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## ECONOMIC REVIEW OF REVIEWS.

### CREDIT POLICY IN GERMANY.

A circular recently issued by the Reichsbank to the German business world is the subject of an illuminating article by Herr ALFRED LANSBURGH in *Die Bank*.\* The sense of the circular is in effect that business should exercise a certain amount of self-help in the matter of credit, that is, it should endeavour itself to cover the ordinary three months' credit as between buyer and seller, not as at present over about one-third of the period, but over, say, two-thirds to three-quarters, before applying to the Reichsbank for discounts. This would enable the Bank not indeed to increase, but to spread out the supply of credit it is able to afford, for it can of course discount twice as many bills with four weeks to run as with eight weeks, and at a lower rate. The ultimate effect would thus be a general cheapening of credit. The practicability of such a policy, however, depends on the existence of liquid resources not already absorbed in the creation of credit, for the substitution of transferable bills for ordinary trade credits does not increase the supply of loanable money, and an increase in the note circulation is out of the question; indeed, one of the objects sought by the Bank through the medium of this policy is rather the reduction of the note circulation. The days of the hoarding of gold by the peasantry, moreover, are long past, and it is generally assumed that Germany possesses no such liquid resources as would enable the policy of the Bank to be carried out. To the latter view Herr Lansburgh is decisively opposed. The present high rates (10 to 15 per cent.) on the German money market are ordinarily ascribed to the disappearance of capital occasioned by the inflation, and this opinion is supposed to be supported by the enormous reduction in deposits with banks, etc., as compared with pre-war days (big banks one-quarter to one-half, savings banks less than one-tenth). Herr Lansburgh, on the other hand, holds that conditions on the money market have nothing whatever to do with the absolute amount of the deposits. It is not the absolute total, but the movement up or down of the total which influences the market. Now as far as can be judged from the imperfect statistics available the increase in deposits in the current year is probably very little below that of a pre-war year, and may be put at roughly Mk.5 milliard. How then does the actual undoubted credit shortage arise? Herr Lansburgh ascribes it to two main factors, of which the first is over-consumption. During the inflation there was a race to convert money into real values in the shape of increased means of production, but the industries whose potentialities were thus enlarged are now to a considerable extent idle, whilst other industries, mainly those engaged in the production of food and cheap luxury articles for home consumption, are unable to meet the present demand. Of the Mk.5 milliard increase in deposits mentioned above only about Mk.3 milliard represent the savings of the people (the remainder being valuta credits) as compared with Mk.6 to 8 milliards before the war. The national income, on the other hand, expressed in money, not real values, is estimated to be not much less than before the war. A larger proportion of the national income is therefore being

spent than formerly, and is being spent on precisely those commodities for which provision was not made in the capital outlays of the inflationary period. The actual money shortage, therefore, and the consequent high rates are largely due in the last analysis to reduced saving and its corollary, namely, increased demand for capital by the small luxury industries, whilst the export industries remain over-capitalised. The second factor in the money shortage is the excessive growth in the number of credit institutions, of which there are three times as many as before the war. Very many of the new banks are run by amateurs who do not base their grants of credit on the amount of their deposits, but, on the contrary, use every means to increase their deposits in proportion to the amount of credit they wish to grant. Nor are they guided by sound economic principles in regard to the kind of credits they grant. The funds which would otherwise flow into the respectable banks and would be used by them as cover for acceptances of first-class bills are thus drained away and dissipated by small unsound concerns, so that to all intents and purposes there is no private discount market at all. If equilibrium is to be restored between the demand and supply of money both these disturbing factors must be eliminated. The first, which is the aftermath of spendthrift habits formed during the inflationary period, can only be left to disappear with the process of time. The second, on the other hand, can be removed by suitable measures, and in this connection the circular of the Reichsbank acquires particular importance. If the Reichsbank refused to second class banks discount on bills of over three to four weeks it would materially circumscribe their advances of uneconomic credits, and would in many cases compel their amalgamation with sound old-established institutions. The latter would then begin to build up healthy reserves, which would enable them to comply with the Reichsbank's advice to substitute discountings for advances on current account.

### DOES WAR REDUCE NATIONAL WEALTH?

In the *Zeitschrift für Schweizerische Statistik und Volkswirt und Volkswirtschaft*\* is a long article by Professor CORRADO GINI, of the University of Padua, on the effects of war on national wealth. The article falls logically into two halves, in the first of which the writer examines the difficulties occasioned by war in the way of estimating, even approximately, the national wealth which remains to an ex-belligerent. These difficulties may be rapidly summarised as follows: (i) The ordinary method of estimating stocks of commodities as a certain percentage of what is produced and imported becomes especially liable to error during periods of severe fluctuation. (ii) The estimate of national wealth is complicated by the presence of State or other public debt the service of which is not covered by ordinary current revenue. (iii) It is further complicated by uncertainty as to the financial measures which will be taken to deal with the paper currency held abroad, and (iv) by the difficulties inherent in the method of calculating the purchasing power of paper money by means of index numbers. (v) The variations in

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\* LX. Year No. 2. Basle. Quarterly. Price, Fr.12.20 per annum.



commodity prices incidental to abnormal economic conditions make it difficult to determine what actually are representative market prices of any given commodity. (vi) In abnormal periods the value of "human capital" relatively to material capital tends to vary, as witness the frequent fall of wages as compared with their pre-war level. For all these reasons it is difficult to compare post-war with pre-war national wealth in terms of money values. Nevertheless (in the second part of the article) the writer adduces a number of considerations which lead him to the highly paradoxical conclusion that war does not lead to a diminution of national wealth. In the first place, external debt contracted on account of a war, in so far as the service is met out of current income, does not involve a reduction of national wealth, but only a retardation in its formation; even this may be counterbalanced by the increased stimulus to effort occasioned by the necessity of defraying the payments. As for the property destroyed through war, experience has shown that this is rapidly replaced, mainly out of the national savings. Inflation, it is true, causes privation and suffering to individuals and certain classes of the population, but Germany is quoted as showing that it has little or no deleterious effect on productive organisation; indeed, the author regards inflation as a kind of purge, a pathological transition stage which enables the organism to overcome its economic crisis; and he finds it, moreover, a stimulus to production. He also argues that the psychological effects of war are such as to enhance accumulation and production generally, and concludes finally that not only does modern war not hinder the formation of wealth, but actually constitutes a starting point for renewed economic vigour.

We have not the space to give Professor Gini's argument in greater detail, and we have called attention to it mainly on account of the unusual thesis which it seeks to support. It is undoubtedly impossible to institute even an approximate comparison of post-war with pre-war national wealth, for the respective values are, in effect, incomparable. But we cannot follow Professor Gini in the view that the national wealth suffers no diminution. It is possible that certain creditor nations, particularly neutrals, have increased or may increase, their wealth in consequence of the war, but, if so, it is at the expense of the debtors, i.e. the ex-belligerents. The latter must either acknowledge their foreign debts, or else repudiate them; in either case they suffer such disturbance in their finances as must reduce the amount of material wealth they can enjoy. And even Professor Gini would hardly deny that *immediately* after the war the wealth of France was diminished by at least the amount of destruction in the devastated areas (not to mention any other diminutions). Productive organisation, moreover, is totally devoid of value unless it can produce; if for reasons traceable to war purchasing power is diminished to the extent of reducing productivity below its pre-war level, then the value of the productive organisation, even if it maintains its old productive efficiency, declines at least in some measure. That there had been such a decline in purchasing power and productivity is as undoubted as that certain areas of France were devastated. And it would be difficult to discover any department of the national economy in which there has been an increase such as would compensate for such loss. It must therefore be assumed that there has been some loss during the period of post-war abnormality, and it is no answer to say that because eventually the loss will be repaired, therefore there has been no loss.

### THE FORTY-EIGHT HOUR WEEK AND INDUSTRIAL EFFICIENCY.

In the current number of the *International Labour Review* \* Dr. P. SARGANT FLORENCE contributes an excellent study entitled "The Forty-Eight Hour Week and Industrial Efficiency." Scientific investigation into the effect of hours of work, Dr. Sargent Florence tells us,

is characterised by four distinct features. It is facts, not opinions, that are collected; these facts are facts of ordinary life and work in industry itself; the facts are subjected to strict causal analysis; and the field of investigation is intensive rather than extensive. In the scientific manner described there are two methods of tracing the effect of hours on output. Epitomised they are as follows: (1) The output may be recorded before and after a change in the general schedule of hours. This is the more obvious and direct method of approach, but one which, Dr. Sargent Florence thinks, makes the isolation of factors very difficult. (2) The alternative method is to record the average output of each consecutive hour of a series of working days, and is usually known as that of the work curve. If hours are too long, it is supposed that the work curve will fall towards the end of the working spell or the working day. Under this method the few factors that vary simultaneously with the variations in hours are easily determined, and can largely be allowed for. The whole organisation remains constant throughout the day, and also the personnel and the nature of the work. The only regular variations from hour to hour would occur in such physical and measurable conditions as the heat, humidity, ventilation, and lighting of the work-place and in the physical state (e.g. nutrition) of the worker himself. Both of these methods are utilised by Dr. Sargent Florence in his paper and he submits that they will be found to supplement one another very usefully.

The Forty-eight Hour week, Dr. Sargent Florence concludes, is probably the optimum length of hours for ordinary business efficiency, though in the case of a large proportion of industrial operations, where mechanical forces set the speed of work, longer hours might possibly be more productive. However, it is extremely difficult in any one factory, and particularly in any one department of a factory, to differentiate the hours of work on different operations. Some common rule must be found best suited to the average or representative type of operation as well as to the average or representative type of worker. It might be thought that each industry could adopt its own standard of working hours; but most staple industries include almost every type of work, and therefore every variation in length as the optimum working day. Taking into account types of industrial operations as a whole, and also all types of economic consideration, Dr. Sargent Florence is of the opinion that there is as much to be said in favour of hours shorter than forty-eight per week as in favour of hours longer than forty-eight per week, and if one standard is to be chosen rather than another, a total of forty-eight hours per week seems the economic optimum. This weekly total may, however, be distributed over the days of the week in several different ways. The distribution which is becoming standardised in England is that of working about 8½ hours five days a week and 4½ hours on Saturday. No objective argument based on relative efficiency, Dr. Sargent Florence thinks, will change the method of the long week-end rest in the country of its origin. The strong argument used against it is that it results in increased slackness on Monday. Neither the evidence of output nor that of accidents seems to show that Monday is any more slack after a long week-end than after merely one day's rest. The figures of the output of Westphalian weavers (working a full six-day week) show the output on Monday to be considerably lower than that of any other day. Figures giving the accidents occurring on the successive days of the week show Monday, and Saturday itself, to have been far the most dangerous days in Germany when a full Saturday was worked, while in England Monday is a day of fewer accidents than the average. In summing up, Dr. Sargent Florence contends that since one standard length of working week must be chosen, the forty-eight hour week probably best satisfies the criterion of maximum output with minimum accidents, lost time, and overhead charges, and at the same time permits an efficient distribution of work throughout the days of the week and parts of the day. This seems to him to be the teaching of all the scientific investigation hitherto attempted.

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



# ECONOMIC SURVEY

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

## CZECHOSLOVAKIA

### POLITICAL AND GENERAL

**Passive Resistance.**—The present parliamentary session has witnessed the unusual spectacle of a Budget debate in the absence of the Opposition. At the opening of the special debate on the Budget in committee the German deputies of all parties, together with the Communists, decided to abstain from all participation in the discussions. The Estimates were accordingly discussed solely from the ministerial benches and were duly approved.

The "passive resisters" adopted this course as a form of protest against being rushed into a committee discussion on the Budget before the Government had given them time to digest the provisions therein. Their participation even in the preceding general debate was quite perfunctory. In the eyes of the *Oesterreichische Volkswirt* the gravest danger to a Government of such procedure is that a parliament in which only the majority finds expression of its views cannot be readily trusted. (The different Press opinions on the Budget for 1925 are given below under "Finance.")

**The Recognition of Russia.**—In a statement conveyed to the Czech Socialists Congress at Brünn and reproduced in the Czechoslovak Press, Dr. Benes, the Minister of Foreign Affairs, touched among other matters upon the recognition of Russia by Czechoslovakia. He thought that the European situation had now so developed that no external political objections could be brought against paving the way to the diplomatic recognition of Soviet Russia. Seeing that the interests of the Czechoslovak Republic appeared no longer endangered the moment was opportune for establishing closer relations. The recognition of Russia had lost the political significance that it formerly had, and the longer any State withheld this recognition the more that State would find itself involved in an abnormal situation in relation to the Central European and indeed to the general European developments. This matter was connected with the question of the so-called Slav policy. The Government repudiated this policy not because the movement had been influenced by considerations for Tsarist Russia, but chiefly because it was ever for the most part the breeding ground for reactionary elements. The Slav problem was extensive and difficult and must not be confused with the pro-Russian movement. The Government's policy had to be adjusted according to the new prevailing conditions in Europe.

### FINANCE

**Opinions on the Budget.**—The Estimates for 1925 which provided for a revenue of C.Kr.15.7 milliard and an expenditure of C.Kr.17.3 milliard, met on the whole with a favourable reception in the Czechoslovak Press but were criticised by some of the most outstanding foreign journals.

The *Prager Presse* finds the Budget is true to the State's motto of economy, to which the Treasury has adhered since 1921. Deducting the sum of C.Kr.1.3 milliard for the Investment Budget, the expenditure of the General Budget has fallen below C.Kr.16 milliard, that is, more than one milliard lower than in the preceding year. The revenue, through taxation, is also reduced by nearly 700 millions, as against last year. This tendency to retire from "big figures" is a hopeful sign, and, despite all present difficulties, it indicates a decided step forward.

The chief reproach levelled at the Budget is the division into two parts, by which the passive balance is thrust to the account of the Investment Budget, so that, reckoning the proposed capital investments, the deficit is increased to C.Kr.1,500 million. It is this chiefly that

has caught the attention of the Anglo-Saxon Press. But this objection rests on a mistaken conception of Czechoslovak conditions. The actual deficit in the General Budget, viz. C.Kr.272 million, is merely an annual ornament. Up to now the final results have always shown that this deficit was wiped out. That will also be the case this time. The Minister of Finance has simply secured a sufficient reserve in case of eventualities, seeing that the reduction also of revenue might lead to an actual deficit. With reference to the Investment Budget it must be pointed out that, as a new State, Czechoslovakia is bound to utilise capital for investments.

