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ECONOMIC REVIEW OF REVIEWS.

UNEMPLOYMENT BENEFIT.

In *Die Arbeit** are two articles dealing with unemployment benefit. One, by Professor HUGO LINDEMANN, advocates the principle of insurance by industry. The writer starts with the assumption that it is more important to prevent unemployment than merely to relieve the distress which it entails. Measures for the provision of benefit for the unemployed should therefore be so designed as to encourage the decasualisation of labour and should aim at the organisation of industries to this end. The problem must be viewed not from the standpoint of the individual unemployed workman, but from that of industrial organisation; the simple provision of relief, whether by taxation or by other means, does not tend in the latter direction and must be ruled out of account. Inducements must be offered to employers to reduce avoidable unemployment to a minimum, and some forms even of unemployment insurance fail to fulfil this condition. The present system of benefit in Germany, as determined by the Order of Feb. 13, 1924, partakes of the character of relief only, inasmuch as it takes no account of the causes of unemployment or of its varying intensity in different industries whilst the unemployed workman has to prove need before he can receive benefit. The writer disagrees with the view ascribed to Sir William Beveridge that unemployment insurance as such implies industrial organisation against unemployment because it regularises working class consumption. Charity, he points out, has the same effect. Insurance by Trade Unions connects benefit with the causes of unemployment and its variations in different industries; not so a State system based on the same conditions for all industries. The writer then deals with objections preferred against insurance by industry. To the objection that some industries have less capacity than others to bear the burden he replies by enquiring by what standard we are to measure capacity. It must be measured, in his view, not by the wages which an industry pays or the profits which it receives, but by the degree of success in eliminating low wages and unemployment through

organisation. Well organised industries, by the mere fact of reducing their unemployment, have virtually contributed a large portion of their quota towards unemployment relief, and are entitled to demand that less well organised industries should contribute a higher relative quota in money payments than themselves. In this connection (as throughout the article) the writer overestimates the possibilities or organisation against unemployment, and underrates the fluctuations in the markets of different industries. As regards the objection that industrial unemployment funds would be soon exhausted in periods of severe crisis he points out that the British State insurance fund itself became bankrupt in 1920. To meet ordinary depressions joint industrial reserve funds could be formed with or without the aid of public bodies. The important difficulties raised by Mr. Cohen in *Insurance by Industry Examined* with regard to the delimitation of industries he brushes aside in a few lines and with scant justice. Proceeding to the advantages of insurance by industry he claims that it would stimulate administrative and technical efficiency and would direct greater attention to such matters as the regulation of apprenticeship and the technical education of workers. The more efficient firms would bring pressure to bear on the less efficient, and contracting out would be permitted as a reward for a low unemployment average. The British and Italian State insurance schemes are surveyed, and the article concludes with a defence of the Ghent system.

The other article, by A. LUTTICH, examines the effects of the exemption from contribution to unemployment relief permitted in certain cases in Germany. The Minister of Labour may, with the consent of the Minister of Finance, and after consultation with the Directorate of the Labour Exchanges, exempt definite occupations or groups of persons from contributing. This power has been used in the case of persons employed in agriculture or forestry who, in addition, own or rent sufficient land to support themselves and their dependents; fishermen are also exempt on similar conditions. It has further been used to permit exemption to employers as well as employed where labour contracts are entered into for a duration of not less than a year. Advantage is being taken of the latter right particularly by the agricultural

* I. Year, No. 4. Berlin : Verlagsgesellschaft des Allgemeinen Gewerkschaftsbundes. Monthly, M.I.

industry, and the Farmers' Unions have expressly advised their members to avail themselves of it. The grounds on which the Ministry of Labour justified the measure were that such contracts temporarily protected the worker from unemployment, and that the occupations to which it would apply would be those which in any case are least subject to unemployment. To these the writer replies that, in the first place, contributions would reach a meagre total if drawn only from those faced with the certainty of unemployment, and secondly the agricultural industry is by no means free from unemployment. Thus, whilst in July 1923 there were 104 men and 45 women applicants per 100 vacancies in that industry, in December the number had risen to 632 and 293 respectively, falling again to 124 and 47 in June 1924. In view of the fact that farmers found it worth while to dismiss so many of their employees in the winter months, the writer holds that it is unlikely that they have all of a sudden thought it really advantageous to enter into year-contracts for the sake of the exemption, and he suspects that many of the latter are bogus, remarking that "it is by no means a matter of indifference whether such a long-term contract is the cause or the effect of the provision for exemption from contribution." Another reason given by the Finance Ministry for granting this right of exemption is that contributions have been considerably increased by the raising of the percentage on basic wages, which determines their amount, to a maximum of 3 per cent., and that persons little subject to unemployment should not be compelled to pay this high rate. It is, however, pointed out that the actual rate is generally 1, or at most 2 per cent., and could be still less if agriculture were not freed from the obligation to contribute. While in the agricultural districts of some provinces no contributions are raised at all, in other districts of the same province even a 3 per cent. contribution has to be supplemented by State and local grants. Certain technical difficulties have arisen with regard to the working of the exemption, particularly in respect to the question as to whether an exempted worker is entitled to receive benefit in the event of his becoming unemployed at the expiry of his contract. Finally, this right of exemption is held to be an obstacle to the introduction of a scheme of universal State insurance.

We should like to see this matter argued from the agriculturalists' point of view, but, having regard to the present state of agriculture in Germany, we should imagine that it ought to be relieved of all unnecessary burdens, and that it ought not to be asked to contribute towards the relief of industrial unemployment.

GERMAN COMMERCIAL POLICY.

An article by Herr H. SIEVEKING in *Wirtschaftsdienst** briefly surveys the principles followed by Germany in her commercial policy, and adumbrates the line which she ought to follow at the present juncture. "The lamentable isolation," he begins, "which has befallen Germany is due in a considerable measure to the methods of her commercial policy." After noting (and regretting) the reversal of the Free Trade policy in 1878, and sketching the development of Protectionist policy culminating in the tariff of 1902 and the trade agreement with Russia (disadvantages to the latter and contributory to her hostility), he proceeds:—

"The German Reich finances before the war were mainly based on the corn tariff. . . . Only the growing prosperity of Germany enabled her to support the corn tariffs. Comparative enquiries into standards of living show that the German worker required higher wages than the British in order to attain the same level. Industry was compelled, after severe conflicts, to grant the increases in wages. Whilst the period of prosperity enjoyed by England under Free Trade after the forties brought about an alleviation of social conflicts, in Germany, under the influence of the corn tariffs, they became more acute precisely in the period of prosperity which accompanied the beginning of

the new century. These remarks were only meant to indicate that German commercial policy before the war was by no means free from criticism. It was associated with the defective management of the Reich finances. Instead of a fairly distributed tax, which could not indeed be imposed without giving the taxpayers some control over expenditure, it was sought to obtain the necessary revenues by specially favouring particular interests. . . . (The tariff of 1902) played an appreciable part in aggravating the international situation."

When, in 1925, Germany regains her commercial freedom she must not commit the folly of beginning again where she left off in 1914, but must meet an entirely changed situation on a fundamentally new basis; for, in contrast with her former position, she is now dependent upon the import of foodstuffs and raw materials. Under these conditions the consumer's interest must take preference over the producer's. Tariffs in any case cannot help agriculture, as prices of home produce are already below world market prices. "German industry, which can only be enabled to compete by comparatively low wages, must ask itself whether it can continue to tolerate corn tariffs which keep its costs of production high. Here, too, the situation has completely changed." Owing to the loss of Lorraine and Silesia the centre of gravity has shifted from the heavy industries to the manufacturing industries, which fact should be reflected in Germany's commercial policy. She must keep down her tariffs so as not to raise excessive foreign customs walls against herself. "The freedom which Germany gains in 1925 is only conditional. She has continually to reckon with French mercantilism as the dominating factor for the time being." France, in short, wants a free German market without reciprocity, and is seeking to achieve that by political means. Against France Germany is impotent, but misused power brings its own nemesis, and England and America are already resisting a one-sided exploitation of Germany by France. "Before the war we probably underrated the importance of international solidarity, and we need not be surprised if we find it absent after the war. To-day, however, we have more occasion than others to urge this line of thought, and must follow it up particularly in our commercial policy." Germany, in fine, must banish nationalistic feeling where trade is concerned, and realise that her economic future lies along the path of Free Trade. That does not, however, necessarily imply that she abandons the means of exercising commercial pressure; did not Switzerland in the nineties, though fundamentally a Free Trade country, carry on a successful tariff war against France?

THE FEDERAL RESERVE BANKS AND THE FARMERS.

In the *Chase Economic Bulletin** Mr. BENJAMIN M. ANDERSON rebuts the charges which the Democratic and Republican Parties are hurling at one another with respect to the responsibility of the Federal Reserve Banks for the agricultural distress following the boom in 1919 and 1920. The charge that the Federal Reserve Banks deliberately brought about the break in agricultural prices in 1920-1921 he contends is false. At the conclusion of the war the world was compelled to live on credit, and, particularly in the United States, piled up an immense volume of debt, largely short-time debt, which could not be liquidated at maturity. Prices, aided by speculation, soared, and exporters and others, having tied up their working capital in extensions of credit to Europe, had to replenish it through loans, so that between May 1919 and May 1920 the total of bank loans in the United States rose by about 25 per cent. Meanwhile gold reserves diminished drastically, and the banks, though in deference to the Treasury, which required easy money to adjust its floating debt, they had refrained from raising their discount rates as prudence would have dictated, were compelled to do so

late in 1919 and early in 1920. But it was not the Federal Reserve Banks which pulled down prices. Prices fell, owing to the incapacity of the world manufacturing industries to absorb the immense amount of available raw material, and because sellers found it more and more difficult to extend credits to Europe. Europe, moreover, was able to supply an increasing proportion of her necessary goods from her own harvests, and American agricultural prices fell also.

"Prices began to fall before there was any contraction in the volume of credit. According to Bradstreet's index number of commodity prices, prices began to drop after February, 1920. According to Dun's and the Bureau of Labor Statistics, the peak was reached in May 1920. The peak of the Federal Reserve

Bank discounts was not reached until November of 1920. By that time prices had already fallen 25 per cent. It was not the contraction of credit that pulled down prices; prices fell because of the collapse of the abnormal and unsound sources of demand."

Mr. Anderson quotes extensively from the Report of the Joint Commission of Agricultural Enquiry which was appointed to investigate the charges. The report in effect deprecates the action of the Federal Reserve Banks in not restricting loans and discounts in early part of 1919 so as to stem the unhealthy expansion which was then beginning, but exonerates the Banks from discriminating against agriculture in any way at the time of the break in prices.

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.

CZECHOSLOVAKIA

POLITICAL AND GENERAL

Work of the Svehla Government.—The Coalition Government, under the premiership of M. Svehla, has this month completed its second year of existence. The comments of the Czechoslovak Press on its achievements are, on the whole, favourable. The republican *Benkov* points out that the parties forming the Government have learnt to regard political events from the standpoint of the consolidation of Czechoslovak independence. The secret of the success is largely due to the personality of the Premier. The socialist *Ceské Slovo* maintains that the Government has in every direction grasped the initiative in carrying out their programme. The Cabinet has translated words into deeds and the programme into reality. The social-democratic *Pravolidsn* comments in a vein similar to the *Benkov*, whereas the organ of the national democrats, *Narodni-Listy*, speaks highly of the work of the Ministry of Finance to which the maintaining of the stabilised Czechoslovak currency is largely attributed. *Lid. Listy*, the chief journal of the People's Party, finds the present Coalition a national necessity, and *Nar. Osvob* shows that the Svehla Cabinet has overcome difficulties which have overthrown previous Governments. In the opinion of the *Ceskoslovo Rep.* the work of the Government has been a process of regeneration and organisation, all efforts being made to liquidate the latter consequence of the post-war period. The *Prager Presse* thinks the Coalition is not an ideal combination, but agrees that there is just occasion to celebrate the anniversary as "Svehla's day"; for M. Svehla is a "political phenomenon," and views everything solely from the point of view of its benefit to the State.

The *Central European Observer* writes:—"Czechoslovakia has enjoyed a period of quiet, both external and internal, and this fact alone has enabled very considerable progress to be made in consolidation, political, economic and financial. The two years have seen a further growth in the favourable opinion held abroad as to the solid basis on which the Czechoslovak Republic rests and the ability of its leaders and its people to "make good." They have seen a stabilisation of the currency without outside aid, a gradual reduction of Budget expenditure, a growth in trade, the conclusion of commercial treaties with nearly every country of moment, the passing of important measures of social reform culminating in the comprehensive and up-to-date Social Insurance Act which has just gone through the two chambers of Parliament."

Legislative Proposals.—Politicians are now engaged on questions respecting the budget and efforts are being made to reduce the budget still more than last year, when it was reduced to C.Kr.17 milliard. There is talk of a reduction by a further two milliards, but the question of figures has not yet reached the stage of ne-

gotiations between the various ministries. The reduction has to effect particularly the Ministry of National Defence. Since the year before last when the budget exceeded C.Kr.20 milliard there has been a gratifying change in the State finances in the shape of reduced expenditure and a firm tendency towards economy.

It has been resolved that every future budget must be smaller than the preceding one until the expenditure drops to a level corresponding to the economic condition of the State. That the past budgets, although high, were nevertheless balanced with the receipts is proved by the just published accounts for the first three years of the existence of the Republic, showing a total balance over expectations of nine milliard of Czechoslovak crowns.

In the realm of foreign politics attention is concentrated on the commercial treaties with the neighbouring States, these treaties being partly negotiated and partly in preparation. At the present moment attention is turned to the negotiations of M. Dvoráček for the commercial treaty with Austria. These negotiations are being carried on with a certain slowness in view of the immense extent of the treaty between Czechoslovakia and Austria, but progress is nevertheless being made towards a definitive conclusion.

At Geneva the Polish and Czechoslovak Foreign Ministers came to an agreement to accelerate the negotiations relating to a Polish-Czechoslovak commercial treaty which will finally liquidate the few important disputed points which were obstacles to closer relations. Further, the negotiations will deal with Hungary and Yugo-Slavia. (*Central European Observer*.)

In addition to the voting of supplies for 1925 and the ratification of commercial treaties, writes the *Prager Presse*, the National Assembly will be occupied with a number of proposals for dealing with economic matters not yet definitely stabilised by the post-war conditions. Among these will be a Housing Bill, a Tenants' Protection Bill and plans for war increases to direct taxation. The latter will not be submitted should the Tax Reform be settled before the close of the year. The Insurance Bill has now passed the second reading in the Senate without any alterations. This measure provides for the compulsory insurance of working people against sickness, disablement and old age. In reply to a deputation of metal workers who submitted a petition for a reduction in the customs duties on certain imported articles necessary for industry and for the abolition of certain dues and taxes considered detrimental to the working class and for many other alterations in the existing laws, M. Svehla stated that the Government intended to maintain and if possible to improve the standard of living of the working classes; that the question of the reduction of taxes, etc., would be considered by the Ministry of Finance; and that there was reason for believing that a reduction in the bank rate would soon be effected.

