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THE EXPORT OF LABOUR

A very serious question presents itself for consideration after a careful perusal of the facts and figures of British emigration to non-European countries which are given in the last issue of the *Board of Trade Journal.* That question is, are the results revealed those anticipated in a reasoned scheme of Empire settlement or do those results indicate a serious depletion in our own sources and supplies of skilled labour. To some readers there will undoubtedly appear to be an arbitrary ring in the heading we have selected for this article, but, unless we are mistaken, emigration is showing in its present shape and form that it is nothing more nor less than the export of Labour. Export, moreover, not to British Dominions beyond the seas but to our foreign competitors in the world-markets.

It can serve no good purpose at all to criticise adversely, as some do, the general principles underlying emigration on an extensive scale to our colonies. Nor can one maintain for a moment that it is other than desirable that the type of emigrant to the Dominions should be as efficient, from every point of view, as those whose skill it is desirable to retain in industries at home. If, as seems to be the case, Canada, Australia, and South Africa, not to mention others, are rapidly passing from the status of agricultural to that of industrial communities, it is obvious that the standard of immigrant sought by those colonies will be on a much higher plane than ever before. At the present moment sundry considerations, arising out of internal conditions and problems, have compelled Dominion Governments to legislate against, or, by other means, to check the tide of would-be newcomers from abroad. Nevertheless, no one will grudge them the best when it is settlers they want. The only query we venture to put is, do the Dominions, if they get them, retain them ?

An analysis of the facts and figures supplied by the *Board of Trade Journal* provides excellent material for thought before answering the last question. In 1923 the number of male emigrants from the British Isles totalled 130,188. Of this total 54,732 migrated to countries outside the British Commonwealth of Nations; 51,821 going to the United States. In the same year the number of female emigrants from the British Isles totalled 82,721. Of this total 35,040 migrated to foreign countries; 32,828 going to the United States. From these figures it will be easily seen that an exceptionally large proportion of the grand total of British emigrants do not go to the Dominions. Moreover, and this is significant, in the year we are analysing, 1923, the number of males emigrating to British North America was 45,804 and the number of females 25,172. Of our grand total this leaves but a mere fraction to be disposed of among Australia, New Zealand, South Africa, and other parts of the British Empire. British North America or Canada may possess a peculiar, if sentimental, attractiveness for the potential emigrant, but, one is, on past experience, entitled strongly to suspect that a considerable proportion of the emigrants designated for a Canadian destination tend, in the long run, to drift into the United States. Most of us have heard, moreover, of the man who crosses over the border to his work in the morning and re-crosses it to his home at night. Without pressing the point farther, we submit that an unduly large proportion of British emigrants are entering what may well become a danger zone to British industries in the future. Figures and facts for the last three years, 1921, 1922, and 1923, all indicate the tendencies we have detected here for emphasis, but, of course, the years 1921 and 1922 witnessed a greatly reduced volume of emigration when compared with the year 1923.

The really serious question arises out of the facts provided by the *Board of Trade Journal* concerning the specific occupations followed by the emigrants who have left the British Isles. Casual labour makes up but a very small percentage of the 130,188 male emigrants in 1923. The exodus of skilled labour was proportionately at a very much higher rate. During 1923 in the Metal and Engineering trades 24,724 skilled artisans went overseas; 14,274 emigrated to the United States and 6,068 to British North America, leaving a balance of 4,382 to be distributed over the other parts of the British Empire. In a similar period the Mining and Quarrying trades sent abroad

7,300 artisans of which 3,950 went to the United States and 2,119 to British North America, leaving a meagre balance for elsewhere. In the Building trades, where one would have thought that the British Isles could ill-afford to lose the services of a single operative, 3,642 of them emigrated; 1,717 to the United States and 1,226 to British North America. Of the balance Australia attracted 440. From other unclassified skilled trades during 1923 the emigrants totalled 16,867, of which 8,886 migrated to the United States and 4,643 to British North America. Each of the above-mentioned instances reveal tremendous increases upon their figures for emigration during the two preceding years. Enough material has been supplied to cause one to reflect upon the possible consequences which will emanate from such a state of affairs. It is no mere accident that the major portion of British emigrants should tend to drift in the direction of America. If it is true, and we believe it to be highly improbable, that this country could afford in 1923 to allow 26,223 of its agricultural labourers to emigrate (the bulk of these are distributed in America), it cannot or it should not be true to say we can afford to deplete our sources of skilled labour in the manner and in the direction these facts and figures reveal. In fact, it has been said, rightly we think, "it is nothing short of a tragedy that so many skilled workmen should be lost, not only to this country, but to the Empire."

We would not wish to be interpreted as railing against emigration. The over-population of these isles is a problem in itself and needs speedy attention. Moreover, both the American and the Dominion Governments have devised their own checks for preventing any great influx of settlers among themselves. Emigration needs every encouragement, but the encouragement needs to be tempered with judicious discretion in the distribution of the emigrant. The British Empire opens out a very wide field. The fact which we desire to emphasise is that out of 130,188 male emigrants from the British Isles in 1923, 51,821 gravitated specifically to the United States, while a further 45,804 migrated to an area known as British North America. The grand total of figures for 1923 are approximately double similar figures for emigration in the years 1921 and 1922. The totals for the two latter years of male emigrants were 73,205 and 70,272 respectively. In proportions similar to those we have indicated in the figures for emigration during 1923 the majority of emigrants have drifted to the continent of America. It is to be hoped, in this respect at any rate, one result of the British Empire Exhibition may be to spread among potential emigrants knowledge of the industrial and agricultural possibilities in other of the Dominions, all of which are destined to promise high rewards in the future to labour. At any rate, the current trend in emigration from the British Isles is not designed to spell a particularly profitable export of that invaluable commodity.

ECONOMIC SURVEY

BELGIUM

TRADE

Foreign Trade Returns for July.—The foreign trade returns for July under the Trade Convention between Belgium and the Grand Duchy of Luxemburg show imports to a total of Fr.1,493,510,525 and exports to a total of Fr.1,164,096,574, which leaves an adverse trade balance of Fr.329,413,951. The following table gives an analysis of the trade:—

	Imports. Fr.	*Exports.* Fr.
Live stock	5,227,128	7,072,937
Foodstuffs and beverages ...	390,643,030	84,477,286
Raw material and semi-manufactured goods	747,691,469	456,706,367
Manufactured goods	349,123,451	610,924,320
	1,492,685,078	1,159,180,910
Gold and silver specie and bullion	824,817	4,915,664
Total	1,493,509,895	1,164,096,574

For the first seven months of the year the returns work out at:—

	Imports. Fr.	*Exports.* Fr.
Live stock	33,704,050	76,548,024
Foodstuffs and beverages ...	2,100,875,510	630,719,438
Raw material and semi-manufactured goods	4,867,706,605	2,611,500,135
Manufactured goods	2,740,925,124	4,556,750,217
	9,743,211,289	7,875,517,814
Gold and silver specie and bullion	10,038,,479	26,299,427
Total	9,753,249,768	7,901,817,241

INDUSTRY

The Output of Coal in July.—The output of coal in July amounted to 1,971,060 t. as against 1,848,040 t. in June and an average of 2,049,802 t. for the first six months of the year. As there were 26 working days in July as against 23 in June and an average of 24.9 in the first six months of the year, the output per working day only comes to 75,810 t. as compared with 80,350 t. and 88,481 t. respectively. The number of days' work put in by the skilled miners working the seam was 575,540 as against 537,940 in June and 592,337 in the first six months of the year, the corresponding figures for all underground workers being 2,967,610 as against 2,754,050 and 3,020,318, and for the whole of the labour engaged, including surface men, 4,343,840 as against 4,060,650 and 4,378,183 respectively. There was a further slight decline in the output per man per day, which was at the rate of 3,424 kg. per skilled miner working the seam, 664 kg. per underground worker and 453 kg. per head of the whole of the labour engaged, including surface men, as against 3,435 kg., 670 kg. and 455 kg. respectively in June, and an average of 3,457 kg., 678 kg. and 467 kg. respectively for the first six months of the year. The average output for the first seven months of the year, viz. 2,038,553 t., compares favourably with the average monthly output for the previous three years and for the year before the war, which was as follows: 1,909,660 t. in 1923, 1,769,514 t. in 1922, 1,815,564 t. in 1921, and 1,903,460 t. in 1913. There was a small decrease in the stocks at the pithead, which on July 31 amounted to 987,490 t. as against 999,940 t. on June 30.

The production of coke in July amounted to 354,340 t. as compared with 344,420 t. in June and an average of 357,878 t. for the first six months of the year, the number of hands employed in the industry being 5,359 as against 5,343 in June and an average of 5,532 over the half-year. The average monthly output in 1923 was 346,366 t., 225,624 t. in 1922, 115,913 t. in 1921, and 293,580 t. in 1913. The record output was in January 1924, when it reached a total of 375,800 t.; as compared with this, the July production shows a shortage of 21,460 t.; but, on the other hand, it shows a surplus of 60,760 t. as compared with the average pre-war output.

The production of briquettes, 173,960 t., has only been exceeded once during the previous twelve months, viz. in March, when it reached a total of 183,530 t. In June the output was 168,370 t., while the average for the first six months of the year was 168,482 t. As compared with previous years the July output is 13,040 t. higher than the average for 1923, but 32,470 t. below that for 1922, 48,304 t. below that for 1921, and 43,260 t. below that for 1913. The number of hands employed in the industry in July was 1,487 as against 1,519 in June and an average of 1,523 in the first six months of the year.

The market, says the *Moniteur des Intérêts Matériels* (Aug. 29), shows two different tendencies. Coal for industrial purposes, coke and briquettes are clearly declining in price, while household coal is in greater request than ever with the approach of winter. Coke is obtainable at Fr.137 and even at Fr.36 and 35 per ton for the home article, and the price of German coke, whether on account of reparations or on direct trading terms, is expected to decline in proportion.

Reparation Supplies of Fuel from Germany.—The supplies of reparation fuel from Germany received during the first twenty days of August amounted to 254,125 t. At this rate, says the *Moniteur des Intérêts Matériels* (Aug. 29), the total for the month will reach the figure of 380,000 t. as compared with 442,940 t. in July, or a decrease of over 60,000 t. The following table gives an analysis of the returns to Aug. 20:—

	By rail via Montzen. Tons.	By water via Ruhrort. Tons.	Total. Tons.
Gas coal	8,840	15,326	24,166
High flaming gas coal	15,975	15,905	31,880
Coking coal	55,777	90,152	145,929
Coal for industrial purposes	1,540	4,869	6,409
Household coal ...	9,411	—	9,411
Blast furnace coke	32,168	—	32,168
Lignite briquettes ...	4,162	—	4,162
Total ...	127,873	126,252	254,125

In addition there were on Aug. 20 supplies to a total of 38,146 t. loaded ready for despatch, including 6,930 t. of gas coal, 2,418 t. of high flaming gas coal, 27,598 t. of coking coal and 1,200 t. of coal for industrial purposes

The Iron and Steel Industry in July.—The returns of the iron and steel industry in July, considering the greater number of working days, are not more satisfactory than in June, although the output in every department is higher than in that month; as compared with May, however, it is only the pig iron figures that show an increase. There were 49 blast furnaces working as against 48 in June and 47 in May, while the number of working days was 26 as against 23 and 25 respectively. The output of pig iron amounted to 247,380 t. as against 236,730 t. in June and an average of 228,030 t. for the first six months of the year; that of raw steel was 238,490 t. as against 218,640 t. and 228,968 t. respectively; that of semi-manufactured steel 6,500 t. as against 6,450 t. and 6,745 t. respectively; that of finished steel 202,850 t. as against 184,190 t. and 197,292 t. respectively; and that of finished iron 16,380 t. as against 14,350 t. and 17,668 t. respectively. The production of zinc amounted to 13,000 t. as against 12,700 t. in June and an average of 13,357 t. for the first six months of the year.

The market, says the *Moniteur des Intérêts Matériels* (Aug. 22), is distinctly falling, although not to the extent anticipated. Bars are quoted at about Fr.566 to 570, girders at Fr.560 to 565, rods at about Fr.760, and wire rods at about Fr.770; while the price of heavy plates is from about Fr.670 to Fr.675.

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

FRANCE

FINANCE

Capital Issues.—The capital issues by French companies in May and June of this year appear in the following tables, which show (*a*) new flotations in shares, (*b*) increases of share capital, (*c*) the issue of bonds and debentures, (*d*) average rate of interest, (*e*) total capital issued (in millions of francs):—

	(*a*)	(*b*)	(*c*)	(*d*)	(*e*)
May.					
Banking	3.0	48.0	—	—	51.4
Shipping	—	4.0	—	—	4.0
Motors and aviation	0.4	3.0	—	—	3.4
Canals and public works ...	—	3.0	—	—	3.0
Gas	—	10.0	—	—	10.0
Electricity	—	29.5	1.8	7.26	31.3
Insurance	5.0	2.0	—	—	7.0
Mining	—	6.0	—	—	6.0
Iron and steel	0.9	16.2	40.0	7.33	57.1
Building material	3.3	12.1	—	6.50	15.5
Chemicals	—	3.5	—	8.00	3.8
Land	12.7	6.7	1.0	7.07	20.5
Food	0.6	12.2	7.0	7.03	19.9
Manufactures and trade ...	4.3	40.8	1.0	7.00	46.1
Textiles	—	11.8	12.5	7.00	24.3
Printing, paper, newspapers	0.1	—	0.5	7.75	0.6
Various	0.5	6.6	0.7	7.53	7.8
	31.0	216.1	64.9	7.23	312.1
June.					
Banking	1.0	29.7	—	—	30.7
Shipping	—	—	50.0	7.95	50.0
Motors and aviation	—	4.4	1.0	8.00	5.4
Canals and public works ...	—	2.0	1.0	6.70	3.0
Waterworks, harbours, docks	—	18.3	—	—	18.3
Gas	—	6.2	—	—	6.2
Electricity	1.3	48.3	21.5	7.38	71.3
Insurance	10.0	19.0	2.5	6.60	31.5
Mining	3.0	18.0	—	—	21.0
Iron and steel	2.7	38.9	50.0	7.35	91.6
Building material	2.2	0.6	—	—	2.8
Chemicals	11.1	24.0	—	—	35.2
Land	2.2	11.5	13.5	6.13	27.3
Food	2.8	1.3	15.3	7.06	19.4
Manufactures and trade ...	2.6	35.1	1.0	7.29	38.7
Textiles	—	7.8	—	—	7.8
Printing, paper, newspapers ...	17.3	6.5	1.5	7.00	25.3
Various	6.9	3.4	0.3	6.00	10.3
French companies carrying on business abroad:—					
Railways guaranteed by French Government	—	—	6.8	7.19	8.6
Foreign Stocks:—					
Railways guaranteed by French Government	—	—	70.0	7.51	70.0
Various	—	2.0	—	—	2.0
	63.5	277.5	234.2	7.42	575.2

TRADE

Foreign Trade Returns.—The principal items of France's foreign trade for the first seven months of the year in value and weight just published by the Customs Board are given below:—

Value (in millions of francs).

