstuffs	648.7	441.7
Total	3,039.0	3,059.5
Exports.		
Live stock...	3.6	0.8
Raw material	329.4	369.8
Manufactured goods	281.0	343.0
Foodstuffs	781.4	877.9
Total	1,395.5	1,591.7

In addition, Spain imported gold in bullion and specie to the value of Ptas.0.1 mill. as against 2.4 mill. in 1922, and silver to the value of Ptas,3.1 mill. as against 0.6 mill., and exported gold and silver to the value of Ptas.0.02 mill. and 0.4 mill. as against 0.06 mill. and 4.0 mill. respectively.

The Customs duties collected in 1923 amounted to Ptas.501.2 mill. as against 502.9 mill. in 1922, a decline of 1.7 mill.

SOME EXPORT AND IMPORT FIGURES.

The following figures relating to Spain's trade in certain commodities are supplied by *España Económica y Financiera.*

Spain does a considerable trade in the export of garlic, chiefly to America. The average annual export is about 45,000 metric quintals, although in some years it reaches 75,000. Garlic, chiefly produced in the Bañolas district, is liable to disease, notably the "coixa," which constitutes a serious impediment to its cultivation.

Returns published in connection with the international poultry show recently held in Madrid show a deficiency of egg production in Spain. The import of eggs of recent years, chiefly from Morocco and China, was as follows: 1919, 1,484,173 kg.; 1920, 646,192 kg.; 1921, 1,813,727 kg., the value being Ptas. 2,419,202, 1,053,190 and 2,956,375 respectively. As Spain possesses some 25 million hens, home production is very low and might be considerably increased.

According to the *Boletin Oficial*, published by the Customs, some 10,356,774 kg. of maize were imported, but no import of other cereals is recorded.

The value of the import into Spain of steel pens during the period indicated was as follows: 1917, Ptas. 176,101; 1918, Ptas.218,059; 1919, Ptas.293,444; 1920, Ptas. 638,090; 1921, Ptas. 382,191. Of this value Great Britain supplied Ptas.193,868; Germany, Ptas. 80,308; Belgium, 5,814; the United States, 11,628; France, 70,176; Holland, 1,360; Norway, 1,632; Switzerland, 17,408.

The Government has authorised the import of 15,000 t. of sugar, white and granulated, for national consumption. This sugar may be sold in the port of landing at a price exceeding Ptas.165 per 100 kg. Regular dealers in sugar will be authorised to import this amount in quantities of not less than 500 tons and not more than 3,000 t. The minimum duty will be Ptas.45 per 100 kg., and the whole amount must have been imported before August 1. Applications must be made to the Central Supply Board, which will keep an account of the amounts imported in order to regulate distribution.

THE MODUS VIVENDI WITH GERMANY.

The commercial *modus vivendi* with Germany, which has for some time past been renewed from month to month, was, as anticipated (*cf.* The Economic Review, June 27, p. 559), allowed to lapse at the end of June, and is therefore no longer in force. Germany demands, in the first place, the abolition of the dumping duties on German goods, which renders impossible the introduction of the latter into Spain. On the other, Spanish manufacturers, especially those of Catalonia, demand a revaluation of the amounts of paper marks in the hands of Spanish business houses. It is on these two questions that the discussion of Spain's ultimate commercial relations with Germany will hinge. (*Exportateur Français.*)

INDUSTRY

PRODUCTION, CONSUMPTION AND EXPORT.

España Económica y Financiera, analysing the value of industrial production in the year 1922 in the whole country in relation to the national exports, gives the total figures of production by all branches of industry at Ptas.16,771 mill., of which Ptas.15,459 were consumed at home and Ptas.1,312 were exported. The distribution of this production and corresponding consumption among the main branches of industry is shown below (in millions of pesetas) :—

Mining.—Production of raw minerals, 500.9; worked minerals and metals, 569.2; home consumption, 724; export, 346.

Agriculture.—Production, 9,201.3, composed of garden plants, 610.1; tree and bush fruit, 446; olives, 647.6; grapes, 792.1; industrial plants, 206.9; roots, etc., 860.3; cereals and leguminous plants, 4,501.6; fodder, 437.3; special growths, 34.9; pasturage and forestry, 644.1; consumption, 8,544; export, 657.

Industrial Products.—Production, 6,500, composed of textiles, 2,150; flour, preserved foods, sugar, etc., 1,900; metals, 950; leather and tanning, 400; timber and cork, 350; manufactures from stone and earth, 300; chemicals, 150; clothing, 150; various, 150; home consumption, 6,191; export, 309.

According to figures published in the *Revista Económica*, the annual consumption of coal in Spain is 7,500,000 tons, of which 6,200,000 tons are produced in the country, the remaining 1,300,000 tons being of foreign origin. The principal consumers are: Railways, 1,600,000 tons; smelting industries, 1,500,000 tons; domestic consumption, 1,400,000 tons; coasting and fishing vessels, 750,000 tons; sugar refineries and cement factories, 450,000 tons; gas and lighting, 400,000 tons. The consumption of coal by each inhabitant per annum works out at 375 kilogrammes, against 3,700 kilogrammes in England.

THE CORK INDUSTRY.

