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ECONOMIC SURVEY

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

FRANCE

POLITICAL AND GENERAL

The Success of the Internal Loan.—The Minister of Finance held a reception on Dec. 16 of representatives of the Bank of France, of credit institutions, of banks, the stockbrokers' syndic, and presidents of chambers of notaries, at which he expressed the satisfaction of the Government at the success of the French Internal Loan, which had exceeded all expectations. The amount aimed at originally was three milliards: so far the subscriptions had reached a total of Fr.4,936,000,000, but there yet remained a large number of applications to be dealt with, which would certainly bring the final aggregate up to well over the five milliard level. The effect of this operation, after the success of the Morgan Loan floated in New York and now at a premium, is incalculable.

FINANCE

Revenue Returns for November.—The tabular statement showing the monthly receipts of ordinary revenue reproduced from *Le Temps* (Dec. 14) in these columns last week gave the April figures as Fr.2,196,400,100; this is now (Dec. 16) corrected to Fr.2,194,400,100, making the total for the first eleven months of the year Fr.23,112,660,700. The following table shows the total receipts of ordinary permanent and extraordinary revenue for the same period:—

January	Fr.2,296,064,600	July	...	Fr.2,529,693,700
February	1,980,335,500	August	...	1,788,508,000
March	2,110,642,950	September	...	2,015,527,200
April	2,397,707,400	October	...	3,047,031,500
May	1,968,611,200	November	...	2,472,994,900
June	2,122,133,400			

or a total of Fr.24,729,250,350, made up as follows: Ordinary permanent revenue, Fr.23,112,660,700; Extraordinary revenue, Fr.1,616,589,650.

An analysis of the ordinary permanent revenue is shown in the following table:—

	Direct taxation.	Indirect taxation and Monopolies.	Public domain.
January	Fr.398,147,100	Fr.1,672,631,000	Fr. 9,793,300
February	476,851,500	1,334,038,000	9,200,100
March	388,013,700	1,555,063,000	17,562,400
April	313,342,000	1,870,907,000	12,151,100
May	272,258,700	1,417,611,500	10,788,800
June	523,450,200	1,464,121,000	13,602,700
July	275,161,400	2,119,733,000	26,083,900
August	239,717,700	1,435,582,000	14,773,400
September	394,185,800	1,498,716,000	27,532,800
October	733,683,300	2,129,175,000	84,238,900
November	762,110,800	1,559,054,000	55,379,600
Total	4,774,922,200	18,056,631,500	281,107,000

The extraordinary revenue includes: War profits tax, Fr.1,253,412,300; liquidation of stocks, Fr.47,017,300; "recettes d'ordre" and miscellaneous, Fr.316,160,050. (*Le Temps*, Dec. 16.)

TRADE

Foreign Trade Returns for November.—According to the foreign trade returns for November the imports amounted to 4,359,719 tons of a value of Fr.3,414,967,000 as compared with 4,660,084 tons of a value of

Fr.3,397,608,000 in October, and the exports to 2,948,920 tons of a value of Fr.3,432,693,000 as compared with 2,682,683 tons of a value of Fr.3,531,896,000. As regards imports, there was a decline in the volume of trade of 300,365 tons, but an increase in value of Fr.17,359,000; as regards exports the position was entirely reversed, there being an increase in volume of 266,237 tons and a decrease in value of Fr.99,203,000. The following table shows the course of trade from November 1923 to November 1924 inclusive (in thousands of francs):—

	Imports.	Exports.	Balance of trade.
1923 November *	3,173,016	2,951,680	— 221,336
December	3,863,382	3,113,874	— 749,508
1924 January ...	2,887,921	2,699,833	— 188,088
February	3,713,800	3,918,279	+ 204,479
March ...	3,622,604	4,354,695	+ 732,091
April ...	3,292,151	4,027,041	+ 734,890
May ...	3,177,313	3,360,148	+ 182,835
June ...	3,178,867	2,922,304	— 256,563
July ...	3,099,976	3,013,713	— 86,263
August ...	3,071,943	2,967,146	— 104,797
September	3,156,970	3,184,332	+ 27,362
October ...	3,397,608	3,531,896	+ 134,288
November	3,414,967	3,432,683	+ 17,716

* The figures for November 1923 differ from those given in *Le Temps* of Nov. 16 (see THE ECONOMIC REVIEW, Nov. 21).

As compared with the returns for November 1923 the imports last month show an increase of Fr.241,951,000 and the exports one of Fr.481,003,000. Further, the adverse balance of trade recorded in November 1923 (Fr.221,336,000) has been converted into a favourable trade balance of Fr.17,716,000; on the other hand, however, as compared with the previous month the favourable trade balance for November 1924 shows a decline of Fr.116,572,000. On the import side there was an increase last month of Fr.158 mill. in respect of raw material as compared with November 1923, and on the export side one of Fr.435 mill. in respect of manufactured goods; but there was a decline of Fr.24 mill. in the export of raw material and semi-manufactured goods.

The following table gives the volume of the imports and exports in November and October of the current year (in tons):—

	Imports.		
	November.	October.	Difference
Foodstuffs...	456,143	494,238	— 38,095
Raw material and semi-manufactured goods ...	3,775,664	4,049,173	— 273,509
Manufactured goods ...	127,912	116,673	+ 11,239
Total ...	4,359,719	4,660,084	— 300,365
	Exports.		
	November.	October.	Difference.
Foodstuffs ...	196,671	169,699	+ 26,972
Raw material and semi-manufactured goods	2,482,754	2,203,963	+ 278,791
Manufactured goods ...	266,309	305,408	— 39,099
Postal parcels ...	3,186	3,613	— 427
Total ...	2,948,920	2,682,683	+ 266,237

The above statement points to a considerable falling off in the volume of imports as compared with October, synchronising, as already indicated, with a slight increase in value. This is accounted for largely by a decline of 273,509 tons in the import of raw material

and semi-manufactured goods, in addition to which there was a decline of 38,095 tons in the import of foodstuffs. On the other hand, manufactured goods increased to the extent of 11,239 tons. On the export side there was a total increase of 266,237 tons, including 278,791 tons in respect of raw material and semi-manufactured goods and 26,972 tons in respect of foodstuffs, while manufactured goods, which in October had already declined 90,097 tons as compared with the previous month, show a further falling off of 39,099 tons. If the exchange of goods in November is compared with the imports and exports of the corresponding month in 1923, it is seen that there is a falling off in imports of 543,000 tons, mainly in respect of raw material and semi-manufactured goods, the only item to show an increase (of about 15,000 tons) being manufactured goods. On the export side, however, there is an increase of 650,000 tons—foodstuffs being 58,000 t. up and raw material and semi-manufactured goods 618,000 t.; but manufactured goods are down by some 25,000 tons, in round figures.

For the first eleven months of the year there is a favourable trade balance of Fr.1,397,950,000 as against an adverse one of Fr.1,463,047,000 for the corresponding period of last year. The following table shows at a glance how the position was reversed:—

<i>Imports.</i>			
	1924.	1923.	Increase.
	(In thousands of francs.)		
Foodstuffs	8,146,614	6,663,211	+ 1,483,403
Raw material and semi-manufactured goods	23,327,001	18,202,614	+ 5,124,387
Manufactured goods ...	4,540,505	3,888,567	+ 651,938
Total ...	36,014,120	28,754,392	+ 7,259,728
<i>Exports.</i>			
	1924.	1923.	Increase.
	(In thousands of francs.)		
Foodstuffs	3,570,350	2,886,110	+ 684,240
Raw material and semi-manufactured goods	9,430,261	8,290,935	+ 1,139,326
Manufactured goods	22,646,193	14,661,805	+ 7,984,388
Postal parcels ...	1,765,266	1,452,495	+ 312,771
Total ...	37,412,070	27,291,345	+ 10,120,725

The value of France's foreign trade for the first eleven months of the year, therefore, shows a considerable advance when compared with that for the corresponding period of 1923, not only in respect of the totals, but also in respect of each class of goods. On the import side the increase is Fr.7,259,728,000, or 25 per cent.; on the export side Fr.10,120,725,000, or 37½ per cent. Once more it is pleasing to have to draw attention to the exceptionally marked increase in the export of manufactured goods, amounting to close on Fr.7,984.5 mill. or 55 per cent. as compared with the first eleven months of 1923. As will be shown directly, this increase in value is only partly due to the rise in prices. The visible foreign trade balance shows a surplus of exports over imports of Fr.1,397,950,000 as against an adverse trade balance of Fr.1,463,047,000 in 1923. Taking one year with another, the general improvement in 1924 is equal to Fr.2,860,997,000. The following tabular statement shows the volume of the import and export trade for the first eleven months of the year (in tons):—

<i>Imports.</i>			
	1924.	1923.	Difference.
Foodstuffs	5,221,913	5,104,805	+ 117,108
Raw material and semi-manufactured goods	45,220,204	43,238,546	+ 1,981,658
Manufactured goods ...	1,318,201	1,341,369	— 23,168
Total ...	51,760,318	49,684,720	+ 2,075,598
<i>Exports.</i>			
	1924.	1923.	Difference.
Foodstuffs	1,469,600	1,195,643	+ 273,957
Raw material and semi-manufactured goods	22,089,016	18,139,789	+ 3,949,227
Manufactured goods ...	3,282,502	2,718,839	+ 563,663
Postal parcels ...	32,277	28,026	+ 4,251
Total ...	26,873,385	22,082,297	+ 4,791,088

It will be seen from the above that on the import side the increase in foodstuffs amounted to a little over 2 per cent. as compared with 1923 and that on raw material and semi-manufactured goods to barely ½ per cent., while manufactured goods show a slight falling off. On the export side, however, the increase is far more striking, amounting as it does to 23 per cent. in respect of foodstuffs, to close on 22 per cent. in respect of raw material and semi-manufactured goods and to 21 per cent. in respect of manufactured goods. It is obvious, therefore, that the marked improvement in the foreign trade of France during the first eleven months of the year as compared with the corresponding period of 1923 is not entirely due to the rise in prices, but, especially in the case of exports, to a large increase in volume. (*Le Temps*, Dec. 16.)

INDUSTRY

The Coal Supply.—The output of coal and lignite in October, says the *Information Financière* (Dec. 13) amounted to 4,103,516 tons, imports to 2,070,983 tons and exports to 211,480 tons, so that the supply for home consumption, exclusive of stocks, was 5,963,019 tons. This supply for the first ten months of the year amounted to 56,746,151 tons, so that the total consumption for the whole year, exclusive of stocks, may be estimated at 68,000,000 tons. As regards coke the colliery output in October was 230,694 tons, imports aggregated 356,363 tons and exports 47,454 tons, so that the total available for home consumption, apart from the production of independent coke-ovens and of the iron and steel works and exclusive of stocks, amounted to 539,603 tons. As regards briquettes, etc., the collieries produced 293,609 tons and imports 90,375 tons, exports amounting to 15,175 tons, so that the total available for home consumption, apart from the production of independent works and exclusive of stocks, reached a total of 368,809 tons. With regard to industrial coal conditions are unaltered, consumption being slow and prices unchanged. After a period of dead calm, consignments of household coal from the mines to the trade are likely to become more normal than they have been for a few weeks, now that the cold weather is stimulating the demand. As for imports, cargoes from Wales are again declining: in November the supplies received amounted only to 746,000 tons as against 1,043,000 tons in November 1923, or a falling off of 297,000 tons. Last year, when the £ sterling had fallen to some purpose, the difference between English and French prices was reduced in favour of the former; since then, however, the position has changed, the £ having risen again to about Fr.88, at which rate the prices of English coal are no longer attractive. Rolling stock is satisfactory and freight unchanged at Fr.25 Béthune-Paris.

Reparation Supplies of Fuel from Germany.—The deliveries of fuel received by France and the Grand Duchy of Luxemburg in November on account of reparations included 203,600 tons of coal, 213,300 tons of coke and 40,900 tons of briquettes, or a total of 456,800 tons, equivalent to an average of 15,700 tons a day as compared with 28,500 tons in October. As the Reparations Commission had fixed the amount to be delivered in November at 671,000 tons, there was a shortage of 214,200 tons, which it expected will be made good in December, as there was a noticeable improvement in the supply during the first days of the month.

The Office des Houillères Sinistrées, which hitherto has had charge of the distribution and sale of these reparation supplies of fuel, has slightly modified its scale of prices as from December 1, but no agreement has been come to with regard to distribution. It is not known, therefore, whether it will continue to be controlled by the same body, or whether it will be replaced by a purely administrative board that will take delivery of the supplies, see to their distribution among those entitled to share, and satisfy itself that

the prices made by the Germans are not higher than those ruling in the open market. There are those, says the *Information Financière*, who would like to see a company formed to take over the distribution of reparation fuel and the control of ordinary imports. It is generally admitted that the importer's licence will have to be the rule for a long while to come, but no one is in favour of the Government having anything to do with the sale of German coal other than that supplied in respect of reparations.

Hitherto, continues our contemporary, the Government has made a loss on the sale of reparation supplies of from Fr.30 to Fr.35 a ton on an average; but it is authoritatively stated that it is its intention in future to insist on payment of the full German invoiced price. From a purely financial point of view the decision, of course, is sound; but if large consumers of coal like the railways and the electric current works avail themselves of these reparation supplies, it is of course because it is to their advantage to do so. If this advantage is eliminated, there will be no further inducement for them to continue their custom. What, then, will the Government do with the coal? But the whole question is far more serious from the standpoint of the iron and steel industry, which is entirely dependent on Ruhr coke. As it is, this article is already the dearest fuel on the European market; but what will it be when increased by some Fr.20 a ton, and the industry is called upon to pay Fr.163 instead of Fr.143.75 per ton at the frontier? It will act as a serious handicap on the iron and steel industry.

In conclusion, the *Information Financière* suggests that the Government might approach the Reparations Commission with a view to bringing down the price of the German coal. It is a matter of common knowledge, it says, that the prices with which Germany is credited in the reparations accounts are not the prices invoiced to German consumers. Two weights and measures should not be allowed; and England would be well advised to adopt the French view in this instance. Already complaints are heard there at Germany regaining her pre-war position in the foreign coal markets. Attention has been drawn within the last few days to contracts recently placed by Germany in Lithuania, in Portugal, in America, and particularly in Brazil. This exportation policy of Germany is only explainable as the result of the dumping game from which France is the first to suffer. It must be made impossible for Germany to play again her little pre-war game, and she will then be compelled to bring down her home prices if she is to find an outlet for her coal.

