

# THE ECONOMIC REVIEW

A REVIEW OF THE FOREIGN PRESS

AND

A JOURNAL OF POLITICAL ECONOMY

Vol. X. No. 23.

December 5, 1924.

Price 1s. Weekly.

## ECONOMIC REVIEW OF REVIEWS.

### PROTECTION OF AGRICULTURE.

In view of the commercial freedom which Germany regains on Jan. 10 next the question of the trade policy to be pursued is arousing widespread discussion, and especially in regard to the protection of agriculture. The confusion of ideas and the conflict of interests which normally attend the public discussion of this subject are abundantly in evidence; high tariffs, for instance, are being advocated in many quarters as a means of forcing down foreign protective tariffs against Germany, whilst agriculture and industry are pressing their respective claims for special protection. In most of the argumentation there is little that is not already thoroughly familiar; in *Die Bank*\*, on the other hand, Herr ALFRED LANSBURGH analyses the issues with a clarity and conciseness which call for particular attention. He approaches the question by enquiring as to the place occupied by agriculture in the national economy and as to the general effects upon national economic welfare exercised by the favourable or unfavourable condition of agriculture, and bases his tariff policy on the conclusions reached. He distinguishes three angles from which the enquiry may be made; first, the position of agriculture in the national and international division of labour; secondly, the equitable treatment of agriculture in relation to other interests; thirdly, the physical fructification or otherwise of the soil under given conditions. It is to the first two of these, which are the most important, that we propose to direct attention.

As regards the first Herr Lansburgh starts from the axiom that the best economic use of human capacities and natural resources is derived from the division of labour, both national and international. The corollary of the division of labour, in the international field, is Free Trade. Owing, however, to new discoveries or whatever other reason there are always arising potentialities of production in particular areas, which, if fully developed, would exceed the actual productivity of other areas. It is therefore of advantage, from the standpoint of world no less than of national economy that such potentialities should be assisted in their development through protective tariffs until such time as they are sufficiently established to require no artificial stimulus. Every state thus simultaneously needs Free Trade for its developed industries and Protection for its nascent industries; Herr Lansburgh might have added that Protection for a newly opened up area is just as necessary against internal, as against external competition. Protection, therefore, serves its turn in stimulating the economic division of labour just as much as Free Trade, and both are necessary according to the circumstances. Moreover, Protection of the kind mentioned more than compensates for a temporary loss of foreign trade through the eventual increase in the productive, and therefore export, capacity of the nation. But he deprecates Protection which is merely destined to coddle unenterprising industries or to stimulate nascent industries which, for whatever reason, can have no real chance of prosperity. The full development of its best natural and other resources is an ideal which no nation can fully realise; there are always some industries which, from the point of view of the most economic

division of labour, should be allowed to disappear, but which must nevertheless be maintained for social reasons or because of the capital that is sunk in them, or on political and military grounds. Take agriculture in Germany, in which is sunk one-third of the national capital. At the moment it might be thought advisable, on purely economic grounds, to turn her whole resources in the direction of industry at the expense of the ultimate total discontinuance of agriculture. Such a transition would take several decades, at the conclusion of which, however, it might well turn out that, owing to a falling off meanwhile in the superiority of overseas agriculture, it would have been more profitable to have maintained agriculture in Germany. Such a falling off would indeed almost certainly occur if agriculture in Europe suffered a serious set-back; for it is precisely the competition of European agriculture which keeps down the price of colonial produce. If Europe ceased to supply, say, three-quarters of her own agricultural needs, and became mainly dependent upon the countries overseas, the price of the latter produce would be bound to rise, and would rob her of the advantages of her increased industrialisation. Now to effect the transition in Europe from agriculture to industry three separate outlays would be required; first on the industries she proposed to develop, second on the development of agriculture in the overseas countries, and thirdly in the renunciation of the income derived from her own agriculture, as the land would be converted from productive purposes into parks, etc. Europe must therefore consider whether it would not be better in the long run to expend an equivalent outlay on the more intensive development of her own agriculture, rather than on the proposed transition. The answer to this question would doubtless vary with the different countries according to the agricultural conditions severally obtaining in them. In disproof of the general assumption that agriculture in an industrial state need not necessarily be at a disadvantage as compared with climatically more favoured agrarian states, Herr Lansburgh cites the instance of Oldenburg, in certain districts of which capital has been so well spent on the production of meat that there has actually grown up a meat export trade to America. With a similar expenditure of capital and energy Germany might well eliminate the necessity of importing any corn without raising its price. But for that purpose agriculture would have to be treated as a nascent industry entitled to the same protection as other nascent industries.

As regards the second angle of approach to the enquiry, viz. from the point of view of equity, Herr Lansburgh says that a state may well desire to prevent both the import and the export of certain commodities in the general economic interest. For instance, it may desire to prevent the import of manufactured goods and the export of raw materials, whilst favouring the import of raw materials and foodstuffs. The farmer thereby suffers a double disadvantage through the increase in the price of manufactured goods which he has to buy, and the decrease in the price of the agricultural produce which he has to sell. The first disadvantage may be avoided if the protective tariff on imported manufactured goods is only imposed, as outlined above, for the purpose of stimulating nascent industries, since the resulting increase in productive capacity should reduce

\* November 1924. Berlin. Monthly, price 16s. per annum.

the price of manufactured goods. The second disadvantage, on the other hand, is one with which the agriculture ought not to be saddled for the benefit of industry.

With Herr Lansburgh's statement of theory, particularly with regard to the protection of nascent industries, it is difficult to quarrel; but the application of it is in practice encumbered with difficulties which ruin its value. Apart from the wirepulling which is inseparable from tariff legislation, who is to decide what "potentialities" are bona fide, or when an industry is sufficiently established to be able to dispense with the tariff? The decision can hardly be withdrawn from Parliament and the electorate, both of which bodies are pre-eminent for their incompetence in such matters; rather than permit such dubious meddling with tariffs it were better to let all industries, nascent or otherwise, fend for themselves under Free Trade.

### FOREIGN LABOUR IN FRANCE.

At the last meeting of the Société d'Economie Politique M. JOSEPH BARTHELEMY read a paper on the immigration of foreign labour into France, with special reference to the Valley of the Garonne and the Department of Gers. The population of Gers rose from 268,000 in 1790 to 314,000 in 1846, but fell again to 274,000 in 1886 and to 194,000 in 1921. The cause of this he ascribes mainly to the infecundity of marriages: in 1924 out of 1,473 conscripts 293 were single children, 427 belonged to a family of two, 328 to a family of three, 193 to a family of four, 99 to a family of five, 73 to a family of six and 58 to a family of seven, whilst 2 only belonged to families of over seven. Other reasons adduced are that there is an exodus to the towns, though the soil of the Garonne valley is rich; the system of small ownership conduces to families of single children; the public service is more attractive than formerly; factory wages are higher than agricultural; urban gaiety is preferred to rural dullness; finally, there were the deaths in the war and the withdrawal of labour for the reconstruction of the devastated areas. The number of persons engaged in agriculture fell by 18,000 between 1911 and 1924; 50,000 hectares are lying fallow and 2,500 farms are abandoned, whilst between 1914 and 1923 the area under pasture rose from 19,461 h. to 36,311 h. at the expense of cereals. For this state of affairs M. Barthélemy can discover no effective remedy other than the importation of foreign labour. The number of foreigners in France in 1923 was 2.8 mill. as compared with .375 mill. in 1851; of these .7 mill. were Italians, .55 mill. Spaniards, .5 mill. Belgians, .4 mill. Russians, and .2 mill. Poles, in addition to crowds of coloured people from North Africa and the Levant. There are two kinds of imported agricultural labour, the seasonal (e.g. Belgians for beet root, Italians for the vineyards, olive harvest, etc.), and the permanent. In the four Departments of the lower Garonne Valley the deficiency of labour is estimated at 83,000, whilst the foreign population there is still below 30,000. Here the Spaniards, Swiss and especially Italians make good colonists by reason of their adaptability of the climate and to French culture. The Italians, as to a lesser extent the Spaniards, are taking farms on long leases and even buying outright at high prices. Between 1919 and 1923 they purchased 2,875 h. (1,486 in 1923 alone) for Fr.4.447 mill. Elsewhere the Poles are making good miners. A number of colonists are, however, coming in who for various reasons are unsuitable; there are those who are individually or racially undesirable, or unadaptable to the climate; who come to depart as soon as they have saved a little; who come in colonies and resist assimilation; who are potentially dangerous from the political point of view, such as the Italians who overflow into the Alpes Maritimes. The immigration, moreover, raises various social problems, e.g. education, the fear of Trade Unions that the foreigner will reduce the level of wages by accepting lower rates, maldistribution tending to create local unemployment. M. Barthélemy thinks that naturalisation should be made more simple and less costly, and that French women

should be encouraged to intermarry with the immigrants, with permission to retain their nationality and to transmit it to their children. The immigration remedy is admittedly transitory, particularly if for any reason Italy should cease to have an exportable surplus.

### AGRICULTURAL CO-OPERATION IN ITALY.

An article in the *International Labour Review*\* describes the three kinds of agricultural societies which exist in Italy, where the success of agricultural co-operation is of particular interest by contrast with the relative failure which has attended similar experiments elsewhere. The two principal evils from which Italian agriculture suffers are absentee landlordism and seasonal unemployment, and it is by reference to these evils that the character of the co-operative societies is determined. The first type of society, which is probably confined to the valley of the Po, is a kind of tenants' defence league, which offers to take the place of the absentee landlord's agent. The normal procedure is to take over an estate already sub-divided into separate farms and generally to fix the number of members in the society according to the number of farms. The strict provisions of the Commercial Code under which the societies are registered, and of the Civil Code, together with the system of rural credits by which they are backed, afford to the landlord a guarantee of good faith and of financial stability. Where under the former middleman the farms were run on share produce agreements, as was generally the case, such agreements are continued, and cultivation by the individual members is supervised by the society as a whole. The second type of society takes over an estate and parcels it out among its members. In this case the member is not allotted a farm complete with equipment and dwelling-house, but a mere cultivable portion of land, and lives away from his holding in the village. The holdings are usually arable, not pasture land, as the main purpose of the cultivator is not so much, as in the first type of society, to cultivate for the market, but to supply the needs of his family. The society engages in the usual way, following a share-produce agreement, to provide capital in the form of seeds, manures, etc., while joint use of machinery between the cultivators is generally arranged for. The agreements may be short (2 to 6 years) or long (20 or even 29 years), and usually require rent to be paid either in cash or in kind, while the society exercises strict supervision over farming operations. The third, or "unitary," type of society, which, unlike the other two, has arisen mainly in response to the unemployment problem, is formed to take over the ordinary one-man farm, providing the necessary capital and taking the risks of the undertaking. The members thus become employed workers and financial partners at the same time. The difficulty of seasonal casual labour is met by a system of rotation; some societies consistently adopt the principle of classifying families by size and economic needs, and give most employment to those who need it most. In order to provide continuous work these societies are apt to carry out larger improvements than is consistent with their financial stability. When pressed at harvest time they often engage local outside labour, whilst in winter their members generally undertake work on contract entirely outside the normal functions of the society. It thus appears that they are only partially successful in accomplishing the purpose (i.e. decasualisation) which mainly called them into being. As regards the finances of these societies more weight is laid on the wage principle than on the profit principle.

The societies are managed by a Board of Directors elected annually and retiring by rotation; the Directors engage such paid technical staff (e.g. accountants and especially managers) as is necessary. The local societies derive considerable assistance from the district federations, especially as regards the purchase of the means of production, technical advice, surveying operations and the provision of credit facilities.

\* Vol. X., No. 5. International Labour Office, Geneva. London: Allen & Unwin. Monthly, Price, 2s. 6d.

# 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.)

## FRANCE

### POLITICAL AND GENERAL

#### The Economic and Financial Recovery of France.

—M. Yves-Guyot devotes a Supplement of the *Agence Economique et Financière* to a survey of the economic and financial recovery of France, in which he shows the extent to which this has already been accomplished, with the prospect now opened out before the country of its complete achievement by the end of 1925. The steady growth of revenue from taxation is one of the most striking features of this statement. In 1923 and 1924 the official estimates of Fr.19 milliard and Fr.22 milliard were received with incredulity; but in the former year the receipts actually exceeded Fr.20.5 milliard, while in the latter they have already reached a total of Fr.22,558 million for the first ten months and are expected to produce Fr.25 milliard before the close of the year. The Budget for 1925, however, anticipates that the proceeds will aggregate no less a sum than Fr.33,203 million, and for the first time in eleven years revenue and expenditure will then balance. This steady growth of revenue has synchronised with a gradual decrease of expenditure since 1920, when it had reached the high altitude of Fr.39.5 milliard. In 1919 there was an excess of expenditure over revenue of Fr.23,759 million; in 1923 the General Budget balanced, but the whole of the expenditure incurred in the reconstruction of the devastated territory had to be met by a loan; in 1924 the General Budget will show a surplus, and thus contribute a substantial amount towards meeting the expenditure under the Extraordinary Budget; while in 1925 not only will expenditure, of every kind whatsoever, be covered by revenue, but there will be a surplus estimated at Fr.8 million. With regard to State monopolies, tobacco in 1921 showed a gross yield of Fr.1,600 mill. as against an expenditure of Fr.565 mill., the corresponding figures in 1924 being Fr.1,997 mill. and Fr.547 mill. and in 1925 Fr.2,438 mill. and Fr.620 mill.; matches rose from Fr.87 mill. in 1919 to Fr.132 mill. in 1924 as regards yield, while the increase in expenditure was only Fr.14 mill.; as for Posts, Telegraphs, etc., whereas these showed a deficit during the first years following the war, they are now yielding a surplus, which in 1925 is estimated to amount to Fr.59 million; the railways, too, yielded a surplus in 1922, since when it has been steadily growing. Finally, with regard to foreign trade, the adverse trade balance declined from Fr.23,920 mill. in 1919 and Fr.23,010 mill. in 1920 to Fr.2,177 mill. in 1923; but for the first ten months of 1924 there is already a favourable trade balance of Fr.1,380,234,000. There is also a great revival of agriculture and industry is making rapid progress. The above figures, M. Yves-Guyot concludes, sufficiently explain the public confidence in France manifested by foreign countries, by their ready offers of financial assistance.

**The United States and the Interallied Financial Conference.**—Experts appointed by the various Allied Powers have been for several weeks engaged in Paris, under the chairmanship of M. Aron, in preparing the work with which the Interallied Financial Conference will have to deal in the course of the month. In the first place, says *Le Temps*, it will have to pass an exact balance-sheet in respect of the Franco-Belgian occupation of the Ruhr and divide the proceeds obtained from January 11, 1923, to August 31, 1924, after making out the accounts of the military expenditure of the occupation; secondly, it will have to decide how the first annual payment of one milliard of gold marks by Germany for the year September 1, 1924, to August 31, 1925, under the Dawes Plan is to be divided. The United States will be officially represented at the Con-

ference, as she claims a share of the German payments in respect of her expenses in connection with the occupation of the Rhineland, amounting to G.Mk.1,072 mill., and likewise in respect of reparations for losses entailed in the war, duly acknowledged in the special treaty concluded between the United States and Germany apart from the Treaty of Versailles. Explaining the position taken up by the United States, M. Clémentel stated in the Senate that an agreement had been come to between the French and American Governments restricting the claims of the United States to actual losses sustained by that country, to the exclusion of individual claims in respect of reparations. Pensions and allowances are therefore excluded. Although not a signatory of the Treaty of Versailles, which however had recognised her right to reparations, the United States had asked France to admit her on an equal footing to share in the division of the annual payments to be made under the Dawes Plan. An agreement was arrived at on the ground of equity, without reference to the question of right, and as far as France was concerned it had been understood that the amount to be awarded to the United States should not be paid at a more rapid rate than the French claims. The United States, therefore, would continue in association with France until the Dawes Plan shall have been fully carried out. A minute embodying the terms of this agreement was signed by M. Clémentel and Mr. Logan on October 25.