Disarmament and Army Reform.—The Czechoslovak Socialist parties announce in their press that they are endeavouring to have the question of army reform made a subject of discussion in the coming parliamentary session. The Czechoslovak Social Democrats demand, in particular, a shortening of the period of military service, a reduction of the number of recruits, and economy in the array. A similar manifesto is being prepared by the National Socialist party. These efforts to reform the present system of national defence are being supplemented by further proposals from the official central organ of the Czechoslovak People's party which demands among other things the reduction of the existing peace strength of the army from 120,000 to 60,000. (*Central European Observer.*)

Results of the Land Reform.—The results of five years' activity of the State Land Office were recently published in a report by the president of this Department, Dr. K. Viskovsky. The object of the Land Reform is to free the land and thus ensure the results of political emancipation. The measure is working smoothly and is free from class prejudice. By the end of this year 400,000 families will have received allotments of agricultural and building land, this number representing about 16 per cent. of all persons actively engaged in agriculture in Czechoslovakia. Two-thirds of the land allotments have been secured to former non-possessors of land and to small farmers who hitherto have owned no more than 5 hectares. Of the land remaining after the distribution 820 estates were formed for exploitation in the interests of agriculture or agricultural industries. Sixty-seven co-operative societies were formed, 32 of which were established exclusively by the employees of the expropriated property. These co-operative farmers exploit nearly 5,000 hectares of land and their efforts will be instructive in estimating the value of the co-operative agricultural system. At the end of this year 31,839 ex-employees of the expropriated property will have their existence assured. In addition 2,076 hectares have been granted to the communities created by the settlers. The chief obstacle to the colonisation is the building crisis. (*Gazette de Prague.*)

FINANCE

Bank Amalgamation.—The *Agence Economique et Financière* announces that the Discount Bank of Bohemia is about to absorb the Discount Bank of Moravia, which was founded in 1862.

Decrease in Deposits in Commercial Banks.—The stringency on the money market is reflected in the statistics of the deposits in the commercial banks for the first half of the current year, which show a decline, compared with the second half of 1923 of some C.Kr.770 mill. At the end of 1923 the total amount on current and deposit account was C.Kr.16,178,789,000. Up to the end of June last this figure had declined to C.Kr.15,408,227,000. On the other hand the deposits in savings banks, as compared with the commercial banks, show an increase.

Prague Clearing House.—Bills, cheques, etc., to the value of C.Kr.1,928,515,553 passed through the Prague Clearing House in the week ending Sept. 30 last, compared with C.Kr.1,207,978,231 for the same week in 1923. For the week ending Oct. 7 last the amount was C.Kr.1,703,613,979. The business of the Clearing House to date shows an increase of over C.Kr.12,592 mill., compared with the same period last year. (*Central European Observer.*)

Insurance in 1923.—Official returns recently published show that insurance companies had issued 141,151 policies representing a capital of C.Kr.834,326,840, and mutual insurance societies 303,268 policies representing a capital of C.Kr.1,913,396,015; that is a total of assured capital amounting to 2,747,722,055, and of policies to the number of 444,419. In comparison with the preceding

year the capital was augmented by C.Kr.146,198,774 (i.e. 21.2 per cent.) and policies by 35,384 (33.4 per cent.) for the companies and the capital of the societies increased by C.Kr.34,509,916 (i.e. 1.8 per cent.), but the number of policies decreased by 22,192 (i.e. 6.8 per cent.). On Dec. 31, 1923, the insurance houses deposited their capital and reserves as follows:—In State funds C.Kr.386,369,100; in provincial, municipal and hypothecary securities, C.Kr.215,007,500; in financial establishments, C.Kr.199,761,200. (*Gazette de Prague.*)

TRADE

Foreign Trade Returns for August.—The Department of Overseas Trade has published the following resumé of exports and imports during the month of August:—Total exports in August 1924 amounted to 925,351 metric tons with a total value of C.Kr.1,111,000,000, of which amount 913,255 metric tons valued at C.Kr.988,000,000 were exported for free circulation, and 12,096 metric tons to a value of C.Kr.122,000,000 were exported in transit for the purpose of repairing and working up.

Total Czechoslovak exports for the first eight months, January to August 1924, amounted to 8,186,239 metric tons and are valued at C.Kr.10,254,000,000, of which amount 8,119,013 metric tons, valued at C.Kr.9,488,000,000 were exported for free circulation and 67,225 m. tons to a value of C.Kr.766,000,000 were exported in transit for the purpose of working up, etc.

The following tables show Czechoslovak exports for August according to countries of destination and the chief kinds of goods exported:—

	Mill. C.Kr.	Per cent.		Mill. C.Kr.	Per cent.
Austria ...	260	23.40	Poland ...	37	3.35
Germany ...	204	18.35	Italy ...	34	3.10
Hungary ...	87	7.80	Switzerland ...	23	2.10
Great Britain ...	85	7.65	France ...	21	1.90
Roumania ...	68	6.10	Holland ...	17	1.60
Jugoslavia ...	63	5.65	Belgium ...	6	0.60
United States ...	53	4.80	Other States ...	152	13.60

	August 1924. Mill.	August 1923. C.Kr.
Cotton, yarn and goods ...	176	1,590
Timber, coal ...	168	1,548
Wool, yarn and goods ...	138	1,074
Glass and glassware ...	89	794
Iron and ironware ...	85	736
Sugar ...	41	1,326
Machinery, instruments ...	40	270
Flax, hemp, jute ...	34	357
Silk and silk goods ...	33	235

Czechoslovak imports during August 1924, amounted to 552,026 m. t., with a value of C.Kr.1,221,000,000, of which amount 545,859 m. t. to the value of C.Kr.1,170,000,000 were imported for free circulation, and 6,167 m. t. valued at C.Kr.51,000,000 were imported in transit.

Total Czechoslovak imports for the first eight months, January to August 1924, amounted to 3,285,440 m. t., valued at C.Kr.9,714,000,000, of which amount 3,250,997 m. t. to the value of C.Kr.9,376,000,000 were imported for free circulation, and 34,443 m. t., valued at C.Kr.337,000,000 were imported in transit.

The Czechoslovak trade balance for the month of August 1924 is a passive one by C.Kr.110,000,000, and for the period January till August an active one by C.Kr.541,000,000.

The following tables show Czechoslovak imports for August 1924, according to countries of origin and the chief kinds of goods imported:—

	Mill. C.Kr.	Per cent.		Mill. C.Kr.	Per cent.
Germany ...	419	34.35	France ...	41	3.35
Austria ...	111	9.10	Gt. Britain, Ireland	39	3.20
Hungary ...	79	6.50	Holland ...	38	3.20
Poland ...	64	5.20	Switzerland ...	28	2.30
United States ...	60	4.90	Jugoslavia ...	28	2.30
Roumania ...	57	4.65	Belgium ...	7	0.60
Italy ...	57	4.65	Other countries ...	193	15.80

January to August 1924 August 1924.
Mill. C.Kr.

Grain, malt, flour, etc. ...	179	1,281
Cotton yarn and goods ...	168	1,918
Wool, yarn and goods ...	127	1,198
Cattle ...	93	491
Fats ...	71	529
Minerals ...	55	225
Silk and silk goods ...	46	333
Iron and iron goods ...	37	246
	M. tons.	M. tons.
Minerals ...	230,636	194,602
Grain, malt, flour, etc. ...	101,464	37,157
Timber, coal, etc. ...	71,252	71,566
Iron and iron goods ...	19,562	28,159
Refuse ...	23,887	9,707
Mineral oils ...	16,318	10,001
Chemicals ...	15,637	11,836
Fruit, etc. ...	8,914	5,267

Imports of Grain and Flour.—The imports of grain in August show again a large increase on the figures for the same month of 1923:—

	1924.	1923.
	Tons.	Tons.
Wheat ...	25,450	63
Rye ...	19,072	—
Total ...	44,522	63

Flour and other milled products were imported as follows:—

	1924.	1923.
	Tons.	Tons.
Wheaten flour ...	24,297	20,552
Rye flour ...	825	179
Meal ...	1,609	—
Other milled products ...	316	112
	27,047	20,893

During the first eight months of the year the grain imports amounted to 300,764 tons, compared with 4,288 tons in the same period of 1923. The imports of flour and other milled products for the period were 244,304 tons as against 135,450 tons in 1923.

Wheat grain came mainly from Hungary in August (15,790 tons). The United States supplied 20 tons of wheat and 492 tons of rye. Wheaten flour also came largely from Hungary. From the United States came 524 tons, from England 583 tons, from Canada 10 tons.

The value of the grain imports for the first seven months of the year was C.Kr. 368 mill., as compared with C.Kr. 7½ mill. last year, and that of the imports of flour and other milled products C.Kr. 514 mill., as compared with C.Kr. 300 mill. (*Central European Observer*.)

Exports of Hops.—During the past hop season (Sept. 1, 1923, to August 31, 1924) 58,537 cwts. of hops were exported from Czechoslovakia, the purchasers being practically every beer-producing country with the exception of England, where an import prohibition is in force. The chief purchasing countries were Austria, Germany, Sweden, France and Belgium. It is estimated that this year's yield of hops will be about 150,000 cwt. compared with last season's 62,000 cwt., so that exports will this year be, in all probability, considerably in excess of those of 1923-4.

Exports of Timber.—Since the month of June, when the export of timber to foreign countries reached the total of 47,390 waggons—the culminating point for this year—the export figures have gone down month by month, states M. Trejka in the *Gazette de Prague*. In July the total was but 41,245 and in August only 34,539 waggons. The heaviest decline is in logs and sawn timber. Firewood, on the other hand, maintained a fair level, and there is reason to believe it will improve this coming winter. The same hope cannot,

however, be entertained for the other classes of timber. There is but little demand in Germany for casings and cellulose timber; so although the supply of these two is very considerable in Czechoslovakia—cellulose timber has been estimated by the Ministry for Agriculture at about 400,000 cubic metres—there is little hope of disposing of it abroad. The chief markets for timber for casings in August were Germany 4,319 waggons, Hungary 1,777, France 921, and Great Britain only 105 waggons. The transport difficulties hardly permit any development of the export of timber for casings, except perhaps to Hungary. It is much the same in respect to cellulose timber, although Germany bought 9,316 waggons in August.

The exportation of logs falls into a different category and up to now has been limited to adjacent countries. But sawn timber reaches markets of considerable distance, partly because it more easily supported the freight charges. A tendency has, however, now set in for logs to be purchased by those countries which hitherto have confined their attention to sawn timber, notably in the case of England. This may be a passing phenomenon; yet it is characteristic. The Czechoslovakian production of sawn timber is too expensive; whereas products manufactured by the aid of Czechoslovakian logs can very well compete with foreign competition in the international markets. The export of logs to Great Britain in August was 89 waggons; the highest to any single country was to Germany—6,341 waggons. But in sawn timber Great Britain was the third best customer, the figures being:—Hungary 1,498, Germany 1,152 and Great Britain 824 waggons. In the main it is rare for foreign countries to purchase more sawn timber than logs. (*Gazette de Prague*.)

Ninth Prague International Fair.—The ninth Prague Fair was held from Sept. 21 to 28; there were 2,097 exhibitors as against 1,973 at the Spring Fair. The main exhibits were:—Metal Industries (488 exhibitors); Clothing Industry (193); Wool Industry (184); Textiles (152); Fancy Goods (106); Foodstuffs (106); Glass, China and Earthenware (98); with large numbers of representatives of the Leather, Chemical, Building and Paper Industries. There was an increase in the number of big manufacturers, chiefly Czechoslovak firms owned by Germans.

An interesting feature in relation to its international character was the increased number of foreign firms showing, the French section being especially prominent with a total of 89 exhibitors. These French firms are reported to have booked large direct orders from inland importers, eliminating to a large extent the middle-man. The Association of Czechoslovakia municipalities were also to the fore with 79 stands. The outstanding feature of their exhibits was the technical requirements for municipal management, particularly relative to drainage, water, gas and electricity supply, street-cleaning, etc. A congress was held at the same time in connection with the simplification and standardisation of municipal engineering. The timber growers were notably active in their endeavours to get into direct touch with markets abroad.

The total number of visitors to the Fair is estimated at 400,000, the increase in foreign visitors being probably due to the overseas visitors who had come for the British Empire Exhibition at Wembley. Foreign buyers represented in all 39 different countries.

INDUSTRY

Coal Output in August.—In August last 327 mines were working as against 325 in July, hard coal being mined in 126 (July 127) and soft (brown) coal in 201 (July 198). In all over a hundred thousand miners were employed in August, and 1,108,035 tons of hard coal (July 1,197,249 tons) and 1,531,048 tons of soft coal (July 1,529,018 tons) were brought to the surface. During the first 8 months of this year 9,808,783 tons of hard coal and 13,406,714 tons of soft coal have been produced. During August 133,907 tons of hard and

203,429 tons of soft coal were exported. (*Prager Presse*.)

The Sugar Beet Industry.—The ingathering of the sugar-beet has commenced, and the latest estimate of the yield of this crop and of the yield of raw sugar therefrom, compared with last year's figures, is as follows :—

	1924-25.	1923-24.	Increase.
Area under cultivation	299,645 ha.	225,712 ha.	32.75%
Sugar-beet yield ...	7,723,246 tons	5,839,122 tons	32.27%
Yield of Raw Sugar	1,230,799 „	1,001,049 „	22.95%

These estimates are of course subject to revision, but it is clear that the crop of beetroot and the forthcoming output of sugar will be considerably in excess of last year's which was itself a record for the post-war period. F. O. Licht, a usually reliable authority, estimates this season's yield of sugar in Czechoslovakia at 1,450,000 tons, while, in view of the favourable weather, other authorities suggest as much as 1,500,000 tons, so that the estimate of 1,230,799 tons given above may be considered a modest one. (*Central European Observer*.)

SOCIAL AND LABOUR CONDITIONS

Retail Index Numbers.—The index figures of retail prices for September show a rise in both the main groups. In Group I. (Foodstuffs, Fuel, Petroleum, etc.) there was a rise of 1.3 per cent., compared with August, the figure moving from 897 to 908. In Group II. (Textiles, Footwear, Men's Hats, etc.) the rise was one of 0.9 per cent., the figure increasing from 1,053 to 1,062.

Comparative figures at previous dates have been as follows :—

	Sept. 1922.	Sept. 1923.	July. 1924.	Aug. 1924.	Sept. 1924.
Group I...	1,105	903	909	897	908
Group II	1,409	993	1,045	1,053	1,062

Among the few decreases in price were potatoes (— 20.5 per cent.), cabbage (— 5.9 per cent.). Milk, sugar, beer and coal remained unchanged. Increases were registered in eggs (+ 6 per cent.), fats (+ 6 per cent.), wheaten flour (+ 5.3 per cent), pork (+ 4.3 per cent.), beef (+ 3.8 per cent.), rye flour (+ 3.6 per cent.), butter (+ 2.7 per cent.), wood for fuel (+ 0.8 per cent.), soap (+ 0.6 per cent.). In Group II. textiles moved upwards by 0.9 per cent., boots and shoes by 0.5 per cent., and men's hats by 0.6 per cent.

