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## ECONOMIC REVIEW OF REVIEWS.

### EMIGRATION AND EUGENICS.

In *Economia*\* is an article by Signor LIVIO LIVI, of the Economic and Commercial University at Trieste, enquiring into the effects of emigration from the eugenic point of view. The opinion generally accepted in Italy is that emigration tends to withdraw from a country the fittest morally and physically, and to leave behind an excess of women and weaklings, with consequences that are grave from the social, economic and racial stand-points. The writer, on the other hand, adduces statistics to show that this opinion does not by any means square with all the facts. First, in the decade preceding the war, while the birth rate for the whole of Italy fell by 2.2 per cent., the decline was below the average in precisely those districts which provide the most emigrants, and in Calabria, whence emigration is greatest, a small rise was actually registered. Secondly, whilst there has been a general decline in illegitimacy, both before and since the war, it was greatest in the South and Sicily, which are most prone to emigration. Thirdly, the decline in deaths from tuberculosis is either above, or at any rate not below the average in all the principal emigrant districts except two. Fourthly, adequate statistical evidence is available to show that the general death rate has fallen most in the districts with the greatest emigration. Fifthly, most of the latter exhibit the greatest fall in infantile mortality. Finally, medical examination for military service shows less unfitness in the emigrant districts than elsewhere. On the other hand, these same areas have a death rate exceeding the average among very young infants through congenital debility. Moreover, in the United States, for instance, the birth rate among Italian immigrants is larger than that of Italians at home (and also than of immigrants from other European States), and the statistics for immigrants to South America also afford similar evidence. Again, the level of fitness among Italian emigrants liable for military service is greater than among the Italians at home, and their general superiority from the eugenic point of view can also be proved in other ways.

Signor Livi seeks the explanation for these apparent paradoxes by reference to the movement of population in Italy itself. From this point of view the country may be roughly divided into two kinds of areas, namely, those with large urban populations in which there is movement to (and to a lesser extent from) the towns, and those with little urban development which send large numbers of emigrants abroad, and also receive back large numbers of returning emigrants; the former are termed areas of "closed" migratory movement and the latter areas of "open" migratory movement. Statistics tend to show that the returned emigrants, and also their children, exhibit a level of fitness above the average. The "open" areas are reinforced by these elements, while the "closed" areas are not, which fact explains the paradoxes previously reached. The high death rate among young infants due to congenital debility in the

"open" districts is ascribed to the low conditions of life of the parents, whose potential generative powers are nevertheless superior to the average. These are drained off through emigration, whilst the general level of fitness of the populations in the "open" districts is in other respects maintained by the returned emigrants. This is the main consideration to be taken into account in estimating the social effects of emigration, but the writer points out the danger arising from the declining proportion of emigrants returning to those departing; whereas from 1909-1913 the proportion was 56 per cent., in 1922-1923 and the first quarter of 1924 it was only 33 per cent. Steps should therefore be taken to encourage their return.

### SHOULD PROFIT-SHARING BE COMPULSORY?

In the *Journal des Economistes*\* is an article by M. GEORGES DE NOUVION on compulsory profit-sharing occasioned by the recent publication by the Ministry of Labour of the documents relating to the session which the Higher Labour Council devoted to this subject last November. Various Senators and Deputies having proposed legislation with a view to rendering profit-sharing compulsory, the Permanent Commission of the Council had opened an enquiry and had sent a very detailed questionnaire to the Chambers of Commerce and to employers', workers' and other organisations. The report drawn up by the Commission formed the basis for discussion by the Council.

The painting contractor Leclair is ordinarily regarded as the originator of profit-sharing in French industry (1842), but earlier beginnings can be traced back to 1820, and indeed still further back in the case of Jean Dollfus' textile factories at Mulhouse. Since those days the practice has gradually developed and has been adopted by a great variety of undertakings without any kind of State intervention. It has been exclusively due to the private initiative of employers desirous of stimulating their workers to greater efforts which should redound to the advantage of both parties. They have further hoped to promote industrial peace by this means and to safeguard themselves against professional agitation. A society, founded by Charles Robert, for the practical study of the question has been in existence for 45 years. In spite of the extended application of profit-sharing, it cannot yet be said to have attained its object of ensuring industrial peace, and is of course opposed by the advocates of nationalisation.

The definition given by Charles Robert is as follows: "Profit-sharing is a free agreement, express or tacit, as the case may be, whereby an employer gives to his worker, in addition to his normal wage, a share of his profits, without participation in the losses." On this definition profit-sharing has nothing in common with a contract of association. The Tribunal of the Seine, in a judgment of April 9, 1923, affirmed the principle that an employee does not become an associate in virtue of profit-sharing and has no right of interference with or

\* Vol. V., No. 10-11. Trieste. Monthly. Price, L.80 per annum.

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criticism of the management, no matter what errors from a commercial point of view may be committed by the latter. The only right of the employees is to ensure that they receive the agreed portion of profits actually made.

Among the witnesses who gave evidence before the Permanent Commission were the representatives of the Consultative Committee of Workers' Manufacturing Associations and of the National Federation of Co-operative Consumers. The former were of the opinion that profit-sharing should be made compulsory for all industrial, commercial and agricultural undertakings. Their associations themselves resort to it, though they pay wages above trade union rates, and they considered that they were placed at an unfair advantage as compared with non profit-sharing concerns. In this, however, they overlook the compensatory advantages (in the shape of extra effort) derived from profit-sharing. The associations were not in favour of permitting the accounts to be controlled by the profit-sharers. The Co-operative Consumers, on the other hand, signified their hostility to the principle of profit-sharing, whether voluntary or compulsory, and held that profits should be returned to the consumers in proportion to their purchases, on the Rochdale model. The question of profit-sharing did not in their view arise, except as to capitalist concerns, which exist solely to earn profit on capital. If the workers really require a stimulus they should receive it in the shape of a premium on returns or on the reduction of wastage. The distinction between this and profit-sharing is characterised by M. de Nouvion as a quibble.

Out of 143 replies to the questionnaire 130 were unfavourable to the principle of compulsory profit-sharing, and the Permanent Commission rejected it by 12 votes (7 employers and 5 workers) to one, whilst the Higher Council rejected it without a vote. M. de Nouvion is also hostile on the grounds that it would in effect amount to the imposition of a tax payable not to the State, but to individuals; that there are a very large number of cases where it could not be applied (e.g. in the tobacco and match monopolies); that it would weigh heavily upon small employers; that it would involve the liquidation of firms in the throes of a crisis; and that, inasmuch as profits themselves cannot be made compulsory, illusory hopes would be raised in the minds of many workers. Nor is the information revealed by the enquiry with regard to the working of companies formed under the law of April 26, 1917, very encouraging. The law lays down the regulations governing the constitution of limited companies which elect to grant to their workers a share not only in the profits but also in the control of the accounts. Up to date ten companies have been formed in accordance with the provisions of the law, of which two are in liquidation, whilst only two of the remainder have as yet distributed any share of the profits. The experiment, in short, has proved a failure.

### WAGES AND CURRENCY STABILITY IN GERMANY.

There are few spheres in which human shortsightedness plays a greater part than in industrial wage disputes, and it is fairly evenly distributed between both parties. The most obvious and frequent manifestation of it as far as the Trade Unions are concerned is the persistence of their demand for higher money wages and their total indifference to the broader economic consequences entailed by any particular demand. It is refreshing, therefore, to find this extremely prevalent form of recklessness deprecated from a source friendly to Trade Unionism. In *Die Arbeit*\*, Dr. HEINZ POTTHOFF recommends to Trade Unionists an alternative way of maintaining their standard of living which should produce less economic disturbance than the perpetual struggle for higher money wages. Ever since the stabilisation of the German currency, as is well known,

employers and workers have been in sharp conflict as to the wage level which it is possible to maintain in the existing economic conditions in Germany. The employers have recently issued a memorandum in which they advert to the necessity of keeping the cost of production as low as possible, and consequently of paying lower wages than before the war. They enquire at what point the Trade Unions propose to cease pressing for higher wages, and whether they intend to continue the methods pursued during the inflationary period. To this Fritz Tarnow, President of the German Woodworkers' Union, has replied that the Trade Union wage policy aims at obtaining for the workers the full return for their work after deducting only what is necessary for the maintenance, improvement and extension of the means of production. He points out that not only real wages in Germany, but also the proportion which they bear to other costs of production, are lower than before the war. From this he concludes, not only that the level of wages has become a less important factor in costs of production than formerly, but also that the increased difference between wage costs and commodity prices gives rise to unhealthy conditions, such as inferior technique, superfluous handling by middlemen, and so forth. Trade Unions therefore press for higher wages as a means of enforcing upon employers the improvement of technique and organisation, and of excluding unnecessary middlemen's profits.

Dr. Potthoff remarks that this aim can only be achieved if the rise in wages is not followed by a rise in commodity prices. The experience of a whole decade has shown that increased wages are an undoubted cause of higher prices, not, in his view, through increased cost of production, but through increased purchasing power. He therefore suggests that Trade Unions would be well advised to devote less energy to obtaining higher wages and more to forcing down prices; they should organise a consumers' strike against commodities of which the price is excessive.

A further effect of the rise in prices which the Tarnow policy involves is a possible depreciation of the currency. That policy presupposes that when prices reach the level of the world market the "unhealthy conditions" mentioned above will tend automatically to disappear, but overlooks the possibility of depreciation as a means of withdrawing from labour the real value of their higher wages. Dr. Potthoff suggests as a remedy that the mark might be given a fixed legal dollar parity. Of the difficulties in the way of such a course he mentions only two: first, that the dollar itself is unstable, owing to the excessive accumulation of gold in America, and second, that on account of sundry handicaps under which German competition in the world market suffers, it is questionable whether she can maintain her currency permanently at dollar parity. This remedy, therefore, can hardly come into the picture. Dr. Potthoff concludes that the workers must inevitably share in the economic deterioration which Germany has undergone owing to her defeat, but that their policy should be directed to making the reduction in their standard of living as small as possible, and compelling other sections of the population to take their proper share in the burden. Every effort must be made to ensure the greatest possible economy in production, distribution and consumption. But the rational economy which Germany so urgently requires can only be achieved if the proper psychological atmosphere is created; and he complains that the employers' memorandum fails to give the necessary assurance that the sacrifice in wages demanded of the workers will be used solely in the interests of the undertakings and will not go to swell employers' profits.

It cannot be said that Dr. Potthoff's conclusions advance matters very far from the practical point of view, but they are of undoubted interest as an attempt, from the workers' side, to set the issues in the present industrial conflicts in their proper economic perspective.

\* I. Year, Vol. V. Berlin. Monthly, Price, M.1.



# ECONOMIC SURVEY

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

## AUSTRIA

### POLITICAL AND GENERAL

**The Railway Strike and the Government Crisis.**—The recent general strike on the Austrian State Railways and its resultant ministerial crisis evoked expressions of the keenest dissatisfaction on the part of the Austrian Press. *Der Oesterreichische Volkswirt* considers that it lowered the prestige of Austrian politics. From the very beginning nobody took it seriously and the general public could not be persuaded that the strike was unavoidable. It is impossible to make out a plausible case for the throwing out of gear, on account of a matter of an extra 6 milliard, an undertaking with a gross income of 5 billion. The trade unions can scarcely be absolved from the reproach of entering upon the strike too readily, and this fact is really more serious than the economic consequences of the stoppage. But it was the worst possible method of treatment to reply to the railway strike by a strike of the Government and the railway administration. The mildest judgment must denote the resignation of Dr. Seipel and Dr. Günther as purposeless, not only politically but also morally. If the Chancellor conceived the strike as a menace to the State, he should have stuck to his post and fought against it.

Commenting on the terms of the agreement with the railway employees whereby the strikers obtain part of the benefits claimed, the *Neue Freie Presse* declares it is not quite comprehensible how the wages are to be guaranteed at the promised rate and independent of the fluctuation in prices and the increase in the cost of living. What Austria most needs, namely, stability and tranquillity, cannot be assured by this agreement; for the general administration of the railways is not able to put the index figures out of action. The strike certainly made it clear that the radical influences in Austria are still the dominating factors.

Though the ministerial crisis, precipitated by the resignation of Dr. Günther and followed by the resignation of the whole Cabinet on the failure of the negotiations with the strikers, is now nominally at an end, the actual trouble lies deeper and it is too early to speak of a positive result. The social democrats are standing resolutely by their demands for a revision of the unemployment insurance and their claims in respect to old age and sickness insurance, which are bound to lead to a collision in connection with the restoration Budget. On the other hand, the Chancellor has to contend against the determined though silent opposition of the provincial captain-generals who are working for a considerable extension of their autonomous rights.

Apart from its political consequences the agreement with the railway employees is critically examined by Herr Alexander Freud, of Vienna, chiefly in its relation to the Budget. He points out that last year the administration of the State railways was transferred from the Government to a separate body, with a view to freeing it from all political influences and to ensure an independent business management. This new body had two chief tasks: to keep within the defined limits of expenditure and also to increase, as far as possible, the receipts without injuring the interests of industry, trade and the public. Progress in this direction has been made and Dr. Günther was recently able to announce that the estimated expenditure for 1925 for material would not be much more than 50% of the actual expenditure for material in 1923, and that the estimate of coal consumption for next year

would also be about a half of that of 1923. Similar economies were being effected in other directions, but these reductions cannot be expressed in the Budget if the item for wages is so increased to balance the reductions effected. As it is the calculated rise of 7½ per cent. in the cost of living during the first half of this year has been met by a 4% bonus to railway employees, whose position is much more favourable than that of other workers. The question now remains whether it is possible to increase the railway receipts to meet the demands of the employees, without disturbing the Budget. The only way is by raising the railway rates. But the goods tariff does not in any way admit an increase for some time to come, certainly not during the prevailing economic crisis. On the contrary, the railway administration has a duty to perform in the interests of industry which brooks of no postponement. The only alternative is an increase in passengers' fares, and although no official announcement has yet been made it is generally understood that the rates for passengers will have to be raised by 30 per cent., in order to achieve anything like a satisfactory result. It is very doubtful if the nett revenue of the railways can now be improved.

After the ministerial crisis had been practically settled the definite resignation of the Chancellor, Dr. Seipel, took the country by surprise. It is generally admitted that his resignation was caused chiefly by the attitude of a strong faction in his own party, the Christian Socialists, which revolted once more against the policy of centralisation in Vienna. The new Chancellor is Dr. Rudolf Ramek, who has already held ministerial office as Minister of Justice and Minister of the Interior. He is reported to be acceptable to several of the conflicting elements, and it is considered that he will be able to reconcile the interests of the Federalists and the Centralists. The new Vice-Chancellor is Dr. Leopold Waber, who also holds the portfolio of the Ministry of Justice. The other chief offices have been allotted as follows:—Minister for Foreign Affairs, Dr. Heinrich Mataja; Minister of Finance, Dr. Jakob Ahrer; Minister of Commerce and Trade, Dr. Hans Schurf; Minister of Military Affairs, Herr Karl Baugoin; Minister of Education, Dr. Emil Schneider; Minister of Social Administration, Dr. Josef Resch.

### FINANCE

**November Preliminary Estimates and the Budget for 1925.**—The estimated expenditure for November is placed at 806.4 milliard paper kronen (56 mill. gold kronen) and revenue at 617.9 milliard paper kronen (42.9 mill. gold kronen), thus showing a deficit of 188.5 milliard paper kronen (13.1 mill. gold kronen). The revenue figures are below those for October owing to the lower estimate for the amount of direct taxes; the reduction is probably more apparent than real.