	1924.	1923.	Difference in 1923.
Imports.			
Foodstuffs	4,976.3	3,973.2	+ 1,003.3
Raw material	15,065.5	10,874.2	+ 4,191.2
Manufactured goods ...	2,930.4	2,444.1	+ 486.3
	22,972.6	17,291.5	+ 5,680.9
Exports.			
Foodstuffs	2,269.3	1,761.7	+ 507.6
Raw material	6,364.2	5,166.8	+ 1,197.4
Manufactured goods ...	14,573.6	8,729.4	+ 5,844.1
Postal parcels	1,088.7	903.2	+ 185.3
	24,296.0	16,561.2	+ 7,734.7

The favourable trade balance (excess of exports) amounts during the period under review to Fr.1,323.3 mill., which is, however, considerably lower than the balances shown at the end of the first five and six months of the year respectively.

The following table shows the value of imports and exports during each individual month of the year (in millions of francs):—

	Imports.	Exports.
January	2,887.9	2,699.8
February	3,713.8	3,918.2
March	3,622.6	4,354.6
April	3,292.1	4,027.4
May	3,177.3	3,360.1
June	3,178.6	2,922.3
July	3,099.9	3,013.7

The main points to be noted in these figures are the decline of imports compared with June and the rally of exports which had been steadily falling since March, and the value of which in June was Fr.1,432 mill., or 33 per cent. lower than in March. July again shows an excess of imports. The decline in imports is attributable entirely to raw material, the import of food and manufactured goods showing an increase, while of exports manufactured goods and postal parcels alone show an increase, foodstuffs and raw material showing a decline of 7 and 9 millions respectively.

	Weight (in 1,000 tons). 1924.	1923.	Difference in 1924.
Imports.			
Foodstuffs	3,300	3,119	+ 181
Raw materials	29,399	26,530	+ 2,868
Manufactured goods ...	857	886	+ 34
	33,551	30,536	3,015
Exports.			
Foodstuffs	859	753	+ 106
Raw materials	13,210	10,944	+ 2,265
Manufactured goods ...	1,945	1,579	+ 366
Postal packets	20	17	+ 2
	16,034	13,294	+ 2,739

These figures, contrary to the value figures, show an increase in imports and a decline in exports during July as compared with June, the former being due almost exclusively to raw material, foodstuffs remaining the same and manufactured goods registering a decline. As regards exports, the whole decrease is borne by raw material, whereas manufactured goods show an appreciable increase, the tendency of the other two items being slightly upward. It is to be remarked that the decline in weight of exports during July as compared with the previous month solely affects heavy goods (raw material), while those commodities which, with a relatively light weight, represent a considerable value (manufactured goods, postal parcels) have increased. This explains why exports in July have increased in value while declining in weight. In the previous month the contrary was the case.

If the increased value of imports for the seven months of the year as compared with 1923 is mainly due to the rise in prices that of exports may be safely attributed to an appreciable increase of the quantities exported. (*Journée Industrielle.*)

Trade Outlets.—The French economic Press has for some time been actively engaged in obtaining for its readers information as to fresh markets for French goods, which may in some cases serve as an indication of new trading opportunities to British exporters and in others prepare them for possible competition. We therefore give the following recent extracts from the said Press as of possible interest to our readers. The markets indicated during the past month are:—

Chile. Great demand for glass bricks used in building which is very active just now. The market depends on price and terms. Chief competitors, Belgium, Germany, Britain, United States. (*Exportateur Français.*)

Columbia. French ribbons and silk goods are in demand in Bogota and other towns; there is no ribbon factory in the country, so no national competition. France and Italy are the chief purveyors since the war. Demand for biscuits, especially dry biscuits which will keep. The two biscuit factories in Bogota only manufacture for the retail trade, and sell very little in tins. (*Ibid.*)

Egypt. Always offers a good market for French goods, notably woollen, silk and printed cotton goods, hosiery, ribbons, fashions, perfumery. Owing to existing conditions caution is recommended in current and future transactions. Egypt also offers a market for machinery of all kinds, but at present building offers the greatest attraction for machinery and plant, several important works being in contemplation. Internal combustion engines are much in request. Active competition, especially by Great Britain, but no local industry nor preferential tariffs. (*Exportateur Francais, Nord Industriel.*)

Finland. The Finns have a taste for printed cretonnes and damasked cotton goods, of which before the war Russia was the accredited purveyor. At the present time shirtings and linen stuffs are hard to procure, and the demand is continually increasing. There is a strong demand for average and fine quality linen for table use, ladies' underclothing, men's shirts, collars, etc. The shortage of linen fabrics has naturally caused a rise in their price. There is no demand for cheap fabrics, which the native industry is quite capable of supplying. The moment is therefore opportune for supplying the Finnish market with linen fabrics and goods of good quality at remunerative prices. (*France Textile.*)

Hungary. Large drainage and irrigation works are in contemplation, notably in the Kecskemet district, where 70,000 hectares are to be reclaimed for agriculture. The local authorities who have prepared the scheme for the works will require machinery for digging drainage trenches and ditches. (*Nord Industriel.*)

Italy. During 1922 and 1923 the excess of Italy's imports of electric plant over her exports amounted to more than 100 million lire. She requires chiefly plant and machinery (generators and transformators), and most of which is supplied by Germany. She also imports electric meters, of which Germany supplied 150,000 in 1922 and 230,000 in 1923. For insulators, she is still dependent on the foreigners, chiefly Germany. The import of telephone, telegraph and wireless plant and apparatus, amounting to about 25 millions, gives some idea of the outlets offered by the Italian market in this department. The export of this plant is practically nil. Of the 163 million lire worth of electric plant imported, 76.4 million, or 47 per cent., comes from Germany. (*Ibid.*)

Japan. There is a very active demand for women and children's dresses (especially ready-made costumes for schoolmistresses and schoolgirls), mackintoshes, hats, cotton and woollen hosiery, lingerie, handkerchiefs, embroidery, trimmings and haberdashery. (*France Textile.*)

Spain. Madrid offers a good market for the best quality French lingerie, especially for cambric and lawn goods. Other articles in demand are table knives with white metal handles, scissors, especially nail scissors and barbers' scissors, tailors' scissors (all of which must be nickelled), manicure implements and knives for boy scouts with ring, blades, corkscrew, etc. (*France Textile, Exportateur Français.*)

Sweden. The following textile goods find a ready sale: cloth fabrics for ladies' wear, the latest fashions in draperies, Morocco crape, fancy fabrics, cotton fabrics, cotton crépon, unbleached calico; the latest dyed and printed fabrics; silk goods, material for neckties; hosiery, silk, flannel and cotton undergarments for women and children; woollen yarns Nos. 22/2 and 24/2, unbleached and dyed. Other goods demanded are: lamps and plant for wireless telegraphy, cotton and woollen stockings and socks, rope and string of all kinds, cotton ribbons, insulating cork, pipes, sheet iron, aluminium goods, cast-iron pipes. (*France Textile; Exportateur Français.*)

United States. The articles most recently in demand are: rolled steel belts, marquetry flooring in cork and linoleum (square or rectangular blocks of various colours), aniline dyes, linseed oil for paints, rags for paper making, plaiting machines, wireless plant capable of being sent by parcel post, Limoges and other china, stearine of palm oil, starch, unprinted cards, white and coloured, perforated and gummed, in dozens of boxes, linen threads for lace and embroidery, hat trimmings, artificial jewelry (beads, shoe buckles, etc.), cigarette papers, hand woven linen for handkerchiefs, photographs of French ports, towns, factories, public monuments, street scenes, etc., taken in France, oven-dried chicory roots in trucks, complete c.i.f. New York.

The following list of articles required is furnished by the Franco-American Board of Commerce and Industry, 175 Fifth Avenue, New York; large steel oil tanks; electric condensers for wireless telegraphy; copra; gum, cayenne pepper; Martinique and Guadeloupe treacle; Martinique vanilla; saxophones, trumpets and other musical instruments; preserved shrimps, lobsters and crabs; special briar wood pipes patented in France. (*Exportateur Français.*)

British Purchases of French Textiles. — Great Britain's import of combed wool increased from 13 million square yards in 1922 to 23 million in 1923 (of which 98,000 re-exported), and their value from £2.8 mill. to £4.6 mill. Of this increase the largest share 6.3 million square yards to the value of £1.3 mill. was contributed by France.

The increased import into the United Kingdom of cloth fabrics from France has been the subject of sharp controversy, the British manufacturers insisting that it was due solely to the depreciation of the currency. But the French Central Cloth Committee, in a recent report, has demonstrated that the import of French cloth fabrics into Great Britain was always considerable, and is governed by the vagaries of fashion. It moreover showed that the shares of France and Great Britain in the world's cloth trade had in relation to 1913 diminished in practically equal proportions. In certain British commercial circles the increase of French textile products on the English markets in 1923 is attributed to the depreciation of the currency, which has doubtless had a favourable influence on isolated transactions, but it is none the less true that the instability of the exchange and the depreciation of the franc seriously hamper business, especially that of firms established in Great Britain who have for long traded with France. Being obliged to form stocks they have been unable to put any price on them in sterling other than the purchase price. This value does not, like that of goods remaining in France, vary in accordance with the fluctuations of the franc. As a result prospective buyers, much better informed as to the variations of prices in France than is generally supposed, noting the considerable difference in the prices on either side of the channel, abstain from buying, fearing that advantage will be taken of the situation to their detriment. The following table shows the returns of the import of cloth fabrics into Great Britain from France, Germany and other countries during the past three years (in square yards):—

	1921.	1922.	1923.
Combed Wool Fabrics.			
Germany	159,767	441,506	1,560,052
France	7,510,692	10,129,287	16,496,711
Other countries ...	1,890,335	2,520,085	4,964,241
Total	9,560,794	13,090,878	23,021,004
Carded Wool Fabrics.			
Germany	28,268	7,692	23,296
France	149,809	23,165	——
Other countries ...	94,708	14,823	69,552
Total	272,785	45,680	92,848

(*France Textile.*)

INDUSTRY

Report of the Comite des Forges de France.— The report read at the recent general meeting of the Comité des Forges de France contains the following interesting information both as to the general economic situation of the country and the business and prospects of the national iron and steel industry. The report refers to the prejudice caused to the French metal industry by the occupation of the Ruhr. Among the many questions connected with the place, that of the supply of fuel for the French iron industry is still outstanding. The agreements concluded last November by the M.I.C.U.M.(Mission Interalliée de Contrôle des Usines et des Mines), and which have just been extended for a period of two months, assures for the present to the industry the necessary supplies of coke, but the events of this year show how dependent it is on Germany for its coke supplies. Although output has revived during 1923, it should not be forgotten that the percentage of output of pig iron and steel by the chief producing countries as compared with their 1913 output is as follows: France, iron 60, steel 717; Great Britain, iron 72.5, steel 110.8; Luxemburg, iron 55, steel 90; Belgium, iron 88, steel 92.7; United States, iron 130.3, steel 142.6.

In 1913 Germany, as at present constituted, delivered 2,393,000 tons of coke to Meurthe et Moselle, 3,800,000 to Lorraine, and 170,000 tons to the Saar (all territory then forming part of the Empire under the designation of Alsace-Lorraine), in addition to 2,686,000 tons to Luxemburg. Owing to the restoration of Lorraine to France and to the inclusion of the Saar in her customs system, it is necessary that France should obtain from Germany the delivery of this amount of coke and coke-producing coal, which she cannot obtain from any other source, and on such terms as will enable her to sell her products on foreign markets, since home consumption only represents 50 per cent. of France's productive capacity.

The winding up of the accounts of the different missions entrusted to the Comité des Forges de France during the war has left a balance of 44 millions which has been paid into the Treasury. (*Exportateur Français.*)

Textile Affairs.—*Cloth.* The cloth industry has since the beginning of the year encountered serious difficulties. In the first place it has, like the cotton industry, suffered from a shortage of raw material. The danger is not imminent, but prospects for the future are very disquieting. The world's sheep flock is diminishing with alarming rapidity. The Argentine, one of the main centres of sheep breeding, possessed in 1918, 43,225,000 sheep, but has since lost 8 million head, and the decline has been equally disquieting in Australia, where between 1891 and 1922 the sheep flock declined by 20 per cent. In Canada a strenuous effort was made during the war to increase the number of live stock, which rose from 2 million head in 1915 to 3,720,000 in 1920, but declined again in 1923 to 2,755,000. The attempts made by the French to acclimatise the merino sheep in Madagascar and the Sudan are, therefore, fully justified, but it will be some years before they attain serious results. Thus has occurred a comparative shortage at the very moment when consumption tends to increase owing to the boom in hosiery. It was estimated that in 1900 there were 61 million sheep for every 60 million of the world's population, but to-day 100 million sheep have to suffice for 150,000 million souls. This situation naturally weighs heavily on the output of cloth, not in France alone, but throughout the world.

As regards French manufactures, the trade in yarns and fabrics was deeply influenced by the instability of the franc, the fluctuations of which in both directions have been very prejudicial to cloth manufacturers. The deficiency of the wool crop throughout the world obliges manufacturers to assure their wool supply well in advance. But the fall of the franc caused purchasers, when payments fell due, to pay much more than they had anticipated. On the other hand the recovery of the French currency improved in this respect the position of the mill owners, but the foreigner who, owing to the exchange, had taken part of the surplus stock of finished products, either abruptly cancelled his previous orders or reduced further orders, which caused a disorganisation of output. Thus the industries engaged in the preparation of wool for the market suffered severely. The combing industry has considerably reduced output. In the spinning industry the decline, during the first half of 1924, can be estimated variously at from 10 to 60 per cent. A Roubaix spinning mill has even stopped work, a symptomatic occurrence.

Weaving, although suffering less than spinning, has also had to face its share of difficulties. The decline of the output of weaving may be assessed at 15 to 20 per cent.

As regards raw material, high prices are of less importance, in the opinion of those concerned, than the fluctuations of the exchange, which checks initiative and occasions too great risks for the producer. With a depreciated currency the cloth industry might prosper, especially by profiting by foreign orders. But continuous fluctuations render existence impossible. Cloth manufacturers consider that the situation will be difficult up to mid-September, but if it does not then recover winter business may be seriously prejudiced.

Cloth manufacturers, like their colleagues in other branches of the textile industry, are considering the possibility of raising in France and above all in the colonies, the wool which they are obliged to import from America and Australia.

