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RUSSIA AT THE CROSS-ROADS.

Whatever may be the final issue of the negotiations which have culminated in the Anglo-Soviet Treaties it is all to the good that the signing of these draft agreements coincided with the closing proceedings of a wearing session. A considered examination of the vital issues involved would have been impossible under the circumstances, and the pause between the summer and autumn sessions will at any rate give members an opportunity of forming a deliberate judgment on the issues at stake. The question of the recognition *de jure* of the Russian Government is no longer a matter of political controversy: for good or for ill the question has been decisively settled by the deliberate action of the Labour Government; but Parliament, and may-be even the country, has yet to decide whether the Union of Soviet Socialist Republics is to be admitted to the full comity of inter-national relationship under the terms of the Convention that has been concluded between Mr. Ramsay MacDonald and M. Christian G. Rakovski. It may quite reasonably be argued that this is a question which had best be removed from the councils of an individual Government, whose judgment is liable to be influenced by considerations of political exigencies, and that it should be relegated for a wider solution to the more sober and judicial decision of the League of Nations. The events of the past few weeks, however, compel a local and definitive judgment.

In the circumstances it will generally be admitted that the various factors which govern the economic rehabilitation of Europe, if these are to be given full play, must receive first consideration. In face of the fact that Germany, with her unenviable war record, is being re-admitted to full and free intercourse on an equal footing with her late opponents, it is difficult to conceive why, on purely ethical grounds, a like leniency should not be extended to Revolutionary Russia, whose most crying sins, after all, are chiefly of a domestic character. The administration of the Soviet Government, judged by our own standards, may be deserving of our utter reprobation; but will it justify permanent ostracism if that process of international excommunication is not only to impede the economic recovery of

Europe, but will in addition actually aggravate the ills from which she is suffering? This is a materialistic age when the claims of common-sense and reasoned analysis make little of high principle and ethical conventions. Europe for her salvation requires peace and open intercourse between her constituent members, even at the sacrifice of individual feeling; but there are limits beyond which a great business and commercial country like England cannot go in the way of concession without compromising her whole national and economic fabric. The question is whether the Draft Anglo-Soviet Treaties make for wise and honourable relationship. On the whole, we see no reason why they should not.

The great stumbling-block, apart altogether from the question of hostile propaganda, to a renewal of business intercourse with Russia is of a twofold nature, involving as it does the repudiation of financial obligations in respect of loans and the refusal to indemnify foreign owners of property confiscated in accordance with her policy of nationalisation of industry. Under Article 6 of the General Treaty the Government of the Union of Soviet Socialist Republics undertakes to satisfy the claims of British holders of loans issued or taken over or guaranteed by the former Imperial Russian Government, or by the municipalities of towns in the territory now included in the Union—subject to the recognition by the British Government that the financial and economic position of the Union renders impracticable the full satisfaction of such claims; but the terms on which these claims shall be satisfied are to form the subject of a further agreement based on the acceptance of such terms by not less than one-half of the capital values of British holdings in the loans referred to. Under Article 10 the Government of the Union declares its readiness to negotiate with British nationals in respect of industrial businesses or concessions which have been nationalised or cancelled by it, in order to arrange for the grant of just compensation for such claims. In return for these concessions the British Government is to recommend Parliament to enable them to guarantee the interest and sinking fund of a loan to be issued by the Soviet Government, the amount,

terms and conditions of which and the purposes to which it shall be applied are to be defined in a further treaty. As *Russian Information and Review*, the official organ of the Trade Delegation of the Union of Soviet Socialist Republics, bluntly puts it, "The two parts of the further agreement form a single indivisible whole. Only when the creditors are settled with is the loan to be granted. Unless the loan is granted there will be no settlement with the creditors." It is a purely business proposition, which the further statement that, "the loan granted will, of course, be partly utilised for the purchase in Great Britain of material needed for the re-equipment and development of Soviet industry and agriculture" is naturally put forward as an inducement to gain our adhesion to the treaty. There are, of course, other matters of principle at stake in the Draft Treaties, but the one to which we have referred is undoubtedly the crux of the whole agreement. The great difficulty with which we are confronted is that the General Treaty to which Mr. Ramsay MacDonald and Mr. Christian Rakovski have appended their signatures really effects no settlement, but is only a prelude to some future agreement, the terms of which are not defined. On the whole, however, we feel that at last a definite step has been taken in the right direction, and we trust that the terms of the

future agreement will be such as will commend themselves to the British Public. Regarding the treaties signed last week, the House of Commons may be trusted to carefully weigh up the pros and cons before they sanction the measure, and we think adverse criticism at the present juncture both unwise and prejudicial to the best interests of both countries. If we assume that the Russian Soviet Government is in earnest—and there is no indication to the contrary—and intends to honour both in the spirit and the letter the new Treaty, Europe as a whole will obviously benefit. The final issue of the present negotiations depends—as we see it—on the guarantees provided by this document. But are we satisfied and have we faith in the U.S.S.R.? The "City" must prove by analysis that the Bankers' conditions are a reasonable hypothesis, and further that the supplementary treaty is economically sound. For centuries the verdict of "the City" has been accepted unhesitatingly in all matters relating to finance by the British people, and even to-day we are content to abide by the reasoned judgment of the financiers who operate within "the one square mile." We want to trade with Russia, Russia wants to trade with us, therefore we must approach the problem with an open mind, and, if only for economic reasons, try and reach a satisfactory solution.

ECONOMIC SURVEY

BELGIUM

POLITICAL AND GENERAL

RESIGNATION OF THE MINISTER OF ECONOMIC AFFAIRS.

The impending withdrawal of M. Van de Vyvere from the Cabinet has given rise to a controversy as to the advisability of abolishing the Portfolio of Economic Affairs and transferring the work of the Department he controls to some other branch of the Public Service. Assuming the contention to be justified that the Ministry of Economic Affairs has outlived its usefulness, the consideration that its suppression would effect a substantial saving in public expenditure in keeping with the policy of retrenchment on which the Government came into power might be supposed to settle the question. The matter, however, is not quite so simple. The Cabinet in its present form is the result of a compromise which not only meets the claims of the two parties in control of the government of the country, but also satisfies the demands of the two races that make up the Belgian nation. Not counting the two non-party Ministers, M. Theunis and M. Nolf, the Cabinet is composed of five Catholics and four Liberals; from the other point of view, the Walloon country and Flanders have each four representatives in the Ministry, the bilingual capital being represented by the Minister of Foreign Affairs. As M. Van de Vyvere belongs to the Catholic Party and is a Fleming, the abolition of the Department of Economic Affairs would disturb the present balance and no doubt arouse considerable feeling among both Catholics and Flemings. The difficulty might perhaps be overcome, as suggested by the *Neptune*, by the creation of a Ministry of Commerce on the model of the French Department of that name or of the English Board of Trade, the Portfolio for which might very appropriately be held by a representative of the great Flemish-speaking Port of Antwerp. As our contemporary points out, the time is ripe for the appointment of a Minister of Commerce, now that we

are on the eve of the adoption of the Dawes Plan and that German trade is about to be freed from foreign control.

FINANCE

THE BUDGET FOR 1924.

The Budget as passed by the Chamber and Senate provides for an expenditure of Fr.7,619,552,898, to meet which there is an estimated revenue of Fr.6,696,472,738, leaving a deficit of Fr.923,080,160. The following table gives the figures for the several budgets: (a) Ordinary, (b) Extraordinary, (c) Of Recoverable Expenditure, (d) Of Government Undertakings—(i) Ordinary, (ii) Extraordinary, (e) of Food and Supply:—

	Revenue.	Expenditure.	Balance.
(a) ...	3,345,672,220	3,389,605,273	— 43,933,053
(b) ...	15,088,405	452,259,311	—437,170,906
(c) ...	1,636,415,000	1,647,721,639	— 11,306,639
(d) i ...	1,693,225,113	1,787,284,102	— 94,058,989
ii ...	427,000	339,519,650	—339,092,650
(e) ...	5,645,000	3,162,923	+ 2,482,077
Total	6,696,472,738	7,619,552,898	—923,080,160

The above statement, compared with that for 1923, shows an increase in revenue of Fr.753,695,852 and a decrease in expenditure of Fr.565,650,176, while the decrease in the deficit amounts to Fr.1,318,346,028. The net improvement in the budget of recoverable expenditure alone amounts to Fr.1,279,290,920. It is interesting to note that the yield from taxation has risen from Fr.384 mill. in 1913 to Fr.1,506 mill. in 1921, to Fr.1,827 mill. in 1922, to Fr.2,011 mill. in 1923 and to Fr.2,788 mill. in 1924. Unfortunately, Supplementary Estimates will eventually bring the expenditure up to Fr.8,021,494,797 and the deficit to Fr.1,325,022,058. The reparations due from Germany before the close of the year should not fall short of Fr.1,500 mill., failing which, however, the deficit would amount to Fr.2,800 mill. (*Moniteur des Intérêts Matériels*, Aug. 13.)

TRADE

FOREIGN TRADE RETURNS FOR JUNE.

The foreign trade returns for June show an increase in the volume of imports, as compared with May, of 43,938 tons, and a decrease in value of Fr.133,618,000; exports, on the other hand, show a decrease in volume of 69,582 tons and in value of Fr.211,193,000. The adverse balance of trade amounts to Fr.303,545,000 as against Fr.225,970,000 in May, or, omitting gold and silver specie and bullion, to Fr.305,190,000 as against Fr.227,564,000. The following comparative tabular statement gives the volume and value of the imports and exports for June and May under (a) Live stock, (b) Foodstuffs and beverages, (c) Raw material and semi-manufactured goods, (d) Manufactured goods, and (e) Gold and silver specie and bullion:—

	<i>Imports.</i>			
	June. Tons.	May. Tons.	June. Thousands of francs.	May.
(a) ...	932	1,218	3,782	4,836
(b) ...	263,695	273,787	338,847	336,539
(c) ...	2,139,256	2,102,723	610,396	810,703
(d) ...	128,820	111,037	426,434	360,443
	2,532,703	2,488,765	1,379,459	1,512,521
(e) ...	1	1	864	1,420
Total	2,532,704	2,488,766	1,380,323	1,513,941
	<i>Exports.</i>			
	June. Tons.	May. Tons.	June. Thousands of francs.	May.
(a) ...	1,038	1,049	6,843	7,150
(b) ...	25,324	21,944	65,134	52,313
(c) ...	1,244,847	1,289,167	283,804	538,309
(d) ...	428,740	457,370	718,488	687,185
	1,699,949	1,769,530	1,074,269	1,284,957
(e) ...	6	7	2,509	3,014
Total	1,699,955	1,769,537	1,076,778	1,287,971

Taking the monthly returns for 1924, there is one thing about them that is worth noting, says the *Echo de la Bourse* (Aug. 12), and that is that for the first time since the Armistice the volume of foreign trade is almost up again to the level of the pre-war figures. The average monthly import trade in 1913 was 2,721,357 t.; in 1921 it was only 1,472,072 t.; in 1922 (May to December) it rose to 1,915,865 t. and in 1923 to 2,202,870 t., while for the first half of 1924 it stands at 2,646,762 t. In the matter of exports the monthly average for 1913 was 1,740,432 t.; in 1921 it was 1,438,119 t., in 1922 (May to December) 1,493,038 t., in 1923 only 1,411,374 t., and for the first half of the current year 1,613,761 t. On two occasions this year, in March and in April, imports were in excess of the 1913 monthly average, and exports twice also, in March and in May.

The average value of the imports in June was Fr.0.54 per kg. and that of the imports Fr.0.63 per kg., but while the former average remained fairly constant, with the sole exception of April, throughout the half-year, the export average has shown considerable fluctuations, with a marked tendency to decline. These movements are clearly shown in the following tabular statement:—

Average value per kilogramme.

	Imports.	Exports.		Imports.	Exports.
January	Fr.0.52	Fr.0.71	April ...	Fr.0.47	Fr.0.65
February	0.55	0.63	May ...	0.55	0.60
March ...	0.55	0.75	June ...	0.54	0.63

The exports of manufactured goods aggregated Fr.718,488,000, or 66.7 per cent. of the total export trade. This is a satisfactory feature of the returns, the more so as this percentage has been steadily rising since the beginning of the year, from 54.5 in January to 56.2 in February, 61.7 in March, 61.7 in April, 64.2 in May and to 66.7 in June. As compared with May the only articles that show an increased export, however, are coal (from 296,259 t. to 326,696 t.), raw drawn or rolled zinc (from 3,621 t. to 10,298 t.), rails (from 20,054 t. to

27,565 t.), machinery (from 4,136 t. to 4,183 t.) and railway carriages (from 3,443 t. to 4,093 t.).

INDUSTRY

THE OUTPUT OF COAL IN JUNE.

