THE

ECONOMIC REVIEW

A REVIEW OF THE FOREIGN PRESS

AND

A JOURNAL OF POLITICAL ECONOMY

Vol. X. No. 20. November 14, 1924. Price 1s. Weekly.

Editorial Offices :

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

Telephone : Gerrard 1396.

Subscription Rates (Post free, home or abroad)

1 Year	–	£2 : 12 : 6
6 Months	–	£1 : 7 : 6

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ECONOMIC REVIEW OF REVIEWS.

DEFLATION OR DEBASEMENT?

In the *Revue Economique Internationale** M. Henri Noyelle has a long and closely reasoned article which is in effect a reply to a recent book by M. Rist, the French economist, entitled "Deflation in Practice." In this book M. Rist surveys critically the deflationary experiences of England, the United States, France and Czechoslovakia since 1919–1920, whence he reaches two main conclusions: (1) that deflation is condemned by experience, and (2) that the remedy for the instability of prices is to be sought first in balancing the budget, and then, the franc exchange having consequently risen, in fixing a new gold parity at, say, half the old parity. Deflation he calls "radical" when it consists in the direct withdrawal of a certain quantity of notes, and "moderate" when the State repays its advances, but the Bank of Issue retains the right of restoring to circulation the notes taken in repayment. It is the latter kind of inflation that M. Noyelle is concerned to uphold as against M. Rist. His standpoint with regard to France in particular is that such of the inflated currency as can be absorbed by increased production will not be extinguished by deflation, and that if the franc is allowed to move in the direction of parity through the ordinary economic influences it will further benefit by the control of credit, which without deflation would be impossible for a long time. Deflation, moreover, requires and conduces towards budgetary equilibrium, and finally it permits of action being taken on the dictates of past, present and future experience without sacrificing any essential economic interests. Examining M. Rist's views as to the lessons to be drawn from the experiences of other countries, M. Noyelle finds that in England there has been deliberate deflation, that the £ sterling has been further assisted by the balancing of the budget, and that increased production will suffice to bring it back to par. Mere budgetary equilibrium without deflation cannot by itself produce stability, especially in a country whose currency is so depreciated as that of France. In respect of Czechoslovakia, M. Rist is of opinion that the mere reduction of the volume of paper money is insufficient by itself to stabilise the exchange or to lower prices, but that both these ends have been achieved by budgetary equilibrium, the cessation of inflation and the support of foreign credits. M. Noyelle concurs with M. Rist's description of the phenomena adduced, but not with his explanation; he avers in particular that the Czechoslovak crown was aided by the purchases made by neighbouring countries with heavily depreciated currencies, and that in proportion as these currencies become stable the crown is not likely to remain steady without renewed deflation, which policy Czechoslovakia is actually pursuing at the present moment. The experience of France, M. Noyelle admits, is inconclusive as to the desirability of deflation, but it was rendered so not by the logic of the facts, but by the policy of the Ministers of Finance.

*XVI. Year, Vol. III., No. 3. Brussels. Monthly, 50s. per annum.

M. Noyelle then passes to a general discussion with M. Rist as to the relative merits of deflation and devaluation. M. Rist quotes M. Maroni, of the *Débats*, who is of the opinion that repayments should not be made to the Bank so long as the budget is unbalanced, in default of which they can only be effected by new loans. They only reduce the circulation to the extent that the needs of commerce do not increase so as to involve short-term borrowing as a substitute for the notes withdrawn from circulation and repaid to the Bank. To this M. Noyelle makes two reservations; in the first place, the conversion of bonds into notes may be made, not only for purposes of production, but also of consumption, and, to avoid the latter, control of the circulation becomes necessary; and, in the second place, repayment has a psychological value even if it remains without effect on prices. It would, of course, be better to repay out of taxation rather than out of borrowing, but borrowing for the purpose is better than no monetary policy at all. Moreover, such borrowing has more than a mere psychological value. For economic equilibrium presupposes that every increase in circulation is controlled by the banks. If the conditions are such as to justify an increase the Bank of Issue, *after repayment*, can grant the necessary credit, and the repayment ought therefore to be made in order to enable the Bank to exercise the desired control. The Treasury also receives an incentive to meet its requirements out of taxation instead of borrowing, and taxation, after all, is the only mode of exit from the vicious circle. Further, the control of credit has a tranquillising effect on the exchanges and helps to prevent them from bringing about a rise in prices. In short, moderate deflation, budgetary equilibrium and the consolidation of the floating debt represent a harmoney of forces converging on stability. Another argument used by M. Rist is that the reduction of the means of payment is not sufficient in itself to lower prices and thus to raise the exchange, or that at any rate it operates too slowly. To this M. Noyelle replies that deflation lowers prices *through* the exchanges; confidence, however, is a precarious foundation on which to base stability so long as *real* equilibrium is liable to be disturbed by the floating debt, and it is that which actuates the anti-deflationists to re-attach the currency to gold, though at a lower parity. Again, M. Rist fears the deleterious influence of deflation upon production, and there are three steps by which he would avoid this: first, the exchange must be raised by balancing the budget; secondly, there must be a slight direct deflation to provide a reserve of notes for utilisation by commerce, this to be achieved, no doubt, by taxation; thirdly, the currency must be fixed at a new parity to be determined by circumstances. M. Noyelle enquires at what rate the currency can be fixed if the very fear of permanent debasement itself destroys foreign confidence. For, after all, the confidence inspired by budgetary equilibrium is due to the hope that this anticipates the intention of restoring the currency to the old parity. Against the objection to deflation (not raised by M. Rist) that it increases the charges on account of the internal debt M. Noyelle observes that the possibility of debt conversion is dependent upon deflation. In conclusion he indicates that the attempt to stabilise the currency at a new parity would involve a rise in internal prices and therefore a new inflation.

AGRICULTURAL LABOUR AGREEMENTS IN ITALY.

In *La Riforma Sociale** Signor F. LUZZATTO surveys the terms of collective agreements made between agricultural employers and employed in certain provinces of Italy for the agricultural year 1923–1924, which were published in the January issue of the *Bollettino del Lavoro*. He confines himself exclusively to the clauses regulating the conditions of labour. The agreements are noteworthy for the variety of conditions and the minuteness of detail which they cover. The vast majority of them limit the duration of their validity to the current agricultural year, or to the one following. The normal working day is reckoned at eight, seven or six hours, except in certain districts and at certain seasons of the year when it is nine or even ten; in some places there is extra pay for not less than two hours' overtime. Extra pay has been introduced for work on certain special holidays, regular employees have obtained five, eight or twelve days' holiday per annum, and are assured the continuance of pay during sickness, military service, and accident disablement, full or temporary. As regards the engagement of labour no hard and fast line has yet been drawn between regular and casual workers, but three methods find place in the agreements: first, absolute freedom of choice on the part of the employers; second, manipulation of supply by collective organisations, and third, mixed employment committees, on which each party is represented in equal or unequal numbers. The minimum age at which labour may be engaged varies from 13 to 16. In some places preference is given to members of the national unions, in others to local applicants, while in others educational qualification plays a part; this refers to regular employees. As regards casual labour the preference similarly varies from place to place; thus in one place it is given to heads of families or ex-soldiers, in another to members of the Fascist organisations. Employers are still bound by a former obligation to engage a given number of casuals in exact proportion to the size of their holdings. Limitations are imposed in some places as to the number of animals which may be attended by regular workers; thus, two oxen to a ploughman, eighteen cows to a cowman, and so forth. In most districts, however, no limits are imposed. Cases are rare where employees are given a share of the produce; much more frequently they are allowed a house and garden in addition to their wage. Political clauses are infrequent. Mention has already been made of the preference given to Fascist organisations—a preference which was formerly enjoyed by the Socialists. In some agreements strikes on political grounds or in sympathy with other workers are forbidden; in one they are forbidden altogether except in the case of serious failure on the part of the employers to carry out their agreement. Clauses forbidding strikes on economic grounds are regarded by the writer as superfluous, since such a strike automatically annuls an agreement, whilst the prohibition of political and sympathetic strikes he considers legally invalid, and such strikes also, in his opinion, annul an agreement. Several agreements lay down the disciplinary measures which may be taken against employees for infringement of their contract. General disputes are left for settlement by arbitration; the bodies indicated for the purpose are very various; sometimes they are constituted by the contracting parties, sometimes the district employment committee is entrusted with the service, occasionally it is conciliation rather than arbitration that is provided for, sometimes there are different bodies for different kinds of disputes, sometimes there is provision for conciliation first and arbitration afterwards, frequently there are separate committees for regular workers and casuals. The prevailing type is the joint arbitral commission. In general the differences in the agreements are determined rather by the actual conditions obtaining locally than by the ignorance of one district as to the contents of the agreement made in another.

* Vol. XXXV., No. 9–10. Milan. Bi-monthly. Price, L.60 per annum.

ITALIAN FREE TRADERS AND THE GERMAN TREATY.

*La Riforma Sociale** publishes a short statement by the Italian Free Trade Group of its official attitude towards the new commercial treaty which is about to be negotiated with Germany. The Group is of opinion that the only means open to Italy of resisting the Protectionist influence of German agricultural interests lies in offering to German manufactured goods, especially those of the metallurgical and chemical industries, substantial reduction in the import duties imposed by the tariff of June 9, 1921. Such a policy is strenuously opposed by the political spokesmen of Italian big industry, who are talking vaguely about "the opportunity for an equitable commercial agreement with Germany, which should respect and protect the general harmony of interests between agriculture and industry, and is to be achieved by presenting 'a single national front' to the foreigner, and leaving to the Government, the supreme protector of the interests of all, the sole duty of conciliating divergent interests in the few cases where the spontaneous initiative and goodwill of the interested parties themselves prove unavailing." This is characterised by the Group as sheer nonsense; such a unity of interests exists neither in Italy nor anywhere else in the world. Where there is a complete divergence and incompatibility of interests the Government ought to consider whether there are political reasons why specified industries, incapable of survival without special protection, should be artificially maintained notwithstanding loss to other industries; but it cannot be permitted in such cases that the industries themselves should determine the form and measure of protection they are to receive from the State.

"It is not in the least a question of passing overnight from a Protectionist to a Free Trade régime. It is merely a question of deciding what interests have the prior right to consideration by the Italian Government, of deciding, that is, between those numerous exporting industries which do not enjoy tariff privileges, or are able henceforth to renounce such privileges, and those which are merely concerned to retain their monopoly of the national market, and declare themselves incapable of resisting foreign competition, unless they are protected by an enormous tariff barrier. . . . No one still pretends that a reasonable and moderate protection for our chemical and metallurgical industries should be abolished straight away. It is simply demanded that these industries should not consider that they have an inviolable right to the excessive increases in protection which they succeeded in obtaining, without the proper control of the public which pays, by the decree which set up the new tariff table in force since July 1, 1921."

A practical and fruitful basis for the new commercial negotiations should be the return pure and simple to the pre-war tariff rates.

*Ibid.

ECONOMIC SURVEY

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

FINLAND

FINANCE

The 1925 Budget Estimates.—At the beginning of September the Government presented the Budget estimates for 1925. The increase in ordinary expenditure comes to 10.77 per cent. and in extraordinary expenditure to 15.89 per cent. Thus the estimates for 1925 allow for a total increase over 1924 of no less than 11.66 per cent. It is worth recalling, for the sake of comparison, that the estimates for 1924 only showed an increase of 4.3 per cent. over those of the preceding year.

In spite of the big growth in expenditure, the Government hopes to balance next year's Budget without recourse to new taxation or loans. It proposes to cover the difference between revenue and expenditure out of its balance in hand, which amounted at the end of last year to no less than F.Mk.1,099.3 mill. The following are the totals of the 1925 Budget, placed side by side with those for 1924 :—

	F.Mk. (mill.) 1924.	F.Mk. (mill.) 1925.
Ordinary revenue	2,909.6	3,111.6
Extraordinary revenue	1.2	0.5
Take from funds in hand	25.4	166.5
	2,936.2	3,278.6
Ordinary expenditure	2,426.5	2,687.9
Extraordinary expenditure	509.7	590.7
	2,936.2	3,278.6

The estimates for the Ministry of Defence account for the most notable increase of expenditure. The ordinary expenditure under this head grows from 343.8 to 394.7 mill. and the extraordinary from 84.6 to 156.8. Thus the total increase here amounts to 123.1 million, or nearly 30 per cent. The justification given is that excessively small sums have been voted for the purchase of military material in the last few years.

Although no substantial alterations of the tariff are proposed, Customs revenue is expected to yield in 1925 the sum of F.Mk.1,050 mill., as against 950 mill. this year. A moderate increase of passenger fares and the expected growth of traffic is estimated to augment the revenue from the State Railways by 101.5 and bring it up to 725.6 mill. The proposed reduction of taxation will diminish the revenue from direct taxes by 92.6 to 370.2 mill. (*Mercator.*)

Conditions on the Money Market.—Quotations on the Helsingfors stock exchange have been slowly falling ever since the beginning of this year, in consequence of the shortage of credit, which is still exceedingly severe. *Mercator's* index of Stock Exchange prices shows that, at the end of September this year eighteen leading investments on the Stock Exchange averaged only 22 per cent. more than the nominal value of the shares, as against 25 per cent. a month earlier, 40 per cent. at the beginning of the year, and 44 per cent. at the end of September 1923. The most important falls recently have been among bank shares, and have specially affected the Nordiska Förenings Bank and the Union Bank. It is also significant of the tightness of the money market that Government five and a half per cent. 1918 bonds could be bought for as little as from 65 to 66 per cent. of their nominal value.

According to the *Berliner Börsen-Zeitung*, the continued tightness and shortage of credit on the money market are due in the main to the withdrawal of foreign investments as well as of Government moneys from the private banks, upon which the latter rely to carry out their credit granting activities, comparatively small though these are. The stabilisation of the Finnish mark in February at F.Mk.39.85 equals $1 caused the withdrawal of many foreign deposits. These deposits amounted in value at the end of January 1924 to F.Mk. 701.4 mill., at the end of September to only F.Mk.384.1 mill.

The quarterly statement of the Bank of Finland at the end of September showed a note circulation of F.Mk. 1,278.8 mill. ; on October 8 it had risen to 1,281.3 mill. The foreign currency reserve fell from 446.8 mill. to 428.3 mill. The bill portfolio increased from 843.9 mill. to 898.9 mill.

