

ECONOMIC REVIEW

A REVIEW OF THE FOREIGN PRESS

AND

A JOURNAL OF POLITICAL ECONOMY

Vol. X. No. 13.

September 26, 1924.

Price 1s. Weekly.

Editorial Offices :

6, JOHN STREET, ADELPHI, LONDON, W.C.2.

Telephone : Gerrard 1306.

Subscription Rates (Post free, home or abroad)

1 YEAR	-	£2 : 12 : 6
6 MONTHS	-	£1 : 7 : 6

Copies of "THE ECONOMIC REVIEW" may be obtained from :

Messrs. W. H. SMITH, Strand House, Portugal Street, Strand, W.C.

Messrs. HORACE MARSHALL, Temple House, Temple Avenue, E.C.

Messrs. WM. DAWSON, Cannon House, Breems Buildings, E.C.

Messrs. LEATHWAITE & SIMMONS, 34 Throgmorton Street, E.C.

The Publisher will be glad to send specimen copies, free of charge, to any address.

The Editor of "THE ECONOMIC REVIEW" welcomes correspondence from Readers, for publication or otherwise, on matters of Theoretical or Practical Economics.

ECONOMIC REVIEW OF REVIEWS.

A WORKERS' BANK IN GERMANY.

Workers' banks are not confined to the United States of America. An instructive article by BERN MEYER in *Die Arbeit** describes the development and aims of a similar institution in Germany. The idea was first discussed there in 1912, but the conditions at that time were unfavourable to its fruition. After the war, however, the mismanagement of the banks during the inflation, combined with the increase both in the numbers and in the political and economic importance of the trade unions, led to its revival, and the stabilisation of the currency afforded a suitable opportunity for the foundation of a trade union bank called the *Bank der Arbeiter, Angestellten und Beamten, A.-G.* A bank mainly dependent upon trade union funds is bound to find its operations restricted by the one-sided character of the latter, which cannot be locked up in such a way as to be unavailable when required for industrial warfare; the bank is therefore compelled to maintain a higher degree of liquidity than the other banks. This difficulty will diminish in proportion as the accumulation of trade union funds increases. For the same reason it is desired to make the basis of the bank as broad as possible by attracting workers' savings and the funds of all predominantly working class societies. Above all it should become the central banking institution for the numerous consumers' co-operative society banks which have existed since long before the war. These banks suffer from the one-sidedness of their funds in the same way as a purely trade union bank would suffer. In short, "the Workers' Bank is the banking institution not only for the trade union and co-operative movement, but also for all other organisations of an economic, political or cultural character whose object is to promote the interests of the working classes."

The effect of a trade depression upon a workers' bank is stated to be precisely the opposite of that upon other banks; for the surplus from working class resources available for deposit is then at its lowest, whilst funds will necessarily be withdrawn to meet the emergencies

of unemployment. A boom, on the other hand, will bring an abundant inflow of resources into the bank. Herr Meyer also considers that, as the bank will be connected to a greater extent with industries which provide for direct consumption than with those which provide the means of production, it will be in a better position to weather crises than other banks. We find both these views somewhat inconsistent with his emphatic statement that the bank will have exactly the same problems to face as other banks, and that it will similarly have to keep a large portion of its funds liquid by means of bill discountings, advances on security, etc. "The business methods of the Workers' Bank must be capitalistic," and "it must make profits, if it is to fulfil its intended objects." "What distinguishes a Workers' Bank from the capitalistic banks is the aim which it has in view, namely, to devote its deposits and profits not to the gain of private individuals, but to the interests of the workers' movement." But, surely, if the bank is to make profits it will experience a growing monetary stringency during periods of boom just like other banks. In depressions, on the other hand, whereas other banks have large funds and small profits, the Workers' Bank will have small funds and small profits also, so that it is difficult to see how it will weather storms better than they. But this is not very material; much more important is the conception of the bank, which is laudable inasmuch as it does not propose to proceed along narrow class lines nor to boycott capitalist enterprise. It is another instance of trade unionism "saving to invest and for control" instead of for fighting, to use Mr. John Murray's description of the American prototype. If our own trade unionists have not yet been stimulated by the American example, perhaps they may take encouragement from the German.

In spite of initial difficulties, which include the problem of obtaining qualified personnel, Herr Meyer, who is a Director of the bank, is very optimistic as to its potentialities, and points to the development of workers' banks, not only in America, but also in Austria and Denmark. He advocates international co-operation among such banks more especially as an answer to the growth of international trusts.

* Berlin: Verlagsgesellschaft des Allgemeinen Deutschen Gewerkschafts-Bundes. Monthly, M.I.)

AGRICULTURE AND PRICE STABILISATION.

Since the war United States agriculture has experienced a period of depression not unlike the British. There have been severe and rapid fluctuations of prices combined with an adverse proportion between buying and selling prices. The American farmer manifests an individualism almost as inveterate as that of his British counterpart, and a corresponding disinclination to resort to the co-operative remedy for his ills. Co-operation, nevertheless, has made a certain headway in America, and the two leading societies, the California Fruit Growers' Exchange, and the Sun-Maid Raisin Growers, have achieved marked success. In two excellent articles in the *Journal of Political Economy**, Mr. W. R. CAMP, of the University of California, describes the methods of these marketing organisations, and discusses the problems which they raise in relation to financing, business cycles and price stabilisation. One of the most important functions of the co-operative organisations is to ensure regularity in the distribution of the product, in which the assistance of the bankers is essential. The California bankers fully realise that they would defeat the purpose of the organisations by hastening the process of liquidation and marketing, and are therefore ready to grant credits long enough to finance a gradual distribution. Moreover, under the Agricultural Credits Act of 1923 the power of the co-operative organisations to borrow from the Federal Intermediate Credit Banks will tend to limit the rates which other lending agencies may charge. The growers who pool their products for marketing at the same time pool their products for borrowing, and the large-scale borrowing of the co-operatives in the place of the more expensive borrowing of small amounts by each individual grower is considered one of the principal achievements of the associations. The country banks of California can share in these large loans on similar terms with the larger banks, and one of the problems of rural credit due to the absence of branch banking and the consequent diversity of rates is thereby solved.

Other organisations planned on the lines of the two already mentioned are being formed to market cotton, tobacco, peanuts and wheat in a number of the other States, but the difficulty of extending the movement to such products and cotton and wheat is increased by the vastness of the competitive area in which the products are grown, and by the obstacles in the way of an efficient adjustment of output to probable demand. Whether the organisations can achieve a success in other States similar to that in California remains to be seen.

With some minor exceptions farmers have made little headway towards controlling the price changes of their items of cost, and there is no co-ordination between changes in cost prices and changes in selling prices. The fact that they purchase most of their supplies retail is especially disadvantageous during a depression when the retail prices at which they buy decline less than the wholesale prices at which they sell. Moreover, agricultural depressions do not necessarily occur at the same time as depressions in general. A survey to determine the ten commodities which best reflect the changes of business cycles resulted in the choice of no farm product, but in a selection of six commodities manufactured from farm products, which is significant of the superior power of manufacturers in adjusting their buying and selling prices to a highly elastic demand for their output. In general farmers must continue to suffer more than other producing groups from a decline in the value of their products in so far as they are less able to control their output and costs, to integrate the processes that enter into production and distribution under their own management, and to form advantageous organisations for stabilising buying and selling prices. There is one other matter in regard to selling prices which must be mentioned. In agriculture the influence

of sellers who cannot afford to postpone the sale of their product is much more important than in manufacturing because of the large number whose scale of operations is small. The small growers force down prices for the larger, and it is one of the achievements of the Californian co-operative organisations to have eliminated this form of competition.

As to the broader aspects of the general problem of prices, Mr. Camp expresses himself as follows:—

"Stabilisation of the basis of credit involves harmonising the price changes of all items of cost with those of selling prices. This would require that the whole scheme of business must act as a unit. The question is: How can it so act under a *laissez faire* price system of control by the conflicting interests? All business is interested in maximum selling prices and minimum costs. Manifestly, the groups whose commodities or services become the costs of other groups are in conflict one with the other. Possibly there is no solution of the problem of controlling the price system as long as the right of price determination is left to the discretion of opposing interests."

And he concludes with the significant question:—

"To what extent may the more complete organisation of business bring about control of business cycles, so as to prevent sky-rocketing and collapse of prices, or must the conclusion be that the maladjustment of prices or the differential rate of price increase and decline is a permanent concomitant of the quest for profits?"

INDIAN PUBLIC FINANCE.

Two articles in the current number of the *Indian Journal of Economics** are devoted to the intricate and problematic question of Public Finance. One from the pen of DR. JOHN MATTHAI is mainly concerned with Public Finance and Industrial Development. Falling into line with the recommendations of the Indian Industrial Commission several of the provincial governments are contemplating measures for rendering State-aid to new and nascent industries. An objection raised universally in all provinces voices a plea that financial assistance, in the shape of loans, to industrial undertakings ought not to be provided by the State directly but through the medium of an industrial bank. Dr. Matthai considers this objection a weighty one because "governments cannot be trusted to deal with industrial loans with the knowledge and judgment possessed by a bank, and since Development is a transferred subject under the reformed system of government, there is also the danger that in the distribution of Government loans, political influence may make itself felt." Be that as it may, Dr. Matthai regards the formation of industrial banks in India as an equally difficult question. What banking there is in India is largely under the influence of the banking tradition in England "which looks to commercial finance as the most suitable field for banking operations that an advance in the direction of industrial banking must necessarily take time. Moreover, investment as a habit being still relatively so undeveloped in India, the customary forms of investment in land and in loans to local clients will continue to have superior claims on investors unless a large forward policy is undertaken by the State and the claims of industrial investments are established by experience and demonstration." Dr. Matthai points out that in the budgets of Provincial governments, loans are beginning to fill a much more conspicuous place, and, under the influence of several circumstances, the Government of India is losing its primitive idea in Public Finance which "regarded borrowing in every form as dulling the edge of husbandry."

Mr. C. N. VAKIL, in a paper entitled *Indian Financial Statistics*, deals with a subject over which thousands of others besides Lord Curzon must have found themselves "considerably puzzled." In the past two main causes have introduced difficulties in the way of a clear interpretation of the financial statistics of the Indian Government. They are (1) variations in classification and methods of accounting; (2) the unit of account.

* Chicago: University of Chicago Press; London: Cambridge University Press. Bi-monthly, 81 cents.

* University of Allahabad. London: MacMillan & Co., Ltd. Price, Rs. 3.

The latter was the more serious cause of trouble. Although since 1899 the English sovereign has been declared legal tender in India, in all monetary transactions the people of India think in rupees. The Government of India receives its revenue in rupees, because taxes are paid in rupees and its expenditure in India is also incurred in rupees. In spite of this, as Mr. Vakil remarks, "the financial statistics of India are presented to the world in pounds sterling." The adoption of the pound-sterling as the "unit of account" led, obviously, to the utmost confusion. The fluctuations in the rupee exchange-value led to dilemmas in accountancy and make retrospective or comparative

statistics thoroughly enigmatical. Mr. Vakil proposes at a later date, to publish a series of statistical tables from the year 1861. In view of the difficulties the task is an unenviable one. The purpose of this paper is to indicate the line along which he proposes to advance. The impossibility of attempting to adjust the value of the pound-sterling with the market fluctuations of the rupee led the Government of India to adopt a "fixed ratio" between the rupee and sterling for the purposes of their accounts. This procedure Mr. Vakil subjects to healthy criticism in a brief survey of the way in which the supposed loss or gain by exchange was treated on different occasions in the past.

ECONOMIC SURVEY

(The following Survey is strictly impartial both in content and in selection, and is in no way subject to the influence of Editorial opinion.)

FINLAND

FINANCE

A Budget Forecast.—The Government will soon have the Budget for 1925 ready. No figures have yet been published, but the Minister of Finance has prepared the public for an increase of expenditure. Some items increase automatically, such as those for compulsory education and the upkeep of roads. The grants for education purposes have hitherto been all too scanty, and must be augmented. The defences are bound to cost more, new centres of agricultural training are required, and increased credit in the form of Government grants is needed to finance land colonisation. Industrial activity must be facilitated by additions to the railway rolling stock, harbours must be improved, and funds must be voted to pay for the sea-going icebreaker which has been ordered in Holland. The Government must also sacrifice some millions to increase the number of steamer services between Abo and Stockholm during the winter.

Thus, while some increases of expenditure is absolutely essential, others are the result of the incautious zeal which found expression in the education and road reforms. The national expenditure has been growing year by year, but in the last few years the revenue has grown still more quickly. This is due to heavy taxation. But the trade depression which is now making itself felt owing to high costs of production and low selling prices, is producing a demand for greater economy in the administration of the national finances. The big revenue of the last few years has given the Government a surplus, but this will shrink away as expenditure increases. The Minister of Finance hints that it may be questionable whether the national finances can bear much bigger expenditure. For instance, it looks as though it may become necessary to make some alteration in the Education Act, the Roads Act, and other Acts which indefinitely increase the burden upon the Government and the communes. So far, however, the Council of State has not yet had even a preliminary discussion of these questions.

Nevertheless the Minister of Finance is hopeful. Even though expenditure has risen, revenue has also steadily grown, wherefore the proposed relief of taxation can be made a reality. The Budget proposal is to reduce the Income and Property Tax by 139 million marks, and to abolish altogether certain basic taxes which have brought in about 27 million. (*Mercator.*)

The Banks and Money Stringency.—Business is dull in all its branches as may be gathered from the July balance-sheets of the joint stock banks.

At the first glance these balance-sheets seem to show that the strain is a good deal less, but this effect is solely due to the new dollar loan, which was raised on account of the new Industri-Hypoteks Bank at the end of the month. At present this loan figures as a current account in the three banks which arranged it. These banks sold to the Bank of Finland the dollar currency which they thus obtained, and by doing so reduced their extensive rediscountings with the central bank. This reinforced the Bank of Finland's valuta reserve, and diminished its bill discounting to a like extent. But the Joint Stock banks have to keep the money on hand for the new bank, which is to be opened shortly, so that it has not enabled them to increase their discounts and loans to the public. On the contrary, the balance-sheets for the end of July show that the total discounts and loans of all the Joint Stock banks have dropped by 35 million marks, and the deposits in those banks by 20 million. This tightening of credit can, however, very largely be explained by the consolidation now taking place in the Union Bank, which during July made a further curtailment of its discounts and loans by a sum of 22.5 million marks, discounted bills representing 13.5 million of this amount.

The foreign indebtedness of the Joint Stock banks decreased by 60 million marks during the month. It will be remembered that this indebtedness consists of mark deposits belonging to foreigners. The reduction of these deposits causes further stringency in the money market, as also does the fact that the Government is about to make use of the large sums which it deposited in the banks at the end of last year and the beginning of this.