The estimates for 1925 are as follows:—Revenue, 8,592 milliard paper kronen; expenditure, 9,848 milliard paper kronen. This deficit of 585 milliard kronen compares favourably with the deficit of 1,166 milliard for last year. The increase in wages and salaries accounts for over 500 milliard; without this extra expenditure the Budget would be approximately balanced. The income tax is expected to yield 2.1 billions; the customs dues are estimated at 1,740 milliard; State monopolies 1,424 milliard; spirits 199 milliard; beer 250 milliard; wine 172 milliard; sugar 75 milliard and matches 14 milliard, whilst the turnover tax is estimated at 1,800 milliard. The railway subsidy is calculated at 598 milliard.



The following supplement with reference to the improvement in 1924 has also been published:— According to the returns for January to August (inclusive) the deficit for that period was 149.8 milliard kronen. The monthly estimates from September to December this year show a further deficit of 341 milliard. The total provisional deficit for the year 1924 should, therefore, not exceed 491.7 milliard kronen.

The Finance Law provides for a deficit of 674 milliard kronen; so that the monthly estimates indicate an improvement on the estimates of the Finance Law to the extent of 182 milliard kronen. But the Reform Plan estimates for a deficit of only 146.7 milliard. To cover the deficit up to October a total of 124 milliard (8.6 million gold kronen) was released from the League of Nations Loan. The remainder of the deficit was covered by amounts in hand.

The railway budget shows 4,685 milliard for receipts and 4,850 milliard for expenditure; deficit, 165 milliard. Sixty per cent. of the expenditure goes to wages and salaries of the staff, in the number of which a reduction of 7,500 has been effected. In the first half of the current year the deficit in the railway returns was only 27½ milliard kronen as against a deficit of 375 milliard for the corresponding period last year. (*Neue Freie Presse.*)

Submitting the official statement and the explanation of the sinking tendency of the Budget deficit to a critical survey, W.F., writing in *Der Oesterreichische Volkswirt*, declares that the alleged improvement is purely illusory. In actual fact the Budget is throttled and the achievement of State administration in educational, hygienic, productive and other directions remains far behind even the most modest requirements. The distribution of taxation leaves much to be desired; the effected economies are still very small, and the reductions in the staff of the civil service is balanced by the increased pensions. A systematic policy of economy has not yet been introduced. The more favourable present results are solely the consequence of unexpected higher returns from taxes, on account of an unhealthy period of speculation. In short, the economies effected are chiefly accidental; the economic and financial task has yet to be completed. The writer also refers to the plan now adopted, and mentioned by the General Commissioner in his latest report, of reckoning certain items of expenditure as nett instead of gross, whereas the Reform Programme of 1922 was throughout compiled on the gross figures. In the Budget estimates for 1923 the Government kept within the limits of gross expenditure; but in 1924 it could have done so only by regarding, as in the 1925 estimates, certain items as nett instead of gross expenditure. This is a matter that needs enquiry.

**Banking Intelligence.**—Recent developments have induced a number of banks to take steps towards incorporation. These endeavours have been accelerated by the bills for the modification of the banking concessions law, recently submitted to the National Assembly. Credit institutions that are still awaiting a favourable turn in economic matters to free them from difficulties are now compelled to face the facts. According to the Commercial Law companies that have lost half of their fundamental capital are compelled to report the state of affairs to the authorities, who may under circumstances order a compulsory winding up. It has been proved that companies in this condition have not reported to the authorities. The Ministry of Finance is now empowered to obtain information on its own initiative about limited companies trading as banking institutions, as soon as there is ground for suspecting that half of the capital has been lost, and a company can then be wound up. It would have been better if the financial administration had taken care earlier that not many bank-

ing concessions were lost. It could have arranged for the necessary control over some of the newly-founded banking houses; and then the unpleasant occurrences of the last crisis might have been avoided. If, however, the modifications are accepted there will be a possibility of putting a stop to jobbery with banking concessions.

The General Council of the Austrian National Bank has decided to reduce the bank rate from 15 to 13 per cent.

**The Danube Zollverein.**— In an article that recently appeared in the *Berliner Tageblatt* Dr. Seipel, the Austrian Chancellor, expressed himself critically on the proposed federation of the Danube States with a view to the establishment of a *Zollverein* between these States. He emphasised the friendly attitude of Austria towards the Succession States and was pleased to indicate great improvements in the commercial relations between these countries and Austria. He defended the autonomous customs tariffs which Austria has introduced and was assured that these would not be misconstrued by the neighbouring States. It was to be hoped that as foreign politics re-adjusted themselves normal relations would again be established. At the moment any endeavour to create an economic union of a small group would impede the progress in the desired direction. He thought that an economic federation of the Danube States would only create suspicion and would actually prove a hindrance to normal economic peace conditions.

The above declaration of Dr. Seipel would appear to be in opposition to the views on this subject of Dr. Marek, the Austrian Ambassador at Prague who, according to a report in the *Neue Freie Presse*, referred in an interview to two points in the Treaty of St. Germain, whereby, for the period of five years politico-commercial special agreements between Austria, Czechoslovakia and Hungary are excluded from the law of the "most-favoured" of the signatories. "If this period of five years be extended the way may be found to establish a community of interests," he is reported to have said. *Der Oesterreichische Volkswirt* describes this interview as "astonishing" and that, unless the Austrian Ambassador has been misinterpreted, it announces an event of tremendous importance. Despite the utterance of Dr. Seipel, the statement of Dr. Marek has not yet been officially contradicted. As it stands and especially in view of the visit of the Czechoslovakian Minister of Foreign Affairs, this interview can only mean that the negotiations refer to a special customs régime between Austria and Czechoslovakia. It is hardly to be conceived that an Austrian Minister of Commerce could entertain such an idea; yet the plan is said to enjoy sympathetic acceptance in official circles in Czechoslovakia.

## INDUSTRY

**The Industrial Situation.**— The railway strike has considerably dislocated the coal industry and it is feared that the increased home demand with the approach of the cold weather will benefit only the coal importers. During the first eight months of this year the total demand for coal amounted to 720 thousand tons, of which 240 thousand tons were supplied from Austrian mines.

There has recently been a slight improvement in the iron and steel industries, due to the increased inland demand. The construction materials branch has been stimulated by the work of electrifying the Vienna municipal railway. The export of iron and steel is generally weak. The machinery branch shows no pronounced development, though in consequence of the weak home demand special efforts are being made to improve exports. To this end



prices are being cut and especially easy terms of payment are offered. (*Wirtschaftliche Nachrichten.*)

**The Decline in the Automobile Industry.**—The present desperate situation in the Austrian motor-car industry is caused by the simultaneous collapse of the inland market and the export trade, explains Dr. Karl Uhlig in the *Mitteleuropäische Wirtschaft, Neue Freie Presse*. The inland market has been lamed by the money crisis. The chief markets formerly for export were found in the new Succession States; these were already practically lost but a certain compensation was obtained in the German market, when the German industry was unable to compete owing to the deflation of its currency. The following figures show the movement of exported cars during the past few years:—

|                      | Quarterly Average | Export in 100 metric cwt. |             |                                 |
|----------------------|-------------------|---------------------------|-------------|---------------------------------|
|                      |                   | Total                     | To Germany. | To New States, foreign markets. |
| 1921 ... ..          | 155               | 20                        | 99          | 36                              |
| 1922 ... ..          | 133               | 28                        | 56          | 49                              |
| 1923 (1st half year) | 88                | 20                        | 35          | 33                              |
| „ (2nd „ )           | 75                | 29                        | 19          | 27                              |
| 1924 (1st „ )        | 73                | 48                        | 11          | 14                              |
| As against 1921      | — 82              | + 28                      | — 88        | — 22                            |

The export to the New States has shown a steady retrogression and is to-day only one-ninth of the total for 1921. The struggle of the Austrian cars against the protective tariffs of the Succession States and the overwhelming competition from the West is a hopeless one. The export to Germany and other foreign markets increased in 1922 only owing to the inflation in Austria. When, in 1923, Austria had to reckon with the stabilisation of the currency the export to these markets promptly fell, and is now only one-third of the figure of the inflation period. The enormous cost of production in Germany in 1923 was a valuable assistance to Austria. In the second half of 1923 40 per cent. of the total cars exported were sent to Germany; in the first half of 1924 this figure rose to 67%. But during the past few months there has been a pronounced decline, owing to the strengthened competition of the German works and the invasion of American cars, as is demonstrated by the following table:—

| Monthly average. | German Import of Private Cars. |          |   |                  |
|------------------|--------------------------------|----------|---|------------------|
|                  | Total No. Imported.            | Austria. | No. of cars from Alsace, Italy, France. | Other countries. |
| 1923 4th quarter | 139                            | 48       | —                                       | 9                |
| 1924 1st „       | 403                            | 136      | 218                                     | 18               |
| „ April ...      | 429                            | 186      | 58                                      | 53               |
| „ May ...        | 432                            | 81       | 41                                      | 47               |
| „ June ...       | 337                            | 61       | 63                                      | 37               |
| „ July ...       | 257                            | 22       | 20                                      | 43               |
| „ August ...     | 66                             | 12       | 10                                      | 24               |

The best period for German deliveries set in at the beginning of the New Year and reached its culminating point in May. From then on it declined, the Americans beating all competitors and securing 60 per cent. of the German market for imported cars. In August only 7 per cent. of the deliveries came from Austria.

The writer concludes that there remains nothing to be done save to restrict activity and to close down many works if the inland market continues incapable of buying. To reduce the cost of production by a self-sacrificing effort on the part of the manufacturers, workers and the State is to-day hardly practicable.

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## ESTHONIA

### POLITICAL AND GENERAL

**General Economic Conditions.** — Strandmann, Minister for Finance, recently held a speech in the National Assembly in regard to the economic state of the country which gave rise to considerable debate and ended in a vote of confidence in the Government. Particularly sharp criticism was levelled at the Government's financial policy, which aimed at stabilising the rate of the Esthonian mark at E.Mk.100 equals one gold krone. Several months have elapsed since then, and stabilisation is sufficiently effected to enable a survey to be made of its effects. Whereas in the middle of August the Estmark stood at 434 to the dollar, on October 20 it stood at 378 to the dollar, or 101.5 to the krone.

The efforts towards stabilisation of the mark were assisted by the transition which took place from an adverse to a favourable trade balance. In July the Esthonian balance of foreign trade was unfavourable by some E.Mk.300 mill. In August it showed a surplus of 258.7 mill. This surplus was exceeded in September, when import values amounted to 444.5 mill., export values to 726.5 mill. The chief point to be noticed in connection with the September figures is that imports have sunk in value to the monthly average in 1922. Export values were rather lower than in August, chiefly by reason of lower exports of timber, whereas textile exports augmented. Owing to the bringing in of the new harvest yield, food imports sank, so did imports of manufactured articles and of machinery. Another noteworthy point is the preponderance of exports to Germany over imports from Germany, a phenomenon directly connected with the higher cost of living in this country.

As compared with the corresponding data last year, foreign trade values during the first nine months of 1924 show the following improvement:—

|                            | E.Mk. mill. |          |          |
|----------------------------|-------------|----------|----------|
|                            | Imports.    | Exports. | Deficit. |
| Jan. 1 to Oct. 1, 1924 ... | 6,111       | 5,287    | 824      |
| Jan. 1 to Oct. 1, 1923 ... | 6,766       | 4,268    | 2,498    |

The continued improvement in the trade balance is threatened by the fact that the corn, especially the rye harvest, is even worse than last year's, which was a failure, and that large quantities of corn will have to be imported. As the prices for wheat and rye are continually rising on the international market, it may be assumed that bread corn will account this year for a considerable part of the Esthonian import values.

While the rate of exchange and the foreign trade balance present so agreeable a picture, the same does not apply to the general economic situation in the country. The balance of foreign payments has become considerably more unfavourable lately, as large sums from abroad invested in Esthonian enterprises have been withdrawn since the Esthonian market showed itself increasingly unable to absorb foreign goods. Private interests in the country have been largely built up with the assistance of credits from the Bank of Esthonia. The restriction of credit now being practised by this Bank and private institutions is in part responsible for the rapid increase in the number of bankruptcies and protested bills. The number of businesses which have difficulty in meeting their liabilities is on the increase; a newly founded bank, the so called "Sea Bank," had recently to apply to its creditors for a moratorium, and the Franco-Esthonian Bank, founded with a comparatively small working capital, appears very hard pressed for funds.

On September 1 the value of the money in circulation was E.Mk.2,974 mill.; on October 1 it was 3,110 mill. As the value of the gold and foreign currency holdings of the Bank of Esthonia on the latter date was 351.2 mill., the mark was covered on that date to the extent of 11.3 per cent. The Minister for Finance has not been entirely successful, then, in restricting



credits, although a slight improvement was registered on August 1 when loans totalled only 4,960 mill. in value, as compared with 5,054 mill. on July 1. The shortage of money is shown in a falling off in deposits, and the deterioration in business activity by the fact that the balance of the Bank of Esthonia fell from 8,941 mill. on July 31 to 8,777 mill. on August 31 and to 8,554 mill. on September 30.

There is little prospect as yet that an improvement in the general economic situation of the country can take place. Although the fodder yield was very good and that of summer corn above the average, the rye crop is a failure and the potato yield is scarcely middling. The Finance Commission have now decided to reduce the import dues on the following articles: wheat, from 0.15 to 0.11 gold francs per kg.; wheat meal, from 0.30 to 0.21; ordinary footwear, from 9.0 to 4.50; better footwear, from 30.0 to 15.0 (the due of Fr.300 per kg. still holds good for luxury footwear); cotton fabrics, from 3.9 to 3.0; woollen fabrics, from 7.28 to 5.6; alizarine, varnish and other dyes, from 1.43 to 1.10 gold francs per kg. (*Revaler Bote, Baltic-Scandinavian Trade Review, Berliner Börsen-Zeitung.*)

## TRADE

**Foreign Trade Returns for September.**—The Central Statistical Bureau has issued the following return of the import and export trade in September. *Imports*—Goods, 15,111.4 tons; 1 vessel, 2.56 reg. tons: total value, E.Mk.444,543,000. *Exports*—Goods, 35,094 tons; live stock, 1,691 head: total value, E.Mk.726,653,000. These figures show a favourable trade balance of E.Mk.282,110,000 as compared with one of E.Mk.258,742,000 in the previous month (imports, E.Mk.559,686,000; exports, E.Mk.818,428,000), but as against an adverse trade balance of E.Mk.337,113,155 in September 1923 (imports, E.Mk.842,043,886; exports, E.Mk.504,930,731). The total turnover for September 1924, viz. E.Mk.1,171,196,000, was somewhat less than that for the previous month, which amounted to E.Mk.1,378,114,000, the decrease being due to a decline in the export of timber and sawn goods. Imports have declined mainly in foodstuffs, owing to the realisation of the home harvest. It will be of interest to note the decrease of imports for the first nine months of the year, and the increase of exports, as compared with the corresponding period of 1923 (in millions of Esthonian marks):—

|      | Imports. | Exports. | Difference. |
|------|----------|----------|-------------|
| 1924 | 6,111    | 5,287    | — 824       |
| 1923 | 6,766    | 4,268    | — 2,498     |

Of the goods imported in September 35.2 per cent. were supplied by Germany, 14 per cent. by the United States and 13.7 per cent. by the United Kingdom, as compared with 44 per cent., 5.5 per cent. and 14.2 per cent. respectively in August. As regards exports, the United Kingdom is the largest customer, with 29.9 per cent. (as against 38.7 per cent. in August), Germany coming next with 25.1 per cent. It is interesting to note that this is the first time that Esthonian exports to Germany have exceeded the imports from that country, the figures being—exports, E.Mk.182,700,000; imports, E.Mk.156,420,000. As regards trade with Soviet Russia, exports to that country in September amounted to 9.6 per cent. of the total, as against imports 3.2 per cent. only. The leading lines in imports and exports were as follows:—

*Imports.*—Cotton, flax and other fibrous products, 282.9 tons of a value of E.Mk.83,580,000; machinery (other than agricultural), 245.7 t., E.Mk.52,745,000; oils, fats, tar and products, 1,421.2 t., E.Mk.44,172,000; foodstuffs (other than fish, meat and dairy produce), spirits, etc., 4,220.4 t., E.Mk.36,739,000; metal goods, 567.7 t., E.Mk.34,295,000; textiles, 50.4 t., E.Mk.27,515,000; metals, 953.5 t., E.Mk.26,458,000; agricultural machinery and implements, 301.5 t., E.Mk.24,799,000; chemicals, paints, etc., 513.7 t., E.Mk.19,392,000; fish and fish products, 490.6 t.,

E.Mk.15,211,000; leather, leather manufactures and other animal products, 83 t., E.Mk.14,612,000; and foodstuffs (cereals, etc.), 386.3 t., E.Mk.10,781,000. The above 12 lines, out of a total of 22 comprised in the return, accounted for E.Mk.390,299,000 of the total of E.Mk.444,543,000, but only of 9,536.9 of the total of 15,111.4 tons.