Loan from America.—An American debenture loan has been arranged by the Bank of Finland and raised in New York through the National City Bank and a subsidiary company, the National City Company. The borrowers are the town of Helsingfors ($3.1 mill.), twenty-five other municipalities and two market towns, which share among them the remainder of the loan, $3.9 mill. The interest is nominally 6½ per cent. and repayment is spread over thirty years, the municipalities being entitled to convert the loan after ten years. The loan was issued in New York on October 8 at a rate of 91 per cent. and was fully taken up within a few hours.

Owing to the extreme shortage of credit in the last few years, it is only in exceptional cases that Finnish municipalities have been able to raise a few small loans at long term. They have therefore been forced to have recourse to short bank credits to a fairly large extent. The new American loan amounts to nearly F.Mk.280 mill., of which 70 or 80 mill. will be used at once to pay off short term domestic debts, and another 30 mill. for short foreign credits. It is probable that the municipalities will use the remainder of the money only gradually, for the various constructive work they have planned, the enlargement of harbours, electric, gas and water works, and other permanent investment. Obviously, therefore, the new loan will do much to relieve the situation on the money market.

TRADE

Foreign Trade Statistics.—The total value of imports increased from F.Mk.2,883.5 mill. for the first eight months of 1923 to F.Mk.3,114.7 mill. for the corresponding period of this year, or by 8 per cent. The increase in the value of exports for this period was from 2,697.8 mill. to 2,895.5 mill., or by rather over 7.3 per cent. These export figures include re-exports, which rose from 19.6 mill. for the first eight months of 1923 to 76.4 mill. this year. This big growth of transit trade through Finland is mainly attributable to large transports of gold between England and Russia which passed through Helsingfors in the spring.

There have been some interesting variations in the relative values of Finnish trade with other countries. Imports into Finland from Great Britain and Ireland have risen from F.Mk.516.4 mill. for the first eight months of 1922 to 582.4 mill. this year. The metal and metal goods imported from Great Britain, as well as coal, coke, spinning materials, groceries and cereals from this source, all showed an increase ; textiles, yarn and rope imported showed a decrease. Germany still comes first as a supplier of goods to Finland, although for the first eight months of this year imports from this country fell to F.Mk.910.6 mill. from 998.9 mill. for the corresponding period of 1923. Great Britain comes next on the list ; then comes the United States, from which Finland has this year imported goods to a value of F.Mk.425.7 mill. (378 mill. last year) ; next Denmark, Russia, Sweden, Holland, Belgium, and lastly France.

As a purchaser of Finnish goods Great Britain heads the list (F.Mk.1,227 mill. this year, 1,141.2 mill. last year). The next four countries show this year very similar figures (last year's figures in brackets) : Germany 247.5 mill. (194.8 mill.), Holland 240.2 mill. (205.8 mill.), France 227.9 mill. (225.5 mill.), and the United States 191.6 mill. (245.4 mill.). Germany has thus advanced to the second place, whereas the United States has fallen from the second to the fifth place. Belgium and Sweden come next, then Russia and Denmark.

The figures for September, just published, show a considerable surplus of export over import values. Imports totalled F.Mk.418.7 mill., exports F.Mk.511.5 mill. It is worthy of note that up to October 1 of this year 629,000 standards of timber were exported, as against 589,000 standards in the corresponding period of 1923. The quantities of wood-pulp and cellulose exported also exceeded considerably those of last year, but the prices achieved were by no means so good. Paper exports during the first nine months of 1924 did not come up to last year's in bulk, although exports of printing paper were about the same. Butter exports rose from F.Mk.178 mill. in the first nine months of 1924 to 214 mill. this year; cheese exports were practically double those of last year. (*Berliner Börsen-Zeitung, Mercator.*)

The Timber Market.—During the last fortnight in October considerably increased activity reigned in the Finnish timber market and timber export is expected to remain lively in the next few months. Exporters have been obliged to reduce their prices slightly. England is still the chief purchaser. During the first fortnight of October sales totalled 50,000 standards. This brings the sales since the beginning of the year up to the record figures of 780,000 standards. In large contracts the prices obtained ran from £15 10s. to £16 for seven inch boards. The exporters declare that prices barely serve to cover the costs of production. (*Berliner Börsen-Zeitung.*)

SOCIAL AND LABOUR CONDITIONS

Rise in the Cost of Living.—As in all other countries with a stable currency, says *Mercator*, the level of prices in Finland has during the last few months shown a tendency to rise. The official index number of wholesale prices (1913 equals 100) stood at 1,085 on July 31 of this year and at 1,117 at the end of September. This last figure is the highest touched since February 1923, but not so much above the point touched in November 1923, which was 1,070. As a whole, then, the level of prices has not altered extensively during the last twelve months, but some fairly notable price changes have taken place within different groups of commodities. The index number of the prices of all imports into Finland was 1,258 on September 30, 1922, only 1,031 at the same date in 1923, but rose again to 1,132 at the end of September last, i.e. a rise of 10 per cent. in twelve months. The index of goods both produced and consumed within the country shows a similar curve, the figures on the above noted dates being 1,183, 1,112 and 1,143 respectively. On the other hand the prices of exports have tended to fall almost continuously, their index numbers on the same dates being 1,258, 1,119 and 1,056 respectively. There was a fall in the price of timber products in September, but prices of the second group of exports, pulp, paper and cardboard have risen slightly during 1924. Nevertheless, prices for this group of commodities still stand much lower than the general level of prices in Finland.

The cost of living has also risen slightly of late, viz. from an index number of 1,096.4 in May 1923, to 1,170 at the end of the year and to 1,198.7 in September last. The chief cause of the rise was the release of dwelling-house rents from control in June. Prices of foodstuffs are following the upward trend on the international market. Bread was raised in price in Helsingfors at the beginning of October by between 10 and 12 per cent.

Growth of the Co-operative Movement.—The co-operative movement of Finland has just celebrated the twenty-fifth anniversary of its foundation. There are now more than 4,000 local co-operative societies in Finland, with about 570,000 members. The co-operative stores, dairies, and banks alone had between them a turnover of nearly two and a half milliard marks in 1922, and owned funds amounting to 120 mill. There are also ten central co-operative societies, whose combined sales amounted last year to F.Mk.1,850 mill. Some of these are among the biggest undertakings in Finland, and the most important in their various lines. It is enough to mention here the two wholesale societies *Suomen Osuuskauppojen Keskuskunta* (S. O. K.) and *Osuustukkukauppa* (O. T. K.), the two butter exporting societies *Valio* and *Enigheten*, the meat society *Suomen Karjakeskuskunta*, the egg exporting society *Vientikunta Muna*, and the two central societies for dealing in agricultural requisites, *Hankkija* and *Labor*.

The Finnish co-operative movement has had a good deal of support from the Government in the form of direct grants, cheap credit, and lighter taxation than is imposed on private undertakings. It cannot be denied, however, that the movement could never have grown as it has done if it had not filled a real gap in the economic structure of society, nor if its leadership had not been in the hands of energetic and able people. Another important factor is that the national Finnish psychology has proved extraordinarily receptive for the easily comprehensible ideas of co-operation. Among the Swedish population of Finland, which forms about 11 per cent. of all the inhabitants, the movement has not gained anything like the same popularity and economic importance as in the Finnish-speaking districts. (*Mercator.*)

COMMUNICATIONS

Shipping Statistics.—Anticipations of a brisk shipping season for Finland have only partly been realised. From January to August there arrived in Finnish ports 4,343 ships, of a total of 2,059,933 g.r.t., as compared with 4,724 ships and 2,157,049 t. in the same period of last year. Of this total 2,253 ships and 974,497 t. carried cargo, compared with 2,466 ships and 1,015,496 t. in 1923, or about 41,000 t. less this year than last. Nevertheless, imports have been bigger both as regards quantity and value, the value of the imports at the same period of 1924 being F.Mk. 3,114 mill., whereas last year it was 2,883 mill. The explanation of this apparent inconsistency is doubtless contained in the fact that a part of the imports came over the land frontiers, especially from Russia, which has once again begun to provide Finland with grain.

During the first eight months of the year 4,269 ships sailed from Finnish ports, of a total of 1,996,426 g.r.t., while the figures for last year were 4,530 ships and 2,033,600 t. Of the former, 3,475 ships and 1,902,457 t. had cargo, and of the latter 3,692 and 1,922,609 t., which shows a decline this year of 217 ships and about 20,000 t. as compared with last year. As the value of the exports and also their bulk are greater this year than last, a part must have gone out overland, and as a matter of fact large quantities of paper have been exported to Russia and other countries.

The exportation of Finnish goods to Russia does not, however, wholly explain the decline of shipping and exports abroad, which is undoubtedly due to the stagnation prevailing during the latter part of the summer on the timber market. This stagnation has been observable in almost every Finnish port. In leading sawmill circles the opinion is held that winter navigation to and from Finland will be very brisk and that the exportation of paper and wood goods will attain large dimensions. That the Finnish balance of trade will consequently become active is regarded as a certainty. The deficit of F.Mk.295 mill. on August 31 will without difficulty be covered, it is expected, especially as the import of grain will be less as a consequence of the comparatively good crops at home. (*Scandinavian Shipping Gazette.*)

FRANCE

POLITICAL AND GENERAL

The New Internal Loan.—It is not our business to make history or to indulge in polemics: what is our business is to subscribe to a national loan, writes M. Yves-Guyot in the *Agence Economique Financière.* It is not our business to investigate the reasons which compel us to add yet one more to our many loans. There is only one thing we must keep in view: the Minister of Finance has brought forward a Budget in which he balances revenue and expenditure. He has incorporated in it the so-called recoverable expenditure, and he assures us that this expenditure will not be the occasion of any further loans. He declares that the present one is a loan to restore the financial situation to wholesome conditions. There can be no doubt as to his needs, and it is to the country's interest that they should be provided for. That is the only point of view we can adopt: all other preoccupations are out of place and might prejudice the result. The Minister of Finance has stated that the loan is "intended on the one hand to cover the deficit caused by the difference that has persisted so far between revenue and expenditure, and on the other to meet the repayment of debt which the Treasury has to effect." This last sentence shows that he is determined to carry out the Act of December 31, 1920. The success of this loan is indispensable for two reasons: because it will supply the Treasury with the resources it needs if it is to have the full benefit of the normal Budget revenue, and because it will show effectually that the country is at one with the Government in putting an end to the policy of inflation. The success of the loan therefore is the one condition of our national credit, and the credit of a country abroad is a decisive factor in fixing the rate of its exchange.

The Bonds of the new loan, says the *Journée Industrielle,* will bear interest as from October 25, 1924, at the rate of 5 per cent. per annum, payable half-yearly. They will be of the following denominations—Fr.500, Fr.1,000, Fr.10,000 and Fr.100,000. On subscribing only provisional certificates will be issued, to be exchanged subsequently for regular bonds. These will be redeemed at the rate of twenty thousand of Fr.500 in the sixth year, thirty thousand in the seventh year, forty thousand in the eighth year, fifty thousand in the ninth year, and the balance in the tenth year, for every slice of one million bonds. The first drawing will take place on September 10, 1930, and payment will be obtainable as soon as the coupon matures after drawing. The Treasury is empowered to repurchase on 'Change at the day's quotations plus accrued interest to date for the half-year. The new Treasury bonds will be to bearer or to order, like the National Defence bonds; they will be exempt from duty, and the redemption premium will not be subject to income tax. The issue will be at par, and open to subscription from November 12 to December 10 or earlier, subject to a ministerial decree published in the *Journal Officiel.* Subscriptions will not be accepted outside France, and must be in cash.

TRADE

Mercantile Marine Returns.—The tonnage of all goods landed at the leading seaports in September amounted to 2,911,200 tons and that of coal to 1,430,200 tons, while the tonnage of shipments aggregated 791,900 tons. These returns bring the figures for the first nine months of the year up to 26,637,600 tons in respect of all goods landed, to 13,153,600 tons in respect of coal landed, and to 7,395,700 tons in respect of total shipments. The detailed figures for the first eight months of the year were published in THE ECONOMIC REVIEW of October 17. As compared with the monthly average for 1923 the total amount of goods landed in September shows a falling off of 223,600 tons and that of coal one of 293,900 tons; shipments, on the other hand, show a surplus of 129,700 tons. (*Le Temps.*)

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 September (in tons):—

	(*a*)	(*b*)	(*c*)
Imports ...	2,083,499	417,610	67,361
Exports ...	227,896	45,108	20,461

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

Coal and Lignite.

	Imports from	Exports to
The Sarre	427,644	10,849
Great Britain	1,026,808	—
Belgium and Luxemburg	143,229	124,936
United States	40,182	—
Germany	427,372	12,076
Holland	17,928	—
Other countries	336	485
Switzerland	—	52,814
Spain	—	211
Italy	—	1,992
Home shipping	—	21,773
Foreign shipping	—	2,760
Total	2,083,499	227,896

Coke.

	Imports from	Exports to
The Sarre	3,568	2,642
Belgium and Luxemburg ...	24,735	7,346
Holland	21,033	—
Germany	368,274	21
Switzerland	—	7,228
Spain	—	290
Italy	—	23,860
Other countries	—	3,721
Total	417,610	45,108

Briquettes, etc.

	Imports from	Exports to
Great Britain	12,121	—
Belgium and Luxemburg	28,080	—
Germany	26,867	3,776
Other countries	293	829
Switzerland	—	14,595
Italy	—	108
Home shipping	—	913
Foreign shipping	—	240
Total	67,361	20,461

(*Journée Industrielle.*)

INDUSTRY

The Output of Coal in September.—The output of coal in September amounted to 3,837,378 tons for 26 working days as against 3,691,152 tons for 25 working days in August and 3,784,079 tons for 26 working days in July. The daily output has steadily risen from 121,064 tons in January 1923 to 132,852 tons in September 1923 and to 144,680 tons in January 1924, and now stands at 147,591 tons as compared with an average of 136,147 tons in 1913. The man-power engaged in this production also shows a gradual increase, from 242,566 hands in January to 262,836 in September 1923, to 286,804 in January and to 300,777 in September 1924, as against an average of 203,208 in 1913. The following table shows the output (in tons) for the first nine months of the year:—

January	3,761,687	June	3,496,496
February ...	3,648,878	July	3,784,078
March	3,772,734	August	3,691,142
April	3,640,797	September ...	3,837,378
May	3,692,800		

bringing the total for the period in question up to 33,325,991 tons.

In the coal basin of the Nord and Pas-de-Calais, as a result of the work of restoration on the devastated mines and of the development of the other collieries, the daily output has been increased from 60,239 tons in January 1923 to 85,539 tons in September 1924, and the shortage there as compared with 1913 has been reduced to 5,758 tons. In the Centre and the Midi the daily output in September was 45,039 tons. Taken as a whole, the daily output of pre-war France is now only 5,569 tons below the figures for 1913. In Lorraine the September output amounted to 17,013 tons a day.