Large sums of money are tied up in the stocks of timber which are still unsold, so it is obvious that the stagnation of the timber market has been one of the causes for the prevalent tightness of money. The good harvest, which is now assured, will bring relief later on, but just now the financing of the harvest only helps to make the money market still tighter.

Yet another reason for this state of things is that the Government is now beginning gradually to withdraw its deposits from the Joint Stock banks. At the end of last year and the beginning of this the Government deposited in the bigger banks considerable sums which amounted together to about 500 million marks. It did not then need this money, as it had also a big sum in hand on current account in the Bank of Finland, which amounted on Feb. 15 to 400 million marks. This balance has gradually been used up, and the Government has therefore begun to withdraw its deposits from the Joint Stock banks, though it is being careful not to do so too quickly. As the banks have employed the money for making loans to the public,

they are now forced to cut down their credits according as the deposits are drawn out—i.e. at the rate of 45 or 50 millions a month—or else to increase their rediscounting with the Bank of Finland. The Bank of Finland's discounts and loans have recently been increasing, but this is partly due to the transfer to its account of certain big credits from the Union Bank, which is now undergoing fundamental reconstruction with the assistance of the Bank of Finland and two Joint Stock banks.

A further reason for the scarcity of money is that foreigners are still steadily withdrawing their current accounts from the banks. These are sums in marks which foreign merchants or speculators in the exchange deposited in the bigger banks during the period when the mark was falling, in the hope that it would then rise. At times—in the years 1921 and 1922—these deposits have amounted to as much as a milliard of marks, but on July 31 this year they were only about 400 million, and it is expected that they will diminish still further. (*Mercator.*)

Owing to the shortage of money in Finland, writes Dr. W. Grotkoff in *Wirtschaftsdienst*, the foundation of economic enterprises have had to be abandoned, so that a proper development of the country's natural resources has not yet been possible. To this conclusion an exhaustive investigation by Dr. Paasikivi, a bank manager, has led. Dr. Paasikivi has set himself to study the question as to how far in the last ten years the country's productive capacity has increased in proportion to its foreign debt. He has shown that, although Finland's productive power has increased of late, it has not kept pace with the growth of the population, and is moreover counterbalanced by the still greater increase of the foreign debt. According to his calculations, the new works undertaken during the last ten years by the Government and by industry (exclusive of agriculture) amount in value to about 2.5 milliard marks, whereas in the same period the country's foreign debt has increased by 3.5 milliards. The causes of this situation are, according to Dr. Paasikivi, the civil war and the impoverishment of the middle class to which in particular he attributes the falling off of bank deposits and of insurance business. Temporary relief from this tightness of money is generally expected from Wall Street, so that in the immediate future Finnish Loans will be frequent.

INDUSTRY

The Timber Trade.—The present state of the timber market furnishes ground for anxiety. The season is exceedingly quiet, and nearly two-fifths of the year's output, or 400,000 standards of sawn timber, are lying unsold. The reasons for this are not unknown. The timber exporters are preparing to reduce their output next winter, for Finland cannot afford to keep big stocks of wood unsold. The Government timber auctions afford unmistakable evidence of the caution which the producers of wood products are observing. Reports are current that the output may be reduced by 25 per cent., or about 200,000 standards.

The position on the timber market is now pretty much the same as it was last year. It may of course happen, as it did then, that sales will begin to go more briskly towards the end of the season. Enquiries have now begun to come in, but there have been cases in which the sellers accepted a lower price than that hitherto asked, and the Finnish Sawmill Owners' Association has therefore sent out a circular to its members, urging them not to be induced to accept prices which are appreciably lower than those now current. The Association considers that certain circumstances point to an improvement in the situation, and has recommended its members to adhere to certain specified prices for ordinary business.

The Water Power Industry.—Russia is specially interested in (among forms of production) Finland's water power. That country's rapids and waterfalls are but sparsely utilised in comparison with those of neigh-

bouring countries, since various factors such as rapid freezing, shallow water by the banks, the slight fall, and complicated water rights, hamper its development. The chief object of interest are the waterpower works at the Imatra fall, which, now that the works on Lake Saima have been finally completed, is capable of producing 700,000 h.p. These works have a special interest for Russia, since a large part of the power produced can be transported to the industrial district of North-Western Russia, scantily provided with water power. But all this lies in the future, since at present Imatra produces only 14,000 h.p., and the further progress of the works continually encounters fresh difficulties. It is hoped that in 1928 the work will be sufficiently advanced to admit of the production of 79,000 h.p., and that further works may be possible without undue difficulty for the production of 200,000 h.p. For the first period of construction 4½ mill. dollar will be required and as these are not forthcoming the abandonment of the scheme has been urged in many quarters. However, by means of new loans it has been possible to overcome early difficulties. In regard also to other works, lack of money is the primary obstacle. Mention should be made of (among others) the river Kymi, in South Finland, and the Kumo, in West Finland, each of which is capable of producing 300,000 h.p., only a sixth of which is at present utilised, and the Onlojiki, the water power of which is quite untouched. (*Wirtschaftsdienst.*)

TRADE

Foreign Trade Returns.—The most recent foreign trade returns in value are (in millions of Finnish marks): July Imports, 412.4; exports, 735.6; balance +323.2; January to July, imports, 2,722.7; exports, 2,308; balance, —414.7. The figures for the first seven months of 1923 were: imports, 2,512.8; exports, 2,134.1; balance, —378.7. The following tables show figures of the chief articles of foreign trade for July and the first seven months, in tons:—

	July, 1924.	Jan.- July, 1923.	Jan.- July, 1924.
<i>Imports.</i>			
Rye	19,013	78,832	142,330
Rye meal	1,294	5,448	6,523
Wheat and wheat flour	10,886	57,296	63,390
Rice	2,230	10,546	10,046
Coffee	1,303	9,377	9,970
Sugar	5,089	22,987	35,742
Tobacco	249	1,691	1,924
Raw cotton	381	3,458	3,990
Wool	133	803	1,011
Pig iron	1,981	7,778	7,996
Coal and coke	84,270	192,522	259,530
Petroleum	550	7,831	13,242
<i>Exports.</i>			
Butter	968	4,656	5,281
Cheese	185	617	1,299
Wood pulp	13,979	32,708	60,506
Cellulose	22,860	122,598	155,794
Cardboard	2,506	14,594	15,871
Newsprint	8,849	73,031	72,909
Other kinds of paper	4,378	30,235	24,966
Raw hides	153	1,179	2,870
Wood rollers	415	3,723	3,183
Wood for veneer	3,269	14,733	19,783
Matches	263	1,621	2,594
Unsawn timber	701	1,202	1,087
Sawn timber	970	1,652	1,792

The trade balance changed very much for the better in July. Exports were higher than they have been in any previous July, viz. 735.6 million marks, while imports amounted to 412.4 million. Thus the surplus of exports was 323.2 million marks. Imports for the first seven months of the year came to 2,722.7, and exports to 2,308 million, making an import surplus for the whole period of 414.7 million marks.

Conditions due to the climate of Finland cause imports to be bigger than exports during the spring. It is true that the export of wood pulp, paper, and butter, continues during the winter, but wooden goods

are not then exported. There is consequently a big rise in the value of exports when the timber shipping season begins, and at the same time there is a decline in the imports of a number of seasonal commodities such as grain, groceries, and means of transport. These circumstances all tend to make the balance of trade favourable in the summer, even if the final figures for the year show more imports than exports. The year 1922, which ended with an export surplus of nearly half a milliard marks, is an exceptional case.

The change which took place in the trade balance in July of this year was due to smaller imports of grain, oils, and means of transport, and a big increase in timber exports. Timber was exported to a value of 569 million marks, as against 356.9 million in June, and 510.2 million in July of last year. (*Mercator.*)

FRANCE

POLITICAL AND GENERAL

French Interest in the German Loan.—In London, writes M. Yves-Guyot in the *Agence Economique et Financière*, the American bankers were only concerned about obtaining guarantees for the loan of 800 millions, but they omitted to give any for the 16 milliards of bonds. Mr. Mellon, during his visit to France, acknowledged that the capital available in the United States had reached a record which was only exceeded at the end of 1915 and in the beginning of 1916; and yet he asked France to share in the subscription of the 800 millions! The average man referred to by M. Herriot ventures to suggest the following solution: Germany is a debtor to France and has done everything to earn the reputation of a bad debtor. Meanwhile the French Government has advanced on behalf of Germany some 80 or 100 milliards which the latter was to have repaid. The Dawes Plan does not even assure France payments sufficient to cover the interest and amortisation of that debt. Our American brothers nevertheless ask us to advance more money to Germany by subscribing to a loan of their own, the success of which they insist is essential for the issue of the 16 milliards of unsecured bonds. Well and good; but let them give us some guarantee that they will subscribe largely to these bonds, and let them tell us at once how many they will take. Yes, what is the amount of your subscription to the 16 milliards of bonds? Tell us that, and then we will see how much we can subscribe to the 800 million loan, or whether we can subscribe to it at all.

FINANCE

French Debt to the United States.—It is the intention of M. Clémentel, Minister of Finance, to endeavour to come to an understanding as regards the settlement of France's indebtedness to the United States as soon as some arrangement has been arrived at with regard to our debt to Great Britain, says the *Matin*. Should the debate on the Budget have come to an end and the political situation permit of it, it is not impossible that M. Clémentel may himself visit the United States in the beginning of next year to negotiate this important business. The Hurley Plan submitted to Mr. Mellon provides for the liquidation of the French debt within 63 or 67 years, with interest of 2½ per cent. payable as from the sixth year. France would either pay a fixed annual sum of \$100 million, or yearly sums on an increasing scale. One half of the French payment would be invested in French industrial securities, and it is suggested that the electrification of the French and Belgian railways might be financed in this way. The *New York Journal of Commerce*, however, says that the Hurley Plan has met with a cool reception in official circles, and that the United States Government is not disposed to take up the question of foreign debts before the elections. Moreover, the suggestion that the United States should re-invest a part of the money in French

industries would be tantamount to the financing of French industry by America; and as it is, France and the other countries of Europe are already provided with a superabundance of capital. With regard to the renewal of the Morgan credit pending the flotation of a loan of several hundred million dollars, it is thought that the market may possibly be ready to consider the matter about December, and on the same terms as the German loan, probably for twenty years at from 95 to 97, and at 8 per cent.

TRADE

Foreign Trade Returns.—The foreign trade returns for the first eight months of the year show a surplus of Fr.1,218,584,000 of exports over imports as against an adverse trade balance of Fr.869,500,000 for the corresponding period of 1923. The following table gives the leading lines (in millions of francs):—

		Imports.		
		1924.	1923.	Difference.
Foodstuffs	...	5,800.1	4,618.4	+ 1,181.7
Raw material	...	16,948.8	12,504.9	+ 4,443.9
Manufactured goods	...	3,295.6	2,793.6	+ 502.0
Total	...	26,044.6	19,916.9	+ 6,127.6
		Exports.		
		1924.	1923.	Difference.
Foodstuffs	...	2,531.9	2,014.1	+ 517.8
Raw material	...	7,036.0	5,889.0	+ 1,147.0
Manufactured goods	...	16,450.8	10,146.4	+ 6,304.3
Postal parcels	...	1,244.6	998.1	+ 246.5
Total	...	27,263.2	19,047.6	+ 8,215.6

The following table shows the imports and exports for each month to date (in millions of francs):—

		Imports.	Exports.	Balance.
January	...	2,887.9	2,699.8	— 188.1
February	...	3,713.8	3,918.3	+ 204.5
March	...	3,622.6	4,354.7	+ 732.1
April	...	3,292.2	4,027.0	+ 734.8
May	...	3,177.3	3,360.1	+ 182.8
June	...	3,178.9	2,922.3	— 256.6
July	...	3,100.0	3,013.7	— 86.3
August	...	3,071.9	2,967.1	— 104.8

The following table shows the volume of imports and exports for the first eight months of the year (in thousands of tons):—

		Imports.		
		1924.	1923.	Difference.
Foodstuffs	...	3,822	3,608	+ 214
Raw material	...	33,226	30,737	+ 2,489
Manufactured goods	...	960	1,006	+ 46
Total	...	38,008	35,351	+ 2,657
		Exports.		
		1924.	1923.	Difference.
Foodstuffs	...	971	861	+ 110
Raw material	...	15,244	12,715	+ 2,509
Manufactured goods	...	2,315	1,874	+ 442
Postal packets	...	23	19	+ 3
Total	...	18,553	15,469	+ 3,064

(*Journée Industrielle.*)

Imports and Exports of Potassium Salts.—The imports of potassium salts during the second quarter of the year were as follows: Potassium nitrate, 88.9 tons; sulphate of potassium and magnesium, 11.8 tons; carbonate of potassium, 1,746 tons; carnallite, sylvanite, etc., 109.5 tons; potassium chloride, 365.4 tons; and sulphate of potassium, 3,749.4 tons. Germany supplied 1,587 tons of the above, potassium and carbonate of potassium. The exports consisted of natural nitrate of potassium, 844.1 tons (as against 468.5 tons in the corresponding period of 1923); double sulphate of potassium and magnesium, 5,788.3 tons (4,213.7 tons); carbonate of potassium, 109.5 tons (131.4 tons); carnallite, sylvanite, etc., 9,749.1 tons (41,130.1 tons); potassium chloride, 7,310.9 tons (5,953.1 tons); and sulphate of potassium, 65.9 tons (1,083.4 tons).

The output of potassium salts during the same period reached a total of 59,148 tons of pure potassium (K₂O), as against 75,824 tons in the first quarter.

The principal customers of France during the first six months of the year were Belgium and Luxemburg, 152,488.1 tons of potassium chloride, 125.6 tons of carbonate of potassium, and 11.7 tons of double sulphate of potassium and magnesium; Switzerland, 19,727.1 tons of double sulphate of potassium and magnesium, and 628.3 tons of potassium chloride; Great Britain, 23,324.4 tons of potassium chloride; Germany, 2,419.2 tons of potassium chloride; the United States, 36,722.7 tons of potassium chloride; and Holland, 11,067.8 tons of potassium chloride.