Professor Dechambre, who, at the request of the Comité Central de la Laine, has been endeavouring to ascertain as exactly as possible the amount of wool at present available in France, has estimated the annual production of the country at only 19 million kilogrammes. In spite of the efforts made in certain parts of France to increase the breeding of merino sheep, the national stock declined from 16 million head in 1913 to 9½ million in 1920. On this account the Chamber of Commerce of Tourcoing has started a campaign for experimenting in the production of good quality merino wool in the colonies. After a searching investigation, the Tourcoing Chamber of Commerce has arrived at the conclusion that the Sudan and Madagascar are best adapted to the breeding of merino sheep.

From South Africa the Chamber also imported merinos into Dakar for breeding in the Central Sudan. Those which reached the selected district are doing well.

Cotton. The present position of this industry has recently been dealt with in these columns (*see* The Economic Review, Aug. 1, p. 94), but a brief account of the efforts being made to avert the danger threatening the industry in the immediate future by stimulating cotton growing in the colonies may not be without interest (*cf.* April 4, 1924, p. 289, and May 16, p. 419).

In 1903, on the initiative of M. Esnault-Pelterie, president of the Cotton Association, the Colonial Cotton Growing Association was founded with the object of stimulating cotton growing in all forms in the French Colonies and also of encouraging the purchase by the French industry of colonial grown cotton. The Association engages in no commercial or financial transactions. Before the foundation of this Association not a single bale of cotton had been imported into France from the colonies, but since it has made its activities felt in France's overseas possessions the output of cotton in the Colonies has increased year by year until in 1919 2 million kg., or 10,000 bales, were harvested and distributed. The President of the Colonial Cotton Association, M. Waddington, after a tour of inspection in West Africa, stated in a report addressed to the Minister of the Colonies that "French West Africa might supply an appreciable amount of cotton which could be used in our French mills."

Hitherto the funds of the Colonial Cotton Association have been scanty and have been supplied only by subsidies from the Government and the cotton combine and by voluntary subscriptions from its members. But now its situation has changed for the better. The General Association of the Industry has called upon the millowners for a contribution to the funds of the Colonial Association of 1 franc per bale of cotton consumed. This appeal has been answered by over 80 per cent. of the millowners.

Silk. A short time ago an appreciable decline occurred in prices, the principal cause being the abstention of the United States, which had reduced their purchases by reason of the economic crisis.

In France the industry has been surrounded by an atmosphere of uncertainty, owing to political events. However, the decline of prices at the source has greatly facilitated business. At the present moment the Lyons industry (as well as the Italian industry) is showing considerable actvity. Large and profitable orders have been placed, and these are obviously justified by the revival of activity in throwing, whether it is a question of crape, the ordinary fabric or organzine; the throwing department, after long months of adversity, is now working at full pressure, hampered only by shortage of labour.

By the dictates of fashion raw silk and crêpe are at a premium, the heavier fabrics and thick crêpes are in demand, which is very favourable to the industry.

The returns show a slight increase in price, but the general situation is good, the more so that owing to the decline of the British and American currencies in May, the season started under a system of depreciation. Just before that period, prices of raw silk to be delivered to Japan were round about Fr.200, those for Canton about Fr.180; the manufacturers were therefore encouraged to buy.

Lace. In order to keep up its trade it is certain that the French lace and tulle industry cannot rest content with the home market. It must export on favourable terms, and it has lately acquired a considerable footing in America and Great Britain. Unfortunately the recovery of the franc has caused a heavy decline in orders from the latter. In January 1924 Great Britain purchased French cotton lace to the value of £135,785, exclusive of curtains and smooth tulle; in February the orders had declined by 50 per cent., and by March they had fallen to £27,760.

The manufacturers of Caudry and Calais are momentarily suffering a serious crisis, although they obtained a few orders through the Northern Fair held at Dunkirk from July 1–15.

Of late the main goods ordered from Caudry have been artificial silk and small silk fillets.

While Calais chiefly manufactures cotton lace, Caudry specialises rather in silk lace in the Chantilly, classic and fancy styles, and Chantilly in radium (the term for artificial silk) in gold and silver and in imitation cloth and silk fabrics.

Caudry is striving to utilise its skilled labour to the utmost and the lace industry employs some 6,000 hands. (*France Textile, Exportateur Français.*)

GREECE

FINANCE

Taxation Reform.—As all the various resources which the revolutionary Government discovered for meeting the financial needs of the nation only achieved this object in part, the Government proceeded simultaneously to a revision of the whole system of taxation.

And this policy was directed in the first instance towards the indirect taxes and monopolies, the increase of which during the year was more or less in proportion to the depreciation of the national currency. Two very important new direct taxes were decreed, namely (1) the tax on real and personal property which came into operation from April 1923; (2) the turnover tax instituted by a decree promulgated in December 1923, the operation of which was fixed for April 1924, but which by the latest decision of the general assembly of commerce convoked in the Piraeus in March 1924 was postponed indefinitely.

The results of this taxation policy from a purely financial point of view was very successful, for not only did it achieve the balancing of the ordinary budget, but also conveyed the impression at home and abroad that the country was sternly resolved to set its finances in order.

The following figures show the revenue collected during the last 10 years from the sources mentioned (in millions of drachmae):—

Direct taxes: 1913, 20.6; 1914, 48.3; 1915, 50; 1916, 45.7; 1917, 45.2; 1918–19, 68.6; 1919–20, 88.3; 1920–21, 126.4; 1921–22, 150; 1922–23, 308.3.

Indirect taxes: 1913, 55.9; 1914, 86.9; 1915, 86.3; 1916, 91.6; 1917, 63.1; 1918–19, 135.9; 1919–20, 186.7; 1920–21, 237.4; 1921–22, 356.6; 1922–23, 821.2.

All sources: 1913, 126.5; 1914, 207.6; 1915, 212.3; 1916, 215.7; 1917, 179.5; 1918–19, 371; 1919–20, 480.7; 1920–21, 632.8; 1921–22, 799.3; 1922–23, 1,710.6.

The accounts for the financial year 1923–24 have not yet been published, but the figures for the eight months April 1 to November 30 are known, and give a rough idea of the yield from taxation for the last financial year. The actual revenue for these eight months was as follows: from direct taxes, 461,049,635 drachmae, as against 139,656,478 for the corresponding period of 1922–23; from indirect taxes, 760,333,216 drachmae, as against 338,378,956 for 1922, and from all sources 1,484,677,796, as against 758,522,628 for 1922.

The national expenditure during the same period was as follows (in millions of drachmae): 1913, 150.1; 1914, 173.6; 1915, 209.4; 1916 (not given); 1917, 246.8; 1918–19, 380.8; 1919–20, 396.1; 1920–21, 658; 1921–22, 1,635.7; 1922–23, 1,482.6. Expenditure for 1923–24 from April 1 to December 31 amounted to 1,812.6. (*Oikonomologos Athenon.*)

The National Debt.—The national debt, according to the estimates for 1924–25, amounts to 1,591,327,266 francs in gold, and the internal debt to 8,182,521,915 drachmae paper. The service (interest sinking fund, expenses, etc.) of the national debt for the financial year 1923–24 amounts to 1,165,659,592 drachmae, as against 725,229,179 for 1922–23.

According to the report of the international financial commission at Athens, the figures for the classes of revenue assigned to the service of the Greek Loan for the first half of 1924 are (in millions of drachmae): actual receipts from monopolies, tobacco, etc., 51.3 as against 42.1 for the corresponding period of 1923; yield from the Piraeus Customs, 198.2 as against 113 in 1923. (*Oikonomologos Athenon; Information Financière.*)

The New Land Bank.—At the last general meeting of shareholders of the National Bank of Greece it was announced that an agreement had been concluded between the Government and the Bank for the withdrawal of 40 to 60 millions from the reserve of the National Bank for the purpose of furnishing capital to the Land Bank about to be founded. The shares of the new bank are to be distributed gratuitously among the shareholders of the National Bank in the proportion of five shares for every share in the National Bank. The Bank is to transfer to the new institution mortgages to the value of 800 million drachmae. Thus the land mortgage branch of the National Bank will be detached and formed into a separate institution. As originally founded, the National Bank of Greece was, owing to the paramount importance of the reorganisation of the real property system, first and foremost a mortgage bank, but with the increase of ordinary banking business the mortgage branch fell into the second place, but still retained considerable importance. On Dec. 31, 1923, the capital advanced on mortgage amounted to 336 million drachmae, as against 252 million on Dec. 31, 1922. The amount of advances on mortgage to private persons during each of the years given below was as follows (in millions of drachmae): 1842, 4.4; 1850, 3.3; 1860, 9.8; 1870, 22.7; 1880, 37.4; 1890, 44; 1900, 45.9; 1910, 68.4; 1920, 90.6; 1921, 116.2. However, even after the separation the National Bank will retain the department of loans to agriculture. Capital advanced on loan to individual farmers or agricultural associations in 1923 amounted to 220 million drachmae (exclusive of Eastern Thrace) as against 151 in 1922 (including Eastern Thrace). During 1923 Macedonia absorbed some 101 million drachmae in land loans, the Peloponnese 42 million and Western Thrace 37 million. (*Information Financière; La Bulgarie.*)

AGRICULTURE

Agricultural Conditions.—Nature and a long term of bondage have rendered farming very difficult in Greece. Barely 20 per cent. of the area is flat ground, of which large tracts—unsuitable to cultivation—need drainage and irrigation. Thus out of 12 million hectares available for the purpose not more than 2.3 million are under cultivation. On the other hand, the Greek farmer, devoid of technical training and advice, prefers to raise the most remunerative class of produce, such as tobacco, grapes, and olive oil, the value of which in 1922 was 3,250 million drachmae out of a total value for agricultural produce of 7,400 million, to which cereals contributed 3,500 million. For a country dependent on the foreigner for 45 per cent. of its bread corn growing is of vital importance. The annual consumption of wheat and maize is 1,350,000 t., whereas the production only reached 770,000 t., leaving to be imported 580,000 t., valued at about Fr.200 mill., or one quarter of the value of the aggregate imports of the country. It would therefore be greatly to the country's advantage if it could be freed from this tribute. There is no lack of labour, as 120,000 refugees, all agricultural labourers and their families, have lately settled in the country. Neither is land deficient. It would be necessary to cultivate another 580,000 hectares, an achievement by no means impossible if the progress made since the war be taken into account. The number of hectares producing corn was 932,000 in 1920, as against 450,000 in 1914. A considerable advance has been made in the use of farming implements (mechanical ploughs, etc.) and chemical manure. Further advantages consist of the fresh methods of agriculture introduced by the new settlers from Asia Minor, the apportionment of the land among the peasants, and the growth of the co-operative idea during the last few years. The land problem had ceased to exist in Greece proper since 1871, but has arisen of late in Macedonia and Thessaly. Reforms were introduced by the Land Acts of 1920 and 1922, which provided for the expropriation, against compensation, of large properties in favour of the small farmers.

Co-operative societies constitute an ancient tradition among shepherds, but the first agricultural co-operative societies made their appearance only in 1910. After they were provided with a charter by the Act of 1914 they developed rapidly. In 1917 they numbered 670, in 1921 1,553, and in 1923 1,966, 70 per cent. of which were loan societies. These co-operative societies include 60,000 members, and possess a capital of 8 million drachmae. They assisted their members in obtaining loans from the National Bank (to the value of 7 million drachmae in 1918, 24 millions in 1920, and 75 millions in 1922). (*La Bulgarie.*)

SOCIAL AND LABOUR CONDITIONS

The Cost of Living in Athens.—The following index numbers of the cost of living in Athens for the past two and a half years have been compiled by the Statistical Department of the National Bank:—1914 = 100; 1922, first half, 342.3; second half, 1,014.3; 1923, first half, 1,234.1; second half, 1,192.1; 1924, January, 1,325; February, 1,313; March, 1,359.2; April, 1,343; May, 1,285.4; June, 1,240.4; July, 1,324.5. The Chamber of Commerce of Athens notes a shortage of vegetables, fish, coal, firewood, etc., owing partly to unfavourable weather conditions, partly to the unfavourable influence of the fixing of prices on certain articles of home production. These resulted in the change of occupation of a considerable number of business men and in the closing down of their establishments. The prices of various articles were affected by this situation, to which must also be attributed the progressive rise in the price of bread during the past month. (*Oikonomologos Athenon*, Aug. 10.)

HOLLAND

ECONOMIC REVIEW

The first half of the economic year 1924, says the Monthly Review of the Rotterdamsche Bankvereeniging, is now behind us and has left a general impression that may be summed up as follows: an undeniable improvement in the business situation was noticeable in the first months of the year, but afterwards the turnover decreased again and activity was rather quieter. This can hardly have been unexpected, for the greater activity in the first months of the year was, of course, partly an effect of the relief resulting from the trade passing between Holland and Germany since the end of passive resistance and of the less uncompromising attitude of the occupation authorities. Here and there the view is expressed that the political changes in France may be expected to ease the situation still further in the near future, that the military evacuation of the occupied regions may be looked for and that the acceptance by Germany of the Dawes plan is practically sure to relieve the tension in the political world. Holland will certainly also have her share of these consequences; that alone would suffice to explain why Dr. Vissering, President of the Netherlands Bank, should have expressed his views on this subject in the annual report recently issued by the Bank. He does so in the terse but significant words: "There is no salvation from the present chaos unless the various Powers finally agree to listen to the earnest and well founded advice contained in the Experts' reports."

The annual report of the Netherlands Bank claims, as always, considerable interest. If we confine ourselves to only a few points of its detailed contents, *i.e.* to those which are of special interest to foreign countries, mention should first and foremost be made of the remark that one of the direct consequences for Holland of the collapse of the German exchange was that the Guilder became not only the standard of value for many transactions, but represented an object of stable value and served as medium of payment in Germany. When studying the rates of exchange and the Netherlands Bank's own figures there is one fact which should therefore always be borne in mind: to what extent were its notes an actual medium of payment (in Holland and elsewhere). As regards the discounting and gold policy, the report observes that when money—partly under the influence of the Government's monetary requirements and, we may add, owing to the withdrawal of a part of the cash balances which foreign depositors held here—had become tight, the Bank raised the discount rate; this measure did not mean the abandonment by the Bank of its previous policy of credit restriction, which was thus really supplemented by the application of the discount screw. Dr. Vissering regards a return to a purely gold currency, described as the aim firmly adhered to and steadily striven after, as closely bound up with two conditions: both Dutch—of a financial and economic nature (we shall immediately revert to this)—and international. It is interesting to note that the views of the management of the Dutch Bank of issue do not evidently quite coincide with those of the Swedish Riksbank which is the first to try and revert to the gold standard. Dr. Vissering writes: "We follow with interest the attempts made in this direction also elsewhere; however, we do not think that a small country can alone achieve such a result. This can be done only in consultation with, and ultimately with the co-operation of, the powerful issuing banks in the principal countries of Europe. We fear therefore that with respect to our own currency it will probably be some time before this . . . result is achieved."