The output of blast furnace coke for the iron and steel industry produced in the colliery coke-works amounted in September to 223,810 tons and that of briquettes, etc., to 289,217 tons, as against 223,700 and 282,815 tons respectively in August. (*Journée Industrielle.*)

Reparation Supplies of Coke from Germany.—According to *L'Usine*, the Office de Répartition des Cokes Allemands (ORCA) received 257,411 tons of coke from the 1st to the 29th of October, or a daily average of about 8,800 tons. Our contemporary states that the event of the week has been the suspension on the part of Germany of deliveries of reparation fuel, with the exception of lignite briquettes, although a few mines continue to send insignificant quantities. It is further of opinion that there is no reason to take too serious a view, at least for the moment, of this event, since all deliveries of coke under the October programme have already been made, and French works hold sufficient stocks to enable them to await without anxiety the result of the negotiations which are to be opened in Paris. French metallurgists do not think that the suspension is to be considered as an act of pressure on the part of the German mines, but rather as a result of the excessive slowness of the work of the Reparations Committee. In fact, on October 30 no plan for the delivery of reparations fuel had yet been submitted to the Germans, who were still unaware of the quantities which they would have to deliver. They were equally in the dark as to who were to be the consignees of the fuel and as to how they were to be paid. As the Germans hold very large stocks of fuel, *L'Usine* expects that a satisfactory solution of the difficulty will be reached in the near future, and it points out that the measure taken by the Germans emphasises the need to free France as soon as possible from German deliveries of fuel and for that purpose to increase the production of French coke ovens. It learns with interest that the Courrières mines are constructing two batteries of 45 coke ovens each, which will have a productive capacity of 140,000 tons a year. Further, the Aniche mines are firing a new battery, which will increase their annual production to more than 300,000 tons; the Lens mines are constructing 140 coke ovens in addition to the 140 which they already have at Pont-à-Vendin and which produce 650 tons a day; and the Vicoigne and Nœux mines are contructing a battery of 25 ovens with an annual capacity of 120,000 tons.

The Output of Iron and Steel in September.—Statistics published on the authority of the Comité des Forges show that there were 136 blast furnaces in operation on October 1 as against 133 on September 1, while 37 more were ready to be blown in; there were a further 47 in course of construction or undergoing repairs. The output of pig iron in September amounted to 641,453 tons, or a falling off of 14,376 tons as compared with the previous month. The output of steel, on the other hand, shows an increase of 16,614 tons, the amount produced amounting to 598,327 tons. Of the month's output the part of Lorraine recovered from Germany accounted for 254,620 tons of pig iron and 208,315 tons of steel, as against 257,480 and 198,721 tons in August.

The following table shows the output of pig iron and steel for the first nine months of the year:—

	Pig iron. Tons.	Steel. Tons.
January ...	585,978	541,022
February ...	590,340	554,632
March	634,567	572,916
April	651,323	567,485
May	658,397	598,427
June	638,873	554,924
July	636,168	564,876
August	655,829	581,713 (revised)
September ...	641,453	598,327
Total ...	5,692,928	5,134,322

Le Temps.

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

GERMANY

POLITICAL AND GENERAL

The Steel Combine.—After negotiations which are known to have been occupying the various interested circles in Germany at any rate since last July, there has now come into being in this country a community of interests upon which international interest is centred and which may well prove to be the prerequisite for international activity on similar lines. This is the "Rohstahl-Gemeinschaft," or Raw Steel Combine. It will comprise the entire output of the German steel industry, which will be adapted to market requirements. It will include all companies manufacturing by the Thomas, Bessemer and Siemens-Martin processes within the German Customs Union, and will permit of the formation, within its compass, of special associations for semi-manufactures, section iron and rails (the A products of the former Steel Works Association) as well as for bar iron, sheet iron, wire and hoop iron. This last group had not been under syndical control since the reformation of the Steel Works Association in 1912, and its inclusion now is noteworthy.

The cartel agreement does not permit the Combine to interfere with selling activities. It is only the output of the various works which will be subjected to control; producers will still have a free hand in regard to sales. The Combine is therefore purely a production cartel which allocates producing quotas to its members, not a syndicate which by controlling sales restricts the activities of its members on the market. An article in the *Vossische Zeitung* gives the following explanation of the creation of the Combine: The revival of cartel forming activities is due to market conditions. The sale difficulties experienced by the works, even since the conclusion of the London Agreement, rendered amalgamation desirable. Such underbidding as has taken place recently on the German iron market has not been known for very long past. Under the circumstances it is comprehensible that means of eliminating competition should be sought. Developments on the German iron market merely follow the trend of the export market. Here also competition was fierce, not only on the part of foreign but of other German undertakings. To this is added the uncertainty in regard to future market conditions. The general consensus of opinion within the country is that Germany will not in the near future be enabled to increase her sales of iron products in sufficient degree to ensure full activity to the producing apparatus brought into being before the war, by the Hindenburg programme, and in the flourishing period of inflation. That the international market is much narrowed down cannot be ignored. Real improvement could only take place if Eastern States were to recover and supply fresh markets. With political conditions as they are at present this is not likely to occur yet. Plans have therefore been on foot for some time to institute systematic control over production.

The *Hamburger Nachrichten*, discussing the problematic formation of an international steel works cartel, says: In America, steel manufacturers are already showing an adverse attitude towards this question. Nor is the attitude in England particularly sympathetic. The English heavy industries, especially, fear that a result of the rationing of production such as would ensue in order that the world output of steel might be adjusted to international requirements would be a loss to them of markets conquered during recent decades. On the other hand, English iron and steel industrials are not firmly opposed to the idea of amalgamation, since if the continental steel works joined forces without the English, England would be faced on the market by two powerful competitors, America and the Continental cartel. It is chiefly the French and Belgian steel industry which England fears. Great Britain's steel export trade is 20 per cent. smaller than in 1913, that of the United States is 40 per cent. smaller. This reduced export is, apart from the question of smaller consumption, due in the main to increased export by France and Belgium. France has opened up new markets for herself in this connection at the cost of Great Britain and the United States in China, India, Brazil and the Argentine. Therefore England wishes to prevent the fixing of production quotas on the basis of the 1923 and 1924 export figures. The *Frankfurter Zeitung* utters a grave warning on the dangers which would arise, not only economically but politically, from the formation of a European steelworks union which excluded England. It sees in such a prospect not the benefits of amalgamation but the opening up of fresh spheres of conflict in the world, and the recurrence of the problem of the controlling, law giving power of the State opposed to the strength of amalgamated private interests.

FINANCE

Control of Foreign Credit Negotiations.—At a recent meeting of representatives of the Provinces in Berlin to discuss financial conditions the Reich President, in view of the numerous foreign credit negotiations now proceeding on the part of municipalities, etc., and the dangers involved in such procedure, issued the following Order, to hold good from November 1, 1924, to January 31, 1925: —

§1. Provinces, municipalities and communal associations most obtain the permission of the Reich Minister for Finance in order to take up credits or issue loans abroad. This also applies to any guarantee they may give or security they may offer in respect of such foreign credits to be taken up.

§2. The Reich Minister for Finance may only refuse his sanction if the Reichsrat is of like opinion.

The above Order is undoubtedly connected with the grave warning uttered by Dr. Schacht, President of the Reichsbank, at a meeting on October 28 of the Central Committee of the bank, at which he described the credit policy he intended to pursue. Touching on the value of the rentenmark in bridging the financial difficulties caused by inflation, and on the price problem as one closely connected with the currency question, he examined the latter question from the standpoint of the activities of the Reichsbank. He stated that unwarranted advantage was being taken of the readiness of foreign financiers to grant credit to Germany. This applied not only to unauthorised agents, but to municipalities. In so far as the latter were dependent for revenue on the proceeds of taxes and dues, not of profitable undertakings, they were running grave risks in taking up foreign credits and should restrict such action to a minimum. Central measures were, in his opinion, urgently required to control the indebtedness of public bodies to foreign creditors. In this connection the action of the Prussian Government was laudable in the extreme [see THE ECONOMIC REVIEW, Oct. 31, p. 383, under "German Credit Requirements"]. Inflation had nowhere proved more detrimental than within the sphere of the bank credit system. The Reichsbank had fortunately met nowhere with opposition in its efforts to reduce rates of interest. On the other hand, there existed to-day in the sphere in question a state of over-production which militated against the reduction of money rates. In addition to the many new offspring of inflationary days there had arisen innumerable municipal banking organisations with high working costs; the majority of savings banks busied themselves to-day with credit operations; every public office was ready to supply the public with credit. This had caused rates of interest and brokerage to rise in a manner highly detrimental to business life. It would be the duty of the law-givers not only to introduce prohibitive measures regarding the utilisation of capital and borrowing of funds, but to see that a right use was put to money entrusted to public bodies, as was the case before the war. This applied in particular to the funds of savings banks and insurance companies. In an impoverished land it was impossible to regain wealth by the mutual imposition of high interest rates. (*Frankfurter Zeitung, Vossische Zeitung.*)

American Loan for Berlin.—A recent announcement states that the City of Berlin has, through the agency of the Deutsche Bank in Berlin and the banking firm of Lazard Speyer-Ellissen in Frankfurt on Main, arranged for a loan of $3 mill. for one year with an American trust under the management of Speyer and Co. in New York to which belong the New York firms of Blair and Co., the Equitable Trust Co., and the Chase Securities Corporation. The loan was arranged prior to the issue of the above Order and is unaffected by it. (*Berliner Börsen-Zeitung.*)

TRADE

Foreign Trade Markets.—A review of Germany's import and export markets during the first half of 1924 has just appeared in the official monthly survey of German foreign trade, and contains the following information, with a warning, of course, that its reliability cannot be entirely guaranteed, owing to the occupation of the Customs houses in the occupied areas by foreign powers:—If total imports show a decline from 5,603.1 mill. to 4,482.7 mill. gold marks, and exports from 5,099.3 mill. to 2,827.3 mill., these figures present no real picture of the actual shrivelling of Germany's foreign trade. If the values be calculated on the basis of the 1913 prices of goods, i.e., if the present price rises be eliminated, the values work out at 3,345.1 mill. pre-war marks in respect of imports and 2,268.2 mill. in respect of exports (the increase is taken as being 34 per cent. in the former, 25 per cent. in the latter case), or to 60 and 44 per cent. respectively of the value of pre-war imports and exports.

The United States heads the list of Germany's suppliers; the goods delivered to Germany in the first half of 1924 amounted in value to 797.1 mill. gold marks (857.8 mill. in 1913), or 17.8 per cent. (15.3 in 1913) of Germany's total import values. Next comes Great Britain, whose imports to Germany in this period totalled 441.6 mill. gold marks (541.6 in 1913) or 9.9 per cent. (9.7) of the total import values. Imports from France have sunk from 5.3 to 2.0 per cent. of the total values. Alsace-Lorraine is not included in this statistic; imports from these areas amount to-day to 5.4 per cent. of Germany's total import values. Among the new States Czechoslovakia comes first with a percentage import ratio of 4.7 per cent., Poland's percentage being 4.4 per cent. Imports from Spain only amounted to 1.2 per cent. of the total values, as compared with 1.8 per cent. in 1913.

Of the countries to which Germany exports Holland is the chief; the value of Dutch imports from Germany in the first half of 1924 was 274.2 mill. gold marks (350 mill. in 1913), or 9.7 per cent. (6.9) of Germany's total export values during that period. Next come Great Britain, 8.1 per cent. (14.2 in 1913); the United States, 7.2 per cent. (7.0); Czechoslovakia, 5.9 per cent.; Poland, 4.8 per cent. German exports to France have declined noticeably, viz. from 7.8 per cent. of the total exports in 1913 to 1.4 per cent. and 0.2 per cent. for Alsace-Lorraine. (*Vossische Zeitung.*)

INDUSTRY

The Iron Ore of Germany and France.—An article in the *Frankfurter Zeitung* deals with the state of the iron ore supply in Germany and France since the war.

Germany, which until 1918, with iron ore deposits totalling 3,608 mill. t., ranked third on the list of iron ore countries, receded to the sixth place when Alsace-Lorraine was handed over to France. The loss of 2,330 mill. t. of ore, or 64.58 per cent. of the pre-war deposits, rendered the German iron and steel industry almost entirely dependent on foreign supplies. The depressed state of this industry accounts for the fact that the actual state of affairs in this connection is concealed, but when pre-war conditions are reasserted the loss of material will be increasingly felt. Apart from the output of the minette area, which totalled 21.1 mill. t., the iron ore output of the rest of Germany in the last year of peace amounted only to 7.5 mill. t., a quantity representing about one-fifth of the country's pre-war requirements. If, therefore, the output of the ore districts still belonging to Germany remained the same now, about 33 mill. t. of ore would have to be imported, as compared with imports of about 14 mill. t. in 1913. The following table shows the output of iron ore in Germany from 1913 until 1921, the last year for which official statistics are available :—

	Germany without Lorraine.	Lorraine.	Total.
1913	7,471,638	21,136,265	28,607,903
1914	6,484,000	14,021,300	20,505,300
1915	6,954,055	10,755,525	17,709,580
1916	8,028,067	13,305,597	21,333,664
1917	8,846,073	13,618,707	22,464,780
1918	7,914,897	—	7,914,897
1919	6,153,834	—	6,153,834
1920	6,361,600	—	6,361,600
1921	5,906,600	—	5,906,600

By reason of the unbroken industrial crisis which set in immediately after the war, iron ore requirements, and in consequence imports of this ore sank considerably. From 14 mill. t. in 1913 imports sank to 5.9 mill. t. in 1920, rose next year to 6.5 mill. t. and in 1922 to 11 mill. t., to fall precipitously in 1923, with the occupation of the Ruhr, to 2.4 mill. t. During the first half of 1924 imports continued to fall, and totalled during this period only 612,000 t. as against 1.55 mill. t. in the corresponding period of 1923. It should be noted, however, that the 1924 figure does not include the 604,000 t. of French iron ore noted in the French official statistics as imported through the "gap in the West." Exports from Germany naturally sank steadily, from 2.6 mill. t. in 1913 to 255,000 t. in 1923 and to 110,000 t. in the first half of 1924.