On the other hand, Germany supplied France with 1,587 tons of potassium and carbonate of potassium. (*Ibid.*)

Foreign Trade in Mineral Oils.—A return of the foreign trade in mineral oils during the second quarter of the year shows that the imports aggregated 314,310 tons of a value of Fr.354,308,000 as against 315,121.8 tons of a value of Fr.295,529,000 in the corresponding period of 1923, while exports amounted to 7,514.5 tons of a value of Fr.9,608,000 as against 6,954.4 tons of a value of Fr.8,688,000. The following tabular statement gives the details under (a) Refined raw mineral oils and petrol, (b) Heavy oils and petrol residues, (c) Lignite, paraffine and vasaline wax:—

		<i>Imports.</i>			
		April to June 1924.		April to June 1923.	
		Tons.	Fr.	Tons.	Fr.
(a)	...	210,173.9	253,967,000	236,405	234,797,000
(b)	...	102,053.2	96,079,000	77,768.8	59,365,000
(c)	...	2,082.9	4,262,000	948	1,367,000
		<i>Exports.</i>			
		April to June 1924.		April to June 1923.	
		Tons.	Fr.	Tons.	Fr.
(a)	...	958	1,199,000	891.1	1,340,000
(b)	...	6,465.1	7,962,000	6,000.2	6,884,000
(c)	...	91.4	447,000	63.1	464,000

(*Journée Industrielle.*)

Colonial Trade Returns.—The foreign trade returns of Algeria for the first six months of the year include imports to a total of Fr.1,097,986,000 and exports to a total of Fr.1,086,126,000, or an aggregate of Fr.2,184,112,000. This last figure shows a surplus of Fr.440,465,000 over that for the corresponding period of last year, including imports to the extent of Fr.1,03,212,000 and exports to the extent of Fr.337,253,000. The following tabular statement gives an analysis of the trade in thousands of francs:—

	Imports.	Exports.
Goods of animal origin ...	65,660	127,331
Goods of vegetable origin ...	175,793	801,536
Goods of mineral origin ...	90,014	95,794
Manufactured goods ...	766,519	61,465
Total ...	1,097,986	1,086,126

The most interesting increases in imports referred to postal parcels (manufactured goods), automobiles, cotton goods, metal work and agricultural machinery; in exports, to cereals and derivatives, grape alcohol and wines, leaf tobacco and cigarettes, dates and citrus fruit (especially mandarines), raw and manufactured cork, sheep, eggs, phosphates and iron ore. On the other hand, there was a decrease in the import of cereals (wheat, 114,000 quintals as compared with 603,000; barley, 7,000 quintals as against 413,000), in consequence of the bad harvest of 1922 having compelled Algeria in 1923 to purchase large quantities from abroad, whereas the latter year's crops were such as to allow of export. The most important exports of vegetable origin which showed an increase were dates, one of 30,477 quintals; mandarines, 64,633 qu.; olive oil, 12,630 qu.; preserves and gherkins, 20,288 qu.; fresh vegetables, 52,003 qu.; dried vegetables other than beans, 25,800 qu.; dessert figs, 5,081 qu.; leaf tobacco, 41,217 qu.; cigarettes, 7,553 qu.; raw cork, 67,580 qu.; and alfa, 31,418 qu. Ditto of viniculture: grape alcohol 3/6, 64,659 hectolitres; ordinary wines in casks, 271,259 hl.; mistelles, 32,969 hl.; leis and must 52,077 qu. Ditto of animal origin: poultry and game

eggs, 13,677 qu.; sheep, 41,435 head; pigs, 2,895 head; fresh fish, 3,420 qu.; silk and flock of silk, 69 qu. Ditto phosphates, 155,042 tons.

The Agency General of the Colonies has just received information from *French Guinea* to the effect that the trade of the colony during the first quarter of the year aggregated Fr.26,742,833, which represents an increase of Fr.8,868,729 (Fr.4,634,367 in imports and Fr.4,234,362 in exports) as compared with the corresponding period of 1923. The increase in imports consisted mainly in ship's biscuits, manufactured tobacco, wine, beer, sea salt, perfumes, soap, cotton thread, long cloth and similar goods, ready-made clothing, and toys; while that in exports consisted mainly in cattle, sheep, cattle skins, ground nuts, sesame seed, palm nuts, tobacco, cotton, karité butter, wool and gold. These favourable returns are the result of the extension of agriculture and an increased output.

From the same source comes the announcement that the trade of the *French Soudan* in 1923 aggregated Fr.35,207,263, or Fr.17,432,301 more than in the previous year, imports accounting for Fr.15,903,172 of this amount and exports Fr.1,459,129. The increased imports consisted chiefly of cotton goods, long cloth and similar goods, cotton thread, wine and spirits, sugar, tobacco and flour; while nearly all products, with the exception of gold and fibres, contributed to the increase in exports, especially ground nuts, cotton en laine and skins. The wide difference between the imports (Fr.31,049,847) and the exports (Fr.4,157,156) arises from the fact that the former pass through the custom-house in the Soudan, while the greater part of the exports pass the custom-house in Senegal and Guinea. (*Journée Industrielle.*)

INDUSTRY

The Iron and Steel Industry in July.—Statistics published on the authority of the *Comité des Forges* show that there were 133 blast furnaces in operation on August 1 as against 135 on July 1, but 35 more were ready to be blown in, while a further 52 are being built or are undergoing repairs. The output of pig iron in July amounted to 636,168 tons, or 2,705 tons less than in June and 46,211 tons less than in May. The production of steel, on the other hand, amounting to 564,876 tons, showed an increase of 9,955 tons as compared with June, but a decrease of 33,551 tons as compared with May. Of the month's output the portion of Lorraine recovered from Germany accounted for 252,080 tons of pig iron and 194,808 tons of steel, as against 251,436 and 189,573 tons respectively in June. The following table shows the output of pig iron and steel for the first seven months of the year:—

	Pig iron.	Steel.
	Tons.	Tons.
January ...	585,978	541,022
February ...	590,340	554,632
March ...	634,567	572,916
April ...	651,323	567,485
May ...	658,397	598,427
June ...	638,873	554,924
July ...	636,168	564,876
Total ...	4,395,646	3,954,282

The figures for May, both for pig iron and for steel, are the highest yet recorded. The July figures, therefore, are quite satisfactory, in spite of a slowing down in incoming orders. (*Nord Industriel.*)

GERMANY

TRADE

Foreign Trade in Textiles.—The following figures of Germany's foreign trade in textiles for the first half of 1924 is reproduced from *Wirtschaft und Statistik* by *Textil Export-Woche*.

In the first half of 1913 Germany's textile imports amounted in value to 1,122 mill. gold marks, and the exports to 845 mill. gold marks leaving 25 per cent. of

imports uncovered by exports. In the first half of 1924 imports totalled 1,767 mill. gold marks and exports 680 mill., leaving a balance of imports of 60 per cent. This heavy increase of the debit balance in this branch of foreign trade is due to the decline of exports and not to an increase of imports. It is true that imports increased in value owing to the high price of raw material and amounted to 1,767 mill. gold marks as against 1,122 in the first half of 1913, but exports not only did not increase in the same ratio, but in spite of the increase of price fell from 845 to 680 gold marks. If the rise in price be disregarded and the trade valued on the basis of the 1913 figures, it will be seen that imports show a decline of about 25 and exports of about 50 per cent. Moreover, the rise in price is less in the case of export goods than of import goods. The share of raw material (as measured by section I. of the Customs tariff) amounted as regards imports in 1913 to 63 per cent. of the total value, and in 1924 to 59 per cent., and as regards exports to 13 and 8 per cent. respectively. The import of vegetable raw material, chiefly cotton, declined appreciably more in value as compared with 1913 than animal raw material, but considerably less as regards weight. A statement of the foreign trade in occupied territory, not at present forthcoming, would perhaps alter, but not appreciably, the figures. The loss of Alsace has not only involved a decline of the export of raw cotton, but also a decline of the export of cotton goods and an increase in their import. The following table shows the foreign trade in weight of textiles in the two half years under review (in 1,000 double centner*):—

Import.		1924.	1913.
Vegetable raw material ...	...	2,617	4,610
Animal raw material ...	...	1,235	1,471
Manufactured goods ...	...	1,176	1,547
Total ...	...	5,029	7,628
Export.		1924.	1913.
Vegetable raw material ...	...	145	702
Animal raw material ...	...	62	157
Manufactured goods ...	...	1,154	2,081
Total ...	...	1,362	2,941

* double centner=220 lbs.

INDUSTRY

The Coal Output.—During the first half of 1924 the German coal mining industry had not fully recovered from the perturbation caused by the occupation of the Ruhr. It is true that production after the full resumption of work rose rapidly, but other difficulties super-vened in the place of those caused by the occupation of the Ruhr. The sale of coal in Germany was hampered by the general economic depression. On top of this foreign competition appeared on the restricted German market. The high cost of production due to the M.I.C.U.M. agreements made itself felt in coal mining to a marked extent. Under the terms of these agreements the following deliveries of Reparations coal were made to France, Belgium and Luxemburg during the half year (the figures represent tons):—

Month.	Coal.	Coke.	Briquettes.	Total
				reckoned in terms of Coal.
January ...	615,041	421,389	89,978	1,266,871
February ...	678,205	464,187	84,364	1,381,485
March ...	809,476	647,083	76,402	1,748,655
April ...	937,738	809,508	65,378	2,082,460
May ...	336,425	400,749	42,035	912,792
June ...	513,933	616,699	34,415	1,370,613

German coal producers seek to reduce cost of production chiefly by prolongation of the hours of work. The working time of each shift (including coming and going) which had in the Ruhr been seven hours up to November 1923 was raised to eight at the end of the year in that district, and from seven and a half to eight and a half in Upper Silesia.

After the labour disputes in May had almost crippled the whole German coal industry, production once more became active in June, and only in the Saxon and Upper Silesian fields did the strike last well on into June. Everywhere, however, were the output figures well below those of the pre-strike period. The following table shows the coal output figures in the chief German coalfields during the periods stated (in 1,000 tons):—

Field.	Monthly average.			1924 2nd quarter.			
	1913.	1922.	1923.	1924 1st quarter.	April.	May.	June
Aachen field ...	272	199	103	228	224	234	201
Lower West-phalian field							
(a) Left bank of Rhine ...	310	303	186	336	323	62	311
(b) Right bank of Rhine ...	9,205	7,751	3,275	7,175	8,070	1,556	7,308
Lower Silesia ...	461	458	444	514	427	475	418
Upper Silesia ...	924	737	728	992	945	123	659
Saxony ...	454	349	315	402	328	39	82
Total ...	11,729	9,929	5,185	9,779	10,439	2,621	9,101

The depression in mining is best shown by the figures of the stocks at the mines which, in spite of reduced output, were continually increasing. These were at the end of each of the following months (in tons):—

	Ruhr.	Upper Silesia.	Lower Silesia.
December, 1922	471,341	25,040	34,762
April 1924 ...	1,890,696	94,108	242,197
May " ...	1,050,622	25,754	209,463
June " ...	1,128,149	33,851	207,642

The import of pit coal in June as compared with May declined appreciably, but still remained considerable and amounted to 792,000 t. in April, 163,000 t. in May, and 1,192,000 t. in June. The lignite industry also suffered from stagnation of sales, since in June not only the sale of industrial coal declined, but also that, as occurs every year, of household coal and briquettes. The total coal production in the territory now included in Germany was as follows (in 1,000 tons):—

Coal.	1924					
	1913.	1922.	1923.	April.	May.	June.
...	9,205	7,751	3,275	8,070	1,556	7,308
...	924	737	728	945	123	659
Total ...	11,729	9,929	5,185	10,439	2,621	9,101
Lignite.						
East Elb Field ...	2,158	3,057	2,903	2,919	3,089	2,541
Middle Elb Field ...	3,225	4,941	4,637	4,379	4,549	3,902
Rhine ...	1,695	3,151	2,046	2,700	2,897	2,380
Total ...	7,269	11,423	9,854	10,251	10,789	9,034
Coke						
...	2,639	2,426	1,059	2,223	923	1,777
Briquettes						
Of coal ...	541	455	134	295	128	292
Of lignite ...	1,831	2,456	2,238	2,473	2,598	2,230

(Wirtschaft und Statistik.)

BARCLAYS BANK LIMITED.

Head Office—54, LOMBARD ST., LONDON, E. C. 3,
and over 1,750 Branches in England and Wales.

Authorised Capital	£20,000,000
Issued and Paid-up Capital	£15,592,372
Reserve Fund	£8,250,000
Deposits (30th June, 1924)	£295,698,105

The Bank has agents and correspondents in all the principal towns throughout the World, and transacts every description of British and Foreign Banking business.

EXECUTORSHIPS and TRUSTEESHIPS UNDERTAKEN.

SOCIAL AND LABOUR CONDITIONS

Wages and Unemployment.—The nominal wages for July in all classes of industry included in this survey have not altered as compared with June. In the following table the term nominal and actual may be defined as follows: Nominal means the computed average rate of wage in mining, building, wood working, metal working, textiles factories (chemicals and paper), State undertakings (railways), and printing for full-time workers at the highest official rates prevailing in the chief centre of each individual industry, inclusive of family allowances (if any) for a wife and two children; actual means wages calculated on the basis of the average cost of living index numbers during the period. The figures are as follows:—

Class of worker.	Skilled.		Percentage of pre-war		Percentage of pre-war	
	Nominal.	Actual.	wage.	Nominal.	Actual.	wage.
	Weekly wage.		Weekly wage.		Weekly wage.	
Mining ...	39.30	34.02	90.4	31.02	26.88	108.2
Building ...	36.47	31.59	83.8	30.63	26.53	90.0
Woodwork- ing ...	34.25	29.66	94.4	29.16	25.25	110.8
Metals ...	34.91	30.23	83.5	25.88	22.41	91.7
Textiles, men	27.34	23.68	90.5	22.07	19.11	89.4
„ women	19.69	17.05	98.2	15.72	13.61	94.6
Chemicals & paper ...	33.48	29.00	87.9	29.16	25.25	94.4
Printing ...	24.00	20.79	96.6	21.60	18.71	105.3
State Rail- ways ...	35.95	31.09	94.7	30.44	26.33	111.2
-----	34.08	29.44	85.2	26.52	22.91	96.7

Average (com- puted) for overtime	34.55	29.92	87.1	27.24	23.59	98.3
Average (com- puted) for minimum working hours ...	32.92	28.51	83.0	25.95	22.47	93.6

(*Wirtschaft und Statistik.*)

According to the returns of the various trade unions, at the end of July in six of the larger unions 29 per cent. (19.5 at the end of June) of their members were working short time and 13.8 (11.3 in June) were totally unemployed. The number of unemployed in receipt of relief rose from July 1 to Aug. 1 by 37 per cent. to 327,974 persons in receipt of full relief and by 31 per cent. to 389,154 to persons in receipt of partial relief.