Catalan bottle cork manufacturers are complaining of the decline of their industry, which before the war exported to the value of 50 million pesetas and employed 15,000 hands of both sexes, but the export of which is now reduced by two-thirds. They attribute this decline to the freedom from export duties of raw material and to the high tariffs on the manufactured articles imposed by other cork manufacturing countries which receive their raw material free of duty. The duties on the import have certainly been raised by the following countries: by Italy, from 15 lire per 100 kg. in 1913 to 58.50 to-day; by Belgium, from 10 francs to 105; and by France, from 12.20 to 105 or 120. The producers of the raw material complained of the difficulties in the way of sale, but now they export free of duty, thereby depriving the revenue of 50 millions of pesetas, which would be derived from national wealth. The producer enjoys a privileged position with regard to the manufacture of cork and could easily compete with the foreigner, who to-day acquires his raw material in Spain to the detriment of the native manufacturer. The difficulties of the manufacturer of Catalonia are also increased by the high railway rates, amounting to from 105 to 130 pesetas from Estremadura and Andalucia, the chief cork growing provinces, whereas cork can be shipped overseas at much lower rates. (*España Económica y Financiera.*)

KRUPP'S INVASION.

Details of the foundation by Krupp's of a large shipbuilding combine on the East Coast have already been given in these pages (THE ECONOMIC REVIEW, June 6, p. 500), and now, according to the *Journée Industrielle*, the Essen firm, after having firmly established itself on the Mediterranean Coast, has begun to turn its attention to the north. Active negotiations are on foot between Krupp and the iron and steel works of Mieres in Asturia, while the German syndicate has simultaneously made overtures to other iron and steel undertakings in the north-west and to the owners of chemical works.

It should be added that the German engineers are striving to draw into this vast industrial combine the blast furnaces of Sagunto, the most important in the country, and possibly the iron mines of Melilla (Spanish Morocco). Krupp is thus engaged in the economic conquest of the country, and in addition to the commercial advantages to be derived from this operation, carried out with Spanish money be it said, the German metal industry also acquires strategic positions of the highest importance. It is interesting to note the support accorded by the German Government to these activities. Berlin has just called upon Spain to suppress before June 30 the coefficient imposed upon goods coming from countries with a depreciated currency. There is no mistake about this ultimatum; if satisfaction is not obtained a tariff war will break out between the two countries, but if the coefficient is suppressed certain advantages will be accorded to Spanish fruit and wines entering Germany. For the present no final commercial treaty between the two countries would be negotiated, but only a provisional convention. (The *modus vivendi* has ceased to operate since June 30; see above, under Trade.) Only after January 1, 1925, when certain economic clauses of the Treaty of Versailles will have lapsed, will Germany be ready to establish stable commercial relations with Spain. The pioneers from Essen make no secret of the hopes they have founded on Spain, and they are backed by their Government. It is, in fact, the *Drang nach Westen.*

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	10	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

MIDLAND BANK LIMITED.

The statement of accounts of the Midland Bank Limited, made up on June 30, 1924, compares as follows with the position shown by the Bank on June 30, 1923: Capital paid up, £11,974,355 as against £10,860,852; reserve fund, £11,974,355 as against £10,860,852; current, deposit and other accounts (including balance of profit and loss account), £358,416,826 as against £347,900,203; acceptances and engagements on account of customers, £30,437,632 as against £26,380,696; making a total of £412,803,168 as against £396,002,603. The following statement shows the proportion of the assets to current, deposit and other accounts (including balance of profit and loss account) on June 30, 1924, and in brackets on June 30, 1923:—Coin, bank and currency notes and balances with the Bank of England, 15.3 per cent. (14.9 per cent.); balances with, and cheques in course of collection on other banks in Great Britain and Ireland, 4.3 per cent. (4.2 per cent.); money at call and short notice, 5.1 per cent. (5.9 per cent.); investments, 11.3 per cent. (10.9 per cent.); bills discounted, 13.2 per cent. (13.0 per cent.); advances to customers and other accounts, 54.3 per cent. (54.6 per cent.).

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

SPECIAL ARTICLES

THE CRUDE RUBBER SUPPLY: AN INTERNATIONAL PROBLEM.*

By HARRY N. WHITFORD.

Until a comparatively short time ago the United States was dependent for its crude rubber supplies on wild sources, located mainly in South and Central America and in Africa. For a number of years the annual production of wild rubber ranged around 60,000 tons. Then about the year 1870 certain far-sighted Englishmen began to see the possibilities of producing Brazilian rubber in their Eastern colonies; and in 1876 young trees, propagated in Kew Gardens, London, from seeds collected in Brazil by Sir Henry Wickham, were sent to Ceylon, India and Malaya. It was some years, however, before planters took any interest in this cultivation and it was not until 1907 that exports of plantation rubber reached 1,000 tons annually.

These exports gradually increased, as the result of planting which had taken place some years before when planters began to seek crops to replace coffee, sugar, and other products which had had disappointing results. By 1910 7,000 tons were exported; in 1911, 14,000 tons; in 1912, 30,000 tons; and in 1913, over 50,000 tons. From this date forward the predominant position of plantation rubber was assured, and supplies of wild rubber showed a gradual decline in the face of Eastern competition.

Thus in the course of a few years America's dependence on rubber shifted from the American continent to Asia.

Some Statistics regarding the Industry.

The world's export of rubber in the year 1923 was valued at $240,000,000, of which the United States imported $185,000,000 worth, or 77 per cent. of the total.

Ninety-five per cent. of the rubber used to-day comes from plantations located in one geographical region—south-eastern Asia and the neighbouring islands—and in districts under the control of Great Britain, Holland and France. In all, some 4,200,000 acres are planted with Para rubber. Of these 69 per cent. are located in the British Possessions, 53 per cent. being in British Malaya, 10½ per cent. in Ceylon, and the remainder in southern India, Burma, British North Borneo and Sarawak. The Dutch East Indies contain 29 per cent. of the total acreage, of which the island of Sumatra has 17 per cent. and Java 9½ per cent.; the remainder lies in Dutch Borneo. The French possession of Indo-China has a planted area equal to 2 per cent. of the total.

