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ECONOMIC REVIEW OF REVIEWS.

CZECHOSLOVAK COMMERCIAL POLICY.

An article in *Nové Cechy** by Dr. Jaroslav Slemr discusses Czechoslovak commercial policy, which has been the subject of lively debate recently. The question has been brought into prominence probably by the treaties which Germany, Czechoslovakia's chief competitor, has lately concluded with Spain and Greece, and by those which she is negotiating, or about to negotiate, with France, England, Belgium and other countries. Thus the Spanish special toll on imports from countries with depreciated exchanges, which has now been abolished in the case of Germany and never existed in the case of Italy, is still levied against Czechoslovakia, though her costs of production are now no lower than those of countries whose exchanges are comparatively high. Czechoslovakia, moreover, has to fear the removal of a similar levy against Germany by Belgium in the event of a treaty between those two countries, and is vexed by the Belgian delay in negotiating a trade treaty with herself. The writer points to three stages in the development of Czechoslovakia's foreign commercial policy, the last of which was reached in 1923 when she concluded her first treaty providing for reciprocal tariff concessions. This treaty was with France, but has not so far produced the results expected, and Czechoslovak exports to France have actually declined of late. The writer hints that it might have been wiser to have ensured such a treaty with Austria first; for Austria is Czechoslovakia's principal customer, and preferential treatment should have been obtained in anticipation of the coming into force of Austria's new and substantially higher tariff table.

All Czechoslovakia's commercial treaties hitherto have included an undertaking to offer the other party to the agreement all the advantages, particularly tariff advantages, which she contemplated offering to other States in future agreements. In certain cases, as, for instance, in the French and Spanish treaties, she did not obtain reciprocity in this respect. The writer quaintly remarks that the advantages which Czechoslovakia receives in virtue of agreements of this kind are in some measure discounted by the disadvantages which accrue from the carrying out of her part of the bargain—an interesting sidelight on Protectionist economics; but then does not Protectionism always checkmate itself somewhere? Czechoslovakia has at present trade agreements with the following countries: Germany, Austria, Italy, Roumania, Denmark and Iceland, Lithuania, Spain, Portugal, Switzerland, England, the United States, and Greece. A treaty with Holland shortly comes into operation, and one with Latvia is not yet ratified; one with Hungary would be desirable but has not yet been negotiated. A treaty concluded with Poland in 1921 has not yet been ratified, with the result that Czechoslovakia finds herself at a disadvantage with competitors like Austria, and her exports to that country are declining. Belgium and Turkey are also important omissions from the list of States with whom agreements would be advantageous. Czechoslovakia finds herself in a peculiar difficulty in satisfactorily negotiating reciprocal tariff agreements. Being a highly industrialised State, her natural outlet is to pre-eminently agricultural States like Hungary, Roumania, Jugoslavia and Poland. On the other hand, her own agriculture is also highly developed, and her agriculturists demand protection against States where the cost of agricultural production is cheap. Up to the end of February 1924 the Government was empowered to put commercial treaties into force by proclamation and without previously laying them before Parliament, and agricultural interests pressed for the extension of the power for a further period on the grounds that some agricultural products (such as corn) were entirely unprotected, and that even where protection existed it was inferior to that afforded to industry. In conclusion Dr. Slemr points to the disadvantages of the existing tariff legislation whereby the former Austro-Hungarian tariff system remains in force subject only to the powers of modification granted to the Government by statute. It is possible that an entirely new table of tariffs requires to be drawn up which should correspond with the changed economic conditions in the new State. In any event he foresees difficulties in the way of negotiating further commercial agreements unless the tariff situation, especially as regards agriculture, is cleared up.

* VIIIth Year, No. 1-2. Prague. Monthly. Kr.Cz.52 per annum.

INDIAN CURRENCY PROBLEMS.

In our issue of October 17 we published a review of a brochure by two Indian Professors advocating the adoption of the Gold Standard in India in place of the Gold Exchange Standard. A paper read by Mr. B. R. CHATTERJEE at the Bombay Economic Conference, January 1924, and reprinted in *The Calcutta Review**, takes the opposite point of view. Indian currency troubles began with the large excess of exports over imports; during the war and just after the armistice the Indian price-level lagged behind the world price-level, and as the scarcity of silver and the danger of the paper currency becoming inconvertible prevented a very rapid expansion of the currency, the rise in the rupee exchange was the only alternative. The demand for Indian raw materials was accentuated after the armistice, and when the price of silver soared after the decontrol in 1919 the rupee followed it. "I believe," says the writer, "greater attention has been paid, in explaining India's currency difficulties, to the high price of silver than to the more fundamental cause of the abrupt changes in the ratio between the price-levels at home and abroad which brought about extremely abnormal conditions of foreign trade." And he proceeds:—

"By an irony of fate the Babington-Smith Currency Committee submitted its Report when the rising wave of the post-war boom had nearly reached its crest and when a downward movement was imminent. The Committee's decision to push the rupee up in exchange to 2s. gold was probably justified in the light of the circumstances at that time. But its warning that in case of an abrupt fall in the world price-level this decision was to be reconsidered was strangely ignored. And this contingency did come about. The boom which was raising prices and cost of production in a vicious circle came to a sudden halt on account of the inability of the consumer to pay higher and higher prices. War-devastated Europe could not stand the strain and an acute trade depression set in. Prices in India, however, did not come down as quickly as the falling prices brought about by the slump abroad. The balance of trade which was so strong in India's favour now swung round the other way. Under such circumstances a high exchange policy was manifestly impossible. It was persisted in, however, and a heavy loss was incurred by the sale of Reverse Councils at rates much higher than the market conditions justified. Just as the rupee rose in exchange in spite of all attempts to keep it down when the Indian price level did not rise as rapidly as prices outside, similarly it fell in exchange in spite of all attempts to keep it up when prices in India did not fall *pari passu* with the fall in the world price-level. In the latter part of 1920 exchange was left severely alone by the Government and the rupee sank very soon even below the pre-war level. For some time it seemed as if the rupee, which had become unlinked from gold on account of the collapse of the Reverse Council's machinery, had been linked again with silver from which it had been divorced in 1893. But if the rupee fell in exchange, the gold price of its silver contents soon fell still lower. The fall in the price of silver was as dramatic as its rise and was mainly due to the demand of the East for the precious metals being satisfied by heavy imports of gold now available from the United States. In 1921 the decline of the Indian export trade and of the exchange value of the rupee reached the lowest depths. The acute industrial depression had become world-wide and harvests in India had disastrously failed. Exchange slumped to 1s. 3d. sterling in May 1921. Had the import trade also not been severely depressed the fall in the exchange would have been much heavier. Towards the latter part of 1922, with the removal of the embargo on the export of food grains, the rupee seemed to rally at the par of 1s. 4d. During 1923, with a slow return towards normalcy, exchange has also shown more firmness. The sale of Council Bills, which was suspended since January, 1920, was resumed exactly three years afterwards. But as only a limited quantity is sold, these sales cannot stop the appreciation of the rupee. Government has not yet made up its mind to maintain exchange at a fixed point. The object of these limited sales of Council Bills is only to remit part of the Home Charges. At present exchange is showing great steadiness at 1s. 5d."

The writer then surveys the effects of the Gold Exchange Standard in a number of other countries (including especially Siam and the Straits Settlements, which he had visited for the purpose of studying currency problems). He finds that, on the whole, Gold Exchange Standards have not worked badly, and that it lends itself better to the stabilisation of prices than the gold standard. Reverting to India he says in conclusion:—

"Should exchange be stabilised at a fixed point? We seem to have had enough of a fluctuating rate of exchange with its blighting effects on foreign trade. Public opinion, of late, apparently favoured stabilisation at the old par of 1s. 4d. Currency experts like Professor Jevons and Sir James Wilson also endorse the same view. But the rupee is already 1s. 5d. and shows a remarkable steadiness at that point. Reverting to 1s. 4d. would mean considerable inflation. Then we must remember that the world-wide trade depression has not yet come to an end. It is said by competent authorities that in 1920 the mistake was committed of fixing exchange at the time of a prodigious boom—should we now take the risk of stabilising exchange during a trade slump of unexampled intensity? The English price level has fallen more rapidly in the last three years than Indian prices. In England a substantial rebound is expected to occur as a reaction after the sudden drop. We should, therefore, wait and see a little longer till at least England and some of the other countries, which were not hit so badly by the War, recover from the depression. I believe after another year we shall be in a better position to discuss the new par of exchange. Probably it would be higher than 1s. 4d. The 2s. rate is, of course, impossibly high.

"We have seen that the Gold Exchange Standard has not been such a failure as some are apt to think. It bids fair to oust the gold standard in many important countries. I believe that a gold standard in India would be really only a limping standard, which would be decidedly a retrograde step. It would destroy the prestige of the rupee without strengthening our exchange.

"We can, however, perfect our Gold Exchange Standard. We depend here too much on the price of silver. The issue of paper money covered by Bills of Exchange has already been a success. I think that the quantity of currency notes issued against Indian securities should be replaced by paper money issued against Commercial Bills. The 'created securities' should go once and for all. They are a blot on our currency system. The Gold Exchange Reserves should be kept partly in India not only to disarm criticism but to supplement the rupees in the Treasury Balances when Council Bills have to be cashed on a large scale. Lastly, the rate of exchange once fixed should not be considered so sacrosanct as not to admit of any change. But no considerable change should be made abruptly. Slowly and tentatively the rate should be accommodated to changes in the world outside."

* Third Series, Vol. XII, No. 3. London Agents: Kegan Paul. Monthly, 16s. per annum.

INDIAN SOCIOLOGICAL STATISTICS.

Another article in *The Calcutta Review* by Mr. B. RAMACHANDRA RAU urges upon the Government the necessity of devoting greater attention to the compilation of sociological statistics. The following extract gives the main tenour of the plea:—

"Much of the present stock of statistical material published by the Government is purely a bye-product of its administrative needs. The decennial census gives us a glimpse into the long vista of the complex social organisation, and if it should at all be reconstructed according to a definite ideal much more spade work has to be done in the statistical field. Private Associations of the stamp of the Bengal Social Service League and the Servants of India Society at Poona have undertaken in right earnest an intelligent study and solution of these problems.

"The Government of India is as a rule—with few exceptions—unmindful of the social reforms such as housing schemes that are needed for the amelioration of the economic condition of the people. It is not this alone that needs an immediate solution. The problem of rational social control is no less urgent in this country. This involves not only a greater and greater control over the growth of population, but involves a study of the eugenic value of the different classes of population so as to deduce useful conclusions as regards the desirable rate of increase in population, the section of society that should increase and the way of propagating the better stocks of our population while allowing the unfit to be weeded out. Taking the last decennial census into account the population of India has been increasing and the following conclusions have been arrived at after a study of the facts and figures relating to the size and sex constitution of the average family. 'That the rate of masculinity is higher for the first-born than for the subsequent children, that the usual number of children born is from five to seven—the number being higher in the South than in the North and in the lower classes than the higher, and finally between one-third and two-fifths of the children die.' Should the population go on increasing in an arithmetical progression? Should the poorer classes by virtue of their constant and progressive increase fast become pauperised? Should not the misery and suffering due to overcrowding of population in big cities like Calcutta and Bombay be checked? Should we be prepared to accept the fact that the average duration of life of an Indian is becoming progressively shorter? Should not health legislation be resorted to to benefit the people? Should the present social abuses such as the subjugation of women, child marriage and infantile mortality go on unchecked for ever? How and by what means is it best to raise the standard of living?

"A satisfactory solution of these grave problems can be attempted only if the approximate money values of our production, be it agricultural or industrial, can be obtained. For correctly appraising the social problems the way in which these incomes are expended have to be studied. A humble beginning has been made in this direction by Mr. G. F. Shirras, the Director of Labour, Bombay, and his excellent study of the working class budgets of about 3,000 families in Bombay Cotton Mills enables one to have an idea of the characteristics of the working classes and clearly points out the remedies that have to be adopted for the betterment of these classes. This line of enquiry has to be extended to the wider field of our society. Middle class budgets have to be compiled, the facts digested and conclusions arrived at."

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

AUSTRIA

FINANCE

Decision of the League of Nations on Financial Reform.—The Finance Committee of the League of Nations, to which was referred the appeal from the Austrian Government to the League on differences which had arisen between it and the General Commissioner of the League in connection with questions relating to the Budget, credit and control, concluded its report on Sept. 13, which was passed by the Control Committee and accepted by the Austrian Government. The decision of the League of Nations on the questions submitted to it, based on the report, is summarised as follows in a telegram from the special correspondent of the *Neue Freie Presse*, and confirmed by a publication of the full text of the decision.

Budget expenditure is to be fixed at Kr.495 mill. (gold), with power to the Government to expend an additional 50 mill. gold kronen (700 milliard paper kronen) on works of public utility. The balance of the loan will not be handed over to the Government and the control will be maintained provisionally in its present form. The original demand of the Finance Minister was for an expenditure of 518 mill. gold kronen plus 50 millions for public works. The anticipated deficit due to the expenditure on public works is to be met out of the balance of the loan in the hands of the General Commissioner. The demand for the release of the balance of the loan of 15 million dollars has been rejected, and it has been decided that this balance is to remain outside Austria. The control is to be exercised as heretofore, and only when it is assured that in the 1926 Budget the expenditure figure of 495 gold kronen will be maintained does the Finance Committee undertake to limit the control to the balance of the credit. Since, therefore, the 1926 Budget cannot be introduced before the spring of 1925 the control remains as it is until the end of the first half of 1925. The Finance Committee, however, demands that the report of the General Commissioner shall be published more expeditiously, and shall not as hitherto deal with a period long past, the discussion of which is apt to be accompanied by unpleasantness, as appears from Dr. Zimmerman's latest report. Such is the tenor of the Finance Committee's report pronounced by one of its members to be final.

In order to give effect as early as possible to the measures prescribed by the Finance Committee, adds *Wirtschaftliche Nachrichten*, the National Council will meet with greater frequency. Among such measures are the financial independence of the forest and salt works departments, and the further reduction of civil service staffs.

