

THE ECONOMIC REVIEW

A REVIEW OF THE FOREIGN PRESS

AND

A JOURNAL OF POLITICAL ECONOMY

Vol. X. No. 24.

December 12, 1924.

Price 1s. Weekly.

ECONOMIC REVIEW OF REVIEWS.

THE ECONOMIC POLICIES OF THE GERMAN PARTIES.

Wirtschaftsdienst publishes a list of extracts from those portions of the Election Manifestoes of the principal German parties which are of economic import.

Centre Party.

"The London Agreements have had a tranquillising effect upon our economic life. Our immediate task is gradually to remove the difficulties still outstanding and to open up further prospects of prosperity through the coming trade treaties. The people is still suffering from extreme misery and want. We know that, and are determined to do what is humanely possible to relieve it. National distress may hold us back and require temporary sacrifices; but our social will we will never surrender."

German Democratic Party.

"The restoration of the purchasing power of all classes of the population as the basis for strengthening our economic life, the abolition of unemployment by linking up Germany once more with the world economic system, the alleviation of distress among all classes of the population hit by war, revolution, Peace Treaty and inflation." The manifesto is supplemented by one issued to employers by the Reich Committee for Commerce and Industry, which contains the following:—

"The dissolution of the Reichstag is extremely harmful from the economic point of view. The opening up of new commercial relations and credit connections with abroad, and the reduction of the intolerable burden of taxation, now no longer necessary since the restoration of the Reich finances, are postponed for many weeks. . . . National and industrial co-operation (*Volksgemeinschaft* und *Arbeitsgemeinschaft*) form the psychological basis for political and economic reconstruction. Neither class war, whether from above or below, nor the erection of party barriers between the various social classes, nor attempts to put political or economic pressure on a part of industrial population, but only the harmonious working together of all the national resources, a real mutual confidence between all classes and conditions of society can maintain the unity of the Fatherland and restore her full political and economic freedom. . . . Let employers therefore make '*Volksgemeinschaft* und *Arbeitsgemeinschaft*' their watchwords in this election."

The German People's Party.

"Our aim is the deliverance of the Fatherland from moral and material fetters. Resistance to illegality, understanding with our opponents on the basis of equality, acceptance of burdens only on the assurance of our freedom, our honour and our life as a civilised people, the restoration of Germany as a factor in the political and economic system of the world are the milestones on our road. On this road we shall fight for our indefeasible right to colonial activity. . . . The wounds inflicted by war, revolution and inflation will only be closed when the unhappy masses of those

who have suffered injury and loss have been restored through the utmost exertions of the whole people. . . . We shall fight, as before, for the equitable restoration of secured debts. . . . Healthy economic conditions can only be restored through increased production, reasonable taxation reform and State protection of those branches of industry which, however efficient, would succumb to foreign competition.

"The necessary protection is the basis on which we must conduct the trade treaty negotiations which are to restore us to our place in the world economic system and to afford us the necessary expansion of our export industry. Flourishing production is in the interest of consumers and is the *sine qua non* for the maintenance and expansion of social organisations.

"We must stand firmly on the national ground, show a liberal spirit both in economics and in education, and endeavour to achieve a real unity of the German people (*Volksgemeinschaft*) through social feeling based on the reconciliation of opposing interests."

The Nationalist Party.

"Christlich-völkisch-national-sozial! We desire a *Volksgemeinschaft* which is founded on Christianity, rejects class war and frees the workers from terror. . . . The Dawes laws are now binding. Their execution, which will prove the necessity for a reduction of our burdens, requires vigilant and courageous representation of the German standpoint, so that Reich and people do not fall into economic distress. . . . The State must once more behave honourably towards its officials and its citizens. The breaking of promises and the annulment of guaranteed values undermine the whole authority of the State. As far as it is at all able the State must repair the awful wrong inflicted by a dishonoured currency and by unjust laws upon citizens who entrusted it with their savings.

"We stand for a thoroughgoing simplification of the system of taxation . . . and for the utmost economy. We aim at permeating the conditions of labour and the whole life of the people with the social spirit. . . ."

The Social Democratic Party

supports "the struggle of the propertyless, dispossessed and oppressed against the domination of the propertied classes. The bourgeois block is the capitalists' class war against the working classes. The interests of German home and foreign policy are alike opposed to the propertied bourgeois block. The evacuation of the Ruhr and of the whole occupied area depends upon the confidence enjoyed by the German Government abroad. . . . A protective tariff only helps the rich. An enormous rise in the cost of food, the forcing down of wages, increasing unemployment and longer hours of work are the consequence.

The Party seeks reconstruction not by depressing human life and strength, but by a rational organisation of production, by taxing property and by enhancing the education and culture of the working masses

It opposes the domination of overpowerful economic groups and demands their subordination to the will of the State.

The Party especially demands the maintenance of an effective rent restriction . . . the protection of small holders and small owners, the raising of allowances to the socially insured, to wounded ex-soldiers, to widows and orphans, adequate support for the unemployed and the creation of a legally enforceable system of unemployment insurance. In common with the trade unions it works for the improvement of the standard of living of the workers and of State employees and officials, for the eight-hour day and the ratification of the Washington agreement. . . .

The Federation of Employers.

"Germany is impoverished and loaded with debt. The consequences are distress and depression of the standard of living. This is intensified by a prolonged economic crisis due to a mistaken internal policy. We demand in particular reduction of taxation (in the case of turnover, luxury, advertisement taxes, municipal trade licenses), new assessments (in the case of income and property taxes—the property tax must undergo a fundamental change in the basis of assessment), a basic alteration in the method of balancing the budget (no hoarding by the Treasury), reduction of freight rates (by at least 15 per cent.), and a re-drafting of the rate table on lines approximating to those of pre-war days. These are the essential preliminary conditions to a fall in prices, which is also desirable from the point of view of our export trade. No systematic shortening of the hours of labour, no forcing up of wages—but instead a firm resolve to increase production through technical and personal effort. No international conventions (implying control) with regard to conditions of labour—but instead the raising of real wages through the lowering of the costs of production."

The Federation of Trade Unions.

"Restoration of the eight-hour day, extension of labour legislation (industrial courts, industrial agreements, arbitration, wage legislation), unemployment insurance. Adaptation of Reich insurance regulations to actual conditions—safeguarding the right of combination, legal recognition of trade unions—distribution of the burdens imposed by the Dawes Plan, and a customs policy based on the interest of the workers."

The Reich Landbund

Advocates the expansion of the home market through protective tariffs and concludes:—"The existence of millions of German agriculturists must not be sacrificed to the interests of a few export firms."

THE FUNCTIONS OF SAVINGS BANKS.

The *Rivista Bancaria** reprints an address delivered by the late Prof. MAFFEO PANTALEONI to the International Congress of Savings Banks on the extent to which it is permissible for Savings Bank to function as ordinary banks without infringing the particular purposes for which they exist. Prof. Pantaleoni takes as the central point of his discussion the big Lombard Savings Bank, which has deposits amounting to very nearly L.3 milliard, not a large sum in itself, but large in proportion to Italy's resources. Two main characteristics distinguish this savings bank from the small savings banks. In the first place, it has reached dimensions in virtue of which it should be self-supporting in face of all emergencies, and cannot rely on the assistance of the Banks of Issue. A large proportion of its investments must therefore be in securities which are easily

realisable either at home or abroad; the amounts which it might be called upon to realise are so considerable that security prices would be heavily affected by the sale. Small savings banks, on the other hand, can place most of their resources in securities usually regarded as immobile without serious danger, for the sums that they may be required to realise are so small that there will be no difficulty in finding buyers. The sphere of their investments comprises mainly mortgages on land, letters of exchange to small artisans, shopkeepers, etc., investments in public securities (by way of having in hand some liquid funds), and loans to municipal bodies. The distinction is well exemplified by the Lombard Savings Bank itself in the course of its evolution from a small to a large bank. In 1854 L.36 mill. were locked up in mortgages and loans against a liquid debt of L.41 mill., whereas in 1913, with a liquid debt of L.829 mill., only L.294 mill. were locked up in that way. Prof. Pantaleoni particularly emphasises the desirability of placing a portion of the investments in easily realisable foreign securities, as a safeguard against the influences of a capricious bureaucracy or a corrupt Press on the market at home. The second distinction which differentiates the large from the small savings bank is one of function. Savings banks originated with the idea of stimulating savings among the poorer classes and of receiving deposits from that source only; now, however, especially in the case of the larger banks, deposits come from the richer classes as well, including those engaged in commerce and industry. With this change the practice has grown up among the savings banks of granting commercial and other credits after the manner of ordinary banks, and deposits are employed in payment on account of goods purchased or even as security for contracts of sale. This is the real reason for the enormous increases in deposits with the savings banks. Moreover, in view of the general aversion of the Italian public from direct investments the savings banks perform valuable functions as intermediaries. Prof. Pantaleoni then goes on to deprecate the absorption of so large a proportion of the people's savings (L.6 milliard) by the Post Office Savings Bank. The object of the Post Office Savings Bank is to place large funds at the disposal of the Treasury; the deposits with this bank therefore become locked up and the bank would be insolvent in case of a sudden large demand for payment. The State, moreover, is entitled to obtain by taxation its share of the people's income, but not to hinder the formation of this income by holding the capital from which it is derived. This is uneconomic in the same way as inheritance duties; it is not even analogous to a State loan, which is raised for a definite purpose. Prof. Pantaleoni also considers it undesirable that the savings banks, whose deposits form more than a quarter of the total deposits in Italy, should invest so large a proportion as one half in State securities; they should rather invest their funds in stock whose value varies with that of the currency, in shares, that is, and not in bonds, care being taken to distribute the risks. Finally, he is strongly of opinion that the big savings banks ought to work for profit; they can and should build up capital resources of their own, thereby increasing the security of the deposits and putting themselves in a position to perform the functions of ordinary banks. The American Trust Companies and the Bank of England are cited as examples of analogous multiplicity of function.

The *Eco Della Stampa*, Corso Porta Nuova 24, Milan, Italy, reads all the daily and periodical papers of Italy through its agency. It was founded in 1901, and since that year has enjoyed the ever-increasing esteem of the public, which is able to appreciate its very valuable work. Its service of press cuttings will be of assistance to the diplomat, politician, business man, artist, or writer, in his studies and work, since he is kept, without worry or exertion, in touch with the intellectual, artistic, literary, scientific, industrial, commercial and financial movements throughout the world at very small cost and in the fullest manner. Terms of subscription will be sent on receipt of your card.—*Advt.*

* V. Year, No. 11. Milan. Monthly. Price, L.100 per annum.

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.)

BULGARIA

POLITICAL AND GENERAL

The Politico-Economic Situation and the Government's Policy. — In a speech delivered before the Bulgarian Parliament on November 22 M. Alexander Tzankoff, the President of the Council, gave a detailed exposition of the Government's policy in regard to the general political and economic situation. The salient features are contained in the following summary of the report of the speech in *La Bulgarie*.

Replying to the accusation levelled at the Government of adopting an alarmist policy in regard to rumours of imminent movements on the part of the Agrarians and Communists, with a view to encouraging the demand for a conscript army, M. Tzankoff declared that the danger had not been exaggerated. The question of the army was a serious one. They did not demand an army solely for the purpose of opposing the Communists. The September revolt was readily quashed and was not likely to recur. The army was necessary for defending the existence of the Bulgarian nation. He then proceeded to disclose proofs of the intrigues and aggressions of the parties in question. The Government, however, had the problem well in hand, and serious trouble need not be now feared. The great aim of the Government was to establish and maintain internal order and tranquillity.

Turning to the question of the high cost of living, the President pointed out that although the country was susceptible to this burden the co-efficient of the increased cost was lower in Bulgaria than in most other countries. The nation was passing through a crisis. The high cost of living was due to the disorganisation of the economic life of the world. The crisis actually began before the war and the severity of the conditions was aggravated and made disastrous by the war. In Bulgaria the construction of the economic organisation had changed. To-day, the speaker continued, Bulgaria exports practically no corn, but the exportation of other products, such as tobacco, beans, sugar-beet, oleaginous seeds and vegetable oils, has become more intensive. It was their duty to stimulate the production of corn again. Of the figures given by the speaker the most striking referred to the progress in the export of tobacco, which has risen to 31 per cent. of Bulgaria's total exports, as against 0.9 per cent. before the war. The high prices were also caused by the increase in the needs of the people, as reflected in the conditions of the dairy produce industries, and to the huge debts of the State, which have contributed to the depreciation of the Bulgarian currency. The passive trade balance was another factor to be reckoned with. The Government's policy against the high cost of living was to encourage as much as possible the transformation of the economic life; to economise and work. The Government was willing to assist financially in the fight against speculation and high prices. It had already advanced 70 million leva as loans and the Treasury had a further 30 million available for this purpose. The policy tended to stabilise the currency and to develop credit. From December 17 last till the present time the lev had remained stable, a fact that was greatly appreciated by all the economic representatives of the country. He thought the demand for the gold standard was premature; it was essential first to establish the equilibrium of the Budget. That this had not yet been accomplished was largely due to peculiar circumstances, such as the immigration of the refugees and the disastrous weather conditions. For all that,

Bulgaria was progressively economising and the deposits at the banks were being augmented. The Budget was rational and corresponded to the exact conditions and the financial capacity of the country; it did not show a deficit. The Government had set 1,200 mill. leva against the public debt and had paid the debt of the occupation, succeeding in this respect in getting the demand reduced from 100 mill. to 25 mill. gold francs. The situation of the country was admittedly not enviable, concluded the President, but he believed that the present activities were rendering the field of the future fertile.