Unemployment Returns.—On Sept. 15 there were in Czechoslovakia 7,700 unemployed (5,900 males and 1,500 females). The majority of these were in Bohemia. The September figures are about 1,500 lower than those of August. In addition there were 17,750 on part time work only. The situation compares favourably with a year ago when the unemployed in September numbered 56,606. (*Gazette de Prague*.)

COMMUNICATIONS

Railway Nationalisation.— Negotiations are in progress for the nationalisation of the local railways. The State has made the condition that on the transference of the railways the standing shares shall not be protected. The Svitava-Policka Company, which owes the State more than C.Kr.9.8 mill., has accepted this condition; but other companies request time for deliberation. Most of the railways to be nationalised show a deficit. Since the State will probably reduce the fares on the nationalised lines there is a danger of the companies that do not accept the terms increasing their deficits.

The Czechoslovak and Italian railways have arranged for direct tariffs to be established between the two countries, with a uniform international classification of goods. (*Prager Presse*.)

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FRANCE

POLITICAL AND GENERAL

The Cutting down of Government Expenditure.—

The Estimates for the various Ministerial Departments have been under the consideration of the Finance Committee of the Chamber, and show the extent to which the Government is acting up to its election pledges and the measure of co-operation the various Ministers are receiving from the Committee. In his Estimates the Minister in charge of the devastated territories, for instance, had provided for a vote of Fr.100 mill., as compared with the Fr.500 mill. included in the 1924 Budget. In response, however, to vigorous protests from M. Desjardins and M. Jammy Schmidt, Deputies for the Aisne and the Oise respectively, the Minister consented to increase this amount at a later stage of the measure, and also to increase the proposed loan of Fr.200 mill. for the payment of priority claims of a moderate amount. The establishment expenses of the Department were reduced by Fr.100,000, but on the other hand the Committee approved of the appointment of ten new general controllers. The Estimates of the Minister of War were reduced by the Committee to the extent of Fr.70 mill.—Fr.20 mill. in respect of the reduced effectives which will result from the gradual re-organisation of the army on the basis of one year's service, and Fr.20 mill. in respect of the occupation and administration of Syria.

On October 22 the Financial Committee heard M. Herriot (The Premier), in his capacity of Minister of Foreign Affairs, on the question of the voting of credits in respect of the Embassy to the Vatican and of the recognition of the Soviet Government. The omission from the Budget of a grant for the former was, he contended, strictly in keeping with the Ministerial statement of policy, and in his opinion the maintenance of an Embassy to the Holy See was not justified either in law or in fact, no matter from what standpoint the matter was considered. With regard to the eventual resumption of relations with the Soviet Government he explained the conditions under which he proposed its recognition *de jure*, with reservations as to the engagements entered into and the treaties signed by France; also the conditions under which the renewal of relations would take place as a result of such recognition, and under which the conventions to which this renewal of relations gave rise would be subject, especially as they affected the French claims. Briefly, it would appear that the interests of the holders of Russian securities and those of former property-holders who had been expropriated by the revolution would be at any rate partly safeguarded. None the less, M. Herriot persists in first of all recognising officially and unconditionally the Soviet Government, leaving himself free to discuss with it at a subsequent date the rights and interests of France and of her subjects. This procedure, it will be readily understood, says the *Journée Industrielle*, evoked no enthusiasm among members of the Committee conversant with diplomatic usages. An amendment pressed by M. de Tinguy du Pouët and M. Robert Sérot in favour of an increased credit in respect of the Embassy to the Vatican was rejected by 20 votes to 12. With regard to the Soviet Government the Budget Bill also omits any vote of money for the re-establishment of the French Embassy in Russia in the event of the renewal of diplomatic relations actually taking place. Previous Governments, it was pointed out, had provided for such an eventuality, and M. Bokanowski moved a grant of Fr.100,000 for the purpose, at the same time insisting that France should be represented everywhere, at the Vatican as well as at Moscow. To avoid a division, M. Blum moved an amendment postponing consideration of the subject until the President of the Council had himself asked for a grant. This was carried by 20 votes to 3 and 6 abstentions. The estimates of the Foreign Office were then passed.

The Supply of Flour and Bakers' Cereals.—The Cabinet, says the *Journée Industrielle*, has adopted the proposal of M. Queuille, Minister of Agriculture, to establish an office for the provisioning of France in respect of flour and bakers' cereals. Its business will consist in studying every aspect of the question, but it will not be competent to effect purchases, as this would require a formal vote of Parliament. The office will be under the direction of the Minister of Agriculture, with whom will be associated Parliamentary representatives, representatives of the Ministry of Finance, the Ministry of Agriculture, the Ministry of Commerce and the Ministry of War, representatives of the importers and of the growers of wheat, of the millers, the bakers and the consumers; and it will be open to it to submit proposals to Parliament on which the Government will be able to take administrative action. The creation of the office is justified by the extraordinary situation which confronts the country; for although the present year has been favourable for certain produce such as beetroot, it has been a bad one for wheat, and it will be necessary to import 10,000,000 quintals. At the same time it will be necessary to avoid the very difficult situation which would arise were the importation not to be effected gradually, or were it to take place at a time when unfavourable rates of exchange would govern the settlement. The Government for this reason is of opinion that it would be better to order at once a certain admixture of foreign wheat in the making of the home flour, even at the risk of a temporary rise in the price of bread. The Government has also come to the conclusion that it will be necessary in future to relieve France of the burden resulting from the purchase of foreign wheat, and for this purpose the cultivation of wheat will have to be encouraged. With this end in view it has done its best to bring down the price of slag, and it will shortly introduce a Bill in the Chamber for a reduction of the price of the potassium fertilisers handed over by Germany. The scale of charges for the transport of fertilisers, seed and various agricultural produce will also have to be revised and lowered, and certain financial measures are in contemplation in favour of farmers who devote a sufficient acreage to the cultivation of wheat.

Foreign Trade Returns.—The Customhouse authorities have now produced the foreign trade returns for the first nine months of the year. The following table shows the value of the goods imported and exported during that period, compared with that for the corresponding months of 1923 (in thousands of francs):—

<i>Imports.</i>	1924.	1923.	Increase.
Foodstuffs ...	6,573,290	5,222,335	+ 1,350,955
Raw material ...	18,937,185	14,157,279	+ 4,779,906
Manufactured goods	3,691,070	3,141,347	+ 549,723
Total ...	29,201,545	22,520,961	+ 6,680,584
<i>Exports.</i>	1924.	1923.	Increase.
Foodstuffs ...	2,835,751	2,235,752	+ 599,999
Raw material ...	7,758,497	6,547,273	+ 1,211,224
Manufactured goods	18,455,924	11,600,739	+ 6,855,185
Postal parcels ...	1,397,319	1,147,666	+ 249,653
Total ...	30,447,491	21,531,430	+ 8,916,061

According to these figures, the value of our foreign trade for the first nine months of the current year is considerably higher than for the corresponding period of last year, and the increase applies to every large category of goods both on the import and on the export side. It amounts to Fr.6,680,584,000, or about 30 per cent., for imports and to Fr.8,916,061,000, or 41.5 per cent., for exports. As in the case of previous returns, we would particularly lay stress on the exceptionally large increase in the export of manufactured goods, amounting to Fr.6,855,185, or close on 60 per cent. As will be shown directly, the general increase in value is only in part due to the rise in prices from one year to another; on the other hand, it points to a remarkable growth in French trade with foreign countries and the colonies.

The visible balance of trade for the first three quarters of the year shows an excess of exports over imports

equivalent to Fr.1,245,946,000, as against an adverse trade balance of Fr.989,531,000 for the first nine months of 1923 as compared with the corresponding period of the previous year, a clear gain of Fr.2,235,477,000 having thus been achieved.

The next table shows the course of foreign trade from September 1923 to September 1924 inclusive (in thousands of francs):—

		Imports.	Exports.	Balance of trade.
1923	September ...	2,604,026	2,483,855	— 120,171
	October ...	3,068,974	2,813,539	— 255,435
	November ...	3,160,504	2,941,386	— 219,118
	December ...	3,863,382	3,113,874	— 749,508
1924	January ...	2,887,921	2,699,833	— 188,088
	February ...	3,713,800	3,918,279	+ 204,479
	March ...	3,622,604	4,354,695	+ 732,091
	April ...	3,292,151	4,027,041	+ 734,890
	May ...	3,177,313	3,360,148	+ 182,835
	June ...	3,178,867	2,922,304	— 256,563
	July ...	3,099,976	3,013,713	— 86,263
	August ...	3,071,943	2,967,146	— 104,797
	September ...	3,156,970	3,184,332	+ 27,362

The September figures, it will be seen, are in every way more satisfactory than those for August: not only is there an increase of imports and of exports, but the increase in respect of the latter is substantially the greater of the two, amounting as it does to Fr.217,186,000 as against Fr.85,027,000. Moreover, the adverse balance of trade was turned into a favourable one, the improvement amounting to Fr.132,159,000. The increase in imports was accounted for by raw material, to the extent of some Fr.100 mill., and manufactured goods, to the extent of Fr.30 mill.; foodstuffs, on the other hand, show a falling off in August of Fr.823.5 and of Fr.773 mill. in September. The increase in exports applies to all classes of goods except postal parcels, which show a falling off of about Fr.3 mill. Foodstuffs rose from Fr.262.5 mill. in August to Fr.304 mill. in September, raw material from Fr.671.5 mill. to Fr.722.5 mill., and manufactured goods from Fr.1,877 mill. to Fr.2,005 mill. As compared with September 1923, the month's figures this year show a general increase: in respect of exported manufactured goods the increase was Fr.550 mill., and in respect of imported raw material Fr.336 mill.

The following table shows the volume of the goods imported and exported during the first nine months of the year, compared with that for the corresponding period of 1923 (in tons):—

<i>Imports.</i>	1924.	1923.	Difference.
Foodstuffs ...	4,271,532	4,052,410	+ 219,122
Raw material ...	37,395,367	35,223,974	+ 2,171,393
Manufactured goods	1,073,616	1,122,332	— 48,716
Total ...	42,740,515	40,398,716	+ 2,341,799
<i>Exports.</i>	1924.	1923.	Increase.
Foodstuffs ...	1,103,230	950,430	+ 152,800
Raw material ...	17,402,299	14,492,324	+ 2,909,975
Manufactured goods	2,710,785	2,149,533	+ 561,252
Postal parcels ...	25,468	22,263	+ 3,205
Total ...	21,241,782	17,614,550	+ 3,627,232

As the return shows, raw material and foodstuffs make up the whole of the increase in imports, the former to the extent of 2,171,395 tons, or about 6 per cent., and the latter to the extent of 219,122 tons, or a little over 5 per cent. As regards the importation of manufactured goods, this has declined to the extent of 48,716 tons. In the matter of exports the increase is relatively larger in the case of foodstuffs (152,800 tons or 16 per cent.), raw material (2,909,975 tons or 20 per cent.) and manufactured goods (561,252 tons or 26 per cent.). It will be seen, therefore, that the increase in the value of the foreign trade during the first nine months of the year as compared with the corresponding period of 1923 is not due solely to the rise in prices, but also, and especially in the case of exports, also to a large increase in volume.

The following table shows the volume of imports and exports in September compared with that for the previous month (in tons):—

GERMANY FINANCE

Imports.		September.	August.	Difference.
Foodstuffs ...	...	449,313	521,645	— 72,332
Raw material ...	...	4,169,340	3,826,986	+ 342,354
Manufactured goods	...	113,680	108,145	+ 5,535
Total ...	...	4,732,333	4,456,776	+ 275,557
Exports.		September.	August.	Difference.
Foodstuffs ...	...	132,398	111,343	+ 21,055
Raw material ...	...	2,178,120	2,014,216	+ 163,904
Manufactured goods	...	395,505	369,909	+ 25,596
Postal parcels	...	2,775	2,888	— 113
Total ...	...	2,708,798	2,498,356	+ 210,442

The tonnage of goods exchange, it will be seen, shows an increase in September as compared with the previous month. The only falling off is in respect of imported foodstuffs and exported postal parcels, to the extent of 72,332 tons and 113 tons respectively. Both the imports and exports of raw material have increased by 342,000 tons and 164,000 tons respectively, while the exports of manufactured goods are up to the extent of 25,596 tons.

If the figures for September are compared with those for the same month last year, there is a decrease of over 300,000 tons in imports, wholly accounted for by imports of raw material. Exports, on the other hand, show an increase of over 563,000 tons, made up as follows: foodstuffs, 42,500 tons; raw material, 401,000 tons; and manufactured goods, 119,500 tons, or over 43 per cent. (*Le Temps*.)

TRADE

Foreign Trade in Coal, Coke and Briquettes.—The following table shows the imports and exports of (a) coal and lignite, (b) coke, and (c) briquettes, etc., in July and August (in tons):—

	July.		August.	
	Imports.	Exports.	Imports.	Exports.
(a) ...	2,491,171	193,574	1,863,214	192,344
(b) ...	580,058	45,756	364,000	59,055
(c) ...	98,483	12,518	57,598	25,416

The following tables show the countries with which this trade was carried on:—

	Coal and Lignite.		August.	
	Imports from	Exports to	Imports from	Exports to
The Saar ...	438,860	13,220	531,893	10,915
Great Britain	1,332,231	—	818,694	—
Belgium and Luxembourg	175,647	67,587	144,124	87,578
United States	59,832	—	2	—
Germany ...	443,034	15,768	287,816	11,146
Holland ...	41,365	—	70,683	—
Other countries	173	684	10,002	802
Switzerland ...	—	48,967	—	65,802
Spain ...	—	353	—	354
Italy ...	—	1,528	—	5,261
Home Shipping	—	42,647	—	8,250
Foreign Shipping	—	2,870	—	2,236
Total ...	2,491,142	193,574	1,863,214	192,344

	Coke.		August.	
	Imports from	Exports to	Imports from	Exports to
The Saar ...	1,937	2,822	3,037	2,509
Great Britain	11,106	—	—	—
Belgium and Luxembourg	36,492	12,414	31,260	7,833
Holland ...	28,356	—	23,199	—
Germany ...	502,141	35	306,504	94
Switzerland ...	—	7,203	—	13,517
Spain ...	—	280	—	278
Italy ...	—	20,615	—	31,658
Other countries	—	2,387	—	3,166
Total ...	580,032	45,756	364,000	59,055

	Briquettes, etc.		August.	
	Imports from	Exports to	Imports from	Exports to
Great Britain	15,446	—	6,580	—
Belgium and Luxembourg	55,106	—	29,047	—
Germany ...	26,915	—	21,482	5,318
Other countries	1,016	686	489	45
Switzerland ...	—	10,906	—	18,510
The Saar ...	—	332	—	127
Italy ...	—	73	—	52
French and foreign shipping	—	521	—	51
Algeria	—	—	—	1,000
Total ...	98,483	12,518	57,998	25,103

(*Journée Industrielle*.)