The Proposed New Currency.—In pursuance of the decisions of the Finance Committee of the League of Nations in Geneva, it has already been decided to introduce the shilling (schilling) as the national gold currency. The shilling, equivalent to 10,000 Austrian paper kronen, will be brought into fixed relation to the gold currency. The conversion, purely nominal, is to take place shortly by the simple expedient of striking off four oughts from the denomination of the currency hitherto in use. Shilling coins (silver), after the formation of an adequate stock, will once again be issued. From Jan. 1 accounts and contracts shall be drawn up in shillings and prices fixed in the same currency. The balance-sheets for 1924 shall also be presented in shillings. There is as yet no question of a resumption of the payment in coin by the National Bank or the minting of gold coins. Despite considerable misgivings in certain authoritative financial circles as to the expediency of the introduction of the shilling as a gold currency, the Government appears to be too far committed to it for any change in its plans to be at all probable. Its introduction may be regarded as the final stage of the stabilisation of the currency.

It is, however, scarcely likely that either the financial authorities of the League of Nations or the Austrian Government would have decided to enter upon this final stage had they not been convinced of the continuous stability of the Austrian krone. (*Wirtschaftliche Nachrichten.*)

The Financial Situation in September.—In the first half of September there was a noticeable improvement in the general financial situation marked by a decline in bankruptcies and compositions with creditors, and also by a firmer tone on the Vienna Bourse. In the second half, however, the tone again weakened on the strength of exaggerated rumours regarding the settlement of the affairs of the Depositenbank and the matter of Castiglione which is bound up therewith. Business on the Bourse during the whole month was slack, but the appreciable increase of savings bank deposits testifies to a renewed zeal for economy on the part of the population.

A bad impression was produced on the Bourse during the second half of the month by the rumour of a proposed obligation to produce balance-sheets in gold currency, since it is feared that the smaller banks and less sound business concerns will produce balance-sheets showing deficits. The Finance Minister, taking this feeling into account, has sent an official of his Ministry into Germany in order to obtain a knowledge of the experiences resulting from the introduction of balance-sheets in gold currency in that country. (*Wirtschaftliche Nachrichten.*)

Savings Bank Deposits.—The raising of the rate of interest on deposits in banks and savings banks, following the raising of the bank rate, has attracted fresh deposits to these institutions, and has, according to the *Statistischen Nachrichten*, increased the aggregate deposits up to Sept. 1 in the institutions included in the survey, that is to say, the savings banks of Vienna and of the State capitals, nine leading Vienna banks, and two Vienna co-operatives, to 1½ billion kronen. The greatest increases were shown by the Vienna savings banks, notably by the Central Savings Bank of the Borough of Vienna and by the Post Office Savings Bank. In the last named institution the amount of savings on deposit, which at the end of June, with the rate of interest at 3 per cent., stood at about 12 milliard kronen, after the raising of the rate to 9 per cent. in the middle of July and to 12 per cent. in the middle of August had nearly quadrupled by the end of that month. (*Wirtschaftliche Nachrichten.*)

TRADE

The Foreign Trade Situation—Austria's foreign trade situation again improved materially in July, showing a decline of the debit balance by 80 million kronen (as against 97 in June and 57 in July 1923), to which a falling off of imports contributed. In August and September, as far as can be computed from the figures to hand, imports have again shown a marked decline, so that a material improvement in the trade balance in the second half of July may be reckoned with. (*Wirtschaftliche Nachrichten.*)

Commercial Treaties.—In September negotiations for a commercial treaty with Yugo-Slavia were opened. As the new Customs tariff has been passed by the National Council it may be expected that negotiations with Czechoslovakia will be resumed. Negotiations for treaties will shortly be entered upon with other countries, notably Hungary, Rumania and the Baltic States. (*Wirtschaftliche Nachrichten.*)

SOCIAL AND LABOUR CONDITIONS

Unemployment and Emigration.—The increase in unemployment recorded in July has continued into

August. The number of unemployed persons in receipt of relief in the latter month was 12 per cent. higher than in the former. This increase is common to all industrial centres with the exception of Klagenfurt and Salzburg, where the number of those in receipt of relief shows a decline. The centres most affected with unemployment are Vienna, Wien-Neustadt, Linz and Graz. In industries the increase is highest among clerks and hotel employees, while among metal workers and those engaged in the food industries unemployment showed a decline. Unemployment among shoemakers and tailors, which had increased in August, again fell off towards the middle of September. The number of unemployed in Vienna for whom work was found through special agencies in September was 59,026, including 11,859 metal workers, 13,598 temporary workers and servants, and 9,853 clerks. Unemployment again rose in September, the figures for the first half of the month showing 74,366 as against 83,891 for the corresponding period of last year.

Emigration from Austria is as before very slight; in August 248 persons in all emigrated overseas as compared with 1,405 in the corresponding month of 1923. (*Neue Freie Presse, Wirtschaftliche Nachrichten.*)

The Metalworkers' Strike.—The great strike in the metal industry which broke out on Sept. 11, was settled by means of a compromise after a week's duration. The men obtained a 20 per cent. increase of the minimum wage and a 10 per cent. increase of other wages to come into force at the expiration of two months, in return for which the Government and the Vienna municipality undertook to reduce the taxes and rates for social purposes of industrial employers. Negotiations on the subject are proceeding. (*Wirtschaftliche Nachrichten.*)

The Cost of Living.—The index number of wholesale prices declined from 20,136 in August to 19,373 in September, and that of retail prices remained practically the same, being 13,162 in September as against 13,142 in August. (*Wirtschaftliche Nachrichten.*)

FRANCE

POLITICAL AND GENERAL

Franco-German Economic Negotiations. — The Franco-German economic negotiations, says *Le Temps*, have resulted in a preliminary agreement as to the principles which will form the basis of the future treaty of commerce. Without pretending to ignore the difficulties that have yet to be overcome, we have every reason to congratulate ourselves on the result that has so far been achieved, for it was precisely in connection with those general principles that, at the very outset of the negotiations, the most difficult obstacles seemed to present themselves. The question that dominated the first stage of the conversations that has now come to an end was that of most favoured nation treatment. Germany was quite prepared to concede us that treatment, but on condition that France guaranteed her the same benefit. The problem in those terms appeared incapable of solution, and that for two reasons. In the first place, the Customs tariffs of both countries are now undergoing important alterations. No one knows what will be the new scales of duties. Under these circumstances to take the principle of the most favoured nation as a starting-point was very much like putting the cart before the horse. Moreover, to apply to any country most favoured nation treatment would be in opposition to French legislation now in force. For, although it authorises the Government "to negotiate with foreign countries, for a fixed period, the concession of reduced duties under the general tariff, reckoned in percentages of the actual difference between this tariff of common duties and the minimum tariff," the Act of July 29, 1919, does not allow it to grant to such countries in a general way the benefit of the most-favoured nation clause. The German delegates, therefore, by insisting on their original demand would have taken up a purely theoretic attitude, which would have rendered a favourable issue of the negotiations extremely doubtful. But, anxious to achieve a practical result, Germany has now abandoned that attitude, and it is this that has made possible the agreement recorded. Moreover, it is stated that Germany will give French trade most favoured nation treatment, even though French legislation forbids complete reciprocity. In return, it will no doubt be possible to concede to goods which specially interest the German export trade the benefit of our minimum tariff. And this, after all, will be equivalent to most favoured nation treatment as applied to such goods, seeing that, according to the aforementioned Act, the extension of the minimum tariff to any article is the maximum concession allowed. After an interval, during which the experts on either side will complete their work, the negotiations will be resumed at Paris on November 5. At their first sitting the delegates will proceed to examine the clauses in detail. They will find themselves then in the presence of realities, with the chief obstacles removed which at the earlier stage made the task of the negotiations so difficult. But, we repeat it, there are many more difficulties still to be overcome. To mention only one, the Conference will have to come to a decision with regard to the duty-free régime, which under the Treaty of Versailles Germany had to extend to Alsace-Lorraine exports until January 10, 1925, and which France has asked to be continued in part at least for a further period. Be that as it may, the Agreement concluded yesterday (Oct. 12) is of good omen. Let us hope that it will bear all the good fruit that is expected of it, for there is no better guarantee for peace than the extension of trade as between nations.

Recognition of the Soviet Government.—By coming into contact with the Soviet Government, the French Government, says the *Economiste Français*, is making a supreme effort to save a portion of what French ratepayers have lost in Russia before, during and since the war. The President of the Council has officially received M. Basil Maklakoff, who without being Ambassador had occupied the Russian Embassy, for, accredited by Kerensky, he reached Paris at the very time that his master by his flight had yielded the keys of the situation to the Bolshevists, and thus missed the opportunity of presenting his letters of credit. In the course of the next few days a telegram will reach Moscow informing Rykoff, President of the Council of Commissaries of the People, that Radical-Socialist France unreservedly recognises *de jure* the Soviet Government. The Embassy will be handed over by M. Maklakoff to the French Government with all its contents of furniture, bronzes and silver ware, and then the French Government will hand it over to the Soviet Government. It may be added that M. Maklakoff emphatically refused all offers to export surreptitiously to a place of safety the principal valuables in the Embassy; so that the Soviet Government, thanks to this gesture, gains a trifle of some fifteen millions, with the right to fly officially in Paris the red communist flag of the Third International. Russian emigrants who do not wish to become naturalised Frenchmen, or to return to Russia as subjects of the Soviet Government, may continue to live in peace, for the Government has generously decided that they will never be the subject of negotiations between the French and Soviet Governments. That is settled. The old Russian Embassy and Consulate will carry on in another building and under another name in order to assist the refugees and emigrants who have not become Sovietised.

But France cannot allow a debt of twenty milliards to be wiped out, and has therefore reserved to herself the right to submit her claims to the Soviet Government in a letter following the above despatch. This letter will embody a request that the Soviet Government send a Bolshevist delegation to Paris with a view to an agreement with regard to an agreement in respect of the debt, and to the conclusion ultimately of a treaty of commerce. France rightfully claims from the Soviet Government as successors of the former Russian Government payment of Fr.18,316,256 673 gold, including Fr.11,266,880,759 of pre-war debt and Fr.7,049,366,923 as indemnity for losses by French subjects in Russia as a result of the confiscation of their property and the nationalisation of their industrial and other interests. All securities formerly the property of the Russian Government which were sequestrated by the French Government after the Revolution of 1918 will remain under sequestration as long as the claims in question have not been finally settled. These securities consist of 48,000 kilogrammes of gold that Germany took from the Russians at Brest-Litovsk, Fr.345,679,254 deposits made by the Russian Minister of Finance and the Russian State Bank in various French banks, and the warships brought by Wrangel and merchant vessels belonging to companies in Russia nationalised by the Soviet Government. . . The Soviet delegates have stated that they do not repudiate the fact of the existence of a Russian debt, but they contend that the price of the pre-war shares and bonds in French hands has now fallen considerably and that the fluctuation and unreliability of the quotations on the Exchange cannot be questioned. As to the losses which French subjects have suffered in Russia, the Soviet Government reserves to itself the right to verify the figures, but is willing to discuss the question of the payment of both pre-war and post-war debts due to French creditors. But in any case the Soviet Government would require France to hand over to it the Russian money received from Germany, as well as the whole of the fleet of Russian vessels now in French waters, and, besides, to pay to the Soviet Government an indemnity of 25 milliards in respect of her intervention in 1918–1919 which inflicted loss and damage on Russian subjects and on the Soviet Government. Such are the propositions which will form the subject-matter of the further negotiations between the Russian and French Governments which will be carried on under the direction of M. de Monzie, Senator for the Lot. . . . It would appear, however, that the last word has not been spoken in Russia, and that some day we will have to recall the words of M. Louis Barthou, who wrote: "Russia, now delivered over to bandits, will one day resume the course of her ordered destiny." But when that time comes, what will become of the agreement now being drawn up with the Soviet Government?

TRADE

Foreign Trade in Iron and Steel.—The following details of the foreign trade in iron and steel for the first eight months of the year, with the corresponding figures for the same period in 1923, give the weight and value of both imports and exports:—

Imports.—Pig iron, 32,477.1 t. (42,050.2 t.) of a value of Fr.16,034,000 (Fr.21,079,000). Iron alloys, 6,467.4 t. (4,116.1 t.) of a value of Fr.11,255,000 (Fr.6,572,000). Iron and steel, 473,132.4 t. (342,559.3 t.) of a value of Fr.385,034,000 (Fr.293,054,000). Dross and furnace slag, 53,626.3 t. (54,330 t.) of a value of Fr.1,924,000 (Fr.1,790,000).

Exports.—Pig iron, 487,221.4 t. (360,441.9 t.) of a value of Fr.221,956,000 (Fr.176,617,000). Iron alloys, 13,728.4 t. (13,017.2 t.) of a value of Fr.17,191,000 (Fr.14,258,000). Iron and steel, 1,549,471.8 t. (1,144,532.9 t.) of a value of Fr.1,030,065,000 (Fr.796,198,000). Dross and furnace slag, 35,555 t. (46,032.1 t.) of a value of Fr.799,000 (Fr.1,220,000).