The following table shows the various classes of unemployed in the leading trades:—

Union.	Members per 1,000.	Totally unem- ployed per 1,000.	Short time per 1,000.	Total per 1,000.
Builders ...	394.3	39.4	—	394.3
Wood workers ...	293.3	45.2	56.3	101.5
Metal workers ...	701.6	141.5	346.3	487.8
Textile workers ...	348.6	23.7	161.3	185.0
Factory workers ...	277.3	35.2	46.3	81.5
Printers ...	65.6	2.6	0.7	3.3
Total, July 31 ...	2,080.7	287.6	610.9	898.5
„ June 30 ...	2,277.4	257.8	113.7	701.5

The following figures, supplied by *Gluckauf*, refer to unemployment during the first half of 1924. The number of workers seeking situations for every 100 situations vacant was:—

Month.	1923.			1924.		
	Men.	Women.	Total.	Men.	Women.	Total.
January ...	265	155	218	927	300	650
February ...	319	157	246	766	239	546
March ...	342	149	250	427	171	337
April ...	365	164	272	321	144	260
May ...	280	141	219	289	143	235
June ...	245	149	206	359	171	288

In the second quarter of the year the number of applicants per 100 of situations vacant in each of the industries given below was:—

Class of Industry.	April.		May.		June.	
	Men.	Women.	Men.	Women.	Men.	Wom.
Agriculture ...	145	52	131	49	124	47
Mining, iron works and salt works ...	548	294	665	137	750	203
Quarrying ...	352	261	321	190	503	243
Metal working ...	424	117	357	118	547	182
Chemicals ...	456	149	437	248	539	213
Textiles ...	263	156	261	154	745	317
Cellulose and paper	302	179	274	168	609	235
Leather ...	237	138	222	114	580	343
Wood ...	238	154	270	200	543	465
Food ...	309	224	260	210	299	295
Clothing ...	290	154	278	152	561	272
Cleaning ...	183	110	155	105	156	106
Building ...	241	—	160	—	192	—
Printing ...	219	136	191	135	241	183
Entertainments	146	408	128	262	131	321
Hotels and liquor trade ...	143	104	117	101	118	107
Transport ...	213	279	236	370	277	502
Domestic servants	258	89	205	97	205	114
Various jobworkers	400	338	375	329	492	462
Engine drivers and stokers ...	635	—	527	—	574	—
Commercial clerks	744	585	954	613	1,214	712
Office officials	1,133	311	1,156	346	1,747	408
Experts ...	1,331	—	1,504	—	2,076	—
Miscellaneous ...	530	367	592	201	680	320

In June the number of unemployed in Germany was 10.4 per cent. as against 8.2 per cent. in Holland, 7.5 per cent. in Sweden, and 7.2 per cent. in England.

COMMUNICATIONS

The Situation of Shipping.—The following survey of the situation of German shipping is taken from the annual report for 1923, appearing after a long interval, of the Hamburg Shipowners' Association:—

The depression from which German shipping suffered last year is due to the fundamental fact that the world's business is still suffering from the effects of the war and of the "peace," with the result that the sea-borne trade is only two-thirds of its pre-war value. On the other the diminished demand for goods is accompanied with an increased supply of cargo space, the world's shipping having increased from 49 million British registered tons in 1914 to 64 millions in 1924. Thus the amount of cargo space available is quite out of proportion to the amount of cargo to be carried.

In Germany production was not only hampered but absolutely annihilated by inflation, which also inflicted heavy loss on German shipping. However welcome stabilisation may be, as putting an end to the unbearable state of affairs previously existing, the fact remains that the increasing burden of taxation, notably for social purposes, since introduced, is causing serious anxiety to the shipowners. These burdens fall so much the more heavily on the German shipowners in that they, unlike those of other countries, have not been in a position to accumulate reserves during the prosperous years. The war years, very profitable to the shipping of neutrals and certain of the Allies, constituted a period of practical stagnation for the German overseas trade. When, after the surrender of the whole merchant fleet to the Allies, an attempt at rebuilding was made, it was met with an ever-increasing slump in freights which endures even unto this day. When profits were to be made Germany had no ships and when she had ships no profits were to be made. State subsidies for shipbuilding were soon withdrawn and German shipowners had to complete the work out of their own resources. This perhaps would be the safest remedy, as it avoids the dangers latent in State aid, but unfortunately the merchant fleets of the United States, France and Italy are heavily subsidised, and in other countries such as Holland, and even Great Britain's plans with the same object are being considered. The recently published figures showing that under the powers of the Trades Facilities Act no less than 13 million sterling have been expended for this purpose could not be more eloquent.

The Association fears that the German building yards suffering under the burden of heavy taxes twenty times

higher than the pre-war taxes and of further very oppressive taxes for social purposes such as contributions to the unemployment fund, have hard times ahead. The cost of building new ships is out of all proportion to their profit-earning capacity. Unless there is a decided turn for the better there seems to be no means of increasing the merchant fleet by building new ships nor even of keeping it up to its present standard by the introduction of modern improvements.

Such is the very gloomy situation of German shipping. In the midst of the general depression it is exposed to a number of special adverse circumstances. Nothing could be falsier than the statements current abroad as to the rapid revival of German sea trade. In 1914 Germany possessed a merchant fleet of 5.5 million British registered tons for a population of some 65 millions, and with normal development it should to-day amount to 7 to 8 million registered tons, whereas only about one-third of this tonnage, some 2.8 million tons, is in existence. It will be a long time before the present German merchant fleet will be able in any way to compare with that of pre-war days. (*Hansa.*)

HUNGARY FINANCE

The Leading Banks in 1923.—Of late years the complaint has frequently been heard in Hungary, writes Herr Georg Binet, Secretary of the Banca Ungaro-Italiana, in *Wirtschaftliche Nachrichten*, that balance sheets in private business, drawn up in fluctuating paper currency, have lost all significance. This is specially true in the case of the banks, the balance sheets of which should constitute valuable evidence as to their status. In order to give a clear idea of this status, Herr Binet has compiled a table showing the chief items from the balance sheets of the five leading Hungarian banks in terms of gold kronen up to Dec. 31, 1923 and 1913 respectively. The balance sheets for the last-mentioned year were originally drawn in gold kronen, but those for 1923, drawn in paper kronen, have been converted into gold kronen at the rate of 6,814 paper kronen to the pre-war krone, their purchasing power on Dec. 31, 1923, according to the index numbers published by the *Pester Lloyd*. A comparison in identical currency of the balances of 1913 and 1923 presents to the mind a graphic picture of the economic consequences of the war. It should be pointed out that floating capital available for productive purposes has practically vanished during the last ten years, having been absorbed by the Budget deficits. The table given below compiled by Herr Binet, shows the main items of the balance sheets of the said banks (in millions of gold kronen).

The amounts given under the headings "Investments," "Share in the Consortium," and "Real Estate," explains Herr Binet, can only theoretically be represented in gold kronen, as the balance sheets never

give a valuation of these assets, and no data are available for arriving at their value during the past ten years. On the other hand it is certain that they represent locked-up capital not available to production, and therefore are of no account in ascertaining the capital of the country, or in accurately valuing the position of the Hungarian banks on the money market. The reduction of the amounts of these accounts during the period have only an academical interest in technical accountancy, and incidentally show the necessity of introducing balance sheets in gold currency. On the other hand the reduced amounts of outside capital in the hands of the banks (current accounts, bill discounting, deposits and creditors' accounts) prove that the national capital has sunk to a mere fraction, and that the banks are no longer in a position to supply the capital necessary for production. The situation grows yearly more unfavourable as the following figures show (in millions of gold kronen) :—

	1913.	1921.	1922.	1923.
Bills and acceptances	574.4	23.5	14.6	6.2
Debtors' account	1,495.9	173.7	79.1	57.6
Deposits	877.0	51.6	18.9	1.5
Creditors' account	661.7	164.7	80.6	55.9

This situation may be attributed to two causes, namely the absorption of capital by the continual deficits of the last 10 years and the disorganisation of the money market due to the depreciation of the currency. The first evil should have been remedied by increased production, the second by stabilising the currency. Since, however, the increase of production was impossible with a steadily declining currency, stabilisation was a *sine qua non* of an improvement of conditions. Stabilisation could only be effected with the assistance of a foreign loan. This has now been obtained; the currency has been stabilised and the moment for a return to a gold currency is coming steadily nearer.

SOCIAL AND LABOUR CONDITIONS

Cost of Living.—The cost of living index number as given by the *Pester Lloyd* for July 31 was 22,018.3, showing an increase in cost of living for the month of 0.92 per cent., but from the middle of July the increase was 2.19 per cent., due chiefly to the rise in corn prices. (*Wirtschaftliche Nachrichten.*)

Growing Unemployment.—Unemployment is growing month by month. As compared with the month of July the unemployment for August increased by 0.23 per cent., whilst in comparison with June the increase is 17 per cent. In the building trade the percentage of unemployment is 94.8 per cent., in the meat trade 46.8 per cent., in the iron industry 20 per cent., in the chemical trade 16.7 per cent., in the timber trade 19.6 per cent. The Socialistic journals are waxing indignant, therefore, because the Government prohibits the workers to emigrate and look for work abroad. (*Central European Observer.*)

	Ungarische Allgemeine Kreditbank		Pester Ungarische Kommerzbank		Britisch-Ungarische Bank-Aktiengesellschaft		Pester Erster Vaterländischer Sparkassa-Verein		Ungarische Eskompte und Wechselbank.		Total.	
	1913.	1923.	1913.	1923.	1913.	1923.	1913.	1923.	1913.	1923.	1913.	1923.
<i>Assets.</i>												
Cash in Bank	6.5	1.2	10.3	1.5	4.4	0.4	7.8	0.3	3.5	0.8	32.5	4.4
Bills and acceptances	165.2	2.0	123.7	2.1	62.9	1.5	154.8	1.7	67.8	0.7	574.4	6.2
Investments	21	0.9	78.8	0.4	31.7	3.4	80.8	2.6	21.7	0.3	235.0	7.8
Debtors' accounts	300.9	27.5	298.5	3.2	154.3	8.9	604.6	5.9	137.6	9.4	1,495.9	57.6
				6.3								
Share in the consortium	20.3	1.6	9.9	0.2	9.8	—	—	—	9.2	1.5	49.2	3.3
Real property	13.2	0.3	5.7	0.1	8.4	0.0	10.3	0.0	2.7	—	40.3	0.5
<i>Liabilities.</i>												
Share capital	80.0	0.08	62.5	0.1	66	0.3	20	0.3	50	0.1	278.3	1.0
Reserves	57.1	7.2	101	2.9	39	5.8	47.9	4.4	12.2	2.2	257.2	22.6
Acceptances	26.6	—	—	—	18.1	—	—	—	31.3	—	76.0	—
Deposits	48.1	0.0	298	0.1	59.8	1.2	273.6	0.1	197.5	—	877.0	1.5
Creditors' accounts	322.8	21.5	101.8	9.9	97.9	9.7	139.2	4.9	—	9.8	661.7	55.9
Profits	12.6	1.4	16.1	0.7	7.5	0.5	10.6	0.5	5	0.7	51.8	3.9
Total balance	552.6	30.5	1,212.8	14.3	295.5	17.6	902.6	10.7	423.5	13.0	3,387.0	86.2

COMMUNICATIONS

Revival of Traffic on the State Railways.—The traffic on the State railways shows a steady increase, and in the month of July for the last four years was as follows: Goods (in tons), 1921, 1,259,648; 1922, 1,639,919; 1923, 1,709,752; 1924, 1,822,739; passengers, 1921, 86,075,493; 1922, 6,898,756; 1923, 7,314,495; 1924, 7,533,200; goods in transit (in tons), 1921, 232,057; 1922, 36,446; 1923, 332,269; 1924, 555,931. A connected traffic with foreign countries is being prepared. According to the latest returns, the State railways have succeeded in meeting expenditure out of revenue during July and August. It is to be hoped that this result will be repeated in the autumn months, the traffic for which shows good promise. Expenditure on works and improvements is mainly confined to repairing existing material in order to maintain the traffic undisturbed. New works on a large scale will be undertaken only when the financial position has fully improved. (*Neue Freie Presse.*)

Railway Rates for Exports.—The State railway authorities have officially announced the reduction of rates from 20 to 45 per cent. on some 200 classes of goods consigned to foreign countries, notably agricultural produce, including fruit, garden stuff, and vegetables, and cattle; also on a number of industrial products. These measures may be regarded as the preliminary to the conclusion of commercial treaties with neighbouring countries. (*Neue Freie Presse, Wirtschaftliche Nachrichten.*)

POLAND

FINANCE

The Enabling Bill.—In order to accomplish the proposed scheme of economic and financial reform an Act has been passed according special powers to the Finance Minister, which enables him to promulgate enactments for the following purposes: Savings in the public services; increase of revenue (taxes, monopolies, etc.), and especially the creation of revenue indispensable to the Treasury in maintaining a balanced Budget; creation of special sources of revenue to meet special expenditure (works of public utility, etc.); sale of State-owned undertakings; economy in the conduct of the finances of autonomous bodies and other public corporations; the promotion of monetary circulation; the stabilisation of values and the discharge of certain liabilities; suppression of the provisions concerning profiteering and usury; reduction of the number of public holidays in agreement with the authorities of the Catholic Church; settlement of rights of ownership to all real property, the title to which is in dispute on the interpretation of the Treaty of St. Germain. (*Agence Economique et Financière, Wirtschaftliche Nachrichten.*)

Economy and Taxation.—The total expenditure for the first half of 1924 was only 43.5 per cent. of the estimated expenditure for the whole year; economies effected thus amount to 6.5 per cent. The proportion of expenditure to estimates in certain departments was as follows: War, 47.8 per cent.; Foreign Affairs, 36; Interior, 41.3; Justice, 39.8; Commerce and Industry, 35.6; Religion and Education, 42.2; Post and Telegraph, 48.5; Agricultural Reform, 33.7.

The tax on fortunes exceeding 3,000 zlotys is expected to produce 500 million zlotys from the land tax, 375 mill. from the commercial and industrial tax, and 125 mill. from other property taxes. (*Agence Economique et Financière.*)

The National Debt.—On Aug. 1 last Poland's internal debt amounted to 191.2 mill. zlotys and her external debt to 1,470.6 mill. zlotys, due to the various creditor countries in the following amounts (in millions of

zlotys): United States, 946.7; France, 264.5; Italy, 125.9; Great Britain, 86.9; Holland, 17.6; Norway, 11.7; Sweden, 6.7; Denmark, 0.3.

Poland's share of the aggregate war expenditure is further estimated at 5,000 million zlotys. Finally, the country has debts in connection with the final settlement of accounts with Austria, Hungary and Germany. (*Central European Observer.*)

Reorganisation of the Banking System.—In an interview with the *Information Financière*, of Paris, M. Benzef, Manager of the Bank of Commerce and Industry of Warsaw, gave the following outline of the reorganisation of the banking system by means of amalgamation.

