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THE EXPORT OF CAPITAL.

City notes and editorials invariably reveal two characteristic traits, an inveterate scepticism towards all tentative economic thought or remedies and an optimistic confidence in the belief that all economic difficulties tend, in the long run, to solve themselves. If evidence is needed in order to corroborate those assertions we feel it could easily be found in a perusal of the press comment and criticism upon any of Mr. J. M. Keynes's recent utterances. The doctrine of *laissez-faire* in Economics is neither obsolete nor superannuated. It does veteran service up and down the columns of both daily and weekly journalism and produces therein the above-mentioned conservative, if intellectual, characteristics.

For some months past, the question of the Export of Capital has occupied the odd moments of most of the economic minds working in this country, but, in the careful hands of Mr. Keynes it has been thrust into a provoking prominence and is, therefore, likely to merit slightly closer attention. Neither the man nor his subject can long be regarded as negligible forces. We rather suspect that any member of the economic "old guard" on duty in the Liberal Summer School at Oxford felt, nervously, that both of them, Mr. Keynes and the question of the Export of Capital, were perilously near providing economic difficulties which were not tending, in the long run, to solve themselves. In his address, entitled "Foreign Investment and National Advantage," Mr. Keynes created quite a flutter in the Liberal dovecote, so much so indeed that the better plumed among the occupants carried his arguments away into the cool of a summer evening's gentler breeze for the purposes of deeper contemplation.

The real burden of Mr. Keynes's address grew out of the fact that last year this country invested abroad about two-thirds of what passed through the investment markets, in all probability between a half and a third of our total national savings. "I believe," Mr. Keynes concluded, "that most of this could have been usefully employed at home, and indeed must be so employed in future, if our national equipment is to grow as fast as our population and our theoretical standards of life." Those

remarks affirm an economic *credo* which, in this country, is denied catholic application or acceptance. Capital exported abroad goes solely in quest of the highest possible rate of interest. Little else propels it or steers its migratory flight. If, in the risks of the adventure, it comes, as not infrequently it does come, to grief, it is as a sacrifice to economic science that we shall, in all probability, record its fatal errand.

The export, flight, or emigration of Capital usually seeks and finds some moral and respectable justification in one or both of the following plausible reasons. It claims, in the long run, to swell the ultimate demand for our manufactured goods abroad and, therefore, reacts effectively in diminishing unemployment at home. It is a foreign loan at interest of the country's credit, something unrealisable save in terms of the product of national industries and services. So far so good, but similar virtues bless investments at home where Industry, Transport, and Agriculture are, each and all, voicing most urgent demands upon national thriftiness. In order to wax eloquent in praise of the export of capital one needs to feel with comfort and without alarm that a loanable surplus of savings exists. If it does, and we doubt it, we are inclined to believe that the present is an injudicious moment to choose for so happy an advertisement of national prosperity. One hears from many industries grave misgivings expressed at the emigration of skilled labour to the United States and elsewhere. The real truth is that British Industry needs sustenance and reinforcement from each of its component and contributory sources.

It is possible to approach the whole problem from various angles and in the light of diversified interests. Moreover, in the face of the highly internationalised nature of finance, industry, and trade, most of the arguments one might employ, on either side, are in danger of traversing a most vicious circle and, sometimes, producing almost ludicrous conclusions. Stripped of its clothing the export of Capital is the bare purchase of an annuity abroad. The principal, no inconsiderable portion of national savings, is gone for ever and for

no other purpose than interest. Is that the creative function of Capital? Considering, moreover, how frequently it is a leap in the dark and a plunge into catastrophe. Mr. Keynes has tried his best to attract attention to this most vital issue. In his Oxford address he amplified admirably his case against the indiscriminate export of capital abroad while the irresistible essence of it he has condensed into recent issues of the "Nation," and, from one* of them we take the opportunity to quote. "The old principle of *laissez-faire* was . . . to assume that capital and labour were fluid; it also assumed that, if investors choose to send their money abroad at 5 per cent., this must mean that there is nothing at home worth doing at 5 per cent. Fifty years ago this may have been a closer approximation to the truth than it is now. With the existing rigidity of the trade-union organisation of labour, with the undue preference which the City organisation of new issues and the Trustee Acts afford to overseas investment, and with the caution which for many reasons, some good and some bad, now oppresses the undertaking of new capital investment at home, it does not work. . . . Surely they cannot maintain that England is a finished job, and that there is nothing in it worth doing on a 5 per cent. basis. Then let them agree with me in wishing, if we could manage it, to stimulate investment at home." Mr. Keynes, as is well known, would abandon *laissez-faire*. Not enthusiastically, but because the "conditions for

its success have disappeared." He is forced, as any other forward-looking mind will be forced, to seek State intervention and action because of the failure of the present régime to function efficiently. The industrial and social equipment of this country is in need of all the savings, capitalist or otherwise, it can divert from foreign borrowers, and the terms anticipated can be quite as remunerative. Perhaps, it was in his Oxford address that Mr. Keynes really clinched the matter we would particularly emphasise. "Consider," he said, "two investments, the one at home and the other abroad, with equal risks of repudiation or confiscation or legislation restricting profit. It is a matter of indifference to the individual investor which he selects. But the nation as a whole retains in the one case the object of the investment and the fruits of it; whilst in the other case both are lost. If a loan to improve a South American capital is repudiated, we have nothing. If a Poplar housing loan is repudiated, we, as a nation, still have the houses. If the Grand Trunk Railway of Canada fails its shareholders by reason of legal restriction of the rates chargeable or for any other cause, we have nothing. If the Underground System of London fails its shareholders, Londoners still have their Underground System." In conclusion, we can only hope to have submitted an aspect or so of the case against the export of the nation's necessary capital resources, and, in favour of discreetly checking the gambling exploits of the man fortunate enough to have reaped where others too have sown.

* The Nation and Athenæum, June 7, 1924.

ECONOMIC SURVEY

BELGIUM

REPARATION SUPPLIES OF FUEL FROM GERMANY.

With the settlement of the coal strike the reparation supplies of fuel from Germany in July have once more exceeded the monthly quota of 400,000 t. stipulated at the Spa Convention, the amount received being 442,940 t. Since the collapse of passive resistance in the Ruhr the deliveries actually effected are as follows:—

	Tons.
December 1923	330,002
January 1924	343,229
February	408,727
March	531,061
April	511,524
May	136,609
June	344,447
July	442,940
Total	3,048,539

This gives an average for the eight months of 381,067 t., involving a shortage of 18,933 t. per month. At the present rate of delivery, to put it no higher, this should soon be made good. The following table gives an analysis of the July returns:—

	By rail via Montzen.	By water via Ruhrort.	Total.
Gas coal	22,362	28,944	51,306
High flaming gas coal	22,657	35,025	57,682
Coking coal	97,976	152,828	250,804
Coal for industrial purposes	4,887	7,988	12,875
Household coal	16,905	—	16,905
Blast furnace coke	45,308	357	45,665
Lignite briquettes	7,703	—	7,703
Total	217,798	225,142	442,940

In addition there were on July 31 supplies to a total of 28,620 t. loaded ready for despatch including 3,624 t. of gas coal, 6,085 t. of high flaming gas coal and 18,911 t. of coking coal.

THE IRON AND STEEL INDUSTRY IN JUNE.

The returns of the iron and steel industry in June are not very satisfactory, the output in every department comparing unfavourably not only with the May results, but also (except in the case of pig iron) with the average monthly production for the first six months of the year, notwithstanding that there were 48 blast furnaces working as against 47 in May and April, 45 in March, 42 in February and 41 in January; on the other hand the number of working days was two less than in any of the four previous months and three less than in January. The output of pig iron amounted to 236,730 t. as against 246,520 t. in May and an average of 228,030 t. for the first six months of the year; that of raw steel was 218,640 t. as against 243,540 t. in May and an average of 228,968 t. for the first six months of the year; that of semi-manufactured steel 6,450 t. as against 6,980 t. in May and an average of 6,745 t. for the first six months of the year; that of finished steel 184,190 t. as against 203,700 t. and 197,292 t. for the first six months of the year; and that of finished iron 14,350 t. as against 17,120 t. in May and 17,668 t. for the first six months of the year. As compared with previous years the average output of pig iron for the first six months of 1924 is 45,686 t. above that for 1923, 94,395 t. above that for 1922, 154,998 t. above that for 1921 and 20,972 t. above that for 1913; the corresponding surpluses in respect of raw steel are 44,248 t., 104,167 t., 168,343 t. and 28,570 t., in respect of semi-manufactured steel 974 t., 1,242 t., 1,494 t. and 1,591 t., and in respect of finished steel 36,177 t., 79,793 t., 127,950 t. and 42,370 t.; but in the case of finished iron, while the average is 357 t. this year, and 2,647 t. and 5,131 t. above the averages for the previous three years respectively, it falls short of the 1913 average by 7,694 t. The production of zinc amounted to 12,700 t. as compared with 13,250 t. in May, an average of 13,357 t. for the first six months of the year, of 12,341 t. for 1923, of 9,428 t. for 1922, of 5,839 t. for 1921 and of 17,019 t. for 1913.

The market, says the *Moniteur des Intérêts Matériels*

(Aug. 8), has been completely upset by the fluctuations in the exchange. As quotations differ by as much as four, five and six francs within a few hours, how is it possible for either buyers or sellers to enter into contracts which are always expressed in sterling? Business therefore is almost at a standstill except in respect of the home market, which, however, only consumes a small part of the output. Latest quotations (Aug. 1) are as follows: Luxemburg foundry pig iron, Fr.380, as against Fr.420 on June 1, 1924, and Fr.77 on Aug.1, 1913; basic pig iron, Fr.370 (Fr.410, Fr.73.50); blooms, for export Fr.480 (Fr.550, Fr.102), for home consumption Fr.500 (Fr.555, Fr.110); billets, for export Fr.500 (Fr.575, Fr.108.25), for home consumption Fr.520 (Fr.580, Fr.120); steel bars, for export Fr.570 (Fr.620, Fr.122.50), f.o.b. Belgian rail Fr.575 (Fr.630, Fr.132.50); girders, for export Fr.565 (Fr.610, Fr.137.75), f.o.b. Belgian rail Fr.570 (Fr.620, Fr.165); wire rods, for export and home consumption, Fr.690 (Fr.775, Fr.445); rods, for export, Fr.680 (Fr.750, Fr.130); basic steel plates, for export Fr.690 (Fr.720, Fr.135), for home consumption Fr.695 (Fr.730, Fr.145); medium and high carbon steel plates, for export Fr.695 (Fr.725, Fr.140), for home consumption Fr.705 (Fr.740, Fr.152.50); and steel rails, for export Fr.725 (Fr.750, Fr.150), for home consumption Fr.770 (Fr.775, Fr.175). These quotations, of course, especially those for export, are purely nominal, seeing that they are based on the smallest possible amount of business done.

A call for tenders for the supply of tyres for the Belgian railways has elicited offers from the Krupp Company at prices in some instances perilously below those at which the home industry is able to provide them. Thus Krupp's quotes as follows for four lots of tyres for engines: For one of 550, Fr.275,550; for one of 500, Fr.226,875; for one of 600, Fr.261,800; and for one of 300, Fr.126,830. For one lot of 700 tyres for waggons the quotation is Fr.200,200. The lowest Belgian offers in respect of tyres for engines were: From the Société Cockerill, for one lot of 450, Fr.176,799.70; and from the Société La Brugeoise et Nicaise-Delcuve, for one lot of 250, Fr.127,100. In respect of tyres for waggons the lowest offers were: From the Société Cockerill, for one lot of 500, Fr.217,350; for two lots of 550, Fr.246,330 each; for one lot of 880, Fr.231,841; for one lot of 700, Fr.167,580; for two lots of 550, Fr.219,240 each; for three lots of 700, Fr.158,760 each; and from the Société La Brugeoise et Nicaise-Delcuve, for one lot of 550, Fr.217,350 and for one lot of 700, Fr.243,783.75.

ESTHONIA

POLITICAL AND GENERAL

GENERAL ECONOMIC SITUATION.

Although Esthonia suffered much less in the war than the other States on the Baltic coast its present economic position is altogether less favourable than that of its neighbours. Until about a year or a year and a half ago the outlook was apparently most promising. But the failure of last year's harvest, the mistaken financial and tariff policy of the Government, and certain unfavourable influences from the direction of Russia have occasioned a severe crisis, the force of which is now transparent. Unlike Lithuania, which for half a year has had an active trade balance, and Latvia, which appears to be moving in the same direction, Esthonia has a heavy excess of imports which is continually on the increase. In 1923 the imports amounted to E.Mk.9,332.3 mill. and the exports only to E.Mk.5,711.9 mill. In the first quarter of the current year there was a slight improvement, the imports being E.Mk.1,718.3 mill. as against exports E.Mk. 1,353.3 mill., but in May the proportion of exports to the total foreign trade was back to 38 per cent., which is the same as that for the whole of last year. Energetic measures are now being taken to meet this situation. In the first place, at the beginning of June, an almost prohibitive tariff was put upon certain not absolutely

necessary articles of import. Secondly, it is reported from circles in close touch with the Government that an import control is shortly to be imposed which will prevent the import of any articles which are not entirely indispensable. It is to be carried out by the Reval Stock Exchange Committee, under the supervision of the State Bank, and is provisionally fixed for six months' duration, at the expiry of which it will be seen whether it requires to be continued. The unfavourable economic situation has latterly shattered the Esthonian exchange and subjected it to severe fluctuations. Efforts are now to be made to stabilise the exchange, for which purpose the Government has succeeded in obtaining a credit of Kr.9 mill. from Sweden. This will serve as a basis for the new currency, the unit of which will be the "thaler" containing 0.4032 gramme of gold. The new monetary issue will be confined to the State Bank. Stringent economy will be exercised in public expenditure, and credit advances to trade and industry by the State Bank will be reduced to a minimum, particularly where they are required for purposes of import.