The *Prager Tagblatt* considers that the Ministry lacks "financial courage." Even in 1923 it appeared that the financial administration had not a firm grip on the fiscal problems and the present Budget only confirms that fear. The effected reduction of about 2 milliard is insufficient. No economy in the Ministry for National Defence has been effected, much as this was necessary, the expenditure for manœuvres actually being increased by 20 millions, attaining the grotesque figure of C.Kr.80 million. The item for expenses of officials remains unaltered because no attempt has yet been made to reform the State administration.

The *Ceské Slovo* comments that the necessity of establishing a budgetary equilibrium appears in all its gravity. The first condition towards that end is the general prosperity of the country. Secondly, it is essential to limit the requirements of the State, which is only possible by an energetic and efficacious reform of the administration.

In summarising the views of the home Press on the Budget and the *Times'* criticism, the *Central European Observer* writes:—

"The Czechoslovak Press points out that the last four years have shown a steady improvement in the Budget figures and that the deficit for 1925 is insignificant; it is further pointed out that while neighbouring countries have required finance control from outside, Czechoslovakia by her own unaided efforts has checked the depreciation of her currency and stabilised it at a favourable level; that all Czechoslovak loans so far raised abroad, whether State or other loans, are now quoted at a premium on foreign exchanges—a fact indicative of foreign investors' confidence in this country's financial and economic situation. Moreover, the yield of the tobacco monopoly which is only a portion of the guarantee for the Czechoslovak £10,000,000 loan of 1922, is estimated for next year at the equivalent of over £11,000,000, and thus covers not merely the service of the loan, but even exceeds both capital and service together. Then again, no other country has been so active as Czechoslovakia in concluding commercial treaties with a view to avoiding tariff wars and prohibitions, and while Austria, Hungary, Germany and other countries have raised their Customs tariffs, Czechoslovakia has been reducing hers, and has, in addition, almost entirely abolished the system of export and import licenses which were introduced under war conditions. Furthermore by lending to Austria the equivalent of over £3,000,000, by acting as co-guarantor of the League of Nations Loan to that country and by supporting the Hungarian reconstruction loan, Czechoslovakia has shown her willingness and her ability to contribute to economic consolidation in Central Europe generally—a further proof of this is seen in the recent tariff arrangement with Austria and the negotiations with Hungary now proceeding. In these circumstances—without going into questions of prestige—the *Times* suggestion of foreign finance control is regarded as singularly misplaced."

**Taxation Reform.**—At a meeting of the Central Union of the Czechoslovak Industrialists the general secretary, in referring to the taxation reform, stated that



according to latest information this reform would not come into effect till January 1, 1926, instead of January 1, 1925, as originally expected. The cause of this postponement was the consideration that the national estimates for 1925 would not be able to bear the expected reduction of C.Kr.400 mill. in taxation. This decision was to be regretted from an economic standpoint, and the reasons given for the postponement were not altogether valid. A reduction in the rates of assessment did not necessarily mean a reduction in the revenue. Moreover, it was not clear that the budgetary conditions would be more favourable a year hence. A reform of direct taxation to ease the burden was an absolute necessity in the interests of the country. (*Prager Tagblatt.*)

**American Credit for Industrial Purposes.**—According to the *Prager Presse* a financial group of the United States, under the name of the Export Company, have offered to the Federation of Czechoslovak Industries to grant credits to the extent of several million dollars for the purpose of developing the exportation of Czechoslovak wares to the United States. The Export Company proposes to charge an interest of C.Kr.2 for every dollar of credit, irrespective of the term for which the credit be granted. Czechoslovak manufacturers would consign their goods, against bank guarantee, only to the American firms nominated by the Company.

## TRADE

**The Reorganisation of the Export Trade.**—In reality little is heard of the re-organisation of the Czechoslovak export trade, writes Dr. L. Patočka, in the *Prager Presse*. Three years ago it was recognised that such re-organisation was necessary. In the interim mistakes have been made; had the exporters three years ago the experience they now possess the position of the export trade to-day would be vastly superior to what it actually is. The watchword to get into direct touch with all markets possible has, however, met with full appreciation, and the emancipation of the export trade is now a confirmed fact. But the present economic conditions are not so favourable as they were during the earlier post-war period. That opportunity was lost chiefly through inexperience.

In the earlier stages there was no single branch of the export trade that was not subjected to the machinations of groups of speculators. That has now changed for the better. Roughly speaking, there are to-day four classes of exporters in Czechoslovakia, of which two are certain to disappear under the new conditions. In the first place there is still a small group of speculators whose object it is to stimulate fluctuations. Secondly there are the new-comers without experience and lacking capital. These two cannot now survive. The old-established houses and the new firms that have been founded seriously and are conducted by experts are dominating the trade. It is a comforting assurance that the foreign trade of the country is now being left in safe hands.

**Foreign Trade Returns.**—The entire Czechoslovak Press reflects the country's satisfaction at the steady improvement in the foreign trade returns. In October exports showed an increase of C.Kr.34 mill. over the preceding month, although September also represented a strong rise (C.Kr.317 mill.) on the August returns. The total figures for October were: Exports, C.Kr.1,462 mill.; imports, C.Kr.1,354 mill. There is accordingly an active balance of about C.Kr.108 million for the month, whereas there was a deficit in September and August. During the first ten months of this year the total exports amount to C.Kr.13,144 million.

It is pointed out that the total imports from Great Britain during the months January to October this year amounted to C.Kr.372 mill., as against C.Kr.260 mill. for the corresponding period last year. The opinion holds in Czechoslovakia that Great Britain could very much improve her exports to Czechoslovakia if the markets were more closely studied. The attention of the British

engineering industry is directed to the reduction or in some cases the abolition of import duties on textile and other special machines entering Czechoslovakia. Further, it is believed that the Prague International Fair, to be held from March 22 to 29, 1925, will cause a considerable rise in imports into Czechoslovakia. It is suggested that a special British Section should be organised for the forthcoming Fair.

## INDUSTRY

**The Situation in the Porcelain, Enamel and Glass Industries.**—The situation in the porcelain industry as compared with 1923 has considerably improved during this year. The improvement refers more to industrial activity than to prices. Unemployment is lower than it has been for many years, and a few weeks ago there was even a dearth of labour. Factories are working to their fullest capacity and the export trade has increased. This general improvement is the more significant in view of the competition of German firms who are offering goods at 30 per cent. under the prices of the home manufacturers.

Up to the year 1923 the Czechoslovak enamel industries had one selling central in the form of the Enamel Union Ltd. in Bratislava. Through differences of a personal nature this Company has been liquidated, and since then there has been a detrimental reaction, especially on the home market. The business has now fallen largely into the hands of the middle-men, who compel the factories to sell at very low rates, but do not permit the consumer to participate in this benefit. The smaller factories are unable to supply the export market, and the larger firms have now formed a common Export Bureau of Czechoslovak Enamel Works. On the whole the situation of the industry is unfavourable. (*Prager Presse.*)

The Glassworkers' Union has submitted a memorandum to the Government, reports the *Sozialdemokrat*, in which it is pointed out that the development of the glass industry is to-day impeded by the high railway rates and the cost of coal. In addition, the various chemicals necessary for the industry are too dear, owing to the form of trust into which the chemical factories have combined. In order to relieve the situation the Government is requested to facilitate the import of all chemicals required for the manufacture of glass and to regulate the freight rates and the price of coal. (*Prager Tagblatt.*)

**The Textile Industries.**—The improved market for textile goods which manifested itself in September continued throughout October both as regards inland as well as export orders. Prices have kept their level, and terms of payment are good. As regards export, increased sales have taken place to Hungary, Poland and Germany. The majority of the spinning mills have orders in hand up to the end of the year. In 147 concerns employment has steadily improved since last year, the number of hands at work in July 1923 having been 35,447, in January of this year 41,917, and in June last 45,868. The value of Czechoslovak textile exports in September exceeded the August figure by upwards of C.Kr.630 million. (*Central European Observer.*)

## SOCIAL AND LABOUR CONDITIONS

**Further Rise in Wholesale Index Number.**—The wholesale price index number shows a further slight rise for September, having moved up from 997 to 1008, or slightly over 2 per cent. Of the two main groups, food-stuffs and fodder, were 5.1 per cent. dearer, while industrial raw material and manufactures rose only  $\frac{1}{2}$  per cent. Imported wares were 1.4 per cent. dearer, those of home provenance 2.3 per cent. dearer, compared with August. Figures at various dates past have been as follows:—

Sept. 1922.	Sept. 1923.	Jan. 1924.	June 1924.	Aug. 1924.	Sept. 1924.
1,155	957	990	981	997	1,008

The increases included: Hops (+61.6 per cent.), rye (+26.3 per cent.), rye flour (+20.9 per cent.), straw



(+15.4 per cent.), boards (+12.1 per cent.), hay (+11.8 per cent.), eggs (+10 per cent.), foreign wheaten flour (+9.2 per cent.), inland wheaten flour (+4.9 per cent.), foreign wool (+8 per cent.), home wool (+3 per cent.), barley (+6.7 per cent.), wheat (+6.4 per cent.), jute (+6.5 per cent.), flax (+3 per cent.), pork (+6.5 per cent.), rice (+6 per cent.), butter (+5.9 per cent.), oats (+4.7 per cent.), wine (+3.8 per cent.), foreign lard (+2.7 per cent.), tea (+0.9 per cent.), raw silk (+0.5 per cent.). There was no change in the price of home made beer and tobacco. The following were cheaper: Refined, untaxed sugar (-31.8 per cent.), potatoes (-24.2 per cent.), raw sugar (-12.3 per cent.), raw cotton (-7.1 per cent.), cotton yarns (-3.1 per cent.), mutton (-6.4 per cent.), veal (-1.8 per cent.), copper (-3.8 per cent.), and lead (-0.8 per cent.). (*Central European Observer*.)

## FRANCE

### POLITICAL AND GENERAL

**Financial and Economic Conditions.**—In the pursuit of its general policy to stabilise the exchange the Bank of France has raised its discount rate from 6 to 7 per cent., but the discount rate for stocks and shares, which was raised on September 11 from 7 to 8 per cent., is maintained at the latter level. The previous rise in the Bank of France's discount rate from 5 to 6 per cent. was effected in two instalments of  $\frac{1}{2}$  per cent. each, on January 10 and 17 last. The new French ten year internal loan, destined to be a valuable guarantee for exchange stability, was closed on December 10, the subscriptions amounting to between four and five milliards. In an interview given to the Press, M. Clémentel, Minister of Finance, declared that the result went to prove that the Government could always rely on the savings of the country when it was a question of restoring the national finances. Henceforth, however, there would be no further borrowing for the purpose of covering ordinary Budget expenditure. For the ensuing year the Government contemplated a vast scheme of consolidation and amortisation and financial reform. Among other proposals, it was intended to give bearers of stocks and shares the option of exchanging these for bonds bearing a lower rate of interest, but offering other novel advantages. The public would be given the choice of bonds carrying the ordinary market rate of interest, bonds bearing a lower rate of interest but with the right of participation in drawings for very high prizes, and bonds bearing a very low rate of interest but conferring special fiscal privileges on holders. M. Clémentel further suggested as indispensable the creation of a redemption fund with a view to the repurchase of bonds on the Exchange, said fund to be administered by a Board on which all the big financial, agricultural, industrial and commercial associations would be represented. These proposals would be submitted to Parliament as soon as the Budget had been passed, and when carried the country would only be called on to provide for regular fixed payments. In conclusion he asserted that the country had reached the culminating point of its financial difficulties, and that from next year onward the situation could not do otherwise than improve. Meanwhile, the question of the proposed agreement for the settlement of France's debt to the United States, which has been the subject of conversations between M. Jusserand, the French Ambassador, and Mr. Mellon, is considerably exercising public opinion, which, as fairly interpreted by *Le Temps*, holds that it would be profoundly unjust that the liquidation of Interallied debts should take precedence of the liquidation of reparations.

### FINANCE

**Revenue Returns for November.**—The total revenue collected in November for the service of the General Budget, omitting therefore the receipts from Posts, Telegraphs and Telephones which are included in a separate statement, amounted to Fr.2,472,994,900 as

against Fr.3,047 mill. in October, Fr.2,015.5 mill. in September, Fr.1,788.5 mill. in August, Fr.2,529.5 mill. in July, Fr.2,122 mill. in June and Fr.1,968.5 mill. in May. Included in the total is an amount of Fr.96,450,500 derived from special and miscellaneous sources and *recettes d'ordre*, Fr.57,123,000 of which represents the proceeds from the war profits tax. The ordinary permanent revenue, therefore, amounted to Fr.2,376,544,400 as against Fr.2,947 mill. in October, Fr.1,920.5 mill. in September, Fr.1,690 mill. in August, Fr.2,421 mill. in July, Fr.2,001.5 mill. in June and Fr.1,700.5 mill. in May. The November returns, says *Le Temps* (Dec. 14), are satisfactory, although lower than those for October, which established a record. As a matter of fact, the total revenue banked by the Treasury in November, including receipts from extraordinary sources, has only been exceeded on two previous occasions, in October and July last; but even omitting these extraordinary receipts, the ordinary revenue was higher than in any previous month, with these two exceptions, as will appear from the following tabular statement:—

January ...	Fr.2,080,571,400	July ...	Fr.2,420,978,300
February ...	1,820,089,600	August ...	1,690,073,100
March ...	1,960,639,100	September ...	1,920,434,600
April ...	2,196,400,100	October ...	2,947,097,200
May ...	1,700,659,900	November ...	2,376,544,400
June ...	2,001,173,900		

The amount of Fr.2,376.5 mill. obtained in November from ordinary permanent taxation and revenue was Fr.512,415,900 higher than in November 1923, while the total for the first eleven months of the year exceeded that for the corresponding period of 1923 by Fr.4,893,692,400 (Fr.23,112,660,700 as against Fr.18,218,968,300).

