

THE

ECONOMIC REVIEW

A REVIEW OF THE FOREIGN PRESS

AND

A JOURNAL OF POLITICAL ECONOMY

Vol. X. No. 16.

October 17, 1924.

Price 1s. Weekly.

Editorial Offices :

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

Telephone : Gerrard 1396.

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.

JOINT STOCK COMPANY FINANCE IN ITALY.

*La Riforma Sociale** has an important article by Signor CARLO RODANO on "The Joint Stock Company and Finance by Banks," with special reference to Italian conditions. The Italian banking system, as is well known, follows the German model whereby the banks participate directly in the financing of industry. Capital in Italy is largely distributed among small holders and is relatively scarce; rates are therefore high, and capital seeks liberal margins in the financing of industry. Banks lock up their deposits in industrial investments, and thus render themselves unable to meet a sudden or exceptional demand for repayment. When there is a panic the State intervenes by the issue of paper money, and provides by similar means for industrial investments which are refused by the banks. Such, at any rate, has been the procedure since 1914 but it cannot yet be said to have acquired permanence. As a rule, moreover, the Italian investor shows a decided preference for public securities over industrial shares, yet he habitually deposits money with banks which are well known to invest in industry. The explanation is that the small investor is in various ways discouraged by his experiences of direct investment in industry; for the protection to which he is legally entitled is found to have little substance in practice. The control of a joint stock company is normally assumed by a clique which effectively excludes him from any participation in the management. The clique manipulates the affairs of the company to its own advantage by tortuous methods which are also familiar in America, so that the uninfluential investor is apt to find himself deprived not only of surplus profits but even of normal profits, and saddled with more than his share of the losses. It would, on the other hand, be of doubtful advantage to any undertaking to give him his due share in the control, for the exercise of which he is normally without the necessary knowledge. His interference in shareholders' meetings is generally marked either by indiscriminate flattery of the management or by unbalanced criticism. Little, therefore, is to be hoped for in this direction.

Nor is the small investor competent to judge of the merits of a prospective investment, his choice of which is determined by hasty reflection upon a few pages of often misleading data and perorations. He forms therefore a highly unstable basis for the financing of industry except indirectly through the mediation of the banks.

The participation of the banks, however, is no unmixed blessing to Italian industry. They not infrequently have their own representatives on the board of directors but it is illusory to suppose that this gives an industrial company exceptional access to the resources of the interested bank, for such a representative puts the interest of his bank before that of the company. The banks, even without representation, are practically always masters of the situation; their interests are generally divergent from those of an industrial company, and the mentality of the banker is totally alien from industry. In this connection the case of the Baring Bank and the Atchison, Tapeka and Santa Fé Railway is cited as a classical example, and Mr. Henry Ford is quoted at length in the same sense. The instinct of the banker is to talk about credits and to be in a hurry, when he ought to be devising the means of reducing the cost of production and be prepared to wait. His mind also is excessively preoccupied with the negotiability of shares on the Stock Exchange. The administration of banks, moreover, is tending to become more and more bureaucratic and to exhibit the evils ordinarily attendant upon bureaucracy; indeed, the dealings of the large banks with the companies dependant upon them may be compared to those of Roman proconsuls with their provincial subjects. Before the war industrial credit in Italy was provided mainly by a single large bank which was still run by its founders, and the evils of the system were kept within tolerable limits. But since the war the banks have become extortionate in their terms for credit; the industrial company is absolutely at the mercy of the bank which finances it, and no matter how great its balance of assets over liabilities the bank, by withholding the requisite circulating capital, can reduce it to the danger of insolvency. A bank will use this power in favour of one of its dependent concerns at the expense of another, or to

* Vol. XXXV., No. 7-8. Turin. Bi-monthly. L.60 per annum.

compel a company to help it out of difficulties created by its own faulty speculations. These abuses have driven some firms to seek accommodation direct from private capitalists instead of through banks, but little can be obtained in that way, so that there is practically no refuge from the banks. In these and in other ways the parasitic banks retard the healthy development of Italian industry. "The present situation is determined by causes so deeply rooted and supported by a network of interests so powerful, that it would be idle to think of modifying it either by legislation or by small reforms in the organisation of industrial companies and of banks." State intervention is viewed with misgiving as it has already been productive of unfortunate experiences. The writer suggests that it might be of advantage if companies could be based on a nucleus of men with large fortunes who would give their personal attention to its affairs, and cites *The Times* as an example of the desirability of hereditary ownership; "the immediate deterioration of *The Times*," he says, "when it left the family of its ancient proprietors is well known." The case of *The Times*, we fear, better exemplifies the amenities of family ownership than of control by mere wealth! A second remedy proposed is the introduction of preference shares, which are as yet practically non-existent in Italy; this would encourage direct investment, especially by the small shareholder. A third expedient recommended is the introduction of what is known in England and America as the "Investment Trust." Finally, lasting progress is to be achieved through the gradual education of the public.

ITALIAN CHAMBERS OF COMMERCE.

Another article in *La Riforma Sociale** describes the fatuity of the existing official Chambers of Commerce in Italy, and advocates their total abolition in their present form. The author, Signor EDOARDO GIRETTI, tells us that twenty years ago he refused re-election to the Council of the Turin Chamber after eight years' membership, and that nothing has occurred in the meantime to modify the opinion which he had formed. Apart from the rarest local exceptions the 77 Chambers of Commerce (which number excludes those in the recently acquired territory) serve "merely to prove the power exercised by inertia and custom in the development of human institutions." The only reform during the last twenty years was a law in 1910 changing their title from "Chambers of Commerce and Arts" to "Chambers of Commerce and Industry," and admitting women to the electoral body. The composition of the electoral body is one of the causes of the weakness of the Chambers, for it includes not only men engaged in industry and commerce, but a large number who have nothing to do with either. The result is that the Councils of the Chambers are swamped with small retailers and purveyors of alcoholic liquor, and are conspicuous by their absence from the discussions of economic questions of prime national importance. They have in particular neglected to advise the Government on tariff policy, which should have been the first object of their attention and initiative. Their atmosphere and procedure are such that a member possessing real knowledge and ability has little chance of exerting any influence. The big industries, finding their interests unrepresented by the Chambers, have formed for the purpose voluntary Associations of their own which in effect supersede the Chambers, but which often work in opposition to one another on such matters as tariff policy. The big commercial firms, on the other hand, have unfortunately not formed such Associations; the small industries have also unwisely relinquished the lead on tariff policy to the politically organised groups of the big protectionist industries. The Chambers, moreover, are not inexpensive; they perform no functions which could not be equally well transferred to other existing authorities, or which would not be performed vastly better by voluntary Chambers on the

English model; and their demise would be lamented only by a handful of aspirants to decorations. For these reasons they should be abolished, and where desirable revived as voluntary associations.

Whilst the article was in the Press a decree relating to the Chambers of Commerce was published on May 23, 1924, upon which some comments are subjoined. So small are the changes which the decree makes in the system that Signor Giretti is at a loss to understand the haste of the Government in issuing it. Their main effect is to increase the charges payable by those liable to contribute to the expenses of the Chambers without affording any prospect of a corresponding improvement in the utility of the latter.

JAPANESE INDUSTRIAL EXPANSION.

The emergence of Japan into the sphere of world politics occupies the attention of two writers in the current number of *The Asiatic Review**. In one, entitled "America and Japan," Mr. GONNOSKE KOMAI comments upon the recent legislation against Japanese immigrants in America. The article draws a comparison between the attitude of America in 1854, when the Americo-Japanese treaty was signed, and the attitude displayed towards Japan to-day. Cordiality has given way to racial antagonism and the country "which emancipated the black race from the curse of slavery" now aims at "a wholesale rejection of the coloured races" from its borders. Mr. Komai's article regrets this tendency.

In the other articles entitled "Industrialism and the Pacific," Mr. JOHN DE LA VALETTE outlines the probable international effects of the process of industrialisation through which Japan is rapidly passing. Upon Industrialism Japan is pinning her faith. Of necessity she is bound to seek two things, ever-expanding foreign markets and dependable sources for the supply of raw materials. Mr. de La Valette scents in these objectives the factors which will "tend towards a conflict in the Pacific." Having grasped the stern realities of the situation he would have us "brace ourselves to prepare our defence for the sake of our Empire and for the peace of the world in general." Needless to say his argument is a plea for a reversal of the Government's veto of the Singapore naval base. The following extract summarises the reasons supporting Mr. de La Valette's view of the international complications which will arise out of the industrialisation of Japan:—

"As an after-effect of the war, economic protection has conquered most of the world. Even the American people, who but recently rejoiced at President Wilson's fourteen points, which included the policy of the 'open door,' have resorted to intensified protection. In the British and French Dominions the same thing has happened. For practical purposes the only markets which are still open to Japan are China and the Netherlands East Indies. In the latter the strenuous competition of all European and American countries is keenly felt by Japanese industries. But in China, notwithstanding the handicap of the many foreign 'spheres of influence' and several railways under foreign control, Japan may, by reason of her situation and general conditions, hope to establish a vast and permanent market for her wares. The area of demand is capable of practically unlimited development. Japan's share in it depends upon her keeping out, as far as possible, her European and American competitors. And this ground of potential conflict must become more acute in the future. At present the vast Australian continent, with its sparse population, has restricted itself to the production of foodstuffs and certain raw materials. The time is bound to come when extensive industrial enterprises will be established in the country, and the markets most suitable to Australian industry will be the same as those which appeal to Japan—China and the Dutch East Indies. Increased American pressure towards the Far Eastern markets is also an unavoidable consequence of the industrialisation of the United States. . . . All European outlets being practically closed by poverty as much as by protective measures, it is in the direction of China and Siberia that America will seek to overflow. . . . Everything in the development of Japan, as of the other races around the Pacific, points towards intensified progress along the fatal route of increased industrialisation, which must lead to ultimate conflict."

The outlook is not hopeful, still less so with all the arguments used in the way Mr. de La Valette chooses to display them.

* Vol. XXXV., No. 5-6.

* Vol. XX., No. 64. (London: East and West Ltd. Quarterly, £1 per annum.)

THE POLITICAL SITUATION.

By THE EDITOR.

The causes of general elections are often as obscure as those of wars. Historians of to-day are still debating as to what started the Peloponnesian War, and historians of the future will have no less difficulty in finally determining the origin of the war from which we have but lately emerged. The one thing certain is that the outbreak of the latter will no more be ascribed to the Sarajevo murders than that of the former is ascribed to the Corcyrean dispute. And the outbreak of the present general election is equally unconnected with the Campbell affair. You may call this affair a hurricane in a thimble or a frontal attack on the British Constitution, according to your particular taste or prejudice; but you cannot call it the cause of the general election. You will also, if you are prudent, avoid associating the election too intimately with the fracas about the Soviet Treaty; for that, too, is at most a subsidiary cause. Indeed, there is no cause which can be definitely termed specific. The real cause of the present election, like that of those which have shortly passed, and of those which are shortly to come, is imponderable; it lies in the perplexity of the general economic situation and in the liquidity of social and political forces, the former produced, and the latter accelerated by the Great War. The frequent elections, in short, are a manifestation of the instability inherent in actual affairs, which no conceivable outcome can effectively eliminate. Of this instability the confusion of parties is a symptom rather than a cause. It is an instability radically different from the mercurial shifting of forces which is so familiar on the Continent; it is not to be associated with the congenial debility of parliamentary institutions in Italy or the Balkans. Our parliamentary institutions are working as well as ever they did; it is not the institutions which are at fault, but the exceptional character of the problems which confront them. We must not, therefore, be stampeded by our annual dissolutions into revising our electoral or constitutional procedure; referendums, proportional representation or fixed parliamentary terms will solve nothing. A contributory factor is, no doubt, that the electorate is more amorphous and less instructed than it used to be. But that only leads us to enquire whether the elections are really so "unwanted" as is commonly asserted. If the electorate is uninstructed, that is all the more reason for instructing it as quickly as possible; if elections do no more than disturb inertia, they do something which is worth while; even the prejudices and passions of partisanship are better than mere ignorance or indifference. The economic disturbance which they cause is probably overrated, particularly as their duration is now normally not more than three weeks. The elections, therefore, are inevitable, and not altogether deplorable.

But what is the instability to which we adverted? It is, in the first place, the aftermath of four years' dislocation of the very delicate machinery of national and international trade and finance. No country, not even the most self-contained, is, or can hope to be, exempt from the effects of the gigantic overspending and destruction of wealth occasioned by the war. Internal and external debt, taxation, currency fluctuations, bad trade, unemployment—these are the problems which nearly every country has to face in a greater or lesser degree and on a scale hitherto unknown; and the measure of success which any single country can achieve in solving its own share is often determined by factors over which it has little control. Take the case of Switzerland; could she prevent the occupation of the Ruhr, or the depreciation of the French and German currencies? Yet these events had an immediate and far-reaching effect upon the prosperity of her industries and the state of employment, against which any measures within her power were practically inoperative. A country can avoid many pitfalls such as, for instance, unsound finance, but there are inevitably certain conditions essential to the national welfare which depend upon the course of action taken by other countries.

The failure of these conditions causes discontent among the sections of the population thereby affected, which are apt to blame one another or the Government and to apportion responsibility where it does not, and frequently cannot, lie. Governments in particular are subjected to criticism of this nature; if only they had taken firm measures, or had not delayed, and so forth, such and such evils might have been avoided. Governments are often judged, like generals, by their good or bad fortune; and so long as their fortune is likely to be bad they cannot hope for prolonged tenure of office. Present circumstances are such that Governments in England are likely to have bad fortune for some time to come, which alone is sufficient to ensure a rapid succession of general elections. It is safe to say that if unemployment had decreased by a few hundred thousand during the life of the Labour Government, but without the co-operation of that Government, there would have been no general election to-day.