The total increase in the volume of exports this year is 122,647.6 t. and in the value of Fr.91,752,000, the corresponding increases in the case of exports being 521,952.5 t. and Fr.281,718,000. There was a favourable trade balance this year under this heading of Fr.855,764,000 as against Fr.665,798,000 in 1923. (*Journée Industrielle.*)

SOCIAL AND LABOUR CONDITIONS

Vital Statistics.—The *Journal des Débats* publishes the following tabular statement of the vital statistics for the second quarter of the year as compared with those for the corresponding period of 1923:—

	1924.	1923.
Marriages	98,683	105,458
Divorces	5,752	6,299
Births	190,315	199,758
Still births	8,142	8,708
Deaths—		
Under one year ...	16,004	15,260
One year and over ...	146,617	146,943
Total deaths	162,621	162,203
Excess of births	27,694	37,555

These statistics of marriages, births and deaths, says our contemporary, are not reassuring. That there should have been a falling off in marriages was inevitable, as the multiplicity of weddings that followed the cessation of hostilities was due to temporary causes which no longer exist. What more immediately concerns us is the birth rate. In the second quarter of this year there were nearly 10,000 fewer births than in the corresponding period of last year. On the other hand, there was a slight rise in the number of deaths, entirely accounted for by the increase in deaths of children under one year of age. Infant mortality, therefore, is still excessive, and the percentage ratio is higher than that of most neighbouring countries. There is no depopulation in the strict sense of the word, as there was actually an excess of 27,694 births over deaths, but even so that is 10,000 less than in 1923. This alarming situation further justifies the efforts of those who are endeavouring to arrest the decline. In his opening address at the National Birth Congress at Strassburg M. Isaac laid stress on the depopulation of the countryside, as a result of the decreasing birth rate and of the exodus of the agricultural population. We are more and more compelled to fall back on foreign labour, which is very precarious, troublesome and daily becoming more scarce. A report prepared by M. Jaeger, formerly deputy of the Bas-Rhin, discloses the fact that the acquisition of farms by foreigners is extending. This is inevitable, and to a certain extent beneficial, for the land cannot be allowed to go out of cultivation, and it is to the advantage of the country that foreigners should come and settle in our villages as proprietors rather than roam over the countryside. Our agricultural districts which were formerly an inexhaustible source of population are now drained, and whatever population they now send into the towns is a depletion of the vital capital which is literally indispensable to them. A policy of organised immigration is the only remedy. Unfortunately Parliament and the Government are too busied with fruitless, to apply themselves to practical, politics.

COMMUNICATIONS

French Equatorial Africa Railway.—The only way to put an end to the sad state of affairs in French Equatorial Africa, in the opinion of *Le Temps*, is to hasten on the construction of the railway from Brazzaville to the coast, the necessity of which was insisted on by Brazza as far back as 1882. In 1908 M. Milliès-Lacroix submitted proposals for a loan of Fr.21 mill. for the purpose, which were carried in 1909; a second loan of Fr.171 mill. (Fr.93 mill. of which were to be set aside for the work of construction) received the sanction of Parliament on July 13, 1914, but owing to the outbreak of war it was only in 1922 that, at the instance of M. Augagneur with the approval of M. Sarraut, the great undertaking was definitely set going. Following on the depreciation of the franc the endowment of the railway and ports was increased from Fr.93 to Fr.152 mill. by the Chamber, but the approval of the Senate has still to be obtained. This sum, however, would barely allow of the accomplishment of half the work, and the Government has now decided on a substantial increase. The railway will run from Brazzaville to Pointe Noire, where harbour works on a large scale are contemplated. As a matter of fact the undertaking is well in hand at either end, and a length of forty kilometres of the line has already been constructed from Pointe Noire. The undertaking has at different times been the subject of considerable controversy, as it was thought useless in some quarters to duplicate the line of railway built by the Belgians from 1887 to 1895, which is now used by the French colony for its export trade at a cost to the exporters of Fr.3 to 4 mill. year in and year out in respect of carriage, a revenue which the Belgian railway has now been pocketing for some thirty years. But, as a matter of fact, the Belgian line was found inadequate a very few years after its completion, and at present the traffic is absolutely congested, so much so that the Belgians are about to electrify a portion of it, and to relay it over a distance of 200 km., substituting a one-metre gauge for the narrow gauge now in use. Even so they are of opinion that it will very soon be insufficient for the requirements of their own export trade, particularly of the ore output of the Katanga, so that the new French line may possibly in its turn derive a profit from the carriage of Belgian goods to the amount of 100,000 to 200,000 tons a year. Although rather longer than its competitor, the Brazzaville-Pointe Noire line will have, among other advantages over it, an outstanding one in that it will terminate at the ocean, whereas the Belgian line, starting from Léopoldville, ends at Matadi, about 100 km. from the mouth of the river Congo, thus entailing considerable loss of time in transfer from rail to boat and heavy river freight charges. As a speculation the scheme is very promising, as the new railroad will serve one of the richest countries in the world, capable of an almost inexhaustible supply of timber, ivory, rubber, cotton, copper and raw material for the production of oils. The railway will be finished in from five to seven years at a total cost estimated at from Fr.360 to 400 mill., Fr.52 of which has already been spent.

GERMANY

FINANCE

The Reich Finances.—The state of the Reich finances in the last ten days of September was as follows (in millions of gold marks):—

	Receipts.	
A.	Taxes, Customs and dues	195.8
B.	Various administrative receipts	32.5
	Total	228.3
	Expenditure.	
A.	General administrative costs	107.6
B.	Tax assignments to provinces and municipalities	62.7
C.	Payments on account of Reparations	67.5
	Total	237.8

These accounts show a deficit of 9.4 [*sic*] mill. gold marks. The surplus previously enjoyed by the Reich Finance Administration is reduced by reason of this deficit to 149.3 mill. gold marks. On the accounts for the whole of September there is a surplus of 83 mill. gold marks as against 19.6 mill. in August.

The state of the Floating Debt on Sept. 30 was as follows:—

A.	*Paper mark debt.*		
	1. Discounted Treasury bills	198 mill.	paper marks
	2. Other Treasury indebtedness from Treasury bills, etc. ...	18.6 trill.	"
	3. Security dealings with Treasury bills, etc.	461.0 trill.	"
	Total	479.6 trill.	"
B.	*Rentenbank debt*	76.1 mill.	rentenmark.

On October 10 the Reich finances showed receipts totalling 146.34 mill. gold marks and expenditure amounting to 195.0 mill., viz. an uncovered deficit of 48.66 mill. The surplus was thus further reduced to 100.66 mill. gold marks. The Rentenbank indebtedness increased during this period to 100.1 mill. rentenmarks. (*Frankfurter Zeitung.*)

The Reichsbank at the end of September.—At the end of the third quarter of this year the position of the Reichsbank was as follows (The figures in brackets denote the position on June 30 last). The total of loans outstanding rose by 239.76 mill. in a week to 2,224.0 mill. (2,007 mill.). This amount included bills totalling 45 mill. which came back to the Post and were rediscounted, so that the total of rediscounted inland bills was reduced to 171.7 mill. Rentenmark loans increased notably—rediscounting in rentenmarks has also been much more active lately, and the total of rentenmark bills and cheques rose by 123.5 mill. to 1,233 mill. rentenmarks (1,057.5 mill.). The total of paper mark bills and cheques rose by 83.6 mill. to 936.0 mill. paper marks (840.4 mill.). Other assets (foreign currencies) decreased by 22.28 mill. to 842 mill., while gold holdings rose by 17.84 mill. to 57.92 mill. gold marks. The increased facilities for credit granting, added to larger sales of foreign currency, resulted in an increase of the amount of currency in circulation. The note circulation rose by 268.5 mill. to 1,520.5 mill., the rentenmark circulation by 174.2 mill. to 1,884.2 mill., deposit accounts by 225.3 mill. to 670.1 mill. The following table shows (in millions of marks) the development of the currency circulation since the beginning of the year:—

	Jan. 31.	Mar. 31.	June 30.	Sept. 30.
Total note circulation (notes, rentenmarks, coin, emergency money) ...	2,278	2,824	3,129	3,725
Reich and Provincial deposits...	493	352	493	307
Private deposits	281	352	281	363
Total	3,052	3,528	3,903	4,395

(*Ibid.*)

TRADE

Trade with the Near East.—According to an article in the *Berliner Börsen Zeitung*, German export trade to the near East has improved far more than appeared probable judging by the slackness of this branch of trade during the earlier months of the year. When prices in Germany became practically prohibitive from the foreign standpoint, orders from the Baltic States fell off; now that they are lower, orders from these quarters, especially for railway superstructure material, shipping, automobile, telegraph, telephone and wireless material, have increased, and a still livelier trade in railway material is expected in the near future.

Germany is supplying the Baltic lands with quantities of machinery and industrial plant. Foreign competition is of course very strong, on the part of Czechoslovakia, for instance, an important supplier of goods to Latvia, but German goods are penetrating into Latvia in greater quantities than formerly. A larger market for German goods is also opening in the South European countries. German business connections with Hungary and Rumania are improving, likewise with Bulgaria and Turkey. Germany is apparently actively promoting business propaganda in the lands to the south of her borders, notably in Jugo-Slavia and Bulgaria, and is very hopeful of acquiring an ever-increasing share in the foreign trade of these countries.

INDUSTRY

General Industrial Conditions.—The reports of the Prussian Chambers of Commerce for September show a slight improvement in the industrial situation, especially as regards the mining, potash and textile industries and certain branches of the food industry. In general the improvement expected as a result of the London Agreement has not materialised, but this is scarcely possible as yet.

Surveying individual industries, it may be stated that in the Westphalian *mining* industry a slight improvement was registered. The daily output rose from 285,444 t. in August to 303,397 t. in September and sales improved somewhat. In German Upper Silesia, too, the output increased by some 60,000 t. during the month, the demand for coal for agricultural and household purposes being greater. In the Central German lignite area briquette sales increased notably, sales of rough coal improved, but were still not satisfactory; the number of holiday shifts declined. Conditions in the Siegerland mines are still hopeless. The cost of iron freightage is so high that an increase in the sale of ironstone is impossible. The reduction of railway tariffs by 10 per cent. as from September 18 has not yet been made applicable to the Siegerland preferential tariff. No improvement has set in in the Lahn and Dill districts.

In the *potash* industry there was an important increase in both home and foreign sales and in certain works it was possible to reinstate men.

Although the *iron* market revived for a time after the acceptance of the London Agreement, its recovery was only of short duration. Home buyers are holding back now in the hopes of a further fall in prices and business on the foreign market is also at a standstill and prices have fallen. German dumping is still complained of in the foreign Press. In reality the position is that the German works are forced to lower their export prices by reason of the reduction of the prices for Belgian rolled products due to a fall in coke prices in Belgium, and therefore no improvement could take place in the financial position of the German works. In Upper Silesia very few orders for ores were received, and the demand for pig and finished iron was unsatisfactory. No additional blast furnaces could be lighted in the Siegerland, and the position of the rolling mills there was generally unsatisfactory.

The slight improvement noticeable in the *electrotechnical* industry in August was maintained. There was everywhere a demand, and only the exceptional shortage of money hindered the placing of new orders.

There was no change of importance in the state of the *chemical* industry. Sales of fertilisers increased but in the dye industry market possibilities continue unsatisfactory.

The hopes that the Leipzig Fair would revive business in the fine *ceramic* industry have not been realised. Only the luxury porcelain industry is said to have sold well lately and to have orders sufficient to keep it busy for a month or two.

The situation in the *paper*, *glass* and *rubber* industries is rather better, and especially in the paper wholesale trade.

As regards the *clothing* industry, the tone on the wool markets became favourable after the signing of the London Agreement, and the wool wholesale trade was able to obtain an important turnover; prices rose and are expected to remain steady. The cotton industry also reported a revival of business; employment in the spinning and weaving mills was satisfactory. Employment in the ready-made clothing industry became better at the beginning of the autumn season. There was a brisker demand for linen goods. In the underwear industry the demand increased and employment was satisfactory. The silk industry reported a slight improvement in home trade, but foreign trade was almost completely at a standstill. The position of the velvet industry continues bad, the anticipated autumn orders not having been received, and considerable restrictions of work are therefore in force everywhere.

In the *leather* industry a lively demand for all sorts of raw hides and skins prevailed throughout the month, prices being considerably higher than in August. In the footwear industry the demand was good and in many factories the working hours were extended.

The assumption in circles interested in the *sugar* trade that home supplies would cover the demand until the new harvest yield could be brought on the market proved erroneous. The demand was lively and soon exceeded the supply and foreign sugar was imported in fairly large quantities. It is anticipated that the harvest will be a good deal larger than last year.

The movement of *prices* is showing its seasonal upward trend. The wholesale trade index figure, which in August averaged 120.4, rose to 126.9 in September and on Oct. 1 stood at 131.6. The cost of living index figure averaged 114.0 in August and 116.0 in September, and stood on Oct. 1 at 119.

This upward movement is headed by corn prices. Since the export of corn was permitted at the beginning of July, the price of wheat has risen from Mk.135–140 to about Mk.235 on Oct. 1 and to Mk.241–249 on Oct. 7. Rye has risen still more rapidly, viz. from Mk.125 at the end of June to Mk.225 at the beginning of October and to Mk.250 on Oct. 7, a rise since June of 100 per cent. This price movement on the one hand, on the other the lowering of the tax on turnovers, has created an entirely new state of affairs as regards agricultural duties. In this connection a resolution taken by the "Verein für Sozialpolitik" at a recent assembly at Stuttgart is remarkable in that it practically demands free trading and is opposed to agricultural dues. The resolution ran as follows: "The new economic structure of Germany, the effect of the London Agreement, and essential alterations in the grouping of forces on the international market have placed Germany, socially speaking, in a fundamentally new position. The undersigned representatives of this Union, including a number of experts, who defended before the war the fundamental ideas underlying Germany's commercial policy, desire emphatically to point out that Germany requires more than ever, chiefly in order to make the best use of nationalised industry, to reap the advantages of the international distribution of labour. They therefore approve of dues only in so far as they afford an indispensable and promising means of promoting international free trade. . . . The undersigned are convinced that the difficulties besetting agriculture cannot be remedied, but will rather be aggravated, by a continuation of the policy of agricultural protection in existence before the war." (*Wirtschaftsdienst.*)

Conditions in the Textile Industry.—During the last few weeks the stagnation existing for many months past in the linen industry has given way to distinct activity caused by increased demands. Weaving mill customers are now endeavouring to replenish their very repleted stocks and although this action is proceeding in a very cautious manner and orders do not amount to anything extensive, the weaving mills are enabled to work more actively than before.