*Exports.*—Wood and wood manufactures, 19,380.5 tons of a value of E.Mk.181,548,000; foodstuffs (meat and dairy produce), 596 t., E.Mk.181,487,000; textiles, 217.6 t., E.Mk.166,473,000; paper and printed matter, 2,865.9 t., E.Mk.82,106,000; stone and earthenware goods, 10,019.1 t., E.Mk. 37,272,000; live stock and game, 1,691 head, E.Mk. 17,944,000; foodstuffs (cereals, etc.), 1,159.6 t., E.Mk.15,924,000; and cotton, flax and other fibrous products, 82.2 t., E.Mk.13,666,000. The above 8 lines, out of a total of 22, accounted for E.Mk.696,420,000 of the total of E.Mk.726,653,000 and of 34,320.9 of the total of 35,094 tons.

**Export of Butter and Eggs.**—According to the figures of the Export Control Commission of the Ministry of Agriculture 10,453 cwt. of butter and 2,368,800 eggs were exported during September. There is the following increase in the export of these commodities when compared with the previous month, and with September 1923:—

|        | Sept., 1924. | Aug., 1924. | Sept., 1923. |
|--------|--------------|-------------|--------------|
|        | cwt.         | cwt.        | cwt.         |
| Butter | 10,453       | 6,240       | 9,300        |
| Eggs   | 2,368,800    | 779,400     | 1,379,520    |

The bulk of the butter exported in September 1924 went to Germany and the United Kingdom, the former taking 7,923 cwt., the latter 2,506 cwt.

The total export of butter and eggs for the first nine months of 1924, as compared with the same period of 1923 is as follows:—

|        | 1924 (9 months). | 1923 (9 months) |
|--------|------------------|-----------------|
|        | cwt.             | cwt.            |
| Butter | 50,060           | 38,100          |
| Eggs   | 6,521,760        | 1,840,100       |

According to the *Revaler Bote* the October export of butter totalled 27,430 poods, of which Germany took the most, 25,864 poods, England the remainder.

**Trade with England in 1923.**—The total value of Esthonian imports in 1923 was E.Mk.9,332.3 mill., of which goods to the value of 1,841.0 mill., or 19.7 per cent. of the total value, were supplied by the United Kingdom.

Of the Esthonian imports of coal, 99.7 per cent. came from the United Kingdom; of machinery, 15.2 per cent.; of cotton, 51.9 per cent.; of cotton yarn, materials, etc., 30.2 per cent.; of herrings, 64 per cent.; of sugar, 13.2 per cent.; of wool, 44.7 per cent.; of woollen yarn and cloth, 26 per cent.; of leather goods, 5.3 per cent.; of leather footwear, 93.1 per cent.; of hemp, 7.5 per cent.; of bags and bagging, 22.7 per cent.; of ropes and string, 38.7 per cent.; of pig iron, 19.1 per cent.; of steel, 8.5 per cent.; of iron and steel manufactures, 3.4 per cent.; of copper, lead and other metals, 15.7 per cent.; of steel ships, 28.4 per cent.; and of motor cars, 22.3 per cent.

These figures show that Esthonia purchased practically the whole of her coal and footwear requirements, over half of her herring and cotton imports, and nearly half of her imported wool from England.

Of the total Esthonian exports in 1923, Great Britain absorbed about 34 per cent., reckoning by value. The details are as follows: of the Esthonian meat and meat products exported, 24.3 per cent.; of butter, 33.5 per cent.; of eggs, 1.3 per cent.; of flax, 27.7 per cent.; of linseed, 57.7 per cent.; of timber (boards, beams and sleepers, etc.), 90.7 per cent.; of plywood (veneer) and timber products, 85.8 per cent.; of paper, 12.1 per cent.; of tow, 45.9 per cent.; of cotton yarn, 8.5 per cent.; of cement, 4.3 per cent.; of matches, 91 per cent.; and of canvas, 17.2 per cent.

For the last three years Germany held the first place among the countries exporting to Esthonia, but with



the change in internal conditions in Germany after the stabilisation of the currency and the rise in the price of German manufactures, English goods have been able successfully to compete, with the result that Germany as a supplier to Esthonia has fallen away in favour of Great Britain.

## INDUSTRY

**Production of Asphalt from Oil Shale.**—Extensive investigation work has been carried on in Esthonia for exploring the possibilities of utilising the immense deposits of oil shale to the best advantage. Up to the present these investigations have been conducted mainly along two lines, first to find out the best means of utilising oil shale as a combustible, and secondly to obtain oils, etc. from the shale by means of distillation.

Now, however, the chemical works of Messrs. Richard Mayer in Tallinn (Reval), after systematic research, have succeeded in producing an asphalt from the raw shale in the ratio of 75 t. of asphalt to 100 t. of raw shale which is in no way inferior to the well-known Trinidad asphalt.

The possibilities in this new branch of industry would appear to be boundless, when considering the huge masses of oil shale available in Esthonia. Messrs. Richard Mayer have already applied for a patent for this invention. The process has roused intense interest in scientific and technical circles.

## FRANCE

### POLITICAL AND GENERAL

**The Resumption of Relations with Russia.**—On November 18 M. Herriot explained to the Finance Committee of the Senate the reasons, economic and political, which had induced the Cabinet to resume relations with the Soviet Government. He insisted, says the *Information Financière*, on the importance of the Russian market as a source of supply for French requirements, especially with regard to wheat and oil. Now that other countries had resumed trading with Russia, it would not be very clever to let themselves be too much outdistanced in this respect. The Commission presided over by M. de Monzie which had been appointed to enquire into the question came to the logical conclusion that diplomatic recognition must take place as a preliminary to the opening of negotiations. The Commission had not lost sight of the private interests involved, and M. Noulens was co-opted as representative of the holders of Russian stocks. With regard to the important question of the Russian debt, the rights of French holders had been reserved in the clearest possible manner. The negotiations, which would open in Paris on January 10, would bear on the following points: (1) The revision of the treaties concluded with the former Russian Government; (2) Diplomatic and consular provisos, privileges and immunities; (3) Admittance and settlement of subjects of either nation and the regulation of passports; (4) Settlement of outstanding questions: Government property and interests; indemnities as between State and State; loans; private property and interests in Russia and in France; (5) New legislative dispositions governing private property and interests, and application of the laws of the country. The Premier repudiated the proposal put forward by the Communists to place the pre-war Russian debts and the Interallied war debts on the same footing. Russian debts contracted before the war in order to provide for the development of the economic resources of the country had nothing in common with the loans made to Russia to enable her to carry on the war. In reply to a question, M. Herriot stated that the Rumanian and Polish Governments had been consulted with regard to the recognition of Soviet Russia and had raised no objections. The *Agence Economique et Financière*, however, reproduces a telegram from Moscow to the *Politiken* of Copenhagen, to the effect that the Soviet Government is determined not to liquidate the Russian debts owing to France, but

would be prepared to hand back all former industrial enterprises and to grant new concessions.

**The Debate on the Budget.**—Heretofore, says *Le Temps*, the discussion of the Estimates of the various Government Departments was preceded by a general debate on the Budget, which afforded an opportunity of throwing light on the financial situation as a whole; but this year, notwithstanding the enormous expenditure involved, the practice has been abandoned. The expenditure as passed by the Finance Committee of the Chamber amounts to Fr.32,736,731,167, the service of the National Debt alone entailing charges aggregating Fr.17,814,593,338. M. Clémentel, in introducing the Budget, stated that the draft he had found awaiting him on his accession to office had been prepared on the basis of Fr.50 to the £, but as now presented to the Chamber the calculations had been made taking the £ at Fr.80 and the \$ at Fr.18. It was in consequence of this that he had been obliged to ask for a further Fr.200 million for the purchase of foreign tobacco. A great effort had been made this year to establish the account of every taxpayer. With regard to previous financial years the arrears now amounted to only Fr.1,400 mill. in respect of direct taxation, Fr.720 mill. of which represented income tax, but every effort would be made to hasten their recovery. It was intolerable, too, that more than three years' time should be required for the payment of the war profits tax, the whole of which would have to be paid before the end of 1925. The evasion of taxes, estimated by M. Garchery at Fr.600 mill., was actually very considerably more, and steps were being taken to make everyone pay his just liabilities. The gradual redemption of the National Debt was absolutely necessary for the rehabilitation of the franc, however slow, though certain, the process might be, and whatever sums were recovered under the Dawes Plan would be applied to its reduction. The extinction of the National Debt was so imperative that a special sacrifice might have to be asked of the taxpayer with this one object in view. But, as *Le Temps* remarks, even to maintain the present fiscal burdens must discourage the building up of capital, continue the high rates of interest under which industry and trade are labouring, and check the growth of exports to the return from which the country must look for the liquidation of its debts abroad and for the chance of becoming a creditor instead of a debtor nation. This is the normal way of improving the exchange. With the four or five milliards promised, always supposing that regular payment by Germany is realised, substantial relief could be given to trade and industry, but applied to the redemption of the National Debt they would be only as a drop taken from the ocean. At most they would save the Budget some Fr.300 or 350 million. Instead of persistently attacking wealth, it should be carefully husbanded. Capital must be protected, not treated as an enemy. If stocks and shares are to contribute to the full to economic and social progress they must enjoy complete security. Property must be safeguarded and not exposed to confiscation under the guise of a capital levy. Granted these conditions, public trust will revive and the Government will be in a position to pursue a genuine policy of debt redemption by reducing the charges through successive conversions, without, of course, breaking any contracts.

### FINANCE

**Loans and Rumours of Loans.**—The new French Internal Loan, which was placed on the market on November 12, will definitely close on December 10. The success of the loan, says the *Agence Economique et Financière*, will remove all danger of a fresh crisis in the exchange by guarding the currency against any sudden attack on the part of foreign speculators. It is generally felt to be essential that the Government should not require any further advances from the Bank of France if the stability of the exchange is to be assured and the bank-note saved from depreciation. It is also necessary that the paper circulation be reduced if its value is to be



gradually raised. In subscribing to the loan bank-notes are paid in to the Treasury, which it in turn pays in to the Bank of France; as the State debt to the Bank undergoes reduction, the volume of notes in circulation is gradually reduced as holders of same use them for productive investment instead of wasting them in excessive or unproductive expenditure. The return of notes borrowed by the State from the Bank of France is therefore an advantage the great importance of which should never be lost sight of. By repaying from year to year a portion of its debt to the Bank instead of increasing it the Treasury gives proof of its fixed determination never to have recourse to inflation in order to meet its liabilities. In that way it reassures completely the holders of notes and foreign holders in France of securities in French currency. Under these conditions the trend of the exchange market is towards a rise of the franc instead of a fall, and the rates of the French currency rise. It is unnecessary to observe that the rise of the franc produces automatically a decline in prices and is thus the most efficacious remedy for the high cost of living. To subscribe to the loan by paying in bank-notes to the Treasury is therefore to increase the value of one's own money and income, to help to bring down prices, and thus to render a service to the whole economic life of the country.

The Minister of Finance obtained on November 21 the approval of the Ministerial Council for his Bill to approve the loan agreement with Messrs. Morgan, and the measure was introduced the same morning in the Chamber. The Finance Committee at once met to consider the Bill, which was reported the same afternoon, and the Senate met in the evening for the sole purpose of passing the measure. These steps were necessary to enable the loan to be placed on the market in New York on November 24. M. Clémentel explained that the loan, amounting to \$100,000,000, would place at the free disposal of the State for twenty-five years financial resources that would enable the Government to safeguard efficaciously the national currency. It would place at the disposal of the Government a reserve from which to meet liabilities payable abroad without having to purchase from day to day the necessary foreign currency to meet its obligations, thus securing itself against the fluctuations of the exchange. The loan is to bear interest of 7 per cent. free of tax, and will be redeemable at the rate of Fr.5.18 gold to the dollar.—The loan lists were closed in New York on November 24 within fifty-five minutes of the bonds being placed on offer, subscriptions coming in from all over the country, and the loan was considerably over-subscribed. The issue price was 94.

A private member of the Chamber of Deputies, M. Angoulvant, has drafted a Bill for the issue of a new type of perpetual loan at par, bearing interest at not more than 4 per cent., non-redeemable for fifty years, exempt from the cess and general tax on income, exempt from duty on inheritance in the direct line and benefiting in other lines from an equivalent reduction in taxation, free from all fiscal declarations; and offering to holders of National Defence Bonds, of Treasury Debentures and of share certificates of previous loans on terms to be fixed the opportunity of exchanging such securities for certificates of the new type.

## INDUSTRY

**Position of the Coal Mines in the Devastated Territory.**—The following statistics show clearly the great work that has been accomplished in reconstructing the coal mines in the Nord and Pas-de-Calais destroyed during the war, and in increasing the output of those situated in the West of the basin. The output of coal for the first nine months of the year amounted to 18,893,757 tons as against 15,071,984 tons in the corresponding period of 1923, that of briquettes to 1,372,812 tons as against 1,150,470 tons, and that of coke to 1,421,594 tons as against 957,798 tons, or an increase

respectively of 3,821,773 tons, 222,342 tons and 463,796 tons. The production of coke, it may be pointed out, increased from 77,623 tons in January 1923 to 163,430 tons in September 1924, or an increase of 210.5 per cent.; during the first nine months of the current year the increase effected amounted to 150 per cent. as compared with the corresponding period of 1923, which had itself shown an increase of 169 per cent. over the first nine months of 1922. The following statement shows the output of coal for the first three quarters of 1924 as compared with the three previous years and 1913 :—

|          | Tons.      |          | Tons.      |
|----------|------------|----------|------------|
| 1924 ... | 18,893,757 | 1921 ... | 10,158,021 |
| 1923 ... | 15,071,984 | 1913 ... | 20,543,480 |
| 1922 ... | 11,535,426 |          |            |

These figures show that in 1924 the output was 125.3 per cent. of that in 1923, 165.6 per cent. of that in 1922, 186 per cent. of that in 1921, and 92 per cent. of that in 1913.