While Germany has, since the war, become a land poor in iron ore, France has, by the acquisition of Alsace-Lorraine, become enriched by 70.61 per cent. of her pre-war supply, and ranks now, with deposits totalling 5,630 mill. t., at the head of the world. With requirements amounting to 14 mill. t. (1923 figure), France is in a position, if working conditions are normal, i.e. if the output of the French mines totals 22 mill. t. and that of the Lorraine mines 21 mill. t., to supply Germany with 29 mill. t. of iron ore, or almost the whole of her lacking requirements. At present the output results of France and Lorraine together are some 50 per cent. lower than those of the last peace year, as will be seen by comparing the following table with the one above :—

	French ore areas.	Lorraine minette.	Total.
1913	21,917,870	—	21,917,870
1914	11,251,753	—	11,251,753
1915	620,254	—	620,254
1916	1,680,684	—	1,680,684
1917	2,034,721	—	2,034,721
1918	1,671,851	—	1,671,851
1919	2,299,815	7,129,974	9,429,789
1920	5,796,198	8,074,989	13,871,187
1921	6,290,032	7,826,674	14,116,706
1922	9,922,433	10,909,560	20,831,993
1923	12,649,035	10,779,125	23,428,160
1924 (½) ...	7,603,335	5,727,864	13,331,199

In the table below are shown the various countries to which French exports of iron ore went in 1913, 1922, 1923 and the first half of 1924 :—

Tons.	1913.	1922.	1923.	1924 (½).
England ...	424,000	—	—	311,547
Germany ...	4,065,000	1,995,622	167,479	604,168
Saar	(in Germany)	2,680,149	2,735,586	1,166,616
Holland ...	529,000	213,408	44,571	68,155
Belgium ...	5,036,000	2,400,668	6,453,608	3,343,643
Switzerland ...	7,000	—	—	—
Other countries	5,000	2,175,906	452,256	11,410
Total	10,066,000	9,465,753	9,853,500	5,505,539

The chief purchaser of French ore now is Belgium, which, inclusive of Luxemburg, took in 1923 6.5 mill. t., as against 2.4 mill. t. in 1922 and 5.0 mill. t. in 1913. The supply to Germany and the Saar together has fallen off from 4.7 mill. t. in 1922 to 2.9 mill. t. in 1923. The total French ore export in 1923, viz. 9.9 mill. t., was not far short of the pre-war export. French imports, on the other hand, were only about one-third of the 1913 figure, as the following table shows (in tons) :—

1913 ...	1,410,000	1922 ...	377,782
1920 ...	404,725	1923 ...	533,519
1921 ...	425,027	1924 (½)	336,481

The Sugar Supply.—Of 261 sugar factories circularised by the Association of the German Sugar Industry in regard to the expected output of sugar during the current campaign 1924–25, 259 have supplied estimates. In the aggregate the amount of sugar beet utilised totals 92.28 mill. d.ctr. as compared with 73.37 mill. last year. An output of 14.9 mill. d.ctr. of raw sugar is expected, as compared with 11.47 mill. in 1923–24. The output of refined sugar for consumption purposes would thus work out at 13.41 mill. d.ctr. as against 10.32 mill. last year. This is a great advance and shows an estimated supply of raw sugar for next year exceeding that of this year by 29.9 per cent. [See THE ECONOMIC REVIEW, Nov. 7, p. 405: "The Output of Sugar."]

The Cement Industry.—According to an article in the *Deutsche Allgemeine Zeitung* by Dr. G. Stohn, on the occasion of the centenary of the invention by Joseph Aspdin of Leeds of Portland cement, the manufacture of this valuable material has been carried on since 1877 in Germany by the Association of German Portland Cement Manufacturers. From an output of 0.4 mill. t. in 1878, that of 1913 had attained 7.5 mill. t. Manufacture took place in about 140 works which gave employment to about 30,000 persons. Of the total output 1.13 mill. t. was exported.

The war brought a marked change for the worse to this industry. In 1923 consignments did not total one-half of the 1913 output, and only 0.37 mill. t. was exported. The reasons for this decline should not be passed over. The pre-requisite conditions for a revival of building activity existed after the war, for housing accommodation was needed in the working centres. Compulsory administration, however, tied down any possible increased activity in this direction and as a matter of fact it was not easy even to supply the small number of available consumers with cement, as the coal supply was so inadequate and foreign coal was too dear to purchase. In addition, the compulsory administration of the cement industry itself, essential during the war, was continued. Such low sale prices were fixed officially that they often implied selling at a loss. These conditions continued until the end of 1923, when compulsory administration in this industry terminated ; but restriction on exports had deplorable effects. A number of works closed down. The loss of territory after the war reduced the number of cement works to about 120, of which one-half stopped work completely, the remainder worked short time. This was the period of worst depression, when consignments had sunk to under 100,000 t. monthly. Then the Government decided to relinquish control both over home and foreign selling activities. In the spring of 1924 there were signs of increased activity in the industry. By April consignments, inclusive of exports, had risen to 400,000 t. and remained at about this height in the months following. Even these quantities, however, were too small to ensure full activity to the works, but shortage of credit and the maintenance of compulsory administration in the housing market prevented the giving of larger orders for cement.

Notwithstanding the hard struggle experienced in this industry after the war, efforts have not been lacking to introduce improved methods of manufacture. During the last few months, indeed, a process of manufacture of a high grade Portland cement, with an especially hard initial hardening process, has been started.

POLAND

POLITICAL AND GENERAL

The Present Depression. — The prevailing industrial depression and the possibilities of developing the more important branches of industry in Poland engage the attention of Dr. Curt Poralla, of Danzig. Writing in *Wirtschaftsdienst* he points out that the post-war period of financial reform evoked a crisis in all countries that had materially suffered by the war. Several States have already surmounted the difficulties; but in others they have still to be contended with. The prevailing depression in Poland is undoubtedly more severe than in other countries. On account of the long period of war and financial inflation the purchasing power of the Polish population has been considerably diminished. Moreover, in its present condition Polish industry is ill-equipped for exportation on a large scale. During the last few years of the inflation, in which there was little if any unemployment to be noted, practically nothing was done to advance technical science or to improve execution. In modern business organisation as well as in technical training Poland lagged far behind the neighbouring States, with the result that she can now scarcely expect to compete with them. Granted that the exports of the last few years have been very heavy, this was solely due to the extremely low prices prevailing at that time; it is notorious that during the inflation production was carried on without any definite plan or calculation, because the goods produced could so easily be disposed of abroad. The result now is a significant impoverishment both of industry and the people and the consequences are now beginning to make themselves felt. It is some months since the introduction of the stabilised currency and still the figures of unemployment in Poland are alarming. According to the report of the official labour bureau the number of unemployed has steadily risen from 94,600 in May to 159,820 in September.

Passing to the individual branches of industry attention must first be directed to the timber industry, which, during the last three years, went ahead so rapidly but must now perhaps suffer most of all owing to the existing depression. During the three years in question the number of saw mills in Poland increased by 100 per cent., so that the total number of saw-gates now reaches about 2,000. The export of timber in 1921 was 1.6 mill. cubic metres; in 1922, 2.6 mill., and in 1923, 4 mill., in value about 125 mill. zlotys. At the present moment only about 30 per cent. of these mills are working—and for the most part only unstripped or half unstripped timber is turned out. The number of concerns in Poland that carry on the completion of the work on timber is limited; but even these few cannot compete with foreign firms. Cellulose and paper, for example, are still imported. With the new season, however, now begun, an improvement in the situation is expected. It is hoped that better relations will be established with Germany and a stimulation of the industry is expected on the part of England. On account of the minimum activity in the building trade, practically at a standstill in Poland, the timber industry is bound to direct its attention chiefly to export. It is this consideration that induces the Polish Government to assist by way of granting credits, modifying the railway freight for the transporting of timber, etc., in order to ease the present difficult situation of the timber industry and the export trade as much as possible.

The Polish metal and machine industry, especially in Congress Poland, was decimated even in the early part of the war period. In 1920 the total value of this industry amounted to only 20 per cent. of that of 1913. Since then it has gradually risen, till in 1923 it had increased to 80 per cent. of the pre-war figures. This industry, particularly the branch for agricultural machinery, suffers chiefly from the lack of the Russian market, for the demand of the home market in no way approaches that of Russia before the war.

The situation in Polish Upper Silesia, after an economic crisis of some months' duration, now begins to improve. The extension of working hours in the mines and the reduction of the excessive wages and in the number of employees have made it possible for certain branches of industry to carry on. Though the worst stage has perhaps been passed, it is still too early to speak of the end of the crisis. By reducing the coal tax and by extending the credits already granted to the industry the Government is endeavouring to reduce the cost of production. The principal difficulty in liquidating the crisis lies in the failure to obtain suitable markets, since the home markets cannot consume all that is produced. A central selling bureau for products of the coal industry has been established for the purpose of regulating this matter and to distribute orders received among the various collieries.

The cotton industry advanced after the war and last year produced 125 per cent. of the amount for 1914, whilst the wool industry reached 75 per cent. of its pre-war output. Whereas, however, the home demand before the war was as much as the two industries could supply, the impoverishment of the population and their consequently decreased purchasing power have compelled this industry to seek foreign channels for their wares. Some of the home manufactured articles, those of Lodz for example, are now dearer than those of foreign manufacture. In spite of the energetic efforts on the part of the industrialists to obtain fresh foreign markets little progress will be made until the cost of production is reduced and Russia is once more ready to receive the goods.

The chemical industry, which before the war was but slightly developed, has since made great strides. The production of potash, for example, in 1923 was 600 per cent. of the production in 1913, and amounted to 120,000 tons. Other branches have similarly improved and in artificial manures there are huge stocks on hand, simply because of the poor state of agriculture.

Referring to the numerous commercial treaties which have been or are to be negotiated, the writer indicates that the Polish Government is awake to the situation and is endeavouring to introduce improvements.

Autumn Session of Parliament.—The present session of the Polish parliament will, it is considered, be one of the most important that have so far taken place. The Marshal of the assembly, M. Maciej Rataj, in an interview with a representative of the *Slowo Polskie*, said that the questions coming before Parliament might be classed in three categories. First, there were the Budget debates and the passing of that measure, the report of the Supreme Control Department, and the approval of the calling up to military service of new recruits. Secondly, there were the questions of local government, land reform, military questions, the enabling laws in execution of the Constitution, and the supplementing of the laws relating to finance. The third category comprised questions of foreign policy, the high cost of living, etc. These questions demand the goodwill and co-operation of all the constitutional parties, who will also give M. Grabski, the Prime Minister, this support, realising that only by overcoming the economic crisis will it be possible to complete the scheme of reforms.

The parties of the Left are endeavouring to form a united front and propose new elections and the formation of a Left Cabinet. But in view of the economic crisis, the importance of the Autumn session, the indecisive attitude of the Witos party, and, finally, the authoritative weight of the Premier, M. Grabski, a Government crisis is considered improbable. The parties of the Left are raising the question of the attitude of foreign capitalists in Poland, whom they accuse of closing down industrial establishments in order to escape the property tax, thereby augmenting unemployment. They demand that the Government shall bring pressure to bear upon foreign capitalists.

Purchase of Submarines in France.—The *Gazeta Warszawska* reports from Paris that General Sikorski, the Polish Minister of War, during his stay in Paris ordered several torpedo-boats and submarines in France for the Polish navy. The cost of these vessels is to be met out of the 400 million franc loan which has been granted Poland by France. (*Central European Observer, Prager Presse.*)

FINANCE

The Budget for 1925.—The budget for next year, recently submitted to the Polish Government, estimates a total revenue of 1,981,884 thousand zlotys, covering the total estimated expenditure without loans and leaving a balance of 296 thousand zlotys. This is effected by intensifying the imposts and by introducing reasonable economies. In submitting the estimates the Premier and Minister of Finance stated that the Government's chief concern was the fight against the high cost of living, occasioned by the bad harvest.

The monthly budget for October provided for an expenditure of 154.9 mill. zlotys against an estimated revenue of 129 mill. zlotys, the deficit to be covered by the surplus from preceding months.

Revenue from the tobacco monopoly during the past three quarters amounted to 80 mill. zlotys, thus exceeding the estimates by 10 million. (*Agence Economique et Financière.*)

Revenue from State Railways.—In the first half year of 1924 the total receipts of the Polish State Railways amounted to 288.5 mill. zlotys and expenditure to 287.8 mill. zlotys, yielding a surplus of about ¾ million. In January there was a deficit of 10 million, in February of 9 million, but in March of only 300 thousand zlotys. From April on the revenue increased; April yielded a surplus of 6.5 million, May 9.7 million and June 4.2 million zlotys. (*Wirtschaftliche Nachrichten.*)

Money in Circulation.—According to the returns of the Bank Polski, i.e., the Polish note-issuing bank, on October 10, notes to the value of 451½ mill. zlotys have been put into circulation, as against 111 million on May 10 last, on which date the bank published its first statement. During the first five months, therefore, of the functioning of the bank the circulation of notes has been more than quadrupled. Cash assets have, on the other hand, increased at a much lower rate during this period. The gold in hand has risen from 70 mill. gold kronen on May 10, 1924, to 100 mill. gold kronen on October 10; foreign bills and other values from 217 to 270 million. Obligations in foreign values, which must be deducted from the bullion amount in order to provide the means of security, amounted to 27.6 mill. zlotys in May and 22.6 million in October. Against this obligations immediately due have fallen from 230 million to 91 mill. zlotys. Notes in circulation on May 10 were covered by cash assets by more than 200 per cent.; on October 10 by only 48 per cent. Nevertheless the present ratio of security is favourable and whilst the circulations of notes has recently shown signs of decreasing the cash assets have begun to rise. The rate of discount remained during this period at 12 per cent. (*Mitteleuropaeische Wirtschaft, Neue Freie Presse.*)

New coins to the denomination of two zlotys have recently been put into circulation. The redemption of the Polish Marks, which terminates on May 31, 1925, is proceeding regularly. On Sept. 30 last there remained 10,804 milliards, representing 6 million zlotys.

Foreign Credit in Poland.—Messrs. Ulen and Co., of New York have proposed to the Bank of National Economy to undertake big contracts in the Polish towns: water-mains, canalisation, abattoirs, etc. The American firm will furnish the necessary capital against debentures of the Bank of National Economy. The initial sum would be 10 million dollars; the debentures would bear 8 per cent. and would be redeemable in 20 years. The work would be carried out with Polish materials.

It was recently reported that representatives of the Crédit Industriel de Paris are studying on the spot a programme for the re-floating of the Bank of Silesia at Kattowitz.