Although in July the German balance of foreign trade was favourable, this did not apply to the linen industry, for its exports during that month were the smallest since the beginning of the year and amounted only to 135 t. Germany could no longer compete on the American market with Belgium, France and Czechoslovakia by reason of the exchange question and exports to the United States from Germany therefore sank to a minimum. Altered exchange conditions now permit German linen goods to compete again with foreign ones and foreign orders are being received again by German manufacturers; though not large, they assist in providing an added source of activity to the mills. The extent of the acreage under flax was unfortunately smaller in 1924 than in 1923 by about 9.7 per cent. and the yield proportionately lower. Even if the German acreage under flax increases considerably, it will be necessary to import flax. At present flax imports amount to over 50 per cent. of the home requirements. In addition fine linen yarns are being imported from Ireland, France and Belgium which cannot, owing to climatic conditions, be made so fine in Germany.

The September report on the Crefeld textile industry states that employment in the velvet industry has fallen off notably. Everywhere short time is being worked, in some works only twenty-four hours a week. Export trade is almost at a standstill. Economic depression is also mirrored in the silk industry now; orders do not suffice to employ full staffs and work is everywhere suffering restriction. The position of the cravat industry is better and employment is satisfactory. In the clothing trade employment leaves much to be desired notwithstanding the time of year. The silk wholesale trade, it may be noted, is enjoying somewhat greater activity than formerly.

In the Chemnitz district the revival of business experienced for some weeks past is continuing. The position is not unfavourable, though it can scarcely be designated as good while foreign orders remain so small. Continuous orders come in, it is true, for stockings and gloves, but not in sufficiently great numbers to provide adequate occupation for the large textile industry in this district. The reason for the lack of foreign orders is still the high prices quoted for German goods, yet the prices of German stockings and gloves are at present very little above the cost price and scarcely allow for a margin of profit. Home purchasers, too, offer very low prices for goods, and orders are often accepted merely in order to keep the workers from migrating to other industries. The outlook in the stocking industry is probably the best. The demand for stockings all over the world is enormous to-day, and the output by no means excessive. Home demands are chiefly for cheap staple goods, especially in men's socks; foreign trade in cheap articles of hosiery is difficult to acquire on account of the keen competition. In medium and better quality gloves quite a number of orders have been received from England; they barely allow of a margin of profit but are accepted in order to maintain the business connection. America, formerly a good customer for German gloves, is buying very few now, and the orders which do come in sparsely from this quarter are by no means satisfactory as regards price. As regards knitted gloves the position is more satisfactory, orders from home being fairly plentiful. The position of the stockinette trade has improved with the seasonal demand, but the raw material has often to be bought with dear credit. The men's underwear industry is almost entirely dependent on home orders, which are poor at that. The embroidery and lace industries of the Erzgebirge are doing very badly. They cannot compete abroad and impoverished Germany cannot absorb the available output of what are chiefly luxury goods. (*Berliner Börsen Zeitung, Frankfurter Zeitung.*)

SOCIAL AND LABOUR CONDITIONS

Improvement in the Labour Market.—According to the September report of the *Reichsarbeitsblatt*, the signs of improved conditions in the labour market already evident in some, if not in all branches of industry at the end of August and beginning of September were maintained and even extended. The number of unemployed receiving State aid in Germany and the occupied areas decreased from 588,000 at the end of August to 577,000 at the end of the first fortnight in September. Quite a number of industries, notably the clothing and textile trades, as well as agriculture, were able to take on additional labour. This was not the case, unfortunately, in the metal industry. The reports received from 2,416 branches of various industries regarding conditions in September show a slight, but by no means general improvement. There was still 51 per cent. of labour employed in industries showing bad conditions, as against a former 54 per cent.

The slow progress towards a better state of affairs is but natural. It was only during September that the Rhine Customs duties were removed, and the effect of the reduction of railway freight tariffs by 10 per cent. and of the tax on business turnovers from 2.5 to 2 per cent. had not yet had time to take effect. This applies likewise to increased facilities for obtaining credit supplied by the Reichsbank and to the reduction of the Discount rate of the Gold Discount Bank from 10 to 8. The shortage of capital is still evident, for new working capital cannot be procured from one day to the next.

HUNGARY

POLITICAL AND GENERAL

Resignation of the Minister of Foreign Affairs.—The resignation of the Hungarian Foreign Minister, Dr. Géza v. Daruváry, on account of ill-health, has been accepted and the provisional conduct of foreign affairs has been entrusted to the Minister President.

The resignation of the Minister for Agriculture, M. Stefan Szabo-Nagyatád, announced during a parliamentary sitting, was withdrawn through the personal intervention of the Minister President, Count Bethlen.

The rumours of the impending resignation of the Minister for Finance, M. Friedrich Koranyi, are denied in responsible quarters.

Relations with Russia.—The re-establishment of normal diplomatic relations with Russia is regarded in Prague as of great importance inasmuch as it means the breaking through of the Central European zone of States which have not yet re-established normal relations with the Soviet Republic. It is thought in Moscow that the Hungarian recognition will lead to recognition on the part of the other States. (*Pester Lloyd.*)

FINANCE

August Report of the General Commissioner.—At the beginning of October Mr. J. Smith, General Commissioner of the League of Nations for Hungary, published his Fourth Report, dealing with the month of August, 1924.

During this month the Reconstruction Loan, of which the Hungarian portion amounted to 2,350,000 dollars, yielded success. The outstanding feature in this report is the considerable increase of revenue during the months of July and August over the estimated amount. The receipts for these months were estimated at about 52,700,000 gold kronen; whereas the present amounts of revenue for this period total 996.6 milliard paper kronen, or about 57,700,000 gold kronen. Although the accounts for these two months cannot yet be closed it is evident that the actual Budget deficit will be considerably lower, unless anything most unexpected happens.

The following sums were paid in as security during August:—

	In Million Paper Kronen.		
	June.	July.	August.
Customs receipts ...	64,935	62,277	69,678
Tobacco monopoly ...	113,843	89,391	103,260
Sugar tax	7,287	26,929	30,020
Salt monopoly	2,578	5,432	3,158
	188,403	184,031	206,118

Reckoned in gold kronen at the respective monthly values these sums would represent:—

	June.	July.	August.
Million gold kronen ...	10.5	11.3	13.2

The annual interest on this loan demands Cr.31 mill. gold kronen. The receipts for these three months, therefore, more than cover the interest. In addition to the above-mentioned amounts, 95,750 gold kronen in specie were taken as customs dues during July and August. The sum due for payment on September 1 in connection with the interest and expenses of the various portions of the loan amounts to 43.4 milliard paper kronen. From the balance 196.9 milliard paper kronen have been released to the State to the current expenses account; on August 31 therefore there was still a balance of 50.2 milliard paper kronen.

The September budget estimates:—

Net expenses	36,742,415 gold kronen.
Net receipts	25,573,181 „ „
Deficit ...	11,169,234

The average monthly deficit of the reconstruction budget is 7,083,333 gold kronen; this shows a difference of 4,085,901 gold kronen.

The State will be in a position to carry out the work it has in view, since it will have funds at its disposal out of the forced loan, which represents an extraordinary receipt and which was not contained in the reconstruction budget. The estimates for the second quarter of the fiscal year, October, November, December, prepared by the Ministry of Finance, have been examined by the General Commissioner, who states that since the second quarter will show a pronounced improvement on the first there is cause for hope that the deficit for the six months ending September 31 will be within the bounds provided for in the reconstruction budget.

In order that the State may be well provided with means for meeting the entire preliminary budget expenses of the month, more than the estimated amount will be released, as has previously been done. Such sums are a first charge on the receipts for the current month. They are gradually being decreased and it is to be hoped that the Treasury will soon have sufficient funds to render these advances unnecessary.

The forced loan yielded in August 58.4 milliard paper kronen, which, with the balance on July 31 of 7.9 milliard, gives a total of 66.4 milliard paper kronen. A large portion of this was devoted to the alleviation of unemployment. The balance on August 31 was 44.2 milliard paper kronen.

The Hungarian krone has remained stable at 346,000 to the £. Despite the occasional or seasonal increase in its obligations the National Bank has been able, week by week, to report a net increase in its reserve in bullion and stable foreign money. The bank shows a metal reserve to the value of 1,846,387 mill. kronen at the end of August as against 1,566,303 mill. at the end of July.

The bank rate in Vienna was raised on August 12 from 12 per cent. to 15 per cent. The discount rate of the Hungarian National Bank was 10 per cent. But on September 17 it was raised to 12½ per cent. There is no doubt that since the stabilisation of the currency foreign money has streamed in. But the lack of capital, under which Hungary is suffering, cannot be remedied in a few months by money offers. This can only be done if foreign money is invested over a long period in productive Hungarian undertakings, or if in Hungary itself there is gradually sufficient saved for this purpose.

One of the most difficult financial problems is the disparity between the official discount and the actual interest that must be secured by trade and industry. Although the excessive number of institutes and banks undoubtedly sharpen this disparity, they are not altogether responsible for it. The real causes lie deeper, and will have to be dealt with, if the rate of interest is not to be maintained at a height that, for industry and agriculture, renders competition with foreign countries more difficult if not impossible.

For the moment, the re-appearing tendency to deposit money at the banks is a gratifying sign.

The Stock Exchange during the whole of the month of August was feeble and dull.

The note circulation at the end of August was in gold values 47½ mill. dollars; that is, with a population of about 8 million only 6 dollars per head. This is not much higher than at the beginning of the year.

The index numbers, published twice a month by the *Pester Lloyd* and based on the prices of 57 articles of necessity, show for the second half of August a decided set-back, being lower than those of June 30, but higher than the index for the end of May. The decline was in the provisions group, but not in the section of industrial goods. Taking the average increase in price at 100, as against the prices in July 1914, there appears a remarkable disparity between the various 57 articles. On August 31, 34 articles (among which were 15 of the group of 24 provisions) were under 100; and of these 34 articles there were 16 (of which no fewer than 9 were provisions) were under 70. On the other hand, there were 8 articles of the industrial goods group that mounted to 150 and 2 stood at 200—in other words, twice as dear as would be the case if the increase in prices were at an equal rate for all commodities. The deviation from the average is, however, slightly improving; for at the end of August 1923 the average deviation from the standard rate of increase was 38 per cent., whilst at the end of August this year it was only 32 per cent. Yet this improvement only hides an increasing disparity between the prices of provisions and industrial articles.

During August a large number of fiscal measures came into force and the greater part of the statutes of the reconstruction plan have been carried out. The chief questions still to be settled are the introduction of a new scale of income tax, the execution of the tax on property, and the reorganisation of the finances of the comitats and municipalities.

The import prohibition on a large number of industrial products and provisions has been removed, and these can from now on be imported without a special licence on payment of the duty, according to the new tariff which will gradually come into force. The licence will, however, still be required for goods in great demand, such as textiles and machines.

The foreign trade of Hungary for the first seven months of the calendar year is shown by the following figures:—

	1923.			1924.		
Month.	Import.	Export.	Excess of import over export.	Import.	Export.	Excess of import over export.
	In million gold kronen.					
January ...	45.8	17.6	28.2	37.6	32.3	5.3
February ...	46.1	21.1	25.0	44.1	30.8	13.3
March ...	41.6	26.7	14.9	51.4	44.5	6.9
April ...	37.3	33.3	4.0	59.0	51.4	7.6
May ...	39.1	29.0	10.1	57.4	45.7	11.7
June ...	34.4	20.1	14.3	48.5	35.6	12.9
July ...	25.9	23.9	1.9	59.6	41.1	18.5
	270.1	171.7	98.4	357.6	281.4	76.2

There are indications that the economic life has begun to adjust itself to the new conditions evoked by the stabilisation of the Hungarian currency and that the disturbance will not be so extensive and not so prolonged as was originally assumed. Though the retail prices are still high they have begun to fall; foreign cash is available for short credits; it is known that bank deposits have begun to grow; speculation in foreign bills and stocks is on the decline; and the State receipts are improving.

The harvest of maize, sugar beet, potatoes and other late crops promise to be splendid and the official estimate of the yield of the three above-mentioned articles is from 40 per cent. to 60 per cent. higher than last year; whilst wheat, rye, oats and barley, though not equal to last year, are still not much behind the average of the other post-war years.

Imports and exports are on the increase and negotiations with other countries have been entered into with a view to concluding commercial treaties.

Hungarian National Bank.—The rate of discount has been increased from 10 per cent. to 12½ per cent. and the interest on deposits from 11 per cent. to 13½ per cent. This increase is justified by the growing engrossments of the bank. Since the middle of July bills of acceptances have increased by about 550 milliard and a further increase is expected in consequence of the autumn corn campaign. Following the increase in bills of acceptances 63.7 milliard notes have been put into circulation and 66.6 milliard through the sale of foreign bills and currencies. On Oct. 7 there were 4,096.7 milliard in circulation, showing a decrease of 19.1 milliard on September 30. (*Pester Lloyd.*)

POLAND

POLITICAL AND GENERAL

Cabinet Changes.—Quoting the *Budapest Korrespondenz* the *Pester Lloyd* states that the president of the Senate declared in an interview that the home political situation was not developing favourably, but he doubted whether any one party or politician would at the moment undertake the responsibility of overturning the Government. To create a Government crisis would greatly injure the country; but in any case there would be a reconstruction of the Cabinet.

The Premier, M. Grabski, recently discussing the crisis evoked by the reform of the currency, stated, according to the *Central European Observer*, that there was a reduction in the number of the unemployed. On the other hand the influence of the increase in prices, caused by the bad harvest, was serious. It was unfortunate for Poland that the bad harvest occurred just at the moment when Germany, whither Poland exported most of her grain, was in a difficult situation. The Government had twice increased the export dues on grain in order to check exports.

Thanks to the stabilised currency, however, the index figure had not risen with the same rapidity as the price of corn. The relation between the prices of industrial products and raw materials also showed an improvement.

The sharp criticisms of the Grabski Government indicate, in the opinion of the *Central European Observer*, that the Polish Government is faced with a crisis. The Press of the Left parties, however, maintain that there is no likelihood of any such crisis.

The forthcoming session is regarded as one of the most important during the past five years. Among other things the Chamber will deal with the Budget for 1925, with the main lines of the country's foreign policy, new commercial treaties, the organisation of the army and other outstanding matters. In the course of the coming winter steps are to be taken substantially to alleviate the existing economic crisis.