An analysis of the return shows that the mining district of Arras yielded 7,459,301 tons of coal from the mines in the West and 6,352,308 tons from the destroyed mines in the Pas-de-Calais, while the mining district of Douai yielded 5,082,148 tons from the destroyed mines in the Nord. This implies an increase in September over January of 117,266 tons in the Pas-de-Calais and of 36,625 tons in the Nord, or an aggregate increase of 17,099 tons a month. Taking the three groups and comparing the output in 1924 with the corresponding figures for 1923 and 1913, as follows—

| District. | Group.        | 1924.     | 1923.     | 1913.     |
|-----------|---------------|-----------|-----------|-----------|
| (a) Arras | Mines in West | 7,459,301 | 6,746,958 | 6,545,835 |
| (b) Arras | Pas-de-Calais | 6,352,308 | 4,231,085 | 8,885,826 |
| (c) Douai | Nord          | 5,082,148 | 4,093,971 | 5,111,820 |

we find that in 1924 the output in (a) was 110.5 per cent. of that in 1923 and 114 per cent. of that in 1913, in (b) 150 per cent. of that in 1923 and 71.5 per cent. of that in 1913, and in (c) 124 per cent. of that in 1923 and 99.4 per cent. of that in 1913. (*Nord Industriel.*)

**The Output of Coal in the Sarre.**—The net output of coal in the Sarre in September amounted to 1,168,370 tons as against 1,213,395 tons in the previous month, the average daily production being at the rate of 45,861 tons as against 46,875 tons. The consumption at the mines totalled 77,040 tons as against 81,571 tons in August, free supplies to the workmen 42,434 tons as against 26,696 tons, and supplies to the colliery coke ovens 28,967 tons as against 22,289 tons. Consignments of coal sold amounted to 1,019,064 tons as against 1,063,627 tons. The production of coke in the works attached to the mines aggregated 22,874 tons as against 16,083 tons.

Stocks at the pit-head on September 30 included 124,696 tons of coal and 1,326 tons of coke as against 123,827 tons and 1,044 tons respectively on August 31.

The personnel engaged in the industry included 56,139 underground workers, 15,548 surface men, 3,013 hands in the works attached to the mines, and 3,080 engineers and employees, or a total of 77,780 as against 77,843 in August. The net output per underground man per day amounted to 709 kilogrammes as against 717 kg. in August and 703 kg. in January. (*Le Temps*, Nov. 21.)

**Deliveries of German Coke.**—According to the weekly engineering review *L'Usine* (Nov. 15) deliveries of reparations coke were resumed at the end of the week. The Office de Répartition des Cokes Allemands (Orca), which from the 3rd to the 11th instant had received only about 1,500 tons, was informed by the Germans that from the 12th instant coke would again be despatched to France. The newspaper understands that an agreement has been concluded whereby the Germans have undertaken to continue deliveries of reparations fuel, on condition, however, that the total tonnage of fuel, including coke, which is to fall to the share of France shall not exceed 670,000 tons a month. This is a diminution as regards quantity in comparison with former deliveries, but it is to be observed that the output of the French mines is increasing every month and that



the reduced programme for future deliveries may thus be explained. It seems, however, that although France may lose in regard to quantity, she will gain in regard to quality. It is stated that the German mines, or rather the Coal Syndicate, have agreed to the conditions presented by France, and have declared that they are ready to facilitate inspection. The same quality of coal will be delivered as before, and, if it were found to be inferior, the coal could be refused and replaced by other deliveries. As regards coke and coke smalls, special conditions in regard to quality have been arranged. If successive deliveries are refused on the score of quality, the Coal Syndicate has undertaken to examine the position with the Allied Missions in order to find an acceptable solution of the difficulty. As regards transport, it has been settled that fuel shall be loaded at the port of Ruhrort, in order to facilitate control by Allied officials, and that, as regards France in particular, the Wiesbaden agreement shall again come into force, with the result that France makes herself responsible for the transport of part of the coal delivered as reparations. This arrangement, which, it is stated, is to remain in force until January 31, 1925, at latest, is regarded by *L'Usine* as a considerable improvement on the conditions prevailing before France occupied the Ruhr, and it is of opinion that the Germans are showing themselves more and more inclined to apply commercial methods in the matter of the delivery of reparations coal. It adds that, out of the maximum figure of 670,000 tons of fuel which is allotted to France, French metallurgists will receive 250,000 tons of coke.

**Conditions in the Iron and Steel Industry.**—The slight improvement experienced in the first week in November has not only been maintained, but has even increased, as in Belgium and England. The negotiations for a Franco-German agreement have been resumed, and it is hoped to bring them to a satisfactory conclusion by the beginning of December. Meanwhile an understanding has been arrived at in principle with regard to the deliveries of fuel on the basis of the London agreement, so that the industry is relieved of all anxiety in this connection. The stoppage of these for a few days caused no inconvenience, as the industry was beginning to be overstocked. Moreover, the greater steadiness of prices in neighbour countries and important buying on the part of German industrialists and merchants have helped to revive the demand and to arrest the fall in prices, the rise in which that has already set in being expected to become more steady and substantial in the near future. But even allowing that some prices are already higher than they were a few weeks back, the latest quotations are not in keeping with the depreciation of the franc. Thus, No. 3 pig iron, now quoted at Fr.300, cost Fr.80 in 1914, the coefficient of increase being 3.75, while merchant steel, now quoted at Fr.50, cost on an average Fr.16.50 before the war, the coefficient being only 2. The reasons for the increased demand, says the *Nord Industriel*, are easily arrived at. In the first place, the rise of the £ has developed export; then the price of reparations coke has not been reduced sufficiently to affect appreciably the cost price of pig iron and steel; moreover, the manufacturers had already long taken into account the expected fall in the price of coke, which means that bottom has now been reached. But buying is not indulged in when prices are low, but only when they show a tendency to rise; and that is exactly what is taking place now. Unfortunately there is no understanding in the industry with regard to the fixing of uniform prices, and this lack of co-operation must inevitably tend to a fall in prices and to restricted output.

**The Influx of German Rolling Stock.**—The manufacturers of railway waggons in the Ardennes, a more important group even than that in the Nord, have expressed their anxiety, in connection with the negotiations being pursued for an economic agreement between France and Germany, about the supply of rolling stock by the latter in respect of her reparation payments in

kind. The reason why Germany is so eager to effect these deliveries, says M. Giron, Managing Director of the Association of Industrialists and Metallurgists of the Ardennes, is that during the last few years she has been able not only to repair and reconstitute her own worn out rolling stock, part of which had been scrapped or surrendered to the Allies, but has moreover increased to a very large extent the amount owned by her before the war, notwithstanding the reduction of her territory. New construction since 1919 included 453,237 waggons and trucks, 25,598 carriages and 18,249 engines, not to mention the adoption of the continuous Kunze-Knorr brake on all goods trains, involving altogether an expenditure of three milliards of gold marks. The French companies, on the other hand, are far from having even contemplated a programme of work that would make up for the shortage of railway material, which is daily becoming more acute, although the industry is well in a position to supply all requirements and is loud in its complaints of the niggardliness of the railway companies, who from time to time are content to place a few orders for waggons on the market instead of producing a large programme of new construction to be spread over several years, with a view to meet gradually all the requirements of the traffic. As a matter of fact, since 1919 they have only placed orders for some 30,000 waggons, or fifteen times less than Germany. One can imagine, M. Giron concludes, the immense activity that must have prevailed in the German waggon works in the circumstances, and appreciate the spirit of determination in which Germany has striven to ensure, even at the cost of some sacrifice, a constant output so as to be in a position to supply France with a large number of waggons in payment of reparations, sufficient to ruin her rolling stock industry. (*Nord Industriel*.)

COMMUNICATIONS

**Shipping Laid up in French and Algerian Ports.**—An official report issued on October 15 shows little change in the amount of tonnage laid up in French and Algerian ports in the third quarter of the year. The return gives the number of vessels idle at 243, representing 331,810 gross tons, as against 338,115 gross tons on July 15. This slight reduction of 6,305 tons, or about 2 per cent., is considerably less than that recorded for the second and first quarters, viz. 51,000 t. and 58,000 t. respectively. The shipping lying idle on October 15, however, was 215,106 tons less than in the third quarter of 1923, when it aggregated 546,916 tons. As the whole of the mercantile marine measures 3,498,000 tons, the amount laid up on October 15 represents 9.48 per cent. as against 9.66 per cent. on July 15, 11 per cent. on

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April 15 and 12.7 per cent. on January 15. The number of foreign vessels laid up in French ports in October was 17, aggregating 42,447 tons, or an increase of 7,000 tons as compared with July 15, when the number idle was the same. Neither on October 15 nor on July 15 was there any French vessel laid up in foreign ports. The position, on the whole, says the *Journal de la Marine Marchande* (Nov. 20), contrasts badly with that of the British mercantile marine, as on October 1 it had only 278 vessels aggregating 333,810 net tons laid up, which represents a decrease of 136,263 tons, or 39 per cent., as compared with the figures of July 1, and amounts to only 45 per cent. of the corresponding total in 1923. The introduction of the eight hours day will further accentuate the inferiority of the French mercantile marine, as it will throw the whole of the sailing fleet out of service, seeing that the shipowners will not be able to face the extra expenditure this will entail.

## GERMANY

### FINANCE

**Reich Revenue Returns.**—Reich revenue from taxes, Customs and dues in October fully justified the expectation of increased revenue from these sources. It totalled 686.73 mill. gold marks, as against 609.20 mill. in September, i.e. 77.5 mill. more than in an already unusually good month. The increase is not due to additional yield from non-recurring taxes but apparently to a generally improved state of business. Thus the tax on turnovers yielded 197.39 mill., as compared with 144.96 mill. in September. The tax on Bourse transactions fell slightly, as a result of the decrease in speculative business, from 12.89 mill. to 10.12 mill. Income tax from wage deductions brought in 114.87 mill., as against 113.46 mill. in September, only a slight increase; but it was the pre-payments on assessed income tax which yielded so much more this month, viz. 97.84 mill. instead of 55.48 mill. the month before, a fact not yet explained. The details of revenue are as follows in Reichmarks (September figures in brackets):—

*Property and traffic taxes.*—(a) Recurring taxes 539.52 mill. (480.39 mill.); in which income tax from wages figured to the value of 114.87 mill. (113.46 mill.); other income tax 100.2 mill. (55.98 mill.); corporation profits tax 27.33 mill. (25.37 mill.); tax on capital 21.92 mill. (28.31 mill.); general turnover tax 197.39 mill. (144.96 mill.); increased turnover tax 10.84 mill. (8.77 mill.); tax on the transfer of capital 15.64 mill. (16.91 mill.); bill stamp duty 6.15 mill. (5.53 mill.).

*Non-recurring taxes* 18.05 mill. (4.15 mill.); in which the Rhine-Ruhr levy figured to the value of 3.6 mill. (3.9 mill.); the employee's tax 0.46 mill. (0.39 mill.); and the tax on debentures 14.95 mill. (1.52 mill.). The total yield from property and traffic taxes in October was 557.57 mill., as against 484.55 mill. in September.

*Customs and consumption dues* brought in 128.74 mill. (124.18 mill.); in which Customs figured to the value of 27.27 mill. (23.7 mill.); the tobacco tax 41.68 mill. (41.29 mill.); the beer tax 17.61 mill. (18.87 mill.); the wine tax 7.4 mill. (6.9 mill.); the spirit monopoly 14.65 mill. (11.32 mill.); and the sugar tax 16.74 mill. (19.2 mill.).

If the actual revenue yielded by taxes, Customs and dues during the first half of the financial year 1924–25, viz. between April 1 and September 30 of this year, be compared with half of the estimated revenue for the whole of the financial year, it will be found that the actual yield from property and traffic taxes was 2,648 mill. gold marks or 576 mill. (28 per cent.) more than was estimated, and from Customs and consumption dues 645.5 mill., or 95.6 mill. (17 per cent.) more than was estimated. The total yield from these sources during the period under survey was 3,299.2 mill. gold marks, or 677.2 mill. (26 per cent.) more than half the estimated revenue (2,622 mill.) for the year. In other words, 63 per cent. of the estimated revenue for the

whole of the financial year has been collected in the first six months of it.

From a purely fiscal standpoint this result is very heartening, especially when one remembers the sad state of the Reich exchequer during late years. From a national economic standpoint, however, it may be questioned whether the yield does not imply a state of unjustifiable over taxation, a modification of which is highly desirable from various standpoints. It must not be overlooked that the final Budget draft for 1924, which, notwithstanding the lapse of over half the financial year in question, has not yet been made law, supplied very "cautious," namely very high estimates of Budget expenditure, and therefore opportunities for drawing it in. Nevertheless, the ordinary Budget of the General Reich Administration shows in draft form a surplus of 181 mill. gold marks, which is to serve partly to bolster up the extraordinary expenditure of the Administration, partly to cover Peace Treaty expenditure. The assessed revenue is also very "cautious," that is to say, in many items far too low, and that just in regard to the best yielding taxes. It was necessary to draw up the 1924 Budget in this manner because the long period of inflation had made it impossible to rely on calculations for the future being exact.

It is very desirable that financial arrangements between the Reich and the Provinces should be adjusted to the mutual benefit of both sides, and quite comprehensible that the Provinces should be desirous of greater independence in the matter of taxation. That the present position of the Provinces and of many municipalities is distinctly satisfactory is visible on closer examination of the financial surplus of the Reich this year. More than half of this, viz. 402 mill. gold marks, is the surplus yield from income and corporation profits tax, in which the Provinces participate to the extent of 90 per cent. and the Reich, after deduction of the costs of collection, gets a bare 5 per cent. Of the surplus yield of 195 mill. from the turnover tax the Provinces get 20 per cent. Of the remaining surplus on the half-year totalling about 270 mill. the major part is in respect of revenue pledged to Reparation payments. The total future revenue will be influenced to a very large proportion by the yield from traffic and property taxes, yet a preponderating part of this yield goes, as mentioned above, to the Provinces, or is destined for Reparations. The pledged revenue, namely the revenue from Customs, the tobacco, beer and sugar taxes and the spirit monopoly forms nearly 99 per cent. of all consumption dues.