(The Bank of Silesia was founded by the group of the Crédit Industriel in order financially to support the coal industry in the districts of Polish Silesia. The banking situation in Poland which became delicate after the monetary reform is now improving and the crisis seems to be approaching its end.) (*Agence Economique et Financière.*)

TRADE

Commercial Treaties.—In the course of his speech before Parliament on October 28, M. Skrzynski, the Minister of Foreign Affairs, stated that the Polish Government had drafted numerous agreements with Czechoslovakia, but so far none of them had, for reasons well known, been concluded. The result was that many matters relative to the two countries had necessarily remained unsettled. M. Benes, the Minister of Foreign Affairs for Czechoslovakia, was now in agreement with him as to the urgency of these matters, and preparations for ratifying the commercial treaties were now well under way. The text of the twenty agreements not yet ratified has been adapted to the new prevailing conditions.

The commercial treaty between Poland and France has now been signed and provides for the facilitation of the import trade of the two countries. France will benefit by a reduction, ranging from 90 per cent. to 50 per cent., in the import duties on French wines and by further reductions in the duties on liqueurs, motor-cars, silk goods and other articles exported for the Polish territory formerly belonging to Austria–Hungary and Germany. In return Poland receives certain advantages which will benefit the same territory. (*Gazette de Prague.*)

A Swedish delegation is conducting negotiations at Warsaw with the Polish authorities in regard to a commercial treaty between the two countries and is empowered to sign the agreement. (*Central European Observer.*)

The Ministry for Trade and Industry has conferred with economic experts on the impending Polish–German Treaty negotiations. It is known that the German Government have in view proposals for a provisional commercial treaty for a period of six months. (*Pester Lloyd.*)

Export Duty Alterations.—The Polish *Journal Officiel* has announced the following increases in export duties:—Rye and rye meal to 15 zlotys; clover of all kinds to 10 zlotys; oil-cakes to 5 zlotys. To the new export duties are added:—Wheat and wheat flour 1[illegible] zlotys; barley and oats, 10 zlotys; any other meal not above mentioned, 15 zlotys. The new duties are so high that they are regarded as equivalent to export prohibitions. Despite the 50 per cent. reduction in the export duty on eggs the demand abroad for Polish eggs is so weak that exporters are demanding an abolition of the duty.

According to a recent order of the Ministry of Finance a special licence for exporting beet-sugar of all kinds and spirits is no longer necessary. (*Mitteleuropaeische Wirtschaft, Neue Freie Presse.*)

INDUSTRY

The Oil Industry.—Some excellent quality petroleum has been obtained in the Nowy Sacz district (south-east of Cracow) at a depth of 200 metres.

Up to the present the petroleum industry has been of little importance in this district. The refinery of Limanowa only dealt with crude petroleum from other basins. The small refinery of Kleczany was the only one to deal with petroleum obtained from the wells it owned in the district.

A Belgian company of Boryslav is now conducting boring operations at Kleczany and the Beskid Company at Librantowa. The results suggest big chances of succeeding. The oil at Nowy-Sacz, first struck at a depth of only 80 metres, is abundant and rich. It contains up to 45 per cent. of benzine and its vaseline content is important.

Recent reports state that the Polish Government is offering to bidders petroleum concessions in Eastern Galicia under the following conditions :—

1. Each concessionary has the right of obtaining a prospecting licence for 2,000 hectares chosen by himself and 2,000 selected by the Government.
2. The preliminary prospecting must be completed within a year.
3. During the second year the concessionary must bore two wells.
4. During the third year a well must be bored in each lot.
5. The rent in crude petroleum in payment of the concessions will vary from 10 per cent. to 16 per cent. according to the situation of the property. The duration of the concessions will be 25 years with the right of renewal for another 15 years.

Although the attitude of the Polish Government on the question of the formation of a syndicate is doubtful the principal companies have been officially invited to draft out and submit without delay a project for the formation of a syndicate, the State refineries already approving of the scheme. (*Agence Economique et Financière.*)

Some interesting comparative figures, relative to the oil industry, are given in a special issue of the *Wirtschaftliche Nachrichten*. The exploitation of mineral oil in Poland reached its zenith in 1909, producing 2 million tons for that year. In succeeding years there was a diminution in output, still further affected during the period of the war. Through recent fresh borings and the generous support of the Government production has during the past few years been somewhat increased and Poland can now export a portion of the total refined products, though the pre-war figures have not yet been reached. The striking difference in production is shown hereby :—

Year.	Mineral oil in tons.	Mineral gas in 1,000 cubic meters.	Mineral wax in tons.
1913	1,113,168	—	1,353
1919	830,700	—	331
1921	705,596	400,000	304
1922	713,103	400,000	414
1923	718,200	397,000	638
1924 (1st ½ year)	387,331	200,000	413

The first half year of 1924, as compared with the corresponding period last year, thus shows an increase of 8 per cent. in the production of mineral oil, 3.5 per cent. in mineral gas and 32 per cent. in mineral wax. By the end of the first six months this year 2,692 pits were producing crude oil and mineral gas, this being an increase of 43 on last year. The chief naphtha total products (*a*) from January to June (inclusive), 1924, as compared with (*b*) the corresponding period last year, were as follows, in thousands of tons :—Petroleum (*a*) 85.8, (*b*) 94.4 ; benzine (*a*) 43.2, (*b*) 40.5 ; gas oil (*a*) 58.0, (*b*) 51.5 ; paraffin (*a*) 17.8, (*b*) 13.9 ; vaseline (*a*) 61.6, (*b*) 48.6. The total home consumption and total export were :—home consumption (*a*) 73.2, (*b*) 106.3 ; export (*a*) 186.5, (*b*) 153.0. The chief purchasing countries were Austria, Czechoslovakia, France, Germany, Switzerland and Hungary. The majority of the undertakings in the oil fields are conducted by French firms. During the first six months of this year French concerns produced 13,800 cisterns (1 cistern = 10,000 kilogrammes) ; Polish about 9,800 cisterns ; Austrian about 1,120 cisterns ; whilst the remaining quantity was produced by British and Belgian firms.

Following geological investigations the natural oil wealth of Poland is far from being exhausted. It is estimated that there are still approximately 270 million tons of oil awaiting exploitation.

AGRICULTURE

General Crop Report.—In a statement to the representative of the *Gazeta Porana*, M. Janicki, the Polish Minister of Agriculture, reported that in several provinces, especially in the south and south-east, the crops had proved very bad. Even in the other provinces the harvests had fallen below the average yield of last year, the total rye crop being only 64 per cent., wheat 66 per cent., barley 65 per cent., and oats 73 per cent. of last year's results. Potatoes, however, had yielded well, amounting to 103.2 per cent. of last year's crop ; whilst sugar beet showed an increase of 24.7 per cent.

Despite the poor results, as compared with last year, the average general crop has, according to the *Wirtschaftliche Nachrichten*, already reached the pre-war standard. Comparing three different periods the following figures are given :—

	In thousands of tons.		
	1911–13.	1920–21.	1923.
Wheat and rye ...	7,462	6,168	7,995
Barley and oats ...	4,398	9,785	5,556
Potatoes	23,345	33,219	28,718
Sugar beet	—	—	3,042

This produce is sufficient not only to meet the provisioning needs of the entire population of Poland but covers also the demand for cattle fodder, for the breweries and spirit refineries, leaving a considerable surplus for exporting. The official figures for last year show that 11,798 thousand hectares of land were under cultivation for the production of grain, potatoes and sugar beet. The latter industry is rapidly extending. In the growing of potates Poland is now, of all the European countries, second only to Germany ; in the production of rye it stands third ; fourth in the growing of oats ; fifth in respect to barley, but second in the flax industry.

Exploitation of the State Forests.—The Polish Government has made a contract with The Century (Central ?) European Timber Corporation Ltd., at the head of which is Sir James Calder, for the exploitation of the Bialowieskaer forests. The contract deals with the exploitation of about 720,000 cubic metres of timber and also the leasing of industrial establishments situated within the area. The work is to be carried out according to the plan of the Ministry for Agriculture and will last for ten years. (*Mitteleuropaeische Wirtschaft, Neue Freie Presse.*)

UNITED STATES

POLITICAL AND GENERAL

General Economic Conditions.—In spite of election uncertainties, which are becoming more acute with the approach of November, the business situation, says *Export Trade and Finance* (Oct. 25), still remains encouraging. Reports from all parts of the country show that conditions have improved in practically all lines of trade, while greater activity is noted in various branches of manufacturing. Steel buying has been somewhat irregular, but the gains made in August and September have been held. Commodity prices continue firm, cotton having advanced recently, while heavy foreign buying has served to improve the outlook for wheat. The success of the German loan, which has been oversubscribed, has given the Dawes Plan an excellent start, and is expected to have an important effect on the further stabilisation of Europe and in giving an impetus to international trade. During the past week the exchange market showed a firm hand, especially in the case of sterling, which, despite the impending British elections, sustained only minor fluctuations. Should the successful operation of the Dawes Plan be accompanied by the defeat of the Labour Party, the return of sterling to dollar parity, it is believed, will be much accelerated.

TRADE

Leading Markets for Motor Cars and Trucks.—Analysis of the exports of passenger cars and trucks from the United States in recent years, says *Commercial America*, shows two salient facts—first, that shipments to ten leading markets during the boom year of 1920 were exceeded by those of 1923, and, second, that the exports were distributed more equally over the foreign markets during the latter year. The increase in the case of passenger cars was 24.2 per cent. and in the case of trucks 24.1 per cent., the figures being 87,453 as against 70,414 in respect of the former and 18,887 as against 15,216 in respect of the latter. Australia, Canada and the United Kingdom were the best national customers for passenger cars during the entire period 1913 to 1923, but Mexico remained the most consistent purchaser throughout, showing a steady and unbroken increase, with no trace of the 1921 depression which affected adversely nearly all other markets. Argentina, although suffering from the 1921 slump, revived rapidly, while Sweden, Spain and Belgium also recovered quickly from the unfavourable conditions of that year, establishing new records in 1923. Among the ten countries referred to, Japan was responsible for the most notable change, her purchases increasing from 21 trucks in 1913 to 5,111 in 1923, which would rank as a record for this type of vehicle for a single country but for the fact that truck shipments to the United Kingdom numbered 5,202 in 1920. The following tables of exports from the United States to her ten leading markets will be found not only interesting in themselves, but useful also for future comparison :—

1.—*Number of Passenger Cars.*

The statistics relate to (*a*) Australia, (*b*) Canada, (*c*) United Kingdom, (*d*) Mexico, (*e*) Sweden, (*f*) Argentina, (*g*) Spain, (*h*) Cuba, (*i*) Belgium, (*j*) British South Africa—

	1913.	1918.	1919.	1920.	1921.	1922.	1923.
(*a*) ...	2,083	3,826	3,905	8,882	3,020	11,236	25,817
(*b*) ...	6,723	8,542	8,826	8,047	5,243	10,216	11,012
(*c*) ...	3,795	423	6,089	20,174	888	4,315	7,582
(*d*) ...	235	1,916	2,850	4,089	6,750	7,279	7,559
(*e*) ...	256	1	1,546	5,398	920	3,063	6,744
(*f*) ...	1,062	1,628	2,202	4,597	613	2,497	6,645
(*g*) ...	186	808	1,458	3,796	421	2,111	6,330
(*h*) ...	223	1,909	2,887	6,293	1,692	1,689	6,003
(*i*) ...	94	—	1,628	2,450	533	4,785	4.908
(*j*) ...	1,279	1,205	3,019	6,688	596	2,043	4,853

Value of Passenger Cars (in thousands of dollars).

	1913.	1918.	1919.	1920.	1921.	1922.	1923.
(*a*) ...	1,897	3,271	4,017	9,937	3,066	8,717	18,923
(*b*) ...	8,229	7,441	9,393	10,873	7,188	10,570	10,272
(*c*) ...	2,907	1,082	6,506	22,605	820	3,346	4,999
(*d*) ...	423	1,540	2,360	3,525	5,184	4,641	4,255
(*e*) ...	236	3	2,022	6,767	1,039	1,860	4,163
(*f*) ...	1,182	1,673	2,711	5,828	851	2,307	5,305
(*g*) ...	128	1,043	1,760	5,576	737	1,810	4,628
(*h*) ...	243	2,638	3,121	7,097	1,428	1,229	3,157
(*i*) ...	86	—	1,784	2,888	379	1,836	2,647
(*j*) ...	1,158	1,071	3,462	7,795	688	1,870	4,159

2.—*Number of Motor Trucks.*

The statistics relate to (*a*) Japan, (*b*) Belgium, (*c*) Australia, (*d*) Sweden, (*e*) Canada, (*f*) Spain, (*g*) United Kingdom, (*h*) Mexico, (*i*) Cuba, (*j*) Norway.

	1913.	1918.	1919.	1920.	1921.	1922.	1923.
(*a*) ...	21	605	1,143	1,233	756	1,001	5,111
(*b*) ...	—	—	138	195	169	2,824	3,963
(*c*) ...	17	38	418	986	720	1,059	2,086
(*d*) ...	—	—	211	821	64	387	1,765
(*e*) ...	489	1,596	1,858	2,149	1,146	1.257	1,350
(*f*) ...	1	56	209	567	27	786	1,117
(*g*) ...	184	2,264	907	5,202	277	383	1,085
(*h*) ...	35	397	938	1,281	1,482	983	1,013
(*i*) ...	14	557	915	1,953	283	303	811
(*j*) ...	2	108	815	829	20	229	586

Value of Trucks (in thousands of dollars).

	1913.	1918.	1919.	1920.	1921.	1922.	1923.
(*a*) ...	33	895	1,736	1,591	635	911	3,098
(*b*) ...	—	—	308	210	78	736	970
(*c*) ...	23	66	565	1,440	1,195	1,211	2,412
(*d*) ...	—	—	445	1,416	134	133	638
(*e*) ...	1,004	2,035	2,896	4,188	1,799	1,871	1,886
(*f*) ...	1	142	409	1,005	50	207	290
(*g*) ...	119	6,671	1,364	7,373	430	382	749
(*h*) ...	83	524	1,206	1,974	1,555	617	662
(*i*) ...	24	1,109	1,956	4,937	367	143	342
(*j*) ...	2	321	1,787	1,435	28	86	210

YUGO-SLAVIA

POLITICAL AND GENERAL

A General Election. — The Government of M. Davidovich was short-lived. Formed only last July, after a period of successive crises, and including representatives of various parties, namely the Democrats, Radicals, Slovene Populists, Bosnian Mohammedans, Croates, Clericals and Macedonians, it had to contend with most of the difficulties and was favoured with few of the advantages of a coalition. The sudden return and renewed activity of M. Radich, the leading spirit of the Croat party, who had fled the country, finally seeking refuge in Moscow, engendered further grave situations for the Government. On October 13, after an unusually stormy sitting, the Skupchina was adjourned and two days later M. Davidovich, influenced largely by the uncertain attitude of the Radich party, handed his resignation to the King. In the official announcement it was stated that the Government had resigned because the King had expressed to the Premier a wish for a broader foundation for the continuation of the Cabinet's policy of pacification, the establishment of order in the country, the fight against corruption and the creating of a definite understanding between the Serbs, Croats and Slovenes. The efforts to form a new Government met with fresh obstacles, but eventually M. Timotijevich, a member of the majority party in the old Government, was instructed by the King to form a "concentration" Cabinet, an extension and consolidation of the former coalition, only to meet with failure. The King then asked the veteran leader of the Radicals, M. Pashich, to form an "election Cabinet." The Democrats, however, refused to co-operate, and the Croat Peasant party was excluded by an official *communique*, since the leader, M. Radich, had made it clear that he intended to maintain his relations with Moscow. The Skupchina was thereupon dissolved by royal decree on November 10, the general election to be held on February 8, 1925. The Skupchina will meet again on March 7, 1925.