SOCIAL AND LABOUR CONDITIONS

Index Numbers.—The fluctuation of prices during the last three months as compared with the basic figure of 100 for July 1914, is shown in the following statement issued by the Labour Ministry:—

	November (provisional).	End of October.	End of September.
General index number ... (45 articles)	514	507	496
<i>Foodstuffs.</i>			
Total (20 articles) ...	448	445	440
Of vegetable origin (8) ...	460	451	425
Of animal origin (8) ...	442	434	441
Sugar, coffee, cocoa (4) ...	434	456	469
<i>Industrial goods.</i>			
Total (25 articles) ...	572	562	545
Minerals and metals (7) ...	498	484	458
Textiles (6) ...	719	701	704
Sundry (12) ...	527	526	502

The level for November approximates closely to that recorded four years ago.

The retail price index number for Paris was 396 at the end of November, as against 383 in October, which is somewhat higher than in February and March, when it stood at 384 and 392 respectively. The following statement gives the index number for Paris retail prices of thirteen indispensable foodstuffs for the first eleven months of the year, viz. bread, meat, bacon, butter, eggs,

milk, cheese, potatoes, haricot beans, sugar, oil, petroleum and fuel alcohol:—

January ...	370	July ...	340
February ...	384	August ...	366
March ...	392	September ...	374
April ...	380	October ...	383
May ...	378	November ...	396
June ...	370		

The highest point previously reached was 326, in November 1920, as compared with 352 for towns of over 10,000 inhabitants.

The general index number for the cost of living for the third quarter of the year was 367 as against 366 for the previous quarter, whereas the special index number for expenditure in respect of foodstuffs was 373 as against 377. (*Le Temps*.)

Vital Statistics.—The following vital statistics for ninety departments for the third quarter of the current year have been published by the Minister of Labour:—

	1924.	1923.
Marriages ...	86,195	85,703
Divorces ...	5,061	5,811
Births (live) ...	188,114	188,595
Still-born ...	7,437	7,806
Deaths under 1 year ...	15,507	22,912
Deaths over 1 year ...	124,124	130,856
Total deaths ...	139,631	153,768
Excess of births ...	48,483	34,827

Following are the statistics for the first nine months of the year:—

	1924.	1923.
Marriages ...	261,966	261,817
Divorces ...	15,699	17,776
Births (live) ...	573,435	584,458
Still-born ...	24,031	25,672
Deaths under 1 year ...	49,958	57,186
Deaths over 1 year ...	471,339	448,821
Total deaths ...	521,297	506,007
Excess of births ...	52,138	78,451

The result is obviously unfavourable as compared with last year, as the returns show a decrease in births of 11,023 and an increase of deaths of 15,290. Moreover, the excess of births over deaths in 1923, viz. 78,451, has now fallen to 52,138. The number of marriages is stationary, but there has been an increase in the number of divorces of 2,077, or 14 per cent. (*Le Temps*.)

COMMUNICATIONS

The Latecoere Air Services.—The Compagnie Générale d'Entreprises Aéronautiques publishes the following statistics, showing the number of letters carried by the Latécoère lines during the first nine months of the year: 1920, 116,245; 1921, 198,629; 1922, 859,181; 1923, 1,908,558; and 1924, 2,817,432. In September this year the number of letters carried was 360,359, aggregating 6,695 kg. These figures, says *Le Temps*, are certain to be exceeded throughout the winter months, with a substantial saving of time by aerial conveyance. Thus, a letter by mail-boat to Morocco takes from six to ten days to reach its destination, as against 48 hours by air. The *Exportateur Français* (Dec. 18) gives the number of letters carried in October as 380,036, weighing 7,121,154 kg., and the totals for the first ten months of the year as follows: 1920, 140,594; 1921, 272,574; 1922, 1,197,323; 1923, 2,366,530; and 1924, 3,222,312. In addition it points out that, whereas communication by sea between the mother country and Morocco and Algeria was seriously interfered with by climatic conditions, the Latécoère services suffered very little inconvenience. M. M. Pierre Latécoère contemplates running a service in the coming spring between France and South America on the following lines: Toulouse or Marseilles to Casablanca, 1 day; Casablanca to Dakar, 2 days; Dakar to Naraña Island, by water, 4 days; Naraña Island to Natal, 3 hours; Natal to Rio de Janeiro, about 1 day; and Rio de Janeiro to Montevideo and Buenos Aires, 1 day. An understanding has been come to with the Spanish Aero-Española Company with regard to the crossing of the Spanish zones on the west coast of Africa between Casablanca and Dakar, and agreements with the Governments of the Argentine, Uruguay and Brazil have been signed and ratified.

GERMANY

FINANCE

The 1925 Budget Proposals.—The Budget proposals for 1925, placed before the Reichsrat and sanctioned on December 11, are drawn up in Reichsmarks. Comparison with the 1924 Budget is possible, since the currency was stable throughout the year. This year's proposals are based on very insecure estimates, namely on those for last year. No reliable estimate of revenue from taxation in 1925 could be made as taxation is now being regulated anew. There is possibly some measure of security in the fact that last year's actual revenue from taxes and consumption dues has, up to date, considerably exceeded the estimates, and that next year's revenue from these sources is not likely to fall below that of 1924. On the other hand it may be stated with practical certainty that revenue from income and corporation profits taxes will not come up to that of last year. Another point of insecurity is that the present financial agreement with the provinces expires on March 31, 1925, and a third point is that, although according to the Experts' Reports, Reparation payments are not to burden the German Budget in 1925, it will have to provide 500 mill. Reichsmark in the second year of payment, and the German Government are therefore recommended to keep the Budget unprejudiced by employing the preference shares of the Federal Railways to pay the 500 mill. or else to pay it by means of an internal loan. Five months of the financial year 1925 come within the first year of Reparations payments, seven months within the second. The total sum coming under the heading of Reparations payments in the financial year 1925 is R.Mk.109,541 mill.

The expenditure of the General Finance Administration is estimated at 5.9 milliard. Revenue of 5.5 milliard is provided for under the Ordinary Budget of the Finance Administration, against which sum recurring expenditure is estimated at 5.1 milliard, recurring war burdens at 161.7 mill. and non-recurring expenditure at 184.4 mill., making a total expenditure of 5.5 milliard, which balances the ordinary revenue. Revenue includes 4.1 milliard from property and traffic taxes, 1 milliard from Customs and consumption dues. To the Provinces is assigned 1,857.6 mill. The expenditure on civil and military administration is much higher than formerly.

The Extraordinary Budget of the Finance Administration shows expenditure totalling 433.4 mill., in which loans for war liquidation purposes figure to the extent of 141.2 mill., so actual extraordinary expenditure is really only 292.1 mill. The provision for extraordinary revenue is 138.9 mill. The Extraordinary Budget of the Administration has loan requirements, therefore, of 136.2 mill. [*sic*], and if the loan of 141.2 mill. for war liquidation purposes be added, of 277.4 mill.

The Ordinary Budget for War Liquidation Burdens shows expenditure totalling 162.2 mill., covered by revenue of 490,000, plus 161.7 mill. from the Ordinary Budget of the Finance Administration. The Extraordinary Budget shows expenditure totalling 1,238 mill., of which 141.2 mill. is to be covered by means of loans. The total expenditure for this purpose amounts to 1.4 milliard, as compared with 1 milliard last year, the deficit to 302.9 mill., as against 465 mill. last year.

The Post and the Railways are now independent bodies and no longer figure in the Reich Budget.

The whole Budget actually closes with loan requirements of R.Mk.277.4 mill. This shows how far removed the Reich finances still are from those aimed at by the Experts' proposals. The draft of the Budget Law empowers the raising of a loan of 277.4 mill. as well as credits totalling 150 mill. for the purpose of strengthening the funds of the Exchequer. (*Frankfurter Zeitung*.)

The National Debt.—Various alterations having been made in individual items connected with the indebtedness of the Reich, *Wirtschaft und Statistik* supplies an up-to-date estimate of the national debt on

October 31 last. It amounted then to 3,266.5 mill. Reichsmark, as compared with 2,716.1 mill. on November 30, 1923. These figures only represent the gross debt and take no account of means available as the result of various credit transactions, chiefly the equivalent of the Reparations Loan and the Reichsmark Treasury Bills (formerly Rentenmark Treasury Bills), and of silver mintings.

Of the former paper mark Treasury bonds, redeemed as from November 15 out of the Rentenmark credit, only a negligible fraction remains unconverted. The obligation relating to the Dollar Bonds was assumed by the Reichsbank under the new Bank Act. The Gold Loan, both that which matures in 1935 and in 1932, was almost completely redeemed when the action in support of the mark took place. The redemption of the E. bonds began on October 1, but the amount unredeemed increased during that month because the new issue exceeded the redeemed amount in value. The Reparations Loan is valued according to the average Berlin rate of exchange on October 31. The item "other debt" includes obligations and security payments connected with the computation in Reichsmark of certain foreign obligations. These obligations include: \$6,532,000 Treasury Bonds floated in the United States during the war; £(Turkish)153,682,520 from obligations assumed towards Turkey; Fl.49 mill. and Kr.(Norwegian)66,999,783 security payments in connection with food supplies. In addition there is still the "mark" debt, the nominal value of which at the end of September was 380.9 milliard paper marks, composed as follows:—

I. <i>Pre-war debt.</i>		P.Mk.1,000.
4 %	...	1,156,873.7
3½ %	...	1,973,793.7
3 %	...	1,674,882.2
Former Prussian debt	...	9,541,788.8
" Bavarian	...	2,393,757.5
" Saxon	...	947,923.2
" Baden	...	622,762.7
" Hessian	...	532,766.1
" Meckl.-Schwerin debt	...	112,021.2
Total		18,956,679.0

II. <i>War Debt.</i>		
5 % War Loan	...	44,706,885.1
4½ % Debentures	...	110.0
4½ % Treasury Bonds	...	6,158,779.9
Former Prussian Loan	...	95,545.6
Total		50,961,210.6

III. <i>Post-war debt.</i>		
Premium loan	...	3,840,000.0
Forced Loan	...	307,173,611.0
Total		311,013,611.0

Reich Debt in millions of Reichsmarks.

	Nov. 30, 1923.	Oct. 31, 1924.
I. <i>Treasury Bonds.</i>		
Paper marks	96.9	0.0
Dollars bonds	210.0	—
6 % repayable 1935	500.0	29.0
6 % repayable 1932	374.0	1.9
K. bonds	40.0	1.7
E. bonds	—	313.0
Reichsmark Treasury bills	—	70.0
Total		1,220.9

II. <i>Bank debt.</i>		
Rentenbank, non-interest bearing	200.0	196.5
ditto, interest bearing	565.0	1,003.5
Reichsbank	235.5	235.5
Total		1,000.5

III. <i>Foreign Loans.</i>		
\$110 mill.	—	462.0
£22 mill.	—	417.9
Kr.25.2 mill.	—	28.2
Lire100 mill.	—	18.3
Total		926.4

IV. <i>Other debt.</i>		
Further payment obligations	27.4	18.6
Security payments	467.2	461.3
Rehabilitation credits	—	9.0
Total		494.7
Grand total		2,716.1

TRADE

Increase in Rubber Imports.—The foreign trade statistics for the first nine months of the current year show a remarkable falling off in exports of rubber goods alongside a noteworthy increase in rubber imports. Imports of rubber raw materials during this period totalled 187,476 d.ctr. (182,094 in the corresponding period of 1923); namely, caoutchouc 155,835, gutta-percha 1,164, balata 2,206 and rubber waste 28,087 d.ctr. Exports, including re-exports, of these commodities, amounted to 16,512 d.ctr. as against 18,221 in the corresponding period of 1923.

The total export of rubber goods during this period was 109,498 d.ctr., as against 137,654 last year. Of these totals 102,567 d.ctr. (130,070) represented soft rubber goods, 6,931 (7,584) represented vulcanite goods. The total decrease here is 21 per cent. In regard to the individual classes of goods under this category, exports of motor tyres showed a decrease by 43 per cent., of cycle tyres by 41 per cent., and of galoshes by 44 per cent. Imports of rubber goods, on the other hand, increased enormously. Of soft rubber goods 5,430 d.ctr. (1910 in the corresponding period of 1923) were imported and of vulcanite goods 110 (94), making a total of 5,540 (2,004) d.ctr., an increase of 177 per cent. Imports included 330 (164) d.ctr. of motor tyres, 40 (17) of cycle tyres, 75 (4) of inner tubes for motors, 30 (9) of inner tubes for cycles, 129 (10) of galoshes. The technical Press in this industry is clamouring for drastic reforms, notably amalgamation, a more scientific distribution of labour, standardising of types and increased production. (*Frankfurter Zeitung*.)

INDUSTRY

The Price Problem in the Engineering Industry.—The revival in the engineering industry in October did not, unfortunately, maintain its stride in November although an improvement on former conditions was still evident. The percentage of fairly satisfactorily employed firms increased by perhaps 15 per cent. and the length of the working week by, on an average, rather over an hour. On the other hand the state of affairs at a number of works was highly unsatisfactory. This applied especially to works in the east of Germany. The chief cause of the lack of activity was, as formerly, the shortage of capital and credit. Both home and foreign orders had frequently to be delayed because sufficiently long payment periods could not be granted, the latter in their turn being prevented by the exorbitant rates for loans. During the month selling prices sank still further below cost prices.

Coal and iron prices remained practically unaltered in November, showing a slight tendency to rise towards the end of the month when the Raw Steel Combine was formed. It is the question of freightage that prejudices the engineering industry so greatly. In the aggregate, freight rates in Germany are about 1.5 times the pre-war, but for engineering products they are between 2 and 2.5 times as high and for engineering exports between 3 and 3.3 times as high. In all the States bordering on Germany freight rates are far lower than in Germany and therefore every endeavour should be made to promote the export of German engineering products by a reduction of home rates for freightage.

In regard to individual branches of the industry, orders in the textile machine industry have fallen off, but the machine tool manufacturers are busier. A good many enquiries come in for power machinery but this branch lacks sufficient orders. This is the quiet season in the agricultural machinery industry. The transport branch is somewhat busier, so is the food machinery branch. (*Vossische Zeitung*.)