**The Egyptian Crisis.**—French public opinion, says the *Information Financière, Economique et Politique*, views the Egyptian crisis with serious attention, but without passion. Some newspapers even give remarkable proof of kindly feeling towards England, a feeling, however, that is somewhat ill requited. Thus, Reuter having published in London a statement apparently of a semi-official character to the effect that the French Government was in favour of the Egyptian question being referred to the League of Nations, a section of the English Press immediately seized hold of the statement to fulminate against France. As a matter of fact the attitude of the French Government has been of the purely waiting order, and the Reuter statement was certainly not inspired by the Quai d'Orsay. On the contrary, the French Government has assured the Foreign Office that it will adhere faithfully, in the letter and in the spirit, to the Agreement of 1904, in keeping with the dictates of common-sense, honour and self-interest, and will not interfere in the slightest in Egyptian or Soudanese affairs; and on Friday evening, Nov. 28, the British Ambassador in person thanked the President of the Council for the loyalty displayed by France. On the question of the protest addressed by the Egyptian Chamber to the League of Nations and Foreign Parliaments, the *Information* repudiates the idea that the Soudan and Egypt are an indivisible entity, even though the Nile unites them. On the same analogy Switzerland, it argues, might be held to belong to France on account of the Rhône or to Germany on account of the Rhine. The Egyptian Chamber, it thinks, is banking too much on the ignorance of Foreign Parliaments, while no true friend of the League is likely to tempt it to its death by making itself ridiculous.

### FINANCE

**The Working of the Dawes Plan.**—Mr. Gilbert, Agent for Reparations Payments, furnishes a statement of receipts and payments on account of the Dawes annuity for September and October, the first two months during which the Dawes Plan has been in operation. The first annuity, Sept. 1, 1924, to August 31, 1925, amounting to one milliard of gold marks, corresponds to monthly instalments of G.Mk. 83½ mill. The actual receipts total up to G.Mk.169,712,577. The payments out in kind effected by the Agent amounted

to G.Mk.143,079,431, of which France received the equivalent of G.Mk.60,841,570, made up as follows: Coal, coke and lignite, G.Mk.15,736,695.87; chemical products, G.Mk.584,718; pharmaceutical goods, G.Mk.781,179.65; transport of coal, coke and lignite, G.Mk.5,747,936.74; exploitation of mines, coke-ovens under Government control, G.Mk.7,097,340; reparations under the Reparations Recovery Act, G.Mk.515,000; paper marks for the army of occupation, G.Mk.8,092,000; requisitions, damages and supplies in virtue of Articles 6, 8, 9, 10, 11 and 12 of the Rhine Convention, G.Mk.14,786,700; and supplies from the Ruhr, G.Mk.7,500,000. Total, G.Mk.60,841,570. The balance in hand on October 31, 1924, at the Reich Bank was G.Mk.24,240,864, and at banks in the Rhine Provinces G.Mk.2,392,280. (*Exportateur Français*, Nov. 27.)

**Proceeds of the Pari Mutuel Tax.**—The Minister of Agriculture, replying in the *Journal Officiel* to a question asked by a member of the Chamber of Deputies, states that the returns of the Pari Mutuel for the first ten months of the year amounted to Fr.1,057,344,550, the tax on which yielded a sum of Fr.70,360,034.45. Of this amount 2 per cent., or Fr.21,146,890.80, was devoted to works of charity, in accordance with the Act of June 2, 1891; 1.5 per cent., or Fr.15,860,167.53, to horse and cattle breeding, etc., in accordance with the Acts of June 2, 1891, and August 5, 1920; 0.50 per cent., or Fr.5,286,723.47, to agricultural colleges, in accordance with the Act of August 5, 1920; 1 per cent., or Fr.9,355,417.45, to the supply of drinking water, in accordance with the Act of April 1, 1903; a similar amount to works of charity in the devastated territory, in accordance with the Act of August 12, 1919; and a similar amount again to the supply of drinking water in the same districts, in accordance with the same Act.

**Revenue Returns for October.**—The total revenue collected in October totalled Fr.3,047,031,500, including Fr.99,934,300 from special and miscellaneous sources, of which Fr.61,129,600 represented war profits tax, which leaves Fr.2,947,097,200 for ordinary permanent revenue, or an increase of Fr.728,915,800 as compared with October 1923. The increase for the first ten months of the year amounts to Fr.4,483,276,500. The yield of Fr.2,129,175,000 from indirect taxation and monopolies in October establishes a record, being Fr.9,442,000 above the previous highest returns in July last, but as much as Fr.481,251,000 above the yield for October 1923. At the same time, it is Fr.274,792,500 in excess of the Budget estimate. The turnover tax produced Fr.428,570,000, or the highest amount for any month since the introduction of the impost, which has yielded for the first ten months of the year Fr.3,371,192,000, or Fr.718,509,000 in excess of the Budget estimate and Fr.923,212,000 more than in the corresponding month of last year. Again, the receipt of the Registration Office in respect of the transfer of property and the stamp duty, the tax on Stock Exchange transactions, the duty on income from stocks and shares and the luxury tax on sales between private individuals, aggregated Fr.935,144,000, or Fr.138,718,000 in excess of the Budget estimate and Fr.255,201,000 more than in October 1923. The Customs returns, including the duties from mineral oils, Colonial produce, petrol and petroleum, benzol, salt and sugar, amounted to Fr.198,045,000, or less than 2 per cent. more than in October 1923 as the result of a decline in the imports of colonial and foreign sugar owing to the increased output of the home-made article. The receipts of the Office of Indirect Taxes, including its share of contributions to the Customs in respect of the various consumption taxes, amounted to Fr.567,177,000, or Fr.70,323,000 in excess of the Budget estimate and Fr.94,805,000 more than in October 1923. The proceeds from the Post Office are not included in these returns; they total Fr.125,801,000, or Fr.6,156,000 in excess of the Budget estimate and Fr.12,295,000 more than in 1923. The following table shows the yield from the various classes of indirect taxes as compared with the

Budget estimates and the returns for the corresponding month of last year (in thousands of francs):—

Indirect Taxes and Revenue.	October 1924.	Difference as compared with	
		Budget estimate.	Difference as compared with October 1923.
Registration of transfer of property ...	521,186	+ 61,486	+ 129,110
Stamp duty ...	99,387	+ 13,019.5	+ 24,979
Duty on Stock Exchange transactions	7,808	— 7,107	+ 3,810
Tax on securities	305,497	+ 71,308	+ 96,514
Luxury tax ...	1,266	+ 11.5	+ 788
Turnover tax ...	428,570	+ 120,730	+ 134,877
Customs duties ...	131,258	— 53,224	— 3,513
Indirect contributions ...	238,996	+ 29,099	+ 45,398
Colonial produce and coffee substitutes ...	19,613	— 1,862	+ 2,231
£alt tax ...	4,015	+ 105	+ 674
Sugar and saccharine duty ...	34,625	+ 8,333	— 2,933
Petrol and petroleum ...	32,959	+ 767	+ 9,909
Benzol ...	1,675	+ 1,180	— 566
<b>Monopolies.</b>			
Indirect contributions ...	212,081	+ 31,345	+ 40,025
Various undertakings ...	239	— 398.5	— 252
<b>Total ...</b>	<b>2,129,175</b>	<b>+ 274,792.5</b>	<b>+ 481,251</b>
<b>Total Jan. to Oct.</b>	<b>16,497,577.5</b>	<b>+ 2,114,836.2</b>	<b>+ 3,336,528.5</b>

(*Economiste Français*, Nov. 22.)

The following tabular statement shows the aggregate amounts received by the Treasury during each month of the current financial year:—

January ...	Fr.2,296,064,600	June ...	Fr.2,122,133,400
February ...	1,980,335,500	July ...	2,529,693,700
March ...	2,110,642,950	August ...	1,788,508,000
April ...	2,399,707,400	September ...	2,015,527,200
May ...	1,968,611,200	October ...	3,047,031,500

or a total of Fr.22,258,255,450, of which Fr.20,738,116,300 was from ordinary permanent sources and Fr.1,520,139,150 from special sources. The latter sum was made up of Fr.1,196,289,300 from the war profits tax, Fr.39,014,900 from the liquidation of stocks, and Fr.284,834,950 from "recettes d'ordre" and miscellaneous. The following table shows the receipts from ordinary permanent sources only (direct taxation, indirect taxation and monopolies, and the public domain) for the same period:—

January ...	Fr.2,080,571,400	June ...	Fr.2,001,173,900
February ...	1,820,089,600	July ...	2,420,978,300
March ...	1,960,639,100	August ...	1,690,073,100
April ...	2,196,400,100	September ...	1,920,434,600
May ...	1,700,659,000	October ...	2,947,097,200

or a total of Fr.20,738,116,300, made up as follows:—

	Direct taxation.	Indirect taxation and Monopolies.	Public Domain.
January ...	Fr.398,147,100	Fr.1,672,631,000	Fr.9,793,300
February ...	476,851,500	1,334,038,000	9,200,100
March ...	388,013,700	1,555,063,000	17,562,400
April ...	313,342,000	1,870,907,000	12,151,100
May ...	272,258,700	1,417,611,500	10,788,800
June ...	523,450,200	1,464,121,000	13,602,700
July ...	275,161,400	2,119,733,000	26,083,900
August ...	239,717,700	1,435,582,000	14,773,400
September ...	394,185,800	1,498,716,000	27,532,800
October ...	733,683,300	2,129,175,000	84,238,900

**Total ...** 4,014,811,400 16,497,577,500 225,727,400  
(*Le Temps*.)

## TRADE

**Foreign Trade Returns.**—A further analysis of the foreign trade returns for the first ten months of the year, published by *Le Temps*, supplies the following particulars with regard to the sources from which French imports were derived and to the countries which shared in her export trade.

**Imports** (in thousands of francs).—The United States supplied France with goods to the value of Fr.4,538,856 as against Fr.3,773,507 in the corresponding period of 1923; Great Britain, Fr.4,040,290 as against Fr.4,281,123; Belgium and Luxemburg, Fr.2,171,922 as against Fr.1,930,383; Germany, Fr.1,698,152 as against Fr.744,333; Argentina, Fr.1,508,987 as against Fr.1,081,140; Algeria, Fr.1,379,284 as against

Fr.928,556; Italy, Fr.1,229,483 as against Fr.951,413; Holland, Fr.967,110 as against Fr.773,744; the Sarre, Fr.860,272 as against Fr.565,428; Brazil, Fr.842,690 as against Fr.543,479; Spain, Fr.677,043 as against Fr.456,689; and Switzerland, Fr.526,769 as against Fr.470,493. Great Britain, therefore, was the only one of the chief exporting countries to France whose trade showed a decline, viz. of Fr.240,833,000. Next in order of importance come Sweden, Canada, Japan, Senegal, French Indochina, Tunis, Madagascar, Morocco, Czechoslovakia and Norway, of which French Indochina and Czechoslovakia alone show a declining trade, though only to a very small extent.

*Exports* (in thousands of francs).—The export trade of France, on the other hand, showed an increase in every direction. Great Britain shared in it to the extent of Fr.6,503,593 as against Fr.4,915,347; Belgium and Luxemburg, Fr.5,885,491 as against Fr.4,676,157; Germany, Fr.3,019,795 as against Fr.863,590; the United States, Fr.2,643,109 as against Fr.2,053,621; Switzerland, Fr.2,174,486 as against Fr.1,643,163; Algeria, Fr.1,938,684 as against Fr.1,626,323; Italy, Fr.1,179,100 as against Fr.949,458; the Sarre, Fr.1,107,834 as against Fr.694,381; Holland, Fr.960,713 as against Fr.502,005; Spain, Fr.949,334 as against Fr.732,422; Argentina, Fr.594,520 as against Fr.517,284; and Morocco, Fr.562,489 as against Fr.383,400. Next in order of importance were French Indochina, Tunis, Brazil, Canada, Senegal, Japan, Madagascar, Sweden, Czechoslovakia and Norway.

Imports from foreign countries aggregated Fr.29,216,238,000 as against Fr.23,138,281,000 in 1923, and from French colonies and protectorates Fr.3,382,915,000 as against Fr.2,443,095,000. Exports to foreign countries, on the other hand, aggregated Fr.29,803,651,000 as against Fr.21,139,762,000, and to French colonies and protectorates Fr.4,175,736,000 as against Fr.3,199,903,000. There was a favourable trade balance, therefore, of Fr.587,413,000 in the first ten months of this year in respect of foreign countries as against an adverse trade balance of Fr.2 mill. in round figures in the corresponding period of 1923; while in respect of French colonies and protectorates there was a favourable trade balance of Fr.792,821,000 as compared with one of Fr.756,808,000 in 1923.

## GERMANY

### FINANCE

#### Reparations Payments in September and October.—

Germany has not thought it worth while to publish detailed information of her deliveries in kind to the foreign powers. The *Deutsche Allgemeine Zeitung* now reproduces the figures supplied by the Agent-General for Reparations Payments dealing with payments received and made during September and October of this year.

#### *Payments received from Germany.*

	September.	October.
	In 1,000 gold marks.	
Cash receipts by Agent-General	40,000	29,772
Under the Recovery Act—		
Great Britain	11,236	18,520
France	—	515
Upkeep of Armies of Occupation	5,406	5,406
Requisitions, damages, etc., under the Rhineland Agreement, and upkeep of Interallied Commissions	13,000	13,000
Costs of Ruhr Administration	4,500	4,500
Other revenue	563	—
From dues collected by Regie in occupied areas	8,800	14,460
Various	5	30
<b>Total receipts</b>	<b>83,510</b>	<b>86,203</b>

In the two months together, then, 69.77 mill. gold marks was paid by Germany to the cash account and the remaining 100 mill. was in respect of payments to the Reparations account.

The payments made to the accounts of the various creditor States were as follows:—

	September.	October.
	In 1,000 gold marks)	
<i>Great Britain.</i>		
Dyes, pharmaceutical products	—	2,138
Reparation Recovery Act	11,236	18,520
Armies of Occupation	1,100	1,100
Requisitions, etc., under Rhineland Agreement	1,922	1,935
<b>Total</b>	<b>14,258</b>	<b>23,693</b>
<i>France.</i>		
Hard coal, coke, lignite	4,036	11,701
Chemical fertilisers	—	585
Dyes, pharmaceutical products	—	781
Transport of coal, coke and lignite	—	5,748
Working of coal mines and coke works by the Regie	5,417	1,681
Reparation Recovery Act	—	515
Armies of Occupation	4,046	4,046
Requisitions, etc., under Rhineland Agreement	7,369	7,417
Administration of Ruhr area	3,750	3,750
<b>Total</b>	<b>24,618</b>	<b>36,224</b>
<i>Italy.</i>		
Coal and coke	4,383	3,519
Dyes, pharmaceutical products	—	2,243
Transport of coal and coke	—	3,198
<b>Total</b>	<b>4,383</b>	<b>8,960</b>
<i>Belgium.</i>		
Hard coal, coke and lignite	4,157	3,864
Chemical fertilisers	—	291
Dyes, pharmaceutical products	—	1,314
Transport of coal, coke and lignite	—	1,286
Restoration of Louvain Library	—	100
Armies of Occupation	260	260
Requisitions, etc., under Rhineland Agreement	1,388	1,397
Administration of Ruhr area	750	750
<b>Total</b>	<b>6,555</b>	<b>9,262</b>
<i>Japan.</i>		
Dyes	—	2
<i>Jugoslavia.</i>		
Various	—	3,375
<i>Portugal.</i>		
Various	—	506
<i>Rumania.</i>		
Various	—	742
<i>Greece.</i>		
Various	—	270

To these deliveries in kind must be added the following expenditure: Payments for coal, coke and lignite delivered by Belgium and Luxemburg, the costs of which must be refunded to the Agent-General:—Belgium (October) 910,000 gold marks; Luxemburg, 792,000 gold marks; amounts kept back by the French and Belgian Governments in connection with the collection of Customs duties in the occupied areas—October, 2 mill. gold marks.