Esthonian industry is in an extraordinarily difficult position. It was practically untouched by the war, so that production could be immediately resumed on the conclusion of the civil war in 1919 and 1920. As before the war, Russia provided a considerable market for the product of Esthonian industry, especially in metal goods, railway material and textiles. As long as the Russian market was good it afforded a stimulus for the active development of industry. In the autumn of 1923, however, a severe crisis overtook the Russian internal market, which had become glutted. Russian financial reform also caused a further decline in imports, and in the course of a few months Esthonia found herself heavily hit by the loss of the Russian market. She is now, therefore, seeking an outlet in Western Europe, but with little success, partly owing to the fact that its requirements are quite different from those of the Russian market for which she had been catering. Industry is further suffering from the restrictive credit policy of the State Bank, which has raised its discount rate from $7\frac{1}{2}$ to 9 per cent. Private banks have also shown a similar tendency recently, and are demanding as much as 4 or even 5 per cent. for monthly advances. Pressure is being brought upon the Government by industrial and commercial circles to accelerate the conclusion of the tariff union with Latvia.

German predominance in the Esthonian import market is not as great as it was. Whereas in 1923 Germany's quota was 53 per cent. of the total imports, it had fallen to 38.9 per cent. in February of this year and to 34 per cent. in May. Exports to Germany, on the other hand, rose from 10 per cent. of the total in 1923 to 14 per cent. in January of this year and to 33 per cent. in May. As in other years, Germany had by far the largest space at the Reval Fair, which was held from June 14 to 25; nevertheless it was less than last year, whilst English exhibits correspondingly increased. This was particularly noticeable in the case of agricultural machinery and motor cars. (*Wirtschaftsdienst.*)

TRADE

CUSTOMS REGULATIONS.

Attention is drawn to the following notification: When consigning goods to Esthonia it is essential to include in certificates of origin (i) the gross weight, (ii) the net weight, (iii) the description of contents, and (iv) the contents of each package. In default of this information, which is of paramount importance to the Esthonian Customs authorities, a certificate of origin though bearing the signature of an Esthonian representative, is null and void.

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FRANCE

FINANCE

JULY REVENUE RETURNS.

Revenue collected in respect of the General Budget during July amounted to Fr.2,529,603,700, to which special revenue and the yield from various sources contributed Fr.108,715,400, including Fr.68,858,900 war profits tax. This leaves a sum of Fr.2,420,978,300 for ordinary permanent revenue, showing an increase of Fr.612,244,300 as compared with July 1923. For the first seven months of the year the increase amounts to Fr.3,156,511,300.

The yield from indirect taxes of Fr.2,119,733,000 constitutes a record exceeding by Fr.248,826,000 the yield for April 1924, the next highest, by Fr.525,418,000, the yield for July 1923, and estimates by Fr.329,937,000, which, of course, allow for the results of the fiscal measures provided for by the Act of March 22, 1924. The various items of indirect taxation and monopolies show the following results (in millions of francs): Turn-over tax 380.3 (a record since the institution of this tax), exceeding estimates by 87.5, and the yield for July 1923 by 121.7; registration of transfer of property and stamp duties, tax on Bourse transactions, tax on income from securities, and luxury tax on sales between private persons, together 955, exceeding estimates by 186 and July 1923 by 282.1; Customs, including the duties on mineral oil, spices, etc., petrol and paraffin, benzol, salt and sugar, 236, being 18 per cent. higher than the yield for July 1923, but falling short of estimates; indirect local taxes and rates (after allowing for the share collected by the Régie under the head of various duties levied jointly by that administration and the Customs) 547.5, an increase of 85.3 on July 1923 and of 62 on the estimates. Revenue from the post office, which is not included in the above figures, totals 126.3, exceeding the estimates by 9.8 and July 1923 by 16.2.

The *Information Financière*, from which the above figures are taken, also contains a comment on them by its financial expert, M. Maurice Kellersohn, a somewhat pessimistic critic, who, however, has to admit, with certain reservations, their satisfactory character. In addition to the comparison given above, he shows the increases in normal and permanent revenue (Fr.2,420.9 mill.) to be Fr.420 mill. and 721 mill. in excess of the May and June returns respectively. The latter increase is not attributable to direct taxes, the yield from which shows a decline from Fr.523 mill. in June to 275 mill. in July, the former high figure being probably due to the payment of arrears under fear of the penalty, but almost exclusively to indirect taxes and monopolies. The yield from these, which had fallen by 453 mill. from April to May, and partially recovered by 46.5 mill. in June, has made a leap forward of 645 mill. in July. In order to explain this phenomenon the fact should not be lost sight of that in July a number of taxes payable quarterly fall due for collection. Thus, every third month shows an increase of 200 to 300 millions on the yield for each of the two preceding months, and in order to arrive at a true perspective this excess should be distributed over the three months. Nevertheless, after allowing for this a distinct progress is discernible. The average for the three preceding months on which the quarterly payments of indirect taxes and monopolies fell due, namely, October 1923 and January and April 1924, was Fr.1,768 mill., so that the July returns show an increase of over 351 millions. Once again the relation between the improvement of the yield from taxation and that of the exchange and of prices must be admitted. The recovery of revenue returns has taken place because June and July have ratified and to a certain extent consolidated the reaction of the foreign exchanges against their excessive, premature, and artificial fall in April, and also because the price index number, which fell heavily in March and April (from 555 at the end of February to 459 at the end of April) has not ceased to rise since May, attaining 491 in July.

It may be assumed that the 20 per cent. surtax imposed by the Act of March 22, which hitherto had produced no definite result, has at length begun to make itself felt to the benefit of the Treasury. It is probable that the satisfactory results shown in July are due equally to a revival of business and to the operation of the surtax.

TRADE

THE IMPORT OF WATCHES.

It has been agreed between the Minister of Agriculture and the Minister of Finance that in pursuance of clause 15 of the Act of Jan. 11, 1892, watches and parts of watches and clocks bearing the marks of foreign factories having branch establishments in France for the purpose of sale, will not be allowed to enter France unless they bear a rectifying statement by the side of the said marks stating their country of origin. In view of the space required for the words "importé de . . ." followed by the name of the country of origin, the sign "fab. (for fabrication) anglaise," "fab. allemande," etc., will be deemed sufficient. The rectifying statement must be clear and indelible, and must be repeated every time the trade mark appears. However, when the mark appears on the dial, the case and other parts of the watch, it will be deemed sufficient if the rectifying statement appears on the dial and case. The above provisions shall apply equally to watches and parts of watches and clocks bearing marks consisting of words belonging to the French language or adapted by it, such as "Duchesse," "Baron," "Glycine," even if the foreign factories using them should not possess in France branches, sale offices or representatives. This measure comes into operation on Nov. 3. (*Journée Industrielle.*)

EXHIBITIONS AND FAIRS.

The Concours Lépine (an exhibition for prizes of the products and inventions of small French manufacturers and inventors founded by the well-known Prefect of Police, M. Lépine, and of which the importance increases year by year) will be held this year in September on the Champ de Mars in Paris. The exhibition will include inventions of toys, mechanical appliances, sports accessories, photography, domestic appliances, etc., also a special section for inventions in wireless telegraphy.

The Crafts Exhibition (or exhibition of the work of French craftsmen), held at the Grand Palais, Paris, under the auspices of the General Confederation of French Artisans, has been extended for 10 days, and closed on Aug. 25.

The first stone of the buildings of the Exhibition of Water Power and Touring to be held at Grenoble next year was laid by M. Herriot on Aug. 24. Among those present at the ceremony was Marshal Lyautey, the Resident in Morocco, and the organiser of the pacification of that Protectorate. A special place will be given in the exhibition to touring in the Colonies, and North Africa will be represented by a pavilion of its own to the cost of which Fr.100,000 has been subscribed by the Algerian Government.

The Committee of the Association of Air Industries has just fixed the date of the International Exhibition of Aviation for Dec. 5 to 21. The industries represented are classified as follows: Airships; balloons, free and dirigible, heavier than air machines; aeroplanes; hydroplanes; helicopters; airships without engines; "aviettes"; parachutes; kites; engines and propellers. Sections are reserved for: Aerial navigation; water gliders and motor boats; metallurgy; raw materials; machine tools and industrial material; special transport material and various industries connected with aviation; meteorology; physiology; electric plant; photography; the cinema; cartography and bibliography. (*Ibid.*)

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AGRICULTURE

PROS AND CONS OF THE WHEAT DUTY.

It was officially announced in July that the Customs duty on foreign corn, suspended in January, would be automatically restored on Aug. 1. This communication is misleading, as the duty itself was not suspended on Jan. 6, but only the coefficient of increase, 2, that is to say, that foreign corn, which since January was only paying Fr.7 per quintal in duty now pays Fr.14.

The above facts are given by M. Goeury in the *Exportateur Français* (Aug. 7), in which he proceeds to sum up the arguments adduced in France for and against the corn tax. Corn taxes were introduced in France in 1880 for the double purpose of protecting a national industry, and it cannot be denied that the production of cereals, which employs a third of the population, is a national industry, and of rendering the country independent of foreign food supplies. Moreover, France is the country which consumes the greatest quantity of bread. The champions of the duty, which was gradually increased from 3 to 5, 7 and finally 14 francs a quintal, argue that to this form of protection corn growing, owes a great part of its progress and the increase of its yield from 75 million quintals of wheat in 1881 to 87 million quintals in 1913 (103 millions in 1907). To it they attribute the decline of corn imports before the war to a yearly average of 2 to 3 million quintals, and assert that each time that the Government, in order to reduce the cost of living, has suppressed the duty, the market has immediately been flooded with foreign corn and French agriculture has been depressed for two or three years. The instance generally quoted is that afforded by the events of 1897 to 1901 when, in order to check the rise in prices, occasioned by the bad harvest of 1897, the duty was taken off, whereupon foreign farmers raised their prices and flooded the French market with their produce on the eve of the splendid harvest of 1898. In consequence prices were cut and farmers worked at a loss until 1901.

The opponents of the tax, while admitting the necessity of protecting French agriculture, declare that the chief care of the Government must be to give the people cheap bread, and that the public regards the price of bread as a kind of standard of food values. Thus, here, as in the case of rents, the social point of view intervenes. French agriculture, argue the opponents of the duty, is sufficiently protected with the price of corn at Fr.95 the quintal, and the country's food supply sufficiently assured with an average annual yield (75 million quintals in 1923, and probably 81 millions in 1924), which with the assistance of the colonial produce, should amply meet the country's requirements. The Government must remember that protective duties constitute a double-edged weapon. If they can be restored and increased when an abundant harvest threatens agriculture with an excessive reduction of prices, then they should be reduced or suppressed in order to admit foreign competition whenever the rise in price, natural in the case of harvest shortage, or deliberate by reason of hoarding and speculation, threatens to exceed reasonable limits. They, in their turn, cite in support of their case the events of 1923. In that year, side by side with an average harvest in France, the harvests of other countries were abundant, whereupon the results were first discounted and prices fell, but were raised again in August by the intrigues of the American farmers, who commanded the market. In September the Minister of Agriculture, M. Chéron, declined to reduce the duty, on the plea that "the farmer could never earn too much" and prices became exorbitant. This rise was promoted by the French farmers, who, aware of the insufficiency of the harvest and of the delay in the arrival of foreign corn, aggravated it by holding up the stocks, an operation at which the *Crédit Agricole* (Bank of Agriculture) is accused of having connived.

From the above arguments, comments M. Goeury, the attitude of the two parties in the face of the restoration of the coefficient of increase on Aug. 1 can be well

understood. The views of the farmers are obvious, while the indignation and arguments of their opponents are alike strengthened by the situation of the wheat market in 1924. While in 1923 the harvest was superabundant, this year's will probably be below the average, and it is to be feared that neither the United States (of which both the wheat and maize crops are poor), nor Canada (with greatly reduced possibilities) will be able materially to supply Europe.

With regard to France, even assuming that the harvest will yield the estimated 81 million quintals (which is doubtful) on what grounds does the Government base its calculation that an import of 4 million quintals will be adequate? If with the yield of 75 million quintals of 1923 an import of 13 million quintals was necessary to meet the national requirements, an import of 7 millions will still be required in 1924, and will probably cost as much as the 13 millions of last year, owing to the continually rising prices and the possibility of a depreciation of the exchange. And it is under these conditions that the coefficient 2 of increase has been put on again, raising the price of foreign wheat to Fr.125 per quintal when it could have been purchased but a very short time ago at Fr.85. One could almost believe that the exchange has ceased to be a matter of importance to France. In January last it was the exchange which was quoted in justification of the reduction of the duty from Fr.14 to 7, and in the Joseph Bernier report it was argued that the depreciation of the franc prevented the normal action of the competition between foreign and native wheat. But in January the pound sterling stood at 88.32, and the dollar at 20.58, whereas their quotations to-day (July 30) are respectively 87 and 19.70. The position of the exchange is therefore approximately identical, but the universal price of corn is much higher.

This article was written, adds the writer in a postscript, on July 28, and two days later wheat rose to Fr.102 the quintal, which will bring the price of American wheat up to Fr.140 the quintal. Moreover, the harvest estimate has, owing to blight, been proved to have been too high.