The ordinary permanent revenue for November was made up as follows: Direct Taxes, Fr.762,110,800, or an increase of Fr.258,504,400 as compared with November 1923; Public Domain, Fr.55,379,600, or an increase of Fr.14,923,500; and Indirect Taxes and Revenue and Monopolies, Fr.1,559,054,000, or an increase of Fr.238,988,000. The following table shows the yield from the various classes of indirect taxes and monopolies as compared with the Budget estimates and the returns for the corresponding month of last year (in thousands of francs):—

<i>Indirect Taxes and Revenue.</i>	November 1924.	Difference as compared with Budget estimate.	Difference as compared with November 1923.
Registration of transfer of property ...	348,038	+ 50,714.5	+ 70,001
Stamp duty ...	58,890	+ 12,379	+ 13,805
Duty on Stock Exchange transactions ...	8,758	- 12,535	+ 4,398
Tax on securities ...	56,034	+ 18,026	+ 20,186
Luxury tax ...	1,676	- 1,065.5	- 185
Turnover tax ...	369,193	+ 58,131	+ 79,729
Customs duties ...	122,049	- 43,008	- 22,305
Indirect contributions ...	313,737	+ 38,217	+ 52,333
Colonial produce and coffee substitutes ...	18,963	+ 411	+ 637
Salt tax ...	3,504	- 1,003	- 291
Sugar and saccharine duty ...	42,069	+ 16,988	+ 1,394
Petrol and petroleum ...	29,148	- 1,944	+ 6,483
Benzol ...	1,245	+ 668	- 12
<i>Monopolies.</i>			
Indirect contributions ...	185,502	+ 8,334	+ 12,779
Various undertakings ...	213	- 153.5	+ 36
Total ...	1,559,054	+ 144,159.5	+ 238,988
Total Jan. to Nov.	18,056,631.5	+ 2,258,995.7	+ 3,575,516.5

Direct taxation produced a record total of Fr.762,110,800 as against Fr.733,684,300 in October, Fr.394,185,800 in September, Fr.239,717,700 in August, Fr.275,161,400 in July and Fr.523,450,200 in June, the last named sum including payments in arrear. This total was Fr.258,504,400 in excess of the receipts for November 1923. During the first eleven months of



the year the proceeds amounted to Fr.4,774,922,200, which represents an increase of Fr.1,259,637,100 as compared with November 1923.

Finally, the revenue from Posts, Telegraphs and Telephones, which is not included in the Budget, amounted to Fr.129,957,000, or Fr.15,416,500 in excess of the estimates and Fr.24,372,000 in excess of the figures for November 1923. The total for the first eleven months of the year was Fr.1,330,403,000, or Fr.133,261,250 in excess of the estimates and Fr.149,027,000 in excess of the returns for November 1923.

## TRADE

**Mercantile Marine Returns.**—The tonnage of all goods landed at French ports in October amounted to 3,094,600 tons and that of coal to 1,376,200 tons, while the tonnage of shipments aggregated 901,400 tons. As shown in the following table, these returns bring the figures for the first ten months of the year up to 29,732,200 tons in respect of all goods and to 14,529,800 tons in respect of coal landed, and to 8,297,100 tons in respect of shipments:—

	Landings.		Shipments.
	All goods.	Coal.	
January ... ..	2,795,000	1,314,900	756,800
February ... ..	2,770,800	1,503,700	747,400
March ... ..	3,430,100	1,704,400	905,500
April ... ..	3,259,900	1,604,000	831,700
May ... ..	3,489,700	1,581,600	820,500
June ... ..	3,136,300	1,229,000	844,700
July ... ..	3,048,200	1,430,200	829,500
August ... ..	2,796,400	1,355,600	791,900
September ... ..	2,911,200	1,430,200	867,700
October ... ..	3,094,600	1,376,200	901,400
Total ... ..	29,732,200	14,529,800	8,297,100
Monthly average 1923	3,134,800	1,724,100	662,200
Monthly average 1913	2,657,000	1,146,200	867,700

In October the goods carried by rail into the interior from the various seaports aggregated 1,509,700 tons and by inland navigation 607,900 tons as compared with 1,447,700 tons and 526,400 tons respectively in September.

The number of vessels entered at the various ports in October was 4,090 as against 4,042 in September and a monthly average of 3,835 in 1923 and of 6,087 in 1913.

On October 31 there were 219 vessels laid up in French ports, including 75 at Marseilles, 63 at Nantes, 16 at Bordeaux, 12 at Dunkirk, 10 at La Rochelle and at La Pallice, and 8 at Le Havre. On September 30 the number laid up was 217. (*Le Temps*.)

## INDUSTRY

**Output of Coal in October.**—The output of coal in October amounted to 4,103,516 tons for 27 working days as against 3,837,378 tons for 26 working days in September. This is the first time in the history of the coal mining industry in France that the monthly output has reached the four million ton level. The following statement shows the output for the first three quarters of the year: January to March, 11,183,299 tons; April to June, 10,830,093 tons; July to September, 11,312,599 tons: total, 33,325,991 tons, which is equal to a monthly average of 3,702,888 tons, as compared with which the October output shows an improvement of 400,628 tons. The daily output in 1913 amounted to 136,147 tons: in January 1923 it stood at 121,064 tons and in October of the same year at 136,661 tons; in January 1924 it rose to 144,680 tons, in September to 147,591 tons and in October to 151,982 tons. The man-power engaged in this production also shows a gradual increase, from 242,566 hands in January to 271,166 in October 1923, to 286,804 in January, to 300,777 in September and to 302,771 in October 1924, as against an average of 203,208 in 1913.

In the coal basin of the Nord and Pas-de-Calais the daily output has been increased from 60,239 tons in

January 1923 to 88,381 tons in October 1924, and the shortage there as compared with 1913 has been reduced now to 2,916 tons per working day. In the midlands and south the daily output has also risen, from 46,039 tons in September to 46,412 tons in October. Taken as a whole, the daily output of pre-war France is now only 1,354 tons below the figures for 1913. In Lorraine the October output amounted to 17,189 tons a day as compared with 17,013 tons in September.

The production of blast furnace coke for the iron and steel industry in the colliery coke ovens amounted in October to 230,694 tons as compared with 223,819 tons in September. (*Le Figaro Economique*, Dec. 8.)

**The Iron and Steel Industry.**—According to the monthly report of the Comité des Forges the number of blast furnaces blown in on November 1 was 135, or one less than on October 1. In addition to these there were 38 ready to come into working, while another 47 were being constructed or undergoing repairs. The output of pig iron in October amounted to 659,926 tons, or 18,473 tons more than in September; that of steel reached a total of 609,122 tons, or 10,795 tons in excess of the figures for the previous month. Liberated Lorraine contributed 257,084 tons out of the above output of pig iron as against 254,620 tons in August (? September), and 206,271 tons of the output of steel as against 208,315 tons. The following table shows the production of pig iron and steel for the whole of France since the beginning of the year (in tons):—

	Pig Iron.	Steel.
January ... ..	585,978	541,022
February ... ..	590,340	554,632
March ... ..	634,567	572,916
April ... ..	651,323	567,485
May ... ..	658,397	598,427
June ... ..	638,873	554,924
July ... ..	636,168	564,876
August ... ..	655,829	581,713
September ... ..	641,453	598,327
October ... ..	659,926	609,122
Total ... ..	6,352,854	5,743,444

These returns, says *Le Temps*, are most satisfactory, as the record figures of May have now been exceeded by nearly 1,500 tons in the case of pig iron and by close on 11,000 tons in that of steel.

## COMMUNICATIONS

**Direct Wireless Communication with Madagascar.**—Direct wireless communication between France and Madagascar, says *Le Temps*, is now an accomplished fact. The Governor-General of the Colony, M. Marcel Olivier, will shortly open the great station at Tananarivo, which will connect with Indo-China and the French Possessions in West and Equatorial Africa. The distance between Paris and Tananarivo is 9,000 kilometres, which it takes the Messageries Maritimes mail-boats a month to cover. The station has been constructed among the Alarobia rice fields at a distance of five kilometres from Tananarivo under the supervision of General Ferrié and with the help of expert officers of the Colonial army. The work was begun in February-March 1921 and, taking all the difficulties into consideration, has been carried out with remarkable speed. The first trial calls were made on June 16, and immediately after the inaugural ceremony the station will be opened for business. This means the end of Madagascar's dependence on foreign-owned cable lines, and closer contact with the mother country.

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# GERMANY

## FINANCE

**The Reich Finances in November.**—In place of the former statements published every ten days the Ministry of Finance has now decided to publish a monthly statement only, as it states that receipts and expenditure are so unevenly distributed over the month that a statement covering ten days does not present a fair picture of conditions. The statement for the whole of November is now issued and shows a surplus of 10.2 mill. gold marks, as follows:—

Receipts.				Mk. mill.
Taxes, Customs and dues	...	...	...	464.9
Various	...	...	...	27.3
Total	...	...	...	492.2

Expenditure.				Mk. mill.
General, including payments for execution of Peace Treaty terms	...	...	...	170.5
Tax assignments to Provinces and municipalities	...	...	...	242.6
Reparation account	...	...	...	68.9
Total	...	...	...	482.0

The floating debt totalled 542.6 mill. on November 30; namely 18.6 mill. in respect of Treasury bonds and bills outstanding, 469 mill. for security payments in Treasury bonds and bills and 55 mill. in respect of the issue of Reichsmark bills. (*Frankfurter Zeitung*.)

**Bank Balance-sheets on a Gold Basis.**—Germany's large banks have now laid their cards on the table and published their gold balance-sheets. The *Frankfurter Zeitung* gives two tables, the first showing the present gold capital and reserves of the seven large Berlin banks as compared with the pre-war figures, the second showing those of seven important provincial banks, as follows (in Mk. mill.):—

### I. Berlin Banks.

	Share Capital.		Reserves.	
	1924.	% of 1913.	1924.	% of 1913.
Deutsche Bank	150	42.4	50	31.9
Disconto-Gesellschaft...	100	29.0	45	37.5
Dresdner Bank	78	26.5	22	27.6
Darmstädter und Nationalbank	60	21.2	40	77.4
Commerz und Privat-Bank	42	29.0	21	91.7
Berliner Handelsgesellschaft	22	20.0	5	14.1
Mitteldeutsche Creditbank	22	36.7	2.22	27.8
Together	474	29.8	185.2	39.0

### II. Provincial Banks.

	Share Capital.		Reserves.	
	1924.	% of 1913.	1924.	% of 1913.
Allgemeine Deutsche Credit-Anstalt	26	23.6	5.2	11.2
Barmer Bankverein	21	21.0	10	67.1
Rheinische Creditbank	16.8	17.7	3.6	21.4
Essener Credit-Anstalt	14	15.6	2	8.1
Vereinsbank in Hamburg	10.5	29.2	2.5	32.1
Deutsche Effekten und Wechsel-Bank	7.5	25.0	1	31.3
Hildesheimer Bank	4.0	33.3	0.8	18.5

It will be seen from these tables that the entire capital of these large Berlin banks, represented by the sum of the share capital and reserves, aggregates barely one-third of the nominal value in 1913. The Deutsche Bank comes off best, with a total capital worth 39.2 per cent. of that in 1913, the Berliner Handelsgesellschaft is at the foot of the list with 18.6 per cent. This latter comparison points to the fact that these bank balances on the whole probably reflect the optimistic or pessimistic attitude, as the case may be, of the individual bank administrations, rather than actual depreciations in value. The Berliner Handelsgesellschaft, which started to work out its gold balance-sheet much sooner than the other banks, was probably over cautious and pessimistic, while the Deutsche Bank took a rosier view of the future. None of the provincial banks approach the average relationship of the Berlin banks to their pre-war capital. The Vereinsbank in Hamburg comes

nearest, with a total capital amounting to 29.7 per cent. of that of 1913, the Essener Credit-Anstalt comes last with a percentage of 13.9.

It is interesting to study a comparison of the Bourse value of the shares of these banks before the war and now, although here, too, the actual value of the figures is problematical (in Mk. mill.):—

### I. Berlin Banks.

	Bourse quotation.		
	End 1913.	Dec. 5, 1924	% of 1913
Deutsche Bank and affiliated banks	773.28	177	23
Disconto-Gesellschaft and affiliated banks	515.10	113.3	20.6
Dresdner Bank and affiliated bank	418.42	80.88	19.3
Darmstädter und Nationalbank and affiliated banks	327.76	70.80	21.6
Commerz und Privatbank and affiliated banks	180.41	43.38	24.1
Berliner Handelsgesellschaft	171.05	28.6	16.7
Deutsche Nationalbank	69	20.9	30

### II. Provincial Banks.

	Bourse quotation.		
	End 1913.	Dec. 5, 1924	% of 1913
Allgemeine Deutsche Creditanstalt and affiliated bank	177.65	19.50	11
Barmer Bankverein	115.40	18.90	16.4
Rheinische Creditbank	119.70	14.28	12
Essener Credit-Anstalt	140.85	12.60	9
Vereinsbank in Hamburg	58.68	8.32	14.2
Deutsche Effekten und Wechsel-Bank	33.75	6.15	18.2
Hildesheimer Bank	19.80	4.25	21.5

The variations shown in the present Bourse value of the Berlin banks are not very great. What is remarkable is the far greater fall in value experienced on the whole by the provincial banks. Not only the number but the inner structure of businesses has altered since 1913. Many foreign connections are lost and new ones must now be made; really new ones, not merely the restoration of former connections are essential in many cases. The English invitation contained in the recent Commercial Agreement, that German banks shall again set up branches in London, will certainly be energetically refused by the large banks here. Not only because a large outlay would be necessitated but because, since England did not hesitate to lay hands on private property when war broke out, they will fight shy of laying out millions of marks in London again and of assuming fresh liabilities there. Before that occurs international law as applicable to Europe must be altered to prevent the recurrence of the previous bad experiences by Germans. The German banks have nearly all found in their Dutch branches excellent agencies for foreign business, and will therefore need all the less to reinstate their London businesses.

### Noteworthy Transaction of the Deutsche Bank.

The conversion of the balance-sheet of the Deutsche Bank to a gold basis in the ratio of 10 paper marks to 1 gold mark, resulting in a share capital of 150 mill. gold marks and reserves of 50 mill., has attracted especial attention in the financial world by reason of the announcement on the date of publication of the gold balance-sheet that shares originally created on March 20, 1923, to a value of 400 mill. paper marks, and paid up to the extent of 25 per cent., had, in their altered form (i.e equal to 40 mill. gold marks) been sold to a foreign banking syndicate. This syndicate is headed by the banking house of J. Henry Schröder & Co. in London, and takes in Speyer & Co. and the J. Henry Schröder Banking Corporation in New York. At the same time the fusion of the Deutsche Bank and the Württembergische Vereinsbank is announced. The shares of the latter will be exchangeable for those of the former in the ratio of 4:1 of the present nominal values; on the day of the announcement the shares of the Deutsche Bank stood at 12 bill., those of the Vereinsbank at 3 bill. (*Vossische Zeitung, Frankfurter*.)