At the recent meeting of the Economic Committee it was decided, in view of the great shortage of grain for breadmaking, to double the export duties on rye, wheat, barley, oats and wheaten flour, and in some cases to issue export prohibitions. The import duty on rice has been abolished. Bread has been raised in price by 5 groats, and an increase in the price of sugar is to be made shortly.

Military Treaty with France.—The Polish Minister for War, General Sikorski, is going to Paris to conclude a military treaty between Poland and France. The Polish Chief of Staff, General Haller, is also in Paris. The new Treaty has become necessary owing to the difficult position of Poland on the eastern frontier, which, according to latest reports, has become considerably worse. The uncertainty is so great that railway trains in the eastern area of Poland run only under the protection of armoured trains. On some lines armoured trains run daily to keep order. (*Pester Lloyd.*)

FINANCE

The Legal Rate of Interest and the Restoration of Secured Debts.—A new presidential order now in operation raises the legal rate of interest to 24 per cent. per annum, whereas till now it has been 6 per cent., according to regulations brought into force since the beginning of the war. The order applies only to legal interest, not to that stipulated by agreement. The latter has already been fixed at 24 per cent. by a previous order. The newly regulated fixed interest becomes obligatory the moment there is absence of agreement between the parties as to the level of the interest to be paid, such as is the case, for instance, when bills are protested. The debtor is then obliged, from the day of the protest, to pay the creditor the mentioned fixed amount. The same applies to other obligations as soon as the Court adjudges the interest to the creditor. The order especially emphasises that this fixed amount, as from September 9, 1924, is binding under all circumstances. Also in disputes, where proceedings have already been begun, the Court is obliged to adjudge the creditor the old fixed amount up to September 9 and the new fixed amount as from that date. Even in cases cf distraint the bailiff is empowered, on request of the creditor, to raise the amount to the interest valid from the date the order came into operation. At the present time, where in consequence of the continuing crisis in Poland bills are protested every day, this law is very effective. Every merchant who took an acceptance in payment had to reckon with the fact that, in case of a delay in payment, from the time of the protest on he could claim only the hitherto valid fixed sum of 6 per cent. per annum, which is, as everyone knows, far behind the amounts customary to-day. The issue of this order was thus a further step towards a settlement of matters of floating credit in Poland. Awaiting settlement there still remains the question of the interest-bearing of old hypothecary debts, which for a time enjoyed a respite through a moratorium. This payment of interest is left untouched by the new order and stands in closest relation to the restoration of secured debts in Poland.

Now that the supplementary order has been published, it is possible to obtain a clear perspective of the particulars of special interest with respect to the cession of the former province of Posen and a part of Upper Silesia.

The Polish restoration order provides a settlement for all situations secured at law that have been in any way affected by the depreciation of the currency. The restored dividends are calculated according to a scale in the order specifying the gold value of the Polish and the German Mark, the Austrian krone and the Russian rouble. The date when the claim was first made constitutes the basis for the restoration. The following scale shows the characteristic figures of the reduction of German to Polish Marks from August 1, 1914, to April 30, 1924:—

A zloty in	1914, to August 1 ...	... =	G.Mk.0.81
,,	,, 2nd half year ...	... =	G.Mk.0.85
,,	1915, 1st ,, ,, ...	... =	G.Mk.0.90
,,	,, 2nd ,, ,, ...	... =	G.Mk.0.92
,,	1916, 1st ,, ,, ...	... =	G.Mk.1.05
,,	,, 2nd ,, ,, ...	... =	G.Mk.1.08

In 1917, according to the Polish restoration tables, a zloty = G.Mk.1.15 for the first half-year, and = G.Mk.1.20 for the second half-year; in 1918 = G.Mk.1.20 for the first half-year and = G.Mk.1.30 for the third quarter, and = G.Mk.1.50 for the fourth quarter. Up to this point of time the German Mark in the tables was on a par with the Polish Mark. From the beginning of 1919 the scale shows detached ratios of values for the German and Polish Marks, dependent upon the exchange fluctuation of both during the respective periods. Thus (*a*, G.Mk.; *b*, P.Mk.):—

	1919. a	1919. b	1920. a	1920. b	1921. a	1921. b	1922. a	1922. b
January ...	1.80	1.50	9	19	11	120	28	450
March ...	2.00	2.00	12	25	11	145	40	550
May ...	2.10	2.50	11	30	11	150	48	650
July ...	2.40	3.25	11	34	11	300	70	850
September	3.30	6.00	11	45	14	425	180	1,800
November	5.50	10.00	11	80	23	450	750	1,800
December	7.00	14.00	11	100	25	450	950	2,500

	1923. a	1923. b	1924. a	1924. b
January ...	1,600	4,000	—	1,600,000
February	3,000	6,800	—	1,800,000
March ...	3,500	8,200	—	1,800,000
April ...	4,000	8,600	—	1,800,000
June ...	12,000	12,000	—	—
August ...	660,000	35,000	—	—
October ...	4,000,000,000	125,000	—	—
December	—	800,000	—	—

The restoration order determines the full gold value as the maximum and the nominal value as the minimum limit in the Polish Mark on the basis of the exchange: 1 zloty (gulden) = Mk.1,800,000. Within this limit the restoration varies according to the nature of the demands and whether the districts where they were made were formerly German, Austrian or Russian. The legally fixed percentages are not absolute; they can be raised or lowered by the Court. The "Ostmark" is reckoned as a German Mark; the "Ostroubel" as 2 G.Mk.

The percentages are circumscribed by the following conditions:—

Loans secured by mortgage on houses, to which the rent protection law is applicable, are appraised 25 per cent. in Congress Poland, 20 per cent. in Western Little Poland and the Eastern districts, 15 per cent. in the Prussian Partition-territory and in Eastern Little Poland; that is, 25, 20 and 15 per cent. of the zloty parity. Mortgages on real estate, to which the rent act is not applicable, are reckoned at 50 per cent. in Western Congress Poland, 42 per cent. in Central Congress Poland, 33 per cent. in Eastern Congress Poland and Western Little Poland, 24 per cent. in the Eastern districts, and 15 per cent. of the zloty parity in Eastern Little Poland and the former German territory.

Loans not secured by mortgage, debt demands for credit for goods, also bills of exchange not yet realised but soon due are reckoned at 10 per cent. of the zloty parity.

Debentures payable in the currency of the powers of the partition period and also in the Polish Mark are commuted into debentures payable in zlotys. Bonds of industrial concerns are reckoned at 33 per cent. of the zloty parity, and premiums paid to life insurance companies are estimated on the same basis. Deposits in the Savings Banks will be calculated according to the conversion of the assets of those banks. Savings deposits in the banks and in the Polish G.P.O. Savings Bank will be reckoned at 5 per cent. of the zloty parity for deposits up to 125 zlotys; deposits above that amount and also outstanding debts of current accounts will be converted in the ratio 1 zloty = P.Mk.1,800,000. Excluded are outstanding debts consisting of bills not yet due, of securities, of State deposits and of agreements respecting damages. All other oustanding debts not specifically mentioned in the order are to be calculated by agreement between the parties, failing which by a decision of the Court. (Dr. Curt Poralla in *Wirtschaftsdienst.*)

State Grants.—Following the law for restoration of finances and national economy, the Minister for Finance is empowered by the President to grant the State guarantee, up to the sum of 500 million zlotys, for communal and agricultural debts secured by mortgage, for railway obligations, for obligations incurred for the purpose of erecting and maintaining public buildings and dwelling-houses, and finally for certain liabilities of professional persons who are covered by mortgages on real estate. (*Neue Freie Presse.*)

American Loans.—The director of the National Bank of Economy has announced the receipt of an offer of 10,000,000 dollars from America made under acceptable conditions. This loan is to be used partly for industrial purposes and partly for the purposes of developing various districts. The bank has also obtained further credits to the extent of 5,000,000 dollars.

Negotiations have been opened with the United States Government for the consolidation of the Polish War Debts, which amount to some 180,000,000 dollars. At Washington it is expected that an arrangement will be arrived at on the same basis as the arrangement with England. (*Agence Economique et Financière, Central European Observer.*)

Bank of Poland.—The figures given below show the development of the bank's operations during the third term of the current year. The situation on Sept. 30 was (in millions of Polish zlotys):—

Bullion in hand, to 30th June, 1924	99.9 c.	83.3
Foreign bills and foreign money	233.6 c.	256.9
Acceptances	233.7 c.	138.8
Circulation	590.9 c.	488.0

(*Agence Economique et Financière.*)

Yield from Taxes and Monopolies.—The Treasury returns for September are much the same as in August. Stamp duty yielded 7,700,000 zlotys in September, as against 16,900,000 zlotys in August, which indicates a growing animation in business. Monopolies produced 14,400,000 zlotys against 12,800,000 in August. (*Agence Economique et Financière.*)

TRADE

Import and Export Prohibitions.—The importation of the following goods is forbidden:—

1. Pastries.
2. Confectionery, preserves, fruit pastes, fruit jelly, powder and pastilles containing sugar, fruit in liqueurs, arrack and cognac, chocolate and cocoa with sugar, jams and powidl from fruit and berries, fruit syrups with alcohol.
3. Arrack, rum, cognac, Sliwowitz and other brandies, liqueurs and infusions of all grades of strength, in packing of any kinds.
4. Grape-wine, fruit-wine and berry-wine.
5. Fine cheeses in retail packing of wood, staniol, tin and such like packing.
6. Oysters, crabs, lobsters, crevettes, snails and similar foods; fresh, salted, pickled, also in air-tight closed packings.
7. Artificial sweetening matter with a higher sweet-content than cane sugar (saccharine, sulphimid and derivative salts, sackerine, etc.; orthoamidosulfobenzoe acids and such like for making saccharine.)
8. Cosmetic and perfumery wares, white and red face-paints, face powders, hair dyes, fumigating candles, cosmetic pomades and cosmetic goods not specially mentioned, not containing alcohol; perfumes, eau-de-cologne, elixirs, &c.

The exportation of the following goods is forbidden:—

1. Dark, unrefined mineral oil (raw oil.)
2. Poultry eggs, up to Dec. 1, 1924.

(*Wirtschaftliche Nachrichten.*)

PORTUGAL

FINANCE

Charges of the National Debt.—The report and accounts of the administration of the Public Credit Board recently published for the financial year 1920–21 (prompt production of statistics is not a characteristic of Spanish and Portuguese public bodies) supplies the following figures relating to the annual expenditure in connection with the national debt (in millions of escudos):—

Internal Debt	... ...	30.1
External ,,	... ...	31.6
Total	...	61.7

After deducting the interest and sinking fund on the bonds held by the Treasury the total expenditure is reduced to 42.7 mill. escudos.

The issues during the year under review appreciably increased the total of the internal loan. Apart from conversions, consolidated internal loan issues in that year amounted to 150 million escudos against the redemption figure for the year of not more than 25 million. The exchange proved a heavy burden on national debt expenditure. In the above-mentioned year 23.2 million escudos were spent on making up the difference in the exchange. The amounts expended under this head rose from 494,000 escudos in 1913–14 to 7,039,000 in 1920–21. It seems scarcely worth while to have profoundly shaken the national credit by fixing the exchange in respect of interest and sinking fund of the national debt at the fictitious figure of $2\frac{3}{8}$.

The Public Credit Board has protested against the Decree of Aug. 7, 1920, extending the provisions of the Decree of March 22, 1916, reducing the number of offices abroad authorised to pay interest on and the redeemable value of the 3 per cent. External Loan and the $4\frac{1}{2}$ per cent. Tobacco Loan. The solemn agreement entered into between the Portuguese Government and its creditors in 1902 was violated by the Decree of July 3, 1924, which arbitrarily fixed the rate of exchange for payment of interest and redemption at $2\frac{3}{8}$ when the exchange on London really stood at $1\frac{3}{4}$. According to estimate, the outgoings in respect of the Portuguese National Debt must have considerably increased in the financial years 1921–22, 1922–23 and 1923–24. Nothing has been done to improve the exchange.

The financial knowledge of Portuguese statesmen has gone no further than the passing and publishing of ridiculous Acts, Decrees and Orders which only result in damaging confidence in Portuguese finance. (*Commercio do Porto.*)

INDUSTRY

Financing of Industries Bill.—The solution of the problem of financing industry in Portugal was officially entrusted to a special commission, the report of which has been incorporated in a Bill. The proposed solution of the problem consists of the issue of 250 million escudos destined exclusively to the promotion of new industrial enterprises on the lines laid down, it being strictly provided that the proceeds of the issue are not to be used for any other purpose.

An institution entitled Commissao de Fomento Nacional has been devised for the organisation of the scheme, one function of which is to draw up an inventory of all industrial undertakings which have come into being since 1914, and of those previously existing, to which the benefits accorded by the new Act are to be applied, preference being given to the following enterprises: utilisation of waterfalls of a force superior to 1,000 h.p.; the working of coal mines and allied industries; iron and steel; copper; the manufacture of machinery and tools for all classes of industry; the manufacture of electric plant; the preparation of home and colonial agricultural produce; chemicals and chemical manure; textiles, notably wool washing; the production of wood pulp and manufacture of paper; fishing and derived industries; food preserving; the packing and export of national produce; book publication; town planning and building.

The benefits which the Commission recommends should be granted to industries by the Government include: exemption from taxes and local duties; reduction of Customs duties on raw material, machinery and tools not produced in the country; introduction of the system of drawbacks or the temporary import of certain raw material; exemption from export duties to assist in the capture of foreign markets; transport facilities and the reduction of railway rates for export goods; permission to private undertakings to establish general free warehouses; facilities for granting credits for export; postponement of the calling up for service in the Army of coal miners and codfishermen.

The Commission has laid down certain principles to govern the conclusion of new commercial treaties and the preparation of new Customs tariffs with a view to defending the interests of the national industry. Financial assistance may take the form of loans, or the guarantee of a minimum dividend for a given number of years, of the guarantee of shares to be issued, or of a guarantee of interest or interest and sinking fund, to industrial undertakings. The Bill provides the terms on which Portuguese institutions may grant loans to industry and this will probably prove the best solution of the problem under consideration.