RUBBER-GROWING IN COCHIN-CHINA.

The cultivation of heveas has made considerable progress in Cochinchina. From Jan. 1, 1922, to Jan. 1, 1923, the area under cultivation rose from 33,026 to 33,292 hct. But a number of young trees have died, notably those planted in the old pepper plantations, for which reason during the period under review, the number of existing trees declined from 8,300,973 to 8,121,858. On the other hand survivors are producing to the full, and the number of trees tapped rose in one year from 2,115,965 to 4,437,022. The amount of rubber exported during the three years specified is as follows (in kg.): France, 2,865,064 in 1920, 2,172,871 in 1921, and 3,167,071 in 1922; and to foreign countries, 735,969, 900,866 and 1,284,754 respectively. Total, 3,601,033, 3,073,737 and 4,451,825 respectively. (*Exportateur Français*.)

A COLONIAL INDUSTRIAL PLANT.

Kapok, almost unknown twenty years ago, has been in current use since its considerable advantages have been realised. Its long, silky, light, waterproof fibre is unrivalled for stuffing mattresses, cushions, and even life belts, since it will bear in the water 30 to 35 times its own weight. In surgery it replaces lint, in hat-making it is used for felting, and in the clothing industry for lining winter garments. From it can even be made supple, light, shiny fabrics.

The kapok trees flourish in nearly all tropical countries, especially in French West Africa. The quantity exported from that colony rose from 3,802 kg. in 1922 to 32,242 kg. in 1923, of which 5,327 kg. from the Ivory Coast and 26,775 kg. from the Sudan. When the natives fully understand the importance of gathering this plant, kapok will take its true place in the products of French West Africa. (*Ibid.*)

GERMANY

POLITICAL AND GENERAL

FRANCO-GERMAN POTASH AGREEMENT.

On August 14 a short communiqué was issued stating that "between the *Kalisyndikat* and the *Société Commerciale des Potasses d'Alsace*, which regulates the market of the Alsatian potash mines, an agreement had been reached with respect to the market and propaganda in North America." It is understood that the agreement covers a long period of time. The *Frankfurter Zeitung*, commenting upon the agreement, says that it is the first tangible result of the improved atmosphere now existing between France and Germany. Although it at present includes only a part of the world market a gradual broadening of the basis in the direction of full co-operation may well be expected. The capacity of the world market is so large and has been so insufficiently exploited during the last decades that there is ample work for both the French and the German industries. The interecine struggle between them, which began immediately after the war, has not been conducive to the advantageous development of either. The French price-cutting policy, especially in North America, has undoubtedly hindered the recovery of the market for the German industry. Thus, whilst the Alsatian industry has increased its market in North America from 5,450 tons of pure potash in 1919 to 50,580 tons in 1923 the Germans only succeeded in increasing theirs from 70,128 to 112,678 tons. On the other hand, the French derived no benefit by their price-cutting policy; for they were artificially stimulating the export of potash at the expense of their own agriculture and at the same time having to subsidise the losses of the potash industry from the public funds. The agreement is welcomed as the first successful step towards the free co-operation of French and Germans in the industrial sphere. (*Frankfurter Zeitung*.)

FINANCE

CONVERSION TO THE GOLD BASIS.

Latterly there has been a considerable increase in the number of joint stock companies which have announced the conversion of their finances to the gold basis. Of the 70 companies whose shares are now officially quoted in gold, 4 are shipping companies, 4 railway companies, 3 banks, 4 insurance companies, and the remainder industrial. The most favourable position is that exhibited by the railway companies, whose rational financial procedure during the inflationary period has now enabled them to revert to the gold basis without any loss of their pre-war capital. The shipping companies are not so favourably situated, but in their case the effects of the war must be taken into special consideration. The banks, on the other hand, show a loss of a large part of their pre-war capital, though here too the Eastern Bank for Trade and Industry, which has lost most heavily, was severely hit by the territorial redistribution of West Prussia and Posen, which were its original sphere of activity. With regard to the industrial companies it is not possible to make any generalisation. Latterly they appear to have been endeavouring to determine their gold capital in accordance with the dividends they are able to pay, so that the actual capital is often fixed below the pre-war figure without a corresponding loss of substance. That of course implies the strengthening of their reserves. But, while in many cases there has been an actual loss of substance, extensions of works have often justified companies in placing their present gold capital at a higher figure than pre-war. Conspicuous among these are the Iselder Hütte, whose gold capital is now Mk.64 mill. as compared with Mk.15 mill. before the war, and Stahl and Nölke's Zündwarenfabrik in Cassel, whose gold capital has risen from Mk.1 mill. to Mk.26.5 mill., though its shares are only quoted at 19 per cent.,

while those of the former company are quoted at parity. Out of the 70 companies 29 have fixed their gold capital at a higher figure than pre-war, and of these all but five are industrial. On the other hand, the shares of the vast majority of the companies are quoted below their new parity. Thus on Aug. 11 there were only 10 of the companies whose shares were above their new parity, viz., the Anglo-Continental-Guano Gesellschaft, the Deutsche Gold und Silberscheideanstalt in Frankfurt, the Eisenbahnverkehrsmittelgesellschaft, the Erlanger Baumwollspinnerei, the Hallesche Maschinenfabrik, the Mercksche Guano-Werke, the Metallgesellschaft in Frankfurt, the Nordpark-Terrain-Gesellschaft, the Schlesische A.-G. für Bergbau und Zink and the Tüllfabrik Flöha, whilst 4 stood exactly at par, viz., the Flensburger Dampfschiffahrtsgesellschaft, the Iselder Hütte, the Zuckerfabrik Fröbeln, and the Schlesische Bergwerks-und Hütten A.-G. The remainder are below parity, though only 4 are below 50 per cent. The quotations below par are due partly to the accidents of the market and partly to the fear, probably not justified, that profits will not be forthcoming for a considerable period. (*Hamburger Fremdenblatt*.)

INDUSTRY

DIFFERENCES WITHIN THE RUHR COAL SYNDICATE.

The Ruhrkohle A.-G., the successor of the Rheinisch-Westfälischer Kohlensyndikat, comprises about 97 per cent. of the Ruhr coal production. The five years' agreement made in 1917 and subsequently prolonged expires on Dec. 31, by which date any decision with respect to a re-constitution of the Syndicate must be taken. Within the Syndicate are two opposing groups. The one party, mainly represented by the so-called Ruhrblock, and consisting of about 85 per cent. of the total membership of the Syndicate, desire the marketing of the coal to rest exclusively in the hands of the Syndicate's trading companies. The other party, generally known as the Thyssen Group, of which Thyssen, Rombach, Rheinstahl-Arenberg and Count Bismarck are the chief representatives, advocate the formation of trading companies by the individual firms, and have themselves already formed such companies. The latter are mainly a post-war development, favoured by the conditions of the inflationary period. At first the heads of the Coal Syndicate took little notice of this, and later the political situation, especially the occupation of the Ruhr, appeared to render an immediate return to pre-war conditions inopportune. Latterly, however, the issue has developed into a sharp struggle. Both parties agree that a re-constitution of the Syndicate on an altered basis is desirable, but each accuses the other of retarding this process. The issue mainly turns on the use by firms of coal for their own consumption. The agreement of 1922 allows a basic margin of 25 per cent. for this purpose, but a larger percentage may be allotted with the consent of three-quarters of the members of the Syndicate. Now those firms with iron foundries in addition to coal mines require a much larger percentage for their own consumption than the firms without iron foundries, and for that reason are less interested in possessing their own trading companies. On the contrary, they benefit as against iron foundries which are without their own coal mines, inasmuch the Syndicate tends to keep up the level of prices for coal. That is the motive which actuates the Ruhrblock to retain the marketing of coal in the hands of the Syndicate. The Thyssen Group, on the other hand, who are more interested in marketing the coal than using it themselves, complain of a certain bureaucratic inelasticity in the methods of the Syndicate trading companies. Thyssen's firm, moreover, points out that the firms belonging to the Ruhrblock have entered into an agreement with the Interessengemeinschaft of the dye industries for deliveries of coal, which

are not included in the sale quota and which exceed the total amount marketed by the trading companies.

The present situation is that a three-quarters majority has voted for the termination of the Syndicate agreement as from Oct. 1, and unless a re-constitution of the Syndicate takes place in the meanwhile the members will be entitled, after Sept. 15, to dispose independently of what they produce subsequent to Oct. 1. A proposal, however, is being discussed which may bring the two parties together. It is that, in German markets only, and in so far as rights are not directly reserved by the Syndicate, retail marketing shall be done by trading companies formed by the mines and by a few additional trading firms closely associated with the mines. For this purpose members not belonging to the Ruhrblock are to join the trading companies formed by the latter on the equal terms. A further proposal would prevent individual members of marketing corporations within the Syndicate from exceeding the quota for their own consumption by taking over the unused portion of the quotas of other members of such a corporation. It is probable that some agreement will be reached, since failing that the law provides for the formation of a compulsory syndicate, which all parties are anxious to avoid. (*Vossische Zeitung, Deutsche Allgemeine Zeitung.*)

REPORT OF THE COMMITTEE ON TEXTILE PRICES.

The Sub-Committee appointed by the Reich Economic Council to enquire into the conditions of the textile industry has now completed its report. The report, which is a very long one, is not to be published in full at present, on the ground that it would have an unfavourable effect abroad, but extracts have been communicated to the Press. The terms of reference related to the causes of the excessive prices of textile manufactured goods. The decisive factor in the situation of the industry at the time of the enquiry was the exceptional business consequent upon the stabilisation of the mark, which misled the industry into a vast overestimate of the market. Men did not stop to think that the large demand could only be temporary in view of the low purchasing power of the people, and many firms soon got into difficulties. The report notes that, after three months' complete stagnation, purchases on a large scale began in December 1923, when the average price of raw materials had already risen 30 to 40 per cent. This, combined with high interest rates, immediately explains why German prices considerably exceeded those of their foreign competitors. The share of raw materials in the factory price of semi-manufactured goods is stated in the report to lie between 62 and 79½ per cent. in the case of woollen, cotton and linen yarns, as compared with 60 and 75 per cent. in 1914, whilst in the factory price of completed products it now lies between 40.10 and 86.5 per cent. as compared with 30.26 to 65.2 per cent. in 1914. The level of wages, though it has increased latterly, is not such as to be a contributory cause of high prices; in point of fact, the share of wages in the factory price is percentually lower than before the war. On the other hand, there is a notable rise in general overhead charges. The proportion of cost due to coal has risen more than the actual price of coal owing to reduced intensity of output. High freights, taxation, and interest for working capital are further important factors in the cost of production. With regard to the latter in particular money is hardly obtainable under 18 to 24 per cent., which is a heavy burden in view of the length of time required in textile production to convert the raw material into the manufactured product. With respect to wholesale trade it is stated that it became overcrowded during the inflationary period and that there are still far too many people engaged in it. General overhead charges have risen from 12 per cent. of the turnover before the war to between 20 and 22 per cent. The chief feature noticeable in the retail

trade is the increase in the sale of quality goods and especially luxury goods. A Berlin warehouse, which caters for mass demand, has an equal turnover in silk and woollen goods, whereas before the war the turnover of the latter was 2½ times as great as that of the former. Retailers are taking the smallest possible percentage (as low as 10) on goods for mass consumption, and a correspondingly high one on quality goods (100 or over). The Committee does not find the high prices attributable to anything in the nature of excessive profits. The incapacity of Germany to compete in the foreign market is ascribed to the price-cutting policy of the British textile industry and to its readiness to grant longer credits than Germany can possibly do under present conditions. One expert stated that the advantage in price gained by foreign, especially British, competitors over the German cotton spinner through the cheaper money at their disposal was as much as 4 pfennig per kilo of yarn. The *Vossische Zeitung* characterises the result of the enquiry as absurdly meagre and at some points actually contradictory in detail. It attaches blame not to the inherent difficulty of the enquiry, but to the methods employed by the Committee, in which opinion it is supported by the *Deutsche Allgemeine Zeitung*. The *Frankfurter Zeitung*, on the other hand, adverts to the folly of holding a full enquiry and then furnishing the public with nothing more than a partial summary.

HUNGARY

FINANCE

REPORT OF THE GENERAL COMMISSIONER.

Towards the end of July, Mr. J. Smith, General Commissioner of the League of Nations for Hungary, published his second report on the financial re-organisation of the country under the auspices of the League, which deals with the following subjects:—

Revenue returns are very favourable; revenue set apart as security for the loan amounted to 188,403 paper kronen in June and to 193,869 in May. The yield from Customs duties has increased threefold, and owing to the raising of the price of tobacco, revenue from this source will be doubled. The forced loan yielded nearly 206 mill. paper kronen in June. The last instalment of the loan falls due in August and is estimated to yield 120 milliard paper kronen. This amount is not included in the Reconstruction Budget, and can therefore be used for unforeseen expenditure, whereby a diminution of the deficit may be achieved. The estimates for June show an expenditure of 30.5 mill. gold kronen and a revenue of 18.7 mill., leaving a deficit of 11.8 mill., being 4.8 mill. higher than was provided for by the Re-organisation Act, a result which may be attributed mainly to the fact that direct taxes are generally levied quarterly, also that official salaries

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EXECUTORSHIPS and TRUSTEESHIPS
UNDERTAKEN.

have already been raised to the extent provided for last October.