The output of coal in June amounted to 1,848,040 t. as against 1,999,240 t. in May and an average of 2,049,802 t. for the first six months of the year. The output per working day works out at 80,350 t. as compared with 79,970 t. in May, 81,947 t. in April, 84,318 t. in March, 84,496 t. in February and 83,943 t. in January, the difference being due to lost time on the part of the miners. The statistics show that the total number of days' work put in by the skilled miners working the seam was only 537,940 as against 587,040 in May, 594,310 in April, 601,210 in March, 605,760 in February and 627,760 in January, the corresponding figures for all underground workers being 2,754,450 as against 3,038,550, 3,004,290, 3,005,730, 3,035,630 and 3,233,660, while those for the whole of the labour engaged, including surfacemen, were 4,060,650 as against 4,365,970, 4,340,910, 4,458,710, 4,418,300 and 4,624,560. There was, however, a further falling off in the output per man per day, which was at the rate of 3,249 kg. per skilled miner working the seam as against 3,405 kg. in May, 3,447 kg. in April, 3,506 kg. in March, 3,471 kg. in February and 3,476 kg. in January, or 634 kg. per underground worker as against 657 kg., 681 kg., 701 kg., 684 kg. and 675 kg. respectively, or 430 kg. per head of the whole of the labour engaged, including surfacemen, as against 457 kg., 471 kg., 472 kg., 477 kg. and 472 kg. respectively. The average for the first six months of the year, viz. 2,049,802 t., compares favourably with the average monthly output for the previous three years and for the year before the war, which was as follows: 1,909,660 t. in 1923, 1,769,514 t. in 1922, 1,815,564 t. in 1921, and 1,903,460 t. in 1913. There was a considerable increase in the stocks at the pithead, these on June 30 amounting to 999,440 t. as against 952,200 t. on May 31, 761,010 t. on April 30, 718,470 t. on March 31, 749,350 t. on February 29 and 635,480 t. on January 31.

The production of coke in June amounted to 344,420 t. as compared with 356,810 t. in May and an average of 357,878 t. for the first six months of the year, the number of hands employed in the industry being 5,343, as in May, as against an average of 5,532 over the half-year. The monthly average output in 1923 was 346,366 t., 225,624 t. in 1922, 115,913 t. in 1921, and 293,580 t. in 1913. The record output was in January 1924, when it reached a total of 375,800 t.; as compared with this, the June production shows a shortage of 31,380 t., while on the other hand it shows a surplus of 50,840 t. as compared with the pre-war output.

The production of briquettes, 168,370 t., shows a slight improvement as compared with May (167,910 t.), though it is still 112 t. below the average for the first six months of the year; as compared with previous years the June output is 7,450 t. higher than the average for 1923, but 38,060 t. below that for 1922, 53,894 t. below that for 1921, and 48,850 t. below that for 1913.

The market reports, says the *Moniteur des Intérêts Matériels* (Aug. 8), establish an increasing demand for household sorts, which in many cases show a rise of Fr.5 and even Fr.10 per ton. Industrial coal and briquettes, however, are in small request. With the evacuation of the Ruhr German competition will undoubtedly assume formidable proportions. As it is, the reparation supplies already run the home output very close; but in this connection it is pointed out that before the war Belgium was dependent on the Ruhr for a large proportion of her coking coal, while all her gas coal and high flaming gas coal came from abroad, so that as regards the latter sorts the competition is now between the German article and the supplies from other foreign sources. Under the circumstances, the feeling of the market is distinctly anxious, dependent as it is on the development of the political situation.

CZECHO-SLOVAKIA

FINANCE

REVENUE RETURNS FOR 1923.

The following table shows (a) the actual yield from the various classes of revenue in 1923, (b) the difference as compared with the estimates for that year, (c) estimated yield for 1924 (in millions of kronen):—

	(a)	(b)	(c)
		<i>Direct Taxes.</i>	
Land tax	135.9	— 17.0	151.2
House tax	7.6	— 3.6	10.2
Rent tax	48.2	— 8.9	60.5
General profits tax ...	238.3	+ 26.9	250.0
Special " "	221.8	+ 6.8	200.0
Tax on Rentes	71.4	+ 20.9	76.7
Income tax	694.7	—106.2	788.0
Tax on bonuses to officials...	18.5	— 1.9	16.0
War tax	226.3	— 62.6	145.0
Fines, interest on arrears, etc.	85.5	+ 66.7	57.3
Total direct taxes	1,763.5	— 70.7	1,760.5
		<i>Consumption Duties.</i>	
<i>Duty.</i>			
Spirits	363.6	—132.3	412.3
Sugar... ..	169.0	+ 22.0	164.6
Wine in bottles	8.4	— 11.5	16.0
General liquor	225.6	— 24.3	231.5
Meat	103.5	+ 17.5	99.8
Articles of consumption ...	17.5	+ 4.5	15.3
Coal	534.9	—151.0	600.0
Water power	28.0	— 11.9	21.0
Total consumption duties ...	1,476.4	—644.8	1,593.8
		<i>Monopolies, Customs and Dues.</i>	
Tobacco	1,062.9	+205.2	1,000.6
Salt	23.7	—	21.7
Lotteries	23.9	+ 2.9	22.1
Customs	784.8	+176.9	566.7
Total Customs and Monopolies	1,921.5	+382.9	1,636.1
Stamp duty	137.7	+ 38.9	112.4
Legal dues	521.4	+ 50.6	465.9
Transport duties	535.7	+ 46.3	494.5
Turnover tax	1,415.7	—382.5	593.0
Total duties	2,611.6	—246.0	2,667.5

(*Wirtschaftliche Nachrichten.*)

TRADE

COMMERCIAL TREATY NEGOTIATIONS.

Negotiations which are daily being conducted with a view to the conclusion of a commercial treaty between Czecho-Slovakia and Austria are expected to be finished shortly.

A Czecho-Slovak delegation has left Prague for Berlin to discuss important matters of import and export licences. The definitive conclusion of a revised commercial and tariff treaty with Germany will take place in the autumn.

A Hungarian delegation has just paid a visit to Prague to discuss with the Foreign Ministry authorities the preliminaries for a commercial treaty with Hungary. (*Central European Observer.*)

SOME FOREIGN TRADE FIGURES.

In May last 20,239 t. of wheat and 40,440 t. of rye were imported into Czecho-Slovakia—a total of 60,680 t., as compared with the insignificant quantity of 228 t. in the same month in 1923. The figures are also in excess of those for the preceding month of this year, when 15,005 t. of wheat and 12,466 t. of rye were imported. Flour and other milled products were imported in May to the amount of 46,624 t., as compared with 27,221 t. in the preceding month and with 9,773 t. in May 1923. Of the total flour import, 43,582 t. were wheaten flour which came from the following countries: from Hungary, 11,459 t.; from Hamburg, 9,572 t.; from Austria, 3,182 t.; from the United States, 3,081 t.; from Italy, 2,321 t.; and smaller quantities from France, Rumania and Trieste.

During the first five months of the current year imports of wheat and rye grain have totalled 123,266

tons, as compared with 4,088 t. in the corresponding period of 1923. The flour imports were 140,731 t. as against 78,763 t. last year, and their value Kr.231 mill. as compared with Kr.183 mill. in 1923. (*Central European Observer.*)

According to the *Deutsche Leinen Industrielle*, quoted by the *Nord Industriel*, Czecho-Slovak carpets enjoy an increasing reputation and are becoming an important source of income to the country. In 1923 carpets produced nearly Kr.100 mill., of which half at least was derived from overseas orders. The following figures show the average monthly export of carpets, (a) of wool, (b) of flax, hemp and jute, (c) total, at various periods (the figures representing truckloads of 10,000 kg. each): 1921, (a) 10, (b) 3, (c) 13; 1923, 1st quarter, (a) 11, (b) 6, (c) 17; 2nd quarter, (a) 13, (b) 9, (c) 22; 3rd quarter, (a) 13, (b) 11, (c) 24; 4th quarter, (a) 16, (b) 18, (c) 34; 1924, 1st quarter, (a) 14, (b) 21, (c) 35. The export of woollen carpets has increased by 40 per cent. as compared with 1921, that of other kinds has increased sixfold.

The export of woollen carpets was distributed among the chief purchaser countries as follows (monthly average in tons): 1921, total 96, Great Britain 25, United States 6, Holland 10, Austria 6; 1923, 1st quarter, total 110, Great Britain 47, United States 33, Holland 18, Austria 10; 2nd quarter, total 129, Great Britain 57, United States 25, Holland 19, Austria 14; 3rd quarter, total 132, Great Britain 50, United States 31, Holland 8, Austria 24; 4th quarter, total 165, Great Britain 55, United States 22, Holland 17, Austria 46; 1924, 1st quarter, total 136, Great Britain 63, United States 24, Holland 19, Austria 16.

The export of carpets of flax, hemp and jute is distributed as follows (monthly average in 1,000 kg.): 1921, total 31, Great Britain 6, Holland 3, Austria 6, Yugo-Slavia 3; 1923, 1st quarter, total 61, Great Britain 30, Holland 8, Austria 5, Yugo-Slavia 1; 2nd quarter, total 67, Great Britain 28, Holland 10, Austria 11, Yugo-Slavia 11; 3rd quarter, total 106, Great Britain 36, Holland 11, Austria 11, Yugo-Slavia 12; 4th quarter, total 176, Great Britain 59, Holland 9, Austria 25, Yugo-Slavia 9; 1924, 1st quarter, total 214, Great Britain 83, Holland 27, Austria 21, Yugo-Slavia 8.

TRADE BANKRUPTCIES.

There were 47 bankruptcies in Czecho-Slovakia in June, as compared with 53 in May. Arrangements with creditors numbered 147 in June as compared with 181 in May.

In the first six months of this year the total number of bankruptcies was 290, as compared with 471 in the first half of 1923. The total number of arrangements with creditors was 1,043, as compared with 1,907 in the first six months of 1923. (*Central European Observer.*)

EXHIBITIONS AND FAIRS.

At the Prague autumn fair (September 21–28) more extensive exhibits are being made this year by the Czecho-Slovak glass trade than on any past occasion. The space taken over by the leading firms in this branch is 887 square metres, as compared with the previous largest area of 420 square metres.

The toy industry is also participating to a larger extent than hitherto, occupying a space of 150 square metres more than at past fairs.

The two pavilions for the furniture trade have been completely taken up and some of the late applicants will have to exhibit in other parts of the fair.

The exhibits at the Liberec (Reichenberg) fair (Aug. 9 to 15), which has just closed, were arranged in ten different buildings, four of which were devoted to the textile industry alone. The fair represents perhaps the largest textile market on the Continent, besides providing a good opportunity for purchasing all other kinds of Czecho-Slovak industrial products. The 20 odd groups of exhibits comprised, among others, the following

items:—Textiles, glass, porcelain, ceramics, imitation jewellery (Gablonz goods), fancy goods, toys, celluloid ware, wearing apparel, hosiery, umbrellas, sticks, leather and leather goods, boots and shoes, agricultural and other machinery, building materials, metal goods and household utensils, motor cars, cycles and accessories, paper, office furniture and appointments, chemicals, cosmetics, rubber goods, household furniture, and musical instruments. (*Central European Observer.*)

INDUSTRY

CONDITIONS IN VARIOUS INDUSTRIES.

In the iron and steel trade the demand both home and foreign shows signs of falling off, and a period of stagnation is anticipated. The drop in prices abroad and the high cost of freights make it difficult to meet competition. The lace industry has made a considerable recovery and good business is being done both at home and in the export trade. Particularly the cottage lace industry of North Bohemia is profiting largely from the large influx of visitors into the Czecho-Slovak watering places, with whom these laces find favour.

In the toy trade, which has suffered from depression for the past two years, a welcome improvement is registered.

The musical instrument trade in North Bohemia, which during the war and subsequently up to the year 1920 had to pass through a very critical period, has now apparently completely recovered its former position, and numbers of makers are extending their operations. Kraslice in the Rudohori (Erzgebirge, Ore Mountains) is the headquarters of the manufacture of wind instruments of both wood and metal, while at Schoenbach string instruments—violins, 'cellos, lutes, guitars, etc., are turned out in large numbers.

In Slovakia there is very brisk movement in the building trade, and bricks, cement and all kinds of material are in good demand. (*Central European Observer.*)

SUGAR RESULTS AND PROSPECTS.

In the month of June 33,791 t. of sugar (unrefined material) were exported from Czecho-Slovakia, as compared with 16,240 t. in the same month last year. From Oct. 1 last to June 30 exports totalled 621,069 t., as compared with 360,702 t. in the corresponding period of 1922-23. The exports to the various destinations as compared with the corresponding period of 1922-23 (in brackets) were as follows (in tons): Great Britain, 173,669 (67,097); Hamburg (transit), 150,752 (99,057); Italy and Trieste and Fiume (transit), 101,719 (34,743); Austria, 69,664 (69,721); Switzerland, 67,124 (54,761); Turkey, 11,404 (2,194); Germany, 6,252 (1,630); Yugo-Slavia, 6,206 (4,481).

On July 1 the sugar factories had stocks in hand to the amount of 113,536 t., as compared with 107,100 t. in 1923. This year's exports have so far exceeded last year's by some 250,000 t.

Sugar beet crop prospects continue to be satisfactory, and the output of unrefined sugar for the coming season is estimated by the trade at 1,350,000 t. as against 1,000,000 t. in 1923-24 and 744,448 t. in 1922-23. (*Central European Observer.*)

SOCIAL AND LABOUR CONDITIONS

THE COST OF LIVING.

The index numbers of retail prices for June show little change from the figures of the previous months. In Group I (Foodstuffs, Fuel, Petroleum) there was a slight rise of 0.7 per cent. as compared with May, the figure moving from 916 to 923. In Group II (Textiles, Footwear, Men's Hats) there was a fractional drop, the figure declining from 1,051 to 1,050. The rise in Group I was due practically exclusively to an increase of 33 per cent. in the price of potatoes.