Activity in the Textile Industry.—The most notable feature at present in connection with textiles is the preference being shown for all the cheaper qualities on the home market and the neglect of better class goods. Consequently, a large number of works which in the

period of inflation adapted their plant and methods to the manufacture of high class goods, which at that time found a ready sale by reason of the currency question, are now finding themselves obliged to reconvert in order again to make a cheaper class of goods. This process is naturally accompanied by innumerable difficulties, technical and otherwise. The change over from high to medium class textile goods, which, from a national economic standpoint, can only be deplored, is a natural result of the present impoverished state of the majority of Germans. By reason of the export slump the textile industry has become increasingly dependent on home customers. Purchasing power at home is not what it was, though, and in spite of the increased demand for textiles resultant on a period when the purchasing of anything but the bare necessities of life was impossible, the public as a whole can only afford cheap materials. It stands to reason that articles such as all woollen materials are being superseded, for the present at all events, by cheaper materials made of artificial wool or cotton, or by mixtures containing these materials. For the same reason artificial silk has largely taken the place of real silk and cotton of linen goods. Retail trade in textiles and clothing was on the whole distinctly satisfactory during October and November, though competition is keen on the home market and advertising is attaining extravagant dimensions.

According to official figures the proportion of unemployed in the textile industry in October was 6.4 per cent., as against 6.8 per cent. in September. Among clothing workers the percentage of unemployment actually sank from 7.1 to 4.6 per cent. The proportion of short time textile workers fell from 29.7 per cent. in September to 21 per cent. in October, that of clothing workers from 9.7 to 5.1 per cent. It is not likely that the position improved very greatly in November as activity is still lacking in the wholesale trade. In the silk, velvet and wool weaving trades, in particular, orders are unsatisfactory, for the products of these branches of the industry are chiefly luxury goods. (*Hamburger Fremdenblatt*.)

A report on the state of the Chemnitz and Erzgebirge textile industry in the *Kölnische Zeitung* states that the works continue busy but payments are not coming in well. Purchasing is chiefly for the home market, foreign orders being small and at prices which scarcely pay. Trade in woollen stockings is very good and the works are full of orders; payments here are coming in much better than in undertakings making cotton goods. Foreign orders are not good; the chief purchasers are South America, Scandinavia, the Baltic States, Poland and Vienna. Business with the South of Europe is very difficult. The American purchaser is still lacking for gloves, and it is feared that he will never return to quite the same extent as formerly. The Americans are buying quite cheap mixture goods, but not in sufficient quantity to satisfy the manufacturers who are awaiting orders from this quarter. England is a rather better customer, especially for two-button gauntlet gloves with embroidered or stamped patterns on the gauntlets. The knitted glove branch has had a very good season and the knitted fabric branch is doing splendid business. Cheap artificial silk underwear for ladies is selling well but in the men's underwear branch only home purchasers are active, and are paying poor prices. The spinning mills are busy, but they cannot turn out the required quantities of fine yarn, which is therefore being imported in large quantities from England and Czechoslovakia. The dye and finishing works have plenty of orders, chiefly for the glove industry. The net and trimmings industry is not doing well, as its output is chiefly in the nature of luxury goods.

The Future of the Linen Industry.—Nearly every branch of the German textile industry is affected by the rise in price as compared with pre-war days of most of the chief fibres used in textile manufacture, especially cotton and flax. But whereas cotton has

shown ever since the beginning of this year a retrograde price movement, the present price being nearly one-third below that of last January, the price of flax has maintained its upward course and is nearly double that of a year ago. The latter phenomenon is a result of the great decrease in the consumption of linen, a decrease which goes hand in hand with the fall in cotton prices, for cotton fabrics are being increasingly used in place of the dearer linen ones. A factor contributing in no small degree to the unsatisfactory state of the linen industry is the decreased demand of what were formerly two of its largest customers, the Army and the Navy, which used to consume together about one-third of the German output of linen before the war. The slump on the home linen market is accompanied by a decrease in exports, with the result that the German linen industry, which in former times of peace scarcely knew the meaning of unemployment, is working to-day to the extent of only 70 per cent. of its capacity.

The system of vertical concentration has developed actively in the linen industry during the last few years. Many weaving mills also now make sure of their supply of flax yarn by belonging to the Linen Yarn Clearing Office. This office takes over the yarn from the spinning mills connected with it and passes it on to the weaving mills. The advantages attendant on this system, since the German yarn production can only cover 60 per cent. of the requirements of the weaving mills, and since the latter can thus make sure of a large part of their requirements in times when the market is good, militate towards the development of the system of vertical trusts. Future development in this respect will be influenced very largely by the decision regarding the duty on flax yarn. The spinners and spinner-weavers are anxious for high protective duties, the pure weavers on the other hand fear that high duties will imperil their competitive power on the home market as well as in export trade. (*Vossische Zeitung*.)

LITHUANIA

FINANCE

The 1925 Budget.—The draft of the 1925 Budget recently adopted by the Cabinet shows revenue and expenditure balancing at Lit257.7 mill. The 1924 Budget balanced at 225.7 mill., the 1923 Budget at 208.3 mill., the 1922 Budget at 137.8 mill. and the 1921 Budget at 89.7 mill. A steadily progressive value is thus shown. In the new Budget ordinary revenue totals Lit225.8 mill., extraordinary revenue 33.4 mill.; ordinary expenditure 225.3 mill., extraordinary expenditure 33.8 mill.

In Lithuania the per-capita rate of taxation is Lit70; in Latvia and Esthonia it is Lit90, in Finland Lit120, and in Denmark Lit195. If to State taxation be added municipal taxes, the per capita rate in Lithuania is increased to Lit78, in Esthonia to Lit112, in Latvia to Lit115, in Finland to Lit155 and in Denmark to Lit335. Thus in Lithuania the burden of State and local taxation is a fifth of that in Denmark, half of that in Finland, and two-thirds of that in Latvia and Esthonia.

During the last four years the Budget has been characterised by the growth of expenditures on account of agriculture, which totalled Lit4.12 mill. in 1921 and 21.82 mill. in 1924; in the 1925 Budget 25.69 mill. is provided. A like tendency is seen in regard to education, the provision for which was Lit3.89 mill. in 1921, 25.09 mill. in 1924 and is 32.84 mill. for 1925. The greatest increase, however, is seen in the estimate of expenditure for the Ministry of Communications, which grew from Lit18.44 mill. in 1921 to 71.72 in 1924, but is only 69.74 mill. in the 1925 Budget. As regards revenue, the ordinary Budget provides for 151.65 mill. from the Ministry of Finance, 21.53 mill. from agriculture, 44.31 mill. from communications; the extraordinary revenue is to come entirely from the first two of these

sources, namely 27.78 mill. from the Ministry of Finance, 5.58 mill. from agriculture. (*Elta Service*.)

TRADE

Foreign Trade Returns.—The total turnover of Lithuania's foreign trade for August this year was Lit31,077,600. Of this amount Lit19,607,000 was on account of export, and Lit11,470,600 on account of import.

The trade balance for the first eight months of this year comes to Lit302,461,900, of which Lit169,092,100 represents export and Lit133,369,800 import.

For the corresponding period last year, Lithuania's foreign trade came to Lit186,477,000, of which exports represented Lit87,883,400 and imports Lit98,594,200. The foregoing figures thus show that not only has Lithuania's foreign trade greatly expanded, but also the balance has become more favourable.

The trade balance for September totalled Lit34,925,500, of which Lit19,100,200 represents exports and Lit15,825,300 imports. Thus the active balance is Lit4,174,900, or 20.7 per cent.

The value of foreign trade for the first nine months of this year amounts to Lit337,387,400, of which Lit188,192,300 is on account of export and Lit149,195,100 on account of import, i.e. exports exceeded imports by Lit38,997,200, or 26.1 per cent.

On the 15th inst. the Cabinet decided to rescind with immediate effect the prohibition on the import of grain and flour into Lithuania.

Crisis in the Timber Trade.—According to *Latvis*, Lithuania's timber trade is undergoing a severe crisis. Soft wood exports were at a complete standstill in October and local demands were only small. The position in regard to foliage timber was better, for it is still being exported, although only in restricted quantities, and is being used at home by the veneering and match works. About 300 Lithuanian timber exporters were doing no business and most of the saw mills were idle. In Kovno only 8 out of the 14 saw mills there were working, and that for only a few days in the week. The association of Lithuanian timber merchants and dealers has demanded a reduction in the export dues on timber. The Memel area is suffering badly, for the population here lives almost exclusively from timber working and trading.

AGRICULTURE

The Flax and Linseed Yield.—According to an article in *Lietuvos Ukis* [Lithuanian Economy] flax cultivation achieved its zenith in 1920 with 67,200 hct. under flax. In 1921 this area sank to 51,300 hct., in 1922 to 51,200, increasing slightly in 1923 to 52,500 hct. This year the area under flax is estimated at only 51,500 hct.

Notwithstanding this decrease since 1920 in the area under cultivation in flax, the output of flax fibre shows a considerable increase, and rose from 410,000 ctr. in this year to 604,400 ctr. in 1923. The production of linseed, although it did not show an actual increase, has certainly improved proportionately, taking into account the diminished area under flax; in 1920 it totalled 513,600 ctr., in 1923 521,000 ctr. Of the 1923 output 190,000 ctr. of linseed and 217,500 ctr. of flax fibre were utilised within the country; 331,000 ctr. of linseed and 386,900 ctr. of flax fibre were exported. The export of linseed and flax fibre in 1923 according to countries was as follows: To England, 9.01 mill. and 447,500 kg. respectively; Belgium, 29,300 and 6,100; Latvia, 5.92 mill. and 1.52 mill.; Memel area, 235,300 and 284,000; Holland, 139,500 and 6,400; France, no linseed, 305,500 kg. of flax fibre; Germany, 3.3 mill. and 4.7 mill.; other countries, 279,500 and 316,200; total, 18.91 mill. kg. of linseed and 7.62 mill. kg. of flax fibre. These figures show that the yields in 1923 were the best obtained for years.

The Eco Della Stampa, Corso Porta Nuova 24, Milan, Italy.—This office reads for you all newspapers and reviews, and sends to you with all despatch cuttings concerning you. Terms of subscription will be sent on receipt of your card.—*Advt.*

SOCIAL AND LABOUR CONDITIONS

1923 Census Results.—The latest census of the population in Lithuania (1923) shows a total population of 2,028,971, viz. 967,560 males and 1,061,411 females. Divided into age groups, it is composed as follows, in percentages of the total:—

Ages.	Percentage.	Ages.	Percentage.
0-9 ...	18.91	50-59 ...	7.87
10-19 ...	24.19	60-69 ...	6.34
20-29 ...	19.20	70-79 ...	2.77
30-39 ...	10.78	80 and over ...	1.25
40-49 ...	8.65	Age unknown	0.64

Under normal conditions the largest group should be that of 0-9 years, because all other groups, by reason of the mortality rate, cannot but decrease. The above figures show that the situation in Lithuania is not normal, since the group 10-19 years is the largest at present. It is interesting to place these percentages representing the individual groups next to similar calculations for the pre-war census of 1897. In that year they were 25.21, 20.95, 16.04, 12.30, 9.10, 7.06, 5.27, 2.70, 1.32 and 0.05 per cent. of the total respectively. It will be seen that it is in the groups up to the age of 50 that the present figures differ most from the pre-war; after that age the difference is not so great. These changes are of course due to changes brought about by the war. Between 1915 and 1921 the birthrate in Lithuania fell between 40 and 50 per cent., after 1921 it rose steadily. If the normal method of calculation be accepted, it will be found that the number of persons incapable of work (i.e., persons of less than 15 years of age and over 70) forms at present 34.8 per cent. of the total population; the number capable of a low average of work (i.e., persons between the ages of 15-19, and 60-69) forms 18.6 per cent., and the number fully capable of work (i.e., persons between the ages of 20-59) 46.6 per cent. of the total population. (*Statistikos Biuletenis.*)

Proposed Compulsory Education.—The Lithuanian Minister of Education has decided to introduce into Lithuania, on the West-European model, universal compulsory elementary education for all. An increase in the number of elementary schools is expected in the near future.

According to the latest Lithuanian census (1923), out of a total population of 2,028,971, the number of those able to read and write is 1,133,821 (549,793 men and 584,028 women) or 55.9 per cent. The number able only to read is 421,392 (132,147 men and 289,245 women) or 20.8 per cent. Excluding the latter, the percentage of those able both to read and write is 35.1.

TURKEY

POLITICAL AND GENERAL

Turkey in the Making.—The entire Press of the Near East and of Central Europe is unanimously of the opinion that Turkey is passing through a vital phase of its history, the effects of which, primarily expressed in political changes, will be reflected in the economic and other branches of national life. The situation is clearly summed up by Jahia Bey in the *Pester Lloyd*. Not since the days of the Lausanne Conference, he writes, has there been a period so pregnant with significance for Turkey as the present, which will probably go down into history as the birth of Turkish Parliamentarism. Up to now the Young Turks have claimed the monopoly of Parliamentary representation, either direct or through the more recently founded People's Party. The freedom granted by the Constitution to representatives of the people was sabotaged by party discipline and a veiled form of dictatorship was set up. Under the pressure of danger in the realm of foreign politics the unity of the Turkish nation was firmly wrought and found sympathetic expression in the People's Party and in the army. Even after this danger had passed the severe party discipline maintained the unity in

defence of the independence of the country. In the early part of this year, however, the rumblings of discontent were perceived; but the Government's party discipline prevented immediate developments. The process of forming an opposition had begun, and on the opening of the new Session an indictment was submitted charging the Government with numerous misdeeds and omissions, but chiefly with neglect in respect to the 350,000 "exchanged" Turks from Greece, who had been dumped into Anatolia and left there to perish, economically and physically, through lack of preparatory measures for their welfare. Despite this indictment the vote of confidence in the Government was carried by 149 to 19 votes, though it is noted that there were 116 absentees. In view of their threatened expulsion from the People's Party the members of this embryo opposition thereupon resolved to found a new party, to be known as the Republican Progressive Party. With the exception of Mustapha Kemal and Ismet Pasha most of the best known figures of the period of the struggle for national independence have joined this new group. The main points in their programme are universal and direct suffrage, de-centralisation and simplification of the administration, and extension of the rights of the National Assembly as against the Government and the President of the Republic. It is clear, concludes Jahia Bey, that without a dual or multiple party system, by which alone the Parliament can fulfil its duty of criticising and controlling the Government, Turkey will be under the power of party absolutism.