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## TRADE

**Revival in the Paper Trade.**—The *Frankfurter Zeitung* learns that the paper industry is showing signs of a distinct trade revival. Market conditions are firmer, demands for the most marketable papers are increasing noticeably and contracts for delivery in 1925 are being concluded. The cellulose market is firm, woodpulp is moving up in price, consequently higher prices are being asked for paper right along the line. The paper works are without exception so full of orders that even works which had closed down are working full time again. The coming months are looked forward to with great confidence, as the world demand for paper has suddenly become large and pressing, especially in North and South America, but also in Asia and Australia. Not only has the German paper industry profited considerably by the increased demand in the home market but the export of newsprint to France, Belgium, Italy, Spain and overseas has increased greatly. The general state of the book printing trade has improved. Printing papers free from cellulose for good advertisements and catalogues are sought after, but the book publishing trade complains that it cannot yet afford these papers, which are still 50 per cent. too dear, because the book trade continues exceptionally quiet and even well known firms cannot entertain ambitious publishing schemes. The market for tissue paper, which has been bad for some time, as well as for coloured papers, is much better, and rejoicing in good export trade. Packing paper in particular is keenly in demand, especially the waterproof kinds, and fat-proof paper is being exported largely. The cardboard works are actively employed in consequence of the revival in the paper trade. Grey and brown leather boards are in great demand by the trunk and footwear industries and exports are increasing steadily. The cellulose and woodpulp industries complain bitterly of the rising prices of raw materials, especially of pulpwood, most of which has to be imported and on which the freightage is high. The cellulose industry is very busy; the November output is said to have exceeded 60,000 t. The prices of cellulose have been raised Mk.15 per t., yet business remains brisk, chiefly by reason of numerous demands from abroad.

## INDUSTRY

**General Industrial Conditions in November.**—According to the reports of the Prussian Chambers of Commerce for November the electro-technical industry is receiving more orders; considerable home orders for standard wire lines, postal cables and material for low pressure current have come in. Though no very large contracts have been made, it is possible to speak of a gradual improvement. In retail trading things were much busier. Especially was this the case in the textile and boot and shoe trades, although November is usually a quiet month preparatory to the Christmas traffic in December. Generally speaking, retailers are in possession once more of liquid funds although payments are frequently dilatory still. In the chemical industry trade in fertilisers is quieter. Business in ceramic chemicals was brisker, though sales to France were impeded by the 26 per cent. Reparation due. Export in incandescent chemicals, formerly considerable, especially to England and America, has, owing to the prohibitive import dues in those countries, practically ceased. Sales to the occupied areas were more lively. The state of the lime industry is bad; work has had to be restricted and in some instances stopped. Not only did exports cease but lime was imported into Germany from Poland, Belgium, Switzerland and Czechoslovakia. (*Frankfurter Zeitung*.)

**Hop Yield Estimates.**—The hop failure in 1923 has been succeeded by a fairly good yield this year. According to estimates made in September the probable average yield per hectare will work out at 4.8 d.ctr., the whole yield at 56,328 d.ctr. over a cultivated hop area of 11,630 hectares. The 1923 yield was only 31,803 d.ctr.

and if this year's estimates are realised the 1924 yield will exceed that of 1923 by about 77 per cent. Even so it will be 29 per cent. lower than the average yield over the last ten years.

The quality of the hops is mostly described as very good or good. Owing to the long rains in the summer they have in many places turned rusty in colour, but experts state that their value is in no way prejudiced. In the various hop areas the yield estimates are as follows:—Upper Bavaria, total area under hops 2,415 hct., expected yield 10,933 d.ctr. (i.e., 4.5 d.ctr. per hct., as against 3.7 in 1923); Lower Bavaria, area 3,045 hct., expected yield 14,047 d.ctr. (4.6 d.ctr. per hct., as against 4.0 in 1923); Central Franconia, area 3,710 hct., expected yield 19,148 d.ctr. (5.2 d.ctr. per hct., as against 1.3 in 1923); Upper Franconia, area 559 hct., expected yield 2,215 d.ctr. (4.0 d.ctr. per hct., as against 0.6 in 1923); Black Forest, area 618 hct., expected yield 4,388 d.ctr. (7.1 d.ctr. per hct., as against 3.7 in 1923); Danube district, area 529 hct., expected yield 1,381 d.ctr. (2.6 d.ctr. per hct., as against 4.5 in 1923).

Official estimates for other countries are only forthcoming so far in Belgium, Czechoslovakia and the United States, and are, as in Germany, also far more favourable than last year. According to information published by the International Agricultural Institute in Rome the estimated yield for these countries is as follows (figures in brackets represent yield in 1923 and average for the years 1918-22 respectively):—Belgium, 17,100 d.ctr. (14,500 and 17,300); Czechoslovakia, 75,800 (30,900 and 46,000); United States, 91,200 (80,600 and 123,900). According to private estimates the yield in other countries is likewise better this year than last, especially in England and France, the chief hop growing countries after Germany. The English yield is privately estimated at 162,500 d.ctr. (116,300 in 1923), the French at about 40,000 (22,500 in 1923). The world yield of hops was officially stated in 1923 to total 324,900 d.ctr.; for 1924 it is estimated at 567,500 d.ctr. (*Wirtschaft und Statistik*.)

## SOCIAL AND LABOUR CONDITIONS

**The Death Rate in 1922.**—The 1922 mortality, 14.4 deaths to every 1,000 inhabitants, is quite a rise on the 1921 rate, which was 13.9 per 1,000. These figures are exclusive of still-born children. The 1913 rate was 15.0, 1914 rate 19.0, 1915 rate 21.4, 1916 rate 19.2, 1917 rate 20.5, 1918 rate 24.7, 1919 rate 15.6, 1920 rate 15.1. The curve touched its highest point since pre-war days, then, in 1918.

The 1922 death rate did not increase equally in all age groups. Infant mortality decreased by 3 per cent., that of small children by 16 per cent. The increase is therefore chiefly in respect of persons over five years old. The mortality was proportionately greatest among males over 90 years of age (403.7 per 1,000) and proportionately smallest among both males and females between 10 and 15 years of age (1.7 per 1,000 in each case). Among all males together the mortality was 11.8 per 1,000 (10.8 in 1921, 11.3 in 1913), among all females together 11.5 per 1,000 (10.7 in 1921, 11.0 in 1913).

The reason for the lower death rate among children under 5 was a decrease in deaths from scarlet fever, measles, diphtheria and stomach and abdominal inflammation. The number of deaths in this group from whooping cough, however, was about 50 per cent. greater than in 1921. (*Wirtschaft und Statistik*.)

## COMMUNICATIONS

**The Supply of Power Vehicles.**—The number of power vehicles licensed in Germany in 1924 is considerably greater than in 1923. A census of stocks taken on July 1 1924, showed an increase of 38 per cent. on the figure a year before, whereas the rise from 1922 to 1923 was only one of 28 per cent. The absolute increase was 80,239 vehicles, almost as much as the entire stocks existing before the war. On account of their cheapness



it is motor cycles which show the greatest relative and absolute increase; the latter amounted to about two-thirds of last year's supply. The number of passenger vehicles increased by one-third, that of power waggons by only 17 per cent. The actual figures are (1923 figure in brackets): motor cycles, 97,965 (59,389); passenger vehicles, 132,179 (100,340); power waggons, 60,629 (51,736).

As formerly, most of the power vehicles now are run by combustion engines; the number of electric passenger vehicles has increased from 1,102 to 1,414, and of electric power waggons from 1,644 to 1,852. In comparison with other large States, Germany's supply of power vehicles is still very modest; on July 1, 1924, there was one to every 210 persons, and of passenger and power waggons there was one to every 320 persons. At the end of 1923 the position in the various large States was as follows: To every one passenger and power waggon—in the United States, 7 persons; Great Britain, 67; Canada, 16; France, 88; Germany, 360; Australia, 46; the Argentine, 101; Italy, 518; Belgium, 131; Spain, 403. (*Wirtschaft und Statistik.*)

**Big Shipping Amalgamation.**—On account of the severe restriction of emigration to the United States, shipping companies with services to this country are naturally feeling the loss financially. All the companies participating in North Atlantic traffic, European as well as American, agreed at a joint conference in Paris recently to increase the prices in all classes after January 1, 1925. It is now announced that the American Line, the Cunard and the White Star Line are to conduct a joint service between Hamburg and New York. The service will be called the American Cunard White Star Line. On the outward journey the boats will touch at Southampton and Cherbourg, on the homeward journey at Plymouth and Cherbourg. They will also call at Halifax on the way out, for the benefit of travellers to Canada. (*Kölnische Zeitung.*)

## LATVIA FINANCE

**The Development of Joint Stock Companies.**—The annual survey of the Bank of Latvia for 1923 contains some interesting data concerning the development of joint stock companies before and after the war. In 1914 there were in Latvia 89 such companies with a total initial capital of 157.4 mill. gold roubles and reserves aggregating about 25 mill. Of this capital 30.5 per cent. was invested in the metal industry, 25.2 per cent. in the chemical industry, 8.5 per cent. in the textile industry, 7.0 per cent. in commercial banks, and 28.8 per cent. in other industries. In respect of number these companies formed 5.20 per cent., in respect of capital value 4.24 per cent. of all the joint stock companies in Russia.

Riga has always been considered a noteworthy centre of industry. Notwithstanding the uncertain state of the markets and the fact that after the war the quoting of the shares of private companies on the Riga Bourse was not resumed, the formation of joint stock companies has not suffered a decline. The provisional regulations of the Ministry of Finance issued in October 1923 and supplemented in January last provide that the minimum initial capital of joint stock banks shall be Lat.5 mill. and of commercial and industrial joint stock companies Lat.100,000. The administrative boards of industrial joint-stock companies must consist to the extent of one-third of Latvian citizens, the remainder may be foreigners. In other joint stock companies two-thirds of the administrative boards, in insurance joint stock companies the entire boards, must consist of Latvian nationals.

After the war only 12 pre-war joint stock companies, with an original capital aggregating Lat.1.21 mill., resumed activities; namely, 6 trading companies, 1 iron and engineering company, 1 timber company, 1 book

trading company, 1 chemical company, and 2 other companies. In 1921, with the general economic revival that set in, new companies began to be formed and old ones to reappear. In 1922 Latvia boasted of 87 joint stock companies with an original capital aggregating Lat.33.33 mill., in 1923 of 156 with a joint capital of Lat.58.02 mill., and in 1924 of 232 with a joint capital of Lat.79.97 mill. Thus during the last three years the number of joint stock companies in Latvia has trebled. The average original capital of each company has fallen from Lat.383,100 in 1922 to Lat.372,000 in 1923 and to Lat.344,000 in 1924. The latter sum is still three times as high as the required official minimum capital for industrial companies.

The great increase in the number of joint stock banks is noteworthy. On Jan. 1, 1920, Latvia had 5 such banks, in 1921 the number had increased to 9, in 1922 to 10, in 1923 to 14, and in 1924 to 20. Their initial capital, which in 1924 totalled Lat.12.39 mill., is chiefly subscribed by foreign capitalists. (*Rigasche Rundschau.*)

## TRADE

**Critical State of the Timber Trade.**—An extraordinarily adverse state of affairs from the home standpoint exists at present on the Latvian timber market. According to the statement of the Finance Ministry the situation is as follows. Last year the Forestry Department reckoned the prices attained at the forest auctions and raised the tax on timber sold for export, in some districts by between £0 and 60 per cent. Owing to this increase fears were already entertained in the summer that there would be a lack of purchasers. In addition depression ensued on the world market and prices fell. The situation was further prejudiced by the fact that the amount of timber worked in 1923 was 20 or 25 per cent. less than was estimated, and purchasers who had formerly relied on the figures supplied by the Government became distrustful. The results of the first forest auction this year were so poor that the tax will undoubtedly have to be lowered. On the local markets conditions are entirely abnormal: whereas prices abroad are falling, at home they are rising. Export conditions are so bad that a number of timber merchants are turning expensive export material such as beams and sleepers into firewood, and genuine firewood is therefore going up in price.

Enormous quantities have been got ready for export, but with lying about so long the wood has lost in value. A number of firms are faced with bankruptcy and even the banks are in some cases in difficulties. The Bank of Latvia is exercising great caution in granting credits against timber and is only loaning up to a fixed

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Czechoslovakia.



percentage of the value of the pledged timber, but in certain instances this percentage now already represents the entire value of the timber. Timber export will certainly remain restricted for a time, and only time will show whether the change of Government in England will bring the hoped for revival of purchasing. It is a good thing for Latvia that the value of her flax exports is practically equal to that of her timber exports and will probably exceed it next year. (*Rigasche Rundschau*.)

**Rise in the Price of Flax.**—The Cabinet, at the instigation of the Minister of Finance, have raised the price of every kind of flax by 25 per cent. During the first six months of the Budget year the flax monopoly brought in approximately Lat.5 mill. to the State. Of this year's flax yield over 20,000 t., to a value of Lat.65 mill., are destined for export. Of this sum Lat.27 mill. will figure in this year's, Lat.38 mill. in next year's Budget. This year's exports will exceed those of last year by between 50 and 70 per cent. The increase in price brings the price of flax up to two and a half times the pre-war. Latvian flax has risen in price on the international market more than any other kind, that of Irish and Belgian flax being only double the pre-war price.

A provisional estimate of this year's flax yield in the *Rigasche Rundschau* states that the fibre is very long and strong. An absolute quantitative estimate cannot yet be supplied, nevertheless the harvest is not likely to be less than 22,000 t. The average yield has been 10 poods of fibre and 9 poods of seed per "Purvieta" (9/10 acre) as against 7.5 and 6.5 poods respectively last year.

The report goes on to say that home consumption will be considerably greater this year than last, and not so much will be available for export (*cf.* above report, also under "Critical State of the Timber Trade"). The largest Latvian flax works, the Hoff Linen Manufacturing Company at Mitau, is erecting new works and will, when fully employed, utilise over 2,000 t. of fibre, whereas formerly it could only utilise about 1,400 t.