To sum up: the financial position of the State is at present very satisfactory. Reductions in taxation should in themselves not prove detrimental to the Reich finances. When financial adjustment takes place, however, between the Reich and the Provinces the vital fact must not be forgotten that the Reich Budget will be burdened in future by Reparation obligations. What is needed is not petty alterations in the laws governing the distribution of State wealth, but a far seeing financial policy based on rational interests. (*Deutsche Allgemeine Zeitung, Frankfurter Zeitung.*)

**Gold Balance-sheet Conversions.**—According to figures published in the *Berliner Tageblatt* German joint-stock companies have been effecting the conversion of their balance-sheets to a gold basis rather more rapidly of late. On October 31 one-third of the companies whose shares are quoted on the Berlin Bourse had either converted their balance-sheets or put in an application so to do. The actual number of these companies is 251, and it is of great interest to find that whereas their total pre-war gold capital amounted to 1,967 mill. gold marks and their last paper mark capital to 19,337 mill. paper marks, their new capital aggregates 2,297 mill. gold marks. Paper marks have thus been converted into gold marks at the ratio of 8.4:1 and the ratio of the value of the pre-war gold capital to that of to-day is as 1:1.17. An examination of the details shows that the banks have fared far worse than joint stock com-



panies whose business is based on goods. This is shown in the following table:—

|                          | No. | P.Mk. capital :<br>New capital. | Pre-war capital :<br>New capital. |
|--------------------------|-----|---------------------------------|-----------------------------------|
| Banks ... ..             | 8   | 10.3 : 1                        | 3.3 : 1                           |
| Mining ... ..            | 11  | 2.74 : 1                        | 1.0 : 1.42                        |
| Electricity ... ..       | 10  | 7.6 : 1                         | 1.32 : 1                          |
| Gas and waterworks       | 3   | 34.3 : 1                        | 1.87 : 1                          |
| Chemical ... ..          | 14  | 5.9 : 1                         | 1.0 : 2.8                         |
| Metal ... ..             | 26  | 8.5 : 1                         | 1.0 : 1.36                        |
| Machinery ... ..         | 40  | 13.1 : 1                        | 1.0 : 1.91                        |
| Textile ... ..           | 32  | 11.6 : 1                        | 1.0 : 1.18                        |
| Paper and strawboard     | 10  | 18.2 : 1                        | 1.0 : 1.03                        |
| Timber ... ..            | 2   | 17.7 : 1                        | 1.75 : 1                          |
| Railways ... ..          | 4   | 1.27 : 1                        | 1.0 : 2.1                         |
| Trams and small railways | 6   | 2.2 : 1                         | 1.0 : 4                           |

It is true that the returns of most of the large banks have yet to be made. The pre-war capital of the Berliner Handelsgesellschaft stands in relation to its present capital in the ratio of 5 : 1, that of the Barmer Bankverein 60 : 1 and that of the Reichsbank 2 : 1. Two more large banks have published their gold balance-sheets this month, the Dresdner Bank and the Darmstädter und Nationalbank. The pre-war capital of the Dresdner Bank stands in relation to its present gold capital in the ratio of 12.5 : 1, the present capital proposed being 78 mill. gold marks and the reserves 22 mill. The reduction effected by the Darmstädter is in the ratio of 10 : 1 ; its capital is to amount to 60 mill. ; its reserves to 40 mill. gold marks.

The big shipping companies are also beginning to announce the results of their labours on this score. The compression effected by the Hamburg-America Line (Hapag) is in the ratio of 10 : 3. The capital of this company now consists of founders' shares to the value of 54 mill. and preference shares to the value of 1.1 mill. gold marks, as compared with a total capital of 157.5 mill. before the war. The chief item on the assets side, the fleet, is valued at 69.8 mill. as against 264.2 mill. in 1913 (1 : 3.5). At the end of 1923 the Hapag owned only about 300,000 g.r.t. of shipping, rather over one-third of the 1913 bulk. But an average tonnage value of Mk.160 per t. as compared with Mk.200-250 before the war is a very low valuation.

The capital of the Hamburg-South America Steamship Co. is valued at 20 mill. gold marks (1913 : 1924 = 5 : 2). Its fleet is valued relatively rather higher than that of the Hapag, namely at rather less than 1 : 3, i.e. 22.3 mill. gold marks now as against 62.9 mill. in 1913.

The compressions effected by the German-Australian Steamship Co (60 : 18) and by the Kosmos Line (60 : 12) are also announced. (*Wirtschaftsdienst.*)

## TRADE

**Textile Export Prospects.**—If the present state of the German textile industry be examined the salient feature is its poor export trade. It is interesting therefore to find in the *Berliner Börsen-Zeitung* an article discussing the future prospects of export trade in textiles, especially as the textile industry is Germany's largest economic asset, that practically 20 per cent. of German labour is employed in this industry and that in consequence its future is almost a question of life or death to Germany.

There is no doubt that the demand for textile products all over the world has increased greatly on pre-war demands. In this respect Germany has nothing to fear. As regards the question of production however the result is not so favourable to Germany. In many other countries the textile industry has gone ahead considerably since 1914, especially in England and America, in which countries there is not a single branch of the textile industry that could not compete successfully in the international market. It is between Germany and America that competition in the textile industry will be keenest in the future. At present America, both politically and financially stronger than Germany, has the upper hand in this connection ; but she is much

occupied with supplying Eastern Asia, where the demand for textile products is particularly lively to-day, and when commercial relation between the various nations of the world become normal again Germany need not fear American competition. Has not Germany a dye industry unsurpassed in the whole world, as well as a textile machinery industry the capacity of which exceeds that of all other countries, and whose products are eagerly purchased by England and America?

If, however, Germany wishes to play a decisive part in international textile trading and to restore the former fame of German textile products, many things must be altered in connection with the methods of production. The manufacturing processes employed by the German textile industry to-day are far too costly. Apart from the tax on turnovers, which will have to disappear gradually, textile production is subject to burdens such as no other land experiences, namely taxes, freight rates, etc., of unendurable dimensions. Taxes cannot be removed forthwith, or the whole administrative apparatus would collapse, and it is this apparatus, therefore, which, being far too costly, must gradually be cut down in size. A prosperous land such as Germany was before the war may allow itself the luxury of what is certainly an admirably organised administrative system. Not so, however, a land which must pay war damages such as burden Germany now. German manufacturers are accused abroad of wanting far too wide a margin of profit on their goods. The reason for this is the uncertainty connected with currency conditions and the chances that a small margin may disappear altogether before the transaction is completed. Until currency conditions are really stable, then, German manufacturers will be unable to calculate prices which just allow for a normal margin of profit. Another danger to Germany lies in the fact that she has lost a number of markets, partly by reason of artificially nurtured hatred, partly because when Germany's doors were closed to export trade during the war production was promoted elsewhere and German goods have been ousted. The remedy for this will be found in the better quality of German goods, which before the war was undoubted, and has only been affected since by the labour problem and the paucity and poorer quality of raw materials.

To sum up, the position is by no means unfavourable. The output capacity of the German textile industry has been reduced as a result of the war, while in other countries competitive power has been greatly enhanced. On the other hand, the demand for textile products is universally greater, and it is a factor in Germany's favour that she must of necessity assert with all her might her existence as a nation and that she possesses in her supply of man power, and in her magnificent textile machinery and processing industries the wherewithal to do this.

A recent report on the state of the textile industry in the *Frankfurter Zeitung* states that the long-delayed seasonal demand for articles of clothing is at last more active and retail trade is looking up decidedly. The turnover is smaller than in normal times though, as purchasing power is not what it was and the unemployment in the Ruhr and other districts naturally affects the retail trade adversely. On the other hand, agricultural circles are buying rather more than of late months. The textile and clothing industry is therefore quite satisfactorily employed at present, a fact displayed already in the September official labour reports. The wool industry has sufficient orders to last it until the end of the year or longer and the ready-made clothing and underwear industry is full of orders up to Christmas and beyond. A slight falling off in orders has been noticeable lately.

Export trade, although in general still very depressed has revived somewhat during the last few weeks. It is hoped that the tax reductions will enable prices to be reduced and the German textile industry to compete,



more favourably in the world market. Many firms, set on doing export trade, are accepting orders from abroad at losing prices or are adapting manufacture and price to the special wishes of foreign customers. Export prices are therefore in many instances lower than home prices.

## INDUSTRY

**Berlin Automobile Show.**—A national automobile show is advertised to take place in Berlin from December 5 to 14 next. A large new hall is being erected for the purpose and demands for space are said far to exceed the supply. Exhibits will include the products of the entire German and Austrian automobile and tyre industries as well as accessory parts and machine tools.

According to a report issued by the Commerz- und Privat-Bank, the German automobile market may at present be described as relatively good, as Germany is poorer in motors than any other country. The total output of the industry is estimated at about 30,000, certainly at not over 40,000 automobiles per annum, corresponding to a value of between 200 mill. and 250 mill. gold marks. In France the annual output has attained a figure of between 100,000 and 150,000, in England 100,000, in Italy between 50,000 and 60,000 and in America between 2 and 3 mill. cars. German automobile works should be able to double, even treble their output within a couple of years. Prices have already fallen noticeably during the last few months, and should, if output increases, gradually sink to the level of international prices, in so far as this depends on the costs of production. Taxes are a heavy burden on the industry though, and amount at present to 40 per cent. of the turnover value. What Germany lacks in the products of her home automobile industry is the small two-seater such as the Ford, the Citroen or the Morris car. The reasons for this are not technical but purely financial. An initial capital of some 20 or 40 mill. gold marks is essential to mass production of this kind, and this the industry cannot at present obtain. (*Deutsche Allgemeine Zeitung, Frankfurter Zeitung.*)

## AGRICULTURE

**State of the Crops.**—The official crop report published in *Wirtschaft und Statistik* makes no secret of the fact that the corn harvest has, on the whole, been a failure. Bad weather continued in most parts of Germany until the third week in September, by which time the much-damaged crops were still further spoiled. The harvesting was then finished. The worst damage was suffered in the south-west of the country, whereas in the east and centre harvesting was fairly successful. The potato yield has been brought in by now, also much damaged as regards the yield from heavy soil; on the lighter soil it was in better condition. The beet yield seems to have been fairly good, better at all events than potatoes. The clover and lucerne crops are reported to be very satisfactory. The hay crop was abundant, but likewise severely damaged in South and West Germany by the weather. The following table shows the state of the winter crops at the beginning of October (1 = very good, 2 = good, 3 = middling, 4 = poor, 5 = very poor):—

|                  | Average for the Reich. | Prussia. | Mecklb. Schwerin. | Thurin. gia. | Bavaria. | Württemberg. |
|------------------|------------------------|----------|-------------------|--------------|----------|--------------|
| Potatoes         | 2.9                    | 2.9      | 3.1               | 2.6          | 2.7      | 3.4          |
| Sugar beet       | 2.7                    | 2.7      | 3.1               | 2.4          | 2.3      | 2.5          |
| Beet             | 2.6                    | 2.7      | 3.0               | 2.3          | 2.4      | 2.6          |
| Clover           | 2.5                    | 2.6      | 2.7               | 2.6          | 2.1      | 2.6          |
| Lucerne          | 2.6                    | 2.7      | 2.8               | 2.8          | 2.2      | 2.9          |
| Irrigated land   | 2.3                    | 2.8      | 3.0               | 2.6          | 2.2      | 2.6          |
| Other meadowland | 2.7                    | 3.0      | 3.2               | 2.6          | 2.2      | 2.6          |

## COMMUNICATIONS

**Concentration of Shipping Forces.**—The Hamburg-America Line, the Hugo Stinnes Lines and the Norddeutsche Lloyd have come to an agreement to arrange the departures of their monthly services to Cuba so that a period of ten days will elapse between each departure.

This will insure to German trade to Cuba a greater frequency in the regular shipping facilities. All three lines are represented on the Cuba Conference.

This move may be regarded as one of a number of endeavours to concentrate German shipping forces in order to reinstate the former prestige of Germany's commercial fleet and to minimise the growth, at Germany's expense, of international mercantile competition. Of other endeavours of this nature of a recent date may be mentioned the formation of the Orient and Levant Service comprising the Hapag in the Levant Line, the Argo Steamship Co. as representative of the Roland Line, the Atlas Line and the German Orient Line as representatives of the Stettin Steamship Co. Great competition existed in the services to Africa until the recent formation of the Africa Pool by reason of which German shipping was enabled to compete on equal terms with foreign competitors. Less notice has been paid to the concentration of forces effected by the agreement between the Hapag and the Ocean Steamship Co. in Flensburg in the American service which should do much to promote German trade with Central America, especially Mexico. (*Berliner Börsen-Zeitung.*)

## HOLLAND

### POLITICAL AND GENERAL

**The Budget Estimates for 1925.**—The Estimates for 1925 show that Holland is making strong headway in the direction of realising a balanced Budget. With the exception of 1915 and 1916 every year since the outbreak of the war has shown a deficit, amounting to as much as Fl.300,000,000 in 1921. In 1922 this was reduced to Fl.206,000,000 and in 1923 to Fl.131,000,000, and though the original Estimates for 1924 anticipated a deficit of Fl.175,000,000 the final figures will probably fall considerably short of this sum. The original Estimates for 1925 showed a deficit of Fl.15,000,000 in the Ordinary Budget and of Fl.65,000,000 in the Extraordinary Budget, but what with expanding revenue and reduced expenditure on the one hand, and increased Customs and Excise duties on the other, the Government is hopeful that not only will the deficit in the Ordinary Budget be wiped out, but that sufficient revenue will be forthcoming to provide for a State contribution of Fl.12,000,000 in respect of old age insurance. As regards the deficit in the Extraordinary Budget, this represents to a large extent capital expenditure on housing and on the development of the State coal mines, which should provide their own interest and sinking funds. As the *Rotterdamsche Bankvereening Monthly Review* points out, whereas taxation in Holland in 1921 was at the rate of Fl.139.20 per head of the population as compared with Fl.33.24 in 1920, in 1925 it will work out only at about Fl.95.

The Government are none the less determined to effect further economies. In pursuance of this policy it announced further reductions in the salaries of the Civil Service, which had already been cut, in two instalments, to the extent of 18½ per cent. A strenuous agitation was organised against these proposals, and culminated in an imposing demonstration at The Hague, in which not only the Civil Service, but the Army and Navy also, took part; and a Socialist interpellation in the Second Chamber, with which the left wing of the Government party evinced some sympathy, threatened to produce a Ministerial crisis. The Government, however, adopted a firm attitude, refused to entertain any motions, however mildly worded, hostile to its policy, and allowed it to transpire that in the event of any disapproval being voted a dissolution would be proclaimed. The several motions put to the vote were in consequence rejected. As the *Gazette de Hollande* points out, the preparations of the various political parties for the general elections due to take place in June were not sufficiently far advanced to incline them to face a premature appeal to the country. Moreover an election fought on this issue would not be likely to redound to the advantage of the Civil Service,



as the vast majority of the people, all at any rate who are feeling the effects of the depression, and the whole rural population especially, feel that the Civil Service, and more particularly the lower grades, are far too well remunerated to entitle them to commiseration in the event of their salaries undergoing further revision. The fact that civil servants are a great deal better off than people in business, enjoying as they do permanent employment, is resented, especially when it is considered that skilled artisans are actually earning less than unskilled civil servants in the lower grades. The dispute, adds our contemporary, has somewhat shaken the solidarity of the parties of the Right, and it thinks it extremely doubtful whether it will be able to maintain it after the general elections.

#### The London Agreement and the Geneva Protocol.—

The *Rotterdamsche Vereeniging Monthly Review* asks itself what benefit is likely to accrue to Holland from the due execution of the London Agreement, and inclines to the belief that as it is expected to make for pacification and more stable economic conditions, Holland's economic life being so closely bound up with that of the rest of the world, she should be able to derive many advantages from the change. These undeniably more favourable circumstances, it continues, should not, however, let us overlook the fact that existing conditions will in some respects be modified. Many a direct trading combination will perhaps be effected between formerly hostile countries, between which Holland has in recent years acted as intermediary. We thus find in *De Naamlooze Vennootschap* the noteworthy observation that Holland, as the only country giving credit facilities for certain transactions had been able to lay down conditions which she will perhaps not be able to impose to the same extent in future. In this connection we refer, as does the writer of the article in question, to the transport of goods shipped by virtue of the reimbursement credits on Dutch ships via Dutch ports. Holland has of late years grown more and more into an intermediary and financial centre; and if perhaps this development cannot continue in the same degree, or even if things go so far that a few concerns which started business here in connection with this class of activity were to remove their offices elsewhere, it is none the less true that the majority will remain in Holland. They will without doubt do so not only from sheer habit, but because of the very real advantages which business carried on for years in one locality offers. A large part of the economic advantages resulting therefrom will accordingly continue to be for the benefit of Holland, even if the number of these concerns ceases to increase in the same proportion as heretofore. The advantages resulting from international peace, for which the world years, are likely in the immediate future to outweigh considerably the possible disadvantages. The prospects for this country too are therefore brightening. On the whole a more sanguine view is taken here regarding the general economic situation, and the statistics published serve to justify this optimism.