The unexpected resignation of the Premier, Ismet Bey, necessitated a reconstruction of the Cabinet. Fethy Bey has been appointed Prime Minister; Redjeb Bey, Minister of the Interior; Abdul Halik Bey, Minister of Finance; and Chukri Kaya Bey, Minister of Foreign Affairs. Other changes were also made. The Constantinople correspondent of the *Pester Lloyd* states that the Ministerial changes were necessitated by a split in the Government majority party in addition to the formation of a real Opposition. *La Bulgarie* considers that the changes effected will only imperfectly solve the crisis, but the declaration of policy by Fethy Bey indicates that moderation will prevail in the new Turkey and that the Government will endeavour to ease and improve the internal economic conditions. In an editorial the *Pester Lloyd* considers the latest development not so much as a hostile division as a genetic form of the old stock. The maternal body had become too cumbersome to deal successfully with the new tasks; but the energetic party offspring should enable the Turkish national representation to recover from its evils. The *Information Financière* writes hopefully about the near future, in which there should be a rapid expansion of commerce if the Government encourages the construction of the railways in Anatolia, so that the mineral resources and the agricultural industries can be developed.

FINANCE

The Ottoman Public Debt.—The Council of Administration of the Ottoman Public Debt has determined, in accordance with Part II., Section I., of the Treaty of Lausanne, which came into force on August 6, 1924, the amounts of the annuities of the said Debt payable by each of the States concerned. We give below a précis of the clauses of the Treaty of Lausanne referred to above, and published in *La Bulgarie* and the November Report of the Imperial Ottoman Bank:—

Article 46. The Ottoman Public Debt shall be distributed between Turkey, the States in favour of which territory has been detached from the Ottoman Empire after the Balkan wars of 1912-13, the States to which the islands referred to in the Treaty and that portion of Thrace which was under Turkish sovereignty on August 1, 1914, and lies outside the present boundaries of Turkey as laid down by the Treaty have been attributed, and the States newly created in territories in

Asia which are detached from the Ottoman Empire under the present Treaty.

Article 47. The Council of the Ottoman Public Debt shall, within three months from the coming into force of the present Treaty, determine the amounts of the annuities for the loans which are payable by each of the States concerned. These States shall be granted an opportunity to send to Constantinople delegates to check the calculations. Any disputes which may arise between the parties concerned shall be referred, not more than one month after the notification referred to in the first paragraph to an arbitration whom the Council of the League of Nations will be asked to appoint, the decisions of the arbitrator to be final.

Article 48. The States, other than Turkey, among which the Ottoman Public Debt is attributed shall, within three months from the date on which they are notified, assign to the Council adequate security for the payment of their share, failing which any of the Governments signatory to the Treaty shall be entitled to appeal to the Council of the League of Nations. The Council of the League of Nations shall be empowered to entrust the collection of the revenues assigned as security to international financial organisations in the countries (other than Turkey) among which the Debt is distributed.

Article 49 guards against the postponement of payments under certain conditions.

Article 50. The distribution of the annual charges and of the nominal capital of the Debt shall be effected in the following manner: (1) The loans prior to October 17, 1912, and the annuities of such loans shall be distributed between the Ottoman Empire as it existed after the Balkan wars of 1912-13, the States that received territory from Turkey after those wars, and the States that received the islands previously mentioned. (2) The residue of the loans for which the Ottoman Empire remained liable and the residue of the annuities of such loans, together with the loans contracted by that Empire between October 17, 1912, and November 1, 1914, and the annuities of such loans shall be distributed between Turkey, the newly created States that have received territory under the Treaty, and that portion of Thrace referred to in Article 46.

Article 51 determines the manner in which the amount of the share in the annual charges of the Ottoman Public Debt for which each State concerned is liable shall be arrived at.

Article 52 explains the manner of distributing between Turkey and the other States the advances referred to in Part B. of the Table annexed to Section I. of the Treaty, and provides that the sums for which States other than Turkey are liable shall be paid by those States to the Council of the Debt and shall be paid by the Council to the creditors, or credited to the Turkish Government up to the amount paid by Turkey, by way of interest or repayment, for the account of those States. These payments shall be made by five equal annuities.

Article 53 determines the dates from which the annuities for the service of the loans of the Debt shall be payable by the various States.

Article 54. The Treasury Bills of 1911, 1912 and 1913 shall be repaid, with interest at the agreed rate, within ten years from the dates fixed by the contracts.

Article 55. All States referred to in Article 46 shall pay to the Debt Council the amount of the annuities required for the service of their share of the Debt to the extent that such annuities have remained unpaid as from the dates laid down by Article 53. This payment shall be made, without interest, by means of twenty equal annuities from the coming into force of the present Treaty. The amount of the annuities paid to the Council of the Debt by the States other than Turkey shall, to the extent that they represent payments made by Turkey for the account of those States, be credited to Turkey on account of the arrears with which she is debited.

The following table shows the contributive parts as divided among the States concerned (in Turkish pounds):

Debtor States.	Annuity of the Loans.	Annuity of the Advances.	Annuity of chief arrears.
Turkey	6,459,647	— (1)	1,401,556
Syria and Great Lebanon	865,742	18,674	21,883
Greece	648,126	11,171	272,716
Irak (Mesopotamia)	410,446	18,853	61,818
Serb-Croat-Slovene Kingdom	313,633	5,322	140,382
Palestine	255,646	5,514	38,503
Vilayet of Mosul* ...	120,511	2,600	18,150
Hedjaz	116,748	2,518	17,584
Bulgaria	106,156	3,230	72,712
Albania	93,826	1,908	48,468
Yemen	92,035	1,983	13,861
Transjordania ...	167,139	1,448	10,112
Italy	14,011	303	7,506
Nedjd and Assyria ...	12,090	261	1,821
Total	9,575,754	63,785	2,127,072

* The Vilayet of Mosul is contested territory, the attribution of which is not finally determined by the Treaty of Lausanne.

According to information circulated by the Council of Foreign Bondholders the claim of French holders for the reimbursement by Germany of the sums collected from revenue by the Debt Council at Constantinople and deposited in German banks has been rejected by the mixed Franco-German Arbitration Tribunal at Paris. The total sum thus transferred by the German, Austro-Hungarian and Turkish members of the Debt Council amounted to about £7,500,000. The Allied holders received nothing during the war period, and after the Armistice they decided to submit a claim for the restoration of this sum. The decision appears to have been arrived at solely through legal technicalities, and the sum in question, pledged to the service of the Unified Loan, has passed definitely into German hands. The French claim was the first to be brought before the Tribunal, and on account of its rejection the Council of Foreign Bondholders are doubtful about proceeding with the British claims.

New Bank Formation.—According to the *Mittel-europäische Wirtschaft*, *Neue Freie Presse*, a new bank has been founded at Angora under the name of The Turkish Commercial and Industrial Bank, of which Abbas Hilmi Pasha, the ex-Khedive of Egypt, has been elected president. Many other well-known names are associated with this financial undertaking. The Bank will begin operations in January 1925 and possesses a present capital of £T.1,000,000, which will shortly be increased to £T.2,000,000. Apart from this financial enterprise the ex-Khedive is developing a vigorous activity in numerous economic matters in Turkey. The *Agence Economique et Financière* adds that the above-mentioned bank is being financed by a bank at Frankfurt and also a bank at Prague.

TRADE

Foreign Trade Returns.—The Customs Administration has published statistics relating to the foreign trade of Turkey during the first six months of 1923. Statistics for the second half of 1923 are not yet available. The total figures (in Turkish pounds) of imports and exports for the whole of Turkey during the first half of 1923 compare as follows with those of Constantinople only:—

	January to June, 1923.	Whole of Turkey.	Constantinople.
Imports	62,531,509	38,474,991
Exports	31,841,375	12,941,948
Deficit	30,690,134	25,533,043

The deficit appears considerable, but it should be observed that the period under review is anterior to the signing of the Lausanne Peace Treaty and applies consequently to a period when Turkey, scarcely emerged from twelve years of war, was far from having recovered economic balance. The predominant part which Constantinople retains in the commercial movements of the country should be noted.

The following table shows the comparative figures of the imports and exports of the chief countries having business relations with Turkey (in thousands of Turkish pounds):—

	Imports.	Exports.
Italy	9,377	5,958
Great Britain	9,799	4,356
United States	7,193	2,986
France	5,494	2,687
Germany	2,912	3,823
Holland	2,511	3,467
Egypt	3,402	914
Syria	2,621	1,294
Bulgaria	2,761	418
Belgium	1,406	1,064
Rumania	1,786	323

Below we give the details of the chief foreign trade movements of Turkey in the same period, classified according to the importance of the imports of each commodity (in thousands of Turkish pounds):—

Goods.	Imports.	Exports.
Cotton and cotton goods	19,125	1,879
Colonial products and sweets	11,159	162
Cereals and their products	6,275	637
Wool, yarn and woollens	3,363	3,494
Metals	3,025	666
Oils, greases, candles and soaps	2,601	66
Colours, chemical products, drugs, etc.	1,648	2,511
Paper, etc.	1,592	278
Flax, hemp, etc. (cotton excepted)	1,483	97
Hides, leather and furs	1,472	731
Animal food and fish	1,441	628
Live animals	1,283	172
Fruits and vegetables	1,212	4,700

(Excerpt from the *Report of the Imperial Ottoman Bank.*)

The Turkish Consulate-General announces that since December 1, 1924, certificates of origin must be submitted to the Turkish Customs for all goods, live stock, etc., imported into Turkey, the certificates being obtainable from the Chambers of Commerce or other authorities. All who do not submit these certificates will have to deposit with the Turkish Customs Administration a sum of £T.15 to £T.100 as security. This security will only be released on production of the required documents. (*Pester Lloyd.*)

UNITED STATES

FINANCE

The Budget for the Fiscal Year 1926.—In a special message to Congress President Coolidge, submitting the annual Budget, was able to announce that according to estimates formed at the beginning of December there would probably be a surplus of revenue over expenditure of \$67,884,489 for the present fiscal year and of \$373,743,714 for the fiscal year 1926, but he advised against any further tax reduction until definite results from the present tax law are known. A vision of the Estimates for 1925 showed that receipts for the current year should approximate \$3,601,968,297, while expenditure should not exceed \$3,534,083,808. The Estimates for the next fiscal year showed receipts \$3,641,295,092 and disbursements \$3,267,551,378, including some funds appropriated but not all expended in the current year.

For national defence the estimates amount to \$549,000,000, or \$29,000,000 less than the amount available for the current fiscal year. "This reduction," he says, "is made in accordance with my belief that we can have adequate national defence with a more modest outlay of the taxpayers' money. Further study may point the way to additional reduction without wrecking our national defence, but rather perfecting it. This nation is at peace with the world. We no longer have international competition in naval construction of major units. We are concerned primarily with maintaining adequate preparedness. We should have adequate preparedness in 1926 within the limits of the amount recommended." The estimates for the War Department amount to \$338,531,230 as against \$347,153,504 in 1925, and those for the Navy Department to \$289,783,978 as against \$313,207,257. These

include a sum of \$38,945,000 for the air service of the Army and Navy and the Air Mail Service, but contributory amounts carried in other estimates and usable war supplies bring the total available for these services up to \$65,000,000; also a sum of \$7,444,000 for the increase of the navy, which will provide for continuing work on the fleet submarines under construction and for beginning work on two of the four remaining fleet submarines authorised in the 1916 programme. Supplementary estimates, however, are anticipated in connection with legislation for the building of additional vessels, including gunboats for use on the Yangtze River, and for increasing the authorised cost of the two airplane carriers now under construction.

With regard to national indebtedness the Message says: "The gross public debt was reduced \$1,098,894,375 during the fiscal year ended June 30, 1924, and stood at \$21,250,812,989 on the latter date. This reduction was accomplished through (1) the application of the sinking fund and other public debt requirements required to be made from ordinary receipts aggregating \$457,999,750; (2) a reduction in the general fund balance of \$135,527,639; and (3) the use of the entire surplus of \$505,366,986. The annual interest charges on the debt represented by this reduction are equivalent to over \$45,000,000. The total reduction in the debt since the high point of \$26,594,000,000 on August 31, 1919, amounted to \$5,343,000,000 at the close of the last fiscal year. This total reduction has effected a saving in interest amounting to approximately \$225,000,000 annually, a saving which equals nearly one-third of the total annual pre-war expenditures of the Government. The fixed-debt charges are included in the regular Budget of the Government under a definite plan worked out soon after the close of the war for the gradual retirement of the public debt, and must be met before the Budget can balance. The most important of these fixed-debt charges is the cumulative sinking fund provided in the Victory Liberty Loan Act. Retirements through this fund during the past fiscal year were about \$296,000,000. The next items in size among the fixed-debt charges are the retirements of securities received from foreign Governments under debt settlements and the purchases and retirements of securities from foreign repayments. These continuing reductions of the public debt have a very material effect in maintaining high prices for Liberty bonds. They permit the issuance of new Government securities for temporary and for refunding purposes at low interest rates, with consequent further economy in Government expenditures. Interest paid in the fiscal year 1924 amounted to \$940,000,000. It is estimated that this item will be \$865,000,000 in 1925 and \$830,000,000 in 1926. This saving of \$110,000,000 in two years is the

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result of the reduction in the amount of the debt and decrease in the average rate of interest paid. The sinking fund is a part of the contract between the United States and the holder of the United States obligation, and, therefore, cannot in good faith be changed. The continual steady effect of these debt reducing factors is to cut down the largest single item of Government expenditure and permit further reductions in the burden of taxation."