International Credits.—Referring to the problem of international credits, the President of the Bank makes the following statements: "Holland has in recent years often been faced with the question of according credits abroad and in her own interest of thereby assisting the consumer in the neighbouring countries in his endeavour to recover his purchasing capacity. The granting of such credits might help to further the transport of goods via Dutch ports and possibly on Dutch ships. It would be regrettable if, when granting these credits on any large scale, the suppliers of credits were to enter into competition with each other; it was, therefore, preferable that the various bankers should agree to follow a more uniformly organised method of giving such facilities to which conditions generally in the interest of our country might be attached. This idea gave the impulse to the creation of various new credit institutions which, however, are for a very large part under the control of old established banks." (Dr. Vissering then mentions besides the Internationale Bank, the Internationale Crediet Compagnie and the Nederlandsche Accept Maatschappij, in which institutions, as our readers are aware, our own Bank is also interested).

The position taken by the issue bank in regard to these new companies is described as follows: "The Netherlands Bank approved of the establishment of these institutions especially because of the attempt they represent to introduce more system and uniformity in the credits to be granted to foreign countries, credits which in themselves might be quite desirable. For this reason the Netherlands Bank has stated, subject to a closer examination, its willingness in principle to rediscount bills accepted by one of these institutions or endorsed by one of them over to the Netherlands Bank, on the assumption of course that the bills conform in other respects to the regulations laid down by the Netherlands Bank and that the credits to be given do not go counter to the banking policy of the Netherlands Bank."

At this juncture we may perhaps be allowed to say a few words regarding the granting of credits to foreign countries, the development of this activity under the influence of events abroad and the experiments made in Holland in this connection.

Generally speaking, up to a short time ago Dutch institutions had not unpleasant experiences with the credits they had accorded (of course after taking the necessary precautions) to foreign countries, especially to Germany; the borrowers always promptly met their obligations even in times of severe crisis. A change occurred, but even then only in a few isolated cases, at the time the so-called stabilisation crisis set in, when the institution of "business control" or reference to it proved for many debtors a temptation that they were not always able to resist. We hasten to add that, as far as we know, this happened only in a few instances and no material damage worth mentioning is likely to have been caused up to now. Nevertheless these incidents gave rise in the Dutch Press to comments, frequently couched in no friendly terms, that cautioned against the granting of credits especially by private persons whom the very numerous advertisements in the daily papers might tempt into making advances. It is to be hoped that a revision of the regulations relating to "business control" will help to restore that complete confidence without which all credit business—does not the word credit literally mean confidence ?—is rendered very difficult if not impossible. Competition on the part of the givers of credit to which reference is made in the Annual Report of the Netherlands Bank need certainly no longer be feared now that the institutions mentioned above have been established.

On the subject of Dutch foreign exchange commitments Dr. Vissering writes: "In connection with the settlement of these, Dutch banks and bankers were not involved for considerable amounts, nor did they hold for account of third parties positions of sufficient importance to cause these banks or bankers the least anxiety."

Regarding the national finances Dr. Vissering observes: "Prospects of a balanced Budget are now appreciably more favourable both here and in the Dutch East Indies. It is very gratifying to find that the Netherlands Government are doing their utmost to wipe off the deficit in the Government Budget. The drastic measures taken naturally have a dispiriting effect in many quarters. Wage disputes are one of the inevitable consequences. We believe, however, that the Government is likely to hold out with respect to the essential points and that it will be able to show a balanced Budget in 1925 or soon after."

Dr. Vissering naturally wants the Government to restrict its borrowing operations; he also recommends reducing taxation in so far as the existing pressure jeopardises the formation of new capital or makes it more difficult.

The Dutch Money Market.—Discussing the Government's loan policy Dr. Vissering draws attention to the strength of the Dutch money market: "The Government has more than once succeeded for the consolidation of the floating debt in stipulating terms which, having regard to the times, may be described as satisfactory. This deserves to be acknowledged, and in so far as extraordinary expenditure for extensive productive work is concerned—work that will in the future also be a source of profits to the Treasury—the policy of funding the floating debt is the most recommendable; a consolidation of the floating debt for ordinary expenditure is, however, nothing more than deferring the difficulty to the future, and when consolidation takes place in a foreign exchange it is a measure that conceals a special danger. A remarkable proof of the strength of our own money market is contained in the fact that several of the Dollar or Sterling loans raised in recent years in America and in England have for a very large part reverted to Dutch hands; at the present moment a large section of these bondholders are no longer domiciled in America and in England, but in Holland."

In connection with these remarks, which cannot but inspire confidence in the future development of Holland's finances—of whose intrinsic soundness we have never for a moment doubted, not even when alongside of much unfounded criticism also justified censure was levelled against them—a table showing the development of the Dutch Government loans may be of interest. The movement of quotations during the first half of 1924 was as follows:—

Loan.			Lowest.	Highest.	Last.
			Quotation per cent.		
6 % Netherlands		1922 A & B ...	$96\frac{1}{8}$	$100\frac{1}{2}$	$98\frac{1}{8}$
do.		1923 A	$95\frac{15}{16}$	$100\frac{3}{8}$	$97\frac{13}{16}$
do.		1923 B	$95\frac{7}{8}$	$97\frac{3}{4}$	$97\frac{3}{4}$
do.	5 %	1918	$84\frac{5}{16}$	$89\frac{7}{16}$	$87\frac{5}{16}$
do.		1919	$89\frac{9}{16}$	$93\frac{7}{16}$	$93\frac{7}{16}$
do.	$4\frac{1}{2}$ %	1916	84	$89\frac{1}{2}$	$88\frac{7}{8}$
do.		1917	$78\frac{1}{4}$	$83\frac{1}{2}$	82
do.	4 %	1916	76	$80\frac{1}{2}$	$79\frac{15}{16}$
do.	$3\frac{1}{2}$ %	1911	$69\frac{3}{4}$	74	$73\frac{3}{4}$
do.	3 %	1896-1905 ...	$59\frac{1}{2}$	$64\frac{7}{8}$	$64\frac{3}{4}$
do.	$2\frac{1}{2}$ %	... ...	$48\frac{5}{8}$	$53\frac{15}{16}$	53

We should add that the lowest price was quoted in the beginning of May; this was undoubtedly due in part—as must be admitted—to a Budget speech delivered by the Finance Minister which gave ample occasion for an unfavourable interpretation. We did not refer previously to this speech as there was reason to assume that the necessary rectifications would follow. However, the circumstance that it has been frequently alluded to in the foreign Press induces us to refer to it now and to draw special attention to the démenti given since to the apprehensions felt by the movement of quotations of Dutch Government loans.

New Tariff Proposals.—Closely connected with the problem of the national finances is the question of increasing the receipts without increasing the burden of direct taxation. In this connection the Government has, among other things, contemplated raising the Customs duties, and has accordingly laid before the Second Chamber a scheme for a new tariff which will incidentally serve to improve technically the existing tariff—an object of paramount importance in the Government's view—for disadvantages have frequently resulted from the application of the latter.

The chief grievance in this connection is that the distinction between articles liable to duty and those not so liable was very arbitrary, that the rates in force were in many cases a wrong and unwelcome form of protection and that their application in practice was determined by a vague, inaccurate description of various articles. This led to disputes, as the Customs Authorities could not always give an exact interpretation. Moreover, the fundamental idea of the old tariff that raw materials should come in duty free, that only a low duty should be paid on semi-manufactured articles and a higher rate on finished articles (but only 5 per cent.) could not always be given effect to as the demarcation between raw materials, semi-manufactured and finished articles could not always be easily made (paper is a case in point). A more clearly defined classification has become necessary, and that is the principal object of the new tariff; this reclassification is also advisable because under the present system various articles hardly differing from one another are not included under one and the same heading, but under various headings; that is why it is proposed not to treat in future the articles in different ways, but on a uniform basis. A uniform tariff rate for analogous items will result in the number of articles liable to duty being smaller in the new tariff than in the old. For the rest, in drawing up the scheme the character of the present tariff has been preserved as much as possible.

The raising of the ad valorem duty from 5 to 8 per cent. as provided for in the proposal now submitted should not, therefore, in the Government's view, be regarded as a protectionist tendency; the merely fiscal object to increase the Government receipts may be assumed to have been the underlying motive.

The smaller number of articles liable to duty naturally serves to reduce the receipts; not only must this difference be made good, but care must also be taken to increase the receipts. These additional receipts will amount to Fl.12,010,000 according to a close calculation. (For this estimate the Government examined how high the Customs receipts would have been if in 1923 the new tariff had already been in force instead of the old one; naturally such a method of calculation can give only an imperfect idea, for it leaves out of account the difference in consumption and imports resulting from the exemption from duty on the one hand and the increased tax on the other.) This figure, however, does not take into account the volume of goods not included in the trade statistics which cross the frontiers by parcel post or as travellers' luggage. The Customs taxes payable on the latter group would go up from roughly Fl.2,000,000 to Fl.3,200,000, the total additional receipts therefore may be estimated at more than Fl.13,000,000.

In spite of the assurance given that the new tariff will not promote protective tendencies, a fiscal increase of the duties must to a certain extent inevitably mean greater protection.

The tariff is frequently studied from this point of view by both free traders and protectionists; whilst the latter for very intelligible reasons can exhibit only little opposition, free trade circles would seem prepared to agree, if at all, on the sole ground that the necessity of opening up new sources of revenue for the State cannot and may not make an exception in respect of the Customs duties. That a general increase of the Customs tax must raise the cost of production is a fact which cannot, of course, be completely ignored.

This alone explains why in different quarters it was urged that the proposal should not be passed by the Chamber before the summer vacation so that it might be subjected to a thorough examination.

Increased receipts may be expected from the Bill passed by the Second Chamber for the introduction of a bicycle tax; whether the proposed higher duty on tobacco and tobacco articles will be sanctioned as easily remains to be seen.

The assurance that the increased duties have been decided upon chiefly or entirely for fiscal reasons may be given credence to the more readily that the position taken by the Government with regard to the so-called import prohibition of boots and shoes (which in reality only put very big obstacles in the way of these imports) proves that in principle it shares the free trade point of view.

This temporary prohibition had been issued for the protection of the boot and shoe industry, which was in difficulties. Now that it has achieved its object it has been abrogated by the Government, which at the same time asked to be authorised by Parliament to bring it into operation again by means of an edict should the suspension of the prohibition cause the country to be inundated afresh with foreign-made boots and shoes.

Commercial Relations with Russia. — Rotterdam trading circles in particular expect a greater trade activity from a resumption of their commercial relations with Russia. Not that the adjournment or the rupture—it is not quite clear how the end of the negotiations can best be described—of the discussions put an end to the trading relations previously existing between Holland and Russia; it would perhaps be more accurate to assert the contrary, for the Dutch Press is in a position to publish particulars regarding important commercial business done with the Russian trade representatives. These transactions represent more particularly very big Russian purchases of cotton warehoused here, but also in Bremen; negotiations are now proceeding with regard to sales of wool to Russia; inversely the import of Russian cigarette tobacco, ores and grain is under consideration. In this connection it should be noted that the financing of these purchases and sales is not such a simple matter, as Russia is anxious to make these transactions conditional on her receiving certain credit facilities; this again causes the Press to advise caution. Some Rotterdam circles for very obvious reasons attach particular value to Russia's custom; endeavours made in that city to encourage Russian buyers by large concessions to the Russian standpoint in those questions that formed the subject of diplomatic negotiations went so far in some cases that the position of the Dutch Government will not be made any easier thereby if and when official negotiations are resumed. It may be added that the Russian trade representatives are also negotiating with German, Belgian and other firms here.

RUMANIA

FINANCE

Rumanian Debts and British Creditors.—Through the mediation of the National Bank of Rumania an arrangement has been arrived at between Rumanian private debtors and British creditors. The National Bank guarantees the repayment at the rate of 400 lei to the pound sterling, in the course of seven years. Should this quotation eventually become altered to the advantage of the Rumanian exchange, the debtors undertake to compensate the Bank for the difference in price, but only at the expiration of the said term. (*Wirtschaftliche Nachrichten.*)

The National Bank of Rumania.—The half-yearly balance sheet of the National Bank of Rumania for the half year ending June 30, 1924 contains the following items (in millions of lei): Capital, 12; reserves, 81.9; metal reserve, 6,017.1; cash in hand, 1,040.6 in notes, 5.2 in silver, 124.3 in gold, plus 8.4 in gold bars, 428.1 in gold deposited abroad, and 5,456.5 in foreign currencies and gold Treasury Bills; bills and acceptances, 6,073.7; debts due from the State, 8 and 11,077; note circulation, 17,728.5; net profits, 16. (*Wirtschaftliche Nachrichten.*)

The Finance Minister on Foreign Loans.—In an article published in the Bucarest *Argus*, the Rumanian Minister of Finance, M. Victor Bratianu, discusses the subject of the participation of foreign capital in the industries of Rumania, and the question of a foreign loan for Rumania. He points out at the outset that it was never the desire of the Government to put pressure on foreign capitalists. Foreign capital is welcóme in Rumania. At the same time it was impossible to permit of a state of affairs under which a mere passive rôle was left for home capital to play. Foreigners who lacked the confidence to co-operate with Rumanian capital and who desired to exploit the natural resources of Rumania to the exclusion of home capital—in a manner similar to what had taken place in Turkey previous to the war—would not receive the slightest encouragement in Rumania.

As regards a foreign loan, Rumania had not from the close of the war entered into a single liability of this sort, and could not do so. Her obligations dating from peace times were too considerable to allow of her taking over new liabilities. The old debts had first to be consolidated—a step which had already been taken in large measure. Rumania would now consider a loan only if the terms offered were very favourable.

INDUSTRY

Oil Affairs.—Many foreign companies dissatisfied with the new Mines Act have announced the intention of winding up, and the Romana Americana is said to have already commenced that operation. In order to reassure the companies, M. Constantinescu is said to have declared in the course of an interview that certain amendments might be introduced in the application of the Act. According to the London correspondent of the *Agence Economique et Financière*, the Anglo-Persian Oil Company has protested against the Mines Act and, like all the other companies interested in Rumania, has been indirectly invited to grant a loan to that country; but under present conditions there can be no possible question of any loan. All the efforts of M. Vintila Bratianu, who has just arrived in London, and of M. Titulescu seem doomed to failure.

The following are the most recently published figures of the output of some of the leading oil companies in July as compared with June (the figures representing truckloads): Astra Romana, 3,689 (3,774); Steaua Romana, 2,429 (2,200); Colombia, 730 (660).