Previous figures at various dates have been as follows :

	June 1922.	June 1923.	April 1924.	May 1924.	June 1924.
Group I. ...	1,475	933	907	916	923
Group II. ...	1,736	1,017	1,050	1,051	1,050

Increases of price were recorded in potatoes (+33 per cent.), eggs (+1.6 per cent.), beef (+0.3 per cent.). On the other hand, there was a decline in lard (-4.2 per cent.), pork (-3.4 per cent.), lignite (-1.3 per cent.), margarine (-1.3 per cent.), hard timber (-1.3 per cent.), soft timber (-1.1 per cent.), wheaten flour (-1 per cent.), butter (-1 per cent.), anthracite (-0.5 per cent.), footwear (-0.5 per cent.). Textiles and all other items remained unchanged or declined by less than ½ per cent. (*Central European Observer.*)

UNEMPLOYMENT AND WAGES.

Figures issued by the Ministry of Social Welfare for the month of June show a further considerable drop in unemployment. The number of persons in direct receipt of Government unemployment pay was 19,200, as compared with 29,000 in the preceding month. Persons on short time in receipt of support from their employers numbered 10,450, as compared with 35,000 in May and 52,980 in April. In June last year the number of persons in receipt of the Government dole was 90,149. The figures for the first half of the current year are : January, 57,900; February, 60,313; March, 67,705; April, 48,600; May, 29,000; June, 19,200.

The annual report of the Federation of Czecho-Slovak Industries gives the following list of wage reductions in the various branches of industry in 1923: Sugar trade, 20 per cent.; brewing, 20-26 per cent.; flour-milling, 20 per cent.; baking, 10-15 per cent.; mining, 30-45 per cent.; iron trade, 30-45 per cent.; cement, 35-40 per cent.; cabinet-making, 29-25 per cent.; building materials, 25 per cent.; furniture, 39 per cent.; ceramics, 25 per cent.; glass trade, 20 per cent.; chemical trade, 30 per cent.; cooperage, 25 per cent.; paper, 25-35 per cent.; leather, 20 per cent.; textiles, 20 per cent.; clothing and outfitting, 10 per cent. (*Central European Observer.*)

CZECHO-SLOVAKIA AND THE AMERICAN IMMIGRATION ACT.

As the number of Czecho-Slovak immigrants into the United States is limited by the new Immigration Act which came into operation after June 30 last to 3,073 persons, and as the number of passports issued is ten times that amount, the Ministry of Social Welfare has made a selection of certain classes of persons having a prior interest in proceeding to the United States. The following persons will be authorised to emigrate to the United States in 1924 and 1925 in the order in which their passports shall be deposited with the Ministry: (1) Wives desirous of rejoining their husbands and husbands desirous of rejoining their wives; (2) unmarried infants desirous of rejoining their parents; (3) fathers or mothers of whatever age desirous of rejoining their children; (4) orphans, being minors without means of subsistence in Czecho-Slovakia, provided that they can prove that their maintenance is assured in the United States; (5) other Czecho-Slovak subjects settled in the United States and desirous of returning there after a temporary visit to Czecho-Slovakia. (*Gazette de Prague.*)

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

FRANCE

FINANCE

GERMAN REPARATION PAYMENTS.

The Reparations Commission has recently published a report on the amounts received from Germany by way of reparations up to June 30 and their distribution among the Allies. The sums distributed to the various Allied powers up to June 30 are (in millions of gold marks): Great Britain, 1,297.5 (641.3 in cash, 655.6 in kind, 538 in property ceded); France, 1,724.6 (144 in cash, 1,278.5 in kind, 302 in property ceded), further France has received 1,381.8 for cost of the armies of occupation; Belgium, 1,715.6 (1,083.8 in cash, 621.5 in kind, 635 in property ceded); Italy, 391.3; Serbia, 205.1; Japan, 68.3; Rumania, 33.9; Czecho-Slovakia, 23.5; Greece, 20.6; Poland, 15.1; Portugal, 14.8.

Thus, 5,570,942,000 gold marks have been distributed amongst the Allies. Further, Germany has paid 2,635,409,000 gold marks for the armies of occupation and commissions of control. (*Information Financière*.)

A COMMENT ON THE CURRENT BUDGET.

The following comment on the Budget for the current year appears in the *Information Financière* from the pen of its financial critic M. Maurice Kellersohn.

It is now a certainty that the "general" Budget for 1923 will have balanced even after the addition of the 500 millions of supplementary estimates passed at the end of June. Total expenditure will amount to Fr.24,163 mill. and total revenue to Fr.24,202 mill., leaving a surplus of Fr.39 mill. These figures, it is true, can only be arrived at by deducting from expenditure the Fr.743 mill. carried over and by entering against revenue the Fr.500 mill. refunded or to be refunded by the railway companies for material supplied by the Government. As a matter of strict accountancy, these accounts cannot be disputed. It can even be claimed that the surplus exceeds Fr.40 mill., if there be taken into account the writing off of the Rentes bonds delivered in payment of the special war profits tax.

The fact, however, must not be lost sight of that the balance of the 1923 Budget which at one time appeared to be in jeopardy was only achieved by means of the increased yield from revenue, due to the growth of business during the year and in still greater measure by means of the depreciation of the franc. If certain grave events had not occurred at the beginning of the year, France would still be getting along somehow under the deceptive system of a tacit renewal of the 1923 Budget. But the dangers threatening the currency warned the Parliament to try to meet the permanent expenditure of the "Recoverable" Budget, with revenue also permanent. It was nevertheless a step in the right direction (if too long delayed) to decide to meet all ordinary expenditure out of regular revenue. When the Finance Bills were finally passed by the Chamber just before the elections there was no doubt as to the total amount of expenditure to be met in 1924.

The reporter to the Finance Commission of the Senate (M. Henry Bérenger) informed that body that the 1924 Budget could easily be balanced and even with a surplus of over 6 milliards were it only a question of the general Budget as in 1923. But these 6 milliards had been assigned to meet the permanent expenditure of the recoverable Budget. M. Bérenger then predicted that this year's Budget would show a deficit of Fr.1,120 mill. The new Finance Minister dispelled all remaining illusions in his statement to the Senate that there would be a heavy deficit resulting from the permanent expenditure of the Recoverable Budget, while the revenue created to meet this expenditure by the Act of March 22 last would only take effect for part of the year.

M. Kellersohn then considers the probability of a deficit for which he gives the following reasons:—

1. Out of the 6,234 million francs of new resources estimated by the Finance Commission of the Chamber

one milliard was attributed to economies to be realised by the promulgation of decrees. But although economies have been realised they are far from reaching the figure of a milliard, nor are they at all likely to do so before the end of the year.

2. Another item of these new resources was a milliard to be derived from the prevention of frauds upon the revenue, but no measures calculated to bring about this result have as yet been adopted to the knowledge of the writer.

3. The proceeds of the surtax of one-fifth on all taxes and of certain additional taxes and duties had been estimated at Fr.3,630 mill. But the original increases of taxation have been subsequently modified by exemptions and alleviations introduced into the Act. And these increases did not practically come into force until April.

4. The increased yield from taxes compared with 1923 amounting to Fr.5,630 mill. which was to bring the revenue of the 1924 Budget up to about 30 mill. was made up as follows: surtax of a fifth and increase of certain taxes, Fr.3,630 mill.; repression of frauds on the revenue Fr.1,000 mill.; increased yield from ordinary taxes, Fr.1,000 mill. Now the increase of the general yield from normal and permanent revenue has amounted during the first six months of the year as compared with the corresponding period of the preceding year to Fr.2,544 mill. If during the whole year it progressed on the same scale the result at the end of the year would be Fr.5,088 mill., being Fr.542 mill. below estimates. Even if this deficit were wholly or partly met by special revenue (war profits tax, etc.), there would still be a shortage of some hundreds of millions of francs, as the estimated economies have not been realised.

5. During the first two months of the year the hitherto continuously increasing revenue began to show signs of slackening, and sensational yields are henceforth not to be expected unless caused by a fresh depreciation of the franc, which is possible but certainly not desirable.

6. Possible supplementary expenditure estimates must be reckoned with, although they have gradually declined in amount during the past few years. They amounted in 1920 to Fr.3,974 mill., in 1922 to Fr.1,763 mill., and in 1923 to Fr.761 mill. The Chamber has recently voted some Fr.394 mill. of supplementary estimates at the request of the Government. Further supplements are announced and there is no reason to hope that they will be the last or that they will be counterbalanced by the cancellation of other estimates.

The assumption therefore is that there will be a deficit not overwhelming unless a grave crisis should arise, but not of such an extent as to kill the hope that the taxable capacity of the nation will be equal to balancing a normal Budget of at least 30 milliards.

TRADE

FOREIGN TRADE IN COAL.

France's foreign trade in coal and derivatives for the month of June was as follows:—

Coal. Imports: 1,810,380 t. or 784,000 less than in May. The imports from the chief exporting countries as compared with May (difference in brackets) were (in 1,000 tons): Great Britain, 912 (—547); the Saar, 505 (—24); Belgium, 177 (+2); Germany, 154 (—12); Holland, 38 (—6); United States, 22 (—45).

Exports. Total, 171,211 t. as against 142,300 t. in May, distributed as follows (in 1,000 tons): Belgium, 67 (+22); Switzerland, 13 (—24); Germany, 10 (—3).

Coke. Imports: total, 474,028 t. or 48,000 t. less than in May, the deficit being entirely attributable to Germany, which, owing to the long strike, only exported 317,569 t., being about 48,000 t. less than in the previous month. Of the other countries Belgium sent 33,677 t. as against 35,376 t. in May, and Great Britain 1,096 t. as against 20,250 t.

Exports amounted to 32,162 t. as against 34,434 t. in the previous month, of which Switzerland took 5,099 t. and Italy 12,043 t.

Briquettes. Imports, 75,891 t. as against 77,099 t. in May, of which 30,040 t. from Germany as against 30,023 t. in May, and 11,517 t. as against 15,979 t. from Great Britain.

Exports, 11,521 t. as against 12,448 t. in May, of which Switzerland took 10,540 t. as against 6,566 t. during the previous month.

The balance of fuel placed at the disposal of French consumers during the month (exclusive of the stocks in hand, was in amended figures): coal, 6,145,382 t. and briquettes (exclusive of the production of works independent of the coal mines), 307,383 t.

For the first six months of the current year the trade figures were as follows:—

Coal. Imports, 12,620,521 t. or 268,000 t. more than in the first six months of 1923. This amount was distributed among the following countries (in 1,000 tons): Great Britain, 6,931 or 2,093 less than during the first half of 1923; Saar, 2,466 as against 849 in the first half of 1923, during which a prolonged strike took place; Belgium, 892 as against 1,174; Germany, 1,856 as against 677; Holland, 256 or 52 less than in 1923.

Exports (in 1,000 tons), 990, being 208 less than last year, of which Belgium took 445 as against 626, Switzerland, 186 or 20 more than last year; Italy, 9 as against 38; and Germany, 77 as against 40.

Coke (in 1,000 tons). Imports, 2,932 as against 17,000, an increase of 1,232 derived from the following countries: Germany, 2,424 as against 774; Belgium, 234 as against 221; the United States, 34 as against 121; Great Britain, 41 as against 317.

Exports, 222 or 32 more than last year, of which Switzerland took 41, about the same as last year, and Italy 94 as against 125.

Briquettes (in 1,000 tons). Imports, 489 as against 388, of which Germany furnished 264 as against 94; Belgium-Luxemburg, 161 as against 196; Great Britain, 62 as against 82.

Exports, 65 as against 134, of which Switzerland took 49 as against 84 in 1923. (*Nord Industriel.*)

FOREIGN TRADE BY COUNTRIES.

The foreign trade returns for the first six months of the current year have already been given in these pages, but the distribution of this trade during the period among France's purveyor and customer countries may be of interest to our readers. The following table shows this distribution (in millions of francs):—

Foreign Countries.	Imports.		Exports.	
	1924.	1923.	1924.	1923.
Sweden	221.3	155.5	86.3	50.0
Norway	66.5	82.7	47.8	34.5
Great Britain ...	2,485.8	2,632.3	4,109.8	3,013.0
Germany	966.8	388.2	2,106.9	493.8
Holland	588.4	418.4	630.8	295.3
Belgium-Luxemburg	1,293.5	1,119.5	3,723.8	2,629.5
The Saar	493.5	251.4	670.6	336.0
Switzerland ...	310.4	264.5	1,399.2	915.8
Czecho-Slovakia ...	98.6	88.5	46.9	23.2
Italy	763.4	504.6	728.0	610.4
Spain	419.9	260.2	570.3	451.6
Japan	135.2	102.9	123.4	89.7
United States ...	3,016.0	2,245.7	1,677.1	1,255.0
Brazil	476.3	320.5	192.9	128.2
The Argentine ...	769.7	632.7	398.6	304.9
Canada	262.0	179.8	164.4	76.5
Other countries ...	5,500.7	3,711.8	2,229.4	1,602.6
Total	17,869.0	13,360.1	18,907.0	12,310.6
<i>French Colonies.</i>				
Algeria	873.1	458.8	1,075.6	914.1
Tunis	174.5	124.1	251.2	202.1
Morocco	82.3	39.0	328.0	241.5
Senegal	234.1	161.4	128.6	68.3
Madagascar ...	129.8	71.1	78.7	61.6
French Indo-China	134.4	174.9	267.3	171.1
Other Colonies and protectorates ...	375.0	269.7	245.5	179.2
Total	2,003.6	1,299.2	2,375.2	1,838.1
General total ...	19,872.6	14,659.4	21,282.3	14,148.8

(*Exportateur Français.*)

EXPORT OF CLOTH FABRICS.