The New Currency Law.—A Berlin message to the *Frankfurter Zeitung* gives details of the new currency law in force in Germany since October 11. As from that date the "Reichsmark" is legal tender and stands in the ratio of 1 to one billion to the old paper mark. The old mark notes of the Reichsbank will remain legal tender until they are called in. Thus legal status is now given to the Reichsmark where formerly it was only valid by reason of Reichsbank practice. The Reichsmark is equivalent in value to the Rentenmark.

It is hoped to distribute to the banks within a fortnight, viz. before the end of October, the new "covered" banknotes of 10, 20, 50, 100 and 1,000 Reichsmark, and to replace the "Billmark" [one billion paper marks] notes gradually as from about the beginning of December. The removal from circulation of the Rentenbank notes to the value of about 1,800 mill. will take a considerable time, provided for by law, for it will be dependent on the redemption of Reich debt and on the transfer of agricultural bills, still running at the Reichsbank, to the Rentenbank Credit Institution. The disappearance of the 1, 2 and 5 "Billmark" notes will depend very greatly on the rapidity with which new coin can be minted.

At the end of September mintings totalled Mk.198.09 mill. of silver and Mk.149.47 mill. of Rentenpfennig coins. These figures show increases of 24.89 mill. and 13.62 mill. respectively on the figures at the end of August. Total mintings amounted therefore to 347.56 mill., of which on Sept. 30 silver coin to the value of 21.72 mill. was in the tills of the Reichsbank.

For the purpose of further adaptation to the new financial conditions the Reichsbank will in future refrain from demanding the insertion of the depreciation clause in credit business. It will still purchase bills and cheques made out in terms of Rentenmarks and will credit the proceeds in Reich marks. In making out new bills, the employment of Reich mark denominations is recommended. Preparations are on foot for simplifying book-keeping in respect of Reich marks, Rentenmarks and "Billmarks" under one heading. The Reichsbank is already treating the Reich mark (*R.M.*), the Rentenmark (*Rent.M.*) and the Billmark equitably in daily business.

The Finance Ministry has already requested that the pfennig circulation be increased by Mk.30 mill., in 1, 2, 5 and 10 pf. pieces. They will not be Rentenpfennigs but Reich pfennigs. Rentenpfennigs have hitherto been minted to a value of Mk.180 mill. The total of metal coinage in circulation would be, if the above request is fulfilled, Rentenpfennigs to the value of Mk.180 mill., Reich pfennigs to the value of Mk.30 mill. and silver coin to the value of Mk.300 mill. These totals are exclusive of the old copper pfennig coins of the Reich.

German Credit Requirements.—Georg Münch, the financial editor of the *Vossische Zeitung*, in an article on the Reparation Loan, draws attention to the fact that not only has this loan excited unparalleled interest in the financial world, but other German Rentes have, simultaneously, been actively sought after by foreign purchasers. This resulted in sudden violent rises in the prices of 3½ and 3 per cent. Prussian Consols, for instance, and shows how, notwithstanding all refutations from official German sources, the opinion still persists that the old German loans will one day be restored in value. It is quite possible that when the Reparation Loan has been formally admitted to the foreign exchanges, a definite statement on the part of Germany regarding her old loans may be demanded.

There are symptoms that the success of the Dawes Loan has reacted favourably on the foreign attitude towards meeting German credit requirements. The American credit to Ruhr coal mining has been increased from \$5 mill. to \$7½ mill. and there has been founded, with a capital of \$10 mill., an undertaking called the "American and Continental Corporation," the chief

task of which is to grant credits to German industry through the agency of the leading German banks and banking houses. German industry is to receive for the present 100 mill. gold marks.

Germany will evidently not lack opportunities of obtaining loans from abroad. All the more necessary is it, then, that she shall avoid anything like a chase after foreign credits, which might result in overbidding for terms. This is the standpoint adopted in the recently published regulations laid down by the Prussian Government in connection with the taking up of communal foreign loans. Insistence is laid on the necessity for restricting such borrowing to a minimum in order to prevent a general state of indebtedness of the communes to foreign creditors arising. Under no circumstances may communes and communal associations over-bid one another. Therefore this kind of credit obtaining must remain restricted to the large communal credit organisations, that is to say, to the provincial banks and deposit centrals, the Provinces and large municipal and rural centres. Further, repayment and interest payments may only take place in the new German Reichsmark. This action on the part of the Prussian Government is greatly to be welcomed. It is equally to be deprecated, however, that the financial state of towns and communes still remains shrouded in the veil of inflation. The public are not yet able to judge whether the high charges for gas and electricity, for instance, are due to excessive fiscal tendencies or to bad management of the undertakings supplying these commodities. The towns should surely endeavour, in the latter event, to improve matters, and in any case they should not apply for foreign loans until they have exhausted the sources of credit at home; they should, above all things, make public the real state of their finances.

TRADE

Anglo-German Competition in the World's Coal Market.—The *Hamburger Nachrichten* contains an illuminating article on the struggle which has for some time been proceeding on the world's coal market between German and English coal. That German coal is becoming an ever increasing menace to the British coal export trade is emphasised by the fact that the English miners are endeavouring to put pressure on the Government to reduce, even to stop altogether, the deliveries of Reparation coal from Germany which threaten to flood the markets. During the last few weeks the struggle between the German coal trading companies and the English export firms in the coastal districts has become greatly intensified, the most fought over areas being Holland, Hamburg, all the coastal districts, Berlin and western Germany. The Coal Syndicate is naturally striving to promote the sale of Ruhr coal in all those areas where it found a ready market before the war.

A noteworthy example of the German difficulties was Germany's bad defeat lately by her English competitors in Scandinavia. This was in connection with tenders for 50,000 t. of coal wanted by the Norwegian State Railways. Newcastle firms received orders for 48,000 t. and the remaining 2,000 t. was ordered from South Wales, the German price being too high. In Durham, strange to say, the market for gas coal is kept up to some extent by the German demand. Even the Berlin Gas Company is still permitted to import Durham coal, and the same applies to a number of German gas companies which find this method cheaper than to use home coal. Of course the question of credit plays a vital part, for English firms allow three months' credit still, whereas in the German coal producing areas credit is hard to obtain. Germany is importing at present about 500,000 t. of English coal a month. The corresponding average import in 1913 was certainly 750,000 t., but it should be remembered that owing to their bad state of employment the coal requirements of German industries are greatly reduced. Germany is also importing about 500,000 t. of coal per month from

Polish Upper Silesia and 170,000 t. of lignite from Czechoslovakia.

Notwithstanding a 10 per cent. reduction in price and a fall in freight rates Ruhr coal is still finding it hard to obtain a market in the great home coal consuming areas outside of the Ruhr, so strong is foreign competition. The chief reasons for this are the cheap freight rates on the Rhine right up to Switzerland, and in the North the comparatively low rates for sea-borne coal. These factors militate far more in favour of the foreign coal importer than of home firms. Ruhr bituminous coal is costing about Mk.26.50, c.i.f., in Hamburg, whereas good Durham coal there works out at about Mk.21.20. A struggle for supremacy both within and without Germany is also proceeding between Ruhr and Upper Silesian coal and it is not unlikely under the circumstances that the Ruhr Coal Syndicate will still further reduce prices.

The German coal output is approaching ever nearer to the peace time figure, in the east in fact it has even exceeded it. No contradiction is offered of the estimate of Germany's coal supply and consumption furnished on the other side of the Channel, that the output of the Ruhr is now approximately 100 mill. t. a year as against 115 mill. in 1913, that of the rest of Germany 27 mill. t. Mine consumption is 15 mill. t., Reparation deliveries account for 22 mill. t.; there is therefore 90 mill. t. available for home consumption as compared with 131 mill. t. for the same area in 1913. To this must be added about 137 mill. t. of lignite with a value expressed in terms of hard coal of 30 mill. t., as against 87.2 mill. t. of lignite, corresponding to 20 mill. t. of hard coal, in 1913. It is highly improbable that German industry can in the near future revive sufficiently to consume the huge quantities of home coal available, and the struggle on the international market is likely, therefore, to be protracted and severe.

INDUSTRY

State of the Ruhr Coalfields.—An intimate picture of the present state of affairs in the Ruhr coalfields is supplied to the *Vossische Zeitung* by Dr. Hans Darge. He states that the improvement expected in the industrial situation of the Ruhr after the signing of the London Agreement has been but slightly realised. Notwithstanding the removal of a number of burdensome restrictions, production and sales have actually fallen off in the coal and iron mining industries. Mine stocks have increased in the former industry and additional holiday shifts are being introduced; further dismissals are immanent. The lack of markets is the

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great trouble. It is vital that purchasing power both at home and abroad should be intensified and that, in particular, high protective tariffs should be reduced. The introduction of the 26 per cent. Reparation duty in France and Belgium is a serious menace to the international exchange of goods, for it denotes a serious burden to the importers. It is doubtful if the prices of coal and iron have been sufficiently reduced to prove of competitive value. German bar iron at Mk.115 per t. is considerably over the cost price, whereas England is satisfied with a very small margin of profit.

The shortage of capital is adduced as a reason for reducing production activities in various quarters, by the Deutsch-Luxemburg Company for instance. As an immediate factor in impeding production this shortage should not be exaggerated. The Ruhr industries, at all events the large mixed companies, are perfectly well able to procure capital. Unfortunately, the inclination to spare capital in large amounts for industrial purposes seems small at present. The labour circles affected reproach the Deutsch-Luxemburg Mining Company, not without justification, when the latter points to financial difficulties as the cause of mass dismissals, with the undoubted fact that one of the largest shareholders in the Company, the firm of Stinnes, has money enough for all other purposes and could quite well come to the assistance of its sister-industry if it chose.

The serious crisis caused in Ruhr mining by the recent mass dismissals was the subject on Oct. 17 of negotiations at Dortmund between representatives of the owners and the men under the auspices of the Ministry for Economic Affairs. The mine owners stated that the whole problem was caused by a lack of sales, and, to go into further detail in this connection, especially of certain kinds of coal. There was abundant sale for good quality coal, but not for coal of low calorific value, and all the dismissals so far had been from the mines producing the latter sort. The Deutsch-Luxemburg had dismissed 2,500 men, 1,000 of whom were still without work, the others had been absorbed into various occupations. The crisis, so the mine owners stated, was undoubtedly due to the competitive struggle between the good and the less valuable kinds of coal and to the increasing competition between lignite, and hard coal of low calorific value. The high cost of railway freightage was a dire impediment to the sale of German coal, by reason of which English coal was cheaper to-day in Germany than home coal. As regards the question of the length of the working day, it was stated that a number of undertakings were endangered and work stoppages were occasioned because the output capacity was so low. There could be no question of reducing the eight-hour shift. The costs of production must be lowered. In the coal industry wages had always formed a high percentage of these costs, 60 per cent., in fact, before the war, rather less now [this is an interesting point], but other costs had risen.

The Ruhr coal output for September amounted to 8,817,458 t. of coal and 1,720,385 t. of coke; in September 1922 the respective outputs were 7,981,761 and 1,954,151 t.; in September 1913 they were 9,414,870 and 1,899,523 t. Briquette production totalled 259,292 t. (412,375 t. and 416,030 t. in September 1922 and 1913 respectively). At the end of the month the number of workers employed was 453,595, as compared with 530,979 and 397,662 at the corresponding date in 1922 and 1913 respectively. The result of lengthening the working day from 7 to 8 hours is an average increase of output per diem in September 1924 as against September 1922 by over 32,000 t., although the number of workers was about 77,000 less. (*Frankfurter Zeitung, Berliner Börsen-Zeitung.*)

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ITALY FINANCE

Direct and Local Taxation Reforms.—The Council of Ministers has accepted the proposals for the reform of direct and local taxation put forward by the Minister of Finance, Signor De Stefani. The proposals represent the final stage in the gradual plan of reform which the Minister has been carrying out during his two years of office. The Minister in his statement to the Council reviewed the principal objects which the proposals have in view, namely, the abolition and rapid liquidation of all the extraordinary imposts of the war and post-war period; the return to the three fundamental direct taxes on income derived from land, buildings and capital or earnings; the introduction of a progressive tax on the whole income of individual citizens; the co-ordination of direct State taxation with local taxation, particularly with regard to systematising the surtaxes on landed property; and the abolition of surtaxes on income from capital or earnings, the imposition of which is to depend only on exceptional fiscal exigencies, instead of remaining permanent.

In the existing tax on incomes from landed property there are five scales varying from 11.89 per cent. to 19.15 per cent. according to the amount. The revenue from this source for 1924 is L.152.4 mill., of which L.3.6 mill. is derived from the new territories. Under the new proposals there will be a uniform levy of 10 per cent. payable in paper lire on the income reckoned in gold. The total income has been assessed at 1,467 mill. gold lire, so that the revenue will be 146.7 mill. paper lire, of which L.3.5 will come from the new territories. In the existing tax on income from building property there are six scales varying from 21.0125 per cent. to 27.75 per cent. according to the amount, and the yield is L.238.6 mill. in 1924, of which L.16.3 is from the new territories. The new proposal is for a uniform tax of 10 per cent. levied on exactly the same lines as in the case of landed property, and on the new assessment which has been carried out will yield L.286 mill., including L.8 mill. from the new provinces. The effect of the new scale, which comes into force on Jan. 1, 1925, is such that, whereas the assessment is trebled, the increase in revenue is only 15 per cent. The Minister concluded this part of his statement by saying that, in fixing the scale of these taxes, he had to take into consideration the burden of the surtaxes, and that he had avoided raising the net charge on landed and building property, as an increase would involve a rise in rents.

As regards incomes from capital and earnings there are at present fifteen different scales applicable to the five categories of income. The scales are to be reduced to one for each category. The existing categories are to be retained, and are as follows:—(a) Unearned income from capital; (b) unearned and earned incomes mixed (i.e. from industry and commerce); (c.1), variable earned incomes (i.e. from the professions); (c.2), fixed earned incomes (e.g. salaries or pensions); and (d) earned incomes (i.e. State and municipal salaries). There are to be reductions on all these classes of income to be carried out in three stages. The table below shows the percentages to be levied on each category during the process of reduction, which will be complete on Jan. 1, 1929:—

Category.	Present maximum.	Jan. 1, 1925.	Jan. 1, 1927.	Jan. 1, 1929.
(a) ...	25.568	24	22	20
(b) ...	20.0944	18	16	14
(c.1) ...	18.801	16	14	12
(c.2) ...	12.834	12	11	10
(d) ...	11.07	10	9	8

The minimum dutiable income, which is still fixed on the basis of the law of 1877, will be raised to L.2,000 as from Jan. 1, 1929. An arrangement is included for the transition years 1925–1928 whereby the tax shall not be increased in the cases of small incomes in the event of the new scale being higher than the present one.