The expenditure incurred by the Inter-allied Commissioners was as follows:—

	September.	October.
	In 1,000 gold marks.	
Reparations Commission	1,165	585
Rhineland Commission	1,250	1,250
Military Commission of Control	1,000	1,000
Naval	70	—

The administrative costs of the Agent-General's office amounted to 82,000 gold marks in September and to 725,000 in October. The main part of this was covered by the funds of the Reparations Commission.

The total expenditure was therefore 53.38 mill. in September and 89.7 mill. in October, aggregating 143.08 mill.

**Supplementary Budget for 1924.**—The Reichsrat has accepted a Supplementary Budget for 1924 wherein ordinary revenue remains unaltered, but ordinary expenditure is increased by 38.8 mill. gold marks. Nevertheless, the surplus still works out at 181 mill. because interest on the national debt can be reduced by the repurchase of Gold Loan. In the Extraordinary Budget another 53.3 mill. is demanded, increasing the uncovered deficit to 64 mill., which is to be covered by surplus from the Ordinary Budget. The Budget for the Execution of the Peace Treaty Terms shows a deficit decreased from 641.5 mill. to 465.5 mill., of which 117 mill. is to be covered by ordinary surplus and 348 mill. by loans.

The Budget now stands as follows: *Ordinary Budget*, revenue 5.3 milliard, expenditure, 5.1 milliard, surplus 181 mill. *Extraordinary Budget*, expenditure 646.6 mill., revenue 252.5 mill., from surplus of Ordinary Budget 64 mill., loans 348 mill.

For the Budget year 1924, then, a balance has not yet been successfully achieved. The following details of expenditure sums demanded are interesting: 24.7 mill. for pensions and maternity welfare work; 1 mill. for the promotion of agriculture; 2.1 mill. for emergency work; 15.7 mill. for housing and settlement schemes; 8.1 mill. for the participation of the Reich in the Neckar Co., the Rhine-Main-Danube Co. and canal construction and power company schemes; 16 mill. for electricity and nitrate works; and 13.3 mill. for war and Ruhr funds. (*Deutsche Allgemeine Zeitung.*)

### TRADE

**State of the Iron Market.**—The October report on the iron market in *Stahl und Eisen* states that although for months past iron prices have been so low that producers were working at a loss, the state of employment is now so unsatisfactory that the works have been obliged, if they wished for orders, to reduce prices still further. From 120–115 gold marks in July the price of bar iron sank to 112–110 in the middle of October. Even the latter prices, said by consumers to represent a bottom limit, were frequently underbid and only represent average prices. The Lorraine works in particular underbid in the matter of semi-manufactures almost to the point of giving them away, a point which should not pass unnoticed with commercial agreements in process of negotiation.

As very few closed down works began to work again but on the contrary work restrictions and short shifts continued and the number of unemployed is still large, the conclusion must unhappily be drawn that the London Agreement has not yet brought the hoped for revival of trade to the German iron market. During the last ten days of October, as a matter of fact, home demand became far more lively; in some cases the works were swamped with enquiries, many of which resulted in business. This was probably the result of the newspaper reports of the proposed formation of a raw steel association [now formed], but it is doubtful if the increased purchasing activity will continue. Permanent improvement is not likely unless the commercial agreements result in favourable conditions for Germany and unless the question of the length of the working day is settled and the formation of combines placed on a broader basis.

The average prices in October for basic commercial goods per t. ex works were, in gold marks: rolled ingots, 95; billets, 100–102.5; sheet billets, 105–110; bar iron, 110–112; section iron, 106–108; hoop iron, 140–150; heavy sheet, 125–128; medium sheet, 135–140; thin sheet up to 1 mm., 155–160; thin sheet under 1 mm., 165–170; rolled wire, 125–130.

The foreign market remained quiet and prices sank still further; only for thin sheet did the demand revive. There is great competition of course for the few foreign orders which come in, and this serves to send prices down yet more.

As regards the position in the iron and steelware industry in October, the *Frankfurter Zeitung* reproduces the following report: In the Hagen district export trade is almost at a standstill and the home demand very small. Suppliers competed so keenly among themselves for the few orders available that they drove prices down to below cost. Most works are working short time and unemployment in the small iron industry has not yet diminished. In the Remscheid and Velbert machine tool industry conditions were slightly better on the whole, although they varied very much in the different works, some of which complained of lack of orders, while others expressed their complete satisfaction in this respect. The shortage of capital is still very noticeable in the Schmalkalden district, but unemployment has decreased very slightly; demands have recently been put forward for increased wages. Business prospects cannot yet be considered favourable in the iron and steel goods industry, for it is practically excluded from foreign trade, and at home purchasing only takes place from hand to mouth.

## INDUSTRY

**Coal Production Problems.**—The results of a comparison of the figures showing the coal output and the number of miners employed in the Ruhr area in the third quarter of 1924 with the corresponding figures for 1921 and 1913 are interesting.

<i>Ruhr district, excluding Regie pits.</i>			
	Total output. Tons.	Output per working day (monthly average). Tons.	No. of miners.
3rd quarter 1913 ...	9,589,672	364,157	395,821
3rd quarter 1921 ...	7,674,103	291,439	534,607
3rd quarter 1924 ...	8,644,155	328,301	452,735

Thus, in the third quarter of 1913, 395,000 miners produced 364,000 t. of coal per working day. In the corresponding period in 1921, 534,000 miners were employed and produced 291,000 t. per working day. While, therefore, there was an increase in the number of miners amounting to 193,000, there was a reduction in output of 73,000 t. per working day. A more favourable state of things is shown again in the third quarter of 1924; the number of miners decreased to 452,000 (82,000 less than in 1921), while the output increased by about 37,000 t. per working day. Thus there was first a decrease in production accompanied by an increase in miners, and then an increase in production accompanied by a decrease in miners. This is explained by the fact that, on the one hand, the decline in production as a result of the dropping of shifts cannot be made good by a corresponding increase in the number of miners employed in the direct production of coal (hewers, etc.), while, on the other hand, the number of unproductive workers must be greatly increased. It is evident that the length of the shift—in 1913, 8½ hours underground, including time taken in descending and ascending the pit, in 1921 7 hours, and in 1924 8 hours—is not without effect on the figures of production and number of miners. According to the foregoing figures for 1921 and 1924 a reduction in the shift hours from 8 to 7 hours would reduce the daily output by about 37,000 t., or by 925,000 t. per month, in spite of the employment of about 82,000 additional miners which would be necessary. With average proceeds of Mk.16 per t. this deficiency in production would result in a yearly loss of 178 mill. marks, while requiring at the same time the expenditure of an additional sum of 157 mill. marks on wages, taking the average shift earnings at Mk.6.40 (including social bonus, allotments of coal, etc.). Calculated roughly, the cost of production would consequently be increased by 335 mill. gold marks. (*Deutsche Allgemeine Zeitung.*)

**The Output of Coal in October.**—The output in the Ruhr area in October totalled 9.26 mill. t. of coal and 1.81 mill. t. of coke (8.55 mill. and 2.03 mill. respectively in October 1922, 9.6 mill. and 1.87 mill. in October 1913). Briquette production amounted to 301,076 t. (398,177 and 423,758 in October 1922 and 1913 respectively). There were 456,289 workers at the end of October, as against 536,825 and 408,575 at the corresponding dates in 1922 and 1913 respectively. All these figures exclude the three mines and ten coke works still under the administration of the Regie in October. As from November 1 they will be included again.

In the Aix district the hard coal output totalled 270,998 t. (194,381 and 295,894 in 1922 and 1913 respectively). This is an increase of nearly 40 per cent. on the output in October 1922, but a decrease of 8.4 per cent. on 1913.

The hard coal output in Western Upper Silesia was 1.14 mill. t. (0.66 mill. in 1923, 0.92 mill. in 1913); the coke output was 104,067 t. (106,534 and 106,993); briquette manufacture totalled 25,969 t. (10,371 and 9,348). The number of workers has diminished from 52,501 in October 1923 to 46,871 (34,596 in October 1913). Consignments to Czechoslovakia have increased of late and amounted in the month under review to nearly

34,000 t.; German-Austria, too, received 6,300 t. instead of 4,848 t. in September.

The Lower Silesian hard coal output totalled 480,661 t. (410,037 in 1923, 477,848 in 1913); coke extraction amounted to 81,477 t. (78,527 and 77,836); briquette manufacture to 6,955 t. (11,530 and 9,866). The number of workers was 34,943, as against 45,633 in October 1923 and 26,675 in October 1913. A number of shifts had to be dropped again in October owing to the sales crisis, and the decrease of mine stocks from 298,000 to 292,500 t. since the end of September is due solely to the additional demand for foundry and household coke.

In the Central German lignite area the rough output totalled 8.37 mill. t. (7.55 mill. in September), lignite manufacture 2.09 mill. t. (1.93 mill.) and coke production 29,267 t. (25,402).

The Rhenish lignite output totalled 3.29 mill. t. (1.81 mill. in October 1923, 1.79 mill. in October 1913).

(*Frankfurter Zeitung*.)

**Conditions in the Leather Industry**—A report on the leather industry in the *Deutsche Allgemeine Zeitung* states that business in this and the footwear industry leaves much to be desired, home purchasing having been very quiet since September. The foreign trade figures for September show that hide and skin imports were considerably higher than in the two previous months, viz. 83,069 d.ctr., as against 54,500 in August and 69,154 in July, whereas exports of these articles, which had risen from 2,670 d.ctr. in July to 3,924 in August, sank in September to 2,570 d.ctr. Leather imports fell from 3,704 to 3,583 d.ctr. between July and August, to rise to the noteworthy total of 8,799 d.ctr. in September. Leather exports fell, in the three months in question, from 10,297 to 9,104, then to 9,093 d.ctr. Footwear imports totalled 70,621 pair in July, 34,725 in August and 35,089 in September; footwear exports were 305,028 pair in July, 328,328 in August and 298,873 in September. Heavy footwear came chiefly from Alsace-Lorraine, Holland, the U.S.A., France, Czechoslovakia and Austria, and German footwear found its chief markets in Memel and Danzig, the Saar, Polish Upper Silesia, East and West Poland, Finland, Switzerland and Canada.

The leather industry has, during recent months, says the *Frankfurter Zeitung*, been so impeded in its supply of raw material by financial difficulties and the impossibility of securing sufficient credits that there is at present a shortage of most articles made by it; this applies especially to sole leather and cowhide. The tanneries have practically no stocks of raw hides and are, in view of the approaching winter, obliged to look round for material and often buy it at a higher price than is really profitable. Foreign and overseas material they cannot afford.

Before the war the tanneries bought raw hides almost exclusively on credit. Germany is the largest hide consumer in the world and utilised before the war one-quarter of the available hide supply. In 1923, however, her hide imports totalled only 1.01 mill. d.ctr., as against 2.54 mill. in 1913.

## ITALY

### POLITICAL AND GENERAL

#### THE OUTLOOK.

(*From a Correspondent lately in Italy.*)

Italy does not possess in great quantities the raw materials which form the basis of a national wealth like that of Germany or Great Britain. But within the limits traced by nature in the present state of scientific knowledge Italy has attained in the last two years a creditable level of quiet prosperity. Prices it is true have risen fairly stiffly without wages following them. Thus the Milan Chamber of Commerce Index Number for the cost of living which averaged over the year 1923 532 rose

in October last to 563, while wages during this period tended if anything to fall. From this tendency the late Giacomo Matteotti argued in his posthumously published book that while the Fascist régime had done little or no good to the economic life of Italy, what it had accomplished had been done exclusively at the cost of the poorer classes. The inference was not quite fair. While it is doubtless true that the Fascist period has witnessed a revision of the partition of profits in favour of capital as opposed to labour, it is yet probable that this has been in the interest of the country at large and even indirectly of labour itself. Other factors besides the mere purchasing power of the lire paid out weekly to the wage earner must be taken into account when estimating the worker's income of satisfactions, factors such as stability of employment, opportunities on the part of other members of the family to contribute to the common funds, social atmosphere, &c. There is not much doubt that the whole standard of Italian working class life has risen rather than fallen in the Fascist period. The prosperity of the middle classes has unquestionably done so.

A modestly rising economic curve is not however in itself enough to secure the confidence of the foreign investor. Those who think to profit by the evidently favourable tendency of the times for Italian business venture, are apt to draw back in fright when they come to investigate the political position at close quarters and to ask themselves how long the present state of affairs can last. It is certainly true that the discontent which first found serious expression after the Matteotti murder in June has grown to perilous proportions. Throughout the South hardly a peasant or workman can be found with a single good word to say for the Government. In Tuscany and Emilia Fascismo is still a very live force, sufficiently frightening for its opponents to keep their counsels very much to themselves, so that neither their numbers nor the intensity of their feeling can easily be gauged. Less uncertainty prevails in the industrial North. There is little doubt that the workers of Milan, Turin and Trieste are preponderantly hostile to the régime. The Fascist "Corporations" (the syndical organisations of the Fascists) seem to have no serious roots in working class favour. The Socialist Trade Unions, once seemingly reduced to an impotence from which there could be no recovery, are steadily regaining their old power. The allegiance of the industrial employers may be intact, but that of the middle class intellectuals is profoundly shaken.

There exists then quite indubitably a danger that the present régime will be overturned. Unless Signor Mussolini fairly quickly dissociates himself from the pure mediævalists of his party—people who believe in the possibility of the permanent rule of a self-elected minority in a discontented country—it seems clear that within measurable time the Army will range itself behind the Crown against Fascism and that, after a more or less violent struggle, Mussolini will have to vacate his post in favour of somebody less thrilling but more comfortable. But who will that person be? One thing seems tolerably clear—it will not be Signor Bombacci, the Italian Trotski of three years ago, whose image then haunted the timid bourgeoisie in their dreams. Communism does seem in Italy definitely discredited. The revolt from Fascism will be a revolt away from doctrinaire extremism, not towards it. A quiet sensible Government that will spare it endless appeals to emotions and principles, and restore it the elementary liberties, that is what Italy wants and will sooner or later get. But whether Signor Mussolini himself heads such a Government, or one of the old Liberal chiefs—Salandra, Orlando, Giolitti (Nitti is probably permanently disqualified)—or the Democratic Amendola, or some Right Wing Socialist of the Matteotti colour, there seems no reason for supposing that he will wish to reverse the good work accomplished in the economic sphere by the present rulers. Italy was until a few weeks ago generally judged with uncritical

optimism by those who turned a blind eye to the patent defects of the Fascist system, which carried in it the seeds of its own decay. It would be a mistake now to err in the other direction, and to assume that the Italian people is incapable of discovering an alternative to a picturesque experiment that has fallen short of its first promise.