Influence of Reparations on National and Private Economy. — This subject is dealt with at some length by Dr. Peter Lechtoff in recent issues of *La Bulgarie*. At the outset the writer recalls the provisions of the Treaty of Neuilly, whereby Bulgaria is obliged to pay 2½ milliard gold francs within a period of 37 years, or a yearly deposit of 112.5 million. With the exchange at 3,500 leva for 100 Swiss gold francs, the annual payment represents 3,940 mill. leva. By 1921-23 it was already doubtful whether more than 4 to 5 milliard leva could be raised even by extreme efforts. If all the revenue were directed towards the settlement of these obligations the latter could only be half met. The impossibility of settlement in this way is clear. In normal times the Budget has never exceeded 200 mill. gold francs.

Dividing the post-war period into two parts, that of 1919 to 1923 and 1923 to 1925, the writer mentions that, according to the report of Bulgarian commissariat for reparations, 963 mill. gold francs were conceded in material and specie from the conclusion of the Armistice at Salonica to the end of 1922. During this period the budgetary deficits amounted to 3,436 milliard leva; the receipts to 5,694 milliard. The deficits thus formed 60 per cent. of the receipts. It is only since 1922-23 that the Budget has been balanced. The deficits were covered by the State debts to the National Bank of Bulgaria. All the expenditure was for unproductive ends, by far the major part being swallowed up by reparations and the external debts, the latter amounting, even in 1914, to 685 mill. gold francs. The financial catastrophe of this period undoubtedly arose from these payments. From 1919 to 1922 the sum total of the passive trade balance was 1,394 mill. leva, or relative to the respective rates of exchange, 170 mill. gold francs, constituting 27 per cent. of the total export value. In 1923 the passive balance was 1,800 mill. leva, or 80 per cent. of the value of exports, and, judging from the returns to hand, the passive balance for 1924 may be estimated at 1,500 million. These two passive balances added together are equal to the entire value of exports in 1922. The writer remarks that commentary is unnecessary.

The State, Dr. Lechtoff proceeds, has been compelled to change from being the regulator of private economy into a destructive agent, cutting away the very foundations. It has made an attack not only on the revenue but also on the capital of private property. According to the calculations of M. Bourilkoff the burden of taxation represents 40 per cent. of the receipts of the total property. It is impossible to levy such a burden without striking a blow at the needs of the population. Moreover, reparations have a more direct detrimental influence; the political pressure and the constant menaces cause fluctuations in the exchange. In 1921, for example, there was an excellent harvest resulting in an increased export trade. Instead of the exchange being thereby improved it actually grew worse. The writer gives further examples to show

that political causes, closely allied to the system of reparations, have a decisive influence upon the exchange and consequently tend to disorganise the economic life of the country. He shows that the population has on this account to suffer great privations. Civil servants, for instance, are to-day receiving only 30 per cent. of their pre-war salaries. The remaining amount that they and others should but do not get is swallowed up by the obligations of the State. Such a precarious economic situation naturally reacts upon the political and social conflicts, by accentuating the differences, and also tends to hinder production.

The fiscal year 1923-24 marked a period of political and economic transition. The new political régime introduced certain legislative changes and new financial charges were imposed. The Budget was balanced only by extreme efforts and in 1923 Bulgaria assumed further obligations: (1) to pay Yugoslavia 300 mill. leva, at the rate of 4.90 Swiss francs per 100 leva (at the present rate of exchange the sum is actually 400 mill. leva); (2) to pay 25 mill. gold francs for the costs of occupation after the Armistice; (3) the sum of 100 mill. gold francs, adjudged by the arbitration tribunals, is to be mortgaged and to bear 6½ per cent. interest—the result of the entente between the French and Belgian creditors and the Bulgarian Government. The payment of this interest alone imposes a new charge of 150 to 200 mill. leva annually. Besides all these, there are other items of obligation in virtue of the Treaty of Neuilly. The truth is that the Government does not know what it really owes. These increased burdens are reflected in the estimates for 1924-25, wherein direct taxation is 2½ times as heavy as before and indirect taxes are increased by 25 per cent. Moreover, from 30 to 35 per cent. of the receipts is to be devoted to unproductive purposes. In spite of all efforts to avoid it inflation is imminent; in the opinion of the writer it will be necessary to issue 4 milliards of new notes. This inflation will lead to a fresh depreciation of the currency, which will in turn react upon the national economic life. Bulgaria is faced with an imminent catastrophe and the only way to ward it off is to request a revision not only of reparations but of all Bulgaria's foreign debts. Bulgaria, he considers, ought to be freed from all payments for some years, so as to have an opportunity of setting things right at home. In any case it is the duty of the nation to make a frank and clear statement to its creditors of the lamentable condition of the financial and economic life of Bulgaria.

FINANCE

Stability of the Lev.—In a report to the Parliamentary Committee of Finance M. K. Boiadjiev, the general director of the National Bank of Bulgaria, referring to the general financial situation, showed that the introduction of the State monopoly of foreign bills had preserved the lev from the previous violent fluctuations. The bank had been able to fix the exchange on a stable basis. When the control was introduced on December 12, 1923, the bank possessed foreign exchanges to the value of 366 million leva; during the subsequent 18 days it encashed exchanges to the value of 600 million leva, whilst during the current year it received foreign exchanges to the value of 12 milliard leva. It was estimated that by the end of the year the foreign exchange reserve would exceed one milliard leva. The foreign markets, he continued, do not play a very important part in the stabilising of the lev. If the lev still somewhat fluctuates it is due to the variations in value of other exchanges and these react upon the lev. Seeing that the Bulgarian currency had remained fairly stable for a year, distrust will probably be dispersed. (*La Bulgarie.*)

National Bank's New Issue of Notes.—The National Bank announces that the Treasury notes of the denomination of 1,000 leva will be withdrawn from circulation on January 31, 1925. The period for calling in will not be extended and holders of the notes are advised to exchange them at the latest by January 31. After this date the notes will no longer be valid. (*Ibid.*)

The *Mitteuropäische Wirtschaftsdienst*, *Neue Freie Presse* also adds that the Bulgarian National Bank has issued 300,000 new 5,000 leva notes which it is now putting into circulation, to replace the 5,000 leva Treasury notes.

TRADE

Foreign Trade Returns.—The figures relating to the export and import trade during the first eight months of this year indicate, writes *La Bulgarie*, that the series of legislative measures introduced by the Government to stimulate trade, are not without effect upon the commerce of the country. It is to be noted that the centre of gravity of the export trade is gradually shifting. Tobacco and eggs, etc., which are usurping the premier position formerly occupied by cereals are acquiring an increasing importance. The value of exports in tobacco, maize, eggs, corn and beans together amounted to 2,200 million leva. The importance of these five articles is seen when it is shown that the value of all the remaining exports totalled only 455 million leva.

The total imports during this period of eight months amounted to 3,622,923,920 leva (253.5 mill. kilogrammes); the total exports amounted to 2,654,997,424 leva (200.6 mill. kilogrammes); the deficit was 967,926,498 leva, as against the deficit of 1,148,293,375 leva for the corresponding period last year.

The *Central European Observer* states that the Bulgarian Government has issued an order prohibiting the export of wheat, rye and flour.

INDUSTRY

General Industrial News.—Official statistics relating to Bulgarian industries, says the *Central European Observer*, show that as regards invested capital the sugar industry ranks second on the list, the total investment amounting to 4,507,144,646 leva. Last year the value of Bulgaria's sugar output was 207,947,663 leva. The *Wirtschaftliche Nachrichten* and *Neue Freie Presse* state that the Bulgarian sugar industry is reckoning on a record output this year. It is estimated that the 25,000 hectares under beet cultivation will produce 370,000 tons of sugar-beet, yielding about 40,000 tons of refined sugar.

The *Wirtschaftliche Nachrichten* also reports the discovery of exceedingly rich beds of manganese ore in the neighbourhood of Varna, for which a French firm has obtained the rights of exploitation. The 4,000 tons of ore already mined showed a very heavy manganese content. In the same vicinity some anthracite seams have been found, large enough to assure the Bulgarian coal industry a notable advance. It is believed that considerable quantities of iron ore are also hidden in the same district.

According to information obtained by the Banque Nationale de Bulgarie the cultivation of silk-worms during this and last year is sensibly approaching the pre-war standard. In 1908 about 1,748 thousand kilogrammes of silk cocoons were produced, rising to 1,875 thousand in 1909 and about the same quantity in 1910. The lowest year of production was 1918, when only 1,000 thousand kilogrammes were obtained. From 1920 to 1923 the yield averaged about 1,200 thousand and did not vary much from year to year. This year, however, the production is 1,600 thousand kilogrammes.

AGRICULTURE

Unfavourable Cereal Crops.—This year's harvest in Bulgaria has yielded on the whole much inferior crops to those of 1923:—

	1924. tons.	1923. tons.
Wheat	516,600	985,800
Rye	83,700	174,220
Barley	153,400	240,800
Oats	72,600	133,300
Millet	4,711	6,117
Maize	742,900	682,600

The average yield is about 800–830 kilogrammes per hectare, compared with a normal yield of 1,050–1,100 per hectare. (*Central European Observer*.)

Quoting the *Bulletin de la Chambre de Commerce français en Bulgarie* on the harvest returns *La Bulgarie* states that apart from the much smaller area under cultivation this year, the excessive drought of last autumn prevented the sowing of wheat, barley and rye at the right time, so that the grain did not germinate sufficiently to resist the winter cold and frosts as it should. In these areas other crops were sown in their stead in the spring, thus reducing the yield in corn. The seasonal rains were late and when they came were too abundant, the floods doing much damage. In certain instances, notably beans, the quality of the produce is superior to last year. On the whole, it is evident that there will be little grain for exportation. This year's poor results must not be accepted as a criterion of the future state of the agricultural industry. The territorial loss of the Dobrudja corn-growing areas naturally reduces the country's capacity in raising corn. Great efforts are being made to improve the farming conditions and to increase production and these, apart from adverse weather conditions, have met with success. In 1918 the production was 11.9 mill. quintals; by 1923 it had risen to 23.5 mill. quintals, whereas before the war (in 1911) it was 28.7 mill. quintals. The average per hectare has also been improved from 5.43 in 1918 to 10.9 in 1923, as against the pre-war average of 11.4.

The Tobacco Crop.—This year's tobacco crop will, according to the preliminary estimates of the Ministry of Finance, amount to about 42 mill. kilogrammes, as against 52 million last year. The decreased yield is attributed to the effect of the low prices realised, which induced the planters to restrict the areas under cultivation. The surface devoted to tobacco growing this year was from 25 to 30 per cent. less than last year. Of last year's crop about 30 to 35 mill. kilogrammes are reported to have been disposed of to inland wholesale merchants, whilst 10 to 15 million remain in the hands of the producers or smaller purchasers. It is considered that the operation of the Dawes Plan will stimulate the demand of German importers. The demand from Italy is also expected to increase.

An interesting feature is the activity of the Bulgarian Co-operative Societies of Tobacco Growers. In 1921 there were 10 such societies; in 1922 there were 12; in 1923 there were 20; and, according to the report of Banque Agricole de Bulgarie, the number has now grown to 36, of which 33 receive credit from the bank above-mentioned and 3 from the Banque Nationale Bulgare. The Societies banking with the Banque Agricole together raised about 6 mill. kilogrammes of tobacco, against which they received credit from the bank to the extent of 200 mill. leva. Further progressive developments in the direction of co-operation, especially in the higher grades of tobacco, have recently been noted in the industry. (*Wirtschaftliche Nachrichten* and *La Bulgarie*.)

FRANCE

POLITICAL AND GENERAL

American Appreciation of French Finance.—The astounding success of the Morgan Loan of \$100 mill. to France is gratifying, says the *Agence Economique et Financière*, as evidencing the complete confidence in the future of French finance felt in financial circles in the United States. As a matter of fact the floating of the loan was only undertaken after the issuing syndicate had taken thorough stock of the improvement that has taken place in the financial and economic situation in France since the war as evidenced by the production of a balanced Budget, by the steady increase in the yield of taxation, by the growing productiveness of the reconstructed territory and the adjustment of the trade balance. The period for which the loan is granted, extending to twenty-five years, is a further proof of that confidence, while the conditions governing the issue show that French credit is holding its own in foreign markets in spite of the crushing burden which France has had to shoulder entirely herself of reconstructing her devastated territory. Germany, if may be pointed out, only succeeded in enlisting the aid of international finance for her first loan under the Dawes Plan by granting a first mortgage on her assets and submitting to close foreign control, whereas the loan made to France was without any guarantee asked for or given beyond her own signature, which has never been dishonoured. It may be added that the proceeds of the loan will serve to protect the French franc against hostile machinations and settle credits extended to the Bank of France in America. As M. Henry Bérenger points out in a subsequent issue, France will now have at her disposal a large reserve of dollars, or gold currency, that will enable her to resist any attack on the part of speculators on the French exchange. The \$100 mill. will not be used for Budget purposes; but it will serve to repay at once the Fr.100 mill. borrowed from the Bank of France, thus reducing by that amount the circulation of French bank-notes. On the other hand, it will provide a special reserve fund of some Fr.1,400 mill., which will contribute to the restoration of the franc rate. Besides, the recovery of the franc means cheaper living for the whole of the people. The important thing is, not that everyone should have more francs, but that the francs which he has should appreciate in value. The United States loan, therefore, is a national safety loan, inasmuch as it guarantees the value of the francs subscribed to the French Internal Loan, for which it serves to all intents and purposes as cover. American confidence strengthens French confidence, and they both consolidate one another. And if the United States has faith in France it is not out of pure sentiment, but for just and sufficient reason. She is perfectly conversant with our Budgets, our national balance-sheets, and the formidable mass of statistics that witness our rehabilitation and recovery since the Armistice. As in 1917 the entry of the United States into the war turned the scales in favour of France, so in 1924 her immixture in French finance is turning the scales of peace in our favour.