The national finances are now exemplary, but this result was not achieved without considerable difficulty, and certain elements of the former chaos still exist, despite all the efforts of the Government to eradicate them. One of the consequences of inflation has been the floatation of a large number of banks, which the introduction of the zloty, a sound and stabilised monetary unit, has rendered superfluous. Therefore in order to keep themselves in existence, a number of banks founded during and since the war are showing a tendency to amalgamate with the large banks of established reputation. The financial and economic conditions of the country impose cautious methods upon these banks which can only rely upon the home market, foreign capital still holding aloof. The amalgamation and consolidation of the banks is encouraged by the Minister of Finance and Premier, M. Grabski, who has already been instrumental in creating a large bank by the amalgamation of three large banks already endowed with a semi-official character, the Bank of the Nation, the Bank for the Reconstruction of the Devastated Areas, and the Bank of the Cities of Little Poland. This new bank thus formed has taken the style and title of Bank of National Economy, and is under the management of an eminent Polish financier and ex-Minister of Finance, M. Steczkowski. The Government has also been active in accelerating the amalgamation of a number of other banks notably of land banks and banks in the former German province of Posen. Among the amalgamations deserving mention is that of two leading Warsaw banks, the Bank Kredytowy w Warszawie with the Bank de la Handlu i Przemyslu w Warszawie (Bank of Commerce and Industry of Warsaw). This will give to the latter, by its absorption of the former, a large increase of business and an extended sphere of action, and the united bank will possess 150 branches at home and abroad.

TRADE

An Export Prohibition.—The Cabinet has approved an order prohibiting the export of gold and silver with the exception of silver coins not exceeding in value 100 zlotys per person and of gold and silver objects of everyday use, the private property of individual persons, the nature and value whereof is to be hereinafter defined.

The Share of Timber in the National Export.—Timber forms one of the most important of the national industries. The value of the export of this product in 1923 and 1922 (in brackets) is as follows (in millions of gold francs): rough wood, 46.3 (21.4); stripped wood, 68.3 (27.8); wood products, 12.6 (7.3); osier, 1.4 (1.1); basket work, 0.8 (0.4); total, 129.6 (58.2).

The importance of timber as an export will be seen from a comparison of the above figures with those relating to general trade. In 1922 and 1923 Poland's exports totalled in value 655.1 and 1,195.5 gold francs respectively, the value of timber thus amounting to 12 and 10 per cent. respectively. Only two classes of exports exceed timber in value, namely coal (26 per cent. of the total in 1923), and textiles (16 per cent.). The chief purchasers of Polish timber are Germany and Great Britain, followed by France, Belgium, Czecho-

Slovakia and Holland. Of the 1,615,088 t. of timber exported in 1923, 1,284,475 or 78 per cent. went to Germany. During the years immediately preceding the proportion was still higher. The kind of wood chiefly purchased by Germany is pine, used for the manufacture of cellulose, that country taking about 90 per cent. of the pine wood exported from Poland. Germany also purchases timber for the mines in considerable quantities. Timber for building purposes is largely exported to Czecho-Slovakia, Holland, Lithuania, Rumania and Sweden, and to a less extent to Switzerland, France, Belgium, Hungary. For stripped wood Germany is again the best customer, taking 550,481 t. (51 per cent.) in 1923. The export of this class of wood to Great Britain is steadily on the increase, being 26 per cent. of the whole in 1923 as against 20 per cent. in 1922. Of dressed wood Germany and Great Britain are the largest purchasers, France, Belgium, Denmark and Holland being also importers of this product. Of the 34,544 t. of wooden articles exported in 1923, Germany took 31 per cent., Great Britain 24 and France 13, other consumers being Austria, Belgium and Czecho-Slovakia, with rather less than 10 per cent. each. Among the wooden goods most in demand are furniture and coopers' work, of the latter of which Germany and Great Britain are the largest purchasers. (*Agence Economique et Financière.*)

RUSSIA FINANCE

The Chervonetz Currency.—The chervonetz currency issue of Sept. 1 last amounted to 461,550,000 roubles, secured by 126,797,950 gold roubles, 7,426,790 platinum roubles, 99,686,090 roubles the value of foreign bank notes, 3,436,750 roubles the value of bills in foreign currency, and 262,152,420 roubles in discounted bills and guaranteed advances. (*Agence Economique et Financière.*)

The situation and outlook of the chervonetz currency is dealt with by the *Rigaische Rundschau* in the following terms: When two years ago, on the total collapse of the existing Soviet currency, the chervonetz currency appeared, it was hailed as the sovereign remedy for all the ills with which the business life of Soviet Russia was afflicted. That the chervonetz appears as the Russian pound or standard currency on foreign markets, notably in the border States, is no proof of its stability, still less does its cover constitute a guarantee of this stability. The report of the Soviet national Bank of July 1 states the value of such cover for the 387,500,000 chervonetz issued up to that date to be as follows (in millions of gold roubles): gold in ingots and coin, 92.6; silver, 1.1; platinum, 7.4; foreign banknotes, 100; foreign bills, 3.4; bills in chervonetz currency, 137.8; secured bonds, 59.9; total cover, 402.5. According to this statement the chervonetz would appear to be fully covered. Gold, silver, platinum and foreign bank notes constitute a more or less sound and unimpeachable security, but the bills in chervonetz and the bonds are practically valueless, and any attempt to realise them would bring about nothing less than the complete disorganisation and closing of all State managed undertakings. They can in no way be regarded as a cover for banknotes, yet they are valued in the report at 197.7 million roubles, or 40 per cent. of the total cover. Neither can foreign bills be regarded as a flawless security, as they may be disputed, or other bills may be drawn against them. The real cover of the chervonetz as shown by the report amounts to no more than 50 per cent., and again its value is being constantly diminished by the continual issue, for purposes other than the Budget, of gold roubles backed by chervonetz. The downward tendency of the gold rouble can easily communicate itself to the chervonetz. Once it takes this road it can no longer receive support at home. No more revenue can be squeezed out by taxation, as already its pressure has reached the maximum, business

depression is ever on the increase, the bad harvest has dealt a fresh blow from which it will not be easy to recover and the constant new issues but plunge the country into deeper financial difficulties. According to all the signs a decline of the chervonetz may be anticipated.

The New Estimates.—The Soviet Government has just published its third Budget, and the first to be based on a real monetary unit, the chervonetz. In preceding years the Budget was based on the gold rouble according to the calculation of the Financial Commissariate. Further, it is the first Budget drawn up for all the republics of the Union, with the exception of Transcaucasia, which hitherto has maintained an independent Budget and currency. The estimates deal with revenue and expenditure for all the departments of State having a pan-Russian character. In addition, each Republic or autonomous district has a separate Budget for the administration of its local finances. The following table shows the various estimates (in millions of chervonetz roubles):—

Revenue.			per cent.
<i>Direct taxes.</i>			
Agricultural (non recurrent) ...	168.8		13.4
Industrial ...	30.9		2.5
Income and property ...	40.0		3.2
Various ...	1.9		0.1
	241.6		19.2
<i>Indirect taxes.</i>			
Excise ...	145.5		11.5
Customs ...	78.9		6.3
	224.4		17.8
Duties (octroi and others) ...	31.9		2.5
	497.9		39.5
Total			
Post and telegraph ...	39.0		3.1
Railways ...	597.9		47.4
<i>State lands—</i>			
(a) Forests ...	42.8		3.3
(b) Other lands ...	13.4		1.2
Profits on State industry, trade and banking ...	55.9		4.3
Refund of State expenditure ...	12.0		1.0
Miscellaneous ...	2.3		0.2
	1,261.2		100
<i>Special Revenue.</i>			
Government funds ...	15.0		
Loans ...	202.1		
Export duties ...	30.0		
Silver currency ...	20.6		
Issue ...	180.0		
	447.7		
<i>Ordinary Expenditure.</i>			
General Administrative departments	101.5		6.9
Commissariates of education, labour, health and social insurance ...	94.5		6.5
Commissariates of finance, agriculture, supply, Supreme Council of National Economy and Foreign Trade ...	137.8		9.4
Transport, post and telegraph ...	670.5		45.8
War and marine ...	318.5		21.7
Reserve funds, less that of the Council of the People's Commissaries ...	12.0		0.8
Treasury business (purchase of gold and platinum, repayment of loans, etc.) ...	130.2		8.9
	1,465.0		100.0
Reserve fund of Council of Commissaries ...	60.0		

In addition to the above, special expenditure estimates provide 183.9 million, including subsidies to the metal industries, agriculture, co-operative societies, for the purpose of electrification (39.3 mill.), for building, etc.

The general deficit thus amounts to 400 million roubles at the least, but will probably exceed that sum. (*Information Financière.*)

The Eco Della Stampa, Corso Porta Nuova 24, Milan, Italy.—This office reads for you all newspapers and reviews, and sends to you with all despatch cuttings concerning you. Terms of subscription will be sent on receipt of your card.—*Advt.*

TRADE

The Foreign Business of Trade Associations.—The Russian trade associations formed themselves into a Confederation, opened in 1923 direct trade relations with foreign countries and with that object established offices in London, Riga, Berlin, Reval, New York, Paris and Prague. The Central Association has further been very active in the organisation of banks. Two banks, a transit bank in Riga and a national bank in London, have been founded. Moreover, they have established business relations with foreign trade associations, notably in England. The total foreign goods trade of the Central Association amounted in 1923 to £3,620,372, of which £3,008,122, or 83.1 per cent., represented exports, and £612,250, or 16.9 per cent., represented imports. This trade was distributed among the Association's offices in the capitals of the various countries as follows: London, £1,686,072 (46.6 per cent.); New York, £818,088 (22.6 per cent.); Berlin, £451,352 (12.5 per cent.); Reval, £376,618 (10.4 per cent.); Riga, £165,901 (4.6 per cent.); Paris, £70,267 (1.9 per cent.); Constantinople, £34,111 (0.9 per cent.); Prague, £17,958 (0.5 per cent.). These figures represent 10.3 per cent. of Russia's total foreign trade of £34,987,400. (*Wirtschaftliche Nachrichten.*)

A New Step Towards Trade with Britain.—Through the agency of the Chief Concessions Committee, announces *Russian Information and Review*, two important agreements have been concluded between the Union Cold Storage Co. Ltd., and the Khlebprodukt. The agreements have been ratified by the Council of People's Commissaries.

The first agreement has in view the development of poultry breeding in the U.S.S.R., and the storage and export abroad of poultry, wood fowl, and partridges. On the agreement coming into force the Union Co. will provide a sum of £7,000 for carrying out the operations of the agreement, while the total sum for financing the undertaking will be worked out jointly by the two parties.

The Union Co. Ltd., with the direct participation of the Khlebprodukt, is to carry on the sale of the commodities on the foreign market. The Khlebprodukt has the deciding voice in fixing prices and conditions of sale. The representatives of the Foreign Trade Commissariat abroad have controlling rights over foreign transactions carried through on the basis of this agreement. Goods not suitable for export are to be sold by the Khlebprodukt on the home market. Ordinary duties are to be paid, and profits are to be equally divided between the Khlebprodukt and the Union Co. Ltd.

The agreement is to hold good for a term ending on Sept. 15, 1927. On the expiry of the agreement all property acquired through the Union Co. is to become the entire property of the Khlebprodukt at 50 per cent. of the value fixed by a special commission. Legal disputes are to be decided in Moscow.

The second agreement, on similar lines to the previous one, has in view the carrying on of pig breeding in the U.S.S.R. and export of pigs abroad. The second agreement is intended to ensure improvement of pig breeds, and construction of up-to-date slaughterhouses.

The sum provided by the Union Storage Co. must not be less than the value of 50,000 poods of swine-flesh sold during the first working year of the agreement. The agreement is valid until Sept. 15, 1929.

Business on the Moscow Exchanges.—During the third quarter of the present financial year (April–June), the Moscow Bank of Commerce had to record a falling off of customers, especially of private traders. The total business conducted through the bank was 70,637 gold roubles or one-tenth of the total amount of business done on the exchange, as against 122,892,000 roubles in the second quarter. The reduced share taken by private traders in business on the exchange is almost exclusively

attributable to the uninterrupted falling off of sales. Sales by private persons to the bank declined in all branches of commerce. Especially to be noted is the decline in business between private persons and the bank, in the purchase of manufactured goods, glass, chemicals, groceries, rubber, leather, and smoking materials. On the other hand, the number of cash transactions by private firms rose from 44.9 per cent. of the total business done in the second quarter to 68.7 per cent. in the third.

The Nijni Novgorod Fair.—The following account of the business transacted during the first 12 days of the historic Fair of Nijni Novgorod, which opened at the beginning of August, is supplied by *Russian Information and Review* :—

The total number of wholesale firms participating was 334, and of retail firms 291. Of these State firms registered up to Aug. 12 numbered 132; co-operative organisations, 61; share companies, 6; private, 64; Eastern, 71. The total quantity of goods arriving at the Fair up to the date mentioned was 3,152,000 poods.

The number of organisations visiting the Exchange Fair on Aug. 12 was 213, of which 123 represented State trade, 50 co-operatives, 25 private concerns, and 15 Eastern firms. The progress made will be seen from the fact that on the second day after the opening only 71 callers visited the Exchange.

The number of deals concluded during the period Aug. 1 to 12 was 244, of which 81 were Exchange transactions to the value of 2,641,730 roubles, and 163 were non-Exchange transaction of a total value of 484,046 roubles. Hence, though the number of non-Exchange deals is higher than those of the Exchange deals yet the value of the business transacted makes it clear that the latter are the more important. The total value of the deals transacted during the period amounted to 3,125,776 roubles. These transactions were mainly in groceries, flour, cereals, textiles, leather, drugs and chemicals. The biggest business has been done in textiles, leather, metal and wood products. The part which co-operation plays at the Fair may be judged from the following figures. During the first ten days 22 consumers' co-operatives arrived who mainly represented the central provinces of the R.S.F.S.R. But there are some from the Caucasus, from the Urals, and from the Lower Volga region. They concluded 38 deals in fabrics, iron, leather goods, matches, etc., and the business was mainly done with State organisations.

The Nijni Novgorod Provincial Agricultural Union at the Fair has disposed of all the agriculture machinery and implements it had brought. The big demand for agricultural machinery is due to the fine harvest in the Nijni Novgorod province. The Union will bring more goods to the Fair, which, however, will far from meet the existing demand.

The Centrosoyus anticipates a turnover of ten million roubles, half of which sum will go to sales.

The Tartar Republic is selling three million poods of grain at the Fair—chiefly rye. Further, the State Bank is storing seven million poods of cereals in the Tartar Republic.

This favourable account of the business of the Fair supplied by the organ of the Trade Delegation of the United Soviet Republics established in London is obviously intended for British consumption, but the economic press of Moscow (*Ekonomicheskaya Jizn*, *Izvestia*, and the *Commercial and Industrial Gazette*), as reported by the *Exportateur Français*, sings quite a different tune. These journals, which devote several articles to the Fair, all admit that the business transacted during the first ten days was very poor, and only amounted to one million roubles as against the ten millions recorded during the corresponding period of last year. The organisers of the Fair are very pessimistic as no signs of revival are in sight. Neither the State nor the co-operative societies are in a position to replace private business which has once more been driven away by the Bolsheviks. The Government

"trusts" are moreover hostile to the principle of the Fair. The co-operative societies are brow-beaten by the Trade Commissariat, which fixes prices and forbids bills to be drawn at more than thirty days. This strict supervision of the Fair explains its failure.