The mining statistics published by the Statistical Department give the following information relating to the capital invested in oil companies in Rumania: The number of oil companies in the country is 178, with an original aggregate capital of 1,403.2, subsequently increased to 6,151.9. These companies may be divided into three classes as regards the nature of their capital, namely wholly Rumanian, partly Rumanian, partly foreign, wholly foreign. The joint capital of each of these classes of company (*a*) original, (*b*) at the end of 1923, was as follows (calculated in millions of lei, whether actually in Rumanian or foreign currency): Companies with Rumanian capital in lei (100), (*a*) 850.4, (*b*) 3669.4; companies with mixed capital in lei (30), (*a*) 265.9, (*b*) 2,156.6; companies founded with their capital in sterling valued in lei (34), (*a*) 248; (*b*) 248; companies founded with their capital in French or Belgian francs (9), (*a*) 30.2, (*b*) 69.2; with capital in Dutch florins (4), (*a*) 8.4, (*b*) 8.4; with capital in Italian lire (1), (*a*) 0.1, (*b*) 0.1.

The same department publishes a list of the 37 chief companies with the amount of their capital at various dates from which we extract the most important (the figures representing millions of lei): —

Name.	*Date.*	*Capital.* 1913.	1923.	*Net Profits.* 1913.	1923.
Steaua Romana	1896	100	465	7.2	141.5
Astra Romana	1909	60	450	6.3	583.0
Creditul Minier	1919	—	502	—	102.0
I.R.D.P.	1920	—	600	—	35.0
Aquila Franco-Romana	1904	6	200	0.3	10.0
Romana Americana ...	1904	—	500	—	85.1
Romano Belgiana ...	1908	20	40	0.5	not published
Colombia	1900	5	138	6.0	24.0
Concordia	1907	12.5	245	0.6	297.0

(*Bursa.*)

Proposed Aircraft Industry. — The Bucarest *Argus* reports that a company is to be promoted in Rumania for the construction of aeroplanes and in particular for supplying aircraft for the army. The company will represent a State undertaking placed on a commercial footing in pursuance of the recent law regarding Government enterprises.

SOCIAL AND LABOUR CONDITIONS

The Cost of Living.—"It has repeatedly been asserted in Parliament and the Government Press, that instead of being as dear as in other countries living in Rumania is cheaper." Thus writes M. Petre Mihail in the *Bursa*, and then proceeds to demonstrate the fallacy of this assertion.

A loaf of bread of 800 grammes costs 7 lei (equivalent to 8.75 lei per kg.) as against 25 bani (100 bani to the leu) in 1916, or 35 times as much; a kg. of meat costs 30 lei, or 45 times as much as the 1916 price (65 bani). Sugar has risen from 1.15 lei per kg. in 1916 to 35 lei, milk from 35 bani to 10 lei, cheese from 1.25 lei to 45, wood for fuel from 3 to 90 lei the 100 kg., and household soap from 90 bani to 28 lei. The price of no article of consumption is less than 30 times the 1916 price, and some show a fifty-fold increase, including rice, potatoes, beans (60 times), etc.

The following figures show the index numbers of various articles in January 1922, June 1923, and June 1924 respectively (August 1916 = 100):—

Food. Sugar, 200, 3,830, 3,000; wheat flour, 1,750, 2,500, 3,000; maize flour, 2,700, 4,009, 5,330; beans, 2,000, 5,000, 7,500; potatoes, 660, 5,330, 5,330; salt, 1,660, 2,660, 2,860; bread, 1,500, 2,500, 2,900; meat, 1,000, 3,250, 4,500; milk, 1,000, 1,750, 2,500; fat, 1,870, 5,000, 4,370; cheese, 1,750, 3,000, 3,715; wine, 1,250, 2,000, 3,000; rice, 4,000, 5,330, 5,000; coffee, 2,960, 4,170, 4,170; olives, 2,000, 4,000, 6,000; fancy bread, 2,000, 3,200, 3,600; butter, 2,690, 4,506, 5,380; general food index, 1,928, 3,649, 4,244.

Clothing. Garments, 1,750, 4,500, 5,750; footwear, 1,500, 2,250, 3,000; cloth (American), 3,500, 5,000, 6,500; thread, 2,000, 2,400, 2,400; cotton, 3,500, 6,250, 7,200; shirts, 1,875, 3,000, 3,750; stockings, 1,330, 4,160, 3,800; hats, 1,200, 3,300, 3,820; general clothing index, 2,088, 3,857, 4,528.

Miscellaneous. Soap, 1,280, 2,460, 2,460; glass, 1,500, 2,500, 3,000; wood for fuel, 1,200, 2,500, 2,500; lamp oil, 1,810, 3,200, 3,720; leather, 500, 1,820, 2,200; boot soles, 460, 1,730, 2,000; timber for building, 600, 2,830, 2,830; petrol, 320, 3,000, 3,800; crude oil, 930, 3,300, 4,000; paper, 1,570, 2,000, 3,800; printed matter, 2,000, 2,600, 3,600; general index miscellaneous articles, 1,106, 2,540, 3,085.

General Price Index, 1,707, 3,348, 3,950.

It will be seen from the above index numbers that the greatest increase as compared with August 1916 is shown by clothing (45 times). The above indices do not include rent, which for dwellings already in occupation are 5 times those of 1916, but for new buildings 40 times. In most other countries measures to check or reduce the cost of living have been adopted by the Government, and only in Rumania, Russia, Germany, Austria and Poland is the rise progressively continuous.

The following table, taken from the official statistics of the Ministry of Labour, gives the comparative rates of daily wages at the dates mentioned (the daily wage is given in lei):—

Class of Industry.	1916.	*June* 1923.	*June* 1924.	*No. of unemployed in June* 1924.	*No. of workers employed. in* 1924.
Agriculture	3.0	45.0	65.0	—	4,441,049
Mining	6.0	71.0	120.0	250	46,166
Metals	6.0	72.0	125.0	1,750	192,195
Wood	6.25	81.0	120.0	100	116,807
Food	5.85	66.0	110.0	140	103,958
Clothing	5.75	73.0	105.0	80	181,660
Building	7.10	77.0	125.0	—	131,498
Transport	6.0	68.0	120.0	5,300	196,475
Textiles	5.0	71.0	95.0	60	82,683
Leather	4.50	77.0	110.0	90	66,123
Chemical	5.50	75.0	110.0	60	67,521
Pottery	6.0	82.0	115.0	100	56,062
Printing	6.50	75.0	120.0	—	14,807
Private clerks ...	6.0	90.0	150.0	120	446,824
Public officials ...	5.0	70.0	95.0	—	356,150
Average	5.63	73.0	112.50	Total 8,050	6,499,978
General index ...	100	1,298	2,000		

A comparison of the wages index in June 1923, 13 times higher than in 1916, with the cost of living index at the same period, 33 times higher than in 1916, will show that in 1923 wages were under half the real cost of living.

The increase of the wages index for 1924 is 54 per cent. higher than in 1923 and 20 times higher than in 1916. The wages index for 1924, therefore, represents exactly half the real cost of living index, which is 40 times higher than in 1916.

The number of wage earners set out in the last column comprises, in addition to adult workers, women and apprentices. Their total number represents 45 per cent. of the population, but the addition of the members of their families brings the total up to over 10 millions, or 63 per cent. The remaining 37 per cent. is made up of professional men, merchants, manufacturers, landowners, small employers and shopkeepers, brokers and *professional politicians* and their families.

The number of unemployed given in the table is considerably below the real figure. In the docks of Costanza, Braila and Galatz alone, are more than 10,000 unemployed, while unemployment is also rife in Transylvania. The official returns of the Chambers of Commerce, however, give 8,050 as the number of unemployed throughout the country. Of the three usual causes of a rise in prices—increasing consumption and decreasing production, depreciation of the currency and an adverse trade balance—only the two last operate in Rumania. The recovery of the exchange will not take place until real and durable measures are adopted by the Government with that object. Temporary palliatives will only produce temporary results. The trade balance will remain adverse just so long as obstacles are placed in the way of the free development of industry and production. The problem of the disproportion between wages and the cost of living will remain unsolved until the causes of the progressive increase of the price of commodities are removed.

Owing to the lateness of the Rumanian and Yugo-Slav harvests the Hungarian produce market is relying on increased imports of grain from Czecho-Slovakia.

Austrian banks are reported to be very anxious to increase their connections in Rumania, where several of the big Vienna banks are opening new branches.

YUGO-SLAVIA

POLITICAL AND GENERAL

The New Government.—After a protracted political crisis, the King, at the end of July, entrusted M. Lubja Davidovich with the formation of a coalition cabinet. This step came as a considerable surprise, as it was generally expected that the Preisdent of the Skupchina, M. Jovanovich, who is a member of M. Pasich's party, would be called upon. M. Davidovich promptly formed his cabinet, which is constituted as follows :—

Premier, Ljuba Davidovich (Democrat); Vice-Premier and Minister of Education, Dr. Korosec (Slovene Populist); Finance, Dr. Spaho (Bosnian Mohammedan Party); Foreign Affairs, Dr. Voja Marinkovich (Democrat); Interior, M. Nestas Metrovich (Radical); Commerce and Forests, Dr. Sumenkopich (Democrat); Social Policy, Dr. Bechme (Bosnian Mohammedan); Communications, Dr. Susnik (Slovene Populist); Justice, Dr. Halilbeg Hrasnica (Bosnian Mohammedan); Land Reform, M. Vestenjak (Slovene Populist); Agriculture, Dr. Ulovec (Slovene Populist); Post and Telegraphs, M. Markovich (Democrat); Public Works, M. Pechich (Democrat); Army, General Hadzic.

The prompt constitution of the new Cabinet made all the more favourable impression as M. Davidovich has succeeded in getting together a ministry that will aim at a peaceable solution of international problems notably the conflict between the Serbs on the one hand and the Croats and Slovenes on the other.

M. Radich's Return.—The sudden return to Yugo-Slavia of M. Radich, whose unexpected appearance has aroused considerable misgiving in Government circles, is utilised by the Opposition for the purpose of a bitter attack upon the new Cabinet. It is also pointed out, not wholly without reason, that further changes may be looked for in the conduct of the leader of the Croat Peasant Party. Expectation runs high as to whether Radich will elect to appear personally in the Skupchina and whether his appearance there would be more welcome to the Government or to the Opposition.

Asked why Radich had returned home so suddenly, Dr. Macek, the Secretary of the Croat Party, said that there was no object in M. Radich staying abroad longer. His return was also made to demonstrate the fact that there were no legal obstacles in the way of such a step. In reply to a question as to whether the Radich Party were ready to accept office in the present Cabinet, M. Macek said: "This is no Government of ours—ours would have to be a little different." M. Macek declared, however, that the Davidovich Government could rely upon the Croat Party's support so long as the fundamental points of the Government's recent declaration were adhered to. Under these conditions the Davidovich Government would be assured of a lengthy term of office.

At a great conference of the Radical Party held at Belgrade on the 19th and attended by over 2,000 delegates from all parts of the country, M. Pasich, the late Premier, made a fighting speech, in which he declared that Radich was the advance guard of the Habsburgs. The Radich party ought, he said, to be dispersed, for Radich had joined the Communist International and Yugo-Slavia had no use whatsoever for Communists. The Croats had received exactly the same rights as other Yugo-Slavs, and there was no reason at all for them to pursue an agitation tending to the destruction of the State. He and his friends, declared Pasich, stood by the existing constitution. There was only one way to settle the conflict and that was to appeal to the electors as to whether they desired to retain the present constitution or not.

FINANCE

Revenue Returns.—The following revenue returns for March 1924 and for the first nine months of the current financial year (June 1, 1923, to March 31, 1924) are taken from the official Gazette of Aug. 15 :—

General Revenue.		*Revenue.*	
Customs	32.5	309.7	252.9
Taxes on articles of consumption	37.9	365.2	348.7
Railway taxes	15.4	162.4	117.0
Premium on the exchange ...	88.9	759.4	855.0
Turnover tax	11.6	163.9	187.4
Maritime department ...	0.1	0.5	0.6
Special tax for wounded soldiers	3.7	51.4	37.1
State domain	4.9	94.3	57.1
Various	0.02	5.0	10.3
Special Revenue.			
Direct taxes, surtaxes and special taxes	49.1	906.5	466.5
Special consumption tax ...	5.9	33.0	16.0
Taxes	88.2	607.9	305.7
Monopolies	154.7	1,655.5	995.4
Revenue from ministry of communications ...	140.1	1,476.2	949.2
Post Office receipts	32.7	301.7	206.1
Land tax	0.7	8.1	70.2
State institutions	45.8	434.9	253.9
Tax on capital and land ...	1.1	7.3	47.8
Various	11.5	69.8	23.2
	725.9	7,413.8	5,201.2

Serbia's War Debt to England.—A Government commission is investigating the matter of Serbia's indebtedness to England. England's claim is for some £26,000,000, but Serbia contends that she owes only about half that sum. The difference arises from the fact that a great deal of war material was delivered by England through the medium of the French War Office, and the matter is complicated by counterclaims. Two Yugo-Slav delegates, Prof. Nedjelkovich and General Jokshimovich, will shortly proceed to London in this connection. (*Central European Observer.*)

Loans and Rumours of Loans.—The details of the offers of loans from Great Britain and Belgium, writes the *Pravda*, have so far been kept secret. The Blair syndicate demands an option of five million dollars on the second part of the second series of ten million dollars which should have been paid last year. In financial quarters it is considered that this claim should be rejected.

TRADE

Foreign Trade Returns.—The following export figures for the first six months of the current year are supplied by the *Privredni Pregled* :—

	Tons.		Millions of dinars.	
	1924.	1923.	1924.	1923.
January	220,110	186,924	668.9	396.7
February	228,436	163,847	646.1	463.1
March	266,718	183,707	746.3	652.7
April	260,920	216,068	725.3	489.5
May	318,973	260,259	738.5	689.3
June	289,782	262,514	650.6	642.4
Total ...	1,584,939	1,274,319	4,175.9	3,333.8

To these figures *Wirtschaftliche Nachrichten* adds the following supplementary statement as to (*a*) the amount in tons, except where otherwise specified, (*b*) the value in millions of dinars, of the chief articles exported during the six months: Wheat (*a*) 1,676, (*b*) 5.5; maize (*a*) 3,681, (*b*) 9.2; flour (*a*) 3,398 (*b*) 16.7; prunes (*a*) 64, (*b*) 0.5; medicinal plants (*a*) 201, (*b*) 7.2; horses (*a*) 4,631 head, (*b*) 18.9; cattle (*a*) 14,038 head, (*b*) 63.8; pigs (*a*) 6,027, (*b*) 19.7; fresh meat (*a*) 1,320, (*b*) 31.6; eggs (*a*) 1,789, (*b*) 48.3; ox hides (*a*) 35, (*b*) 1.1; wood for fuel (*a*) 27,684, (*b*) 9.1; timber for buildings (*a*) 103,785, (*b*) 174.9; raw copper (*a*) 1,401, (*b*) 56.8; ores (*a*) 83,973 (*b*) 38.8.