The following figures compiled by the Wool Textile Delegation of Bradford show France's export of woollen fabrics during the first five months of the current and two preceding years (in metric quintals):—

	1922.	1923.	1924.
Great Britain	11,318	13,676	33,588
Belgium	9,532	10,789	11,674
Switzerland	1,846	5,363	7,041
United States	949	1,780	2,270
Argentine	1,253	4,014	6,563
Germany	10,108	8,299	16,761

(*Nord Industriel.*)

REOPENING OF THE PARIS CORN EXCHANGE.

On Aug. 1 the Corn Market Section of the Paris Mercantile Exchange, which was closed last February for reasons connected with the currency, has definitely re-opened and will perform its usual functions as in the past. Opinion is divided on the Exchange as to the wisdom of this measure, it being considered in some quarters that it will cause a rise in prices, a prediction which was fulfilled on the very day of opening. (*Exportateur Français, Journée Industrielle.*)

SOCIAL AND LABOUR CONDITIONS

THE COST OF LIVING.

The Ministry of Labour has just published the index numbers of the prices of various necessities of existence compiled by local cost of living committees. They represent the cost of living in Paris of a working class family of four persons (13 commodities). The index numbers of the periods shown below are as follows (July 1914 = 100): 1920, 4th quarter, 370 (maximum); 1922, 4th quarter, 300; 1923, 1st quarter, 324; 2nd quarter, 334; 3rd quarter, 331; 4th quarter, 345; 1924, 1st quarter, 365; 2nd quarter, 366. For food-stuffs alone the numbers are: 1920, 4th quarter (maximum, 389); 1922, 4th quarter, 299; 1923, 1st quarter, 332; 2nd quarter, 346; 3rd quarter, 333; 4th quarter, 354; 1924, 1st quarter, 378; 2nd quarter, 377.

The latest index numbers for the following principal towns of France as compiled by the local committees are:—

Lyons. General index number on June 1, 1924, 345, on April 10, 325, and in September 1923, 299; food index number, 365 on June 1 and 368 on April 10.

Marseilles. General, May 13, 379, March 10, 418 and January, 374; food, 421 in June, 476 in March and 361 in May 1923.

Lille. General, June 1, 1924, 466, October 1923, 445; food, June 461, October 1923, 446.

Toulouse. General, June 425, March 423, October 1923, 409; food, June 465, March 459.

Nancy. General, June 345, February 340, December 333; food, June 373.

The following table recently published by the Ministry of Labour shows the index number of wholesale prices at the end of July, June and May respectively (July 1914 = 100):—

	Articles.	*July.	June.	May.
General Index	(45)	491	475	468
<i>Foodstuffs:</i>				
Total	(20)	436	428	425
Vegetable	(8)	416	421	423
Animal	(8)	423	406	401
Sugar, coffee, cacao ...	(4)	514	492	488
<i>Industrial Material:</i>				
Total	(25)	539	517	506
Minerals and metals ...	(7)	479	456	440
Textiles	(6)	677	650	653
Various	(12)	493	474	456

* Provisional.

(*Journée Industrielle.*)

THE EIGHT HOURS DAY IN THE MERCHANT SERVICE.

The strict application of the Eight Hour Day Act to the Merchant Service which, by rendering necessary an appreciable increase, was causing serious damage

to the French merchant, was it will be remembered amended in 1922, by a Decree instigated by M. Rio, then Under Secretary of State for the Mercantile Marine, which provoked violent opposition and led to a seamen's strike of considerable duration. Apparently the democratic tendencies of the new Government have prompted it, at this early period of its career, to reopen the matter and a joint commission (of shipowners and seamen) has been appointed by the new Under Secretary, M. Léon Meyer, Deputy Mayor of Havre, to consider amendments to be introduced into the existing system. M. Jules Gautier, Councillor of State and President of the Confederation of Employers in French Agriculture, has been appointed Chairman of the Commission. (*Exportateur Français.*)

THE RENTS ACT.

The Rents Act in its final form (if, comments a critic, anything in connection with this matter can be deemed final), the subject of long and tedious discussion in Parliament, has now been published and its substance is as follows:—

Clause 1. By reason of a dearth of dwellings, the extension of tenancy authorised by the Acts of March 31, 1922 and Dec. 29, 1923, may be accorded in all communes in respect of dwellings and business premises to all genuine tenants unless the tenant has made special or supplementary war profits. Premises which should be occupied personally by the owner and which have been the subject of private arrangement or a decision of the courts are not subject to the terms of the present Act. No foreclosure is valid against applications for extension authorised by the present Act until the expiration of three months from the date of promulgation. Until Aug. 31, 1924, no genuine tenant or occupier may be evicted. Extensions already granted may be renewed, but not beyond Jan. 1, 1926. The right to extension cannot be claimed by the tenant or occupier of any part of a building to be pulled down for purposes declared to be of public utility. The right of extension cannot be maintained against landlords who are victims of the war as defined by Clause 13 of the Act of March 31, 1922. In no case can an extension of tenancy be claimed by a tenant having at his disposal other premises suited to his needs.

2. The provisions of Clauses 2 and following of the Act of Dec. 29, 1923, as to limitations of rent shall only apply to dwelling houses in the communes specified in Clause 1 of that Act. In other cases, in default of agreement between the parties, the rate of increase of rent shall be determined by the judge in accordance with the provisions of Clauses 10 and 18 of the Act of March 31, 1922.

3. Foreigners admitted to domicile in France under the terms of Clause 8 of the Civil Code shall benefit by the provisions of this Act.

4. Amends the Act of Dec. 29, 1923, by providing that the present Act shall not apply to premises constructed since Aug. 1, 1914, with the exception of those rebuilt, completed or restored in pursuance of the terms of the War Damages Act of April 17, 1919.

5. Completes Clause 15 of the Act of March 31, 1922, imposing penalties on landlords for the conversion of dwellings into business premises, by providing exemptions in certain specified circumstances.

6. Confirms provisions of Acts of March 31, 1922, and Dec. 29, 1923, except as amended by the present Act.

7. Any renunciation, prior to the promulgation of the present Act, of the benefits conferred by it shall be null and void. (*Journée Industrielle.*)

GERMANY


POLITICAL AND GENERAL

END OF THE DISPUTE WITH RUSSIA.

The dispute with Russia, which has lasted nearly three months, is now at an end. A protocol has been signed in which both sides make considerable concessions. The German Government declares that it officially repudiates the proceedings of the Berlin Police against the Russian trade delegation on May 3, and will punish those responsible, whilst the Soviet Government undertakes to prevent the participation by any of its officials and employees, including the trade delegation, in the internal affairs of Germany. The Soviet Government further waives its demand for the inviolability of all the members of the trade delegation, but obtains the concession for a certain number of them not yet definitely fixed. The permanent settlement of this question is reserved till the negotiations for a trade treaty which both sides agree to conclude within a year. The Soviet trade delegation now resumes its functions, and all transactions with German firms and institutions, which have been interrupted since May 3, are renewed. (*Deutsche Uebersee Zeitung.*)

TREATY OF COMMERCE WITH SPAIN.

After long and difficult negotiations a trade treaty was finally signed between Germany and Spain at Madrid on July 25, and awaits ratification. The conclusion of the treaty was throughout stoutly opposed by influential industrialists in Bilbao and Barcelona, and by a group of Spanish speculators in marks whose mouthpiece is *El Imparcial*. The influence of Spanish agricultural interests and particularly of the fruit exporters, however, finally prevailed in favour of the treaty, which came into force provisionally on Aug. 1 as a *modus vivendi*. It can be annulled by three months' notice on either side. Germany grants Spain most-favoured nation terms in full and customs-free import of a large number of commodities, including rice, bananas, tomatoes, onions, lemons, wool, resin, hides and skins, turpentine, olive oil, raw tartar, and raw lead and ores. With regard to a number of other commodities, mainly oranges, wine and cork, she grants reductions, which in many cases are below the "autonomous" tariff rates. Spain, on the other hand, has conceded to Germany a reduction of 20 per cent. in Column II and in a large number of other tariffs. Germany thereby gains reductions in the case of about 375 classes of commodities which have already been granted to France, Italy, Switzerland and Norway. These include mainly iron, metal, and goods, machines, cables, electro-technical goods, asbestos, glass, porcelain, and stonework goods, furniture, leather goods, shoe ware, watches, toys, and to a small extent textiles. In addition Germany obtains a special reduction of 20 per cent. in the rates on 14 other classes of commodities, including optical glass, locomotive machines, machine spare parts, musical instruments. Spain also abolishes the toll on the German exchange, which has become anomalous since the stabilisation of the mark. The *Börsen Zeitung* remarks that though Germany has conceded, without obtaining, most-favoured nation terms in full, and though many reductions are below those granted to certain other states, especially England, nevertheless the sacrifices were worth making in the interests of German export, whilst the treaty marks an important step in the friendly relations between the two countries and in the removal of the restrictions upon German trade which have been imposed during and since the war. (*Berliner Börsen Zeitung, Deutsche Uebersee Zeitung.*)

 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.

FINANCE

REICH FINANCES IN JUNE.

From one point of view the Reich financial situation was more favourable in June than in the preceding months, inasmuch as recourse to Rentenmark credit was only necessary to the extent of Mk.1.4 mill. as compared with Mk.13.5 mill. in May and Mk.20.1 mill. in April. This, however, was due to the fact that only Mk.26.6 mill. were required for the cancellation of gold loan as compared with Mk.121.1 mill. in May and Mk.76.1 mill. in April. But from a general point of view the situation was not so favourable. Expenditure increased from Mk.459.1 mill. in May to Mk.504.5 mill. in June, whilst revenue decreased from Mk.566.7 mill. to Mk. 529.7 mill., leaving a favourable balance of only Mk.25.2 mill. in June as compared with Mk.107.6 mill. in May. The decrease in revenue was due to the decline in the proceeds of taxation, which, standing at Mk.472.3 mill., were below Mk.500 mill. for the first time since February. The high receipts in the earlier months, and especially March, were due to income from non-recurring taxes, which, by June, had become almost negligible. Moreover, the growing economic crisis which followed the revival in the early months of the year due to stabilisation is reflected in the decline of revenue from recurring taxes like the turnover tax. On the other hand, the revenue from customs and excise is well maintained, and also that from the tax on wages, both of which reached their highest point in June. The following table summarises the revenue returns for the second quarter of the year :—

Taxes.	April.	May.	June.
	(In millions of gold marks.)		
(a) Property and Traffic—			
Non-recurring ...	13.3	4.6	2.6
Recurring ...	415.7	420.2	375.8
Total ...	429.0	424.8	378.4
(b) Customs and excise ...	92.6	92.6	93.5
(c) Other sources ...	2.0	1.1	0.6
Total ...	523.8	518.7	472.3

In the Reich debt there were no important changes during June. The floating debt fell from Mk.1,357.4 mill. in May to Mk.1,332.4 mill. owing to a reduction of Mk.25 mill. in outstanding Rentenmark Treasury Bills.

The currency circulation shows an increase of over Mk.200 mill. as compared with the previous month, mainly in coinage and Reichsbank notes, and to a lesser extent in Rentenmarks. Gold loan circulating in small amounts was finally cancelled. The following table shows the movements in currency circulation :—

Currency.	1923. Dec. 31.	1924. Mar. 31.	1924. May 31.	1924. June 30.
	(In millions of gold marks.)			
I. Papermarks :—				
Reichsbank Notes	496.5	689.9	926.9	1,097.3
Private Bank Notes	0.1	—	—	—
State Railway emergency money	109.0	26.6	3.5	—
Approved emer- gency money ...	2.3	1.0	0.6	—
Total I. ...	607.9	717.5	931.0	1,097.3
II. Coinage ...	—	25.9	138.5	194.7
III. Securities :—				
Rentenmarks ...	1,049.1	1,760.3	1,728.5	1,771.6
Gold Loan ...	240.0	146.6	24.0	—
State Railway emergency money	141.9	123.6	70.6	55.5
Gold Loan emer- gency money	234.7	50.4	25.0	9.5
Total III. ...	1,665.7	2,080.9	1,848.1	1,836.6
Total I., II., & III. ...	2,273.6	2,824.2	2,917.6	3,128.6
1913 (= 6,070.0) = 100	37.46	46.53	48.07	51.54

Whereas in the earlier part of the year the increase in currency was due to the increased granting of credit facilities it is now exclusively due to the flow of securities into the Reichsbank. Deposits with the Reichsbank

fell from Mk.804.5 mill. at the end of May to Mk.773.9 mill. at the end of June, and discounts from Mk.2,948.2 mill. to Mk.2,104.3 mill., the decline being due to the same reason as that of the revenue, namely, to the economic crisis. (*Wirtschaft und Statistik.*)

INDUSTRY

THE INDUSTRIAL SITUATION IN JULY.