The second main factor in the present instability is the formulation of opinion which is more or less hostile to the existing order of society. The ancient struggle between Conservatism and Radicalism is just now reaching an acute stage and assuming new shapes. It is becoming not only a struggle of forces, but a struggle of ideas also. Questions of religious equality and political liberty have been displaced in the forefront of the conflict by questions of economic organisation. The whole structure of our economic system is undergoing ruthless criticism; we have reached a time when the institutions connected therewith must justify their existence severally and collectively by their public utility, or perish abysmally. Even the impeccable Bank of England is not sacrosanct, though it would be hard to recall an institution the guidance of which is so consistently determined by considerations of the public interest. Nevertheless this spirit of criticism is all to the good, despite the economic waste in the industrial strife which it unfortunately evokes. On the whole it is probable that, judged by the criteria of the national welfare, the existing system has greater defects than its advocates, and smaller defects than its opponents will allow, and that the modifications which it will undergo will exceed the desires of the one party and fall short of the desires of the other. The situation is essentially one which is favourable to the victory of moderate opinion; that it will degenerate into a class war is of all things the least probable. Meanwhile opinion is fluid and indeterminate, the more so because Socialism is emerging as an attitude of mind rather than as a programme or a body of doctrine. The issues at stake, notwithstanding the contrary assurances of the various political parties, remain persistently nebulous, and are not likely to achieve clarity by the multiplicity of general elections, though the want of clarity is itself a potent cause of the multiplicity. Socialism and Conservatism are nevertheless sufficiently distinct in their broad outlines to require the mediatory services, unwelcome to both, of Liberalism, which is good reason for predicting that the latter, whatever its temporary fortunes, will continue to maintain a vigorous, if attenuated, existence as a separate entity. What must be mainly emphasised is that the frequency of general elections has nothing to do with the three party system, and very little to do with tactical manoeuvres in a party game.

Within a fortnight from now the people of this country will again have spoken with uncertain voice, and the next election will already be in embryo. Whatever the event of the polls His Majesty's Government will be carried on with reasonable continuity of public policy; but as regards the solution of the intractable problems with which we are confronted, the election will have little more significance than to determine the colour of the patches we are to put on our tattered garments. Partisan passion will doubtless be outraged at this saying; but we are consoled by the reflection that not everything that ought to be said is said from the hustings.

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.

ESTHONIA

FINANCE

Revenue Returns.—According to the latest Treasury returns, revenue for the first seven months of the current year (Jan. 1 to July 31) amounted to E.Mk.3,811.1 mill. as against E.Mk.3,636 mill. for the corresponding year of 1923, an increase of E.Mk.175.1 mill. The current year's revenue is composed as follows (in millions of Estonian marks): Direct taxes and duties, 253.6; local taxes and stamp duties, 207.1; indirect taxes, 1,001.8; State monopolies, 583.8; State undertakings, 1,613.5; various, 79.8; total, 3,839.9, from which should be deducted 98.7 in respect of outstanding revenue from 1923; leaving a revenue attributable to the current year of 3,811.1 as above.

The Estonian Mark.—With the gathering in of the harvest, which is above the average this year, an improvement in the rate of the Estonian mark has set in. The Estonian mark has strengthened, and is now 420 to the dollar, as compared with 460 the previous quotation. A further improvement in the Estonian mark can be anticipated, as the export of agricultural produce on a large scale will begin in October.

A New Bank.—A new bank is shortly to be founded in Reval under the style and title of the Estonian Foreign Trade Bank, which, in addition to ordinary banking business, will pay special attention to the financing of the lignite industry.

The bank will derive its capital as required from a combine of foreign banks. Its capital on commencing business has been fixed at 20 million Estonian marks. (*Revaler Bote.*)

TRADE

Foreign Trade Returns.—According to the figures of the Estonian Central Statistics Bureau, foreign trade during the first half of 1924 was as follows:—*Imports*: 179,179 tons, to the value of E.Mk.4,124.6 mill.; *Exports*: 145,202 tons and E.Mk.3,138.3 mill. Of livestock 12 head were imported and 3,433 exported.

The following table shows the imports and exports for the first half of 1924 as compared with the corresponding period of 1923 in weight (in 1,000 tons) and value (in millions of Estonian marks):—

	Imports.		Exports.	
	Weight.	Value.	Weight.	Value
1924	179	4,124.2	145	3,138.3
1923	153	4,240.2	94	2,688.1

Comparing the foreign trade of Estonia for the first half of 1924 with the same period of 1923, we find that in the present year the imports have decreased in value, whilst the exports have increased. As regards the separate items of the imports and exports, in 1924 there is a great increase in the import of cereals and seeds, whereas in the import of foodstuffs, cotton, metals and machinery there is a considerable decrease.

The following figures show the value of certain Estonian manufactures exported (*a*) in the first half of 1924, (*b*) in the corresponding period of 1923 (in millions of Estonian marks):—Veneer and chair seats (*a*) 151, (*b*) 113; paper (*a*) 256, (*b*) 211; cotton yarn (*a*) 195, (*b*) 59; linen (*a*) 124, (*b*) 46; cement (*a*) 53, (*b*) 19; matches (*a*) 29, (*b*) 8; potatoes (*a*) 60, (*b*) 22; butter (*a*) 217, (*b*) 199; timber (*a*) 472, (*b*) 265.

The total value of the Estonian exports for the first half of 1924, when compared with the corresponding period of 1923, has increased by E.Mk.500 mill. approximately.

In general comparing the imports and exports for the first half of 1924 with those for the same period last year, it is evident to what extent the economic conditions of the country have suffered from the failure of the crops in 1923. This year the farmers have had to

import seeds, cattle fodder and even grain for home consumption, and have, therefore, been unable to buy agricultural machinery and implements. The import of cereals and fodder in 1924 has increased to E.Mk.1,040.4 mill. as compared with E.Mk.478.2 mill. in 1923, and seeds to E.Mk.130.5 mill. compared with E.Mk.12.7 mill. in 1923, whilst the import of agricultural machinery and implements decreased in value from E.Mk.322.2 mill. in 1923 to E.Mk.90.1 mill. for the same period of this year. Notwithstanding the difficulties there has been an increase in the import of fertilisers. In the first half of 1924 there was a falling off in the export of meat, dairy produce and livestock, when compared with the corresponding period of 1923. Considerable advance has been made in the export of fish and fish products, which shows that the fishing industry in Estonia is prospering.

Foreign trade during the month of July 1924, in weight and value, was as follows:—*Imports*, weight, 41,346 t.; value, E.Mk.977.5 mill.; *Exports*, weight, 31,173 t.; value, E.Mk.604.1 mill. Comparing these figures with those of the previous month, we find there is an increase in value both in imports and exports.

In July the imports exceeded the exports by 10,273 t., or E.Mk.373.4 mill., the unfavourable balance being due mainly to large imports of cereals, forming 25 per cent. of the total, and other foodstuffs, a shortage in these commodities having been caused by last year's bad harvest. In July 1923, the import of cereals amounted only to 11 per cent. of the total imports. An increase in the import of raw materials required for industry, such as cotton, chemicals, metals, oils, fats, fuel, etc., is also noticeable, but in the other items of import a certain decrease is to be remarked.

The value of the chief items of foreign trade was (in millions of Estonian marks):—*Imports*: Cereals and flour, 241.8; foodstuffs, 178.8; cotton, etc., 127.8; machinery, 61.9; metal goods, 44.5. *Exports*: Wood and wood manufactures, 138.3; meat and dairy produce, 113.7; textiles, 119.3; flax, etc., 102.4; paper, 36.3.

The following table shows the value of imports and exports for July 1924, as compared with the same period in 1923 (in millions of Estonian marks):—

	Imports.	Exports.
July 1924 ...	977.5	604.1
July 1923 ...	726.6	447.7

From these figures it can be seen that the value of exports in July last increased by 35 per cent., and that of imports by 34 per cent., when compared with the figures for the same month last year.

In July this year Germany still holds the first place in the countries from which goods were imported, with 29.7 per cent. of the total imports, but there is a marked decrease from the 50 per cent. in July 1923, Russia coming next with 23.7 per cent., large quantities of cereals having been imported from that country, the United States with 14.1 per cent. and the United Kingdom with 9.9 per cent.

As regards the exports, the United Kingdom was the largest recipient with 36.7 per cent. of the total exports, Germany coming next with 23.9 per cent., whereas the exports to Russia amounted only to 1.4 per cent. of the total.

AGRICULTURE

The Effects of Land Reform.—The fact that one year's bad harvest should plunge the whole country into difficulty shows the slender foundations on which the Estonian economic system is built. It is a significant fact that even in Estonia the devastating effects of the land reform scheme are admitted. The recently created small holdings are without capital and apparently are not considered to be proper objects for credit. But the Government must support these colonists with widespread grants of cheap credit, so that the small

units which have supplanted the once-flourishing large agricultural estates may at least have the appearance of making both ends meet. Last spring land reform was vigorously proceeded with, at least as regards the destruction of existing agricultural property. The word reform, which conveys an idea of progress, is entirely out of place in this connection. The most elementary conditions of reform are absent, since apart from a total lack of capital the expropriated land lies, so to speak, derelict, since no Act governs its working, and leases to the colonists run only from year to year. The land offers no security for credit, and no foreigner—foreigners alone being the sole source of credit—would, apart from legal and moral considerations, advance one halfpenny upon it.

This year's harvest, except breadmaking cereals, is satisfactory, a circumstance which should conduce to an improved situation of the colonists, who obtained their holdings at rubbish prices and pay a very low rent. But there is no sign of any such result. On the contrary the new colonists are offering their land wholesale and are yearning for the good old times. It must be made clear that the present economic crisis can only be overcome by drastic measures, and that the economic independence of the country depends directly on the prosperity of agriculture. Unless the nation comes to its senses and takes energetic measures to prevent the land from reverting to primeval conditions, Esthonia will at no distant date, when the resources of forestry have been exhausted, undergo a crisis in comparison with which the present one is mere child's play. (*Revaler Bote.*)

FRANCE

POLITICAL AND GENERAL

Criticism of the Budget.—Commenting on the Financial Statement of M. Clémentel, *Le Temps* says that in the opinion of the Minister of Finance the chief merit of the Budget is that it incorporates in a single statement of accounts two budgets which for the past five years have been produced independently of each other, the Budget of Permanent Expenditure and the Special Budget of Non-permanent Expenditure. From this it might be inferred, in the first place, that the Budget for 1925 had suddenly been swollen to an enormous extent by a happy departure from the principles of finance hitherto recognised, and, secondly, that the possibility of further loans had now been eliminated, seeing that the Government now undertook the burden of the debt still due to the victims of the war. The additional charge is one of Fr.1,614 mill. In the Special Budget for 1924 the total of recoverable expenditure amounted to Fr.6,063 mill., to be met out of permanent revenue estimated at Fr.6,234 mill. The Government, therefore, is simply pursuing the same policy laid down by M. Poincaré, which consisted in securing sufficient normal revenue, without recourse to loans, to meet all permanent expenditure. The Financial Statement therefore is misleading when it asserts that "this is the end of the policy of loans contracted to provide for normal expenditure: a policy which threatened to swamp France." Not only was such a policy not pursued by the Bloc National, but it was most emphatically repudiated by it, so much so that the opponents of the Poincaré Government seized on their repudiation as an electioneering weapon to attack the Bloc National. The Financial Statement, however, would have amply justified the anxiety of the invaded areas had it failed to state that further loans would be floated to meet the cost of the work of reparation still to be accomplished. As a matter of fact, the Government programme provides for three kinds of loans: a loan to wipe out the deficit, loans for the consolidation of the floating debt, and loans for the completion of the work of restoration in the devastated regions; and it is specifically stated that the annual payments in respect of war damage are not likely to amount to Fr.1,500 mill., a sum which will probably

prove adequate, as the total outstanding reparations due are estimated at about twenty milliards.

Briefly stated the Budget for 1925 works out as follows: Revenue, Fr.32,481 mill.; Expenditure, Fr.32,456 mill.—Surplus, Fr.25 mill. The expenditure is made up of Reinstated recoverable expenditure, Fr.7,677 mill.; Ordinary expenditure, Fr.24,779 mill.—Total, Fr.32,456 mill. The following table establishes a comparison of the expenditure for 1925 with that for the previous year (in millions of francs):—

		Ordinary.	Recoverable	Total.
1925	...	24,779	7,677	32,456
1924	...	23,596	6,063	29,659
Increase	...	1,183	1,614	2,797

The expenditure for 1925 includes an amount of Fr.700 mill. in respect of the revision of the salaries of civil servants, but this sum will be increased by the savings effected as a result of administrative reforms and of the unification of working hours. These Fr.700 mill., therefore, are only provisional. In spite of this defect, there is a substantial increase in expenditure as compared with 1924, amounting to Fr.2,797 mill., Fr.1,183 of which relates to ordinary and Fr.1,614 mill. to recoverable expenditure. It is stated, however, that the various departments have been told to retrench, and it is to be hoped that they will do so to a substantial extent; but even so the final result will still be an increase.

INDUSTRY

The Output of Coal in August.—The output of coal in August amounted to 3,691,142 t. for 25 working days as against 3,784,079 t. for 26 working days in July. The daily output has steadily risen from 121,064 t. in January 1923 to 128,592 t. in July 1923, to 144,680 t. in January and 145,541 t. in July 1924, and now stands at 147,645 t. as compared with an average of 136,147 t. in 1913. The following table shows the output (in tons) for the first eight months of the year:—

January	...	3,761,687	May	...	3,692,800
February	...	3,648,878	June	...	3,496,496
March	...	3,772,734	July	...	3,784,078
April	...	3,640,797	August	...	3,691,142

bringing the total for the period in question up to 29,488,613 t.

In the coal basin of the Nord and Pas-de-Calais, as a result of the work of restoration on the devastated mines and of the development of the other collieries, the daily output has been increased from 60,239 t. in January 1923 to 80,108 t. in January and 85,431 t. in August 1924. The shortage there as compared with 1913 has now been reduced to 5,866 t. In the Centre and the Midi the daily output in August was 44,443 t. as against 44,518 t. in July. Taken as a whole, the daily output of pre-war France is now only 6,268 t. below the figures for 1913. In Lorraine the August output amounted to 17,766 t. a day.

The increase of production is entirely dependent on the success of the strenuous efforts being made to obtain sufficient extra labour to make up for the losses due to the reduction of working hours in the mining industry. As things are, the man-power has been increased from 203,566 units in 1913 to 242,566 in January 1923 and to 296,010 in August 1924.