Turning to a consideration of the method of control, we find that there are two main classes of plantations, viz. European and Asiatic. The so-called European plantations constitute 2,800,000 acres. This is two-thirds of the whole and represents a total capital investment of $750,000,000, divided as follows among the different nationals interested:—

	Capital invested.
Great Britain ...	... $489,000,000
Netherlands ...	... 130,000,000
Japan	... 40,000,000
United States ...	... 32,000,000
France and Belgium ...	27,000,000
Other European	... 47,000,000

The estates represented by this large investment are as a rule highly organised; in general they practise intensive methods of cultivation, are well equipped with factories, buildings for the European and native staff, hospitals and roads, and have the direct or indirect assistance of scientific experts to look after the welfare of the planted stock and to improve this stock so as to get greater yields per acre.

The Asiatic or native plantations cover some 1,400,000 acres, the largest areas being found in British Malaya and Sumatra. In British Malaya they are controlled by the indigenous native population and immigrant Chinese; in the Dutch East Indies by Javanese and a few Chinese. The individual units in these plantations vary in size from a garden plot of a few trees to an area of something under 25 acres (in a majority of cases), though some few contain 100 acres or more. These small plantings are as a rule strictly family affairs, with no capital invested other than the labour of the owner and his family and perhaps of a few retainers who might be under his control. Generally speaking, primitive methods are used in caring for these plantations; the rubber that reaches the local primary markets from them is poorly prepared, containing a large percentage of moisture, and is washed and dried before being shipped to the consuming markets of the world.

These are the main facts which must form a background for any discussion of the international problems that have arisen in recent years, mainly out of the attempt the British have made to raise the price of rubber by restricting exports from the territories under their control.

Projects for Artificial Control of Output.

Until the year 1920 the price of rubber was sufficiently high—despite the gradual decline from the level of 1910—to yield profits handsome enough to stimulate capital to invest in new plantations. From 1906 to 1920 on the average 250,000 acres were planted each year. During this time there was no year in which the acreage planted fell below 100,000, and even in 1921 more than this amount was set out. Since it takes from four to six years for a rubber plantation to become tappable, the industry as a whole did not realise that the plantation area was becoming so large that the production would exceed the demand.

For ten years previous to the war the average London yearly price of rubber was 5s. 6d. At no time did it fall below 3s., and one year it registered as high as 12s. 9d. During the war it averaged 2s. 6d., and never dropped much below 2s. For the five years since the war, the average price has been about 1s. 4d. For the years 1919–20 it was 2s., and in the latter year registered as low as 10d. This price, the lowest to date, so alarmed the plantation owners that the Council of the Rubber Growers' Association, in London, met to consider possible remedies for the situation. Production of crude rubber was continuing to increase and the 1920 crop was exceeding that of 1919 in spite of the prevailing adverse conditions in the consuming markets and in spite of the declining output of wild rubber, especially from areas outside of Brazil.

The result of the deliberations of the Council of the Association was a plan calling for the voluntary restriction of output. This plan stipulated a reduction of output by twenty-five per cent. for a period of one year, beginning November 1, 1920. The Association also invited non-member planters to adopt the same restriction plan. About ninety per cent. of the members agreed to the proposal, but amongst the non-member growers the policy was not welcomed. This was particularly true of the Chinese and other native plantation owners who had a very low cost of production. Since the Association controlled only one-third of the total British-owned plantation area it was evident that a policy of non-co-operation on the part of non-members would destroy any restrictive plan; and although an effort was made to continue the operation of the plan, the idea in general soon proved a failure.

The discouraging situation of the industry continued, however, and became even more critical in 1921. While

* Reprinted from *Foreign Affairs*, an American quarterly review, New York, June 15, by special permission of the Editor.

prices continued to decline, reaching a new low level of 8d., the London stocks of rubber increased to over 70,000 tons. It was proposed that a controlling company, to be known as the Rubber Producers' Corporation, be organised for the purpose of exerting effective control over output. As this plan lacked the necessary support the British Colonial Office, which had so far maintained a policy of "hands off," became interested in October 1921 to the extent of appointing a Committee to study the question and suggest necessary remedies.

In the meantime, due to the material increase in industrial activity and the general confidence in an eventual satisfactory outcome of the raw rubber situation, the market began to respond favourably; more takings were in evidence and were reflected in slight price increases. At the end of December 1921 rubber closed at 10¾d. per pound as contrasted with the low level of 8d. in June. The Committee appointed by the British Government was now ready to make its report; and while duly impressed with the gravity of the situation, it firmly refused to favour the adoption by the Government of any restriction plan unless it was with the support and co-operation of the Dutch Government. The report was issued early in 1922. Coupled as it was with the knowledge of the failure of the voluntary restrictive plan of the Growers' Association, it let the bottom out of the rubber market again, with the result that a new decline started; and in August, when the Dutch Government officially stated its unfavourable attitude to a restriction plan, the price of rubber reached its lowest figure—6⅜d.

But by now the worst of the crisis was over. Activity in the American automobile and tyre industries was increasing. Business was becoming normal. In fact, with the increased development of manufacturing industries the consumption requirements under full working conditions indicated that the natural law of supply and demand would, within a reasonable time, raise the price to such a level that any artificial methods to stimulate the market would not be necessary. The large surplus stocks, it should be noted, had been gradually decreasing during 1922.