The reports of the Prussian Chambers of Commerce present an almost uniformly unfavourable picture. The Ruhr mining industry was still suffering from the effects of the strike in May, and the average output remained below that of April. As compared with an average output of 328,665 tons of coal per working day between April 1 and 25, July could only show 317,564 tons. The market was bad and output had to be restricted. There was a recovery in the output of Upper Silesian hard coal, but here too the market was very unfavourable owing to restricted demand by industry and the expectation of a price reduction. The production of coke had also to be restricted owing to limited demand. Central German hard coal and Rhineland lignite likewise suffered from a bad market. The situation in the Siegerland iron ore mines has deteriorated to such an extent that from Aug. 1 onwards not more than 30 per cent. of the miners will be at work. The home market for potash products showed no improvement, but there was a certain increase in foreign orders, especially for sulphate of potassium, which the Alsatian works could not deliver. Nevertheless works had to be closed down and employees dismissed. The petroleum industry in Hanover was kept fully occupied. The situation of the Rhine-Westphalian iron industry is extremely unfavourable. Business in rolling mill products is almost completely at a standstill, and the downward movement of prices continues. There is once more a sufficient supply of pig iron. In the scrap iron market the fall in prices continued up to the last week of the month, and the demand was small. In the Duisburg-Wesel district home trade is at a standstill, increased competition being noticeable from Belgium, Luxemburg, Lorraine and the Saar, whilst consumers' and commercial stocks of iron are being converted into liquid funds. The Upper Silesian iron industry is also suffering from the latter process. The home zinc market improved, but there was a decline in the foreign market. The Berlin metal market showed little change from the previous month. The electro-technical industry suffered a further severe depression, due largely to the liquidation of consumers' stocks. The situation of the dye industry became increasingly unfavourable. Building activity showed some improvement on the previous month, mostly in small private

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houses, and in repairs to house property to which increased rents lent some encouragement. In these conditions the available skilled labour was fully occupied. Building materials were plentiful and prices showed a marked fall. The timber trade and the saw mills continue at a standstill. The situation in the paper industry remains unchanged; prices are very low, and works are on short time. The position of the textile industry became increasingly difficult, no new orders being forthcoming at all. The corn trade experienced a notable improvement, owing to the removal of the export prohibition. Prices rose in sympathy with American prices, and on account of the unfavourable harvest prospects in Russia, Canada, Hungary and the Balkans. This was especially the case with regard to wheat. (*Frankfurter Zeitung.*)

AGRICULTURE

CROP REPORT.

In the following table prepared by the Reich Statistical Office 1 = very good, 2 = good, 3 = average, 4 = moderate, 5 = bad :—

Crop at beginning of	August 1924.	July 1924.	August 1923.
Winter wheat ...	2.9	2.9	2.4
Summer wheat ...	2.9	2.9	2.6
Winter spelt ...	2.7	2.7	2.5
Winter rye ...	3.2	3.1	2.5
Summer rye ...	2.9	2.9	2.6
Winter barley ...	3.0	3.0	2.6
Summer barley ...	2.7	2.6	2.3
Oats ...	2.7	2.7	2.5
Potatoes ...	2.7	2.7	3.1
Sugar beet ...	2.7	2.8	2.9
Beetroot ...	2.6	2.8	2.9
Clover ...	2.8	2.6	2.5
Lucerne ...	2.8	2.6	2.4

The warm weather in the first three weeks of July accelerated ripening sufficiently to enable the harvest to begin everywhere, but at the end of the month almost daily storms in most districts flattened the crops to a considerable extent and delayed work on the harvest. In the Southern districts the rain was in places so heavy as to cause the flooding of streams. In some parts hail also caused considerable damage. Winter stalk crops are moderate, but summer ones have generally come on well, though late sowings are somewhat backward. Roots, on the other hand, have benefitted by the recent rain. The first hay crop was good. (*Berliner Börsen-Zeitung.*)

SOCIAL AND LABOUR CONDITIONS

EMIGRATION IN 1923.

A larger number of people emigrated from Germany in 1923 than in any year since 1892. The total number of emigrants was 115,616, of whom more than four-fifths went to North America. This represents 187 per 100,000 of the population, as compared with 60 in 1922, 38 in 1921, and an average of 36 in the last five years before the war. The increase was largest in Wurtemberg, whence the quota was 500 per 100,000 of the population; next came Thuringia, Baden, Bavaria and Saxony. Of the Prussian provinces emigration was heaviest from Schleswig-Holstein, Hanover and Pomerania. The enormous rise in emigration is ascribable to the unfavourable economic situation of Germany. Ninety-nine per cent. of the emigrants embarked from German ports, 56 per cent. going from Hamburg and 43 per cent. from Bremen. 65,734 were men, and 48,078 women; of the men 59 per cent., and of the women 54 per cent. were between the ages of 17 and 30. 30 per cent. were married. 40 per cent. belonged to industry, 15 per cent. to agriculture and forestry, the remainder to trade, domestic service, the professions and unskilled labour. At the present moment negotiations are in progress with Argentina for the immigration of 10,000 German farmers. (*Hansa.*)

RUSSIA

POLITICAL AND GENERAL

THE POLITICAL SITUATION.

During the last few weeks the political situation in Russia has become considerably clearer. The Communist Party Congress was followed by the Fifth World Congress of the Communist International in Moscow, at which the Trotsky-Radek "opposition" broke down, leaving the Radical Zinovieff-Kameneff-Stalin group henceforth in undisputed supremacy. This means a reaction from the new economic policy, and the repression of private trade and capital, in other words, a return to the early days of the revolution. The new economic policy had, in the course of time, produced a new bourgeoisie which was pushing forward energetically and endeavouring to get back to the old capitalist system. What in effect happened was, that the release from the yoke of socialisation was stimulating production and was beginning to create new values outside the ring of State ownership. It is around these that the struggle is now raging, after the representatives of the new private capital had attempted a far-reaching attack on public control. This in the legislative sphere looked like endangering the political position of the Communist Oligarchy, and consequently evoked strenuous opposition. Under the influence of the leading Russian section of the Communist International the Fifth World Congress decided upon a "Bolshevisation" of the Communist Parties in all countries and upon an offensive against the democratic pacifism of the MacDonald-Herriot epoch, the object being to distract the attention of the Russian people from the Soviet failure to obtain the indispensable credits by priming it with the success of communist activity in other countries. The Soviet Government has also found it necessary to conciliate the threatening demeanour of the peasantry evoked by the approaching failure of the harvest, and with this end in view have started a new religious policy. It appears to be looking for common ground whence it can prepare the way for the long-expected reformation of the Greek Orthodox Church, and behind the scenes is working for the convocation of an Ecumenical Jubilee Council, at which the Patriarchs of Constantinople, Jerusalem, Antioch, Alexandria and Moscow desire to discuss a rapprochement with the other Christian Churches, particularly with the Anglican High Church. Thus Sovietism is oscillating between concession and compromise on the one hand and radical reaction on the other. (*Wirtschaftsdienst.*)

U.S.S.R. FINANCE.

Apparently there have been some misgivings in business circles not only in London, but also in other European centres as to whether remittances of money to Russia could be safely effected. The official statement published by the People's Commissary for Finance of the Union of Soviet Socialist Republics clearly disposes of this misconception, and British traders can assuredly continue their business negotiations with Russia. In another column we publish an official announcement issued by M. G. Y. Sokolnikov on behalf of the People's Commissary for Finance which should dispel any doubts that may still exist in the mind of the British trader.

FINANCE

THE BUDGET FOR 1924-25.

The efforts at currency stabilisation during the last half year have progressed sufficiently to enable a regular Budget estimate for 1924-25 to be prepared. According to the estimate the Budget should balance at 2,080 mill. roubles, as compared with 1,880 mill. in the current year. A remarkable feature is the expansion of the ordinary revenue. As a result of the failure of the internal State loans this year, which only brought in a

fraction of the expected returns, the more prudent estimate has been made of 130 mill. roubles as the revenue from credit operations and the realisation of State funds and 80 millions as extraordinary revenue from the silver and copper monetary issues. The estimate of revenue from taxation and Customs is put down at the high figure of 832 mill. roubles, and from the agricultural unity tax at 350 millions, of which, however, only 274 mill. are mentioned in the Budget estimate, the remainder being required for local purposes. The total estimated increase of revenue from taxation is 200 mill. roubles, or 30 per cent. above the current year. This is regarded as far too high, as there is likely to be a decline rather than an increase in revenue from this source. According to calculations made by Professors Litoschenko and Hensel, the national income of Soviet Russia in 1923-24 amounted to 8 milliard roubles, but the harvest was 30 per cent. better than is expected this year. This is a very important factor, for the system of taxation depends in the first instance upon the direct agriculture tax, the proceeds of which will presumably show a very much larger decline than the Government assumes. In addition, allowance must be made for reduced profits from the State export of corn, which, in spite of the assurances of the Government, can hardly reach the level of the current year. Moreover, the poor corn harvest is bound to affect other taxes unfavourably, and more particularly to reduce the purchasing power of the agricultural population, which will react upon the profits from the State industries. Again, the present policy of repressing private commerce in favour of State and co-operative commerce must heavily restrict the revenue from taxes on industry, income and property, especially as State and co-operative organisations enjoy lighter taxation.

A further source of revenue is the profit from State banking, industrial and commercial undertakings, which is estimated at 175 mill. roubles, as compared with 125 mill. roubles in the current year. Since, however, the prices of industrial produce are falling, and banks have begun to reduce their discount rates, it is not easy to see where the estimated 40 per cent. increase is to come from. For the same reason it is equally difficult to understand the proposed reduction in State advances to industry to the figure of 40 mill. roubles. Is it seriously believed that industry can carry on by itself, or is the intention merely to produce a Budget which will no longer show a deficit? For in addition to these very problematical items the Finance Commissariat is reckoning upon an exact balance of revenue and expenditure in the traffic budget. In this way it reaches a financial position so favourable that it can envisage a number of special expenses; for instance, 35 mill. roubles on electrification, 20 mill. for countering the harvest failure, 10 mill. on public works (presumably to provide work for the unemployed), and 10 mill. on communal buildings. The Exchequer is also to receive 100 mill. roubles for various financial operations, including the purchase of silver for the Mint and the increase of gold funds. Expenditure on the army and navy, the individual commissariats, etc., is not given in the estimate. Altogether this Budget aptly reflects the official optimism, but it also shows a desire for extreme economy and rational finance. All unnecessary expenses are rigorously excluded; thus the Moscow social insurance office has been instructed to exclude 20 per cent. of all social annuitants, and to re-classify 30 per cent. in lower categories. In Moscow itself five invalid homes and eight blocks of dwelling-houses with so-called "social rents" are being closed, whilst in the Moscow Government 25 out of 46 invalid homes have been closed. Expenses on social support are in future to be borne not by the State, but by the trade unions and peasant committees, so that the Soviets are retrenching precisely in the sphere of poor and sick maintenance which was to have been the main object of their solicitude. Indeed, all the social gains of the great October Revolution have now had to be dispensed with; in Russia to-day

REMITTANCES TO RUSSIA

Official Statement of People's
Commissary for Finance,
U.S.S.R.

In view of the rumours which have appeared in the Foreign Press that citizens of the U.S.S.R. experience difficulty in obtaining receipt of money sent to them from abroad, the People's Commissary for Finance of the U.S.S.R. desires to bring the following to the notice of all concerned:—

1. In accordance with the laws of the U.S.S.R., foreign currency may be received from abroad freely and without limitation.
2. Remittances are paid out to the persons to whom they are sent by the banks and postal institutions in all parts of the U.S.S.R. in any quantity.
3. Remittances are paid by the above institutions without any deductions.
4. Remittances are not subject to any taxation.
5. Holders of foreign currency, including those in receipt of sums from abroad, have the right to hold the same without limitation, and to exchange it freely in credit institutions and money exchanges.

6. In order to assist the poorer sections of the population receiving money from abroad, the Union People's Commissary for Finance is taking steps to reduce the cost of such remittances.

G. Y. SOKOLNIKOV.

July 23, 1924.

there are neither workers' councils nor workers' control of production, whilst the State maintenance of the "victims of the class war," "schools for all," provision for the education of illiterate adults, and a very large proportion of the village schools, workers' academies, etc., have disappeared. (*Wirtschaftsdienst.*)

INDUSTRY

THE SUGAR INDUSTRY.

The Russian sugar industry, which before the war was second only to Germany in importance in European production, collapsed utterly owing to the Revolution and the breaking up of the large estates. In 1921-1922 the production was only about $3\frac{1}{2}$ mill. poods, or less than 4 per cent. of pre-war. Since 1922, however, the industry has begun to revive with the aid of the Government, so that in 1922-1923 production rose to 12.2 mill. poods, and in 1923-1924, according to the latest official report, to 23.1 mill. poods, or 26 per cent. of the average pre-war production. Of the total production in 1923-1924 93.4 per cent. came from the factories of the State Sugar Trust, and only 6.6 per cent. from privately owned factories. The 110 factories of the Sugar Trust worked up 132.5 mill. poods of beet, or 57 per cent. more than last year; the average quantity of sugar in the beet was 16.4 per cent. as compared with 15.4 per cent. last year. The area under cultivation of sugar beet for delivery to the Trust was 222,155 desjatines, as against 162,000 desj. in 1922-1923. In order to enhance the cultivation of sugar beet the Soviet Government in 1922 allotted 824,500 desj. to the industry in the form of factory plantations, which, however, have not proved a success, and in 1923-1924 no less than 91.9 per cent. of the total area was cultivated by the peasantry, as compared with only 23 per cent. before the war. In 1923-1924 the return per desjatine was 709 poods in the factory plantations, and 720 poods in the peasant plantations. The corresponding figures for 1910-1914 were 1,128 and 912 poods respectively. The financial position of the industry in 1923-1924 was very bad. Out of a capital of about 300 mill. gold roubles only 35 mill. were employed as working capital, which is stated to be totally insufficient. The working capital for next year is to be 40 mill. gold roubles, but to raise the production to the pre-war level 130 mill. gold rbl. capital investment would be required, together with an increase of 70 mill. working capital and a bank credit of 100 mill. An effort is to be made for a large increase in the production of 1924-1925, and it is estimated that 322,578 desj. will be under sugar beet cultivation. But the weather conditions are exceptionally unfavourable. A very large proportion of the plantations are ruined by drought and insects, and according to the latest reports the production is unlikely to reach this year's level. The expected production of the Sugar Trust is 17 mill. poods, as compared with 21.5 mill. this year. This year about 3 mill. poods of raw sugar had to be imported from abroad for home consumption, so that next year a still larger import will be required to meet home consumption, particularly if the renewed sugar export to Persia is to be maintained. (*Deutsche Allgemeine Zeitung; Russian Information and Review.*)

SPAIN

FINANCE

REVENUE RETURNS FOR JUNE.