The civil servants problem is difficult and will probably remain so. Although some 60 per cent. of annual revenue is assigned to expenditure on servants of the State, the latter are still badly paid, because their number is excessive, partly from tradition, partly because a large number of officials have come into Hungary from the territories separated from it by the Peace Treaty. The State railways still fail to show profits. In addition to the above-mentioned August instalment of the forced loan, the Government will have at its disposal for the purpose of meeting the deficit certain sums derived from the sale of food stocks held in reserve. For these reasons the General Commissioner has approved the July estimates of the Government, which he has, however, warned that for the succeeding months the deficit must be kept below the estimated average. Since the Government must have funds at its disposal for carrying out the new financial scheme, the High Commissioner has released the £900,000 or 19 mill. gold kronen advance by the Bank of England on account of the Reconstruction Loan, in order to meet the July deficit. This procedure will have to be repeated, although in a minor degree, in August. The General Commissioner, after giving an outline of the financial measures adopted in May and June, states that inflation could be kept within the limits fixed in advance and that out of the 60 mill. gold kronen of the Reconstruction Loan assigned to meet the deficit up to June 30, a considerable balance could be kept in hand. It should, however, not be assumed from this that the State during the financial year beginning on July 1 will have any more money available, since the limit to expenditure already set must not be overstepped and the extra amounts in hand must be kept in reserve for emergencies.

Many financial reforms have been introduced whereby revenue is to be administered by the National Bank. Reforms will be introduced with regard to the control of Government undertakings.

Nearly all restrictions on export have been removed, but the same cannot be said with regard to imports. The system of import prohibitions and licences is still in operation, although the licences are already somewhat easier to obtain. The Customs tariff as passed by the National Assembly, will not come into operation before the autumn. An exchange of views is taking place with a number of nations with regard to the conclusion of commercial treaties, the realisation of which, however, is not to be expected for some months.

On the foreign exchange market the number of foreign bills and currencies at the disposal of the Foreign Exchange Department at the beginning of June, whereby foreign payment media in clearing transactions will be doubled, has taken a very favourable turn.

The report shows by reference to figures that dollar quotations in retail business have declined and have finally adapted themselves to official quotations. Owing to the Commissioner's first report, which was very favourable, the hopes of the public have revived, and the Foreign Exchange Department is offering large quantities of foreign currencies for sale. With the opening of the National Bank on June 24, continues the report, the "Sparkrone," one of the numerous units of bookkeeping in Hungary, has disappeared, which has contributed to restore the supremacy of the Hungarian krone. Simultaneously the activity of the Foreign Exchange Department has ceased, and dealings in foreign exchanges have been regulated afresh. It is of importance to foreign trade that the difference between the value of the krone at home and abroad has ceased. The improvement in the value of the krone is apparent, especially in Vienna and Zurich, where its quotation has at times been higher than its price for the dealings in unlimited quantities of foreign exchange on the Budapest market.

The National Bank has made no statement of policy

with regard to foreign exchange indicating any immediate and absolute attempt to stabilize the currency. For the time being there is nothing to show whether the improved value of the krone will have a favourable effect upon the price of commodities.

The foreign trade balance is more favourable, exports showing an increase of 5.4 per cent. as compared with last year.

The restoration of public confidence in the Hungarian currency and the favourable reports on the foreign loan have brought about excessive speculation on the Bourse. The success of the loan indicates a new stage in the Reconstruction programme. The League of Nations has done its duty; the reorganisation of the finances depends henceforth on Hungary itself. (*Neue Freie Presse.*)

THE LEAGUE OF NATIONS LOAN.

The Hungarian section of the League of Nations Loan, the subscription list of which was closed on Aug. 9, appears to have been a great success and to have been largely over subscribed. Applications continued to flow in even after the list was closed. It is stated in well-informed circles that only the applications of large subscribers will abate and that allotments will be made of the full amount of small subscriptions. Considerable interest was shown in the loan in agricultural circles, and a large number of landowners participated. The National Bank has decided to advance money on bonds of the Hungarian section of the loan up to 75 per cent. of their market value. The rate of interest will be $\frac{1}{2}$ per cent. higher than the official discount rate.

The subscription to the Swiss section of the loan of 30 mill. Swiss francs in bonds of Fr.1,000 each was opened in July. The issue price is 89 per cent., the loan bears interest at $7\frac{1}{2}$ per cent., and the loan is to be redeemed by annual instalments up to Feb. 1, 1944. In the event of official quotations of the loan on the Geneva Bourse falling below par the Hungarian Government has the right to effect the redemption from 1925 by purchasing on the Bourse for its own account. Application is to be made for quotation of loan bonds on the Basle, Berne, Geneva and Zurich Bourses. (*Pester Lloyd; Wirtschaftliche Nachrichten.*)

VALUATION OF THE EXCHANGE IN STERLING.

The National Bank has announced that in pursuance of an agreement concluded with the Bank of England, of which the object is the co-operation of the latter with the National Bank of Hungary, this institution is endeavouring to achieve the stabilisation of the Hungarian krone by the steady maintenance of the relations of the krone to sterling at an average rate of Kr.346,000 to the £. Thus the value of the Hungarian krone in relation to other foreign currencies will be determined by the relation of these to the £. (*Wirtschaftliche Nachrichten.*)

AMERICA'S WAR CLAIMS AGAINST HUNGARY AND AUSTRIA.

The special joint commission which is to decide upon the claims put forward by America against Austria and Hungary is to resume its work in the next few days. The Foreign Offices in Vienna and Budapest have not sent special delegates to this commission but will be represented by their ministers plenipotentiary.

Both the Hungarian and Austrian Governments have signified their readiness to accept the findings of Mr. Parker, the arbitrator appointed by President Coolidge, who was also arbitrator in the German-American joint commission. It is stated that the work of the German-American commission has greatly facilitated the work of the present Austro-Hungarian-American commission. The sequestered Hungarian property in America is considerably less than that of Austria, which is estimated to have a value of some 10,000,000 dollars. (*Central European Observer.*)

RENT TROUBLES.

One of the questions of the day in Hungary is the payment of rents falling due in August. Rents are high and owing to the crisis in the money market added to high prices generally, traders and others have asked to be permitted to make payment in instalments. The Government, however, are opposed to this as the State derives considerable revenue from taxation of rents, and the deferment of payment would seriously affect the taxation receipts. The Minister of Finance points out that if house owners do not receive the rents when due they themselves will be unable to pay other taxes and the Budget would be seriously interfered with. (*Ibid.*)

TRADE

SIX MONTHS' FOREIGN TRADE.

The following account of Hungary's foreign trade for the first half of 1924 is supplied to the *Pester Lloyd* by Herr Bela von Tormay, a Government official, and head of a department.

The chief feature of foreign trade for the first half of 1924 is a further increase of exports, which had already risen in the second half of 1923. The monthly average value of exports has steadily risen from 13.7 million gold kronen in 1920 to 40.1 million in 1924. While during these four years and a half the value of imports has increased by one and a half that of exports has increased threefold. Another proof of the growth of Hungary's export trade is that she succeeded in disposing abroad in 1923, in spite of American competition, her surplus corn output, and even the slump in sugar on the world's markets did not prevent Hungary, at a very small reduction in price, from disposing of considerable quantities of sugar. There is no doubt that the share of finished goods in Hungary's imports has increased as compared with 1923. The reason for this is to be found in the conclusion of agreements for the exchange of given quantities of certain commodities with the nations of Western Europe and in a more generous issue of import licences. In the current year Hungarian commerce succeeded in establishing direct relations with western and oversea stations, and in thus emerging from its economic isolation of recent years. This naturally exercised an adverse effect on Austria's commission trade and that country's share in Hungary's import trade, which was 50.5 per cent. in 1920, declined to 37.7 in 1921, to 28.9 in 1922, to 25.4 in 1923, and to about 19 in the first half of 1924. Hungary's foreign trade figures for the first six months of 1924, as compared with the corresponding period of 1923 (in brackets) were (in millions of gold kronen): Imports, 298 (244.3); exports, 240.3 (147.8); trade balance — 57.7 (— 96.5). The chief articles of import and export are shown below in (a) quantity in metric centners for the first six months of 1923, (b) quantity in metric centners in first six months of 1924, (c) value in million gold kronen in the first six months of 1924 :—

Imports.	(a)	(b)	(c)
Cotton fabrics	44,575	40,423	32.8
Timber	10,079,392	10,292,762	32.8
Coal	5,336,589	5,128,052	23.0
Cloth fabrics	11,254	13,666	19.4
Machinery and plant	66,419	102,812	16.7
Cotton yarns	23,633	30,577	15.6
Dressed leather	8,840	9,838	10.8
Paper	189,812	188,414	8.7
Woollen yarns	2,559	7,644	7.6
Raw metals	48,577	49,929	6.8
Tar dyes	2,867	4,142	5.3
Raw cotton	16,794	18,364	5.3
Exports.			
Flour	458,924	1,129,837	38.0
*Beasts for draught and slaughter	70,586	70,871	27.7
Sugar	118,498	382,426	20.2
Rye	1,569	703,844	13.8
Wheat	4,113	564,068	12.3
Machinery and plant	58,047	82,084	9.6
Meat, sausage	47,055	46,371	9.1
Electric plant and bulbs	13,816	18,600	7.8
Poultry, dead	13,449	21,553	5.8
Feathers	9,182	9,229	5.4
†Railway carriages	294	367	4.8
Eggs	16,931	33,309	4.5

* Head. † Units.

Woollen fabrics came chiefly from Austria and Czecho-Slovakia; wood and timber from Czecho-Slovakia, Rumania, and Yugo-Slavia; coal from Poland (two-thirds) and Czecho-Slovakia, the import from England had fallen off; machinery (largely for the textile industry) from Czecho-Slovakia, Germany and England. Of exports, flour and corn which formed 30 per cent. of them, were sold chiefly in Czecho-Slovakia, Germany and Austria, but also in Poland and Switzerland; and pigs went to Austria (two-thirds) and Czecho-Slovakia (one-third).

The export figures testify to the growing importance of poultry breeding in Hungary. The value of the export of poultry and poultry products in the last three half years is as follows (in millions of gold kronen) :—

	1923.	1923.	1924.
	1st half.	2nd half.	1st half.
Live poultry	0.5	1.2	0.6
Dead poultry	1.5	7.9	5.8
Eggs	2.6	1.9	4.5
Feathers	4.3	1.6	5.4
Total	9.1	12.8	16.5

The poultry went chiefly to Austria, Germany and England, and to a lesser extent to Western Europe; eggs were sold to Austria, Germany and Switzerland; and feathers to Germany and Czecho-Slovakia. In the meat group the export of sausages and smoked meat showed a sharp decline; machinery exports consisted of locomotives which had been sent to Hungary for repair; agricultural and milling machinery, the trade in this department with Russia, which had been flourishing before the war, showed some signs of revival; the Balkans offer an increasing market, and the recently concluded treaty with Yugo-Slavia, which is calculated to test Hungarian machinery in the competition market, will probably increase the country's export trade. It should be mentioned that the export of products of the engineering and iron industries showed a falling off in May and June, but this did not affect electrical engineering the exports of whose products showed an increase of 50 per cent., attributable chiefly to lamp bulbs and dynamos.

AGRICULTURE

HARVEST PROSPECTS.

The official report on the coming harvests issued by the Ministry of Agriculture, gives the following figures (in millions of metric centners) :—

	Latest estimate.	Previous estimate.	Yield in 1923.	Yield in 1922.	Yield in 1921.
Wheat	13.7	14.6	18.4	14.9	14.8
Rye	5.8	6.2	7.9	6.4	5.9
Barley	3.3	3.5	5.9	4.8	4.7
Oats	2.5	2.6	3.9	3.3	3.2
Total	25.3	26.9	36.1	29.4	28.8

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The area under cultivation in the present and four preceding years was (in millions of joch *) :—

	Wheat.	Rye.	Barley.	Oats.
1920 ...	1.9	1.0	0.9	0.6
1921 ...	2.0	0.9	0.8	0.6
1922 ...	2.5	1.2	0.8	0.6
1923 ...	2.3	1.1	0.8	0.6
1924 ...	2.4	1.2	0.7	0.5

* Joch=1.4 acre.

(Pester Lloyd ; Neue Freie Presse.)

SOCIAL AND LABOUR CONDITIONS

COST OF LIVING.

The Budapest journal *Az Est* (quoted by the *Gazette de Prague*), demonstrates in an article, supported by proof, that on the average the cost of living in Hungary is 40 per cent. higher than in Austria, and that wages are from 15 to 20 per cent. lower in the former than in the latter. Budapest, it asserts, is the dearest city to live in of Central Europe. Hungarian products can be purchased in Austria 30 per cent. cheaper than in Hungary.

UNEMPLOYMENT.

The economic crisis in Hungary continues to express itself in growing unemployment. Some 25,000 factory hands are out of work, while the number of unemployed clerks increases daily. It is calculated that 6,000 bank clerks and 5,000 other clerks are now unemployed, while at the same time dismissals are being continued from the State services.

In a recent speech in Parliament on the topic of unemployment, the Hungarian Minister of Finance, M. Koranyi, said he did not regard the figures as constituting a grave danger. The number of 25,000 was serious enough, but did not justify talk of a danger, especially in view of the state of unemployment in other countries. Relief works were going to be started and the Budget estimates contained an item of 12 million gold kronen for this purpose. (*Central European Observer*.)

ITALY

FINANCE

THE FINANCIAL SITUATION.