In conclusion President Coolidge says: "We are now in the fourth year of our campaign for reduction in the cost of government. Our aim is to reduce the burden of taxes. In this we have been successful. For those things which we are now required to do we are fast reducing our expenditure to a minimum consistent with efficient service. We have before us an estimated surplus of \$67,000,000 for the current fiscal year and \$373,000,000 for the next fiscal year. Shall we embark upon new projects involving expenditures which will prevent the accumulation of these expected surpluses, or shall we continue the campaign for economy? I am for economy. If we continue the campaign for economy we will pave the way for further reduction in taxes. This reduction cannot be effected immediately. Before it is undertaken we should know, more definitely by actual operation what our revenues will be under our present tax law. But the knowledge of our revenue under the existing law will avail us nothing if we embark upon any new large expenditure programme."

TRADE

Export of Cotton Goods.—In a recent report the Chief of the Textile Division of the U.S. Department of Commerce stresses the fact that the United States is the world's largest consumer of raw cotton. For one purpose or another, he says, Americans use about twice as much as the next nearest country, notwithstanding that Great Britain, for example, which consumes only half as much cotton, possesses about 56,000,000 spindles as against 37,000,000 in place in the United States. The American per capita consumption of raw cotton amounts to about 30 lb. yearly—a figure far outdistancing the country of next importance, and by no means wholly attributable to the demand for clothing or goods for personal and household use. Cotton itself, and by-products thereof, are used for many purposes apart from those of a more intimate character. The artificial silk, artificial leather, photographic film, celluloid, electrical and automobile trades, and many others, have been contributory factors in bringing the per capita cotton consumption up to the figure of 30 lb. Being the world's largest producer and consumer of raw cotton, the United States to-day is in the incongruous position of being an important import market for foreign cotton cloths. When one realises that in the calendar year 1923 she imported close on 220,000,000 square yards of cotton cloths, a figure approximately half the quantity of her total exports of that item, the significance of the statement is emphasised. It is true that the total imports of cotton cloths into the United States for the first nine months of 1924 have declined somewhat, but, on the other hand, that class of goods with which she is mostly competitively concerned, unbleached goods, is being received in increasing quantities monthly.

There are two ways, he says, in which the gap between the volume of imports and exports of cotton cloths may be widened. The first is to reduce the quantity of imports—a question of economics, technique, mill adaptability, and, possibly, tariff adjustments. The other method is to increase exports—a task involving not alone a strong appeal, but requiring a will to achieve, backed by the sympathetic support of mill executives and selling organisations. The writer then goes on to quote figures indicative of some of the United States' more important markets. For the first nine months of 1924 American exports of cotton cloths amounted to 335,000,000 square yards, or approximately 12,000,000

less than in the corresponding period of 1923. The present movement, nevertheless, seems to be on the increase and, considering informal reports on prospective business and orders in hand, it is reasonable to conclude that at the end of the year some advance over the exports of 1923 will be recorded. In one month the United States shipped unbleached cotton cloth in amounts of 163,000 square yards to Greece, 54,000 to England, 80,000 to some of the Balkans, 1,154,000 to Canada, 751,000 to Salvador, 350,000 to Jamaica, 457,000 to Haiti, 1,261,000 to Chile, 390,000 to India, 94,000 to British East Africa, and 80,000 to the Canary Islands. At the same time her exports of cloth to Egypt, the Dutch East Indies and Singapore, to mention but a few, were practically nil, whereas the imports of cotton cloths into those countries represent their chief item of business. Even in bleached goods there were shipped in certain months 68,000 square yards to Newfoundland and Labrador, 42,000 to China, 24,000 to Japan, 13,000 to Palestine, 95,000 to Australia, 36,000 to French Oceania, and 187,000 to British East Africa, exclusive of those countries which may be regarded as major outlets. In one month, again, the United States exported 55,000 square yards of printed goods to England, 754,000 to America, 2,355,000 to Cuba, 215,000 to Venezuela, 40,000 to British India, 36,000 to China, 2,961,000 to the Philippines, and 68,000 to French Oceania, while smaller quantities, which might be increased with some little effort, have gone to Korea, Japan, Egypt, Liberia, British Guiana, Greece, Bulgaria, Norway, and other destinations. In coloured goods we find a similar catalogue and in some phases even more interesting. Piece-dyed cotton goods were also exported more or less regularly to Denmark, Finland, Greece, the Netherlands, Norway, Sweden, England, Labrador, India, Ceylon, the Straits Settlements, China, the Dutch East Indies, Hong Kong, and the Belgian Congo.

The United States under present conditions, and those likely to prevail in the immediate future, has a capacity to produce at least 20 per cent. in excess of domestic requirements, and determined effort consistently applied should yield the same results as have been experienced in Italy, where last year more cotton was consumed than ever before in the country's history, where for more than two years there has been freedom from strikes and lock-outs, and where, by the application of will and industry, exports have been increased from approximately 20 per cent. of the total production two years ago to approximately 50 per cent. of the production this year. (*U.S.A. Commerce Reports.*)

HOLLAND TRADE

Trade with the Irish Free State.—Holland fills sixth place, after Great Britain, Northern Ireland, the United States, Canada and Rumania, in the returns of foreign trade of the Irish Free State. During the first six months of the year Dutch exports to that country amounted in value to £434,859, including sugar (£159,721), superphosphates (£39,203), margarine (£37,353), tea (£16,991) and newsprint (£11,718). In the course of an interview with a representative of the *Algemeen Handelsblad* the Commercial Commissioner for the Irish Free State in Holland stated that England still played an important rôle as a link in the trade between the Free State and other countries. This was especially true of wool and textiles. Efforts, however, were being made to promote direct trade with other countries. With regard to the figures of Irish exports to Great Britain, it should be borne in mind that the transit trade is included in those figures. Steamship companies transporting goods from Dublin have an interest in transporting via the English railways to Hull and Harwich. As a result, the statistics mention goods as exported to England which in reality are only sent there in transit. Despite the double transshipment, this is still the most economic route. The steamer

which keeps up weekly services between Rotterdam and Dublin, Belfast and Cork had usually satisfactory cargoes on the outward voyage, but the return cargoes were insignificant. There was a good opportunity for the Amsterdam tea dealers to master the Irish market. Java tea was much in demand there. Prospects, however, had not improved recently. London had concluded important transactions with Java in forward sales. The effect was noticeable here of the ring which controlled the London tea market and which had recently driven up prices. The Dutch tea trade ought to keep sufficient stocks in hand, otherwise London might push Amsterdam to the wall. Sugar was the principal article exported by Holland to the Free State. For this article, Ireland was entirely dependent on imports. It had not a single sugar factory. Efforts, however, were being made to introduce the manufacture of beet sugar. Holland and Germany were the two principal countries supplying Ireland with sugar. Thus far, the Germans had not been able to compete with Holland in this respect. In the first six months of 1924 German sugar exports to Ireland had been only 40 per cent. of the quantity sent by Holland. In addition to textiles, the Commercial Commissioner thought that Holland might successfully import from Ireland granite, limestone and slates for roofing. Ireland, as a matter of fact, was in a position to compete successfully with Sweden in respect of granite.

SWITZERLAND

FINANCE

The National Wealth.—The Union of Swiss Banks has published a lecture delivered last March by Herr P. Jaberg at Zurich on the subject of the national wealth, of which the main conclusions are summarised by the *Journal de Genève* as follows:—

1. Since 1914 the distribution of national wealth has changed (the State, in particular, holding a larger proportion) but it has suffered only very slight diminution.

2. Accounts more or less balance, but Switzerland is less able to invest fresh capital abroad than formerly, as the return from her foreign investments has undergone a considerable reduction.

3. There have been notable changes in the distribution of capital as regards both private property and the distribution of public resources and revenues. The changes have been of such a kind as to have an unfavourable influence on the formation of new capital; industry, namely, is less profitable, the recipients of higher salaries save less than formerly, and fiscal burdens have become heavier.

4. More foresight has, in consequence, to be exercised in the employment of funds, that is, in investments, extensions of plant, and the deposit of capital abroad. As accounts balance deposits abroad become necessary in proportion to Switzerland's foreign indebtedness.

5. The national economy is sound, and the exchange therefore rests on solid foundations. But it must be remembered that no currency can be permanently stabilised by artificial processes, which are bound to have a detrimental effect in one way or another. It is a truism to say that the best way is to work and to regulate expenditure according to available resources with a view to economy both in the private and the public domain.

A correspondent communicates to the *Neue Zürcher Zeitung* certain insurance data which, in his opinion, are of value in estimating the amount of national wealth. According to the latest report of the Federal Insurance Office covering the year 1921 movable and immovable property in Switzerland was insured against fire at approximately Fr.39 milliard, of which Fr.20.5 milliard was with private insurance companies and Fr.18.5 milliard with the Cantonal Fire Insurance Bureaux. In addition to this there is the uninsured

property, which represents a considerable amount, though the writer cannot say how much. Then there is all the property which is not insurable against fire: the ground value of buildings, industrial undertakings, agricultural land and forests; harbours, railways, electricity works and water power; precious metals, foreign securities, and all kinds of property situated abroad, against which must be set public and private debts to foreign creditors. The Union of Swiss Banks, in its report for 1922-23, estimated the total national wealth at Fr.45 milliard, of which Fr.7 to 8 milliard was held abroad; but this must be a considerable underestimate, as the property insured against fire alone amounted to Fr.39 milliard. Other figures of importance in this connection are the annual insurance premiums paid by the Swiss people, and the total wages paid. As regards the former, the above-mentioned report of the Federal Insurance Office shows that in 1921 premiums amounting to Fr.179.8 mill. were paid to private and cantonal insurance bureaux in all branches of insurance, or Fr.46.33 per head of the population, whilst a further Fr.49 mill. was paid into the Swiss Accident Insurance Bureau at Lucerne. Thus in 1921 the total premiums paid amounted to Fr.229 mill., of which about Fr.94 mill. was for life insurance (this does not include sums paid to the numerous widows' and death "Kassen," or to the Caisse Cantonale d'Assurance sur la Vie in Neuchâtel). Data as to wages are given in the annual report of the Swiss Accident Insurance Bureau at Lucerne, according to which the wages paid by firm-insured there amounted in 1921 to Fr.1,782 mill. The wages of persons not coming under the bureau, i.e. public and private officials, and employees and workmen in small undertakings and in agriculture, were probably as great, if not greater, than those of persons legally insurable there. The total wages therefore amount to something between Fr.3 and 4 milliard. Taking the figures for fire insurance, insurance premiums and wages together, the writer is of opinion that the national wealth is considerably greater than Fr.45 milliard. The Finance Minister, on the other hand, placed it recently at less than Fr.40 milliard.

YUGO-SLAVIA

POLITICAL AND GENERAL

The New Government.—The new Government consists chiefly of leading members of the Radical party and a few Dissident Democrats. The chief offices have been allotted as follows:—Prime Minister, M. Pachich; Foreign Affairs, M. Ninchich; Finance, M. Stoyadinovich; Interior, M. Maxinovich; Agriculture, M. Vouichich; National Economy, M. Ousounovich; Justice, M. Lonkinich; Education, M. Pribichevich; War, General Trifounovich; Trade and Industry, M. Grisogno; Social Politics, M. Giourichich.

The housing and rent question was one of the first matters to be attended to by the new Government. On December 12 the Minister of Social Politics signed an order providing for an extension of the Housing Law of December 31, 1921, to May 1, 1925, the new order to come into force on January 1, 1925. This order does not, however, settle the problem, and both house-owners and tenants are greatly agitated on account of the present state of the housing question. The building of dwelling houses is practically at a standstill and a solution of the problem is not to be expected within the near future. (*Zagreber Tagblatt*.)

The Agreement with Italy.—During the interview between Dr. Ninchich, the Minister of Foreign Affairs, and Signor Mussolini at Rome, the various outstanding questions of importance between Italy and Yugo-slavia were discussed and, according to the *Zagreber Tagblatt*,

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an agreement was arrived at on all points, satisfactory to both nations. One of the chief matters settled was the question of the final determination of the frontier in Slovenia to the advantage of Yugo-slavia. The Italian Press is of the opinion that as a result of this interview the Fiume question has also been finally settled. It is considered that this port will no longer lie stagnant but will open a way to the sea for Yugo-slavia.

The Co-operative Movement.—At the general meeting of the Federation of Co-operative Societies of Yugo-slavia, under the presidency of Dr. Korosec, the ex-Minister of Education, a number of important decisions were arrived at, further to promote the progress of this movement. It was resolved to proceed immediately with the preparations for the foundation of a co-operative credit bank. The discussion on the question of creating a free co-operative University upon the lines of similar institutions in Denmark led to the decision to commence by the organisation of a superior co-operative course of three months in the year. The inaugural course will take place in 1925. In addition to that it was determined to found chairs in all the universities and commercial schools. For this purpose the Federation offers to supply specialists without charging fees. The Federation will adopt all means in its power to encourage free popular universities for the general education of the agricultural population, on the model of the Danish "Hey Skools." The Federation will also draft a bill for the organisation of the Economic Council, provided for by the constitution. The co-operatives claim the right to participate in the negotiating of commercial treaties and in the drafting of new tariffs. Further, all transactions undertaken by the Central Federation in the name of the State should be financed by the State itself. (*La Bulgarie.*)

FINANCE

Rates of Interest.—The resolution passed at the meetings of the board of directors of the National Bank of Yugo-slavia, held on October 23 and 24, 1924, to the effect that, in agreement with the banks, the maximum rates to be charged and paid should be fixed, has met with considerable criticism in financial circles. This fixed rate would be binding for all banks which have credit directly with the National Bank and also for those which in their turn depend on these banks. The rates were not finally determined, but it appears that the maximum to be paid on deposits is likely to be 10 per cent. and that to be charged on loans 18 per cent. This proposal has met with the strong opposition of the Association of Banks, which states that it would be impossible to exercise sufficient control over the banks to ensure adherence to the scheme. It is also argued that the National Bank itself would suffer if it withdrew the credits now granted to the banks, as these banks would apply for credits from abroad. The Association considers that if the banks require money there is no good reason why, to attract clients, higher rates should not be paid on deposits while the need exists. If the rates of interest were made uniform depositors would invest money only in the more important banks and the smaller ones would be crushed.

It is reported, however, that the bankers of Zagreb and Ljubljana, who have been consulted by the National Bank, are said to be strongly in favour of the National Bank's proposal. They are of the opinion that it is unquestionably the right of the National Bank to dictate its own terms to its clients.