The output of blast furnace coke for the iron and steel industry produced in the colliery coke-works amounted in August to 223,700 t. as compared with 224,633 t. (*Information Financière.*)

TRADE

Mercantile Marine Returns.—The following table shows the traffic returns of the leading seaports for the first eight months of the year as compared with the monthly average for 1923 and 1913:—

	Tons landed.		Shipments.
	Total goods.	Coal.	Tons.
1924 January	2,795,000	1,314,900	756,800
February	2,770,800	1,503,700	747,400
March	3,430,100	1,704,400	905,500
April	3,259,900	1,604,000	831,700
May	3,489,700	1,581,600	820,500
June	3,136,300	1,229,000	844,700
July	3,048,200	1,430,200	829,500
August	2,796,400	1,355,600	791,900
Total	24,726,400	11,723,400	6,528,000
1924 average to date ...	3,090,800	1,465,425	816,000
1923 monthly average ...	3,134,800	1,724,100	662,200
1913 monthly average ...	2,657,000	1,146,200	867,700

The tonnage of all goods landed in August shows a falling off of 251,800 t. as compared with July, while that of coal is 74,600 t. below the figures for the previous month. As compared with the monthly average for 1923 the amount of coal landed in August is 368,500 t. short, while other goods are up to the extent of 30,100 t. Shipments are also on the down grade, being 37,600 t. below those for July and 52,800 t. below those for June; on the other hand, they are 129,700 t. over the monthly average for 1923, but 75,800 t. below that for 1913.

In August the goods carried by rail into the interior from the various seaports aggregated 1,418,300 t. and by inland navigation 491,600 t. as compared with 1,668,500 t. and 544,500 t. respectively in July.

The number of vessels entered at the principal seaports in August was 4,105 as against 4,147 in July and 4,141 in June, a monthly average of 3,835 in 1923 and one of 6,087 in 1913. (*Le Temps*.)

GERMANY

FINANCE

The National Finances in August.—Revenue again showed an increase in August amounting to Mk.592 mill., the highest monthly yield since March. This increase is largely due to the fact that during the month the quarter's property tax fell due for payment, and to the increased yield from spirit and sugar duties. All other taxes show a decline in respect of July with the exception of the tax on transfer of capital. The receipts of the administrative departments show a considerable falling off. The following table shows the yield in August of the various sources of revenue (in millions of gold marks):—

A.—TAXES.	1st quarter.	1924. July.	August
<i>(a) Property and Business.</i>			
Income on wages	263.5	108.5	107.0
Other income	201.0	85.0	67.8
Corporation	69.4	24.8	24.4
Property including land tax, special emergency tax and increment tax	74.6	15.7	59.6
Turnover	444.2	169.4	147.1
Transfer of property	40.5	11.5	13.5
Transport	61.0	20.7	22.8
Various	57.6	27.4	20.0
Non-recurrent	20.5	3.7	2.4
Total	1,232.2	466.6	464.6
<i>(b) Customs and Excise.</i>			
Customs duties	65.3	27.2	20.4
Tobacco	107.0	45.2	37.7
Beer	41.1	21.2	20.2
Spirits	9.7	1.1	14.4
Sugar	32.3	13.5	26.0
Wine	19.3	6.5	6.1
Various	4.0	1.2	2.0
Total	278.7	115.9	126.8
<i>(c) Other Taxes</i>			
Total (a to c)	1,514.8	583.1	592.0
B.—STATE RAILWAYS.			
Passengers and luggage ...	293.6	118.7	122.2
Goods	554.2	158.9	167.1
Various	35.5	17.6	27.9
Total	883.3	295.2	317.3

Revenue and expenditure during August as compared with the preceding months and other determined periods is as follows (in millions of gold marks):—

	Expenditure.					
	Revenue.			Transferred to local		
	Taxes.	Adminis- tration.	Total.	bodies.	Departmental.	Total Balance.
1st qr. 1,516.8	81.2	1,598.0	423.5	934.5	1,357.9	—99.4
2nd qr. 1,514.8	161.1	1,675.9	578.7	908.4	1,487.1	—35.0
June ... 472.3	57.4	529.7	179.6	324.9	504.5	— 1.4
July ... 583.1	39.1	622.2	198.4	336.9	535.3	+81.8
Aug. ... 592.0	26.2	618.2	243.2	354.4	597.6	+19.6

(*Wirtschaft und Statistik*.)

The National Debt.—The value of the National Debt during the month was as follows (in millions of gold marks):—

Designation.	1923.		1924.	
	31 Dec.	31 Mar.	31 July.	31 Aug.
I. Mark Loan	2.2	0.0	67.3	483.1
II. Other currency loans:				
Dollar bonds	210.0	210.0	210.0	210.0
6 per cent. redeemable 1935	500.0	281.9	42.0	41.0
6 per cent. redeemable 1932	371.5	250.1	4.0	4.0
Rentenbank advance without interest	200.0	200.0	196.5	196.5
Rentenbank advance interest bearing	1,000.0	900.0	1,000.0	1,000.0
Rentenbank improvement loan	—	—	6.0	6.0
Rentenmark Treasury Bills	—	147.8	98.4	80.8
Total	2,283.7	1,989.8	1,624.2	2,021.4
In addition—				
K Fund	39.0	31.4	3.0	3.0
E Fund	—	—	95.0	277.0

Prussian Finances.—The Ministry of Finance of Prussia has at the request of the Prussian Diet (Landtag) published for the first time a report on Prussia's finances. The report gives revenue and expenditure (a) for September, (b) for the first six months of the financial year, April 1 to Sept. 30 (in millions of gold marks):—

I. Revenue.	Proportion of Reichs taxes assigned to the State ...		(a)	(b)
	Land tax	60.6	330.6
Rent tax ... ..	...	19.2	98.3
Various ... ..	...	23.0	86.5
		25.0	192.0	
		127.8	707.4	
II. Expenditure.				
State expenditure ... ..	...	137.7	673.8
Balance ... ..	...	—9.9	+33.6

The only information as to the amount of the floating debt on Sept. 30 is contained in a statement that a debt of 25 million gold marks exists. (*Frankfurter Zeitung*.)

INDUSTRY

The Industrial Situation in August.—The influence on business circles of the London Conference and of the debates in the Reichstag thereon, together with the expected reduction of railway rates, and the still existing credit shortage, stood in the way of any revival of business. However, signs of coming improvement are discernible; foreign trade in July showed for the first time in the year a credit balance, if a small one, since the value of imports declined from Mk.735.1 mill. in June to Mk.556.2 mill. in July, and that of exports rose from Mk.475.2 mill. to 573.4 mill. The wholesale index number rose from 115.0 in July to 120.4 in August, and the number of bankruptcies declined from 1,125 to 895. Of 2,044 factories employing 1,130,000 hands, 58 per cent. reported business to be bad and 31 per cent. reported it to be satisfactory, as against 53 per cent. and 34 per cent. respectively in the previous month. In only 11 per cent. of the factories was business reported good as against 13 per cent. in July.

The situation of the main branches of industry may be summarised briefly as follows:—

Coal.—In the Ruhr lack of orders prevailed causing 740,000 hands to work short time. The decline in out-

put amounted to 650,000 t., and the decline in wages to Mk.5 mill. A reduction of coal transport rates, which at present increase the price of coal delivered at a moderate distance by at least 20 per cent., as well as the re-introduction of the former coasting rates, are indispensable.

Mining in German Upper Silesia is also suffering from bad business, and large reductions of work have had to be introduced. Simultaneously the stocks of coal at the mines increased from 120,000 to 162,000 t. Although the price of coal has been further reduced, Upper Silesia coal is, owing to the high transport rates, 3 to 4 marks dearer per ton in East Prussia than British coal. Sales have by no means improved in the Lower Silesian field. In the same way the lignite industry of Central Germany is suffering from lack of orders, so that the majority of the mines have to reduce work. The Rhine lignite industry showed a slight improvement chiefly owing to the increased sale of household coal.

Iron mining.—This industry reached the depth of depression. Only a few mines are working, and even these are working short time. From Aug. 20 onwards iron ore transport rates were reduced by 25 per cent., but even this did not place the mines in a position to meet foreign competition.

Potassium. This industry showed further improvement under the influence of the German Alsatian Agreement and of extensive credits from America. Demand even at home is becoming more active owing to the increased price of agricultural produce. Specially marked is the increase of sales abroad. Nevertheless, the total sales only reached four-fifths of the normal.

Iron, Steel and Engineering. The slump in the iron industry became more marked during August, with the result that out of 214 works employing 176,000 hands only 6 per cent. could report good business, while business was frankly bad in 65 per cent. of the works as against 51 per cent. in July. Prices further declined so that at the end of the month bar iron stood at Mk.110 the ton, and section iron at Mk.107 and under. Of the 15 blast furnaces of Upper Silesia, only four were working. Foreign markets were completely dominated by French and Belgian products.

In engineering bad business was reported by 74 works (as against 70 in July), employing some 293,000 hands. At the end of the month a slight improvement took place owing to easier credit conditions.

Miscellaneous. In the chemical industry the position remained stationary. In building there was a slight improvement owing to the grant of money out of the rent fund. In Westphalia and the Rhine province building has been completely at a standstill all the month owing to labour troubles. (*Glückauf.*)

AGRICULTURE

Harvest Estimates.—According to the reports of sowings in the beginning of August, this year's corn harvests are estimated much below that of last year's. The following table shows the average estimated yield per hectare as compared with the actual yield of preceding years (in double centners)*:—

	1924.	1923.	1922.	1913.	1911-13.
Winter wheat ...	17.3	19.7	14.1	24.1	22.8
Summer " ...	17.3	19.0	15.5	24.0	22.1
Summer rye ...	11.9	12.4	8.9	16.1	14.9
Winter spelt ...	14.2	15.4	12.7	19.4	18.7
Winter rye ...	11.5	11.8	9.1	13.5	12.6
Winter barley ...	18.8	21.7	—	—	—
Summer barley ...	16.4	17.8	14.0	22.0	21.2
Oats ...	17.4	18.3	12.5	22.0	19.8

The areas sown during the same years were (in hectares):

	1924.	1923.	1913.	1911-13.
Wheat ...	1,466,476	1,478,439	1,676,575	1,657,465
Winter spelt ...	123,007	128,471	272,083	278,546
Rye ...	4,259,853	4,366,481	5,259,187	5,163,842
Winter barley ...	107,340	108,150	—	—
Summer " ...	1,337,925	1,193,350	1,381,366	1,352,001
Oats ...	3,525,802	3,344,702	3,924,706	3,883,878

*Double centner = 220 lbs.

On the basis of this sown area the results of this year's harvests as compared with the other years given are as follows (in millions of double centners):—

	1924.	1923.	1913.	1911-13.
Wheat ...	25.3	28.9	40.4	37.6
Winter spelt ...	1.4	1.5	4.3	4.1
Rye ...	59.9	66.8	101.3	95.8
Winter barley ...	2.0	2.3	—	—
Summer " ...	21.9	21.2	30.4	28.7
Oats ...	61.3	61.0	86.1	76.8

(*Wirtschaft und Statistik.*)

LATVIA FINANCE

The Financial Situation.—Financial conditions in Latvia in the winter and spring, writes Dr. Poralla in *Wirtschaftsdienst*, were decidedly unfavourable, there being a marked scarcity of capital and credit, due to the currency reform and last year's poor harvest which caused a falling off of exports. During the winter, in addition to the small fry, a number of sound and old-established firms were in financial difficulties. During the same period the cost of living rose rapidly, showing an increase in April of 10 per cent., as compared with March, and in May an increase of 8 per cent. as compared with April; in the two following months, however, the increase slackened, being infinitesimal in July. This unsatisfactory situation must be attributed entirely to the bad harvest of 1923. This year's favourable harvest will probably reduce prices. Foreign trade, although still on the debit side, has shown a marked improvement during the last few months in exports, especially of wood products, vegetables, eggs, butter and general dairy produce, and with the good harvest will doubtless further improve, thus relieving the financial strain. It should be remembered that the energy of the Finance Minister, Kalniecy, has succeeded in accomplishing financial reform. The Budget for the first half of 1924 no longer showed a deficit, and the value of the Lat, the new stabilised currency, is assured. The note issue during the first half of 1924 amounted to Lat 28 mill., secured by a reserve of Lat 83 mill., of which Lat 21 mill. in gold, 45 mill. in sound foreign currencies, and 17 mill. in bills held by the Bank of Latvia.

TRADE

Foreign Trade Returns.—According to the returns of the Statistical Department, the country's total foreign trade in the first half of 1924 (including import, export and transit) amounted to 809,000 tons, an increase of 128,000 tons as compared with 1923. The following figures show the value of imports and exports for the half year as compared with 1923 (in millions of lats):—

	1924.	1923.	Difference in 1924.
Imports ...	115.9	91.6	+ 24.3
Exports ...	60.5	80.1	— 19.6

The transit trade figures were 213,841 tons, as against 177,429 tons, showing an increase of 45 per cent.

Exports. The main classes of exported goods in weight and value during the period under review were as follow, (a) weight in 1,000 tons, (b) value in millions of lats:—

	1924.		1923.	
	(a)	(b)	(a)	(b)
Raw material, including semi-manufactures ...	222	48.7	309	63.9
Manufactured goods ...	9	6.3	11	5.5
Foodstuffs ...	4	5.1	27	10.7
	235	60.1	347	80.1

The most important articles of export in value were flax 19.6 mill. lats as against 26.8 mill. in 1923, and timber 17 mill. as against 20.8 mill.

The chief purchasers were: Great Britain with 23.7 mill. lats (39 per cent. of Latvia's total exports); Belgium

with 14 mill. lats (23 per cent.); Germany, 8.6 mill. (14 per cent.); France, 2.3 mill.; Russia, 2.1 mill.; United States, 1.9 mill.; Denmark, 1.5 mill.; Lithuania, 1.2 mill.