In the face of these encouraging signs the Special Rubber Committee of the British Colonial Office nevertheless presented a supplementary report on October 2, 1922, in which they reversed their previous judgment and strongly urged an immediate scheme of Government intervention and control to be put into effect in Ceylon and British Malaya.

British Government Control and its Results.

The Act resulting from these findings, known as the Stevenson Restriction Act, provided for a "standard production" for each rubber estate based on the actual output of that estate for the year ending October 31, 1920, plus an allowance for production from new areas. A certain percentage of the total standard production was allocated for exportation in each quarter, depending on the average price of rubber during the preceding quarter. For the first quarter period of the operation exportation was set at 60 per cent. of the total standard production. An average price of from 1s. 3d. to 1s. 6d. during a stated quarter would bring about an additional release of 5 per cent., or 65 per cent. of the standard production; an average price of 1s. 6d. to 1s. 9d. would result in a 10 per cent. release. Inversely, if the price should average less than 1s. per pound during a three months' period, a reduction of the percentage of release by 5 per cent. was provided for the following quarter.

It was the Stevenson Restriction Act that forcibly brought to the attention of the American public our dependence on foreign sources for our supplies of so important a commodity as crude rubber. To be sure, manufacturing concerns in the United States using the product had been long aware of this; but it took a regulation of a foreign power that interfered with the law of supply and demand to awaken general interest in the matter. As a result Congress was induced to appropriate funds to investigate the crude rubber situation and the situation of other commodities under foreign control.

Restriction has now been in force eighteen months. Before the Stevenson Act went into effect the price of rubber was on the up grade, due to increased demand in the United States, and it is believed by many that a level of at least 1s. (the present price) would have been maintained had restrictive measures not been applied, though advocates of the measure will not admit this. The psychological effect of the measure was to force the price up to as high as 1s. 6d., and for 1923 an average level of a little below 1s. 3d. was maintained, which met the expectations of the moderate advocates of the measures.

There have been two unforeseen happenings, however, which have lessened the effects of restriction. For one thing, the adoption of restrictive measures advertised to the world that there is at present a potential over-supply of rubber. Consequently users of the product do not fear a shortage, with the result that they do not feel the necessity of carrying such large stocks as formerly.

The higher prices, moreover, stimulated the production of rubber in the Dutch East Indies. Especially was this true of the holdings of the native planters. In fact, the increased supply of rubber coming from these holdings during the year 1923 just about offset the reduction in the British colonies due to restriction. This has precipitated another international controversy—this time between the Dutch and the British. The British planters claim that the Dutch are reaping the full benefits of their restriction measures without carrying any of the burdens. The Dutch reply that the holdings of the British and Dutch in Sumatra and Java have adopted more conservative methods, and that the slight increase of rubber that has come from the districts where these holdings are located can be accounted for by new areas coming into bearing. They state that the problem of controlling the output of the native holdings is too great for them to undertake, and that they believe in any case that the problem should be met by economic and not legislative measures. Up to the time of writing, the Colonial Office in Holland has resisted firmly all efforts of the British to induce the adoption of restrictive measures in the Dutch East Indies.

The Dangers of Control.

It cannot be said that a London price of 1s. 3d., which the moderate advocates of restriction hoped to maintain, is an unfair one. Neither can it be stated that there is a disposition on the part of the present British leaders of the rubber plantation industry to abuse their power of control at the expense of American consumers. The potential output now exceeds the demand.

But the demand is expected to increase rapidly during the next few years, and the power represented by centralised control over a large part of the planted area is a factor which American industry cannot afford to neglect. We have no certainty that the American consumer will be treated with the same degree of consideration when the market is moving against him as is shown him when it is moving against the producers. It was such a danger (in so far as crude rubber is concerned) that the Secretary of Commerce foresaw when he advocated an amendment to the Webb-Pomerene Act to grant legislative sanction to a combination of buyers of foreign-controlled commodities. Such a combination—used only in case of necessity—might be expected to offset, to a degree at least, conditions arising through any abuse of the power to restrict the output of rubber. The international results of the announcement of this move are seen in efforts of the British rubber growers to bring about a sellers' organisation better to control the price of rubber. Incidentally, it may be stated that there is no legislative act in Great Britain against the organisation of a selling combination.

(To be continued.)

THE CAPITAL LEVY AND ITS RESULTS.

(*Continued.*)