The Bill lays down the principle of participation by the Government in the capital of undertakings in receipt of financial assistance.

This last provision is not to the liking of the *Commercio do Porto*, from which we have taken the above extract from the Bill, as it does not consider that the mere grant of exemptions from taxes and duties to be a sufficient reason for entitling the Government to receive a share in the capital of an undertaking, since official intervention of this kind invariably proves prejudicial and paralysing. The same journal also takes exception to the appointment of Government commissioners attached to the assisted undertakings, such appointments being, in its opinion, expensive and improper.

Industrial Progress.—During the past few years an undoubted revival of industry has been perceptible, as may be gathered from the recent report of the Portuguese Industrial Association based on the official returns, which, however, have not been published since 1920, but the information furnished by the trade associations is indicative of the revival of certain industries and of general progress. The country is by no means lacking in natural resources capable of providing material for its manufactures, and in the first place it possesses important coal deposits of various qualities largely used by the national industry, which is thus rendered independent of foreign coal. Native coal, however, is amply supplemented, as industrial fuel, by the products of the extensive forests.

The national cloth industry is making good progress by means both of improved methods of preparing wool and by the construction of suitable premises and the adoption of up-to-date technical processes which enable the country to dispense with the import of wool from France, Spain and the Argentine. The cloth industry is showing abundant vitality, thanks to the marked progress of the cognate industries of washing, carding, combing, spinning, weaving, and dressing wool. In order the better to appreciate the growth of spinning and weaving, it should be remembered that in 1875 the country only possessed four cotton spinning mills and not more than two joint spinning and weaving mills, whereas in 1923 it possessed 60 spinning and as many joint spinning and weaving establishments, employing 30,000 hand and power looms, 480,000 spindles and about 40,000 operatives who, except for the introduction of the eight-hour day, would have been capable of spinning and weaving 18 million kg. of raw cotton instead of 16 millions as at present. The factories of

Rio Vizella in the North and of Thomar in the South, producing yarns which formerly had to be imported, both display remarkable activity and turn out fabrics which compare very favourably with their foreign rivals.

The same journal which gives this glowing account of the textile industry refers in a subsequent issue to the seriousness of the crisis through which this same industry is passing, made manifest by reduced hours of work in a number of mills, thus aggravating the difficulties of rediscounting, which seriously disturb the money market and hamper exports to the African colonies.

Another industry which has made great strides is fish preserving, always important, but the exports of which rose from 24.5 mill. kg. to the value of 2,220 escudos in 1913 to 39.7 mill. kg. and 21.869 escudos in 1919.

At the technical and industrial exhibition held at Rio de Janeiro, Portugal was represented by over 1,000 exhibitors in various branches of industry. (*Commercio do Porto.*)

UNITED STATES

POLITICAL AND GENERAL

The United States' Attitude towards the League of Nations.—One of the leading issues of the Presidential election is the United States' attitude towards the League of Nations and the demilitarisation of the world. The following leading article from the *New York Evening Post* may serve to explain the atmosphere of suspicion in which the treatment of these questions in America has become so deeply involved.

Those millions in America who wish the League of Nations well, writes our contemporary, and all those who hope some day to see the United States a member of the League cannot but be disquieted by recent events at Geneva. Doubtless those who shaped these events feel a reluctant America, that has not yielded to pleadings, can be made to yield to pressure. It is hard to place any other interpretation on their actions. While America was backing the Dawes plan and making its acceptance possible President Coolidge was announcing that the United States would call a second arms conference when that plan was in operation. Then the League steps in. Its directing forces, moved more by Old World politics than by the disarming urge and intent upon the determination to cancel Europe's war debts to America, act with indecent haste. They issue a call of their own, ignoring America's public intent, and blandly invite American participation. Their programme includes a war-ending protocol and a scheme for disarming. It will be prepared by the League, which is to say Great Britain, France and their satellite nations. Behind this are political bargains and moves purely European. Great Britain wants Germany in the League to counterbalance France and the Little Entente. France is willing, at a price. That price is a security pact, tied to an arbitration protocol, binding Britain to help France if there is another outbreak of furor Teutonicus. Britain is anxious to keep her warships. She offers to enforce the protocols on the seas, thereby furnishing herself an excellent argument against the loss of more ships. By hedging this offer around with reservations, guarantees and stipulations that she may not be hauled before the World Court for the acts of her navy while policing the oceans for the League, she keeps her old, free hand on the seas. She calmly assumes she can never be wrong in any world dispute, or else that she will be willing to blockade British shores with British ships to bring herself to reason—if the League commands.

These moves ignore and disregard American interests. They are warnings for us to come in or take the consequences. By deeds rather than words we are being told that if we fail to enter our rights may be ignored and some fifty-four nations may frown upon us. Not for five years has the United States been minded to enter the League. The Geneva politicians are driving us even farther away. The "Big Twelve" at Geneva are swinging the "Big Stick." They walk softly, their mouths are full of smooth phrases, but they want what they want. American entry into the World Court will not satisfy them. They demand our political as well as judicial entrance. For political ends—theirs, not ours—they need our weight, resources and power. They want us where the thumbscrews of debt cancellation can be applied. We cannot be ignored, but Geneva thinks we can be driven.

Geneva is wrong. Pressure will breed American resentment. Such tactics might succeed against a weak, little State—a Switzerland, a Spain, or a Honduras might yield. We do not happen to be a tenth-rate or, even, a third-rate Power. The gentlemen at Geneva are attacking their problem in the wrong way. They are not convincing America of League idealism. Nor is their way to disarmament the way by which the Washington Conference succeeded. They are refusing to face world realities outside their own little continent. The League is being made the chariot of dangerous dreamers and equally dangerous politicians. For five years a reluctant America has been coaxed to enter. Now pressure is being tried. Neither method will serve. When the day comes that the ruling forces in the League stop playing politics, when it is no longer dominated by national selfishness, when there is more justice and less intrigue within it, then neither coaxing nor pressure will be needed to bring America to its councils. As for the Fifth Assembly, it has increased rather than lessened American distrust.

TRADE

Foreign Trade Returns for August.—The foreign trade returns for August show imports valued at $270 mill. as against $275,437,993 for the corresponding month of last year, and exports at $331 mill. as against $310,965,891, the result being a favourable trade balance for the month of $61 mill. as against $35,527,898. The imports are the lowest of any single month since September 1923, when they amounted to $253,645,000; furthermore, they are $30,925,000 below the average for the first eight months of the year and $25,744,417 below that for the period from September 1923 to August 1924. As regards exports, the returns are in excess only of those for July and June of this year, when they amounted to $278 mill. and $307 mill. respectively, while they are $6,750,000 below the average for the first eight months of the year and $27,320,583 below that for the period from September 1923 to August 1924. As compared with 1923, imports for August are $61,298,500 below the average for the first eight months of that year and $47,548,250 below that for the period from September 1922 to August 1923; while exports are $11,055,750 above the average for the first eight months of 1923 and $10,000 above that for the period from September 1922 to August 1923. As compared with 1922, imports for August show a shortage of $11,376,000, but they are $25,930,625 above the average for the first eight months of that year and $39,308,417 above that for the period from September 1921 to August 1922; while, as compared with 1922, exports for August show a surplus of $29,226,000, and one of $28,144,125 as compared with the average for the first eight months of 1922 and of $24,050,917 for the period from September 1921 to August 1922. (In the above statement the figures available for the first eight months of this year, it should be noted, are round figures.)—Since the above was in print, a telegram from Washington to the *New York Evening News* of Oct. 1 gives the exact value of the August imports as $254,629,899 and that of the exports as $330,895,725, showing a favourable trade balance of $76,265,826. The earlier round figure of $270 mill. in respect of imports was therefore over-estimated to the extent of $15,370,101. As compared with August 1923 there was an increased im ort trade from North and South America and a decreased one from Europe, Asia, Oceania and Africa; while as regards exports there was an increase in trade to Europe, South America and Africa, and a decrease to North America, Asia and Oceania.

The imports of gold for August amounted to $18,149,981 as against $32,856,097 in the corresponding month of last year, while the exports amounted to $2,397,457 as against $2,200,961. The following table gives the shipments for the first eight months of the year and for the whole of 1923, showing an excess of imports of $256,885,776 for the former period and of $293,974,456 for the latter :—

1924.	Imports.	Exports.	Excess of imports.
August ...	$18,149,981	$2,397,457	$15,752,524
July ...	18,834,423	327,178	18,507,245
June ...	25,181,117	268,015	24,913,102
May ...	41,073,650	593,290	40,580,360
April ...	45,418,115	1,390,537	44,027,578
March ...	34,322,375	817,374	33,505,001
February ...	35,111,269	505,135	34,606,134
January ...	45,170,144	176,312	44,993,832
1923.			
December...	32,641,226	711,529	31,929,697
November...	39,757,436	746,794	39,010,642
October ...	29,858,016	1,307,060	28,550,956
September	27,803,961	1,023,667	26,780,294
August ...	32,856,097	2,200,961	30,655,136
July ...	27,929,447	522,826	27,406,621
June ...	19,433,539	548,484	18,885,055
May ...	46,156,195	824,444	45,331,751
April ...	9,188,470	655,235	8,533,235
March ...	15,951,357	10,392,100	5,559,457
February ...	8,382,736	1,399,089	6,983,647
January ...	32,820,163	8,472,198	24,347,965

The imports of silver for August amounted to $7,041,630 as against $6,465,949 in the corresponding month of last year, while the exports amounted to $8,632,067 as against $7,032,221.

Referring to the complete returns for the month, the *New York Evening Post* says that when the details are published doubtless much of the increase in exports will be found to have consisted of cotton and grain, though European buying of raw materials of various kinds ordinarily begins in August.

AGRICULTURE

The Cotton Crop.—The average guess of 74 members of the Cotton Exchange as to condition of crop was placed at 56.8 per cent., which would indicate a yield of around 12,900,000 bales, says the *Wall Street Journal* of September 23. The firm of Procter and Gamble, however, estimate the condition of crop on September 16 as 57.7 per cent. and the indicated yield as 13,100,000 bales. The Government report issued on September 23, on the other hand, places the yield at 12,787,000 bales, an estimate which the *New York Evening Post* says took the trade completely by surprise, more especially as it expected the report to lift this figure to about 13,000,000 bales. What the latest Government report means, continues our contemporary, may be seen when it is noted that the discrepancy between what the trade expected and the official figure amounts to a month's consumption by our mills at a fair rate of activity. Since the war the maximum consumption in any month was 621,000 bales in May 1923. The minimum was 295,000 bales in December 1920. The trade must, accordingly, adjust its point of view to a supply of cotton one month's consumption smaller than it had been counting on. What happens next will depend in large measure on what the mills do. As the price of the staple approached 20 cents the idea grew that the commodity had been well liquidated. In addition, it was noted that consumption had fallen to about as low a point as was reached in the depression of 1921. Receipts from the new crop were burdening the market, as were hedging operations against cotton in the making. Many well-informed observers were feeling for a bottom. The new turn to affairs naturally will increase beliefs that the bottom has been reached. If the mills act on this theory and the cloth market supports them, it may turn out that the market has turned.

Later intelligence includes reports of light frost in the southern States, of damaging effects of the last week in September's torrential rains on the crop over the two Carolinas and Georgia, and of extensive frost through the northern half of the central and east Gulf States. It is expected, says the *New York Evening News* of Oct. 2, that the Government crop report on October 8 for October 1 condition will be lower than the previous report for September 16 condition by several hundred thousand bales. This last report made the indicated yield 12,596,000 bales without linters, and many are now figuring on the new report being around 12¼ million bales. Two private crop reports on October 3 reckoned on a yield of about 12,000,000 bales, while the report of a large spot house was for a crop of over 12,500,000 bales as against its estimate of 13,000,000 bales some three weeks previous. On September 1 there were record-breaking export clearances, which went up to 191,000 bales, bringing the total exports from August 1 to date up to 1,040,000 bales as against a little under 1,000,000 bales at the same date last year. Exports, it is pointed out, are exceeding domestic mill consumption.

The Grain Crops.—A conspicuous feature of the commodity markets is their striking unsettlement and irregularity, especially demonstrated by the strength in rye and the weakness in corn. The advance in *Rye* contracts is largely caused by continued active buying as a result of large purchases on the part of exporters. Close on 1,000,000 bushels have been booked, the bulk for German account, due to continued bad reports about crops on the Continent. A Chicago advice in this connection is to the effect that Germany is facing a famine and that a grain catastrophe has been feared there for months past. Later reports from the Department of Agriculture assert that from 15 to 75 per cent. of the crop was lost, suggesting that half of Germany's requirements must be imported. *Corn*, on the other hand, has shown a weaker trend, due partly to favourable weather reports from the south, but this was in a measure offset by more frost in the north. Managing Director Meyer of the War Finance Corporation, after an investigation of the wheat producing areas, informed Mr. Secretary Mellon on October 2 that the *Wheat* crop this year, though grown on a 10 per cent. smaller acreage than last year, will return to the American growers about one billion dollars in cash. The remarkable buoyancy of this market is due to the serious shortage in practically all producing countries outside of North America. In Argentina, for instance, it is asserted, practically all the surplus has been exhausted, and complaints have been received from Buenos Aires of locust and drought in that country. World's shipments, we are warned, will be meagre, barring the quota from North America. (*New York Evening News*, Oct. 1 to 3.)

FOREIGN BANK RATES.

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

SPECIAL ARTICLES

ECONOMIC CONDITIONS IN THE UNITED STATES.

The following observations from a well-known American banker's letter to The Economic Review will be found of considerable interest at the present juncture.

"Just at present we are confronted with a very interesting situation in this country. We have gone through what might be termed a period of semi-depression, partly caused by the immense flow of gold into the United States. It has been difficult to loan money profitably, and there have been many industries whose production has been decidedly curtailed owing to the restricted purchasing power of a large portion of our people, particularly in the western States during the time when it was not known how the agricultural crops would succeed.