Imports. The following table shows the chief classes of imported goods (a) in weight (1,000 tons), (b) in value (millions of lats):—

	1924.		1923.	
	(a)	(b)	(a)	(b)
Raw material, inclusive of semi-manufactures ...	179	26.6	112	22.8
Manufactured goods ...	52	52.6	38	45.9
Foodstuffs ...	129	36.1	66	20.7
	360	115.3	216	89.4

The value of imports from the chief importing countries as against 1923 was as follows (in millions of lats):—Germany, 42.8 (40.9); Great Britain, 16 (13); Russia, 13.1 (22.8). (*Rigasche Rundschau.*)

INDUSTRY

The Industrial Situation.—Latvia's present industry cannot in any degree be compared with what it was in pre-war days, since it was totally destroyed by the retreating Russian troops in 1916. While Riga, with her numerous large industries, was before the war one of the most important industrial centres of Eastern Europe, and Libau Windau and Dunaburg also carried on a considerable industry, in all these towns to-day a moderately good trade has developed which is possibly capable of supplying the home demand for manufactured goods, but which is not in a position to export to any great extent. The food industries have developed considerably and in particular produce large quantities of excellent sweetstuffs, jams and pastry. Great progress has been made by the tobacco trade, which in round figures has produced 665 million cigarettes in 1921, 725 million in 1922, and 900 million in 1923. The match trade is also forging ahead, the value of its products being (in millions of lats): 1.6 in 1921, 2.3 in 1922, and 3.8 in 1923. The output of the growing rubber industry, which was in value 185,000 lats in 1923, rose to 450,000 lats in 1923 and to over 1,500,000 lats in the first half of 1924. Very satisfactory also is the progress of milling, which is distributed over the whole country. Latvia possesses to-day 295 windmills, 137 steam, and 567 water mills, with an aggregate output of some 62 million poods. The brick and tile industry, which before the war included 80 works with the most up-to-date equipment producing 250 million bricks and tiles a year, now only possesses 10 first-class works with a production last year of 25 mill. tiles, all absorbed by home consumption, so that there is no question of a revival of the export trade in tiles which was so important before the war. The timber trade has largely recovered from the effects of the war, and now includes 500 works, employing 9,000 hands and using 11,000 h.p. of water power. Not only does Latvia now fully supply her own requirements in wood products (furniture, paper, etc.), but is organising a considerable export trade to Great Britain and her dominions. On the whole, Latvia's industry may be said to have developed surprisingly quickly and to have good prospects before it. The crisis in the winter and spring which caused considerable injury to many branches of industry seems to have abated and to have given way to an active demand for all classes of industrial products. (*Wirtschaftsdienst.*)

AGRICULTURE

Revival in Agriculture.—This year's harvest promises very favourably, a circumstance which, during the last few months, has caused a marked improvement in every branch of business throughout the country. Business has revived and the farmer once more appears in Riga as a purchaser on a large scale since his spring sales of butter, poultry, eggs, meat and vegetables have appreciably increased his income. But apart from

this the psychological factor plays a great part in the situation. As soon as the Latvian farmer experiences the least disappointment or fears a deterioration in his affairs, however much money he may possess at the time, he immediately draws in his horns and confines his expenditure to the strictly necessary. But as soon as there is any cause for optimism, he once more begins to spend his money. This is exactly what has happened in the past few months. The Riga fair, well provided with exhibits and well attended by foreigners, has largely contributed to the revival of trade. Here the farmer saw the latest agricultural machinery and implements which he was tempted to acquire.

The revival of agriculture is proceeding rapidly. When one considers all the havoc wrought in Latvian agriculture by war, revolution and land reform, one is filled with admiration for the thoroughness with which the farmer has restored his industry. The area under cultivation in 1924 is 105 per cent., as compared with 1914. The proportion per cent. of livestock to 1914 is : horses 100, sheep and goats 146, cattle 96, pigs 86; total, 108.25. (*Wirtschaftsdienst.*)

LITHUANIA

FINANCE

Budget Returns.—The latest revenue returns issued by the Ministry of Finance, as supplied by the *Elta Agency*, show revenue collected in the first six months of the year to be 121.9 million lits, being 55.3 per cent. of the estimated revenue for the year of 220.6 millions.

Estimated expenditure, including supplementary estimates, amounts to 204 mill. lits, i.e. some 16 mill. lits less than revenue. For the first six months of this year the actual expenditure has been 105 mill. lits, including about 7 mill. lits paid out from last year's credits. Thus, for the half year, about 48 per cent. of the estimates has actually been expended.

New Excise Duties on Tobacco.—The excise duties on manufactured tobacco, including foreign tobacco, being imposed on the sale price, have been appreciably increased. The excise duty is levied on tobacco sent by post from abroad as well as that carried on the person of travellers entering Lithuania for their private use. The new duties are: per 100 cigarettes, 50 lits; per 1,000 cigarettes with mouthpiece, 75 lits; per 1,000 cigarettes without mouthpiece, 90 lits; pipe tobacco, per kg., 60 per cent.; snuff, per kg., 7½ lits. (*Wirtschaftliche Nachrichten.*)

Funding of Lithuania's Debt to America.—A message from the Lithuanian Legation at Washington to the Lithuanian Legation in London states that on the 22nd inst. an agreement was signed by M. Bizauskas, the Lithuanian Minister, and Mr. Mellon of the United States Treasury and countersigned by President Coolidge, providing for the funding of the Lithuanian debt to the United States Treasury on conditions analogous to those adopted in the case of the British debt to America. Lithuania is thus the fourth state to conclude such a post-war agreement, the others being Great Britain, Finland, and Hungary.

The Lithuanian debt to the United States Treasury dates from June 1919, and falls into two categories. The first represents the sum of \$882,136, and is on account of food products, medicaments, aid to poor children, etc., received from the American Red Cross. The second represents the sum of \$4,159,491, and is on account of American goods received from stocks in France (sugar, fish, canned goods, medical instruments, pharmaceutical products, etc.), and military supplies (*Elta Agency.*)

Financial Reform.—It may now be safely stated that the reform of the Lithuanian finances has been successfully accomplished. Since the introduction of the lit, equivalent to 10 American cents, it has not lost its stability, its greatest fall below dollar parity never having

exceeded 3 per cent. Even abroad, the lit is received at its face value, especially in Germany and Latvia, and where in pursuance of commercial conventions with Lithuania it will be accepted as legal tender. The chief guarantee against any future inflation is the charter of the Issue Bank, which only allows the State to call for advances up to a third of the Banks' capital of 12 mill. lits. Furthermore, the lit is backed up to the full amount of its issue by reserves of gold and foreign currencies, notwithstanding the fact that the Bank's charter only provides for a cover of 33 per cent. The stability of the national currency appears therefore to be fully assured. (*Wirtschaftsdienst.*)

TRADE

Foreign Trade Returns.—Lithuania's foreign trade for July amounted to 39.4 mill. lits, whereof 24.5 mill. lits was on account of export and 14,900,000 lits on account of import, i.e. the balance in favour of export was 9.6 mill. lits or 64.8 per cent. Compared with June this year the total foreign trade has increased by 5.1 mill. lits, whereof 4.1 mill. is on account of export and 1 million on account of import.

The following figures show the value of exports and imports in July of each of the year's mentioned (in millions of lits): 1924, exports, 24.5, imports, 14.8; 1923, exports, 12.3, imports, 12.8; 1922, exports, 8.2, imports, 7.8; 1921, exports, 7.1, imports, 8.3; 1920, exports, 7.2, imports, 8.8. The proportion of exports to imports during this period was: 1924, 164.8; 1923, 96.7; 1922, 103.4; 1921, 84.5; 1920, 81.3.

For the first seven months of each of the above years the figures are (in millions of lits): 1924, exports 149.4, imports 121.8; proportion of exports to imports 122.6; 1923, exports 75.5, imports 86.3, proportion of exports to imports 87.4; 1922, exports 46.4, imports 47.3, proportion of exports to imports 98.1; 1921, exports 27.8, imports 61.9, proportion of exports to imports 44.9; 1920, exports 21.7, imports 31, proportion of exports to imports 70.1. (*Elta Agency.*)

AGRICULTURE

Harvest Prospects.—According to the reports of the agricultural correspondents of the Central Statistical Bureau, the hay harvest is above the average, and, generally throughout Lithuania, appears as follows: The first reaping yielded 63.5 centners of clover per hectare, 47½ centners of meadow hay, and 33 centners of other kinds of hay. This year's harvest generally is 55 per cent. higher than last year's.

As yet it is not possible precisely to determine this year's rye crop; this can be done only after threshing. In general, according to experienced agriculturists, the crop amounts to 16.8 centners per hectare (last year, taking all Lithuania it was 20.8 centners).

The estimated shortage of rye this year will be equalised by the estimated harvest of all other cereals. Of all crops, oats, barley, wheat and peas are particularly advanced. The oat crop in all districts, with the exception of three, is above the average (3.3 to 3.8) and in those three an average one (3 to 3.1). Barley everywhere is up to the average, but in the three western districts it is better than the average (3.6). The winter wheat crop is below the average (2.5) only in the Kretinga and Zarasai districts; everywhere else it is higher (3 to 3.8). The pea crop everywhere is good (3.5 to 4.4).

The flax and hemp crops are below the average (2.4 to 2.6) only in the Pasvays and Zarasai districts; in all others they are above the average (3 to 3.9).

The potato crop this year, according to the peasantry, will not be inferior to last year's. (*Elta Agency.*)

Land Reform.—As the justice and success of land reform in Lithuania's sister countries, Latvia and Esthonia, has been the subject of sharp criticism (see under those countries), it may be of interest to learn the

views of a Lithuanian journal on the question, regard being had to the fact that the source is official, being quoted by the *Elta Agency.*

"Lietuvos Ukis" (Lithuanian Economy) No. 19, supplies the following information on the progress of land reform.

In 1923, 179,572 hectares were cut up into lots, on which 11,581 farms were established. Of this total area of 179,572 hectares, 105,754 hectares were cut up on the lands of the estate-owners, to whom 8,106 hectares were left; some 80,265 hectares were distributed among 10,666 persons. Of this number almost half, i.e. 5,121 persons received land to supplement their former holdings, while 5,431 represented landless persons, to whom holdings were assigned for the first time. Among these at least 3,555 were soldiers. Of the parcelled-out estates there remained under the jurisdiction of the Government, for schools, experimental farms, etc., 12,456 hectares, but of this area the larger proportion will subsequently be allotted to the landless and inadequately provided as soon as their situation has been fully elucidated.

During 1924 it is proposed to parcel out from the estates and villages 172,500 hectares (130,000 hectares of this area are from the estates). By the end of the year, for the whole time of carrying out this work, 516,399 hectares will have been parcelled out. Of this area 282,000 hectares are drawn from the big estates, out of a total area of 694,169 hectares belonging to private owners. It is calculated that the entire work will be finished by the end of 1926.

As regards the transition of the population from the communal to the individual farming system, this work will require considerably more time, because about 700,000 hectares are subject to distribution.

It is interesting to note that as far as the apportionment of estates is concerned, agrarian reform in Lithuania affects 3,151 of the bigger estates belonging to 2,230 persons. In other words, on the basis of a population in free Lithuania numbering two millions in round figures, the land area subject to distribution formerly belonged to a one-thousandth part of the total population, so that land is being taken for purposes of agrarian reform from one out of every thousand citizens.

The New Land Bank.—The new Lithuanian Land Bank is now open and doing business. Its main object is the general support and financing of agriculture. The Bank will therefore provide loans only for peasant farmers, new settlers, and peasant co-operative institutions, and will finance agricultural societies, unions of certain organisations, etc. Concurrently with these operations, the Bank will discharge all other functions of an ordinary bank. Both individual farmers and their organisations may obtain loans from the Bank.

The Bank's bye-laws do not limit the size of the loan; this is determined by the Bank itself, having regard to the needs and credit of the applicant and the Bank's available resources.

For a loan guaranteed by real property the Bank charges 8½ per cent., including all outlays. Interest on discount and special current account is somewhat higher, but hereafter, when the Bank's capital increases, interest will be reduced. The resources at the Bank's disposal, under existing conditions of credit shortage, cannot be regarded as particularly great. It is clear that the first five million lits granted by the State will not suffice even for the satisfaction of the most urgent needs. Nevertheless the Bank hopes that the Government this year will find it possible to allow it a further five millions, and again at the beginning of next year the same amount. The Bank also anticipates that, thanks to the favourable terms it offers, deposits will soon begin to flow in. As regards pre-war mortgage debts incurred on the security of agricultural or urban property, it is as yet premature to say whether or not these will be transferred to the Land Bank. In accordance with the Peace Treaty of July 12, 1920, between Soviet Russia and Lithuania, the Lithuanian Government enjoys the

right to collect all debts owing to Russian banks by Lithuanian subjects. It may be assumed that the Government will not forgo this right.

The Land Bank would, of course, consent to take over this business, seeing that considerable sums could be derived from that source which might be applied to the financing of building and other operations. (*Elta Agency.*)

SPAIN

FINANCE

The Budget Returns.—The Revenue Department has just published the returns of revenue collected during June and for the three months ending June 30, including outstanding revenue for past years, and of expenditure incurred during the same periods. Revenue collected in June in respect of the ordinary Budget was Ptas.283.7 mill. against an expenditure of Ptas. 606.2 mill., leaving a deficit of Ptas.322.5 mill., or 50 per cent. of the total figures.

The following table shows revenue and expenditure for the three months April to June inclusive (in millions of pesetas):—

	Revenue.	Expenditure.
1920	401.1	375.9
1921	474.7	501.2
1922	576.0	555.5
1923	1,041.8	500.9
1924	965.8	846.4

The expenditure for 1924 includes Ptas.114.7 mill. for the ministry of war, the highest for the whole period included in the table. Expenditure on Morocco amounts to Ptas.94.5 mill.

Revenue collected during August last, according to the statement published by the department of the Under-Secretary of Finance amounts to Ptas.233.8 mill. as against Ptas.244.5 mill. for the corresponding month of 1923. Even allowing for the loan of three millions obtained in July, revenue for July and August (the first two months of the current financial year), shows a decline of Ptas.7.7 mill. The amount of the deficits in the chief items of revenue is as follows (in millions of pesetas): land tax, 15.4; industrial tax, 1.8; profits tax, 20.1; sugar, 3.8. The chief increases are: customs, 13.5; Royal Dues, 1; tobacco, 1; stamps, 8.1; lottery, 2.3; various, 4.9. The tendency in general therefore shows a marked decline which had already been initiated in the concluding months of the previous financial year. If, in conjunction with this decline be considered the ascending curve of expenditure, a heavy deficit in the Budget may easily be predicted. (*España Económica y Financiera.*)

Insurance in 1923.—The official report on the premiums received by insurance companies during 1923 based on the amount of the 1 per cent. tax thereon imposed by the Act of May 14, 1908, pathetically announces that its figures are incomplete owing to the evasion of the tax by several companies. However, subject to this drawback, the report gives the comparative figures of the income derived by the Spanish insurance companies for the last six years as follows (in millions of pesetas): 1918, 102; 1919, 111; 1920, 134; 1921, 155; 1922, 163; 1923 (incomplete), 175. Insurance in Spain is apportioned among companies specialising in various classes of business as follows: life, 25; fire, 57; tontine, 7; sickness, 65; cattle, 9; labour accidents, 28; windows and glass (hail), 10; loss of goods in transit, 52; accidents by rail, motor, robberies, etc., 18. (*España Económica y Financiera.*)

TRADE

Concerning the Commercial Treaty with Germany.