AGRICULTURE

Harvest Prospects.—The following account of the prospects of the various crops appears in *Wirtschaftliche Nachrichten* :—

Cereals. According to the report dated July 20, the wheat harvest in the Voivodina is likely to prove disappointing, so that the total yield from the whole country will be less than last year. This, after deducting losses caused by the floods, should amount to 16.5 million quintals. After allowing for 2.5 millions for seed and 12 millions for the needs of the population, there will be some 2 million quintals in hand for export. About a million quintals are remaining over from last year which will increase the amount available for export to 20,000 or 25,000 truckloads. Orders have come from Austria, Czecho-Slovakia, Greece and even Hungary. Rye is expected to yield about 1.5 million quintals, most of which will be consumed at home. The barley crop is estimated to yield 2.5 million quintals and oats 3.6 million. The maize crop is promising beyond expectation, and if rain comes at the beginning of August a very good crop of about 30 million quintals may be reckoned on.

Plums. The plum crop (one of the staple export commodities of the country) will be poor. Compared with last year's export of 4,000 truckloads, only 2,000 truckloads can be counted on this year.

The following anticipations as to the yield of other crops are made in the June number of the *Belgrade Economic and Financial Review* :—

Sugar. The sugar beet crop promises to be so abundant that it is doubtful whether the Yugo-Slav sugar factories will be able to deal with it all. According to all appearances, the 1924–25 season will give so great a yield of sugar that the whole of the national needs will be supplied and a surplus of 1,000 truckloads will be available for export. Up to the present it has always been necessary to import considerable quantities of sugar from abroad. This is the first time that a great improvement in this respect has taken place.

Tobacco. While the tobacco harvest of 1922 allowed of the export of 500,000 kg. of tobacco that of 1923 left a surplus ten times as large, that is to say of about 5 million kg., to be disposed of, the value of which has been estimated at from 400 to 500 million dinars. Foreign buyers are becoming more and more interested in Yugo-Slav tobacco. If the question of the disposal of the stocks abroad can be solved satisfactorily production can be intensified, for farmers are prepared to devote themselves to the cultivation of tobacco. Besides the question of the sale of the crop there is also that of the provision of credits to cover the period of harvesting and preparing for the market. Some 650 million dinars have been tied up for the purchase of the 1923 crop, and it will not be until the autumn or even next spring that these sums will come back into the coffers of the Ministry of Finance. So important an investment shows the country's financial capacity, however, the fact that the treasury must wait for reimbursement until the tobacco has been manufactured, sold and exported, constitutes a great inconvenience.

For this reason the Ministry of Finance, in agreement with the Director of the Monopolies, has solved the problem by the conclusion of a loan with a group of English Banks. The loan has been contracted on the security of the stocks of tobacco in the State warehouses and refers to a total sum of £300,000 sterling. This is the first time that important English Banks have been concerned in a loan to Yugo-Slavia. Although this loan is purely a commercial one it tends to show that the country's credit abroad is becoming ever stronger. Let us hope that the interest of the English Bankers—the only ones in Europe at the present moment who are in a position to invest money outside their own country—will grow greater still. It seems from the declarations of English bankers who were recently in Belgrade that other Yugo-Slav exporters may be able to obtain export credits in England just as the Directorate of the Monopolies has done. This offer is very important at the present time, as the National Bank has issued its maximum of notes. It is well known that the National Bank and the Minister of Finance do not dream of increasing that issue.

Mushroom-growing for Export. — Mushrooms for trading purposes are gathered and dried only in Slovenia. They are the kind known as yellow edible boletus and are called in Slovenia " Yourtchiki."

These mushrooms are usually 20–30 cm. in diameter in rainy years such as 1922, and smaller in years like 1924. The harvest is also larger in rainy years. Thus in 1922 in Kranjska (Carinthia) 40 trucks of dry mushrooms were collected, and in 1924 about 10 trucks. Mushrooms are also gathered in Styria. The mushrooms are gathered, cut into slices and dried in the air, consequently there are no special drying houses. When dried they are sorted by hand, for if other kinds are discovered among them in Italy the whole consignment is destroyed. Their quality depends on the drying, cutting and sorting. They are gathered in May and June, and sent to market from the beginning of August to December. The chief export is to Italy, but to a less extent to France, Germany and Austria. At Genoa the mushrooms are resorted, put into small tins and sent to New York and the Argentine. They are imported into France through Marseilles, and at Villefranche near Lyons and other places they are prepared, cooked and preserved, and thence exported all over the world.

The better qualities go to Italy, the poorer to France. The best dried mushrooms come from Styria, for there they are cut thinly and well dried in the shade. According to quality dry mushrooms are classified into thickly sliced (Carinthian mountain variety), medium sliced (Carinthian lowland variety), and finely sliced from Styria.

In addition to the amount gathered in Carinthia, two to three truckloads are gathered in Styria. One truck holds about 3,000 kg. of mushrooms. In 1922, 368,499 kg. of mushrooms worth 4,848,515 dinars were exported (the value given in the statistics is very small, their actual value being about five times as large). Of this amount 223.132 kg. were exported to Italy, 37,451 to Germany, 49,682 to Austria, 56,079 to France, and smaller quantities to other States.

In 1921 66,891 kg. were exported, and in 1920 only 33,010. (*Belgrade Economic and Financial Review.*)

SOCIAL AND LABOUR CONDITIONS

Wholesale Index Numbers.—There was a rise of 3.7 per cent. in the aggregate wholesale number for June. Comparative figures for the various groups (Group I. agricultural products ; Group II. fruit ; Group III. groceries ; Group IV. industrial products) are as follows :—

	I.	II.	III.	IV.	Total.
Mean 1913 ...	100	100	100	100	100
Jan. 1923 ...	2,740	912	1,954	2,830	2,098
Jan. 1924 ...	2,295	910	1,667	2,618	2,034
Feb.	2,380	994	1,685	2,618	2,101
Mar.	2,433	1,005	1,709	2,523	2,040
Apl.	2,351	969	1,683	2,484	1,973
May	2,245	1,036	1,681	2,292	1,911
June	2,158	1,123	1,711	2,340	1,984

(*Central European Observer.*)

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

COMPANY MEETING.

THE ANGLO-AUSTRIAN BANK LTD.

PROGRESS IN CENTRAL EUROPE.

The second ordinary general meeting of this Bank was held in London on Friday, August 29. General the Hon. Sir H. A. Lawrence, K.C.B. (the Chairman), in moving the adoption of the report and accounts, said :—In the balance-sheet you will notice a general increase in the figures as compared with last year, showing that there has been a satisfactory expansion of our business. On the liabilities side, the current, deposit, and other accounts have risen from, roughly, £4,500,000 to, roughly, £7,250,000. The business of our London office on the one hand and that of our Continental branches on the other, have contributed equally to this increase. On the credit side our liquid resources have increased in proportion. Our investments are by no means held in one country but are partitioned, approximately, as follows: Austria, 33 per cent.; Czecho-Slovakia, 45 per cent.; Jugo-Slavia, 11 per cent.; Hungary and miscellaneous countries, 11 per cent., = 100 per cent. You will see that our profits also show an improving tendency; but, following the accepted practice of new institutions in this country, we have decided, having regard to conditions in Vienna, to carry forward our whole profit after paying the 6 per cent. on the Preference shares.

The London office is now well-established, and shows steady and satisfactory development. Our acceptances are growing slowly but steadily, great care being taken in the selection of this business, which is most strictly limited to transactions genuinely reflecting the movement of commodities; and its expansion is, in our view, a fair indication of a general improvement of trade conditions in Central Europe. Operating as we do, in six Continental countries, we naturally watch with sympathy, and assist to the best of our power, any movement towards the restoration of normal conditions and the increase of production.

After lengthy negotiations the scheme for the financial reconstruction of Hungary under League supervision was finally approved by all concerned, and in June and July 1924, the £12,000,000 reconstruction loan was with the cooperation of the Anglo-Austrian Bank successfully placed in the different lending countries. Unlike the Austrian loan, the Hungarian was not guaranteed by the Governments of the participating countries. The security seems, however, very satisfactory, for the service is a first charge upon the Customs revenue, the proceeds of the tobacco and salt monopolies, and the yield of the sugar tax. In the first four months of the year these receipts were at the annual rate of 80,000,000 gold crowns, while the service of the loan requires only 31,000,000. Hungary is an agricultural nation, and her recovery is therefore much less dependent than Austria's upon factors outside her own control. Our branch in Budapest has enjoyed a most successful year.

Jugo-Slavia now has a balanced budget, and her economic as well as her political position has been much improved by the conclusion of the treaty with Italy and the acquisition of a free zone in Salonika. Through our own branches, and through our participation in the prosperous and successful Kroatische Escomptebank, we were enabled to play a part in the development of this very promising country.

The same upward tendency is visible in Czecho-Slovakia, where our interests are safeguarded by the Anglo-Czecho-Slovakian Bank. This institution, which is still in its first youth, shows good promise for the future. The Bank has earned good profits, which it is deemed wise at this stage to devote wholly to the consolidation of that institution. We believe it will take its full share in the reviving prosperity of the country.

After reviewing the position and outlook in Austria, the Chairman moved the adoption of the report, which was done unanimously and without discussion.

SPECIAL ARTICLES

NINETEENTH REPORT OF THE LEAGUE OF NATIONS COMMISSIONER-GENERAL FOR AUSTRIA.

The nineteenth report of the League of Nations Commissioner-General for Austria, covering the period from June 15 to July 15, 1924, was published on August 20, of which the following is a full summary.

1.—Introduction.

For some months the question as to the figure at which the budget can be balanced has been a subject of study and negotiation. With a view to its solution the League of Nations Council has ordered an enquiry which will be undertaken next month at Vienna by the Commissioner-General and a delegation of the Finance Committee, and with the co-operation of the Austrian Government. Apart, however, from this problem, that of balancing revenue and expenditure now appears to have become a matter requiring independent discussion. The Austrian Government itself has had to recognise that the monthly provisional estimates latterly show a tendency towards an increasing rather than a diminishing deficit. In view of the existing economic crisis this development is one which demands a precise explanation.

2.—Rise in Civil Service Salaries.

In March the Commissioner-General was informed by the Finance Minister of the intention of the Government to make a final settlement in regard to salaries and pensions, whereupon he warned the Government of the grave check upon the restoration of budgetary equilibrium which was bound to result from any increase of expenditure. In order not to prejudice the negotiations for the alteration of the 1922 agreement relating to the size of the budget, the Government prudently postponed the settlement of the question till after the sitting of the League of Nations Council in June. Meanwhile it informed the Civil Servants' organisations of the details of its intended reforms in the event of the Council accepting its proposal for a maximum expenditure of 520 mill. gold crowns. Of this sum 62 mill. gold crowns were to be allotted for the increase of salaries and pensions. In view of the economic crisis, however, no decision was taken with regard to the maximum, and the Government might have postponed the final settlement till after the sitting of the Council in September. The Commissioner-General again warned the Finance Minister against prejudicing the negotiations with the League by committing himself to an excessive expenditure, and also made further suggestions, the adoption of which might facilitate the negotiations with the Finance Committee. However, the Minister considered it impossible to await the arrival of the delegation from the Council in August, but, acting to some extent on the suggestions of the Commissioner-General, he pressed for the acceptance of the following conditions by the civil servants' representatives :—(*a*) the final abolition of the automatic relation between salaries and pensions; (*b*) the reduction of the proportion between pensions and salaries in future; (*c*) the extension of the service necessary to qualify for a full pension.

As no agreement could be reached with the civil servants' organisations on these lines the Government made definitive proposals to Parliament which, with various amendments, became law in the middle of July, and provide for a rise in active salaries of 10 to 100 per cent. above those obtaining between December 1923 and May 1924. The pensioners are divided into two groups, namely, those who retired before May 1, 1924, and those retiring after that date. The former have their pensions reckoned on the basis of the lowest salary paid on the new scale to the class to which they belong, whilst the latter, after 35 or 40 years, according to the type of service, receive a maximum of 78.3 per cent. of their new active salaries. The length of qualifying service is increased to 40 years for certain special groups only, with effect from Jan. 1, 1926. This settlement may involve a larger outlay than the estimated 62 mill. gold crowns. It should be mentioned that the increase in railway servants' pay is not included herein; this question is reserved for the next report, but it seems unlikely that the railway budget will be able to bear an extra burden of more than 20 mill. gold crowns.

3.—War Compensation.

The expenditure on increased war compensation annuities is officially given as 10½ milliards yearly for 1924 and 1925. There being no provision for this in the normal budget, a plan has appeared for meeting it from the proceeds of the sale of certain State property formerly belonging to the royal family. Apart from the dangerous precedent of using capital to defray current expenditure, there are objections which arise out of the peace treaty on the one hand, and article 11 of the second Geneva Protocol on the other. Very careful enquiry must therefore be made before any decision is taken.

4.—The Financial Situation.

The situation in June appears to have maintained the easiness of the previous month. The Government was able to meet its current expenditure without applying for the release of any proceeds of the loan. The increase in civil service salaries, however, was not yet included in the expenditure, though the rise of the index number occasioned a marked expansion in the outlay on personnel. The system of automatically adjusting salaries to the cost of living, which was re-introduced on June 1, is now finally abolished by the provisions referred to in par. 2 above.

The fact that for six successive months (January to June 1924) the Commissioner-General was not called upon to release the proceeds of the loan to cover the deficit is in itself remarkable. Nevertheless it must not be forgotten that 2,461 milliards were released during 1923, whilst the deficit for that year has subsequently been stated by the Government not to have exceeded 1,703 milliards (see the 16th Report). The difference between these two figures shows a free reserve of 758 milliards, which the Government should normally utilise to balance arrears outstanding on Dec. 21, 1923. The Commissioner-General is still without data which would determine whether those arrears have yet been fully or partially settled. The situation cannot be exactly gauged till the arrears outstanding at the end of 1923 and to-day are known. It is hoped that next month's enquiry will produce a statement of these figures. As in point of fact the greater part of the free reserve is now apparently exhausted, it must have been used to cover deficits in 1924, unless it was employed to wipe out the arrears of 1923. Until this matter is cleared up it cannot be assumed, from the mere fact that no new release has been required since January 1924, that revenue and expenditure have balanced during the past half-year.

5.—The July Provisional Estimates.

The July Preamble is the first of the new stages in the programme of rehabilitation.

	Milliards.
Estimated expenditure	758
Estimated revenue	657
Deficit	101

To the expenditure and revenue must be added 70 milliards for railway traffic taxes, which have been remitted in order to cover a portion of the deficit on the railways, whereas the rehabilitation programme of 1922 included them in revenue. In this way the following figures are reached, which may be compared with the estimates of the rehabilitation programme :—

	July 1924. Milliards.	Monthly average for 2nd half of 1924 (rehabilitation programme). Milliards.
Expenditure ...	... 758 + 70 = 828	527
Revenue ...	... 657 + 70 = 727	553
Deficit	101	—
Surplus	—	26

In the monthly provisional estimate only a portion of the cost of the new rates of pay for civil servants is included. These will not have their full effect till the following month.