The surtaxes on income from landed property are the

most important source of local revenue, and at present form the chief burden on that class of income, as also on income from building property. As compared with the State revenues from land and buildings of L.152 mill. and L.238 mill. respectively (*see above*) the Provincial and Communal revenues are at present L.917 mill. from land and L.443 mill. from buildings. Apart from the actual size of the burdens, inequalities and irregularities arose both from the urgency of local requirements and from the excessive liberty enjoyed by local administrators during the war and post-war period. A decree of February 1923 imposed greater control on the local authorities and prepared the way for the present measures, which determine the surtaxes which Provinces and Communes may impose over and above the taxes imposed by the State. There are two limits to the amount of the surtaxes: a first which may be regularly imposed, and a further one which may be imposed, if absolutely necessary, with the consent of the Provincial Administrative Council. Any further levy beyond the second limit, rendered necessary by an exceptional emergency, requires the express sanction of the Ministry of Finance, and even then may only be of a temporary character. The limits are as follows: In the case of building property, first limit 50 per cent. of the State tax, second limit a further 25 per cent., for both the Province and Commune; each of the latter, that is, may impose a maximum surtax of 75 per cent. of the State tax; in the case of landed property, first limit 100 per cent. of the State tax, second limit a further 100 per cent. for the Province, and a further 200 per cent. for the Commune; the Province, that is, may impose a maximum surtax of 200 per cent. of the State tax, and the Commune a maximum of 300 per cent. If these scales were applied to present State taxes the Provinces would be entitled to levy a total of L.509 mill. as compared with the actual L.524 mill., and the Communes a total of L.656 mill. as compared with L.836 mill. It will be seen that, taking the taxes and surtaxes together the total levies on the income from land will amount to 60 per cent. in paper (equivalent, at the present value of the lire, to 15 per cent. in gold) of the new gold assessment, whilst those from building property amount to 25 per cent. in paper, from which has to be deducted one-fourth representing the site values, leaving a percentage of 18.75 in paper of the gold assessment. The total effect of the new proposals will be to reduce the taxes and surtaxes on incomes from land by L.187 mill., and to increase those on incomes from buildings by L.36 mill.

Finally, the proposals include a measure to stimulate new building. The existing special arrangement whereby new buildings are exempt from State and local taxation for 25 years expires on Dec. 31, 1926; buildings constructed after that date revert to the normal two years' exemption. The new measure provides that buildings constructed between Dec. 31, 1926, and the end of 1930 shall enjoy, in addition to the two years' full exemption, four-fifths exemption in the third year after construction, three-fifths in the fourth year, and so on. It will thus not be till the seventh year after construction that the new buildings will be liable to full taxation, and in this way what would otherwise be an abrupt transition at the end of 1926 will be avoided. (*Corriere della Sera.*)

Treasury Returns.—The Treasury statement for Sept. 30 shows that in the three months since the closing of the last financial year on June 30, 1924, the internal debt has been further reduced by L.567 mill. The reduction of debt was in respect of the following items:—

	Lire (mill.)
Short-dated Treasury Certificates	1,692
Three and five-year Treasury Bonds	47
Paper Currency Circulation	156
Pre-war Debts... ..	7
	1,902

As against these reductions new debt was created as follows:—

	Lire (mill.)
New 4.75 per cent. 25-year Bonds	1,026
Liabilities on account of the Venetian Provinces...	108
Current Account with the Cassa Depositi e Prestiti	201
	1,335

Treasury receipts for the three months July–September exceeded estimates by L.113 mill., while expenditure fell below estimates by L.31 mill. The total deficit for the period stood at L.202 mill. as compared with L.470 mill. for the corresponding months of 1923. (*Corriere della Sera.*)

Bank Finance.—In an article in *Echi e Commenti* Baron D. Castelnovo includes the table, reproduced at the foot of this page, showing movements in the balance-sheets of the four principal Italian Banks for the first six months of the current year.

The writer's main comments on the above figures refer to the Banco di Roma. After noting the comparatively slow increase in the bank's deposits he remarks that the enormous decrease of 20.6 per cent. in circular cheques is inconsistent with the managing council's report in March to the effect that the circulation of cheques is indicative of the confidence of the clientele. He further notes that the reduction of 38.2 per cent. in the cash directly contradicts the promise of the council to maintain a higher degree of liquidity in accordance with the programme of rehabilitation. The percentage of cash to deposits is now only 38.5 per cent., which is considerably below that of the other banks. Finally, the writer deprecates the increase in investments and participations as not calculated to restore public confidence. His criticisms lead him to re-assert the urgent necessity of protecting the depositors in banks by stricter regulations, which should include the creation of controlling authorities.

TRADE

Foreign Trade Returns.—The foreign trade figures for July and August and for the first eight months of 1924 are as follows (in millions of lire):—

				Difference from
				Jan.-Aug.
	July.	1924.	Jan. to Aug.	1923.
Imports	1,481	1,465	12,399	+ 860
Exports	842	1,025	8,539	+ 2,030
Adverse balance	639	440	3,860	—

The adverse balance of L.3,860 mill. for the period January–August compares with an adverse balance of L.5,030 mill. in the corresponding period of last year.

	Banca Commerciale.			Credito Italiano.			Banco di Roma.			Banca Nazionale di Credito.		
	31-12-23.	30-6-24.	Inc. %.	31-12-23.	30-6-24.	Inc. %.	31-12-23.	30-6-24.	Inc. %.	31-12-23.	30-6-24.	Inc. %.
Deposits in current and saving account ...	846.5	912.9	7.8	918.3	1,003.2	9.2	469.2	489.4	6.4	(In mill. lire.)		
Correspondents—credit balance	4,670.0	5,098.2	8.9	3,213.5	3,468.1	7.9	1,159.9	1,333.0	15.0	81.2	94.1	15.8
Circular & ordinary cheques	380.6	402.9	5.8	201.5	204.7	1.9	96.8	76.5	20.6*	518.3	769.5	48.4
Cash	401.9	413.4	2.9	407.8	443.8	8.8	305.8	188.7	38.2*	38.9	42.7	9.9
Portfolio and Treasury Bills	3,818.6	3,921.6	2.7	2,324.7	2,443.7	5.1	617.1	627.7	1.7	57.6	67.7	17.5
Investments	220.6	282.3	28.1	159.1	186.9	17.0	154.8	185.2	20.0	63.3	131.2	100.7
Short loans	491.5	693.3	41.0	454.2	478.5	5.3	246.5	375.7	52.6	52.5	123.6	135.4
Correspondents—debit balance ...	1,517.1	1,588.8	1.1	1,488.4	1,519.9	2.0	456.7	582.9	27.6	77.9	147.8	89.7
Banking participations	247.2	271.5	9.7	16.1	45.1	181.0	29.0	51.5	76.0	45.4	67.0	47.5

* Decrease.

In the first seven months of 1924 the imports which show the heaviest increases as compared with the corresponding period of 1923 are textiles and textile fibres, mainly raw cotton (+L.707.6 mill.); metallic ores, metals and their products (+L.207.8 mill.); chemical goods (+L.94.5 mill.); and oils and fats (+L.138.9 mill.). There was a decrease of L.872.9 mill. in foodstuffs and tobacco imports. On the other hand, all classes of exports show increased values, the most important items being foodstuffs (+L.815.7 mill.); textiles (+L.729.1 mill.); and products of the engineering trades (+L.81.9 mill.). It is to be noted that the exports of yarns and textiles exceeded the imports of textile fibres and manufactures by L.194 mill.

The following are the imports and exports with the leading countries in the first six months of 1924 and 1923 respectively (in millions of lire):—

	Imports.			Exports.		
	1924.	1923.		1924.	1923.	
			(+) or (—)			(+) or (—)
Austria ...	205.6	153.0	+ 52.6	333.1	120.6	+212.5
Czechoslovakia	114.5	85.4	+ 29.1	67.2	27.4	+ 39.8
France ...	740.3	652.0	+ 88.3	908.7	664.2	+244.5
Germany	727.8	668.9	+ 58.9	774.2	339.1	+435.1
Great Britain	1,076.1	1,145.9	— 69.8	668.9	561.5	+107.4
Jugoslavia	241.6	266.7	— 25.1	172.4	105.9	+ 66.5
Switzerland	187.6	193.2	— 5.6	767.6	522.1	+245.5
Argentina	454.8	499.0	— 44.2	358.8	350.2	+ 8.6
United States	2,443.4	2,706.0	—262.6	559.7	724.7	—165.0

(Federation of Italian Industries' Report, *Corriere della Sera*.)

Approaching Commercial Treaty with Germany.—

The question as to the commercial treaty which Italy is about to negotiate with Germany (in view of the latter's new commercial status in January next) is arousing a good deal of public discussion, in which the protagonists are the agriculturists on the one hand and the heavy industries on the other. A resolution passed at a meeting of the Executive Committee of the General Federation of Agricultural Unions notes that Germany was the chief customer for Italian agricultural produce before the war, but that "in the industrial camp there are already evidences of a desire once more to sacrifice, in the commercial treaty with Germany, the interests of agriculture in favour of the protection of certain industries," and hopes that the Government will accord to agriculture adequate representation in the conduct of the negotiations. In the *Corriere della Sera* Signor Giretti points out that in the commercial treaty negotiated with Switzerland early in 1923 agriculture was neglected in favour of the heavy industries, particularly in the matter of tariffs on agricultural machinery. The negotiations are likely to arouse a lively conflict between the two interests. In *La Stampa* Signor Cabiati emphasises the importance of keeping open the German market for the fruit and vegetable produce of Southern Italy, in respect of which there is no clash of interest with German agriculture.

Commercial Treaty with Finland.—A draft commercial treaty has been drawn up between Italy and Finland regulating the commercial relations between the two countries. Italy receives all the tariff reductions already conceded by Finland to other countries, and in addition special reductions on articles in the export of which Italy is particularly interested, such as lemons, oranges, nuts, almonds, preserved tomatoes, olive oil and marble. Finland, on the other hand, receives all the trade concessions which Italy has granted other countries, together with tariff concessions in respect of her most important articles of export, viz., condensed milk, machinery for manufacturing milk products, cellulose, and mechanical wood-pulp. The treaty generally aims at stimulating the trade and strengthening the bonds of friendship between the two countries. (*Corriere della Sera*.)

SOCIAL AND LABOUR CONDITIONS

Decline in Unemployment.—Unemployment figures, which stood at 280,775 on Jan. 31, 1924, had fallen to 117,963 by July 31. In the textile industries the number of unemployed on July 31 was 14,795, the lowest figure for the year. The only category in which there was an increase was in the mining trades, for which the figure stood at 2,147 on June 30 and 3,209 on July 31. (*Federation of Italian Industries' Report*.)

COMMUNICATIONS

Increased Railway Traffic.—The increase in the quantity of merchandise carried by the State Railways which had taken place in the previous months was further accentuated in September, when the figures reached 5,545,000 tons as against 5,370,966 tons in August and 4,668,735 tons in September 1923, representing an increase of 3.24 and 18.77 per cent. respectively. The number of loaded wagons was about 574,000, showing a similar proportionate increase. Besides the usual autumnal agricultural traffic there was a substantial increase at the ports and the principal inland commercial centres of supply. The number of wagons loaded at the chief ports was 80,240, or 31.31 per cent. more than in September 1923; at Genoa the increase was 10.03 per cent., at Venice 49.42, at Trieste 2.39, and at Leghorn 52.23. The quantity of merchandise lying at the port of Genoa had fallen from 317,000 tons at the beginning of the month to 250,000 tons at the end. The amount of traffic reached the maximum which the available wagon space will permit. The average duration of a load was 5 days 23 hours as against 6 days 14 hours in September 1923. (*Corriere della Sera*.)

Passenger Transport in Milan.—The inadequacy of the existing tramway system in Milan to cope with the volume of passenger traffic is engaging the close attention of the City Council. The rolling stock is insufficient and out of date; the streets, often narrow and tortuous, converging on the centre of the city are congested with trams (of which as many as eight per minute pass during the busy hours); the trams themselves are overcrowded to an intolerable extent; and the suburbs are insufficiently served. The intention of the Council is to reorganise the tramway system, to prolong the lines further into the suburbs, and to relieve the congestion in the centre by the construction of underground railways. Opinion is divided as to how this is to be carried out, and no decision has yet been reached; but in view of the immense outlay which will be required it seems to be generally considered that the trams should be transferred to private ownership (subject to adequate safeguards in the public interest), and that the construction and working of the underground railways should also be left to private enterprise.

Formerly the Edison Company provided the rolling stock, the personnel and the electrical power, in consideration of which it received a fixed sum per car mile; the public authority, on the other hand, was responsible for the permanent way, extensions, fares, reductions or increases in the services, and the finances. In 1917 the system passed entirely into the hands of the public. In 1920 there was a loss of L.18 mill., and in 1921 a loss of L.9.6 mill.; in the subsequent years, however, substantial profits have been made, and this year the total revenue is expected to be between L.18 and 19 mill. Against these balances must be set expenditure necessary for an almost complete renewal of the rolling stock, estimated at about L.100 mill. With the new rolling stock it should be possible to give a 20 per cent. better service with the same number of personnel, which, together with the saving in repairs (which cost L.13 mill. in 1923), would in a considerable measure offset the capital outlay.

The City Council has received a number of tenders for the tramway and underground concessions, the two principal applicants being the *Sindacato Studi* and the Edison Company, whose terms are not very dissimilar.

Each proposes the complete transfer to itself of both concessions for a certain duration (Studi 50 years and Edison 40), the municipality, however, to retain the right of re-purchase at the expiry of 20 years. The concessionary would have full ownership and control of both undertakings during the continuance of the concession, except that the actual tramlines would remain the property of the municipality; plant, rolling stock, etc., would be transferred to and from the concessionary at a valuation. Certain dues, partly fixed and partly variable, and licences would be payable to the municipality by the concessionary. The *Sindacato Studi* would contemplate constructing about 40 km. of underground railway over a period of roughly ten years. The Edison Company is tendering for the inclusion in the concession of the entire electric light and power supply for the city which is at present under municipal administration. Another company, the *Societa Ferrovie Metropolitane Milano*, has also presented a scheme for the construction and running of the underground railways only, and has now been invited to prepare a further scheme which should include the running of the tramways also. (*Corriere della Sera*.)