The *Agence Economique et Financière* reports that the protesting banks at Belgrade have declared that they would rather renounce the credits at the National Bank than take up engagements under the newly-proposed terms. The *Politika* is of the opinion that the action of the National Bank shows the smaller banks the road they should follow, namely, the concentration of capital by fusion.

TRADE

Foreign Trade Returns.—The export trade in October amounted to 415,726 tons to the value of 1,009 mill. dinars, as against 334,163 tons to the value of 965 mill. dinars in October 1923, showing an increase of 81,563 tons to the value of 44 mill. dinars, or a rise of 24.41 per cent. in quantity and 4.53 per cent. in value.

The exports for the ten months this year, as compared with the corresponding period of last year, were as follows:—

1st 10 months, 1923	2,487,490 tons ;	value 6,467 mill. dinars-
1st 10 months, 1924	3,110,875 tons ;	„ 7,663 „
Increase for the 1st 10 months, 1924	623,385 tons ;	„ 1,196 „

The month of October this year shows record figures for exports since the war. The chief articles exported were corn, (a) wheat, 144.1 mill. dinars (36,401 tons), (b) other grains, 31.4 mill. (9,619 tons); timber, 158 mill. (153,670 tons); wheaten flour, 71.3 mill. (12,437 tons); live stock, 58.1 mill. (13,454 tons). Other important items were eggs, beans, meat, hops, maize, dried plums, etc.

The increase in the export of maize is noteworthy; 992 trucks were exported this October in contrast to 430 truck-loads in October 1923. The increase in the export of beans was equally remarkable, but dried plums showed a slight set-back.

The imports for the first nine months of this year totalled 812,900 tons to the value of 5,995 mill. dinars, the third quarter showing an increase in quantity and in value on the two preceding quarters, but a decrease in respect to the corresponding quarter last year. The active trade balance was well maintained. The chief articles imported were cotton goods, woollens, cotton yarn, sugar, raw coffee, iron goods, machinery and coal. Italy delivered 23.61 per cent. of the imports in the third quarter of this year; Czechoslovakia, 19.03 per cent.; Austria, 18.39 per cent.; whilst Great Britain was fourth on the list with 11.45 per cent. Germany was credited with 8.46 per cent., and the United States with 3.15 per cent. (*Zagreber Tagblatt.*)

INDUSTRY

The Mining Output in 1923.—The figures of the output of the mines in the different provinces of Yugo-slavia in 1923 have recently been published, and show, according to the Belgrade *Revue Economique et Financière*, the following results (in thousands of tons):—

	Serbia.	Bosnia and Herze- govina.	Croatia and Slavonia.	Dalmatia.	Slovenia.
Stone coal ...	169	1.6	—	—	—
Brown coal...	374	—	169	99	1,496
Lignite ...	530	374.5	234	3	200.5
Copper ore ...	123	—	—	—	—
Copper ...	7	—	—	—	—
Antimony ore	0.5	—	—	—	—
Antimony ...	0.027	26.8	—	—	—
Manganese ...	—	5.1	—	—	—
Iron ore ...	—	81.54	81.53	—	82
Iron ...	—	23	—	—	—
Lead ore ...	—	—	—	—	10
Tin ore ...	—	—	—	—	0.6

The Future of Opium Cultivation.—The campaign against the cultivation of opium will naturally react upon the situation of this industry in Yugoslavia. For 70 years the population of southern Serbia has been largely engaged in growing the poppy. The inhabitants find it a paying proposition, since the chief work has to be done in the general slack season and the cultivator receives cash for the production just before the corn harvest, when money is usually scarce. Before the war the production of opium in Southern Serbia amounted to between 150 and 180 thousand oka per annum. The prohibition against the importation of opium into China and the competition of the East Indies have brought down the prices. The last crop in Serbia hardly amounted to 30 thousand oka; but the prospects of the next crop are good, being estimated at about 80 thousand oka at a value of more than 100 mill. dinars. This industry is encouraged since there are

no risks. The secondary product, termed "tana," finds a ready sale and the prices obtained for this are enough to cover all the costs of production, so that the cash received for the opium itself is nett profit. It is clear that the peasants have more interest in growing the poppy than in cultivating other plants. The Yugoslav delegates to the next conference in connection with the opium traffic will have to bear in mind that to prohibit the cultivation of this plant will hit the peasants of Southern Serbia very hard. (*Avala Bulletin.*)

COMMUNICATIONS

Development of the Railway System.—The energetic manner in which the work of extending the railway system in Yugoslavia has evoked expressions of general satisfaction throughout the country.

The opening of traffic on the Vélès–Chtip line constitutes the first stage in the important and necessary work for the relief of the economic situation in the south, writes the *Vreme*. In addition to this line a certain number of preparatory operations have been carried out during the summer, which will result in a vast network of railways in Southern Serbia connecting with the main line Belgrade–Salonica. A further extension of the Vélès–Chtip line as far as Kotchané is in view in the near future. Proposals have been made to the Government for conducting immediate operations on this extension, the contractors guaranteeing to complete 32 kilometres within ten months. The specifications do not exceed 40 million dinars. If the Government does not secure that sum before the next Budget (April 1, 1925), the existing organisation will be obliged to dissolve, since the final operations on the Vélès–Chtip line will have terminated by January 1, 1925.

Further tracks have also been mapped out along the left bank of the Vardar, running (1) from Kotchané–Tsarévo–Selo to Berovo; (2) from Chtip–Radovichté to Stronmitsa; (3) from Koumanovo–St. Nicolas to Ovtché Polié. During the course of next year another line will be mapped from Koumanovo to Kriva Palanka. The construction of all these lines will embrace a system of 320 kilometres, which will for some time satisfy the requirements of the left bank of the Vardar. The work of construction will be completed in three or four years, and will not cost more than 25 mill. gold dinars. On the right bank of the Vardar it has been decided to transform the Gradsko–Prilep–Bitalj track into a normal line and to extend it as far as Ohrid. In 1925 the plans will be completed for the Ohrid–Stroufa–Débra and the Ohrid–Kitchévo lines, where the new tracks will replace the former military 60 cms. track. The laying out of one of the most important lines of the country has been completed in the Kossovo district. As the line from Prokouplié to Podgoritsa, via Prichtina, Petch and Lim, would run through contested territory (accepting the present Albanian frontier) an alternative project connects Petch and Podgoritsa by way of Andriévitsa and Matitchévo, or by way of Andriévitsa, Bérané and Moykovarz. Other branch lines have also been planned. (*Avala Bulletin.*)

The *Agence Economique et Financière* states that the recent extensions of the railway system, notably that of the Oujitzé–Vardichté line, are of special importance for Bosnia. The Oujitzé line will serve an area of 90,000 square kilometres. A considerable amount of the Yugoslav export trade will now be diverted from Salonica and Souchak to the benefit of Gravosa, via Sarajevo. The new line directly joins a number of important centres of the export trade, such as Valjévo, Tchatchak, Gornji, Milanovatz, Oujitzé and even Kragoujevatz, which is soon to be linked up with Tchatchak by a narrow gauge line.

These railway developments have imposed new and heavy tasks upon the home ports with which at present they are unable to deal to any great extent. Gravosa, for instance, cannot admit vessels of more than 300

tons and Zélénika can receive only one vessel at a time. A proposal has been made to spend 40 mill. dinars on the enlargement of the port Gravosa and an alternative expenditure of 100 mill. dinars for the extension of the docks at Plotché has also been submitted. In any case the problem has to be dealt with immediately in order to remove the transport difficulties of home industries. In Bosnia alone 700 kilometres of railway lines now connect the inland towns with the sea, but the full benefit of these communications cannot be felt till the Yugoslav ports are sufficiently developed to cope with the foreign traffic that should pass through their gates.

A group of specialists and experts have recently conferred at the Ministry of Communication to discuss measures for the further improvement of transports.

New Telephone Extensions.—The Ministry of Postal Telegraphs and Telephones has applied to the Ministry of Finance for a credit of 10 mill. dinars for the purpose of purchasing material in view of the installation of new telephone lines. The material for the new telephone connections between Ossiék and Vienna is now awaited from Germany. The laying down of cables connecting Belgrade with Bucarest is on the point of completion, and it is expected that the new line will be functioning within a very short time. (*Agence Economique et Financière.*)

FOREIGN BANK RATES.

Per cent.		Per cent.		Per cent.	
Amsterdam	4½	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		

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SPECIAL ARTICLES

THE PLIGHT OF THE SAAR.

Since the important action in support of the franc in March of this year the Saar industry has had to struggle against great difficulties, having forfeited the advantages to export trade hitherto secured to it by the low state of this currency. As the franc has been comparatively stable for some months now it might well be assumed that the Saar industries had, in the interval, adjusted themselves to altered circumstances. If this has not yet occurred it is because the French mining administration in this area cannot bring itself to lower coal prices to the necessary extent, although it could quite well afford to reduce its margin of profit. The object of such profit is, of course, to extract reparation payments from this district by indirect means. It is not surprising therefore that for months past paralysis has gradually crept into the Saar industries. Notwithstanding the unlucrative state of business in all industries apart from a few glass works, it has hitherto been possible to keep the works going at considerable sacrifice in the hopes that the Governing Commission would succeed in influencing the mine administration to reduce coal prices. This the Commission has not done. On the contrary, it took the opportunity, because the crisis was so gradual a phenomenon, of informing the League of Nations in its last report that the economic crisis in the Saar was the mythical creation of certain newspaper writers. In the meanwhile the position has become so acute that the head of the Commission had to acknowledge at the last session of the League in Geneva that certain difficulties existed in the Saar iron industry. Nevertheless, nothing was done which might have served to overcome the crisis. Then the Röchling Iron and Steelworks, the greatest iron manufacturing concern in the Saar, found itself unable to maintain its long since unprofitable works. On September 15 it closed its doors. The fact that the working losses since the beginning of the year amounted to Fr.25 mill. shows how long the management had, in the interests of the 7,000 workers employed, hesitated to take this drastic step. Further figures serve to show how justifiable it was and to what extent the business had gone downhill financially during the last ten years. Thus in 1914 wages represented Mk.20 for every ton of iron manufactures produced; in 1924 they represented Mk.36.50—an increase of 82.5 per cent. The price of coking coal at the mine rose between 1914 and 1924 from Mk.8.65 to Mk.13.33 per ton—a rise of 54 per cent., that of bituminous cobbles from Mk.14.60 to Mk.23.33—a rise of 60 per cent. Lastly, the price of iron rose from Mk.100 to Mk.120 per ton—an increase of 20 per cent.

These figures show plainly enough that at this rate the works could not have gone on for long. The administration decided, however, to maintain what they termed an emergency working; namely, if the workers would continue working the same number of hours with a 25 per cent. reduction in wages, or, alternatively, agree to do two hours overtime a day for the same wages as hitherto. It is very doubtful if this offer was tactically advisable. The workers naturally regarded it as an attack on the eight hour day and it is not surprising that they turned it down as "monstrous."

There ensued a mighty economic struggle, in reality a struggle of German capital against the alienation policy of French capital which was penetrating increasingly into the Saar. It is highly regrettable that the struggle in this imperilled little western corner of Germany should have been led into political channels again. The Governing Commission is trying to utilise for its own ends the fact that the only heavy industry concern remaining exclusively in German hands has been the first one obliged to close its doors. Blame is laid on the unscrupulous German capitalist who cares

nothing for the welfare of his workers. It is still more regrettable that the workers do not understand the position and listen only too readily to the siren's tones, trusting to the sudden friendliness towards labour of the Commission and forgetting that it is but a few weeks since this body attempted to deprive the workers of their most elementary rights. The Commission is at all events much concerned with the fate of the dismissed workers. All kinds of promises have been made, and endeavours to find work for them in the neighbouring Lorraine industries. Simultaneously, however, the towns have been prohibited from increasing the extent of unemployment aid, although they intended doing so out of their own funds. Nothing shows more clearly whence the wind blows, and politically the Commission has already registered one success. The Social Democratic Party has seen fit, as a result of the closing of the Röchling Works, to retire from the inter-party labour community which extended from the German Nationals to the Social Democrats and was the pillar of the German side.

How then does it happen that the other Saar mining works have not similar difficulties with which to contend as the Röchling Works? The explanation is simple. The majority of these other works have been transferred to French capitalists, on the strength of which they are being granted very long payment periods for their coal bills, are getting the coal at special prices from the mine administration, and are receiving other credits at 5 per cent. If the Röchling Works were obtaining similar favours they would also be able to keep going normally, but in return for such favours the mine administration demands that the Röchling family shall alter their political views. These explanations demonstrate clearly enough where the blame for the closing of the Röchling Works lies.

No end to the economic crisis in the Saar is visible, especially as the state of industry here is bound to deteriorate still more when the proposed inclusion of the Saar within the French Customs Union takes place on January 10, 1925, and the Saar is then finally cut off from Germany. The only chance for the Saar is if a regulation of its position is effected in a Franco-German Commercial Agreement. With this end in view the Saarbrücken Chamber of Commerce has presented a memorial on the subject to both the German and French Governments.

Before the war about 90 per cent. of the industrial output of the Saar went to Germany. Notwithstanding all the difficulties attendant on post-war connections between the Saar and its mother country, the German market was able to absorb over 50 per cent. of the Saar products. When the German market is lost to them the Saar industries will have the greatest trouble in finding new markets, for France is oversaturated with industrial products as it is, and the geographical position of the Saar in relation to the large seaports is too unfavourable to permit of the Saar products acquiring competitive value elsewhere. On the other side the Saar is to be deprived of the Customs-free entry of German goods, although tradition, taste and culture demand German products. This applies in particular to the use of German medicaments. What makes the inclusion of the Saar within the French Customs Union still more ludicrous is the fact that French manufacturers are already expressing fears as to how the French market is to absorb the additional products from the Saar. The memorial presented by the Saarbrücken Chamber of Commerce requests the continuance of Customs-free exchange of goods between the Saar and Germany until January 10, 1935.

How justified are the fears of Dr. Hüttebräucher, expressed in the above article published in *Wirtschaftsdienst* at the end of October, is evident from later news

from the Saar announcing (*Vossische Zeitung*) a lock-out of 2,000 building workers in this area as a sequel to the intended dismissal on December 3 of 800 hands from the Neunkirchen Foundry Works. The trouble in the building trade is stated to be due entirely to the French mine administration, which refused to contribute towards a 10 per cent. wage increase the share to which they were bound by agreement. The employers locked out their men simply because they were afraid of insisting on the fulfilment of the agreement for fear they should be boycotted by the administration when it came to the giving of new contracts. Simultaneously the two largest French building firms in the Saar refused to recognise the new tariffs. It is impossible not to come to the firm conclusion that the French mining administration, as the building lord of the Saar, is assisting the French building firms to eliminate German competition.