FINANCE

Consolidation of the French Debt to the United States.—The *Agence Economique et Financière* learns from an American source that one of the first questions which the new French Ambassador to the United States will be called upon to settle on his arrival at Washington will be the consolidation of the French debt to the United States on the basis of a moratorium at low rates of interest and sinking fund. France is said to have no intention of sending a special financial commission to the United States, as the ground has been carefully prepared by M. Jusserand in private interviews with representatives of the U.S.A. Treasury. It is equally well known that the American bankers during the London Conference gave assurances that their influence

would be exerted in behalf of France, and they went so far as to suggest a ten years moratorium, a reduction of the whole of French indebtedness to the extent of 30 per cent., and interest at the rate of 2 per cent. In recent conversations between M. Jusserand and Mr. Mellon a possible settlement has been outlined, providing for an annual repayment of 1 per cent. of the debt plus 2 per cent. interest on the balance as from 1935. The French and American experts are of opinion that these terms would not be found too heavy a charge on the French Budget provided Germany honours her engagements in accordance with the Dawes Plan. The French Government, it is added, has been informed that the United States is opposed to any debt reduction, but her attitude in this respect may change. The above terms differ only slightly from those offered to the Parmentier mission two years ago.

In connection with this question of the consolidation of the French debt to the United States, *Le Temps* insists that the fact must not be lost sight of that it was not only to that country that France had to look for the means of carrying on the war unto victory. If she owes the United States nearly four milliards of dollars, including her trade debts, her political debt, the cost of the repurchase of American stocks and accumulated interest, she also owes England £623,279,000; but, on the other hand, she has lent close on £800,000,000 to other of the Allies in the Great War. It is only sound logic therefore that the Interallied war debts should be subject to a collective settlement, which in its turn must be subject to a general settlement of reparations, for it would indeed be unjust to demand payment by France of the debts incurred by her for the carrying on of a war waged in common so long as Germany has not effected the reparations payments owing to France. The argument that the Allies would be in a position to pay the United States if they could only make Germany honour her obligations does not apply to France: it is not the fault of France if the Reich has not been forced to effect a settlement, and if the weakness of the policy pursued by the Entente has enabled Germany to organise her fraudulent bankruptcy so as to reduce herself to the impossibility of being able to pay her creditors. . . . France has never repudiated her debts and has never shown any intention not to honour them. Whatever she justly owes she will pay, but she has a right to discuss the demands presented to her, and the right also to expect that her allies and associates of the Great War shall not mete out to her less indulgent treatment than they extend to a defeated Germany deliberately insolvent. It cannot be admitted for a single moment that the Interallied debts should be considered as on all fours with the reparations debt imposed on Germany by a Treaty of Peace carefully worked out by all the Allies and signed by them. . . . It would be an easy matter to quote specific statements showing the generous spirit in which the Americans viewed during the war the loans granted to France. All the Allies then recognised the principle of a war waged in common, but the moment the victory was won and it became necessary to share its fruits and settle accounts the principle was at once repudiated. The article, however, closes on a note of abiding faith in the friendship of the American people.

Payment in Gold of Foreign Loans obtained in France.—The Finance Committee of the Chamber has had under consideration a private Bill to compel payment in gold francs of loans obtained in France by foreign governments and foreign bodies before August 1, 1914. The originators of the proposal claim that it is to the interest of the Treasury, in view of the continual fluctuations in the various rates of exchange, to ensure the return of gold securities as a means of restraining speculation; and they contend that such a measure is justified by the fact that pre-war loan terms expressly provided for payment in gold, while now coupons are being paid and redemption effected in paper francs. M. Aubriot, Deputy for the Seine, who is responsible for the Bill, has produced a list of sixty-six loans, aggrega-

ting Fr.3,089,493,289, to which it would apply. This list, says M. Charles Lavigne in the *Information Financière*, does not include loans to countries that have come out of the war with a depreciated currency. Nearly all loans to Austria, Bulgaria, Hungary, Rumania, Russia, Serbia and Turkey are repayable in gold, as are also most of the advances made to companies in these countries. But confining his attention to those enumerated in his list, M. Aubriot, reckoning them at three milliards and as bearing interest on an average of 4 per cent. plus 1 per cent. for sinking fund, says they should yield a return on an average of Fr.150 mill. gold. Taking the gold franc at three and a half paper francs, this Fr.150 mill. gold would represent Fr. 525 mill. paper. Subject to the tax of Fr.14.40 per cent., this sum would yield an annual revenue to the Government of Fr.54 mill. Including loans in terms of gold obtained in France by her allies before the war, and the interest on which is paid in England in sterling and in France in paper francs, the total comes up to over a milliard: this would make, therefore, a further difference to the Treasury of seven millions, or a total increase of sixty-one millions in the proceeds from the tax on stocks and shares. In addition, as M. Aubriot points out, the return to France of Fr.150 mill. gold a year would impart a healthier tone to the exchange market. There is one objection to the Bill, however, that might be raised, M. Lavigne goes on to say, but M. Aubriot has been careful to anticipate it. The whole question, it may be argued, is one of contracts, and in that case the courts are alone competent to ensure their due execution. His answer to that is that the responsibility of the Government is involved by reason of the fact that the loans in question could only have been obtained with the express authorisation of the Minister of Foreign Affairs; and it is for that reason that he asks Parliament to intervene and strengthen the hands of the Government in defending the interests of the French holders of foreign securities.


The latest information, on the eve of the closing of the French Internal Loan, is to the effect that the response has exceeded all expectations. With one clear day still to go, the total of Fr.4 milliards aimed at has already been largely over-subscribed.

INDUSTRY

October Output of the Coal Mines in the Devastated Territory.—The net output of the mines in the Nord and the Pas-de-Calais in October consisted of 2,386,285 tons of coal, 169,472 tons of briquettes and 167,833 tons of coke, made up as follows:—

District.	Group.	Coal.	Briquettes.	Coke.
Arras	... Mines in West	894,663	17,883	58,204
Arras	... Pas-de-Calais	860,692	22,478	39,983
Douai	... Nord	630,930	129,111	69,646
Total		2,386,285	169,472	167,833

As compared with September there was an increase of 162,264 tons in the production of coal and of 4,402 tons in that of coke, but there was a falling off in the production of briquettes of 3,784 tons. As, however, there were twenty-seven working days in October as against twenty-six in September, the daily output of coal works out at 88,381 tons in the former month as against 85,539 tons in the latter. As compared with the pre-war daily output, the shortage now amounts only to 2,918 tons. On the other hand the output for October is 103,846 tons higher than the average monthly production in 1913, which however was reckoned on a basis of twenty-five working days a month as against twenty-seven in October. (*Nord Industriel*.)

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

GERMANY

POLITICAL AND GENERAL

Commercial Agreements.—It is, we think, a matter for undoubted congratulation to the former belligerent States other than Germany, as well as to Germany, that the moral barriers still raised in so many quarters long after the signing of the Armistice, against trading again with the enemy, have been finally broken down by the signing of a Commercial Agreement between Germany and England. It has taken over six years to bring about a more practical and normal state of affairs in international relationship in which Germany was concerned; during this period the difficulties and entanglements, caused in part by those who refused to be cured of their conviction that the world could be satisfactorily carried on by the forced exclusion from all natural economic functions of a civilised State of over sixty million souls lying in the heart of the western world, were surely manifest. Germany has been busy for some time past negotiating trade treaties all over the world, with France, with Greece, with Italy, with Switzerland, with Spain, etc. Some of these are not yet concluded; the terms of the agreement with England have been published in the British Press and need not be repeated here; but the provisional agreement with Switzerland, sanctioned by the Swiss Federal Council on November 25, is worthy of detailed notice. A good deal of fear is expressed in Switzerland lest, as a result of the widening of the Customs barriers between the two countries, Switzerland, where wages and costs of production are high, shall be flooded by cheaper German goods. The agreement is acknowledged, however, to be a step in the right direction, namely, towards the resumption of more normal economic as well as political relations, and it paves the way for the conclusion of a final agreement.

The following articles, among others, may be imported into Switzerland by Germany up to the extent of pre-war imports in these categories. If such imports during the first half of 1924 were greater than before the war, the 1924 figures hold good: leather goods, footwear, timber and timber products, furniture, brushes, paper, millboard and bookbinding material, cotton wool, rope goods, felt and felt goods, horse and buffalo hair, basket making material, rubber and celluloid goods, woven goods, masonry and sculpture, drawn or rolled iron, glassware, certain machine tools, wrought gold and silver articles, electrical apparatus and instruments.

A large number of articles of which importation into Switzerland was either prohibited or greatly restricted may now be imported almost freely. Among these are: leather, building and carpentering timber, certain articles of furniture, certain papers and paper industry products, ladies' and men's clothing, certain important iron industry products, and products of the glass industry. Certain leathers and footwear, products of the furniture and paper industries, iron and steel goods, may be imported into Switzerland up to 50 per cent. of the average import in 1913. Switzerland, on the other hand, may import into Germany fixed quantities of artificial silk, certain woollen and cotton fabrics, cotton yarns, hats, cable, calcium carbide, ferrosilicium, aniline and coal tar dyes, embroideries, footwear, looms, etc.

The agreement cannot be terminated by either side before September 30, 1925, and then only if the intended

conversations on a final agreement fall through. (*Frankfurter Zeitung.*)

FINANCE

Result of the Reparations Loan.—According to the *Frankfurter Zeitung*, the greater part of the proceeds of the Dawes Loan has now been transmitted to the Reichsbank by crediting to the bank the proceeds accruing to foreign subscription offices. The Reichsbank statement of November 15 shows that "other assets" have increased by 694.5 mill., "other liabilities" by almost as much, namely 692 mill. These figures represent on the one hand the paying in of the Loan proceeds, on the other the crediting of payments to a special account of the Agent-General for Reparations. No movement of the gold has yet occurred.

Figures quoted from *Wirtschaft und Statistik* show that up-to-date (the third week in November) the net proceeds of the Loan totalled 805.42 mill. gold marks. As the Dawes plan provided for net proceeds amounting to 800 mill., this estimate has been exceeded by nearly 5.5 mill. The nominal value of the Loan disposed of (representing the indebtedness of the Reich) was 959,997 mill. Taking into account the 5 per cent. premium to be reckoned onto the repayment of the American portion, the indebtedness increases to 983,086 mill. The redemption system of the American and European systems is different. The annual redemption amount to America remains equitable, the rate of interest diminishes gradually; for the European portion the annual redeemable amount and rate of interest remain the same. In the first year, then (1925), Loan subscribed by America must be redeemed to the value of \$12.3 mill., in the last year (1949) to the value of \$4.9 mill.; Loan to the value of \$2.1 mill. subscribed in Europe is redeemable yearly.

The Loan was issued in both America and Europe at 92; the costs of issue in America, however, were $\frac{1}{2}$ per cent. higher than in Europe, so the net proceeds totalled 87.5 of the nominal value in Europe and 87 in America. The detailed results are shown in the table at the foot of this page.

TRADE

Foreign Trade Returns for October.—Since October 22 all the Customs houses in the occupied area are again under German control. At the end of the month, however, things were apparently not yet in full working order and the statistics of foreign trade during October must again be accepted with practically the same reservations as to accuracy made in previous months. Official statistics are as follows:—

	In 1,000 Reichmarks.			
	Imports.		Exports.	
	Oct.	Sept.	Oct.	Sept.
Live Stock	11,706	7,934	2,216	1,550
Food and beverages ...	335,820	206,684	32,911	34,543
Raw Materials	289,356	223,901	48,166	40,519
Semi-manufactures ...	83,347	58,537	44,000	42,756
Finished products ...	127,141	121,436	482,750	442,821
Gold and silver	8,236	4,930	1,804	1,768
Total	855,606	623,422	611,847	563,957

The characteristic of foreign trade in October is the rise in the value of imports by the considerable sum of 232.2 mill. gold marks, as well as a revival in export activities signalled by the increase of 48 mill. marks over the September figure. The balance was unfavourable to the value of 244 mill.

7 Per Cent. German Reparations Loan 1924.

	Nominal Value.		Net Proceeds.		Subscription Proceeds.	
	In mill.	R.Mk.	In 1,000.	R.Mk.	In 1,000.	R.Mk.
New York	\$110.0	461,780,000	\$95,700	401,940,000	\$101,200	425,040,000
London	£12.0	245,148,000	£10,500	197,925,000	£11,040	208,104,000
Paris	£3.0	61,287,000	£2,625	49,481,250	£2,760	52,026,000
Zürich	£3.0	61,287,000	£2,625	49,481,250	£2,760	52,026,000
Amsterdam	£2.5	51,072,500	£2,487.5	41,234,375	£2,300	43,355,000
Brussels	£1.5	30,643,500	£1,312.5	24,740,625	£1,380	26,013,000
Stockholm	Kr.25.2	28,350,000	Kr.22,050	24,673,950	Kr.23,184	25,942,896
Rome	Lire100.0	20,429,000	Lire87,500	15,942,500	Lire92,000	16,762,400
Total	—	959,997,000	—	805,418,950	—	849,269,296

As regards the detailed circumstances of the October situation, it is noteworthy that food and beverage imports exceeded those of September by 75 per cent. quantitatively and by about 60 per cent. in value. In order of value the chief increases applied to wheat, fruit, flour, milk, butter and cheese, sugar, barley, Southern fruits, meat, potatoes, wine and must, fish and pod fruits. The proportion of food imports in the total imports has increased enormously. In 1913 it formed on an average 25 per cent. of the whole monthly import; in 1922 this percentage was only 20, in 1923 it was 23 and the October statistics show it to be 37.7.

Imports of raw tobacco, hard coal and iron ore have decreased. Hard coal imports were only 9.8 mill. d.ctr. in October, as against 11 mill. in September; iron ore imports fell from 2.2 mill. to 1.5 mill. d.ctr. In regard to finished products a slightly increased importation was noted in the case of woollen yarns, leather and furs, and that of rolled products and iron ware rose from 330,000 to 498,000 d.ctr.

The greatest increase in the export of finished products was in respect of rolling mill products and iron-ware. Exports of machinery, copper goods, cotton fabrics, glass and glass articles and water craft likewise increased; textile exports rose but slightly and exports of dyes, woollen fabrics, clothing and underwear, films and locomotives fell off. (*Frankfurter Zeitung*.)