**The Payment of Inter-allied Debts.**—The *Corriere della Sera* (Nov. 20) has a leading article on the payment of inter-allied debts, which, in view of the standing of that journal, should not be overlooked. The occasion for the article is the suspicion that with Mr. Churchill at the Treasury England will take up the question again. It takes exception to the English argument that whereas England is taxed four or five times as heavily as before the war, France is only taxed twice as heavily and Italy hardly more than before. It enquires how these calculations are made: on a paper or a gold basis? Is the gold basis an exact index of capacity to pay? And even if it were proved that English taxes have increased absolutely more than the French or Italian, would that solve the matter? England, being rich, is able to bear a larger increase than Italy, who is poor; class for class the Italians probably pay as much as the English, except for the very rich classes of the latter, which have no analogy in Italy. Indeed, the Italian working classes pay larger taxes on consumption than the English. As for unemployment, in England a large part of it is due to persons who before the war were not employed at all, or to unemployables, or to workers who refuse to work at too low wages. Analogous circumstances do not exist in Italy, and the fact that the Italians are ready to work harder for a smaller wage is not a good reason for making their toil still harder by an oppressive increase of taxation. (The number of Italian unemployed on Aug. 31 was 118,955.—Ed.) As to the Italian budget, it is likely to balance shortly if it is not burdened with inter-allied debts; at the present rate of exchange the service of the debt would cost L.5 milliards per annum, which would be ruinous to Italian industry and finances. The service of the inter-allied debts is therefore a material impossibility. The *Corriere* is convinced that Churchill will perceive this, and mentions that quite recently the American observer on the Reparation Commission declared that the payment of the debts to America was impossible. Morally it would be absurd that Allies should be treated worse than enemies, and from the economic point of view, if England is so ready to protect herself against the dumping of cheap German goods, is she ready to expose herself to a similar inundation with cheap Allied goods? The French and Italian Ministers of Finance will surely be able to dispel this shadow which seems to obscure their financial horizon.

### FINANCE

**Treasury Returns.**—The Treasury statement for Oct. 31 shows that in the four months since the closing of the last financial year on June 30, 1924, the internal debt has been reduced by L.828 mill. The reduction of debt was in respect of the following items:—

	Mill. lire.
Short-dated Treasury Certificates ... ..	1,858
Three and five-year Treasury Bonds ... ..	309
Paper Currency Circulation ... ..	206
Pre-war Debts ... ..	7
	2,380

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

	Mill. lire.
New 4.75 per cent. 25-year Bonds ... ..	1,187
Liabilities on account of the Venetian Provinces	138
Current account with the Cassa Depositi e Prestiti	227
	1,552

Treasury receipts for the four months July-October exceeded estimates by L.275 mill., and the expenditure exceeded estimates by L.18 mill. The total deficit for the period stood at L.208 mill. as compared with L.420 mill. for the corresponding months of the preceding financial year. (*Corriere della Sera*.)

### The Financing of Public Utility Undertakings.—

*Echi e Commenti* gives details of a new Credit Institution which is about to be formed for the purpose of advancing loans to private undertakings of a public utility character. A decree authorising the formation of such an institution was issued on May 20 this year and the statute relating to its constitution was approved by the Ministry of Finance on October 25. The Institution, though founded under State auspices, is to be private; the shareholders will be corporations, not individuals, and, as certain of these corporations are subject to Government supervision, the Institution itself will also be subject to such supervision, which includes the submission to the Minister of Finance of prospectuses of bonds which it is proposed to issue, a half-yearly statement of the situation as to loans and bonds, the annual balance-sheet and the profit and loss account, and a detailed annual statement as to loans in arrears or disputed. The share capital is to be L.100 mill., distributed as follows:—

	mill. lire.
Cassa Nazionale per le Assicurazioni sociali ... ..	15
Istituto Nazionale delle Assicurazioni ... ..	10
Istituto di Credito delle casse di risparmio ... ..	10
Monte dei Paschi di Siena ... ..	5
Istituto delle opere pie di S. Paolo ... ..	2
Casse di risparmio delle Provincie Lombarde ... ..	2
“ “ del Banco di Sicilia ... ..	2
Società Assicurazioni Generali ... ..	10
Riunione Adriatica di Sicurtà ... ..	10

(This makes only L.66 mill.: the subscribers to the remaining L.34 mill. are not stated.) 30 per cent. only of the share capital is to be paid up on formation, calls for the remainder being at the discretion of the Directorate. The Institution may advance up to not more than one half the value of work undertaken, and the latter may not be further mortgaged or pledged. It will be able to issue bonds of various types according to the loans granted: registered, bearer, with coupons attached, and at a premium; repayable by lot in proportion to the amortisation of the loans. These securities rank on a par with bonds on landed security, and are *ipso facto* quotable on the stock exchange. The Directorate is empowered to fix different types of bonds corresponding to the various categories of work on which advances may be made. The guarantees covering each category must appear in detail in the prospectuses relating to the issue of each series of bonds. Provision is made for the repayment of bonds by the cancellation of a number corresponding to the programme of amortisation relative to each series. Relief is granted by the State from the payment of stamp, registration, mortgage and all other duties ordinarily payable by such an institution, and instead a fixed payment is to be made of one-tenth per cent. of the certified capital.

*Echi e Commenti* comments very favourably on the new Institution both as a means of facilitating the initiation of public utility enterprises, and as offering an attractive industrial investment for the public which prefers a fixed guaranteed interest to ordinary share dividends. The market for bonds on landed security will be improved, whilst the savings banks will be afforded a safe investment for their deposits. On the other hand, a single institution having so vast a field for its operations is likely to be slow and cumbersome in working. It is asked, moreover, why separate series of bonds should be issued for different kinds of undertakings; for the Institution, not the undertaking, after all, is responsible to the investor, and the stipulation therefore unnecessarily prejudices those enterprises which do not happen to be popular with the investing public. The bonds, which all ought to have the same value, will thus become differentiated in value through irrelevant considerations. However, these criticisms are regarded as of minor importance, and the whole scheme is hailed by *Echi e Commenti* as the best move hitherto made by the Government for enhancing industrial credit, and as a step away from the costly paternalism of the State.



**Increased Circulation of Bank Cheques.**—The *Rivista di Finanza Moderna* draws attention to the increase in the circulation of Bank circular cheques during the current year. At the end of June it had reached a total of L.520 mill. In recent years this level has not been touched, except at the end of 1922; in June last year it stood at L.468 mill., and in June 1922 at L.447 mill. As the circulation normally increases at the end of the year it may be expected that a higher maximum will be reached this year than in previous years. This fact is evidence of an increase in commercial activity, and of a growing tendency on the part of the general public to avail itself of banking services; moreover, the substitution of bank cheques for paper money has a healthy influence on the economic and financial situation generally.

The *Rivista Bancaria* (Oct. 20) reprints in full the report on the Circular Cheque in Italy prepared for the Economic and Financial Committee of the League of Nations by Dr. Giovanni Nicotra, Insp.-Gen. to the Ministry of National Economy. The circular cheque, which was first authorised in 1915, was a bank draft (*vaglia cambiari*) issuable by private banks and fulfilling the same functions as those issued by the Bank of issue. By a Royal Decree of 1919 it became necessary for private banks to obtain special authority from the Government for the issue of these cheques and to maintain against them a reserve of not less than 20 per cent., whilst their full legal character was finally determined by a decree of October 1923. They were then defined as "Drafts to order issued by a Credit Institution especially authorised for the purpose and payable at sight to all the houses indicated by the issuer." The essential characteristics of such a Draft are enumerated, and it is laid down that a condition of issue is the opening of credit by the recipient (a condition which was expressly declared unnecessary under the law of 1915). The conditions are also laid down which are essential to the granting of authority to issue; thus a credit institution, in order to obtain such authority, must have a minimum capital and reserve of L.10 mill., must maintain a reserve of 40 per cent. against issues of circular cheques, of 100 per cent. if the issue exceeds the capital and reserve; must issue a monthly balance sheet showing the amount of circular cheques under separate heading, and must submit to Governmental inspection. Penalties are fixed for violation of the regulations.

**The Banca Commerciale Italiana.**—The Banca Commerciale Italiana, the largest of the Italian private banks, decided at an extraordinary general meeting held on Nov. 7 to increase its share capital from L.400 mill. to L.500 mill. The new shares are issuable at L.900 per share of L.500, priority of subscription being offered to existing shareholders at the rate of one new share for every four held. The whole amount has been subscribed. The Administrator-Delegate in addressing the shareholders said that the increase was justified by the growth of the bank's advances to and participation in Italian industry, which had become disproportionate to the bank's capital and reserves; moreover, the nominal value of the capital and reserves, even after the new issue, remains below the gold value of the capital and reserves prior to the depreciation of the currency. (*Agence Economique et Financière.*)

**Bank Failure at Trieste.**—The *Voce Repubblicana*, quoted by the *Corriere della Sera*, gives details concerning the failure of the Banca Adriatica di Trieste, which closed its doors in October. In a formal charge lodged with the Public Prosecutor the creditors state that of the share capital of L.15 mill., which was given out as fully paid, in reality only a fractional percentage was paid up. Right up to the end the Directors misled the public into believing that the situation of the bank was sound, whereas they knew, or ought to have known, that the bank was heavily embarrassed. The Directors and other responsible persons are alleged to have appropriated and converted to the use of the bank, either by sale or by

pledging, securities which had been entrusted to the bank for custody only. The bank had not hesitated to accept deposits from the public up till the day when it closed its doors and while it was manifestly insolvent. Finally it issued a considerable number of "cheques" at a time when they were worthless, and thus defrauded the buyers. Warrants for arrest have been issued against two of the Directors, one of whom has, however, vanished. The Banca Adriatica was formerly the Croat Bank "Adria," and was transformed under the supervision of the Fascist Government; the *Jadramska Banka* of Zagreb is also stated by the *Voce Repubblicana* to have participated in the reconstitution of the Banca Adriatica, in virtue of an agreement which was ratified by an extraordinary general meeting of the latter in July 1923.

**Security Prices.**—The following table shows the recent movements of security prices in Italy:—

	1924.		1923.
	Sept.	Jan.	Sept.
	(1923=100)		
Banks ... ..	154.96	118.58	107.46
Insurance ... ..	369.01	276.72	182.98
Mining ... ..	152.15	134.02	117.78
Metallurgical ... ..	187.63	150.13	136.78
Engineering ... ..	151.41	136.74	106.57
Automobile ... ..	248.66	149.41	139.94
Chemical ... ..	172.49	119.83	108.84
Textile ... ..	191.91	133.25	112.82
Various manufacturing ... ..	164.72	137.80	120.69
Agricultural & food industries	169.97	119.32	106.22
Electricity ... ..	153.35	136.71	110.95
Commercial ... ..	138.84	141.25	117.93
Transport ... ..	137.04	118.11	104.78

General index Number ... 176.73 137.70 117.84  
(*Bollettino di Notizie Economiche.*)

## TRADE

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

	1924.		Difference from	
	August.	September.	Jan.-Sept.	Jan.-Sept.
				1923.
Imports ...	1,465.8	1,387.8	13,786.9	+ 1,111.4
Exports ...	1,023.6	1,234.4	9,773.5	+ 2,455.0
Adverse balance	442.2	153.4	4,013.4	—

The adverse balance of L.4,013.4 mill. for the period January-August compares with an adverse balance of L.5,356.8 mill. in the corresponding period of last year. (*Corriere della Sera.*)

Single copies of *Foreign Affairs*, an American Quarterly Review, may be obtained of all leading booksellers or through the International News Company Limited, 5, Bream's Buildings, London, E.C.4, price 6s. 6d. Annual subscription 26s., post free.—*Advt.*

## "The Central European Observer"

COMMERCIAL AND POLITICAL WEEKLY.

The *Central European Observer* is published at Prague in English and appears every Saturday. It circulates largely in all parts of the world and supplies up-to-date and reliable information on Czechoslovakia and Central Europe generally. It contains valuable reports on all business matters and assists in promoting mutual trade relations.

Subscribers have free use (on sending the amount of return postage) of the services of the Observer's "Inquiry Office," from which they may obtain all information they desire regarding Central European Industries and import and export trade. Applicants for information should state their wants with precision.

*Terms of Subscription*—

England and British Colonies	8/- for 12 months.
America ... ..	\$2
Other Countries... (Czechosl. Crow.)	66

Specimen copies and advertisement rates sent post free on application—

"The Central European Observer,"  
Prague-III-Nerudova 5.  
Czechoslovakia.

The distribution of imports and exports for the first eight months of the year was as follows (in millions of lire):—

	Imports.		Exports.		Excess of Imports.	
	1924.	1923.	1924.	1923.	1924.	1923.
1. Animals, foodstuffs, tobacco ...	2,956	3,823	2,073	1,160	+ 883	+ 2,663
2. Seeds, oil fruits, oils, fats ...	600	400	233	237	+ 367	+ 163
3. Textiles, raw materials and their products	3,714	2,895	4,032	3,232	- 319	- 337
4. Mineral ores, metals & their products ...	1,419	1,140	550	452	+ 869	+ 688
5. Stone, non-metallic minerals & their products	1,291	1,239	315	276	+ 976	+ 972
6. Timber, wicker & lining material	466	354	121	110	+ 345	+ 243
7. Chemicals, medicines, dyes ...	910	805	285	243	+ 625	+ 562
8. Various commodities ...	1,044	885	931	808	+ 113	+ 77

Commenting on these figures in *Wirtschaftsdienst*, Prof. Riccardo Bachi calls attention to large decrease in the imports and the large increase in the exports of foodstuffs, due to the good harvest of 1923. Nevertheless, the imports still exceed the exports by L.883 mill. Up to the year 1909 Italy had a yearly surplus of foodstuffs for export; in the four years preceding the war there was a slight decline in home production which converted the export surplus into a deficit. This deficit has been much more marked since the war, and is a symptom of the growing replacement of agriculture by industry. A considerable increase in imports is to be noted under headings 2 and 3, due especially to the purchase of raw materials for the oil, soap and textile industries, and particularly for the manufacture of linseed, cotton and jute products. In the other section, there have been increases in the import of timbers, phosphates, cast iron, petroleum, certain manures, rubber and cellulose. The most noteworthy feature of the exports during the period under review is the expansion of the foreign market for textile goods, especially cotton goods (cotton yarn and fabrics L.1,240 mill. as compared with L.944 mill. in 1923), and artificial silk (33,149 doppelcentner as against 13,149). Other manufactured goods showing an increase were automobiles, marble, citric fruit and wine products, leather gloves, pneumatic tyres).

In the first nine months of the current year 57 items constituted 78.7 per cent. (78 per cent. in 1923) of the total exports, whilst the remaining 22 per cent. is distributed among about 900 items. In the *Corriere della Sera* Signor Luigi Einaudi draws up an interesting table showing those of the 57 items which individually exceeded L.40 mill. in 1923:—

	Value in millions of lire.	
	1923.	1924.
1. <i>Products of Agriculture and agricultural industries.</i>		
Olive oil ...	188.0	166.4
Cheese ...	159.0	234.3
Raw ox hides ...	139.1	138.5
Almonds ...	92.9	82.8
Lemons ...	77.3	84.2
Oranges and mandarins ...	71.1	140.1
Ordinary wine in casks ...	69.7	161.9
Preserved tomatoes... ..	64.9	97.1
Potatoes ...	60.2	114.1
Fresh fruits ...	55.8	120.9
Eggs ...	42.8	188.1
Prepared fruits, vegetables	41.8	33.9
2. <i>Textile Industry.</i>		
Raw pure silk ...	1,128.2	1,255.7
Cotton fabrics ...	803.7	992.4
Raw and carded hemp ...	185.4	185.5
Cotton thread ...	141.8	248.2
Silk shreds ...	139.9	169.5
Pure silk fabrics ...	136.8	150.6
Men's felt hats ...	98.8	99.2
Artificial silk ...	78.1	193.3
Plain woollen fabrics ...	68.5	163.6
Tulle and silk crêpe ...	61.3	74.7
Mixed silk fabrics ...	60.4	66.3

3. <i>Mineral and Mechanical Industries.</i>		
Automobiles ...	172.1	228.9
Worked marble and alabaster ...	60.4	66.3
Sulphur ...	75.9	90.9
4. <i>Various.</i>		
Rubber rings and bands, pneumatic tyres ...	100.1	140.8
Buttons ...	48.5	45.3

Signor Einaudi draws attention to the enormous preponderance of agricultural and textile produce, and points the moral with regard to the negotiation of commercial treaties. "Heavy" industry is unrepresented among the principal exports with the sole exception of automobiles; why therefore should they be entitled to a privileged part in the negotiations? He thinks it must rest in a confusion between the *technical* and the *logical* significance of the term "heavy industry." In the former significance it means of course the metal and engineering industries, in the latter the industries with the heaviest volume of trade. The latter alone should carry weight in treaty negotiations, and must be given paramount consideration in the coming treaty with Germany.