## INDUSTRY

**Development of the Dairy Industry.**—With approximately two hundred co-operative and private dairies, about 940,000 head of cattle, and 900 t. of home produced butter, of which 60 per cent. came from the co-operative dairies, Latvia's dairy industry could in 1914 be said to have attained a fair standard of development. This branch of industry was completely shattered during the war years, and it is therefore of particular interest to trace its recovery to the pre-war status and beyond it. To-day butter comes third on the list of Latvia's export commodities, after timber and flax. While natural laws on the one hand, financial reasons on the other, militated against the rapid growth of the timber and flax industries, the butter industry revived at a rapid rate after the war. Latvia possessed 18 dairies in 1919, 21 in 1920, 30 in 1921, 128 in 1922, 322 in 1923, 448 on Jan. 1, 1924, 536 on Oct. 1 and 540 on Oct. 20. The development since the beginning of this year is nothing like so significant as during the previous year, and it is evident that a pitch of development has been reached that does not permit of any great additional extension at present. About 100 of the 540 existing dairies are in private hands; the majority, however, are administered by co-operatives formed into associations.

As far as their technical development goes, out of every 20 dairies 14 are run with hand workers, 5 with steam-driven apparatus, and 1 with electrical plant, turbines and the like. In this respect then their development leaves much to be desired, and their capacity leaves also, generally speaking, much to be desired; scarcely 50 per cent. of the dairies deliver first-class butter. The cattle stocks are at present rather smaller than before the war, 905,000 head. In 1923 Latvia exported 2,902 t. of butter to the value of Lat.9.27 mill., i.e. more than three times the quantity exported in 1922. (*Revaler Bote*.)

## AGRICULTURE

**Agricultural Shortages.**—The rye harvest in Latvia is far inferior to last year's, as the following figures of the output in poods per "Purvieta" (9/10 acre) show:—

	1924.	1923.	1922.
Livonia ... ..	18.86	24.58	14.90
Courland ... ..	18.08	25.20	21.10
Semgale ... ..	17.33	28.10	20.90
Latgale ... ..	14.99	19.20	13.10
Average for all Latvia ...	17.85	25.10	17.70

The rye yield is therefore nearly 7 poods per Purvieta smaller than in 1923. The whole yield this year can be estimated at not more than 12 or 12.5 mill. poods, as compared with 16.5 mill. last year.

In connection with a Bill for the formation of a corn reserve fund placed before the Cabinet, the Ministry of Finance has stated that although the area under cultivation has increased greatly during the last few years the area under corn has diminished and the corn market in Latvia has become increasingly dependent on imports. Even in 1923, in which year Latvia had the best rye harvest since the war (273,600 t.), 55,400 t. was imported. This year's agricultural statistics show that not more than 200,000 t. of rye are likely to be harvested, and therefore imports will have to be greater than last year; already in July and August 7,100 t. were imported. Increased import is naturally accompanied by a rise in price in the home market, therefore the Ministry of Finance deems it advisable to form a corn reserve which can either be thrown on the market when needed, sold at cost price, or used for the army in case of war. The Bill provides for the purchase of the reserve with State funds.

The prices of rye and rye bread have already, during the last two months, risen between 35 and 45 per cent. At present rye is dearer in Riga than local wheat; it was costing 250 roubles per pood in October, as against 225 roubles for wheat.

According to the *Rigasche Rundschau* Latvia will receive no rye from Russia, who has not enough for her own needs. The Soviet Government have been selling rye neither in Hamburg, Rotterdam nor Riga, although they stand in need of funds, and will not sanction the sale of a rye reserve of 2,000 t. from last year's harvest still warehoused in Riga. Poland does not permit the export of rye and the Balkan States are not capable of export. Only America remains, therefore, as a prospective supplier of Europe with rye, and it is extremely doubtful if she can meet all the European requirements, besides which the price of rye has gone up considerably in America of late. The problem facing Latvia, then, is whether to hasten purchases of rye from America or to manage with bread made from home-grown wheat and barley.

The following figures (in tons) show in detail to what an extent Latvia is now dependent on foreign grain imports:—

	1922.	1923.	1924 (8 months).
Rye ... ..	6,866.6	35,569.4	40,804.2
Rye flour ... ..	18.9	2,462.9	5,536.6
Wheat ... ..	5,052.2	31,901.4	33,921.2
Wheaten flour ...	6,854.6	5,138.6	1,017.7

In 1923 corn and flour were imported to a value of about Lat.18.5 mill.; during the first eight months of 1924 alone Lat.19 mill. had been spent in this way. The decrease in the import of wheaten flour is explained by higher import dues.

Latvia purchases most of her rye from Russia (12,000 t. in 1923), Lithuania (11,250 t. in 1923), and Germany (6,527 t. in 1923), and smaller quantities from Holland, Denmark and France. Most of the imported rye flour comes from Lithuania and Russia. The wheat comes chiefly from Germany (16,850 t. in 1923), as well as from North America (5,584 t.), Holland (4,944 t.) and Denmark (2,056 t.). Wheaten flour comes chiefly from the United States (2,289 t.), also from Germany, Sweden and Denmark.



According to official statistics the area under various seeds is as follows (in 1,000 Purvieta):—

	Livonia.	Courland.	Semgale.	Latgale.
Rye ... ..	182.0	129.9	164.1	240.0
Wheat ... ..	35.0	26.0	46.0	8.8
Barley ... ..	138.5	78.5	113.0	152.0
Oats ... ..	295.0	216.0	232.0	156.5
Flax ... ..	55.3	7.0	20.0	80.5
Potatoes ... ..	63.0	41.5	34.5	62.5

The total area sown in rye is 716,000 hofstellen (717,200 in 1923), in barley 482,000 (479,900), in oats 899,500 (832,300), in flax 162,800 (152,100) and in potatoes 201,500 (213,900). Except for rye and potatoes the cultivated area has increased.

The number of live stock in the country has decreased by reason of last winter's fodder shortage, and is now as follows (in thousands):—

	Horses.	Cattle.	Sheep.	Pigs
Livonia ... ..	101.0	342.0	375.0	151.3
Courland ... ..	65.0	158.0	261.1	94.0
Semgale ... ..	76.2	189.0	272.2	101.4
Letgale ... ..	98.0	216.0	326.7	111.3

Total ... 340.2 905.0 1,235.0 458.0

## COMMUNICATIONS

**Size of the Merchant Fleet.**—The Latvian mercantile marine consists at present, according to the *Rigasche Rundschau*, of 33 steamships with a gross tonnage of 41,598.89 t. and a net tonnage of 25,222.94 t., 58 sailing vessels with a gross tonnage of 8,807.35 t. and a net tonnage of 7,549.59 t., and 12 motor sailing vessels with a gross tonnage of 1,687.11 t. and a net tonnage of 1,188.28 t., making a total of 103 vessels with a gross aggregate tonnage of 52,093.35 t. and a net aggregate tonnage of 33,960.81 t.

The fleet has been strengthened by the addition, since 1921, of 44 units aggregating 33,618 g.r.t., and now represents 41.1 per cent. of the pre-war fleet. The increase applies only to the steamship and motor sailing vessel categories; the sailing vessel tonnage is actually smaller by 580.65 t. That Latvia's activities in connection with the enlargement of her merchant fleet have somewhat relaxed is shown by the fact that during the first eight months of the current year only 3,661.35 g.r.t. were added to it, as compared with 15,195 t. in 1923.

## POLAND

### POLITICAL AND GENERAL

**The Political Situation.**—The political crisis, which in the opinion of certain Polish journals appeared imminent a month ago owing to the attitude of the parties of the Left, has now passed and the Government's position is, if anything, more consolidated. The Premier has now the fairly general support of all parties, reflected in the rejection by a large majority of the White Russian party's motion of non-confidence in the Government. In expressing its satisfaction of this united support, the *Nowa Reforma* reminds the public of the grave danger that would arise, especially in the realm of foreign politics, from a crisis at this juncture. The agitation among the parties of the Left for a general election has also subsided, although, as the Danzig correspondent of the *Neue Zürcher Zeitung* points out, the Peasant party is still very active in urging its demands for a thorough-going scheme of land reform, declaring even that if the Government does not introduce such a measure within a given time the peasants will themselves proceed to cut up the land into allotments. The internal situation of Poland, writes this correspondent, actually hinges upon the agricultural question. Whilst Poland is an agricultural country it is still importing more agricultural produce than it exports, since the prices of the home products cannot compete against certain foreign products. This acknowledged fact gives power to the peasants' agitation and strongly reacts upon the political situation.

In reconstructing the Cabinet, M. Grabski has not altered its character as an executive of experts and officials, reports the *Central European Observer*.

The newly appointed Minister of the Interior, M. Cyril Ratajski is not a member of any political party, and has gained a reputation as an administrative organiser. The new Minister of Justice likewise belongs to no political party and is one of the leading jurists in Poland. The new Minister of Labour has the reputation of being the best authority on Polish social legislation, and for a number of years has represented the Polish Government in the international Labour Bureau of the League of Nations. The only political appointment is that of the new deputy of the Prime Minister, M. Stanislaw Thugutt, who was formerly the head of the Wyzwolenie radical party. M. Thugutt, however, will occupy himself exclusively with frontier and minority questions.

The reconstruction of the Ministry has met with approval throughout the country. The *Prager Presse* learns that M. Stanislaus Grabski, the Premier's brother, will be appointed Minister of Education on his return from Rome, where he is negotiating with the Vatican in respect to the conclusion of a concordat relating to Polish social matters.

According to the *Gazette de Prague* the Press of the Left parties have received with satisfaction the declaration of M. Thugutt, Vice-President of the Cabinet, that the question of the situation in the Eastern frontier districts will be immediately dealt with. The Vice-President pointed out that an eventual proclamation of a state of siege in these districts would not indicate a prejudice against the inhabitants but would tend to improve the economic situation there. The statement is taken as an indication that the Government is firmly decided to find a solution of the question of the ethnical minorities in the Eastern frontier districts.

In a recent speech in the Sejm the Minister of War justified the supplementary credit for the army for the current year on account of the heavy armaments of neighbouring states, reports the Warsaw correspondent of the *Pester Lloyd*. M. Sikorski declared that Germany, for instance, had this year conducted manœuvres unparalleled by any other state, and the German navy had arranged a joint demonstrative manœuvre with the Russian fleet in the Baltic Sea. Russia, too, had recently increased its military strength and added considerably to its war material.

The Polish Legations in Paris and Rome, at the Vatican and in Moscow are to be converted into embassies. On the other hand those foreign powers that appoint ambassadors will, it is presumed, convert their legations at Warsaw into embassies. France has already done so. Poland will thus rank among the Great Powers. (*Central European Observer*.)

**Improvement in the Economic Situation.**—The latest news from the principal industrial centres testifies to an improvement in the economic situation. Business is almost normal and unemployment has considerably diminished, especially in the metal industries. After three months of steady increase in the prices of commodities of prime necessity the last few weeks have shown that the process has been arrested and that prices are even on the decline. Foodstuffs on the wholesale market have fallen 2.2 per cent. in price.

Referring in a recent speech to the economic condition of the country, M. Grabski admitted that he had in previous discourses dealt chiefly with the darker aspect of the question in order to stimulate the national energies. The brighter side could now be indicated and would reanimate the national hopes. There was, he said, a pronounced improvement. At the beginning of November there were only 147,000 unemployed, as against 163,000 in September last. The potato crop was very abundant, the quality being superior to that of the preceding years. Since potatoes formed the staple food of the populace the result was very gratifying. The



sugar-beet crop was equally satisfactory. The consumption of sugar and tobacco was steadily increasing, thus yielding additional benefits to the State. The tobacco monopoly showed a profit and the spirits monopoly was likewise beginning to be remunerative. The total returns of the indirect taxes in general were swelling more and more. During the month of September savings deposits increased by 22 per cent. The Government had not entirely disposed of the Italian loan. The railways were working without a loss and a further loan would not be necessary. The estimates for 1925 had been calculated above the actual requirements and would eventually present some amelioration. The Government, he continued, had not failed in their attention to foreign loans. In addition to 117 mill. zlotys obtained in 1924 from private banks the Government had secured credits to the extent of 356 mill. zlotys, making in all 473 mill. zlotys. The Government would continue to seek further loans, if necessary, though they did not wish such loans to be indispensable. A tendency, if such existed, to create a budgetary deficit in the hope of meeting it with a foreign loan was certainly to be discouraged. The trade returns were improving with the result that there would be an active balance. (*Agence Economique et Financière.*)

### FINANCE

**Effect of the Monetary Reform.**—A radical monetary reform and a severe sanitation of finances cannot be effected without provoking a crisis in the economic life of Poland. This crisis is following its course without, however, the repercussions that were noted during similar crises in other countries. It has caused no insolvencies or forced liquidations among the commercial and industrial enterprises. This goes to prove that the crisis in Poland is not profound; that it is, in fact, solely due to the lack of liquid money.

The confidence of the financial and commercial circles in the new monetary unit of Poland is steadily growing. Among other instances of this confidence a circular order has been issued by the Minister of Finance of Czechoslovakia to all his offices to the effect that the Polish zloty is to be regarded in all financial operations, of Customs, &c., as a unit possessing a full nominal value.

The Warsaw mint is conducting tests in stamping silver coins of the denomination of 5 zlotys. The 2-zlotys pieces, stamped in Great Britain and the United States, show certain defects and measures are being taken to perfect the stamping. At the end of the year the first consignment of 2-zlotys pieces that have been struck at Paris will arrive. The sample pieces already to hand show no defects in stamping. (*Ibid.*)

**Poland's Share of Germany's Pre-war Debts.**—In accordance with Art. 254 of the Treaty of Versailles the Reparations Commission has undertaken the division among the Succession States of Germany's public pre-war debts. Poland's share is calculated at 1,750,361 gold marks for Upper Silesia and 17,127,438 gold marks for the other districts. The Free State of Danzig is to receive the sum of 3,763,728 gold marks. (*Wirtschaftliche Nachrichten.*)

**Banking Intelligence.**—The Banque de Pologne has reduced the discount rate from 12 to 10 per cent. and the rate of interest for advances on securities from 14 to 12 per cent.

The term for the conversion of securities of the 1918 5 per cents. and the 1920 4 per cents. has been fixed for December 31, 1924. After this date the rate of exchange will be no more than 1 zloty for 1,800,000 nominal marks.

At the first of January, 1924, there were in Poland 111 banks, both private and limited companies, possessing 657 branches. During the course of the year the number of these branches has been reduced. In general, however, the solidity of the big Polish banks has been emphasised by their power of resistance during the war and during the period of inflation.