In its August report the General Confederation of Italian Industries sums up the financial situation as disclosed by official figures as follows :—

Before leaving Rome for the London Conference the Minister of Finance, De Stefani, on closing the accounts for the financial year 1923-24, was able to announce that the deficit for that year, estimated in 1922 at 3,586 million lire, has been reduced to 623 millions. This result is due not to excessive fiscal pressure but to economic recovery, following on the reorganisation of the producing and trading activities of the nation, accompanied by improved financial administration, which on the one hand has curbed fiscal evasions and on the other checked excessive expenditure.

The following table compares the estimates for receipts and expenditure made by the Ministry of Finance in May 1923 with the actual figures as ascertained on June 30, 1924, when the Italian financial year closes (in millions of lire) :—

	Estimates May 13, 1923.	Results June 30, 1924.
Ordinary receipts ...	14,332	17,702
Ordinary expenditure ...	12,492	13,176
Surplus	1,840
Special receipts ...	1,233	1,389
Special expenditure ...	5,689	6,578
Deficit	4,456
Final deficit	2,616

In the course of the financial year the internal national debt has been reduced by 2,383 million lire, as is shown by the following (provisional) figures (in millions of lire) :—

Decrease :

Short-dated Treasury certificates ...	2,710
3 to 5 year Treasury bonds ...	1,706
Circulation of bank-notes on behalf of the State	316
Sudbahn settlement ...	761
Redeemable loans ...	24
Total decrease ...	5,517

Increase :

9 year Treasury bonds ...	2,472
Bonds of the Venetian Provinces (war loss compensation) ...	455
Account with Deposit and Loan Bank ...	204
Exchange of Austrian Nat. Debt securities ...	3
Total increase ...	3,134
Net decrease ...	2,883

In July 1922 the then Minister of the Treasury estimated that the external debt would amount on June 30, 1923, to over 100,000 million lire, the estimate of the Chairman of the Finance Commission of the Chamber being 102,000 million at the lowest. On June 30, 1923, the actual amount of the debt stood at L.95,594 mill., and on June 30, 1924, at L.93,711 mill. During the same period (July 31, 1923, to June 30, 1924) the Treasury cash balance has increased by nearly one milliard lire.

These figures show that Italian finance is steadily nearing the goal of a balanced budget, and what is more to the point, the country is beginning to wipe off her floating debt.

In his financial statement to the Senate on June 27 last Signor De Stefani called attention to the importance of the Government's action in this field. Apart from the pre-war consolidation debt and from the National War Loans, the following temporary amounts have been issued since the war: Short-dated Treasury certificates, 22,476 million lire; 3, 5, 7 and 9 year Treasury Bonds, 11,550 million; banknotes on account of the State, 748 million; Treasury notes, 2,428 million; a debt with the Deposit and Loan Bank, 532 million; total floating debt, 36,996 million. A floating debt of this magnitude injures the nation's credit and tends to raise prices. The Government had seriously to consider the two courses open to it, namely the funding of this debt or its gradual redemption. It decided in favour of the latter course, which avoids the danger of saddling the nation with an intolerably heavy debt, should the lira, as is probable, recover in course of time its pre-war value. The procedure adopted is the issue of bonds bearing interest at 4.75 per cent. for every 100 lire of nominal capital represented by short-dated Treasury bonds free of all taxes and extinguishable at the end of 25 years. The issue is limited for the time being to 5,000 million lire. The first part was placed on the market on July 1, and reserved exclusively to holders of short-dated certificates and of 3 and 5 year Treasury Bonds. The service of this debt provides both for interest and sinking fund.

CAPITAL ISSUES IN JUNE.

During June 145 new companies were founded with a joint capital of L.54.3 mill., while 120 companies increased their capital by L.420.4 in the aggregate, making the gross amount of new capital invested during the month L.474.7 mill. On the other hand 51 companies having a joint capital of L.76.4 mill. went into liquidation, 6 companies amalgamated with a capital of L.28.1 mill., and 41 reduced their capital by a joint total of L.58.4 mill. Capital decreases during the month thus amounted to L.163 mill. as against increases of L.474.7 mill., giving a net increase of capital invested of L.311.6 mill. as against L.537 mill. in May, L.334.2 mill. in April, L.423.8 mill. in March, L.374 mill. in February, and L.309.3 mill. in January. The net amount of capital raised during the first six months of the year was L.2,290.4 mill.

It has been noted of late by Milan financial circles that capital increases now cause the shares of the

companies concerned to be offered, whereas a few weeks ago new issues were always accompanied by a rise in the quotations of the shares. (*Agence Economique et Financière.*)

BUDGET RETURNS FOR 1923-24.

The following tables show for the whole of the financial year just concluded (July 1, 1923, to June 30, 1924) as compared with the previous financial year, (a) the principal items of revenue, (b) the Treasury statement of receipts and total expenditure (in millions of lire):—

	1923-24.	1922-23.
<i>(a)</i>		
Direct taxes	5,539.3	4,333.8
Stamp duties and fees from government colleges	2,760.2	2,461.6
Indirect taxes on commodities	2,746.1	2,754.1
Industrial monopolies	3,116.5	3,090.9
Lottery (gross receipts)	401.5	371.9
Total	14,563.9	13,012.5
<i>(b) Ordinary receipts.</i>		
Revenue from National Property	29.5	36.1
Yield from Direct & Indirect taxation	16,711.2	14,290.1
<i>Public services.</i>		
Posts	529.3	434.3
Telegraphs	148.0	139.8
Telephones	142.9	126.5
Sundry services	74.6	54.4
Repayments and contributions toward cost	368.9	164.0
Sundry receipts	1,134.0	8,317.6
Total	19,138.8	23,563.1
<i>Special receipts.</i>		
Repayments and contributions to expenses	686.9	155.8
Sundry receipts	5,645.4	3,366.9
Residual assets	321.2	119.2
Total revenue	25,792.4	27,205.2
<i>Other receipts.</i>		
Railway construction loans and credits	1.2	5.7
Receipts from sundry loans and credits	6,144.0	5,249.4
Accountancy balance items	183.2	251.2
Grand total	32,121.0	32,711.6
Total expenditure	32,361.5	42,104.7

TRADE

FOREIGN TRADE RETURNS.

The satisfactory trend of trade figures which has so far characterised 1924 is confirmed and accentuated by the statistics of imports and exports for May, reproduced in the August Report of the General Confederation of Italian Industries, as shown by the following table (in millions of lire):—

	1924.	1923.	Difference in 1924.
<i>Imports.</i>			
January	1,166.0	1,058.0	+108.0
February	1,561.0	1,578.6	- 17.6
March	1,518.4	1,474.1	+ 44.2
April	1,566.1	1,404.0	+160.2
May	1,547.1	1,578.2	- 31.1
Total	7,363.5	7,103.7	+259.8
<i>Exports.</i>			
January	840.0	786.0	+ 54.0
February	1,103.2	759.5	+343.7
March	1,215.7	880.2	+335.4
April	1,198.4	722.3	+476.1
May	1,095.5	798.6	+296.9
Total	5,454.5	3,944.4	+1,510.1

The unfavourable trade balance for this period stands at L.1,915.1 mill., as compared with L.3,168.6 mill. at the close of May 1923.

Trade with leading countries stood on May 30 as follows (in millions of lire): Austria, imports

156.9, exports 272; Czecho-Slovakia, imports 84.8, exports 57.5; France, imports 558, exports 744.4; Germany, imports 543.5, exports 644.9; Great Britain, imports 837.8, exports 546.8; Yugo-Slavia, imports 189.8, exports 148.4; Switzerland, imports 133.6, exports 654.6; the Argentine, imports 307.1, exports 269.6; the United States, imports 1,982.3, exports 471.4.

TRADE WITH THE UNITED STATES.

We are indebted to the report of the General Confederation of Italian Industries for the following information:—

In 1913 Italy's imports from the United States were valued at L.522,722,000, while her exports to that country stood at L.267,892,000. The United States then held the second place in order of importance on the list of Italy's export markets, which was headed by Germany, and came third on the list of import countries. In 1923 the position was radically altered, the United States out-distancing all other countries in the value of their exports to Italy. They were still, however, Italy's second largest export market, France holding the first place. Taking the figures for 1913 as 100, the index number for her imports from the United States in 1923 stands at 883.7, that for her exports to that country at 564.6. The balance against Italy is L.3,106.9 mill. The trade figures for the post-war years are as follows (in millions of lire):—

	Imports.	Exports.
1919	7,350.3	629.7
1920	4,788.4	655.1
1922	4,398.2	1,018.3
1923	4,619.4	1,512.5
1924 (5 months)	1,982.3	471.4

As these figures show, Italy's trade balance with the United States has been steadily improving, but it would be absurd to expect a return to pre-war conditions. As Italy's manufacturing industries grow in importance she becomes an increasingly heavy importer of raw materials, and for some years to come we may expect her to draw for these mainly on the United States. Trade between the two countries must be essentially on a triangular basis, Italy righting her balance of payments by exports of manufactured goods to a third market area. We may expect that in ensuing years Italian purchases of cereals, coal, and perhaps of fuel oils from the United States may be reduced, but if anything there is likely to be an increase in purchases of cotton, copper, machinery and certain chemicals. Undoubtedly the Fordney tariff is a serious hindrance to the development of Italian exports to the United States. Nevertheless, as the figures given below show, 1923 marked an increase in Italy's exports of agricultural products as compared with 1922, accounted for more especially by cheese and olive oil. The most marked improvement, however, was in silk and cotton exports, which increased 143 per cent. This was undoubtedly due in part to the Japanese earthquake, and we may expect a falling off in 1924; but, on the other hand, the high quality of Italian cotton goods is likely to secure a growing demand for them. Italian industry is finding an opening in the United States for building materials, bricks, etc. It is also thought that exports of furniture could be increased; there is a growing market for the varied artistic products of Italian industry, covering such diverse goods as marble, statuary laces, embroideries, terracotta and ceramics, glass ware and leather work.

The following figures show (in millions of lire) the trade between the two countries in various classes of goods in 1923 as compared with 1922 (in brackets):—

Exports to United States.—Foodstuffs, 624.5 (440.5); silk and cotton goods, 594.9 (244.3); mercury and other ores, 10.3 (20.8); marble and other stones, 35.6 (30.9); machinery, 7.5 (9.4); motor cars, 3.1 (4.0); furniture, plaited straw, 22.1 (24.4); skins and gloves, 29.8 (32.4); pharmaceutical products, essences and paints

68.4 (105.2); terracotta, art goods, glass ware, 22.5 (17.7); seeds, barks, vegetable products, 7.0 (10.1); miscellaneous, 86.2 (75.9); total, 1,512.5 (1,018.3).

Imports from the United States.—Foodstuffs, 2,017.8 (2,164.1); tobacco, 136.0 (165.4); raw cotton and cotton goods, 1,488.6 (1,247.2); iron, copper and steel, 207.9 (170.7); coal, 111.6 (31.7); mineral oils and by-products, 407.7 (365.6); machinery, 53.7 (41.9); motors and motor cycles, 9.8 (4.3); lumber, 41.9 (39.9); hides and skins, 31.1 (27.2); soda and chemical products, 30.5 (43.1); tyres and rubber goods, 9.2 (6.0); pianos, 1.1 (—); miscellaneous, 71.8 (87.4); total, 4,619.4 (4,398.2).

THE IMPORT OF WELSH COAL.

The import of coal from Wales (Cardiff, Swansea, Newport and Port Talbot) during the first five months of the year was 1,456,762 t., as against 1,902,040 t. during the first five months of 1923. The monthly imports as compared with 1923 (in brackets) were as follows: January, 297,012 t. (273,437); February, 216,337 (332,514); March, 334,947 (478,193); April, 325,314 (395,256); May, 263,152 (422,640).

ITALY'S ECONOMIC EXPANSION ABROAD.

For some months past a strong tendency has been discernible towards the participation of Italian capital in foreign enterprises either in the form of concessions, notably mining concessions, or of financing existing enterprises. Foremost among the foreign investments in which Italian capital is engaged are: the Polish Loan of 400 millions secured on the tobacco monopoly, the Hungarian Loan, which was very rapidly subscribed, and the Yugo-Slav Loan. Numerous concessions have been granted to Italy in foreign countries, notably the concession of the Rybnick coal mines in Poland, obtained, it is said, by the payment of 10 million lire by the Banca Commerciale to the Polish Government; the concession of the bitumen mines of Selenetza in Albania recently granted to an Italian syndicate; and the participation of Italian capital in the Société des Forces Hydroélectriques de Syrie, the contemplated output of which will be 50,000 kilowatts.

In Russia the Fiat has entered into a contract with the Autopromotorg (the State Motor Company) for the delivery of lorries. Other economic advantages obtained by Italians in Russia are: important farming rights in the Kuban district; the contract for the delivery of 55,000 gallons of oil to the Naphtha Combine of Turin; and the right of coasting in the Black Sea accorded to the Società Navigazione Triestina. This exodus of Italian capital has been the object of a certain amount of criticism on the ground that Italian capital neglects important works to be executed in Italy which have long been planned but have been abandoned through lack of funds. Among these are the electrification of the railways, vigorously proceeded with at first, but suspended for some years, and the construction and improvement of the ports which are not adapted to modern requirements. (*Journée Industrielle.*)

PORTUGAL FINANCE

THE FINANCIAL SITUATION IN JULY.

The *Commercio do Porto* (July 31) gives the following account of the financial and economic situation in July.