According to an account in the *Frankfurter Zeitung* during the third week in November, employment prospects in the Saar iron industry are looking up. Prices have fallen below those of the Westphalian works, and south and central German customers are therefore placing considerable orders in the Saar. From a purely economic standpoint the position is not so favourable. Comparison of the various German and Saar costs shows that the present sale prices of the Saar works barely allow for a margin of profit, and there can be no question yet of any fundamental improvement in the Saar iron market. How critical is the position is shown by the fact that the Neunkirchen Foundry Works, mentioned above as having given notice to hundreds of workers, have hitherto rejoiced in preferential treatment from the French mine administration.

The *Deutsche Allgemeine Zeitung* publishes the following official figures of pig iron and steel output in the Saar during the first eight months of 1924 (in tons):—

	Basic pig iron.	Basic steel.	Martin steel.	Electro- steel.
1924.				
Jan. to June ...	679,728	548,875	190,180	3,878
July ...	112,864	92,121	24,919	840
August ...	123,535	98,504	29,440	862
Total ...	916,127	739,500	244,529	5,580

THE 23rd REPORT OF THE COMMISSIONER-GENERAL FOR AUSTRIA.

We have this month received the 23rd Report of the Commissioner-General of the League of Nations for Austria, dealing with the period October 15 to November 15, 1924. In the preamble the Commissioner describes the developments that led up to the last political crisis and then deals with the question of the railway strike, remarking that if the expenditure of the federal railways is further increased by the fresh and considerable liabilities arising out of the settlement of the strike the difficulty of realising the Budget figures will be still further aggravated. The League of Nations can adopt only a neutral attitude in the conflict between the representatives of centralisation and de-centralisation of control. The work of "sanitation" is solely concerned with the financial operations of the reform; in short, the diminution of the fiscal burdens of the population.

Referring to the closing of the accounts for 1923, the Report states that the Accounts Office and the Ministry of Finance work on two different systems, each arriving at results which are difficult to compare. Although the closing of the monthly accounts by the Ministry of Finance cannot show the final results, they should, if any value is to be attached to them, not show too great a difference from the figures of the Accounts Office's final statements. Unfortunately, they do show great divergence. At the close of the twelve monthly accounts for 1923 the deficit amounted to 1,703 milliard paper kronen, whilst the Commissioner-General had released 2,461 milliard paper kronen during the same year. There

was at the end of the year a balance of 758 milliard, which to some measure represented a reserve of the financial administration. The question of this free reserve has given rise to an exchange of opinions. The financial administration maintained that it no longer had this reserve at its disposal and that it would be impossible to clear up the matter before the final closing of accounts. Now that the last accounts for the year have been closed the matter appears more involved. In the final statements of the Accounts Office there are two columns of figures denoted "Gebühr" and "Erfolg." The column "Gebühr" appears to include all expenses and receipts appertaining to the service of the financial year in question. But if an item of expenditure, passed for 1923, was not carried into effect till 1924, that item appears under the "Gebühr" column for 1923 and the "Erfolg" column for 1924. This leads to various results. Whilst the deficit of the "Gebühr" accounts amounted to 1,582.8 milliard paper kronen, the "Erfolg" deficit totalled 1,873 milliard.

The Commissioner expresses the hope that the proposed increases in the tariffs will not re-act upon the cost of living. By the modification of certain taxes the Government is endeavouring to stem a further rise in the index number. In the future there will have to be renewed efforts in the direction of a policy of economy in order to find the necessary means of meeting fresh expenses. During the last few months a continuous decrease had been effected in the Civil Service personnel; but from October 5 to November 1 the number was increased by 61, owing to the re-engagement of nearly 300 employees in the tobacco monopoly. This increase was to some extent counterbalanced by decreases effected in the State railways and other branches of national services. Since the beginning of the financial sanitation period the Civil Service staff has been decreased by 70,743 officials.

Judging by the cash in hand the Commissioner notes that the deficit for September was very considerable. The Government was admittedly in a position in October to meet current expenses by the normal receipts, but it was not able to supply from the reserves the requisite outlay for the electrifying of the federal railways. For this purpose a supplementary payment of 150 milliard was made in the second half year. In view of the Finance Minister's declaration that neither the railways nor the State could meet the expense, the Commissioner-General released 78 milliard paper kronen in October to be applied specifically to the work of railway electrification. The opinion is expressed that the lack of cash influenced the original attitude of the central railway administration in respect to the demands of the railway employees before the strike. It is to be hoped that the recent concessions will not reduce the means at the disposal of the railways to such an extent that the Commissioner will be obliged to draw upon the loan for the whole costs of the capital investment.

At the end of October 300 milliard paper kronen were transferred to the Post Office Savings Bank from the portion of the loan lying at the National Bank, in order to stimulate the flow of money at the end of the month. This sum was reimbursed at the beginning of November; the transaction, it is added, will be repeated monthly.

The October amount against the service of the international loan was higher than all previous sums reserved. Excluding the customs bills it totalled 350 milliard paper kronen, 122 milliard being from duties and 228 milliard from the tobacco monopoly. In order to compare these figures with those of previous months, which included the customs bills, one must add 30 milliard for the latter item, bringing the gross amount to 380 milliard paper kronen, as compared with 330 milliard in September and 354 milliard in January, 1924, which was hitherto the record figure.

With reference to the reduction of the bank rate by 2 per cent., the Commissioner mentions that he and the bank's counsellors wished for a reduction of 1 per cent.

only. The amount of foreign bills in possession of the National Bank is higher than it has ever been.

The Commissioner then deals with the high cost of living, remarking that despite the stable condition of the krona during two years, in relation to the foreign currencies, an increase in the cost of living has been perceptible, and it is to be feared that this will react unfavourably upon the general economic situation and upon the maintenance of State controlled bodies, but especially upon the budget of the federal railways. Even though it be admitted that the wholesale index number, 20,766 (pre-war 1), reckoned in gold shows a co-efficient of only 1.44 (seeing that the krona has depreciated 14,400-fold), which compares favourably with the United States number 1.49, the Swiss 160, the British (October 1924) 1.70, and the Dutch (September 1924) 1.75, the fact that the rise in the cost of living continues without interruption gives the Government grave concern.

The Preliminary Estimates for November 1924, submitted by the Commissioner-General, give the receipts from July to October at 2,818.9 milliard paper kronen, and the November receipts at 617.9 milliard; expenditure July to October at 3,088.1 milliard and for November 808.4 milliard. Compared with the total deficit of 269.2 milliard from July to October, the November deficit of 180.5 milliard is exceedingly high. On the other hand the cash receipts will probably be less unfavourable, seeing that bills due in November to the amount of about 70 milliard will be paid in, thus reducing the deficit by the same amount.

THE ECONOMIC SITUATION IN THE BELGIAN CONGO.

A report on the economic situation in the Belgian Congo, by Mr. C. K. Ledger, His Majesty's Consul at Boma, has been issued by the Department of Overseas Trade.* It is dated July 1924, but unlike similar reports upon other countries, instead of surveying economic developments during the preceding year or two, this report is much more historical in plan and traces economic development over a longer period of time.

Mr. Ledger has endeavoured to show how vast are the resources—mainly dormant—both in agricultural and mineral products, and the very great progress made by the Belgian Government in the face of all the difficulties to be surmounted in opening up and developing a tropical country of approximately 900,000 square miles. According to Mr. Ledger the three main difficulties militating against a rapid development of the Congo are difficulties of transport and communication, a precarious labour supply, and a shortage of capital. In 1920 the Belgian Minister of the Colonies requested a credit of Fr.658 mill. for public works of general utility. In 1921 such work was commenced with a credit of Fr.300 mill., and everything indicates that the Government are pushing forward very energetically their programme of roads and railways and the improvement of navigable waterways. In the opinion of Mr. Ledger the weak spot is, and always will be, the Léopoldville—Matadi Railway. Its present inability to handle more than 5 or 6 thousand tons each way per month overshadows the fact that the up-river vessels are also totally inadequate to handle even the produce which is now available. The transformation and electrification of this line was one of the objects of the 1920 colonial credit. By whatever route goods are sent to the interior of the Congo, they must be able to support the cost of transshipment and the losses inherent in the handling of goods several times before reaching their destination. The unfavourable rate of exchange makes it difficult for goods to or from the Congo to support the heavy railway rates paid in sterling for carriage over the Rhodesian railways or even via Port Sudan or Mombasa. It is anticipated that the gold mines and

cotton fields in the north-eastern province may attract railways from Uganda and the Soudan, and the question of improving transport facilities from these two countries is, as Mr. Ledger suggests, the most interesting one from the British point of view. Nevertheless, the restrictions in transport facilities and communications must, for some time to come, place severe limits upon the productive capacities of the Belgian Congo.

With regard to problems rooted in the supply of labour. Mr. Ledger says emphatically that without sufficient *native labour* the development of a tropical country is not possible. This supply is subject to the ravages of sleeping sickness and other malignant diseases. Mr. Ledger submits that contact with the European seems to have made the native of the Congo rather shiftless, and one of the problems is to maintain the prestige of the white population and, at the same time, avoid the *corvée* and oppression of the earlier régime. A native can so easily earn sufficient to pay his head tax and obtain a few yards of cloth, etc., that he is inclined to return to his village and do no more work. Therefore, we are told, the first desideratum is to increase the needs of the native, to raise his standard of living, and to encourage him to cultivate commercial products, such as rubber, palm-trees, rice, bananas, manioc and cotton, coffee and cocoa. This is being done, and the Government are controlling the terms of employment and the living conditions of thousands of labourers required for the various public works. Proper camps are built and they learn to live decently under hygienic conditions. After their first term of work they are sent back to their villages as missionaries to show that employment by the white man is desirable. Numbers of natives employed by the large companies, such as the Huileries du Congo Belge, the Union Minière, the gold and diamond fields, are in receipt of regular salaries and are becoming accustomed to seeing and purchasing European articles which it is considered will gradually raise the standard of living as well as the number of trained workers. Of this process opinion will differ as to the morality of it as well as to the economics of it. In comment we would venture to suggest that such subtlety is in no way novel, it has been used before, and seldom, if ever, has it justified itself.

In regard to its financial difficulties it need only be said that the development of the Congo requires unlimited capital both for its private enterprises and for the necessary public works which render private enterprises possible. Increase of revenue for the colony can be expected from the land and personal taxes, as well as from the native head tax and from import and export duties. The following table gives the main sources of revenue during the last four years:—

	1920.	1921.	1922.	1923.
	(In thousands of francs.)			
Native head tax ...	16,155	13,672	20,324	26,949
Lands and business ...	1,872	2,190	2,215	2,487
Income tax ...	3,861	3,589	3,358	2,987
Tax on ivory ...	2,177	1,800	1,916	2,604
Customs ...	23,422	26,320	25,083	37,251

It must be remembered, moreover, that the Government of the colony is interested to a very great extent—in some cases up to two-thirds of the shares—in the industrial, commercial and banking institutions developing the colony. Mr. Ledger reports that it is estimated that the income from these shares will reach for the year 1924 the sum of Fr.7,500,000 as compared with Fr.35,000 in 1914.

In the foreign trade of the Congo England during the years 1920, 1921, and 1922 maintained her position of second in respect of value of imports, the percentage of total imports being 23.0, 15.3, and 17.6 respectively. In an appendix to his report Mr. Ledger gives, in detail, the principal commodities imported. The colony is not in a position to take great quantities of goods, but requires a certain amount of a number of different items, mostly foodstuffs, clothing, machinery, tools, etc. Of exports from the Congo the percentage taken

* H.M. Stationery Office. Price, 1s. 6d. net.

by Great Britain during the years 1920, 1921 and 1922 were 24, 45, and 10 respectively, and in value amounted to Fr.76,149,177, Fr.97,147,644, and Fr.30,527,221. Great Britain's main purchases are copper, palm oil and palm kernels. Speaking generally of trade in the Congo during 1922 Mr. Ledger remarks that it shows a satisfactory recovery from the depression of 1921.

Mr. Ledger reports that during the last few years the Belgian Government has been paying great attention to the cotton-growing industry in the Congo. The British Cotton Growing Association sent a representative with a mission to study the conditions and to decide what regions were suitable for cotton-growing, the best means of cultivation and the varieties best adapted to existing climatic conditions. The Government now provides the seed free; the natives are encouraged to grow cotton and to sell the fibre to licensed persons. The last picking supplied 1,100 tons of ginned cotton. Three factories are already in working order and six others are in the course of construction. The exports for the last four years have rapidly increased. In 1919, 119,024 kilogrammes were exported, and in 1922 a total of 986,104 kilogrammes was reached. Other natural resources are indicated, but it is in respect of cotton-growing that the most considerable advances seem, in recent years, to have been made. H.J.H.

CORRESPONDENCE.

THE MONETARY SYSTEM AND THE FOOD SUPPLY.

To the Editor of THE ECONOMIC REVIEW.

SIR,—In the issue of your invaluable journal of December 12 M. H. Abbati writes a significant letter on "The Unclaimed Wealth." It is precisely because I believe that in his recent book on this subject he has made a definitive contribution to our understanding of the influence of the money system that I appreciate the opportunity to put certain difficulties which—doubtless owing to imperfect understanding on my part—appear to me to be just over the border, as it were, of the province he deals with, and to reverberate back into it.

If we take as the problem simply Unemployment and all that it stands for, M. Abbati may be said to be dealing with the bearing of the monetary system on that question. Our present industrial machinery is not running sweetly. It is subject to hitches. It will not escape from this so long as we do not have a monetary system which functions properly. A due amount of the purchasing instrument must always be available when it is needed, in order that those who want goods and services may take them when offered. Otherwise the lack of money in people's pockets reduces sales; then prices are marked down; then producers become chary of producing, because of the falling market; then they cannot employ their people and there is still less money in people's pockets; and so on till some climax comes, the vicious circle gets somehow broken, the wheels of industry go off again with a bound, and the slump is followed by a boom. The vital question is, What are these fluctuations? And are they anything we can control?