UNITED STATES

POLITICAL AND GENERAL

Prospects of a Period of General Prosperity.—With industry achieving indifferent results and with some fears aroused over the possibility of competition from a restored Europe, George Roberts, of the National City Bank, who, says Mr. F. Schneider, Junr., financial editor of the *New York Evening Post*, is one of our best posted observers, is by no means pessimistic. Mr. Roberts takes a firm hold on fundamentals and declares that "at the present time certain developments of great importance are to be noted which make for the inauguration of a period of general prosperity." He adds that "so far as economic conditions are concerned, the outlook to-day for a broad and substantial industrial revival is more favourable than at any time since the war."

The National City Bank's vice-president and economist admits that several of our important industries are operating at a subnormal rate and that profits are smaller than they have been. He maintains, however, that industry is more than holding its own and that trade is improving. With regard to the future, three great economic factors are, according to this commentator, distinctly encouraging.

One of these is the great improvement in the agricultural situation. "Upon two previous occasions," Mr. Roberts remarks, "the recovery of agriculture from protracted states of depression has marked the beginning of the most notable periods of prosperity this country ever experienced. One of these occasions was in 1877-78, when good crops and good prices turned the foreign trade balance in our favour, assured the success of the Government's policy of specie resumption on January 1, 1879, and inaugurated the great period of railroad construction and railroad development from 1880 to 1892. The other was in 1897-98, when good crops—particularly of wheat—and a recovery of prices were the leading factors in lifting us out of the Bryan period of depression, and in inaugurating the wonderful decade of industrial development which began in 1898-99. The 'come-back' of agriculture upon these two occasions was followed by periods of industrial growth which, each in turn, eclipsed anything in the previous history of the country. We would emphasize that no previous experience had prepared even the most capable business men to anticipate the growth that was coming. Everybody who planned for the future underestimated its requirements." Surely, those are encouraging words.

The second great constructive force that Mr. Roberts discerns is the restoration of normal conditions in Europe. The unsettled condition of that continent

has been, he asserts, the greatest obstacle to the restoration of prosperity in this country. Improving conditions in agriculture will be supported by the industrial revival in Europe, while the coincident increase in world purchasing power will benefit industry in all countries.

As for his third factor, Mr. Roberts observes that "The only remaining economic condition that would seem to be necessary for the inauguration of a period of prosperity more notable than any in the past is an abundance of liquid capital and credit available to support enterprises in any and every direction in which development is needed. That requisite also is present. Never has the business community been more amply equipped with financial resources, and the normal development of the past ten years has been held back by the war."

From the above, concludes Mr. Schneider, it will be seen that Mr. Roberts makes out a very strong case for a bright future as far as economic conditions are concerned. The one big cloud in the business sky that he sees is the radical agitation in politics. This, he plainly admits, is unsettling to confidence. Just how the situation will be affected by this factor, however, we should be in a position to know in a comparatively brief time.

Fears of German Competition.—The agitation in England against the loan to Germany through fear of its effect upon British industry has found echo here in the United States, and on this score Mr. Paul M. Warburg, Chairman of the Board of the International Acceptance Bank, on his return from a visit to Europe, has expressed himself to *Export Trade and Finance*, of Holyoke (Mass.) and New York, in the following terms: "Although certain industries might be adversely affected by a revival of German industry, such as might follow from the successful launching of the German loan, the ultimate consequences to be expected from Germany's economic and financial resuscitation, namely the rehabilitation and stabilisation of Europe would prove of much vaster importance. An increase of Germany's power of production would, moreover, be accompanied by a growth in her purchasing power. I believe that German competition will not be as keen and as deadly as many seem to anticipate. Germany is impoverished to a degree that will only be realised fully when the Goldmark balance-sheets will have been completed and give a true picture of her shrinkages. She has wonderful plants, but, as in almost every other industrial country, their productive capacities are too large for the reduced purchasing power of the world. On the other hand, as an after-effect of the mad inflation period, there is an appalling scarcity of working capital, and bank and savings bank deposits are only microscopic as compared to pre-war conditions. As a consequence the credit shortage is extreme, and even though since the acceptance of the Dawes Report there has been a distinct improvement, and money has become easier, the interest charges are such, and the funds available are so limited, that one need not have any apprehension lest, with a financial equipment so thoroughly inadequate, Germany could conquer the world. Add to that the charges to be imposed by the industrial loan and the higher transportation rates, both involved in the operation of the Dawes Plan, and there is enough food for thought for those whom the bugaboo of German competition keeps awake."

TRADE

Foreign Trade Returns.—The Department of Commerce figures for the first seven months of the year, according to the *Index* published by the New York Trust Company, disclose a favourable balance in United States trade with other countries amounting to \$239,964,598 as compared with an unfavourable balance of \$127,308,455 in the same period of 1923. Imports in the seven months totalled \$2,126,503,666 and were \$248,550,003 less than last year. Exports, however,

amounted to \$2,366,468,264, an increase of \$118,723,050 over exports in 1923. Decreased value of imports was shown in United States trade with each of the world's grand divisions, notably Europe and Asia. Imports from the principal European sources of supply, Great Britain, France, Germany and Italy, decreased \$100,000,000 in the current year as compared with last year, of which amount \$67,000,000 was accounted for by decreased imports from Great Britain alone. Among Asiatic countries, China sent the United States goods amounting to \$41,000,000 less in 1924 than in 1923, and the imports from Japan decreased \$25,000,000. On the other hand, United States exports to all grand divisions excepting North America increased in the present year as compared with last year. The export trade with Europe was larger in amount by \$107,000,000, with Asia it increased \$40,000,000 and with South America \$12,000,000. Particularly notable was an increase of \$49,000,000 in exports to Germany. In strong contrast United States exports to her best European customer, Great Britain, increased only \$27,000,000. Exports to France showed an increase of less than \$5,000,000. Thirty-six countries are included in the Department of Commerce list, and United States exports to each of twenty-eight of them were larger in value in 1924 than in 1923. Exports to Canada decreased \$63,000,000, but in the case of the remaining seven countries the total decrease was only \$20,000,000.

The detailed figures of the August returns (summarised in THE ECONOMIC REVIEW of Oct. 24) as made public by the Department of Commerce are as follows:—

Imports from	1924.	1923.	Difference.
Europe	\$79,923,369	\$84,504,500	— \$4,581,140
North America ...	70,051,252	69,395,581	+ 655,671
South America ...	34,433,446	29,156,700	+ 5,276,746
Asia	65,319,695	85,950,735	— 20,631,040
Oceania	2,054,438	2,486,867	— 432,429
Africa	2,847,699	3,943,601	— 1,095,902
Total	\$254,629,899	\$275,437,993	— \$20,808,094
Exports to	1924.	1923.	Difference.
Europe	\$156,349,098	\$136,763,200	+ \$19,585,898
North America ...	94,513,089	99,050,012	— 4,536,923
South America ...	30,535,723	24,419,614	+ 6,116,109
Asia	30,689,237	30,956,368	— 267,131
Oceania	12,686,069	14,954,467	— 2,268,398
Africa	6,122,509	4,822,230	+ 1,300,279
Total	\$330,895,725	\$310,965,891	+ \$19,929,834

(New York Evening News.)

Exports of Farm Machinery.—Exports of agricultural implements and machinery from the United States, according to the September issue of *Commercial America*, a review published by the Philadelphia Commercial Museum, have shown a steady increase during the current year. Exports during the eleven months ending May were 67 per cent. greater than those in the corresponding period of 1923 and amounted to \$56,182,309.

The largest increase in May, as compared with May a year ago, was in harvesting implements and parts, which increased from \$199,594 to \$741,924. Exports of harvesters and reapers showed a large increase in value from 6,040 valued at \$788,727 in May 1923 to 5,624 valued at \$1,375,557 in May 1924. There was a small decrease in the quantity exported, indicating a large increase in unit value. Argentina took 705 valued at \$503,044, while Australia took 520 valued at \$133,177. The number exported to France was approximately three times that exported to Argentina, and the value was slightly more than one-half as great, while Denmark took twice as many at one-third the cost. This would seem to indicate that the increase in unit cost was due chiefly to large shipments to Argentina of heavy units.

Wheel tractors exported increased from 1,776 worth \$1,071,269 in May 1923 to 2,838 worth \$1,374,330 in May 1924. Exports of garden tractors showed a small increase and those of track-laying tractors a small decrease. The value of mowers exported decreased

from \$417,632 in May 1923 to \$219,039 in the corresponding month of 1924, and exports of windmills, which were valued at \$76,555 in May of this year, were about one-third less than those for the same month of 1923. There were slight decreases in exports of cream separators, hand hoes and rakes, corn shellers, potato diggers and planters, and hay balers, but increases were shown for all other items.

Total exports for the calendar year 1923 passed the \$50,000,000 mark, a larger value than in any earlier year, and this big total was distributed to more than a hundred different countries, colonies and islands of the world. A compilation made by the National City Bank of New York shows that the 1923 exports not only exceeded in value those of any earlier year, but are practically double those of 1910, three times as much as in 1900 and thirteen times as large as in 1890. And they go literally to every corner of the inhabited world. American ploughs sent out in 1922, the latest year for which details are available, went to 80 different countries, colonies and islands; harvesters and reapers to over 30, thrashers to 27, and farm tractors to over 50 countries. American machines are digging potatoes in France, Argentina, Australia, India, Japan, South Africa, Armenia, and Kurdistan; American hay rakes and tedders are "tedding" in Latvia, Ukraine, Guatemala, Bolivia, Egypt, Chosen, and Palestine; American incubating machines are hatching chicks in Czechoslovakia, Russia, Barbadoes, Colombia, Java, and the Hedjaz; and the coffee drinkers of Hong-Kong, Jamaica, China, Belgium, Kwangtung, and the Far Eastern Republic are luxuriating in "real cream" produced by American cream separators.

The variety of American implements which the agriculturists of the world now demand has also greatly increased. In 1900 the export classification of the United States Government only named "ploughs and cultivators," "mowers and reapers," and a small group of "all other agricultural implements" amounting to less than \$2,500,000. Now the export group of agricultural machinery and implements includes no less than 30 different types of machines and implements for the use of the devotee of agriculture. Dairy machinery went to 45 different countries in 1922, hand garden ploughs to 52 countries, farm tractors to 70, and American cotton gins to 24 countries and colonies.

The United States is by far the world's largest producer of agricultural implements. The census of 1920 showed the capital invested in this industry at \$367,000,000 as against \$62,000,000 in 1880, and puts the value of the output of "agricultural implements" at \$305,000,000 in 1919 as against \$69,000,000 in 1880. Canada, Australia, Mexico, Argentina, South Africa, and the European countries are the largest takers of American exportation of this class of product.

The 1920 exports of agricultural machinery and implements to Canada alone were approximately \$10,000,000, Argentina over \$6,000,000, France about \$7,500,000, and Europe as a whole over \$15,000,000. The aggregate value of agricultural machinery and implements exported since the beginning of 1900 is over \$700,000,000.

The enlargement of world food production accompanying the increased use of farm machinery is illustrated by the fact that the world wheat crop has advanced from 2½ billion bushels, speaking in very round terms, in 1891 to over 4 billion in recent years; corn from 2½ billion bushels to over 4 billion; potatoes from 4½ billion bushels in 1900 to nearly 6 billion in 1913; oats from 2½ billion bushels in 1897 to 4½ billion in 1913; and sugar from 9,713,000 long tons in 1900 to 19,209,000 in 1923. The growth in world power of food production through the use of machinery is illustrated by a recent statement by the United States Department of Agriculture that the amount of human labour required to produce a bushel of wheat is now only ten minutes as against three hours in 1830.

SPECIAL ARTICLES

21ST REPORT OF THE GENERAL COMMISSIONER FOR AUSTRIA.

The main features of the report of the General Commissioner, Dr. Zimmerman, dealing with the period August 15 to September 15, 1924, are as follows:—

In carrying out the measures of re-organisation in taxation the Federal Minister for Finance has reduced the currency exchange tax by 50 per cent. Further reductions have been effected in the Civil Service, the number of the dismissed officials since the financial reforms began to operate now being 69,666, as against 100,000 fixed by the Government in their agreement with the provisional delegation of the League of Nations. The current receipts of the Government enable them to cover the August requirements without releasing the permitted amount from the loan. For the first time the assignment of the requisite foreign bills to the trusts was made without drawing upon foreign bills from the balance of the loan. To secure these bills the kronen drawn from Account A. (Customs and tobacco) were utilised on the open market without, however, any deleterious effect. The balance of Account B. amounted on Aug. 31 to 42,727,000 dollars, of which 31,875,000 were in foreign bills and 10,852,000 in the form of 770.5 milliard paper kronen. The latter amount is the same as at the end of July; but more liquid, owing to a recent reimbursement of 40 milliard effected by the Stock Exchange Support Committee. The amount in foreign bills is larger than at the end of July, since the exchange value of several European currencies rose in relation to the dollar.

The 31,875,000 dollars have been put out as follows: 320,000 dollars in redeemed securities of the guaranteed loan; 130,000 in drafts of the tobacco monopoly; 430,000 in demands against the Treasury for foreign currencies advanced for purchasing silver bullion; and foreign bills to total value of 30,992,000 dollars appear under other items in the statement of the Austrian National Bank. The actual amount abroad does not exceed 15 million dollars.

The Austrian Government submitted the preliminary estimates for September to December, 1924, amounting, in milliard paper kronen:—

	Expenditure.	Receipts.	Deficiency.
in September to ...	764	740	— 24
from October to December	2,205	2,075	— 130

The expenditure provides for supplementary subsidies of 25 milliard in September and 60 milliard for October to December for electrifying undertakings. Both expenditure and receipts exceed the items stipulated in the reform plan—since cancelled—of 1922; they also exceed the figures of the Finance Act of 1924. The deficit is lower than that estimated in the 1924 budget, but higher than the limits set by a special provision in the Finance Act.

From the standpoint of the currency August indicates a complete conversion of the situation that has held since the beginning of the year. The cardinal point of the problem is the creation of a money market, through which private banks can receive sufficient sums in running account, thus assisting their liquidity and easing the industrial situation. This question is being studied by members of the delegation of the financial committee in conjunction with the Austrian Government and the General Commissioner. The alteration of certain taxes, which impede the circulation of money and induce the public to hoard large sums in cash instead of depositing them with a bank, would probably assist towards the restoration of normal conditions in the money market.

In an appendix to the Report the General Commissioner publishes the figures for the deficit to be expected for the year 1924. The first seven months of this year showed a total deficit of only 66.9 milliard paper kronen, or about 4½ million gold kronen. For August a deficit of 79.7 milliard paper kronen was estimated; for September 24.3 milliard; and for October to December 130 milliard. That is, for the last five months of the year the deficit should not be higher than 234 milliard. This would mean an estimated total over the year of 300.9 milliard paper kronen or not quite 21 million gold kronen. Actual results have, however, shown that the estimated deficit figures are rarely even approximately reached. It is of interest to note that the receipts for 1924 were reckoned at 510 gold kronen, by the League of Nations Council, so that the ordinary expenditure, 495 gold kronen, is well covered, leaving a balance in hand of 15 million gold kronen, which in turn partially covers the 50 million gold kronen for investments. Thus a total deficit of 35 million gold kronen results.