The situation has grown appreciably worse during July owing to the high taxation and to the shortage of ready money, which causes a stoppage of bill discounting and a consequent general stagnation of business. The majority of the notes in circulation are presumably in the hands of private persons, who hold them back in distrust of possible disastrous legislation on the part of the Government. The general situation is therefore bad, although it is easily capable of being remedied. Discount rates have been very high of late.

The exchange has fluctuated during the month with a firm tendency except at the end, when owing to lack of ready money discount rates fell slightly.

There has been no great offer of paper, but its withdrawal has been large owing to lack of ready money, for which reason dealings for the account have been undertaken at rates disproportionate to those for dealings in cash. The general tone is dull, and the situation tends to grow worse instead of better, since the financial policy of the Government provokes the emigration of capital. Owing to the disturbances in Brazil, that country's exchange has fallen heavily, thereby rendering difficult the remittance of funds there, a circumstance which cannot but affect the future of the Portuguese exchange. In previous years the month of July has always been noted for an abundant supply of dividends on gold securities, causing a weakening of the foreign exchange and an influx of bills. This year, however, owing to the uncertainty prevailing among investors, bills have been kept back, and if an improvement has been discernible of late, it is entirely due to the shortage of ready money, which caused the settlement of transactions already due to be adjourned. It is lack of public confidence which causes the weakness of the exchange.

The note circulation tends to increase owing to excessive expenditure; and the imposition of new taxes, however numerous, will never succeed in counteracting the effects of bad government.

The stock markets are lifeless, and the blow dealt at the national credit by the ill-advised Decree changing the mode of payment of the dividend of the External Loan from gold to paper (*cf.* THE ECONOMIC REVIEW, June 27, p. 558) causes the neglect of the national bonds for investment purposes, thereby producing in conjunction with the shortage of ready money a weakness in all the markets. The excessive taxation imposed by the Government has caused heavy sales of securities and a further depreciation of the markets, to the detriment of the general situation. The Internal Loan, despite its low quotations, finds no purchasers; the External Loan, after losing its character of stability, has been the object of some speculative transactions. Bank and industrial shares declined heavily during the month, tobacco shares falling 30 escudos, those of the Phosphorus Company 22 and those of the Portugal and Colonies Company 5. The general situation is very uncertain and gives grounds for predicting that if the shortage of ready money continues the slump on the markets will become accentuated.

BANKING IN 1923.

The returns relating to Portuguese banking (banks and other credit-giving establishments) in 1923, recently published by the General Statistical Department, show the following figures (in contos, a conto being equal to a million reis or a thousand escudos): joint capital on Dec. 31, 1923, 220,204 as against 102,000 on Dec. 31, 1919, and joint reserves, 90,096 as against 48,000. The total amount of joint capital and reserves on Dec. 31, 1923, was 310,300. (*Commercio do Porto.*)

THE CONTRACT WITH THE TOBACCO COMPANY.

The new contract between the Portuguese Government and the Tobacco Company has just been signed whereby the former receives 15 mill. escudos for the year 1924-25 and 16 mill. in subsequent years. The Government received last year 9,725,000 escudos, being 6,250,000 as rent and 3,475,000 as share of profits. (*Ibid.*)

THE STAMPING OF FOREIGN SECURITIES.

A recent Decree enacts that all foreign securities held in Portugal must be presented for stamping with a 2 per cent. stamp on their nominal value in the highest currency notified on or before Aug. 31 next at the latest. Holders of these securities may, before the said date,

remit them abroad through the General Deposit Bank, which will pay their value in escudos at the rate of exchange at a date to be fixed. After Aug. 31 foreign securities cannot be dealt with or deposited in Portugal, and will be confiscated for the benefit of the State at a deduction of 20 per cent. of their value. (*Agence Economique et Financière.*)

SPAIN FINANCE

AN ESTIMATE OF THE NATIONAL WEALTH.

About eight years ago certain writers estimated the capital value of the wealth of the country at some 75,000 million pesetas. In a work on the same subject recently published by the Urquijo Bank (of Bilbao) the estimate is much higher, the value of the chief sources of wealth being computed as follows (in millions of pesetas): Agriculture, 76,500; live stock, 10,100; real property, 35,700; industrial output, 48,300; railways, 7,000; the mercantile marine, 300; joint stock companies (exclusive of railways), 9,500; State and Treasury Loans, 12,600; precious metals (gold and silver), 3,200; current accounts with the banks, 6,100; stocks in reserve, 1,500; total in round figures, 218,000. The income from this capital, that is to say, the national income, is about 25,000 million pesetas. According to a computation made by the joint Chambers of Commerce, the value of the national capital in 1895 was 58,500 million pesetas, or 3,322 pesetas per head of the population. (*España Económica y Financiera.*)

TRADE

AN ORDER AFFECTING CHAMBERS OF COMMERCE.

A Royal Order of the 8th inst., published in the *Gaceta de Madrid* of the 15th inst., reports the Journal of the British Chamber of Commerce for Spain, prohibits Spanish Chambers of Commerce from replying to enquiries received from companies and merchants domiciled in foreign countries respecting matters of a general character, such as commercial treaties, establishment of shipping lines, etc., always provided that these enquiries have not been forwarded through Spanish Chambers of Commerce abroad.

INDUSTRY

INDUSTRIAL CRISIS IN CATALONIA.

The industrial crisis in Catalonia, writes the Barcelona correspondent of *España Económica y Financiera* in the middle of July, is daily growing more acute. Partly owing to the drought, which has parched up the fields and deprived the manufacturing centres of water, a number of factories in different districts have had to close down. In Igualada 3,000 hands are out of work; in Capellades, owing to the drought, a number of paper mills are working short-time; in Manresa an important spinning and weaving mill has stopped work for an indefinite period; but it is Sabadell where the crisis has made itself felt with the greatest intensity. Owing to the drought and other factors which it is not necessary to enumerate, this important textile centre is passing through the sharpest crisis it has experienced for many years. In terminating this part of his letter the writer guardedly hints that the crisis is in part due to labour troubles.

COMMUNICATIONS

RAILWAY REORGANISATION.

Since 1918, when the state of the finances of the railways caused the Government to make advances to the companies and subsequently to authorise the raising of rates, on the understanding that this concession was purely provisional, successive Governments have

tried in vain to devise a scheme for the working of the railways without financial loss and without unduly burdening commerce and industry with excessive rates. The Military Directory has now grasped the nettle by promulgating a lengthy Decree for the reorganisation of the railways, the principles of which, as given by the Madrid correspondent of the Anglo-South American Bank are as follows:—

The official *Gaceta* of the 13th inst, contains a Royal Decree creating legislation for the grouping and control of the Spanish railways. The general effect of the Decree is to give the State a predominant measure of control in the operating of the railways and in the construction of new lines. A Railway Board is to be set up which will take a leading part in the administration of the railways, and, although the Decree is admittedly of a very complicated nature, it would appear that it is intended to make the actual operation of the railways of a "semi-Government" character through the medium of the Railway Board.

In regard to new plant and rolling stock, as well as the construction of new railways, the State would provide the necessary funds, creating for this purpose a "Special State Railway Debt," and a point of importance to non-Spanish railway interests is that enterprises which construct or exploit new railways in the future must be nationalised in Spain, and have their head offices in that country, whilst the chairman and at least two-thirds of the other members of the Board, and also the managers and chief officials, must be of Spanish nationality.

A valuation of the railways is to be effected within a period not exceeding three years on lines laid down by the Decree, while a provisional valuation is to be made based upon the capitalisation at 4½ per cent. of the average net earnings during the last fifteen years.

The period within which any railway may apply for admittance into the new scheme of railway control is three months. Application for admittance is optional.

The opinion of *La Semana Financiera* is that the official regulations are so complicated that difficulty will be found in putting them into practical application. According to the railway organ *Diario del Cammi*, quoted by the *Information Financière*, the commission which drafted the Railway Decree has conceived a scheme for the improvement of existing lines and the construction of new ones involving an outlay of Ptas.1,530 mill. to be distributed proportionately among all the railway companies. The shares allotted by the scheme to the leading railways are approximately (in millions of pesetas): Madrid-Saragossa-Alicante, 555; Norte de España, 376; Ferro-Carriles Andaluces, 189; Madrid-Cáceres-Portugal, 72; Sur de España, 69, etc.

Further the commission proposes the construction within a period of twenty years of 12,852 km. of new lines at a cost of about 5,000 million pesetas. The proposed new lines include the TransPyrenean Railway (1,013 km.), already in course of construction.

SWITZERLAND

TRADE

FOREIGN TRADE RETURNS.

In June the total value of the imports was Fr.191 mill., and of the exports Fr.155 mill. In June last year the imports totalled Fr.169 mill., but the export figures are not available for comparison. The exports for the first half of this year amount to Fr.1,179 mill. and the exports to Fr.985 mill., thus showing a passive trade balance of Fr.194 mill. The percentage of exports to imports was about 83½, which is adapted to existing economic conditions; the average percentage in a good pre-war year was 70 or under. (*Neue Zürcher Zeitung.*)

IMPORT AND EXPORT OF PRECIOUS METALS.

The first half-year closed with a surplus of Fr.111 mill. in the export of precious metals as compared with an

import surplus of Fr.114.3 mill. in the first half of 1923.

	Imports.			Exports.		
	(In millions of francs)	Bullion.	Coin. Total.	Bullion.	Coin. Total.	
		Gold		Silver		
Jan.-Mar. 1924 ...	5.63	0.93	6.56	2.93	0.28	3.21
Apr.-June 1924 ...	1.58	—	1.58	1.51	0.12	1.63
First half 1924 ...	7.21	0.93	8.14	4.44	0.40	4.84
First half 1923 ...	1.87	146.26	148.13	1.35	0.44	1.79
Jan.-Mar. 1924 ...	41.64	12.51	54.15	12.24	0.23	12.47
Mar.-June 1924 ...	7.92	49.25	57.17	0.08	0.11	0.19
First half 1924 ...	49.56	61.76	111.32	12.32	0.34	12.66
First half 1923 ...	34.68	0.58	35.26	0.14	0.01	0.15

The import of gold in 1924 came mainly from France (Fr.3.13 mill.), Great Britain (Fr.2.20 mill.), and Germany (Fr.1.46 mill.), and the silver imports from Great Britain (Fr.2.18 mill.), France (Fr.1.37 mill.), and Germany (Fr.0.97 mill.). Of the gold export Fr.48.65 mill. went to the United States, Fr.44.16 mill. to France and Fr.14.23 mill. to British India, and of the silver export Fr.5.30 mill. to Great Britain, Fr.3.83 mill. to Germany and Fr.3.50 mill. to Austria. Of the gold export to the United States a portion is in connection with the reduction of Fr.30.4 mill. in the gold funds of the Swiss National Bank between the end of March and the end of July in pursuance of the Bank's currency policy. (*Frankfurter Zeitung.*)

INDUSTRY

CHIEF BASLE INDUSTRIES IN 1923.

According to the report of the Basle Chamber of Commerce for 1923 the situation of the three chief industries, viz. the silk riband, dye and chappe industries, has varied considerably as compared with 1922. All these industries form a very important factor in Swiss economic life.

The Silk Riband Industry.—Exports fell from Fr.70 mill. to Fr.52 mill., due mainly to England (-Fr.8.5 mill.), Australia (-Fr.6.1 mill.), Canada (-Fr.1.1 mill.), and France (-Fr.0.7 mill.). Exports to the northern countries, Holland, Denmark and Sweden, show a similar relative decline, though the absolute amount is not great. On the other hand, there was an increase in exports to the United States, Mexico and Central and South America, but not sufficient to compensate for the losses in the other countries. The decline is ascribed to decreased purchasing power, increased customs and import restrictions in most of the countries concerned, together with the high cost of labour and raw materials and the shortening of hours in Switzerland. The latter factor is important in view of the dependence of the industry upon fleeting fashions and the consequent necessity for the rapid execution of orders. The most prosperous portion of the industry was that which uses artificial silks. The Société de la Viscose Suisse at Emmenbrücke has decided to start a new factory for superior qualities in this line, as it has found its present capacity insufficient to meet the demand.

The Dye Industry.—This industry remained more or less stationary. Exports to England fell from Fr.13 mill. to Fr.9.4 mill., to the United States from Fr.12.7 mill. to Fr.5.9 mill., and to France from Fr.13.9 mill. to Fr.10.7 mill.; on the other hand, exports to Japan rose from Fr.3.6 mill. to Fr.6.7 mill., to Czecho-Slovakia from Fr.0.8 mill. to Fr.2.8 mill., and to Sweden from Fr.1.2 mill. to Fr.2.6 mill. All the South American countries also took increased quantities. The industry was helped by the occupation of the Ruhr, but suffered from the high United States tariffs, which are almost prohibitive except for certain specialities. The continued existence of the industry is almost entirely due to its technical enterprise. Thus it has produced Indigosol, which saves treatment by vat, and the Irga dyes, which are highly satisfactory for painting on cloth, and experiments are being made on dyes for artificial silk.

The Chappe Industry.—This industry was the most successful of the three in 1923. Its exports rose from Fr.37 mill. in 1922 to Fr.51.75 mill., mainly on account of the United States (Fr.16.6 mill. as against Fr.7 mill. in 1922), France (Fr.10.6 mill. as against Fr.7 mill.), Italy, Austria, Czecho-Slovakia and Poland. The industry experienced no dead season during the year. The principal increase in production was in threaded chappe, which rose from 700,000 kg. in 1921 to 951,000 kg. in 1922 and 1,214,000 kg. in 1923. The industry has benefited materially by the high price of natural silk.