With regard to the Geneva Protocol, an official statement is made to the effect that, while satisfied that the instrument marks an important advance and deserves commendation, the Government has had to reserve certain points for further study and consideration before finally committing itself. On the other hand, the Preliminary Report of the Second Chamber on the Estimates of the Department of Foreign Affairs shows that there is a strong body of opinion adverse to the signing of the Protocol without previously consulting Parliament, while a number of members expressed the view that the League of Nations was inclined to excessive interference in purely national affairs. The *Gazette de Hollande* imagines that the return to power of the Conservatives in England will make it easier for the Dutch Government to withhold its signature until all the consequences have been carefully weighed, but the more cynically minded hold to the view that inter-

national policy will continue to be moulded by the Foreign Office and the Quai d'Orsay, rather than by those who harangue the Assembly of the League of Nations. Jhr. Loudon in a recent address at Geneva stated clearly that the Dutch people could not find in the Guarantee Treaty any real guarantee for an international organisation for the pacific settlement of disputes or the prevention of war; on the contrary, they believed that it constituted a danger in that it would tend to promote the pre-war group system under which countries would continue to adopt a threatening attitude towards each other. Jhr. Prof. van Eysinga, one of the Dutch delegates to the Assembly of the League, on the other hand, thinks the Government would do well to sign the Protocol. As long as the spirit that prevailed until a short time ago throughout the world continued to exist, it was conceivable that the Government should hesitate with regard to Article 16 of the Pact, but in any case the fact must not be lost sight of that the Protocol would not come into operation until a reduction of armaments had actually been realised. The *Algemeen Handelsblad* and the *Maasbode* are both of opinion that the Government must sign, but the *Nieuwe Rotterdamsche Courant* holds that no remedy is to be found either in national disarmament, which would mean that Holland surrendered the right to resist aggression, or in holding fast to a strictly national defence, which would give her no chance and would be beyond her financial strength. The only hope, it thinks, lies in co-operating in international defence against aggressive warfare, with an army which, though considerably smaller, would be strengthened by union. In conclusion, the paper is of opinion that it is high time the Dutch Parliament and people formed their own opinion with respect to the work of the League, and it criticises somewhat sarcastically the attitude of the Dutch Government in the matter.

## TRADE

**Foreign Trade Returns.**—The foreign trade returns for August, exclusive of gold and silver specie and bullion, show imports 1,481,649 tons of a value of Fl.174,417,000, and exports 751,218 tons of a value of Fl.137,771,000, leaving an adverse trade balance of Fl.36,646,000 as compared with one of Fl.63,745,000 in July. In the returns for September the imports figure at 1,950,136 tons of a value of Fl.189,584,000 and the exports at 910,441 tons of a value of Fl.162,911,000, which reduces the adverse balance of trade to Fl.26,673,000. The following table shows the course of trade since the beginning of the year:—

|            | Imports.  |             | Exports. |             |
|------------|-----------|-------------|----------|-------------|
|            | Tons.     | Fl.         | Tons.    | Fl.         |
| January    | 1,615,109 | 177,949,000 | 625,194  | 116,522,000 |
| February   | 1,667,561 | 185,566,000 | 707,744  | 125,465,000 |
| March ...  | 1,802,949 | 186,545,000 | 766,016  | 131,920,000 |
| April ...  | 1,660,128 | 189,773,000 | 781,734  | 136,431,000 |
| May ...    | 1,733,929 | 218,738,000 | 899,658  | 135,531,000 |
| June ...   | 2,049,645 | 189,081,000 | 678,409  | 110,839,000 |
| July ...   | 2,243,320 | 198,162,000 | 807,300  | 134,417,000 |
| August ... | 1,481,649 | 174,417,000 | 751,218  | 137,771,000 |
| September  | 1,950,136 | 189,584,000 | 910,441  | 162,911,000 |

As will be seen, the exports in September were considerably higher in respect of volume and of value than in any other month this year.

The following tables from *In- en Uitvoer* (Sept. 24 and Oct. 29) give analyses of the returns in respect of the following categories of goods: (a) Live stock; (b) Foodstuffs for man and beast and beverages—(i) raw materials and semi-manufactured goods, (ii) manufactured goods; (c) Raw materials and semi-manufactured goods—(i) of animal origin, (ii) of vegetable origin, (iii) of mineral origin; (d) Manufactured goods; (e) Other goods; (f) Gold and silver specie and bullion:—



|       |         | AUGUST.    |             |          |             |
|-------|---------|------------|-------------|----------|-------------|
|       |         | Imports.   |             | Exports. |             |
|       |         | Tons.      | Fl.(1,000). | Tons.    | Fl.(1,000). |
| (a)   | ...     | 722        | 421         | 3,575    | 2,680       |
| (b)   | i ...   | 191,182    | 29,942      | 120,351  | 27,980      |
|       | ii ...  | 60,479     | 11,403      | 81,153   | 35,443      |
| (c)   | i ...   | 11,247     | 8,826       | 4,429    | 2,429       |
|       | ii ...  | 260,656    | 38,728      | 32,042   | 10,220      |
|       | iii ... | 727,907    | 19,615      | 357,261  | 7,357       |
| (d)   | ...     | 227,119    | 65,068      | 144,833  | 43,978      |
| (e)   | ...     | 2,337      | 414         | 7,575    | 7,685       |
|       |         | 1,481,649  | 174,417     | 751,218  | 137,771     |
| (f)   | ...     | —          | 13          | 56       | 2,599       |
| Total |         | 1,481,649  | 174,430     | 751,275  | 140,372     |
|       |         | SEPTEMBER. |             |          |             |
|       |         | Imports.   |             | Exports. |             |
|       |         | Tons.      | Fl.(1,000). | Tons.    | Fl.(1,000). |
| (a)   | ...     | 994        | 581         | 4,915    | 4,211       |
| (b)   | i ...   | 207,685    | 33,624      | 146,007  | 31,615      |
|       | ii ...  | 66,626     | 13,716      | 77,358   | 35,424      |
| (c)   | i ...   | 12,400     | 8,835       | 6,791    | 3,774       |
|       | ii ...  | 257,328    | 39,198      | 35,107   | 12,744      |
|       | iii ... | 1,051,032  | 23,246      | 473,960  | 7,532       |
| (d)   | ...     | 350,362    | 69,762      | 148,776  | 49,844      |
| (e)   | ...     | 3,709      | 622         | 17,528   | 17,767      |
|       |         | 1,950,136  | 189,584     | 910,441  | 162,911     |
| (f)   | ...     | —          | 24          | 23       | 4,721       |
| Total |         | 1,950,136  | 189,607     | 910,464  | 167,632     |

The total imports for the first nine months of the year aggregated 16,201,747 tons of a value of Fl.1,708,602,000 as against 13,862,636 tons of a value of Fl.1,464,892,000 in the corresponding period of 1923, and the exports 6,927,216 tons of a value of Fl.1,191,727,000 as against 6,071,552 tons of a value of Fl.923,459,000.

## SOUTH AMERICA

### CHILE

**The Task of the Government Junta.**—The overthrow of parliamentary government that had degenerated from the high standard of earlier days having been accomplished, the acute crisis has passed, writes the *South Pacific Mail*. The Junta, under the leadership of Don Alcibiades Roldán, is composed of men who represent the best elements of Chilean public life. Nothing short of the complete regeneration of the fundamental institutions of the country is aimed at. The new Ministry has met with the acceptance of every class of society and has had an extraordinary effect in financial and commercial circles. The revival of trade, the renewed demand for nitrate, the knowledge of the gigantic natural resources awaiting exploitation, the favourable balance of trade—all these factors were vitiated by the fatal lack of confidence in the men who controlled the destinies of the Republic. This factor has outweighed, to an extent imperfectly recognised abroad, all others that may be plausibly advanced to account for the persistent depreciation of the exchange value of the Chilean currency. In like manner, the relief with which the people have seen strong, capable and clean hands grasp control is reflected in the improvement shown on the re-opening of the Stock Exchanges, in international exchange and in the optimistic spirit with which a remedy is being sought to extricate the national finances from their difficult situation.

*El Mercurio* reports that the Junta has dissolved the municipal councils of Santiago and Valparaiso, transferring the authority to a Junta of efficient citizens. A similar course will be adopted in other towns of importance, if considered necessary for the progress of the locality. The Government is making drastic changes in the administrative services and is giving earnest attention to the problem of reducing the cost of living, especially to the question of the high prices for meat and flour, and to other needed reforms. *El Dia* adds that the Government will also create a Ministry of Agriculture.

The immediate problem of finding resources to enable the new Government to meet its obligations appears to find a solution in the raising of an internal loan, the four leading banks, the Bank of Chili, the Banco Español, the Banco Nacional and the Banco Edwards, having of their own initiative agreed to subscribe the sum of forty million pesos, approximately equivalent to £1,000,000, in exchange for bonds of the said loan. It is probable that the remainder of the loan will be subscribed by the foreign banks established in Chili. Of like significance was the communication addressed by the members of the Valparaiso Stock Exchange to the leaders of the movement, emphasising their approval of what had been effected and their confidence in the future. (*South Pacific Mail*.)

According to *El Dia* the Minister of Finance estimates the budget deficit for 1925 at about 50½ mill. paper pesos, which he proposes to liquidate by using the surplus from the income tax and returns from the saltpetre lands. The Government's exposition of public finance has created an excellent impression in financial and commercial circles.

**Presidential Statement on Trade.**—Prior to the change of Government the ex-President of the Republic reported that the amount of Chilean foreign trade in the year 1923 was 872,538,237 gold dollars of 18 pence; \$320,310,655 corresponding to importation and \$543,227,582 to exportation; figures exceeding by \$92,129,077 and \$204,640,549 respectively those of the year 1922.

The increased importation was caused, according to statistics, by live stock products with a higher value of \$6,287,580, those pertaining to agriculture with \$6,024,771; the textile industries with \$33,359,489; metallurgical industries with \$12,628,288; transport material with \$10,949,785 and miscellaneous manufactures with \$10,419,552.

In exportation the principal articles that contributed to the increase were, nitrate, with a higher value of \$138,380,625; iodine, with \$7,902,929; wool, with \$2,779,146; wheat, with \$2,025,685; bar copper, with \$38,137,209; copper ores, with \$1,841,368; iron ore, with \$6,820,947; and some others in less proportion. (*South Pacific Mail*.)

**The Output of Nitrates.**—The production of nitrate of soda rose in 1923 to 19,035,271 metric quintals, as against 19,717,975 in 1922. The export of this product in 1923 was 22 mill. metric quintals, against 17 mill. metric quintals in 1922. The export duties yielded more than 75 mill. gold pesos in 1923. (*España Económica y Financiera*.)

The Anglo-South American Bank announces that on November 6 last the total sales of nitrate to date for delivery in the current nitrate season are now 18,599,317 metric quintals, with delivery dates as follows:—

|                              | Metric Quintals. |
|------------------------------|------------------|
| July 1–December 15, 1924 ... | 11,000,000       |
| Dec. 16–31, 1924 ...         | 1,500,000        |
| January, 1925 ...            | 3,560,587        |
| February, 1925 ...           | 2,171,192        |
| March, 1925 ...              | 364,490          |
| April, 1925 ...              | 1,524            |
| May, 1925 ...                | 1,524            |
|                              | 18,599,317       |

Production of nitrate during October totalled 2,156,582 metric quintals, and the number of oficinas in operation is now 91.

Reported production and total exports of nitrate in the first four months of the current season are compared in the following table with the figures for the periods July to October 1923 and 1922:—

|                                       | 1924–25.           | 1923–24.  | 1922–23.  |
|---------------------------------------|--------------------|-----------|-----------|
|                                       | (Metric Quintals.) |           |           |
| Reported production, July–October ... | 8,054,588          | 6,607,827 | 3,935,520 |
| Total exports, July–October ...       | 8,747,026          | 6,919,077 | 5,933,058 |

**Agriculture and Live Stock Returns.**—Overshadowed by the enormous mineral production, Chile's agricultural and pastoral activities are not often viewed in a



true perspective, writes Mr. R. H. Ackerman, in a special article in the *South Pacific Mail*. While the mining industry brings to the country almost half of the national revenue and employs between forty and fifty thousand workmen, agriculture and live stock raising, with their concomitant interests, employ almost ten times that number of workers and are still the industries on which the economic structure of the country is erected. The agricultural regions of Chile not only supply its population with all the foodstuffs that the climatic and soil conditions permit to be raised, but swell the total of exports each year by approximately 30 mill. gold pesos.

The most important crops raised in Chile are wheat, rye, oats, barley, corn, beans, peas, chickpeas, lentils and potatoes; some tobacco and alfalfa seed are contributed by the native farms and Chilean red clover seed and lima beans have a high reputation in foreign markets. Though not raised on a large scale, hemp and flax also flourish. The yearly production of wheat may be estimated at over 6 mill. metric quintals; that of potatoes at over 3 mill. metric quintals.

Vineyard cultivation and the production of fruits and walnuts are also items of importance, all of which products are esteemed for their quality. Only of recent years have attempts been made to market fresh fruits on the other side of the equator, and these tentative efforts only partially reflect the future possibilities. The production of wines in 1922 amounted to nearly 1½ mill. hectolitres, whilst about 65 mill. metric quintals of fresh fruits were raised and over 27 thousand metric quintals of walnuts.

According to official estimates, the number of live stock in Chile at the end of 1922 was as follows:—horses, 329 thousand head; asses, over 33 thousand; mules, nearly 44 thousand; cows, about 2 mill.; sheep, 4½ mill.; goats, 525 thousand; and hogs, 263 thousand. The products of the livestock industry form an important item in Chile's exports. Wool exports since 1921 have averaged slightly less than 24 mill. of pounds and frozen meats slightly less than 23 mill. pounds.

## URUGUAY

**General Economic Situation.**—In an interview with a representative of *El Dia*, a leading banker of the Republic stated that the present economic situation of the country gave every reason for optimism. Uruguay was economising and thereby becoming richer. The years 1922–1923 represented the liquidation of the crisis; the present year would prove one of accumulation and enrichment. An original feature of the crisis was that its liquidation was made within the banks. The Banco de la República obtained the solid support of other financial houses in dealing with the situation by means of moratoria and extended credits. The foresight which inspired this decision on the part of the leading bank was now demonstrated by the actual facts. If this course had not been adopted the liquidation of the crisis would have been effected at the cost of their own debtors. As it was, the crisis passed without provoking any dislocation.

Taking wool as the principal factor in the reaction, continued the banker, the returns for 1922 should be termed remunerative, or at least a compensation for the big losses. The yield for 1923 was a splendid asset for the country; and, in regard to 1924, the prospects could not be more favourable. As the stocks became more and more depleted the demand was increasing almost daily. Moreover, fresh markets were being opened up in the Far East, hitherto the traditional mart of Australia and Great Britain. Producers would be well advised not to hold back their stocks in the hope of receiving better prices, for the present rates were good

and in no way endangered profits. The situation in regard to the meat trade was equally as favourable. One of the factors in maintaining good prices in this branch was the "Anglo del Uruguay," the refrigeratory establishment of Fray Bentos, which was not a member of the trust, but which possessed about 3,000 branches in London for retail sales. This mode of operation on the part of Fray Bentos excluded the wholesale merchants of Smithfield to the advantage of the producers.