COMMUNICATIONS

The Shipping Subsidy Problem.—A remark made in the course of a speech by the President of the Supervisory Council of the Hamburg-America Line at the recent general assembly has been the signal for a violent campaign in the Press in favour of the State subsidising of German shipping. The President's words were as follows: "All those countries which compete against us pay considerable subsidies to their shipping industry, in part directly, in part indirectly by means of loans at very low rates of interest and without a fixed repayment date. . . . Germany, on the other hand, not only pays no subsidies to shipping, but imposes on it the heaviest taxation. . . . We are doing our best to bring about a reduction of this difference between ourselves and foreign competitors. Firmly convinced that sooner or later an adjustment will be effected, . . ." Into these words is being read the very natural inference that the aim of the directors of this powerful shipping company, the Hapag, is to secure a subsidy for themselves and, it stands to reason, for the whole of the German merchant shipping and shipbuilding industry. The problem of shipping subsidies has been brought at a bound into the forefront of publicity and is likely to stop there, for one of the most serious obstacles now confronting the economic rehabilitation of Germany is the competition with which she is faced on international sea routes by reason of her diminished ocean transport. These few indirect words publicly uttered by Herr Schinckel will probably bear no small part in blowing to a blaze the flames which have, even in normal times, before the upheavals and maladjustments caused by the war, played about the question of an international shipping rate policy.

The *Hamburger Fremdenblatt*, a paper well qualified to deal with problems of this nature, published as it is from one of the most vital centres of German shipping activity, lays the facts very plainly before us: Germany provided before the war no shipping subsidies. The compensation paid to the Imperial mail steamship services to Eastern Asia and East Africa could not be regarded as subsidies. What is the position in other countries? The United States maintains a State merchant fleet which requires almost unlimited subsidies and has shown a deficit of \$40 mill. The Canadian fleet also operates at a loss, but is nevertheless to be enlarged. The Australian State mercantile marine shows a loss of £1.75 mill. In England the centre of gravity of the subsidy problem revolves about ship-building; the subsidies for this purpose are estimated at about £45 mill. Last year's subsidy to shipping in

Italy worked out at about Lire147 mill., in Japan to Yen6.5 mill. Holland gave Fl.11 mill. to shipping at a rate of 6 per cent., of which the Dutch-Lloyd alone received 7 mill. France, too, has given large credits to her shipping industry, so has Spain.

How, then, can German shippers hope to compete against rivals to whom powerful State aid is extended? It is certain that they are coming to an end of their shipbuilding orders and that unless some help is forthcoming to enable them to extend their building programme they will have to dismiss their workers en masse. There is the national way of improving matters, by modifying the heavy taxation under which German shipbuilding suffers to an extent not known in other countries, by granting special shipbuilding credits, or by a method of direct subsidising. There is also the possibility of arriving at some international agreement in regard to shipping premiums, but Germany's prospects are poor in this respect, first, because her shipping industry is at present not in receipt of a subsidy, secondly because the subsidies granted in other countries are intended as competitive weapons. It is to the national methods, then, that Germany must look, and the solution of this problem is of course dependent on the general state of the Reich finances.

The *Kölnische Zeitung* likewise devotes much space to this problem, and shows with the aid of recent statistics in relation to shipbuilding and the amount of German tonnage how impossible it is for the German shipping industry to make headway under present conditions without State aid. It shows how before the war Germany's mercantile marine, taking into account all vessels of over 100 g.r.t., totalled 5.135 mill. g.r.t., and formed 11.31 per cent. of the world's trade fleet. In the war it lost 91.8 per cent. of its tonnage. By 1921 it had succeeded in regaining its dimensions to the extent of 1.89 mill. t. Now, the whole of the sea-going merchant fleet may probably be estimated at approximately 2.8 mill. t. It is probable that Germany could, to-day, keep well occupied a mercantile marine of some 5 mill. t.

The question that arises, then, is whether German shipping is in a position to acquire, without any external financial aid, the 2.2 mill. t. required. The gold mark balance sheets of the shipping firms already published show barely sufficient reserves to maintain their material in its present modest dimensions, let alone to add to it. The present state of the home money market offers no encouragement for the flotation of large new share issues, nor are credits likely to be forthcoming to any useful extent within the country, and foreign credits would be far too costly an affair, besides the jeopardy to the complete independence of German shipping which they might entail.

There is little doubt that the question with which the above paragraph commences must be answered in the negative. And with this reply arises a fresh anxiety, the question of the state of employment in this industry now and in the future. The construction capacity of the German shipbuilding industry may be roughly estimated at about 700,000 t. of new output per annum, perhaps rather more, as compared with 424,000 t. in 1913. This estimate is based on the fact that in 1922, under the impetus afforded by the Indemnity Act, the German yards turned out over 700,000 t. of new shipping, certainly by far the greatest achievement for many years before or after this year. The amount of shipping under construction in German yards for home and foreign order since 1920 is shown in the following table (g.r.t.):—

	Total on the stocks.	For foreign order.	Completed.
1920	1,600,000	141,567	243,000
1921	1,740,000	59,372	409,800
1922	1,393,000	86,450	701,000
1923	860,000	119,187	473,000
1924 (8 months)	378,522	200,000*	—**

* Estimated. ** Not known.

With a total of only 378,522 g.r.t. on the stocks, the utilisation of the capacity of the German yards cannot be exceeding one-half; as a matter of fact it is said to be

at present only one-third of its full capacity. According to German official statistics the orders for new shipping received totalled 350,000 t. in 1921, 120,000 t. in 1922 and 45,000 t. in 1923. No figures are yet available for 1924. But since according to official statistics 340,000 t. of building orders were carried forward from 1923, and the total amount on the stocks at the end of September of this year was, as seen above, 378,522 t., it stands to reason that new orders so far received this year only totalled about 38,500 t. This figure spells disaster; even more so when it is realised that the major part of it represents orders from abroad and that German ship construction for home orders has sunk to below the level of that being carried out for foreigners, whereas before the war the tonnage under construction for foreign order averaged only 7 per cent. of the total tonnage on the stocks.

Could anything speak more plainly than these figures in favour of State aid to German shipbuilding? That this has become essential appears to be the opinion adopted now in shipbuilding circles formerly opposed to State intervention. No actual steps on the part of shipping firms to approach the official authorities concerned are traceable yet, but the trend of the moment is undoubtedly towards State subsidies.

HUNGARY

POLITICAL AND GENERAL

The Political Crisis.—The recent events in Hungarian political circles have developed a difficult situation for the Government. Judging from the Hungarian Press the country is faced with a political crisis. The extraordinary activities of the irredentist organisation of the "Awakening Hungarians" and the sensational revelations of Deputy Wild, who in the *Pester Lloyd* declared that armed troops were being organised with a view to marching on Budapest and placing the Archduke Albrecht on the Hungarian throne, have galvanised the parties of the Left into more determined action. In Radical and Socialist circles it is stated that the Premier has sympathetic leanings towards the "Awakening Hungarians"; nevertheless, he has recently urged the Ministry of Justice to take action against this terrorist body to prevent further excesses. In regard to the accusations of Deputy Wild, the Minister of War has declared that the "putsch" need not be taken seriously. The Social Democrats, however, maintain that the Government has for several months past endeavoured to popularise the monarchist movement. It is pointed out that the leading spirit of the "putsch" is also leader of the Fajvedök party, which openly looks to the Regent for support, and that the Government really does not intend to check the activity of this movement. Then again the Esküdt bribery process has presented the Socialists with excellent material for attack, and Herr Friedrich, the ex-Minister, is threatening to reveal the alleged cognizance of the Premier of corrupt dealings in the Esküdt affair. The Opposition parties maintain that Count Bethlen will be obliged to resign. The extreme Left has, on the other hand, become suspected on account of the discovery of the alleged plot against the Regent, Admiral Horthy.

In a leading article in the *Pester Lloyd* Dr. Gustav Gratz, the ex-Minister for Foreign Affairs, indicates that the political parties in Hungary are being re-adjusted. The Liberal party, as in many other European countries, is breaking up, though the principles of Liberalism will remain active, since the quondam Liberal members will carry those principles into whatever camp they enter. The fact cannot be disguised that the Government's policy and the constitution of the Government party indicate a tendency to form a Conservative party. Though this conservatism may not be in direct contradiction to the old liberalism it will meet with great difficulties, especially as conservatism is strange to Hungarian soil.

The *Neue Freie Presse* reports a significant weakening

of the Government's strength through the withdrawal of the support of the Wolff group. In addition to this the anti-Legitimists and the Legitimists have now reconciled their differences and are united in their efforts to overthrow the Government.

The problem of the Land Reform is still a prominent question of the day. *La Bulgarie* recalls the fact that Hungary is the only country in the Near East that has not settled the problem of the large estates. The ex-Minister of Agriculture revealed the unequal distribution: of the 16 million arpents (one arpent is about two-thirds of a hectare), 6 million are the property of large estate owners and 4 million belong to the Church, the communities, &c. Fifty per cent. of the total rural population own no land at all and 35 per cent. hold less than 10 arpents apiece.

The Electoral Reform announced by Count Bethlen in committee has awakened considerable interest, and at the same time aroused strong opposition; for although it provides for the secret ballot in Budapest and various large provincial towns, it denies this benefit to the country districts. The Opposition parties maintain that this is contrary to the spirit of modern democracy and to the utterances of Count Bethlen himself at Geneva.

Ministerial Changes.—The Hungarian Press announces the appointment of Herr Tibor Sztovszky, the Managing Director of the Hungarian General Credit Bank and formerly Secretary of State to the Ministry of Commerce, to the office of Minister of Foreign Affairs.

Count Koranyi has resigned his office as Minister of Finance and has been appointed to the charge of the Hungarian Legation in Paris. His resignation from the Ministry of Finance is regarded as a consequence of the conflict between the Small Farmers' party and the Premier, the former accusing Count Koranyi of obstructing the land reform scheme.

Dr. Jonas Bud, formerly Minister of Food Supplies, has been appointed to the position in the Ministry of Finance vacated by Count Koranyi.

The newly appointed Minister of Agriculture is Herr Johann Mayer, the well-known farmer, who has several times held this office for short periods.

FINANCE

October Report of the General Commissioner.—The sixth report issued by Mr. Jeremiah Smith, the General Commissioner of the League of Nations for Hungary, shows increased receipts, an improved trade balance and other favourable signs, and deals especially with the position of the State railways. The pledged revenue, the security for the restoration loan, in October exceeded the amounts of all previous months:—

"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.

	July.	August.	September.	October.
	(In millions of paper kronen.)			
Customs	62,277	69,678	95,798	148,182
Tobacco monopoly	89,391	103,260	105,709	104,868
Sugar tax	26,926	30,020	26,079	30,326
Salt monopoly ...	5,432	3,158	13,029	15,021
Total	184,031	206,118	238,617	298,398
In gold kronen, at the rate of exchange in the respective months	11.3	13.2	15.1	19.0

In addition to the above mentioned receipts in paper kronen, 184,906 gold kronen were received in specie during October.

It is noted that the increase in the pledged revenue is almost solely due to the Customs returns, which rose by 50 per cent. on the September result, and were twice as much as in August. The chief reasons for this increase are to be found in the seasonal rise in imports and also in the higher Customs tariff put into effect. Importation during the winter months may fall, and it may be that the tariff will be modified by the negotiations of commercial treaties, in which case the October result must not be regarded as normal.

According to the provisional returns the gross revenue for October amounted to 697.7 milliard paper kronen, the largest amount as yet received :—

	Milliards of paper kronen.	Millions of gold kronen.
July	406.2	23.0
August	590.4	34.7
September	602.3	35.5
October	696.7	40.9

The Preliminary Budget for October estimated 33.1 mill. gold kronen as the gross revenue, allowing for a deficit of 5.8 mill. gold kronen. But as the actual revenue exceeded the estimates by 7.8 mill. the Treasury should show a surplus of 2 mill. gold kronen instead of a deficit. The total deficit according to the Preliminary Estimates from July to October was 39.5 mill. gold kronen ; owing to the improved results the actual deficit on November 1 should only be 21.9 million.

The Commissioner then states that although the results are encouraging the State is not in a position to incur additional expenditure. An examination of the provisory figures of the first four months of the present financial year shows that the expenditure exceeds the rate fixed by the reconstruction programme for 1924-25 and that they are almost equal to the amount fixed for 1925-26 ; and although the revenue admittedly is higher than that fixed in the 1924-25 programme, it by no means reaches the standard fixed for 1925-26. It is also not certain that the revenue in the remaining months of the fiscal year will be as large as during the past few months. The purpose is to balance the Budget, and there may yet be a heavy deficit.

The November Estimates place the net expenditure at approximately 34 mill. gold kronen, and the net revenue at approximately 35 million, the exact surplus being 950,291 gold kronen. The difference between these figures and those of the Reconstruction Budget shows an increase in the November Budget of over 3 mill. gold kronen in expenditure and over 11 million in revenue. The estimated expenditure for November does not exceed the monthly average of the reconstruction programme.

With reference to the financial situation the Commissioner points out that, according to the October reports of the National Bank, the amount in specie increased weekly, but the covering ratio of security for notes gradually decreased.

It is then shown that the success of the reconstruction plan is greatly influenced by the trade results of the State enterprises, of which the railways are the most important. The State railway undertakings extend over 7,115 kilometres, of which 4,093 kilometres, or 57.1 per cent., are private enterprises under State administration, and the remaining 3,022 kilometres are directly State-owned. The railways have an administration entirely separate from other State undertakings, and they have a separate budget, which for the year ending June 30,

1925, estimates receipts at 182,123,900 gold kronen and expenses at 179,629,400 gold kronen ; an active balance of 2,494,500 gold kronen. The figures for expenses, however, do not include any provision for capital expenditure, which have to be provided by the ordinary State Budget, if required. For the current year capital expenditure is estimated at 17 to 18 mill. gold kronen, and a certain capital expenditure is necessary every year. This is a heavy burden for the State Budget, until the railways are able to provide it themselves or by the assistance of foreign loans. The latter is only possible if the loan service is secured by the surplus arising from the undertakings. Under the circumstances it is important that capital expenditure should be as far as possible restricted.