The following account of the institution of the capital levy in Hungary was supplied by M. Horn. After the Bolshevist reign of terror, which nearly ruined the country, had come to an end, the lawful Government was faced with a very complicated financial situation, and in order to avoid a catastrophe drastic measures had to be adopted. The capital levy was imposed on the following classes of property: cash in the bank on deposit and current account; the share capital of joint stock companies; the capital of co-operative societies; foreign securities; land; stocks of goods; industrial businesses; Government stocks (Rentes d'Etat); in fact, every kind of property owned by the taxpayer, and in order to prevent concealment the most rigorous investigation was exercised. The rate of the levy was graduated from 5 per cent. on property not exceeding 10,000 kronen to 20 per cent. on 100,000 kronen and upwards. The tax on landed estates might be paid in three years, but proprietors of over 517 hectares (about 1,300 acres) had to transfer to the State such portion of their estates as corresponded in value to the amount of the tax. This transfer of land was no encumbrance to the State, since it was distributed among agriculturists who owned no land. The levy of 20 per cent. on the capital of joint stock companies was effected by the delivery of 20 per cent. of the shares of such company or by payment of their value in cash. Some preferred the latter alternative in order to avoid Government supervision of their business. It, however, generally happened that those companies which had delivered their shares found it convenient to buy them back. The rate of the levy on goods was 6 to 15 per cent. and on private and industrial firms 10 per cent. The bulk of the proceeds of this levy was intended to redeem the Government's debts and to stabilise the currency. But by reason of the Budget deficits the Government was forced to use these proceeds for the purpose of current expenditure. This proceeding soon ended in disaster, and the levy is renewed each year in the form of an annual tax, thus rendering vain all the sacrifices made by the taxpayer and leading rapidly to the destruction of capital, that is to say, of the national wealth. In Hungary private income and the earnings of companies are doubly taxed, namely in respect of both income and capital. With this superimposed taxation it might easily happen that the taxes payable by companies as well as private individuals exceeded their incomes, so, in order to prevent this, an Act has been passed providing that the combined taxes shall not exceed 75 per cent. of the yearly income.

An element of comic relief was introduced into the debate by another foreign member of the Society, M. Miranda, who, posing as *advocatus diaboli*, asserted that the levy on capital had given very satisfactory results in his country, Nicaragua, and cited by way of illustration a certain large fortune, the capital tax on which only amounted to $26 a year. M. Truchy curtly pointed out that this payment was merely a tax on income and not on capital.

A CRITICISM OF THE TAX.

M. Truchy concluded his paper with a criticism of the tax from the point of view of justice and equity. But reasons of mere justice were not taken much into consideration by the Revenue authorities. The principle of the levy was grossly unfair, as it only demanded sacrifices from the owners of capital, whereas professional earnings were often larger than income from invested capital. For example, a doctor or a barrister who made Fr.300,000 a year, which he spent, was in the eyes of the Revenue a proletarian without capital, while some poor wretch who had laboriously saved that amount, not a vast fortune nowadays, was mulcted in 30 per cent. of his capital. Such an anomaly offended one's sense of justice, since the Revenue ignores the spendthrift and strikes at the thrifty man.

Again, the value of capital must be fixed at a given date as in Italy, where Jan. 1, 1920, was fixed as the date of valuation. This would be quite equitable were the full amount of the tax payable at once, but it was quite otherwise when payment was spread over a number of years, since between the dates of valuation and payment the value of the property might undergo alteration in either direction. Apart from considerations of equity the actual levy offered material difficulties. It was almost impossible to value in a given country at a given moment every class of property, such as the capital value of a business or of land. Austrian and German legislation contained very complicated provisions on this subject without producing satisfactory results, and moreover in Germany land had been very leniently treated. To attempt a just valuation of capital was to build on sand. Again, supervision and control were almost impossible to exercise in the valuation of capital, in some cases control being easy and in others extremely difficult, whence arose another glaring injustice. The difficulties in the way of the levy were very great, as had been experienced in Italy, since realisable assets constituted a very small part of capital, which included securities, business, and landed property not always readily negotiable. Thus the Government found it difficult to collect liquid assets of any great value in two or three years. Further, to levy a tax on capital was to afford to legislative assemblies yet another opportunity of increasing taxation; for example, in the case of the taxable minimum. This was at present 50,000 lire in Italy, and in 1919 it was 5,000 marks in Germany and 30,000 kronen in Austria. The grasping spirit would become equally manifest in determining the rate of the tax. In Italy the rate was 50 per cent. on fortunes exceeding 100 million lire, on amounts in excess of 10 million kronen in Austria and of 7 million marks in Germany it was 65 per cent.

The tax offered yet another danger. The legislator might affirm in perfect good faith that the tax was non-recurrent, but it would be difficult to convince the public, which went in perpetual fear that the Government would repeat the experiment, and this fear rendered the value of all property hazardous and uncertain. To sum up, the levy on capital afforded no opportunity of discharging the nation's financial liabilities in a short time, and it was moreover extremely dangerous. The speaker concluded with a fervent hope that the new Chamber would not risk the adventure.

THROUGH THE REVIEWER'S EYES

The Canada Year Book 1922-23: *Official Statistical Annual of the Resources, History, Institutions and Social and Economic Conditions of the Dominion.* Published by Authority of the Hon. Thos. A. Low, M.P., Minister of Trade and Commerce. (Ottawa: F. A. Acland, King's Printer. Price, $1.75.) The thousand and odd pages, eleven maps and seventeen diagrams which go to the making of this volume are a veritable encyclopaedia of information with regard to our American Dominion. Mr. R. H. Coats, Dominion Statistician, in a commendably brief Preface, though much to the point, very justly observes that "A fundamental purpose of statistical organisation is the securing of an *aperçu* or conspectus of the country as an entity, especially as regards its manifold social and economic activities, which are thus viewed both in their totality and in their relations to each other," and this is what has been achieved with ever growing completeness in the successive editions of the *Canada Year Book*, on the latest issue of which it would be difficult to improve. To describe it briefly, the Year Book is a compendium of official data on the physiography, history, institutions, population, production, industry, trade, transportation, finance, labour, administration, and general social and economic conditions and life of the Dominion—"the whole conceived from the widest point of view and presenting the more salient statistics of the country against a background of interpretative matter designed to bring out their significance." Among the special features of the present edition to which Mr. Coats directs attention are the contributions by Sir Frederick Stupart, Director of the Meteorological Service of Canada, on the factors which control Canadian weather and on the development of the Meteorological Service; the expanded treatment of parliamentary representation in Canada and of provincial governments and ministries; the summary of the principal data collected at the census of 1921 and the first detailed treatment of vital statistics; the addition to the production section of a general survey of production and of a sub-section on construction, and the development of the other subsections under this heading; the more adequate treatment of internal trade; the insertion of sub-sections on roads and highways and on aerial navigation in the transportation and communications section; the publication of the Statistical Bureau's new index number of wholesale prices and of its statistics of retail prices; the introduction into the finance section of a discussion of national wealth and national income; the adding to the administration section of an entirely new subsection on "public health and public benevolence," also of a select bibliography of leading books relating to Canadian history. Anyone familiar with the Year Book will readily appreciate the scope and value of these improvements. Business men, journalists and students will find this volume an indispensable work of reference, not the least merit of which, and deserving of a special word of praise, is an exhaustive index extending to twenty-three pages, with probably not less than three thousand entries. W.