It can be affirmed here and now that the Government is fully cognisant of the difficulties of the situation. The provisional estimates, which it has prepared quite independently, show an important increase in expenditure :—

Expenditure (in milliards of paper crowns).	1924. I.	II.	III.	IV.	V.	VI.	VII.	1925.
In provisional estimates, 1924 ...	667	653	706	716	690	814	828	—
In rehabilitation programme (monthly average)	—	—	—	573	—	—	527	420

The estimates of revenue, on the other hand, though still high, show a tendency to fall :—

Revenue (in milliards of paper crowns).	1924. I.	II.	III.	IV.	V.	VI.	VII.	1925.
In provisional estimates	588	583	701	685	680	760	725	—
In rehabilitation programme (monthly average)	—	—	—	522	—	—	563	587

The Government is therefore now faced with a growing budget deficit instead of a surplus :—

Surplus (+) *or Deficit* (—) (in milliards of paper crowns).	1924. I.	II.	III.	IV.	V.	VI.	VII.	1925.
In provisional estimates	—79	—70	— 5	—31	—10	—54	—103	—
In rehabilitation programme (monthly average)				—51			+ 26	+163

All this proves the importance of the enquiry in August. The estimate made in 1922 of the level at which the budget should balance appears no longer to accord with the actual situation of to-day, and the problem of restoring budgetary equilibrium requires serious investigation and persistent effort. In the existing condition of economic life and the money market a rapid rise in public revenue can hardly be expected ; it is therefore probable that efforts must again be made in the direction of retrenchment still more than in the direction of a reorganisation of the financial administration.

6.—The Credit Crisis.

The economic situation in Austria is at present governed by monetary stringency and a credit crisis. The war and the currency collapse have brought Austria into a state of financial exhaustion as a result of an excessive expenditure of capital. The stabilisation of the currency due to the League of Nations credit, and the influx of private capital in 1923 have imparted to the country a new life, which, however, has been to a certain extent shaken through the blows sustained by the Austrian financial world since the end of 1923. In the spring of 1923 large volumes of Austrian securities were purchased by foreigners at cheap prices, but were mostly resold at considerably higher rates at the commencement of the fall in prices. In that way Austria bought back her own securities at much higher prices than those at which she had sold them, and paid away the difference abroad. This caused the first capital loss. In the spring of 1924 came a further loss : the miscarried speculation in francs was indeed fully met, but involved a fresh sacrifice of Austria's liquid assets. Certain badly conducted banks collapsed, and a credit crisis further aggravated the monetary stringency. The public withdrew their deposits, and foreign depositors withdrew credits even from those banks whose strength was beyond all question.

Though the money market is thus experiencing difficult times, signs of improvement are fortunately not lacking. More than one Austrian undertaking has already obtained short term credits from abroad. Everything now depends upon the restoration of confidence and upon attracting for permanent investment the capital which the economic life of the country so urgently requires. This seems the only remedy for a situation which, if it continues, might jeopardise the advantages which should otherwise accrue to Austria from two years' stabilisation of her currency.

7.—The Position of the National Bank.

The crisis has had its effects upon the position of the National Bank. Since the middle of March the weekly returns of the bank reveal a new tendency. During 1923 there was an increase in the bullion reserve and in the holdings of foreign currencies, which went hand in hand with an increase in banking funds (money circulating and on deposit, engagements). The supply of foreign currencies against crowns exceeded the demand and the bank took it up, thereby increasing the circulation and forming a considerable bullion reserve (see especially the survey on page 11 of the 13th Report).

In 1924 this movement has not continued. As the following survey shows, the demand for foreign currencies in January considerably exceeded the supply, causing a diminution of the bullion reserve and of the bank's funds. From Feb. 5 till March 23 there was a strike of the bank's employees, whilst the private banks obtained the resources necessary to fulfil their obligations by consigning securities to the National Bank. Upon the conclusion of the strike a new phase commences, which is characterised by a diminution of the bullion reserve, this time accompanied by an increase of bills in portfolio. The proportions between individual assets representing the cover for the bank's liabilities are subject to change, and the liabilities show a tendency to grow. This development may be summarised as follows :—

1924.	Bullion and currencies.	Bills in portfolio.	Banknote circulation and engagements.
	(In milliards	of paper	crowns.)
January 7 ...	4.368	1.248	7.674
March 23 ...	4.121	1.626	8.084
July 15 ...	3.268	3.173	8.601

On July 15 the bullion reserve covered the liabilities of the bank (note circulation and engagements) to the extent of 38 per cent., as against 51 per cent. on March 23, and 57 per cent. on Jan. 7.

In consequence of the franc speculation and the withdrawal of foreign private credits there arose a large demand for foreign exchanges for payments abroad. Vienna purchased exchanges to some extent from the National Bank and obtained the necessary funds for the purpose by loans which the National Bank granted against bills. In addition to the demand for exchanges, therefore, came a demand for crowns to provide for the want of liquid funds. Towards the end of June the National Bank called upon the private banks to obtain a portion of any funds they might require by surrendering exchanges. This explains the slight rise in the bullion reserve in July.

The raising of the discount rate from 9 to 12 per cent. on June 5 did not prove sufficient to restrict the increase of bills in portfolio and to reduce the liabilities of the National Bank. Clearly, therefore, the stability of the crown will have to be protected by an active bank policy, and a fresh rise in the discount rate appears necessary. Judgment on this question is largely influenced by the fear that a rise in the discount rate might involve a general rise in rates for loans. But the most important reason in favour of a rise in the discount rate is the strengthening of confidence which would result both at home and more especially abroad. Moreover, the bank must exercise a stern censorship of bills submitted, and must ruthlessly restrict bills in portfolio, as these must at all costs be kept within the limits of the credits still available. A strong currency policy on the part of the bank and an irreconcilable opposition to any new inflation will go a long way towards ensuring confidence in the crown's stability in all circumstances. It is of fundamental importance in this connection that the percentage of cover for circulating currency should not be further reduced.

In order to mitigate the dearness of money several other measures would appear desirable. There is an excessive disparity between the rate which the banks pay their creditors (9 per cent. for money at call) and their rate for credits to industry (a minimum of 18 per cent. in the case of very first-class firms, and often 25 per cent. or more, inclusive of costs). The brokerage charged by banks for negotiating loans is extraordinarily high. The banks are too numerous, are heavily over-staffed, and are burdened with all kinds of fiscal and social legislation. It would be of great advantage to the economic life of the country if the methods of the Vienna banks could be simplified and cheapened, and the banks themselves might do something to help in this direction. For instance, by raising the rate for deposits they might no doubt attract considerable volumes of capital, which would enable them to increase their business and thereby reduce the overhead charges incidental to each transaction. It would also appear necessary to abolish the turnover taxes on banking and exchange transactions, as both these taxes gratuitously raise the cost of credits. Their abolition would react favourably upon deposits and upon the rate for foreign capital, and it is to be hoped that this will not be long delayed.

8.—The Foundation of a Central Money Institution.

The idea of a central money institution took shape at the end of the period under report. This was to be a kind of new bank for facilitating the liquidation of banks which had crashed or otherwise found themselves in difficulties. The original proposal was that the capital should be provided by the National Bank, the private banks and the State. In view of the present state of the public finances and the reaction of the economic crisis upon them which may be expected in the next few months, the moment seemed ill-chosen to incur fresh expenditure. The Commissioner-General, therefore, gave the Finance Minister to understand that he could in no way facilitate the participation of the State in the proposed foundation. But even without the participation of the State the idea seems a dangerous one. The new bank introduces no new resources into the country. In order to work at all it will have to obtain from the National Bank, that is, from one of its big shareholders, loans on the securities of banks which are in difficulties. It is, therefore, to be feared that the new institution would involve an unhealthy increase in the liabilities of the National Bank.

9.—The Movement of Prices.

The wholesale index number for industrial raw materials latterly shows a slight decline. It stood at 21.679 (first half year 1914 = 1) in June, and at 21.631 in July. The decline is due to the fall in the price of textile goods. The foodstuffs group, on the other hand, rose from 16.765 in June to 18.018 in July owing to the increase in the price of rice and the introduction of new potatoes into the calculation. The wholesale index number, therefore, rose from 18.232 to 19.131. The cost of living index number fell from 15.376 to 15.311, which represents a decline of 0.42 per cent. This is the first fall in the cost of living index number since August 1923 (13.052), and is mainly due to a fall in the price of milk and potatoes. The recent increase in the liabilities of the Note Issue Bank has not yet had any reaction upon prices, but it would be foolish to suppose that the heavy increase in the note circulation or the important rise in civil service salaries will not influence retail prices.

10.—Industry.

The industrial situation is not quite clear. There is general talk of an industrial crisis, but the available statistics so far show no signs of this. The trade figures reflect a favourable expansion of business. The value both of imports and of exports is rising, but the increase is greater in the case of exports, which means a reduction in the adverse trade balance. It is nevertheless possible that an industrial crisis is coming. A principal cause would be the scarcity of capital and the lack of long term credits. It is perfectly clear that the intermediate industries are forced by very high credit rates into an unfavourable position as compared with foreign competitors. In the view of the Commissioner-General the causes of the difficult position of Austrian industry may be divided into two groups as follows :—

1. *Market Difficulties.*—Through the break-up of the Austro-Hungarian Monarchy Austria to-day has lost the greater part of the market which was formerly protected by heavy tariffs. This loss is aggravated by the trade policy of the Succession States, which is unfavourable to the import of foreign goods. Continual trade negotiations may gradually ease the situation, but any immediate improvement appears impossible. For the actual crisis, therefore, which requires rapid action, this cause is of less immediate importance than the second, whose origin may be sought within Austria itself.

2. *Factors adverse to competition.*—In these must be included :

a. The extraordinarily high rate of interest which industry has to pay, and of which the following are the causes :

i. the prevailing scarcity of capital ;

ii. the bank turnover tax, which makes it of practically no advantage to place short term money in the banks and thereby restricts deposits ;

iii. the exchange turnover tax, which withdraws from foreigners a portion of the advantage to be obtained by placing short term money in Austria ;

iv. the banking conditions, which are much more oppressive than in other countries, and which are partly due to the burdens laid on the banks by social legislation ;

v. the too small discount rate of the National Bank, the raising of which would probably lead to a rise in the rate for deposits, thereby stimulating the influx of capital to the banks.

b. The corporation tax, which considerably restricts the development of industrial undertakings.

c. Social legislation, which is responsible for a large increase in the costs of production, and constitutes a very heavy burden on industry.

Thus it can be seen that in the solution of the problem various factors must co-operate : the Government, the National Bank, the private banks, the manufacturers and the trade unions. Recently it was suggested that all these should be summoned to an economic conference, and the idea has the warm support of the Commissioner-General, who considers that, given the right spirit, such a conference could be productive of highly beneficial results.

Under the existing conditions any forecast of economic development during the next few months must be made with the greatest reserve. The situation of private undertakings is not such as to permit the hope of an increase in public revenues, which fact must be taken into account when considering the means of balancing and finally stabilising the budget.

CANADA'S FINANCIAL RECORD.

The statement of the receipts and expenditures of the Government of Canada for the four months of the fiscal year ending with July 31 gives reason for moderate satisfaction only. The revenue exceeds the expenditure, but the amount is less than in the same period of the preceding year, and the expenditure is in excess of that of 1923. The figures are :—

	Revenue.	*Expenditure.*
1923-24...	$152,265,643	$93,781,053
1924–25...	138,807,253	101,485,375

The revenue in the current year was less by $13,458,390 than in the same period of 1923–24, and the expenditure was $7,704,322 greater. The record is that of a third of the year. It suggests that the time for reducing the oppressive debt and heavy taxes is yet far off in this country. It would be farther off if the House of Commons had had its way and Parliament had authorised all the appropriations pressed upon the Government by members. There has really been no effective step taken, though nearly five years have passed since the war ended, to face the duty that Great Britain, the United States, and the greater British colonies have assumed of keeping the expenditure sufficiently under the revenue to permit of debt reduction on a scale to curtail noticeably the appropriation for interest and permit a lessening of taxation.

The details of the revenue receipts are as follows for the four months of the two years :—

	1923–24.	1924–25.
Customs	$41,719,017	$38,687,616
Excise	12,361,509	13,064,715
Post Office	9,100,000	8,900,000
Public Works	435,137	384,294
War Tax Revenue—		
Excise Taxes	39,495,715	25,916,573
Business Profits Tax	1,688,186	721,366
Income Tax	43,368,951	46,383,696
Other War Tax Revenue ...	38,376	26,424
Other Revenue Accounts	4,058,747	4,722,565
Total	$152,265,643	$138,807,253

The decrease in the Customs tax receipts of fully $3,000,000, like the slight reduction in Postal receipts, suggests a slowness of trade that may not, however, be of long duration. An increase in Excise taxes may be attributed to various causes ; possibly the growing tourist traffic plays its part. An increase in Income tax receipts was not among the things anticipated. It is probably due in part to a growth in incomes throughout the country and in part to the development of greater efficiency in the collection service. The tax is one that to some seems easy to evade, and a good many sharp lessons may be necessary to bring the delinquents up to time.

The tables of the expenditure suggest something of how hard it is to curtail a cause of outlay once it has been begun. They are for the two years as follows:—

	1923–24.	1924–25.
Interest on Public Debt	$48,755,549	$51,395,485
Agriculture	1,358,964	1,360,443
Pensions	8,206,269	8,435,832
Public Works	1,671,656	2,097,835
Post Office	5,148,228	4,667,600
Dominion Lands and Parks ...	938,623	900,438
Soldiers' Land Settlement	461,907	419,242
Soldiers' Civil Re-establishment ...	2,069,985	2,365,517
Other Expenditure Accounts ...	22,534,214	24,904,145
Total	$91,145,399	$96,546,541
Expenditure on Capital Account ...	2,635,654	4,938,834

There is an increase in the interest on the public debt that may not continue till the end of the year. The appropriation for the whole year 1924–25 is less than that for the preceding twelve months. The other increases are evidence, so far as it goes, of accession to growing demands, especially those arising out of war commitments. The net result of the transactions of the four months period, including banking and other transactions, is an increase in the net debt, compared with the figure a year ago, of $1,539,438. The figure of the gross debt on July 31 was $2,859,647,365. From this, to ascertain the net debt, is deducted certain investments, sinking funds and miscellaneous accounts, the total of which is $468,195,685. These investments and miscellaneous accounts reach the huge sum of $1,043,157,621. There is deducted therefrom, as non-active assets, $613,935,210. This large sum is represented by advances and guarantees to commercial transportation interests, railways, bridges and harbour works, on which the promised interest is not paid. It is, with a large proportion of the landed debt, the result of Parliament, at the instance of successive governments, undertaking to finance promoters' schemes that had no commercial justification. And Parliament, with this example of the evil of mixing politics with business in the public outlays, at the late session voted a lot more millions for similar schemes, for which the public will pay in taxes. (*The Gazette*, Montreal.)