In accordance with the decisions of the general meeting of shareholders the Banque pour le Commerce et l'Industrie, at Warsaw, is amalgamating with the Banque de Crédit, at Warsaw. The former bank is already in possession of the urban and provincial branches of the Banque de Crédit. (*Agence Economique et Financière.*)

### TRADE

**Foreign Trade Returns.**—Particulars of Poland's foreign trade during the first seven months of this year have just been published and show a balance on the wrong side to the amount of 70 million zlotys. When it is remembered that the excess of imports over exports in the first three months was no more than 7 millions, it is clear that the last four months have been unusually unfavourable.

It is not likely that the remaining five months of the year will be able to wipe out this deficit. Since August, Poland has been importing large quantities of foreign manufactures and the payment for these, besides affecting the trade balance, will have a deleterious influence upon the reserves of foreign valuta in the country.

A regulation has been issued levying the maximum Customs duty (100 per cent.) upon all goods imported from countries with whom Poland has not concluded a commercial treaty. This tariff affects even goods on which, hitherto, no duty has been payable. (*Central European Observer.*)

The Ministry of Finance, in conjunction with the Ministries of Trade and Agriculture, has issued a decree embodying further alterations in the export tariff. The duty on sugar beet is raised to 1.50 zlotys per 100 kilogrammes; the duty on burnt pyrites is reduced to 0.15 zlotys per 100 kilogramme. (*Mitteleuropäische Wirtschaft, Neue Freie Presse.*)

### INDUSTRY

**Conditions in the Textile Industry.**—The strike in the textile factories has already had a most detrimental effect upon the development of the industry, which was showing distinct signs of improvement.

Up to a few weeks ago the industry had for a long period been through the throes of a serious crisis. According to the *Mitteleuropäische Wirtschaft, Neue Freie Presse* the production amounted to only 50 per cent. of the pre-war figures. The full gravity of this low output is realised in comparing the production of 1912, the period of the worst crisis before the war, when the output fell by only 15 per cent. For some time past the employees have been on short time, working about 4½ days per week. In May last there were 14,000 unemployed in the Lodz textile mills; within five months this number was doubled.

During the past month, however, there has been, according to information received from various sources, a remarkable improvement. The *Agence Economique et Financière* learns from Warsaw that a significant briskness has set in, more particularly in the cotton industry, and the majority of mills are working double shifts, some even applying to the Ministry of Labour for permission to work treble shifts. The correspondent of the *Frankfurter Zeitung* also sends information as to this advance, but adds that the improvement is solely due to the requirements of the home market, the foreign trade being practically at a standstill owing to the impossibility of competition. During the period of inflation, it is explained, the home market stocked to repletion and has only gradually regained its capacity to purchase. It is now stocking against the winter demand. But foreign trade is a fundamental necessity for the Polish textile industry; the present improvement can, therefore, only be regarded as temporary, whilst Russian markets, which were so important before the war, remain closed.



Dr. Kurt Poralla, writing in the *Oesterreichischer Volkswirt*, shows that the textile industry is still so utterly dependent upon the high prices of raw materials. The prices for wool have recently been so high that profitable manufacture was impossible. The only course for the manufacturers was in the direction of a reduction in wages. On the authority of one of the largest mill-owners in Poland the writer adds that, owing to the heavy cost of wool, there was not a moment during the past year when wool could be bought, worked into the finished article and sold at a price to allow even the lowest margin of profit.

**General Industrial News.**—The *Danziger Zeitung* gives the following excerpts from the *Industrie-Kurier* relative to the output of stone coal in Polish Upper Silesia:—October output, 2,310,463 tons; September, 2,100,537 tons; August, 714,098. The August output was so low on account of the miners' strike in that month. The October figures reach almost to those of the record month this year, namely, May, with 2,342,684 tons.

The Warsaw *Tygodnik Handlowy* estimates this year's sugar production in Poland at 420,000 tons, which is about 25 per cent. under the pre-War figure, while the area under cultivation is the same as before 1914. The number of sugar factories in work is 75, including 15 of the 24 which were destroyed during the war. These 15 have been fully restored, but the other 9 have yet to be put in working order. (*Central European Observer.*)

The Polish Government is giving special attention to the development of the chemical industry. Since the foundation of the Republic the Government has endeavoured to render the home market independent of the German deliveries. The manufacture of explosives for military and mining purposes and also dyes for textile manufactures received special favour. Four factories in Upper Silesia and one at Sosnowice are now turning out large quantities of explosives. Whilst the progress in the manufacture of dyes is not sufficient to compete either in quantity or quality with the German products, a great advance has been made in the production of artificial silk. In the Tomaszower factory alone 360,000 kilogrammes of kolodium silk are manufactured yearly. As the home demand for artificial silk is not very pronounced, the Government has recently taken measures with a view to facilitating the exportation of this article. In general the situation in the chemical industry cannot be termed unfavourable, though like other industries the need of credit is severely felt. (*Danziger Zeitung.*)

## SWEDEN

### POLITICAL AND GENERAL

**Survey of the Economic Situation.**—The placing of Sweden's quota of £1,500,000 of the German Reparations Loan under the Dawes Plan and the floating of a large State loan on the New York market are two salient features in the development of the economic situation. The State loan of \$30,000,000 in 5½ per cent. Government gold bonds redeemable in thirty years is the largest foreign loan ever contracted by Sweden, and the immediate effect of it has been to bring Swedish exchange to a slight premium in relation to the dollar. Although M. Marcus Wallenberg, President of the Swedish Banks' Association, recently uttered a warning against over-much borrowing abroad, on the ground that loans even for productive enterprises are unprofitable owing to the fact that the enterprises do not pay, and because such borrowing only serves to destroy capital, it is pointed out that the per capita debt, funded and floating, of Sweden at the end of June was only \$72.94 as compared with \$76.59 at the end of December 1918. As compared with other countries these figures are very low, the per capita debt of Norway being \$103.82, of Switzerland \$105.92, of Great Britain close on £160 and of the United States approximately \$200. The proceeds of the State loan

will serve to prevent any further depletion of the gold reserve, which had declined from Kr.245,846,000 in October to Kr.239,846,000 in November. This represents a gold cover of 46.16 per cent. against outstanding notes, the circulation of which on November 8 amounted to Kr.519,645,000. There are also various short-term obligations to be met, including the \$10,000,000 six-month Treasury notes discounted in the United States in the spring. The floating of the Swedish quota of the German Reparations Loan has had the effect of accentuating the tightness in the money market. Capital issues in October were about on the same scale as in September, totalling Kr.12,400,000, while bank clearings at Kr.1,909,000,000 point to a slight increase in the volume of business. Labour conditions are somewhat unsettled pending the outcome of the negotiations necessitated by the expiration at the close of the year of a number of wage agreements. The returns of unemployment, too, are rather on the increase, but not inordinately so for this time of the year. The foreign trade returns, however, show satisfactory improvement, and would have been better still but for the lateness of the season.

## FINANCE

**The Budget for 1924-25.**—The Budget as finally adopted by the Riksdag placed both revenue and expenditure at Kr.674,400,000, or Kr.25,500,000 above the figures originally submitted to the Riksdag, the difference, however, being due to changes in accountancy. With the exception of the Minister of Finance's proposed reduction of the allowances to civil servants in respect of the high cost of living, the financial proposals of the Government were agreed to in all essentials. The main feature of the Budget is that all actual expenditure, amounting to Kr.581,630,000, is covered by current revenue, estimated at Kr.599,200,000. The 1923-24 Budget totalled up to Kr.775,650,000, of which Kr.587,120,000 was for actual current expenditure. The chief reduction in the new Budget, therefore, as explained by *Swedish Export*, falls on grants for construction work, etc., on behalf of the Government, the amount for which is only Kr.92,800,000 as compared with Kr.188,530,000 in 1923-24; and as these grants are partly financed out of loans, the reduction incidentally implies a smaller demand on the money market in the near future. The revenue collected during the first eleven months of the financial year 1923-24 amounted to Kr.688,500,000 and the expenditure to Kr.718,160,000. In the latter, however, are included items covered by special reserved funds. Disbursements of this nature, to be defrayed in part from existing loan funds and used for investment in State business departments, amounted during the period in question to Kr.44,240,000. It appears likely, therefore, that the revenue collected will cover the total expenditure in respect of the current Budget. The actual revenue is in fact Kr.611,170,000 and the actual expenditure

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Kr.571,020,000, with cash in hand increased from Kr.134,910,000 to Kr.177,560,000. According to all the information so far available the final result promises to be comparatively favourable, but absolute assurance on this point cannot be gained until the accounts for the financial year are definitively closed. The amount of the National Debt at the end of June 1924 as compared with July 1, 1923, is shown in the following statement (in millions of kronor):—

Funded Debt	...	...	1,598.16	+ 95.75
Floating Debt	...	...	35.87	— 28.16
of which Bills	...	...	24.27	— 18.63
„ Loans to Government Institutions	...	...	11.60	— 9.53

Disbursements from loan funds during the financial year amounted to Kr.88,570,000.

**Proposed Changes in the Taxation of Foreign Insurance Companies.**—Under the regulations now in force foreign insurance companies transacting business in Sweden are taxed on an income equivalent to 16 per cent. of the branch or agency's premium income after deduction of paid-out reinsurance premiums. As a result, however, of the proceedings of a Government Committee appointed last year to enquire into the matter a report has been produced, says the *Baltic-Scandinavian Trade Review*, embodying important proposals with regard to the taxation of such companies, and in respect also of capital, interest payable to the insured, premium reductions, and so forth. The principal recommendation provides that the total income of the companies be calculated in the same way as is now the case with Swedish insurance companies, and that an amount be claimed equal to the company's premium income in Sweden without deduction of reinsurance premiums, in comparison to the company's total premium income without deduction of paid out reinsurance premiums. In the event of the foreign company failing to state the amount of its gross income, which is not compulsory, the gross income is to be estimated from the company's total net premium income. "As regards the company's trade tax value," adds our contemporary, "such part of the total trade tax value is claimed as balances the company's gross premiums in Sweden in comparison to the total gross premiums of the company calculated in accordance with the insurance regulations applying to Swedish companies."

## TRADE

**Foreign Trade Returns.**—The foreign trade returns for the first three quarters of the year show imports aggregating Kr.1,023,900,000 and exports Kr.882,300,000 as against imports Kr.963,700,000 and exports Kr.782,200,000 for the corresponding period of last year, the adverse trade balance being thus reduced from Kr.181,500,000 to Kr.141,600,000, a deficit, however, which has in all probability been more than covered by the invisible exports. The Kr.100,100,000 increase in exports this year is due to the greater demand for wood pulp, paper and boards (Kr.237.3 mill. as against Kr.203.2 mill.), ships, vehicles and machines (Kr.110 mill. as against Kr.32 mill.), unworked and manufactured metals, foodstuffs of animal origin, feathers and hides; but wood goods and mineral raw material show a falling off. On the other hand, the increase in imports is largely accounted for by foodstuffs, but to some extent also by semi-manufactured and manufactured goods. The following comparative statement gives the figures for the first nine months of 1924 and for the whole of the other years (in millions of kronor):—

		Imports.	Exports.	Balance.
1924, Jan. to Sept.	...	1,023.9	882.3	— 141.6
1923, Jan. to Dec.	...	1,294.6	1,142.1	— 152.5
1922	„	1,114.2	1,153.7	+ 39.5
1921	„	1,258.7	1,097.3	— 161.4
1913	„	846.5	817.3	— 29.2

The October returns show imports Kr.129,500,000 as compared with Kr.123,000,000 in September, and exports Kr.122,100,000 as compared with

Kr.124,000,000, or an adverse trade balance of Kr.7,400,100 as against a favourable one of Kr.1,000,000 in September. These figures bring up the totals for the first ten months of the year to Kr.1,153,400,000 in respect of imports and to Kr.1,004,500,000 in respect of exports, the adverse trade balance now standing at Kr.148,900,000 as against Kr.203,900,000 for the corresponding period of last year. With regard to the volume of imports in October as compared with September, there has been an increase in coffee from 4,000 to 4,500 tons, in cotton from 600 to 1,800 tons and in gasolene from 7,000 to 13,000 tons; and a decrease in wheat from 23,000 to 19,000 tons, in sugar from 7,000 to 4,000 tons, in coal from 429,000 to 320,000 tons and in motor cars from 877 to 600 tons. In the matter of exports wood goods were at about the same level as in September, viz. 406,000 cubic metres; cement and matches both showed an increase of about 1,000 tons, while pig iron rose from 10,000 to 11,000 tons and locomotives from 11 to 17, ball bearings also being on the increase; on the other hand, cream separators and telephones declined slightly, while pork fell from 1,100 to 722 tons. As Skandinaviska Kreditaktiebolaget, however, points out in its fourth quarterly report, one should be careful, in comparing the returns for this year with those for 1923, to bear in mind that the large excess of imports in the latter year was largely due to the labour troubles in the large export industries, so that the improved relativity of exports to imports is not solely attributable to healthier trading conditions.

## INDUSTRY

**Manufacture of Steel and Wrought Iron direct from the Ore.**—According to *Swedish Export* a sensation has been caused in the Swedish iron and steel industry by the announcement that M. G. H. Flodin, for many years assistant to the late Dr. Gustaf de Laval, has discovered a practical method of extracting malleable steel direct from the ore. Experiments had been conducted for some time at the Hagfors Steelworks of the Uddeholm Company, which is perhaps the largest steelworks in the world producing pig iron exclusively in electrical blast furnaces according to a Swedish process. A necessary condition for working the new method is cheap electrical energy, which Sweden is particularly capable of supplying. The difficulties connected with the separation of the sulphur from the ore are said to have been very effectively overcome, and in this respect Swedish ores, owing to their purity, enjoy a special advantage. Any doubts, too, as to the complete extraction of the iron contained in the ore and as to the quality of the steel produced have been set at rest by the experts of the company, and it is confidently believed that the new process will prove successful from an economical point of view, in which event it is destined to revolutionise certain branches of steel production, at any rate in Sweden.