A survey of the railway budget shows that it has been carefully prepared upon a conservative basis and the figures are probably as correct as such estimates can be. With reference to the first three months of the current fiscal year, there is a surplus of approximately 5,300,000 gold kronen, which suggests that the increase of tariff has not detrimentally affected traffic. The surplus in September was higher than that of July and August.

It does not follow that the result for the whole year will be favourable, since the period July to February last fiscal year produced the best results, and a reserve has to be accumulated during these months. The report then proceeds to examine further details relative to the railways.

The trade balance for September was the most favourable of any previous returns. Both imports, at 62.1 mill. gold kronen, and exports, at 57.6 mill. gold kronen, show a rise over previous figures. The deficit balance for September (4.5 mill.) contrasts favourably with that for August (19.6 mill.) and July (19.4 mill.). The value of imports during the first nine months of the present calendar year was 473.8 million, while that of exports was 372.6 million gold kronen, showing a deficit of 101.2 million as against 103.9 million for the corresponding period last year.

The *Pester Lloyd* retail index, quoted in the report, shows a further decline of retail prices, the number dropping from 21,299 at the end of September to 21,222 at the end of October. Wholesale prices fell but slightly. The unemployment figures, which only refer to members of the Social Democratic Unions, show an increase of unemployment during the month, but were not quite so high as those for July and August.

Reference is also made to the forming of a National Economy Commission for the purpose of enquiring into the various branches of administration and the possibilities of restricting expenditure.

INDUSTRY

The Situation in the Machine Industry.—The National Federation of Hungarian Iron Works and Machine Manufacturers has published in the *Pester Lloyd* a survey of the present situation and the immediate prospects of the machine industry. The report states that at the end of July unemployment in the industry stood at 18.79 per cent. ; but as the greater part of the factories were on short time the actual reduction in activity can be reckoned at 22.2 per cent. There was a further reduction in activity in August. At the busiest time since the war about 50,250 workers were employed ; at the end of September the number was only 38,890. Compared with the post-war maximum there is a reduction of 24.5 per cent. in the activity of the machine industry, and it appears that there will be further restrictions. The high cost of living makes competition abroad impossible and increases unemployment. Better prospects can be expected only by reducing the cost of living. Though the position in Germany and Austria, where it is estimated 60 per cent. of the factories are idle, is worse than in Hungary ; the Germans have an advantage in that the wages there are lower and the industrial organisation better, with the result that the output is greater. Hungary has now to reckon with a stronger German competition in her best markets.

Similarly the competition of Czechoslovakia will be strongly felt; that of Austria not so much. It will be possible to compete successfully against foreign industries if the working capacity of the Hungarian factories is increased and if the industrialists reduce the cost of production by improved organisation and management.

COMMUNICATIONS

New Foreign Postal Arrangements.—The General Post Office Administration announces that with reference to the postal order and C.O.D. parcel post communications recently established with Sweden and with Austria up to 800 Swedish kronen in value can be sent to Sweden and up to 10 mill. Austrian kronen to Austria; but for amounts above the value of 4 mill. Hungarian kronen the consent of the Hungarian National Bank must first be obtained. (*Pester Lloyd*.)

Air Traffic.—Quoting *Magyar Statisztikai Szemle*, the *Pester Lloyd* gives some interesting data on the development of air traffic in the first six months of the year. The air service was during this period in the hands of three companies, one of which was a purely Hungarian undertaking. Regular postal air services were established on the lines Budapest-Vienna and Budapest-Belgrade. The total flying staff was 23 pilots and there were 39 machines. They carried 519 passengers. The total weight of postal and other goods carried amounted to 48,670 kilogrammes as against 9,297 kilogrammes last year.

PORTUGAL

POLITICAL AND GENERAL

The Work of the New Government.—The new Government is making attempts to deal with urgent problems without undue delay. In a recent Ministerial declaration, published in *O Commercio do Porto*, the Government announced its intention of adopting measures for improving the exchange and the general economic conditions. The restoration of the Treasury Council is regarded as an indispensable factor in relation to financial operations. A new coinage is to be issued and the Government invites foreign tenders, since the National Mint lacks the necessary technical staff and machinery for carrying out this work promptly and efficiently. A small portion only of the requisite quantity of new coins will be stamped at the National Mint.

The Ministry of the Colonies has announced important measures of modifications and drastic economy to be effected in the administration of the colonies.

In relation to public education the Government affirms the necessity of a more efficient and democratic system. Measures are being taken to develop and improve the conditions and the curricula of public elementary and secondary schools, special efforts being made to advance the higher grade departments. The new decree embodying the various changes cancels any former measures of a contrary nature.

The Chamber has elected Senhor Dominguez Santos, of the Left Democratic Party, as President.

FINANCE

The Budget for 1924-25.—At the commencement of the present fiscal year the financial situation showed Budget expenditure at 1,289,403 contos and revenue at 902,367 contos; a deficit of 387,036 contos. The Government proposes to meet this deficit by reducing the expenses by 196,000 contos and increasing the receipts by 230,000 contos. On various accounts, however, the actual deficit will be 24,086 contos.

After giving the above figures *O Commercio do Porto* states that, according to the recent Ministerial declaration, the account assumes a fresh form, viz., expenditure 1,324,188 contos and revenue 1,237,986 contos; a deficit of 86,202 contos. Our contemporary is of the

opinion that the normal lines of accountancy are not always followed; more often much is left to the imagination of those who draw up the accounts.

Revenue Returns.—According to a Government statement the returns for the period July to September last showed an appreciable increase on those for the corresponding period last year. The figures were:—

July to September 1924	214,728	contos
July to September 1923	118,099	"
Increase over the period in 1923	94,629	"

This increase in tributary receipts represents approximately 400,000 contos for the fiscal year 1924-25. This indicates a considerable and perhaps insufferable sacrifice on the part of the public. Unfortunately, too, the expenditure is on the increase. (*O Commercio do Porto*.)

International Protection Committee for Portuguese National Debts.—The Swiss Bankers' Federation has published the following announcement:—"In accordance with a number of decrees issued by the Portuguese Government the claims in gold value on the National Debt are to be paid to Portuguese subjects in the denomination of escudos. Foreign creditors living abroad must have their bonds stamped in London or Paris in order to secure payment of interest or redemption in pounds sterling or French francs. (*See THE ECONOMIC REVIEW*, Aug. 29, 1924.) Foreign holders of the 4½ per cent. Portuguese Tobacco Bonds, with the exception of British subjects resident in the United Kingdom, will receive similar payments only in French francs. Since all private and diplomatic representations against this impairing of justly established claims have proved unsuccessful, an International Protection Committee for Portuguese National Debts was recently formed in Paris, under the auspices of the Association Nationale des Porteurs Français de Valeurs Mobilières, with the collaboration of the Association Belge pour la Défense des Détenteurs de Fonds Publics, of Antwerp, the Vereeniging voor den Effectenhandel, of Amsterdam, and the above-mentioned Swiss Federation. The resolution adopted was conveyed to the Portuguese Government through the intermediary of the French Government. It stated that, after a thorough examination of the decrees issued by the Portuguese Government relative to the payment of interest on and the redemption of the State bonds, and whilst conceding the right of the Portuguese Government to impair the claims of its own nationals, if such action were considered expedient, the Committee maintained that the Portuguese Government had no right whatever to adopt similar measures in regard to foreign creditors. The existing contracts of the issue, which formed the foundation of the legal relations between these creditors and the Portuguese State, could not be altered in such a one-sided manner. The Portuguese Government was, therefore, requested to admit for stamping all bonds which had been purchased in the regular way in Belgium, France, the Netherlands or Switzerland, in as far as the traffic in these bonds at certain centres in the respective countries had not been stopped and the bonds no longer quoted on the stock exchange. The Government was further requested to refer any disputes arising out of this matter to an arbitration commission, consisting of a representative of the Portuguese Government and a representative from each of the Protection Societies in the respective countries to which the creditors belong. Further, the Government was requested to make arrangements for the stamping of bonds in each of the four countries mentioned. The International Committee was prepared to offer assistance to the Government in the matter of proving and stamping bonds held abroad. The stamping should follow upon a written declaration by the creditor, without any special formality, and there should be no charges for this against the creditors.

"The resolution then called upon the Portuguese Government to alter its decrees so that they are brought into harmony with the above demands. The Government should then issue a uniform stamp so that the

checked bonds would retain their full international negotiability, irrespective of the locality where the stamping took place, and in virtue of the issuing contracts. The International Committee refused to recognise the demand of the Government, whereby on the encashment of every dividend-warrant a covering amount should be submitted.

"Should an agreement not be arrived at, on the principles enunciated above, the International Committee would be compelled to apply all the legal means at its disposal to safeguard the interests of the foreign creditors."

With reference to the impairing of the creditors' claims on the 4½ per cent. Tobacco Loan, it is announced that the International Committee is busily occupied with this matter. The Federal Political Department has received notification that the date for submitting Portuguese bonds for stamping has been extended to December 31, 1924. (*Neue Zürcher Zeitung*.)

British Credits.—According to official information the Government has arranged to repay regularly every month to the British Government the charges arising out of the utilisation of the £3,500,000 credit.

In view of the difficulties which the colony of Angola is meeting in respect to the payment due in sterling for £900,000 worth of railway material and other merchandise, delivered by Great Britain following the credit of 3 million sterling accorded in 1922, the Ministry of Finance has introduced to the Chamber of Deputies a project authorising the Government to raise £60,000 required immediately. This amount should be furnished by the Colonial Budget for 1924–25.

In agreement with the Ministry of Finance the Minister of the Colonies has ordered all the colonial debts to the navigation companies to be paid. (*O Commercio do Porto* and *Agence Economique et Financière*.)

The Unification and Conversion of Home and Foreign Debts.—The Ministry of Finance has just submitted a bill authorising the unification and conversion of the consolidated external 3 per cents., the redeemable 4 per cent. of 1890, and the inland redeemable 4½ per cents. of 1888–89 and 1905, and of the 5 per cents. of 1909 and 1917. The conversion will be made into 6 per cent. consolidated stocks of the public debt, specified in pounds sterling, payable in gold at London or in escudos at Lisbon on the day of the exchange. The remission of securities of the new 6 per cents. is also authorised in payment of debts existing on the date of the decree coming into force, debts arising from supplies or services to the State. The conversion will only be obligatory if the majority of bond holders accept the conditions. The new 6 per cents. will be free of all Portuguese taxation and will be accepted as security in all cases provided at law. (*Agence Economique et Financière*.)

TRADE

The Commercial Crisis.—The Portuguese commerce is at present passing through a serious crisis, largely attributable to the steady fall of the escudo and to the general consequences of the war. It occurs not infrequently that the Portuguese merchant declines to accept goods ordered abroad, on the plea that before the supplies arrive the escudo has again fallen and he would thereby lose on the deal. At the Lisbon Customs warehouses there are large stocks of consignments which have been declined on these grounds. Another hindering factor is the lack of sufficient currency in actual circulation on account of the inflation. It often happens that respectable and perfectly solvent firms cannot meet their obligations because of this want of ready money. Moreover, the various Government measures for the protection of the exchange render the transmitting of payments abroad more difficult. Remittances in foreign denominations, for instance, must first be submitted for the consent of the Finance Inspectorate.

For the most part Portuguese trade is in the hands of native firms which are well organised and which possess sufficient capital, so that they are well able to surmount the present crisis. In addition to these sound native firms and not to mention the foreign houses of similar repute, there are a number of so-called occasional traders, who take full advantage of favourable moments to conclude a certain amount of business of a character satisfactory enough to enable them to cover all expenses and to secure a respectable profit. Such dealers, however, injure the good reputation of Portuguese commerce.

To take legal action is to-day both tedious and expensive; nor have the Portuguese merchants much faith in legal proceedings, since it is the custom for the injured party, if the matter cannot be settled amicably, to air his grievances in the newspaper before the eyes of the entire commercial world. This action is somewhat feared and to threaten it is often sufficient to make an opponent give way. At the present juncture bank references and information from the recognised bureaus are of little value. Export firms, who are interested in the Portuguese markets, are well-advised to send representatives to Portugal to obtain all the necessary information on the spot as to the soundness and the capacity of the importing houses and manufacturers. Firms exporting to Portugal are also recommended to be very exact in defining the conditions of sale and even to demand payment in advance. (*Neue Zürcher Zeitung*.)

The *Agence Economique et Financière* reports that the period for payment of stamp tax on the stocks of foreign tobacco on hand at April 25 has been extended to the end of February 1925.

INDUSTRY

The Situation in the Mining Industry.—The mining industry is in a precarious condition on account of the joint influence of numerous circumstances. Although the mining industry has a direct effect upon the activity of the manufacturing industries and upon transport the country does not seem to realise that if it cannot dispose of its mineral riches it must remain in an inferior position as a producing nation. The recent law relative to the industry is contrary to the legitimate interests of the mining enterprises. The present situation demands protection and assistance and not increased burdens, if progressive developments are to be secured. (*O Commercio do Porto*.)

An instance of the unexploited mineral wealth of Portugal is given in a communication to the *Jornal do Dia*. The writer asks when the abuse will cease of holding mining concessions in Portugal over a period of years, without attempting to work the mines in any way productively. He instances the case of the Schneider firm of Paris, which has for twenty years held the concession in the rich deposits of iron in the Moncorvo district—but which has neither worked the deposits nor permitted others to exploit them. Whilst these native resources in iron, a primary industry in any country, are lying idle, Portugal is buying its required iron supplies abroad. (The Serra de Moncorvo mines are among the most important in Portugal, in respect to the deposits of ore. They have a length of about 10 kilometres and are about 1 kilometre wide. On the whole the mineral contains about 50 per cent. metallic iron.)