The New Legal Working Day.—In agreement with the Ministry of Trade and Industry the Ministry of Social Politics has drawn up the terms for the extension of working hours in industry and the coal-mines. The chief points, which, it is expected, will soon be ratified, are as follows:—The extension of working hours may only be fixed with the acquiescence of the workers' organisations. Industrial concerns employing up to 100 workers will elect two employees and concerns employing more than 100 workers will elect three employees to form a committee with authority to speak and act on behalf of the workers and their organisations. All employees over sixteen years of age will have the right to vote. The result of the voting is to be submitted for consideration to the respective authorities. An extension of working hours will be valid for a maximum period of three months, after which time a fresh poll will be taken. The proposed legal working day ranges from 8 to 10 hours per day, according to the branch of industry. (*Zagreber Tagblatt.*)

FINANCE

Budget Matters.—The Budget for 1925 is being drafted and will reach the figure of 12 milliard dinars. The increases asked for by the different ministries cannot be appreciably reduced, and fresh sources of income will have to be found. One and a half milliards are required for the Ministry of Transport, and the Ministries of Public Works and of Education are requesting more than 800 million. Some important economies have been effected by the financial commission of the Skupchina and the military estimates have been cut down from 4 to 3 milliard.

The revenue from duties and taxes in September last amounted to 127.6 million dinars, that is 2.58 million below the estimates but 21.45 million more than the receipts in September 1923. The greatest increase was in stamp duties and registration fees, which actually exceeded the estimates by over eleven million. For the first six months of the fiscal year, i.e. from April 1 to September 30, the revenue from these sources totalled 813.44 million, or an increase of more than 32 million dinars over the estimates.

The statement of account of the Administration of State Monopolies for the month of June 1925, recently published, shows the following chief sources of income from the monopolies:—

	Mill. dinars.		Mill. dinars.
Tobacco ...	132.47	Saccharine ...	.03
Salt ...	23.59	Paper values	37.03
Petroleum ...	3.69	Customs ...	3.36
Matches ...	11.99	Various ...	.58
Cigarette paper ...	10.36		

The total for June was thus 223.10 million dinars. The receipts for April and May were jointly 434.52 million, making the total for the second quarter of 1924 to the sum of 654.62 million dinars. The expenditure was:—Public debt service, 65.07 mill.; costs of administration and exploitation, 156.50 mill.; purchase of materials, 42.79 mill.; total, 264.36 million dinars, showing a credit balance of 390.26 million dinars. Relative to the corresponding period last year the increase is 91.13 million dinars, but 132.43 mill. below the estimated amount. (*Agence Economique.*)

Banking News.—The situation of the Yugo-Slav financial market is still far from satisfactory. The rate of interest on loans is very high; industrialists cannot obtain credits for a year under 25 per cent. The banks grant on an average 12 per cent. on deposits, but a certain number of banks go as far as 20 per cent. The difference between the rate adopted for business and the official rate of interest, which is 6 per cent., is therefore very great. As the issuing banks only grant loans for a feeble amount the slightly raised official rate of interest does not exercise any favourable influence upon the money market. One is obliged to seek credit abroad. (*Gazette de Prague.*)

Since there is a eneral demand that the State should regulate the rate of interest, the National Bank has taken the initiative towards solving this important problem and has decided to grant credit only to those banking institutes whose rate of interest does not exceed 18 per cent. for loans and 10 per cent. for deposits. As interest is really the price for capital the present high rates go to prove that the demand for capital is greater than the supply. It is doubtful, however, whether depositors will be satisfied with this 10 per cent., since many big establishments formerly paid 15 and even 20 per cent. and the private rate obtainable is still higher. It follows, therefore, that the demand for capital will not be more easily accommodated by this new measure. (*Zagreber Tagblatt.*)

Speaking on this subject of fixing the rate of interest at the recent plenary meeting of the National Bank, the Director-General pointed out that banks enjoy at the present moment a total credit of about 800 million dinars at 6 per cent. interest. By charging on their part 20 per cent. to 30 per cent. for loans the banks gain between 160 and 240 million dinars. The maximum rate of 18 per cent., now prescribed by the National Bank, still permits a profit of 144 million, or three times the amount they pay to the National Bank. If the banks do not conform to this decision the National Bank will partially or entirely withdraw the credit which will be granted direct to merchants and industrialists at 6 per cent. (*Avala Bulletin.*)

TRADE

Foreign Trade Returns.—The export trade in September last amounted to the value of 937.37 million dinars, as against 914.01 million in September of last year, an increase of 23.36 million dinars in value and 49,830 tons in weight. The August figures were 855 million dinars, as against 706.85 million in August last year, an increase of 148 million dinars. The total exports for the first nine months of this year, as compared with the corresponding period last year, were as follows—

	Thousand tons.	Mill dinars.
9 months, 1923...	2,153	5,502
9 months, 1924...	2,695	6,654

Thus the period in 1924 shows an increase in weight of 542 thousand tons and in value of 1,152 million dinars. The chief articles exported in September 1924 were:—

	Mill. dinars.	Thousand tons.		Mill. dinars.	Thousand tons.
Wheat ...	162.1	43.1	Fresh meat	21.9	.8
Other grain ...	21.9	6.7	Oakum ...	20.4	.9
Building timber	111.6	81.2	Maize ...	19.6	6.5
Fire-wood ...	18.7	60.4	Cement ...	16.6	29.3
Wheatmeal ...	76.9	12.9	Fresh fruit	10.5	2.3
Eggs	41.1	1.5	Hops ...	10.4	.2
Copper ...	43.7	0.9	Sheet lead ...	9.5	.75
Beans ...	24.7	5.2	Calcium carbide	8.4	2.05
Kid & lamb skins	11.8	.24			
	Mill. dinars.	No. of heads.		Mill. dinars.	No. of heads.
Cattle ...	53.9	12,160	Horses ...	17.9	3,996
Pigs	27.4	9,298	Young cattle	14.7	52,598

The chief markets were found in Czechoslovakia, Austria, Hungary, Italy, France, Switzerland, the Balkan States and Great Britain. It is interesting to note that wheat took the foremost place, hitherto claimed by timber.

The import returns for the second quarter of this year, recently published by the Customs Statistical Bureau, show an increase in value of about 8 million dinars over the corresponding period last year. The figures are:—2nd quarter, 1924, 1,891.16 million dinars; 2nd quarter, 1923, 1,882.77 million dinars. The chief goods imported were:—Woollens, 121.2 million dinars (16.4 per cent. of total imports); cotton goods, 314.4 mill. (16.6 per cent.); cotton yarn, 81.8 mill. (4.3 per cent.); various iron goods, 78.4 mill. (4.1 per cent.); sugar, 71.9 (3.8 per cent.); machinery, etc., 56.7 (3 per cent.); pig iron and half-finished iron goods, 48.8 mill. (2.6 per cent.); coal, 44.9 mill. (2.4 per cent.). The most important countries participating in these imports were:—Czechoslovakia, Austria, Italy, Great Britain, Germany, the United States, France, Greece and Hungary. Great Britain supplied goods to the value of 186 million dinars, representing 9.82 per cent. of the total imports; whilst Germany supplied 8.74 per cent. and the United States 4.86 per cent.

During the second quarter the exports exceeded imports by about 223.4 million dinars. In the first quarter of the year the excess of exports amounted to 356.7 million. The active balance in foreign trade in thus well maintained. (*Zagreber Tagblatt* and *Avala Bulletin.*)

Favourable Shipping Figures.—Compared with 1921, Yugo-Slovia's shipping trade was doubled in 1923. Of the total import trade by water, Yugo-Slav vessels carried 80 per cent., Italian vessels 13.8 per cent., Russian 2.4 per cent., English 2.02 per cent., German 0.31 per cent., Greek 0.9 per cent., and Dutch 0.18 per cent. Export trade was carried by Yugo-Slav vessels to the extent of 33 per cent., by Italian vessels 61 per cent., and by English 2 per cent. The imports and exports by water during the past three years were as follows:—

	Imports.	Exports.
	in 1,000	tons.
1921	322	2,544
1922	1,231	6,905
1923	1,283	7,614

AGRICULTURE

The Season's Crops.—This year's tobacco crop in Yugo-Slavia is estimated to produce some 27,000,000 kilogrammes, of which 10 millions are required for the home market, while 17 millions will be available for export. The Yugo-Slav Tobacco Monopoly has also in hand 5 million kilogrammes from the 1923 crop and some 500,000 kilogrammes from that of 1922. Czechoslovakia recently purchased 500,000 kilogrammes and other purchases will probably be made by that and other Central European countries.

The yield of the Yugo-Slav sugar-beet harvest is a record one, and it is estimated that the total production will be 1,080,000 tons, from which a quantity of some 110,000 tons of sugar will be made. As the inland consumption of sugar does not exceed 60,000 or 70,000 tons, there will be a surplus of between 40,000 and 50,000 tons for export.

Some interesting figures were recently given by M. Savich of the Yugo-Slav Ministry of Commerce, who pointed out that the districts of Strumice, Doiran, Djevdjeli and Negotin in South Serbia grew cotton with considerable success and had quantities available for export. Cotton grown in South Serbia by the Belgrade textile firm of Jecmenica is stated to be superior to Indian cotton and but little behind that grown in America. There are close upon 5,000 cotton growers and this year's crop is estimated to yield between 130,000 and 150,000 kilogrammes, a third of which will be required for home consumption. (*Central European Observer.*)

The vintage production varies in the different districts, but on the whole the quality of the grapes has been detrimentally affected by the excessive rainfalls. The sugar content ranges from 16 to 21 per cent. for most varieties. The total crop is estimated at about half of last year's yield and high prices are accordingly expected, especially as the vintage employees are agitating for higher wages.

The wheat crop has also been damaged by fungi and the heavy mists during the harvest. Clean wheat is expected to fetch a very high price, the present rate being from 300 to 320 dinars per metric hundredweight. The maize crop this year, on the other hand, proves to be a record. The fine weather immediately previous to the ingathering considerably improved the condition of the grain. (*Zagreber Tagblatt.*)

The estimates for the yield of prunes this year are not at all favourable. The early plums, most of which were directly used for the manufacture of brandy, were fairly abundant. But the later crop will reach but little more than a third of last year's result. The exporters at the various centres and the Belgrade Chamber of Commerce confirm this pessimistic view. In Bosnia the situation is similar, as the hail affected the most important centres of production. From reliable forecasts Serbia should yield from 1,100 to 1,300 trucks loads of prunes and Bosnia from 700 to 900 trucks. If these results are compared with those for last year during which 6,639 truck loads of prunes worth 344.5 million dinars were exported, it will be seen that the deficit is considerable. However, the reports from all the centres of production assert unanimously that the fruit will be large, healthy and sweet. In these circumstances the prices for this year may be favourably influenced, though these unfavourable estimates as to the quantity and optimistic reports as to the quality of the crop do not allow serious estimates of future prices to be made; and the fact must be taken into consideration that of last year's crop in California about 4,000 trucks remain unsold and that the crop this year will be good. In France also an average crop is expected.

As regards the distillation of spirits from plums it is estimated in commercial centres that no very great quantities of plums will be used for this purpose this year. Last year half of the yield of plums was never taken to market but was used at once for the production of spirits. That was because the producers suffered heavy losses during the 1922–23 season and as a result distilled more spirits rather than dry the plums. Apart from this circumstance the export of prunes for last year would have reached 9 to 10,000 truck loads. A comparison with last year only gives, however, no criterion, since the yield of 1923 was a most excellent one, though the fruit was of average size. The following table better illustrates the present situation:—

	Trucks.	mill. dinars.
1920	2,216	63.7
1921	3,838	144.2
1922	4,044	222.8
1923	6,639	244.5

(*Belgrade Economic and Financial Review.*)

FOREIGN BANK RATES.

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

SPECIAL ARTICLES

THE FINANCIAL SITUATION IN JAPAN.

It is by no means easy to predict the drift of capital investments abroad. Opportunities arise and are utilised, but the preceding conditions of them are often buried in an obscurity which beggars, if it does not side-track, most anticipation. It is this fact which makes capital investment abroad the concern of a particularly limited group of investors and a field where all but the wary tread with scrupulous caution. With the merits or demerits residing in the export of capital we will not concern ourselves but accept the process as a legitimate search for securities. Around investment abroad much foolish nonsense is talked, particularly in political circles, and the purpose of this article is to call attention to a document which is most informative in regard to conditions and circumstances in a country undoubtedly tending to open out an extensive field to the foreign investor. The document we refer to is the "*Report on the Commercial, Industrial and Financial Situation in Japan and her Dependencies in* 1923 *and up to June 30th*, 1924," and we would remark here the scanty notice so far given in the press to this important piece of work. Of all economic and political questions nothing transcends in importance the present position held by Japan in problems which give rise to both. In recent years she has emerged from an obscurity into a peculiar eminence and economic or political calculations which leave her out of account do so at the grave risk of misunderstanding international problems. Her position among the nations of the East is unique, she has become industrialised, a term which is meaningless unless competitors in World-markets realise a conspicuous addition to their number. It is, therefore, of considerable importance to possess some knowledge of Japanese developments. This is a task the "Report" mentioned attempts to fulfil. In this article we would concentrate attention upon the evidence it gives as to the financial situation in Japan and her dependencies.

The National Debt in April 1924 stood at 4,085 million yen, of which sum 2,578 million yen represents Domestic debt and 1,507 million yen the extent of foreign indebtedness. The latter, it is not without significance to note, is below the pre-war figure which stood at 1,529 million yen. Against the present foreign debt may be set off approximately 370 million yen constituting loans raised in Japan by the French, Chinese and Russian Governments. The present position compares not unfavourably with those maintained by other countries.