**Wholesale Prices.**—The following table shows the recent movements of wholesale prices in Italy:—

	Prof. R. Bachi.* (1920=100)		Milan Chamber of Commerce.** (1913=100)			
	1924.	1923.	1924.	1923.	1923.	
Vegetable produce...	Sept. 107.2	Jan. 98.6	Sept. 96.0	Sept. 482.21	Jan. 510.04	Sept. 503.90
Animal produce ...	110.4	111.6	113.4	606.18	630.19	573.38
Chemical products...	63.1	64.1	68.4	497.72	407.32	425.61
Textile materials ...	91.2	93.8	89.0	675.43	750.66	691.48
Minerals and metals	65.5	65.4	65.6	543.94	545.79	545.22
Building materials...	86.1	84.9	84.1	558.57	539.31	514.28
Vegetable products	96.2	99.1	101.5	488.21	474.59	450.44
Various industrial materials...	99.1	96.6	96.3	540.08	531.94	542.13
General Index Number	92.9	91.4	91.2	546.24	543.09	530.60
	(1913=100)		580.1			
	580.1		570.8			
	569.2					

\* Calculated on prices at end of month.

\*\* Calculated on average monthly prices.

(*Bollettino di Notizie Economiche.*)

## SOCIAL AND LABOUR CONDITIONS

**The Cost of Living.**—In an article in the *Corriere della Sera* Signor Luigi Einaudi observes that in October 1924 the cost of living in Italy reached its highest point since Aug. 1, 1914. The following table shows the highest and lowest points reached since July 1, 1920, at which date a new and uniform method of calculation was introduced (1st half-year 1914 = 100):—

	Minimum.		Maximum.	
	1920	1921	1922	1923
...	July	July	December	465.6
...	July	July	March	472.2
...	April	April	January	465.6
...	March	March	December	466.7
...	June	June	October	492.9

One factor contributing to the increase since July 1, 1920, is rents. At that date they were still at the same level as in 1914, but shortly afterwards began to rise, and reached 250 in July 1924. Rents, however, must still be considered as relatively low, and in point of fact only represent a minor influence. Thus whereas they rose from 200 to 250 between June and July this year, the total cost of living only rose from 462.1 to 465.9 in the same period. A comparison of all the factors entering into the cost of living is more significant:—

	July 1920.		October 1924.	
	Food	Clothing	Rents	Heat and Lighting
...	409.3	479.1	100	415
...	536.9	488.1	250	435.4
...	100	455.9	578.1	384.4
...	492.9			

The most important increase is that of food, which accounts for more than three-fifths of the weekly budget, equivalent, in October 1924, to L.149.21 out of L.233.88. In March 1921 it was L.149.11, but fell back to L.124.02 in July, whilst the lowest points in the subsequent years were L.130.71 in April 1922, L.133.59 in March 1923, and L.139.77 in August 1924. The minimum each year has thus shown a tendency to rise.

In recent discussions the continual rise in the price of bread has been attributed to the exchanges. Now in 1920 the average level of the lira as compared with dollar parity was 389.8, whereas at present it is about 445; meanwhile, however, clothing has only risen by 2 per cent., fuel and light by 4 per cent., while food has risen by 31 per cent. There are large imports of all these commodities, so that while the exchange has risen, it must have been countered by a reduction of the prices of clothing and fuel in the countries of origin, and aggravated in the case of corn by a rise of price in the countries of origin. The main line of improvement in Italy's control, therefore, lies in lowering her exchange. The reasons why the improvement in Italy's public finances has not reacted on the exchange as might have been expected are two: first, the excess of paper money created for industrial subsidies; second, political unrest and instability, which lower the confidence of Italians in their own currency. Both these causes should therefore be removed. (*Corriere della Sera*.)

A writer in *Battaglie Sindacali* draws a comparison of real wages before and since the war as follows:—

Year.	Index number of wages.*	Cost of living index number.		Real wages according to	
		i. Mortara.	ii. Ministry of National Economy.**	i.	ii.
1913 ...	100	100	100	100	100
1921 ...	529	541	548.5	98.1	96.4
1922 ...	512	501	544.5	101.8	94
1923 ...	478	493	525.2	97.6	91
1924 ...	478	520	527.1	92.3	90

\* Calculated by Cassa Nazionale Infortuni. \*\* 21 principal articles of consumption.

## RUMANIA

### POLITICAL AND GENERAL

**The Economic Situation.**—The present economic situation is summarised by the *Agence Economique et Financière* in a special Rumanian supplement. According to this source of information production and economic activity, assisted by the improvement of transport, are creating a more normal situation. The commercial balance has recovered its equilibrium and the surplus will increase, not without affecting the balance of accounts. The Budget covers the present requirements of the State without going beyond the ordinary sources of revenue and will allow for increased amounts for public services. The external public debt is now almost entirely wiped out and a similar position is to be expected in regard to the consolidation of private debts in the near future. The position of the internal debt is equally favourable, with the exception of that to the National Bank, which, however, has also been reduced, from 1922 to 1924, by more than a milliard lei. Considering that, strictly speaking, the war did not end for Rumania till 1919, these results have been achieved in a very short time, to a large extent without foreign assistance and without calling upon the reparation funds.

The aggrandisement of Rumanian territory, as a result of the war, changed the economic character of the country. Hitherto predominantly agricultural, it now embraced many industrial districts. The State also acquired certain industrial properties and control over several industries. The four economic laws recently put into force, relating to mines, waterways, the generation of energy and the commercialisation of State enterprises, were the outcome of the necessity for organising the commercial exploitation of these properties. To realise the benefit of these vast projects it is necessary to wait a considerable time and to have sufficient financial means. At the moment Rumania lacks the necessary financial means. Yet it is expected to attain the desired end, step by step, by adhering strictly to the policy of economising. The end could be attained more quickly by accepting the assistance of foreign capital for the immediate exploitation of the natural sources of wealth and for the development of industry in general, in as far as this cannot be done by Rumanian capital.

The Bucharest correspondent of *Le Temps* writes that

the Rumanian market is suffering from penury of capital and the diminution of credit. Industry, commerce, and the economic life in general are experiencing great difficulty in obtaining funds, and the rates of interest often attain such dimensions as to become useless. All this is creating a certain uneasiness on the market and an enervation that may give rise to malignant interpretation. It is difficult to define the exact causes of this crisis, for although it is true that the financial situation exercises an influence upon the economic evolution of a country, it is equally true that economic developments facilitate or retard the solution of financial problems.

The correspondent then proceeds to enumerate facts relative to the situation, as given above by the *Agence Economique*. In addition he examines the balance of the issuing bank, pointing out that the monetary circulation in Rumania is practically composed exclusively of notes issued by the National Bank. The figures are:—

	Notes in Circulation.	Commercial Portfolio	Advance to State.
	(In millions of lei.)		
Dec. 31, 1921 ...	13,722	1,830	12,355
Dec. 31, 1922 ...	15,162	3,808	12,310
Dec. 31, 1923 ...	17,917	5,864	11,099
Oct. 13, 1924 ...	18,842	6,499	11,075

In the opinion of the correspondent, the present crisis has not been caused by a policy of deflation, as often maintained, but rather by the alterations in fiscal charges. For many years the imposts were kept low; now they are fairly heavy. An increase in fiscal charges invariably gives birth to a certain uneasiness in the economic life of a country. Rumanian public opinion has accepted the fiscal policy since 1921 without much resistance, and if there is a point upon which it is unanimous, it is that the issuing of notes must not serve to meet the needs of the State.

The *Bursa* expresses grave concern about the effect of the economic crisis, especially on the exportation of cereals, which has become stagnant. One of the reasons for this unhappy condition is that the duties are purely and simply prohibitive in character. A further reason is that labour in Rumania is so dear. These two factors have given other countries the advantage over Rumania. A similar situation has arisen in regard to the disposal of other crops. Another factor is the question of selling for credit. For the most part the producer in this respect is a peasant, who has need of the money as soon as the sale is effected. It is very difficult for him to obtain loans; indeed, the usurers are almost the only sources for obtaining advances and they are charging 4 to 5 per cent. per month. Added to these troubles the freight charges are exorbitant. Still further, the port of Braila, which is really the commercial centre for cereals, can never obtain to time the latest news of the rates of foreign exchanges at Bucarest, since there is only one telegraphic line of communication between the two towns and that is engaged for most of the day by the authorities.

The *Zagreber Tagblatt* learns from its representative in Rumania that, paradoxical as it may appear, Bucarest, the capital of the European corn supply, is faced with a shortage of bread. The traffic conditions are such that the transport of corn to the capital cannot be assured. The milling industry at Bucarest has made a strong appeal to the Government to take this problem energetically in hand. The mills are depleted of stocks, although they have purchased corn to the value of 50 million lei, which is still lying idle at provincial railway stations. There is a lamentable lack of railway waggons.

**The Bessarabian Question.**—In Bucarest diplomatic circles it is believed that the recognition *de jure* of Russia by France will lead to a definitive settlement of the Bessarabian question. In a Treaty of October 28, 1920, made with Rumania, France undertook that as soon as Russia had a Government recognised by her, she would take steps to prevail upon Russia to acknowledge Rumanian sovereignty over Bessarabia.

In Bucarest one would have liked to see this undertaking expressed in the French act of recognition of Soviet Russia. Rumania, however, has confidence that France will abide by her undertaking, and all the more so as it was at the express desire of France that Rumania did not come to terms with the Soviets at a time when they had not yet put forward any territorial claims. (*Central European Observer.*)

## FINANCE

**The Budget for 1925.**—The Rumanian Cabinet has approved the draft of the Budget for 1925, which estimates revenue at 31,750 million lei and expenditure at 28,548 million. The surplus of 3 milliard was effected chiefly by amending the civil service salaries and by 250 million for war indemnity. As compared with the 1924 Budget expenditure is increased by 4.5 milliard, of which 1.5 milliard is required for railways and 780 million for the army. (*Agence Economique et Financière.*)

**Customs Receipts.**—For the period from January to September inclusive the Rumanian customs yielded a revenue of 5,713 million lei, compared with 4,222 millions in the same months of last year, and as against an estimated yield of 5,800 millions. Import duties produced 1,411 (last year 1,064), export dues 3,893 (2,832) and other charges 426 (325) millions. (*Central European Observer.*)

**Banking Intelligence.**—An agreement was recently concluded between the Government and the National Bank by which the latter takes over from the Government the gold balance which resulted from the liquidation of the Austrian—Hungarian Bank. The amount in question is about 52½ mill. gold francs. The Government has also handed over to the National Bank 11,010 kilogrammes of gold bullion to the value of 115,149 thousand gold francs. The equivalent has been paid by the bank in English sterling. The agreement also provides that the entire production of the Rumanian gold mines must be offered for sale to the National Bank.

In concurrence with the National Bank the Ministry of Finance has decided to set new 500 lei notes in circulation during the course of January, 1925. (*Mitteleuropäische Wirtschaft, Neue Freie Presse.*)

The Governor of the National Bank has conducted successful negotiations in London in respect to obtaining various credits. The Rumanian Government has repeatedly endeavoured to obtain loans in England and France, hitherto without success, and the present news that the resistance of the English financial circles has been overcome has caused surprise in Bucarest. The English financiers state they are prepared to advance the National Bank credit to the extent of about 28 million pounds sterling, that is, approximately 28 milliard lei. Of this total 15 million pounds are to be in specie, whilst the remaining amount will be delivered by the syndicate in various forms of railway materials. It is also reported that a representative of the Dreyfus banking house in Paris has informed authoritative Government circles that the Dreyfus Bank is prepared to grant an extensive credit on condition that the State receipts are pledged as security. Before considering this offer of a loan from France the Rumanian Government is awaiting the final issue of the negotiations with the British syndicate. (*Pester Lloyd.*)

An agreement has been reached on the question of the settlement of Rumanian pre-war debts to British creditors. The original debt is reduced to 35 per cent. of its value in pounds sterling. The payment is to be affected in fourteen half-yearly instalments. The past and future interest has been paid off; but an interest of 6 per cent. will be charged if the instalments are not paid in to date. The Rumanian Government has to ratify the agreement before July 31, 1925.

In view of the payment of the portion of the external debt due in January next the Ministry of Finance has

commented depositing foreign bills with the National Bank and will continue to do so till the sum of 6 million French francs is reached. (*Agence Economique et Financière.*)

## TRADE

**Foreign Trade Returns.**—On the recent publication of the complete foreign trade returns for the year 1923, the *Revista Bancaria* issued a survey of the progress made from 1919 to 1923, as compared with the pre-war figures of 1913. The following table is significant:—

Year.	Quantity.		Value.		Excess: export Export. over import (+); import over export(—)
	Import.	Export.	Import.	Export.	
	In 1,000 tons.		In million lei.		
1913	1,374	4,569	590	670	+ 80
1919	414	109	3,762	104	— 3,658
1920	305	1,466	6,902	3,447	— 3,455
1921	614	2,667	11,707	8,130	— 3,577
1922	551	3,881	11,799	12,163	+ 364
1923	560	4,300	13,700	16,000	+ 2,300

(In publishing the same table the *Agence Economique et Financière* points out that the figures for 1923 were estimated upon the return for the first six months of that year. In a bulletin issued a little later it gives the total value of imports and exports for 1923 as follows:—import, 19,700 million lei; export, 24,360 million. This return shows a still further improved trade balance, namely 4,660 million lei instead of the estimated 2,300 million.)

The state in which Rumania's foreign trade in cereals was left by the war and its partial recovery by 1921 are demonstrated by the figures hereby given:—

Year.	Export.		Import.	
	Tons.	Percentage of total export.	Tons.	Percentage of total import.
1913	2,964,947	64.89	28,725	2.09
1919	2,744	2.51	229,175	55.36
1920	983,041	67.06	22,060	7.27
1921	1,527,115	57.26	12,767	2.08

The *Bursa* gives the following returns of the chief exports during the first seven months of 1924:—

	Quantity.		Value. Thousand lei.
	Tons.	Thousand lei.	
Cereals and derived products...	891,948	4,106,517	
Petroleum	199,370	142,573	
Timber ...	1,235,627	1,674,311	
Live stock ...	34,437	658,808	
Various ...	39,406	235,387	
Total	2,410,721	8,100,750	

The export of petroleum and its derived products in August last amounted to 54,991 tons, as against 42,958 tons in August last year.

During the month of July 1924, Great Britain's purchases of cereals from Rumania were approximately 10 per cent. of the total quantity exported; in timber Great Britain received about 33 per cent. of the total.

**The New Tariffs.**—In the explanatory report issued with the notice of the alterations in the tariffs it is stated that the new tariff is to be regarded as a minimum tariff in relation to those countries that levy minimum duties on Rumanian goods, by granting Rumania the most favoured nation treatment. In all other cases the tariff is trebled. Duties on textile plant and machinery for the paper industry, for sewing machines and typewriters remain unchanged, but those on textiles have been increased, and those on paper are 150 per cent. higher than the old charges. The duty on agricultural machinery has been increased from 120 to 250 lei per 100 kilogrammes, on electrical machinery and apparatus from 200 lei to amounts varying from 300 to 100 lei.

The Minister of Finance has confirmed the new export dues, from which we select the following:—For preserved vegetables, 1 lei per kilogramme; agricultural machinery, 500 lei per waggon (10 tons); carriages, 500 lei each; carts, 200 lei each; chemicals, such as sulphate, vitriol, sulphate of aluminium, zinc oxide, etc., 5 lei per 100 kilogramme; Tzigia and Merino combed wools, 30 lei per kilogramme; yarns of those wools, 25 lei per kg.; Turkana and Barsana wool and yarns, 20 and 15 lei respectively; lorries, tank lorries and autobuses, 1,000

lei each; safes, 5 lei per 100 kg.; sunflower seeds, 6,000 lei per ton (to be paid in an undepreciated currency). (*Wirtschaftliche Nachrichten and Central European Observer.*)

## INDUSTRY

**The General Industrial Situation.**—According to reports from various well-advised sources, Rumanian industry in general is gradually advancing towards the pre-war results in regard to production. It has still to contend against certain difficulties mentioned above in dealing with the "Economic Situation."