The writer further mentions that there are also gold mines still unexploited in Portugal. Relatively they are favourably situated and could be worked to the great advantage of the State.

The Chemical Industry.—In 1922 Great Britain imported into Portugal the following quantities of minerals used in the chemical industry: 1,647 tons of sulphate of copper, as against 4,449 tons in 1913; 2,360 tons of sulphate of ammonia, as against 3,507 tons; and 20,587 cwt. of caustic soda, as against 35,795 cwt. The total import of sodium composites from Great Britain

in 1922 was only half that of 1913, but exceeded it in value by £8,000. Sulphur is imported almost exclusively from Italy and the United States; drugs and medicaments come from France, Germany and Great Britain.

The Portuguese tungsten deposits are among the richest in the world, the most productive mines at present being those of the "Wolfram Mining and Smelting Co." at Panasqueira, which produce some 500 t. a year. Tin is produced in small quantities in various parts of the country, the principal mine being at Ervedrosa. About 400,000 tons of rock salt are produced a year, of which 100,000 t. are exported, the chief centres of the industry being Setubal, Aveiro, Alcacer do Sal and in the extreme south. The annual output of 40,000 tons of sulphur does not meet the needs of consumption. The monopoly of sulphur refining was granted in 1923 to a Lisbon firm. Other minerals are uranium, lead, zinc, silver and gold. (*Exportateur Français.*)

Fishery Concessions to Foreign Vessels.—The Government has issued the following decree relating to the participation of foreign vessels fishing in territorial waters:—(1) Foreign vessels that desire to supply the Portuguese markets with fish caught in territorial waters will be given all the facilities for unloading under the same conditions and at the same ports as the Portuguese fisheries. (2) The said foreign vessels will be permitted to enjoy the privileges mentioned above for the period of six months, which period may be extended. (3) They will also be permitted to dispense with the present formalities and will be treated as merchant traders, under the same impositions and with the same privileges as national vessels.

The above decree enters immediately into force and annuls any existing enactments.

It is reported that two British fishing companies are making arrangements for participating under the new conditions in the fisheries in Portuguese waters. (*Commercio do Porto.*)

UNITED STATES

POLITICAL AND GENERAL

The League of Nations Protocol.—The new British Cabinet, says the *New York Evening Post*, has put its finger upon the fundamental error of Ramsay MacDonald's foreign policy—the blunder at Geneva which antagonised the United States and made impossible any workable agreement for the preservation of world peace and the reduction of world armaments. The Baldwin Cabinet cannot fail to realise that the attempt by the League of Nations to coerce the United States into a system of compulsory arbitration and to ring in changes in international law without regard to American opinion was at best a futile gesture, at worst a dangerous proceeding. Steps to correct the mistake are now in order. To do this it is necessary to squelch the Geneva Protocol. This agreement, if put into effect, would place the United States in an uncomfortable position in case it became involved with another nation in a controversy which might lead to war. Either the United States would be compelled to submit its case to arbitration under auspices of the League or automatically be declared an aggressor and subject to economic and military reprisals on the part of League members. The objection on this point is obvious. Another objection to the Protocol is the inclusion of the so-called Japanese amendment authorising the League Council and the League Assembly to discuss domestic issues that might give rise to international controversy. The evident implication is that an immigration dispute might be carried to the League. But there are others besides America that have objections on this point—namely, the British Dominions. And this fact gives the British Government its cue. The Protocol comes up for ratification of the British Parliament: Canada or Australia

voices its objection, the Government withdraws the Protocol on grounds of imperial policy. Failure of British ratification shelves the Protocol and gives the League an opportunity to draft another one next year to meet the objections of the United States. Failure of the Protocol also shelves the League armament conference called for June 15, 1925. This clears the way for the armament conference which President Coolidge has promised to summon as soon as political conditions in Europe justify it. The last League Assembly went off on a tangent, falsely assuming that the world could ignore the position and power of the United States. That is why the Protocol it drafted must fall, and the Baldwin Government is taking the only logical course in contributing to its delinquency.

FINANCE

End to British Control of United States Railways.—England's control of American railways, which dates back to the days when this country was a debtor nation, says the *New York Evening Post*, was ended on November 14 by a deal concluded between Spencer, Trask & Co. and the Sterling Trust, Ltd., of London, whereby the former will take over large blocks of stock, representing control, of the Alabama and Vicksburg Railway Company and the Vicksburg, Shreveport and Pacific Railway Company. The par value of the stock involved amounts to almost \$6,000,000. The stock probably will be re-offered to American investors.

Robert Mallory, partner in Spencer, Trask & Co. and a recognised authority on American railroad securities, has been carrying on negotiations for the English holdings for five years. The Sterling Trust, Ltd., owned 90 per cent. of the preferred and common stock of the Vicksburg, Shreveport and Pacific Railway Company and 55.6 per cent. of the stock of the Alabama and Vicksburg Railway Company. With the New Orleans and North Eastern, the Vicksburg, Shreveport and Pacific, the Alabama Great Southern and the Cincinnati, New Orleans and Texas, the Alabama and Vicksburg forms the so-called "Queen and Crescent Route," operating from Cincinnati to New Orleans and Shreveport, La.

The Sterling Trust, Ltd., is an investment trust chartered under the laws of Great Britain on June 18, 1881, as the Alabama, New Orleans, Texas and Pacific Junction Railways Company, Ltd. The name was changed in 1917. In the days before the war English investors through the Sterling Trust controlled many of the smaller railroads in the Southern States. In order to stabilise the sterling rate of exchange on America the British Government requested the company to accept an offer made by J. P. Morgan & Co. of £2,400,000 for the following American securities owned: \$5,595,000 general mortgage 4½ per cent. bonds, \$1,500,000 income mortgage 4½ per cent. bonds and \$5,336,300 common stock of the New Orleans and North Eastern Railroad Company, and \$448,700 common stock of the South Western Construction Company. In addition to this offer there was a proviso that 63,785 preferred A shares and 106,304 deferred B shares of the Alabama, New Orleans, Texas and Pacific Junction Railways Company, Ltd., held by clients of J. P. Morgan & Co., should be purchased from them. As the company could not legally purchase its own stock, Emile Erlanger & Co. agreed to carry out that proviso by purchasing the shares. J. P. Morgan & Co. made the purchase in behalf of the Southern Railway Company, which company took over the securities in January 1917. Through the purchase of controlling interest in the South Western Construction Company, the Southern Railway gained control of the Cincinnati, New Orleans and Texas Pacific Railway Company and the Alabama Great Southern Railway. Both these roads are operated as part of the Southern Railway System.

The acquisition of these roads created high feeling in the South and the State of Mississippi brought suit

against the Southern Railway, the Alabama Great Southern and the Mobile and Ohio for combination in restraint of trade. As a result the Southern Railway dropped negotiations for the stock which has been purchased by Spencer, Trask & Co., namely, the Alabama and Vicksburg Railway and the Vicksburg, Shreveport and Pacific Railway Company.

In the tentative consolidation plan announced by the Interstate Commerce Commission on September 28, 1921, the Alabama and Vicksburg, New Orleans and North Eastern and the Alabama Great Southern are included in the Southern Railway system.

TRADE

Foreign Trade Returns for October.—The foreign trade returns for October show imports valued at \$310,000,000 as compared with \$308,366,000 for the corresponding month of last year and \$276,104,000 for October 1922, and exports valued at \$527,000,000 as compared with \$400,824,000 and \$371,000,000 respectively. This represents a favourable trade balance of \$217,000,000 as compared with one of \$92,458,000 in October 1923 and one of \$94,896,000 in October 1922. The imports, which were only exceeded in April (by \$14 mill.), March (by \$9 mill.) and February (by \$25 mill.) this year, were \$12,511,111 above the average for the previous nine months, \$11,260,000 above the average for the first ten months of the year, and \$12,756,500 above the average for the period November 1923 to October 1924 inclusive. As regards exports, the October figures are \$100 mill. higher than those for the previous month, which themselves established a record so far for the current year; moreover, they are \$179,333,333 above the average for the previous nine months, \$161,400,000 above the average for the first ten months of the year, and \$154,374,833 above the average for the period November 1923 to October 1924 inclusive.

The statistics published by the Department of Commerce for October, says *Export Trade and Finance*, seem to indicate an improved outlook for the American exporter. The export figures of over \$500,000,000 for that month exceed those for any other month since January 1921. The trend of foreign trade as pointed by the returns for the past four months is evidently toward a strength which will be a pleasing contrast to the lean years since the post-war boom. Last July exports amounted to \$275,000,000. In August that figure was bettered by \$50,000,000. The September showing was an increase of almost \$100,000,000, to a total of \$419,000,000. And now in October there was a further jump of \$108,000,000. [The official figures as quoted by the *New York Evening Post* are: July, \$278 mill.; August, \$331 mill.; September, \$427 mill.; October, \$527 mill.] These are propitious signs for the coming year. Any attempt to isolate the causes for this improvement in our export situation is naturally difficult; but it is the general opinion that in a major degree it is the fruit of the labours of our next Vice-President. The adoption and enforcement of the Dawes Plan gives stability to international commercial undertakings. The restoring of confidence in Europe has had a tonic effect upon the world at large. A swelling demand for American goods is the logical outcome. As a demonstration of intelligent statesmanship, and in marked contrast to the products of the futile idealism which is the stock-in-trade of our political mysticists, the work of Charles G. Dawes stands unchallenged—now that the elections are over. It is not a one-sided proposition. European production will increase under the stimulus of a sound and consistent financial policy. Competition from European manufacturers will be increasingly encountered in all foreign markets. But the generally increased prosperity resulting from active industries inevitably means enhanced buying power and a capable demand of which we will obtain such share as our export sales efforts justify. As part and parcel of the practical effects of the Dawes Plan, the

unqualified rejection by the electorates of Great Britain and the United States of Radicalism, in its several forms of expression, assures the exporter of at least four years of sane governmental policy at home and in his most important foreign market. The export figures for October evidence these factors, no matter what others remain to be considered.

Enlarged exports of grain and cotton are believed to be mainly responsible for the great increase in value of shipments abroad during October. It is estimated that an increase of about \$25,000,000 in cotton shipments is represented in the \$100,000,000 increase in total exports. England and Germany are said to have taken most of this cotton, and these countries, it is thought, will take increasing supplies of grain. Despite the unusually large export movement in October, Department of Commerce officials are confident that high export levels will be maintained in the future. The impression is that foreign markets are getting into a position to absorb more American commodities. The trend in this country's export movement, in fact, has been steadily upward for the past four months, and for the ten months of the year the total value of shipments overseas exceeds the total exportation during the same period last year by more than \$100,000,000. The indications are that the present year will close with exports aggregating \$500,000,000 more than they did in 1923.

The shipments of gold during October included imports \$19,701,542 and exports \$4,125,268, or an excess of imports aggregating \$15,576,274. In September the imports amounted to \$6,555,341 and the exports to \$4,579,501, or an excess of imports of \$1,975,840. The figures for the previous eight months and for the whole of 1923 were given in *THE ECONOMIC REVIEW* of October 24. The figures, says the *New York Evening Post*, indicated that the balance had more than doubled in favour of America since October last year, when it was \$90,908,205. Silver imports totalled \$5,828,572 as against \$6,929,311, while silver exports were \$9,465,023 as against \$7,522,845, in October 1923.

Trade with the Far East.—The total export trade with the Far East for the seven months' period ended July 31, 1924, was \$392,674,000, an increase of \$50,785,000 over the same period for 1923, but imports declined by \$108,238,000. The accumulated trade balance for the 1924 period was unfavourable to the United States to the amount of \$175,672,000, while for 1923 during the same period it reached \$335,395,000.

The dominant feature of the United States trade with the Far East during July, compared with the previous month, barring the seasonal dullness everywhere apparent, was the sharp decline of 45 per cent. in merchandise exports to China, which amounted to only \$7,097,000. This drop was due to the accumulated stagnation in Chinese business extending over a period of several months, coupled with the tendency between seasons of Chinese imports to lag behind exports until the latter have re-established purchasing capacity. There was a general downward tendency during July in the exports to all Far Eastern countries except the Straits Settlements, which increased its purchases from the United States by 40 per cent. Our imports of Oriental products showed appreciable advances, especially from Japan, the Straits Settlements, Australia, and the Dutch East Indies, but slumped from India, the Philippines, China, and New Zealand. The total trade with the Far East declined by \$11,158,000 for the month, imports accounting for \$1,169,000 and exports for \$9,989,000. The Orient bought 10 per cent. less American goods and sold 2 per cent. less of their native products in return.

Asia and Oceania absorbed 14 per cent. of the total United States exports for July, as compared with 15 per cent. for June and 13 per cent. for July of last year. This section also contributed 25 per cent. of the United States total imports for July, 1 per cent. less than for the previous month and 6 per cent. less than in July 1923.

An analysis of the trade with each country for the month of July shows that the United States sold the Straits Settlements products valued at \$524,000, an advance of \$150,000 over June, and purchased tin, rubber, and other commodities valued at \$10,368,000, an advance of 5 per cent. Japan's purchases from the United States dropped by \$1,140,000 to \$8,423,000, but it shipped in return 22 per cent. more silk, tea, and general merchandise than in June.

Trade with China was well balanced, our imports from that country being only \$270,000 in excess of our exports. The Dutch East Indies sold the United States goods amounting to \$3,871,000, which represented an increase of more than 8 per cent., while its purchases registered a decline of practically 2 per cent. Imports from India decreased 27 per cent. and exports 13 per cent., the former totalling \$6,947,000 and the latter \$2,224,000. Australia sold the United States \$484,000 worth more wool, hides, copra, and tin for July, the total reaching \$1,314,000, but its demand for American petroleum products, automobiles, iron and steel, electrical supplies, and cotton goods, amounting to \$10,000,000, showed a drop of \$1,000,000. Exports to New Zealand, aggregating \$2,483,000, slumped 25 per cent., while imports at \$981,000 fell off 50 per cent. Export trade with the Philippines showed the seasonal decline of \$192,000 and imports declined \$3,271,000. With all other countries of Asia and Oceania, American exports and imports both increased.