"As you doubtless know, the United States to-day is still half an agricultural country. About a quarter of it is mixed agricultural and manufacturing, and the remainder may be described as in a condition of intensified manufacture. A very important economic factor in this country is the action of the Interstate Commerce Commission in the regulation of rail rates. This makes it absolutely impossible for factories on the eastern seaboard, particularly those along the coast from Baltimore to Boston, to profitably ship their products by rail beyond a certain distance in the interior. This, in turn, has caused a great many factories to spring up in the western States, so that now the Mississippi Valley is becoming more and more an independent economic unit, and with the transfer of so many large cotton mills to the southern States, especially into North Carolina and Georgia, another centre of production is growing up.

"This action of the Interstate Commerce Commission is partly neutralised by the fact that we are developing a large shipping business from Boston, New York, Philadelphia, and Baltimore to the Pacific coast via the Panama Canal, and in some cases the merchandise is shipped to a considerable distance inland from the Pacific coast ports. All this is forcing the manufacturers along the eastern seaboard to pay greater attention to foreign markets, and also to improve their harbours. As you will see from the enclosed pamphlet, the Port of Philadelphia alone is spending the equivalent of over $5,000,000 on the improvement of its harbour. New York and Baltimore have also appropriated large sums, and the Port of Charleston has been particularly active in this direction among the southern ports.

"We thus see the United States to-day dividing itself into approximately four great economic units—the first being the country bounded on the west by the Appalachians and on the east by the Atlantic seaboard, the southern boundary being the Potomac River. The second economic unit is the southern States, that is to say, those east of the Alleghenies and south of the Potomac. The third is that part of our area bounded on the east by the Appalachians and on the west by the Rockies—in other words, the entire region drained by the basin of the Mississippi River and its tributaries. Twenty-five years ago Professor Hart, in one of the lectures he gave when I was a student at Harvard University, predicted that this would become the most important part of the United States within fifty years, but it seems to me as if in some respects the term of years set by his prophecy was a little too long. In this region great mineral wealth has been developed, such as the iron in Tennessee, the coal in Illinois, the iron ore in Minnesota, and the very varied mineral productions, such as sulphur, in Louisiana, which are to be found in the different States.

"The last group might possibly be divided into two, the Pacific coast states and the Rocky Mountain region. This part of the United States underwent a tremendous development in the war, especially in the development of the copper and other mineral industries, and the growing of wool. Curiously enough, they are more loudly crying for a Protective tariff at this time than appears to be the case in some other parts of the country, since their industries and development are in some ways like those of the eastern seaboard in the period immediately following our great Civil War.

"Of course, we have many other problems, but it is difficult for me to describe them in the course of a brief letter. Here in Pennsylvania one of our greatest is that of taxation. The State taxes are very heavy and come on top of the Federal taxes. In England you are spared this. You do not have to pay taxes to Kent or Warwickshire, as well as to Somerset House. Here the tendency, as was shown in Professor Lancaster's article in a recent issue of *The Corn Exchange*, is to multiply local taxation while Federal taxation is slightly diminishing. Just now there is considerable agitation here over the proposed State Income Tax. All this reacts in a very curious way. The States which impose the lowest taxes on manufacturers frequently secure factories that are driven from other States, and the almost total lack of any uniformity in State legislation on these and many other matters is, in the opinion of many, a very serious factor retarding our national development. Owing to the terms of our Constitution it is almost impossible to get Federal legislation that will prove any real remedy along these lines. The Inheritance Taxes are very bad, and I enclose herewith an article from the last issue of the *Saturday Evening Post* which may be suggestive to you in this connection."

The question of the Inheritance Taxes was recently dealt with at some length in these columns (see The Economic Review, July 4, 1924, p. 16), in connection with Mr. Albert W. Atwood's work on the subject.

THE ECONOMIC CONDITION OF JAPAN.

The Report on the economic condition of Japan and her Dependencies, by Mr. G. B. Sansom, the acting Commercial Counsellor to the British Embassy in Tokyo, assisted by Mr. W. J. Davies, the acting Commercial Secretary, which the Department of Overseas Trade has just published,* is an invaluable key to the Commercial, Industrial and Financial situation in the Far East. The Report covers a period which includes the whole of last year and the first six months of 1924; a very critical period so far as Japan herself is concerned. The authors in introducing their Report regret that it is imperfect in several respects owing to the loss by fire of the records of the Commercial Counsellor's Office; and that the statistical material is incomplete because of the destruction of the archives of the Ministries of Finance and Commerce. Some impression of the devastating earthquake of September 1, 1923, and the ensuing fires is adequately portrayed in the introduction, and a survey of the economic, financial and legislative measures resorted to by the Japanese Government in those emergencies is given.

In submitting their general account of the foreign trade of Japan for the period under review, the authors preface their remarks with a statement to the effect that no inferences as to Japan's economic position can safely be drawn from the features which it presents without making allowances for the abnormal conditions which have prevailed since the calamitous earthquake of 1923. A comparative table of the foreign trade of Japan for the last decade is as follows:—

Foreign Trade of Japan (in millions of Yen).

	Imports.	Exports.	Total.
Annual average of five pre-war years, 1909–1913	544	496	1,040
Annual average of war-period, 1914–1918	918	1,198	2,116
1919	2,173	2,099	4,272
1920	2,336	1,948	4,284
1921	1,614	1,253	2,867
1922	1,890	1,638	3,528
1923	1,987	1,448	3,435

* H.M. Stationery Office. Price, 2s. 6d. net.

The Report says: "In considering these figures, it must be borne in mind that during the period covered there have been considerable fluctuations in world prices and in the purchasing power of the Yen. Thus, though the total trade in 1920 appears to be much greater than that in 1922, 1920 was a boom year, when values were inflated, and in 1922 prices had fallen considerably. Taking quantities and not values into consideration, there has been a progressive increase in the total foreign trade up to the year 1922—a record year. But these totals are not so satisfactory as they at first appear. If we compare imports and exports we find that (but for the war period) there has been an excess of imports as follows:—

(Excess of Imports.)

Annual Average.	Million Yen.	Percentage of Imports in Foreign Trade.
1909–1913	48	52.0
1919	74	50.8
1920	388	54.5
1921	361	56.3
1922	252	53.5
1923	539	57.8

A slight adverse balance has been characteristic of Japan's trade for many years past, and prior to the war it did not cause any particular anxiety, since it was clear from the gradual improvement of her international credit that her invisible exports were sufficient. During the war her position was considerably strengthened by an increment of wealth derived from international transactions, estimated at nearly 3,000 million yen. From a debtor she became a creditor country. Since that time, as the above figures show, the balance of trade has been heavily against Japan, culminating in 1923 in an excess of imports amounting to 539 million yen; and the excess of imports for the first five months of 1924 was 631 million yen: even greater than that for the whole of 1923. So much alarm has been expressed in responsible quarters, such pessimistic forecasts of Japan's economic future have been based upon this persistent excess of imports over exports that it is worth while to examine more closely the trade returns, in the hope of finding some explanation of the tendency which they reveal. In the first place, it is obvious that the imports for the latter half of 1923 and in particular for the beginning of 1924 are abnormal, since they were in many cases due to an abnormal situation. Taking the year 1923 alone, we have an increase in imports over 1922 of 97 million yen, but in a classified list the only group of imports which shows a marked increase is that of raw materials, whereas there was a decrease in all other groups, including wholly manufactured articles. This seems to dispose of a statement, frequently made of late, that one principal cause of the excess of imports is the growing extravagance of the consuming public in insisting upon the purchase of foreign-made luxuries. Actually the proportions of raw materials, manufactured and partly-manufactured goods in 1923—and these do not differ substantially from the proportions in previous years—were as follows:

	Million Yen.
Food, drink and tobacco	251
Raw materials...	998
Partly-manufactured articles	359
Wholly-manufactured articles	363
Miscellaneous	16
	1,987

Of the raw materials more than half is accounted for by raw cotton, a fair proportion of which is re-exported in the form of textiles. Other large items in the import list are fertilisers, metals and machinery, all of which can be regarded as ultimately increasing the productive capacity of the importing country. It is obvious, for instance, that the import of spinning machinery to the value of 31 million yen in 1922, as against 2 million yen in 1912, is economically sound so long as the mills can use the machinery profitably. At the same time it is true that there has lately been a remarkable increase in the purchase from abroad of articles which ten years ago were imported only in small quantities. Chief among these are:—

	Million Yen. 1913.	1923.
Raw cotton	231	513
Wool	16	82
Woollen yarns	10	74
Woollen tissues	5	47
Wheat	12	47

A great proportion of this increased import certainly is accounted for by a change and a growth in the requirements of the consumer in Japan, but it consists of what must be regarded as necessities, and the public will not be persuaded to reduce its demands by a mere statistical demonstration of adverse trade balances. Occasional "economy campaigns" have been instituted; the authorities and leading publicists from time to time warn the people against extravagance and addiction to foreign luxuries; but so long as the general public have money they will not abandon the improved standards of living to which they have now grown accustomed. The question then arises as to the means by which Japan can pay for her imports, and it is pretty clear from a study of the trade returns that the weakness, if there is a fundamental weakness, of her position is to be found in the export trade."

We have quoted this passage at length because it touches the vital question with which not only Japan but the whole world is concerned. The question of discovering foreign markets for Japanese goods is rapidly becoming an international problem. It is of no assistance in solving the problem to be reminded of the considerable income to be derived by Japan from shipping, banking, and other services in the nature of invisible exports. Japan is rapidly becoming industrialised, as facts and figures in this Report will show, and she must of necessity find and exploit outlets for her manufactured surpluses. That, in the long run, is the only way in which she can reduce permanently the recurring adverse trade balances. H.J.H.

THE ECONOMIST'S BOOKSHELF.

ECONOMICS AS A PSYCHOLOGICAL STUDY.

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

The objects of scientific investigation being more or less arbitrarily selected from the larger totality of which they form part, it is but natural to expect that the border line between any science and its next-door neighbour should become lost in penumbral obscurity. There is, for instance, a perennial uncertainty as to where physiology ends and psychology begins, and each is apt to push its frontier far into the territory claimed by the other. While, however, the precise frontier must remain a matter for controversy, no student can proceed far without endeavouring to formulate, to his own satisfaction at least, the confines within which he can legitimately operate. There is, moreover, a growing reunion between science and philosophy, so long divorced; the scientist cannot ignore philosophic criticism of his concepts, nor can the philosopher maintain a lofty aloofness from the discoveries of science. The scientist, in particular, is conscious of the disadvantages of watertight compartments; unless he would turn his back upon reality, he must seek to view his particular branch of study in perspective. This is even more true of the "human" than of the "natural" sciences; abstractions where humanity is concerned are uncommonly barren. Mr. Dibblee justly deprecates the separation of economics from ethics: "if economic life be not a form of moral life the world is deeply and irremediably unfortunate." And again: "expenditure must not aim at reckless quantity, but at healthful and, if one may say so, spiritual enjoyment. We cannot live with so few goods as formerly on the shores of Galilee, but we can do with a great deal less than what is now considered necessary in the great cities of the world." Ethics, in short, must be the starting point of economics; it is no use, for instance, constructing an economic theory on a basis of slavery if slavery is immoral. It might indeed be of value to investigate the economic implications of slavery, but the result must not for a moment be permitted to invalidate the moral premises. It might be possible to prove economically that more wealth can be created by sweated labour than without it, but that would be no reason for concluding that sweated labour is desirable. The economist must adapt his means to the ends which the moralist dictates, and he must therefore be aware of those ends; if he is not aware of them he will arrive at conclusions which are unsound in theory and worthless in practice. Mr. Dibblee seeks to connect economics logically with ethics by a theory of value which includes the moral as well as the exchange element. "It is evident," he says, "that the classical economists and their followers could not arrive at any serious interpretation of value so long as they divorced Political Economy from Morals and the Imagination." "The reaction of the moral conception of value on economic theory is subversive in many respects. The chief logical consequence is that Values are seen not to be measurable, either absolutely or proportionately, to one another except in their concrete forms, as when they become Exchange Values."

Mr. Dibblee starts from the standpoint that value is not in any way a quality of commodities or services, but a purely psychological phenomenon. His theory is a variation and an extension of the demand theory of value, according to which the value of goods is determined by reference to their ability to satisfy the needs of men. In his view, however, the value does not belong to the goods, but is psychological and consists of the opinion which men have of the goods. Value is the desire and effort of an individual or individuals in the direction of objects which attract the desire and effort. His economic definition of value is as follows:—"Value is the double affirmation by the individual through desire and effort within a free and stable economic sphere of the identity of an object with his conception of a fuller and higher life, and of the necessity of his acquiring or controlling it." Price he defines as "the seller's estimate of the sum of the sacrifices undertaken in producing and marketing a material object to which Values may be attached." He goes on to add:—"It is interesting to note here that Price is wholly dependent on Value, and that Exchange-Price is determined by Exchange-Value. In other words, Demand, and not Cost of Production, governs the real level of Value-Prices. But . . . Cost of Production determines the lower limit of Price in all articles freely capable of production and reproduction."

In most economic treatises it has been customary to seek a kind of *ad hoc* conception of value especially applicable to economics and unrelated to any general scheme of values. Value is a philosophical conception of the first importance, of which economic value should be regarded as a particular aspect; and Mr. Dibblee has performed a signal service in indicating the lines of approach towards such a broader orientation of economic value. It is, however, unfortunate that he only refers in parenthesis to the philosophical significance of value, and does not attempt to relate his own theory thereto. He merely states (rather succinctly) that "Value in the philosophic sense resides in definite transcendental realities," quotes Professor Alexander as saying that "'Amalgamation of the object with the human appreciation of it' is implied in values," and adds that "There is nothing in such a conception of Value which differentiates it, in essence, from the psychological idea of Economic Value." We are inclined to believe that if Mr. Dibblee had considered more carefully the relation of his theory to a general philosophy of value he would not have named his theory the "psychological" theory at all. His failure to do this has led to some confusion. "The difference between Philosophic Value and Economic Value is not a matter of essence but of measurement. Philosophic Value is beyond reach and beyond measurement. Economic Value is measured Value. The measure . . . is indicated by the amount of our effort or striving." The difference *is*, surely, a matter of essence. Psychology as such knows nothing of values as qualities, but only as quantities. A *psychological* theory of value is precisely concerned with the *amount* of our effort or striving, and not with its *quality*. The introduction of the moral, i.e. qualitative, element is adventitious and logically unsound. Would it not have been clearer to have called the theory "The Ethical Theory of Economic Value," to have explained that the value is expressed psychologically as Demand, and then to have discussed the Psychology of Demand? However that may be, the theory as it stands affords food for much reflection, and the analysis of value, enlivened by the author's own practical experience, is shrewd and penetrating.