The recently published revenue returns show a yield of Ptas. 280,548,363 for June as against 201,028,143 for June 1923, an increase of 79,520,220, and of Ptas. 656,072,000 for the first three months of the current financial year (April 1 to June 30) as against 535,550,000 for the corresponding period of the previous financial year, showing an increase of Ptas. 120,522,000. The yield from the various sources for (a) June, (b) the three months (the figures for the corresponding period of 1923-1924 being shown in brackets) was (in millions of

pesetas):—Land tax, (a) 28.1 (24.2), (b) 48.5 (44.5); industrial tax, (a) 8.4 (13.3), (b) 31.7 (23.1); profits tax, (a) 54.4 (25.2), (b) 99.3 (64.7); Royal dues (death duties, duties on transfer of property, etc.), (a) 11.8 (13.5), (b) 36.2 (36.3); mines, (a) 0.1 (0.1), (b) 1.3 (1); Customs, (a) 47.3 (30), (b) 143.8 (113.6); spirit tax, (a) 3.8 (2.3), (b) 9.2 (6.8); beer duty, (a) 0.7 (0.3), (b) 1.1 (0.6); sugar tax, (a) 8.3 (7.5), (b) 25.2 (23.7); duties on articles of consumption, (a) 1.2 (0.9), (b) 3.1 (3); transport tax, (a) 5.4 (5.5), (b) 15 (14.8); lighting, (a) 0.7 (1.1), (b) 6.8 (6.1); State property, (a) 2.8 (1.5), (b) 7.1 (4.4); tobacco monopoly, (a) 21.9 (23.2), (b) 62.8 (67.5); stamp duties, (a) 22.4 (20.8), (b) 62.8 (52.1); the lottery, (a) 36.1 (19.7), (b) 57.2 (39.8); various, (a) 16.5 (10.4), (b) 44.2 (32.2). (*España Económica y Financiera.*)

TRADE

COMMERCIAL TREATY WITH GERMANY.

As stated in a previous number (*THE ECONOMIC REVIEW*, July 25, p. 77), the existing commercial *modus vivendi* with Germany was allowed to lapse owing to disagreement on the coefficient of depreciated currency imposed on German goods in addition to the ordinary duty, the rescission of which was a *sine qua non* on the part of Germany, and the possibility of a tariff war between the two countries was contemplated. Now however the establishment of a new *modus vivendi* is announced, whereby in return for the reduction by Germany of the Customs duties on Spanish agricultural produce, preserved fish, iron ore and cork, Spain remits the coefficient for depreciated currency on German imports and reduces the duties contained in the second or lower column of the new Customs tariff by 20 per cent. for 375 classes of German manufactured goods and applies the second column to the remainder. The new arrangement came into force on Aug. 1, and may be denounced by either party on three months' notice. It is provisional pending approval by the Council of National Economy, but everything points to its becoming permanent.

Germany grants to all Spanish goods most favoured nation treatment, reduces the duties on some and remits them altogether on others. Those enjoying the latter advantage are: Rice, tomatoes, bananas, lemons and cork waste, while duties are reduced on oranges, raisins, chiles, saffron, preserved sardines and tunny fish. But the chief concessions are granted in respect of wine. The duty on wine for blending has been reduced to 15 marks, on red table wine to 20, on white to 30, and on certain dessert wines to 25 marks. In vain have the wine growers of the Rhine opposed these concessions. *España Económica y Financiera*, which supplies the above information, is obviously about to add its comment on the *modus vivendi*, which however is suppressed by the censor.

The French Press, which has been narrowly watching Germany's attempts at the economic conquest of Spain (*cf.* *THE ECONOMIC REVIEW*, July 25, p. 77), considers the *modus vivendi* of supreme importance, and sees in the spirit in which it has been negotiated by Berlin a proof that Germany is founding new hopes of economic supremacy on the development of her industry. According to the *Information Financière*, the *modus vivendi* constitutes a rapid and overwhelming victory by the German Government over the Spanish Military Directory by the mere threat of a tariff war unless the coefficient of depreciated currency was suppressed before the end of July. Reports drawn up by the Chambers of Commerce of Catalonia and the Basque Provinces, the two industrial centres of Spain, demonstrated that the concessions granted to Germany would deal a mortal blow to the national iron and steel and engineering industries, and that German firms had already accumulated in the free ports of the Peninsula stocks of goods to be dumped on the Spanish market, as soon as the *modus vivendi* should come into operation, at prices which would defy competition on the part of Spaniards and foreigners.

Spanish industry, adds the *Journée Industrielle*, is already threatened by Germany, and has been partly sacrificed to it by the new convention. To obtain this convention Germany, on her side, has sacrificed part of her agriculture or rather of her viticulture. German exports to Spain had diminished by one-half between 1913 and 1923, and by two-thirds at the beginning of 1924. It was of supreme importance to Germany to remove the depreciated currency surtax as quickly as possible. In addition to this concession, she has obtained treatment for the essential products of her industry, on the whole favourable. Her locomotives, buttons, motors, opticians' instruments, textiles, toys, etc., enjoy the same privileges as the similar products of Switzerland, France, Italy and Norway. Thus Spanish agriculture and German industry each obtain solid advantages. The wine trade offered the chief obstacle to the conclusion of the treaty, for on this subject Spain was uncompromising, and the German negotiators had to give way in order not to sacrifice the whole treaty. The German Government, the semi-official *Zeit* and the *Frankfurter Zeitung* all admit that German wine growers have been sacrificed to the treaty, which, on the other hand, opens new outlets to German industry.

AGREEMENT WITH GREAT BRITAIN
RELATING TO COMPANIES.

An agreement was signed in Madrid on June 27 relating to the treatment of Spanish companies carrying on business in Great Britain and on British companies carrying on business in Spain. In the following summer of the agreement, given in full in the July Report of the *Journal of the British Chamber of Commerce for Spain*, the provisions thereof apply equally, except where otherwise specified to the companies, the subjects of each high contracting party carrying on business in the territory of the other high contracting party. The main provisions of this agreement are as follows:—

Definition of the term company; enjoyment, except where modified by the agreement, by such companies of the advantages conceded respectively to the subjects of both countries by the Treaty of Commerce and Navigation of Oct. 31, 1922; freedom of the companies from general or local taxation of any kind in the country in which they are carrying on business other than is imposed on companies native of such country; taxes imposed on such companies shall be strictly limited, if based on capital to the portion really invested in the territory of the other contracting party where the companies native of the latter pay taxes, if based on business to the business conducted by such companies, if based on profits to those obtained on business done in or managed from such territory, the rates to be no higher than those paid by native companies; where the law of either country requires as a general rule for all classes of companies that the amount of any tax imposed on the companies of the other country be calculated on a percentage of total profits, or of their total capital, such percentage shall be calculated as follows, in the case of deposit banks the percentage shall not exceed the proportion between the total amount of current and deposit accounts of the bank in the territory where the taxation is imposed and the total amount of such accounts of the bank as a whole, in the case of insurance companies, the percentage shall as a general rule not exceed the proportion of the premiums pertaining to the territory where the taxation is levied and the amount of the total premiums received by the company, in all other cases the percentage shall be based on a comparison of capital, assets, turnover profits, the volume of purchases and sales or some combination of these factors, and it shall not in any case exceed the proportion which exists between the figures calculated for each one of these factors or for a combination based on the same in the territory where the tax is levied and the figures corresponding to the undertaking as a whole; the relevant provisions of the last two clauses will be applied by the Spanish authorities to all assessments

on capital and profits of British companies established in Spain, the percentage on which shall not have been published in the *Gaceta* prior to May 1, 1924, otherwise the percentage so published shall be final; as an exception to the two preceding provisions, any British bank having branches in Spain shall be subject, in pursuance of the provisions of the Spanish Income Tax Act of September 1922, to a tax not exceeding one-fourth per thousand on its total nominal capital and reserves, after deducting the proportion of such capital and reserves corresponding to the branches in Spain; each contracting party shall benefit by most favoured nation treatment; neither contracting party shall impose conditions on the business transactions of the companies subjects of the other contracting party more onerous than those imposed on the transactions of its own companies; if the law of either contracting party does not provide for appeal against the assessment by the taxation offices of the percentage above referred to, opportunity shall be given to the company concerned of making representations to the Minister of Finance, whose decision shall be final, but no company failing to avail itself of such opportunity shall be entitled to contest the assessment made by the taxing officer; this Agreement shall come into force immediately and shall continue in force until twelve months from the date of notice to determine it given by either contracting party; the terms of this Agreement shall not apply to any of His Majesty's overseas Dominions including territory in respect of which a mandate from the League shall have been accepted by his Britannic Majesty, unless the British representative in Madrid give notice to the Spanish Government of the desire that they shall so apply; in the case of the application of this Agreement to any British oversea Dominions referred to above, either contracting party shall have the right to terminate it separately on twelve months' notice.

INDUSTRY

THE COAL OUTPUT.

The Board of Mines has published the following figures showing the output of (a) coal, (b) anthracite and lignite of recent years (in 1,000 tons): 1916, (a) 4,874, (b) 741; 1917, (a) 5,024, (b) 947; 1918, (a) 5,761, (b) 1,401; 1919, (a) 5,104, (b) 816; 1920, (a) 4,928, (b) 1,044; 1921, (a) 4,672, (b) 701; 1922, (a) 4,179, (b) 586; 1923, (a) 5,630, (b) 658. With the exception of 1918, last year shows the highest yield during the period but if it is taken into consideration that during the war years anything was worked as coal, last year's yield may be regarded as the best. (*España Económica y Financiera.*)

MINING CONCESSIONS IN MAY.

During the month of May, announces the Madrid correspondent of the Anglo-South American Bank the following mining concessions were granted by the Ministry of Commerce and Industry: lignite 3 concessions of an aggregate area of 214 hectares; iron 9 of 465 hct.; graphite, 1 of 60 hct.; lead, 1 of 36 hct.; salt, 1 of 203 hct.; iron pyrites, 6 of 468 hct.; tin, 1 of 238 hct.; mineral oil, 1 of 51 hct.; aluminous earth, 1 of 12 hct.; making 24 concessions totalling 1,747 hct.

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	3
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	15
Helsingfors	9	Warsaw	12

SPECIAL ARTICLES

CARTELS AND TRUSTS IN GERMANY.

The following review of the history of trusts (Kartelle) in Germany, appears in the *Neue Freie Presse* of July 18 from the pen of the well-known German financial expert, Dr. Alfred Lansburgh.

It is now twenty years since the problem of cartels was first discussed in Germany and the legislature had to decide what its attitude was to be towards this new variety of the old guilds with their monopolising tendencies, their control of prices, and their dumping. An inquiry into cartels was instituted by the Ministry of the Interior, in which both sides were to be heard, but which came to nothing. The head of the investigation deserted the controlling Government office for the controlled industry and a voluminous memorial, which was a mere report of the proceedings, was the sole result. At that time the Freiburg Professor, Dr. Robert Liefmann, published his work entitled "Cartels and Trusts," in which "horizontal" combination, in the form of cartels and syndicates, the "vertical" combination in the form of trusts, were for the first time scientifically compared. Since then the needs, real or assumed, of war industries have considerably strengthened the cartel idea in Germany, and have inmeshed the whole business life of the country in so close a network of cartels with their control of prices, that the Reich's Government found itself compelled to proceed by way of legislation against the "abuse of economic power," this time without any preparatory investigation and even without calling in its favoured experts. An Order of Nov. 2, 1923, created cartel courts, which in certain cases were empowered to pronounce the decision of cartels to be inoperative, and to authorise members of cartels to withdraw from them. During the intervening period, Professor Liefmann's book passed through many editions, of which the sixth has recently appeared, and in it are considered the latest developments of the trust system and the metamorphoses of German law on cartels.*

AMERICAN TRUSTS AND GERMAN CARTELS CONTRASTED.

While the authority on trusts, S. Tschiershky, estimates the number of cartels in Germany at a little over one thousand, Dr. Liefmann considers that, from the quantity of cartel controlled goods, the number must amount to several thousands. On this assumption Liefmann draws the conclusion that the development of monopolising or cornering organisations is to-day much more advanced in Germany than in America. Certainly the number of vast combines formed by the amalgamation of undertakings in America far surpasses the number of those organisations known by the name of trusts in Germany. If by trusts is meant only combines of undertakings creating and working monopolies, the growth of these in Germany is insignificant and isolated. But in Germany the cartel has—anyhow before the Order of November last—so thoroughly achieved the object of establishing monopolies, the aim of the trust system of America, that free competition has been curtailed or totally suppressed in many more branches of industry in the former country than in the latter. Thus it is Germany and not the United States, as report has proclaimed for the past ten years, which must be regarded as the country of monopolies by private enterprises, and the fight against cartels which the German Government has now entered upon is much more fundamentally important than the American anti-trust legislation, which has hitherto passed as the supreme

expression of conflict between the State as guardian of the public interest and private monopolies.