## COMMUNICATIONS

**Electrification of the Lapland Railway.**—The electrification of the railway line from the Swedish frontier to the port of Narvik on the Atlantic, which has recently been completed, makes it possible now to travel the whole way from the Atlantic sea-board to the Gulf of Bothnia by electric train. This, according to *Swedish Export*, is the northernmost electric railway in the world, and, with the exception of a small local line, the first one electrified in Sweden on the single phase system. The history of the undertaking goes back to 1910, when power was granted by the Riksdag for the construction of the Riksgräns (Border) railway, the first section to be electrified being the 120 kilometre stretch between Kiruna and the Norwegian frontier. The water power station at Porjus was begun in the same year and four transformer sub-stations were commenced in 1912, and the line was in full operation by July 1915, when it was taken over by the Government Railway Administration. The electrification of the



Kiruna-Gellivare-Nattavara section, requiring four additional static sub-stations, was next proceeded with, under powers granted by the Riksdag in 1917. The Kiruna-Gellivare stretch was completed in the beginning of 1920 and the Gellivare-Nattavara stretch in the course of the following year. Further powers were granted in 1920 for extending the electrification to the Nattavara-Boden-Luleå-Svartön section, with five static sub-stations: the work was completed as far as Boden by March 1922, and right up to Svartön by August of the same year. The country served by this railway is a favourite tourist resort, but the line is chiefly of importance in connection with the iron ore traffic. This remarkable enterprise, which presented many interesting engineering problems, was carried out by the Swedish General Electric Company (Asea), and the running costs have been found to be considerably lower than those guaranteed by the company and the contractor for the equipment of the line.

### COMMUNICATIONS

**New Long Distance Wireless Station.**—The great Transatlantic wireless station at Grimeton, south of Gothenburg, erected at a cost of some Kr.4,850,000, is now completed and practically ready for operation, says *Swedish Export*. Sweden has already a large wireless station in the interior of the country, at Karlsborg, which, however, is principally intended for strategic purposes and for official service generally. The Grimeton station, on the other hand, is the one that is to transmit the general wireless telegraphic messages between Sweden and the United States. This station, which will operate on a wave length of about 18,000 metres and is equipped with two high-frequency

generators developing an energy of 200 kw. each, the electric power being supplied by the waterfalls at Yngaredsfors and Trollhattan, embodies the latest developments in wireless telegraphy and is constructed on the Alexanderson system of the American Wireless Corporation. The masts, antennae, buildings, etc., however, were designed by different Swedish engineers, under the general superintendance of M. Siffer Lemoine, engineer of the Wireless Bureau of the Swedish Telegraphs. The transmitting station is erected on the west coast of Sweden, on the great circle passing through New York and touching the southernmost point of Norway. This is one of the important reasons why this particular spot has been chosen. There are six masts in a row and about 1,300 feet apart in a rather broad valley. The masts carry cross-arms some 150 feet long at a height of about 400 feet, which support the twelve copper cables composing the antennae net. Underground are some 120 miles of copper cables. The power house with engine and operating rooms is a simple but spacious and airy building, and surrounding it are the cottages erected for the staff. Everything is in excellent order, and the engineer of the American company has made his final inspection. Every morning a call has been received from the Long Island station and private messages have been exchanged every day. The receiving station is situated some distance away, at the little town of Kungsbacka, but the actual receiving and transmitting takes place from Gothenburg, whence the outgoing messages are sent over Grimeton. The maximum speed seems to be 90 words a minute, but the average is from 30 to 40 words. Considerable business is expected from Denmark, Finland and the Baltic States. The call of the new station in SAQ.

## SPECIAL ARTICLES

### ITALY AND THE COMMERCIAL TREATY WITH GERMANY.

The economic facts of decisive significance for Italy in the negotiations for a revision of the Customs regulations with Germany form the subject of a study in the *Wirtschaftsdienst* by Professor Riccardo Bachi, of Rome.

As demonstrated by the figures of Italy's foreign trade, the commercial relations between Italy and Germany before the war assumed, the writer recalls, considerable importance. In 1913 Germany was favoured with 16.8 per cent. of the total imports to Italy and received 13.7 per cent. of the total exports. The chief goods imported from Germany were: chemical products, machinery and scientific instruments, materials for puddling metal ores, coal, jewellery, gold and silver wares, hides and leather, cotton goods, and miscellaneous small manufactured articles. Numerous raw materials also occupied a prominent place. The outstanding items of Italy's export to Germany were: Provisions and general agricultural products, such as fruit, fresh and preserved vegetables, flowers, poultry and eggs. Raw silk was exported in large quantities, and other raw materials, such as hemp, hides, sulphur, marble and quicksilver in smaller quantities. The export of industrial manufactured articles never reached important dimensions. The following table shows how unfavourable for Italy was the pre-war trade balance (in million lire):—

	Yearly average from 1909-1913.	1912.	1913.
Imports ... ..	563.4	626.3	612.7
Exports ... ..	314.7	328.2	343.4
Excess of imports over exports ... ..	248.7	298.1	269.3

After the war the importance of the commercial exchange between the two countries was considerably

diminished. Germany's share of the imports in 1922 was only 8 per cent. and 7.6 per cent. in 1923; the corresponding export figures to Germany were 10.4 per cent. and 6.2 per cent. These figures indicate a most obvious decline in trade between the two countries. One must, however, not forget that, in comparing the results of recent years with the pre-war statistics, the prices of certain goods rose in a very irregular way and that changed conditions were evoked by the re-arrangement of Italy's commercial traffic, not directly connected with the relations with Germany, that make a comparison difficult. Moreover, the evaluation of the exchange of commodities with Germany was modified by the re-adjustment of the national territory of both countries. Yet taking all into consideration, and despite the facilities agreed upon in 1921, the intercourse is greatly reduced, compared with ten years ago.

Professor Bachi then proceeds to give detailed figures relative to the import and export exchanges in 1913 and 1923, with a view to emphasising the contrast between the two years. He mentions that owing to the alterations in the method of arranging the Italian Customs statistics the figures submitted may contain slight errors. He also explains that the recent returns do not include the deliveries to the account of reparations. From these detailed items we select a few which serve to indicate the general tendency:—

#### Germany's Imports to Italy.

	1913.	1923.
Cotton goods, in metric cwts. ...	24,748	7,109
Woollen goods „ „ „ ...	18,380	12,879
Dressed hides and leather „ „ „ ...	20,281	13,113
Iron goods, steel and cast iron „ „ „ ...	520,245	128,491
Stone coal, in tons ... ..	949,113	117,281
Gold and silver goods, in metric cwts. ...	38,440	1,660
Machinery and machine parts, in metric cwts. ... ..	469,036	284,086



*Italy's Exports to Germany.*

	1913.	1923.
Wine, in hectolitres ... ..	58,713	4,123
Raw and combed hemp, in metric cwts.	158,025	125,413
Raw hides	66,905	53,038
Marble and alabaster	455,075	74,193
Silk and sleeve silk	22,736	11,586
Sulphur	389,794	57,061
Fresh vegetables	413,954	158,464
Grapes and fresh fruit	1,451,395	401,658
Dried fruit	6,905	1,012
Motor cars (no. of cars)	65	591

The writer admits that the year 1913 is here compared with an abnormal year, the cause of the abnormal condition being chiefly the maintenance of many export and import prohibitions in Germany and a certain number also in Italy. The collapse of the German currency was also a factor in the disturbing of the commercial intercourse.

Notwithstanding the special conditions mentioned and leaving the reparations deliveries out of consideration, a pronounced excess of imports over exports is still to be noted. In 1922 the value of imported goods rose to 1,246 mill. lire and exports to 972 mill., whilst in 1923 the value was 1,299 mill. lire for imports and only 693 mill. for exports.

In the first six months of 1924 the movement of trade assumed another character, says Professor Bachi. There has notably been a heavy increase in the export of provisions, to such an extent that larger quantities of certain goods were exported in this half-year than during the whole of 1913. Germany's demand for eggs was also remarkable; there was likewise a strong call for cheese, meal, potatoes, fresh vegetables, dried fruit, etc. This goes to prove that Germany is still capable of proving one of the best markets for Italy's agricultural products. Moreover, this noteworthy increase in the exportation of provisions also points to the progressively favourable development of Italian agriculture in the year 1923. During the first half of 1924 there has also been a marked increase in the sale of specific Italian industrial products, especially of silk goods, motor cars, and essences manufactured from agrumen. This improvement in exports during the first half of the year resulted in a favourable trade balance, a most unusual feature for Italy, the value of imports being 728 mill. lire, as against exports to the value of 774 mill. This phenomenon is to be largely attributed to the new conditions prevailing in the German currency, which benefit the sale of foreign goods in Germany, but are a certain obstacle to German goods. The latest figures of the intercourse may be taken as a symptom and an indication of the possibilities of extending the trade between the two countries.

The negotiations for a commercial treaty with Germany, continues Professor Bachi, are being followed with the keenest interest by the business world in Italy. Both in Government circles and amongst the representatives of industry, trade and agriculture the utmost importance is attached to the success of these negotiations, which will, it is hoped, result in an alleviation of the severity of the general tariffs. Now that several years have passed since the cessation of hostilities a general conviction prevails that assistance towards the economic restoration of Germany will prove an advantage to Italy, and, indeed, to all countries.

Professor Bachi then clearly shows how that the circumstances to-day are vastly different from those of 1904, when negotiations were undertaken between Italy and Germany for the commercial agreement that held good till the outbreak of war. This change of circumstances, he declares, must not be left out of consideration by the German delegates. Especially noticeable is the rapid recovery of Italian agriculture from the dislocation caused by the war. It would naturally be of advantage to Italian agriculture to regain permanently the Central European markets. But apart from that Italy has of late been at pains to establish extensive commercial relations with other

countries, the heavy consignments of provisions to the United States and to the countries of Western Europe being of special note. A modification of the tariffs would tend further to stimulate Italy's agriculture productions.

The attitude of Italian industry in respect to the negotiations for the treaty will be different from that formerly adopted. During the war and the succeeding years a start has been made in Italy with the manufacture of various commodities that were previously imported from Germany. These industries have made remarkable headway, and the prospects for further development are such that they can reckon on entering into competition with foreign manufactures. Amongst others and as an example of this industrial development are mentioned the various branches of the chemical industry, the production of gold and silver goods, and the manufacture of material and machinery for the electrical industry. Many of the industries are now more favourably placed than before the war and appear to be in the position of finding a good market for their wares even in Germany. This applies especially to the motor-car industry, the manufacture of rubber elastic goods and artificial silk. The entire economic situation of Italy with its present possibilities and necessities is something distinct from that of twenty years ago and the new facts must be kept in mind during the negotiations. The possibilities of extending Italy's trade are also more pronounced to-day than before the war.

In some respects the treaty of August 1921 is in keeping with the general direction of Italian interests to-day. In accordance with the Peace Treaty Germany instituted certain import prohibitions for the protection of her home industries; but the 1921 treaty annulled the prohibitions on certain goods in return for similar treatment by the favoured nations. Many of the articles in question will remain in the new agreement under the old arrangements. The Italian Customs tariffs of 1921 showed a more marked protective tendency than before the war. But they are to be distinguished from those of many other countries in that they were not based on a maximum and minimum tariff; they were only a general tariff and trade negotiations were thus not impeded by the terms of the minimum tariff. On this account Italy has been able to conclude a whole series of commercial agreements which, for the most part, considerably modify the general tariff; moreover, many of these agreements include the most favoured nation clause. Germany now wishes to be similarly favoured; simple reciprocity in this matter, however, will not restore a just balance, since Germany has concluded only two treaties (with Spain and Austria), and the advantages in tariff reductions thus secured are not to be compared with the benefits which will accrue from the concession of the most favoured nation clause by Italy.

The writer concludes by envisaging the extensive possibilities opened up for Italy's trade, and already marked in 1923 and 1924, by the forthcoming agreement with Germany.

### FINANCIAL AND ECONOMIC CONDITIONS IN URUGUAY.

A report on the financial and economic conditions in Uruguay by Mr. H. W. Reid Brown, British Vice-Consul at Montevideo, has been issued by the Department of Overseas Trade.\* In order to appreciate the situation in Uruguay it is necessary to remember that it is essentially a pastoral country, relying upon its live stock for its economic existence, and that, while the collapse of the cattle business would mean its virtual ruin, the relative prosperity of the country can only be determined at any given moment by the quantity and value of the animal by-products, of which wool is the most important. The supply of ready money

\* H.M. Stationery Office. Price, 9d. net.



from the sales of the latter commodity stimulates trade generally and enables cattle farmers to retain their stock until properly conditioned and to hold out for better prices. In the earlier months of this year the general situation in Uruguay appeared to be very critical owing to an outbreak of foot and mouth disease amongst the herds. This, however, turned out to be of a non-virulent type, and as the season advanced there was a brisk demand for cattle. The wool clip was excellent, and this, together with fine harvests, provided ready money at a critical moment and saved the country from a continuance and aggravation of the trade depression from which it has suffered for the last three years. Among other things Mr. Reid Brown takes the increased activity displayed in the building trade and a noticeable development in the use of commercial motor vehicles as indications of an improvement in the economic situation of Uruguay, while the revenue of the State has increased and the balance of trade is more in favour of the country.

In his review of the foreign trade of Uruguay Mr. Reid Brown reports that a distinctly better feeling is prevalent both in business and in the camp circles with regard to the outlook for the future, although it is considered that several good harvests will be required to relieve the difficult position of the camps. It would be folly to minimise the gravity of the latter factor when attempting to envisage the stability of Uruguayan prosperity. In an appendix to his report Mr. Reid Brown gives a table of the values of imports into and exports from Uruguay during the first eleven months of 1922 and 1923. It is classified according to countries. In 1922, for the period taken, the total value of imports from all countries is given as \$72,954,929, and in 1923 this total is shown as increasing to \$95,969,408. Exports during the same period are shown at \$63,206,073 in 1922 and at \$87,530,583 in 1923. An analysis of the figures for 1923 shows Great Britain holding the position as the largest exporting country to Uruguay. America is a good second and Germany third. All three countries show an increase in 1923 upon the figures of 1922. According to Mr. Reid Brown the most striking increase is in the number of motor cars imported, chiefly from the United States. An analysis of the comparative figures of the principal exports for the first eleven months of the financial year 1922-23 reveals a marked improvement, the most striking increase being in the export of sheep, cattle, canned and frozen beef, linseed, oranges and nutria skins. The following list, selected from the third appendix to the report, gives some idea of the principal exports from Uruguay and compares the 1922 figures (in dollars) with those of 1923:—

Commodity.	Value, 1922.	Value, 1923.
Cattle ... ..	479,310	831,952
Sheep ... ..	26,518	233,063
Canned beef ... ..	6,480,060	7,265,373
Frozen beef ... ..	5,603,002	14,422,810
Frozen mutton ... ..	1,698,232	3,164,752
Beef extract ... ..	1,065,585	1,722,834
Fats ... ..	2,924,730	4,240,727
Wool ... ..	16,299,520	20,692,771
Salted hides (cattle) ... ..	6,202,433	6,443,667
Salted frigorifico hides ... ..	4,066,165	5,850,874
Guano ... ..	70,096	122,242
Linseed ... ..	832,303	1,636,131
Oranges ... ..	6,599	46,403

From the above list it is made clear that the economic life of Uruguay is rooted in the live stock industry. Upon the conduct of the industry itself Mr. Reid Brown has but little comment to make in his report. He refers to the fact that the business of Messrs. Liebig at Fray Bentos has now been sold to the Lancashire General Investment Company Ltd., of London, and it is understood that the new concern will operate under the style of the Anglo-South American Meat Company. In the Legislature a Bill for the establishment of a national frigorifico has been put forward, but doubts are expressed by competent members of the trade as to the prospects of success for such an undertaking. A

national company, according to Mr. Reid Brown, would have to meet the competition of long-established, well-organised foreign meat enterprises, and special legislation would be required to protect the national interests.