In concluding the banker stated that the other products of Uruguay were equally well situated, and that one of the most pleasing features of the progressive economic improvement was that the number of mortgages cancelled in the present year was larger than those taken up.

Dealing with the same subject the *Buenos Aires Handels-zeitung* is of the opinion that, though the normal economic situation may not yet have been regained, there is obviously a general improvement and that the evils of the past years of the crisis have now been practically overcome. The country is, however, still detrimentally affected by the absence of a definite solution of the European economic problems, which react upon Uruguay.

Our contemporary then proceeds to give some figures relative to the improvement in trade and industry during the first six months of this year. Wool found a ready market at good prices and by April–March the stocks were practically exhausted. The total production was about 100,000 bales, as against 92,000 last year. At the present moment the stocks in hand are very slight. The prospects of the shearing this year are quite satisfactory, the wool being long and of good quality. The meat production has also increased this year and the prices remain good. Though there have been some fluctuations in the industry of hides the general result cannot be termed displeasing. During 1923 the number of exported pickled hides amounted to over 800,000. According to information from reliable sources, the yield of wheat this year will be between 350 and 400 thousand tons, which will leave about 150 thousand tons available for export. The maize crop has slightly fallen from last year's total, whilst the linseed crop is estimated at from 10,000 to 12,000 tons, of which one-fifth will probably be exported. The increase in foreign trade is shown as follows:—

|                   | From January 1 to May 31. |                    |
|-------------------|---------------------------|--------------------|
|                   | 1924.                     | 1923.              |
| Total imports ... | 64,030,605 dollars        | 54,004,959 dollars |
| Total exports ... | 57,293,608 "              | 50,231,529 "       |

This represents an increase of about 7.1 mill. pesos in exports, and about 10 mill. pesos in imports during the first five months of this year. The imports have been hindered by the increase in practically all the import duties.

During the first half year there was a decrease in cases of bankruptcy and actually none of any large concern. The Government has been doing its utmost to reduce the national expenditure and, according to report published by the Minister of Finance, the estimated deficit of about 4 mill. pesos in the last budget will be reduced to about 987 thousand dollars.

The budget for the fiscal year 1924–25, according to *España Económica y Financiera*, estimates the expenditure at 42,760,202 dollars and revenue at 43,101,792 dollars.

## UNIVERSITY OF LONDON.

A public Lecture by Sir Gregory Foster on "The University of London: what it is and what it may be," has been arranged by the XXth Century Society of London Graduates. By the kind permission of the Director, Sir William Beveridge, the lecture will be delivered at the London School of Economics and Political Science, Kingsway, on Thursday, December 4, at 8.15 p.m. Admission is free and no tickets are required.



# SPECIAL ARTICLES

## THE CENTRAL EUROPEAN IRON MARKET.

### THE EFFECT OF THE RUHR STRUGGLE.

The significant fluctuations, far-reaching in their effects, in the Central European sources of supply of iron and manufactured iron goods are depicted by Dr. Karl Uhlig in the *Mitteleuropäische Wirtschaft*. The struggle in the Ruhr district, he writes, disturbed the iron supplies of Central Europe to an enormous degree and there is now a monthly deficiency of about half a million manufactured iron goods, to which the Central European markets have strongly reacted. The shifting of the markets is indicated as follows:—

*Balance of Manufactured Iron Goods. Excess of exports over imports (+); imports over exports (—); not including raw iron and old iron.*

| Monthly average.       | Germany. | Czechoslovakia.<br>In 1,000 tons. | Austria. |
|------------------------|----------|-----------------------------------|----------|
| 1913 ... ..            | + 436    | —                                 | —        |
| 1922 ... ..            | + 66     | + 10                              | + 7      |
| 1923 (1st quarter) ... | + 46     | + 16                              | + 12     |
| „ (2nd „ ) ...         | — 100    | + 34                              | + 19     |
| „ (3rd „ ) ...         | — 110    | + 38                              | + 26     |
| „ (4th „ ) ...         | — 63     | + 31                              | + 17     |
| 1924 (1st „ ) ...      | + 0.3    | + 27                              | + 7      |
| „ (2nd „ ) ...         | + 0.8    | + 31                              | + 10     |
| „ July ...             | + 21     | + 29                              | —        |
| „ August ...           | + 80     | + 27                              | —        |

Germany's huge monthly excess of exports (436,000 tons) of manufactured iron goods in 1913 fell in the post-war period to one-seventh. The Ruhr struggle rendered export impossible and it was necessary for Germany to import large quantities into the unoccupied territory. This passive balance lasted till New Year, 1924, when with great efforts the balance was restored. It was not till July that an appreciable active balance was secured, which, however, rose rapidly in August, yet only to one-fifth of the pre-war surplus. It is naturally impossible for Germany to regain entirely her favourable position before the war, since the loss of Lorraine, Luxemburg and Upper Silesia necessarily diminishes the production by one-half. But Germany is still able to produce a round 200,000 tons and a further increase in the excess of exports is to be expected.

### THE OPPORTUNITY FOR AUSTRIA AND CZECHOSLOVAKIA.

Germany's crippled condition provided the opportunity for her neighbours. Though Czechoslovakia and Austria secured, even in the most favourable period of the Ruhr conflict, no more than a quarter of Germany's total imports in finished iron goods, this amount represents a huge and unexpected augmentation. Their active balance was actually quadrupled; but considerably receded again when Germany once more took the field. This retrogression was very heavy and disastrous in Austria. In Czechoslovakia, which had maintained an advantage over Austria during the Ruhr crisis, the decline took place much more slowly, as will be seen by the following table:—

#### *Germany's Imports of Iron Goods.*

| Monthly average.   | Total Imports | From Czechoslovakia.<br>In 1,000 tons. | From Austria. | Percentage of both countries<br>of Germany's total Imports. |
|--------------------|---------------|--|---------------|---|
| 1923 (1st quarter) | 98.6          | 4.7                                    | 5.0           | 10  |
| „ (2nd „ )         | 109.0         | 16.2                                   | 12.6          | 26  |
| „ (3rd „ )         | 167.6         | 23.2                                   | 19.1          | 25  |
| „ (4th „ )         | 119.6         | 14.7                                   | 9.1           | 20  |
| 1924 (1st „ )      | 91.0          | 6.3                                    | 2.9           | 10  |
| „ (2nd „ )         | 84.2          | 5.7                                    | 2.0           | 9   |
| „ July ...         | 67.9          | 7.2                                    | —             | —   |
| „ August ...       | 32.7          | 4.2                                    | —             | —   |

During the height of the Ruhr conflict Germany imported as much as before the war, viz., about 24,000 tons. From that moment it declined but is to-day even greater than before the war. Czechoslovakia and Austria had between them a quarter of the total imports, the chief quantities falling to the

advantage of England. Yet this opportunity for the Central States was so significant that Czechoslovakia increased her export five-fold and Austria four-fold. On the diminishing of the gravity of the Ruhr problem Czechoslovakia's export to Germany fell to 31 per cent. of the maximum, and Austria's to only 15 per cent. The curve in Austria had risen in a much less pronounced manner than in Czechoslovakia; but it also fell more rapidly. Both in the rise and fall of the export trade to Germany Austria was in a less favourable position than Czechoslovakia.

### EXPORTS TO THE NEW STATES.

During the Ruhr period the market of the New States (Hungary, Poland, Jugo-Slavia and Rumania) was of little importance. As things improved in the Ruhr the market in the New States for Austrian and Czechoslovakian iron goods became stronger, as the figures given below will show, the relation in quantity between the exports from the two countries not varying to any appreciable extent:—

| Monthly average.   | From Czechoslovakia.<br>In 1,000 tons. | From Austria. |
|--------------------|--|---------------|
| 1923 (1st quarter) | 9.0                                    | 6.5           |
| „ (2nd „ )         | 7.9                                    | 6.6           |
| „ (3rd „ )         | 4.3                                    | 6.2           |
| „ (4th „ )         | 9.4                                    | 8.6           |
| 1924 (1st „ )      | 10.6                                   | 6.5           |
| „ (2nd „ )         | 10.5                                   | 8.3           |
| „ July ...         | 8.1                                    | —             |
| „ August ...       | 7.7                                    | —             |

It will be noted that the first half of 1924 marks a record in the export of iron goods from Czechoslovakia and Austria to the New States.

In regard to the exchange of iron goods between Czechoslovakia and Austria it is interesting to note the increasing advantage of the first-named country:—

| Monthly average.   | From Czechoslovakia to<br>Austria. | From Austria to<br>Czechoslovakia. | Excess of exports from<br>Czechoslovakia. |
|--------------------|------------------------------------|------------------------------------|---|
|                    |                                    |                                    | In 1,000 tons.                            |
| 1922 ... ..        | 1.8                                | 0.8                                | 1.0                                       |
| 1923 (1st quarter) | 0.8                                | 0.5                                | 0.3                                       |
| „ (2nd „ )         | 1.4                                | 0.5                                | 0.9                                       |
| „ (3rd „ )         | 1.2                                | 0.8                                | 0.4                                       |
| „ (4th „ )         | 2.3                                | 0.8                                | 1.4                                       |
| 1924 (1st „ )      | 3.8                                | 0.6                                | 3.2                                       |
| „ (2nd „ )         | 4.4                                | 0.7                                | 3.7                                       |
| „ July ...         | 4.2                                | 1.9*                               | 2.3                                       |
| „ August ...       | 4.8                                | 0.6*                               | 4.2                                       |

The figures for the exports from Czechoslovakia are from Czechoslovakian sources; those for Austria, with the exception of the last two (marked \*) are from Austrian sources. It is noteworthy that in 1922 the ratio was 2:1 in favour of Czechoslovakia; in 1924 it had risen to 8:1.

The export of iron goods from these two countries to the remaining foreign countries was as follows:—

| Monthly average.   | From Czechoslovakia.<br>In 1,000 tons. | From Austria. |
|--------------------|--|---------------|
| 1923 (1st quarter) | 3.0                                    | 3.8           |
| „ (2nd „ )         | 9.6                                    | 2.7           |
| „ (3rd „ )         | 10.1                                   | 3.8           |
| „ (4th „ )         | 5.9                                    | 5.2           |
| 1924 (1st „ )      | 7.6                                    | 2.5           |
| „ (2nd „ )         | 12.6                                   | 6.4           |
| „ July ...         | 11.3                                   | —             |
| „ August ...       | 12.5                                   | —             |

From these figures it would seem that the Ruhr struggle did not particularly affect Austria, but that Czechoslovakia took full advantage of the opportunity. In the second quarter of 1924 both countries touched a record for post-war results, with this notable fact, that Czechoslovakia which had formerly been weaker than Austria was now able to export double the quantity exported by her neighbour.

### CZECHOSLOVAKIA AND QUALITY.

Though these fluctuations have taken place within the borders of Central Europe and do not, to any



great extent, affect the world market, since Czechoslovakia's total export in iron goods is but one-tenth that of Great Britain, and Austria's is only one-half of that of Czechoslovakia, they are of importance to the nearer European market. A special feature that compels attention is the undoubted success of Czechoslovakia over Austria in the matter of quality. Whereas in 1922 Austria exported more iron goods of better quality, by 1924 the advantage is all on the side of Czechoslovakia, who now has gained a pronounced lead in this branch. In fully manufactured articles Austrian exports have declined by 2,000 tons, whilst those from Czechoslovakia have increased by 18,000 tons. There seems to be a growing lack of interest in Austria in its own iron industry, whilst in Czechoslovakia the industry is being keenly followed. It is doubtful whether Austria can now make much advance in the quantity of her production. Unfortunately for that country the quality of the goods is also depreciating and that alone is an evil sign of the economic conditions prevailing. The writer considers that the actual state of affairs relative to this industry in Austria should now receive more earnest attention in order to find some means of arresting further decline.

#### MINERAL RESOURCES OF CANADA.

*Soapstone.*—In 1921 Mr. Hugh S. Spence, Mining Engineer of the Dominion Department of Mines, Ottawa, examined a newly discovered deposit of so-called soapstone near Dryden, Ontario, in the Lake of the Woods region. Dryden is situated 216 miles east of Winnipeg, 210 miles west of Fort William, the nearest port on the Great Lakes, and 1,203 miles west of Montreal. The soapstone outcrops occur on a small peninsula on Wabigoon Lake and lie only a few hundred yards from the main line of the Canadian Pacific Railway. There is very little overburden on the deposit and only a sparse growth of small, second-growth timber. The site is ideal for quarrying operations, and the deposit could be worked with a minimum of trouble and expense. Soapstone, as the name is commonly applied, includes a wide variety of soft, altered magnesium rocks, differing considerably in composition, but alike in possessing either a granular or schistose structure, containing an appreciable amount of talc, and being soft enough to be cut into slabs or blocks with an ordinary saw. Many so-called soapstones are altered volcanic rocks, in which the original magnesium minerals have been changed to a soft talcose substance, but the term is not infrequently applied to any soft rock of the talc or serpentine class, irrespective of its origin. In addition to being soft and easily worked, soapstone is a refractory stone, displays considerable inertness to acids and alkalis and is a poor conductor of electricity and heat. Soapstones vary widely in respect to the above physical characteristics depending on the degree of alteration the original rock has undergone, and in many cases contain too large an amount of impurities in the form of carbonates, sulphides, etc., to be of commercial value. Texture, also, is an important consideration, and many highly talcose soapstones are useless for block and slab work, on account of their structural weakness and tendency to spall or check in the quarry or cutting shop, or under the influence of heat. The Wabigoon soapstone appears to be of high grade, comparing very favourably with the stone at present imported into Canada. Samples of surface stone, tested in the Mines Department laboratories at Ottawa, Canada, proved to be fully the equal of imported Alberene soapstone from Virginia, which is the only present source of soapstone in North America. The tests showed the Wabigoon stone to possess a crushing strength of 11,000 lb. per square inch; a transverse strength (modulus of rupture) of 1,872 lb. per square inch; a loss in weight after boiling in concentrated hydrochloric acid for two days of 9.74 per cent.; and a fusion temperature of 1,400° C. Trial

bricks of the stone were tested under working conditions in the smelting furnaces of a large Canadian pulp mill and, it is stated, gave excellent service. The Wabigoon Soapstone Company has been formed to develop the property and declares its intention of commencing operations in 1925. During 1923 further prospecting revealed similar stone to the south of the Wabigoon deposit, and it is altogether probable that soapstone will be found to occur in considerable quantity in this region. A second company has lately been formed to exploit a promising outcrop at Trap Lake, about 15 miles south of the original discovery point. The present discovery is of decided economic interest to the Dominion from the fact that the soapstone used by Canadian sulphate (kraft) pulp mills, of which there are over a dozen, is all imported from the United States. The stone is used, in the form of blocks or bricks, sawn to size, to line the smelting furnaces in which the "black ash" or used sodium sulphate is burned. The life of these soapstone linings is relatively short, from six to nine months, so that the cost of lining is a somewhat important item. The development of a domestic source of supply should cut the present laid down cost of soapstone blocks almost in half. Soapstone is used also for fireless cooker stones, foot-warmers, griddles and electric iron plates, owing to its high capacity for absorbing and retaining heat.

#### THE ECONOMIST'S BOOKSHELF. INDUSTRIAL PSYCHOLOGY.

##### Industrial Psychology and the Production of Wealth.

By H. D. HARRISON, M.C., M.Com. (London: Methuen & Co. Ltd. Price, 5s. net.)