J.C.J.

INDUSTRIAL FATIGUE AND UNREST.

Economics of Fatigue and Unrest. By P. Sargant Florence, Ph.D. (London: G. Allen & Unwin, Ltd. Price, 16s. net.)

The serious study of the human factor in Industry is no longer considered one of the diversions of people blessed with an inordinate share of good intentions, a humanitarianism usually interpreted as industrial meddlesomeness. It is a study which has passed for ever out of such hands into those which are responsible for maintaining actually the conditions of industrial efficiency. The economics of fatigue and unrest are as formidable to the practical business man's calculations as are the "wear and tear" of mechanical appliances or the depreciations in the value of his furniture. The reason for this is not merely discoverable in the fact that the human element in Industry is no longer easily and cheaply replaced on a glutted labour market. It is due, in no small measure, to the recognition of the fact that the human factor accumulates its productiveness, like most other industrial agents, in an environment which is designed specifically to eliminate cramped and wasted energies. Nobody at the present moment believes that it is sound economy to work anything to death. The modern tendency is rather to preserve a tool and acts upon the belief that it improves wonderfully with use; a view which should repel those who would attack it as wishing to nurse the human factor in production to impotency. At any rate, the industrial efficiency of labour will, in the future, be estimated by tests which require as much ingenuity as that displayed in improving mechanical efficiency during years that are past. Upon the subject we are discussing there has grown a considerable quantity of literature. Much of it is, of course, the fruit of both well-intentioned humanitarianism and impracticable idealism. The International Labour Office and the Industrial Fatigue Research Board have, both of them, published invaluable material for serious study, but we know of nothing to equal Dr. P. Sargant Florence's work entitled the "Economics of Fatigue and Unrest." It is concerned with the problems of industrial fatigue and unrest in this country and in America, and it presents those problems with a lucidity which should prevent a reader misunderstanding them. Of the industrial significance of fatigue and unrest Dr. Florence is qualified to write; his book is full of evidence of a class only to be acquired by an expert in an essentially complicated field of research. "Economics of Fatigue and Unrest" is a work intended not merely for the edification of the popularly termed student of Labour problems; in design it is very much more than that, it is statement of the conditions of industrial efficiency, so far as the worker is involved, and is of indisputable value to employers and others responsible for the actual management of Industry. In it they are supplied with a series of tests whereby they may measure, ascertain and verify their own portion of a universal industrial legacy. Principles are given upon which it is possible to determine whether the human element in a particular set of industrial circumstances is ailing, effective, or incorrigible. Dr.

Florence's work is an attempt to prevent the blind growth and nurture of such defects together.

The range of the volume before us is most comprehensive and it is difficult to detach a particular chapter for comment from those that would remain. It commences with several chapters devoted to an excellent historical outline of the development of our modern industrial organisation and then proceeds to traverse the whole field explored by recent research into the various causes of Labour inefficiencies. Chapters are devoted to the discussion of such questions as the Business costs of industrial inefficiency; the losses caused by labour turn-over; by absence; by deficiency of output; and by defective output; by industrial accidents and by industrial ill-health. Upon a multitude of problems, great and small, Dr. Florence throws as much light as experiment will generate. He is careful to state the significance he attaches to the phrase "industrial fatigue and unrest." In regard to the worker, he writes, "a state of *absolute* incapacity that cannot be varied by the act or conditions of production itself is not an *industrial* problem, while a state of incapacity due merely to insufficient previous activity tends to right itself. Hence it is chiefly in the case of fatigue that there is an obvious need for industry to adopt corrective measures. The phrase 'industrial fatigue and unrest,' therefore, may be adopted *provisionally* to cover all the more pressing problems of the human factor that arise in industry and that may largely be solved by industry." Dr. Florence discloses a tremendous scope for co-operation among the various factors engaged in Industry and one which, if exploited properly, can only result in mutual improvements.

Much appalling statistical information is in existence and is of so depressing a nature that it should compel us to spurn no serious or honest attempt to penetrate into the underlying causes of industrial inefficiency. Not long since the Parliamentary Secretary of the Ministry of Health pointed out that during last year the amount of sickness and disablement, amongst insured persons, for which benefit was paid totalled 20½ million weeks, or 394,000 years. The time so lost was the equivalent of the time of 394,000 fully employed workers. In America the table of economic casualties is less definite than in England, but we are assured that it is much greater. It has been computed that every year the United States loses in working time no less than 3,000,000,000 dollars through sickness and disability. That other countries experience similar losses is beyond the shadow of doubt. We are disposed to affirm heartily the sentiments of another American writer and agree with him that the man who can put industrial health on a twenty-four hour a day basis seven days a week will contribute more to industry than industrial barons, labour leaders, and legislators put together. If such a task is capable of reaching completion the labours of Dr. Florence will not have been in vain.

H.J.H.

PUBLICATIONS RECEIVED.

Bulletin of the Pan American Union. October 1924. (Washington, U.S.A. Price, $2.50 per annum, plus 75 cents per annum for countries outside the Pan American Union.)

Cambiale e Titoli Affini: Ordine in Derrate e Assegno Bancario. By Guglielmo Castagna-Cuppari. (Milan: Ulrico Hoepli. Price, L.6.50.)

Commercial Relations between India and England (1601 to 1757). By Bal Krishna, M.A., Ph.D., Professor of Economics and Principal, Rajaram College, Kolhapur. With a map. (London: George Routledge and Sons, Ltd. Price, 14s. net.)

Der Wirtschaftende Mensch in der Geschichte: Gesammelte Reden und Aufsätze von Lujo Brentano. (Leipzig: Felix Meiner. Price, bound, 9s. 9d.)

Die Volkswirtschaftslehre der Gegenwart in Selbstdarstellungen. Band I. Eduard Bernstein, Karl Diehl, Heinrich Herkner, Karl Kautsky, Rob. Liefmann, Heinrich Pesch, S.J., Julius Wolf, Dr. Felix Meiner, ed (Leipzig: Felix Meiner. Price, 10s. 10d.)

Industrial Conflict—the Way Out: a Study of the Industrial Problem in its Practical Aspects. By the Rt. Hon. George N. Barnes. With a Foreword by Lord Cecil of Chelwood. (London: Sir Isaac Pitman & Sons, Ltd. Price, 3s. 6d. net.)

Money in Fetters: Its History and Mystery candidly related. By Henry Lowenfeld. (London: John Murray. Price, 3s. 6d. net.)

Primi Elementi di Economia Sociale di Luigi Cossa. Fifteenth edition, edited by Augusto Graziani, Professor of the Royal University of Naples. (Milan: Ulrico Hoepli. Price, L.6.50.)

Primi Elementi di Scienza delle Finanze del Prof. Luigi Cossa. Twelfth edition, edited by Augusto Graziani, Professor of the Royal University of Naples. (Milan: Ulrico Hoepli. Price, L.6.50.)

Probleme des Geld- und Finanzwesens. Herausgegeben von Dr. phil. Bruno Moll, ord. Professor der Nationalökonomie an der Universität Leipzig.—Band II. *Sind internationale Vergleiche stenerlicher Belastungen möglich?* Von Dr. rer. pol. Waldemar Holz. (Leipzig: Akademische Verlagsgesellschaft M. B. H. Price, Mk.3.)

Report on the Commercial, Industrial and Financial Situation in Japan and her Dependencies in 1923 *and up to June* 30, 1924. By G. B. Sansom, Acting Commercial Counsellor, with the assistance of W. J. Davies, Acting Commercial Secretary, His Majesty's Embassy, Tokyo.—Department of Overseas Trade. (London: H. M. Stationery Office. Price, 2s. 6d. net.)

The Calcutta Review. September 1924. (Calcutta: University Press.—London agents: Kegan Paul, Trench, Trubner & Co., Ltd. Price, 16s. per annum, post free.)

The Economic Development of the British Overseas Empire. By L. C. A. Knowles, LL.M. (Cantab.), Lecturer at the London School of Economics, Professor of Economic History in the University of London. (London: George Routledge & Sons, Ltd. Price, 10s. 6d. net.)

The Sixth Sense. By Albert N. Hogg, Credit Manager of the Corn Exchange National Bank. (Philadelphia, Pa.: Corn Exchange National Bank.)

The System of National Finance. By E. Hilton Young, P.C. Second Edition by E. Hilton Young and N. E. Young. (London: John Murray. Price, 10s. 6d. net.)

The Unclaimed Wealth: How Money Stops Production. By H. Abbati. With an Introduction by J. A. Hobson. (London: George Allen & Unwin Ltd. Price, 6s. net.)

The Waste of Capitalism. Foreword by A. A. Purcell, M.P. (London: Labour Joint Publications Dept. Price, 1s. 6d.)

Unity in Industry. By James Kidd. (London: John Murray. Price, 3s. 6d. net.)

Vom Staatsbankrott. By Dr. Carl August Fischer. Second edition. (Karlsruhe: G. Braun. Price, 4s.)

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

STATISTICAL SECTION

THE TRADE BAROMETER

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

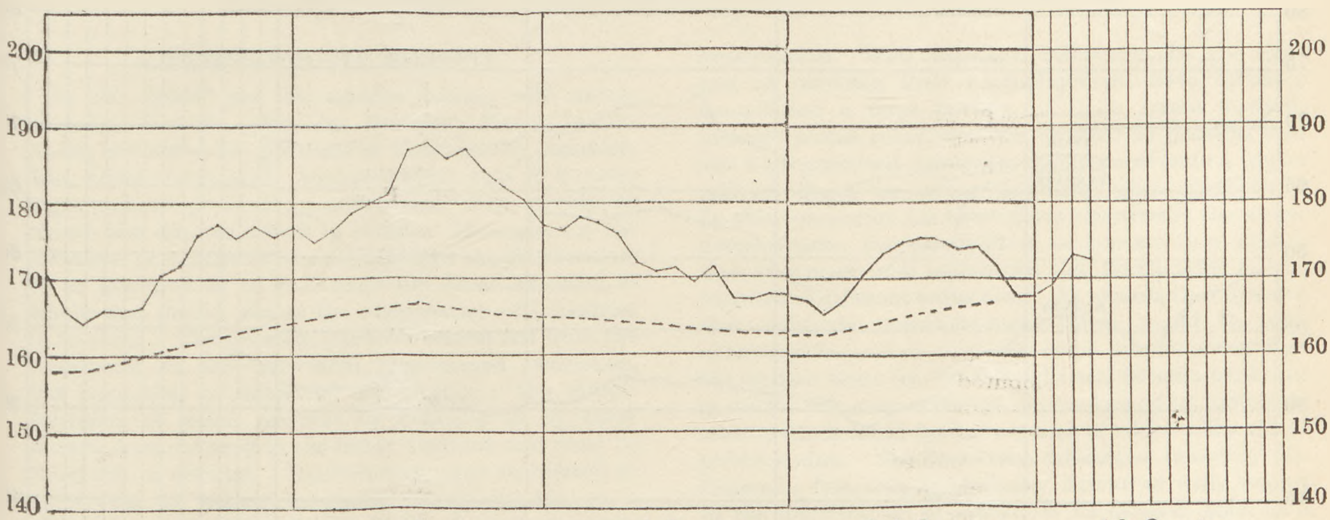
1. Pig iron.
2. Tin.
3. Coal.
4. Linseed Oil.
5. Cotton.
6. Wool.
7. Hides.
8. Wheat.
9. Bacon.
10. Sugar.

Table I. shows the movements of our ten commodities in the aggregate, and Table II. the movements of each of them in relation to the others. We have chosen December 30, 1921, as our base, the price of each commodity on that day being represented by 100 (at a time when the index in Table I. stood at 150). For a full explanation of our index number see The Economic Review, Aug. 29, 1924, page 194.

TABLE I.

Date	10 Commodities	Bdeof Tde Monthly Average	Date	10 Commodities	Bde.ofTde Monthly Average	Date	10 Commodities	Bde.ofTde Monthly Average	Date	10 Commodities	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	„ 17	172.5	
Apr. 15	202.8	204.8	July 14	165.1	160.3	Nov. 16	171.7	160.8			

CHART ILLUSTRATING TABLE I.



4th Quarter. 1923. | 1st Quarter. 2nd Quarter. 3rd Quarter. 4th Quarter 1924.

Reference : Economic Review Index Number——— Board of Trade Monthly Index Number - - - - -

TABLE II.

Date	Pig iron.	Tin.	Coal.	Linseed Oil.	Cotton.	Wool.	Hides.	Wheat.	Bacon.	Sugar.	Mean.	Date.
Dec. 30, 1921	100	100	100	100	100	100	100	100	100	100	100	Dec. 30, 1921
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
„ 17 ...	84.9	141.7	67.9	161.4	113.3	175.6	97.1	116.2	87.5	104.1	114.97	... „ 17

*Revised Quotation

Statistical Section

THE EUROPEAN EXCHANGES

WEEKLY PERCENTAGE OF DOLLAR PARITY

(To Week ending October 18th.)

	Week ending Oct. 18.	Week ending Oct. 10.
Switzerland ...	99.54	99.31
Sweden	99.31	99.31
Holland	97.50	96.83
Sterling	92.26	91.83
Spain	69.66	69.34
Denmark ...	64.71	65.46
Norway	52.97	53.46
France	27.16	26.98
Italy	22.65	22.54

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.