All three industries complain of the high wages and the conditions of labour, which are compelling Swiss industry to emigrate. Thus the Swiss chemical industry has already established branches in England and the United States which are now beginning to pay, and part of the chappe industry is threatening to move to France. In this way Switzerland is raising up against herself competition which will prejudice liquid capital less than the workers, who are more tied to the country. (*Journal de Genève.*)

SOCIAL AND LABOUR CONDITIONS

WAGES AND COST OF LIVING.

During the first half of the current year wages have tended to depend less on the cost of living index number and more on the movement of markets. Not that industry has suddenly fallen on such prosperity that the wage earners could put in a demand for a share of the profit, but the conditions in the labour market have for some time been such that in an ever-increasing number of occupations there has been a distinct shortage of skilled labour. In various industries (metal and machine, building, watch, and others) local demands for increased wages, often supported by strikes, have been frequent and generally successful; on the other hand, collective demands on a large scale, though not entirely absent, have been rare. The frequency of local, as compared with national, labour disputes more or less accurately reflects the condition of Swiss industry. The cost of living has varied only slightly during the current year, though it is some points higher than at this time last year. Thus in the second quarter of last year the index number for food, clothing and fuel stood at 165, in the fourth quarter 168, in the first quarter of this year 170, and in the second quarter 169. This has prevented any downward revision of nominal wages even in the most unfavourably situated industries. (*Neue Zürcher Zeitung.*)

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

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.*

SPECIAL ARTICLES

THE CONTROL OF AUSTRIA BY THE LEAGUE OF NATIONS.

Little reference has hitherto been made in the British Press to the operation of the control exercised by the League of Nations over Austria as a result of the loan granted under the auspices of the League to the new Republic for the purposes of its economic regeneration, and still less to the friction which has arisen between the official appointed by the League for the supervision of such regeneration and the Austrian Government, a reticence the more surprising in that this is the first chance afforded to the League of intervention in the affairs of a nation. In the circumstances, therefore, the evidence as to the results of the experiment from the point of view of a native of the country to be regenerated and as to the conduct of the population of that country during the period of its probation, given by Dr. Gustav Stolper in the *Oesterreichische Volkswirt*, may not be without interest to our readers.

That the June meeting of the Council of the League of Nations, writes Dr. Stolper, under the heading "The Geneva Crisis," would afford no settlement of the questions outstanding—introduction of a normal Budget, employment of the remaining balance of the loan and removal of the control—was a foregone conclusion, but that the Austrian Government should receive an unprecedented rebuff in Geneva came as a surprise, but only for the mass of the population, which had no idea of the extent to which relations between the Government and the General Commissioner had become strained. There is no doubt that the Geneva régime has brought about a sort of psychological attack of nerves on both sides, all the more dangerous in that it coincides with a severe economic and financial crisis in Austria.

REVULSION OF FEELING TOWARDS THE CONTROL SYSTEM.

In the autumn of 1922 the Austrian people entered into bondage. Those who at the time uttered warnings against the control system were confronted with ignorance, and even the resistance of the Social Democrats came to nothing owing to the refusal of the masses to be stirred to revolt. The bourgeois majority, which accepted the Geneva protocol, imagined special advantages for itself from the control, and founded special hopes thereon. They entertained the idea that the Controller would represent that authority which should sweep away "misgovernment," crush "insidious Bolshevism," check the "extortionate demands" of labour, and accomplish everything else dear to the reactionary. That the General Commissioner undertook no such task, that Dr. Seipel himself turned a deaf ear to such pretensions, and that the Social Democrats remained strong enough to prevent any shifting of power was the first disillusion. But light was stronger than shade, and after a short crisis due to stabilisation came an unprecedented boom on the Stock Exchange with special opportunities for making profits. An influx of private credits from abroad, following in the wake of the League of Nations credit, produced a stimulating influence on general business. The national revenue increased by leaps and bounds, and the reorganisation of the national finances appeared likely to be accomplished in a period undreamed of by the most sanguine optimist. But this spirit disappeared when the boom was followed by a slump which threatened to degenerate into an economic crisis.

For the past few months the opposition to the Geneva system has not proceeded primarily from labour, but from the employers and the middle classes as represented by the Government officials. Business is being strangled by want of credit and by the impossibility of obtaining capital for the most important and urgent

enterprises. Business circles have before their eyes an unemployed capital represented by the unused balance of the League of Nations Loan of 230 million gold kronen, which according to an official communication will not be used to meet the Budget deficit, its original object, since expenditure and revenue already balance. It is felt that the diversion of the balance of the loan into economic channels would enormously benefit business and help to overcome the crisis. The class of Government official which sees the rest of the population rapidly returning to normal conditions of life, and which is always hearing official utterances of a highly optimistic character, is becoming impatient of being the sole class of the community to be excluded from the blessings of regeneration. It clearly sees that the unbearable indigence in which it is plunged will not allow it much longer to maintain its high standard of morality, and fully appreciates the consequences of its disappearance. This class sees in the foreign Controller an obstacle to the fulfilment of its modest desires, for it is the Commissioner who is always insisting on reduction of expenditure, saving and curtailment of the civil service, and refuses to supply funds to provide official salaries.

THE BEARING OF AUSTRIA UNDER ITS TRIALS.

The Austrian Government believed in the possibility, through Geneva, of rendering the General Commissioner more tractable and entertained the vain hope of marshalling the sympathies felt for Austria abroad for the purpose of obtaining a relaxation of the control system. But it obtained nothing unless—as it is to be hoped—experience. The truth is that Austria, which through its misery and helplessness could have gained the sympathy of right-thinking people in foreign countries, has entirely squandered this sympathy through its conduct since the autumn of 1922. When the country, in defiance of all warnings and exhortations, submitted to the Geneva system, it should have collected all its moral strength in order to live through without danger the period of probation which the years of foreign domination signified. The presence at the head of the Government of a man like Seipel appeared to be a sufficient guarantee for the accomplishment of this object. Just when this nation deemed submission to foreign control to be a necessary evil, because it did not believe in its power to help itself, it should have made every sacrifice in order during the term of its captivity to preserve a remnant of dignity, of moral will for regeneration, and of spiritual self-consciousness. In reality the moral degradation of the nation during the very period of reorganisation reached such a pitch as to horrify the most enlightened of its citizens and to alienate the sympathy of the foreigner.

The last few months have revealed to the world the full extent of this moral crisis.

The collapse of the stock exchange with all its attendant phenomena was merely the final result of a long continuing, ever increasing demoralisation. Party selfishness was displayed in its most detestable form, financiers carried on their business in defiance of the law, while justice in the case of the rich shut both eyes, a large section of the Press cynically displayed its depravity to a degree unknown in Central and Western Europe, and influential politicians shamelessly used their power to their financial advantage, without incurring the slightest breath of criticism. In a word the whole of public life became a hunting ground for a horde of adventurers from all parts of the world, from which the respectable elements of the nation withdrew in bitter resignation. All this may have appeared to the eyes of foreigners as a superficial and distorted picture of the situation. The periodical reproofs uttered by the Federal Chancellor left corruption quite unmoved in its calm security. The reports of Vienna correspondents

of foreign newspapers represented Vienna more and more as an oriental city, and the impression produced on foreign visitors became worse and worse. Had Dr. Zimmermann really wished to exercise adverse criticism it would have fallen on fruitful soil.

RELATIONS BETWEEN THE COMMISSIONER AND THE GOVERNMENT.

Hence it came about that the original confidential relations between the General Commissioner and the leading members of the Government were gradually converted into something quite different. Had, at the outset, the powers of the High Commissioner been clearly defined and narrowly restricted, many a conflict might have been avoided. But the Geneva protocol left this very question open, a circumstance which during the early months of the control encouraged the General Commissioner to interfere in matters which did not concern him. The growing split in the Government, causing efforts to be made to gain the approval alike of the Commissioner and the parties in Parliament, naturally led to a certain insincerity in their mutual relations. In the last few months this spirit had got so far that the General Commissioner received the communications and declarations of the Government with obvious distrust. And the fact that the Government failed to show sufficient firmness in dealing with the shameful personal attacks on the Commissioner, and that some of its members and chief supporters were in close touch with the worst of the offending journals, did nothing to improve the situation.

THE ATTITUDE OF THE LEAGUE.

In these conditions the League of Nations fell back upon one of its subsidiary functions, namely the protection of Austria's foreign creditors, for which it had assumed a moral responsibility. However, the sharp crisis from which the country has been suffering for the last few months has considerably modified this attitude of the League. It is actually impossible at the present time to produce a so-called normal Budget. The Budget of 350 million gold kronen was in the autumn of 1922 a diplomatic trick, whereby the Austrian Government attempted to deceive the Austrian Parliament. It is hardly surprising, therefore, if the League placed upon Austria's financial policy a construction such as it would not dare to place upon the policy of any other nation in the world. It is quite natural that it should, through its representative, prevent the Austrian Budget from again showing a deficit, but that a foreign tribunal should, on the plea of a loan fully secured in all circumstances by special mortgages, dictate to a people quite ready to meet the cost of its national administration how much it must pay in taxation and prescribe the extent and nature of its national duties, is as unprecedented in history as the whole Geneva régime itself.

If the people of Austria finds its taxation too heavy a burden, it is its business to obtain a mitigation of it by reducing expenditure, but that a foreign tribunal should declare to be overtaxed a nation quite unaware of the fact requires consideration even outside Austria. Finally the attitude of the League of Nations is nothing less than a vote of censure on Austrian democracy, which has abdicated its claims to be such through its acceptance of the Geneva régime.

If the League does not believe in the durability of the reorganisation of the national finances which appears to have been established for some months past, then it is quite consistent that it should not release the balance of the loan, and that it should keep it in hand for its original purpose, namely to meet any future deficit. In this case it is inevitable that this balance should for the time being be kept abroad in an absolutely negotiable form, and should not be let out on loan in Austria where it would not offer an actual guarantee for its speedy realisation in order to meet emergencies. This naturally means a serious loss of interest for Austria, since on dollars and sterling

in which the balance is invested the National Bank receives interest at the rate of from 2 to 4 per cent., whereas it must pay 10 per cent. on loans. But this is a necessary evil. So long as there is a possibility of a further collapse of the national finances, no conscientious administrator of funds could take the responsibility of locking them up entirely in private advances in the country, since they would not be suddenly realisable when most urgently needed. That the General Commissioner has not in this respect bound himself by hard and fast rules has been proved by his advancing 300 milliards as assistance to the Bourse. The rumour that he is about to call in this amount is absurd, since even the General Commissioner would not seriously think of bringing about that general collapse which he has himself averted by making this advance.

Thus the conflict which has been pending for months remains undecided, but the fact remains as the sole effect of the Geneva discussion that the Austrian Government faces the General Commissioner with ever-dwindling authority and is ever more exposed to his dictation. But to attribute unworthy motives to the Commissioner is as infamous as it is silly. Only sensation-mongering journalists would accuse Dr. Zimmermann of seeking to stultify his own task, which he perhaps deems greater and more important than it really is. But with all this the situation of the country does not grow easier, and Austria has hard times ahead.

THE ECONOMIC COLONISATION OF SPAIN BY GERMANY.

During the early months of the war, writes the Madrid correspondent of the *Journée Industrielle*, two famous Spanish economists, profoundly alarmed by German activities in their country and by the large sums at the disposal of the secret service of the German Embassy, drew up a memorial which will constitute an important source of information for the future historian. At the end of nine years this memorial appears to have been truly prophetic. The writers begin by clearly stating the reasons of economic policy which bade Spain turn towards the Allies and especially to France in order to prevent her from becoming a colony of Germany, even in the event of the latter's defeat.

"What is the object," ask these experts in their memorial, "of the daily increasing pro-German propaganda? It is precisely the probability of her defeat in Europe that inspires Germany's present policy towards Spain (written in 1915). She desires to make of Spain a centre of German industrial and commercial activity in order to protect herself under the aegis of a neutral country against the boycott of her enemies after the conclusion of peace. It is well known how easily economic supremacy is converted into political supremacy. Germany has chosen Spain on account of its geographical position, which, absolutely without military value during the war, will, after the conclusion of peace, be an ideal one for political action. Spain is on the natural trade route from Western Europe to Asia and Africa, and possesses, moreover, a natural market in Spanish America, of which she is unable to avail herself now owing to her feeble production. German domination might give an unsuspected impetus to Spain of the future, which would become a kind of outpost in the eternal campaign of German ambition. A restoration, in the economic field, of the Empire of Charles V., such is Germany's dream. This ideal which is already taking shape may, in the course of time, be shared by the Spaniards themselves. They will perhaps forget, under the influence of the immediate material benefits to accrue from this policy, the injuries due to the former domination of the house of Austria. Spain was for centuries the Turk's head of Germany in Western Europe, and may become so again with the danger in the eyes of patriotic Spaniards of again being smashed."

The authors of this memorial concluded by urging the establishment of commercial agreements based on credit operations for the purpose of financing supplies to the Allies during the war, simultaneously with agreements for intervention after the peace to prevent the realisation of German hegemony in Spain.

At the present time one cannot but record the accuracy of these predictions with regard to German ambitions. Already Krupp has gained control of the metallurgical and shipbuilding industries of Barcelona and Valencia and their districts. The realisation of the same policy in Asturia may also be noted, and to-day can be perceived the foundation of a formidable combine of chemical industries absorbing a capital of 200 million pesetas, for Germany is carrying out her scheme for the conquest of Spain with Spanish money.