At the root of them, as I understand M. Abbati, lie fluctuations in the money supply; which means, primarily, fluctuations in bankers' credit money. The main question seems to be, How is that credit money called into being? to which the answer at which M. Abbati arrives appears to be that it is called forth, not by producers producing goods, but by consumers demanding them. Not that demanding the goods will itself bring the requisite purchase-money: the experience of every hungry tramp would contradict that. But there cannot be an *effective* demand, and yet not the money to meet it. (The apparent tautology here does not, I think, affect the argument.)

What is wanted, then, is a supply of money (mainly

credit money) adequate to take off our whole productive output as it comes. Since effective demand is what elicits the credit money, M. Abbati suggests that the Government should guarantee effective demand; and he submits the scheme for a machinery whereby it could do so. This I most likely do not apprehend rightly; but as I do apprehend it, it seems simple. The mischief, I take it, is the way in which banks get loaded up, so to speak, with deposits instead of getting their deposits steadily borrowed and used. The period of dilatory borrowing is followed, in the natural course, by too great eagerness to borrow; and the resulting boom has its evils as well as the slump. The remedy is for the Government to have a steady amount of public work on hand for all to do who are out of work, and to let the financing of this be so arranged that it will act as a kind of a balance-wheel to industry; that is to say, in times when the banks are loaded up with deposits the Government, in order to obtain capital for their scheme, should borrow and not tax; at other times it should tax and not borrow. Moreover, let the minimum wage it offers to its employees—and they are all who are out of work—be so adjusted; let it be so sealed periodically up and down as to keep goods passing over the retailers' counters in a steady and even flow. Thus will our production be continually absorbed.

I am not convinced that I "get" this exactly; and perhaps if I did, it would make a difference to my main difficulty. In any case, my main difficulty is not with the kind of balance-wheel for industry which M. Abbati here seeks to devise. That, it seems to me, must be devised, if we are ever to get our industrial life to run. My difficulty, if I may use a very inadequate metaphor, is that M. Abbati, while he addresses himself magnificently to the adjustment of the fly-wheel, does not seem to think enough about the fuel. We are so to adjust the money-supply that absorption keeps pace with production. But money is not an absorber. The real absorber is food.

Let us try to look at the matter quite freshly. Is it not plain that our industrial system, instead of functioning, is giving way to a series of spasmodic spurts and kicks? Is it not further plain that these are well interpreted by M. Abbati as an unsteadiness, not in our power to produce, but in our power to absorb production? But my belief is that the unsteadiness is not a mere unsteadiness and nothing more. Think of the unsteady breathing of an asthmatic man. He goes on for a while and then stops, then pulls hard again and then stops exhausted. These fits and starts are due to a deficiency in his power to absorb; and merely to oxygenate the air around him artificially is not enough. You must clear away the obstruction; you must restore the power itself. I take it to be the same with the body industrial. Its task is the absorption of its products. It is breathing heavily, but it can't do it. What absorbs production is food. Food being itself a product, we are compelled to say that production itself must keep production going. For this, the due functioning of the money system is indeed a *sine qua non*. And our money system is badly out of gear. Hence the importance of M. Abbati's analysis. But the trouble is deeper than the money system. The root of it, it seems to me, is in the fact that as we are conducting the process, the products to be absorbed are out of all proportion great in quantity in comparison with the products which are to absorb them. Production, therefore, is not able to absorb itself. The mere cry for more production is thus folly. It is a readjusted production we need. The call for more demand is indeed greatly more scientific. But if the demand is only to be created to supply money for what is produced, then, short of further changes, it seems to me that it too must fail of the results which we all desire. I do not, then, disagree with M. Abbati. I only seem to see problems beyond the money question which has chiefly occupied his attention. And yet the matter is serious. It is

serious in this way—that the problems which I am seeing reverberate back. My suspicion is that when you recognise the fundamental natural fact that man puts food before all else, and in extremity will give up everything else for it; that, therefore, it is food which absorbs other-production; then the need for letting this ineradicable preference operate in the economic system may be found to prescribe another way of treating the currency. It may then become the problem, not to steady up money-supply to production, but to maintain in the right relation to the rest of production a money supply whose unit constantly and invariably represents the food to absorb what the unit of money buys.—Yours faithfully,

J. W. SCOTT.

University College, Cardiff.

THE ECONOMIST'S BOOKSHELF. PRIMITIVE LABOUR.

Primitive Labour. By L. H. DUDLEY BUXTON, M.A.,
Lecturer in Physical Anthropology in the University
of Oxford. (London: Methuen and Co. Ltd;
Price, 7s. 6d. net.)

In this book, which is one of a series of anthropological studies Messrs. Methuen are producing, Mr. Buxton has selected certain types of primitive society in order to show how man has developed various aspects of his material culture. Primitive labour was, we may be sure, exerted in the attempt to gain one's daily bread, or in order to triumph over one's enemies, or in devising implements to further such pursuits. According to Mr. Buxton, in early times, when the general level of culture was low, most arts were fairly widespread and, it would appear, seem to have had a fairly continuous distribution. To-day there are widely different cultures, scattered over the globe with a continuous or, in the case of the less developed, a discontinuous distribution. The same inventive genius which has enabled man to triumph over his surroundings has made him singularly anxious to adopt other people's inventions when they seem good to him. Therefore it has become difficult to disentangle the original elements of certain cultures. Mr. Buxton tells us that the collection of food is without doubt the most important of the arts of life, and the one which forms the basis of labour in any society. There are, however, other arts of life, even among the most primitive savages. The preparation of food for consumption when it is collected, the rudiments of an architecture, wearing apparel and crude ornaments, all suggest lines of laborious activities. Mr. Buxton is prepared almost to say that it is this further development of labour which is one of the most marked points of difference between man and the lower animals. In his book he examines and attempts to classify these other arts of life and suggests how the various types of primitive labour involved may be differentiated.

Trade, Mr. Buxton submits, is not one of the arts of life in the strictest sense of the term, but it cannot be omitted because of its intimate relation to primitive labour. He tells us the earliest form of trade seems to have been that which has received the name of the "Silent Trade," which has attracted attention from early times and is described by Herodotus. This method of commerce usually seems to have taken place between two peoples who differ considerably in culture. The jungle people bring down the goods they desire to trade and set them in a prominent place, or it may be the traders belonging to a higher culture thus display their goods. The other side then come up and inspect the objects displayed, the owners having in the meanwhile withdrawn. In some cases, where both sides have gained from experience a knowledge of each other's honesty, they give what they think fit. In the case of mutual distrust, they lay down beside the goods desired the price they are prepared to pay, and, in their turn, withdraw. The others then return, and if satisfied take the price away. If they are not satisfied they

may commence bargaining by withdrawing certain objects. This "Silent Trade" is frequently in vogue where a timid jungle tribe is afraid to venture into the presence of a more advanced tribe. Mr. Buxton concludes that trade is thus associated with labour at a very early stage. Even the most primitive collectors of wild produce can enter into it. The only necessity is that one tribe is in possession of goods that the other lacks but desires. Barter by word of mouth is the direct outcome of such a form of trade. Mr. Buxton pays tribute to the work of Prof. Elliot Smith, and we would have welcomed a warmer-hearted tribute to the work of Mr. W. J. Perry; it is to them, as he rightly says, that "we owe a debt for having pointed out the importance of trade in spreading primitive culture and in changing the type of labour in which man is engaged." Mr. Buxton has written a stimulating and interesting volume upon material collected while travelling round the world "holding the Fellowship munificently endowed by M. Albert Kahn of Paris, and," he writes, "I can never sufficiently express my thanks for the opportunities provided by this fellowship." H.J.H.

POLITICAL THEORY.

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

To write an introduction to modern political theory is no easy task. Not only does a considerable confusion of thought exist, but the difficulties are increased by a predominant tendency running through all modern discussion. Economic and political theories, as Mr. Joad reminds us, have become closely interwoven. Fundamentally, perhaps, they were never really in isolation, but to-day it is the economic aspect which predominates to the exclusion of all others. This obviously brings modern political theory into immediate and close touch with Socialism, and the contact of both makes it hard work for an introductory study to proceed. Mr. Joad has solved his difficulties well, and has produced a volume which only those who wish to know nothing of modern political theory will find unreadable. His success is due to reasons which a reader will soon discover for himself, we will only say that Mr. Joad's book deserves a place by the side of volumes from such pens as those of Mr. H. J. Laski, or Mr. G. D. H. Cole. After stating briefly and lucidly the two theories which obtained during a greater part of the nineteenth century, the philosophical theory of the State, and John Stuart Mill's Individualism, Mr. Joad proceeds to sketch the growth of reactionary movements in thought to them. These are, Modern Individualism, Collectivism, Syndicalism, Guild Socialism, Communism and Anarchism. Mr. Joad concludes that there is to-day a general bias against the State. "All men at bottom regard Government as a necessary nuisance." The reaction from the Absolutist theory of the State, the work of Hegel in Germany, T. H. Green and Prof. B. Bosanquet in England, assumes usually one of two forms. Either the theory of the General Will and the real personality of the State is admitted, but admitted only to be extended to groups and associations of individuals other than the State; or the General Will and real personality are bluntly denied as metaphysical figments, the State being reduced to a mere piece of administrative machinery, which may one day be scrapped and superseded by a complex of voluntary associations. The hostile attitude to the State which underlies both these forms of reaction expresses itself in various ways in most of the theories outlined in Mr. Joad's book. He submits that on the whole the prevailing tendency is to insist on the real being and personality of groups. This underlies the theory of the new Individualism and to it Mr. Joad devotes considerable attention. The new Individualism differs from the old in regarding the group and not the individual as its unit for political purposes.

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	Dec. 12	171.7	
Feb. 18	219.1	225.2	May 19	162.1	160.6	Sept. 14	173.2	157.8	„ 19	172.8	
Mar. 18	199.0	210.8	June 16	163.6	159.9	Oct. 19	166.0	158.1			
Apr. 15	202.8	204.8	July 14	165.1	160.3	Nov. 16	171.7	160.8			

CHART ILLUSTRATING TABLE I.

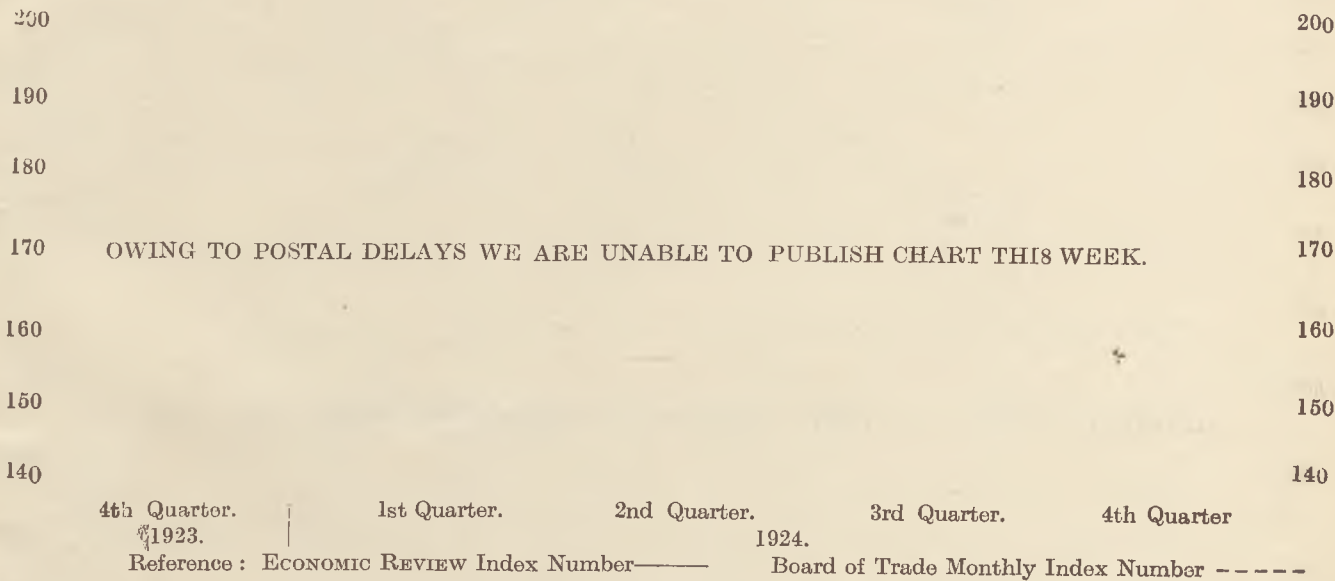


TABLE II.

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	149.3	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	123.3	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	123.9	87.0	86.2	73.5	132.7	114.50	Nov. 16
1924.												1924.
Feb. 15 ...	96.7	163.4	96.2	171.9	159.6	151.1	91.3	100.4	65.8	156.1	125.25	Feb. 15
July 11 ...	89.6	128.9	74.5	140.4	140.6	142.2	92.8	111.5	80.9	101.4	110.28	July 11
Aug. 15 ...	87.7	148.0	78.3	145.6	158.8	151.1	94.2	124.1	84.6	96.6	116.90	Aug. 15
Sept. 26 ...	85.8	136.6	72.6	151.8	120.6	151.1	97.1	113.8	81.6	108.1	111.91	Sept. 26
Oct. 17 ...	84.9	141.7	67.9	161.4	113.3	175.6	97.1	116.2	87.5	104.1	114.97	Oct. 17
Nov. 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
„ 19 ...	84.9	152.5	70.8	167.3	*112.6	177.8	100.0	116.2	87.5	87.2	115.18	„ 19

*Revised Quotation.

Statistical Section

THE EUROPEAN EXCHANGES

WEEKLY PERCENTAGE OF DOLLAR PARITY

(To Week ending December 20.)

	Week ending			Week ending	
	Dec. 20.	Dec. 13.		Dec. 20.	Dec. 13.
Holland ...	100.47	100.72	Denmark ...	65.77	65.92
Sweden ...	100.47	100.47	Norway ...	56.49	56.49
Switzerland ...	100.47	100.47	France ...	27.86	27.86
Sterling ...	96.61	96.61	Italy ...	22.23	22.39
Spain ...	72.78	72.61			

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.