The complete figures of the grain production of 1923, now accessible, enable the *Revista Bancaria* to publish the following comparative table for the past four years:—

	1920.	1921.	1922.	1923.
		In million hectolitres.		
Wheat ... ..	22.0	27.6	32.7	35.7
Rye ... ..	3.4	3.2	3.3	3.3
Barley ... ..	23.0	15.5	32.3	21.4
Oats ... ..	19.2	20.5	29.3	21.7
"Turkish" corn ...	61.5	37.5	39.3	57.4

The estimated yield of petroleum for 1924 approaches the actual production of 1913. The following figures show the increase during the post-war period:—

	Tons.		Tons.
1913 ... ..	1,885,225	1921 ... ..	1,165,765
1917 ... ..	517,491	1922 ... ..	1,368,929
1918 ... ..	920,437	1923 ... ..	1,509,804
1919 ... ..	1,037,040	1924 (estimated)	1,700,000

The petroleum production shows signs of continuous increase and the Government has recently introduced certain measures for the relief and assistance of the industry. According to the recent Mines Law the Government will receive only a certain rent on the gross production of petroleum from the lands on which a concession has been granted to exploiting enterprises, instead of claiming a share ranging from 40 to 50 per cent. of the total yield, based on the enactments of 1919. All enterprises that desired to obtain concessions on the State-owned petroleum fields—an area of 494,702 hectares—had to submit their applications by November 27, 1924.

*La Gazette de Prague* reports that the experiments in cotton growing on the State property, conducted by the Minister of Agriculture, have yielded satisfactory results. Although Rumania is situated in the temperate zone, it enjoys during the summer a period of from 100 to 150 very hot days, which permit the cultivation of vegetation of hot countries. It has been decided to extend the area for experimenting, so as to continue the trials on a larger scale.

The estimated sugar production for 1924 is far ahead of any during the past few years, and will, according to *The Central European Observer*, suffice to cover home consumption. The area under beet cultivation and the yield of sugar during the past four years has been as follows:—

	Area in hectares (1 hectare = 2.4 acres)	Yield (in tons).
1921 ... ..	10,595	171,647
1922 ... ..	14,327	300,003
1923 ... ..	19,913	502,200
1924 ... ..	26,866 (estimate)	900,000

## RUSSIA

### POLITICAL AND GENERAL

**Economic Conditions.**—It is well-nigh impossible, even by piecing together the scraps of independent news—independent in the sense that they do not proceed, at all events not directly, from the Soviet Press, but from reports of private correspondents of other countries in Russia—to obtain an account of economic conditions in this vast country bearing anything like the stamp of irrefutable fact. Thus the *Agence économique et financière*, reporting in one place a rise of railwaymen's wages during the financial year 1923–24 to three times their former height expressed in cher-

vontyz [see under Finance: The Budget], states that, notwithstanding the decreased purchasing power of money, their real value is doubled. In another place it publishes a report from its special correspondent just back from Russia in which he furnishes a highly pessimistic account of general conditions there and states: "The economic state of the Soviet Republic is deteriorating steadily. One reason for this is the decreased purchasing power of Soviet money, a normal result of the bad harvests, which has caused prices to rise. Careful calculations show that the chervonetz to-day is worth only one-third of its nominal value." It is difficult to see how, in this event, the real value of trebled wages can be said to have risen at all, and since increased wage demands are said to be fairly general it may be assumed that the present value of the chervonetz is probably even less than is here stated, that wages and salaries have certainly not kept pace with the increased cost of living, and that it will not be possible for the Soviet authorities to ignore justifiable demands in this connection. At present money is said to be so scarce, especially in the Moscow banks that workers receive their wages six weeks, even two months, in arrears. The Budget estimates for 1924–25 may well be regarded, therefore, as over-optimistic, unless Russia can succeed in raising a foreign loan.

In contrast to this account the same paper publishes figures showing that in the financial year 1923–24 the output of the cotton industry increased 30 per cent. The output of yarn rose from 74.39 mill. to 94.74 mill. kg., that of cotton fabrics from 581.43 mill. to 799.96 mill. metres. Reckoning on the basis of pre-war prices the wool industry produced in 1923–24 goods to the value of 85.33 mill. roubles, as against 71.97 mill. the year before. Paper production increased 70 per cent., viz. from 4.07 mill. to 6.93 mill. poods; match production from 1.42 mill. to 1.81 mill. cases (about half the pre-war output); the sugar industry produced 23 mill. poods of raw sugar, as against 12 mill. poods the previous year; the coal output rose from 659.49 mill. to 858.85 mill. poods of rough coal, or by 30 per cent., while the net output rose from 503.46 mill. to 723.19 mill. poods, or by 43 per cent.; the output of the tobacco industry, on the other hand, fell from 14.08 mill. poods to 12.83 mill.

## FINANCE

**The Budget for 1924–25.**—The Budget of the Soviet Union for 1924–25 now ratified by the Council of People's Commissaries provides, according to the *Revaler Bote*, for revenue and expenditure each totalling 2,091.65 mill. roubles, composed as follows: *Ordinary revenue*, 1,881.4 mill.; in which direct taxation accounts for 414 mill., indirect taxation for 376 mill., Customs for 72 mill., Posts and Telegraphs for 63 mill., Railways for 780 mill., revenue from State property, trade and industry for 155 mill. (viz. industry 50 mill., trade 18 mill., banks 15 mill., forests 60 mill., other State property 12 mill.); repayment of loans to the Treasury 16.5 mill.; revenue from miscellaneous sources 4.39 mill. *Extraordinary revenue*, 210.25 mill.; in which the sale of State bonds accounts for 10.25 mill., credit operations for 120 mill. and the minting of silver and copper coin for 80 mill. *Ordinary expenditure* totals 1,880.1 mill.; in which the war and Marine Commissariat accounts for 378 mill., the Transport Commissariat for 780 mill., Posts and Telegraphs for 63 mill. and other official salaries, etc., for 86.99 mill.; other departments of the Union for 314.41 mill., reserve funds for 75 mill., the subsidy fund for 20 mill. and Treasury operations for 162 mill. *Extraordinary expenditure* totals 211.55 mill.; in which industry accounts for 59.65 mill.; agriculture for 40 mill.; famine relief for 48 mill.; emergency works for 4 mill.; local works for 5 mill.; construction and electrification for 37.9 mill.; loans to shipbuilding for 5 mill.; and Leningrad flood emergency work for 12 mill.—The deficit on the Budget actually amounts to 120 mill.

roubles, which is to be covered by extraordinary revenue raised by credit operations. By way of comparison it may be noted that the Budget for 1922-23 estimated revenue and expenditure each at 1,300 mill. roubles and for 1923-24 at 1,900 mill., and that in the first of these the deficit totalled about 450 mill. roubles. Another noteworthy point, says the *Russian Information and Review*, is that it is proposed to cover this year's budget deficit without recourse to the issue of paper money, which in 1923-24 amounted in value to 181 mill. roubles.

The total receipts from imports and taxes included in the Budget, together with revenue from those forced loans floated among the more well-to-do classes, is, approximately, 900 mill. roubles. This is about 7 roubles per head of the population. Before the war assessment dues amounted to over 11 roubles per head of the population. As regards the agricultural tax, in 1922-23 the proportion of the tax to the gross agricultural output was 7.5 per cent.; in 1923-24 it was 3.6 per cent., and this year it is still further reduced to 3.2 per cent. The property tax has yielded such poor returns that it has been decided to abolish it and leave only the ordinary income tax.

In regard to the expenditure side of the Budget, expenditure for purposes of Defence retains the level of last year; as regards expenditure on the support of industry, trade and agriculture, this year's Budget reveals substantial changes: Last year the State granted subsidies to transport of about 50 mill. roubles, this year transport will have to rely on its own resources in view of the fact that the freight turnover has considerably increased. Last year industry received subsidies and advances totalling 82 mill.; this year the amount has been reduced to 59.6 mill. The assistance given to agriculture, on the other hand, will be increased.

It would appear that the Railways are not to be left entirely without financial support from the State in the coming year, as the above statement leads one to believe. If the *Agence économique et financière* is correctly informed, subsidies to the Railways are provided for in the Budget to the value of 16 mill. roubles, instead of the 40.5 mill. required last year to cover their deficit. That the Railways are not yet strong financially is shown by the fact that repair work has been proceeding very much more slowly than in 1922-23. Notwithstanding this fact railwaymen's wages went up in 1923-24, expressed in chervontzy, to three times their former level, and even allowing for the reduced purchasing power of money their real value has doubled.

## TRADE

**Flax Export Prospects.**—The *Rigasche Rundschau* learns that the total area under cultivation in flax in Russia is 30 per cent. bigger this year than last and comprises 450,000 dessiatines. The yield is estimated at 150,000 t. of fibre, of which 56,000 t. are destined for the local factories, 30,000 t. for home workers and 64,000 t. for export. A few lots of the new harvest yield have already appeared on the market and the bulk should arrive towards the end of December or the beginning of January. Foreign purchasers are exercising great caution, for Russians are asking for 25 per cent. of the money down on conclusion of the purchasing contract, and purchasers remember that last year's yield was also estimated at 150,000 t., but only attained between 50,000 and 60,000 t.

**The Ukrainian Market.**—There has recently been a considerable revival in the local markets of the Ukraine for all classes of products of the light industries. For instance, the Trusts have sold all the goods they produced. The demand for glass, makhorka (coarse tobacco), paper, and peasant crockery is greater than the supply, and there is an acute scarcity of textiles, peasants' footwear, and leather. The agricultural tax, though higher than that of last year, is being easily met by the peasants. [cf. passage referring to agricultural tax under Finance: The Budget.] The purchasing

capacity of the population is increasing, especially of the rural population, which has of late become economically stronger, and has overtaken the town population in its growing demand for manufactured goods.

With regard to trade in agricultural machinery and implements, in 1922 there were in the Ukraine 34 per cent. of farms without any stock of machinery and tools. Yet in spite of such a need of machinery, the 1922-23 sales reached only 8 per cent. of the pre-war purchases of the Ukraine. In the following year, however, the demand had risen to 20 per cent. of pre-war purchases, and all stocks in warehouses were sold. Last year's demand, however, was met exclusively by stocks of former years.

In 1923-24 the quantity of textiles imported amounted to 115 million arshines (about 3.7 arshines per head of the population), a supply which only met 50 per cent. of the demand. The People's Commissariat for Foreign Trade has fixed the quantity for the current year at from 7.4 to 7.6 arshines per head, and to meet this requirement 230 million arshines will have to be imported.

There is an acute lack of peasant leather goods and footwear. Black Russia-leather is not obtainable, cut leather meets only 20 per cent. of the demand, footwear for peasants supplies only 25-30 per cent. of the demand, and sole-leather made in the Ukraine covers only 80-85 per cent. of the requirement.

There is a general increase in the demand for kerosene, an article of general consumption. During the last three months of the past economic year, the amount of kerosene sold in Southern Ukraine and the Crimea was more than double that sold in the corresponding period of the preceding year.

The 1923-24 demand for sugar, fixed at from 9-10 pounds per head of the population, was not fully covered. This year's requirement is not yet fixed, but will be about 8,100,000 poods. There is considerable demand for china and earthenware goods, and the output will probably not be sufficient.

There is a shortage of packing paper and cigarette paper. The Kharkov branch of the Central Paper Trust has increased its warehouse sales of paper from 31,000 poods in January to 56,000 poods in September last. The characteristic of the market for products of the light industries is a demand in excess of supply. (*Russian Information and Review*.)

## INDUSTRY

**Iron and Steel Production.**—According to the *Agence économique et financière* there were within the territory of the Soviet Union on Jan. 1, 1924, 24 blast furnaces. On Oct. 1 there were 26. The number of Martin furnaces increased from 57 on Jan. 1 to 64 on Oct. 1, 1924. The output of pig iron and steel was as follows, in 1,000 poods:—

			Pig Iron.	
			1922-23.	1923-24.
1st quarter	...	...	3,618	8,700
2nd "	...	...	5,053	9,684
3rd "	...	...	4,397	10,778
4th "	...	...	5,253	12,883
Total			18,321	42,045
			Steel.	
1st quarter	...	...	6,907	15,216
2nd "	...	...	7,446	14,321
3rd "	...	...	10,603	15,334
4th "	...	...	11,035	15,366
Total			35,991	60,237

Although the pig iron output has more than doubled itself it is still less than 20 per cent. of the pre-war production. The output of iron ore rose from 27.89 mill. poods in 1922-23 to 42.41 mill. in 1923-24.

**The Manganese Ore Resources of the Soviet Republic.**—A survey of the Soviet manganese industry presented in the *Russian Information and Review* is introduced by a dissertation on the indispensability to the world of reviving and developing this industry, especially by the supply, by the great consumers of manganese in

their iron and steel industries (the United States, Great Britain and Germany), of the vast amount of machinery, plant, etc., needed for this purpose. The concession secured by the United States for twenty years and covering 10,000 acres in the Tchiaturi district of Georgia, estimated to contain 100 mill. t. of manganese ore, though not yet ratified, is itself, says this journal, evidence of the growing industrial importance of the U.S.S.R.

Manganese deposits of the U.S.S.R. occur in Georgia, Nikopol, the Urals and other places. The following account deals with each of the chief centres in turn:—

1. *Georgia.* Georgia has played an immense part in the provision of manganese ore for the world market. Of the 2.2 mill. t. of manganese produced throughout the world in 1913, Georgia's share was 970,683 t., or 44 per cent. of the total world production. The chief world producers of manganese ore are Georgia, India and Brazil. The following table shows the export from these three countries in 1913 and after the war:—

	1913.	1920.	1921.	1922.	1923.*
	Tons.	Tons.	Tons.	Tons.	Tons.
Georgia ...	1,066,600	175,757	25,520	168,380	360,056
India ...	928,108	710,850	540,001	775,000	730,888
Brazil ...	122,300	453,737	275,684	340,706	235,831

\* The Tchiaturi export of manganese ore during the first six months of 1924 amounted to 199,660 t., 60 per cent. of which went to the U.S.A.

Manganese ore occurs in various parts of Georgia, but the best known districts are Tchiaturi and Simoneti, in the Sharapan district of the province of Kautais; Nigoza and Konikora, in the Batum area, almost on the shores of the Black Sea; and Teklati, in the province of Tiflis. The ores of these places contain 54 per cent. of manganese. Work is going on solely in the Tchiaturi mines. Professor Nikitin estimates that there are about 15 milliard poods of manganese deposits in the Tchiaturi region, whereas specialists calculate that the manganese ores of India, Brazil, Cuba and other countries aggregate only about one-fifteenth part of this, viz. about one milliard poods.

The chief consumers of manganese ore are Great Britain, the U.S.A., and Germany. The following table shows the quantity they imported before the war and in 1922 and 1923:—

	1913.	1922.	1923.
	Tons.	Tons.	Tons.
Great Britain ...	610,800	342,709	529,311
U.S.A. ...	303,700	311,516	290,257
Germany ...	680,400	297,903	67,651

The cessation of export from Georgia during the war and revolution brought new competitors into the world market. Of these the Gold Coast of Africa and the Island of Cuba deserve attention. The former exported 136,000 t. during the last few years, while Cuba increased its export to 90,000 t. in 1918, but in 1920 reduced it as low as 2,482 t. and in 1923 raised it only to 19,636 t. Cuba is the least important rival of the U.S.S.R. It has small reserves and the ore is of very inferior quality.