We are indebted to the report of the Anglo-South American Bank for the following information:—

There have been published in several of the Spanish newspapers messages from London and other places abroad to the effect that the recent Spanish Trade Treaty with Germany will adversely affect British and

French trade with Spain. As a result, the Spanish Government has now published a Note, emphasising that the real facts are that the utmost concession made to Germany was a reduction of 20 per cent. in the "Second Column" Tariff rates, while even this only referred to a certain specified number of articles in such Tariff. On the other hand, the Note points out, Great Britain and France enjoy numerous concessions which exceed the 20 per cent. reduction, and, in addition, both countries have the benefit of the "most-favoured-nation" clause in regard to the majority of items in the Tariff.

With regard to the depreciated currency surtax, which was formerly payable on German imports, but which was abolished by the recent Treaty, the Note states that the Spanish Government expert in Germany investigated this question and reported that the increase in production costs based upon the gold mark made it difficult to maintain payment of this surtax, and the abolition thereof and the other concessions made have enabled the Spanish Government to obtain considerable advantages in regard to Spanish exports to Germany.

INDUSTRY

Mining Returns.—According to the recent returns published by the Revenue Department, the number of mines and quarries existing in Spain at the beginning of 1923 paying royalties to the State on their surface area was 29,169, with an aggregate area of 1,096,262 hectares. During the year 2,276 mines and quarries, with an area of 127,199 hectares, closed down and 694, with an area of 209,468 hectares, opened, leaving in operation at the end of the year 27,647 mines and quarries, with a surface area of 1,178,531 hectares. The 10 chief mining provinces are, in order of importance: Oviedo, Murcia, Almeria, Jaén, León, Vizcaya, Santander, Cordova, Huelva and Ciudad Real.

The Chamber of Mines has published the following figures relating to the production and consumption of the iron ores of the province of Vizcaya (north-west) in 1923 and 1924. During 1923 318.4 million tons were supplied to Spanish industry and 1,534.3 million tons were exported, making a total sale by the mines of the province of 1,852.7 million tons. During the first quarter of 1924 555.8 million tons were extracted and 601.6 million tons sold, of which 156.2 million tons to national works and factories, 445.4 million tons being exported. Thus during the quarter the stocks in hand had to be reduced.

The returns of the Mining Board show a coal output for 1923 of 6,288,784 tons, composed of 299,069 t. of anthracite, 359,503 t. of lignite and 5,630,133 t. of pit coal. The output of recent years was as follows (in 1,000 tons): 1916, 5,588; 1917, 5,972; 1918, 7,163; 1919, 5,920; 1920, 5,973; 1921, 5,373; 1922, 4,765; 1923, 6,288. (*España Económica y Financiera.*)

The Possibilities of Gold Mining.—The British Chamber of Commerce for Spain is informed that very shortly another attempt will be made to exploit one of the many gold gravel concessions that abound in the country by the erection of a Bucket Gold-Dredger. The Chamber thinks that this attempt should be successful, if the ground has been carefully chosen and the exploitation is under competent management with adequate working capital. According to the opinion of one of the members of the Chamber, a mining engineer with over 25 years' practical experience in Spain, the cause of past failures has been in every instance want of sufficient working capital coupled with—in most cases—incompetent management, and he states that there are many paying gold propositions in Spain waiting to be tackled by the right people.

AGRICULTURE

Sugar Prospects.—The latest estimates of the sugar beet crop in Spain, reports the Madrid correspondent of the Anglo-South American Bank, indicate that, owing to the drought, the production will be about 10

per cent. less than was expected at the time of sowing. On the other hand, however, it is anticipated that the crop will be better in quality. The yield of beet sugar is placed at 225,000 tons, to which must be added 8,000 tons of cane sugar, bringing the Spanish output of this product up to a total of 233,000 tons.

Imports of 15,000 tons of foreign sugar having been authorised, it is estimated that the supply will be sufficient for home consumption, which experts have placed at 240,000 tons, although the corresponding estimate by the Government Supply Department is 260,600 tons. It is possible that the beet crop harvest may vary from these calculations, but, up to the present, no unfavourable indications, such as disease of the beet plants, have been observable.

Protection of the Wine Industry.—A Royal Decree has been published in the Madrid "Gaceta" of 2nd inst., containing certain provisions for the protection of the Spanish wine industry. The chief stipulation in the Decree is that rectified wine alcohol utilised in the wine industry shall not be employed except in such industry, unless the Spanish wine production exceeds 21,000,000 hectolitres, and unless the stock of rectified alcohol is not below 20 per cent. of that regarded as necessary for the maturing and improvement of wine. In addition, statements of the purchases of wine alcohol and of stocks in the hands of the grape growers, warehousemen, and exporters are to be furnished within three days of the date on which the Decree comes into force, i.e. twenty days after publication in the "Gaceta." In the arrangement of Trade Treaties with foreign countries, the importation of wines and similar liquors are not to be subjected to a tariff duty less than that laid down in the second column of the Customs Tariff. The Decree also provides for the temporary prohibition of imports and wines and liquors. (*Report of the Anglo-South American Bank.*)

SOCIAL AND LABOUR CONDITIONS

The Food Supply.—*España Económica y Financiera* has of late been urging upon the Government the necessity of solving the food problem, mentioned in an article recently reproduced in these columns (*cf.* THE ECONOMIC REVIEW, Aug. 22, p. 169), as one of the chief difficulties which the Military Directory has to face, and again returns to the charge.

The price of potatoes has risen in harmony with the increased prices of bread, oil and sugar, and will doubtless be followed by a rise in the price of meat. The rise in the price of bread was justified on the plea of a deficient harvest, which is contrary to fact, the moderate quantity being counterbalanced by the excellent quality of the grain and the consequent abundance of flour. The high price of oil was attributed to excessive export, which the oil dealers deny, and they declare that there are large quantities of oil in stock, so that the paradox occurs of high prices in conjunction with stocks in hand in excess of the needs of consumption. In order to reduce the price of sugar the import of 15,000 t. at a reduced duty of Ptas.45 per 100 kg. was granted, but this small contingent was rapidly absorbed and a further import of 20,000 t. has been authorised, but it is unlikely that this measure will achieve the desired result of a decline in price, as in order to do so it would be necessary to adopt more drastic methods, after ascertaining that national production is insufficient to meet the needs of national consumption. The food question is evidently a sore subject with the Military Directory and the advice of candid friends thereon unpalatable, as the remainder of the article is deleted by the censor.

Cost of Living.—The General Statistical Department has just published the cost of living index numbers represented by the 74 articles comprised in the two sections given below for the whole country for July and August, such index numbers being contained in the following table. (The figures in brackets show the number of articles represented by each class):—

I. Foodstuffs.		July	August
		1924.	1924.
Animal food (11)		221	205
Vegetable ,, (16)		163	168
Beverages and various (11) ...		168	178
Index number for the section (36)		183	182
<hr/>			
II. Material for Industry			
Fuel, gas and electric current (8)		167	162
Textiles and leather (6)		201	204
Metals (8)		158	169
Building material (10)		220	216
Chemicals and various (6)		168	168
Index number for the section (38)		181	182
General index		182	182

The following tables give the index numbers of retail prices in Madrid and Barcelona respectively:—

	Animal	Vegetable	Fuel	General
	foodstuffs.	foodstuffs.	and various.	Index.
<i>Madrid</i>				
July	205	165	174	182
August	201	165	181	180
<i>Barcelona</i>				
July	180	162	176	172
August	175	163	176	171

(*España Económica y Financiera.*)

Emigration Figures.—According to the returns published by the Supreme Council for Emigration, the number of persons emigrating from Spain during the first half of the current year was 29,514 (19,875 males and 9,639 females) as against 32,093 in the corresponding period of 1923, a decline of 2,518. The number of emigrants proceeding to the various countries of destination was as follows: The Argentine, 12,589; Brazil, 859; Cuba, 14,372; Mexico, 246; Uruguay, 1,272; various, 176; total, 29,514. The number of Spaniards returning to Spain during the same period was 17,362 (17,873 in 1923), leaving an excess of emigrants over repatriated Spaniards of 12,152. (*España Económica y Financiera.*)

COMMUNICATIONS

A General Railway Improvement Scheme.—The Federation of National Industries, recently constituted with the principal object of constructing and assisting public works throughout the country (*cf.* THE ECONOMIC REVIEW, May 30, p. 472), has repeated its offer to the Military Directory to do so and its earnest desire to begin work at once, and has submitted a general scheme for the carrying out of public works of all kinds throughout the country. *España Económica y Financiera*, while approving this scheme on the whole as well considered and beneficial to the country, regrets that it has not been more widely advertised among the public at large. The above mentioned review considers particularly the following part of the scheme relating to railway improvement. This scheme urges the advantages of double lines of rails (the most frequented main line from Madrid to the French frontier, Spain's chief communication with the rest of Europe, runs for the greater part on only a single line) as more expeditious not only for passengers, but for general transport, and in fact indispensable if the daily increasing traffic is to be dealt with. To begin with, the scheme proposes the construction of a double track on the following sections of the Madrid-Zaragoza-Alicante railway, and its continuation known as the Catalan system, viz. from Alcázar de San Juan to La Encina, from Barcelona to the French frontier via Granollers, between Montmeló and Empalme, and between Gerona and Llansa; and in the other direction, on the Alcazar San Juan-Seville, the Vallecas-Saragossa, the San Vincente-Saragossa, and the Tarragona-San Vincente sections. Supposing these improvements to be completed, and double lines to be laid on the section of the Norte line between Valencia and La Encina, the scheme estimates an increased speed per hour on the three trunk lines and an average saving of time on the journey as follows: from Madrid to Seville (571 km.), from 44.8 km. per hour (present average speed) to 58, a saving of 2.45 to 3 hours; from Madrid to Barcelona (686 km.),

from 49.6 to 57 km. per hour, a saving of 1.50 hour; from Madrid to Valencia (490 km.), from 42 to 60 km. per hour, a saving of 3.30 hours. This saving of time will obviate the construction of new short-cut lines.

By this use of double lines the carrying capacity of the railways will be almost trebled. In addition, the electrification of the lines would confer further advantages in respect of security, speed, comfort and even carrying capacity.

On the Northern (Norte) system the scheme proposes double lines on the following sections: Avila-Medina, Miranda-Alsasua-Irun; Orduña-Bilbao; Manresa-Lerida; Játiba-Encina; and Valencia-Castejon; Saragossa-Suera; Algodonera-Gijon; and Palanquinos-Leon. Other improvements proposed on this system are: the introduction of the block system on various sections of the line, the electrification of the Barcelona-Manresa, Moncada-San Juan de las Abadesas, Játiba Valencia and Valencia-Castejon sections, and the erection of sidings and stations.

These improvements are calculated to give the results as regards time-saving, A, under the present system; B, after the introduction of the improvements on the main lines shown by the following table:—

Km.		A.		B.		Time saved, h. m.
		Hours employed, h. m.	Km. per hour average.	Hours employed, h. m.	Km. per hour average.	
(a) 641	{ down up	12.39 12.40	53.4	10.5 10.13	63.4	2.30
(b) 563	{ down up	10.57 11.35		49.8			9.15 9.53	58.6	1.42
(c) 832	{ down up	19.10 21.45	41.1	16.50 18.53	46.7	2.22
(d) 590	{ down up	15.3 17.5		36.9			12.22 13.40	45.3	3.4
(e) 514	{ down up	12.10 13.15	40.8	11.6 11.20	45.8	1.25
(f) 275	{ down up	6.19 6.34		43.0			5.29 5.48	49.1	0.49
(g) 365	{ down up	9.12 9.28	39.3	7.36 8.3	49.7	1.31
(h) 117	{ down up	3.43 3.13		33.8			2.38 2.38	45.0	0.50

The particulars in the above table refer to the following lines: (a) Madrid-Hendaya (French frontier), (b) Madrid-Bilbao, (c) Madrid-Coruña, (d) Madrid-Gijón, (e) Madrid-Santander, (f) Valencia-Tarragona, (g) Zaragoza-Barcelona, (h) Barcelona-San Juan.

(*España Económica y Financiera.*)

A Much Discussed Railway Scheme.—For many years past the scheme for a direct railway between Madrid and Valencia, which would make the latter the port of the capital on the Mediterranean, has been discussed. As long ago as 1919 Sr. Fernández Rodríguez, President of the Provincial Council of Madrid, in an address delivered at the Mercantile Union Institute, reported by the *Sol* (March 16, 1919) and summarised in the *Reconstruction Supplement to the Daily Review of the Foreign Press* (April 2, 1919), issued by the General Staff of the British War Office, urgently advocated the construction of a direct railway between Madrid and Valencia in the following terms:—

“A recent Minister of Public Works (Sr. Cambó) has treated the problem of railways as fundamental, and advises nationalisation, and the State should adopt the same policy with regard to the direct line from Madrid to Valencia. A double line and electrification are of supreme importance. The Bill is now before the Cortes and the Government has agreed to expend 200 million pesetas on the scheme. It will bring the third most important port in the country within a few hours of Madrid and within the next four years Valencia will become the principal port of Spain. Shipbuilding yards and blast furnaces are about to be constructed in Valencia and the harbour works are to be enlarged. The industrial spirit of Madrid needs to be stimulated by contact with the Mediterranean. The province of Cuenca (through which the new line was to pass) is potentially one of the richest districts in the country.

It possesses large deposits of coal and iron, which will render Madrid independent of the Asturian mines. Both Madrid and Valencia will benefit enormously by the hitherto undeveloped natural resources of that neglected province. Cuenca is also rich in timber, marble and cattle. The result of the construction of this line will be to reduce the journey from Madrid to Valencia from fifteen to five or possibly three and a half hours.”

The execution of the above scheme and the Government grant of 200 million pesetas have not yet materialised, but a closer connection of Madrid with the Mediterranean port is once more under discussion, and is, according to *España Económica y Financiera*, to be accomplished by the Norte Railway Company alone, or in conjunction with the Madrid-Saragossa and Alicante Company, by the construction of a railway of about 50 miles in length between Cuenca (125 miles from Madrid) on a branch line from Aranjuez, on the Norte system and Utiel, the terminus of a line from Valencia, 54½ miles in length, belonging to the Madrid-Saragossa Company. The cost is computed at between 35 and 70 million pesetas, to include the reconstruction of the Utiel line, which is in very bad condition. The total length of the new railway will be about 320 km. (200 miles) as against 490 km. (305 miles), the length of the present line.