Indian Journal of Economics. Issued quarterly by the Department of Economics of the University of Allahabad. April 1924. (London: Macmillan & Co. Ltd. Price, Rs.12 per annum; single copy, Rs.3.) India under a process of rapid industrialisation is providing at the present moment much material for the student of Economics. The problems Indian economists are facing are of a type which must sooner or later be understood by others outside India, and, what is almost as important, we cannot neglect to examine the remedies proposed by current Indian economic thought in regard to those problems. The more prominent of British economists have given considerable time and work over to the study of Indian questions, and it becomes therefore all the more interesting to watch the growth of the influences which are colouring native proposals in regard to industrial development in India. In calling the attention of our readers to this *Indian Journal of Economics* we do so knowing full well that a publication of its nature is surrounded by so many difficulties that it cannot even hope appreciably to widen the limited sphere of its circulation. It, like so much else that is good in the study of Economics, is a University product. The April number which has just reached us is interesting for the reason stated above—it indicates a definite trend in Indian economic thought. Two contributions are particularly searching and most illuminating, and if we quote them at any length it is in the hope of giving wider publicity to the views expressed in them. They are "Protection to the Indian Steel Industry," by Mr. A. Ramaiya, and, "The Financing of Indian Industry," by Dr. P. P. Pillai. Both contributions are concerned with problems which are inherent in the evolution of an industrial system; they detect the peculiarly Indian drawbacks and encumbrances in the way of free and spontaneous developments, and display an anxiousness to profit from the history of European industrial experience. In Mr. Ramaiya's opinion the utilisation of foreign capital is most essential to the development and equipment of Indian industries. In regard to the steel industry he is faced with the problem of the scarcity of capital. He concludes: "Though the Fiscal Commission would seem to be hopeful of a sufficient supply of native capital for all the country's industrial enterprises, one who understands deeper the real economic situation in the country and the poverty of its people may well suspect the financial strength of the country for such large industrial undertakings as developing the iron or steel works which involve large and complex plant, and the laying out of extensive railways, both of which require enormous capital resources. Foreign capital has therefore been necessarily resorted to, though India views with suspicion the employment of foreign capital for developing Indian industries, on account probably of their tendency to restrict the scope or diminish the chances for native control of such industries." As the Indian Fiscal Commission themselves point out, "apart from the intrinsic benefits of increased supplies of capital the foreigner who brings his capital to India supplies India with many things of which at her present stage she stands greatly in need. It is on the whole the foreign capitalist who imports into the country the technical knowledge and the organisation which are needed to give an impetus to industrial development. It is to him that we must look largely at first for the introduction of new industries and for instruction in the economics of mass production. By admitting foreign capital freely India admits the most up-to-date methods and is assimilating those ideas. If she tried to exclude them, the policy of industrialisation which we contemplate could with difficulty be brought to a successful pitch. We hold therefore that from the economic point of view all the advantages which we anticipate from a policy of increased industrialisation would be accentuated by the free utilisation of foreign capital and foreign resources." These remarks Mr. Ramaiya considers apply with particular force to the iron and steel industry. Without the full employment of foreign capital not much can be done; "it will not be enough to give it protection by means of bounties or import duties; the more necessary condition for it is the creation of facilities for an adequate supply of skilled labour, technical knowledge, business power, and capital." In the article entitled "The Financing of Indian Industry" Dr. Pillai is not so plain-spoken in advocating his view of the capitalist sources to be tapped by Indian enterprise. He surveys very thoroughly the whole field of banking possibilities, and we conclude from his facts that by schemes of unification and co-ordination, and freedom from certain statutory limitations, the Imperial Bank of India could operate in a manner which would attract some of the internal wealth of India into channels which could be turned towards financing industry. He is distrustful of the optimistic estimate which places a volume of wealth behind the traditional habit of hoarding. But, that there are undoubted supplies within the country, which would filter into deposit accounts if confidence in the banking world could be inspired universally, is proved by the tremendous increase in deposits during the last forty years. Moreover, deposits in the Post Office Savings Banks and Co-operative Societies show similar tendencies to grow, and such we take to be signs of "idle capital" which might be mobilised for industrial purposes. Dr. Pillai remarks, à propos of this, that the conservatism of Indian capital has a preference for safety rather than profits. But if we are to accept Mr. Ramaiya's position concerning the imperative utility of foreign capital in financing Indian industry we should have thought it also a momentous opportunity for the judicious co-operation of the utmost available quantity from internal sources. Dr. Pillai is attracted by both the German and Japanese systems of Industrial Banks, but, he writes, "In the absence of the specialised business opinion and expert advice which are of the very essence of a successful system of industrial banking, it is to be feared that India will have to wait for some time before the problem of industrial finance may be left to such banks." In conclusion we will give an extract from which will be gathered the main direction in which Dr. Pillai is looking for an early solution of the problem of financing Indian industry. He writes: "By far the most important item in the Indian industrial programme of the immediate future is the part that Government is called upon to play in the provision of current resources. As in the nature of the case as affecting all oriental people, the people of India demand of their Government, not a mere removal of difficulties and hindrances to economic development, but an active intervention on their behalf, and a lead at once forceful and inspiring. They quote the example of Japan, and urge that, in the absence of adequate provision being made by the Government to make capital available for industries, the progress so eagerly desired will be indefinitely delayed. The Indian Industrial Commission had made some detailed recommendations as to how Government may safely advance funds for industrial purposes, the principle of which was accepted by the Government; and at least one Provincial Legislature has now ventured to pass an Act for the giving of State aid to industries." Thus, from these contributions to the *Indian Journal of Economics* it will easily be discerned that the task of financing Indian industries has arrived at economic cross-roads, the one leading to State control, the other in the direction of free and individual enterprise.