It has been the practice since Japan first adopted the gold standard to keep a considerable specie reserve in New York and London. Since January 1923 the total sum so kept has diminished noticeably. In 1921 the amount was over 1,000 million yen, but in March 1924 the amount had dwindled down to 403 million yen. This fact is explained through a series of adverse trade balances. The failure of the Japanese Government to remove the embargo upon the export of gold necessitated that the net excess of imports over exports must be paid for out of the funds held abroad. Upon this point the authors of the "Report" have some interesting remarks to make :—"In the early part of 1922 private exchange banks, owing to the inadequate supply of export bills, were obliged to depend largely upon the official banks for funds abroad with which to finance import transactions. The Bank of Japan and the Yokohama Specie Bank (which is virtually the Government Exchange Bank) endeavoured to restrict imports by withholding exchange facilities for transactions of which they did not approve, that is to say, imports of goods which they did not consider essential either for direct consumption or for productive industries." This policy checked for some time the tendency to encroach upon the specie held abroad but, the Report goes on to say, "after the earthquake large sums of money had of necessity to be spent abroad in the purchase of reconstruction materials, the disparity between exports and imports was accentuated and the drain upon specie became heavier than before, with an accompanying reaction upon the exchange value of the yen." The result was that from the end of 1923 the exchange position became acute. The open market alone was unable to supply all the foreign exchange that was needed and importers were placed in great difficulties, "since they either could get no exchange at all, or had to submit to restrictions ; or must buy dollars or sterling or rupees in a fluctuating market, bolstered up by official support which might at any time be withdrawn. The Government could not freely release their specie holding abroad—partly because a portion thereof was earmarked for the repayment of sterling bonds, partly (it appears) because they were reluctant, on general grounds of national credit, to see their reserve diminishing. Moreover, so long as the Specie Bank continued to 'peg' exchange by means of official funds, the Government were in reality paying the difference between the artificial and the market rate—an operation which, like all 'pegging' operations, cannot be continued indefinitely. However, if imports were to continue exchange funds had to be provided. Negotiations were commenced for the flotation of a foreign loan towards the end of 1923, and resulted in the issue of Japanese Government Bonds for £25,000,000 at 6 per cent., issued at £87 10s. in London and 150,000,000 dollars at 6½ per cent., issued at 92.50 dollars in New York." In Japan the terms of this loan were considered to be humiliating and much disappointment was expressed. It was regarded as reducing Japan's international credit status to that of a third-rate power. Comparison with pre-war loans is unfavourable. The loan was not allocated for the purpose for which it was raised. Some £35,000,000 was reserved for the conversion of the sterling 4½ per cent. loans due for redemption in 1925 ; and after a period in which official policy seemed to be in doubt it was made clear that the Government did not intend to use the remainder as an exchange fund for maintaining the value of the yen or to remove the embargo on the export of gold. This policy resulted not only in the transfer to foreign firms of a certain amount of the import business, since the foreign banks continued to give their regular customers exchange facilities, but it also visibly affected the exchange value of the yen. The "Report" says :—"The rate fell steadily, and by April 26 the buying rate for sterling cheques had reached 1s. 9⅜d., the lowest point since the adoption of the gold standard. It then recovered slightly, but apart from fluctuations due to manipulation and intermittent support by the Yokohama Specie Bank, it has remained below 1s. 11d." The author of the "Report" considers this symptomatic of Japan's unhealthy economic condition. The depreciation of the yen cannot be attributed to an inadequate gold backing for, in this respect, Japanese currency compares very favourably with that of most European countries. The trouble is that owing to the embargo on the export of gold the measure of the value of the yen in international transactions is no longer gold but goods.

The "Report" considers it certain that one of the chief causes of the present depression in trade is the high cost of commodities and services. Upon this point it says :—"The Bank of Japan index of retail prices shows no reduction since last year. The index of wholesale prices (based on 1900) stands at 273, and though this figure has slightly increased because of the earthquake, it was rising rather than falling in the first half of 1923. The index number of wages published by the Osaka Chamber of Commerce is 112 as compared with 100 in 1921. It does not appear probable that there will be any considerable fall in wages, since the working classes will not easily surrender such advances as they have gained in the last few years, and, if I may venture an opinion on this question, I do not believe that high wages are an important factor of high prices in Japan. It is far more probable that defects in industrial organisation and the relative inefficiency of labour are the chief contributary causes." Very significantly is it added that "one very patent reason for high costs is the exaggerated standard of profit which prevails throughout industry and commerce in this country. A perusal of any stock exchange list shows that the average investor is barely satisfied with 10 per cent., and dividends of 15 per cent. and 20 per cent. are almost the rule rather than the exception." In the following representative industries the dividends recently declared have been :—

		Per cent.			Per cent.
Shipping :	Nippon Yusen Kaisha ...	10	Insurance :	Meiji	18
				Tokyo Fire ...	20
Electric Power :	Toho	12	Paper :	Oji	15
	Daido ...	14	Textiles :	Toyo Mosurin	18
Spinning :	Kanegafuchi...	60	Beer :	Nippon Brewery	25
	Toyo	25	Flour :	Nisshin ...	22
Sugar :	Nippon Seito	20	Cement :	Asano ...	25
	Niitaka ...	16			

Short term industrial bonds and debentures yield as a rule 10 per cent. and first mortgages stand at about 12 per cent. As long as investors earn such rates consumers must buy dearly what they require. The general level of prices will remain high. As may be expected from the foregoing facts rates of interest are high. The average discount rate of Commercial Bills in Tokyo in the early months of 1924 being 9.67 per cent., and during the similar period, the average rate of interest on overdrafts was 9.61 per cent.

The "Report" concludes its financial section with some remarks which are highly interesting in themselves and which bring us back to the topic with which this article was commenced. It says :—"A result of the stringency of the money market, the high rates of interest combined with the low value of the yen, has been to induce industrial undertakings to seek capital in England and America. This tendency was already apparent two or three years ago, but has become very marked since the beginning of 1924. Several loans have already been raised by corporations or industrial undertakings (particularly electric power, light and railway companies), and others are being discussed. A number of enquiries have been received concerning the operation of the Trade Facilities Act. Making every allowance for such unsatisfactory conditions as those touched on above, there is certainly a profitable field for the investment of foreign capital in Japan." If such a statement is true, and we see very little reason to doubt it, the opportunity needs prompt and careful consideration. Towards the latter end the "Report" gives material assistance, and for that purpose we commend it for perusal.

H.J.H.

LABOUR OUTPUT IN SOVIET INDUSTRY.

The following article, by M. Stanislav Kohn, appears in *Hospodarsky Archiv*, a Prague economic journal :—

The principal theme occupying the Soviet economic Press during recent months has been the output of industrial labour in Soviet Russia. It is really the old problem of lowering the costs of production, which has acquired particular importance since the last bad harvest ; for this brought about a considerable rise in the price of wheat, and has had a very deleterious effect upon Soviet industry. Unless there is to be a large reduction in real wages industry is compelled to grant an appreciable increase in nominal rates to meet the rise in the price of wheat, and this raises the question of augmenting the output of labour to compensate for the increase in wages. The discussion of this burning question was brought to the fore at the beginning of this year by Tchertchinsky when he took over the presidency of the Economic Council. At that time a certain prominent member of the National Finance Commissariat published data showing that the output of labour in Soviet Russia had reached 75 per cent. of its pre-war level, whilst wages were only 65 per cent. of the pre-war scale. Tchertchinsky strongly disputed this improbable assertion, and produced data of his own taken from a large number of factories and proving that, on the contrary, the output of labour was not commensurate with the rise in wages. Here also is to be found the explanation of the financial stringency and of the dearness of industrial produce.

At the beginning of June Tchertchinsky summoned several conferences to discuss this question. As a result of insufficient data being available fresh enquiries had to be made in a large number of factories, in which members of the trade unions took part. These enquiries are not yet complete, but from the provisional material which has been published it is already clear that Tchertchinsky was right. Thus the value produced per average working day in the 14 principal branches of the nationalised industry rose from 4 roubles 38 kopeks in October 1922 to 5 roubles 40 kopeks in January 1924, i.e. 23.3 per cent., whereas the average daily wage rose from 37.8 kopeks to 71.9 kopeks, i.e. 90 per cent. (*Ekonomiceskaja Zizn*, No. 276). The increase in output, therefore, lagged far behind the rise in wages, which fact of course exercised a considerable influence on the general level of prices.

For drawing a comparison between the present and the pre-war relation of output to wages data are only available for individual factories. The data, derived from various sources, are approximately as follows :—

Factory.	Present output in per cent. of pre-war.	Real wages in per cent. of pre-war. Without extras.	With extras.
Kolomna factories... ...	53	67	?
Bjan factories	38	64	?
Sormov factories	44	63	?
Petrograd-metallurgical factories	37	49	64
Putilov factories	60	63	82
Nevske factories	24	47	61
Skorochod factories ...	68	69	93
Pharmaceutical Trust I ...	60	76	?
„ „ II	60	85	?
Trust for manufacture of fine cloth	60	119	?
Linen trust	64	100	?
"Electro-power" ...	34	47	61
"Red Weaver"	71	75	103
Donetz Soda factories	65	108	?
Serpuchov cloth factories...	39	118	?
Metal factories (formerly "Goujon")	68	90	?

Thus in all but two or three cases wages at present stand considerably higher in relation to output than before the war. If extra allowances for social insurance, cultural needs, and so forth, be added the discrepancy is still greater. A Commission set up by the Supreme Economic Council, and since converted into a permanent office, undertook not only to investigate the actual output of labour, but also to enquire into the causes of its decline. In regard to this question there emerged a fundamental disagreement between the trade unions and the directors of the Soviet factories, trusts and syndicates. The trade unionists asserted that the so-called "subjective factors in output," i.e. the intensity of effort on the part of the individual workman, now leave no room for improvement, and that the kernel of the matter to-day lies in the "objective" factors, i.e. factory organisation, quality of raw materials and so forth. The directors, on the other hand, maintained that, though the "objective" factors no doubt leave something to be desired, nevertheless the principal attention must be paid to increased output on the part of the individual workman. The Commission took up a middle standpoint between the two conflicting views, and held that the diminished output was due to both the objective and the subjective factors. In the former it included the deterioration of plant, low quality of raw materials, reduced working of technical apparatus, the frequency of auxiliary works, the increased number of auxiliary workers, and so forth; in the latter the reduced skill of the workers, the shortage of skilled workers in many branches of industry, decreased intensity of work, failure to make full use of the working day, and the relaxation of discipline. The view of the Commission is correct, but it is not a complete account of the matter, and in any case the division into "objective" and "subjective" is to a large extent only relative. For instance, insufficient importance is attached to the extremely uneconomic and irrational way in which factories are controlled and production organised. The responsibility for this lies with the directors, who, if they managed their factories as they do their own affairs, could themselves bring about considerable improvement without taking outside factors into account at all. It is really uneconomic management which causes insufficient use to be made of the working day, and this is a factor playing a leading part in the question of labour output in Soviet industry. The Soviet Press has published a whole series of facts and figures illustrating this assertion. It is shown that in the vast majority of cases the Soviet worker actually puts in only 6, 4, or even 1½—2 hours in a nominal working day of 8 hours. It is not therefore surprising that the Press is demanding the introduction of an eight-hour day, indicating thereby an increase, not a reduction, in the number of hours worked (*see* e.g. *Prace*, No. 211). Not long ago the *Ekonomiceskaja Zizn* (No. 276) called attention to a whole number of instances of uneconomic methods and muddle in the management of factories: "Workers in a furniture manufactory were for two months unable to persuade the management to remove chairs and tables which were encumbering the workshop and preventing work; scores of workers had not got anywhere to heat their glue. Metalworkers have to wait for hours for their coal owing to an insufficiency of coal-buckets. . . . Such instances could be multiplied indefinitely."

It can hardly be hoped that the factors militating against increased output can be removed in the near future; enormous capital would be required, which the Soviet Government does not possess. This has been frankly recognised by Tchertchinsky's Committee, which therefore recommends that the main attention should be devoted to the factors dependent upon the management and the workers. But there is little ground for the hope that anything may be achieved on the administrative side, and attempts hitherto made in the direction of improving factory organisation and reducing managerial costs have not proved successful. It is hardly to be expected that newly-constituted committees will be able to accomplish what their predecessors failed to do. Improvement would be more likely to come from the workers themselves, and the introduction of piece work as an incentive to effort would possibly be advantageous. That, however, is not applicable to all kinds of work. The great difficulty lies in the shortage of skilled workers who were scattered by the civil war and have only to a limited extent found their way back to their work.

BRITISH TRADE IN INDIA.

The Department of Overseas Trade has just issued * a "Report on Some Aspects of British Trade in India," prepared by Mr. Thomas M. Ainscough, O.B.E., H.M. Senior Trade Commissioner in India and Ceylon. The period under review is the fiscal year April 1, 1923, to March 31, 1924, but its facts and figures are supplemented and revised up to the month of June in this year. The Report is one of the Departments' regular series dealing annually with foreign countries as well as parts of the Empire, and, like all the others, it contains a mass of invaluable information relative to the economic conditions in the particular field of its enquiry. In his general review of the period Mr. Ainscough gives us a thorough survey of recent main developments in the economic life and organisation of India together with a considered estimate of their effects upon British economic interests there. He shows that Indian political and national feeling, steadily increasing in intensity and influence since 1921, has operated to affect British interests in a variety of ways. Conspicuous is the demand that, in future, all purchases of stores for Government requirements shall be made in India and that all tenders shall be called for in India and in rupees. To a certain extent these claims have been met by the Government. Mr. Ainscough considers that the new Indian Stores Department will rapidly increase in importance and that the centre of purchasing influence, so far as imported stores are concerned, will be transferred from London to India. The second chapter of this Report is of particular importance to all firms who are interested in the supply of stores to the Government of India, as it discusses the various changes made in the system of purchase by the creation of an Indian Stores Department.