Compared with July 1923, United States imports in July of this year from Australia, India, and New Zealand fell off 30 per cent.; from the Straits Settlements less than 2 per cent.; from China 66 per cent.; from the Dutch East Indies 10 per cent.; from Japan 11 per cent. Imports increased 20 per cent. from the Philippines and 30 per cent. from Australia. Exports to India decreased 18 per cent.; to the Straits Settlements, 20 per cent.; to China, 6 per cent.; to Japan, 55 per cent.; to Australia, 2 per cent.; and to New Zealand, 20 per cent.; but advanced 33 per cent. for the Philippines and 50 per cent. for the Dutch East Indies. (*U.S.A. Commerce Reports.*)

INDUSTRY

Conditions in the Iron and Steel Industries.—The output of pig iron in October, totalling 2,447,127 tons, was at the rate of 79,907 tons a day, as compared with 2,053,264 tons, or 68,442 tons a day, in September, an increase therefore of nearly 17 per cent. Thirteen furnaces blew in in October and four blew out, making a net gain of nine. The 182 furnaces active on November 1 had a daily capacity of 81,490 tons as against 72,235 tons a day for 173 furnaces on October 1. Comparative figures of the full output in the month, according to the *Iron Age*, are as follows (in gross tons):—

	1924.	1923.	1922.
October	2,477,127	3,149,158	2,637,844
September	2,053,264	3,125,512	2,033,720
August	1,891,145	3,449,493	1,816,170
July	1,784,899	3,678,334	2,405,365
June	2,026,221	3,668,413	2,361,028
May	2,615,110	3,867,694	2,306,679
April	3,233,428	3,547,551	2,072,114
March	3,446,086	3,528,868	2,034,794
February	3,074,757	2,994,187	1,629,991
January	3,018,890	3,229,604	1,644,951
	1923.	1922.	
December	2,920,982	3,086,298	1,649,086
November	2,894,295	2,849,703	1,415,481

With regard to the production of steel ingots the American Iron and Steel Institute reports a daily output for October of 115,239 tons as against 108,269 tons in September. The following table shows the estimated monthly production (in tons) for the twelve months ending October 1924, with the corresponding figures for the twelve months ending October 1923:—

	1924.	1923.
October	3,111,452	3,577,091
September	2,814,996	3,356,776
August	2,541,501	3,695,788
July	1,869,416	3,531,458
June	2,956,466	3,767,256
May	2,628,261	4,216,355
April	3,333,585	3,963,736
March	4,187,942	4,066,680
February	3,809,185	3,471,843
January	3,633,639	3,341,095
	1923.	1922.
December	2,863,266	3,300,416
November	3,134,321	3,430,309

The following table gives a comparison of the total annual production of steel ingots (in tons) by all steel ingot mills from 1908 to 1923 inclusive:—

1923	43,485,665	1915	31,284,212
1922	34,568,413	1914	22,819,784
1921	19,184,034	1913	30,280,130
1920	40,881,392	1912	30,284,682
1919	33,694,795	1911	23,029,479
1918	43,051,022	1910	25,154,087
1917	43,619,200	1909	23,298,773
1916	41,401,917	1908	13,677,027

There is a widespread belief that the success of the Republican Party in the recent Presidential election will be followed by general industrial expansion. Iron and steel production, *Export Trade and Finance* points out, has maintained a gain for three consecutive months and prices are taking a firmer tone; and the view expressed by delegates from thirty States who attended the recent semi-annual conference of the National Industrial Council held in New York was to the effect that industry had benefited greatly from the results of the election, while the belief appeared to be unanimous that the improvement would be steadily maintained, with every probability of a pronounced business revival in the early months of the coming year.

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.*



WESTMINSTER BANK LIMITED

Complete representation is established by Branches or Agents in all the principal Cities and Towns of the United Kingdom and by Correspondents throughout The World

Head Office

41 LOTHBURY, LONDON, E.C.2

SPECIAL ARTICLES

ECONOMIC CONDITIONS IN SOUTH AFRICA.

A Report on the economic conditions in South Africa, by Mr. W. G. Wickham, His Majesty's Senior Trade Commissioner in South Africa, has recently been issued by the Department of Overseas Trade and is obtainable at His Majesty's Stationery Office, price 1s. 6d. net.

The Report surveys a period which covers the year 1923 and the first six months of 1924. Since the year 1922, in which several causes contributed to a very depressing outlook, the industrial position equally with that of commerce has very materially improved, and, writes Mr. Wickham, "if there have been no startling developments in expansions and in starting new industries, the figures for 1923-24 production are likely to show greater prosperity." He remarks significantly that industrial policy in a young country must depend very largely on Government policy, and it is obvious that forecasts must depend in the first instance on the result of political conditions. It may be said, however, that all parties in South Africa indicate that they favour and intend to help the country in industrial development. Recent official reports from the Government's advisers have advocated paying special attention to the natural resources of South Africa in coal, iron ore, wool, fish, base metals and minerals, and assisting the foundation of primary industries directly connected with these rather than fostering a host of minor secondary industries which tend to raise the cost of living, but—as depending mainly on imports for raw material—do not seriously help to develop the country.

Commenting upon the competitive aspects of the South African import trade Mr. Wickham records that the imports from the United Kingdom, although showing an increase in value of £2,305,000, were, in percentage of the total, slightly smaller (52.1 against 54.2). The American share was slightly higher and that of Germany smaller, their combined total producing identically the same proportion (17.7 per cent.) as in 1922, their individual shares being 12.8 per cent. and 4.9 per cent. out of 33.4 per cent., the total of imports of non-British origin. Japanese competition fell right away during the year under review. American trade figures are higher by £1,328,000 than in 1922, but of this £535,000 is under vehicles, owing to the enormous expansion of the motor trade. The most important individual group otherwise is machinery, with increases under agricultural (£170,000), electrical (£93,000), mining, manufacturing and general (£150,000). Indian trade with South Africa also increased in respect of imports by nearly £400,000, the main increase being under gunnies (£260,000), due to the large maize crop. Mr. Wickham remarks that Indian suppliers must anticipate a decline in this business as the result of the erection of new grain elevators, coincident with a short crop of maize for 1924. With Japan, India seems to have lost its war-time trade in cotton blankets, which has reverted to Europe. The Indian carpet trade also shows some falling off. In this connection Mr. Wickham repeats a warning that he has made to Indian suppliers before, namely, that they must make up their minds how they wish to trade. "It is not going to increase trade in the long run if, after securing indents from merchants through agents, shippers then proceed to go to the public through auctioneer importers." Quite rightly we think Mr. Wickham asserts that shippers are not going to increase their trade by going to the same consumers through two channels, while they also risk alienating valuable clients.

To this question the author reverts again in the section of his Report dealing with Distribution, Credit and Insolvency. Upon the authority of an ex-President of the Association of Chambers of Commerce Mr. Wickham submits that the enormous number of trading licences issued is altogether disproportionate to the population and the trade turnover. This is obviously a matter of considerable importance not only to the local merchant, but to the manufacturer and merchant shipping goods to the South African market. Too many distributors means inevitably one of two things: either none or very few can get an adequate return on their outlay with a sequel of bankruptcies, the ordinary laws of competition producing a survival of the fittest and, in the process, reducing the number of traders; or, on the other hand, a high margin of gross profit and high prices will be called upon to compensate for the small turnover. The enormous number of bankruptcies during the last few years leads Mr. Wickham, as it would lead most of us, to infer that the former state of affairs exists. It is a matter to be regretted that the steadily increasing number of licences taken out by traders should merely replace bankruptcies with a fresh supply of similarly unsound competitors. According to Mr. Wickham the reports of the courts and trustees constantly refer to deficient capital and lack of business experience as causes of failure. He thinks, therefore, that such firms and individuals must have obtained credit without adequate investigation of the security, or, in other words, that the existing credit system makes it far too easy for unsuitable people to start in business. Bearing in mind the South African banking facilities and the reputable standard of them, it is difficult for us to agree fully with Mr. Wickham in the obvious implications of the foregoing allegation. He refers to another side of the insolvency question, and it, in our opinion, cannot be over-estimated in its evil consequences. It is "the increasing frequency of fraudulent insolvency or alternatively compounding with creditors under a threat of insolvency." Commercial conditions in South Africa may not be so rigorous as in the older countries, and the former may, therefore, encourage the growth of this kind of disreputable parasite, but so long as this flagrant repudiation of business morality is allowed to flourish it will cheat not only creditors but the most careful provider of credit facilities. As Mr. Wickham remarks, the British manufacturer is usually protected in his transactions with the South African market by contracting with confirming and shipping houses from whom he receives cash, but it is different with these shipping houses and with merchants who have to give credit or, at least, ship against bills. Even though, as is normally the case, their agents keep them well advised; even though these bankruptcies occur mainly among small retailers, to whom they would not ship direct; nevertheless, Mr. Wickham considers, "they must undermine to some extent the position of the larger firms who are their creditors, and so create a feeling of doubt and uncertainty, which is one of the worst enemies of trade." In concluding his remarks upon this topic the author of the Report says: "Commerce has without question established its case for better legislative protection by reform of the insolvency and company laws, but the question still remains how far greater security in giving credit will or should provide the whole solution of the problem."

To the problems of Labour in South Africa Mr. Wickham devotes the concluding section of his Report. Both the white and the native population reveal difficulties of their own. "The grave problem

of finding occupation and maintenance for the poorer, less educated, less efficient section of the white population confronts the politician of whatever party, and seems well-nigh insoluble." The native problem is equally perplexing and hard to solve. The gold mining industry on which the prosperity of the country at present primarily depends employs natives in the proportion of about 10 to 1 white, and the greater part of the mines would be closed down if they suddenly became dependent upon white labour. This would be owing to the increased cost of working the low average grade of ore. Similarly agriculture has to depend on native labour, at least for unskilled work. Stated briefly it would appear that there are three main directions in which it is hoped that any surplus populations may eventually become absorbed. With the gradual industrialisation of South Africa it is anticipated that employment will be found for the white population, and in the development of agriculture and in the rapidly expanding cotton growing industry it is hoped that native supplies will be available and drawn upon.

In Mr. Wickham's Report the economic condition of South Africa appears to be generally sound. The main burden he discharges relates to the questions of insolvency and open unsecured credit. Both of these are, as he himself contends, remediable by tightening up the law in certain respects and by making some radical changes in commercial practice. At any rate these difficulties should not prove insurmountable.

H.J.H.

CORRESPONDENCE.

THE UNCLAIMED WEALTH.

To the Editor of THE ECONOMIC REVIEW.

SIR,—The following appeared recently in the *Annalist* of New York :—

"Economists generally assert that the country which continually increases its foreign investments will at the same time have a favourable merchandise balance up to the point where the total of interest rates on foreign investments equals or exceeds the annual increase of foreign investments. . . . It has been urged in connection with the present movement for the investment of large sums of American capital in Europe, that such investments would increase our exports of manufactures as well as raw materials . . . to borrowing countries of Europe, and the possibility that such heavy investments would reverse our trade balance with Europe has been pushed into the far distant and harmless future. . . . The American idea that every business can be indefinitely expanded is bound to have a series of collisions with the little appreciated fact that even for an entire world there can be such a thing as enough, . . . in the sense that the world will be unable or unwilling to pay us for all the goods we may want to produce."

The same problem arises with regard to British exports and foreign investments—the perpetual contest between the exporter, and the capitalist with foreign investments.

It seems strange that so little interest is taken by the Press and by politicians in what is, actually, the vital problem of to-day. The elections are over, but no new issue has been raised. Failure to meet the pressing problems of unemployment and national and international debts brought about the end of the Coalition and, subsequently, of the Conservative Government that followed it; and the Labour Party, whether it be deserving of support or whether it be regarded as a danger, would still be in power had it made good where its two predecessors had failed. The influence of the Liberals has rapidly waned through lack of a clear understanding of the situation and a positive policy to meet it. The old Free Trade and Protection controversy has been resuscitated, and it hangs like a mist in the air; but the plain fact is that the crux of the modern economic problem is altogether elsewhere, and until this is properly located and dealt with it makes little difference to the volume of trade in England

as a whole whether there is Free Trade or Protection. The main problems of Protectionist America are to-day identical with those of Free Trade England, and until these problems are properly understood and taken in hand the position cannot improve, if indeed it does not get worse. The Conservatives are in power to-day because the Labour Party has failed at the vital point, and because the public are afraid of the "redder" direction in which Labour seems to think a remedy is to be found; but unless the Conservatives get to work rapidly on the right lines nothing can prevent a reaction of the people which, this time, may be "redder" even than the Labour leaders themselves care for.

The problems in question are not entirely post-war problems. They existed before the war in a more or less mild chronic form, this mildness being due to more settled habits of production, consumption, payments, and general apathy; but there has been a war, a violent upheaval, which renders impossible a return to the old conditions, and which calls in a menacing voice for the scientific study and mastery of modern problems.

A close analysis of the present monetary system in relation to economic problems is necessary, together with a diagnosis of the true malady with which the advance of progress has been accompanied. Facts about which experts are almost inarticulate and the public entirely ignorant require to be brought out and stated in positive terms. In particular, the relation between the production of goods and the production of money must be relegated to its correct position in the minds of everybody. Let us glance at some of these facts :—

"The total income earned by production does not create an effective demand for an equal quantity of commodities and services in some form or another."

"The total supply of cash and credit money expands and contracts as the effective demand for commodities and services, and not as their production."

Monetary savings deposits in banks are "not spent on capital goods instead of on consumable goods . . . and cancel an equivalent quantity of credit money."