H.J.H.

PUBLICATIONS RECEIVED.

French-English and English–French Dictionary of Technical and General Terms, Phrases, and Abbreviations used in Finance, Banking, Currency, Foreign Exchange and Stock Exchange Transactions, Company Work, Accountancy, Secretarial and Office Work, and Allied Subjects. By J. O. Kettridge, F.S.A.A., A.C.I.S. (London: George Routledge and Sons, Limited. Price, 10s. 6d. net.)

International Social Progress: the Work of the International Labour Organisation of the League of Nations. By G. A. Johnston, M.A., D. Phil. (London: George Allen & Unwin Ltd. Price, 10s. 6d. net.)

Journal of the Royal Statistical Society, May 1924. (London: Royal Statistical Society. Price, 7s. 6d.)

Keskinäinen Henkivakuutusyhtiö Suomi 1890–1920.

Official Year Book of the Commonwealth of Australia, 1923. Prepared under instructions from the Minister of State for Home and Territories by Chas. H. Wickens, F.I.A., F.S.S., Commonwealth Statistician. Editor, John Stonham, M.A. (Melbourne: Albert J. Mullett, Government Printer.—London: Australia House, Strand, W.C. 2. Price, paper, 3s. 6d.; cloth, 4s.)

Social Insurance: What it is and what it might be. By Alban Gordon, B.Sc., F.C.S. (London: The Fabian Society and George Allen & Unwin Ltd. Price, 6s. net.)

The Manchester Guardian Advertising Review: a Brief Notice of some of the Theories and Principles of Advertisement and of the Contributory Arts. Arranged and produced by Charles W. Hobson.

STATISTICAL SECTION

THE TRADE BAROMETER

EXPLANATION

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

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

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

1. Pig iron
2. Tin
3. Coal
4. Linseed Oil
5. Cotton
6. Wool
7. Hides
8. Wheat
9. Bacon
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 Commodities	Bd. of Tde. Monthly Average	Date	10 Commodities	Bd. of Tde. Monthly Average	Date	10 Commodities	Bd. of Tde Monthly Average	Date	10 Commodities	Bd. of Tde Monthly Average
1920.											
Jan. 16	367.9	296.6	Sept. 15	161.2	154.3	July 27	175.3		Mar. 21	180.4	
Feb. 13	367.6	310.3	Oct. 13	161.2	155.2	Aug. 3	171.7		28	177.1	
Mar. 19	396.9	319.0	Nov. 17	169.3	157.6	10	173.5		Apr. 4	176.3	
Apr. 16	384.6	325.2	Dec. 15	161.2	155.8	17	174.6	154.5	11	178.1	
May 14	391.2	325.5	29	162.6		24	168.4		18	177.5	164.7
June 18	417.7	322.4	1923			31	168.0		25	175.8	
July 16	418.8	316.9	Jan. 5	162.4		Sept. 7	168.4		May 2	172.0	
Aug. 13	386.8	313.1	12	162.8		14	173.2	157.8	9	170.9	
Sept 17	379.4	311.4	19	163.2	157.0	21	173.8		16	171.2	163.7
Oct. 15	328.6	302.3	26	165.3		28	171.2		23	169.5	
Nov. 19	293.0	286.9	Feb. 2	166.9		Oct. 5	166.1		30	171.2	
Dec. 17	257.0	263.8	9	168.7		12	164.2		June 6	167.5	
1921			16	177.2	157.5	19	166.0	158.1	13	167.1	
Jan. 14	244.2	245.9	23	181.1		26	165.8		20	167.8	162.6
Feb. 18	219.1	225.2	Mar. 2	184.8		Nov. 2	166.4		27	167.6	
Mar. 18	199.0	210.8	9	188.2		9	170.4		July 4	167.1	
Apr. 15	202.8	204.8	16	192.4	160.3	16	171.7	160.8	11	165.4	
May 12	204.3	201.7	23	189.3		23	175.6		18	167.1	
June 17	201.8	197.7	30	188.9		30	177.4				
July 15	194.4	194.1	Apr. 6	192.2		Dec. 7	175.4				
Aug. 19	178.1	190.0	13	197.4	162.0	14	177.0	163.4			
Sept. 16	183.4	187.0	20	198.5		21	175.5				
Oct. 14	170.2	180.7	27	202.9		28	176.8				
Nov. 18	154.5	172.8	May 4	198.7		1924					
Dec. 16	153.2	167.9	11	197.5		Jan. 4	174.8				
Dec. 30	150.0		18	198.1	159.8	11	176.4				
1922			25	197.6		18	178.6	165.4			
Jan. 20	144.0	164.0	June 1	193.1		25	180.0				
Feb. 17	149.2	161.8	8	191.4		Feb. 1	181.1				
Mar. 17	149.8	160.0	15	190.0	159.3	8	186.8				
Apr. 14	151.7	160.1	22	183.1		15	187.9	167.0			
May 19	162.1	160.6	29	180.6		22	185.9				
June 16	163.6	159.9	July 6	177.3		29	186.8				
July 14	165.1	160.3	13	177.9	156.5	Mar. 7	184.4				
Aug. 18	164.0	156.3	20	177.3		14	182.1	165.4			