It would be of interest to investigate the hidden causes of the changed relations between the State and the cartels in Germany. That same State, of which the attitude to-day towards price manipulation is that of a policeman, looked with benevolent eyes upon cartels before the war and during the war even energetically supported them. When an important cartel, such as the coal combine (kohlsyndikat) or potassium combine (kalisyndikat) was threatened with disruption it was immediately patched up again by the Government as a compulsory cartel. There must, therefore, be important reasons for the State to curse to-day what it blessed yesterday. If these reasons are to be looked for on the side of the cartels, perhaps because they are inclined to commit more flagrant abuses of their position of monopolists than heretofore, this tendency towards abuses, or the possibility of committing them to an extent formerly unknown, must proceed from some structural alteration in the economic fabric, which it would be of supreme interest to discover. Should it, however, be the State which for reasons of political expediency has revised its attitude towards the cartels, experts in cartels must seek to get upon the track of these reasons, and to distinguish zeal for the public weal from demagogy. Unfortunately Liefmann has made no such attempt to explain the cooling of relations between the cartel system and cartel legislation. He contents himself with asserting his old claim for a more extensive control of all combines with a monopolist tendency, and considers this claim to be the more important "the greater is the dearth of necessities of existence throughout the world," an assumption which in many respects is no longer in accordance with fact. Instead, he enters upon a lengthy and somewhat academic discussion of the question as to why the monopoly idea still takes the form of cartels and not as in America of the all-dominant trust.

Dr. Liefmann attributes the different forms in which private monopoly clothes itself in Germany and America to the divergent legal structure of the undertaking. In Germany, as throughout Central Europe, private ownership or the private trading firm prevails, whereas in the United States it is the joint stock company. The latter lends itself much more readily to a distribution among passive holders, a partial transfer of ownership and a control by third parties, and is therefore much more amenable to participation in trusts. Shares in joint stock companies are a marketable commodity to be bought and sold at will, and therefore to be acquired for purposes of control and amalgamation, whereas it is difficult to induce private property to lend itself to this. Moreover, in Germany the joint stock company has preserved a much more personal character than in America, where it is rarely spoken of as "a family possession," and where the capital of the companies has previously been distributed in many kinds of shares with varying degrees of priority rights attached in order to enable the whole undertaking to be controlled by a minority with a comparatively small holding.

It is to be considered whether these factors constitute the real cause of the different forms of monopoly prevailing in Germany and America. The legal form of working cannot be the deciding factor, since everything which hampers the formation of trusts also stands in the way of the cartel system.

Joint stock companies have at their head boards of directors, but these directors, who have widely extended interests and usually have unacknowledged relations with the banks with their spheres of multifarious interests, are more easily convinced of the advantage of a combine for the purpose of fixing prices or conducting sales than owners of private businesses, who are usually

* *Kartelle und Truste und die Weiterbildung der Volkswirtschaftlichen Organisation.* By Dr. Robert Liefmann. Sixth edition. Stuttgart, 1924: Ernst Heinrich Moritz.)

inclined to look askance at any connection with trade rivals. But the differences between German and American companies have during the past few years shown a growing tendency to disappear, and if the joint stock company shows a leaning towards trusts rather than cartels, the trust system especially for monopolist aims must have to a considerable extent ousted and replaced the cartel system. It would seem that Liefmann has overlooked or at least underestimated a number of other very important factors. In the first place, of considerable significance is the circumstance that the individual States of the Union are possessed of extensive powers of intervention in the commercial law of their territory, a right which they have often exercised in good time whenever undertakings have combined for the purpose of establishing monopolies or of fixing prices by contract. In America no attempts are made at union with a view to exercising the cartel system, as it is well known by experience that any such attempts will be frustrated either by the individual State or by the Federal Government (Interstate Commerce Commission, Federal Trade Commission). Also because the peculiar banking conditions in America in conjunction with the customary overcapitalisation of joint stock companies bring about the formation of cartel-like combines for the purpose of fixing prices (with the trust or holding company at their head) as a matter of course. The watering of capital, inherent in almost every ordinary joint stock company, signifies that the majority of shares is held by very few persons who have paid next to nothing, and who are always ready to dispose of them cheaply. The buying up of these controlling blocks of shares is all the easier by reason of the fact that the industrial magnates themselves grant the necessary bank credits, since they control not merely individual banks but entire banking systems. (Individual banks may only lend a determined percentage of their floating capital to any one undertaking, a state of affairs which leads on the one hand to the splitting up of the banks and on the other hand to a splitting up of industrial undertakings, and so renders their amalgamation into organised trusts a virtual necessity).

In Germany, on the contrary, trusts are unnecessary for the purpose of creating monopolies—or were so until last November—because the cartel is—or was—a sufficient substitute for it, and restrictions on credit do not exist. Further, the creation of trusts is difficult because easily purchased controlling blocks of shares of companies are rarer than in America. It is true that inflation has in this, as in so many other fields, brought about considerable changes; large blocks of shares have in the last few years become united in a few hands for speculative purposes, whereby the creation of trusts has been rendered materially easier. It will essentially depend upon the practical efficiency of the new anti-cartel Act whether trusts will make their appearance in Germany for the purpose of creating monopolies. So far trusts have only served for purposes of technical organisation, and the "vertical" or "horizontal" amalgamations have been formed purely with the object of increasing the coefficient of production.

SPAIN UNDER THE MILITARY DIRECTORY.

No insight into conditions in Spain under the Military Directory can, owing to the rigid exercise of the Press censorship by the military authorities, be obtained from Spanish sources. So sharp is the look-out for indiscretions that even a well-known economic weekly review is not allowed any expression of opinion and usually shows marks of the censor's attentions in its columns, a recent number appearing with its leading article completely deleted. Señor Garcia Bermejo, however, in the *Oesterreichische Volkswirt* (May 24) gives the

following account of the economic progress of the country since the military *coup d'état* last September.

The Directory has admitted a few civilians into the Government, but any assumption that this portends the restoration of the civil authority and the retirement of the military Government would be premature. Indeed General Primo de Rivera in a statement of the Government's programme announced that the military régime must be maintained for some time, since the work of purifying the administration and restoring economic conditions is by no means at an end, and that in any case the Government would only resign office to a new party, the formation of which will be proceeded with in due course.

In political circles of the Right strenuous efforts are being made to found a Patriotic Union which will be joined by the Conservatives, notably those of Señor Maura's group, and by numerous classes of citizens hitherto independent of politics. In opposition to this combine, the late President of the Chamber, Don Melquíades Álvarez, is striving to form a large party of the Left with, as he hopes, the co-operation of the Socialists, Republicans and Radicals. Owing to all these manoeuvres the former political machinery of the country has been thrown into such confusion that no one knows who the successor of the Military Government will eventually be.

In spite of the Directory's undeniable success in purifying the political and economic system, it has not ventured to attempt a solution of the two chief problems, the Morocco campaign and the cost of living. Indeed, the public considers the restraint laid upon the liberty of the Press, which checks all discussion of these thorny questions, unnecessary and objectionless. Under pressure of public opinion Primo de Rivera has made small concessions with regard to the censorship, which at least permit of a mild criticism of the Directory.

In its fight against "caciquismo" (from *cacique*, an Indian headman)—a system of local political "bosses" or caucuses formerly the mainstay of Spanish political parties of all colours—the Directory has made another advance from which it hopes to achieve an overwhelming victory. A law has been passed for the reform of the constitution of municipalities, the outstanding feature of which is to give to women a vote in municipal elections.

The condition of the national finances has been somewhat improved, although the deficit has not been wiped out, since in spite of the most varied economy in expenditure it is impossible to curtail the costs of the Morocco campaign to any appreciable extent, while at the same time interest on the ever growing national debt continues to mount up. It is hoped that the next Budget will show increased revenue and reduced expenditure. There is no intention of any further reduction of the Civil Service staff, already well weeded out. The following table shows the increase of the Budget figures since 1913 (in millions of pesetas):—

Year.	...	Revenue.	Expenditure.	Deficit.
1913	...	1,334	1,521	187
1914	...	1,273	1,437	164
1915	...	1,246	1,616	371
1916	...	1,357	1,680	323
1917	...	1,335	1,632	296
1918	...	1,430	1,847	417
1919	...	1,696	2,182	496
1920	...	1,990	2,682	692
1921	...	2,336	3,633	1,297
1922*	...	2,953	3,373	420
1923	...	2,617	3,044	427

* Provisional.

Until the Morocco campaign is brought to a close there seems no possibility of wiping out the deficit. Since 1913 the expenditure on Morocco and national defence has increased as follows (in millions of pesetas):—

Year.	...	National Defence.	Morocco.
1913	...	282	109
1914	...	235	142
1915	...	282	143
1916	...	340	150

Year-	Revenue.	Expenditure.	Deficit.
1917	...	312	113
1918	...	400	126
1919	...	447	142
1920	...	551	191
1921	...	677	519
1922	...	628	329
1923	...	628	329

The cost of living, ever growing worse, has become the cause of considerable discontent among the population. There is a great shortage in certain kinds of food and Madrid has at times been absolutely deprived of potatoes. The following index numbers give some idea of the cost of living :—

Month.	Madrid.	Barcelona.	Whole country
1923 January	180	171	170
„ April	180	166	174
„ July	172	165	170
„ October	174	161	171

LITERATURE AND THE DRAMA.

Die Grundlagen der Weltwirtschaft. (The Principles of World Economics.) By Dr. Hermann Levy. (Leipzig: B. G. Teubner. Price, Mk.5.)

Deutsche Handelspolitik. (German Trade Policy.) By Prof. Dr. Th. Plaut. (Leipzig: B. G. Teubner. Price, Mk.5.60.)

Apart from desultory skirmishing over Imperial Preference it does not appear likely that the internal politics of Great Britain will be further embarrassed by the tariff question. But the election-winning argument about cheap food is not the real basis on which the economic justification of Free Trade is founded. National division of labour is no less an essential factor in the economic structure of society than the individual division of labour. No nation can possibly be fully self-sufficient; even in those nations, such as the United States, which have the widest range of natural resources, the capacity of production will never be exactly adjusted to the requirements of the population at any given time. There will always necessarily be a superfluity of one product and a deficiency of another which afford a stimulus to export and import respectively, a stimulus which will ever be varying according to the wealth, population and civilisation of the nation concerned. The relative need of the different countries for foreign trade will thus change from time to time, but it will never be absent. In this way the world has actually become a single economic unit within which the interchange of national as well as individual products redounds to man's best advantage. Imports and exports imply one another, and Free Trade is the logic of international exchange.

In his admirable analysis of the structure of international economic relations Dr. Hermann Levy, of Berlin, lays proper emphasis upon their essential unity. He sketches their growth during the nineteenth century, indicating in particular how the improvement in the means of transport has tended to concentrate the production of any given commodity in those parts of the world where, for whatever reason, natural or human, the production is cheaper than elsewhere. We cannot follow in this connection his assertion that the international division of labour is only an "analogy" from the division in the process of production of any particular commodity; the division of labour is a wide term applicable to any economic structure in which men satisfy their needs by mutual exchange of produce, and is surely not limited to the separation of functions in manufacture of a completed article. In a succession of useful chapters Dr. Levy reviews statistically the international trade in foodstuffs, raw materials and manufactured goods, and especially notes the influence of the war upon the volume of foreign trade in the various countries. Further included in the scope of the discussion are national and international monopolies

Month.	Madrid.	Barcelona.	Whole country
1924 January	178	172	171
„ February	180	174	172

A scheme which will cost three milliard pesetas is now occupying public attention. It comprises the foundation of the Sociedad Española de Industria y Tracción Eléctrica (Spanish Company of Electric Industry and Traction, Ltd.), which is to construct new railways, blast furnaces, and factories of various kinds, and also to promote agriculture. It is hoped that the Government will guarantee the debenture interest. The Government has appointed a commission to consider schemes which have been presented. Public opinion, however, does not appear to favour the scheme as it is generally considered that the Government ought not to assume liability for any guarantees at all, as it is for the capitalists to bear their own risks.

and their relation to world prices, emigration, dumping, and the commercial importance of the British Empire. With regard to the latter, to which a chapter is devoted, the author expresses the view that an Imperial tariff union would be a further retrogressive step in the direction of the artificial interference with world economic unity which post-war nationalism has already deplorably enhanced, and that what the Colonies gained in the British market they would lose in the foreign market. He constantly adverts to the folly of the view, freely expressed in England immediately after the war, that one country necessarily gains by another's economic downfall. "It was completely forgotten that the purchasing power of Germany for English goods depends not only on what Germany can send back in return, but also on what she can export to any other countries." Fortunately we are at length recovering from the "mania" of short-sighted national self-interest which Dr. Levy admirably reduces ad absurdum. It is to be hoped that the second edition of this volume will be provided with an index.

The volume by Dr. Plaut, of Hamburg University, is a full but concise survey of Germany's past and present trade policy. It is intended for students, and we would strongly commend it to English readers who desire to follow the facts in their historical development down to the present day. About half the book is devoted to the policy since August 1914, more particularly in its relation to the Treaty of Versailles and to the currency collapse. A valuable bibliography is attached to each chapter and the index is as good as it ought to be.

J.C.J.

Indian Emigration. By "Emigrant." (Humphrey Milford, Oxford University Press. Price, 3s.)