"Purchasing power, whether it is derived from any sort of wages, rent, interest, or profit, can only be truly saved when it is fully utilised by being all spent without delay on those things that maintain human life in its highest form . . . and by being so spent it creates automatically that quantity of labour-saving machinery and plant that is required for the purpose."

"The main thing is to ensure that it is physically possible for the total quantity of commodities and services of every kind produced for sale to be marketed as fast as produced without a fall in prices and the monetary losses and congestion thereby involved."

The purport of these facts is that savings deposits in banks accumulate no wealth, but they do go towards creating unemployment, together with stagnant surpluses of commodities which cannot be liquidated in the home market, and which can only be exported by means of continuous foreign loans. It requires serious application to grasp the subject properly, and the public, knowing next to nothing about it, listens to any kind of political talk.

Nevertheless, the matter affects the very root of all individual and national life, and it is the centre of interest of those thinking men who discriminate between the essential and the apparent.

Yours faithfully,

H. ABBATI.

Hotel Londra, Sanremo, Italy.

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		

THE ECONOMIST'S BOOKSHELF.

INTERNATIONAL TRADE UNIONISM.

The Activities of the International Federation of Trade Unions 1922-1924. (Amsterdam.—London: Labour Joint Publications Department. Price, 4s.)

This publication contains within its 375 pages the official reports of the International Trade Union Congress of Vienna, the June Conference of the I.F.T.U. with the International Trade Secretariats, the International Conference of Women Trade Unionists, and the revised rules of the International Federation of Trade Unions. It also contains special reports presented to the Vienna Congress on the Eight Hours Day, the International Campaign against War and Militarism, the position of the International Federation of Trade Unions in the international labour movement, and International Social Legislation. All the reports are written by figures prominent in international trade union circles. In addition it contains a full account of the negotiations which have taken place between Amsterdam and Moscow, together with various speeches and statements on that subject by well-known trade union leaders. In passing, we would note that it was apparently this very animated topic which cost the International Federation of Trade Unions the services of, perhaps, its most distinguished secretary. Mr. Edo Fimmen, to whose abilities this report does but scant justice, disagreed with the majority of his colleagues and became a "zealous champion of the united front on the Russian model," a position which, in the opinion of the International Federation of Trade Unions, "could not but result in serious prejudice and even in the destruction of the whole trade union movement."

This report brings up to date the very interesting history of the International Trade Union Movement, and although it is intended for workers of trade union status, it is not without considerable value to others whose business it is to study the industrial developments of modern times. It is not easy to agree very frequently with Mr. A. A. Purcell, the predecessor of the Rt. Hon. J. H. Thomas as President of the I.F.T.U., but we are at one with him when he writes that "there exists little enthusiasm for international knowledge among our British working-class." The whole conception of an "International," though propagated for the last quarter of a century in this country, leaves the normal trade union or even socialist audience cold. There is absolutely no enthusiasm, not even for Mr. Edo Fimmen's United States of Europe. It is the avowed hope of the authors of this report that their work may assist in the efforts of propagandists abroad to penetrate through this hide-bound insularity and "build up a healthy interest in internationalism in Great Britain." Whether it will be more successful than previous attempts remains to be seen, but this much may be said now of the report, its contents are not ill suited to its purpose and both are distinguished by careful and clever work. In other words, unlike the Communist output from Moscow, this report on the activities of the International Federation of Trade Unions is not a clumsy piece of propagandist literature.

To this international organisation in Amsterdam is affiliated most of the national trade union bodies in Europe. The membership so concentrated numbered 16,528,072 on December 31, 1923. Outside Europe it is, at present, practically idle. During the last two years several countries, Norway, Greece, Argentina, and Peru, have seceded from the international grouping, but such losses have been counterbalanced by new affiliations from Yugoslavia, Palestine and Rumania. For the secession of Greece and Peru no reasons are assigned. The Argentine, we are told, seceded in order to "prevent internal divisions." The reason given by the Norwegian Federation for its secession was that, "in view of the conflict between the Communists and the group representing the standpoint of the International Federation of Trade Unions within its own ranks, it

prefers for the present not to be affiliated with any International." During the period under review in this report considerable activities are recorded in America. Much correspondence has taken place between the I.F.T.U. and the American Federation of Labour. So far it has not been possible to achieve any result as regards affiliation. Nevertheless, the authors are able to announce that they "have good reason to hope that by the time we next come to review our activities, the present rapprochement, which is undoubtedly inspired by a mutual desire to come to an agreement, will have led to the re-affiliation of the American Federation with our International." Resolutions adopted at the Portland Congress of the American Federation of Labour in 1923 are so worded that they give substance to this anticipation expressed by the I.F.T.U.

It is not possible in the short space at our disposal to trace very thoroughly the immense field of activities covered by this international trade union organisation. We would, however, mention that this report publishes an audited statement of Receipts and Expenditure for the years 1922 and 1923. In 1922 the total income of the I.F.T.U. amounted to Fl.1,273,336.23½, but in 1923 it had dropped to Fl.864,846.09. In 1923, by way of affiliation fees, reckoned in Dutch guilders, the largest amount came from England. The expenditure is quite fully recorded and invites little or no comment.

The English readers of this report will, naturally, search its pages in order to witness the activities of their own delegates. Messrs. Ben Tillett and Fred Bramley both figure in the discussions recorded. The latter, speaking on J. Oudegeest's paper on international social legislation, made some interesting observations. He is reported as saying: "Oudegeest's report can be accepted by the British delegation only if we regard it as asking for a small payment on account of our demands. There is no mention in this programme of the nationalisation of railways, the land and other resources of Nature. In Great Britain we have a much more extensive programme for social reconstruction and development. The proposals of Oudegeest correspond on the whole to those of the International Labour Office. But a trade union congress must go farther than that. In Great Britain a programme of this kind would be accepted even by the enemies of the Labour Party, such as the left wing of the Liberals. The British workers cannot be content with the programme proposed by Oudegeest." During the next session Edo Fimmen, who was then joint Secretary with Oudegeest of the I.F.T.U., had to rebuke Mr. Bramley in the following manner: "You English are sometimes a bit conservative and set in your ways, but on the other hand you are very practical." It is true the subject then under discussion was not socialism. On the whole this report is a very interesting and readable document. H.J.H.

PUBLICATIONS RECEIVED.

Everyone's Economics. By Robert Jones, D.Sc.(Econ.) (London: Sidgwick and Jackson, Ltd. Price, 5s. net.)

Official Statistics, Commonwealth of Australia.—Quarterly Summary of Australian Statistics. June 1924. By Chas. H. Wickens, F.I.A., F.S.S., Commonwealth Statistician. (Melbourne.—London: Australia House. Price, 1s.)

Pocket Compendium of Australian Statistics. Tenth issue. 1924. By Chas. H. Wickens, F.I.A., F.S.S., Commonwealth Statistician. (Melbourne.—London: Australia House. Price, 1s.)

Report on the Economic Situation in the Belgian Congo. Dated July 1924. By C. K. Ledger, His Majesty's Consul, Boma.—Department of Overseas Trade. (London: H.M. Stationery Office. Price, 1s. 6d. net.)

Report on the Economic Situation of the Netherland East Indies, to July 1924. By H. A. N. Bluett, Commercial Agent, Batavia.—Department of Overseas Trade. (London: H.M. Stationery Office. Price, 2s. 6d. net.)

THE MIDLAND BANK LIMITED.

The Midland Bank Limited announce that Mr. A. T. Jackson, formerly an Assistant General Manager, has been appointed a Joint General Manager.

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 1920.	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	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	Dec. 5	171.9	
Apr. 15	202.8	204.8	July 14	165.1	160.3	Nov. 16	171.7	160.8			

CHART ILLUSTRATING TABLE I.

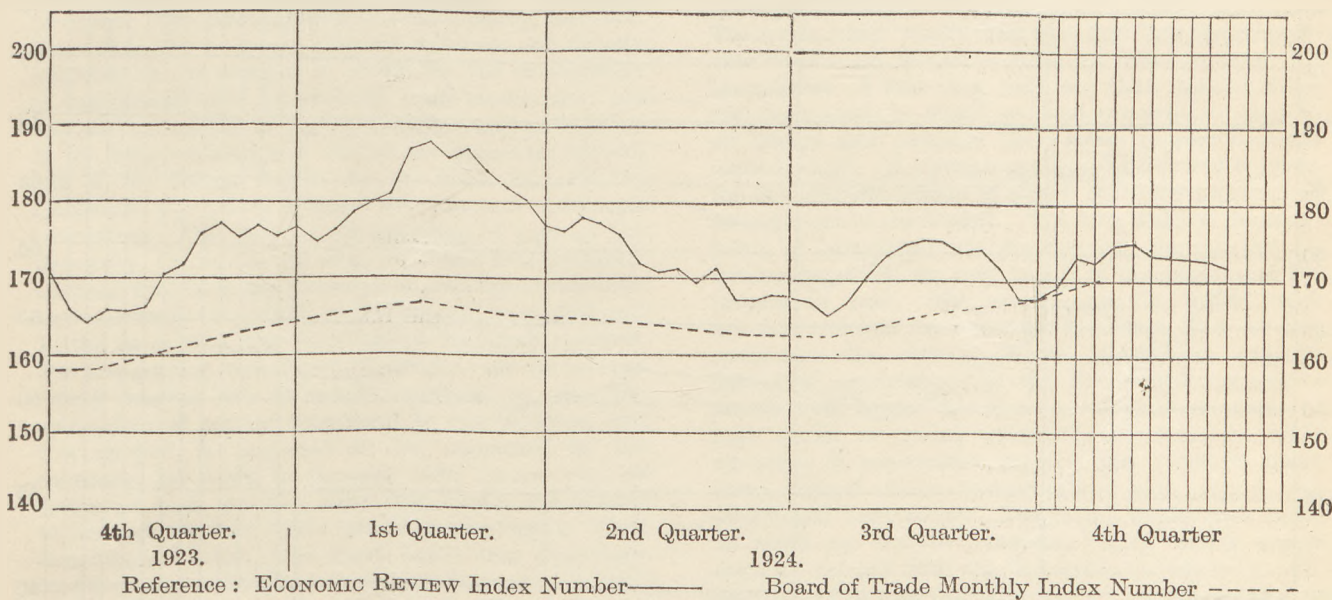


TABLE II.

Date	Pig iron.	Tin.	Coal.	Linseed Oil.	Cotton.	Wool.	Hides.	Wheat.	Bacon.	Sugar.	Mean.	Date.
Dec. 30, 1921	100	100	100	100	100	100	100	100	100	100	100	Dec. 30, 1921
1922												1922.
Jan. 27 ...	90.6	90.5	92.4	100.8	85.3	100.0	82.6	101.1	94.4	96.1	94.18	Jan. 27
Apr. 28 ...	92.9	89.4	89.6	149.1	87.9	106.7	78.3	113.5	115.8	107.7	103.09	Apr. 28
July 28 ...	92.9	94.5	97.2	157.9	110.1	111.1	97.1	119.0	116.5	119.2	111.15	July 28
Sept. 29 ...	94.3	95.2	92.9	135.1	105.9	117.8	96.4	82.8	104.0	134.6	105.90	Sept. 29
Nov. 3 ...	95.5	107.5	100.0	140.3	119.9	133.3	106.5	91.9	104.8	134.6	113.43	Nov. 3
Dec. 29 ...	89.4	106.7	91.5	138.6	126.0	120.0	93.5	90.4	89.7	138.5	108.43	Dec. 29
1923.												1923.
May 18 ...	110.8	117.9	128.3	166.7	120.2	137.8	102.9	102.7	91.2	242.3	132.08	May 18
Oct. 12 ...	93.4	117.1	90.6	150.9	136.4	126.7	84.8	83.0	66.2	145.9*	109.50	Oct. 12
Nov. 16 ...	97.2	127.4	97.2	149.1	165.8	128.9	87.0	86.2	73.5	132.7	114.50	Nov. 16
1924.												1924.
Feb. 15 ...	96.7	163.4	96.2	171.9	159.6	151.1	91.3	100.4	65.8	156.1	125.25	Feb. 15
July 11 ...	89.6	128.9	74.5	140.4	140.6	142.2	92.8	111.5	80.9	101.4	110.28	July 11
Aug. 15 ...	87.7	148.0	78.3	145.6	158.8	151.1	94.2	124.1	84.6	96.6	116.90	Aug. 15
Sept. 26 ...	85.8	136.6	72.6	151.8	120.6	151.1	97.1	113.8	81.6	108.1	111.91	Sept. 26
Oct. 17 ...	84.9	141.7	67.9	161.4	113.3	175.6	97.1	116.2	87.5	104.1	114.97	Oct. 17
Nov. 7 ...	84.9	150.4	67.0	158.2	112.6	173.3	100.0	123.3	90.1	97.0	115.68	Nov. 7
" 14 ...	84.9	149.9	68.9	164.0	115.2	173.3	100.0	120.9	83.5	94.6	115.52	" 14
" 21 ...	84.9	149.3	68.9	163.2	116.7	173.3	100.0	118.6	83.1	95.3	115.33	" 21
" 28 ...	84.9	151.2	68.9	161.1	114.7	173.3	101.4	118.6	81.6	96.6	115.23	" 28
Dec. 5 ...	84.9	152.1	70.8	156.1	111.5	177.8	102.2	118.6	77.9	*93.9	114.58	Dec. 5

*Revised Quotation.

Statistical Section

THE EUROPEAN EXCHANGES

WEEKLY PERCENTAGE OF DOLLAR PARITY

(To Week ending December 6.)

	Week ending			Week ending	
	Dec. 6.	Nov. 29.		Dec. 6.	Nov. 29.
Sweden ...	100.72	100.47	Denmark ...	65.77	65.46
Holland ...	100.72	100.23	Norway ...	55.59	55.21
Switzerland ...	100.23	100.00	France ...	28.31	27.54
Sterling ...	95.94	95.06	Italy ...	22.49	22.49
Spain ...	71.61	70.96			

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.