CHART ILLUSTRATING TABLE I.

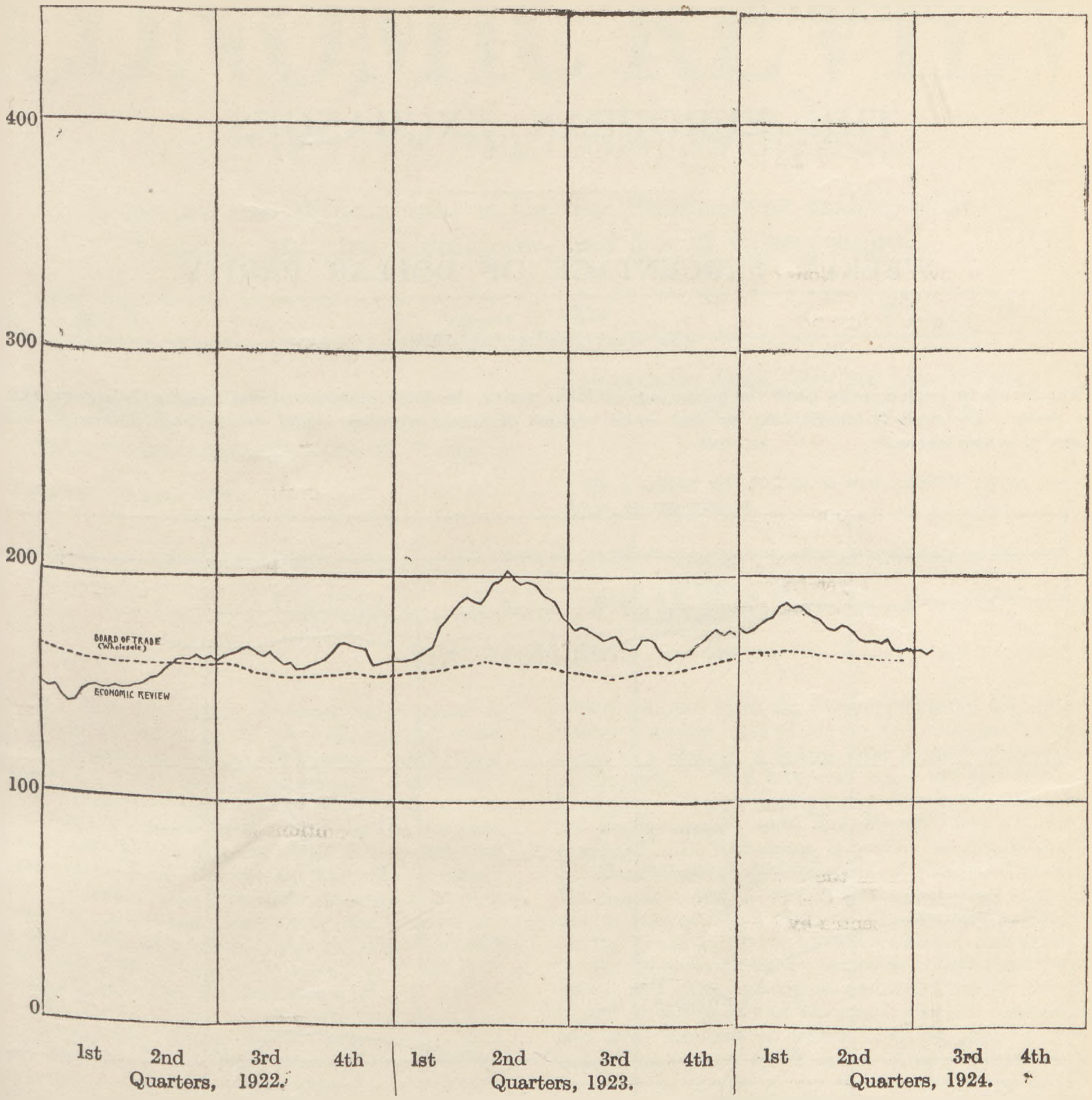

TABLE II.

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	135.1	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
June 13 ...	92.5	128.9	81.1	140.4	147.3	142.2	92.0	106.7	83.5	99.3	111.39	... June 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
„ 11 ...	89.6	128.9	74.5	140.4	140.6	142.2	92.8	111.5	80.9	101.4	110.28	... „ 11
„ 18 ...	88.2	134.3	75.5	142.1	145.2	142.2	92.8	112.3	79.8	101.4	111.38	... „ 18

*Revised Quotation.

Statistical Section

THE EUROPEAN EXCHANGES

WEEKLY PERCENTAGE OF DOLLAR PARITY

(To Week Ending July 19th.)

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