SEPTEMBER REPORT OF THE GENERAL COMMISSIONER FOR HUNGARY.

We give below the salient points of the Fifth Report of the General Commissioner of the League of Nations for Hungary, dealing with the month of September 1924:—

The Hungarian financial year begins on July 1. But as the

final returns for July, August and September are not yet to hand, the Report contains the provisional results of the first quarter of the financial year. On this basis expenditure shows an increase of 9 per cent. on the reconstruction budget. On the other hand receipts have risen to such an extent that the actual budget deficit will only slightly exceed the average monthly deficit, as calculated in the reconstruction budget. During this quarter receipts earmarked as security for the financial reform loan were as follows:—

	In million paper kronen.		
	July.	August.	September.
Customs	62,277	69,678	95,798
Tobacco monopoly	89,391	103,260	103,709
Sugar duty	26,929	30,020	26,079
Salt monopoly	5,432	3,158	13,029
Total	184,031	206,116	238,615
or in million gold kronen	11.3	13.2	15.1

In addition to the paper kronen received, as shown above, Customs duties to 182,748 gold kronen were received in specie. It is doubtful whether receipts will be so high during the coming winter months, but they will probably exceed the estimates. According to the provisional results for September the total income amounted to 602.3 milliard paper kronen, or 35.5 million gold kronen, against an estimated 30.8 million gold kronen; thus a surplus of 4.7 million is to be expected which will reduce the September deficit from 11.1 million to 6.4 million.

The following table shows the provisional gross receipts as against the estimates:—

	Prov. gross income.		Estimate.	Surplus.	Deficit.
	milliard paper kronen.	million gold kronen.			
July ...	406.2	23.0	23.8	—	0.8
August	590.4	34.7	28.8	5.9	—
Sept. ...	602.3	35.5	30.8	4.9	—
	1,598.9	93.2	83.4	10.6	0.8
	net surplus over the estimates ...			9.8	

According to these results the budget deficit in the first quarter of the financial year may be reckoned as follows:—July, 11.8 million gold kronen; August, 10.8; September, 11.1; total, 33.7 million gold kronen, less the net surplus over the estimates for the quarter, as given above, 9.8 million gold kronen; total deficit—23.9 million gold kronen. The budget estimates of the reconstruction plan give the deficit for this quarter at 21.2 million gold kronen, based on the monthly average figures. The definite results can only be known when the final statement is handed in; but it is probable they will not deviate much from the provisional figures. The Hungarian Government has therefore been able to keep closer than was to be expected to the financial plan for this quarter. But the Commissioner warns against any misunderstanding that the Government may spend more than the amount stipulated in the financial reform programme. The net provisory deficit of 23.9 million gold kronen was covered by a release from the loan for this purpose. It is highly probable that, when the exact figures are to hand, the expenditure will considerably exceed the amounts of the monthly estimates, which, in their turn, were higher than the monthly average of the financial reform plan. The greater part of this excess is of a permanent character, so that the balance will have to be reached either by increased receipts or by effecting economies in other items of expenditure.

The October budget provides for a net expenditure of 33,728,486 gold kronen and a net income of 27,875,616 gold kronen. Compared with the monthly average of the financial reform budget these figures show an increase of 2,678,486 gold kronen in expenditure and of 3,908,949 in receipts; or a deficit of about 1,230,462 gold kronen lower than that calculated in the financial reform budget. All advances made to the State for the accumulation of working capital beyond the amounts accounted for in the budget estimates have been reimbursed in full. For October, therefore, there was no need of an advance beyond that for the deficit for this month, and the results of August and September permitted this amount even to be smaller, only 3,781,750 gold kronen being accordingly released. The loan for constructing the Budapest free port and the Swiss franc loan (of June 1923) have been repaid. During September the forced loan yielded 24.5 milliard paper kronen, which, with the balance at the end of August, places a total of 68.8 milliard at the disposal of the Government.

At the end of September the bullion at the National Bank amounted to 1,940 milliard in value, an increase of about 100 milliard on the month, whilst foreign bills and other values remained much the same. The position cannot be termed unfavourable. Despite this increase in bullion the notes have week by week become less secured. This is largely due to the strong development of the discounting business; from the middle of June to the end of September bills of exchange increased from 1,105 to 1,756 milliard, whilst notes in circulation went up 42 per cent. Notes in circulation and obligations immediately due rose in September by about 400 milliard. The gold value

of the circulation was higher than any time since July 1921. The General Commissioner also expresses his doubt whether the raising of the bank's fixed rate of interest will have any notable effect upon the shaping of the private rates or on the note circulation. The pressure to obtain credit at the bank is scarcely less pronounced than hitherto, since credit costs twice as much elsewhere.

In respect to industry and trade it is pointed out that the reduction in the prohibitions and various other restrictions marks an important step forward. The Government is also adopting further means to free industry from the economic effects of the war. The foreign trade of Hungary during the first eight months of the year, the figures for August and September being but provisory, show an increase of 48 per cent. on the same period in 1923, imports rising by 39 per cent. and exports by 62 per cent. The latest Government evaluation of the harvest, as compared with 1923 is as follows:—

	1924.	1923.
Wheat	13.71	18.42
Rye	5.80	7.94
Barley	3.25	5.93
Oats	2.48	3.98
Maize... ..	20.34	12.50
Potatoes	19.12	13.34
Sugar beet	14.26	8.63

The wholesale index figures, published by the Government and the *Pester Lloyd* index of retail prices show a slight set-back. But the prices of provisions have not risen to the extent of those for other goods.

THE ECONOMIC SITUATION IN THE ARGENTINE.

The following brief survey of the present economic situation of the Argentine Republic appears anonymously in the Madrid economic review *España Económica y Financiera* (Sept. 13).

THE HARVESTS.

Since the beginning of the current year business in the Argentine Republic has been making very favourable progress. The harvests are abundant and export figures are very satisfactory.

According to the latest official returns, published on June 16 last, the wheat harvest amounted to 6,720,000 tons, as against 5,330,000 t. in the corresponding month of last year. Allowing 1,850,000 t. for seed and home consumption, there will be a surplus available for export of 4,870,000 t., to which should be added 15,860 t., the stock in hand at the beginning of the year. In 1923 the total export of wheat amounted to 3,820,000 t. The above estimate includes the flax harvest of 1,488,000 t., as against 1,209,000 t. in 1923. Of the current harvest 120,000 t. are required for home consumption, so that, after allowing for the surplus carried over from 1922 and 1923, the amount actually available for export may be estimated at 1,152,000 t. The maize crop, a commodity especially affecting Spain, is very abundant, being estimated on July 15 at 7,030,000 t. as against 4,473,000 t. in 1923, the quality of the grain being excellent. This satisfactory result is attributable to improved methods of cultivation. In 1923 1,688,000 t. of maize sufficed for the needs of home consumption and of seeding, so that 2,786,000 t. were available for export; but inasmuch as only 2,386,000 t. of this amount were actually sent abroad, it may be calculated that during the current year the country will be in a position to export 5,343,000 t. of maize.

EXPORT OF AGRICULTURAL AND PASTORAL PRODUCTS.

The above facts tend to show that the export of agricultural produce during the first half of the current year constitutes a record on which it will henceforth show improvement. The following table shows the amount of the various classes of cereals exported in the first half of 1924 as compared with the previous year (in thousands of tons):—

	1924.	1923.
Wheat	3,313	2,588
Linseed	981	899
Maize	1,608	1,296
Oats	374	306
Barley	161	21
Wheaten flour	103	40

As regards the value of the above, no official returns are as yet to hand, and any computation thereof must of necessity prove faulty.

As a complement to the export of cereals that of the products of stock-breeding is shown in the following table (in thousands of tons):—

	1924.	1923.
Preserved meat	62.9	32.8
Mutton	43.8	51.4
Extract of meat	1.7	1.0
Preserved tongue	1.0	0.9
Frozen beef	201.5	98.3
Fresh beef	207.3	200.7
Salted cow-hides	91.3	61.0
Dried cow-hides	16.3	13.8
Unwashed wool	79.0	98.4
Tallow and fat	66.4	46.7
Butter	19.3	16.9

Agricultural produce from the Argentine is finding ready markets abroad during the year, but it should be noted that the decline of certain exports, unwashed wool for instance, is due to a diminished production as compared with last year. Features worthy of attention are the increase in the export of frozen meat and the decrease in that of (fresh) mutton. The latter class of meat was formerly chiefly consigned to Great Britain, which now consumes comparatively little owing to the increased consumption, as in other European countries, of frozen meat. This fact is demonstrated by the increased import of the latter during the first five months of the year. The returns show an increase per cent. during this period of this kind of export to the following countries: Germany, 245.5; Belgium, 216.8; Holland, 1,767.8; Italy, 3,441.6; and France, 7.3. On the other hand the export of frozen meat to Great Britain declined during the period by 0.7 per cent. It may be confidently assumed that Germany was the ultimate destination of a considerable portion of frozen meat consigned to Belgium and Holland.

During the first five months of the year the export of live stock amounted to 416,900 tons to the value of 91.1 mill. gold pesos, that of animal products to 250,500 tons to the value of 103.4 mill. gold pesos, that of forest products to 134,500 tons to the value of 8.2 mill. gold pesos.

The total value of Argentine exports during these five months amounted to 6,060,000 tons to the value of 468.5 mill. gold pesos, an increase of 23.3 per cent. in quantity and of 29.5 per cent. in value as compared with the corresponding period of 1923.

It should be noted that the gold peso is quoted below parity. Owing to the disturbance of the money market caused by the war, the Argentine Conversion Bank has been closed, the free conversion of paper into gold pesos has been suspended, and the value of the latter has fluctuated and has moved on an equal footing with the paper peso in accordance with its relation to it as determined by law. The increased value of exports is therefore partly fictitious, depending as it does on these fluctuations of the Argentine peso.

Customs receipts for 1924 amounted up to May 31 to 146,742,000 paper pesos, an increase of 8,991,000 paper pesos as compared with the corresponding period of last year.

THE FINANCIAL SITUATION.

During the decade immediately preceding the outbreak of the war the Argentine was favoured by an influx of capital from Europe, which, according to the Argentine economist Alejandro E. Bunge, amounted to 8,000 million gold pesos. During the war 2,000 million pesos were repaid owing to the boom, but after the termination of hostilities the country entered upon a period of crisis which still exists. This crisis is due to the disparity between the payments which the country has to make and the resources furnished for this purpose by its production and sales.

The Argentine Republic has to pay by means of its exports not only the import of manufactured goods, but also considerable sums in interest and dividends. The

amounts remitted by foreign emigrants to their families are computed at 50 million gold pesos a year.

According to the speech by the President of the Republic to Parliament, ordinary revenue for 1923 amounted to 536,658,000 gold pesos, being 29.2 million paper pesos less than the estimate. Special revenue arising from the negotiation of bonds and the realisation of conversion funds have contributed 128.8 mill. paper pesos. The National Debt at the respective dates shown below was as follows (in millions of paper pesos):—

	Dec. 31, 1922.	Dec. 31, 1923.
Internal Loan	555.7	544.8
External Loan	739.1	776.5
Total	1,314.8	1,321.4

In June last the Government concluded two important financial transactions, namely the negotiation with Blair and Co. of Treasury Bills to the value of 10 million dollars at par bearing interest at the rate of $5\frac{1}{4}$ per cent. per annum, and maturing June 16, 1925, and with the Chase Corporation of New York of Treasury Bills for 20 million dollars bearing interest at 5 per cent., with a commission of $\frac{3}{8}$ per cent. for the bankers, the bills to mature on June 16, 1925.

Last May the Government withdrew from the Conversion Fund 4,093 gold pesos, which were remitted to New York to meet the charges of the external loan.

As part of its scheme of taxation reform for 1925, the Government has set down in Parliament a Bill for the imposition of income tax.

Another Bill also set down in the Chambers contains a reform of the conversion system, and the introduction of a new currency unit. It is reported that under this Bill the note issue will be entrusted to the Banco de la Nación Argentina, to which will be attached the Conversion Bank. According to this report the note circulation is to be covered up to 80 per cent. of its value as follows: as to 50 per cent. by minted gold, as to 15 per cent. by Public Funds, and as to 15 per cent. by easily realisable commercial bills to be discounted by the above mentioned Bank.

The new currency unit is to be in gold of the weight and value of the gold franc, to be issued in coins of the denomination of 20, 10, and 5. Silver and nickel coins will also be struck.

GENERAL ECONOMIC CONDITIONS.

The Railways. The railway system is showing signs of improvement. The companies, encouraged by the results shown during the past few years, propose to complete their lines. The earnings of all the railways, including those belonging to the State, amounted during the first half of the current year to 240,701,200 gold pesos as against 222,104,200 gold pesos for the corresponding period of 1923.

Cotton-growing. Cotton cultivation in the Argentine is yearly increasing in importance since the soil is well suited to it, and it will soon form a new source of national wealth.

Trade. Trade is in general active, although some markets are weak, owing partly to shortage of stocks, as for instance in the case of wool, partly to various causes which in the interior of the country hamper business.

Labour. The situation of the working class is comparatively satisfactory, and it is hoped that owing to the stimulus to be given by the Government to Public Works and to its encouragement of certain industries, such for instance as oil production, this situation will greatly improve before the end of the year.

The Government. The present Government of President Señor Alvear has set itself the task of accomplishing a rapid and real improvement of the financial and economic situation of the country, by means both of a drastic revision of taxation and Customs legislation, and of a currency policy which will ultimately send the national currency above par.

The character of the Government is strongly Liberal, as is the tendency of its Bills. Unfortunately, however,

it is not sure of its majority in Parliament, which is made up of numerous groups divided by fundamental differences of opinion which lead to barren debates and to some extent hamper the execution of the Government's intentions.

THE ECONOMIST'S BOOKSHELF.

COMPARATIVE BURDENS OF TAXATION.

Sind internationale Vergleiche steuerlicher Belastungen möglich? (Is it possible to compare the burdens of taxation of different nations?) By Dr. rer. pol. WALDEMAR HOLZ. (Leipzig: Akademische Verlagsgesellschaft. Price, Mk.3.)