The migratory habits and efforts of any nation fortunate enough to be able to discover an outlet for them provide us with an interesting key wherewith to unlock certain mysteries in the make-up and expression of national character. Some peoples, our own in particular, have gathered to themselves both the envy and the admiration of all other peoples in exhibiting these traits of irrepressible expansiveness. Few of us will feel disposed to dispute, when it is contended, that colonisation has gone hand in hand with most of the other successes which are the crowning achievements of our civilisation. Empire or world-power owe much more to *wanderlust* than it normally receives, while emigration holds too frequently a miserable and unmerited position in the vocabulary of patriotism. Reasons are not difficult to discover. It makes all the difference in the world whether the emigrant is a man free, or stigmatised as subject and unfree. This little volume entitled "Indian Emigration" is an excellent study of the problem from the latter point of view, and should be

read by all who are interested in the important current problems of the India of to-day. The ancient history of the Indian peoples is but lightly touched upon, but, we are told, the "Indian sea-faring capacity and capacity for colonisation, at least in the early period of their history, is abundantly proved. What is not clear is why both should have ceased with almost baffling suddenness." That is a question which cannot be answered even by guess-work. All we know is, and the volume before us tells us with admirable candour, that "emigration on an important scale from India remained suspended for a thousand years until the demand for Indian labour created by the emancipation of slaves in the British Colonies revived it in the first quarter of the nineteenth century." A bad moment, a bad occasion, a bad purpose, in truth the beginning of a bad episode in the history of emigration within the British Empire. No useful or good purpose can be served here by tracing the development of it or the unlovely system which became known ultimately as the Indenture system. Lord Brougham, in vivid phrases, described the pernicious traffic in Indian labour. Many others have since been not less eloquent in their declamation of what was but mildly phrased semi-slavery. To the modern Indian, who feels stirred passionately under such influences, we would urge that conditions were equally degrading and servile elsewhere. If there were "charnel houses of Demerara," there were similar horrors spread over "England's green and pleasant land." Human life was the cheapest thing on earth and mobilised for industrial and agricultural purposes accordingly. The worst evils of an economic complexion in the nineteenth century remain no longer with us, at least, the white man may be induced so to suppose. Nevertheless, there remains a tremendous problem to be solved in regard to the immense native population of India. Emigration is no longer encouraged within the British Empire. The appearance of Indians in the Dominions or Colonies is accompanied with perplexing difficulties, the question of political status being in the forefront. In the face of colonial prejudices we, at home, are in a position of powerlessness. But of one thing we can be positively certain, and that is, without civic privileges and defined rights of citizenship a position within the British Empire to-day is intolerable. This is the Indian's position both at home or abroad and it complicates desperately, not only the question of Indian emigration, but all problems connected with the India of to-day. Opinion needs all the reinforcement it can get out of such studies as these issued upon "India of To-day" from the Oxford University Press. Moreover, it is the duty of us all to endeavour to obtain such opinion in order to avoid shirking uncomfortable responsibilities. H.J.H.

Official Year Book of the Commonwealth of Australia, 1923. By Chas. H. Wicken, F.I.A., F.S.S., and John Stonham, M.A. (London: Australia House. Price, 3s. 6d.) This is the sixteenth issue of an increasingly valuable book of reference, replete with information concerning every department of Commonwealth and State organisation carefully brought up to date. Besides the usual leading features with which we are familiar, the present volume contains two specially contributed articles on "Australian Hurricanes and Related Storms" and "Diphtheria"; other new matter includes a useful conspectus of Factories Acts, while the chapter on Land Tenure and Settlement has been re-arranged and amplified. The general plan of the work has been remodelled and advantageously simplified, the former separate sections dealing with Shipping, road and railways, Posts and telegraphs, etc., for instance, having been brought together under one heading, "Transport and Communication," while the three sections relating to Commonwealth, State and Private Finance have been grouped in a single chapter under "Finance." Of special value to busy men are the Synopsis at the beginning of the book, occupying sixteen pages, and the General Index at the end, which extends over thirty-three pages. In addition to these

there is a Special Index of Maps, Charts and Diagrams, and an Index to Special Articles and Miscellaneous Matter contained in previous issues. In every way an admirable and indispensable work of reference.

* * * *

"YOICKS!" AT THE KINGSWAY THEATRE.

The Revue produced by Mr. Donald Calthrop at the Kingsway Theatre is one of the brightest shows billed in London. "Yoicks!" goes with a swing and a whirl from the rising of the curtain to the finale, and there is not a dull moment in the whole of the performance. With artistes like Mark Lester and Marjorie Gordon, a dancer like Mary Leigh, strong casts in all the sketches, a brilliant orchestra and excellent staging, the audience must be hard to please that would demand anything more. Visitors to London will make a mistake if they omit the Kingsway Theatre from their list of engagements.

PUBLICATIONS RECEIVED.

Cotton in Australia: The Possibilities and the Limitations of Australia as a Cotton-growing Country. By Richard Harding, Secretary to the British Cotton Delegation to Australia, 1922. Containing numerous illustrations and graphs, together with data relating to Australian climate, rainfall, temperature, soil analyses and cost of production. (London: Longmans Green and Co. Price, 12s. 6d. net.)

The Journal of Political Economy. August 1924. (The University of Chicago. Price, \$4 per annum, single copy 5 cents.)

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STATISTICAL SECTION

THE TRADE BAROMETER

EXPLANATION

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

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

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

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

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

TABLE I.

Date	10 Com- modities	Bd. of Tde. Monthly Average	Date	10 Com- modities	Bd. of Tde. Monthly Average	Date	10 Com- modities	Bd. of Tde. Monthly Average	Date	10 Com- modities	Bd. of Tde. Monthly Average
1920.											
Jan. 16	367.9	296.6	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				31	168.0		25	175.8	
July 16	418.8	316.9	1923			Sept. 7	168.4		May 2	172.0	
Aug. 13	386.8	313.1	Jan. 5	162.4		14	173.2	157.8	9	170.9	
Sept. 17	379.4	311.4	12	162.8		21	173.8		16	171.2	163.7
Oct. 15	328.6	302.3	19	163.2	157.0	28	171.2		23	169.5	
Nov. 19	293.0	286.9	26	165.3		Oct. 5	166.1		30	171.2	
Dec. 17	257.0	263.8	Feb. 2	166.9		12	164.2		June 6	167.5	
1921			9	168.7		19	166.0	158.1	13	167.1	
Jan. 14	244.2	245.9	16	177.2	157.5	26	165.8		20	167.8	162.6
Feb. 18	219.1	225.2	23	181.1		Nov. 2	166.4		27	167.6	
Mar. 18	199.0	210.8	Mar. 2	184.8		9	170.4		July 4	167.1	
Apr. 15	202.8	204.8	9	188.2		16	171.7	160.8	11	165.4	
May 12	204.3	201.7	16	192.4	160.3	23	175.6		18	167.1	162.7
June 17	201.8	197.7	23	189.3		30	177.4		25	170.4	
July 15	194.4	194.1	30	188.9		Dec. 7	175.4		Aug. 1	173.3	
Aug. 19	178.1	190.0	Apr. 6	192.2		14	177.0	163.4	8	174.9	
Sept. 16	183.4	187.0	13	197.4	162.0	21	175.5		15	175.3	
Oct. 14	170.2	180.7	20	198.5		28	176.8				
Nov. 18	154.5	172.8	27	202.9		1924					
Dec. 16	153.2	167.9	May 4	198.7		Jan. 4	174.8				
Dec. 30	150.0		11	197.5		11	176.4				
1922			18	198.1	159.8	18	178.6	165.4			
Jan. 20	144.0	164.0	25	197.6		25	180.0				
Feb. 17	149.2	161.8	June 1	193.1		Feb. 1	181.1				
Mar. 17	149.8	160.0	8	191.4		8	186.8				
Apr. 14	151.7	160.1	15	190.0	159.3	15	187.9	167.0			
May 19	162.1	160.6	22	183.1		22	185.9				
June 16	163.6	159.9	29	180.6		29	186.8				
July 14	165.1	160.3	July 6	177.3		Mar. 7	184.4				
Aug. 18	164.0	156.3	13	177.9	156.5	14	182.1	165.4			
			20	177.3							

CHART ILLUSTRATING TABLE I.

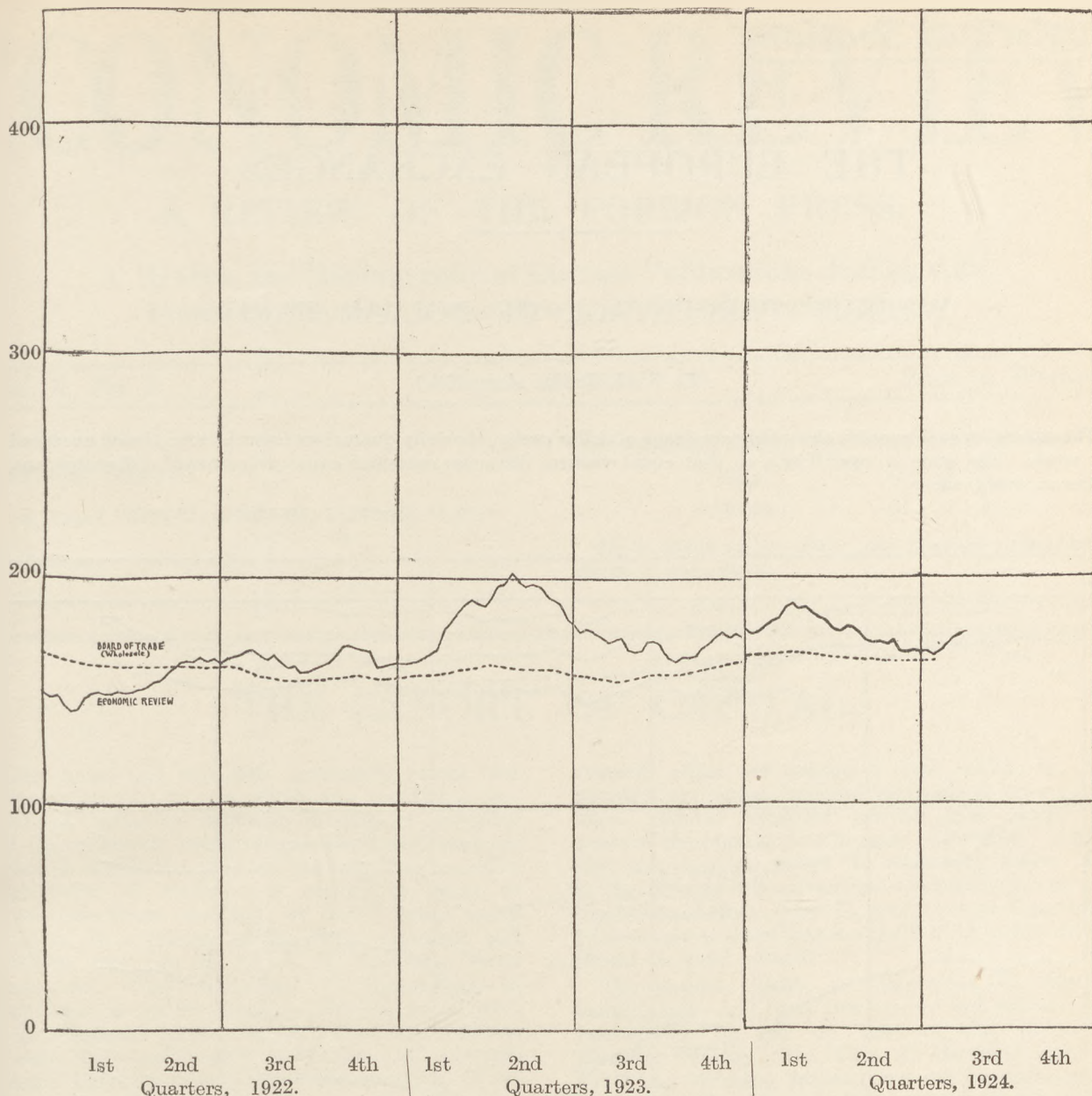


TABLE II.

Date.	Pig iron.	Tin.	Coal.	Linseed Oil.	Cotton.	Wool.	Hides.	Wheat.	Bacon.	Sugar.	Mean.	Date.
Dec. 30, 1921	100	100	100	100	100	100	100	100	100	100	100	Dec. 30, 1921.
1922.												1922.
Jan. 27 ...	90.6	90.5	92.4	108.8	85.3	100.0	82.6	101.1	94.4	96.1	94.18	... Jan. 27
Apr. 28 ...	92.9	89.4	89.6	149.1	87.9	106.7	78.3	113.5	115.8	107.7	103.09	... Apr. 28
July 28 ...	92.9	94.5	97.2	157.9	110.1	111.1	97.1	119.0	116.5	119.2	111.55	... July 28
Sept. 29 ...	94.3	95.2	92.9	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	111.39	... May 16
June 13 ...	92.5	128.9	81.1	140.4	147.3	142.2	92.0	106.7	83.5	99.3	110.28	... June 13
July 11 ...	89.6	128.9	74.5	140.4	140.6	142.2	92.8	111.5	80.9	101.4	110.28	... July 11
Aug. 1 ...	87.7	145.0	78.3	146.5	164.7	142.2	93.5	116.2	79.8	101.4	115.53	... Aug. 1
" 8 ...	87.7	149.2	78.3	149.1	159.7	151.1	94.2	120.9	79.8	96.0	116.60	... " 8
" 15 ...	87.7	148.0	78.3	145.6	158.8	151.1	94.2	124.1	84.6	96.6	116.90	... " 15

*Revised Quotation.

Statistical Section

THE EUROPEAN EXCHANGES

WEEKLY PERCENTAGE OF DOLLAR PARITY

(To Week Ending Aug. 16th.)

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.