SWEDEN

POLITICAL AND GENERAL

Result of the General Election.—The elections for the Second Chamber of the Riksdag have given the following results:—

	Number returned.	Gains (+) and Losses (—).
Conservatives	65	+ 3
Peasants' Party	23	+ 2
Liberals... ..	5	— 2
Prohibitionist Liberals	28	— 6
Socialists	107	+ 5
Communists	5	— 2

As a result of the split in the old Liberal party, the Trygger Ministry can only rely now on 93 votes in the new Chamber, the Prohibitionist Liberals apparently being hostile to the policy of the Government; and in the event of their combining with the Socialists to oust the present Administration, the Opposition would command a majority of 47. The Opposition Press is crying out for the immediate resignation of the Government, but the Trygger Ministry will probably remain in office until the meeting of Parliament in January and then test the feeling of the Chamber. Sooner or later, however, a Socialist Cabinet is bound to replace the present combination, when M. Hjalmar Branting will almost certainly be the new Minister of Foreign Affairs.

The Economic Situation.—The latter part of September, says the *Baltic-Scandinavian Trade Review* of October 8, was characterised by dulness and inactivity on the Stock Exchange, a condition which in great measure may be attributed to the prevailing uneasiness regarding the outcome of the elections for the Riksdag and the potential consequences of these elections on the economic situation. Other factors contributing to the uncertain situation on the Stock Exchange are the rather unsatisfactory conditions in the timber market, mainly due to the low prices offered and the decreasing British interest in Swedish timber, and the considerable fluctuations which have occurred on the foreign currency market, particularly in sterling. The tone on the Stock Exchange cannot, however, be characterised as weak in the direct sense of the word. There have been no large sales of either stocks or bonds, and the general reduction in quotations has been confined within very narrow limits despite the fact that even small offerings would tend to depress the market when, as is the case at present, there are practically no

buyers. Even bonds have not been sought after, and the market has been devoid of material both as regards older loans and new emissions, of which last named there have been none for quite a long time. The fluctuations on the Exchange are inconsiderable, but an optimistic tendency prevails. The decrease in the international value of the dollar during the past few weeks, and the consequent firmness of sterling, has decreased the difference which has existed for some time between the Riksbank's official rate and the open market value of the dollar. As a result the dump sales which the Riksbank has been forced to make on previous occasions—sales which, however, have been of relatively small importance—were discontinued at the end of September, and it has even been possible for the Bank to increase considerably its holdings of foreign currency.

TRADE

Foreign Trade Returns for July.—Although the foreign trade returns for July are not quite so favourable as those for the previous month, *Swedish Export* deems them fairly satisfactory as showing an excess of imports amounting to about two million kronor. As compared with 1913, the index number for imports in July was 140.6 and for exports 95.0, as against 140.6 and 107.8 respectively in June. The following figures for the leading export commodities for the first seven months of the year give an idea of the position up to date. The exports of unworked timber have receded somewhat as compared with last year. Thus only about 354,000 cubic metres of pitprops were shipped this year as against 651,600 in the corresponding period of 1923. The shipments of sawn wood goods, however, were quite up to the level of last year's figures, viz. 1,673,000 cub. m. as compared with 1,649,000 cub. m., while exports of wood pulp increased from 405,600 tons to 611,400 tons. Exports of newsprint and of other paper also rose, the former from 72,800 tons to 86,000 tons and the latter from 78,700 tons to 90,500 tons. The foreign trade figures for iron ore were quite good, notwithstanding that they were somewhat short of last year's total, viz. 2,776,000 tons as compared with 2,984,000 tons. Neither did the export of pig iron come up to last year's figures, but that of certain kinds of hot-rolled steel and wire rods shows an increase. The export of matches was about the same as last year, 14,700 tons. Machinery has a considerable increase to its credit, especially in respect of mechanical tools, locomotives, cream separators, harvesters and ball bearings. The aggregate value of the imports for the seven months was Kr.786,700,000 as compared with Kr.723,900,000 last year, and that of the exports Kr.632,200,000 as compared with Kr.559,500,000; the adverse trade balance has therefore been reduced by Kr.9,900,000, from Kr.164,400,000 in 1923 to Kr.154,500,000 this year.

The Iron and Steel Market.—The iron and steel market remains quiet and sales for export are abnormally low as compared with pre-war figures. The same applies to home sales, the consumption of the engineering and metal-working industries as well as of the general blacksmith shops being still far below normal, partly owing to increased imports of certain classes of goods. The latest prices (August 28) of the Swedish Ironworks Association per ton of 1,016 kg. f.o.b. port of export in British sovereigns at the rate of 16.88 and in United States dollars at the rate of 3.75½ are as follows: Export pig iron, maximum 0.015 per cent. sulphur and 0.025 per cent. phosphorus, £7 14s. and \$34.61; billets, over 0.45 per cent. carbon, £16 5s. to £19 5s. and \$73 to \$86.53; wire rods, over 0.45 per cent. carbon, £18 1s. to £21 1s. and \$81.11 to \$94.62; rolled Martin iron, soft, basic price £12 13s. to £13 5s. and \$56.78 to \$59.48; and rolled Lancashire iron, basic price £18 13s. and \$83.82.

The Grängesberg Company have notified the Government Railways Administration that it expects to ship 6,000,000 tons of Lapland ore during next year, 4,500,000 tons via Narvik and the remainder via Luleå,

subject of course to developments in the Ruhr, which is the chief consumer of the company's products. The ore shipments during August amounted to 542,000 tons, 379,000 tons via Narvik and 163,000 tons via Luleå, while 1,700 tons were supplied to the Karlsvik Ironworks. The freights collected at Kiruna station alone during the month amounted to Kr.1,440,000. These shipments are the largest for any month since July 1914. (*Swedish Export.*)

The Timber and Pulp Markets.—There was almost complete stagnation in the sale of wood goods in August, and according to *Swedish Export* the situation is becoming more critical as the season advances. Although it would be an exaggeration to describe the feeling among shippers as panicky, it is far from being cheerful. With two-thirds of the year's production sold the Banks are prepared to finance the trade over the winter, and will in any case not force the Upper Gulf wood into the market by curtailing credit. Prices, after declining throughout the summer, show no signs of becoming firm, and are now lower all along the line than at this time last year. The shrinkage is particularly notable in respect of the larger sizes, 9-inch deals having been sold at £18. The last few weeks, however, have not been altogether devoid of business, and some contracts have been concluded for England, Spain and North Africa. In glaring contrast to the wood market, the wood pulp market has been all bustle and activity. During the latter part of August some 40,000 tons of sulphite and 20,000 tons of sulphate were sold, partly for delivery next year. According to *The Swedish Paper Journal*, only about 20,000 tons of easy bleaching and strong sulphite remain unsold of this year's output. The total sales during August amounted to from 70,000 to 75,000 tons, as against 50,000 tons in July. About 60,000 tons of mechanical pulp were also sold. Most of the sales have been to England, but France and other continental countries have also been large buyers. Quotations are firm.

Imports of Motor Cars and Trucks.—According to statistics published by *Skandinaviska Kreditaktiebolaget* the imports of motor passenger cars rose from 684 of a value of Kr.2,991,000 in 1913 to 2,943 of a value of Kr.14,619,000 in 1919; those of motor lorries from 9 of a value of Kr.57,000 to 853 of a value of Kr.5,323,000; and those of motor cycles from 461 of a value of Kr.277,000 to 3,274 of a value of Kr.4,124,000. In the intervening years the trade was, no doubt, affected by the war; the figures, however, are interesting (the value is stated in thousands of kronor):—

	Passenger cars.		Motor lorries.		Motor cycles.	
	Number.	Value.	Number.	Value.	Number.	Value.
1914 ...	713	2,670	16	63	739	561
1915 ...	241	863	3	11	317	253
1916 ...	683	2,522	5	38	825	589
1917 ...	536	2,040	20	76	643	481
1918 ...	153	602	13	49	22	16

The restrictions imposed by the blockade will account for the jump in figures following the Armistice, while the resumption of normal output by the industry in warring countries will serve to explain the immense development in the motor trade in subsequent years:—

	Passenger cars.		Motor lorries.		Motor cycles.	
	Number.	Value.	Number.	Value.	Number.	Value.
1919 ...	2,943	14,619	853	5,323	3,274	4,124
1920 ...	9,453	56,770	2,437	14,758	5,975	8,415
1921 ...	4,658	22,275	1,113	5,419	2,492	4,102
1922 ...	7,060	21,244	1,703	4,105	1,175	1,603
1923 ...	11,726	31,499	2,358	4,423	1,820	—

The value of the production of motor cars and trucks in Sweden in the years from 1913 to 1922 amounted to Kr.37,463,000, made up as follows: 1913, Kr.1,732,000; 1914, Kr.1,712,000; 1915, Kr.3,107,000; 1916, Kr.4,353,000; 1917, Kr. 4,735,000; 1918, Kr. 3,224,000; 1919, Kr.5,902,000; 1920, Kr.7,414,000; 1921, Kr.3,541,000; and 1922, Kr.1,743,000. The figures for 1923 are not available. The bulk of the imports come from the United States, though large consignments are also contributed by Denmark, Germany, Great Britain, Austria, France and Italy; but the imports

from Denmark are confined to cars assembled in that country from parts imported from the United States, and should therefore be credited to the latter country, which thus supplied 80 per cent. of the total Swedish imports in 1922.

SWITZERLAND

FINANCE

Capital Issues in 1924.—According to statistics compiled from trade register entries, which, however, are not absolutely complete, 358 new share companies were formed in the first eight months of this year with a total capital of Fr.119.88 mill. The majority were small undertakings with capital up to Fr.50,000; 138 such small share companies were formed with a total capital of only Fr.3.83 mill.; 106 companies were formed with a capital ranging from Fr.50,000 to Fr.200,000 and with a total capital of Fr.13.018 mill.; and 113 were formed with a capital of over Fr.200,000 and with a total capital of Fr.103.01 mill. Of the 358 companies 143 were manufacturing, 106 commercial, 39 financing, 7 banking and 63 various. In 60 there was foreign participation in the directorate, of which 26 were commercial, 21 manufacturing, 12 financing, and 1 banking. It is, however, probable that foreign participation was larger than appears from these figures, as it is impossible to detect the presence of foreigners' nominees. Foreign influence may be suspected in a large number of the one man companies, of which there were no fewer than 142, or about 40 per cent. of the total. This again raises the question whether one man companies ought not to be subjected to special legal measures. (*Neue Zürcher Zeitung.*)

Federal Budget Problems.—In a memorandum to the Finance Commission of the National Council regarding the form of the preliminary estimates for 1925 the Federal Council mentions, among other things, the question of the unification of the Budget. In his statement to representatives of the Press on May 30 (see THE ECONOMIC REVIEW, June 20, 1924, p. 534), the Finance Minister laid down the unification of the preliminary estimates as a fundamental postulate which must be strictly adhered to. The Finance Commission is of opinion that the principle of unification should come into operation for next year's budget, notwithstanding the danger that it might then be impossible to achieve the expected balance in the ordinary account. In the above-mentioned statement the Finance Minister was careful to add that the Confederation could not be reproached with having resorted to an extraordinary budget during the war and post-war period. Nor can there be any question to-day of including in the ordinary estimates the disbursements which remain to be paid out of the extraordinary credits sanctioned in the years 1921 to 1923, for this would introduce complications into the ordinary account and might under certain conditions be misleading. In the future also any non-recurrent expenditure of an exceptional character is to be immediately placed to capital account. It is intended, therefore, to place to capital account disbursements from the unemployment credits (about Fr.38 mill. in 1924 and Fr.13 mill. in 1925), the periodical advances (up to a total of Fr.60 mill.) to the Federal Railways for electrification, and the subsidy of Fr.11 to 12 mill. to Swiss nationals insured with German insurance companies. On the other hand, the annual statutory grant-in-aid, and the annual quota of the Federal outlay (should this be sanctioned) on the construction of a Rhine harbour at Basel-Kleinmünchen will be included in the ordinary estimates.

The Federal Council lays more weight on the exercise of extreme reserve by the Council of States in granting extraordinary credits than on the question whether these are to be included in the ordinary estimates. Where, however, such credits are unavoidable it is of opinion that it is for the Council of States to determine

whether or not they are to be included in the ordinary estimates. Moreover, when the estimates are submitted to the Finance Commission a statement of probable extraordinary expenditure should be attached as a supplement. In that way Parliament would be kept informed of the whole prospective expenditure for the Budget year. (*Neue Zürcher Zeitung.*)

TRADE

August Trade Returns.—The value of the imports in August was Fr.190 mill. and of the exports Fr.159 mill., as compared with Fr.211 mill. and Fr.159 mill. respectively in July, and Fr.183 mill. and Fr.157 mill. in August of last year. The adverse trade balance is the lowest since March, when it was Fr.19 mill. As regards imports, while the total value is little different from that of the previous August, there was a considerable variation in their composition, raw materials showing a decline, and foodstuffs (slaughter cattle, butter, sugar and coffee) and agricultural raw materials a large increase. As compared with July agricultural feeding stuffs and coal show an increase, whilst foodstuffs (wheat, sugar, slaughter cattle and wine) and industrial raw materials fell considerably. Of the manufactured and semi-manufactured goods worsted, machines and automobiles show a notable decline. It is a long time since the monthly figures for cotton and wool stood so low as in August; the decline in cotton yarn is connected with the heavy reduction in the export of embroidery. Raw silk, on the other hand, continued to be imported in large quantities, as in the previous four months. Imports of pig iron for the machine industry, which had been exceptionally heavy in July, fell to the level of April and May. In spite of the large decrease in the export of aluminium, the import of the raw material for its manufacture was only slightly below that of July. The import of copper and lead increased as compared with July, whilst that of timber (including building timber), section iron and sheet iron declined. The increased import of coal is seasonal, and is due to the laying in of stocks for domestic consumption.