INDUSTRY

The Coal Output.—According to the recently published statement of the Donougol (Donetz coal) trust the coal output for the coming year is estimated at 554.6 millions poods, about one-sixth of the average annual pre-war output from the Donetz field, of about three milliard poods. Of this amount 34.6 million poods will be retained for use in the mines and 520 millions delivered to commerce. The cost of production if the present programme is adhered to, is estimated at 18.18 gold kopecks per pood, or 17.73 gold kopecks if it is extended, as against the pre-war cost of 8.5 kopecks. The number of miners employed during the current year in the production of 530 million poods, is 88,869, that is to say, the output per man works out at 6,000 poods for the year, 500 a month or 20 a day, about one-twelfth of the average pre-war output per man, which often attained 1,000 poods a day. Against this decline in productivity the cost of production has doubled as compared with pre-war times. The report which represents so bluntly the falling off of the once flourishing coal industry, declares that the programme for the coming year cannot be carried out unless the individual productivity of the workmen be increased. In order to achieve this it is proposed to reduce the unparalleled number of workmen, and so to increase individual output.

A Government grant of 10 million roubles for the works to be carried out in the Donetz field will be entered in the estimates for 1924-25. The capital of the Donougol Trust will be raised to 157,798,543 roubles. (*Rigaische Rundschau, Agence Economique et Financière.*)

Oil Affairs.—The petroleum output for the quarter April-June as compared with the corresponding period of the preceding year (in brackets) was (in millions of poods): Baku, 63.8 (5.7); Grozny, 21.4 (21.9); Eurba, 1.8 (2.0); Kuban, 0.8 (0.8).

At Baku the output for July was 23 mill. poods or 5.7 per cent. higher than in June, and for the first ten months of the year 214.3 mill. poods, or 19.4 per cent. higher than for the corresponding period of the preceding year. During the first nine months of the year, 125 mill. poods were exported. In Well No. 309 of the Lenin group at Baku a new spring of pure naphtha has welled up, but its output has not yet been measured.

Italian, Spanish and Portuguese business men have gone to Baku to negotiate with the Azneft for purchases of naphtha, and for possible oil concessions.

The home consumption of oil for the year 1923-24 as compared with the previous year (in brackets) is estimated as follows (in millions of poods): Petrol, 1.8 (2.3); lubricating oil, 3.6 (2.9); fuel oil, 22 (18.6).

In his report to the Economic Congress, M. Lomoff, President of the Naphtha Syndicate, pointed out the measures to be adopted for the capture of foreign markets by Russian oil. As regards home consumption, he stated that, owing to the grant of subsidies the reduction of railway rates and other privileges, Donetz coal was supplanting oil fuel in certain districts. It would, therefore, be necessary to reorganise the home market, in view of the stocks of oil on hand and of the impossibility of reducing output without injury to the works. This question was, moreover, linked up with that of export. (*Agence Economique et Financière.*)

SOCIAL AND LABOUR CONDITIONS

Threat of Another Famine.—M. Georges Popoff commences his article in the *Revaler Bote* on the prospects of a new famine by a quotation from the *Pravda* to the effect that "the famine phantom of 1921 is once again raising its hideous head, and once again from

the Volga and neighbouring districts a horde of panic-stricken fugitives from their native villages are seeking safety in aimless flight." This alarming information is supplied by a correspondent to the above mentioned Russian journal, writing from Saratov, the centre of the lower Volga corn district. The corn-growing districts round the Volga, in the Ukraine, and in the South Eastern governments have suffered from heat without precedent for the last 35 years, 1921 included.

In these districts the harvest has been burnt up, the winter wheat is altogether, and the summer wheat in great part, destroyed. A large proportion of the population, which has no food stores, is starving, and already the corpses of people dead from starvation are beginning to appear. The results of the bad harvests are already apparent, the farmers are slaughtering their livestock and selling it at rubbish prices on the markets. Hordes of vulture-like speculators are swooping down from all sides and purchasing the property of the starving for a song.

The situation may be represented in figures thus: out of the total cultivated area, in Russia of 70 million hectares, the harvest of 10 million hectares has been totally, and of 52½ million hectares partially, lost. The average yield per hectare is, in the more fortunate districts about 25 poods and in the famine districts sometimes as low as 3 poods, as against an average of 50 to 60 poods in pre-war years. The total yield of the harvest, according to present prospects, will be at the most 1,800 million poods as against the estimate of the Government in the spring of 2,500 poods and against the yield in 1913 of 4,000 poods (exclusive of the territory since lost to Russia). If it be taken into consideration that 800 poods will be taken for Government purposes, there remain only 1,000 million poods for consumption by a population of 120 millions. This simple calculation speaks volumes and points to but one result, namely famine.

So long ago as June it was announced from Moscow that "only" 5 million people were starving, but subsequently these figures had to be increased to 6, and ultimately to 8 million, and at the present time the number of starving persons may be estimated without exaggeration at 10 millions. Conditions are rapidly approaching those of 1921 with their train of horrors, including cannibalism. The present situation contains disquieting elements unknown to that of 1921. First and foremost the population shows a tendency towards exaggeration, and a state of excitement exists which was not apparent three years ago. The Government is blamed for not having learnt its lesson from the events of 1921, and accused of thinking more of foreign communists than of the welfare of its subjects. Must we once again, writes a workman to the *Pravda*, rely upon help from America and do nothing for ourselves? In certain districts the peasants have stormed and plundered the public granaries, and wealthy farmers are going armed as a protection against the desperation of the starving.

The attitude of the Government towards the situation as compared with its attitude in 1921 is worthy of note. Even Soviet journals remark with disapproval its disposition to ignore the danger of a new famine and put forward the specious argument that the disaster of 1921 cannot recur. Sinovieff, who has not personally visited the famine area, is optimistic, and has publicly declared that this year's bad harvest can have no serious result. The Government is glibly talking of raising a subscription of 350 million gold roubles for the starving and of preparing a scheme of land improvement. The Foreign Trade Commissariat has decided, in spite of the famine, not to hinder the export of corn. Kamenieff, in a recent speech, made light of the situation and declared that the export of corn must be increased. The explanation of this declaration is simple enough. On the continuation of the corn export depends the reform of the currency, and even the very

existence of the Soviet régime. The Moscow Government, in view of the negotiations pending with England and France, is extremely anxious to represent Russia's export possibilities in as favourable a light as possible. Moreover, the universal revolution has to be financed.

UNITED STATES

POLITICAL AND GENERAL

The Mobilisation of Industry for National Defence.—

The first step in the practice mobilisation of the nation's industrial forces and man-power for a war emergency, says the *New York Evening Post* of Sept. 4, began to-day in the New York District with the meeting of the Industrial Advisory Board at the Army Headquarters Building, 39 Whitehall Street. The mobilisation will end on Defence Day. "If the work which is now under way in regard to industrial preparedness," said General James G. Harbord, former deputy chief of staff and one of the board, "had only been undertaken a year before our entrance into the World War, there is no doubt in my mind but that the armistice would have been advanced by several months, with a resulting saving of many lives and of a tremendous amount of money. It would be folly not to profit by the lesson of our most recent experiences, and so plan that our man power can be properly matched with adequate munition power in any future emergency."

Judge Elbert H. Gary, chairman of the United States Steel Corporation, headed the Industrial Advisory Board. Samuel McRoberts, president of the Metropolitan Trust Company; Brigadier General Guy E. Tripp, chairman of the Westinghouse Electric and Manufacturing Company, and General Harbord, who is president of the Radio Corporation of America, also met at the Army Building with Colonel J. L. Walsh, District Ordnance Chief of the Army Reserve Corps.

Colonel Walsh outlined an assumed emergency likely to call for the full man-power and the entire industrial resources of the country and require an expenditure in one year of \$330,000,000, the amount expended in the construction of the Panama Canal in ten years. Unfortunately, their plans were not yet complete for quick conversion of their peace industries for the manufacture of materials needed for national defence. They must face the situation as it was to-day. The Board was to consider the problem of bringing about the best possible co-ordination of the industries of the district and be ready to make a report on Sept. 12. The Board dealt first with airplanes and ordnance.

Following the conference, Judge Gary said: "In the present state of the world we must either maintain huge reserve stocks of war material at the taxpayers' expense, or we must organise industry to produce ordnance and airplanes promptly when necessity arises. Complete disarmament may be impracticable, but a proper degree of industrial preparedness will permit our taking great strides in that direction."

FINANCE

Purchasing Power of the Dollar.—In terms of the wholesale prices of 200 representative commodities, says the *Chicago Daily Tribune* of Sept. 8, the purchasing power of a dollar last week averaged 67.6 cents as compared with what it would have bought in 1913. For March, the last month of the first quarter of 1924 it averaged 67.2 pre-war cents, and for the first quarter 66.1. For June, the last month of the second quarter, the purchasing power of the dollar averaged 69.9 cents, and for the second quarter 69.1. For July, the first month of the third quarter, it averaged 68.9 cents. The commodity prices averaged 147.9 per cent. of the pre-war level during the week, 148.7 during March, 150.5 during the first quarter, 143 during June, 147.4 during the second quarter, and 145.2 during July. These are the figures of Prof. Irving Fisher. In the following

table the index number shows prevailing prices as compared with those of 1913, and the purchasing power represents what \$1 would buy in the period covered comparable with 1913:—

	Index number.	Purchasing power.
1913	100	100
1920 May (peak of prices)	248	40.5
1923 yearly average	157.7	63.4
1924 January average	151.4	66.1
February average	153.4	65.2
March average	148.7	67.2
first quarter average	150.5	66.1
April average	145.9	68.6
May average	144.8	69.1
June average	143	69.9
second quarter average	144.7	69.1
week ended July 5	143.3	69.9
week ended July 12	142.3	70.3
week ended July 19	143.3	69.2
week ended July 26	147.1	68
week ended August 2	148.7	67.2
week ended August 9	147.9	67.6
week ended August 16	148.5	67.4
week ended August 23	147.1	68
week ended August 30	147.4	67.8
week ended September 6	147.9	67.6

The price quotations are taken by Prof. Fisher from Dun's weekly review and the weights from the War Industries Board's report.

Surety and Burglary Insurance Companies' Losses.

—The National Surety Company, of New York, publishes the following statement of losses sustained during the last six years by a group of Surety and Burglary Insurance Companies in proof of the continued intensity of the crime wave in the United States:—

	Embezzlement.	Burglary.
1918 ...	\$3,060,348	\$2,964,790
1919 ...	4,633,604	5,660,305
1920 ...	5,623,819	10,189,853
1921 ...	8,270,000	11,500,000
1922 ...	9,235,836	10,601,358
1923 ...	10,311,258	10,601,448

The last pre-war statistics show the corresponding figures for 1913 to have been \$2,030,201 in respect of embezzlement and \$1,298,588 in respect of burglary. Whether this steady growth in the sum-total of annual disbursements is actually due to a definite increase of crime, or is not rather the result of a multiplication of policies effected by the companies in question, does not appear. The National Surety Company (capital \$10 mill.) itself in 1923 incurred losses aggregating \$7,917,051, thus bringing up its total loss over a period of thirty-five years to over \$40 million. As preventives, financial institutions are urged to instal a better system of accounts and checking, and commercial houses to adopt more effective safeguards against embezzlement and fraud; citizens and public officials are asked to insist on honesty courses in public schools; and magistrates are invited to promote respect for the law by prompt and severe sentences, and surety companies to punish with greater severity unfaithful bonded men.

INDUSTRY

Conditions in the Gold-mining Industry.—The United States Senate Gold and Silver Commission, commenting upon the United States gold production, reports as follows: "The purchasing power of gold having diminished during 1921, 1922, and 1923, the gold-mining industry in this country has been under continually increasing economic pressure, as is evidenced by the continuous decline in the production of gold from siliceous ores and placer gravels. Heavy labour turn-overs in many of the gold camps, a shortage of competent labour, and a general decline in the efficiency of labour have also contributed largely in keeping the industry in a sub-normal condition. The marked depreciation in the exchange value of gold indicates the high and prohibitive prevailing production costs which have continually operated to restrict production

since 1915. The declines in exchange value of gold have been greater than the declines in production, indicating that the industry has made every effort to sustain its position in the face of such adverse economic conditions. A great wastage has taken place in gold ore reserves, mine equipment and capital invested in the industry, which represents a national loss as well as a loss to the industry. Newly imported gold is being added to our disproportionately large monetary reserves, and demands for low interest rates will probably result in credit expansion, increase in price level and higher operating costs in 1924. A return to the normal functioning of the gold standard throughout the world will make necessary a redistribution of the large gold reserve of the United States. Our trade will be improved when the gold standard is restored to normal. When foreign countries are withdrawing our surplus gold, a normal output of newly produced gold from mines in the United States would assist in expediting restoration of the gold standard and still further insure business stability. With the present outlook for the industry, this country will become a still less important factor in the world's production for 1924."

Improvement in the Steel Industry.—Not since the early days of the year has steel demand been so brisk as it is to-day, says the *New York Evening Post* of Aug. 26. Plans are announced for the reopening of mills and furnaces and the prospect is roseate. There is every indication that one of those rare periods in which all the railroads seem to turn buyers at the same time is in prospect. There is already in the market inquiry for between 150,000 and 200,000 tons of rails, and at least 250,000 tons of business is expected to be realised in the next few days. South-western roads thus far have done most of the shopping, although Eastern lines are beginning to come in. As yet the Western roads have not made their appearance in the market. The New York Central alone is expected to come into the market for from 150,000 to 200,000 tons of rails and, if that develops, the big movement probably will be on. Actual rail sales and specifications in the last few days have exceeded any record in the last five months. To this must be added some large tonnages of bars, shapes and plates for car builders. One of the best indications of the trend is the announcement that the United States Steel Corporation will reopen the largest rail mill in the world, located at Gary, the day after Labour Day. This mill has been idle for two months. The railroads are not the only present buyers, however. Practically every consumer of steel products, with the single exception of automobile builders, is in the market with a buying zest that has not been experienced for some time. Farm implement makers are especially active, and considerable tonnage is being taken by makers of tanks and stoves. The leading independent in the Chicago field is now operating at 70 per cent. of capacity, which is the highest ratio reported since the first of the year. Twelve of the thirty blast furnaces in the territory are now in operation and others are to resume. Despite the evidence of contracts and permits and other indices of building business, the structural steel trade is improving materially. Several large contracts in the Middle West are expected to be closed within the next fortnight. Actual inquiries for cars in this market total nearly 10,000 and these come from but four or five roads. To these the railroads have added inquiries for considerable quantities of track-laying material and other incidental supplies.