ESTIMATE OF CANADA'S WHEAT CROP.

The Dominion Bureau of Statistics estimates Canada's wheat crop this year at 282,042,000 bushels, as compared with a final estimated yield last year of 474,199,000 bushels. This estimate, says the Montreal *Gazette*, is based on definite estimates of the yield of fall wheat and the latest report of the condition of spring wheat throughout Canada. The average yield per acre of fall wheat is estimated to be 25.1 bushels on a harvested area of 765,679 acres, or a total of 19,245,000 bushels as compared with 19,315,000 bushels from 815,706 acres last year. The majority of fall wheat is in Ontario, where the crop will average 26.9 bushels per acre, as against 23.1 bushels last year. In Alberta, on small acreage, the average has dropped from 28 bushels to 10 bushels to the acre. In the three prairie provinces there is a drop in the average of all wheat. At the end of July it appeared that there would be a total wheat harvest of about 259,032,000 bushels from a sown area of 21,516,797 acres; in 1923 the figures were 452,260,000 bushels from 21,665,276 acres.

Yields of grain other than wheat are estimated by the Bureau of Statistics as follows: Oats, 378,995,000 bushels as compared with 563,997,500 bushels last year; barley, 71,204,000 bushels as compared with 76,997,800 bushels last year; rye, 12,358,500 bushels as compared with 23,231,800 bushels last year; and flax seed, 8,626,400 bushels as compared with 7,139,500 bushels last year.

At the end of July, says the report, abundant rains had wrought great improvement in crop conditions in Manitoba, where an average yield was expected. In Saskatchewan damage wrought by drought had been mitigated in some districts by rains, chiefly in the southern part of the province. In the northern sections, however, rains were not so general, and yields of wheat and feed crops are menaced. Some hail damage is reported in the south and north-west. In Alberta all crops suffered from drought in June and the early part of July. Rains during the latter part of July greatly helped late-sown crops and pastures, but in many cases were too late for wheat. Hay prospects are poor, but are improving somewhat. Throughout the west damage from insects or plant diseases is negligible. Crop conditions in the three Atlantic provinces are poor, drought and cutworms having been prevalent. In Quebec crops generally have a nice appearance. In Ontario crops are backward, but generally favourable, a good hay crop having been nearly all harvested. Wheat is an excellent crop, only slightly damaged by rust.

In the opinion of Premier Bracken, who has travelled over 1,000 miles through that part of the province, Western Manitoba this year will harvest its largest crop since 1915. There are only two possible dangers, rust in the south and early frosts in the north. Rye harvesting in many districts is well under way and some barley has been cut. The oat crop will be heavy, but late in some districts. As a matter of fact, crop conditions throughout the whole of Western Canada have greatly improved as a result of the general rains in the early part of August, and cutting of coarse grains was expected to be general by the middle of the month, while binders were to be in the wheat field about August 25, though not starting in some districts until September 1. Portage district is the first to report cutting started on barley, rye and clover. The highest yield predicted is in oats, one farmer in the Minaki (Ont.) division anticipating 73 bushels to the acre; but this is admitted to be exceptional. From 10 to 25 bushels is looked for in wheat, and slightly more in the coarse grains. The spread is large, and districts vary greatly as regards the yield. The only damage worthy of notice during the early days of August was from hail, from which several districts suffered severely. Black rust has been reported in some fields in the Oakland subdivision, Manitoba, but the damage from red rust is said to be nil. Saskatchewan and Alberta crops have been recovering considerably by the rain, with the result that in districts where the outlook was very poor at the end of July a fifty per cent. crop is now in sight; but warmer weather was required to bring the grains to maturity.

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

THE ECONOMIST'S BOOKSHELF.

COTTON IN AUSTRALIA.

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

This is an excellent study of a most important problem. It is the work of a competent authority upon cotton-growing and should be read by all who are interested in the possibilities of the Imperial development of supplies of such an essential raw material. The diminution in the American supply of cotton, coupled to the decreased output from other sources, has created difficulties which, if they are not alarming, are depressing the staple industries of Lancashire. Sources of supply without the Empire are rapidly becoming for various reasons precarious and unreliable, therefore it is natural and eminently desirable that cotton authorities should turn, prospectively, to areas within the Empire in order to ensure the satisfaction of our normal requirements. The world-wide demand for cotton manufactures is insatiable and there can be no doubt as to the wisdom of seeking every means of stimulating an unfailing and increasing production of the raw material.

As regards Australia Mr. Richard Harding has performed invaluable services. His book is an excellent survey of the prospects and whole problem of cotton-growing in that continent. It is a history of past experiment and an instructive and suggestive guide for future practical effort. Past experience as well as Mr. Harding's own experiments give ample proof that in certain defined areas, Australia possesses the necessary requirements of climate, soil and rainfall essential to cotton production. Moreover, the varieties of the cotton plant which may be cultivated there are capable of yielding a commercial crop. The British West Indies produce a cotton which is in quality the finest in the world, surpassing the products of both Egypt and America. "It may be news to many," writes Mr. Harding, "that Australia is perhaps the only country that has in the past produced cotton of equal quality to that of the West Indies." Considering that cotton-growing was attempted in Australia so long ago as 1788 and has since been subjected to innumerable fresh experiments it must be confessed that the results to-day, in production, are, if not lamentable, then most disappointing. During the American Civil War a real stimulus was given which seems to have found its response in Queensland. The cultivation of cotton increased enormously but only to drop back again in a very few years to a minimum output. Obviously reasons exist for this failure to grasp and utilise such exceptional opportunities and such reasons Mr. Harding very faithfully provides.

We are inclined to agree that no individual factor has been directly responsible for Australia's failure to make a permanent commercial success of cotton growing. Summarised, the main causes to which Mr. Harding would attribute this failure are as follows: the growers' difficulty in disposing of their crop; slow and uncertain transport; lack of business organisations for marketing; scarcity of population; laxity in methods of cultivation; fluctuations in value; and the cost and difficulty of obtaining labour. Through the initiative and business enterprise of the British Australian Cotton Association many of these difficulties and defects have been removed. With the exception of one, we believe all the causes responsible for Australia's failure in the past may be overcome. Mr. Harding produces ample evidence that Australia possesses genuine cotton-belts capable of growing the highest possible quality of the raw material at easily remunerative rates. So far nothing so pernicious as the Boll Weevil in America has put in appearance in Australia. The prime difficulty to be encountered is one of labour. This has been a real problem from the very earliest beginnings and anything to be compared to cheap native supplies is, never was, and never will be available. This factor militates against the growth of cotton on a large scale. Therefore Mr. Harding, in an excellent passage, is most suggestive and constructive when he seeks to advance the idea of smallholdings as the principle along which the expansion of Australian cotton cultivation can travel. He would encourage the use of plots not exceeding an area of ten acres. This would minimise labour difficulties and would tend to stimulate the growth of cotton by farmers alongside agricultural produce. The area selected must be that which growers and their families can handle without seeking outside assistance. Whether this is feasible or not only experience can determine.

In the face of many former failures it is not permissible to be too optimistic concerning the future production of cotton in Australia but it is not saying too much when we remark that, to the whole problem of cotton growing in that continent Mr. Harding, in the volume before us, has rendered invaluable services. H.J.H.

PUBLICATIONS RECEIVED.

London University Guide and University Correspondence College Calendar 1924–1925. (London: University Tutorial Press Ld.)

Problems of Public Finance. By Jens P. Jensen, Department of Economics, University of Kansas. (London: George G. Harrap & Company Ltd. Price, 10s. 6d. net.)

The Economic Condition of Soviet Russia. By S. N. Prokopovitch, Professor of Economics in the University of Moscow. (London: P. S. King & Son, Ltd. Price, 7s. 6d. net.)

STATISTICAL SECTION

THE TRADE BAROMETER

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

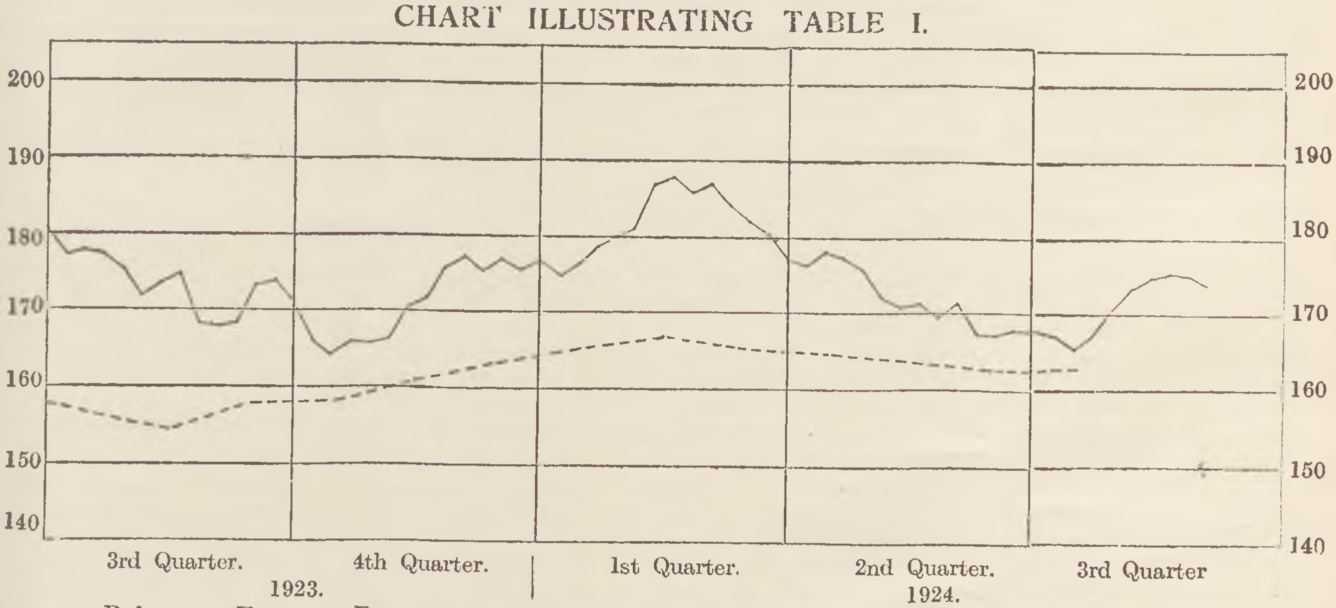
1. Pig iron.
2. Tin.
3. Coal.
4. Linseed Oil.
5. Cotton.
6. Wool.
7. Hides.
8. Wheat.
9. Bacon.
10. Sugar.

Table I. shows the movements of our ten commodities in the aggregate, and Table II. the movements of each of them in relation to the others. 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). For a full explanation of our index number see THE ECONOMIC REVIEW, Aug. 29, 1924, page 194.

TABLE I.

Date 1923.	10 Commodities	Bd. of Tde. Monthly Average	Date	10 Commodities	Bd. of Tde. Monthly Average	Date	10 Commodities	Bd. of Tde Monthly Average	Date	10 Commodities	Bd. of Tde Monthly Average
July 6	177.3		Nov. 2	166.4		Feb. 22	185.9		June 20	167.8	162.6
13	177.9	156.5	9	170.4		29	186.8		27	167.6	
20	177.3		16	171.7	160.8	Mar. 7	184.4		July 4	167.1	
27	175.3		23	175.6		14	182.1	165.4	11	165.4	
Aug. 3	171.7		30	177.4		21	180.4		18	167.1	162.7
10	173.5		Dec. 7	175.4		28	177.1		25	170.4	
17	174.6	154.5	14	177.0	163.4	Apr. 4	176.3		Aug. 1	173.3	
24	168.4		21	175.5		11	178.1		8	174.9	
31	168.0		28	176.8		18	177.5	164.7	15	175.3	
Sept. 7	168.4		1924			25	175.8		22	175.1	
14	173.2	157.8	Jan. 4	174.8		May 2	172.0		29	173.9	
21	173.8		11	176.4		9	170.9				
28	171.2		18	178.6	165.4	16	171.2	163.7			
Oct. 5	166.1		25	180.0		23	169.5				
12	164.2		Feb. 1	181.1		30	171.2				
19	166.0	158.1	8	186.8		June 6	167.5				
26	165.8		15	187.9	167.0	13	167.1				

CHART ILLUSTRATING TABLE I.



Reference : ECONOMIC REVIEW Index Number——— Board of Trade Monthly Index Number -----

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.
1923												1923.
July 20 ...	102.6	108.1	100.0	154.4	129.5	126.7	89.9	105.9	80.1	184.6	118.18	... July 20
Oct. 12 ...	93.4	117.1	90.6	150.9	136.4	126.7	84.8	83.0	66.2	145.9*	109.50	... Oct. 12
Nov. 16 ...	97.2	127.4	97.2	149.1	165.8	128.9	87.0	86.2	73.5	132.7	114.50	... Nov. 16
Dec. 14 ...	101.4	138.5	92.5	150.9	173.5	133.3	84.1	93.3	69.1	143.2	117.98	... Dec. 14
1924.												1924.
Jan. 18 ...	100.5	146.9	94.3	154.4	164.1	137.8	88.4	91.7	69.1	143.2	119.04	... Jan. 18
Feb. 15 ...	96.7	163.4	96.2	171.9	159.6	151.1	91.3	100.4	65.8	156.1	125.25	... Feb. 15
Mar. 14 ...	94.3	166.6	98.1	138.6	143.0	151.1	89.1	105.1	71.0	156.8	121.37	... Mar. 14
Apr. 18 ...	99.1	142.2	100.0	133.3	160.4	153.3	87.7	99.6	71.3	136.5	118.33	... Apr. 18
May 16 ...	96.7	129.5	87.7	132.5	151.2	153.3	88.4	102.8	75.0	124.3	114.14	... May 16
June 13 ...	92.5	128.9	81.1	140.4	147.3	142.2	92.0	106.7	83.5	99.3	111.39	... June 13
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
,, 29 ...	87.3	148.5	78.3	149.1	139.1	151.1	97.1	122.5	88.2	98.0	115.91	... ,, 29

*Revised Quotation.

Statistical Section

THE EUROPEAN EXCHANGES

WEEKLY PERCENTAGE OF DOLLAR PARITY

(To Week Ending Aug. 30th.)

	Week ending Aug. 30	Week ending Aug. 23.
Sweden	99.31	99.31
Switzerland ...	97.27	97.50
Holland	96.38	96.61
Sterling	92.26	92.68
Spain	68.87	69.34

	Week ending Aug. 30	Week ending Aug. 23.
Denmark ...	60.67	60.53
Norway	51.64	51.76
France	28.12	28.12
Italy	22.96	23.01

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.