In dealing with the financial situation in Uruguay Mr. Reid Brown comments upon the continued prohibition of the export of gold. This prohibition has been extended and the paper notes of the Bank of the Republic remain inconvertible. In this connection he points out that heavy losses have been incurred by the Government in the remittances for the service of the foreign debt. According to the newspaper *Diario del Plata*, these losses amounted in 1923 to \$1,102,173 on the remittances to London, \$805,634 on remittances to Paris, and \$186,151 on remittances to New York, a total of no less than \$2,093,958. The remedy suggested is the exportation, to the amount required to meet the services, of the gold held in reserve by the Bank of the Republic. This has been proposed more than once in the last three years, but has always been opposed by the Board of the Bank. In view of the fact that the gold reserve of the Bank, about \$55,000,000, is in excess of the statutory obligation, Mr. Reid Brown thinks it is questionable if it is desirable to maintain this large reserve, when the depreciation of the nominally gold value notes, by reason of their inconvertibility, causes serious losses for the purposes of foreign exchange both to the Government and to commerce in general. Elsewhere in his report Mr. Reid Brown remarks that the fluctuations in exchange rates have acted as a deterrent to business, merchants confining their purchases to immediate necessities rather than run the risk incurred in buying large quantities of merchandise. Against sterling the exchange rates have worked most unfavourably throughout the period under review by Mr. Reid Brown, and he is led to infer that the low value of the Uruguayan peso has been a serious handicap to British exporters, as in this country price is the deciding factor and quality only a secondary consideration. Compared with the dollar, French franc, lira or peseta, all of which have risen above par, sterling has remained below.

H.J.H.

## THE ECONOMIST'S BOOKSHELF. AN INTRODUCTION TO STATISTICS.

**Statistical Method.** By HARRY JEROME, Assistant Professor of Economics, University of Wisconsin. (New York and London: Harper and Brothers. Price, 15s. net.)

Statistics is a department of applied mathematics. Its object is to reveal causal connections among concrete phenomena through the medium of mathematical calculation, whence it follows that the indispensable prerequisite of statistics is mathematics. The man who would be a complete statistician must also be a complete mathematician. Statistics is not, however, in any sense an independent science, but is always ancillary to some other, and the sciences vary materially among themselves in respect of the advancement which it is able to afford them. Among the natural sciences meteorology may particularly be cited as one which resorts to its aid; but so closely is it associated with sociology and economics, and so fruitful are the benefits it confers upon them, that they are almost coming to claim it as part of themselves. It would be dangerous to assert dogmatically that it is no longer possible to be an original economist without also being a first-class statistician, but it is undeniable that the latter qualification considerably broadens the field of possible economic research. On the other hand, no man can claim to be an economist without at least some knowledge of statistical method and some practical application thereof. And the amateur mathematician, while he cannot participate in the subtler refinements of statistical method and enquiry, can, by the intelligent application of certain basic principles to be learned



from the expert, perform useful and even pioneer work in the field of statistical enquiry. The present volume is not an unduly elementary introduction to the principles of statistics as applied to economic phenomena. The author, himself primarily an economist and not a mathematician, has set out to correct the scant indulgence manifested by so many writers of books on statistics towards the mathematical frailties of the young student or the busy practical adult. The task is admirably fulfilled; there is a nice balance between the elementary and the abstruse. The book is of equal value as a jumping off ground for the budding specialist or as a basis for practical incursions into statistics by business men, politicians or journalists who are prevented by time or mathematics from closer specialisation. Not everything that it contains will be understood with a knowledge of mere simple arithmetic; but then anyone whose mathematical equipment is confined to simple arithmetic has no business with statistics. A man who properly masters the book (not a formidable achievement) will be sufficiently acquainted with statistical method for all practical purposes; he will be in a position not only to avoid commonplace pitfalls, but to make fruitful enquiries of his own. There is an admirable supply of specimen tables and charts, and a voluminous bibliography, which, while it by no means overlooks English works, is nevertheless perhaps a trifle partial to American, and suffers from the considerable demerit of including nothing that is not in the English language; there are German and French works, at any rate, which should certainly have found a place in it. J.C.J.

#### A TEXT-BOOK.

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

Dr. Jones is of the opinion that readers of books on Economics, if few in number, are of at least two kinds. Those who must be described as students, and those who emerge inquisitively from that vague class commonly termed "general readers." In the consumption of economic literature, the latter class, we believe, constitutes a negligible factor, but we are of the opinion that the number of genuine students of Economics is a steadily increasing one, and that this is so because an understanding of modern conditions and modern problems demands imperatively some acquaintance with economic theories and principles. It is no longer possible to label Economics as "the dismal science," for, in point of fact, in it is rooted a whole crop of exceptionally attractive modern discussions. To the student there is no difficulty in obtaining an introduction to Economics, and if we prefer to commend his first steps into the keeping of his college or class tutor it is not through any default in the supply of suitable text-books. Of the latter there are many, perhaps too many, but very few students are advised to follow their own noses into the subject-matter of any other reputable branch of knowledge. That is a bad habit confined to the study of Economics, but its growth is being retarded. As for the so-called "general reader," it may be more difficult to provide him with a suitable introduction, but if he is lucky chance ought to put *Everyone's Economics* in his way.

In writing this volume Dr. Jones confesses that he has aimed at satisfying the needs of both these groups of people. Except for its displeasing title there is no reason to suppose that the book will fail to succeed in its avowed purpose. Within a small compass Dr. Jones has brought together a mass of economic theory. The sources he has drawn upon are innumerable. He selects and condenses attractively, so that in a page or two the reader is enabled to gather, in the course of a short cut, authoritative pronouncements upon, and definitions of, whatsoever he will. For instance, in the fullest appendix we have ever seen, one page conveys a

dozen definitions of Rent. In no other work of similar pretensions do we remember seeing focussed upon any single economic problem the light of so many authorities. Orthodox economists rub shoulders with their more unorthodox brethren. As Dr. Jones himself submits, his volume endeavours to show some of the divergences of opinion that exist. This is one of the reasons, and sometimes it is the main reason, for the varied quotations that are given. Dr. Jones thinks that books on economics, and especially elementary text-books, have a tendency to represent the body of knowledge existing under the name of Economics so that it appears as a complex of tested and generally accepted truth. "The variants and the doubtful regions where opinions strive," he writes, "are for the most part avoided, or represented in a dim (but often coloured) light. This is not the best preparation for an inquiry into an aspect of truth, a branch of human knowledge." Such an accusation cannot be sustained against *Everyone's Economics*. If it merits attention on other grounds than these it is largely because it is, in a real sense of the word, a key to so much a beginner in the study of Economics wants to know. H.J.H.

#### PUBLICATIONS RECEIVED.

*Coopération et Prévoyance Sociale en Tchécoslovaquie, avec l'article de tête: La République Tchécoslovaque.* Edited by A. Klimt. (Prague: "Orbis" Publishing Company. Price, Kr.12.)

*Capitalist Combination in the Coal Industry.* By D. J. Williams. With an Introduction by the Rt. Hon. Thomas Richards, Vice-President of the Miners' Federation of Great Britain. (London: The Labour Publishing Company Limited. Price, 6s.)

*From Socialism to Fascism: a Study of Contemporary Italy.* By Ivano Bonomi, ex-Prime Minister of Italy. Translated by John Murray. (London: Martin Hopkinson & Company Ltd. Price, 7s. 6d. net.)

*Introduction to Modern Political Theory.* By C. E. M. Joad.—"The World's Manuals." (Oxford: The Clarendon Press. Price, 2s. 6d. net.)

*Is the Grain Trade Changing?* By Rudolf A. Clemen, Economist, Illinois Merchants Trust Company. (Chicago: Illinois Merchants Trust Company. Free on application.)

*Monthly Bulletin of Statistics, being a Collection of Statistics from Official and other Defined Sources.* Vol. V., No. 10. October 1924. (Geneva: League of Nations.—London: Constable & Co. Ltd. Price, single number 1s. 6d. net, annual subscription 18s. net.)

*Rassegna della Previdenza Sociale: Infortunistica e Assicurazioni Sociali Legislazione, Medicina e Questioni del Lavoro.* December 1924. (Rome: La Cassa Nazionale Infortuni. Price, single copy L.7.50, per annum L.75.)

*Rivista Mensile di Statistica del Comune di Roma.* April-September 1924. (Rome: Publishing Offices, Via Poli, 54. Price, L.24 per annum.)

*Studies in Current Problems in Finance and Government and "The Wealth and Income of the Chief Powers" (1914).* By Sir Josiah Stamp, G.B.E., D.Sc. (London: P. S. King & Son, Ltd. Price, 10s. 6d. net.)

*Sociální Revue.* (Prague. Bi-monthly, C.Kr.45 per annum.)  
*Storia del Commercio. Volume Primo: Dalle Origini alla Rivoluzione Francese. Volume Secondo: L'Età Contemporanea (1789-1922).* By Arturo Segre. Second edition, revised with additions. (Turin: S. Lattes & C. Price, Vol. I., L.30; Vol. II., L.35.)

*The National Bank of Greece: a History of the Financial and Economic Evolution of Greece.* By M. S. Eulambio, Managing Director of the National Bank of Greece. (Athens—London: Eyre and Spottiswoode Ltd. Price, 15s.)

*The Calcutta Review.* October 1924. (Calcutta: Senate House. Price, 16s. per annum.)

*Trade Term Definitions—Merchanting, Shipping and Marine Insurance: a Discussion of Business Phrases and Commercial Custom.* By Cuthbert Maughan. (London: Effingham Wilson. Price, 4s. net.)

#### 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	7		



# 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	169.8
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	172.9	
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	" 12	171.7	

CHART ILLUSTRATING TABLE I.

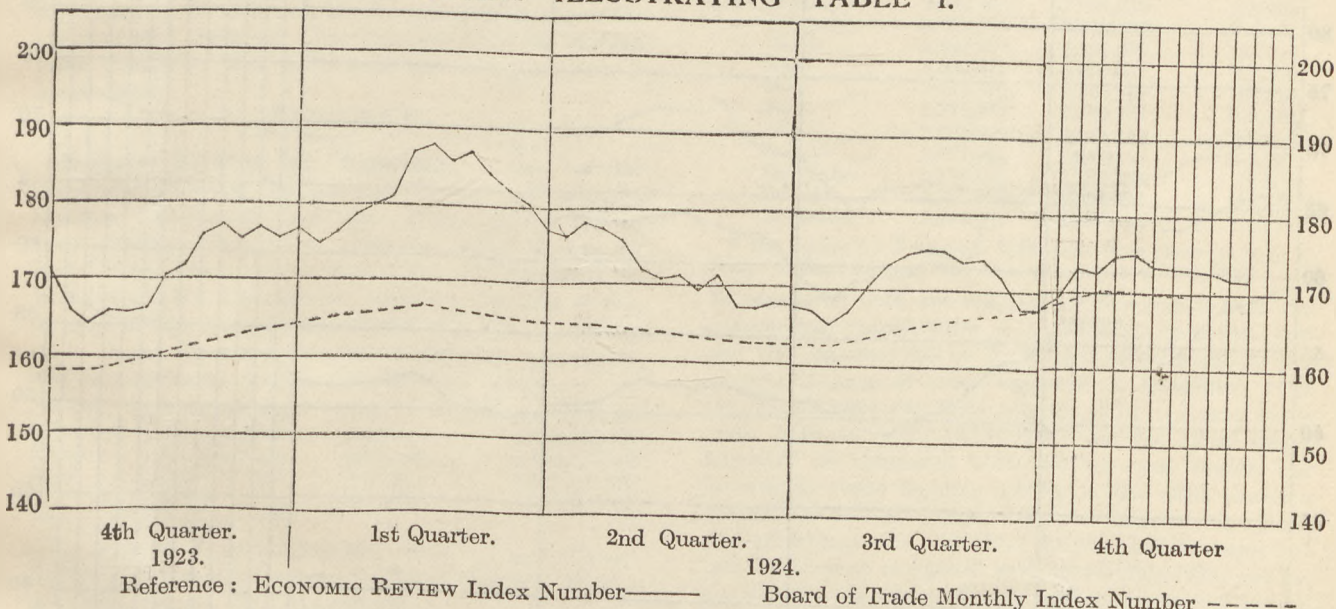


TABLE II.

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	114.60	... 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. 14 ...	84.9	149.9	68.9	164.0	115.2	173.3	100.0	120.9	83.5	94.6	115.52	... Nov. 14
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
" 12 ...	84.9	150.2	68.9	162.3	110.6	177.8	102.9	117.8	79.4	89.9	114.47	... " 12

\*Revised Quotation.



Statistical Section

## THE EUROPEAN EXCHANGES

## WEEKLY PERCENTAGE OF DOLLAR PARITY

(To Week ending December 13.)

	Week ending			Week ending	
	Dec. 13.	Dec. 6.		Dec. 13.	Dec. 6.
Holland ...	100.72	100.72	Denmark ...	65.92	65.77
Sweden ...	100.47	100.72	Norway ...	56.49	55.59
Switzerland ...	100.47	100.23	France ...	27.86	28.31
Sterling ...	96.61	95.94	Italy ...	22.39	22.49
Spain ...	72.61	71.61			

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.