As regards exports, a noteworthy feature was the increase in watches (Fr.25.15 mill. as compared with Fr.18.92 mill. in July and Fr.13.2 mill. in August of last year). The abolition of the McKenna duties stimulated the export to England particularly of gold watches. The other commodities showing increased exports were, schappe, straw goods, and especially shoes, condensed milk and chocolate. All the other principal articles of export showed a decline. (*Neue Zürcher Zeitung.*)

Foreign Trade in Silk in First Half of 1924.—The *Neue Zürcher Zeitung* quotes from *Mitteilungen über Textil-Industrie* details relating to foreign trade in silk goods in the first half of this year. The returns show that the silk industry is gradually emerging from the crisis, and that certain branches are back to normal, though others are still subject to the difficulties which encumber the Swiss exporting industries. The consumption of raw material exceeded that of last year, but still stands, at least as far as raw silk is concerned, substantially below the pre-war level. The difference, however, is to some extent equalised by the large increase in the consumption of artificial silk, schappe, wool and cotton. The following table shows the comparative import and export figures:—

	First half-year.		
	1924. Kg.	1923. Kg.	1913. Kg.
Grège ...	325,300	143,100	348,700
Organzin ...	325,900	331,000	710,400
Silk woof ...	60,500	73,500	368,500
Total imports	711,700	547,600	1,427,600
Total exports	42,700	88,200	413,500
Net consumption of raw silk ...	669,000	459,400	1,014,100
Import of artificial silk ...	637,400	567,900	115,000

The import of schappe (from Italy and Germany) is unimportant, but the export is continually increasing, and approached 600,000 kg. in the first half of 1924, which is equivalent to the corresponding pre-war figures. The home market has also expanded considerably.

Exports. The following table shows comparative figures for silk and half silk exports (a half-year's exports before the war amounted to between 1 and 1.2 mill. kg.):—

Half-year.	Kg. (000's omitted).	Average value	
		Fr.	per kg. Fr.
1923 First ...	827	82,286	99
1923 Second ...	1,105	106,013	96
1924 First ...	1,076	97,507	90

As last year England took almost exactly half the exports, whilst the share of Canada increased. Considerable business was also done with Germany in spite of high tariffs. The exports to almost every country, except Argentina, increased as compared with last year. The situation was less favourable with regard to silk and half silk ribbons, for, though there was a slight increase on last year, the figures are still far below their pre-war level. The figures are as follows:—

Half-year.	Kg. (000's omitted).	Average value	
		Fr.	fr. per kg.
1923 First ...	241	26,550	110
1923 Second ...	239	25,626	107
1924 First ...	252	25,979	103

More than half went to England, and the remainder mainly to Canada and Australia. With regard to silk purse cloth the exports rose considerably, mainly owing to a better German market. Sewing and embroidery silk showed little change as compared with last year. The export of artificial silk, after the set-back of last year, showed a considerable advance (436,000 kg. in first half of 1924 as compared with 270,000 kg. in first half of 1923). There was a noteworthy improvement in the German and United States markets. The average price per kg. for raw, undyed artificial silk fell from Fr.21 to Fr.17.

Imports. The import of silk and half silk fabrics exceeded the quantities in the corresponding periods of the last pre-war years, and is still increasing; it totalled 131,000 kg. with a value of Fr.10.9 mill. as against 109,000 kg. and Fr.8.4 mill. in the first half of 1923. About two-thirds come from France and a good fifth from Germany. The high French figures can only be explained by the exchange conditions, for the average French prices (notwithstanding the high quality of a portion of the goods) are considerably below the Swiss. As regards silk and half silk ribbons the quantity was slightly less and the value slightly more than in the first half of 1923. The major portion comes from France and a lesser portion from Germany. The import of sewing and embroidery silk also rose slightly, and came mainly from Germany. The import of artificial silk reached 637,000 kg. (as compared with an export of 436,000 kg.), and came principally from Italy, Holland, Germany and England. The average value of the foreign artificial silk per kg. was Fr.18.8, which is 3 to 4 per cent. higher than last year

INDUSTRY

New Industries in St. Gall.—The post-war market crisis brought home to St. Gallen the danger attaching to its dependence upon one great luxury industry, namely embroidery. Efforts were therefore made to introduce new industries, and the glove and stocking industries have now obtained a firm foothold there. The former, in spite of heavy foreign competition, has made good progress, and in 1923, in addition to an improved home market, exports reached 411 quintals with a value of Fr.2.5 mill. as compared with 318 quintals and Fr.1.6 mill. in 1922. Australia was the principal customer and Canada next; St. Gall now takes second place to Germany in the export of cotton gloves to Canada. The stocking industry also, in spite of difficulties created by German and French competition, which was favoured by low exchanges, made some

progress. It is hoped that the recent restriction of imports will assist the industry against its foreign competitors. (*Neue Zürcher Zeitung.*)

SOCIAL AND LABOUR CONDITIONS

Unemployment in August.—For the first time since the winter months there was a reaction in the labour market, thought it was slight and mainly seasonal, the same thing having occurred in August last year. On August 30 the number of men applicants per 100 vacancies was 417, as compared with 324 at the end of July and 2,203 at the end of August last year; the corresponding figures for women were 94, 67 and 185. Those principally affected were unskilled workers in occupations like agriculture, horticulture, the hotel industry and the clothing trade. Building activity remained practically undiminished; nevertheless there was a slightly reduced demand for skilled building operatives. The textile industry, especially the embroidery branch, was less busy. On the other hand, there was a slight improvement in the chocolate and sugar industries, and also to a certain extent in the machine and metal industries. (*Neue Zürcher Zeitung.*)

Strike at Zurich.—For many weeks certain sections of the workers at the large Zurich machine factory of Escher, Wyss and Co. have been on strike for higher wages. Early last month the Company locked out the remainder and closed down the works. On the 17th the Zurich Town Council passed a motion for the support out of public funds of locked out men (resident in Zurich) who have families or dependants. The motion was proposed by the Communists, and carried with the support of the Socialist and Christian-Social parties. It provides for the payment of Fr.4 per working day, or part equivalent in food to every man with a wife or young children, and to single men who have dependants. The payments are retrospective to the beginning of the lock-out, and continue till the resumption of work. The requisite money is to be drawn from the local unemployment relief fund. The decision of the Council has evoked angry criticism from the bourgeois Press both in Zurich and in the whole country. (*Neue Zürcher Zeitung.*)

UNIVERSITY OF LONDON.

Mr. Henry Higgs will deliver a course of 6 Public Lectures on "The British Budget" at University College on Wednesday evenings at 8 o'clock, beginning October 22nd. The lecturer will speak on "the preparation and execution of the Budget and the various factors controlling it." The lectures are open to the public without fee or ticket. A syllabus can be had on application, enclosing a stamped addressed envelope to the Secretary, University College, London, W.C.1.

"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 8.
Czechoslovakia.

SPECIAL ARTICLES

GEORGIA: ITS POLITICAL AND ECONOMIC IMPORTANCE.

The recent misfortunes of Georgia and the discrepancy between past utterances by Great Britain's present rulers on the subject of her independence, and their attitude towards her aggressors may lend a certain interest to the account of the political and economic importance of that little known country which has recently been the subject of a special supplement to the *Agence Economique et Financière*.

THE COUNTRY'S RECENT HISTORY.

Georgia, one of the three Transcaucasian republics of which the other two are Azerbaijan and Armenia, lies between the two last named and the Black Sea, and covers 66,359 square versts, or 76,300 square km., thus exceeding in area Switzerland, Denmark, Holland and Belgium. The 1917 census returned the permanent or sedentary population of the country at 2,467,000 inhabitants to which must be added a floating population of 363,000. Three quarters of the population are Georgians properly, the remainder including Russians, Armenians, and Tartars.

In the eyes of Europe Transcaucasia is considered the key of the East, and the buffer between Asia and Russia. The Caucasus forms a bridge between Europe and Asia, over which pass the trade routes to Turkestan, India, Persia, and Upper Anatolia. Whoever commands the Caucasus, commands hither Asia. These considerations, combined with the fundamental principle of self-determination caused the independence of the Georgian Republic to be recognised *de jure* by the Powers, and ratified by the Constituent Assembly of Georgia on March 12, 1919.

In May 1920 the Georgian Republic concluded a treaty with the Moscow Government, whereby the latter recognised the independence and sovereignty of the Georgian Republic, and undertook to abstain from all intervention in its affairs, internal or external. But this undertaking was disregarded, and from the very outset pressure was exercised in order to include Georgia in the Bolshevik and Soviet policy. On these attempts proving unsuccessful, the Moscow Government decided to tear up the treaty and subjugate Georgia by force of arms.

On Feb. 11, 1921, the red armies without previous declaration of war, descended upon Georgia, dissolved all its democratic institutions, suppressed all its liberties, ravaged the country, ruined the national industries, and set up the Soviet régime.

ECONOMIC IMPORTANCE.

Georgia is important economically as well as politically, as it is through this country that the oil of Baku is transmitted by rail and pipe line to Batoum and the outer world. It produces more than one-third of the world's manganese, its silk, cotton and timber output has been revived and its soil contains a mineral wealth generally unknown to Europe and which might constitute a considerable reserve of raw material. Furthermore, by reason of its railways, pipe lines and mineral wealth, Georgia offers good security for a large part of Russia's debts.

Thanks to its favoured position on the East coast of the Black Sea and to its occupation of the Eastern half of the Caucasian isthmus, it forms, so to speak, the principal pier of the bridge formed by the Caucasus between the Black and Caspian seas, which has always been the easiest trade route between Europe and Western and Central Asia. Its geographical situation and the part which it plays in international transit trade constitute its chief strength.

Its railways are 1,013 kilometres in length, equivalent to 1.5 kilometres per 100 square kilometres. The Georgian railways represent 42 per cent. of the total

Transcaucasian railways. The two chief lines serving the country are: the Batoum-Tiflis-Baku line, 893 km. long (half of which is on Georgian territory), traversing the whole of Caucasia from West to East connecting the Black Sea with the Caspian; and the Tiflis-Alexandropol-Djoutfa line, 552 km. long, extending to Tabriz and Lake Ourmiah, the centre of Northern Persia. On the other side the line branches from Alexandropol to Erzeroum, connecting the Black Sea with Armenia and Central Turkey.

Georgia affords not only the natural but the only route for the transport of Baku oil to Europe, but while the carriage by rail through Russia would add enormously to the cost, the Caucasian isthmus, which from Baku to the Black Sea is only 850 km. wide, offers the most direct and most advantageous means of transit for petroleum and other naphtha products from Baku to the maritime routes across the Black Sea. In addition to the railway from Baku to Batoum, especially equipped and arranged for the transport of naphtha products, a pipe line 839 versts long, running by the side of the railway, and furnished with numerous reservoirs and 18 stations (of which 9 are on Georgian territory), permits of the direct flow of Baku petroleum to the port of Batoum. The pipe line was equipped with the object of shipping directly on the steamers up to a million tons of naphtha products a year.

The following table shows the quantity of oil and its derivatives transported by the Transcaucasian railways during the years immediately preceding the war and almost exclusively shipped from Batoum to foreign countries (in millions of poods*):—

	1911.	1912.	1913.
By pipe-line	23.5	21.5	23.1
In tank trucks	54.3	58.6	64.4
Total	77.9	80.1	87.5

* 1 pood = 35.8 lbs.

If it were necessary to found another oil port on the Black Sea the only possible site would be Poti, also on Georgian territory and connected by a branch with the Batoum-Baku line. Finally the oil of North Persia, of which the deposits are already being worked, must, in order to reach Europe, pass across Transcaucasia, that is to say, across Georgia.

MANGANESE AND OTHER MINERAL WEALTH.

After oil, the manganese ore deposits of Georgia constitute the chief mining industry of Transcaucasia. By reason, both of the richness of their deposits and the extent of their export, Georgian ores occupied until recently the foremost place in the world's manganese trade. This mineral occurs in various parts of Transcaucasia, but hitherto the sole source of exported ore was the Chiatouri deposits, situated to the east of the town of Kutais in the basin of the Kvirilla, a tributary of the Rion. The mining area occupies 126 sq. km. The deposits were first worked in 1878, and the first ore exported was sent to Marseilles in 1885, since which period the manganese industry of Chiatouri has not ceased to develop. In 1892 the output was 165,101 tons, and in 1900 651,000 tons, or 44 per cent. of the world's output. In 1906 Chiatouri beat the record with an output of 809,193 tons. During the 20 years from 1892 to 1913, 7,979,013 tons of ore were extracted from these deposits out of a total of 26,468,832 tons for the whole world. The chief port for the export of manganese is Poti. Since 1895 the Chiatouri field has been connected by a narrow gauge railway 40 km. in length, with the Transcaucasian railway and consequently with Poti and Batoum.

The remaining mineral wealth of Georgia comprises copper. The quality of the ore and the rapidity of the development of the copper industry before the war, gave grounds for hoping that Georgia's copper deposits would quickly acquire considerable importance in the

international copper industry and trade. The number of ascertained copper deposits is 17, but ore has hitherto only been extracted from those in the neighbourhood of four works. The amount of copper smelted rose steadily from 2,450 tons in 1908 to 7,190 t. in 1913. Georgia only consumed from 500 to 600 tons a year, the rest being exported to Russia.

The country possesses rich coal deposits, hitherto very little worked, a circumstance easily explained by the proximity of the great fuel supplies in the form of oil, and of the Donetz coalfield. Numerous oil springs have been found throughout the country, but have not hitherto been regularly or vigorously worked. The same may be said of other mineral ores scattered over Georgia's territory which have been duly registered and described and which consist principally of lead and argentiferous lead, iron, zinc, antimony, graphite, asbestos, etc. The number of these deposits officially registered is 650. There are also abundant mineral springs throughout the country, but hitherto only those of Borjom have any commercial reputation for table and medicinal waters.

THE FORESTS.

According to the latest returns made in 1917, the forests of Georgia cover 3,200,000 hectares or 42 per cent. of the total area of the country. Hitherto owing to defective communications this source of natural wealth has been but little utilised. Before the war Georgia possessed 100 saw mills and 5 veneer and furniture factories. The export was some 17,000 tons a year. The wooded surface adapted to immediate working is estimated at 983,000 hectares, capable of yielding 2 million cubic metres a year.

Space forbids the enumeration and description of the other products of Georgia's soil, which include cereals, vines, cotton, tobacco, tea, etc.

CONCLUSION.

The above brief summary will suffice to explain the interest with which the world is following the tragic events of which Georgia is the scene, and also the reason for the Soviet Government's determination not to let go its prey and for its utter disregard of the timid appeals of the League of Nations. In any event, whatever the issue of the struggle, the revolt of the population of Georgia will add to the difficulties caused by the bad harvest with which the Soviet Government has to cope.

The export of mineral oil will suffer and its development cannot, as Moscow hoped, make up for the impossibility of exporting corn.

The discontent of the Georgian farmers caused by requisitions and the artificial and arbitrary reduction of prices, has played an important part in recent events in that country. It is not impossible that in other parts of Russia a like policy may lead to a like result.