In 1913 Great Britain imported from Tchiaturi 15.2 mill. poods of manganese ore. Since the war this country holds the second place as an importer of Tchiaturi ore, the total quantity of manganese ore imported into Great Britain in 1923 being 529,311 t., of which 73,308 t. came from Tchiaturi. During the first nine months of 1924 Great Britain imported 50,983 t. of ore from Tchiaturi. The falling off this year is due to a decline in the British manufacture of ferro-manganese.

America is at present the biggest importer of Georgian ore. In 1923 the total quantity of ore exported from Tchiaturi was 360,056 t., of which the U.S.A. took 127,994 t., or 36 per cent., i.e. almost 47 per cent. of the total U.S.A. import of this ore. Between January and June 1924 the U.S.A. imported 26,667 t., as against 17,170 t. during the corresponding period of last year.

Before the war Germany was the largest importer of Georgian manganese, which represented 65 per cent. of the total imports of this ore. Between January and August 1924 Germany imported 20,863 t. of Georgian ore. France has imported 280,737 t. of manganese ore this year, of which 75,000 t. came from Tchiaturi.

2. *The Ukraine.* The manganese ore deposits of the Ukraine are located in two districts—in the province of Ekaterinoslav and in the province of Podolia. In the former province the manganese region is situated around Nikopol, over an area of twenty square kilometres. In 1913 the amount of ore exported was 105,000 t., the maximum pre-war figure. In 1921 exports totalled 2,844 t.; in 1922, 24,271 t.; and in 1923, 47,345 t. Of the 1921 to 1923 exports, which totalled 74,460 t., Great Britain took 2,844 t., Germany 50,653 t. and Italy 20,963 t. During the first six months of 1924 the amount of ore exported from this region was nearly 17,000 t., of which 7,000 t. went to Germany and Polish Silesia, and 10,000 t. to Italy and Czechoslovakia.

The manganese area of Gaisinsk in the province of Podolia (S.W. Ukraine) covers about thirty square miles. It has not yet been fully explored.

3. *The Urals.* Manganiferous ore of the Urals, containing nearly 12 per cent. of manganese, quarried in the Mid-Urals, has a purely local significance and is consumed by the Ural metal industries. The quantity produced in 1923-24 was about 4,300 t., as against a pre-war average of about 3,500 t.

#### FOREIGN BANK RATES.

	Per cent.		Per cent.		Per cent.
Amsterdam	5	Danzig .....	10	Prague .....	6
Athens .....	7½	Dublin .....	5	Reval .....	9
Belfast .....	5	Geneva .....	4	Riga .....	8
Belgrade ...	6	Helsingfors	9	Rome .....	5½
Berlin .....	10	Kovno .....	8½	Sofia .....	7
Brussels .....	5½	Lisbon .....	9	Stockholm ...	5½
Bucharest ...	6	Madrid ...	5	Vienna .....	13
Budapest ...	12½	Moscow ...	6	Warsaw .....	12
Christiania ...	6½	New York...	3		
Copenhagen...	7	Paris .....	6		

#### SPECIAL ARTICLES.

##### THE FINANCIAL FOUNDATION OF INDUSTRIAL PROSPERITY.

The following is an extract from an address delivered by Dr. Benjamin M. Anderson, Junr., Economist of the Chase National Bank of the City of New York, before the Illinois Manufacturers' Costs Association at Chicago on November 18.

The rise in agricultural prices and the adoption of the Dawes Plan in Europe have gone very far toward restoring a sound basis for business prosperity, and business men generally are facing the future with confidence. The industrial fundamentals are in better balance than they have been at any time in several years. On the financial side also the situation is strong in so far as sound commercial banking policy and sound mercantile credit policy can make it strong. Banks have been prudent in lending and business men have been prudent in the giving and taking of credits. But there are three financial factors which ought to be altered if we wish to prolong the present promising upward industrial move, and consolidate the progress made. These financial factors are: (1) unduly high surtaxes; (2) unduly high tariff rates; and (3) unduly low Federal Reserve Bank rediscount rates, accompanied by excessive Federal Reserve Bank holdings of securities and paper bought in the open market.

Present Federal Reserve Bank policy is giving us the illusion of abundant and cheap capital when what we really have is an abundance of short-time money market funds, due primarily to the great influx of gold followed by the injection of a large amount of unneeded Federal Reserve Bank credit into the money market. As commercial borrowing has not sufficed to make use of all this surplus money, a very substantial part of it has gone into the investment market, and bonds have risen very sharply in price. With a strong revival of commerce and industry, money rates and interest rates may be

expected to rise sharply, and even violently, from present levels unless there should be a very great further addition to Federal Reserve Bank expansion, in which case an exceedingly unhealthy financial situation would be generated. We had best get rid of the artificial money market now, while commercial borrowing is still moderate, and before merchants and manufacturers have made large plans based on unduly cheap money. Commerce and industry will then know where they stand and will not face a rude disillusionment later.

Investors' capital, as distinguished from temporarily idle short-time funds, is scarce, taking the world as a whole, and is much scarcer in America than present rates obtaining in the money market would suggest. It is eminently desirable that we should finance business expansion out of investors' capital and not with short-time money, and it is eminently desirable that we should increase the sources of investors' capital available for use by the active and enterprising business men. The demands for capital from foreign countries, notably from a reviving Europe, are strong and increasing. It is investors' funds which they should have and not bank money or money market funds.

The high Federal surtaxes of recent years have diverted an increasing amount of the investment funds of men of large wealth from active industry to tax-exempt securities. The reduction of the surtaxes in the recent tax legislation, from 50 per cent. to 40 per cent. on the large incomes, has not been adequate to make any real difference in this course of events. Taxable bonds must yield over  $8\frac{1}{2}$  per cent. to equal a tax-free  $4\frac{1}{2}$  per cent. bond to large taxpayers at these rates. If, however, the 25 per cent. maximum surtax rate, recently recommended by Secretary Mellon, plus the present maximum 6 per cent. normal tax rate, were adopted, a very substantial volume of investors' capital, now employed in tax-exempt, non-industrial bonds, would flow back into industry. With these rates, a taxable investment yielding  $6\frac{1}{2}$  per cent. would be the equivalent of a  $4\frac{1}{2}$  per cent. tax-exempt bond to a man of large wealth. By adopting Secretary Mellon's proposal we should reverse the flow of capital into the tax-exempt field. We should check the excessive growth of State and municipal debt incurred largely for non-productive purposes, and, finally, we should increase very sharply, after a year or two, the Government's income from taxation of large fortunes.

With the turmoil of politics temporarily quieted, it is possible to look at these questions from a business point of view and to analyse them dispassionately. In the discussion of recent months Secretary Mellon's proposals have been misrepresented, and it has been made to appear that he was trying to relieve the rich at the expense of the poor in the matter of Federal taxation. In so far as there is an issue of this kind, it is not an issue between rich and poor, but it is rather an issue between wealth in the making and wealth that has already been accumulated and laid by. The existing Federal surtaxes fall heavily upon the most active and most successful business men who are making large fortunes. They fall lightly, or not at all, upon the men who have already made large fortunes, who have retired from business and who are content to live upon the income of tax-exempt securities. The estate of Mr. William Rockefeller, for example, held less than seven million dollars of Standard Oil stocks, whereas the value of his tax-exempt bonds was over forty-four million dollars. He paid much less in surtaxes to the Federal Government than would a man with one-fifth of his fortune who was engaged actively in business and who had the whole of his wealth engaged in productive enterprises.

Secretary Mellon's proposal would lead to a larger rather than a smaller contribution by men of large fortunes to the Federal Treasury and, instead of making it necessary to increase the rates on smaller incomes, would even make it possible to reduce these rates. The higher surtax rates are simply not productive of revenue. Lower surtax rates would be more productive. The

13 per cent. surtax rate of 1916 brought in approximately as much from incomes over three hundred thousand dollars as did the 65 per cent. surtax rate of 1921. The following table is significant in this connection :—

Year.	Total Surtax.	Percentage of	
		Surtax on Income in excess of \$300,000.	those in excess total of of \$300,000.
1916 ...	\$121,946,136	\$81,404,194	66.8
1917 ...	433,345,732	201,937,975	46.5
1918 ...	651,289,027	220,218,131	33.8
1919 ...	801,525,303	243,601,410	30.4
1920 ...	596,803,767	134,709,112	22.6
1921 ...	411,327,684	84,797,344	20.6

Somewhere in between a very low surtax and a very high surtax is to be found a rate which will bring the Government a maximum of revenue from men of large fortunes. Mr. Mellon, after very careful consideration of the matter, has placed 25 per cent. surtax plus 6 per cent. normal tax as the highest rate which can safely be entertained in this connection, and the evidence which he has offered in behalf of this figure is, to my mind, quite conclusive.

If we are to go on with the foreign loan policy which is necessary for the restoration of Europe and the restoration of our European markets, it is necessary that Europe should be able to send goods and sell them in our markets in order to obtain the dollars with which to meet interest and amortisation on the loans we make her. She must also sell goods here to get the dollars needed to buy our farm products and other export goods. We must receive a larger volume of goods from Europe if we are to reverse the one-sided flow of gold. The rise in farm prices during the current year has been primarily due to accidental circumstances, notably the crop failure of Canada and reduced agricultural output in much of the rest of the world. If we wish to make permanent the restored balance between agriculture and industry, we must build on the revival of Europe and we must make it possible for a restored Europe to continue to buy our agricultural products. A more moderate tariff policy, which recognises the essential connection between exports and imports, and which recognises that international debts are to be paid primarily through the receipt of imports, seems clearly called for.

If we can accomplish an early modification of our financial policy in these three particulars, (1) lower surtaxes, (2) a more moderate tariff policy, and (3) a reversed Federal Reserve Bank policy, I see no reason why we cannot look forward to a prolonged period of sound industrial prosperity.

## CORRESPONDENCE.

### NATIONAL DEBT AND TAXATION.

To the Editor of THE ECONOMIC REVIEW.

Sir,—The main feature about the evidence given before Lord Colwyn's Committee on National Debt and Taxation is its emphasis and agreement on the following points :—

That heavy taxation has the effect of restricting trade.

That provision ought to be made for gradual reduction of the National Debt.

That reduction of National Debt should be effected by reduction of Government expenditure, accompanied, if possible, with reduction of taxation.

This is all clear as far as it goes ; but it is superficial and, consequently, rather misleading.

First of all, let us be quite clear as to why heavy taxation has the effect of restricting trade. The reasons given before Lord Colwyn's Committee are, briefly, to the effect that such taxation increases the cost of production, and that, at the higher prices, there is a more restricted market both at home and abroad. This explanation, however, does not stand inspection. There cannot be a rise in the general price level unless an expansion in the total supply of money takes place in



relation to the total quantity of commodities and services for sale; and, when such inflation of money does take place, a proportionate depreciation in the monetary unit compensates, in markets both at home and abroad, for the higher price level. Thus, when there is no inflation there can be no rise in prices to restrict trade, and when there is inflation it is compensated for, as regards trade, by depreciation in the monetary unit.

The truth is, that taxation only restricts the total volume of trade when it causes *deflation*, or a reduction in the supply of money in relation to the total quantity of commodities and services for sale; for, in this case, manufacturers and merchants, when suddenly faced with the necessity of selling their stock at lower prices, are unable or unwilling to continue trading to the same extent. It is deflation, therefore, that restricts trade; and, although one of the principal causes of deflation is the withdrawal of money from the people by means of taxation, whether it is caused in this way or in any other is rather immaterial as regards the effects on the total volume of trade.

As regards the question of reduction of National Debt, gradually or otherwise, this can only be effected by means of the application of (a) money withdrawn from the people by taxation, and (b) money withheld from the public by the reduction of Government expenditure. Nevertheless, be the money withdrawn or be it withheld, the application of such money to reduction of National Debt, other things being equal, causes more or less deflation with restriction of trade.

Further, reduction of National Debt accompanied by deflation does not necessarily, in view of the lower prices that are the essential feature of deflation, result in any reduction of the commodity value of the debt.

Reduction of National Debt, therefore, can only be harmful in the circumstances described, regardless of whether it be effected by means of taxation or by means of reduction of Government expenditure.

In circumstances, however, when the supply of money is being increased by the people independently of the Government, the required amount of money for reduction of National Debt can be either withdrawn from them by taxation, or withheld from them by reduction of Government expenditure, and still leave sufficient money in their possession to obviate deflation and its restricting effect upon trade. This might mean that reduction of National Debt should be commensurate with increased production of commodities, increased production of money, or increased prosperity; but whatever it means, it is much too vague. We must be precise about the matter.

In order to consider the question clearly, it is necessary to appreciate the fact that the total supply of money does not vary as the total production of commodities and services for sale, the curves of each being quite different. Thus, earning and saving in respect of money, and in respect of commodities, are two different things with totally different effects as a rule. The manner in which they affect each other cannot be pursued here; but what is mainly involved in the question of reduction of National Debt is the principle that every loan from a banker creates a deposit and every repayment of a loan to a banker destroys a deposit of money.

The National Debt is an obligation to pay money, not commodities, and, therefore, an increase in the quantity of money in relation to the quantity of commodities and services for sale is required, whereby the excess of money can be (a) withdrawn from the people by taxation, or (b) withheld from the public by reduction of Government expenditure, and applied to the reduction of the Debt.

Reduction of National Debt, therefore, should only take place at times when there is a tendency for inflation to take place as the result of (1) reduced production of commodities, or (2) increased supplies of money arising from the people obtaining larger quantities of credit from bankers. At such times, reduction of National Debt should, imperatively, take place in order to counteract

the inflation, by a reduction of expenditure by the people and the Government; because, in this way, (1) reduced production of commodities would be met by reduced consumption, or (2) an increase in the supply of money arising from an increase in the people's loans from bankers could be accompanied by a corresponding reduction of the National Debt.

Whether reduction of National Debt be achieved by means of increased taxation or by means of reduced Government expenditure makes little difference to the total volume of trade as a whole; but it is important for the welfare of the State that the required economy be effected at the point where expenditure is least necessary or desirable, be it Government expenditure or certain classes of expenditure by the people. This last point, however, is a large subject of another kind.

Yours faithfully,



H. ABBATI.

Hotel Londra, Sanremo, Italy.

## THE ECONOMIST'S BOOKSHELF. IMPERIAL ECONOMIC HISTORY.

**The Economic Development of the British Overseas Empire 1763-1914.** By L. C. A. KNOWLES, LL.M. (Cantab.), Professor of Economic History in the University of London. (London: George Routledge & Sons, Ltd. Price, 10s. 6d. net.)

Karl Marx's statement that history is the working out of economic forces, one-sided though it is, was yet an epoch-making pronouncement. *Das Capital* was published in 1867, and since that time there has been an ever increasing tendency to look at life through economic spectacles and to postulate economic origins for the complex relationships of the modern world. In so far as this tendency redresses the balance, it is all to the good. We have hitherto written history far too exclusively in terms of politics; spiritual forces as well as economic factors have been left out of the picture; and the result has been that the student of history has seen the life of nations and the building up of empires neither steadily nor as a whole. Particularly has this been so with the British Empire. The growth of the Empire has been attributed to English love of adventure, to England's struggle for power with Spain and France, to her marked capacity for administration, to her philanthropic and missionary zeal, even to her famous absence of mind. Professor Knowles does not forget these things, but in the foreground she puts the multitudes of every nation and every tongue who people the Empire, rather than its rulers, generals and statesmen, and shows us its development as a working out of the manifold needs and intricate relationships of Britisher and Indian, African and Malayan, guided, it is true, by courageous and far-seeing administrators, but none the less conditioned by factors, climatic and racial as well as economic, which are amenable to human control only in a limited degree.