This is an excellent introduction to the study of those psychological principles and tendencies which are rapidly gaining ground in modern industrial circles. It is written with considerable enthusiasm for the subject and displays such knowledge of industrial psychological experiments as should secure it the attention it undoubtedly merits. It is, perhaps, too early in the day to attempt to estimate the real economic importance of Industrial Psychology, but there can be very little doubt that the field it has opened up is revealing to the observer many potential values. Particularly is this so in that branch of its enquiry specialising in the problem of Industrial Fatigue, to which Mr. Harrison devotes a most interesting chapter in his book.

In common with many other industrial psychologists Mr. Harrison places considerable emphasis upon his belief that there is a "definite length of working day, and which to increase will be to diminish not only the hourly rate, but often the total output also." He concludes that it is uneconomical to force workers to work longer hours under any circumstances and supports his argument with many examples which show increases in output following on the reduction of hours of labour. This is one of the most important questions facing industrial organisation to-day and it is not easy to refute the claim of shorter working days to increased industrial efficiency. The greatest obstacle to an impartial consideration of the whole question lies in the prevalent readiness of the modern method to take the lowest possible view of the "human element" in industry. Scientifically to approach an understanding of the conditions and incidence of labour is interpreted all too readily, if not as misguided humanitarianism, then as pandering to an inveterate and incorrigible instinctive laziness. Unpleasant though it may sound, such a frame of mind is far more common than is generally supposed. A similar attitude is displayed towards another question to which Mr. Harrison devotes considerable attention in his chapter on "Fatigue." The experiment of periodical "rest pauses" throughout the working day has, where introduced, tended to retard the development of certain forms of industrial fatigue. Mr. Harrison submits the results of some



experiments in this direction, which, if they are not as complete as even he himself would desire, none the less suggest enormous savings which the scientific use of "rest pauses" may make not only "directly by increasing output without increasing machinery, work-rooms, etc., and so adding to overhead charges, but also by lessening the subjective sensations of fatigue which prevent the enjoyment of leisure and cause unrest, and so tend to add to the waste caused by excessive labour turnover." Mr. Harrison has given particular prominence to the evidence he can amass upon Industrial Fatigue because of the importance of two conclusions to which he is led. The first of these is the discovery that there is in all probability an optimal length of day which will give the maximum output under normal industrial conditions for the minimum outlay per unit of human effort, and the second, arising out of the first, is that if the optimal day is being worked it is uneconomical to work overtime; if it is not being worked the number of hours of overtime which can be worked with profit to the employer is the difference between the number of hours now worked and the optimal number of hours. The determination of an optimal day, as Mr. Harrison recognises, is no easy matter. He thinks the maximum number of hours during which it will be to the interest of employers to employ the workers can only be settled by investigation into the particular industry by specially trained experts who should be under the joint control of the workers and the management. It does not follow that the optimal length of day from the point of view of output will prove acceptable to the workers, for in certain industries it might mean a longer day than the one at present worked. Mr. Harrison thinks that the evidence seems to show that in most cases it would be shorter, but, if it were longer, the question is one which would have to be settled by bargaining.

Throughout "Industrial Psychology and the Production of Wealth" Mr. Harrison keeps in mind a lofty view of the science he is discussing and for which he claims, in his own words, that "the applications of psychology to industry are literally innumerable, and it is no exaggeration to say that, scientifically applied, this new knowledge will revolutionise man's economic life. It promises to increase production without increasing effort and while decreasing discontent and unhappiness. By so doing it will promote welfare and enrich life not for any section of the people alone, but for the community in general." Perhaps Mr. Harrison's optimism is a little too enthusiastic, but it gives him a niche in the new school of radical industrial reformers. To his excellent though brief bibliography one hopes to see appended Dr. P. Sargent Florence's "Economics of Fatigue and Unrest." H.J.H.

### PRIMITIVE LAW.

**Primitive Law.** By E. SIDNEY HARTLAND, F.S.A. (London: Methuen & Co. Ltd. Price, 7s. 6d. net.)

Most of us, at some moment or the other, have gloried in the reflection that Man as a race, and as an individual, has been able to adapt himself to and to triumph over his environment in a way that no other animal has succeeded in doing. Few of us, recruited into the contemporary human reinforcements for consolidating and exploiting that triumph, have the requisite equipment to trace to their origin the elementary phases of this victorious progress. Primitive Man and Primitive Society are, at best, but the vagaries of the past to us who are the proud instruments of civilised energies, and it is the purpose of the book before us to help anthropological research shatter any superior illusions we may encourage in order that it may establish some primitive links of consanguinity.

In "Primitive Law" Mr. Hartland surveys, so far as he is able, the rules which have governed societies in lower stages of culture. Significantly he notes that the word *primitive* must not be taken too literally. We

do not know, he says, what laws governed mankind in an absolutely primitive condition. No records remain of that condition when human beings first emerged as such—when men first became men. We can only infer that mankind must have been evolved from gregarious ancestors. If the process was slow the co-operation of numbers was a material element in bringing about the result. Co-operation implies a certain degree of harmony; and the harmony must have been attained by some kind of rudimentary regulation. To support his inference Mr. Hartland draws analogies from animal life, and few of us would be prepared to dispute him. He believes the most "backward societies of men now are at least societies of men with human needs, human feelings, and human aspirations." It is to these, and to societies somewhat more advanced, that anthropologists apply the term *primitive*.

It is to the chapter on Property, Ownership, Inheritance, Barter and Money, that most of our readers will more readily turn, and they may be assured of touching several points of considerable interest. On the authority of Mr. Hartland we have it that "in the earliest stages of civilisation now discoverable mankind is possessed of no individual property beyond the scanty clothing, the miserable ornaments, the weapons, and the few utensils in daily use. All other property known to tribes in this condition is held in common by the community. Even the products of the chase by which they live are not regarded as solely the property of the successful hunter, but are shared with other members of the community." It is not so easy to determine exactly where civilisation decided upon another turning, but, Mr. Hartland tells us, though not with the significance we attach to his remark, that, "in the course of civilisation property is accumulated and its value as a means of acquiring power is found out." That is where the interesting story begins. H.J.H.

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*Primitive Law.* By E. Sidney Hartland, F.S.A. (London: Methuen and Co. Ltd. Price, 7s. 6d. net.)

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# STATISTICAL SECTION

## THE TRADE BAROMETER

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

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

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

TABLE I.

| Date     | 10 Com-<br>modities | Bd. of Tde<br>Monthly<br>Average | Date     | 10 Com-<br>modities | Bd. of Tde<br>Monthly<br>Average | Date     | 10 Com-<br>modities | Bd. of Tde<br>Monthly<br>Average | Date     | 10 Com-<br>modities | Bd. of Tde<br>Monthly<br>Average |
|----------|---------------------|----------------------------------|----------|---------------------|----------------------------------|----------|---------------------|----------------------------------|----------|---------------------|----------------------------------|
| 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. 17  | 172.5               | 170.2                            |
| 1921     |                     |                                  | Mar. 17  | 149.8               | 160.0                            | July 20  | 177.3               | 156.5                            | „ 24     | 174.8               |                                  |
| Jan. 14  | 244.2               | 245.9                            | Apr. 14  | 151.7               | 160.1                            | Aug. 17  | 174.6               | 154.5                            | „ 31     | 175.0               |                                  |
| Feb. 18  | 219.1               | 225.2                            | May 19   | 162.1               | 160.6                            | Sept. 14 | 173.2               | 157.8                            | Nov. 7   | 173.5               |                                  |
| Mar. 18  | 199.0               | 210.8                            | June 16  | 163.6               | 159.9                            | Oct. 19  | 166.0               | 158.1                            | „ 14     | 173.3               |                                  |
| Apr. 15  | 202.8               | 204.8                            | July 14  | 165.1               | 160.3                            | Nov. 16  | 171.7               | 160.8                            | „ 21     | 173.0               |                                  |

CHART ILLUSTRATING TABLE I.

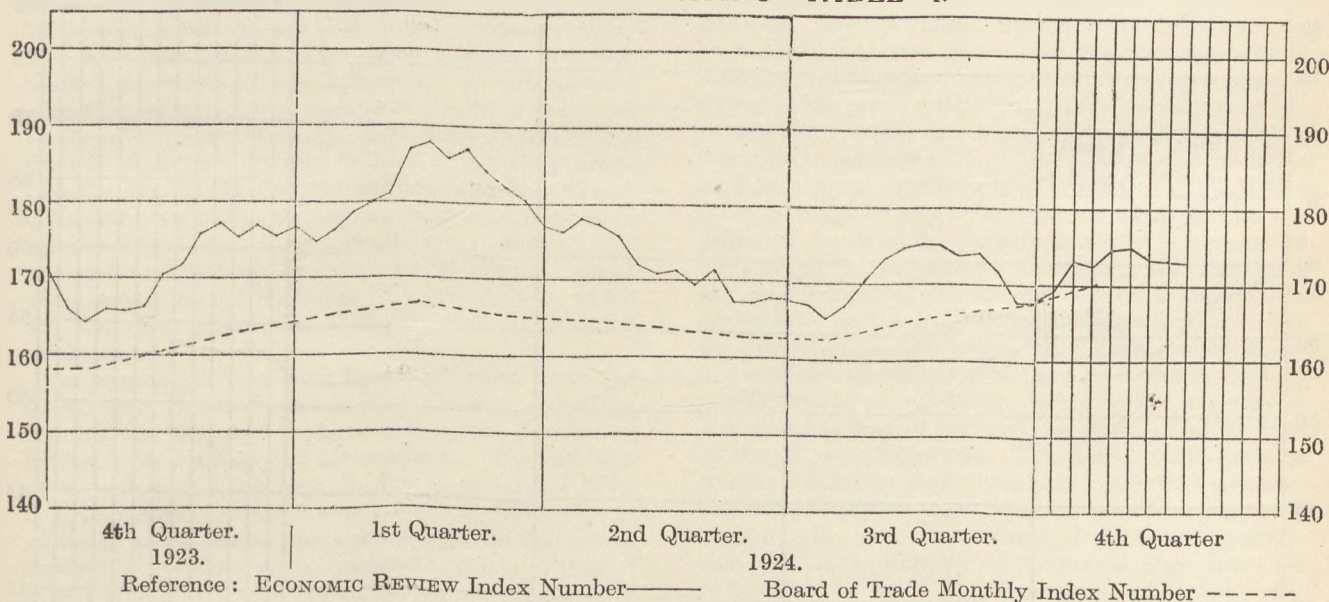


TABLE II.

| Date          | Pig iron. | Tin.  | Coal. | Linseed Oil. | Cotton. | Wool. | Hides. | Wheat. | Bacon. | Sugar. | Mean.  | Date.         |
|---------------|-----------|-------|-------|--------------|---------|-------|--------|--------|--------|--------|--------|---------------|
| Dec. 30, 1921 | 100       | 100   | 100   | 100          | 100     | 100   | 100    | 100    | 100    | 100    | 100    | Dec. 30, 1921 |
| 1922          |           |       |       |              |         |       |        |        |        |        |        | 1922.         |
| Jan. 27 ...   | 90.6      | 90.5  | 92.4  | 108.8        | 85.3    | 100.0 | 82.6   | 101.1  | 94.4   | 96.1   | 94.18  | ... Jan. 27   |
| Apr. 28 ...   | 92.9      | 89.4  | 89.6  | 149.1        | 87.9    | 106.7 | 78.3   | 113.5  | 115.8  | 107.7  | 103.09 | ... Apr. 28   |
| July 28 ...   | 92.9      | 94.5  | 97.2  | 157.9        | 110.1   | 111.1 | 97.1   | 119.0  | 116.5  | 119.2  | 111.15 | ... July 28   |
| Sept. 29 ...  | 94.3      | 95.2  | 92.9  | 135.1        | 105.9   | 117.8 | 96.4   | 82.8   | 104.0  | 134.6  | 105.90 | ... Sept. 29  |
| Nov. 3 ...    | 95.5      | 107.5 | 100.0 | 140.3        | 119.9   | 133.3 | 106.5  | 91.9   | 104.8  | 134.6  | 113.43 | ... Nov. 3    |
| Dec. 29 ...   | 89.4      | 106.7 | 91.5  | 138.6        | 126.0   | 120.0 | 93.5   | 90.4   | 89.7   | 138.5  | 108.43 | ... Dec. 29   |
| 1923.         |           |       |       |              |         |       |        |        |        |        |        | 1923.         |
| May 18 ...    | 110.8     | 117.9 | 128.3 | 166.7        | 120.2   | 137.8 | 102.9  | 102.7  | 91.2   | 242.3  | 132.08 | ... May 18    |
| Oct. 12 ...   | 93.4      | 117.1 | 90.6  | 150.9        | 136.4   | 126.7 | 84.8   | 83.0   | 66.2   | 145.9* | 109.50 | ... Oct. 12   |
| Nov. 16 ...   | 97.2      | 127.4 | 97.2  | 149.1        | 165.8   | 128.9 | 87.0   | 86.2   | 73.5   | 132.7  | 114.50 | ... Nov. 16   |
| 1924.         |           |       |       |              |         |       |        |        |        |        |        | 1924.         |
| Feb. 15 ...   | 96.7      | 163.4 | 96.2  | 171.9        | 159.6   | 151.1 | 91.3   | 100.4  | 65.8   | 156.1  | 125.25 | ... Feb. 15   |
| July 11 ...   | 89.6      | 128.9 | 74.5  | 140.4        | 140.6   | 142.2 | 92.8   | 111.5  | 80.9   | 101.4  | 110.28 | ... July 11   |
| Aug. 15 ...   | 87.7      | 148.0 | 78.3  | 145.6        | 158.8   | 151.1 | 94.2   | 124.1  | 84.6   | 96.6   | 116.90 | ... Aug. 15   |
| Sept. 26 ...  | 85.8      | 136.6 | 72.6  | 151.8        | 120.6   | 151.1 | 97.1   | 113.8  | 81.6   | 108.1  | 111.91 | ... Sept. 26  |
| Oct. 17 ...   | 84.9      | 141.7 | 67.9  | 161.4        | 113.3   | 175.6 | 97.1   | 116.2  | 87.5   | 104.1  | 114.97 | ... Oct. 17   |
| 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    |
| „ 14 ...      | 84.9      | 149.9 | 68.9  | 164.0        | 115.2   | 173.3 | 100.0  | 120.9  | 83.5   | 94.6   | 115.52 | ... „ 14      |
| „ 21 ...      | 84.9      | 149.3 | 68.9  | 163.2        | 116.7   | 173.3 | 100.0  | 118.6  | 83.1   | 95.3   | 115.33 | ... „ 21      |

\*Revised Quotation.



Statistical Section

## THE EUROPEAN EXCHANGES

## WEEKLY PERCENTAGE OF DOLLAR PARITY

(To Week ending November 22.)

|                 | Week ending |          |             | Week ending |          |
|-----------------|-------------|----------|-------------|-------------|----------|
|                 | Nov. 22.    | Nov. 15. |             | Nov. 22.    | Nov. 15. |
| Sweden ...      | 100.23      | 100.23   | Denmark ... | 65.61       | 65.77    |
| Switzerland ... | 100.00      | 100.00   | Norway ...  | 55.34       | 55.21    |
| Holland ...     | 100.00      | 99.54    | France ...  | 27.29       | 27.42    |
| Sterling ...    | 95.06       | 95.06    | Italy ...   | 22.49       | 22.44    |
| Spain ...       | 70.63       | 70.47    |             |             |          |

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.