BANKING THE FARMER.

(Continued.)

The writer goes on to point out that associations of farmers for team-work in marketing crops were new. The farmer used to go to town when he had harvested his crop and sell it quick—because he had to. That crop went into the hands of speculators, who held it until a more favourable selling season. The farmer went back home with his money, and after a while he observed by the paper that if he had only been able to hold on to his grain or his cotton or his stock, he would have been four or eight or twelve hundred dollars better off on the year. Out west first, in the fruit-growing districts, and then gradually working eastward, came an idea, the idea that if farmers could get together and sell their own crops in the best market and at the best time for selling, they would make a lot more money and the great general food-consuming public would not be any worse off—though pickings would be less numerous for the speculator. Hard-headed and hard-handed men of a

new school of farm thinking—a “business” school, one might call it—organised. Everybody else had done it. Tardily the farmer sought some of the advantages of the big unit. Then they tried to get bankers' help—loans, such loans as the manufacturer got regularly to tide him over the gap between production and sale, or payment for product. They wanted money for the same purpose, to carry them over the period between “completed manufacture”—the harvesting of crops—and the date when the crop would be sold and money therefor collected.

It is an actual recorded fact that tens of thousands of organised farmers, who had behind them as collateral millions of acres, live stock and farm equipment and harvested crops, were yet unable to get the money they wanted. They went from Wall Street to Washington, and there Eugene Meyer, head of the War Finance Corporation, listened to their story and considered both the cause and the collateral good. He loaned many millions of the nation's money and showed the bankers another way in which they could be of help to the farmer. Mr. Carl Williams, who was later invited to speak before the American Bankers Association, was among the men who got cool initial reception from banking interests. He told me that when it became known that Meyer had extended a loan to the “Cotton Co-op” it caused the price of cotton to advance four cents; and that that difference in price meant the South would have hundreds of millions additional dollars to spend for things that the rest of us make and sell. Cotton advanced because speculators realised that the Government loan to tide the cotton growers over meant that cotton would not be dumped on to the markets in staggering quantities, as would otherwise have been inevitable. The California farmer had long been on intimate terms with his banker. He walked into the money mart and asked for and got what he wanted. Since 1895 the California Fruit Growers' Exchange has been making us eat more fruit, until to-day it is a business that runs more than a million dollars a week. The last figure at hand is \$57,000,000 for one year's business. That makes Organised Agriculture of the Golden West very much of a going concern from a strict business standpoint. Almost anybody can see that a million-a-week business is entitled to the most complete banking facilities.

It took a jolt to teach Money that Agriculture was entitled to help. And it takes education as well. I have said that the banker was awakened by the fact that he does not want Uncle Sam in the banking business. He has also discovered another business cycle. It is this: Every so often the farm districts are in for a period of hard times. Just that often there rolls up out of the West some new theory about money. And the banker looks at Russia, and Germany, and Austria, and even at France, and suffers ague when he considers any kind of money that is based on anything at all but gold. When the bottom dropped out of the farm market a while back, the clamour for the so-called Edison-Ford “commodity money” swelled to a higher pitch; while profound bankers' declarations for the Gold Standard increased in number. If the banker can so sanely help the farmer as to put an end to these cycles with periods of farmer hard times that disrupt the entire national business organisation; and if by so doing he can put an end to recurrent campaigns for money that is not—to the banking mind—money at all; why, then, the world will be better off and the banker will be able to sleep soundly at night. These remarks are offered in tentative explanation of motives that may be behind the new effort to link the Bank and the Farm in mutually profitable effort. But the motive is not so important to the rest of us. It is to our interest that an age-old suspicion and antagonism end, and it is to our interest, whether we are farmers or not, that the farmer be intelligently helped. The farmer and his “shipping office”—the town of less than 5,000—are 55 per cent. of these United States. The rest of us

are prone to forget the farmer's importance once we are surrounded by the smoke and clatter of cities.

And in addition to all the other aid and encouragement being given the farmer through national, State and local agricultural agencies and stations, the United States Government is acquiring figures on world production and consumption of commodities which are likely to affect the prices of farm products. These figures are based on export and import reports, not only of this country, but of every country which is a producer for home consumption, or for home consumption and export, as may be. From the acreage, condition of the crop, and established consumption of a certain country, the potential market and how it will affect our sales and prices may be determined. For instance, in the world's wheat market. Italy has this last year raised enough wheat for home consumption, but will have to purchase enough outside to maintain its surplus. Germany will have to buy wheat, England, France, Belgium and so on. These are countries which have raised some, but not enough to meet their own needs. Unfortunately for us, the great exporters of wheat have all had bumper crops. Argentine, Australia,

India, Canada, and, for the first time since the war, Russia and the Danube country have been selling to the world market at prices with which the producer in this country is at a disadvantage. These other countries produce more bushels to the acre, pay considerably less for labour, and have less need for expensive fertiliser. What is the United States Government doing for the wheat farmer in this situation? He is encouraging him to diversify his crops so that a similar world bumper crop in the future will not so directly or severely affect him; he is making it possible for the farmer to borrow sufficient amounts to purchase stock, poultry, seed and equipment necessary for profitable diversification.

In cotton the same service and data are available. What are India and Egypt and China going to produce next year, and how will that affect prices here? So, too, with other commodities grown by the farmer in the north, south, east and west. In the apple-growing districts, bulletins, cards or letters are sent to the individual growers several times during the budding and growing season.

THE ECONOMIST'S BOOKSHELF.

INDIAN MONETARY POLICY.

A Plea for an Effective Gold Standard in India. By Prof. P. A. WADIA, M.A., and Prof. G. N. JOSHI, M.A. (Bombay: P. A. Wadia.)

This short brochure is evoked by two Bills standing in the name of Sir Purshotamdas Thakordas, one intended "to amend the Indian Paper Currency Act of 1923 with the object of substituting 7.53344 grains in the place of 11.33011 grains of gold per rupee, and the other to amend the Indian Coinage Act of 1920 changing the relation of the rupee to the English sovereign from 1/10 in statute now existing to 1/15." In opposition to these Bills, which seek to perpetuate the gold exchange standard with 1s. 4d. gold as the ratio of exchange, the authors advocate the introduction of a gold standard. They claim that the gold exchange standard fails to achieve its object of stabilising the foreign exchanges, whilst it continually disturbs the internal price level and thereby operates unfavourably upon Indian trade and finance. In the first place, the inconvertibility of the rupee has led to a continuous over-issue, which is reflected in the rise in the level of prices from 1900 to the present. "The additions to the rupee currency made from time to time owing to the normally favourable balance of trade are incapable of being withdrawn; the rupee currency admits of expansion, but not of contraction." Secondly, this one-sidedness of the currency mechanism renders it inelastic and incapable of readily responding to the demands of the market, as is indicated by the violent fluctuations in the bank rate as between different months of the year. During the early months of this year "the rate of discount rose from 5 to 8 per cent. at a time when the country had an outstanding balance of several crores of rupees in her favour from week to week." Thirdly, "the history of recent fluctuations in the foreign exchanges has been a history of heavy deficits in the Government of India budgets, owing to the discrepancies between the calculated rate of exchange and the actual market rate." Fourthly, the mechanism of stabilising the rate of exchange by selling Council Bills when the trade balance is favourable and reverse bills when it is adverse has broken down whenever it has been seriously tested. Fifthly, owing to the location of the gold reserve in London, India "is deprived of that immense quantity of gold which, if it were kept in the country, would suffice to build up a credit structure sound and secure." In conclusion the writers claim that "India by her position as a creditor country can command much more gold than she would require for the establishment of an

effective gold standard," and that "the present is an exceedingly opportune time for the purpose, with a favourable balance and the steady and increasing world demand for India's food produce and raw materials." Assuming that a gold as opposed to a "manipulated" standard is desirable at all, the case argued by the writers is undoubtedly a strong one. J.C.J.

HOURS OF LABOUR IN CZECHOSLOVAKIA.

Hours of Labour in Industry: Czechoslovak Republic. Studies and Reports, Series D (Wages and Hours), No. 12. (Geneva: International Labour Office. Price, 1s. net.)

One of the first acts by which the Czechoslovaks signalled their policy of "de-austrianisation" (Ent-österreicherung) was the passing of a law, within seven weeks of the proclamation of independence in 1918, enacting a statutory eight-hour day. This step was particularly appropriate inasmuch as President Masaryk himself had publicly advocated its introduction as long ago as 1900, and the statutory eleven-hour day in former Austria was regarded by the Czechs as part and parcel of the system of Hapsburg tyranny. With characteristic boldness the law was made immediately applicable to the entire field of industry and commerce, not excluding agriculture and even domestic work. The Report under review records the principal features of the legislation and the details of its administration, but is mainly of interest for the summary which it gives of the collective agreements in all the principal industries with regard to the application of the statutory eight-hour day, overtime, rest periods, holidays and cognate matters. The agreements exhibit marked similarity in the general basis on which they are drawn up, the differences being chiefly in details. Thus some trades pay 50 per cent. for overtime on Sundays and holidays, some 100 per cent., whilst the paper trade is distinguished by paying 150 per cent. for overtime on five specified holidays in the year. Many of the agreements are notable for the precision with which they determine the minutest details. A bibliography is appended.

THE MIDLAND BANK LTD.

The Directors of the Midland Bank Ltd. have the pleasure to announce that they have elected the Lord Kylsant, G.C.M.G., to a seat at their Board.

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 of Tde Monthly Average	Date	10 Com- modities	Bde of Tde Monthly Average	Date	10 Com- modities	Bde of Tde Monthly Average	Date	10 Com- modities	Bd. of Tde Monthly Average
1920.											
Jan. 16	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	165.2
Nov. 19	293.0	286.9	Jan. 20	144.0	164.0	May 18	198.1	159.8	Sept. 12	171.7	166.9
Dec. 17	257.0	263.8	Feb. 17	149.2	161.8	June 15	190.0	159.3	" 19	167.9	
1921			Mar. 17	149.8	160.0	July 20	177.3	156.5	" 26	167.9	
Jan. 14	244.2	245.9	Apr. 14	151.7	160.1	Aug. 17	174.6	154.5	Oct. 3	169.3	
Feb. 18	219.1	225.2	May 19	162.1	160.6	Sept. 14	173.2	157.8	" 10	173.1	
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.

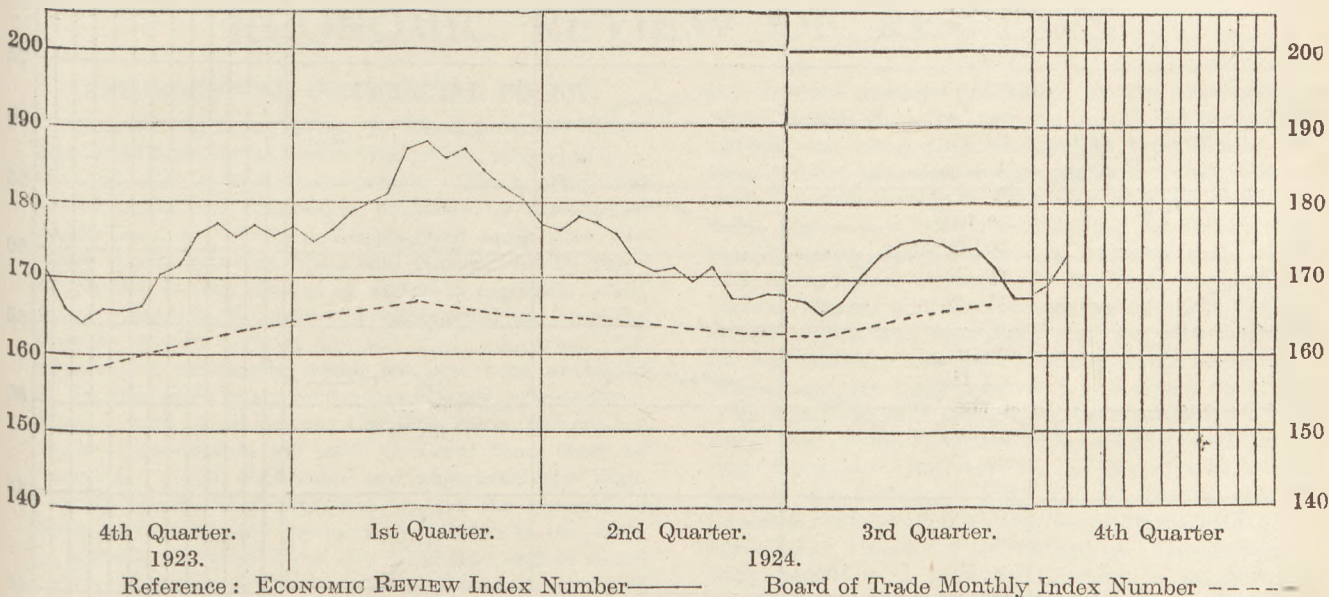


TABLE II.

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	105.90	Sept. 29
Nov. 3 ...	95.5	107.5	100.0	140.3	119.9	133.3	106.5	91.9	104.8	134.6	113.43	Nov. 3
Dec. 29 ...	89.4	106.7	91.5	138.6	126.0	120.0	93.5	90.4	89.7	138.5	108.43	Dec. 29
1923.												1923.
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
Sept. 12 ...	87.3	147.3	71.7	150.9	125.6	151.1	97.1	116.2	86.0	111.5	114.47	Sept. 12
" 26 ...	85.8	136.6	72.6	151.8	120.6	151.1	97.1	113.8	81.6	108.1	111.91	" 26
Oct. 3 ...	85.8	143.1	71.7	152.6	127.1	151.1	95.7	114.6	80.1	106.8	112.86	Oct. 3
" 10 ...	84.9	140.8	67.9	158.2	128.0	175.6	95.7	114.6	84.2	104.1	115.40	" 10

*Revised Quotation.

Statistical Section

THE EUROPEAN EXCHANGES

WEEKLY PERCENTAGE OF DOLLAR PARITY

(To Week Ending Oct. 4th.)

	Week ending		Week ending	
	Oct. 4.	Sept. 27.	Oct. 4.	Sept. 27.
Sweden ...	99.31	99.31	Denmark ...	64.86 64.12
Switzerland ...	98.86	98.40	Norway ...	52.84 51.88
Holland ...	96.16	96.16	France ...	27.29 27.35
Sterling ...	91.62	91.83	Italy ...	22.70 22.75
Spain ...	69.02	69.02		

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.