This volume is the first of two which are together to cover the British Empire. Book I. contains a sketch of the Empire as a whole, and Book II. considers in detail India and the tropical continental areas, Malaya, Nigeria, Kenya and Uganda. The second volume, Book III., is to contain the economic history of the Dominions and Rhodesia. Professor Knowles says in her Preface that "in a book which ranges from slavery to Factory Acts, from cold storage to ticks and mosquitoes, from peasant cultures to plantation products, from bush paths to railways, there are bound to be many gaps." What strikes the average reader is, however, not the omissions, but the vast amount of detail with which the book is crammed to overflowing. Without obscuring the main lines of her argument, the writer gives us the little touches that make all the difference between a dead and a living world, she supports her statements with statistics and quotations, and draws comparisons with familiar countries in order to throw light upon conditions in unfamiliar ones. There

is a certain amount of repetition in the process, but it is almost inevitable from the arrangement of the book. The institution of slavery, the prevalence of malaria, the question of transport, the development of scientific agriculture are matters which must be touched upon in a sketch of the Empire as a whole. Equally they must be developed in detail when the different parts of the Empire are reviewed, and since they condition economic development alike in India, Africa and Malaya, they are bound to recur more than once. None the less we feel that a certain amount of compression, if it could be effected, would be an advantage.

Though Professor Knowles revels in statistics and quotations from year-books, reports of commissions and other notoriously dull sources of information, her own book is never for a moment dull. She has a gift of vigorous presentment which carries her reader along even through difficult patches, and she never loses sight of the human interest. This comes out, for example, in her treatment of the question of slavery (though we think it a little too rose-coloured), in her description of famine conditions in India, and in her account of the difficulties of pioneer work in areas like Malaya and Nigeria, where Nature as well as man is against the intruding planter and trader. Professor Knowles sees, too, the underlying romance of the Empire: our cocoa and tea, our cotton garments, our motor tyres and other commonplaces of every-day life are invested with the glamour of the tropical lands from which they originally come. She has, moreover, an extraordinary ability to see connections which the average person misses, and her book is full of concise statements pregnant with meaning. "Taxation is one of the greatest educative forces which the British are bringing to bear on the Tropics." "The first result of the freeing of the slaves in the West Indies was to lead to the development of an export trade in sugar from India." "The [Suez] Canal practically created the large export trade in wheat" (from India). This lively appreciation of economic reactions is one of the most valuable features of the book.

In her references to politics Professor Knowles is as interesting as on the purely economic side. She brings out clearly the often unperceived fact that the attainment of self-government in India is intimately bound up with improved methods of agriculture and greater industrial development. In her treatment of this question as well as other controversial matters, such as the economic reasons for slavery in some countries and the introduction of coolie labour into South Africa, her impartiality and detachment are as refreshing as they are rare. Even those who look at the Empire primarily from a political point of view will profit by reading the book; there is often matter for thought in *obiter dicta*.

Finally we would commend the book to the anti-imperialist as well as the imperialist. Professor Knowles shows that the Empire has been a burden as well as a source of power and profit. England has compensated European planters and native rulers for the loss of their slaves, she has made roads and bridges and irrigation works, she has constructed and maintained railways that have not paid, she has carried on scientific research to rid her dependencies of pests and diseases. It is true that ultimately she may hope to see some return for her efforts and expenditure, but meanwhile she has sown much and reaped little. India is a case in point. Professor Knowles sums up the work of the English there during the last one hundred and fifty years as laying "the foundations of peace, order, tolerance, justice, security, sound financial administration, irrigation and communications." Some of these things may seem to be outside an economic survey. Professor Knowles shows that they are all interdependent, and that the nature of the British Empire can neither be understood nor appreciated unless all the different factors in its development be taken into account.

K. M. GARDINER.

## PUBLICATIONS RECEIVED.

- History and Principles of Banks and Banking.* By H. T. Easton. Third edition, enlarged. (London: Effingham Wilson. Price, 9s. net.)
- International Labour Review.* Vol. X., No. 5. November 1924. International Labour Office. (London: George Allen and Unwin, Ltd. Price, 2s. 6d. single copy, 24s. per annum.)
- Plan de una Política Moderadora de las Crisis Económicas.* Informe presentado a la Asociación Internacional de lucha contra el paro. By L. Victor Paret.—Sociedad para el estudio del problema del paro. (Toledo: Imprenta del Colegio de María Cristina.)
- Report on the Economic Conditions in South Africa.* July 1924. By W. G. Wickham, H.M. Senior Trade Commissioner in South Africa.—Department of Overseas Trade. (London: H. M. Stationery Office. Price, 1s. 6d. net.)
- Rivista Bancaria.* October 1924. (Milan: Via Meravigli, 14. Price, L.90 per annum.)
- Statistical Method.* By Harry Jerome, Assistant Professor of Economics at the University of Wisconsin. (New York and London: Harper and Brothers. Price, 15s. net.)
- Statistisches Jahrbuch für den Freistaat Preussen.* Vol. XX. Issued by the Prussian Statistical State Department. (Berlin.)
- Social Policy in the Czechoslovak Republic.* Edited by the Social Institute of the Czechoslovak Republic for the International Congress on Social Policy in Prague. (Prague: The "Orbis" Publishing Co.)
- The A.B.C. of Foreign Exchanges.* By George Clare. Sixth Edition, revised, with additions, by Norman Crump. (London: Macmillan & Co., Ltd. Price, 4s. 6d. net.)
- The Activities of the International Federation of Trade Unions 1922-1924.* (Amsterdam.—London: Labour Joint Publications Department, 33, Eccleston Square, S.W. 1. Price, 4s.)
- The Economic Position of Great Britain.* Address delivered by Edgar Crammond, F.S.S., to the Institution of Civil Engineers, October 28, 1924. (London: J. M. Baxter & Co.)
- The Economics of Welfare.* By A. C. Pigou, M.A., Professor of Political Economy in the University of Cambridge. Second edition. (London: Macmillan and Co., Limited. Price, 30s. net.)
- Trade-Routes and Commerce of the Roman Empire.* By M. P. Charlesworth, M.A. (London: Cambridge University Press. Price, 12s. 6d. net.)
- Zeitschrift des Preussischen Statistischen Landesamts.* Edited by Dr. Saenger, President. 1924. Part II. (Berlin: Verlag des Preussischen Statistischen Landesamts.)

## NEW BOOKS ON FINANCE & ECONOMICS.

### FINANCIAL REFORM.

By HENRY HIGGS, C.B. 8vo. 6s. net.

*The Scotsman.*—"Mr. Higgs is to be congratulated on having contrived to touch on so many urgent questions in the brief compass of his four lectures, and on being throughout so stimulative of thought."

### THE STATE THEORY OF MONEY.

By GEORG FRIEDRICH KNAPP. Abridged Edition. Translated by H. M. Lucas and J. Bonar. 8vo. 10s. 6d. net.

*The Financial News.*—"The translation has rendered this interesting work accessible for wide classes of students of economics in the English-speaking countries."

SECOND EDITION, THOROUGHLY REVISED.

### THE ECONOMICS OF WELFARE.

By A. C. PIGOU, M.A., Professor of Political Economy in the University of Cambridge. Second Edition, thoroughly revised. 8vo. 30s. net.

### THE SCIENCE OF PUBLIC FINANCE.

By G. FINDLAY SHIRRAS. 8vo. 21s. net.

*The Nation and the Athenæum.*—"A book which is worthy of a place of honour on our shelves and in our libraries. It is difficult to do sufficient justice to Mr. Shirras's work within the limits of our space, but it can be recommended to every student of public finance."

### THE ABC OF THE FOREIGN EXCHANGES.

A Practical Guide. By GEORGE CLARE. Sixth Edition. Revised, with additions, by NORMAN CRUMP. Crown 8vo. 4s. 6d. net.

MACMILLAN & CO., LTD., LONDON, W.C. 2.

# STATISTICAL SECTION

## THE TRADE BAROMETER

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

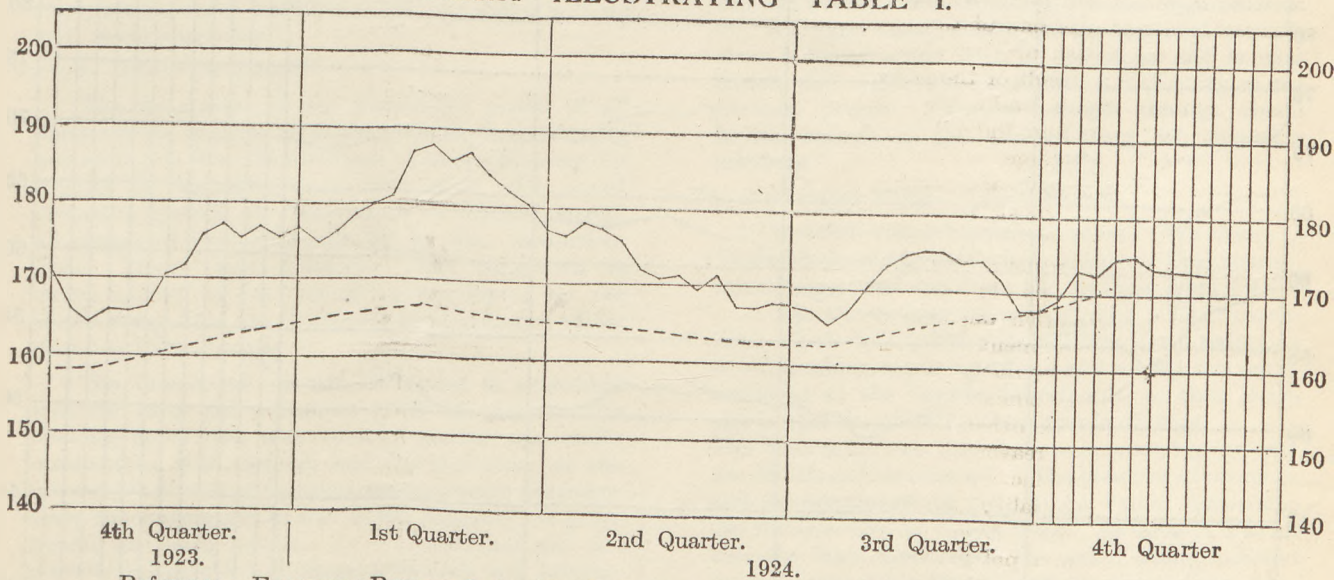
- |              |                 |            |           |            |
|--------------|-----------------|------------|-----------|------------|
| 1. Pig iron. | 3. Coal.        | 5. Cotton. | 7. Hides. | 9. Bacon.  |
| 2. Tin.      | 4. Linseed Oil. | 6. Wool.   | 8. Wheat. | 10. Sugar. |

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

TABLE I.

Date	10 Com- modities	Bd. of Tde Monthly Average	Date	10 Com- modities	Bd. of Tde Monthly Average	Date	10 Com- modities	Bd. of Tde Monthly Average	Date	10 Com- modities	Bd. of Tde Monthly Average
Jan. 16 1920.	367.9	296.6	May 12	204.3	201.7	Aug. 18	164.0	156.3	Dec. 14	177.0	163.4
Feb. 13	367.6	310.3	June 17	201.8	197.7	Sept. 15	161.2	154.3	1924		
Mar. 19	396.9	319.0	July 15	194.4	194.1	Oct. 13	161.2	155.2	Jan. 18	178.6	165.4
Apr. 16	384.6	325.2	Aug. 19	178.1	190.0	Nov. 17	169.3	157.6	Feb. 15	187.9	167.0
May 14	391.2	325.5	Sept. 16	183.4	187.0	Dec. 15	161.2	155.8	Mar. 14	182.1	165.4
June 18	417.7	322.4	Oct. 14	170.2	180.7	1923			Apr. 18	177.5	164.7
July 16	418.8	316.9	Nov. 18	154.5	172.8	Jan. 12	162.8	157.0	May 16	171.2	163.7
Aug. 13	386.8	313.1	Dec. 16	153.2	167.9	Feb. 16	177.2	157.5	June 20	167.8	162.6
Sept. 17	379.4	311.4	Dec. 30	150.0		Mar. 16	192.4	160.3	July 18	167.1	162.6
Oct. 15	328.6	302.3	1922			Apr. 20	198.5	162.0	Aug. 15	175.3	165.2
Nov. 19	293.0	286.9	Jan. 20	144.0	164.0	May 18	198.1	159.8	Sept. 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	Nov. 14	173.3	
Jan. 14	244.2	245.9	Apr. 14	151.7	160.1	Aug. 17	174.6	154.5	" 21	173.0	
Feb. 18	219.1	225.2	May 19	162.1	160.6	Sept. 14	173.2	157.8	" 28	172.8	
Mar. 18	199.0	210.8	June 16	163.6	159.9	Oct. 19	166.0	158.1			
Apr. 15	202.8	204.8	July 14	165.1	160.3	Nov. 16	171.7	160.8			

CHART ILLUSTRATING TABLE I.



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

TABLE II.

Date	Pig iron.	Tin.	Coal.	Linseed Oil.	Cotton.	Wool.	Hides.	Wheat.	Bacon.	Sugar.	Mean.	Date.
Dec. 30, 1921	100	100	100	100	100	100	100	100	100	100	100	Dec. 30, 1921
1922												1922.
Jan. 27 ...	90.6	90.5	92.4	108.8	85.3	100.0	82.6	101.1	94.4	96.1	94.18	... Jan. 27
Apr. 28 ...	92.9	89.4	89.6	149.1	87.9	106.7	78.3	113.5	115.8	107.7	103.09	... Apr. 28
July 28 ...	92.9	94.5	97.2	157.9	110.1	111.1	97.1	119.0	116.5	119.2	111.15	... July 28
Sept. 29 ...	94.3	95.2	92.9	135.1	105.9	117.8	96.4	82.8	104.0	134.6	105.90	... Sept. 29
Nov. 3 ...	95.5	107.5	100.0	140.3	119.9	133.3	106.5	91.9	104.8	134.6	113.43	... Nov. 3
Dec. 29 ...	89.4	106.7	91.5	138.6	126.0	120.0	93.5	90.4	89.7	138.5	108.43	... Dec. 29
1923.												1923.
May 18 ...	110.8	117.9	128.3	166.7	120.2	137.8	102.9	102.7	91.2	242.3	132.08	... May 18
Oct. 12 ...	93.4	117.1	90.6	150.9	136.4	126.7	84.8	83.0	66.2	145.9*	109.50	... Oct. 12
Nov. 16 ...	97.2	127.4	97.2	149.1	165.8	128.9	87.0	86.2	73.5	132.7	114.50	... Nov. 16
1924.												1924.
Feb. 15 ...	96.7	163.4	96.2	171.9	159.6	151.1	91.3	100.4	65.8	156.1	125.25	... Feb. 15
July 11 ...	89.6	128.9	74.5	140.4	140.6	142.2	92.8	111.5	80.9	101.4	110.28	... July 11
Aug. 15 ...	87.7	148.0	78.3	145.6	158.8	151.1	94.2	124.1	84.6	96.6	116.90	... Aug. 15
Sept. 26 ...	85.8	136.6	72.6	151.8	120.6	151.1	97.1	113.8	81.6	108.1	111.91	... Sept. 26
Oct. 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	153.2	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
" 28 ...	84.9	151.2	68.9	161.1	114.7	173.3	101.4	118.6	81.6	96.6	115.23	... " 28

\*Revised Quotation.

Statistical Section

THE EUROPEAN EXCHANGES

WEEKLY PERCENTAGE OF DOLLAR PARITY

(To Week ending November 29.)

	Week ending			Week ending	
	Nov. 29.	Nov. 22.		Nov. 29.	Nov. 22.
Sweden ...	100.47	100.23	Denmark ...	65.46	65.61
Holland ...	100.23	100.00	Norway ...	55.21	55.34
Switzerland ...	100.00	100.00	France ...	27.54	27.29
Sterling ...	95.06	95.06	Italy ...	22.49	22.49
Spain ...	70.96	70.63			

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.