January 1, 1925, will see the liberation of Germany from her Customs bondage, and she is already preparing to conclude a treaty of commerce which will complete the conquest at which she is so strenuously striving. Then will be set on foot a campaign against the commercial treaties with France and England, the object of which will be to protect German industries naturalised as Spanish. Then also will commence the development of a sustained action in favour of commercial agreements between Spain and the Spanish-speaking republics of

America; that is to say, the working upon patriotic sentiment for the benefit of camouflaged German interests.

The Madrid correspondent of the same journal announces that the commission appointed by the Military Directory to report on the scheme for the Spanish Company of Electric Traction (Pedraza Syndicate) has advised its rejection. This syndicate was to carry out extensive public works to the value of three milliard pesetas to be raised in England and the United States, and asked the Government to guarantee interest at the rate of 5 per cent. (gold).

The application of the Pedraza Syndicate and the activities of Krupp have caused the leading Spanish business firms to combine for the preservation of the home market, and to found the Federation of National Industries, which now includes all those large undertakings of Catalonia and the north-west which have not been brought under the sway of Krupp. The Constructora Naval, affiliated to Vickers, has joined the Spanish combine. Financial circles incline rather to the national syndicate, and only those banks which are more or less under the control of the Banco Transatlántico Aleman have so far supported the German aims. The battle raging between British, Americans, Germans and Spaniards is far from terminating.

THROUGH THE REVIEWER'S EYES

Economic Barometers. International Labour Office "Studies and Reports," Series N (Statistics), No. 5. (Geneva. Price 1s. 3d.)

The growing industrialisation of the world is carrying the component states farther and farther away from that ideal of material and moral self-sufficiency which Aristotle held to be so essential a factor in political perfection. In spite of tariff walls there are evidences of an increasing recognition that the conditions of economic well-being cannot be pressed into conformity with the ambitions of a hundred narrow and warring nationalisms. It is one of the most important functions of the League of Nations to promote a sense of international economic solidarity, both by fostering mutual co-operation and by lending such assistance to the difficulties of each nation as may be derived from a knowledge of the experiences of others. That body has a unique opportunity of collecting and distributing information from the relevant sources upon a variety of problems which each nation is called upon to solve individually, and which present aspects common to all or many. Left solely to individual initiative or to haphazard public co-operation such information is liable to be tardily or inadequately published; for ignorance as to where it can be found or that it can be found at all may hinder the impulse to start the work. Not that the League of Nations can in any way supersede private research, but with its easy bird's-eye view it can be a most helpful precursor. The International Labour Office at Geneva is rising laudably to its opportunity. We have reviewed a number of its recent publications in these columns during the last few weeks and in each case have been able to give testimony to their undoubted value. In particular we find that none of them attempt too much; they never profess to cover the whole ground nor do they alienate us by anything savouring of incaution or dogmatism. They are what they can only be, sign-posts that point the way. The present report, like the others, is true to this task. After reviewing the general aspects of its problem it says: "The above outline of the subject of economic barometers indicates that, from the international point of view, action of two kinds may be attempted. The first is the securing of general agreement as to the lines along which research should be continued, the best criteria to use and the most satisfactory methods to apply in the construction of barometers. . . . The second kind of action is the comparison of the barometers constructed for different countries to see if any inter-

national relation exists." With a view to promoting such action the report proceeds to survey the various statistical methods used in constructing barometers and attempts made in different countries, England, the United States, France, Belgium, Italy and Sweden, to measure changes in economic conditions. Any judgment as to which is the most satisfactory under given conditions is wisely left to the reader, nor are we ourselves disposed to prejudice this delicate issue here. We have noted occasional oversights in proof-reading in the I.L.O. publications: on page 23, line 6, of the present one should not "casual" read "causal"?

J.C.J.

Norway at the Convention, London 1924. Edited by Robert Millar. (Published by the Norway "On to London" Committee and the Christiania Advertising Club.)

Norway: Foreign Trade. (Christiania: Trade Intelligence Bureau of Norway.)

The first of these booklets was written for the purpose of supplying through delegates at the Wembley Convention a statement in picturesque form of what Norway buys and sells, of how she advertises, of her steamship lines, and of her attractions as a holiday land; and the author's work will no doubt serve as an incentive to the reader to extend the knowledge gained from its perusal by reference to more specialised and detailed publications. The second work was designed to afford a better international appreciation of the part played by Norway in the world's interchange of commodities. It also affords a good picture of the industrial and natural resources of that country and of its economic life. The growth of foreign trade is sufficiently interesting to be quoted. In the quinquennium 1876 to 1880 the annual imports and exports averaged Kr.259,491,000; from 1906 to 1910 they averaged Kr.600,778,000; from 1911 to 1915, Kr.1,019,083,000; and from 1916 to 1920, Kr.2,889,595,000. In 1921 they totalled Kr.2,101,516,000 and in 1922, Kr.2,101,320,000. Throughout the whole of this period there was an excess of imports over exports, but the compiler is careful to point out that the adverse trade balance is as a rule covered by the gross earnings of the shipping trade, which from 1916 to 1920 averaged Kr.1,073,470,000 per annum. In 1914 Norwegian shipping aggregated 2,585,000 gross reg. tons; during the war there was a loss of 1,300,000 g.r.t., but by Jan. 1, 1923, this had been restored, the returns showing 2,610,000 g.r.t., or 0.94 t. per head of the population as against 0.40 t. in England.

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	384.0	325.2	Dec. 15	161.2	155.8	17	174.6	154.5	11	178.1	
May 14	391.2	325.5	29	162.6		24	168.4		18	177.5	164.7
June 18	417.7	322.4	1923			31	168.0		25	175.8	
July 16	418.8	316.9	Jan. 5	162.4		Sept. 7	168.4		May 2	172.0	
Aug. 13	386.8	313.1	12	162.8		14	173.2	157.8	9	170.9	
Sept 17	379.4	311.4	19	163.2	157.0	21	173.8		16	171.2	163.7
Oct. 15	328.6	302.3	26	165.3		28	171.2		23	169.5	
Nov. 19	293.0	286.9	Feb. 2	166.9		Oct. 5	166.1		30	171.2	
Dec. 17	257.0	263.8	9	168.7		12	164.2		June 6	167.5	
1921			16	177.2	157.5	19	166.0	158.1	13	167.1	
Jan. 14	244.2	245.9	23	181.1		26	165.8		20	167.8	162.6
Feb. 18	219.1	225.2	Mar. 2	184.8		Nov. 2	166.4		27	167.6	
Mar. 18	199.0	210.8	9	188.2		9	170.4		July 4	167.1	
Apr. 15	202.8	204.8	16	192.4	160.3	16	171.7	160.8	11	165.4	
May 12	204.3	201.7	23	189.3		23	175.6		18	167.1	162.7
June 17	201.8	197.7	30	188.9		30	177.4		25	170.4	
July 15	194.4	194.1	Apr. 6	192.2		Dec. 7	175.4		Aug. 1	173.3	
Aug. 10	178.1	190.0	13	197.4	162.0	14	177.0	163.4	8	174.9	
Sept. 16	183.4	187.0	20	198.5		21	175.5		15	175.3	
Oct. 14	170.2	180.7	27	202.9		28	176.8		22	175.1	
Nov. 18	154.5	172.3	May 4	198.7		1924					
Dec. 16	153.2	167.9	11	197.5		Jan. 4	174.8				
Dec. 30	150.0		18	198.1	159.8	11	176.4				
1922			25	197.6		18	178.6	165.4			
Jan. 20	144.0	164.0	June 1	193.1		25	180.0				
Feb. 17	149.2	161.8	8	191.4		Feb. 1	181.1				
Mar. 17	149.8	160.0	15	190.0	159.3	8	186.8				
Apr. 14	151.7	160.1	22	183.1		15	187.9	167.0			
May 19	162.1	160.6	29	180.6		22	185.9				
June 16	163.6	159.9	July 6	177.3		29	186.8				
July 14	165.1	160.3	13	177.9	156.5	Mar. 7	184.4				
Aug. 18	164.0	156.3	20	177.3		14	182.1	165.4			

CHART ILLUSTRATING TABLE I.

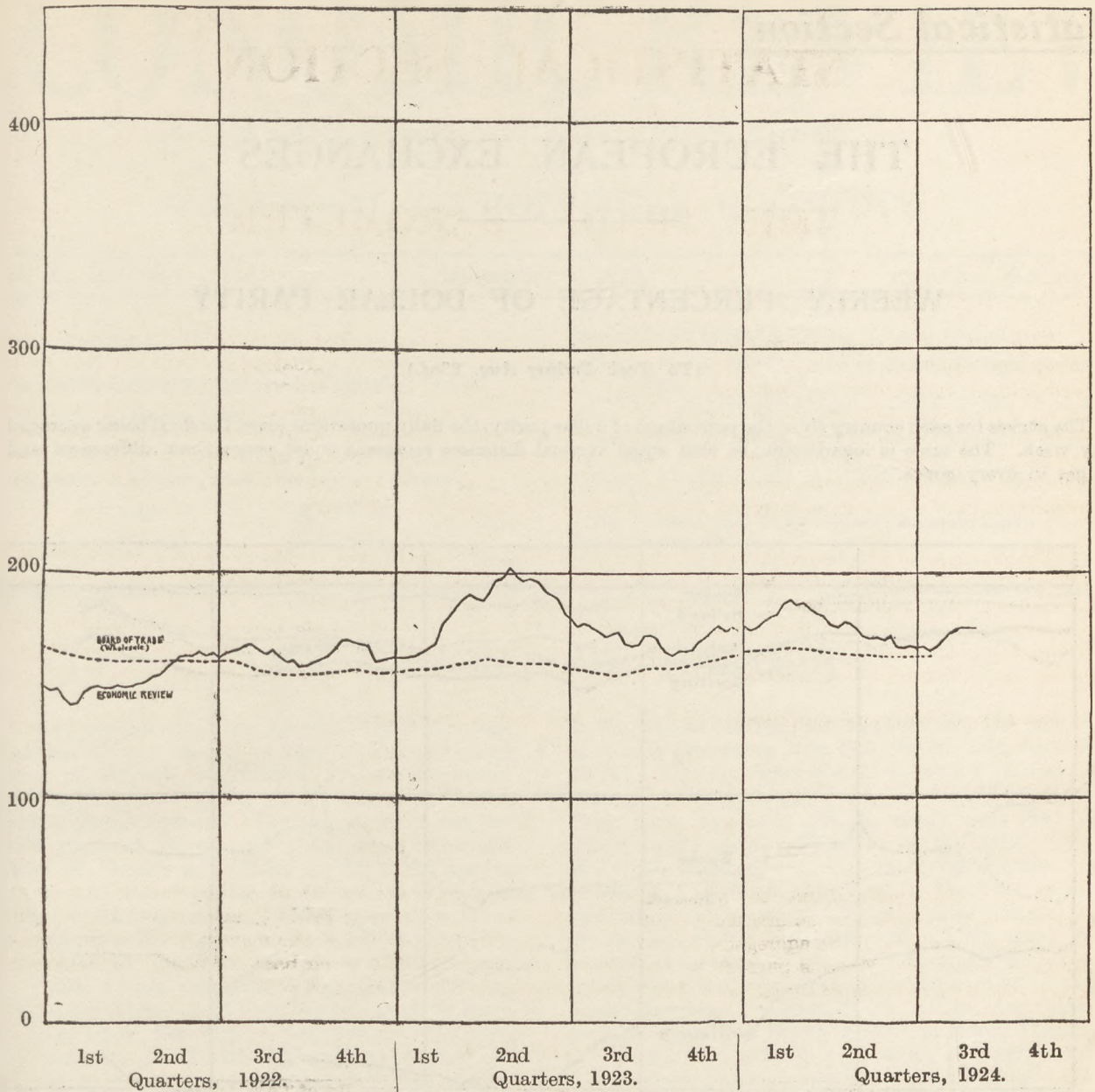


TABLE II.

Date.	Pig iron.	Tin.	Coal.	Linseed Oil.	Cotton.	Wool.	Hides.	Wheat.	Bacon.	Sugar.	Mean.	Date.
Dec. 30, 1921	100	100	100	100	100	100	100	100	100	100	100	Dec. 30, 1921.
1922.												
Jan. 27 ...	90.6	90.5	92.4	108.8	85.3	100.0	82.8	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.												
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	39.1	143.2	117.98	... Dec. 14
1924.												
Jan. 18 ...	100.5	146.9	94.3	154.4	164.1	137.8	88.4	91.7	69.1	143.2	119.04	... Jan. 18
Feb. 15 ...	96.7	163.4	96.2	171.9	159.6	151.1	91.3	100.4	65.8	156.1	125.25	... Feb. 15
Mar. 14 ...	94.3	166.6	98.1	138.6	143.0	151.1	89.1	105.1	71.0	156.8	121.37	... Mar. 14
Apr. 18 ...	99.1	142.2	100.0	133.3	160.4	153.3	87.7	99.6	71.3	136.5	118.33	... Apr. 18
May 16 ...	96.7	129.5	87.7	132.5	151.2	153.3	88.4	102.8	75.0	124.3	114.14	... May 16
June 13 ...	92.5	128.9	81.1	140.4	147.3	142.2	92.0	106.7	83.5	99.3	111.39	... June 13
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
" 22 ...	87.7	151.5	79.2	149.1	143.7	151.1	97.1	122.5	87.9	97.3	116.71	... " 22

*Revised Quotation.

Statistical Section

THE EUROPEAN EXCHANGES

WEEKLY PERCENTAGE OF DOLLAR PARITY

(To Week Ending Aug. 23rd.)

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.