In February this year the honourable member for South Molton asked the Chancellor of the Exchequer for details of taxation per head of the population in different countries. He received a written reply in tabular form relating to nine countries, together with the admonition "that international comparisons of this nature require to be used with great caution, owing to the differing national wealth, financial systems, and social and economic structure of the countries compared." A similar question was asked (and answered) during the last Parliament with regard to the comparative military and naval expenditure per head of Great Britain and the several Dominions. Indeed, this particular class of question is an especial favourite with members who desire to argue that England is overtaxed, or that Germany and France are shirking their international obligations, or that Australia is contributing too little to the defence of the Empire. But the warning of the Chancellor was timely, and so is the present closely reasoned enquiry into the possibility of such comparisons. Dr. Holz examines a large variety of attempts to carry out comparisons of this kind, and concludes (with full justice, in our opinion) that all of them give results exhibiting various degrees of demonstrable falsity, and that the very attempt involves the comparison of a considerable number of elements which are by nature incomparable. There is one important element in particular which is sufficient by itself to invalidate a comparison, inasmuch as it is incapable of any statistical demonstration at all. Taxable capacity is not directly proportionate to income, but increases progressively with increase of income. A tax of £10 on an income of £100 is a heavier burden to the payer than a tax of £1,000 on an income of £10,000, and it is impossible to determine what proportions in the two cases constitute an equal burden—a difficulty which cannot be eliminated from international comparisons any more than it can be eliminated from the comparison of burdens borne by different classes of the same nation. Not only, therefore, is a scientific result not obtainable, but any result is so rough and ready and so riddled with arbitrary conjecture as to be misleading and valueless even for practical purposes. In support of the latter conclusion the author claims to have seen estimates of Germany's burden for 1920 which vary between 12 and 63 per cent. of the national income, and equally variant estimates for England and France. He holds, moreover, that the very notion of a "burden" is a misconception due to the aversion of the individual from contributing to public expenditure. The object of taxation is to provide goods or services which are just as necessary to the well-being of the individual as those which he obtains by private expenditure: whether all the objects are really necessary or even desirable is, of course, a matter of opinion upon which there is always much disagreement. What taxation in fact does is to alter the direction of consumption; it only constitutes a "burden" when the proceeds are not spent on behalf of the community, but are paid to some other community outside, as in the case of Reparations, or the repayment of foreign debt. But apart from this exception the problem of the so-called "burdens" of taxation is purely one of psychology: if the population is sufficiently convinced that certain portions, however large,

of the national income will be more advantageously spent by the Exchequer than by private individuals, then taxation does not even involve a sacrifice. When it is said, as so often at present, that taxation deadens enterprise, that simply means that the public dislikes the objects for which the taxation is levied; it dislikes, for instance, being deprived of part of its income for the exceptionally uninspiring purpose of paying interest on war loan. It is this elusive psychological factor which makes it quite impossible to determine with any sort of precision what Reparations Germany really *can* pay; no wonder it has taken five years to arrive at the figure where her willingness to pay coincides with Allied readiness to accept. J.C.J.

INDUSTRIAL PEACE.

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 and Sons, Ltd. Price, 3s. 6d. net.)

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

The excitement of a General Election having subsided it is, perhaps, an opportune moment to choose to call attention to these two little economic studies. Both of them contain serious thoughts upon industrial problems, but of a type unsuited to an electioneering atmosphere. They are the reflections of calmer calculations. In the contents of either book there is very little to be described as novel, both recapitulate ideas which have found expression elsewhere. The most significant thing about them is that they register the sober conclusions of two men with considerable experience in the region of industrial problems. Many readers will regard these conclusions as tame, other readers will do well if they shed their reactionary prejudices for a moment to detect a possible line of escape from an impending deadlock. From the latter it is becoming more and more clear that nothing but a compromise will save us. These two volumes explore the grounds of one from the angle of well-seasoned moderation. Perhaps the ground is strewn a little too thickly with ideas equally platitudinous in thought and expression, but in both cases the author's personality makes an original and interesting contribution of its own. Mr. Kidd preaches a "closer adherence to the political gospel of Disraeli." Disraeli would have preached well from texts supplied by Mr. Barnes.

In *The Industrial Conflict—the Way Out*, Mr. Barnes makes a plea for a greater degree of goodwill and co-operation between employers and employed. He considers that much wrangling is done over trifles, and that in the meantime competitors are chasing us out of world markets by their superior intelligence and organisation. Community interests suffer and neither the employer nor the employee seems to care. Mr. Barnes states the Industrial problem thus: "The problem is how to get employer and employed to co-operate in a more efficient production of wealth while making further progress towards getting the worker his due share in the advantages of modern civilisation." Failure to do this spells class-war revolution. Mr. Barnes surveys the ground covered in attempts to reach such co-operation. On the whole he is not in favour of profit-sharing schemes unless they are entertained by Trade Unions and are based on the recognition of the standards of living won by Trade Union action. Moreover, it does not give the worker any share in the control and management of industry. He believes in the future of Co-operative Societies and regards them as capable of producing and distributing most articles of daily consumption. In the Industrial Co-operative Societies the workers are already mostly trade unionists, and therefore the question of workers versus employers hardly arises. This is the only British exhibit of co-partnership, although a New Zealand experiment is cited. Mr. Barnes considers sectionalism to be the radical defect of modern Trade

Unionism. This was apparent in union organisation upon a craft basis, and the recent "Industrial unionism is threatening a new cleavage and in fact a new sectionalism." Union rivalry is another cause of petty quarrels which have done so much to throttle industry. It, of course, is rooted in sectionalism. "But," the author goes on to say, "leaving this unattractive side of it to the arbitration of time and circumstance, we may say that trade unionism may be taken as the main agency for arranging industrial conditions with employers of labour." Mr. Barnes believes in voluntary associations both among employers and employed, the object being collective bargaining. He makes a real plea for the increased publicity of industrial facts. "Affairs should be discussed in the full light of facts," and in disputes failure to produce them should induce State action. Mr. Barnes' main aim seems to be to devise machinery which will bring industrial disputants together, make them pause to digest the evidence produced on either side, and, if need be, provide an opportunity for public opinion to make its "due weight felt." Such machinery it is the business of statesmen to provide. Boldness is called for because "the community must be armed for self-defence against inconsiderate action inimical to public welfare on the part of voluntary associations." As a first step in this direction Mr. Barnes would incorporate employers' and employees' associations, making them suable entities, and he would prohibit strikes and lock-outs on public services until a public enquiry had gone into all the facts of any dispute. "In the background it may be necessary to keep in reserve public maintenance of such services." In fact it seems to us that Mr. Barnes' principal way out of the industrial conflict is through the media of State intervention.

In *Unity in Industry* Mr. James Kidd covers similar ground to that covered by Mr. Barnes in appraising the experiments attempted to mitigate the evils of industrial conflict. He is more philosophical in his search for the causes of conflict and utilises a subtle logic in stating his arguments. Opponents will find the latter hard to resist. The present trouble Mr. Kidd asserts is not "to be cured by any artificial device like Socialism." The root of industrial trouble is a moral one. Capital still retains its virtues. "It is the seed which brings the harvest of increased wealth and wages," while "Socialism never gets down to the moral springs." Mr. Kidd is mainly concerned with the consequences arising out of the altered status of the worker in the modern industrial organisation. In pre-industrial times the man was as good as his master. They worked at benches together, the relationship between them was eminently personal. Above all the worker exercising the normal virtues of his craft usually improved his industrial status. Mass production and the employment of impersonal capital have swept these conditions away, and, in making the workers' interest one of wages only, have widened the gap immeasurably between master and man. It is to a restoration in Industry of the spirit of former times that Mr. Kidd is attracted, and his book, in its main contribution to the discussion of industrial problems, presents an idea which he considers to be fundamental in achieving that restoration. "What is wanted is an amendment of the law, making it possible for the Union not only to invest but to be assured of the holding in the company which it may desire, and—where such investment is sufficient to justify it—to make its representation in the management a certainty." This is an idea which is attracting some attention at the present moment in America, where it has been successfully experimented with. To English readers Mr. Kidd has presented it in a most lucid and readable form. H.J.H.

PUBLICATIONS RECEIVED.

The Science of Public Finance. By G. Findlay Shirras. (London: Macmillan and Co., Limited. Price, 21s. net.)
Zahranicni Obehod Republiky Ceskoslovenske. August 1924. (Praha: Bursik & Kohout.)

STATISTICAL SECTION

THE TRADE BAROMETER

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

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

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

TABLE I.

Date	10 Com- modities	Bde.ofTde Monthly Average	Date	10 Com- modities	Bde.ofTde Monthly Average	Date	10 Com- modities	Bde.ofTde Monthly Average	Date	10 Com- modities	Bd. ofTde Monthly Average
Jan. 16 1920.	367.9	296.6	May 12	204.3	201.7	Aug. 18	164.0	156.3	Dec. 14	177.0	163.4
Feb. 13	367.6	310.3	June 17	201.8	197.7	Sept. 15	161.2	154.3	1924		
Mar. 19	396.9	319.0	July 15	194.4	194.1	Oct. 13	161.2	155.2	Jan. 18	178.6	165.4
Apr. 16	384.6	325.2	Aug. 19	178.1	190.0	Nov. 17	169.3	157.6	Feb. 15	187.9	167.0
May 14	391.2	325.5	Sept. 16	183.4	187.0	Dec. 15	161.2	155.8	Mar. 14	182.1	165.4
June 18	417.7	322.4	Oct. 14	170.2	180.7	1923			Apr. 18	177.5	164.7
July 16	418.8	316.9	Nov. 18	154.5	172.8	Jan. 12	162.8	157.0	May 16	171.2	163.7
Aug. 13	386.8	313.1	Dec. 16	153.2	167.9	Feb. 16	177.2	157.5	June 20	167.8	162.6
Sept. 17	379.4	311.4	Dec. 30	150.0		Mar. 16	192.4	160.3	July 18	167.1	162.6
Oct. 15	328.6	302.3	1922			Apr. 20	198.5	162.0	Aug. 15	175.3	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	" 24	174.8	

CHART ILLUSTRATING TABLE I.

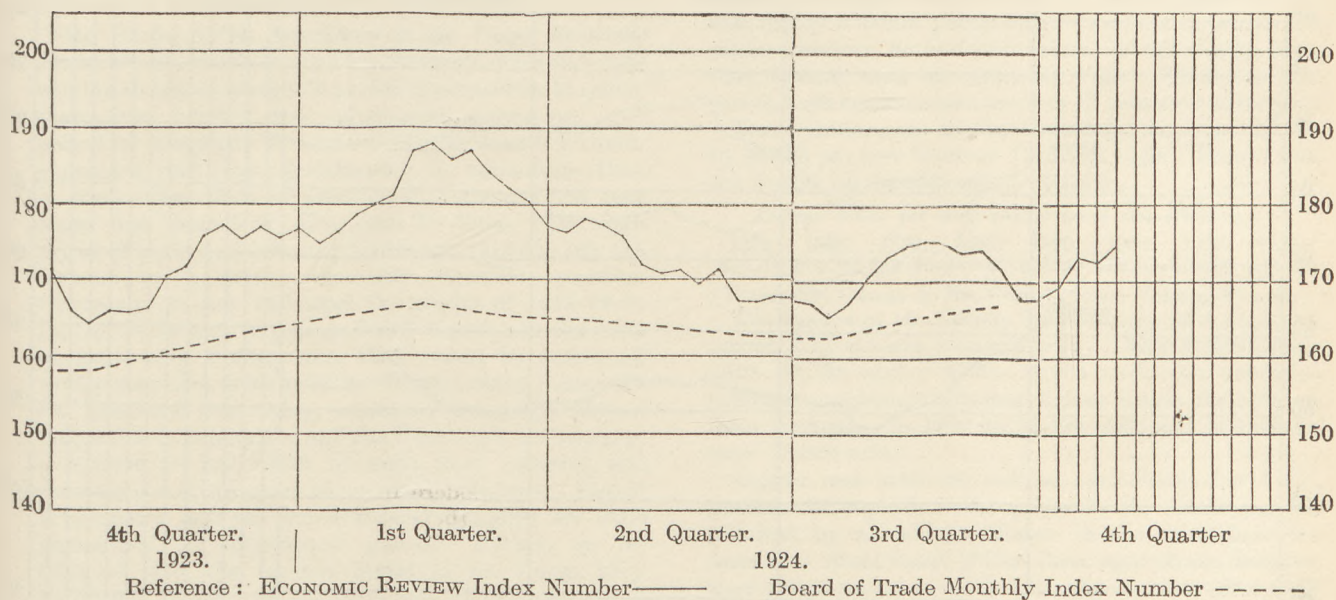


TABLE II.

Date	Pig iron.	Tin.	Coal.	Linseed Oil.	Cotton.	Wool.	Hides.	Wheat.	Bacon.	Sugar.	Mean.	Date.
Dec. 30, 1921	100	100	100	100	100	100	100	100	100	100	100	Dec. 30, 1921
1922.												1922.
Jan. 27 ...	90.6	90.5	92.4	108.8	85.3	100.0	82.6	101.1	94.4	96.1	94.18	... Jan. 27
Apr. 28 ...	92.9	89.4	89.6	149.1	87.9	106.7	78.3	113.5	115.8	107.7	103.09	... Apr. 28
July 28 ...	92.9	94.5	97.2	157.9	110.1	111.1	97.1	119.0	116.5	119.2	111.15	... July 28
Sept. 29 ...	94.3	95.2	92.9	135.1	105.9	117.8	96.4	82.8	104.0	134.6	105.90	... Sept. 29
Nov. 3 ...	95.5	107.5	100.0	140.3	119.9	133.3	106.5	91.9	104.8	134.6	113.43	... Nov. 3
Dec. 29 ...	89.4	106.7	91.5	138.6	126.0	120.0	93.5	90.4	89.7	138.5	108.43	... Dec. 29
1923.												1923.
May 18 ...	110.8	117.9	128.3	166.7	120.2	137.8	102.9	102.7	91.2	242.3	132.08	... May 18
Oct. 12 ...	93.4	117.1	90.6	150.9	136.4	126.7	84.8	83.0	66.2	145.9*	109.50	... Oct. 12
Nov. 16 ...	97.2	127.4	97.2	149.1	165.8	128.9	87.0	86.2	73.5	132.7	114.50	... Nov. 16
1924.												1924.
Feb. 15 ...	96.7	163.4	96.2	171.9	159.6	151.1	91.3	100.4	65.8	156.1	125.25	... Feb. 15
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. 26 ...	85.8	136.6	72.6	151.8	120.6	151.1	97.1	113.8	81.6	108.1	111.91	... Sept. 26
Oct. 10 ...	84.9	140.8	67.9	158.2	128.0	175.6	95.7	114.6	84.2	104.1	115.40	... Oct. 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
" 24 ...	84.9	148.2	68.9	162.3	112.4	175.6	98.6	120.2	90.1	104.1	116.53	... " 24

*Revised Quotation.

Statistical Section

THE EUROPEAN EXCHANGES

WEEKLY PERCENTAGE OF DOLLAR PARITY

(To Week ending October 25.)

	Week ending		Week ending	
	Oct. 25.	Oct. 18.	Oct. 25.	Oct. 18.
Switzerland ...	99.54	99.54	Denmark ...	64.27 64.71
Sweden ...	99.31	99.31	Norway ...	53.33 52.97
Holland ...	97.72	97.50	France ...	27.10 27.16
Sterling ...	92.47	92.26	Italy ...	22.54 22.65
Spain ...	69.66	69.66		

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.