Another important factor affecting British commercial interests, and discussed thoroughly by Mr. Ainscough, is the growth of the demand for a protective tariff. A chapter is devoted to the work and findings of the Fiscal Commission and the subsequent acceptance by the Government of discriminating protective recommendations. The Steel Industry (Protection) Act, 1924, is subjected to a minute analysis and an estimate is made by Mr. Ainscough of its probable effects on British Steel exports. It is to the section of the Report that considerable attention will be given, because so far the main source of protectionist agitation in India has resided in the Steel and Iron Industry. By the end of the third year in which the Act has been in operation it is anticipated that Indian steel will have displaced imported steel to the extent of 218,000 tons. Of this quantity Mr. Ainscough estimates that the loss on black and galvanised sheets and tinplates will be almost entirely borne by British makers, who enjoy a virtual monopoly of them. The reduction in India's takings of fabricated steel will also bear very heavily on British suppliers of such items as beams, girders and bridgework. The loss in structural steel (unfabricated) will probably be divided between the United Kingdom and Belgium with lesser reductions in the case of Germany and Luxembourg. So far as plates are concerned it is expected that by 1926–27 the Tata plate mill will supply India's entire requirements and imports from the United Kingdom and Belgium will have been reduced to zero. Mr. Ainscough expresses the opinion that the losses to the British steel trade may be even heavier than is at present anticipated owing to certain advantages enjoyed by our Continental competitors. Their depreciated exchanges and their lower costs of production may enable them to reduce their prices by the amount of the extra duties and "still maintain their position in the import trade at the expense of the British steelmaster, who has none of these fortuitious advantages." If the position does not merit immediate alarm it seems to spell some evil forebodings. Of course, much depends upon the capacity of the Tata Steel and Iron Works, "regarded with pride as the largest purely national industrial effort which India has made," and, it must be remembered that a number of reputable Indian economists adopt an attitude which is frankly anti-protectionist in its outlook. In regard to the Tariff Board Mr. Ainscough is reassuring. "The ability and thoroughness," he writes, "which characterised their first enquiry gives ground for confidence that subsequent investigations will be conducted with scrupulous fairness and with due regard to all the interests involved and particularly to the well-being of the community." The number of industries which could make a case for themselves before the Tariff Board is undoubtedly limited, and it is certain that many important Indian industries such as cotton, jute and tea do not require protection at all.

As a third instance of nationalist and political influences at work on British trade in India, Mr. Ainscough

* H.M. Stationery Office. Price, 3s. 4d., post free.

cites the boycott campaign. It is difficult, he thinks, to assess the precise results of this movement, but taking into account the powerful Indian vested interests in the distribution of imported goods, the dissensions among the Congress party, Hindu-Moslem feeling, and the fact that the extremists have nothing like the power and influence they pretend to have, it is doubtful whether the boycott has so far had any appreciable effect on imported British goods. Mr. Ainscough's impression expressed in his own words, is that "this system of organised opposition to British trade and influence is merely a temporary phase, which will pass when its futility is recognised and when, in the fulness of time, the Indian receives a still greater measure of self-government." At any rate, the share of the United Kingdom in the import trade of India last year was 58 per cent., or 6 per cent. below the proportion in 1913–14. Figures which, when all counteracting influences are taken into consideration, repudiate an immoderate use of pessimism. H.J.H.

THE ECONOMIST'S BOOKSHELF.

THE CASE AGAINST GOLD.

(1) Money in Fetters: Its History and Mystery Candidly related. (2) Justice in Dealings on Aristotle's Plan. By HENRY LOWENFELD. (London: John Murray. Price, 3s. 6d. each net.)

Monetary theorists are at the present moment divided (in England, at any rate) into two main camps, namely, those who regard the return to the gold standard as ultimately desirable, but temporarily impracticable, and those who regard the gold standard as undesirable under any conditions. The weight of opinion leans toward the former view, which, ever since the Report of the Cunliffe Committee, has remained the official policy of this country. The weight of argument, on the other hand, is not so decisively on the side of the advocates of the gold standard. The actual situation, of course, is that the United States and Sweden alone adhere nominally to the gold standard, and that, in point of fact, gold itself is exclusively dependent upon the dollar. Of the remaining countries some already had an inconvertible paper currency before the commencement of the war, and the rest have introduced it since. For five years the currencies of the world have been undergoing unprecedented fluctuations; during the boom period gold itself was carried along helplessly by the flood tide, and has not recovered its equilibrium. The Dawes plan has at length brought us to the turning point in our efforts at reconstruction; from now onwards we may look forward to increasing financial and commercial stability. It has therefore become of more than academic interest to determine whether the pre-war financial system was based upon sufficiently sound foundations to make its restoration the goal of our endeavours. The general assumption is that it was; but we must find better grounds than mere Conservatism for rejecting the criticisms of those who claim that it was not. In particular we must not make light of professors who seek to reveal the processes underlying our practice; the English contempt for professors is neither as wise or as creditable as our "practical" men would fain have us believe. The *a fortiori* requires to be rather more judiciously mixed with the *a priori* than is customary among those who exercise authority over us.

Mr. Lowenfeld is for the radical elimination of gold from our currency system, and he informs us that "Money in Fetters" was written before Mr. Keynes published his well-known views of like complexion. He sharply distinguished "money" from "currency"; money is "the ideal conception by means of which the opinion on the relative value of saleable things to one another is formed," whilst currency is "the tangible transfer instrument of purchasing power." The distinction he holds to be of importance because "we do not part with our goods and services in exchange for precious metal or currency, but solely in consideration of the amount of purchasing power which the holding of the currency unit confers." He exaggerates, we think, the importance of this psychological factor, which in any case does not figure prominently in the arguments of those who uphold the gold standard. He fails, on the other hand, to devote sufficient attention to the crux of the matter, namely, whether the gold link between the currencies of different countries will produce greater stability in the international exchanges than the somewhat intangible purchasing power parity based on index numbers, and he takes a good deal more for granted than he ought. "We must firmly realise that we all sell and work in exchange for other people's product and labour, and not in exchange for currency; that in this respect no frontier walls exist; that the people of all nations exchange with us on precisely the same terms as we do among ourselves; that a currency which fully satisfies us at home will be equally satisfactory abroad and will need no separate looking after in foreign markets." The book is written for an essentially "popular" audience, which fact may perhaps be pleaded in mitigation of the (distinctly characteristic) sentence which follows the one we have just quoted: "Anyone not able to grasp this fundamental principle upon which humanity reposes is likely to have some considerable difficulty in realising how life proceeds." The author's cardinal complaint against the gold standard is that the relation between the volume of gold and the quantity of goods for which it is exchangeable is purely arbitrary, and that the metal is therefore a direct and inevitable cause of instability of prices. The remedy is to destroy the gold "scaffolding," and to ensure that every unit of currency when it passes into circulation is backed by goods.

> "The following should be the exclusive rule for putting currency into circulation and for withdrawing it: (1) *The Currency Issuing Bank shall, without restrictions as to amounts, discount at market rates with legal tender money all trade bills offered to it for discount, provided that these bills are guaranteed by a bank of standing which certifies them to result directly out of a goods purchase destined for re-sale.* (2) *The Issuing Bank shall at all times re-sell bills in its possession at slightly above cost.* No legal tender money shall be put into circulation or withdrawn in any other way."

We cannot share Mr. Lowenfeld's optimism as to the efficiency of such a reform in bringing about price stability.

"Justice in Dealings" was apparently written because Mr. Lowenfeld (by his own confession) has recently discovered the existence of Book V, chap. 5 of the Nicomachean Ethics, in which Aristotle discusses the relation between justice in exchange and money. That philosopher, we venture to think, is a good deal better known, even to economists, than Mr. Lowenfeld seems to imagine. J.C.J.

PUBLICATIONS RECEIVED.

Absentee Ownership and Business Enterprise in Recent Times. By Thorstein Veblen. (London: George Allen & Unwin, Ltd. Price, 10s. 6d. net.)

Aeronautic Research. By Joseph S. Ames, Professor of Physics, The Johns Hopkins University, Baltimore, Maryland. (Washington: Government Printing Office.)

Die Deutschen Banken im Ausland. By Dr. Karl Strasser. (Munich: Ernst Reinhardt. Price, Mk.6.)

History of the Bank of England (1640–1903). By A. Andréades, K.B.E., Professor of Public Finance in the University of Athens. Translated by Christabel Meredith. With a Preface by H. S. Foxwell, M.A., F.B.A. Second Edition. (London: P. S. King & Son, Ltd. Price, 15s. net.)

Industrial Psychology and the Production of Wealth. By H. D. Harrison, M.C., M.Com. (London: Methuen & Co., Ltd. Price, 5s. net.)

STATISTICAL SECTION

THE TRADE BAROMETER

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

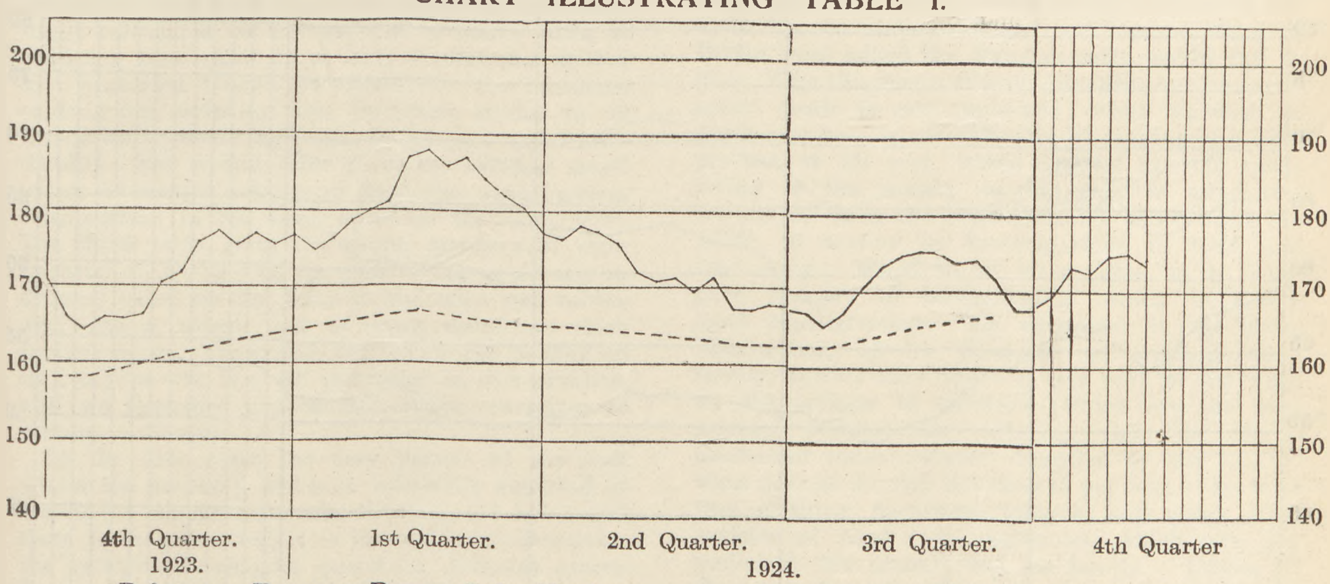
1. Pig iron.
2. Tin.
3. Coal.
4. Linseed Oil.
5. Cotton.
6. Wool.
7. Hides.
8. Wheat.
9. Bacon.
10. Sugar.

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

TABLE I.

Date	10 Commodities	Bd. of Tde Monthly Average	Date	10 Commodities	Bd. of Tde Monthly Average	Date	10 Commodities	Bd. of Tde Monthly Average	Date	10 Commodities	Bd. of Tde Monthly Average
1920.											
Jan. 16	367.9	296.6	May 12	204.3	201.7	Aug. 18	164.0	156.3	Dec. 14	177.0	163.4
Feb. 13	367.6	310.3	June 17	201.8	197.7	Sept. 15	161.2	154.3	1924		
Mar. 19	396.9	319.0	July 15	194.4	194.1	Oct. 13	161.2	155.2	Jan. 18	178.6	165.4
Apr. 16	384.6	325.2	Aug. 19	178.1	190.0	Nov. 17	169.3	157.6	Feb. 15	187.9	167.0
May 14	391.2	325.5	Sept. 16	183.4	187.0	Dec. 15	161.2	155.8	Mar. 14	182.1	165.4
June 18	417.7	322.4	Oct. 14	170.2	180.7	1923			Apr. 18	177.5	164.7
July 16	418.8	316.9	Nov. 18	154.5	172.8	Jan. 12	162.8	157.0	May 16	171.2	163.7
Aug. 13	386.8	313.1	Dec. 16	153.2	167.9	Feb. 16	177.2	157.5	June 20	167.8	162.6
Sept. 17	379.4	311.4	Dec. 30	150.0		Mar. 16	192.4	160.3	July 18	167.1	162.6
Oct. 15	328.6	302.3	1922			Apr. 20	198.5	162.0	Aug. 15	175.3	165.2
Nov. 19	293.0	286.9	Jan. 20	144.0	164.0	May 18	198.1	159.8	Sept. 19	167.9	166.9
Dec. 17	257.0	263.8	Feb. 17	149.2	161.8	June 15	190.0	159.3	Oct. 10	173.1	
1921			Mar. 17	149.8	160.0	July 20	177.3	156.5	„ 17	172.5	
Jan. 14	244.2	245.9	Apr. 14	151.7	160.1	Aug. 17	174.6	154.5	„ 24	174.8	
Feb. 18	219.1	225.2	May 19	162.1	160.6	Sept. 14	173.2	157.8	„ 31	175.0	
Mar. 18	199.0	210.8	June 16	163.6	159.9	Oct. 19	166.0	158.1	Nov. 7	173.5	
Apr. 15	202.8	204.8	July 14	165.1	160.3	Nov. 16	171.7	160.8			

CHART ILLUSTRATING TABLE I.



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

TABLE II.

Date	Pig iron.	Tin.	Coal.	Linseed Oil.	Cotton.	Wool.	Hides.	Wheat.	Bacon.	Sugar.	Mean.	Date.
Dec. 30, 1921	100	100	100	100	100	100	100	100	100	100	100	Dec. 30, 1921
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
„ 31 ...	84.9	150.7	67.0	160.5	115.0	175.6	98.6	123.3	90.1	101.2	116.69	... „ 31
Nov. 7 ...	84.9	150.4	67.0	158.2	112.6	173.3	100.0	123.3	90.1	97.0	115.68	... Nov. 7

*Revised Quotation.

Statistical Section

THE EUROPEAN EXCHANGES

WEEKLY PERCENTAGE OF DOLLAR PARITY

(To Week ending November 8.)

	Week ending Nov. 8.	Nov. 1.		Week ending Nov. 8.	Nov. 1.
Switzerland ...	100	99.77	Denmark ...	65.01	64.42
Sweden	99.77	99.31	Norway	53.95	53.33
Holland	98.86	97.95	France	27.16	27.16
Sterling	93.76	92.90	Italy	22.49	22.44
Spain	69.98	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.