During July, says the *New York Herald Tribune*, the Class 1 railroads installed 17,926 freight cars, according to the figures of the American Railway Association. This makes the total number of cars placed in service since the first of the year 88,800, a decline of 8,150 as compared with the corresponding period of 1923. Of the cars installed in July box cars totalled 7,179, coal cars 5,121 and refrigerator cars 2,770, including both railroad-owned and those of private refrigerator com-

panies. Reports showed 52,375 freight cars on order and awaiting delivery on August 1 as against 86,716 on August 1, 1923. Carriers also placed in service 197 locomotives during July, bringing the total installed since the first of the year up to 1,268, compared with 2,221 a year ago.

The Vogue of the Automobile.—A survey undertaken by the Automovite Industry reveals the astounding fact that there were over fifteen and a half million motor vehicles registered in the United States on July 1, exclusive of Alaska and other territories. In the rest of the world, according to the most recent figures, there are only about three million cars, so that about 88 per cent. of the total number of automobiles are in the United States. This means that there is one motor vehicle there for every 7.2 Americans, or, as the *Literary Digest* puts it, that, counting on a little extra assistance from trucks, everybody, including men, women and children, could probably take a motor ride at the same time. The *Detroit Motor Age* gives the following summary of the report. There was an increase of 2,475,770 or 19 per cent. over July 1, 1923. Trucks, which had represented 10 to 11 per cent., crept up to 12.3 per cent. of the total. Fees paid in the first six months of 1924 amounted to \$195,821,622, an increase of approximately \$45,000,000 over the first six months of 1923; and, in round numbers, \$5,000,000 more than was paid during the twelve months ending December 31, 1923.

The number of motor cycles registered has declined consistently since 1919. Totalling 240,000 on Dec. 31 of that year, they now number only 126,366, a decrease of almost 50 per cent. in less than five years. In the face of these constantly decreasing numbers, Massachusetts showed a gain of 3,023 motor cycles, and Connecticut followed with an increase of 1,158. To offset this, California showed a loss of 1,692, Pennsylvania a loss of 1,524, and Wisconsin a loss of 1,315.

While passenger car and truck figures from July 1, 1923, to July 1, 1924, show a gain of 19 per cent., the period from December 31, 1923, to July 1, 1924, does not record nearly so good a showing. The increase was only 301,240 for the six months. This small gain is doubtless to be explained in several ways. The tremendous volume of purchases which were made in the fall and early winter of 1923, the long, cold spring of this year, and the feeling of uncertainty which has predominated in business over a period of months all have had their effect on car sales.

At the end of the first six months of 1924 there remained only eleven States and the District of Columbia which had not passed the 100,000 mark, namely: Arizona, Delaware, Idaho, Montana, Nevada, New Hampshire, New Mexico, Rhode Island, Utah, Vermont and Wyoming.

The total registration figures for December 31, 1922, show that there were at that time seventeen States and the District of Columbia which had fewer than 100,000 passenger cars and trucks. On July 1, 1923, there remained sixteen States and the District of Columbia, which had a total registration of less than 100,000.

In the period from July 1, 1923, to July 1, 1924, the number of States which had less than 100,000 total registrations had decreased to twelve and the District of Columbia. In other words, five of the sixteen States which had registrations ranging from Nevada with 12,766 to North Dakota with 99,000 on July 1 of last year have gone over the top with more than 100,000 motor vehicles in operation. To put it in terms of percentage and disregarding the District of Columbia, approximately 35.5 per cent. of the States showed total registrations under the hundred thousand mark at the end of 1922; this had decreased to 33 per cent. on July 1, 1923; and on July 1 of this year, over a period of twelve months, had still further decreased from 33 to 23 per cent.

California, New York, Ohio and Pennsylvania stand well above the million mark in the order given. Illinois, which had 986,490 registrations on July 1, is first on a

list of six States whose registration is above 500,000 but under 1,000,000, and there are twenty-seven States whose registrations range between 100,000 and the half-million mark. In other words, there are now thirty-seven States which individually have from 100,000 to more than one million motor vehicles, five more than there were at this time last year.

The largest gain recorded over December 31, 1923, in numbers was made by the State of Ohio, with an increase of 91,300. Thirteen States showed an increase of more than 10,000. The largest percentage gain was made by the State of Massachusetts, 18 per cent., 85,686 in number and second only to Ohio. Following it were Delaware with a gain of 16.8 per cent., North Carolina with a gain of 15.1 per cent., and Washington and New Mexico with gains of 11.2 and 11.1 per cent. respectively. For the period of the twelve months from July 1, 1923, to July 1, 1924, California showed the greatest numerical gain, 249,190. It was followed by New York, Ohio, Pennsylvania, Illinois and Michigan with more than 100,000 additional registrations each.

Every State shows an increase for the twelve months ending July 1, 1924. The District of Columbia alone shows a loss, which may be accounted for by the confusion in registration figures which has existed there.

AGRICULTURE

Grain Crop Estimates.—*Wheat.* Broomhall's estimate of the world's crop of 3,275,000,000 bushels is 406,000,000 bushels less than last year, says the *Chicago Daily Tribune*. The requirements of importing countries are estimated at 744,000,000 bushels, or only 8,000,000 bushels less than last year, while the 792,000,000 bushels surplus of exporting countries is only 48,000,000 bushels over import needs. Estimates of over 156,000,000 bushels as a combined surplus in the United States and Canada may be enlarged by later crop returns. It is also possible that the 200,000,000 bushels allotted to Argentina may be reduced by crop accidents. The *Philadelphia Public Ledger*, however, says that the condition of the wheat crop in Western Canada is now sufficiently known to warrant reliable estimates. The best of these, according to advices from Ottawa dated Sept. 2, place the probable yield in the prairie provinces at about 285,000,000 bushels on the authority of the *Manitoba Free Press*, as compared with the Dominion Government's estimate for these provinces at the end of July of 259,000,000 bushels, to which should be added another 22,000,000 or 24,000,000 bushels for the rest of the provinces. Notwithstanding that the weather conditions out West have distinctly improved in the last few weeks, with the result that a great deal of wheat that was despaired of has come along well, the total yield for all Canada will probably be 170,000,000 bushels below that for last year; at the same time it must not be overlooked that the harvest is at least two weeks later than usual, and that probably some of the crop may be nipped by frost. With regard to the grain-producing possibilities of the Dominion, attention is directed to a statement by Prof. G. R. Anderson, of the University of Toronto, to the effect that Canada alone is ultimately capable of raising sufficient wheat to meet the requirements of 1,000,000,000 people, or twice the present population of all the white races.

Corn. The Government report due on Sept. 9 was expected to lower conditions materially, according to the *Chicago Daily Tribune*. Estimates on the crop are for 2,464,000,000 to 2,501,000,000 bushels, as compared with the Government August estimate of 2,576,000,000 bushels and a yield last year of 3,046,000,000 bushels. The *New York Evening Post*, however, states that a prominent New York and Chicago trader just arrived from the West estimates that the crop will not exceed 2,300,000,000 and may be still less in case of frost, while some Western advices place it as low as 2,000,000,000 bushels. Light frost has

visited several corn States, doing a moderate amount of damage where the crop is in the milk, and fears are entertained of more frost, any return of which during the last three weeks of September would be bound to damage the corn. Some corn specialists say that the weather has been too cold to mature the corn, and that there is good-sized acreage that may never mature but will make feed.

Oats. Indications, says the *Chicago Daily Tribune*, are that the oat crop will be around 1,465,000,000 bushels, as against 1,300,000,000 bushels last year.

Cotton Crop Prospects.—Now, with the average condition for Sept. 1 having fallen off to about 61 per cent., it is found there has been much less damage by the boll weevil this season than for three years, says the *New York Evening Post*, while the record-breaking acreage of over 40,000,000 acres will produce a crop comparing well with the previous big crops of 13½ million bales in 1920 and 16½ million bales in 1914. The *Memphis Commercial Appeal* makes the indicated yield on the 1st of September 13,018,000 bales without linters, as against an estimate of 12,828,000 on August 16 and one of 12,275,000 on August 1, allowing for the 1 per cent. of abandoned acreage. The last Government report made the condition of the crop 67.4 per cent. for August 16 and the indicated yield of that date 12,956,000 bales without linters. There would, however, appear to be a great deal of confusion as to just what any given condition corresponding to the old end of August report would indicate in the way of a total crop, says the *New York Herald Tribune*, for private estimates vary in the most extraordinary manner. Thus one makes the condition 62.2 and the indicated yield only 12,407,000 bales, while another placing the condition at 61.8 makes the indicated crop 13,327,000 bales. The average of eight private condition figures so far issued, however, is 61.9 and the average of seven crop indications is 12,762,000 bales.

FOREIGN BANK RATES.

	Per cent.		Per cent.		Per cent.
Amsterdam	5	Danzig	10	Prague	6
Athens	7½	Dublin	5	Reval	9
Belfast	5	Geneva	4	Riga	8
Belgrade ...	6	Helsingfors	9	Rome	5½
Berlin	90	Kovno	8½	Sofia	7
Brussels	5½	Lisbon	9	Stockholm ...	5½
Bucharest ...	6	Madrid ...	5	Vienna	15
Budapest ...	12½	Moscow ...	6	Warsaw	12
Christiania ...	7	New York...	3		
Copenhagen	7	Paris	6		

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 Central European Observer"

COMMERCIAL AND POLITICAL WEEKLY.

The *Central European Observer* is published at Prague in English and appears every Saturday. It circulates largely in all parts of the world and supplies up-to-date and reliable information on Czechoslovakia and Central Europe generally. It contains valuable reports on all business matters and assists in promoting mutual trade relations.

Subscribers have free use (on sending the amount of return postage) of the services of the Observer's "Inquiry Office," from which they may obtain all information they desire regarding Central European Industries and import and export trade. Applicants for information should state their wants with precision.

Terms of Subscription—

England and British Colonies 8/- for 12 months.

America \$2

Other Countries...(Czechosl. Crow.) 66

Specimen copies and advertisement rates sent post free on application—

"The Central European Observer,"
Prague-III-Nerudova 5.
Czechoslovakia.

THE ECONOMIST'S BOOKSHELF.

THE PROBLEMS OF RAILWAY DEVELOPMENT.

The Role of the State in the Provision of Railways.—

By H. M. JAGTIANI. With an Introduction by SIR WILLIAM ACKWORTH, K.C.S.I. (London: P. S. King & Son, Ltd. Price, 8s. 6d. net.)

As far as Europe, at any rate, is concerned, the main political and economic problem connected with railways is no longer so much who should provide them, as who should manage them. These are two absolutely distinct questions, of which the latter is receiving diametrically opposed answers. Whilst one country is debating whether it will transfer its privately-owned railways to the State, another is debating whether it will transfer its State-owned railways to private management. Nevertheless, the other problem as to the best method of providing them is by no means merely academic. In the first place there are immense undeveloped, but potentially rich, countries whom it intimately concerns; and in the second place, there are new public services of a similar character (such as, for instance, air communications) whose development should be influenced by the experience derived from the railways. The present volume is a thesis approved for the Degree of Science (Economics) in the University of London. As a thesis it is of high merit, and has an added interest in view of its Oriental authorship. As a study of the particular problem it is a promise rather than an achievement, for the investigation is confined to three countries, England, Prussia and India, and is compressed into 145 pages. The three countries chosen are, indeed, excellent for the purpose, since, to quote Sir W. Ackworth's summary, "in England the State did nothing to help development; in Prussia the State and private enterprise worked side by side, and usually hand in hand, and in India the State bore the whole burden." There is ample evidence in the work that the enquiries of Mr. Jagtiani extend far beyond the limits of those countries, and it is to be hoped that he will in due course produce the comprehensive work for which he is qualified by ability no less than by research. Slight reflection will convince of the importance of the larger enquiry, and of the omissions which are inseparable from the limited range of the present volume. It would be interesting, for instance, to know the effects of *foreign* private enterprise in countries like Spain or Argentina. Denmark, again, would afford a better example than either of the countries included in the present enquiry of a deliberate Governmental scheme for fostering agriculture by means of unremunerative railways. The Austro-Hungarian Monarchy, on the other hand, would reveal the possibilities of political chicanery in its railway policy in Bohemia, whilst Canada and Australia are replete with interest in respect of their railway development. Nor has Mr. Jagtiani by any means exhausted the problems which arise in his chosen field. He admirably surveys the waste in the unregulated growth of the English railway system under private enterprise, with its inadequacy in one place, its redundancy in another, and its subservience to the spasmodic influences of ill-advised speculation. "The methods of England," he says, "may at once be discarded as uneconomic." True, but we should be interested to know how far he would characterise the *result* as uneconomic. As compared with the best examples of State prescience would he regard the actual English system of to-day as unduly deficient? He quite rightly avoided including in the present work more than its scope would permit; but the problem is one which is so diversified by geography, material resources and human characteristics, that almost any generalisation is hazardous, and none is prudent which is not based upon the most exhaustive enquiry.

J.C.J.

A GOOD TEXT-BOOK.

Problems of Public Finance. By JENS P. JENSEN, Department of Economics, University of Kansas. (London: G. G. Harrap & Co. Ltd. Price, 10s. 6d. net.)

Teachers or students in elementary economics would be well advised to bear this volume in mind when selecting a text-book on public finance. A variety of qualities go to make a good text-book; it must be stimulating and it should direct the student where to look for fuller knowledge; it should support theory with actual examples in due measure; it should be simple and straightforward both in arrangement and style; it should be judicious in selection, undogmatic in statement, and, above all, impartial in presentation. Opinion will differ, among teachers especially, as to how far almost any text-book meets these ideal requirements, and will differ as to the relative importance of the requirements themselves. The production of text-books is, after all, not the pedestrian occupation which is sometimes imagined; it may well demand more skill, if less originality, than the production of a creative work. We shall not, we hope, be infringing one of our own canons if we hazard the view that the present volume is an example of a good text-book; for the rest, let the individual teacher judge for himself whether he can agree with us.

The book, which contains 606 pages, is divided into four sections entitled respectively Public Expenditures, Public Revenues, Public Credit, and Fiscal Administration. The illustrations are mainly, though not by any means exclusively, drawn from American experience; but that should be immaterial to the student of economic theory, provided (as in this case) that the book is universal, and not merely local, in its outlook. A more important disadvantage, from the point of view of the English student, is that the bibliography appended to each chapter concentrates rather excessively on American books; to the well-informed teacher, of course, this is a matter of small moment. We append a few examples (not carefully chosen) of the style of the book:—

Confiscation is the expropriation of private property for public use without compensation. . . . Confiscation we shall probably continue to have on occasion. In all times, since the institution of private property has existed, property rights have been dedicated to uses which were at the time beneficent enough, but which have subsequently become useless if not positively harmful. The likes and dislikes of dead men cannot forever be allowed to govern and hamper the use of our social wealth. Still, confiscation is a dangerous remedy. As a source of revenue it is irregular, unreliable, and generally small. (p. 111.)

Finally, and unfortunately, there is, in some States, still another revenue-producing power, the power to make war and to exact tribute, in various forms, from conquered States. . . . Even to-day, when nations grow strong and prosperous, they too frequently come to regard warfare as a collective business venture, whose reward consists in annexed territories and occasionally in money payments. Tributes now pass as indemnities and reparations; but, as of old, they are payable to the nation that is successful. It need hardly be said that tributes in any form are generally objectionable. They impoverish the paying and demoralise the receiving State. Being irregular and occasional, they upset the international balance of exchange of goods and credit, besides producing hatred and antipathy which in turn may lead to destruction of wealth far in excess of the tribute. The statesman who relies on tribute from conquered States builds on a volcanic foundation. (p. 114.)

Occasionally economic activities are encouraged by means of tax exemption. States and cities, although the latter are not always permitted to do so, have granted to railroads and manufacturing enterprises tax exemption for a limited period, in order to encourage their establishment. This is almost always bad practice, since industries that can be attracted only by such terms are not likely to prove economically desirable. In any event tax exemption is a poor method of determining the geographical distribution of industries. (p. 174.)

In conclusion we might be permitted to add that there are others besides elementary students who could learn from this book a great deal which it would be worth their while to know.

J.C.J.

FINANCE AND AGRICULTURE.

The Bank of North Dakota: An experiment in Agrarian Banking. By ALVIN S. TOSTLEBE, Ph.D., Instructor in Economics, Columbia University. "Studies in History, Economics and Public Law," edited by the Faculty of Political Science of Columbia University. (London: P. S. King and Son, Ltd. Price, 10s.)

The question entailed in a credit system for the development of agriculture is becoming one of rapidly increasing importance. Most European countries are vitally interested in it, if not directly, most certainly indirectly, and the sooner it ceases to be a fact, in countries largely dependent upon agricultural communities, that credit stringency and usurious rates of interest are starving agriculture of its necessary equipment the better it will be for all the many other subsidiary problems concerned. Experiments in agrarian banking are becoming less rare probably because it is beginning to be recognised that Agriculture, like most other industries, embraces three distinct operations; production, marketing and financing. In the latter operation agriculture has lagged far behind industrial enterprise in the modern race for credit facilities. Reasons for this are not hard or difficult to find because they are inherent in all industrial and agricultural comparisons. The crucial points to be determined in all experiments in agrarian banking are whether the risks to be encountered stand unbearable and, if not, is the burden of them within the proper scope of private enterprise or the domain of State action. An agreement was recently concluded with the National Bank of Greece for the formation of a Land Bank in that country and in other central European states steps are being urged and taken towards the development of rural credits systems. It is, therefore, an opportune moment in which to call attention to Dr. A. S. Tostlebe's monograph upon the Bank of North Dakota, which is a most substantial record of an American experiment in agrarian banking.

In approaching an American experiment with an economic problem, however illuminating it may ultimately prove to be, one feels, almost naturally, that one must guard oneself against the intrusion of professional Politics. In his study of the Bank of North Dakota, Dr. Tostlebe has carefully recognised this prevalent danger and in so doing he has succeeded in salvaging a highly instructive experiment from a "welter of politically inspired propaganda." The Bank of North Dakota was a post-war State adventure and if, in the legislative assembly, an enthusiastic representative could hail the day of its birth as "the day that we long have sought, and mourned because we found it not," an honest critic could scarcely fail on its third anniversary to regard it economically as a child born out of due season. Arising out of the farmer's political and even revolutionary agitation; placed absolutely in the hands of an Industrial Commission composed of three opportunist politicians, the Governor, the attorney-general and the commissioner of agriculture and labour, the destinies of the Bank of North Dakota would, by most of us, be regarded as precarious. The representatives of its advocates in control one day, and those of its antagonists in control another day, betoken its short history as steeped in jeopardy. It proved to be so; a fact to which, as well as to the whole period in which the idea of an agrarian bank was germinating, Dr. Tostlebe has done full and impartial justice.

In his survey of the conditions and agitation which, culminating in the triumph of the Nonpartisan League, led to the foundation of the State Bank in North Dakota the author is most informative, but, we feel, that it is to his conclusions upon the experiment that the majority of readers will the more readily turn in quest of light. The chapters on the operations of the Bank are of first-class importance and do not always reflect credit on managerial efficiency or initiative. At one period it is "well-nigh impossible to condemn the Banks' officials too severely for their laxity in examining depository

banks, for their folly in using public funds to succor failing banks, and for the partiality which they showed in the distribution of such funds." As Dr. Tostlebe elsewhere asserts, a public institution might well be run at a loss and still be run efficiently. The Bank of North Dakota seems to have lost even that saving grace on the morning it opened its doors to business. Nevertheless, it is easy to separate the faults which impede the application of a sound idea. In his conclusions, Dr. Tostlebe takes the need for such a bank as indisputably established.

The belief that existing banking systems were inadequate was so universal that upon it the State Bank of North Dakota was reared. North Dakota needed a rural credits system and the failure or timidity of private enterprise forced the farmer to test State action. Dr. Tostlebe inclines to the view that the requisite banking machinery should be in the form of a State Bank, and that public money should be an important factor in its operation. The gravest danger he detects in supplanting private with government enterprise is that the latter is likely to be premature. Had this experiment, he thinks, been surrounded by even ordinary safeguards against political cupidity and attack, the Bank might well have been directed in the interest of the citizens. An incongruous fusion of mortgage banking with reserve banking represented a principle upon which the Bank was established. To contemplate such a fusion was to invite disaster and the Bank of North Dakota, we are told, suffered "great embarrassment because it attempted to weld into one these fundamentally different businesses." But, it is for the mixture of politics with control of the Bank that Dr. Tostlebe reserves himself. "The Bank's reserves were not chiefly due to bad crops or bad prices or even primarily bad management. Bad politics were, in last analysis, the main incumbrance of the Bank. Making those who are directly responsible for its control free from political attack, and providing for their selection in such manner as to insure a reasonable balance between liberal and conservative, would, it is believed, go far towards restoring to great usefulness an institution which has suffered at the hands of popularly elected officials." In this connection it is interesting to note that Dr. Tostlebe regards enviously the constitution of the Commonwealth Bank of Australia which he considers fosters first-class management. Purged of the political evil the Bank of North Dakota should then study its own interior economy and segregate its farm-loan business from its extraordinary banking miscellany.

H.J.H.

PUBLICATIONS RECEIVED.

Chinese Coolie Emigration to Countries within the British Empire. By Persia Crawford Campbell, M.A. (Sydney). With a Preface by the Hon. W. Pember Reeves, Ph.D. (London: P. S. King and Son, Ltd. Price, 10s. 6d. net.)

The Role of the State in the Provision of Railways. By H. M. Jagtiani, M.Sc.(Econ.), London. With an Introduction by Sir William Acworth, K.C.S.I. (London: P. S. King and Son, Ltd. Price, 8s. 6d. net.)

The Psychological Theory of Value. By George Binney Diblee. (London: Constable & Co., Ltd. 12s. 6d. net.)

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

STATISTICAL SECTION

THE TRADE BAROMETER

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

- | | | | | |
|--------------|-----------------|------------|-----------|------------|
| 1. Pig iron. | 3. Coal. | 5. Cotton. | 7. Hides. | 9. Bacon. |
| 2. Tin. | 4. Linseed Oil. | 6. Wool. | 8. Wheat. | 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	10 Com- modities	Bde.ofTde Monthly Average	Date	10 Com- modities	Bde.ofTde Monthly Average	Date	10 Com- modities	Bde.ofTde Monthly Average	Date	10 Com- modities	Bd. ofTde Monthly Average
Jan. 16 1920.	367.9	296.6	May 12	204.3	201.7	Aug. 18	164.0	156.3	Dec. 14	177.0	163.4
Feb. 13	367.6	310.3	June 17	201.8	197.7	Sept. 15	161.2	154.3	1924		
Mar. 19	396.9	319.0	July 15	194.4	194.1	Oct. 13	161.2	155.2	Jan. 18	178.6	165.4
Apr. 16	384.6	325.2	Aug. 19	178.1	190.0	Nov. 17	169.3	157.6	Feb. 15	187.9	167.0
May 14	391.2	325.5	Sept. 16	183.4	187.0	Dec. 15	161.2	155.8	Mar. 14	182.1	165.4
June 18	417.7	322.4	Oct. 14	170.2	180.7	1923			Apr. 18	177.5	164.7
July 16	418.8	316.9	Nov. 18	154.5	172.8	Jan. 12	162.8	157.0	May 16	171.2	163.7
Aug. 13	386.8	313.1	Dec. 16	153.2	167.9	Feb. 16	177.2	157.5	June 20	167.8	162.6
Sept. 17	379.4	311.4	Dec. 30	150.0		Mar. 16	192.4	160.3	July 18	167.1	162.6
Oct. 15	328.6	302.3	1922			Apr. 20	198.5	162.0	Aug. 15	175.3	
Nov. 19	293.0	286.9	Jan. 20	144.0	164.0	May 18	198.1	159.8	" 22	175.1	165.2
Dec. 17	257.0	263.8	Feb. 17	149.2	161.8	June 15	190.0	159.3	" 29	173.9	
1921			Mar. 17	149.8	160.0	July 20	177.3	156.5	Sept. 5	174.2	
Jan. 14	244.2	245.9	Apr. 14	151.7	160.1	Aug. 17	174.6	154.5	" 12	171.7	
Feb. 18	219.1	225.2	May 19	162.1	160.6	Sept. 14	173.2	157.8	" 19	167.9	
Mar. 18	199.0	210.8	June 16	163.6	159.9	Oct. 19	166.0	158.1			
Apr. 15	202.8	204.8	July 14	165.1	160.3	Nov. 16	171.7	160.8			

CHART ILLUSTRATING TABLE I.

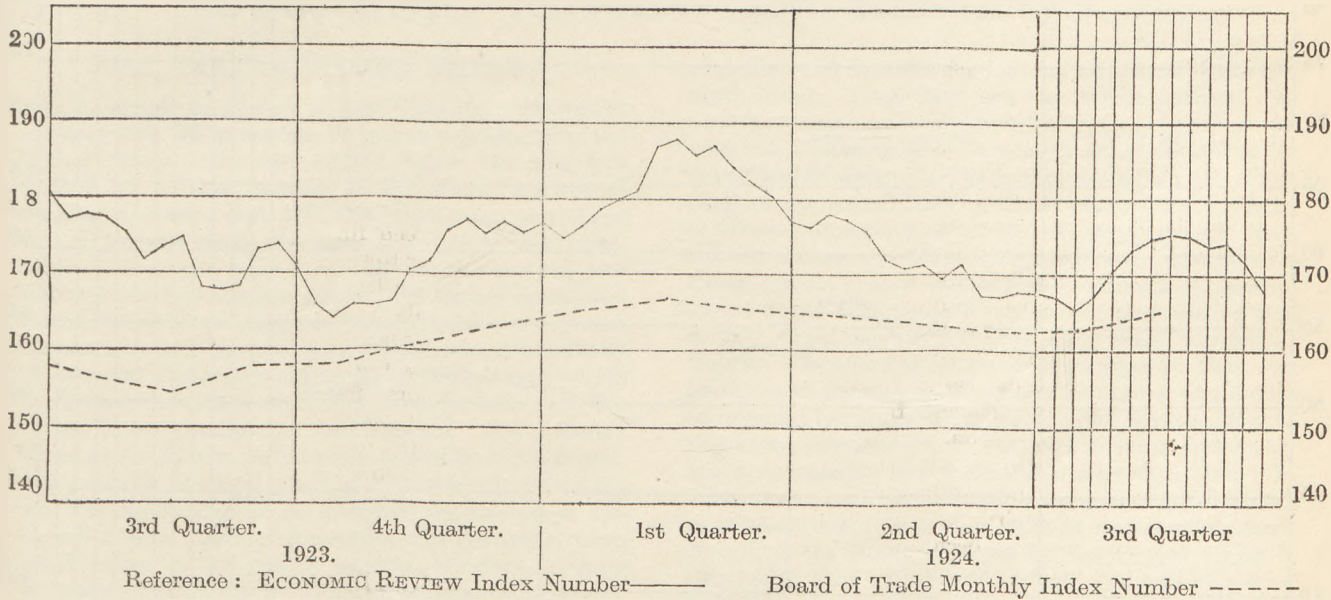


TABLE II.

Date	Pig iron.	Tin.	Coal.	Linseed Oil.	Cotton.	Wool.	Hides.	Wheat.	Bacon.	Sugar.	Mean.	Date.
Dec. 30, 1921	100	100	100	100	100	100	100	100	100	100	100	Dec. 30, 1921
1922.												1922.
Jan. 27 ...	90.6	90.5	92.4	108.8	85.3	100.0	82.6	101.1	94.4	96.1	94.18	Jan. 27
Apr. 28 ...	92.9	89.4	89.6	149.1	87.9	106.7	78.3	113.5	115.8	107.7	103.09	Apr. 28
July 28 ...	92.9	94.5	97.2	157.9	110.1	111.1	97.1	119.0	116.5	119.2	111.15	July 28
Sept. 29 ...	94.3	95.2	92.9	135.1	105.9	117.8	96.4	82.8	104.0	134.6	113.43	Sept. 29
Nov. 3 ...	95.5	107.5	100.0	140.3	119.9	133.3	106.5	91.9	104.8	134.6	113.43	Nov. 3
Dec. 29 ...	89.4	106.7	91.5	138.6	126.0	120.0	93.5	90.4	89.7	138.5	108.43	Dec. 29
1923.												1923.
May 18 ...	110.8	117.9	128.3	166.7	120.2	137.8	102.9	102.7	91.2	242.3	132.08	May 18
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
1924.												1924.
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
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
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. 15 ...	87.7	148.0	78.3	145.6	158.8	151.1	94.2	124.1	84.6	96.6	116.90	Aug. 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
Sept. 5 ...	87.3	149.3	75.5	151.8	136.6	151.1	97.1	115.4	88.2	108.8	116.11	Sept. 5
" 12 ...	87.3	147.3	71.7	150.9	125.6	151.1	97.1	116.2	86.0	111.5	114.47	" 12
" 19 ...	87.3	138.5	71.7	152.6	113.9	151.1	97.1	114.6	81.6	110.8	111.92	" 19

*Revised Quotation.

Statistical Section

THE EUROPEAN EXCHANGES

WEEKLY PERCENTAGE OF DOLLAR PARITY

(To Week Ending Sept. 20th.)

	Week ending		Week ending	
	Sept. 20.	Sept. 13.	Sept. 20.	Sept. 13.
Sweden ...	99.31	99.31	Denmark ...	63.24 63.10
Switzerland ...	97.72	97.27	Norway ...	51.52 51.40
Holland ...	95.72	95.28	France ...	27.61 27.48
Sterling ...	91.83	91.41	Italy ...	22.75 22.70
Spain ...	68.71	68.23		

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.

